Everything but the Kitchen Sink? Factors Associated With Local Economic Development Strategy Use

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Abstract

Rubin (1988) argued communities "shoot anything that flies and claim anything that falls" in their efforts to attract businesses. Such a perspective implies local governments will use large numbers of strategies as they try "everything but the kitchen sink" to promote job creation and private investment. Conversely, Stokan (2003) claims localities are more selective in how they approach economic development, which implies there should be wide variation in the number of development strategies used across jurisdictions. Based on original survey data from North Carolina cities and counties of all sizes, the findings provide support for both explanations. The data show localities vary considerably with respect to the number of strategies they employ. Notably, variation in strategy use is associated with certain community characteristics including government capacity and development network strength. However, the data also reveal that communities are, on average, utilizing a relatively high number of strategies, lending some credence to Rubin's theory.

Scholars have analyzed how and why local governments use certain economic development policies, but they often arrive at different conclusions.[1] One perspective, advanced by Rubin (1988), is that local officials and practitioners try nearly everything to support job creation and private investment—a somewhat haphazard approach described as "shooting anything that flies and claiming anything that falls." Rubin's theory suggested that local governments will engage in a wide array and large number of economic development activities. A more recent article by Stokan (2013) analyzed Rubin's idea through a series of matched International City/County Management Association (ICMA) survey cases from 1999 to 2004. Stokan found that local governments are more likely to be intentional and targeted in their use of economic development strategies, which produces systematic variation in the number of policies used across communities.

Rubin's (1988) idea is elegant in its simplicity and is based on a series of qualitative interviews with local economic development practitioners. Stokan's (2013) response to Rubin is more quantitative, but it also has some limitations. For example, by using the ICMA data set, local governments with 10,000 or less in population are excluded from the analysis. We tested the respective theoretical frameworks of Rubin (1988) and Stokan (2013) by using an original data set that addresses some of these limitations. In 2015, we conducted a survey of all North Carolina cities and counties on their use of a large variety of economic development strategies. In part, our data set helps paint a more complete picture by utilizing survey responses from cities and counties representing a wider range of population sizes.

If the data support Rubin's (1988) "shotgun" approach, we would expect to see high numbers of development strategies being used across respondent local governments irrespective of community characteristics. Rubin's theory suggested that, despite any budgetary or organizational capacity constraints, cities and counties seek to engage in as many different development strategies as possible. Previous research indicates that local governments will tend to approach economic development in this manner. Green, Fleischmann, and Kwong (1996), in a survey of 900 local governments on 64 different development strategies, found that 72% of respondents used 10 or more policies with an average strategy count of 18.3. A decade later, Reese (2006) found that most local governments use several strategies with no common theme among them. A recent iteration of the ICMA's (2014) periodic economic development survey,

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which included 1,201 local governments, also showed governments used large numbers of policies. Of the 27 strategies examined, 18 were used by 50% or more of the responding local governments.

Conversely, if Stokan's (2013) theory is true, the number of economic development strategies used will vary across jurisdictions and be influenced by factors both external and internal to the government. Stokan found that localities are strategic in deciding which economic development policies to use, and those decisions are often affected by other variables. Such findings are consistent with research showing a multitude of factors—some within a community's span of control and some not—may help predict development policy utilization.[2] Contextual community characteristics that may shape the number of strategies used include government capacity (Fleischmann, Green, & Kwong, 1992; Reese, 1997), community size (Besser, Recker, & Parker, 2009), economic distress (Feiock & Clingermayer, 1992; I. S. Rubin & Rubin, 1987; E. B. Sharp, 1986), macroeconomic conditions (Krebs & Pelissero, 2010), social infrastructure (J. S. Sharp, Agnitsch, Ryan, & Flora, 2002), and social capital levels (Ha, Lee, & Feiock, 2016; Oh, Lee, & Bush, 2014; Paarlberg, Hoyman, & McCall, 2018). Stokan's perspective on the intentionality of development policy choices implies that variables within a government's direct control might also help explain the number of strategies utilized by a city or county. In particular, research shows having a strategic plan (Morgan, 2010) and engaging in collaborative governance networks (Agranoff & McGuire, 2003; Ha et al., 2016) may shape the number of economic development strategies employed.

Literature Review: Factors Influencing Development Strategy Use

We test for a variety of factors that may have some effect on how many strategies are utilized by city and county governments. Rubin (1988) and Stokan (2013) arrived at different conclusions using different methodologies, but their research has some common and important guiding themes. Both articles highlight how the economic development process takes place in a complex policy environment. Local governments have a large menu of possible strategies and tools they can employ to stimulate job creation and private investment. Both Rubin (1988) and Stokan (2013) acknowledged that these policy options are shaped by external and internal factors, although they disagree on how those factors influence the number of strategies used. Do local governments haphazardly throw everything but the kitchen sink at promoting economic development, adopting as many strategies as they can (even though resource limitations could hinder implementation)? Or does the number of local development strategies cities and counties utilize vary in relation to community characteristics and contextual factors?

