Does Education Affect Economic Planners' Marketing Management Style?

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Abstract

Findings of this study suggest that educational training plays a significant role in the marketing management style of community economic developers. Planners with business majors understood the prioritization of corporations' site location variables better than did planners with urban planning or other non-business degrees. Business education was also more likely to be associated with usage of market-specific information and aggressiveness in pursuing targeted firms. However, neither source of funding (public versus private) nor location (urban versus rural) explains the tendency of economic development organizations to employ business majors.

Introduction

The purpose of this research is to provide insight as to differences in marketing management style by economic development planners of varying educational background(1). Specifically, the study addresses how three different categories of education relate to planners' understanding of corporate site location criteria, usage of market-specific information, selectivity in targeting corporations, and aggressiveness in pursuing selected target firms. The three educational categories used were: 1) business/economics majors, 2) urban planning majors, and 3) all other majors. Additionally, the study examined issues relating to the propensity of different types of economic development organizations to hire business majors.

Relevance of the Research

Educational background would appear to be an important factor in the orientation of planners toward the marketplace. Economic development officers with business major backgrounds presumably have had at least one course related to market analysis and strategic marketing. Their outlook, therefore, could be expected to be more market-oriented than that of planners who are less likely to have been exposed to such course work.

The relevance of marketing strategy in com-

munity development has become increasingly important as cities and towns compete to attract corporations. Previously, economic incentive packages were employed extensively as competitive tactics to lure new business to the community; however, according to Kotlowitz and Buss (1986), this approach was criticized as the bidding escalated unreasonably. In addition, the assumption that economic incentives were the primary attraction caused planners to ignore other potential corporate criteria such as quality of life and community relations.

In light of communities' dependence on corporate citizens, it would appear that development programs should be conducted with a sense of market analysis, targeting, and implementation of active (rather than passive) approaches. Along with a sensible cost-benefit analysis as suggested by Ryans and Shanklin (1985) as to whether target firms are desirable to the community, there should be a marketing program to match the community's resources with criteria that are desirable to the firm.

While previous studies such as the ones by Bass and McGregory (1977), Tong and Walter (1980), Chernotsky (1983), Glasmeier, Hall, and Markusen (1983), and Galbraith (1985) have

investigated criteria used by corporate site location decision makers, little or no attention has been focused on the degree to which economic development planners research and understand their target markets and utilize this information to develop strategic promotions.

Methodology

Findings of this research were generated by means of a survey of economic development organizations in the state of California, a "sunbelt" region which has enjoyed considerable attraction in recent years. Questionnaires were mailed to every economic development office in the state. Items included questions as to perceived importance of corporate site location criteria (ranked by respondents); usage of various information sources (categorical responses); selectivity of targeting (categorical responses); likelihood of being active or passive in pursuit of target firms (categorical responses); community location (urban versus rural), source of funding (public versus private); and educational background of the economic development officer (operationalized as "most recent degree earned" and subsequently classified by the researchers as "business," "urban planning," or "all other.")

Research findings from the above studies concerning the relative importance of corporate site location criteria were condensed into one set of twenty decision variables to represent the corporate viewpoint and ranked in two groups for purposes of the analysis: the ten most important and the ten least important variables in the corporate decision to choose a new location. Respondents of the present study were asked to rank these twenty corporate decision variables from most important to least important, and the planners' viewpoint thus derived was contrasted with the corporate viewpoint for planner groups with different educational backgrounds.

Nonparametric statistical procedures were used to test the following research propositions.

Propositions: Group I - Perceptual Congruence Between Planners and Corporate Decision Makers

Educational background affects the degree of congruence between planners' rankings of the perceived importance of site location criteria and the actual rankings provided by corporations.

P1a Planners with urban planning backgrounds do not rank site location criteria in the same order of importance as do corporations.

P1b Planners with business education backgrounds do rank site location criteria in the same order of importance as do corporations. It is expected that planners with business educations are more likely to be trained to understand corporate needs.

P1c Planners with "all other" education backgrounds do not rank site location criteria in the same order of importance as do corporations.

