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The University-Oakland Metropolitan Forum is a partnership of the University of California at Berkeley; California State University, Hayward; Mills College; Holy Names College; the Peralta Community College District; and the Oakland community.

University of California at Berkeley
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THE OAKLAND BUSINESS RETENTION SURVEY

This report summarizes and interprets the results of the Oakland Business Retention Survey, undertaken by researchers at the University-Oakland Metropolitan Forum in the fall of 1989.

The purpose of the survey was to assess the opinions and perceptions of Oakland businesses towards the Oakland Business Climate. Particular attention is paid to the quality and availability of the supply of labor available to Oakland businesses, opinions regarding city services and city agencies, and the business expansion and relocation plans of specific businesses. In addition, the survey asked questions about the credit and financing problems facing Oakland Businesses, however fewer than one-third of the respondents replied to such questions.

The survey was mailed to 916 current members of the Oakland Chamber of Commerce. Enclosed were a survey form, and business reply envelope. Because of mistaken addresses and mailing errors, roughly 50 surveys were returned unopened by the Postal Service.

Two-hundred and sixteen completed surveys were returned. This corresponds to a response rate of 23.5 percent for the total sample, and 25.1 percent of the sample that was not returned unopened. On the one hand, these response rates are not particularly good. But, on the other, they are not particularly bad for surveys of this type. No further attempts were made to reach non-respondents.

The choice of the membership of the Oakland Chamber of commerce as the sampling frame has advantages and disadvantages. The advantages are that a ready (and generally accurate) mailing list is available, and that most of the major businesses in Oakland are members of the Chamber. The disadvantage is that many businesses, particularly small businesses, minority-owned businesses, and proprietorships, are not members of the Chamber. Thus the sampling frame has the potential to be biased with respect to the true population of Oakland businesses.

SURVEY FINDINGS

In this section we highlight the primary finding of the survey. A sample of the survey questionnaire is attached as the Appendix to this report.

A. Who Responded to the Survey

Service sector firms dominate the survey responses (Table 1): Of the 216 companies that responded to the survey, the largest share of responses (36%) were in the Service sector. 17.6 percent and 17.1 percent, respectively, of the respondents were in the FIRE and Retail Trade sectors, while 9.7 percent were construction companies. 8.8 percent were manufacturing firms. Only 5.6 percent of the respondents were in the Wholesale Trade sector.

Comparing the survey results to the actual sectoral distribution of Oakland firms, we note that the Construction and FIRE sectors are somewhat over-represented among respondents, while the Wholesale Trade, Retail Trade, and Service sectors are somewhat under-represented. **Broadly speaking, however, the sectoral distribution of respondents reflects the sectoral distribution of establishments in the Oakland economy.**

Most of the responding companies are small (Table 1). Roughly two thirds of the firms responding to the survey employed less than 25 employees, with fully one-quarter (25.5%) of the survey respondents employing four or fewer employees. One fifth (20.8%) of the respondent employed more than 50 employees.

Table 1: Respondent Industry and Firm Size

	Responses	Percent
Industry Sector		
Construction	21	9.7
Manufacturing	19	8.8
Transport/Communication/Utilities	10	4.6
Wholesale Trade	12	5.6
Retail Trade	37	17.1
Finance/Insurance/Real Estate	38	17.6
Services	78	36.1
Other	1	0.5
TOTAL	216	100.0
Firm Size		
0-4 Employees	55	25.5
5-9 Employees	43	19.9
10-24 Employees	49	22.7
25-49 Employees	24	11.1
50+ Employees	45	20.8
TOTAL	216	100.0

Comparing the survey results to the actual size distribution of Oakland establishments, we note that very small establishments (those with fewer than five employees are substantially over-represented. **Thus, the survey results seem fairly biased toward larger establishments.**

Three-fifths of the respondents have been in business for 10 years or more (Table 2). Roughly two-fifths (42.7%) of the survey respondents had been in business for more than 25 years. One-fifth (19.2%) of the respondents had been in business for five years or less.

A majority of respondents have been in Oakland for more than 10 years (Table 2). 58.2 percent of respondents had been in Oakland for more than 10 years. 26.5 percent of respondents had been in Oakland for five years or less.

Table 2: Years in Business and Years in Oakland

	Responses	Percent
Years In Business		
One or Less	9	4.2
2-5	32	15.0
6-10	36	16.9
11-25	45	21.1
More than 25	91	42.7
TOTAL	213	100.0
Years In Oakland		
One or Less	17	8.2
2-5	38	18.3
6-10	32	15.4
11-25	46	22.1
More than 25	75	36.1
TOTAL	208	100.0

The typical responding firm employed 10 full-time workers, but there were wide variations around this estimate (Table 3). The median number of full-time workers employed by all respondents was 10. Respondents in the Manufacturing, Wholesale Trade, and Retail Trade Sectors tended to employ more workers, while respondents in the Construction, Services, and T/C/U sectors tended to employ fewer. These findings not withstanding, there was wide variation in firm size within sector.

In general, the longer a firm had been located in Oakland, the larger its size. The median employee base of respondents that had been located in Oakland for 25 years or more was 20 workers; by contrast, the median employment base for respondents that had been located in Oakland for one year or less was only five workers.

Figure 1: Respondent Industry and Firm Size (N=216)

