LOCATION FACTORS AND INFORMATION SOURCES OF FOREIGN INVESTORS IN WISCONSIN AND ARKANSAS

W. Clint Johnson, Ralph O. Gunderson, and J. Scott McDonald

Introduction

The American business sector has witnessed a restructuring process during the 1980s which, though not historically unique, has been notable in comparison with other periods. The 1980s have seen both domestic restructuring, through the use of innovative financing methods, and foreign activity in the U.S. corporate acquisition market. The amount of foreign activity in corporate restructuring has been a subject of intense interest by the public and the press, with underlying themes of xenophobia and uncertainty of what work under foreign employers will mean for traditional workplace habits and practices.

Despite such doubts, the activity of foreign firms in buying and rejuvenating established U.S. corporations and in locating new enterprises and facilities has been an important source of capital and employment stability for many local economies (Little, 1988). The industrial recruiting arms of states and local communities have solicited foreign firms as a part of overall industrial recruiting and development strategy. In 1986 state agencies spent over $40 million to attract foreign investment (Clarke, 1986). Foreign firms have responded with the purchase of existing firms or facilities as well as with new facility locations; in doing so, they have responded to a combination of factors such as changing foreign exchange rates, changing cost relationships, political factors, market accessibility, and others. The investment outlays by foreign investors to acquire or establish U.S. business operations grew from about $12 billion in 1980 to over $65 billion in 1989.

Literature

The work on location criteria has progressed significantly past the early emphasis by Weber on transportation cost. For example, Hotelling's (1929) and Greenhut's (1956) works are directed at the location interdependencies that exist among firms, while Walter Isard (1956) seeks to explain how entrepreneurs make location decisions in the context of combining various factors of production.

Other theorists have relaxed the assumption of profit-maximizing behavior by incorporating personal and organizational characteristics into their business location studies. Lewis Mandell (1975) has con-
ducted intensive studies of plant siting and finds personal factors to be of major importance. This conclusion corresponds to that of other studies by Chapman and Wells (1958) and McDonald and Lazear (1988) who analyzed firms in Georgia and Wisconsin, respectively.

Many empirical surveys have focused on specific location factors as labor attitudes, transportation facilities, market availability, taxes, et cetera. Typical of these is an article by Tong and Walter (1980) that shows the responses of foreign investors in the U.S. who were asked to rate the importance of 32 plant location factors. Not surprisingly, transportation and labor factors are considered the most important in the article.

Various state and local government incentive programs to lure firms to the region have attracted the attention of researchers. A recent study of the Appalachian region by Walker and Greenstreet (1991) finds that these programs are often decisive in the final stages of the site selection process. Others have studied patterns of U.S. corporate investment in foreign countries. For example, Sharkey et al. (1988) use secondary data for 24 countries to confirm that U.S. firms reinvest in a rational manner. That is, reinvestment by U.S. multinationals is related closely to expected future net earnings.

An extensive literature on corporate mergers and acquisitions also exists. The bulk of this work, however, deals with issues of financial management or with the social and legal consequences of mergers and acquisitions. Modern merger theory (such as the Levy and Sarnat, 1970 and Rappaport, 1976 studies in the 1970s) often focuses on the risk reduction of conglomerate mergers. Additional rationale cited in professional journals include market power (Steiner, 1975), advantages from increased economies of scale (Jacoby, 1969), tax considerations (Auerbach and Poterba, 1987), and avoidance of bankruptcy (Higgins and Schall, 1975).

Still other research has focused on the social and political consequences of mergers and acquisitions. An early comprehensive study on the subject was published by the Federal Trade Commission (1969). This report decries conglomerate mergers because of reduced economic efficiency due to barriers to entry and long-run predatory practices. More recently, Siegfried has assembled several studies concerning the impact of mergers on income distribution, political power, and the welfare of local communities.

Jane Sneddon Little has conducted insightful analyses of the impact of foreign mergers and acquisitions. She finds that differences in regional employment effects and regional market shares of the acquired firm (facility) are due to regional differences in the acquired firms' profitability which suggests that mergers and acquisitions in the financially weak manufacturing Rustbelt generate greater financial and employ-
ment benefits than elsewhere in the U.S. by strengthening the competitive position of the acquired firm. The operation of the Renault subsidiary, American Motors Corporation in Wisconsin, during the early 1980s is cited as an example. Despite work such as this on the impact of foreign mergers and acquisitions, scant attention has been given to the locational influences on foreign merger and acquisition decisions.

