A STATE OF COMPETITION: HOW OKLAHOMA'S CITIES TAKE THE EDGE OFF OF THE STATE ECONOMIC DEVELOPMENT STRATEGY

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Oklahoma and its cities establish policies and practices to compete for businesses to grow the economy, but a survey of Oklahoma cities reveals a slight, systematic bias in city strategies that might undercut state initiatives to collaboratively focus on higher-paying jobs. Bound primarily by state law to sales-tax revenue, cities appear to target sales-tax generating businesses such as those in the retail and tourism industries – which historically produce lower-paying jobs and foster direct competition as opposed to collaboration with nearby locations. The following is an updated excerpt from graduate student research conducted in 2003.

States and cities work hard to devise strategies to encourage, attract, and sustain businesses. Oklahoma's Governor wants to compete against other states, but unfortunately, it appears Oklahoma's cities want to compete against each other and possibly for lower stakes.

This research effort examined the competitive strategies being used in Oklahoma – revealing the actions of cities in Oklahoma and comparing them with proposed state strategies. Are cities in Oklahoma competing? Are they using strategies similar to cities in other states?

For what types of businesses are they competing? How does this align with state initiatives?

The answer is in the findings of a 49-city survey conducted in the fall of 2003. The results of the survey revealed that cities in Oklahoma appeared to be using similar competitive strategies as cities in other states; however, Oklahoma cities targeted more retail- and tourism-related businesses, considered nearby cities their greatest competition, and relied more heavily on the amount of sales tax produced to define a successful development. Targeting sale-tax producing industries could inadvertently lead to supporting businesses that offer lower-paying jobs (Bureau of Labor Statistics 2004). The target appears logical given the legal limitations that effectively require cities in Oklahoma to rely mainly on sales-tax revenue for general operations – apparently an anomaly in the United States. But the target seems to contradict and possibly undercut the state's economic development goals. One respondent to the survey commented: "What's good for Oklahoma may not be good for our city."

In contrast, Governor Brad Henry released in January 2004 an economic development *Action Plan* designed to help improve the business climate – including measures that affect cities (Levit and Lopez 2004). The plan has been updated with achievements posted online, but the overall goal of the plan remains to be more competitive at encouraging, attracting, and sustaining businesses that provide higher-paying jobs (Immediately Reform and Improve Our Business Climate 2006).

The Governor's plan revealed the recommendations of a committee, a panel of experts, and public and online forums – about 15,000 state citizens and 2,400 businesses participated in the Economic Development Generating Excellence (EDGE) process that devised the plan (Levit 2004). The plan presented four broad categorical recommendations, including technological advances, educational improvement, public health issues, and provisions to address the incentives and activities affecting local government.

The city and state strategies will be explored later, but first a better understanding of interaction between cities and businesses is essential.

THE CITY-BUSINESS RELATIONSHIP

Local government is comprised of many societal actors vying for influence to guide city actions – this is often called pluralism. However, given the realities of a society ruled by a democracy and the free market system, certain actors have greater innate influence. Ultimately, "the people" have the definitive authority. However "the people" participate in a "constellation of social processes" that enact and implement public policies (Dahl 1953). This means people establish institutions and systems (processes) to carry out their collective authority, operating in the more accurate neo-pluralism model. In this theory, business maintains a special position to unduly influence public policy to its advantage. Government leaders, being the acting supreme authority that oversee society, must respond to the message resulting from the powerful but not totally dominant influence of business in the policy making process.

THE CITY'S GROWTH GOAL: AN ECONOMIC THEORY

In the functional process, "the people" buy things in the free market system. Accordingly, the places from which people buy things grow – which means cities that generate wealth can export more and import less and replace imports with local production; more efficiently produce its exports; and encourage consumers both local and foreign to buy within their borders (Blair 1995). In such a system, businesses serve the public interest by providing points of monetary transfer – both sales and salaries – that cause an area to grow.