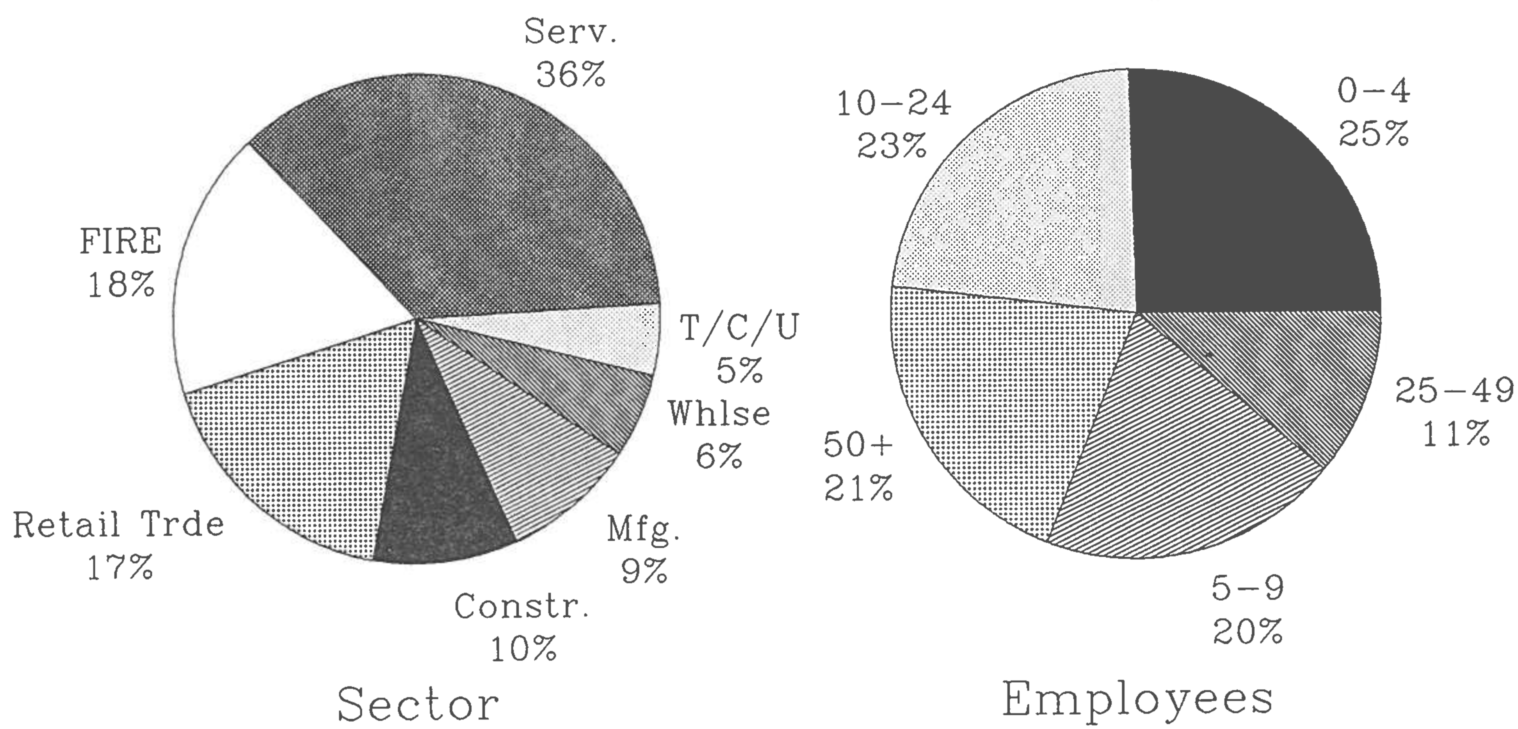


Figure 2: Years in Business and
and Years in Oakland

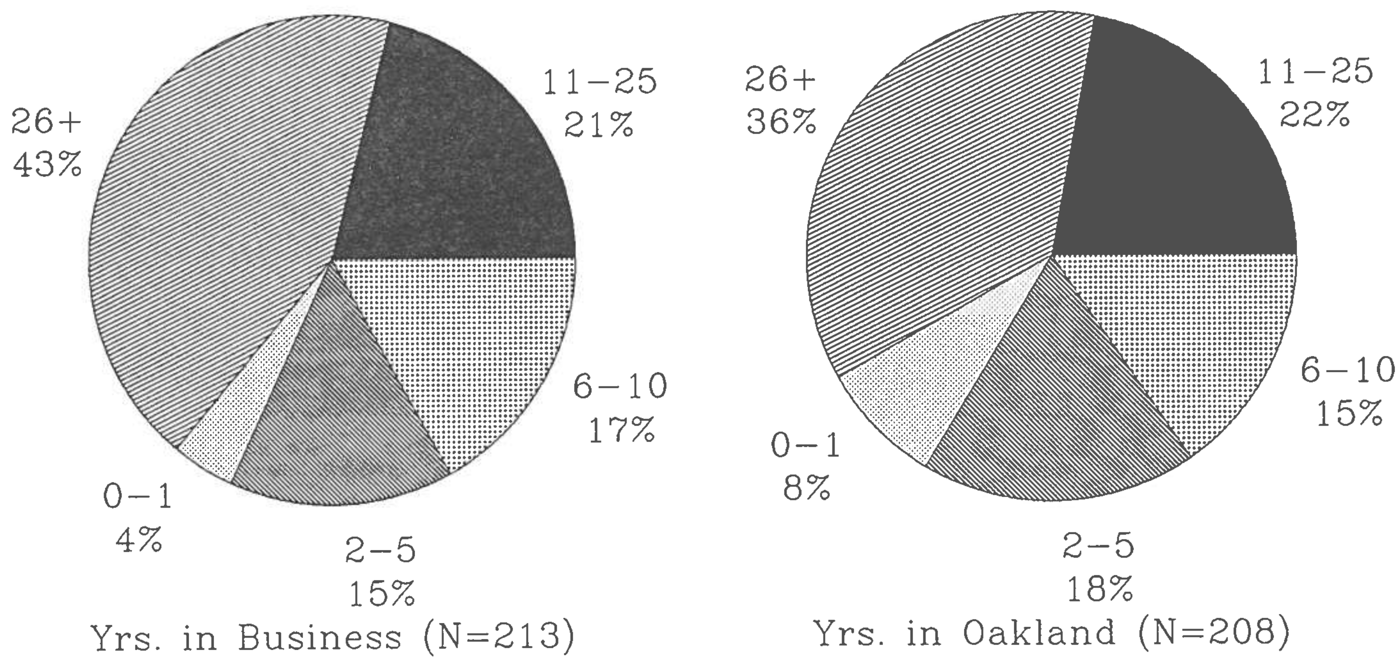


Table 3: Employment Summaries

Employment	----Full Time-----		------Part Time-----		-----Seasonal-----	
	Median	Mean	Median	Mean	Median	Mean
Entire Sample	84.3	1	6.3	0		
By Industry						
Construction	9	62	0	2.3	0	3.8
Manufacturing	28	94	0	1.7	0	3.2
T/C/U	9	94	0	2.4	0	0.4
Wholesale Trade	18	26	0	0.9	n/a	n/a
Retail Trade	17	37	1	2.9	0	1.8
FIRE	10	35	1	3.2	0	0.6
Services	8	120	1	12.8	0	6.2
By Tenure in Oakland						
1 year or less	5	35	1	16	n/a	n/a
2-5 years	6	23	0	2.6	0	0.75
6-10 years	10	40.5	1	10	0	8.75
11-25 years	9.5	40	1	2.3	0	0.4
25+ years	20	178	0	7.3	0	4.3

The typical respondent employed only one part-time worker, and no seasonal employees. There were, however, wide variations around the number of part-time employees, with the largest variation among Service sector firms, and among firms that had been located in Oakland less than one year or more than 25 years.

Those respondents who employed seasonal workers tended to be in the Services, construction, and Manufacturing sectors. Seasonal employment as greatest among respondents that had been in Oakland for six to ten years.

B. Rating Oakland's Business Climate

We asked Oakland businesses to rate more than 25 factors which contribute to the city's business climate in a scale of 1 (terrible) to 5 (terrific). We also asked respondents to rate other East Bay locations on the same scale. To evaluate how well Oakland scored on each of the factors, we computed a "negatives ration," consisting of the percentage of "terrible" and "poor" (ratings 1 and 2) ratings. Table 4 presents the various business climate factors in Oakland, compared to responses to the same factors in other East Bay locations.

Comparing Oakland's performance on 26 business climate factors, survey respondents rated public education quality the worst, and local mass transit services the best (Table 4).

95 percent of survey respondents consider the quality of Oakland's public schools to be "poor" or "terrible." By contrast, only 7 percent of respondents consider public schools in other East Bay communities to be poor or terrible.

60 percent of survey respondents rate Oakland's business taxes very unfavorable, as compared with on 19 percent for other East Bay communities.

Roughly half of those responding rate the **availability of good quality housing**, and the **availability of qualified labor** in Oakland as either "terrible" or "poor." By contrast, these two factors are rated quite positively for other East Bay sites.

Additionally, the following Oakland business climate factors were rated as either "terrible" or "poor" by 40 to 50 percent of those respondents who thought them relevant: **job training programs, the cost of housing, local property taxes, and local building and development regulations.** Despite these poor ratings, respondents believed that job training programs and the cost of housing were better in Oakland than in other East Bay sites. By contrast, respondents believed property taxes and the building/development approval process to be more favorable in other East Bay communities.