The Research Problem

State and local economic development organizations tend to place a great deal of effort in attracting firms from outside the community or state. As community and state officials have become more aware of the global economy, interest in the location decisions of foreign firms has grown. These firms represent a critical case for public officials and analysts who want to devise economic development policies that are relevant to contemporary foreign investment and corporate merger and acquisition trends.

A sound theoretical framework to explain differences in location decisions by foreign investors recently is offered by Kozlowski and Weekly (1990). These researchers assume that foreign investment in the U.S. is motivated fundamentally by profit maximization. Considerations that affect a foreign investor's location choice are essentially revenue or cost-related factors. For example, the firm's revenue will reflect the accessibility of markets, while cost-related factors include resource costs, resource productivity, and taxes. In addition, they point out that inducements and incentives range from outright subsidies to a so-called positive attitude toward business issues by state and local officials (Kozlowski and Weekly, 1990; Glickman, 1989).

Kozlowski and Weekly conclude that state size and aggregate economic growth are proxies for market size and higher profit potential of foreign investors. Additionally, input costs and poor state business environments are related negatively to employment growth in foreign firms, as economic cost theory would suggest. No distinction between the location criteria of mergers and acquisitions and new foreign startups is made. The article points out that conclusions regarding acquisitions (mergers and acquisitions) will be limited to future studies relying on primary data.

A further consideration in the location decision is the importance of information in making intelligent choices regarding alternative business sites. Imperfect information hinders the decision-making process and may result in an inefficient allocation of resources among investors (Hasluck, 1989).
Various government agencies provide much of the regional data that are important to location choices. The economic value of the information used in the business location decision is demonstrated by the proliferation of private sources who repackage and sell such government socioeconomic data, not to mention the private consultants who provide specialized regional analyses for location decisions (Healy, 1991). Because of the significance of information to good decision making, it is important to determine how foreign investors obtain location information as well as to determine how they assess the quality of this information.

Hypotheses

This paper examines the location decision-making framework of foreign firms having merged with or having acquired the assets of existing firms (mergers and acquisitions) and having made new investments (new startups). This framework is defined by the criteria on which these investors rely in choosing a particular business location and the sources of information that are utilized to make the final location decision. This article studies the experience of two states: Arkansas and Wisconsin.

Both states rank high in studies of industrial location desirability (e.g., Grant Thornton, 1991); both states have emphasized a manufacturing orientation to their economic development strategy (Arkansas and Wisconsin each have about 25 percent of nonfarm employment in the manufacturing sector compared to about 18 percent for the U.S.); and both states possess large rural areas and a reputedly high work ethic.

Nevertheless, enough demographic, geographic, and economic divergences exist between Arkansas and Wisconsin to make a comparison of these states valuable. For example, the population of Wisconsin is approximately twice that of Arkansas; its primary and higher education system carries a nationwide reputation; and the 1987 median family income in Wisconsin ($20,915) is above the U.S. median family income ($19,917) while the 1987 Arkansas median is only $14,641. Manufacturing wages in Wisconsin ($10.58 per hour) are well above the wages in Arkansas ($8.26 per hour).

In addition, Arkansas is a right-to-work state with a unionization rate of 12 percent in manufacturing, while the rate in Wisconsin is over 24 percent (U.S. Department of Commerce, 1991a). Furthermore, Arkansas employment in foreign nonbank firms grew from 9,800 workers to 25,900 workers from 1977 to 1988. Wisconsin foreign employment grew from 30,600 workers to 67,700 workers over the same period. This
accounts for approximately 3.5 percent of employment by all nonbank business in both states (U.S. Department of Commerce, 1991b).

This study pursues three hypotheses about the research question: Do foreign firms that merge with or acquire the assets of other firms (mergers and acquisitions) respond to the same set of location criteria as other foreign firms that undertake new investments in their site selection process?

Hypothesis 1: Foreign merger and acquisition location criteria are different from the location criteria of new foreign startups.