The government's role of fostering a business climate that provides and sustains the growth of such a system is important. In a capitalistic system, business is essential as a source of revenue for government services; and as demands for services grow, the source of revenue also must grow. Therefore, if growth must go through the business sector and politicians know that economic downturns can end government regimes due to a decline in operating revenue, then a major role of government in a free market is to nurture demands and provide inducements for business leaders to perform their functions that serve the public and the market (Dahl 1953).

Democratic governments have always performed these necessary activities, but they come at a cost. The functional reliance upon businesses gives entrepreneurs a privileged position with more influence on the policymaking process. Businesses produce revenue through taxes for the city to operate, which means lower taxes and/or more services, and jobs for citizens. These results affect people and provide political leaders fodder for campaigns, which affects voting, another source of influence (International City/County Management Association 1999). Therefore, devising business-friendly policies to be competitive is the product of the normal process, and the federal government is playing a large role in increasing the functional influence of businesses as a shift in national policy has created more of a need for cities to compete (Eisinger 1998).

HOW DO CITIES COMPETE TO MEET THE NEEDS OF BUSINESSES?

One research effort concluded that cities have about 75 different methods of competing (Fleischmann 1992). However, there are two general approaches of competition, one direct and one indirect (Levy 1991).

The indirect approach of competition involves trying to make a city more attractive. This is done through strategic planning. One report concluded: "Smart cities require smart businesses, smart citizens, smart non-profits, smart government and smart collaboration throughout the community" (Caldow n/a). In essence, the key to economic development success might be in design: "Smart Growth" or "Community by Design." As Alexander Garvin explains in *The American City*, when a development proposal is arranged to fit the right combination of market, location, financing, entrepreneurship, and time, the result is successful development (Garvin 2002).

Hence in this strategy, business leaders and community leaders must have an interest in ensuring their development projects and plans align with the goals of citizens. The partnerships between business leaders and community leaders can have a significant impact on budgeting for competitive strategies in four key ways: 1. Stay informed; 2. Anticipate other development improvement projects; 3. Suggest changes and alternatives as conditions and environments change; and 4. Keep other key players informed (Post 1999).

THE SALES PITCH: MARKETING THE CITY

The indirect strategy of comprehensive planning provides tools and support for a more direct approach, which is more akin to the stereotypical process produced in a capitalistic system: making the sale.

Almost 70 percent of economic development professionals indicate sales activities as being the most important aspect of their jobs (ICMA 1999). One author writes that "the amount of data on taxes, wages, utility costs, construction costs, land availability and cost, shipping costs, environmental and land-use regulations, cost of living, housing costs and availability, amenities, and quality of life considerations that would be needed for" municipalities would be "formidable. In a world of imperfect information, it is no wonder that public relations, promotion, advertising, sales, and related activities become extremely important" (Fleischmann 1992). Without a sales effort, cities are left to rely on the happenstance that businesses will find out about their attractive qualities. Cities naturally try to change their economic incentive packages and their quality of life components, but these attempts may be for nothing if city leaders are not performing fundamental marketing tasks to target their efforts (Ashworth 1990).

Many cities partner with local private organizations such as chambers of commerce, citizen boards and others to provide necessary planning and implementation of marketing strategies. Some cities, especially small to mid-size cities, have found that marketing is best consolidated at a regional level. For instance, Oklahoma's Department of Commerce serves as a centralized portal for providing competitive information about cities in Oklahoma. The department's web site offers general information about Oklahoma's low cost of living, housing and construction, as well as information about different state-run programs. However, research indicates that there is no correlation between consolidation of administration of competition and increased growth (Carr 1999). Rather, regional coordination's benefits are in the decreased cost of marketing and information dissemination.

DOES COMPETITION WORK?