Oakland was rated superior to other East Bay sites with respect to the cost of labor, although 25 percent of the respondents rated the cost of labor in Oakland unfavorably.

Oakland was also rated as superior to other East Bay sites with respect to **cultural events and opportunities, and diversity of lifestyles and neighborhoods.** Most respondents viewed these attributes favorably.

Oakland's transportation-related factors such as **rail freight transportation, freeway transportation, and local mass transit service**, were generally rated quite highly, with fewer than 10 percent rating the services as "terrible" or "poor." Moreover, Oakland's ratings in these categories were far superior to other East Bay sites.

Air passenger, air freight, and water freight transportation services also rated quite highly, although the number of respondents who considered such services relevant to their business was much lower.

General market opportunities in Oakland were rated unfavorably by 25 percent of respondents. By contrast, market opportunities were rated unfavorably in other East Bay cities by only 8 percent. Respondents rated the availability of finance capital in Oakland and the East Bay similarly.

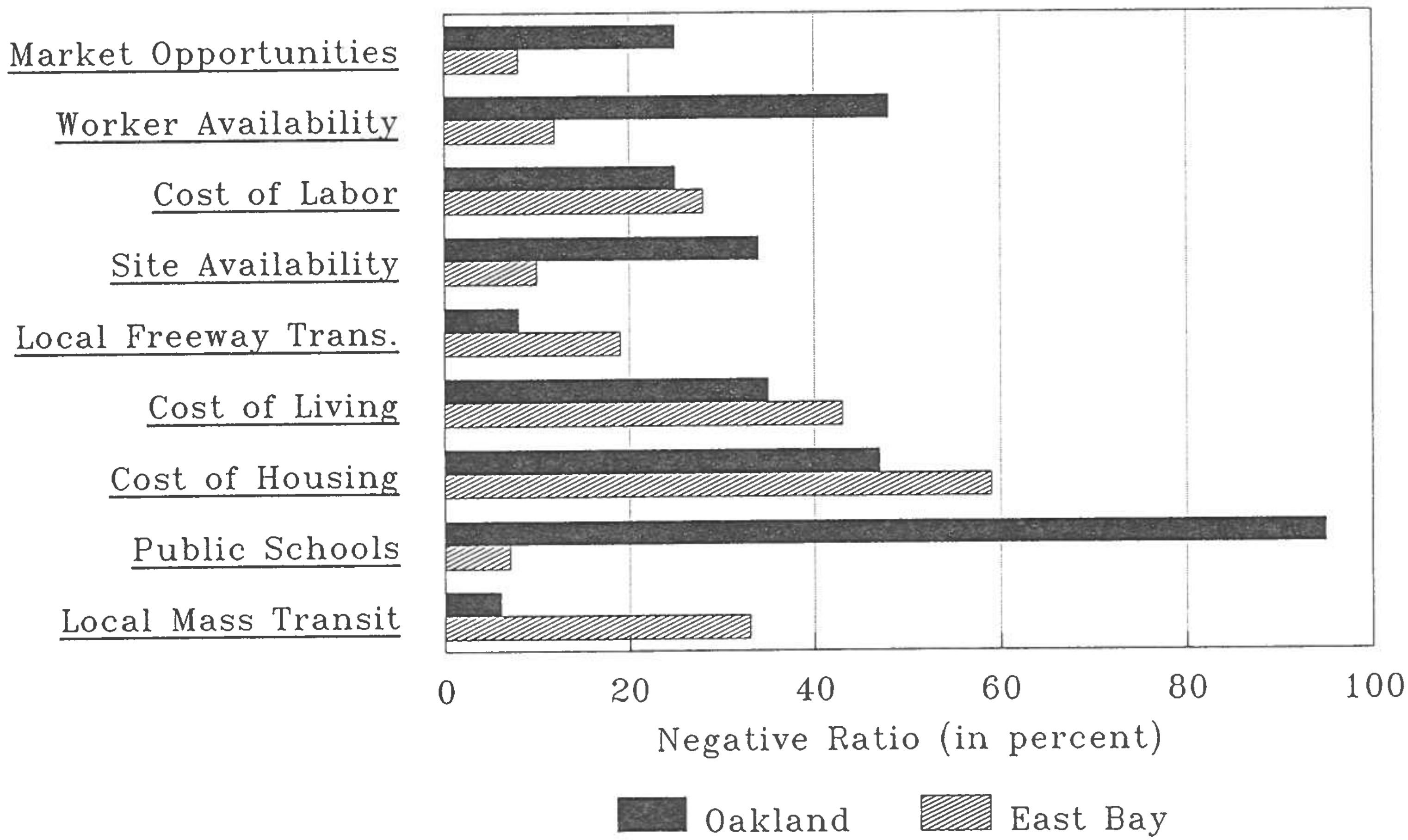
Health care availability and recreational opportunities were consistently viewed as being superior outside Oakland.

Table 4: Oakland vs. East Bay Business Climate Factor Ratings (Sorted by Oakland "Negatives" Ratio)

	Oakland		Other East Bay			Negative Ratios		
Business Climate Factors	Low	Mod/High	Low	Mod/High	Not Relevant	Oakland	EB	Diff.
Public School Quality	160	9	9	124	0	95%	7%	88%
Local Business Taxes	99	167	21	88	0	60%	19%	41%
Availability of Good Quality Housing	90	94	21	110	26	49%	16%	33%
Availability of Qualified Workers	94	98	18	127	0	48%	12%	36%
Job Training Programs	41	43	34	29	87	48%	53%	-5%
Cost of Housing	85	94	78	55	0	47%	59%	-12%
Local Property Taxes	73	92	32	80	0	44%	29%	15%
Local Building/Development Regulations	59	75	24	69	56	44%	26%	18%
City Public Services	71	111	14	111	18	39%	11%	28%
General Cost of Living	64	121	57	73	0	35%	43%	-8%
Availability of good Sites	54	104	11	103	0	34%	10%	24%
Affirmative Action/Preferential Hiring Regulations	40	89	22	72	0	31%	23%	8%
Cost of Labor	46	137	37	93	0	25%	28%	-3%
General Market Opportunities	46	139	12	137	0	25%	8%	17%
Availability of Finance/Equity Capital	28	86	8	72	0	24%	10%	14%
Parks/Recreation Opportunities	38	141	4	130	23	21%	3%	18%
Health Care and Availability	38	142	9	121	22	21%	7%	14%
Cultural Events/Opportunities	31	151	37	100	18	17%	27%	-10%
Worker Safety Regulations	18	90	11	67	0	17%	14%	3%
Diversity of Lifestyles & Neighborhoods	25	156	38	96	0	14%	28%	-14%
Local Rail Freight Transportation	6	42	14	19	0	13%	42%	-29%
Local Freeway Transportation	15	171	25	109	0	8%	19%	-11%
Air Passenger Services	8	130	35	40	67	6%	42%	-36%
Local Mass Transit Service	11	160	39	77	0	6%	33%	-27%
Local Water Freight Transportation	2	44	11	18	153	4%	38%	-34%
Air Freight Services	2	91	30	31	112	2%	49%	-47%

1. *Low corresponds to a rating of 1 or 2.*
2. *Mod/High corresponds to a rating of 3,4, or 5.*
3. *The negatives ratio is defined as number 1&2 ranks/number of 1-5 ranks*

Figure 3: Business Climate Factors
Negative Ratios: Oakland vs.East Bay



Notes: Negative Ratios are from Table 4

General business opportunities was rated by far the most important business climate factor (Tables 5A and 5B), followed by the availability of qualified labor, and the cost of labor. Other factors deemed important were the availability of good quality sites, and local freeway transportation. Of somewhat less importance were the general cost of living, the cost of housing, public school quality, and local mass transit service.