The answer to this question is interesting, as merger and acquisition and new startup decisions both involve decisions on the location of a business. Research dealing with mergers and acquisitions, however, has focused primarily on issues of corporate finance, socioeconomic impacts, et cetera, with no attention to the locational aspects of the decision.

Hypothesis 2: The sources of information used by foreign investors in mergers and acquisitions are different from the sources of information used by foreign investors in new startups.

This question reflects the need to understand how foreign investors obtain information about potential business locations in the site selection process. Do foreign investors engaged in merger or acquisition activity rely on the same sources of information as those investors in new startups? State and local economic development officials spend significant resources wooing foreign investors to their area. Thus, it is important to ascertain if foreign firms that are expanding through mergers or acquisitions of other firms utilize the same channels of information as those firms who expand through new startups. This determination will help state and local agencies provide useful information to potential foreign investors as efficiently as possible.

Hypothesis 3: The quality of information is the same for all sources of information.

It has been shown here and by other sources (Healey, 1991) that significant public resources are allocated to the provision of information for location decisions. An assessment of information quality will allow providers of information to remedy their weaknesses, perhaps by focusing on the location factors that foreign investors claim are most important.
Survey Procedure

Results of this research are based on responses to questionnaires mailed to foreign-controlled firms that recently have located in Arkansas and Wisconsin. The Arkansas Industrial Development Commission and the Wisconsin Department of Development were instrumental in providing the population data for the study. Don Dillman's (1978) approach to mailed questionnaires was employed. Questionnaires were addressed by name to the senior company official on location, as identified in Foreign Investment in Arkansas and the Wisconsin Directory of Foreign Investment. Background company data were precoded on each questionnaire. The intent of this approach is to identify a respondent to ensure that one person has primary responsibility for completing the instrument as well as to demonstrate that the researchers had some previous knowledge of the firm.

Postcard reminders were sent to nonrespondents after two weeks. Ten days later each nonrespondent was sent a duplicate questionnaire packet. The survey population consisted of 89 foreign firms in Wisconsin and 82 firms in Arkansas. Usable responses were obtained from 42 firms in Wisconsin and 31 firms in Arkansas, for response rates of 46 percent and 38 percent.

Characteristics of Respondents

In Wisconsin 26 of the responding firms are new startups and 16 were merged with or acquired by a foreign investor; 16 of the new startups are manufacturers and 13 of the mergers and acquisitions are manufacturers. In Arkansas 19 of the responding firms are new startups while 12 are mergers and acquisitions; only one firm is not in manufacturing.

The Arkansas firms are larger employers than the Wisconsin firms, probably a reflection of the greater manufacturing orientation in Arkansas. The Wisconsin merger and acquisition group employs a mean of 118 workers compared to 89 employees for the new startups. (The mean number of employees for all firms is 97.) The Arkansas firms have a somewhat larger employee level, with a mean of 201 employees for mergers and acquisitions and a mean of 153 employees for new startups (overall mean of 162 employees).

Almost all of the respondents serve in senior positions within their companies as CEOs, executive vice presidents, or plant managers. The advantage of sampling senior executives is that those persons who are most likely to have taken part in merger and acquisition or new startup decisions or who are likely to be knowledgeable of the factors affecting the location decision are queried. This appears to be a reasonable
assumption because most of the respondent firms had moved to these two states in the 1980s. Fifty-four percent of the Wisconsin respondents reported that they were participants in the process, while 31 percent of the Arkansas respondents were involved. No pattern of significant differences between the responses of those who were involved in the decision and those who were not was observed. This suggests, as expected, that senior personnel, regardless of whether they participated in the siting/expansion decision, had knowledge of the history behind the decisions.

Research Results

Respondents were asked to rate the importance of 15 factors considered to be of interest in selecting a business location. These factors are raw material availability, laws and regulations, transportation facilities, information services, special inducements, community education, existing facility, financing, markets, taxes, business services, labor, utilities, and personal preference.

Hypothesis 1—Location Factors

Due to the ordinal nature of the data, two nonparametric measures are used to test the first hypothesis. First, the Spearman rank correlation ($r_s$) is used to test the hypothesis that there is no correlation between the rankings of merger and acquisition factors and the rankings of new startup location factors.