Given that businesses' needs are often out of the control of governments and the effectiveness of tax incentives are mixed, it makes the effectiveness of competition questionable. Objective research shows mixed results in terms of effectiveness. Due to the multiple strategies possible, it is difficult to focus on any consistent practices among different states or the same state over time; and often, how a competitive strategy is carried out is just as meaningful as the strategy itself (Aschauer 2000). Most of the evidence for successful economic development is anecdotal. One report suggests two very important cautions for cities that are attempting to be competitive (Schartz 2000). Trying to replicate the success of a city might be impossible in the context of another city, and often, economic development efforts do not lead to sweeping change in all communities that try them.

Given the uncontrollable issues and the offsetting tax incentives, competitive strategies appear to center on marketing activities. Whether selling incentives, quality of life or some other aspect, it appears the guiding principle is for cities to outsell each other.

THE GOVERNOR'S PLAN

Recall that businesses produce revenue for cities to operate, which can mean lower taxes and/or more services for citizens and jobs for citizens. Seeing as cities are extensions of the state, the same is true for the state government – whereas the state competes with other states and tries to help its cities compete with other states' cities to create, attract, and sustain development. Accordingly, on this more comprehensive level, the Governor introduced in January 2004 the *EDGE Action Plan* to try to give the entire state a competitive edge to improve the business climate and grow the economy. The ongoing plan presents four broad categorical goals, including technological advances, educational improvement, public health issues, and provisions to address the incentives and activities affecting local government and economic development.

All of the measures in the plan fall into both types of competitive strategies presented above – however, the Governor's plan goes a step further and defines a target for the strategies: The ultimate goal is to not only grow the economy with more businesses but to do so by attracting businesses that provide higher-paying jobs to citizens (Levit 2004). The following sections provide an overview of the *Action Plan*, and the rest of this research presentation reconciles the competitive strategies in the Governor's plan with the actual strategies and actions that cities in Oklahoma are using.

TRANSFORM OKLAHOMA INTO THE RESEARCH CAPITAL OF THE PLAINS

The first of the four main directives in the *Action Plan* is a proposal to invest $1 billion in an endowment for research. The plan states, "Research results supported by the [endowment] will be directed toward innovation that will strengthen current Oklahoma businesses and create businesses that are likely to remain in the state." These businesses will "ensure that jobs—especially higher-paying ones—are available to Oklahomans."

DRAMATICALLY UPDATE OKLAHOMA'S PUBLIC EDUCATION SYSTEM

The second proposal is also in line with a planning strategy as the Governor plans to improve the education system in Oklahoma. This is part of the goal phase of development planning because the results of the proposals are not intended to directly attract businesses, but the goal is to create an atmosphere that is attractive to businesses. The plan states, "A highly educated workforce will be much more attractive to businesses considering relocating to Oklahoma. . . ."

REVERSE OUR STATE'S HEALTH TRENDS—NOW

The third item in the plan is a bold attempt to improve the health of the state's citizens. The specific proposal includes tax incentives for businesses that establish or continue "wellness programs that reduce health costs and boosts employee productivity." This also is part of a comprehensive planning approach in which the state is trying to recruit specific businesses – this time particularly ones with healthy employees, which are assumed to be more productive and less expensive to insure and care for. The overall effect also could add to a higher quality of life for the state that could in turn attract more business.

IMMEDIATELY REFORM AND IMPROVE OUR BUSINESS CLIMATE

The fourth action item includes comprehensive planning aspects and marketing strategies. The proposals in this economic development goal address cities specifically. The planning features involve tort reform, worker's compensation reform, and changes in tax policy. Again, these proposals do not directly attract businesses but only serve to create by design an atmosphere that is attractive to development. The tax proposals include: extending tax benefits for small businesses, creating a constitutional amendment to allow for tax increment financing districts, reducing capital gains taxes, and improving the mechanisms for bonding projects.

