SELECTED STRUCTURAL CHARACTERISTICS OF COMMUNITY INNOVATIVENESS: AN ANALYSIS OF THE URBAN DEVELOPMENT ACTION GRANT PROGRAM

DISSERTATION

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By

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This study is an investigation of the relationship between selected structural characteristics of the community and innovation among cities. Four major structural characteristics were chosen to serve as independent variables. These independent variables were community differentiation, community poverty, community maturity and type of local government. Innovation, as measured by applicant status to the federal Urban Development Action Grant Program, served as the dependent variable.

Analysis of the data indicated support for several of the postulated hypotheses. The structural characteristic community differentiation was found to be significantly related to applicant status. For the structural characteristic community poverty no significant relationship to applicant status was observed. Community maturity revealed a significant relationship to applicant status. Finally, for the structural characteristic local form of government a significant relationship with applicant status was observed.
Based on the interpretation of the findings, an original typology of innovation was developed. This typology included planned revitalizing innovation, social enhancing innovation, entrepreneurial stimulating innovation, and needs inducing innovation.

While this study has limitations, it also has some important findings and implications; it makes several contributions to the study of community innovation. First of all, this study supported many of the findings of earlier studies with regard to structural characteristics of innovation. Secondly, a specific original typology of innovation was developed which should guide future study of community innovation. Finally, the study may have offered one of the last chances to study innovation using a specific federal program such as the Urban Development Action Grant Program.
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CHAPTER I

COMMUNITY INNOVATION

Introduction

The study of the community has been a central focus of American sociology. This emphasis on the community has shifted from the early case study approach to the more recent comparative approach. A recurrent theme throughout both past and present studies has been community power and innovation. Recent trends in the study of community power and innovation have emphasized structural characteristics within communities.

Based on these trends, this study has built on previous efforts to study structural characteristics of the community as they are related to community power and innovation.

A Review of Relevant Literature

In order to trace the study of community power and innovation, three major areas of previous literature are examined. These three areas are traditional community studies, specific community power studies, and comparative community studies utilizing structural elements. Each major area has led to the present status of the study of community innovation.
Traditional Community Studies

Community studies have represented one of the most basic areas of study in the history of American sociology. Many of these studies represent pioneer efforts, and their significance is forever preserved with the term "classic." Volumes that have gained such a name in community studies include Middletown (11) and Middletown in Transition (12), Elmtown's Youth (19), Yankee City (18), and the "Chicago School." Studies from the "Chicago School" that represent this approach include studies such as The Gold Coast and the Slum (22), The Ghetto (21), and Street Corner Society (20). All of the studies focus on descriptive accounts of the basic social institutions of communities. While the "Chicago" studies focus on specific sub-areas of the community, they also analyze the basic social structure within communities.

How do these early studies relate to understanding the structure of communities? Many feel that Maurice Stein in his book, The Eclipse of Community (14), offers an explanation. According to Stein, three basic elements, urbanization, industrialization and bureaucratization, affect the structure of the urban community. These processes can be identified in the work of the "Chicago School" (urbanization), Middletown (11) (industrialization), and Yankee City (18) (bureaucratization). Inherent in his title, The Eclipse of Community (14), Stein suggests that
the community is being "eclipsed" by a "mass society," and that the importance of the case study approach to community studies is not as important as it once was.

Specific Community Power Studies

From the earlier general community studies, the study of community power represents a more specific analysis of community structures. Probably one of the most, if not the most, important study of community power is the work of Floyd Hunter (10). Hunter's reputational approach, which has been used and modified by others, is used to study community power structure in Atlanta, Georgia. The reputational method allowed Hunter to identify the persons who made major decisions and policies of the community. Hunter's study identified a small group of persons who represented governmental officials, professionals, and leaders of social and civic organizations. Hunter described the action of this group and its exercise of power, not in an open meeting, but in small meetings, where important decisions for the community are made. Hunter described community power as something held by a relatively small elite group who control and guide major community activities from "behind the scenes." The importance of this work lies in the fact that a group of actors is the important element in accomplishments or changes in a community. The emphasis
is on a specific elite group rather than structures of the community regarding power.

In the work of Dahl (4), a different approach to community power is observed; this is the decisional approach. The decisional approach assumes that the structural aspects, positional or reputational, are not inherent to the community power structure. Rather, those who actually make decisions and effect outcomes are the true holders of the community power. Since not all "issues" in a community can be chosen to analyze, only a few could and should be chosen, according to Dahl.

Dahl's study of New Haven, Connecticut, led him to evolve a pluralistic view of community power. By studying a collection of issues, Dahl concluded that, rather than one group making decisions on all issues, a coalition of individuals influence and make community decisions.

Others who studied community power, such as Walton (17), have pointed out that the work of Dahl is a major challenge to the Hunter research. Walton noted the difference between Dahl and Hunter by stating:

Essentially, Dahl and the "pluralists" argued that Hunter and the "elitists" had produced a biased and wrongheaded interpretation of American urban politics. Much of the fault, it was claimed, lay in the Hunter "reputational" method of analysis which biased the results in favor of funding power elites as opposed to some alternative, more democratic arrangement. Specifically, the critics alleged that the method relied exclusively on reputations for influence rather than an actual influence, that it assumed an elite structure, and that it failed to deal with the actual
decision-making process. The pluralists recommended a "decisional" or "event analysis" method that would reconstruct decision-making events to determine who actually participated and who influenced outcomes. The belief was, of course, that such a procedure would lead to a largely different interpretation of power and decision-making at the urban level (17, p. 266).

While Walton pointed out the differences between Hunter and Dahl, he feels that the overall difference is small and not as controversial as it appears. This belief by Walton is underscored by his feeling that many aspects of the two studies are comparable.

Both Hunter and Dahl emphasized specific actors in the community to influence change and power.

Community Studies Utilizing Structural Elements

The introduction of structural elements in the study of community power represents a major shift of emphasis from individuals in a single community. Walton, in his study, analyzed thirty-three studies of fifty-five communities to investigate how power structures were related to community variables such as region, population, economic diversification, and industrialization (17). The power structures identified by Walton were pyramidal, factional, coalitional, and amorphous. Walton's findings revealed that region, population size and composition, industrialization, economic diversification, and type of government were not related to the three types of power structures. This study's significance lies in the fact that Walton used
structural variables to investigate power in several communities.

Amos Hawley in his "Community Power and Urban Renewal Success" offers another approach to the study and analysis of community power (8). This study supports the position that community power is an attribute of a social system rather than an individual or group of individuals. The study examines the relationship of the extent of power concentration to urban renewal success. Hawley used the number of people who reported occupations as manager, proprietor, or official in the Population Census to measure concentration of power. This measure of manager, proprietor, or official (MPO ratios) is related to cities' involvement in urban renewal programs. Hawley proposes "that the greater the concentration of power in a community the greater the probability of success in any collective action affecting the welfare of the whole" (8, p. 424). Hawley's basic hypothesis is that the greater the concentration of power (as measured by the MPO ratio), the greater the probability of success in collective community action.

The success in an urban renewal project was selected by Hawley as the dependent variable, while his measure of MPO was the structural independent variable. The overall conclusion made by Hawley was that greater concentrations of power (lower MPO ratios), are associated with greater
success in urban renewal programs. There are many significant areas of this research. First, Hawley is placing the analysis of power in the structural social system of the community. Secondly, Hawley is using the urban renewal program in his analysis. Finally, Hawley uses available data, (census data to develop his MPO ratio), to study several communities.