Government Capacity

Gargan (1981, p. 656) defined general capacity simply as "the ability of a local government to do what it wants to do."[3] There are also numerous other definitions of government capacity (Honadle, 1981; Swann, 2017; Wang, Hawkins, Lebredo, & Berman, 2012). Broadly speaking, existing research shows that a government's capacity may influence economic development policy choices (Feiock & Clingermayer, 1992; Morgan, 2010). There seems to be a positive linkage between administrative/bureaucratic capacity and the number of development strategies utilized by government organizations (Fleischmann et al., 1992; Lobao & Kraybill, 2009; Sullivan, 2002); however, there are some notable exceptions to this consensus. For example, York, Feiock, and Steinacker (2013) found their measure of bureaucratic capacity did not have any predictive value on the use of incentive policies.

Measures of capacity range from per capita expenditures (Jeong & Feiock, 2006) to use of government expenditure ratios (Lobao & Kraybill, 2009; Reese & Rosenfeld, 2004). Many scholars used *broad* measures that included variables like revenues, expenditures, or government employment levels (Krebs & Pelissero, 2010; Oh et al., 2014; York et al., 2013). Others used *narrow* measures including factors like direct expenditures in the policy area being analyzed (Bowman & Kearney, 1988). Our measure of capacity includes both total revenues per capita (a broad measure) and the number of employees that work on economic development (a narrow measure).

Organizational Networks[4]

Unlike government capacity, over which cities and counties may have little direct control, localities can exert greater influence on collaborative networks. Research has shown that participation in networks designed to promote economic development is an additional factor that may shape the number of development strategies used by a locality. The local economic development network within a jurisdiction may include numerous public, private, and nonprofit organizations (Brennan, Paarlberg, & Hoyman, 2013; Hoyman, McCall, Paarlberg, & Brennan, 2016; Porter, 1998; Rohe, 2011).[5] Both the number of organizational participants in networks and their level of participation may have a positive association with the number of strategies used by a local government (Morgan, 2010; Stokan, 2013; Zhang, Warner, & Homsy, 2017; Zheng & Warner, 2010).

Propensity to Collaborate

A related but distinct concept with respect to interorganizational networking is collaboration with other governmental jurisdictions. It is theoretically possible for a government to have a high level of participation in its economic development

network but engage in little actual collaborative behavior with other organizations. On the other hand, research has also shown collaborative arrangements may be particularly useful for those localities with limited resources or those with low internal organizational capacity (Ring, Peredo, & Chrisman, 2010). For these reasons, we included an attitudinal item (using a 5-point Likert-type scale) measuring the extent to which the responding jurisdiction is inclined to collaborate with other jurisdictions. Some scholars have observed a positive association between interjurisdictional collaboration and the use of certain types of development policy (Hawkins & Andrew, 2010; Lobao & Kraybill, 2009).

Organization Structure

One potentially important control variable is organization structure, meaning the type of organization a government uses to deliver local economic development policy. In general, research has shown that institutions in and of themselves are important policy actors (North, 1990) and policy changes can sometimes be attributed to government structure (Nelson & Svara, 2012). For example, within economic development, it has been demonstrated that mayor–council cities were more likely than their council–manager counterparts to use tax abatements (Clingermayer & Feiock, 1990; Feiock & Clingermayer, 1986; E. B. Sharp, 1991).[6] At the same time, others cast doubt on the relationship between government structure/form of government and development policy choice (Fleischmann et al., 1992; Fleischmann & Green, 1991).

Although the structural arrangements local governments put in place to implement economic development can vary considerably and change over time, empirical research on how this affects policy decisions is lacking (Park & Feiock, 2011). Despite the limited literature, it is reasonable to think that how a locality structures its economic development functions may influence the number of strategies used. We thus include two dichotomous control variables to reflect a jurisdiction's organizational structure for economic development (public–private, private). Second, we control for whether the jurisdiction is a county government. Previous research suggests that counties may play a distinctive coordinating role in economic development and tend to use job creation strategies that are substantively different than cities (Lobao & Kraybill, 2005; Morgan, 2010; Reese, 1994).

Data and Methods

We invited all 100 of North Carolina's county governments and 338 incorporated municipalities to participate in a survey during the summer of 2015.[7] Survey solicitations were sent by e-mail to the city or county manager of each local government. Participants were encouraged to forward the survey to the staff person who could best answer economic

development questions. A total of 263 responses were received. Using data from both the survey and secondary sources, we constructed a series of models to examine how various external and internal variables relate to the number of economic development strategies utilized by local governments. Data were analyzed using descriptive statistics, bivariate correlations, and ordinary least squares multiple regression. The appropriate tests for assessing normality, skewness, and kurtosis showed no major deviations from accepted norms. The multicollinearity diagnostics revealed no concerns as all variables (independent and control) have variance inflation factor scores of 3.60 or below. We briefly summarize each variable below. Additional technical explanations are detailed in Table 1.