Propositions: Group II - Planner Education and Factors of Targeting Style

This category of propositions relates the planner characteristic of education orientation to information sources used, selectivity of targeting, and aggressiveness in pursuing target firms.

P2a Planner educational background affects the usage of different sources of planning information. Planners with business educations are expected to use "marketspecific" information more often than non-business educational types, who are expected to rely on more "general" sources of information as to community planning strategies.

P2b Planner educational background affects whether the planner is selective in targeting toward some firms while avoiding effort toward others. Planners with business educations are expected to understand segmentation and positioning strategies better than do non-business educational types and thus be more selective.

P2c Planner education affects the aggressiveness of pursuit with which the planner approaches target firms. Planners with business educations are expected to be more often the pursuer while non-business types are more likely to wait to be approached by corporations.

Propositions: Group III - Community and Organization Characteristics and the Hiring of Different Educational Types

P3a Community location (urban versus rural) affects the hiring of different educational types of planners. Urban communities are expected to attract business majors more often than are rural

communities.

P3b Source of funding (private versus public) affects the hiring of different educational types of planners. Communities with private funding are expected to be more likely to employ planners with business educations than are communities with public funding for their economic development programs. It is assumed that privately-funded organizations have more resources to pay the salaries that business majors would demand.

Findings

One hundred eleven survey questionnaires were mailed, one to each office, asking the person in charge of the office to participate in the study. Sixty-seven completed questionnaires were returned, of which 56 (or 51% of the total number sent) were considered useful due to completeness of information provided.

Among the respondents, educational background broke out in the following manner: business, $n = 15$ (26.8%); urban planning, $n = 11$ (19.6%); and "all other," $n = 22$ (39.3%). No answer to education questions, $n = 8$ (14.3%).

In the following sections, the results of non-parametric statistical tests for each of the above presented propositions are reported and the findings are discussed and interpreted.

Tests of Propositions: Group I

The importance of particular community characteristics in the corporate site location decision has been researched by various authors in the past. Effective community economic development requires that the knowledge of the relative importance of such site location variables to corporate decision makers is reflected in the marketing strategy toward this group. In other words, a greater appreciation or knowledge of important or unimportant site location variables would allow planners not only to select target firms more carefully to match the community's resources but also to focus on the essential issues in marketing and selling their community to desirable firms.

Propositions P1a-c were developed to examine the degree to which economic development officers concur with their corporate counterparts in perceptions of relative importance of those location

variables. Particularly, the question addressed was whether education orientation can enhance the knowledge or appreciation of the relative importance of these corporate decision variables.

This issue was broken into three subpropositions comparing the perceptions of each educational group of planners to those of corporate executives. The Spearman's rho rank order correlation coefficients for Propositions P1a-c (Table 1) suggest that substantial differences exist between the ranking of the most (M) and least (L) important site location variables by corporate executives and by some economic development officers. While each planner group deviated from the corporate viewpoint, differences do exist in the degree of misperception between planner groups with different education orientations. While a coefficient value of plus one (1.0) or close to one suggests full ranking agreement between both groups examined, a coefficient of minus one (-1.0) or close to minus one suggests perfectly opposite ranking of variables; and a coefficient of zero (.00) or close to zero suggests that the rankings are unrelated but not necessarily opposed between two groups.

The rho coefficients for ranking most important (-.32) and least important (-.03) variables that are shown for planners with a career education in urban planning suggest that planners with this education orientation showed the greatest misperception of all three educational groups. For the group of most important variables the fairly large negative rho coefficient suggests, in fact, a substantial degree of opposed rankings on those variables.

Planners with "all other" degrees showed, as a group, more congruence to the corporate ranking of such variables than did urban planning types. The rho coefficients of .05 (M) and .21 (L) suggest that the ranking by "all other" types as compared to ranking by corporate officers is basically unrelated or slightly positively correlated, at least with respect to the least important variables.