Hawley's findings generated thought and analysis regarding a structural or system aspect relating to community power. One of the more formal criticisms and reexaminations of Hawley's position can be seen in the commentary by Straits (15). Straits, in his criticism, states that Hawley's findings may not be valid, and cites three major weaknesses to support his position: (1) The MPO ratio--The major concern is that MPO should be related to city size; (2) The dependent variable--The major criticism here is that Hawley failed to consider the difference in the magnitude (coverage) and progress (speed of entry and execution) of a city's renewal program; and (3) The control variables--Straits' major concern here is that all of Hawley's control variables should have been held simultaneously (15). Not controlling all variables, according to Straits, could have affected the relationships with the MPO.

Straits also pointed out that many studies indicated power concentrations to be a function of city size (15).
This finding is significant since Hawley concluded his findings were independent of city size. Straits also points out that Hawley's MPO has problems regarding the fact that some managers, proprietors, and officials who work in a particular city may reside outside that particular city. This point underscores the need to keep the analysis of structural elements within the boundaries of specific communities.

Hawley, in a reply to Straits, concludes that most of the criticism that Straits addresses is a result of Straits' failure to replicate the original data (15). Hawley summarizes his point by stating: "Mr. Straits seems to deal with the association of MPO ratio with years spent in the program; whereas my problem was the association of MPO ratio with a measure of urban-renewal success. The problems are different; the results, therefore, are not comparable" (15, p. 84). It should be noted that Hawley analyzed only cities which initiated urban renewal and did not include cities who chose not to participate in urban renewal programs.

Hawley's article along with Straits' commentary has generated more investigations regarding power structure and other variables that relate to community innovation. One of these efforts can be seen in the work of Crain and Rosenthal (3). The basic hypothesis of Crain and Rosenthal is "that the higher the socioeconomic status of the
population of a community, the greater the level of citizen participation in day-to-day community decision making" (3, p. 970). Crain and Rosenthal point out that the average socioeconomic status of a community should be one of its most important characteristics (3, p. 971). Crain and Rosenthal further explain their basic hypothesis by stating:

Given the differences in political values between higher- and lower-status persons, we might expect the distinguishing values held by local electorates to be the most important difference between high- and low-status communities. In contrast to low-status persons, we expect better educated and wealthier persons to endorse innovation and "progress"; to be more liberal on civil rights and civic liberties issues, to be more "public-regarding" in their attitudes toward government to support the development of "amenities" such as recreational or cultural facilities, and to favor "reform" in government (3).

Thus Crain and Rosenthal posit that the more highly statused a community the greater the probability that its citizenry will become involved in community action programs. These highly-statused citizens tend to be more active in organizations such as the PTA, the American Legion, neighborhood associations, fraternal societies, church groups, ethnic organizations, trade unions, amateur political clubs and occupational associations (3).

In an analysis especially pertinent to this study, Crain and Rosenthal analyzed urban renewal in relationship to their basic hypothesis. This is relative to the present study in that urban renewal is used to analyze innovation. Crain and Rosenthal argue that
In the low-status city the government and various elites will be able to arrive at an acceptable program and push it through, but in the high-status city, they argue that citizens' groups will be organized—some to protest the dangers of integration, others to complain about the failure to allow for Negro relocation, still others to prevent demolition of their own neighborhood, and others to complain about creeping socialism (3, p. 973).

In order to test this hypothesis, Crain and Rosenthal studied 763 cities (all over 15,000 in population) in states which had in place enabling legislation for urban renewal. Of the 763 cities, approximately 308 (half) entered some type of urban renewal program. The cities that withdrew are identified as "dropouts" by Crain and Rosenthal and are thought to be significant since they represent the impact of community opposition. These "dropouts" represented forty-two cities or 14 percent of the total. Crain and Rosenthal used entry cities, completion cities, and dropout cities in their analysis. Based on their analysis Crain and Rosenthal found that well-educated cities are less likely to become involved in urban renewal. It should be noted that the importance of this study lies in the fact that Crain and Rosenthal included cities with different statuses (completion, dropout and entry) in their analysis. This represents a significant difference from the previously-mentioned Hawley study.

The transition from study of community power to a study of community innovation can be seen in the work of
Aiken and Alford (1). Aiken and Alford studied 581 cities in regard to innovation. Innovation was dichotomized by speed of innovation (date of entry into the urban renewal program) and presence or absence of urban renewal programs. Five structural elements of innovation were pointed out by Aiken and Alford:

(1) Political Culture: There is more innovation among cities where majorities hold "public regarding" (i.e., support for policies which may not be of direct benefit to an individual but which may be of benefit for the larger community) than in cities where majorities hold "private regarding" values.

(2) Centralization of Formal Political Structure: Cities with centralized public administrations (city managers, non-partisan elections, at-large elections, small city councils), rather than a more fragmental (party-oriented, mayoral-centered) governmental structure, are more likely to innovate.

(3) Concentration or Diffusion of Community Power: There will be more innovation among cities with a greater concentration of "systemic" power and there is less innovation among cities where power is diffused through mass citizen participation.

(4) Community Differentiation and Continuity: The bureaucratic tendency associated with older and larger cities results in less receptiveness to innovation.

(5) Community Integration: Innovation is apt to be greater in cities with a high degree of integration than in cities with a lesser degree of integration (1, p. 370).

Four measures of innovation were identified by Aiken and Alford: (1) the presence or absence of the Urban Renewal Program, (2) the number of years after the presence of state-enabling legislation before entering the program, (3) the number of years after 1949 (the date of federal
legislation for urban renewal) before entering the Urban Renewal Program, and (4) the level of output in number of dollars reserved per capita. While Aiken and Alford's findings were mixed, they offer an example of the relationship between community structure and innovation.

Building on previous work, Hartling offered a unique modification to the study of community innovation (7). This study uses the Model Cities Program to analyze innovation among cities. Applicant and non-applicant cities were matched and population size was controlled. Four structural characteristics were examined in relation to innovation. The characteristics of community structure were as follows: (1) Community differentiation--as measured by racial/ethnic and occupational differentiation. The Gibbs and Martin measure of division of labor was modified for this variable (6). (2) Community poverty--as measured by economic and educational poverty. (3) Community social-human resource--as measured by per capita community fund goal, and the number of private social agencies in a community that are devoted to social-human resource needs. (4) Centralization of local government--as measured by the presence or absence of the city manager form of government, the presence or absence of non-partisan election, the size of the city council, and the percent of the city council elected at-large. The findings of this study indicate a significant relationship between structural characteristics and
innovation. The community characteristics are, however, related to innovation in a very specific manner, size of city. The study confirms the importance of structural characteristics as they relate to innovation.

More recent literature regarding community power and innovation has been stimulated by a serious problem facing American cities; that problem is fiscal instability (19). During the 1960's and early 1970's the role of the federal government was evident in almost every American community. Federal programs provided, without much effort on the part of the specific community, funds and grants for a wide variety of projects and programs. During this period of time communities needed little initiative to share in the funding offered by the various federal programs. Many of the federal programs of the late 70's required no application or competitive action by the community to receive monies or programs. These block grants were simply awarded to cities based usually on some criteria of size or revenues. The early 1980's brought a new problem to communities: federal programs to cities began to decline. At the same time the federal government was cutting programs, cities, especially cities of 50,000 or more, began to experience fiscal strain related to what many call "the decline of the city" (19).