Table 5A: Top Five Business Climate Factors

	Frequency	Oakland Neg. Ratio	East Bay Neg. Ratio
First Key Factor			
General Market Opportunities	86	25%	8%
Availability of Qualified Workers	32	48%	12%
Cost of Labor	10	25%	28%
Availability of Good Sites	9	34%	10%
Local Freeway Transportaion	9	8%	19%
Second Key Factor			
Availability of Qualified Workers	48	48%	12%
Cost of Labor	27	25%	28%
Availability of Good Sites	20	34%	10%
Local Freeway Transportation	15	8%	19%
General Cost of Living	10	35%	43%
Third Key Factor			
Cost of Labor	26	25%	28%
Local Freeway Transportation	21	8%	19%
Avalability of Good Sites	16	34%	10%
General Cost of Living	15	35%	43%
Availability of Qualified Workers	13	48%	12%
Fourth Key Factor			
Local Freeway Transportation	20	8%	19%
Availability of Qualified Workers	16	48%	12%
Cost of Housing	13	47%	59%
General Cost of Living	12	35%	43%
General Market Opportunities	12	25%	8%
Fifth Key Factor			
General Cost of Living	16	35%	43%
Public School Quality	15	95%	7%
Availability of Qualified Workers	13	48%	12%
Local Freeway Transportation	12	8%	19%
Local Mass Transit Service	11	6%	33%

***Negatives ratios are from Table 4, and are based on different frequencies*

Of the five top business climate factors rated most important (Table 5B), Oakland rates substantially worse than other East Bay communities on three factors (General market opportunities, qualified workers, availability of sites), but somewhat better than other East Bay communities on two (cost of labor and freeway transportation). For example, whereas 25 percent of respondents rate Oakland's business climate as "terrible" or "poor," only 8 percent of respondents give a similar rating to other East Bay communities. By contrast, only 8 percent of respondents rate Oakland's freeway service as "terrible" or "poor," as compared with 25 percent for other East Bay communities.

Table 5b: Most Important Business Climate Factors: Weighted Frequencies

Business Climate Factors	Weighted Frequency	Oakland Neg. Ratio	East Bay Neg. Ratio
General Market Opportunities	454	25%	8%
Availability of Qualified Workers	436	48%	12%
Cost of Labor	236	25%	28%
Availability of Good Sites	173	34%	10%
Local Freeway Transportation	220	8%	19%
General Cost of Living	125	35%	43%
Cost of Housing	26	47%	59%
Public School Quality	15	95%	7%
Local Mass Transit Service	11	6%	33%

***Negatives ratios are from Table 4.*

Those firms planning to move or expand out of Oakland were substantially more dissatisfied with Oakland's business climate than those planning to stay (Table 6). For example, whereas 43.5 percent of all respondents were critical of the **availability of qualified workers** in Oakland, among those firms planning to leave the city that ration rose to 54.5 percent. Firms planning to leave/expand out of Oakland were also much more critical of **general market opportunities** in Oakland, and somewhat more critical of the **cost of living and local freeway service,** than the sample as a whole.

Manufacturing firms were consistently more dissatisfied with Oakland's business climate than the sample as a whole. FIRE and Wholesale Trade industries, by contrast, tended to be somewhat more satisfied with Oakland's business climate than the entire sample. Other industries were more or less satisfied, depending on the specific business climate factor. Wholesale trade firms, for example, were consistently more satisfied with Oakland **market opportunities** than was the sample as a whole, while Service firms were much less satisfied with Oakland's **cost of living** than the entire sample.

With two exceptions, larger firms were no more or less satisfied with Oakland's business climate than were smaller firms. The two exceptions: larger firms were mush less satisfied with the **cost of living** and the **quality of local freeway transportation.**

The number of years a particular firm has been in Oakland does not appear to significantly affect its opinions of Oakland's business climate.

Table 6: Top Five Business Climate Factors: Percentage Rating of Oakland UNFAVORABLE by Relocation Plans, Industry, Employment, and Years in Oakland

	General Market Opportunities	Avail. of Qualified Workers	Cost of Labor	Local Freeway Transport.	Cost of Living	Sample Size
ENTIRE SAMPLE	21.3%	43.5%	21.3	7.5%	29.6%	216
PLANNING TO RELOCATE OUT OF OAKLAND	36.4%	54.4%	23.6%	12.7%	36.4%	55
Industry Sector						
Construction	33.3%	33.3%	28.6%	14.3%	23.8%	21
Manufacturing	26.3%	52.6%	42.1%	15.8%	31.6%	19
Transport/Communications/Utilities	10.0%	50.0%	0.0%	10.0%	10.0%	10
Wholesale Trade	9.1%	27.3%	27.3%	9.1%	18.2%	11
Retail Trade	18.4%	36.8%	23.7%	2.6%	28.9%	38
Finance/Insurance/Real Estate	18.4%	47.4%	5.3%	7.9%	15.8%	38
Services	23.1%	46.2%	23.1%	3.8%	42.3%	78
Full-Time Employment						
1-4 employees	25.5%	43.6%	20.0%	3.6%	30.9%	55
5-9 employees	20.9%	34.9%	9.3%	2.3%	16.3%	43
10-24 employees	20.4%	46.9%	28.6%	6.1%	34.7%	49
25-49 employees	20.8%	54.8%	8.3%	8.3%	16.7%	24
50+ employees	17.8%	46.7%	33.3%	15.6%	42.2%	45
Years in Oakland						
One or Less	23.5%	17.6%	5.9%	5.9%	11.8%	17
2-5	15.8%	50.0%	28.9%	5.3%	36.8%	38
6-10	15.6%	46.9%	9.4%	9.4%	18.8%	32
11-25	28.3%	45.7%	13.0%	8.7%	30.4%	46
More than 25	22.7%	44.0%	30.7%	5.3%	29.3%	75

Discussion of Business Climate Factors

There are two dynamics at work in the results which require further elaboration. The first is the "grass is always greener" tendency. While most of the responding firms are familiar with Oakland, many may not be familiar with other specific East Bay locations. Thus, they may idealize the business climate in other locations (based on hearsay or impression), while perhaps coming down harder on Oakland.

Second, except for the **availability of qualified workers,** the business climate factors in which Oakland fares the worst (relative to other East Bay locations) tend not to be the most important factors overall. For example, although Oakland rates especially poorly on local business taxes, business taxes were not viewed as one of the more important business climate factors. Similarly, the factors in which Oakland scores the best (relative to other East Bay locations) tend also not to be of critical importance to most respondents.