Measuring Development Strategy Use

Our dependent variable is economic development strategy use, measured in two ways that are consistent with previous studies (Lobao & Kraybill, 2009; Zhang et al., 2017). Respondents were asked to identify which of 54 separate local economic development strategies and tools the local government had *used* in the past 5 years. The first dependent variable measure is a numerical count of strategies.[8] For each strategy used, the respondent was asked to rate the *importance* of the item to the government's overall economic development efforts. Ratings ranged from *very low* to *very high* along a 5-point scale. The second dependent variable measure is strategy use weighted by importance, which is derived by multiplying the total strategy count by the level of importance. Weighted strategy use could theoretically vary between 0 (respondent used no strategies) to 270 (respondent used all 54 strategies and ranked them all as being very important).

Measuring Capacity

The broad measure of capacity is the log of total government revenues on a per capita basis. The narrow measure of capacity is the total staff who spend at least 75% of their time on economic development work (Oh et al., 2014; York et al., 2013).

Organizational Network Strength and Collaboration

A common measure of network strength is a count of how many external organizations participate in a government's formal and informal economic development activities. However, another dimension of networks is the level of participation by each organizational actor. Measuring how local governments perceive participation levels in economic development networks can provide a way of assessing commitment level. We thus created a variable that is a measure of network strength. The variable is constructed by first

Table 1. Model Variable Descriptions.

Model variable	Description
Dependent variables	
ED strategies used (count) *Source.* Survey data	The total number of discrete economic development (ED) strategies utilized by the respondent community. Scores can range from 0 (*no strategies used*) to 54 (*all strategies used*).
ED strategies used (weighted) *Source.* Survey data	The total number of discrete economic development strategies multiplied by how important the strategy is for the community. Importance is measured using a 5-point scale ranging from *very low* (1) to *very high* (5). Scores can range from 0 (*no strategies used*) to 270 (*all strategies used, all ranked as very high in importance*).
Independent variables	
Total ED staff *Source.* Survey data	The number of FTE staff working at least 75% of the time on economic development in the respondent community.
Logged government Revenue PC *Source.* NC Commerce, 2015	Logged per capita (PC) values for total government revenues in the responding jurisdiction.
Network strength *Source.* Survey data	The mean score is created for each respondent's network based on respondent ratings of each network actor's level of participation as *low* (1), *medium* (2), or *high* (3). The mean score is multiplied by the number of organizations that are in the respondent states' economic development network (which could range from 0 to 20).
Propensity to collaborate *Source.* Survey data	Respondent level of agreement with the statement "my jurisdiction collaborates with other jurisdictions on economic development." Scores range from "1" (*strongly disagree*) to "5" (*strongly agree*).
Control variables	
Employment change *Source: ACS 2010 and 2015*	Percent employment change between American Community Survey (ACS) 2015 five-year and ACS 2010 five-year data for each respondent.
Public–private structure *Source.* Survey data	Dichotomous variable measuring whether the respondent community has a public–private ED partnership structure (coded as "1") or not (coded as "0").
Private structure *Source:* Survey data	Dichotomous variable measuring whether the respondent community has a private ED organization structure (coded as "1") or not (coded as "0").
County Status *Source.* Survey data	Dichotomous variable measuring whether the respondent community is a county (coded as "1") or not (coded as "0).
Incentive competition *Source.* Survey data	Respondent level of agreement with the statement "the incentives offered by other jurisdictions strongly influence the types of incentives we provide." Scores range from "1" (*strongly disagree*) to "5" (*strongly agree*).
Strategic plan *Source.* Survey data	Dichotomous variable measuring whether the respondent community has an economic development strategic plan. A "1" indicates the presence of a strategic plan, a "0" indicates there is no strategic plan.
Evaluation *Source.* Survey data	Dichotomous variable measuring whether the respondent community formally evaluates economic development activities in any way. A "1" indicates formal evaluation of development, otherwise this is "0."
Logged income PC *Source.* ACS, 2014	Logged per capita values for the responding jurisdiction's per capita income.
Poverty rate *Source.* ACS, 2014	The proportion of families in the responding jurisdiction that are below the federal poverty level.
Total population *Source.* Census, 2010	The responding jurisdiction's total population.

Note. FTE = full-time equivalent.

counting the number of organizations in the respondent's development network (from a potential list of 20 organizational actors). The list of network participants in the survey included potential economic development actors like educational institutions (universities, community colleges), other localities, other economic development groups (chambers of commerce, local public–private development corporations), state agencies (state departments of commerce), and federal agencies. Next, we multiplied the count of network participants by the mean level of perceived participation on a 3-point scale across all organizations in the network. Respondents were asked whether each organization in their network had a low, medium, or high level of participation. We believe this measure is important because it is possible for an organization to only nominally or symbolically participate in a network. Finally, we include a separate variable

derived from the survey that measures collaboration with other jurisdictions on a 5-point Likert-type scale.