The greatest congruence with the corporate viewpoint was found among the group of planners with business degrees such as business administration or economics. The rho coefficients of .21 for the most important variables (M) and .46 for the least important variables (L) suggest that more

Table 1
Summary of Results for Propositions Testing the Relationship
between Planner Education and Perceptions
of Corporate Criteria

Proposition	Variables	Spearman's Rho Rank Order Coefficient	df	Decision*
P1a	Urban Planners Education vs. Corporate (predicted not similar)	rho = -.32 (M)	10	Support P1a
		rho = -.03 (L)	10	Support P1a
P1b	Business Education Planners vs. Corporate (predicted similar)	rho = .21 (M)	10	Do not Support P1b
		rho = .46 (L)	10	Do not Support P1b
P1c	All Other Education Planners vs. Corporate (predicted not similar)	rho = .05 (M)	10	Support P1c
		rho = .21 (L)	10	Support P1c

* At the .05 level of significance.

M = most important criteria

L = least important criteria

conformity in viewpoint exists between executives and business-educated community developers and that business-oriented planners do better understand the relative importance and unimportance of corporate site location variables. The recognition of the relative importance of these variables suggests that this group (in comparison to the other two educational groups of planners) can be expected to be somewhat more customer-oriented and potentially more effective in developing marketing strategies to target to corporations.

To ascertain whether the non-similarity in perceptions between urban-planning-educated and business-educated was in fact a statistical difference, another Spearman's rho rank order correlation was calculated. The proposition was that there is no similarity between how planners with business majors rank corporate criteria and how urban-planning types rank corporate criteria. On "most important" criteria, the coefficient was rho = .48; and on "least important," rho = .49. These coefficients are not significant at .05, thus the proposition was supported. The two groups are

indeed dissimilar in their rankings of perceived corporate priorities as to site location criteria. The human resource of educational training does appear to improve insight into the needs of corporate customers.

Tests of Propositions: Group II

Findings related to the following tests are displayed in Table 2. First, the impact of planner education orientation on planning management style was examined in Proposition P2a. This first component of management style was concerned with usage of primary planning information sources. Business majors were expected to use specific market information more often than did non-business majors. Respondents were asked to identify sources typically used, these responses were coded as "specific" (market data) versus "general" (usage of trade publications). Based on a Chi Square value of 3.84, the proposition was supported. Planners with business orientation do tend to use "specific" market data as information sources more often than do planners with non-bus-

Table 2
Summary of Results for Propositions Testing
Relationships between Planner Education and
Targeting Style Factors

Proposition	Variables	Statistic Employed	df	Decision*
P2a	Education and Specific Information (predicted more by Business types)	Chi Square = 3.84	1	Support P2a
P2b	Education and Selectivity (predicted more by Business types)	Chi Square = .23	2	Do not Support P2b
P2c	Education and Aggressiveness (predicted more by Business types)	Chi Square = 7.12	2	Support P2c

* At the .05 level of significance.

iness education.

The second hypothesis tested in this group (P2b) was an examination of the relationship between planner education orientation and the use of selectiveness in targeting. Responses were categorized simply as yes or no. Business-educated planners were expected to be more selective. Results in a cross-tabulation format were visibly loaded on the "yes" cells for all three educational groups. The results (Chi Square = .23) clearly indicate that the proposition could not be supported; that is, education orientation does not appear to affect planner targeting selectivity; all groups claimed to be selective. While it may be true that all groups narrow their choices with specific goals in mind, it may also be true that it is limited resources which force some kind of selectivity, whether that be strategic segmentation-based or simply random and artificial. The researchers feel that the wording of the question did not adequately define selectivity in a marketing sense, and thus some of the "yes" responses may not actually reflect a logical selectivity based on marketing principles.

The third proposition (P2c), dealt with how aggressively the planner pursues target firms.

Respondents were asked to describe their behavior as usually the pursuer, often the pursuer, sometimes the pursuer, and almost never the pursuer. The first two categories were collapsed, as were the last two, such that only two categories were used for the Chi Square analysis. Business-educated planners were expected to be more aggressive in pursuing target firms. The proposition was supported. The Chi Square value of 7.12 was significant at .05, thus indicating that business majors were more aggressive. Business majors are probably more likely to recognize that, no matter how good the product is, active promotion directed toward the target is critical to get attention. The other two educational types appeared to demonstrate a more passive attitude, possibly assuming that firms should approach their communities rather than be approached. The business majors may perceive a buyer's market situation, whereas other planners may think of it as a seller's market. This latter perspective seems to be rather naive, when one considers the competitive pressure to attract business firms.