Still, it is important not to make too much of this last tendency, lest it be used to justify inaction. Overall, the results show that the business climate in Oakland is viewed much more unfavorably than the business climate elsewhere in the East Bay **and that firms thinking of leaving Oakland tend to have consistently more negative views of the city's business climate.**

C. Rating City Services

Most of the Oakland city services viewed by the survey respondents as relevant to their businesses are rated as excellent or satisfactory (Table 7). Of the 15 city services rated, only **street cleaning, street maintenance/repair, parking availability, job training, and public education** were rated as "unsatisfactory" by more than 30 percent of the respondents. On the other extreme, only **fire protection and business assistance** were rated as "excellent" by more than 30 percent of the sample. Finally, there were four public services: cultural affairs, business assistance, building inspection, and job training, that were rates as being not relevant by more than 30 percent of the sample. **Overall, except for public education, most Oakland public services are viewed as "satisfactory" by the majority of the sample.**

Table 7: Ratings of City Services (In Order of Relevance)

City Service	*Excellent*	*Satisfactory*	*Unsatisfactory*	*Not Relevant*
Street Lighting	13.8%	66.8%	19.0%	1.4%
Police Protection	25.0%	60.25	12.9%	1.4%
Street Cleaning	12.4%	48.0%	37.6%	1.9%
Street Maintenance/Repair	9.7%	57.0%	30.7%	2.4%
Fire Protection	38.5%	57.0%	1.0%	3.4%
Public Transportatoin Service	27.0%	56.0%	12.5%	4.3%
Public Parking Availability	15.6%	43.1%	34.1%	7.1%
Sewer and Water Service	23.3%	66.1%	2.9%	7.4%
Access to City Officials	10.7%	47.7%	24.1%	17.4%
Public Hospitals	15.0%	47.7%	19.0%	18.0%
Public Education	2.5%	8.6%	64.6%	23.8%
Cultural Service/Affairs	13.0%	48.7%	8.0%	30.1%
Business Assistance	31.6%	38.9%	26.8%	31.0%
Building Inspection	2.6%	42.3%	22.2%	32.8%
Job Training	0.5%	25.5%	33.8%	40.1%

Similarly, most Oakland city agencies are viewed as doing a satisfactory job (Table 8). Among agencies in which respondents come into contact on a frequent basis, the Chamber of Commerce is given the highest marks (not surprising given that this is a survey of Chamber members), followed by the Oakland Police Department. Among agencies which are dealt with on an occasional basis, the Fire Department, City Council, OEDE, and the City Managers Office receive generally good marks. The Redevelopment Agency and the Oakland Private Industry Council are dealt with infrequently by most respondents. The worst ratings are given to the Planning and Zoning Department (38.6% unsatisfactory) and the Oakland Public Works Department (32% unsatisfactory).

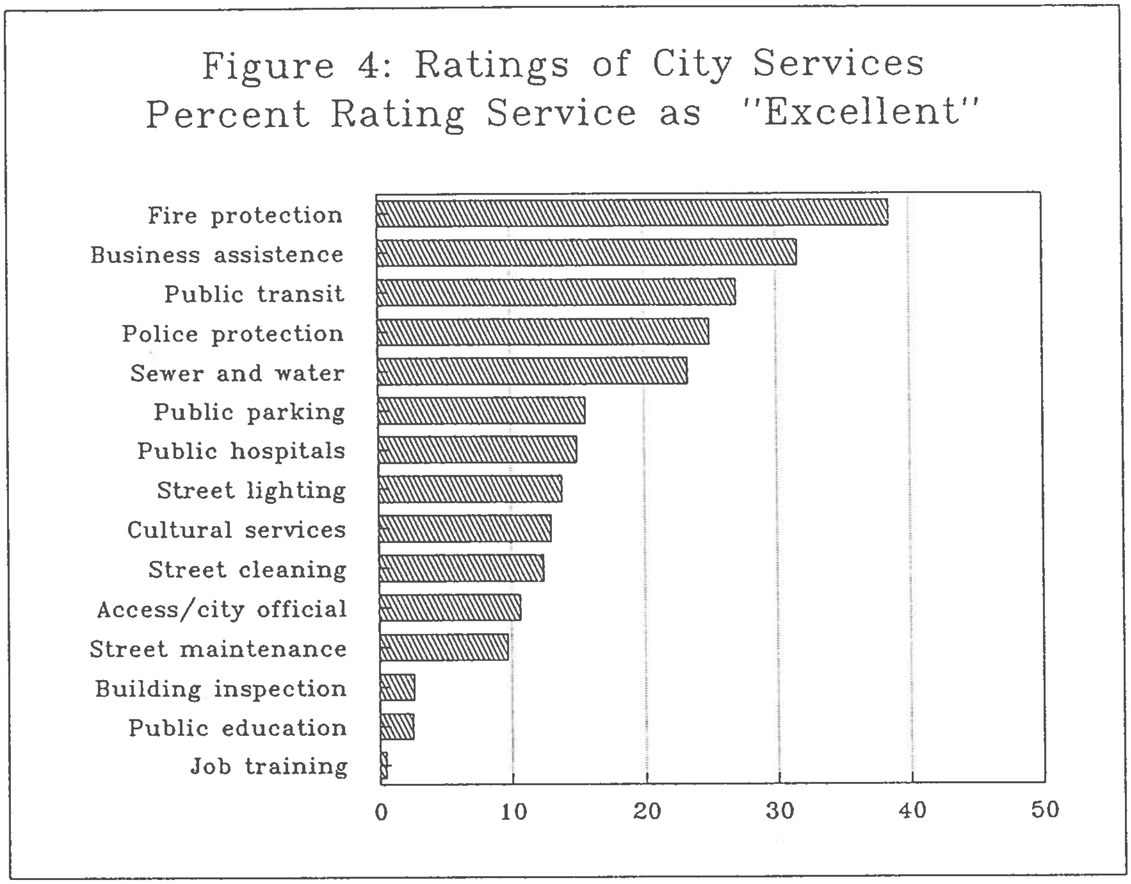


Figure 4: Ratings of City Services
Percent Rating Service as "Excellent"
Fire protection
Business assistence
Public transit
Police protection
Sewer and water
Public parking
Public hospitals
Street lighting
Cultural services
Street cleaning
Access/city official
Street maintenance
Building inspection
Public education
Job training
0
10
20
30
40
50