Control Variables

The regression models include several controls, some derived from the survey and others from public data sources:

- Organization structure is measured by three dichotomous variables. To do this, we created two dichotomous variables that measure what type of organization is the lead for economic development in the responding jurisdiction: a public–private entity or a private entity. "Public" as the lead organization is the excluded reference category. A third dichotomous variable measures whether the responding jurisdiction is a county.[9]
- We include two dichotomous measures for other internal processes that may influence economic development strategy use. One is whether the jurisdiction has a written strategic plan for economic development. The other is whether the responding local government engages in formal evaluation of economic development activities (Fleischmann et al., 1992; Morgan, 2010; Sullivan, 2002; Zhang et al., 2017).
- The competition variable is based on the respondent's answer to a question on a 5-point Likert-type scale about the extent to which their business incentives are influenced by the incentives offered by other jurisdictions. Several prior studies indicate that interjurisdictional competition can influence development policy choices (Feiock & Clingermayer, 1992; Fleischmann et al., 1992; Lobao & Kraybill, 2009).
- To account for the possible effects of certain demographic characteristics and community resources, we include controls for total population, log of income per capita, and poverty. In some previous research, jurisdictions with larger populations were found to use more strategies and tools (Fleischmann et al., 1992; Goetz, 1990; Osgood et al., 2012; Sullivan, 2002).
- Some research shows that the number of economic development strategies utilized by local governments may be a response to prevailing macroeconomic conditions (Krebs & Pelissero, 2010). To control for this effect, we include a variable that measures the respondent jurisdiction's employment change percentage between 2010 and 2015.

Data Generalizability and Limitations

Before concluding this section, it is important to note three key aspects of the data set. First, 56% of municipalities and 74% of counties responded. As a point of reference, this response rate is much higher than the well-established ICMA economic development survey, which had a 23% response rate in 2014. Second, because our data set includes jurisdictions of all sizes, the results may be more representative than those from other research that covers only cities with populations of 10,000 or more and only counties larger than 50,000. Third, while our data are cross-sectional, we believe the findings are generalizable. Research has shown that development strategy use is stable over time (Reese & Rosenfeld, 2004) and path dependent (Reese & Ye, 2011).

The generalizability of single-state studies is often called into question. However, the use of single-state studies on topics related to local organization policy choices is a frequent occurrence in both economic development and allied fields (Gordon, 2007; Reese, 2014). Our data set is drawn from a single-state study of North Carolina cities and counties, which has merit for several reasons. It is well established that single-state studies are appropriate research designs when the data are being generalized to a unit of analysis other than the state government (Nicholson-Crotty & Meier, 2002). This is applicable to the current research because we focus on the extent to which local (city and county) economic development strategy use varies after accounting for internal and external variables, none of which are state-level effects. In support of single-state studies, Nicholson-Crotty and Meier (2002) have noted that what such designs lose in external validity, they gain in internal validity. In this research area, we believe the gain in internal validity offsets losses related to external validity.

North Carolina's cities and counties show a level of variation for key economic development variables that roughly approximates the variation of the United States as a whole. As an example, we considered a sample of socioeconomic and demographic variables (see Supplemental Appendix Table 1 [available online]) across multiple measures of education, income, unemployment, and population density. In a general sense, the descriptive data demonstrate that findings related to North Carolina's local governments on economic development issues are likely generalizable to other states; however, there are a few important limitations.[10] The data are mainly generalizable to other states that operate in a similar legal context with respect to local government authority. North Carolina's municipalities and counties have no broad home rule powers and only possess authority expressly granted to them by the state legislature through specific statutes (Bluestein, 2006). Our findings would thus be most applicable for localities under Dillon's rule, which exists in 38 states other than North Carolina (Krane, Rigos, & Hill, 2001).

Hypotheses

1. *Variation in Development Strategy Use*. Although Rubin's (1988) narrative is compelling, the bulk of recent research suggests that local governments tend to be deliberate and purposeful (vs. being "shotgun") in their approaches to economic development. This

Table 2. Descriptive Statistics Summary for all Variables ($N = 179^a$).

Model variables	M	SD
Dependent variables		
ED strategies used (count)	19.207	9.978
ED strategies used (weighted)	70.750	40.622
Independent variables		
Total ED staff	1.214	1.836
Logged government revenue PC	7.288	0.575
Network strength	17.036	12.00
Collaboration	3.849	1.154
Incentive competition	3.173	1.203
Control variables		
Employment change	−0.156	15.05
Public–private structure	0.263	0.411
Private structure	0.117	0.323
County status	0.318	0.467
Strategic plan	0.441	0.498
Evaluation	0.263	0.441
Logged income PC	9.993	0.300
Poverty rate	8.893	5.537
Total population	46615.966	108009.629

Note. ED = economic development; PC = per capita.
[a]All *N*s equal 179 due to listwise deletion of missing data in the regression analysis.

means that localities will exert differing levels of effort to promote private investment and job creation. Thus, we hypothesize that both the number of strategies and weighted strategy counts will vary across local governments, supporting Stokan (2013).