Formally,

$H_0$: No association exists between the location factor rankings of mergers and acquisitions and new startups in Arkansas and Wisconsin ($H_0: r_s = 0$);

$H_a$: A positive association exists between the two rankings ($H_a: r_s > 0$).

Accordingly, reject $H_0$ if $r_s > \text{critical } r_s$.\(^1\)

The mean ratings of the location factors are shown in Table 1. The location factors are arranged in the table by descending rank order according to the merger and acquisition respondents. The Spearman rank correlation between the ranking of location factors by foreign mergers and acquisitions and foreign new startups is 0.467. The null hypothesis is rejected at the 5 percent level of significance only if $r_s > 0.525$. Consequently, the null hypothesis is accepted. It is concluded

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\(^1\)Critical values found in E.G. Olds, "Distribution of Sums of Squares of Rank Differences for Small Samples," *Annals of Mathematical Statistics*, 9 (1938).
that the location decision of a firm that is acquiring a new business location through a merger or acquisition places a different weight (ranking) on location criteria than a firm acquiring a new business location through development of a new startup.

The calculated rank correlation is positive, but not significantly greater than zero. This result may be due to the possibility that the expansion of business operations through mergers or acquisitions is a more complicated process than expanding through development of a new startup. That is, merger and acquisition decisions give significant weight to nonlocation factors such as impacts on market structure, socioeconomic effects, et cetera as identified by the literature. It is apparent, however, that several classic location factors are important to the merger and acquisition process. New startups may be less complicated decisions because issues such as antitrust which is common to the merger and acquisition decision process are not involved.

While there is no significant association between location factor rankings of mergers and acquisitions and new startups, the first hypothesis is examined further using the Mann-Whitney test to discover if any of the individual location factors of merger and acquisition respondents are more important than the corresponding factors for new startup respondents and vice versa.

This test is employed to analyze if the individual location factors are of equal importance to merger and acquisition and new startup respondents by testing the hypothesis that the mean importance of each location factor for merger and acquisition respondents is equal to the mean of each corresponding factor for new startups.

Formally,

\[ H_0: \text{ Merger and acquisition mean rating of factor } i = \text{ new startup mean rating of factor } i \ (\text{for 15 factors}); \]

\[ H_a: \text{ Merger and acquisition mean rating of factor } i > \text{ new startup mean rating of factor } i \ (\text{for 15 factors}). \]

The test statistic for the Mann-Whitney test is the standard normal variable, \( Z \) (Netter \textit{et al.}, 1988). The decision criterion is to reject \( H_0 \) if \( Z > Z_{0.05} \). Results of these tests also are shown in Table 1. The two location factors, existing utility and raw materials, are the only factors that were significantly more important to merger and acquisitions respondents than to new startups. Each of these is easy to understand. It is almost a truism that new startups will not be locating in an existing facility, while a merger or acquisition will be taking possession of an existing facility. More interesting is the importance of raw materials to merger and acquisition respondents. Through vertical integration, investors are gaining not only access to raw materials, but control over raw materials.

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The location factors that are rated more important by new startups than by mergers and acquisitions are community, taxes, education facilities, and personal preference. For example, community was given a mean rating of 3.23 compared to a mean of only 2.54 by the merger and acquisition respondents. It is noteworthy that these four factors collectively may serve as a proxy for the quality of life of the area in which the business is locating.

Only the community factor is ranked highly (second). This is not surprising. These factors are probably more important in a new startup than in a merger and acquisition decision because a new startup focuses on determining a business location in a single new location, whereas a merger and acquisition decision may result in a corporation establishing its presence in several new communities at once. That is, the target company may have facilities in Arkansas, Wisconsin, and Idaho, for example. The high tax environment of Wisconsin or a decision maker’s personal preference for living in Idaho does not have as much weight in the merger and acquisition decision which often involves multiple sites.

On the other hand, a new startup more likely involves the choice of either Arkansas, Wisconsin, or Idaho. In this case of mutually exclusive choices, this set of location factors can be seen to be more important for new startups than for mergers and acquisitions.

Hypothesis 2—Importance of Information Sources

Because of the competition between states and communities for foreign investors to locate in their region, it is important for these economic development recruiters to utilize their limited budgets efficiently. Recruiters must understand where foreign investors obtain information on their regions.

