



INDEPENDENT BUSINESS

ARTICLE

# Local Ownership Makes Communities Healthier, Wealthier and Wiser

Stacy Mitchell | 11 Comments | Jul 18, 2012

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When policymakers debate anything having to do with economic development — approving a new big-box store, say, or handing out tax breaks to large companies — most don't imagine that the decision will have any effect on such things as voter turnout or the prevalence of chronic disease.

But a growing body of research is finding that scale and ownership of business matter in ways that extend far beyond economic outcomes.

A [study](#) recently published in the *Cambridge Journal of Regions, Economy and Society*, for example, found

that people who live in communities where small, locally owned businesses are the norm are healthier than those who live in places where large corporations predominate. "We find that counties with a vibrant small-business sector have lower rates of mortality and a lower prevalence of obesity and diabetes," conclude the study's authors, Troy Blanchard, Charles Tolbert, and Carson Mencken.

They surmise that a high degree of local ownership improves a community's "collective efficacy" — the capacity of its residents to act together for mutual benefit, to solve problems, and to further local goals. Previous research has identified a strong relationship between collective efficacy and population health, because high-functioning communities tend to build initiatives and infrastructure that foster healthier choices and prevent disease.

Another [study](#), by Blanchard and Todd Matthews, found that counties dominated by a few big firms have lower levels of social capital and less engaged citizens than those in which economic activity is dispersed across many locally owned businesses. "We find that residents of communities with highly concentrated economies tend to vote less and are less likely to keep up with local affairs, participate in associations, engage in reform efforts or participate in protest activities at the same levels as their counterparts in economically dispersed environments," they conclude.

Sociologists Stephan Goetz and Anil Rupasingha have linked this decline in civic participation to Walmart specifically. With each Walmart store that opens, social capital erodes, their [research](#) finds. Communities with more Walmart stores have lower voter turnout and fewer active nonprofit organizations. In their latest [study](#), published in June, they've documented a correlation between Walmart and the presence of hate groups.

Still other [research](#) has linked the regional market share of large retail chains with higher rates of poverty, infant mortality, and crime.

Why is local ownership so nourishing to the social and civic fabric of communities? There appear to be at least three main reasons. One has to do with local business owners themselves. Their personal and financial interests are tied to the community's well-being and, as a result, they are often active in various civic endeavors. While small business owners gain prestige and influence by contributing to community improvement, corporate managers garner status by advancing the company's interest, even at the expense of the community.

Another reason is that cities with a strong entrepreneurial culture and local control of economic resources have more capacity to solve problems on their own and are more resilient and adaptable in

times of distress. Those that are dependent on outside corporations have little ability to marshal resources to overcome challenges.

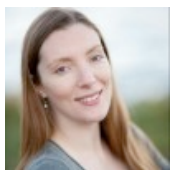
Yet a third way local businesses nurture social capital is by creating environments that foster social ties. People shopping at farmers' markets and traditional Main Street business districts are more likely to run into neighbors and engage in a greater number of conversations than those navigating the aisles of a big-box store, studies have found.

But as compelling as this research is, so far it has had virtually no impact on public policy. Economic consolidation has continued at a furious pace, unchecked by local and federal policymakers, and often even [subsidized by our tax dollars](#). All the while, it has become much [more difficult to start and sustain a small business](#).

Once a core theme of American political discourse, debate about the democratic value of dispersed ownership and the appropriate scale of enterprise largely ceased in recent decades as the ideology of bigger-is-always-better took over our politics.

It's time to resurrect that discussion. Nowhere does it have more relevance or urgency right now than in cities like New York, Chicago, and Seattle, where giant retailers like Walmart and Target are gunning to unroll dozens of "urban" stores, often under the pretense of improving distressed neighborhoods and [alleviating health problems like obesity](#). By undermining local businesses and shredding the civic fabric, however, their presence is likely to have the opposite effect.

**TAGS:** [big-box retail](#) / [independent business](#) / [market concentration](#) / [social capital](#) / [walmart](#)



## About Stacy Mitchell

Stacy Mitchell is a senior researcher with the Institute for Local Self-Reliance, where she directs initiatives on independent business and community banking. She is the author of [Big-Box Swindle](#) and also produces a popular monthly newsletter, the [Hometown Advantage Bulletin](#). She lives in Portland, Maine, and has lately joined [Twitter](#). [MORE →](#)

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## 11 Comments

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[...] Local Ownership Makes Communities Healthier, Wealthier and Wiser [...]

Jul 19, 2012

### Jenifer Kay Hood said...

Great article and so timely. We in Main Street communities need these sort of facts to confront the naysayers. Thanks!

Jul 19, 2012

### Daniel DeMocker said...

Very interesting article. With respect to the correlation between big box store locations and low social capital/less engaged citizens (as found in the studies by Goetz/Rupasingha and Blanchard/Matthews), I'd be curious to know about the timing of these adverse affects. Did they develop after the store moved into the community? It's possible that such community conditions were already in place, and that big box stores value these deficiencies when scoring them in their site location surveys.

Jul 20, 2012