2. *Role of Government Capacity.* The literature points to government/administrative capacity as a possible determinant of the number of development strategies (Sullivan, 2002). As such, we expect our two government capacity variables—number of economic development staff and tax revenues per capita (logged)—to be positively associated with the number of development strategies used by a local government.

3. *Role of Organizational Network Strength and Collaboration.* Consistent with many previous studies, we expect that local governments with stronger networks will use a larger quantity of development strategies (Morgan, 2010; Stokan, 2013; Zhang et al., 2017; Zheng & Warner, 2010). As a separate factor, we also hypothesize that localities indicating a higher propensity to collaborate with other jurisdictions will tend to use more strategies.

Results

The descriptive statistics show a large amount of variability in strategy use (see Table 2). At first glance, the data would

suggest that local governments are not being exhaustive in their use of strategies and tools to promote economic development. The mean number of total strategies used is 19.207 (out of a possible 54), while the weighted number (use times importance) is 70.750 (out of a possible 270). Respondents, on average, are using about 26% (weighted count) to 36% (simple count) of strategy measures included on the survey instrument. Furthermore, measures of each dependent variable show a high standard deviation of 9.978 for the strategies count and 40.622 for weighed strategies variable. The range of responses for the dependent variables is quite large and indicative of a normal distribution (for example, see Figure 1). At least in terms of the descriptive data, these findings provide support for Stokan's (2013) theory of economic development strategy use. The data indicate that local governments are not "doing everything" or even converging toward a common number of strategies. Some localities clearly use more strategies than others; the question is why? What factors help predict how many economic development strategies are used by cities and counties?

To identify initial relationships between variables, we first examine bivariate (zero-order) correlations. Table 3 shows the Pearson's *r* correlation between each individual explanatory variable and our dependent variables. The independent variables of interest are all strongly and positively associated with the two dependent variables, which is consistent with our expectations. The variable most strongly correlated with the number of local economic development strategies used is network strength (.653 for strategy count, .669 for weighted strategies). The collaboration and staff variables are also significantly correlated with both dependent variables. It is notable that many of the control variables have significant bivariate correlations with the dependent variables. In particular, there is a positive correlation between having a strategic plan and the number of development strategies (.449 for strategy count, .446 for weighted strategies weighted), which may be an initial clue that localities are more deliberate in their efforts than Rubin (1988) suggests.[11] Writ large, the bivariate correlations signal that the use of development strategies may be related to local factors such as government capacity, network strength, and collaboration.

The multiple regression results for both dependent variable measures (Model 1 and Model 2) are shown in Table 4.[12] The adjusted R^2 values for both models indicate strong goodness-of-fit with an overall explanatory power of .557 and .563, respectively. The first dependent variable measures the *total count* of different economic development strategies and tools used by the responding jurisdiction in the past 5 years. For Model 1, three independent variables were found to have statistically significant associations in the positive direction. In order of relative magnitude and effect size (standardized beta coefficients), they are (a) economic development network strength, (b) number of full-time equivalent staff working 75% of the time on economic development, and (c) local government revenues per capita (log). Control variables with
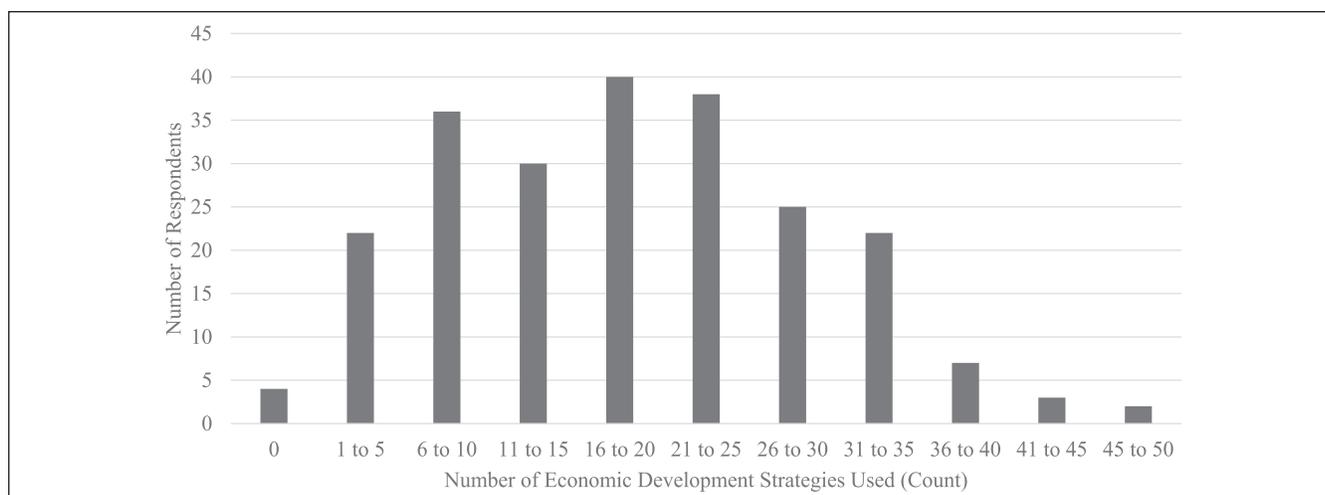
Figure 1. Frequency distribution for economic development strategy use.