This section of the plan also offers some marketing suggestions – marketing, as a reminder, is cited by almost 70 percent of economic development professionals as being the most important aspect of their jobs (ICMA 1999). The plan recommends developing regional economic development partnerships with public and private organizations. With these partnerships, the plan suggests pooling resources for centralized data collection and communication to ensure that information about development opportunities are more readily available. Also in marketing, the plan calls for an effort to promote Oklahoma as a destination for tourism.

THE RIGHT BUSINESSES FOR OKLAHOMA

Throughout the *Action Plan*, the focus is on higher-paying jobs, and the Governor includes proposals to guide the measurement and success of the plan. Accordingly, two specific proposals are made. The first is to establish a system to identify the "costs and benefits of all current and proposed business incentives and tax credits to determine whether they effectively encourage the type of behavior they seek to stimulate" (Levit 2004). The "type of behavior" sought after is alluded to throughout the plan as it seeks to "ensure that all future tax credits and incentives" are "tied to higher-paying jobs."

METHODOLOGY

Given the options available to cities and the proposed development strategies of the state, it is important to know what cities in Oklahoma are actually doing for their part in the overall development of the economy. In order to obtain information about city strategies, a survey had to be devised and conducted. The following sections describe the methodology used to create the survey. For the purpose of this research, it is assumed that cities and their official leaders are the best source of information to assess what strategies are being used to attract businesses and what type of businesses are targeted.

THE SAMPLE CITIES

According to the U.S. Census Bureau, there were 692 cities, towns or community defined places in Oklahoma. For the purpose of this research, all towns and community defined places were removed from the population sample. Of the cities remaining, only cities with populations more than 2,500 were included in the population to be sampled. It was assumed cities smaller than this would not be interested in the type of economic development discussed here simply because they do not have the resources. After removing those cities, 127 cities with a population of 2,500 or more remained. The average population of these cities was 18,618 and the median population was 5,415.

Of the 127 cities, a total of 49 were randomly selected and Oklahoma City and Tulsa were forced into the sample due to their status of being central cities that influence all of the other cities in the state. Overall, the results of surveying the sample of cities about their economic development practices have a 95 percent confidence level and an 11 percent confidence interval.

The sampling of 49 cities had an average population of 33,212 and a median population of 7,989. These numbers are higher than the population average and median due to forcing Oklahoma City and Tulsa into the sample. Therefore, the data might be skewed slightly toward the responses of the larger cities. It also is important to note that Oklahoma City, Tulsa, and Norman could not provide a single voice for their cities. Therefore, publications, records and personal contact with multiple officials for the cities were used to answer the objective survey questions and responses for subjective questions were omitted. This is expected to have little effect on the outcomes.

THE SURVEY

Anecdotal evidence abounds regarding the success and failures of economic development strategies. However, little data seems to exist concerning the frequency of the use of such strategies. The definitive source appeared to be a survey conducted by the International City/County Management Association. The association conducts an economic development survey of cities and counties in the United States every 10 years – most recently in 1999 (ICMA 1999). The questions and structure of the ICMA survey were used as a model for the survey in this research effort. Most of the questions were closed-ended questions with multiple response categories that allow the respondent to select yes or no when the category accurately describes its city's situation. The questions included assessments of demographics, incentives offered, tools used, activities participated in, businesses targeted, and measurement criteria. The ICMA model helped ensure validity and consistency, and the results of the ICMA survey serve as a benchmark for comparison in the analysis presented here – all references to national averages are from this survey. It is important to note that the ICMA survey includes the responses of 912 cities and 130 counties with populations exceeding 10,000 people, and there is no way to extract responses that might have come from Oklahoma. This means samples in the survey for this research did not match up exactly to that in the ICMA survey. This and the age of the ICMA survey limited the conclusions to general indications when comparing results of the two surveys.