Respondents to the questionnaire were asked to rate the importance and quality of 11 sources of information: state agencies, local agencies, other firms, consultants, U.S. Department of Commerce, investment missions, company staff, owner’s experience, local economic development organizations, local real estate companies, and utility companies. A summary of the respondents’ ratings of these information sources is found in Table 2.

The second hypothesis is examined with the Spearman rank correlation and the Mann-Whitney tests. The first step, as with the first hypothesis, is to test the hypothesis that there is no correlation between the mean importance of merger and acquisition information sources and new startup information sources.
H₀: No association exists between the information source rankings of mergers and acquisitions and new startups (H₀: rₛ = 0);

Hₐ: A positive association exists between the two sets of rankings (Hₐ: rₛ > 0).

The null hypothesis is rejected if rₛ > critical rₛ for the one-tailed test. The critical value for the test statistic is 0.591 at the 5 percent level of significance. In this case the calculated Spearman rank correlation is 0.761. As a result, the null hypothesis is rejected.

The acceptance of the alternative hypothesis that there is a positive association between the rankings of information sources used by merger and acquisition and new startup decision makers is interesting. An examination of the information in Table 2 shows that while the rankings of information sources are similar for mergers and acquisitions and new startups, it is apparent that new startups acquire their location information from a greater diversity of sources than mergers and acquisitions do. This reasoning is based on the observation that no information source seems to be especially important for the new startup group. The highest ranked information source for new startups is company staff, with a mean importance level of only 2.90. A mean of 3.0 indicates average significance. The fifth ranked information source, local agencies, is given a mean importance level of 2.59. There is a small range in mean ratings for the top five information sources for new startups.

On the other hand, company staff is also the highest ranked information source for merger and acquisition respondents, but is given a mean importance of 3.52. The second ranked merger and acquisition information source is owner’s experience with a mean importance of 3.23. The ranked information sources are state and local agencies with a mean of only 2.54.

This suggests that merger and acquisition location information is obtained in a much more private manner than new startup location information where information is obtained from a diversity of sources; none of these sources seems to dominate the others in importance. States and communities should realize that they do not have the same leverage in providing information to an investor that may be interest in acquiring a weak (or healthy) local business as they do with an investor who is interested in a new startup.

This interpretation is reinforced with the use of the Mann-Whitney test which is used to test the hypothesis that the individual information sources are given mean levels of importance by the two groups of foreign investors.

Similarly,
H$_0$: Merger and acquisition mean importance of information source i = new startup mean importance of information source i (for each of 11 information sources);

H$_a$: Merger and acquisition mean rating of information source i > new startup mean rating of information source i (for each of 11 information sources).

The resulting Z-statistics shown in Table 2 reveal that company staff is given a statistically higher mean level of significance by the merger and acquisition group than by new startups. All of the other information sources are given mean levels of importance that are not significantly different from each other, with the exception of local real estate, which is a low ranked information source for both groups of foreign investors.

**Hypothesis 3—Quality of Information Sources**

Evaluations of the information quality from the different sources of information are no different for merger and acquisition and new startup respondents. Differences in the quality of information are found between Wisconsin and Arkansas respondents, however.

Respondents were asked to rate the quality of information that they received from ten information sources. (Respondents were not asked to evaluate the information quality of the owner's experience.) A summary of their ratings of information quality is shown in Table 3.

The Mann-Whitney test is used to test the null hypothesis of equal mean ratings of information quality. The critical value for the one-tailed test at the .05 level of significance is 1.645. The calculated Z-statistics are reported in Table 3.

The information in this table reveals that respondents in Arkansas gave a statistically significant higher quality rating to information they received from state agencies, local agencies, local economic development organizations, and utility companies than did respondents in Wisconsin. Wisconsin respondents did not rate any of their information sources higher in quality than did Arkansas respondents. It appears that Wisconsin respondent were critical of the quality of information they received from Wisconsin sources compared to Arkansas evaluations.