Table 3. Bivariate Correlations.

Model variables	ED strategies used (count)	ED strategies used (weighted)
Independent variables		
Total ED staff	0.445**	0.392**
Logged government revenue PC	0.269**	0.256**
Network strength	0.653**	0.669**
Collaboration	0.414**	0.418**
Control variables		
Employment change	−.008	−.005
Public–private structure	.133*	.107†
Private structure	−.044	−.034
County status	.276**	.274**
Incentive competition	.374**	.374**
Strategic plan	.449**	.446**
Evaluation	.309**	.348**
Logged income PC	−.027	−.020
Poverty rate	.091	.100†
Total population	.247**	.223**

Note. ED = economic development; PC = per capita.
$^†p \le .10$. $*p \le .05$. $**p \le .01$.

a positive association in order of importance are (a) being a county jurisdiction, (b) having a strategic plan for economic development, and (c) the perceived level of incentive competition with other jurisdictions. Another control variable, the percentage of families below the poverty line, is negatively associated with the total number of economic development strategies.

The dependent variable in Model 2 is the count of economic development strategies *weighted by their reported level of importance*. The statistically significant independent variables for this measure of strategy use are the same as for Model 1. The main difference is that the standardized coefficient for the number of economic development staff is

smaller in Model 2 versus Model 1. As for the control variables, the significant predictors in Model 2 are similar in coefficient values and direction as Model 1. One control variable that emerges as significant in Model 2 but not Model 1 is formal evaluation of economic development efforts.

These findings mostly confirm our hypotheses. Our first hypothesis is that the number of economic development strategies will vary across local governments. Both the descriptive data and regression models provide support for this proposition. Whether measured as a simple count or weighted by importance, survey respondents reported using a wide range of strategies to promote economic development with large standard deviations from the mean scores. The regression models showed

Table 4. OLS Regression Models ($N = 179$).

| | Model 1: ED strategies used (count) | | | | Model 2: ED strategies used (weighted) | | | |
| | Unstandardized coefficients | | Standardized coefficients | | Unstandardized coefficients | | Standardized coefficients | |
	B	SE	β	Significance	B	SE	β	Significance
Independent variables								
Total ED staff	1.093	0.346	0.201**	0.002	2.779	1.400	0.126*	0.049
Logged government revenue PC	2.588	0.924	0.149**	0.006	9.412	3.737	0.133*	0.013
Network strength	0.351	0.056	0.422**	0.000	1.555	0.228	0.459**	0.000
Collaboration	0.505	0.518	0.058	0.331	2.088	2.095	0.059	0.320
Control variables								
Employment change	0.015	0.038	0.023	0.694	0.066	0.154	0.024	0.671
Public–private structure	−0.838	1.215	−0.037	0.491	−6.125	4.914	−0.067	0.214
Private structure	−0.945	1.664	−0.031	0.571	−4.108	6.729	−0.033	0.542
County status	4.322	1.889	0.202*	0.023	15.585	7.639	0.179*	0.043
Incentive competition	1.064	0.463	0.128*	0.023	4.371	1.871	0.129*	0.021
Strategic plan	3.174	1.161	0.158**	0.007	13.802	4.694	0.169**	0.004
Evaluation	1.607	1.265	0.071	0.206	11.205	5.116	0.122*	0.030
Logged income PC	−1.187	2.359	−0.036	0.615	−1.652	9.540	−0.012	0.863
Poverty rate	−0.396	0.171	−0.219*	0.022	−1.502	0.691	−0.205*	0.031
Total population	−4.434E−06	0.000	−0.048	0.454	−1.733E−05	0.000	−0.046	0.469
(Constant)	0.445	26.605		0.986	−30.838	103.531		0.766
Model fit								
Adjusted R^2			.557				.563	

Note. OLS = ordinary least squares; ED = economic development; PC = per capita.
*Significant at $p \leq .05$. **Significant at $p \leq .01$.

variation across jurisdictions, even when controlling for factors that are known to influence economic development policy use. We also find support for our second hypothesis, which is that government capacity helps explain development strategy use in cities and counties. Both Model 1 and Model 2 show that capacity measures are important (staff size and revenues). The results for our third hypothesis—that networks and collaboration are important—are mixed. Both regression models show the strength of the economic development network as the most important predictor of strategy use, which is consistent with other research on this topic (Morgan, 2010; Zhang et al., 2017; Zheng & Warner, 2010). Our measure of the propensity to collaborate with other local government jurisdictions, however, was not significant in either model. Overall, the research findings make it evident that local governments employ varying numbers of strategies and tools to promote economic development. Moreover, greater development strategy use is associated with local capacity, networks, and other factors.