Studies have focused on structural elements that are associated with fiscal strain (5, pp. 278-284). Friedland,
Piven and Alford analyzed the relationship of fiscal crisis and selected structural characteristics of the community. Studying what they call "the urban fiscal crisis," Friedland and others relate fiscal strain to the large structural element of "advanced capitalism" (5). The authors conclude that the "trivial idiosyncracies" which are structural in nature explain the fiscal crisis modern urban communities are experiencing. The importance of this study is that structural characteristics are again used to analyze urban communities.

Another recent study by Clark focused on such structural elements as population size, population decline, age of the city, and age of the region as they are related to fiscal strain in cities (2). Using New York City in his analysis, Clark argued that local government is the most important factor related to fiscal strain in large cities. Once again, structural elements are shown to be important in the study of urban communities.

Finally, Paul has offered a unique approach of relating structural characteristics of local governments to innovation (13, pp. 217-238). In this study, 10,000 cities were sent questionnaires with follow-ups to survey various incentive programs for local government employees. In this study five basic areas of factors were surveyed: (1) educational incentives such as tuition, time off from the job, or salary increases tied to educational advancement;
(2) variation in working hours such as flex-time, four day work week, and task assignment system; (3) attendance incentives such as sick leave conversion, cash bonuses, early retirement, and personal leave; (4) job enrichment factors such as job rotation, team approach in the workplace, and quality circles; (5) awards programs including cash, non-monetary awards, and safety awards (13). Added to this list was what Paul called extraordinary incentives such as dental, eye care, substance abuse programs, and counseling. Paul concluded that these extraordinary incentives are probably not incentives. This study is related to innovation among cities since these programs would be innovative in nature. This study is also important since these innovative programs are related to structural characteristics of the local government.

Theoretical Framework

From the review of the literature and an examination of the previously mentioned studies, several general trends are apparent. The study of the community, its power structure, and structural innovation characteristics have evolved to produce a theoretical and methodological framework from which hypotheses can be developed.

One of the first case studies is found in the work of the Lynds (11, 12). In the two studies the Lynds were definitely concerned with how the community power structure
affected all aspects of the community (11, 12). This case study approach was intensive and resulted in many insights into the study of communities. This study is no doubt a "classic" and led to many similar studies that followed.

Another group of studies that can be labeled classical is the group of works under the "Chicago School." Basically, two types of studies came from the Chicago School. The first type is the "problem studies" dealing with asocial or anti-social aspects of the community; the second type is "community studies," which dealt with neighborhoods or "natural areas."

With Hunter and Dahl we see specific studies dealing with community power. While many have pointed out differences between the reputational and decisional approach, both offer insight into the study of community power.

It is with Hawley that we see the shift from the case study approach to a concern with structural elements that are related to power and innovation. The importance of Hawley's study lies in the fact that he used available structural data to study power as an attribute of the social system. This study also shows the importance of success of community programs in analysis, which is a trend that continues in later research.

With the work of Crain and Rosenthal and Aiken and Alford, we see the continuing effort to analyze structural characteristics as they connect to community power and
innovation. Closely associated with these studies is the work done by Hartling relating selected structural elements to community innovation.

Finally, more recent studies analyzing community power and innovation are also using structural variables to explain innovation.

From this broad theoretical background, four major structural elements of the community seem to be important to the study of innovation.

First, specific studies such as Hartling's show a relationship between community-differentiation and innovation. The underlying assumption is that communities with high levels of differentiation contain more diverse groups and interests that lead to more innovation.

Second, community poverty is also a major theme in previous studies regarding innovation. Based on the work of Crain and Rosenthal, Hartling, Friedland and Piven, and Alford, community poverty and fiscal strain have been related to community innovation. The common theme from these studies deals with the relationships between a community's needs and innovation to meet those needs. Thus, communities with more needs, in this case more poverty, are felt to be more likely to innovate.

Third, community maturity, or age of cities, is another common theme in previous studies of community innovation. This structural element is seen previously in the work of
Aiken and Alford, where older cities are related to innovation. Based on this and other studies of community maturity, it is assumed that older cities will be more innovative out of a need to rebuild and refurbish.

Finally, type of local government and power structure per se are evident in previous studies as important structural elements of innovation. Hunter and Dahl are specific examples of research which examines how community power structures operate. Other studies, such as Aiken and Alford, analyze formal political structure and tendencies toward innovation. A major theme of these researchers reveals that the more pluralistic a local government is, the more likely it will be to innovate. Studies also suggest that a city manager form of government best exemplifies this pluralistic form of local government.

In conclusion, structural variables that relate to community innovation, for the present study, include the following:

1. Community Differentiation
2. Community Poverty
3. Community Maturity
4. Form of Local Government
CHAPTER BIBLIOGRAPHY


CHAPTER II

THE RESEARCH PROBLEM

The purpose of the present study is to determine structural differences between cities which can be classified as innovative or non-innovative. This degree of innovation is measured by the city's decision to apply for extralocal funding for a community project. Based on previous studies, several specific structural characteristics are as follows: (1) community differentiation, (2) community poverty, (3) community maturity, and (4) form of local government. The community project or program which will identify innovation, for this study, is the Urban Development Action Grant Program.

The Urban Development Action Grant Program

In a different approach to rejuvenating cities of all sizes, on October 12, 1977, the Congress authorized the Department of Housing and Urban Development to create the Urban Development Action Grant as Section 119 of the Housing and Community Development Act of 1977. This program was innovative as it allowed communities, on their own initiative, to design almost infinite types of proposals to submit for consideration.
According to the U. S. Federal Register, the objective of the Urban Development Action Grant (hereafter known as UDAG) Program is

to alleviate physical and economic deterioration by providing assistance for economic revitalization in communities with out-migration of population or a stagnating or declining tax base, and for reclamation of neighborhoods, having excessive housing abandonment or deterioration (11, p. 1605).

The UDAG Program is not an entitlement program such as block grants and revenue sharing, but requires communities, once they have been identified as eligible, to make application for grant funds. Thus the UDAG Program is discretionary in nature. The UDAG Program also requires communities to provide some private capital which will be matched by the Federal government.

Cities identified as eligible to apply by the Department of Housing and Urban Development are notified by letter, and a list of eligible cities is published in the Federal Register. Cities are categorized into small (less than 50,000 population) and large cities (50,000 population and above). In order to target grants to smaller cities, the UDAG Program assures that no less than one-quarter of the program funds will be allocated to the small city category. For fiscal year 1983-84 the Department of Housing and Urban Development (hereafter known as HUD) classified more than two thousand small cities and more
than four hundred large cities as eligible for UDAG funds (10).