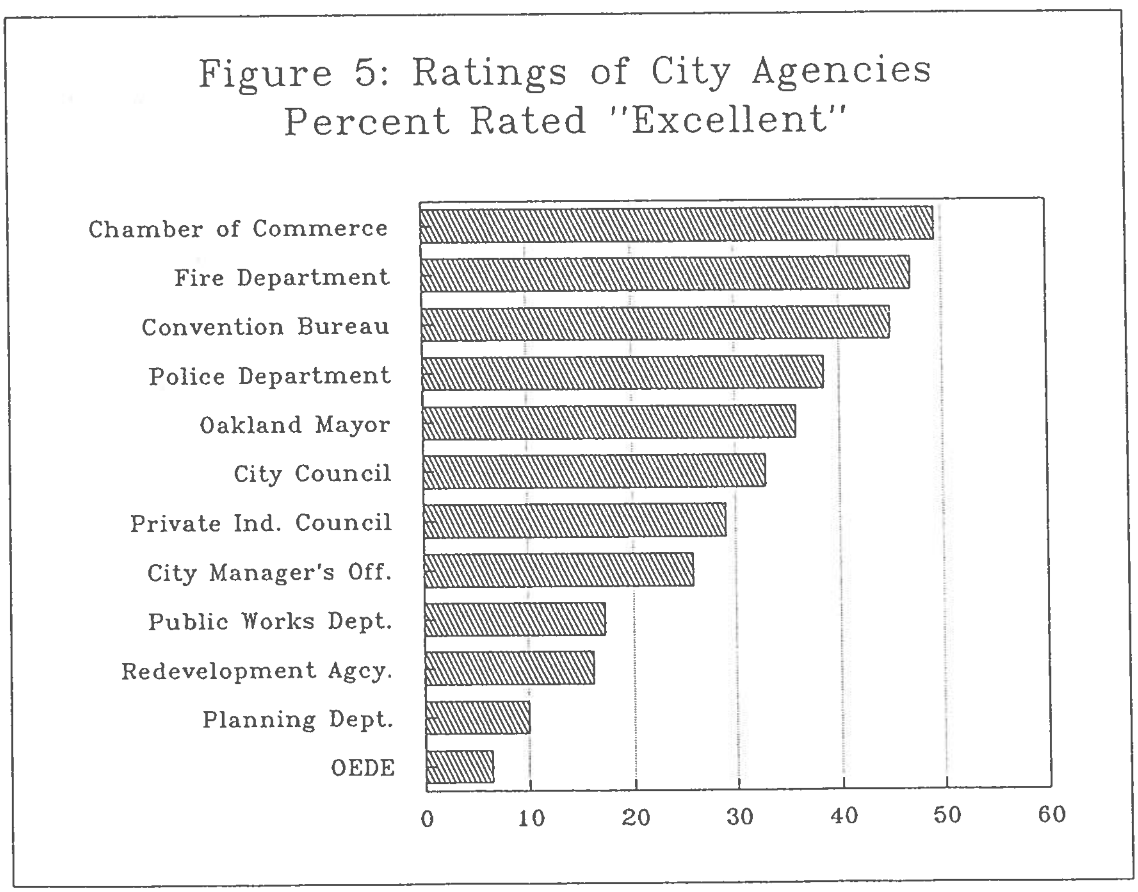


Figure 5: Ratings of City Agencies
Percent Rated "Excellent"
Chamber of Commerce
Fire Department
Convention Bureau
Police Department
Oakland Mayor
City Council
Private Ind. Council
City Manager's Off.
Public Works Dept.
Redevelopment Agcy.
Planning Dept.
OEDE
0
10
20
30
40
50
60

Table 8: Ratings of City Agencies (In Order of Contact)

City Agencies/Organization	*Excellent*	*Satisfactory*	*Unsatisfactory*	*% With Contact*
Chamber of Commerce	49.3%	43.1%	7.5%	67.6%
Police Department	38.5%	51.5%	9.2%	60.1%
Fire Department	47.0%	48.2%	4.7%	39.4%
City Council	32.9%	50.0%	17.1%	35.1%
Public Workers Department	17.3%	50.7%	32.9%	34.7%
Planning and Zoning Department	10.0%	31.4%	38.6%	32.4%
Office of Economic Development and Employment	6.5%	62.3%	15.9%	31.9%
Oakland Mayor	35.8%	42.7%	22.0%	31.4%
Convention and Visitors Bureau	45.0%	40.0%	13.3%	27.8%
City Manager's Office	25.8%	55.2%	18.9%	26.8%
Redevelopment Agency	16.2%	56.8%	27.0%	17.1%
Private Industry Council	29.0%	41.9%	25.8%	14.3%

Discussion. With a few exceptions, Oakland businesses seem generally satisfied with city service and agencies. Among services, the exceptions are the public school system, and street cleaning. Among agencies, the Planning Department and Public Works Department are least appreciated; the Chamber of Commerce and Fire Department are most appreciated. Thus, except for local public schools, survey respondents seem to differentiate between their opinions of the Oakland business climate (which are generally negative), and how well local public officials and agencies are doing their jobs.

D. Labor Quality and Availability

When asked about the types of difficulties they had filling open positions, 39.8 percent of all respondents reported that they had specific difficulties finding qualified or trained workers (Table 9). Another 24.5 percent of all respondents reported difficulties finding any workers. Only 13.4 percent complained that workers were not available at current wages, while 11.6 percent complained of high turnover.

Among the various sectors, Manufacturing, and FIRE industries reported that their greatest labor difficulties were in finding qualified or trained workers (Table 9). Wholesale Trade firms, on the other hand, reported no such difficulties.

Manufacturing, and Construction firms also reported substantial difficulties in finding any workers. Manufacturing industries also complained that they could not find workers at current wages. Finally, high worker tornover was found to be a significant problem primarily in the Service industries.

All in all, manufacturing industries reported the greatest difficulties filling open positions.

With one exception, firm size, and length of time in Oakland were not correlated with difficulties filling open positions (Table 9). This one exceptions seems to be that more established firms, those in Oakland longer, seem to have somewhat fewer turnover problems.

Table 9: Types of Difficulties Filling Open Positions, by Industry, Firm Size, and Tenure (Percentages May Exceed 100% because of multiple responses)

Recruitment Difficulties	*Workers Not Available*	*Workers Not Available at Current Wages*	*Workers Not Qualified or Trained*	*High Turnover*	*Sample* Size*
ENTIRE SAMPLE	24.5%	13.4%	39.8%	11.6%	216
Industry Sector					
Construction	28.6%	4.8%	33.3%	0.0%	21
Manufacturing	36.8%	21.1%	57.9%	15.8%	19
T/C/U	30.0%	20.0%	50.0%	20.0%	10
Wholesale Trade	16.7%	8.3%	8.3%	0.0%	21
Retail Trade	18.9%	8.1%	37.8%	8.1%	37
FIRE	23.7%	7.9%	47.4%	7.9%	38
Services	23.1%	19.2%	37.2%	18.0%	78
Full-Time Employment					
1-4 Employees	16.4%	20.0%	41.8%	10.9%	55
5-9 Employees	20.9%	9.3%	39.5%	11.6%	43
10-24 Employees	28.6%	14.3%	40.8%	14.3%	49
25-49 Employees	20.8%	0.0%	33.3%	8.3%	24
50+	35.6%	15.6%	40.0%	11.1%	45
Years in Oakland					
One or Less	5.9%	5.9%	17.7%	5.9%	17
2-5	31.6%	18.4%	52.6%	28.9%	38
6-10	18.8%	12.5%	37.5%	9.4%	32
11-25	28.3%	6.5%	32.6%	6.5%	46
More than 25	26.7%	14.7%	44.0%	8.0%	75

**Includes the following other resources: Unreliable (2), Poor Work Ethic (2), Transportation Difficulties (2), Poor Education/Reading and Writing Skills (2), People Reluctant to Work in Oakland (2), Unwilling to Commute, Security Fears, and Need to Handle Cash.*

Of the entire sample of 216 respondents, 103 noted that they have difficulties recruiting or retaining qualified labor (Table 10). Moreover, as noted above (Table 5), the **availability of qualified labor** was viewed as Oakland's most serious business climate shortcoming.

Of these 103 firms, 27.2 percent had the greatest difficulties recruiting qualified **clerical and support** workers, while 22.3 percent had the greatest difficulty recruiting **skilled trade** workers. Only 15.5 percent and 10.7 percent respectively had difficulty recruiting **technical** and **sales** workers.

Among industries, the sample sizes are generally too small from which to generalize about difficulties in recruiting qualified labor. The two exceptions to this are FIRE industries, which had their greatest difficulties recruiting qualified clerical and support workers (19 respondents), and Service industries, which reported great difficulties in finding qualified **professional and administrative workers** (11 respondents).