Why should such a strong distinction exist? The answer to this questions begins with the fact that Arkansas had made a greater FTE staffing effort than Wisconsin has throughout the 1980s (National Association of State Development Agencies, 1991). Information requests may result in faster response times and more thorough sets of information in Arkansas than in Wisconsin.
In the case of utility companies, the fragmented service territories of Wisconsin utilities may help explain the relative lack of coordinated economic development efforts that are made easier if a utility has a large contiguous area of service. In addition, Wisconsin is populated by a large number of utility cooperatives that have no economic development programs.

The high (low) quality ratings in Arkansas (Wisconsin) for state agencies, local agencies, and local economic development organizations directly reflect the relative economic development efforts that these states have made in the past few years. The 1990 industrial development budget in Arkansas was $710,000, compared to $1 million in Wisconsin. When these budgets are adjusted for state size (e.g., manufacturing employment, state population, etc.), it is apparent that Arkansas is making greater commitment to industrial development than Wisconsin is. Furthermore, 85 percent of the Arkansas industrial development budget was allocated to industrial attraction efforts, compared to only 5 percent of the Wisconsin budget going to attraction programs. The remainder of these states' industrial development budgets was allocated to industrial retention efforts (National Association of State Development Agencies, 1991).

Finally, it may be hypothesized that the reported quality of information in these states reflects differences in investors' satisfaction with answers to their questions rather than the thoroughness of the state's or local agency's response. That is, a yes answer may be perceived as a high quality answer while a no is a low quality response. For example, if an investor asks, "Can the state loan me $50 million at low interest for ten years?", state and local governments in Wisconsin must give a low quality response due to constitutional restrictions. It remains for future research to determine if quality of information reflects investor satisfaction with answers that are provided and, more importantly, whether information quality translates into good location decisions.

Summary

This study of foreign investors in Wisconsin and Arkansas has found that many locational influences on merger and acquisition and new startup decisions are of similar importance, e.g., labor, transportation facilities, and special inducements. Some important differences exist, however. Existing facilities and raw materials are two factors that are significantly more important to merger and acquisition decisions. The community factor is ranked highly and is of significantly greater importance to new startups. Taxes, educational facilities, and personal preference are factors significantly more important to new startups than
to mergers and acquisitions. These factors are not ranked highly on the total list of factors, however, by new startup respondents.

The obvious use of this information for state economic developers is to link the important location factors, as identified by the merger and acquisition and new startup respondents, to the attributes of the state in question. Furthermore, it is recommended that states and communities make bona fide efforts to remedy their shortcomings rather than to play down these areas.

This research shows that merger and acquisition location decisions rely heavily on company staff and owner's experience. New startup decisions rely on a much more diverse set of information sources. State and local agencies that develop policies to attract foreign investment will do well to provide location information through the sources identified by foreign investors.

Foreign investors in Wisconsin gave lower quality ratings to several information sources in the state than Arkansas respondents gave to sources in that state. The larger international effort and industrial attraction program in Arkansas may have resulted in the higher quality of location information that is given to foreign investors.
References