DATA COLLECTION

To ensure the exact number of responses needed and to better control reliability, the survey was conducted via phone calls to city managers, mayors or the official who oversees economic development for each of the sampled cities, and each respondent was promised confidentiality. The intent was to capture the official strategy and opinion of the city. All of the cities were called between September to November 2003. The responses were recorded at the time of the call and later entered into a database for tabulation. A total of 26 city managers, four mayors, 12 community or economic development directors, two city planners, and two economic development directors (with chambers of commerce or official development groups on contract) responded to the survey.

FINDINGS AND ANALYSIS

The findings answer the question as to how the cities' strategies line up with the Governor's proposal. Overall, Oklahoma's cities are using comprehensive planning and marketing strategies to compete, and the cities seem to be as competitive as cities in other states. In terms of the state, cities are already using many of the applicable strategies proposed by the Governor. As a reminder, the proposals include:

- Invest $1 billion in an endowment for research efforts to increase the state's research industry and make information available to businesses.
- Dramatically update Oklahoma's public education system to make citizens more valuable employees.
- Offer tax incentives for businesses that have wellness programs – to make employees healthier and more productive.
- Improve the state's business climate by developing regional partnerships for marketing and disseminating information.

However, cities appear to be contradicting the Governor's primary focus of targeting higher-paying jobs. Below is a further description of the findings. Unless otherwise noted, all numbers are expressed as percentages of respondents. Totals not equaling 100% are due to rounding.

OKLAHOMA'S CITIES ARE COMPETING

A total of 80 percent of the cities responding said they believed their city to be competitive at attracting businesses. And from the findings, Oklahoma cities appear to be competitive at creating a good business climate. About 60 percent of the cities have a written economic development plan compared with only 55 percent nationally. Almost 90 percent of Oklahoma's cities have ongoing economic development programs – with 70 percent offering business incentives. Nationally as calculated by ICMA data, about 70 percent of cities also offer incentives, but Oklahoma cities appear to outpace the national average in most categories as indicated in **Table 1.**

TABLE 1

Cities Offering Incentives to Businesses (Percent)

	Oklahoma	National Average (ICMA)
Zoning/permit assistance	97	71.8
Infrastructure improvements	91	74.1
One-stop permit issuance	78	39.1
Free land	63	38.8
Federal/state enterprise zones	59	26.9
Subsidized buildings	59	10.6
Utility rate reduction	56	18.8
Training support	53	36.0
Low-cost loans	53	39.8
Tax abatements	47	53.5
Relocation assistance	44	17.7
Grants	41	45.3
Regulatory flexibility	41	23.1
Local enterprise zones	28	27.2
Tax credits	28	24.5
Employee screening	28	15.7

n=33 (number of respondents included; this response only included those cities offering incentives)

SOURCE: Primary research/ICMA 1999.

While cities in Oklahoma are offering similar and apparently more incentives, it also appears the cities are making a concerted effort to sell their cities. Among the selling activities used by the responding cities, 83 percent use regional approaches, have a web site, and have promotional materials, while 75 percent make use of community resource databases. All of these frequencies are either as good as or better than the national average as shown in **Table 2** – especially in the regional development effort where only 43 percent of cities nationally engaged in this strategy.

Cities use of regional approaches appears to be in harmony with the Governor's proposal. Furthermore, more than 70 percent of cities report working with private organizations in this effort (**see Table 6**). Of course, this research does not indicate the quality of cities' regional effort, and the Governor's plan might be an attempt to make the approach better by pooling resources to hire better-trained professionals.

TABLE 2

Cities Using Selected Sales Approaches

	Oklahoma	National Average
Regional approaches	83	42.5
Promotional material	83	81.6
Website	83	70.3
Community resource database	75	54.1
Gov. rep calls on prospects	75	52.0
Attendance at conferences	71	61.3
Host special events	66	29.5
Direct mail	63	40.1
Participation in trade shows	60	49.8
Media advertising	50	43.8
Ambassador program	29	12.4

n=48

SOURCE: Primary research/ICMA 1999.