Table 10: Difficulty Recruiting Qualified Labor, by Position, Size, and Length of Time in Oakland

Occupation	*Technical*	*Prof. & Admin.*	*Clerical & Support*	*Sales*	*Skilled & Trade*	*Other*	*All Occu.*	*Sam. Size*
ENTIRE SAMPLE	15.5%	22.3%	27.2%	10.7%	22.3%	1.9%	100.0%	103
Industry Sector								
Construction	33.3%	16.7%	33.3%	0.0%	16.7%	0.0%	100.0%	6
Manufacturing	33.3%	0.0%	0.0%	8.3%	58.3%	0.0%	100.0%	12
T/C/U	0.0%	16.7%	33.3%	16.7%	33.3%	0.0%	100.0%	6
Wholesale Trade	0.0%	33.3%	0.0%	33.3%	33.3%	0.0%	100.0%	3
Retail Trade	5.9%	17.6%	23.5%	23.5%	17.6%	11.8%	100.0%	17
FIRE	13.6%	13.6%	50.0%	13/6%	9.1%	0.0%	100.0%	38
Services	16.2%	37.8%	24.3%	2.7%	18.9%	0.0%	100.0%	37
Full-Time Employment								
1-4 Employees	8.7%	21.7%	34.8%	17.4%	13.0%	4.3%	100.0%	23
5-9 Employees	20.0%	5.0%	35.0%	10.0%	30.0%	0.0%	100.0%	20
10-24 Employees	16.0%	28.0%	12.0%	16.0%	24.0%	4.0%	100.0%	25
25-49 Employees	9.1%	27.3%	36.4%	0.0%	27.3%	0.0%	100.0%	11
50+ Employees	20.8%	29.2%	25.0%	4.54.2%	20.8%	0.0%	100.0%	24
Years in Oakland								
One or Less	20.0%	40.0%	0.0%	20.0%	20.0%	0.0%	100.0%	5
2-5	13.6%	22.7%	22.7%	13.6%	18.2%	9.1%	100.0%	22
6-10	23.1%	23.1%	23.1%	7.7%	23.1%	0.0%	100.0%	13
11-25	19.0%	26.3%	28.9%	13.2%	23.7%	0.0%	100.0%	21
More than 25	7.9%	26.3%	28.9%	13.2%	23.7%	0.0%	100.0%	38

Difficulties in finding qualified labor do not seem to vary much with respect to firm size.

Generally speaking, well established firms (those who have been in Oakland the longest have less trouble finding **technical** and **sales workers** than other firms, but comparable difficulties finding **professional, clerical, and skilled/trade workers.**

The vast majority of survey respondents find new workers by one of two mechanisms: Word-of-mouth, or via newspaper and media advertisements (Table 11). A sizeable number of respondents find new workers through employment agencies and "walk-ins." A few respondents rely on listed announcements to attract new workers. On the whole, local union halls, referrals from the California Employment Development Department, and placements form local job training programs, are not perceived as major sources of labor for Oakland businesses.

Figure 6: Labor Recruitment Difficulties by Type of Position (N = 103)

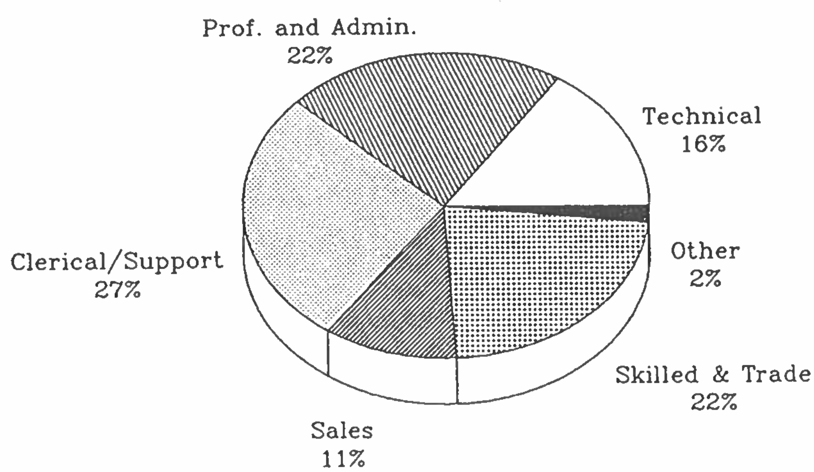


Table 11: Sources of New Employees

Source/Frequency	*Most Freqent* 5	4	3	*Least Frequent* 2	1	*Total*	*Weighted Average*
Word-Of-Mouth	36	23	19	6	40	124	381
Newspaper/Media Advertisments	33	14	11	16	39	113	325
Employment Agencies	14	6	11	10	44	85	191
"Walk-Ins"	5	12	11	18	37	83	179
Listed Announcements	4	8	8	6	34	60	122
Union Hall	6	3	4	1	36	50	92
State Employment Service (EDD)	1	3	4	4	44	56	81
Public Job Training Program	0	1	2	5	41	49	61
Other:							
College/University Placement						5	
Recommendation/Referral						5	
Family/Friends						3	

E. Expansion and Relocation Plans

Forty-six percent of the 216 survey respondents reported plans to expand their work force during the coming year. Thirty-eight percent planned to expand their facilities at existing Oakland locations, while 23 percent of the respondents planned to expand to new locations. Twenty-nine percent of respondents reported plans to relocate their operations, while four percent planned to reduce their workforce. Only two percent of the respondents planned to shut down their operations. Fifty six respondents, or 26 percent, reported no planned changes to their businesses.

Table 12: Expansion and Relocation Plans Within the Coming Year

Expansion Plans

Expand Workforce	46%
Expand Facilities at Existing Locations	38%
Expand at New Location	23%
Relocate	29%
Reduce Workforce	4%
Shut Down Operations	2%

Relocation Plans

	Number of Respondents
In Oakland	96
In Alameda County	38
Outside Alameda County	32
Outside Bay Area	26

Percentages may be greater than 100% due to overlapping responses.

Of those firms that planned either to expand or relocate their operations during the coming year, 96 were planning to expand **in Oakland**, by far the largest total (Table 12). Thirty-eight businesses were planning to expand elsewhere in Alameda County, while 32 business planned to expand outside of Alameda County but inside the San Francisco Bay Area. Only 26 businesses planned to expand or relocate outside the Bay Area.

Twenty-five percent of respondents were planning to relocate or expand their operations outside Oakland (Table 13--Note: some of these same businesses also planned to expand operations in Oakland). In general there was no pattern across sectors and industries with respect to relocation or expansion plans outside of Oakland. Nor was there any correlation between expansion/relocation plans outside Oakland and firm employment size. By contrast, there was some relationship between relocation/expansion plans and tenure in Oakland, **with those businesses that had been on Oakland the shortest period more likely to plan to leave the city**. The flip-side of this finding, of course, is that the longer a business has been in Oakland, the more likely it is to want to stay in Oakland.

Table 13: Distribution of Firms Planning to Relocate Out of Oakland by Industry, Employment, and Years in Oakland.

	Percent Planing to Expand/Relocate Out of Oakland	*Sample Size*
ENTIRE SAMPLE	25.5%	216
Industry Sector		
Construction	28.6%	21
Manufacturing	21/1%	19
T/C/U	20.0%	10
Wholesale Trade	27.3%	11
Retail Trade	23.7%	38
FIRE	28.9%	38
Services	25.6%	78
Full-Time Employment		
1-4 Employees	21.8%	55
5-9 Employees	27.9%	43
10-24 Employees	24.5%	49
25-49 Employees	25.0%	24
50+ Employees	28.9%	45
Years in Oakland		
One or Less	41.2%	17
2-5	34.2%	38
6-10	25.0%	32
11-25	21.7%	46
More than 25	18.7%	75

This section emphasized two points. First, Oakland businesses are growing. A substantial percentages of Oakland businesses are planning to expand ore relocate. And most of these plan to relocate in Oakland. Although they recognize its problems, most Oakland businesses remain committed to Oakland.