Across the three variables that were examined in relation to educational orientation, both aggressiveness of pursuit and usage of specific market information were clearly associated with business

education. The planners with this particular resource tend to gather relevant information to promote their communities assertively.

Tests of Propositions: Group III

Findings related to the tests of P3a and P3b are displayed in Table 3. The impact of community location on planner education degree hired was examined in P3a. It was expected that business majors would be more likely to accept jobs in urban communities than in potentially less sophisticated rural communities. The Chi Square statistic of 1.29 suggests not to support Proposition P3a; that is, community location (at least in the urban versus rural context) does not affect the planner education orientation which is typically hired. Perhaps the assumption that rural communities would be less appealing to business majors was caused by erroneously stereotyping "rural" as unsophisticated. In addition, rural communities may actually be more appealing, in some cases, than the urban communities, due to the latter's higher costs of living.

The second community characteristic examined was source of funding (P3b). It was expected that privately-funded organizations would be more likely to hire business majors. On the one hand, if private funding can be assumed to lead to more generous budgets than public funding, then privately-funded economic development organizations may have more resources to hire planners with business education. This assumes, of course, that they believe that such an education orientation is important to improving the effectiveness of the

economic development process in their community. On the other hand, salary expectations of planners with a business education are determined partly by industry employment opportunities with relatively high salaries. The Chi Square value of 3.17 suggests that this proposition, as well, cannot be supported. Any one or all of the following factors may have affected this result: (1) either privately-funded budgets are, on average, no larger than publicly-funded budgets, (2) the role of the education orientation is perceived to be less important than other factors such as length of work experience, and/or (3) different budget allocations such as advertising are considered more effective in attaining economic development goals. However, the latter reason could be refuted by the previously shown result that business educated planners are more aggressive pursuers and thus more likely to promote via advertising.

In summary, neither community location nor source of funding of the economic development process was found to be useful in explaining differences in the education orientation of planners hired. Perhaps the value of this human resource factor has not been considered to be more relevant to either type of community or planning organization.

Discussion

The research conducted and reported here was designed to address a particular aspect of the economic development planning process, that is, how the educational background of the individual planning officer relates to his/her assessment of

Table 3

Summary of Results from Propositions Testing Relationship
between Community and Organization Characteristics
and the Hiring of Educational Types

Proposition	Variables	Chi Square Value	df	Decision*
P3a	Location vs. Education (predicted business & urban)	Chi Square = 5.31	2	Do not Support P3a
P3b	Funding vs. Education (predicted business & private)	Chi Square = 4.02	2	Do not Support P3b

* At the .05 level of significance.

the marketplace and his/her management style in the job. In general, business-educated planners were expected to be more marketing-oriented than other types. While education did not exhibit a relationship with some of the variables in the study, three findings were of interest. First, business majors have a considerably better understanding of what location criteria corporate executives use; second, they use specific market information when targeting; and third, they are more likely to pursue their corporate targets aggressively in order to attract them to the community.

Since the selected community and organization characteristics were not related to the hiring of business majors, it is difficult to draw any conclusions about why and how business majors are attracted to opportunities in community development. Future studies might investigate this issue by using other variables. What might be suggested from these findings is that, perhaps, communities may be unaware of the advantages of hiring business majors and business majors may be unaware of the challenging opportunity that exists

in the field of community development, an area badly in need of human resources related to marketing expertise.

The findings of this study are limited by several factors. First, only California development planners were studied; and results cannot be readily generalized to other areas. Second, it was not possible to include all of the potentially relevant variables and issues in a single study. The focus on educational background provided some interesting insights but clearly leaves many unanswered questions. As such, this exploratory research into an untapped topic only purports to create a springboard for future research in the area of marketing the community to target corporations.

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