In addition to the regional approach to marketing, cities are also in agreement with the Governor's proposal to promote Oklahoma as a destination for tourism, as indicated in **Table 3**. A total of 63 percent of the cities surveyed consider tourism more important than other industries – besting the national average by more than 20 percent. Accordingly, nearly 60 percent of the Oklahoma cities surveyed have developed slogans for their communities to attract people and businesses.

QUALITY COMPETITION

The findings compare well with the national average in terms of quantity, but they do lag some in quality, as in how aggressively cities pursue such development activities. On average, only 39 percent of cities in Oklahoma have at least one staff person who spends the majority of his or her time on economic development. About 75 percent of those staff members are trained, but the national average is a little more than two trained staff members per city. Furthermore, about 71 percent of cities in Oklahoma annually budget less than $100,000 for economic development, while the national average is more than $700,000. The breakdown for Oklahoma is shown in **Table 4**. Of course, remember the respondents in the ICMA survey are slightly larger cities on average and are from 1999 – this means the numbers are not exactly comparable but are worth noting. It also should be noted that almost 60 percent of

TABLE 3

Importance of Tourism in Comparison With Other Industries

	Oklahoma	National Average
Very important	63	38.9
About the same	24	23
Not important	12	38.1
n=49		

SOURCE: Primary research/ICMA 1999.

TABLE 4

Cities Budgeting Selected Amounts for Economic Development

	Oklahoma
$0 to $1,000	8.1
$1,001 to $10,000	22.4
$10,001 to $100,000	40.8
$100,001 or more	28.5
n=49	

SOURCE: Primary research/ICMA 1999.

cities in Oklahoma expected their economic development budget to increase over the next five years.

BARRIERS TO COMPETITION

The number one barrier to local development is a limited number of major employers – with 75 percent of the cities citing it. The next two problems with 58.3 percent reporting them as problems are a stagnant market and lack of funding (**Table 5**). Moreover these problems are indicated much more frequently in Oklahoma cities. Nationally, only 27 percent of cities cite a lack of major employers, 46 percent cite a lack of skilled labor, and 5.2 percent cite a declining or stagnant market. The Governor's proposal appears to indirectly address this barrier with his desire to make Oklahoma a center of research – assuming such a focus would provide funding of programs at larger institutions such as colleges and research institutions – as well as trying to improve the education system and make Oklahomans healthier.

RESPONSIBILITY FOR COMPETITION

The initial assumption in the methodology that city leaders are the best source of information for competitive strategies was validated by

TABLE 5

Cities Encountering Barriers to Economic Development

	Oklahoma	National Average
Limited number of major employers	75.0	27.2
Declining or stagnant market	58.3	5.2
Lack of funding	58.3	38.5
Lack of skilled labor	52.1	46.6
Cost of land	41.6	41.1
Citizen opposition	37.5	31.5
Availability of land	33.3	56.8
Restrictive rules and laws	29.2	NA
Lack of political support	20.8	12.4
Traffic congestion	10.4	27.0
n=48		

SOURCE: Primary research/ICMA 1999.

the findings. Of those responding, almost 92 percent indicated city government as a participant in economic development – this assures that the cities' responses can be deemed valid in assessing what is actually taking place in cities. The full list of participants is in **Table 6**.

The second-place participant in local development was the chamber of commerce at almost 86 percent, which reflects and upholds the notion that businesses generally, but not always, maintain a dominant position in local policy making. The chambers of commerce are one type of local private organization that assist in economic development. In contrast, the federal government was indicated to participate least often in local economic development at 38 percent. This might seem low, but the national average is only 8.3 percent. The survey aligns almost identically with the top two nationally – city participation at 93 percent and chambers of commerce at 77 percent. The similarity also is true for funding from the government, which is shown in **Table 7**.