### Table 1
Mean Importance of Location Factors for Foreign Investors in Wisconsin and Arkansas

<table>
<thead>
<tr>
<th>Location Factor</th>
<th>Mean Rating by Merger and Acquisition Respondents</th>
<th>Rank</th>
<th>Mean Rating by New Startup Respondents</th>
<th>Rank</th>
<th>Z-Statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor</td>
<td>3.71</td>
<td>1</td>
<td>3.61</td>
<td>1</td>
<td>0.748</td>
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<td>Existing Facility</td>
<td>3.67*</td>
<td>2</td>
<td>2.40</td>
<td>12</td>
<td>2.935</td>
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<tr>
<td>Transportation Facilities</td>
<td>3.48</td>
<td>3</td>
<td>3.16</td>
<td>4.5</td>
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<tr>
<td>Raw Materials</td>
<td>3.19*</td>
<td>4</td>
<td>2.28</td>
<td>13</td>
<td>2.075</td>
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<td>Utilities</td>
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<td>5</td>
<td>3.16</td>
<td>4.5</td>
<td>0.259</td>
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<tr>
<td>Markets Available</td>
<td>3.09</td>
<td>6</td>
<td>3.21</td>
<td>3</td>
<td>0.294</td>
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<td>Laws &amp; Regulations</td>
<td>2.54</td>
<td>7.5</td>
<td>2.49</td>
<td>11</td>
<td>0.014</td>
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<tr>
<td>Community</td>
<td>2.54</td>
<td>7.5</td>
<td>3.23*</td>
<td>2</td>
<td>2.158</td>
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<td>Business Services</td>
<td>2.36</td>
<td>9</td>
<td>2.63</td>
<td>9</td>
<td>1.081</td>
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<td>Taxes</td>
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<td>10</td>
<td>2.84*</td>
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<td>Educational Facilities</td>
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<td>11</td>
<td>2.91*</td>
<td>6</td>
<td>2.407</td>
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<td>Personal Preference</td>
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<td>12</td>
<td>2.86*</td>
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<td>Special Financing</td>
<td>2.05</td>
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<td>2.53</td>
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<td>1.315</td>
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<td>Special Inducements</td>
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<td>2.27</td>
<td>14</td>
<td>1.190</td>
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<td>Information Services</td>
<td>1.81</td>
<td>15</td>
<td>1.95</td>
<td>15</td>
<td>0.596</td>
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*Indicates statistically greater mean level of importance at the .05 level of significance.
<table>
<thead>
<tr>
<th>Location Factor</th>
<th>Mean Rating by Merger and Acquisition Respondents</th>
<th>Rank</th>
<th>Mean Rating by New Startup Respondents</th>
<th>Rank</th>
<th>Z-Statistic</th>
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<tbody>
<tr>
<td>Company Staff</td>
<td>3.52*</td>
<td>1</td>
<td>2.90</td>
<td>1</td>
<td>1.894</td>
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<td>Owner's Experience</td>
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<td>2.85</td>
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<td>State Agencies</td>
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<td>Local Agencies</td>
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<td>3.5</td>
<td>2.59</td>
<td>5</td>
<td>0.182</td>
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<td>Utility Companies</td>
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<td>5</td>
<td>2.49</td>
<td>6</td>
<td>0.008</td>
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<tr>
<td>Consultants</td>
<td>2.39</td>
<td>6</td>
<td>2.02</td>
<td>9</td>
<td>0.939</td>
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<tr>
<td>Other Firms</td>
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<td>7</td>
<td>2.38</td>
<td>8</td>
<td>0.263</td>
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<tr>
<td>Local Economic Development Organizations</td>
<td>2.22</td>
<td>8</td>
<td>2.83</td>
<td>3</td>
<td>1.588</td>
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<td>Investment Missions</td>
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<td>9</td>
<td>1.49</td>
<td>11</td>
<td>1.586</td>
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<td>Local Real Estate</td>
<td>1.64</td>
<td>10</td>
<td>2.39*</td>
<td>7</td>
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<td>U.S. Department of Commerce</td>
<td>1.50</td>
<td>11</td>
<td>1.69</td>
<td>10</td>
<td>0.666</td>
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*Indicates statistically greater mean level of importance at the .05 level of significance.
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<th>Information Sources</th>
<th>Mean Rating by Wisconsin Respondents</th>
<th>Mean Rating by Arkansas Respondents</th>
<th>Z-Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Agencies</td>
<td>2.48</td>
<td>3.48*</td>
<td>2.979</td>
</tr>
<tr>
<td>Local Agencies</td>
<td>2.56</td>
<td>3.36*</td>
<td>2.491</td>
</tr>
<tr>
<td>Other Firms</td>
<td>2.38</td>
<td>2.60</td>
<td>0.868</td>
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<tr>
<td>Consultants</td>
<td>2.41</td>
<td>2.48</td>
<td>0.699</td>
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<td>U.S. Department of Commerce</td>
<td>1.97</td>
<td>1.92</td>
<td>0.233</td>
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<td>Investment Missions</td>
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<td>0.994</td>
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<td>Company Staff</td>
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<td>1.393</td>
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<td>Local Economic Development Organization</td>
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<td>3.435</td>
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<tr>
<td>Local Real Estate Firm</td>
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<td>2.64</td>
<td>1.311</td>
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<tr>
<td>Utility Companies</td>
<td>2.46</td>
<td>3.48*</td>
<td>2.833</td>
</tr>
</tbody>
</table>

*Indicates statistically significant higher mean rating at the .05 level of significance