Small cities become eligible by satisfying three minimum standards of physical and economic distress (11, p. 5418). The minimum standards of physical and economic distress are

A. Age of Housing--At least 21 percent of the year-round housing units must have been constructed prior to 1940, based on 1980 census data;

B. Per Capita Income Change--The net increase in per capita income for the period 1969-1979 must have been $4036 or less, based on U. S. census data;

C. Population Growth Lag/Decline--For the period 1970-1980 the percentage rate of population growth must have been 1.7 percent or less, based on U. S. census data;

D. Job/Lag Decline--The rate of growth in retail and manufactory employment for the period 1972-1977 must have increased by 6.9 percent or less, based on U. S. census data;

E. Poverty--The percentage of persons at or below the poverty level must be 12.4 percent or more based on 1980 census data;

F. Labor Surplus Area--The small city must either be entirely within or partially within an area which
meets the criteria for designation as a Labor Surplus Area as of October 1983 (11).

A large city must pass three minimum standards of physical and economic distress (11). The minimum standards of physical and economic distress for large cities are as follows:

A. Age of Housing--At least 21 percent of the housing units must have been constructed prior to 1940, based on U. S. census data;

B. Per Capita Income Change--The net increase in per capita income for the period 1969-1979 must have been $4036 or less, based on U. S. census data;

C. Population Growth Lag/Decline--For the period 1960-1980 the percentage rate of population growth must have been 20.7 percent or less, based on U. S. census data;

D. Unemployment--The average rate of unemployment for 1982 must have been 9.4 percent or greater, based on data compiled by the Bureau of Labor Statistics;

E. Job Lag/Decline--The rate of growth in retail and manufactory employment for the period 1972-1977 must have increased by 6.9 percent or less, based on U. S. census data;
F. Poverty—The percentage of persons at or below the poverty level must be at 12.4 percent or more, based on U. S. census data (11).

It should also be noted that non-distressed cities may be eligible for UDAG funds if they are classified by HUD as having "pockets of poverty." A pocket of poverty is defined by HUD to be a "core area with at least 10,000 persons or 10 percent of the community's residents, 70 percent of whom have incomes below 80 percent of the city's median income and 30 percent of whom have incomes below the poverty level" (11). This provision allows most cities over 50,000 in population to qualify for UDAG funds. Because of the availability of data, only cities of 50,000 or more will be used for this research. Using cities of 50,000 population and over (this population used because of HUD data), 283 cities were classified as eligible for 1982 and make up the data base for this research. A systematic random sampling technique developed an applicant and non-applicant sample. The sampling technique for this process was as follows: (1) all applicants and non-applicants were divided into three population categories (50,000 to 99,999, 100,000 to 149,999, and 150,000 and above); and (2) using a random number process (selecting the number six from a table of random numbers and picking each sixth city), a matched sample for each population category resulted. These categories are summarized in Table I.
TABLE I

APPLICANT AND NON-APPLICANT SAMPLES

<table>
<thead>
<tr>
<th>Population Categories</th>
<th>Applicants</th>
<th>Non-Applicants</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000 to 99,999</td>
<td>27 cities</td>
<td>27 cities</td>
</tr>
<tr>
<td>100,000 to 149,999</td>
<td>15 cities</td>
<td>15 cities</td>
</tr>
<tr>
<td>150,000 and above</td>
<td>11 cities</td>
<td>11 cities</td>
</tr>
</tbody>
</table>

The Structural Characteristics and Formulation of Hypotheses

Community Differentiation

As was seen in the work of Aiken and Alford, age and size of cities were employed in their analysis (1, pp. 369-389). Using the argument advanced by Hartling (6) and Sullivan (7, pp. 79-84), community differentiation as measured by a white/non-white ratio should be related to a community's tendency towards innovation. The racial differentiation focus would argue that more diverse groups and interests would move communities towards new and innovative programs. More recently, the work of Joseph Galaskiewicz points to the importance of coalitions in community innovation (4, pp. 129-140). Galaskiewicz's network analysis can be extrapolated to include racial/ethnic differentiation in explaining coalitions.
On the basis of the work of Aiken and Alford, Sullivan, Hartling, and Galaskiewicz, the following hypothesis is postulated:

The greater the racial/ethnic differentiation, the more likely cities are to apply for the UDAG Program.

**Community Poverty**

This structural characteristic of innovation is related to the community's ability or desire to meet crucial needs of that community (such as housing). If there are needs in a community, it follows that the community would be interested in moving toward programs, UDAG in this case, that would ease those problems. The fiscal crisis and strain that has occurred in the last ten years in cities would seem to indicate that this structural element should be included in any analysis of community innovation. The previously-mentioned study by Friedland, Piven and Alford reinforces the importance of fiscal strain and structural elements in the community (3, pp. 278-284). Based on the work of Crain and Rosenthal, Hartling, and Friedland, Piven and Alford, the following hypotheses are postulated:

(1) The greater the percentage of persons living under the poverty line, the more likely cities are to apply for the UDAG Program;
(2) The higher the unemployment rate, the more likely cities are to apply for the UDAG Program.

**Community Maturity**

Many previous studies of community innovation have identified the age of the community as an important variable. For example, Aiken and Alford hypothesized that older cities would be less receptive to innovation (1). In this research, Aiken and Alford actually found that older cities were more likely to innovate. The explanation by Aiken and Alford argues that these older cities are in greater need and therefore tend to move towards innovative programs. In another study, Clark and his associates include age of city as one of their structural elements (2). The relationship between innovation and maturity of the city is tested by the following hypothesis:

The higher the percentage of housing built prior to 1940, the more likely cities are to apply for the UDAG Program.

**Type of Local Government**

As previously mentioned, Aiken and Alford analyzed formal political structure and tendencies towards innovation (1). This study indicates that cities with centralized public administrations (city managers, non-partisan elections, at-large elections) are more likely to innovate than party-oriented, mayoral-centered forms of government.
A hypothesis of this study predicted a greater probability of innovation with the more centralized, less fragmented types of government. Also, Friedland, Piven and Alford analyzed the degree of centralization or centralization of government in their analysis of urban structure and fiscal crisis (3). Based on previous studies, the following hypothesis is postulated regarding form of local government and innovation:

Cities with the city manager form of government are more likely to apply for the UDAG Program.

Measurement of Variables and Source of Data

The application status is used as the dependent variable of the present research. Cities which applied are categorized as "innovative." As previously mentioned, this applicant status was gathered from information provided by UDAG officials.

Selected structural characteristics of the community serve as the independent variables of the present study. Each independent variable is listed below with its source of data and operational definitions.

(1) Community Differentiation. This variable is a modification of the differentiation or "heterogeneity" index used by Gibbs and Martin originally designed to analyze division of labor (5). Hartling used this index to measure differentiation in her study of structural elements that are
related to innovation (6). The computation for this formula is as follows:

\[ 1 - \left( \frac{\sum X^2}{(\sum X)^2} \right) \]

where \( X \) = the number of persons in a specific racial category. Higher values of the index indicate greater degrees of differentiation. The data to compute this index was obtained from the 1980 Census, Detailed Characteristics of the Population (9).

(2) Community Poverty. This characteristic is measured using two indexes. One index is a percentage of persons who lived under the poverty line as defined by the U. S. Census of 1980. The second index used to measure community poverty is the annual average unemployment rate for 1982. Both of these measures were computed for each eligible UDAG city. The information for these indexes was provided by UDAG officials (8).

(3) Community maturity. This index is a measure that reflects age of housing within each community. The measure specifies the percentage of housing units in a community which were built prior to 1940. This measure was also computed and provided by UDAG officials.