About 90 percent of Oklahoma's cities and national cities use local general funds – 39 percent of Oklahoma cities use federal funds for

TABLE 6

Reported Participants in Economic Development

	Oklahoma	National Average
City government	91.8	92.6
Chamber of Commerce	85.7	76.5
Private businesses	71.4	54.9
Citizen board or group	67.3	49.9
State government	59.1	30.3
County	38.7	48.3
Federal government	38.7	8.3
n=49		

SOURCE: Primary research/ICMA 1999.

TABLE 7

Cities Using Sources for Funding of Economic Development

	Oklahoma	National Average
General revenues	67.3	88.8
Special earmarked taxes	48.9	34.7
State grants	44.8	36.0
Federal grants	38.7	29.7
Bonds	24.4	23.7
Special assessment districts	18.3	12.3
n=49		

SOURCE: Primary research/ICMA 1999.

development and the national average is 29 percent. These similarities help to provide further validity to the results of the survey in this research. The findings from this survey also appear to support the historical trend and theories presented in this research – see **Table 8** below. A total of 80 percent of the cities responding included local government as having responsibility for the economic well-being of its respective community – 40 percent responded local government had the sole responsibility.

Additionally, both nationally and in Oklahoma, the majority of cities count nearby local governments as the greatest competition for development (**Table 9**). In fact, cities in Oklahoma appear to give much more weight to nearby local governments as competitors when compared with other possible competition. However, this appears to contradict the regional marketing efforts described above – unless the regional efforts include only partnerships with private and other organizations. In any case, as the Governor proposed regional partnerships, the state and cities will need to be aware that 60 percent of cities include nearby local governments as the greatest competition – nearly double any other cited competitor.

TABLE 8

Ultimate Responsibility for Economic Well-Being

	Oklahoma Only
Local government	80
Private organizations	43
Citizens	34
State government	26
Federal government	17
n=46	

SOURCE: Primary research/ICMA 1999.

TABLE 9

Considered Greatest Competition for City Economic Development

	Oklahoma	National Average
Nearby local governments	61.1	79.2
Other local governments in state	28.5	66.9
Local governments in surrounding states	24.4	44.7
Foreign countries	18.3	12.4
Other states	16.2	46.5

n=49

SOURCE: Primary research/ICMA 1999.

COMPETING WITH A PURPOSE

Nationally, 81.3 percent of cities claim they primarily measure the success of their development efforts by the amount of jobs created. The second measure is the number of new businesses relocating in the jurisdiction, and third is the amount of money invested in the land – in terms of land purchased or construction upon. In contrast, 59 percent of the cities in Oklahoma define success primarily by the amount of jobs created *and* by the amount of sales tax produced, while only 4.1 percent of Oklahoma cities measure success by the number of new businesses relocating to the jurisdiction. The full list of measurements is shown in **Table 10**.

This difference in how cities measure success might seem strange.

However, Oklahoma state law prohibits cities from collecting property taxes to fund operating budgets (Oklahoma Statutes Title 69, Section 2701). This means cities must rely on sales tax for operating revenue unless they are willing to implement an income tax, which is authorized by the statute. The law dates back to the state's beginning and its efficacy is debatable (n/a 2003). Sales taxes are regressive,

TABLE 10

Cities Using Selected Gauges to Measure Success of Development

	Oklahoma	National Average
Amount of jobs created	59.8	81.3
Number of new businesses relocating or expanding in your jurisdiction	14.1	48.8
Increase in sales tax produced	59.8	0.0
Cost/benefit analysis	16.2	37.1
n=48		

SOURCE: Primary research/ICMA 1999.

make consumer goods more expensive, and cause instability for budget projections. However, in the context of the theories presented here, this tax system appears to help reduce the cost of doing business in Oklahoma – as the Department of Commerce reports: the state has one of the lowest costs for businesses due to the third-lowest property taxes in the country. However, most cities in Oklahoma are near a 10 percent sales tax rate (n/a 2003).

One researcher pointed out:

> While job creation figures do have some analytical importance, raw numbers of jobs produced in a state do not show whether or not any new jobs that are created improve the standard of living in the state. The more important consideration is the types of jobs that are created, the wage and benefit levels that they offer, and the long-term stability that they provide for workers and their families (Gulibon 1999).