The most important control variable is poverty, suggesting that areas with lower poverty rates tend to utilize more strategies. To the extent that poverty serves as a proxy variable for government resources, such a finding makes some intuitive sense. The responding jurisdiction's status as a county is also one of the most important controls, which is consistent with literature showing counties as distinctive and important institutional actors (Giles, Gabris, & Krane, 1980; Kelleher & Yackee, 2004). Having a strategic plan for economic development is associated with using more strategies, which confirms some previous research (Stokan, 2013; Zhang et al., 2017). The positive influence of the incentive competition variable in both models aligns with what others have found, and points to a possible rival explanation for what drives local economic development policy (Morgan, 2010; Stokan, 2013). The second model showed a statistically significant positive relationship between program evaluation and the number of economic development strategies used. This corroborates prior studies that have found various accountability measures to be associated with greater numbers of strategies (Morgan, 2010; Zhang et al., 2017; Zheng & Warner, 2010). Finally, it is interesting to note that employment change did not predict development strategy use in either model. The lack of significance for this particular control variable casts some doubt on the notion of path dependence as an explanatory narrative.

Conclusions

This article makes a meaningful contribution to the literature by examining the use of economic development strategies by

local governments in three ways. First, we test rival theories about how best to characterize the way cities and counties approach local economic development. On the one hand, there is Rubin (1988) who asserted that communities "shoot anything that flies," which may lead them to try "everything but the kitchen sink" to promote economic development. Conversely, Stokan (2013) proposed that communities are unlikely to engage in doing large numbers of strategies because development policy varies and is shaped by local characteristics and external factors. Second, we provide some answers about what factors are associated with the number of development strategies local governments employ. Finally, the results for some of the control variables in our models raise interesting questions and suggest paths for further research.

Viewed descriptively, the data offer some support for Rubin's theory. Although we find notable variation in the number of strategies utilized by local governments, the proportional level of strategies used is very high. Our respondents reported using 35% (19.21 out of 54) of surveyed policies on average. That contrasts with Stokan (2013), who found a rate of 26% (12.60 out of 46) across all items. Concurrently, our other results lend some support to Stokan's (2013) view that economic development strategy choices may be less haphazard than Rubin (1988) and some others suggest. The data show two primary factors can shape how much a locality does to bring about economic development. The first is the local government's capacity, in which higher levels of staff and revenue enable the use of higher numbers of development strategies and tools. The second predictor is network strength, whereby high levels of participation from external organizations in local economic development efforts are associated with higher strategy counts independent of government capacity.

The data also show some intriguing results for several control variables. For example, having a strategic plan for economic development is a significant determinant in both of our regression models.[13] A strategic plan may be a sign that communities are being intentional in their approach to economic development. Formal evaluation is a significant predictor when strategy use is weighted by importance. As an accountability mechanism for gauging effectiveness, evaluation may represent a degree of what Zheng and Warner (2010) called "policy learning." Inasmuch as these practices indicate a more "rational" and strategic approach to economic development, the significance of these control variables supports Stokan's (2013) theory. While the findings for our control variables are interesting, further research is needed to better understand how they shape local economic development policy. For example, our data only indicate whether a responding jurisdiction formally evaluates economic development and has a strategic plan. The data do not reflect the quality of the evaluation practices or the extent to which the strategic plan is utilized in the day-to-day

development process. As such, we cannot be certain that the mere existence of these practices indicates that a local government is being strategic and intentional in its approach.

Researchers should continue exploring how key explanatory variables may interact to influence development strategy use. We detected minor interaction effects between the staff and county variables, and also between staff and having a strategic plan. While the interaction effects in our models were negligible, they may reveal an added dimension to government capacity that could warrant further study. More research is also needed to better understand how interjurisdictional competition affects development strategy use, given that the incentive competition variable is a significant predictor in both of our models. Additionally, while resources and capacity can make a difference in the ability of a local government to do more to promote economic development, using a larger number of strategies may not necessarily produce better outcomes or be more effective. Measuring the relative effectiveness of development strategies is another avenue for future research.

A key finding from our research is that local governments are using a multitude of different economic development strategies and tools. Indeed, some localities appear to be doing nearly "everything but the kitchen sink" to promote economic development, but in many cases that behavior may be moderated by the jurisdiction's capacity level. Our research implies that local governments with fewer dedicated staff working on economic development and less tax revenue employ fewer strategies. This has ramifications for low-resource communities, in particular, that may be constrained by limited internal staff capacity and funding. State policy makers desiring to assist low-resource localities with economic development may want to consider ways to augment local staff capacity and help build the economic development networks of smaller towns and distressed rural communities.