(4) Form of Local Government. This is a measure of the type of local government in each of the eligible cities. For the present study eligible cities were categorized as having a city manager or non-city manager form of local
government. This data is found in the 1985 Municipal Yearbook (8).

Summary of the Research Hypotheses

Based on the survey of the related literature, several hypotheses are postulated for the problem under study.

I. The racial/ethnic differentiation is higher among applicant than non-applicant cities.

II. The percentage of persons under the poverty line is higher in applicant than non-applicant cities.

III. The average unemployment rate is higher in applicant than non-applicant cities.

IV. The maturity level of a community is higher in applicant than non-applicant cities.

V. Applicant cities are more likely to have a city manager form of government than non-applicant cities.
CHAPTER BIBLIOGRAPHY


CHAPTER III

ANALYSIS OF THE DATA

In the analysis of the data, each structural characteristic is discussed in relationship to community innovation. Each characteristic is analyzed by testing each previously-mentioned hypothesis while controlling for population size. City size is divided into three categories: (1) 50,000 to 99,999, (2) 100,000 to 149,999 and (3) 150,000 and above. Hereafter these categories are referred to as small (50,000 to 99,999), medium (100,000 to 149,999) and large (150,000 and above) cities.

Community Differentiation

It was hypothesized that applicant cities would have higher levels of community differentiation than non-applicant cities. More specifically, the higher the social/ethnic differentiation ratio, the more likely cities are to apply for the UDAG Program.

Table II summarizes the mean, standard deviation, and t values for differentiation by applicant status for all cities without controlling for city size. When all cities are grouped without regard to city size, community differentiation is found to be significantly related to applicant status at the .01 level (t = 2.40).
TABLE II
MEAN (X), STANDARD DEVIATION (SD), AND t VALUES FOR DIFFERENTIATION BY APPLICANT STATUS FOR ALL CITIES

<table>
<thead>
<tr>
<th>Differentiation Scores</th>
<th>Applicants</th>
<th>Non-Applicants</th>
<th>t</th>
<th>pr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Racial:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X</td>
<td>.51</td>
<td>.38</td>
<td>2.40</td>
<td>.01</td>
</tr>
<tr>
<td>SD</td>
<td>.33</td>
<td>.27</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

When population size is controlled, a different pattern of relationships between community differentiation and applicant status emerges.

In the small city category there is a significant relationship between applicant status and community differentiation at the .05 level (t = 2.01). The mean scores for this category are .32 for applicants and .20 for non-applicant cities.

For medium-size cities no significant relationship between applicant status and differentiation is observed (at the .05 level). Little difference is observed between the mean scores for applicant and non-applicant cities.

In the large city category, there is a significant relationship between applicant status and community differentiation at the .01 level (t = 3.28). As predicted in the hypothesis, the applicant cities are characterized
by a higher mean index scores ($\bar{X} = .83$) than the non-applicant cities ($\bar{X} = .601$).

Table III summarizes the mean, standard deviation and $t$ values for differentiation by applicant status by population category.

### TABLE III

**MEAN ($\bar{X}$), STANDARD DEVIATION (SD), AND $t$ VALUES FOR DIFFERENTIATION BY APPLICANT STATUS BY POPULATION CATEGORY**

<table>
<thead>
<tr>
<th>City Size</th>
<th>Applicants</th>
<th>Non-Applicants</th>
<th>$t$</th>
<th>$p$</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000 to 99,999:</td>
<td></td>
<td></td>
<td>2.01</td>
<td>.05</td>
</tr>
<tr>
<td>$\bar{X}$</td>
<td>.32</td>
<td>.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SD</td>
<td>.30</td>
<td>.11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100,000 to 149,999:</td>
<td></td>
<td></td>
<td>.66</td>
<td>NS</td>
</tr>
<tr>
<td>$\bar{X}$</td>
<td>.60</td>
<td>.54</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SD</td>
<td>.26</td>
<td>.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>150,000 and above:</td>
<td></td>
<td></td>
<td>3.28</td>
<td>.01</td>
</tr>
<tr>
<td>$\bar{X}$</td>
<td>.83</td>
<td>.60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SD</td>
<td>.14</td>
<td>.24</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Community Poverty**

It was hypothesized that applicant cities would have higher levels of community poverty than non-applicant cities. Two structural elements were examined in this relationship:
(1) percentage of persons living below the poverty line and 
(2) the average annual unemployment rate. When population 
size is not controlled, no significant relationship exists 
between the structural elements of poverty and applicant 
status. Table IV summarizes the mean, standard deviation, 
and t values for poverty by applicant status for all cities.

TABLE IV

MEAN (X), STANDARD DEVIATION (SD), AND t VALUES FOR 
POVERTY BY APPLICANT STATUS FOR ALL CITIES

<table>
<thead>
<tr>
<th>Measure of Poverty</th>
<th>Applicants</th>
<th>Non-Applicants</th>
<th>t</th>
<th>pr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under Poverty Line:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( \bar{X} )</td>
<td>16.5</td>
<td>15.5</td>
<td>.90</td>
<td>NS</td>
</tr>
<tr>
<td>SD</td>
<td>6.1</td>
<td>5.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployment Rate:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( \bar{X} )</td>
<td>11.5</td>
<td>11.8</td>
<td>.42</td>
<td>NS</td>
</tr>
<tr>
<td>SD</td>
<td>3.8</td>
<td>3.5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Even when population size is controlled, no significant 
relationships are observed for the structural element of 
percentage of persons living below the poverty line.

For small cities, no significant relationship exists 
between applicant status and percentage of persons living 
below the poverty line at the .05 level. Little difference 
is observed between the mean scores for applicant 
(\( \bar{X} = 15.7 \)) and non-applicant (\( \bar{X} = 15.3 \)) cities.
For medium-size cities, no significant relationship exists between applicant status and percentage of persons living below the poverty line at the .05 level. Little difference is observed between the mean scores for applicant ($\bar{X} = 16.3$) and non-applicant ($\bar{X} = 14.9$) cities.

For large-size cities, no significant relationship exists between applicant status and percentage of persons living below the poverty line at the .05 level. Little difference is observed between the mean scores for applicant ($\bar{X} = 18.9$) and non-applicant ($\bar{X} = 16.5$) cities. Table V summarizes the mean, standard deviation, and $t$ values for poverty line by applicant status by population category.

### Table V

**MEAN ($\bar{X}$), STANDARD DEVIATION (SD), AND $t$ VALUES FOR POVERTY LINE BY APPLICANT STATUS BY POPULATION CATEGORY**

<table>
<thead>
<tr>
<th>City Size</th>
<th>Applicants</th>
<th>Non-Applicants</th>
<th>$t$</th>
<th>pr</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000 to 99,999:</td>
<td></td>
<td></td>
<td>.25</td>
<td>NS</td>
</tr>
<tr>
<td>$\bar{X}$</td>
<td>15.7</td>
<td>15.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SD</td>
<td>5.13</td>
<td>6.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100,000 to 149,999:</td>
<td></td>
<td></td>
<td>.83</td>
<td>NS</td>
</tr>
<tr>
<td>$\bar{X}$</td>
<td>16.3</td>
<td>14.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SD</td>
<td>4.97</td>
<td>3.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>150,000 and above:</td>
<td></td>
<td></td>
<td>1.60</td>
<td>NS</td>
</tr>
<tr>
<td>$\bar{X}$</td>
<td>18.9</td>
<td>16.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SD</td>
<td>3.6</td>
<td>3.1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
For the structural element of average annual unemployment rate, only one city size category reveals a significant relationship to applicant status at the .05 level.