Perhaps those sentiments explain why the Governor also has placed much emphasis on higher-paying jobs in the *Action Plan*. The plan appears to rely on the proposal to ensure future tax incentives are tied to higher-paying jobs and the proposed research-sector focus to provide higher-paying jobs – whereas worker's compensation, tort reform and other comprehensive planning strategies are not directly linked to higher-paying jobs. This might be where the cities' reliance upon sales tax and how they measure success influences their competitive strategies contrary to the Governor's goal. As one respondent in the survey remarked, "What's good for Oklahoma may not be good for our city." If cities rely on sales tax and measure success by sales tax generated, then it is logical that they also target businesses that offer retail jobs, which are generally lower paying when compared with other industries (Bureau of labor Statistics 2004). However, the findings indicate that cities in Oklahoma are not far off the national trends in the types of industry they focus on – with the exception of technology (**Table 11**). But Oklahoma cities do appear to focus slightly more of their efforts on the retail/service sector than others.

A total of 57 percent of cities in Oklahoma spend a great deal of effort attracting retail/service businesses, and the second most effort is spent on tourism in which 49 percent of cities spend a great deal of effort. Nationally, 52.5 percent of cities focus on technology development, whereas only 20 percent of Oklahoma cities spend a great deal of effort on technology. The most effort nationally is on manufacturing with 70 percent claiming this sector as its focus, but the retail/service industry is a close second.

This is not to say that the retail or service industry is bad, but only that a reliance upon these industries might create unintended consequences, such as inadvertently targeting lower-paying jobs while the Governor desires higher-paying jobs. In any case, the effects of the sales tax system are outside the scope of this research, but these findings might serve to inspire further evaluation and review of the effects of the overall tax system on economic development attitudes and practices.

CONCLUSION

Overall, the research presented here reveals that Oklahoma's cities are engaging in competitive strategies, and the findings show how and to what end. However, when reconciling the findings of this research with the Governor's recommendations in the *Action Plan* that are discussed here, some discrepancies emerge.

First, to propose providing leadership and funding for regional partnerships appears to be redundant to current activities, as 83 percent

TABLE 11

Cities' Focus on Attracting Specific Industry

	Oklahoma	National Average
Retail/service	57	67.7
Tourism/hospitality	49	41.7
Manufacturing	37	69.7
Technology/telecommunication	20	52.5
Warehousing/distribution	22	38.3
Residential community	22	19.2
Other (industrial)	22	7.8
Institutional (military, non profit)	12	9.7
Agriculture	1	9.9
n=45		

SOURCE: Primary research/ICMA 1999.

of the cities surveyed indicated they participate in these types of partnerships. Thus, the proposal appears to assert that there is a lack of leadership and funding in these partnerships. The research presented here does not address the quality of these partnerships, but it seems presumptuous to consider so many cities incompetent.

Second, the proposal to emphasize tourism in Oklahoma also appears redundant. Cities in Oklahoma currently promote themselves as tourist destinations more than the national average. Perhaps this proposal is more of a continuation of current efforts as opposed to a new development strategy.

Third, the types of businesses that cities are targeting appear to undercut the goal of trying to attain higher-paying jobs as expressed in the *Action Plan*. This poses a serious inconsistency that appears counterproductive.

In conclusion, cities should be commended for actively pursuing economic development. City leaders also seem to be filling their role in the model of neo-pluralism, whereas the cities are trying to nurture the free market by helping businesses perform their functions that serve the public. In contrast, it appears cities might not be listening to the citizens who want and need higher-paying jobs. Of course, it is probably only reasonable to hope that city leaders' awareness of this slight built-in bias will be enough to counter any misguided strategies – because there is most certainly scant political interest in cities' establishing an income tax or ad valorem tax.

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