Although we believe our findings have some important implications for economic development practitioners and scholars, there are limitations worth noting. As with all research of this type, our models may be subject to some level of endogeneity.[14] We took steps within the ordinary least squares regression framework to minimize possible endogeneity concerns (e.g., including exogenous controls, testing for interactions among regressors, etc.). But overall, our results should be interpreted in the context of the associational/predictive analysis it is designed to be; our models are not explicitly causal in nature. We have previously discussed and addressed potential concerns about the generalizability of our findings beyond North Carolina.

Finally, it is important to acknowledge that some of our model variables are not easily altered by public officials and policy actors. But while factors like government revenue are not easily changeable, they are also not totally immutable. For example, to expand economic development efforts, local governments may seek to boost tax revenues or to secure

increased funding from the private and philanthropic sectors. In general, our findings provide evidence that economic development policy is not entirely determined by what Reese and Ye (2011) referred to as "place luck." How local governments engage in economic development is not merely a function of factors that are beyond the control of local officials, such as geography, climate, and natural endowments. Our data suggest that the environment under which localities make decisions about economic development strategies is complex. While cities and counties can potentially do a lot to promote private investment and job creation, how much they actually end up doing is related to key internal and external factors such as local government capacity and network strength.

Notes

1. We define economic development strategy broadly to include a wide a range of activities and discrete policy tools used to stimulate and support private investment and job creation within a locality. Our definition of development strategy is not limited to tax and financial incentives.

2. While research suggests that many community characteristics are associated with strategy selection, there is a lack of consensus on some variables. For instance, I. S. Rubin and Rubin (1987) found that poorer communities pay more (on a relative basis) for economic development projects, and Osgood, Opp, and Bernotsky (2012) found that they engage in more activities. However, Lobao and Kraybill (2009) found no relationship between the economic distress of a community and investment in certain development strategies.

3. Although as Bowman and Kearney (1988) argue, this may be too general, instead capacity might be best defined in reference to a task that is being performed.

4. It is important to acknowledge that engagement in economic development activities might be a function of a local government's capacity or networking, and that they may be related. We treat organizational networks as a separate variable from capacity, but the literature varies on this point. Some scholars treat organizational networks as a dimension of organizational capacity, but others treat it as a separate or rival measure. For example, Ha et al. (2016) find a distinction among different types of networks in terms of their effects on incentives.

5. Research on interorganizational networks in economic development can be traced to theories of social capital (Rupasingha, Goetz, & Freshwater, 2000; Schneider, 2009; Westlund & Adam, 2010). Putnam, Leonardi, and Nanetti (1993) found differences in economic outcomes by region could be at least partially linked to participation in community and associational networks.

6. Some research shows that form of government can be an important explanatory variable; however, we do not include it in our analysis because nearly all North Carolina local governments are "reformed" and use the council–manager form.

7. Although an attempt was made to contact every incorporated municipality, not all municipalities had e-mail addresses or had e-mail addresses that were out of date.

8. The number of strategies we asked about are listed in the Supplemental Appendix (available online) along with the frequency count for each.

9. In North Carolina, controlling for counties is particularly important as they have been documented to be powerful government actors (Kelleher & Yackee, 2004).

10. Additionally, our data do not include controls for the influence of political actors on policy choices. In North Carolina, elections at the municipal level are mostly nonpartisan outside of large cities. Thus, we are unable to control for this because the data are not available for large portions of our sample. Literature regarding the influence of political factors over economic development outcomes is mixed (Betz, Partridge, Kraybill, & Lobao, 2012; Sullivan & Green, 1999). Much data suggest that, in general, economic development is not politicized (Sullivan, 2002), but some research suggests political influence may be important, particularly in the realm of incentives (E. B. Sharp & Mullinix, 2012).

11. Another interesting finding is the positive correlation between incentive competition and strategy use (.331 for strategy count, .332 for weighted strategies), which lends some surface-level support for "race to the bottom" theories.

12. The regression models were run using both the listwise and pairwise deletion methods to address missing data. The results (adjusted R^2 and coefficients) were very similar for both options. The data presented here are from the listwise method, as it is the most conservative way of handling missing data. The N for the models is lower than the overall number of respondents due to partial survey completions.

13. One important limitation of our data is that we only know whether the respondent has an economic development strategic plan. Given the importance of strategic plans on policy outcomes, additional research in this area should consider ways of measuring plan quality. Other aspects of strategic plans that may influence policy choices include the auspices under a plan is developed (locally, by state actors, or by federal agencies; Reese & Fasenfest, 2003).

14. To address endogeneity concerns would require an instrumental variable that could be used in a two-stage least squares methodology. Given the type of research and data being used, the authors are unaware of a valid instrumental variable that would work for this approach.

Supplemental Material

Supplemental material for this article is available online.

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