For the small city size category a significant relationship exists between applicant status and average unemployment rate at the .005 level \((t = 3.13)\). Mean scores also differ for applicant \((\bar{X} = 17.2)\) and non-applicant \((\bar{X} = 12.5)\) cities.

For medium- and large-size cities no significant relationship exists between applicant status and average unemployment rate at the .05 level. Table VI summarizes the mean, standard deviation, and \(t\) values for unemployment rate by applicant status by population category.

**TABLE VI**

**Mean (X), Standard Deviation (SD), and \(t\) Values for Unemployment Rate by Applicant Status by Population Category**

<table>
<thead>
<tr>
<th>City Size</th>
<th>Applicants</th>
<th>Non-Applicants</th>
<th>(t)</th>
<th>(p_r)</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000 to 99,999:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(\bar{X})</td>
<td>17.2</td>
<td>12.5</td>
<td>3.13</td>
<td>.005</td>
</tr>
<tr>
<td>SD</td>
<td>7.3</td>
<td>3.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100,000 to 149,999:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(\bar{X})</td>
<td>12.6</td>
<td>11.0</td>
<td>1.05</td>
<td>NS</td>
</tr>
<tr>
<td>SD</td>
<td>4.7</td>
<td>3.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>150,000 and above:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(\bar{X})</td>
<td>11.7</td>
<td>11.2</td>
<td>.42</td>
<td>NS</td>
</tr>
<tr>
<td>SD</td>
<td>2.5</td>
<td>2.8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Community Maturity

It was hypothesized that cities with higher percentages of houses built prior to 1940 would be more likely to apply for UDAG funds.

When all cities are considered, a significant relationship exists between applicant status and community maturity at the .01 level \((t = 2.49)\). Table VII summarizes the mean, standard deviation and \(t\) values for community maturity by applicant status for all cities.

**TABLE VII**

**MEAN (\(\bar{X}\)), STANDARD DEVIATION (SD), AND \(t\) VALUES FOR COMMUNITY MATURITY BY APPLICANT STATUS FOR ALL CITIES**

<table>
<thead>
<tr>
<th>Measure of Maturity</th>
<th>Applicants</th>
<th>Non-Applicants</th>
<th>(t)</th>
<th>(pr)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maturity Score:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(\bar{X})</td>
<td>44.3</td>
<td>35.5</td>
<td>2.49</td>
<td>.01</td>
</tr>
<tr>
<td>SD</td>
<td>18.3</td>
<td>17.8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

When population size is controlled, significant relationships between community maturity and applicant status are observed. One of these relationships, for small city size, reveals a significant relationship in the opposite direction predicted.

For the small city size, a significant relationship exists between applicant status and community maturity at
the .05 level ($t = 1.78$). The direction of this relationship is, however, opposite than predicted with the non-applicant cities having a higher mean score ($\bar{X} = 65.7$) than the applicant ($\bar{X} = 50$) cities.

For the medium-size cities a significant relationship exists between community maturity and applicant status at the .05 level ($t = 1.72$).

For the large city size, no significant relationship exists between community maturity and applicant status at the .05 level. Table VIII summarizes the mean, standard deviation and $t$ values for community maturity by applicant status by population category.

TABLE VIII

MEAN ($\bar{X}$), STANDARD DEVIATION (SD), AND $t$ VALUES FOR COMMUNITY MATURITY BY APPLICANT STATUS BY POPULATION CATEGORY

<table>
<thead>
<tr>
<th>City Size</th>
<th>Applicants</th>
<th>Non-Applicants</th>
<th>$t$</th>
<th>pr</th>
</tr>
</thead>
<tbody>
<tr>
<td>50,000 to 99,999:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$\bar{X}$</td>
<td>50.0</td>
<td>65.7</td>
<td>1.78</td>
<td>.05</td>
</tr>
<tr>
<td>SD</td>
<td>18.9</td>
<td>40.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100,000 to 149,999:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$\bar{X}$</td>
<td>37.9</td>
<td>28.7</td>
<td>1.72</td>
<td>.05</td>
</tr>
<tr>
<td>SD</td>
<td>16.1</td>
<td>11.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>150,000 and above:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$\bar{X}$</td>
<td>43.9</td>
<td>35.5</td>
<td>1.18</td>
<td>NS</td>
</tr>
<tr>
<td>SD</td>
<td>13.9</td>
<td>17.8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Types of Local Government

It was hypothesized that applicant cities are more likely to have a city manager form of government than non-applicant cities. There was a significant relationship between form of local government and applicant status when all city sizes are considered at the .05 level (chi-square = 3.14).

When city size is controlled, only one category, the medium-size, reveals a significant relationship between applicant status and local form of government at the .05 level (chi-square = 6.52). For the small and large city sizes, applicant status is unrelated to applicant status. Table IX summarizes the distribution of the city manager form of government by applicant status and chi-square values by population category.

Summary of the Findings

Analysis of the data indicates support for several of the postulated hypotheses.

In regard to all cities and their relationship to applicant status, three of the five hypotheses were supported. The structural characteristic, community differentiation for all cities, is significantly related to applicant status. Interestingly, when city size is controlled for this characteristic, only the medium-size city reveals no relationship between community
<table>
<thead>
<tr>
<th>City Size</th>
<th>Applicants</th>
<th>Non-Applicants</th>
<th>Chi-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Cities</td>
<td></td>
<td></td>
<td>3.14</td>
</tr>
<tr>
<td>Manager form present</td>
<td>35</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>Manager form absent</td>
<td>18</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>50,000 to 99,999:</td>
<td></td>
<td></td>
<td>1.18</td>
</tr>
<tr>
<td>Manager form present</td>
<td>16</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Manager form absent</td>
<td>11</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>100,000 to 149,999:</td>
<td></td>
<td></td>
<td>6.52</td>
</tr>
<tr>
<td>Manager form present</td>
<td>11</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Manager form absent</td>
<td>4</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>150,000 and above:</td>
<td></td>
<td></td>
<td>.20</td>
</tr>
<tr>
<td>Manager form present</td>
<td>8</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Manager form absent</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>
differentiation and applicant status. Both the large and small city sizes show a significant relationship between community differentiation and applicant status.

For the structural element, percentage of persons living below the poverty line, no significant relationship to applicant status is observed. When population size is controlled, no significant relationship is observed.

For the structural element, average unemployment rate, no significant relationship is observed when all city sizes are analyzed. When population size is controlled, only one category, small city size, reveals a significant relationship between unemployment rate and applicant status. For the medium- and large-size cities, no significant relationship is observed.

Community maturity for all city sizes reveals a significant relationship with applicant status. When city size is controlled, only one of the city size categories, large-size cities, fails to show a significant relationship between community maturity and applicant status.

When all city sizes are considered for the structural characteristic, local form of government, a significant relationship with applicant status exists. When city size is controlled, a different pattern emerges. Only one of the city size categories, the medium city size, reveals a significant relationship. Both the small city size and large city size categories reveal no significant
relationship between form of government and applicant status.
CHAPTER IV

INTERPRETATION OF FINDINGS

The findings developed from this study reveal significant relationships between certain community characteristics and innovation. These findings both compare and contrast with earlier studies that have analyzed community innovation. Perhaps the most significant interpretation of the findings is the apparent existence of different types of innovation.

Types of Innovation

Previous analysis has focused on innovation in regard to two specific federal programs. These programs were the Urban Renewal Program, first enacted as Title I of the Housing Act of 1949, and the Model Cities Program, passed in 1966. Clark (1, pp. 576-593), Hawley (4), and Crain and Rosenthal (2) have pointed out the specific type of innovation that is revealed when the urban renewal program is analyzed. Urban renewal is classified by Hartling as "establishment benefiting" (3). This "establishment benefiting" means that local businessmen benefit directly from the relocation and construction associated with urban renewal projects. It should also be pointed out that the type of innovation associated with the urban renewal projects cannot be labeled as positive or negative or good
or bad in a value judgement sense. Low income residents who were forced out of housing for urban renewal would have a different view of the benefit of such innovation as compared to the view taken by local building contractors viewing the same project.

While the urban renewal studies offered a means of analyzing innovation, a different approach can be seen in the research of Hartling (3). Noting the problems associated with the use of urban renewal to test community innovation, Hartling used the Model Cities Program in the analysis of innovation (3). Justifying this choice of the Model Cities Program over earlier urban renewal programs, Hartling states that,

If urban renewal constitutes a particular type of innovation (as contrasted to the more socially-oriented federal programs), then it is reasonable to assume that the variables which are associated with the Urban Renewal Program success are likely to be different from the variables associated with successful implementation of other forms of innovation (3, p. 75).

The Hartling study's findings suggest that structural characteristics of innovation are more dependent on city size when analyzing different programs such as the Model Cities Program. This program was chosen in order to provide the possibility of revealing different types of innovation as they are related to city size.

Based on these earlier attempts to identify types and correlates of community innovation, the Urban Development
Action Grant Program (UDAG) was chosen for the present study. The program offers certain advantages over the use of both urban renewal and model cities programs as a test of community innovation. Federal programs have undergone significant changes in recent years. With the enactment of the large entitlements and block grant programs, communities have had an increasingly diminished role in choosing, making application for, and directing federal programs in their own community. Thus the existing local government institutions and structure determine the impact of federal programs on the community. While it is true that the Model Cities Program required local involvement and planning, the UDAG program requires specific action by local community officials, citizens, and interest groups to initiate the program. This aspect of the UDAG program is noted in several specific ways: (1) communities must make application; (2) specific community projects must be outlined; and, (3) a percentage of private funds committed to the project is required. Another difference between the Model Cities Program and urban renewal programs lies in the fact that large numbers of cities are eligible. For the fiscal year 1983-84 over 400 large cities (50,000 population and over) and 2,000 small cities (49,999 population or less) were eligible for UDAG funds. Another fundamental difference between UDAG and other previous federal programs is the wide latitude that a community can use in selecting a
project. The UDAG guidelines allow communities to choose projects ranging from water projects to housing. This factor best exemplifies the innovative nature of the UDAG Program. Since each individual community has its own unique needs and wants, the UDAG Program offers an opportunity, with wide guidelines, to select a specific project. It is for the reasons mentioned above that the UDAG Program was selected as a test of community innovation for the present study. It is also fair to point out that, based on current and projected future federal spending, the UDAG Program may be the last chance to study community-structured variables on a relatively large scale.

Community Structures

In regard to community differentiation, it will be remembered that there exists a significant relationship between this characteristic and applicant status. This finding is consistent with results from previous studies and suggests that the more differentiated a population is, the more likely it is to be innovative. This interpretation relies on the fact that with many different interest groups present, different needs and innovative programs receive attention. When population size is controlled, only the medium-size city fails to reveal a significant relationship between applicant status and differentiation. This finding is difficult to interpret; however, the explanation for this
may lie in the fact that the medium-size cities may be more stable and homogeneous.

Community poverty reveals no significant relationship to applicant status for all population categories and also no significant relationship when control for population is added, except in one case. It was predicted that the higher levels of this poverty measure would encourage communities to seek innovative programs. The findings do not support this assumption. Previous studies have supported the predicted relationship, while only in specific population categories. When population size is controlled, only one category, the small city size, reveals a significant relationship. An explanation of this finding may be that larger cities have established local programs to deal with the consequences of high unemployment and high poverty levels, whereas small cities have not.

Community maturity reveals a significant relationship to applicant status for all population categories. This finding is consistent with previous findings, which suggest that older cities tend to seek federal programs; the underlying assumption is that the older the city the more need for federal grants. The most interesting finding regarding this variable appears when control for city size is applied. The small city size reveals a significant relationship between applicant status and maturity; however, it is in the opposite direction from the predicted
direction. For the medium-size cities there is a significant relationship between maturity and applicant status. For the large-size cities there is no significant relationship between maturity and applicant status. It is obvious that city size is an important factor in the analysis of community maturity as it is related to innovation.

For the structural characteristic, type of local government, there was a significant relationship between form of local government and applicant status when all city sizes were considered. When city size is controlled, only one category, the medium size, reveals a significant relationship between applicant status and local form of government. This finding is consistent with previous studies which suggest that cities with a city manager form of government are more likely to be innovative than cities with other types of local government.

Typology of Innovation

Previous studies of community innovation have identified different structural elements as predictors of innovation. Because of these findings, the following question can be raised: are the previous studies and the present study identifying different types of innovation? The findings of previous studies and the present study seem to point towards not a single specific type of innovation but rather a typology of innovation. The development of such an original typology is not an easy undertaking; it
requires considerable effort which is not necessarily repre-
sented by its reproduction on this paper. The following is
such a typology which can help explain innovation:

Innovation

I. Planned Revitalizing Innovation

II. Social Enhancing Innovation

III. Entrepreneurial Stimulating Innovation

IV. Needs Inducing Innovation

Each of these types of innovation can be seen in
specific federal programs that have been used to study
innovation. Type I, Planned Revitalizing Innovation, can
best be seen in the urban renewal programs. Type II, Social
Enhancing Innovation, can best be seen in the Model Cities
Program. Type III, Entrepreneurial Stimulating Innovation,
can best be seen in the UDAG Program. Type IV, Needs
Inducing Innovation, can be seen in all three of the federal
programs that have been used to study and analyze community
innovation.

In order to better understand this typology, more
explanation is needed. The following expansion of the
typology is offered to clarify the model.

I. **Planned Revitalizing Innovation**--This
type is characterized by a specific plan by a
community to change radically an area of the community.
This is usually seen as a re-building process; most
often this process involves reworking a blighted area and replacing it with a viable area. As mentioned earlier, the Urban Renewal Program is the best representative of this type of innovation.

II. Social Enhancing Innovation--This type of innovation is much more general than Type I. It involves a wide scope of social programs that deal with projects ranging from housing to youth centers to increasing income opportunities. Other social goals covered by this type of innovation include: to reduce dependence on welfare payments, to improve educational facilities and programs, to combat disease and ill health, to reduce the incidence of crime and delinquency, to enhance recreational and cultural opportunities, to establish better access between homes and jobs, and to improve living conditions. These are both stated and implied goals or aims of the Model Cities Program, which is the best example of Social Enhancing Innovation.

III. Entrepreneurial Stimulating Innovation--This type of innovation is characterized by a specific initiative by the community. The community in this type is hoping that by investing basic "seed money" it will stimulate an area to become an asset to the community. A specific example would involve a community granting or acquiring land for a convention
center. After the land is secured, the community hopes that private capital will build the convention center, thus providing a continuous economic asset for the community for years to come. A good example of this type of innovation can be seen in the UDAG Program. In this program the community is required to plan and back (in terms of money) a specific community project.

IV. Needs Inducing Innovation—This type of innovation is characterized by change that arises from a specific need which a community addresses. It can be argued that this innovation incorporates all of the other types of innovation. Each of the other types does involve some need that is being addressed; this typology, however, is more specific in nature. Most of the needs of the community are met within the existing community structure. When, however, a specific need arises, the community moves towards meeting the felt need. A specific example of this innovation could involve the failure of a community water system. While it is obvious that the water system must be restored, this need might lead to further innovation beyond system restoration.

Limitations

There are several limitations which should be considered when examining the findings. First, the sample
of the present study does not represent small cities; only cities of 50,000 or more were considered for this study. The basic reason for using only cities of 50,000 population and above was due to availability of data. Officials at the Department of Housing and Urban Development were unable to create an accurate list of cities below 50,000 for sampling procedures. During initial contact with UDAG officials at the beginning of this study, there was indication that a broader base of data was readily available. However, as the study progressed, the data was not forthcoming. This is an important limitation since UDAG estimates that there are over 2,000 small cities which are eligible to apply for grants.

Secondly, there is no consistent federal program to study innovation over an extended period. The federal government has offered, over roughly a thirty year period, three distinct programs. These programs are the Urban Renewal Program, the Model Cities Program, and the UDAG Program. Each of these programs is similar but also different. Because of this changing of programs, it is impossible to study innovation using the same or similar structural variables in a longitudinal manner.

Finally, this study is limited by the number and type of structural variables that can be chosen to study innovation. In comparing many large cities, the data is
restricted to a few variables which can be collected from existing data.

Importance of the Study

While this study has limitations, it also has some important findings and implications; it makes several contributions to the study of community innovation. First of all, the present study supports many of the findings of earlier studies with regard to structural characteristics of innovation.

Secondly, a specific original typology was developed which should guide future study of community innovation.

Finally, this study may offer one of the last chances to study innovation using the UDAG Program. At the present time, precedent-setting legislation aimed at curtailing the national debt will undoubtedly reduce or possibly even eliminate many such federal programs in the future. If federal grant programs do survive, they may not be similar enough to older programs to offer a vehicle for the analysis of community innovation.

Recommendations

Several areas of future analysis of community innovation are recommended.

First of all, the present study sampled only cities with a population of 50,000 and above. A future study could investigate innovation among small cities. With over
2,000 eligible small cities, many questions regarding innovation and its relationship to structural characteristics could be answered in such a study. This would require more cooperation from the Department of Housing and Urban Development, however, to create a suitable sample.

The present analysis used only available data. A logical step would be for future studies to incorporate some amount of survey data. This might be most appropriate in the study of small cities. While cost is a factor in obtaining original data, some percentage of the data might be survey data in a future study.

The present study dealt only with eligible cities who did or did not apply for UDAG funds. An obvious area of investigation would be to analyze the eligible cities who applied for UDAG funds and were rejected by program officials. This would open several avenues of investigation. For example, do these cities apply again, how many times do they reapply, and are there significant structural differences between these cities and cities which are granted UDAG funds?

Related also to city size is the fact that, according to UDAG officials, only a small number of the eligible small cities make application for grants. This offers many areas of investigation regarding exactly why these cities failed to apply for grants.
Finally, it is recommended that the typology of innovation, developed in this study, could be used in future investigations. Specific studies could be designed to analyze any one or all of the innovative types developed.

Conclusion

The study of community power structure and innovation has changed greatly in recent years. The present study shows the importance of structural characteristics as they are related to community innovation; it has also pointed out the limitations of such analysis and recommended possible future study. It is obvious that the study of community innovation is a complex one which will require investigators to develop and refine techniques of analysis.
CHAPTER BIBLIOGRAPHY


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APPENDIX

LIST OF SAMPLE CITIES

Applicant Cities

Chicago, Illinois
Philadelphia, Pennsylvania
Baltimore, Maryland
San Francisco, California
District of Columbia, Washington
Cleveland, Ohio
Kansas City, Missouri
El Paso, Texas
Cincinnati, Ohio
Portland, Oregon
Birmingham, Alabama
Newport News, Virginia
Bridgeport, Connecticut
Huntsville, Alabama
Rockford, Illinois
Paterson, New Jersey
Hartford, Connecticut
Winston-Salem, North Carolina
New Haven, Connecticut
Erie, Pennsylvania
San Bernadino, California
Youngstown, Ohio
South Bend, Indiana
Elizabeth, New Jersey
Allentown, Pennsylvania
Davenport, Iowa
Miami Beach, Florida
Fall River, Massachusetts
Lowell, Massachusetts
Manchester, New Hampshire
Ontario, California
Sioux City, Iowa
East Orange, New Jersey
Kenosha, Wisconsin
Sommerville, Massachusetts
Utica, New York
Tuscaloosa, Alabama
Springfield, Ohio
Niagra Falls, New York
Wilmington, Delaware
Schenectady, New York
Galveston, Texas
Waltham, Massachusetts
Altoona, Pennsylvania
Warren, Ohio
Council Bluffs, Iowa
Cleveland Heights, Ohio
East St. Louis, Illinois
Lancaster, Pennsylvania
Asheville, North Carolina
Maiden, Massachusetts
Alexandria, Louisiana
Wilkes-Barre, Pennsylvania

Non-Applicant Cities

Denver, Colorado
Tampa, Florida
Mobile, Alabama
Montgomery, Alabama
Fort Wayne, Indiana
Chattanooga, Tennessee
Hialeah, Florida
Worcester, Massachusetts
Kansas City, Kansas
Providence, Rhode Island
Stockton, California
Springfield, Missouri
Evansville, Indiana
Lansing, Michigan
Peoria, Illinois
Pasadena, California
Cedar Rapids, Iowa
Oxnard, California
Berkeley, California
Waterburg, Connecticut
Pueblo, California
Waco, Texas
Columbia, South Carolina
Springfield, Illinois
Portsmouth, Virginia
New Bedford, Massachusetts
Decatur, Illinois
Hammond, Indiana
Duluth, Minnesota
Laredo, Texas
Quincy, Massachusetts
Compton, California
Salinas, California
Kalamazoo, Michigan
Reading, Pennsylvania
Saginaw, Michigan
St. Joseph, Missouri
Waterloo, Iowa
New Britain, Connecticut
Pawtucket, Rhode Island
Bethlehem, Pennsylvania
McAllen, Texas
Ogden, Utah
Charleston, West Virginia
Huntington, West Virginia
Hamilton City, Ohio
Portland, Maine
Cicero, Illinois
Terre Haute, Indiana
Champaign, Illinois
Meriden, Connecticut
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