There are a substantial number of respondents, however, which plan to relocate outside of Oakland and Alameda County. Many of the businesses planning to relocate outside of Oakland are the businesses which have been in Oakland less than five years, while those which have more substantial investment in the city are more likely to stay. This emphasizes the need for the city to develop a business retention strategy as well as a strategy of business attraction. If new businesses leave Oakland before they set down roots here, they will not grow into job and income generators for the city.

CONCLUSION

It must be emphasized that the results of this survey do not report on Oakland's actual business climate, but on the perceptions of Oakland businesses toward the city. It is possible, however, that these perceptions are more important than statistics which might be put out by city government, even if these statistics contradict the businesses' perceptions. If Oakland's businesses do not perceive services or opportunities as being available to them, that is the better guide to future policy and planning.

The responses of this survey show that business perceptions of Oakland are mixed. Two out of the five factors most important to local businesses, cot of labor and freeway transportation, were rated more highly in Oakland than in other East Bay locations. Two more factors, lack of qualified workers, and lack of sites for development, are problems, but they are problems which can be addressed by organized economic development planning and job training. As such, they frame the challenges facing the city, and provide guidance for future strategic efforts.

The fifth and most important business climate factor is market opportunities. Market opportunities involve more than just the perception of local businesses, they are dependent on the perception of the entire outside world towards Oakland as a place to do business. The fact that Oakland has many advantages to offer businesses, including diverse neighborhoods, cultural amenities, relatively low rents, and a centralized location is periodically discovered by the rest of the world. Such discoveries create windows of opportunity for Oakland. One such window is opening now. To create and expand Oakland's market opportunities means attracting businesses and keeping them happy. To do this, the city and local businesses must work together to close the gaps in education, safety, and quality of life which are perceived as Oakland's weaknesses. This effort must begin by communication and mutual dialogue. It is hoped that this survey will be a supportive step in that direction.

APPENDIX A

OAKLAND BUSINESS RETENTION SURVEY

"The best, most cost-effective economic development program builds on the existing jobs and business base." This is hardly a revolutionary philosophy, but it is one that many cities have disregarded--at least until now. The city of Oakland and the Oakland Chamber of Commerce are embarking on a major business retention program to identify the needs of Oakland's current businesses, the help them expand and grow, and most of all, to try to keep Oakland's businesses in Oakland. This survey is the first step in that effort--an attempt to identify what Oakland businesses are thinking: about their workers, about day-to-day problems they face, and about the general business climate in Oakland.

By completing this survey, you can help us get a better handle on the attitudes, needs, and plans of Oakland businesses. We estimate it might take you 10-20 minutes to complete. All responses to this survey will be strictly confidential. You don't even need to tell us the name or address of your business!

This survey was designed by the University-Oakland Metropolitan Forum, with the help of more than 50 government and business leaders. It is being sent to more than 1000 Oakland business,. in all parts of the city. We anticipate that preliminary results will be available in mid-October. If you have any questions regarding this survey, and its purpose, or want clarification on the survey questions, please call Ed Ferran or Shubro Guhathakurta at 643-9103, or John Landis at 642-5918.

Thank you in advance for your help.

PLEASE ANSWER ALL QUESTIONS

1. What products does your business produce, or services does your firm offer?

____

____

2. In what year was your business established? ______

3. In what year did you first locate in Oakland? ______

4. How many years have you been at your current location? ______

5a. How many full-time employees are currently on your payroll?
(Include all Oakland locations): ______

5b. Part-time (less than 50% time) employees? ______
5c. Seasonal emp[loyees? ______

6. On a scale of **1 (Terrible) to 5 (Terrific)**, please rate the following aspects of the business climate in Oakland, versus other cities and locations in the East Bay (Alameda and Contra Costa Counties).
*(If a factor does not apply to your business, please check "**Not Relevant**".*

	Oakland	Other East Bay	Not Relevant
a. General market opportunities	[ ]	[ ]	[ ]
b. Availability of qualified workers	[ ]	[ ]	[ ]
c. Cost of labor	[ ]	[ ]	[ ]
d. Availability of good sites	[ ]	[ ]	[ ]
e. Availability of finance/equity capital	[ ]	[ ]	[ ]
f. Local rail freight transportation	[ ]	[ ]	[ ]
g. Local water freight transportation	[ ]	[ ]	[ ]
h. Local freeway transportation	[ ]	[ ]	[ ]
i. Local mass transit services	[ ]	[ ]	[ ]
j. Air passenger services	[ ]	[ ]	[ ]
k. Air freight services	[ ]	[ ]	[ ]
l. General cost of living	[ ]	[ ]	[ ]
m. Cost of housing	[ ]	[ ]	[ ]
n. Availability of good quality housing	[ ]	[ ]	[ ]
o. Public school quality	[ ]	[ ]	[ ]
p. Health care and availability	[ ]	[ ]	[ ]
q. Parks and recreational opportunities	[ ]	[ ]	[ ]
s. Cultural events and opportunities	[ ]	[ ]	[ ]
t. Diversity of lifestyles and neighborhoods	[ ]	[ ]	[ ]
u. City public services	[ ]	[ ]	[ ]
v. Local property taxes	[ ]	[ ]	[ ]
w. Local business taxes	[ ]	[ ]	[ ]
x. Local building and development regulations	[ ]	[ ]	[ ]
y. Worker safety regulations	[ ]	[ ]	[ ]
z. Affirmative action/preferential hiring regulations	[ ]	[ ]	[ ]
aa. Job training programs	[ ]	[ ]	[ ]
ab. Other ____________________	[ ]	[ ]	[ ]
ac. Other ____________________	[ ]	[ ]	[ ]

7. From the list provided in Question 6, please select the five business climate factors which are most important to your business. *Please list them in order of importance*:

1. ___ 2. ___ 3. ___ 4. ___ 5. ___

8. Suppose a business relocation firm called you up, inquiring about Oakland as a place to do business. Would you recommend Oakland?

____ Unequivocally
____ With reservations
____ Not at all

9. For each of the following municipal services, please rate the quality of service at your current business location: *(Check "Not Relevant" if not relevant to your business; leave it blank if no opinion)*

	Excellent	Satisfactory	Unsatisfactory	Not Relevant
Police protection	[ ]	[ ]	[ ]	[ ]
Fire protection	[ ]	[ ]	[ ]	[ ]
Street maintenance/repair	[ ]	[ ]	[ ]	[ ]
Street cleaning	[ ]	[ ]	[ ]	[ ]
Street lighting	[ ]	[ ]	[ ]	[ ]
Public parking availability	[ ]	[ ]	[ ]	[ ]
Public transportation service	[ ]	[ ]	[ ]	[ ]
Sewer and water service	[ ]	[ ]	[ ]	[ ]
Public hospitals	[ ]	[ ]	[ ]	[ ]
Job training	[ ]	[ ]	[ ]	[ ]
Public education	[ ]	[ ]	[ ]	[ ]
Access to city officials	[ ]	[ ]	[ ]	[ ]
Building inspection	[ ]	[ ]	[ ]	[ ]
Business assistance	[ ]	[ ]	[ ]	[ ]
Cultural service/affairs	[ ]	[ ]	[ ]	[ ]
Other ____________________	[ ]	[ ]	[ ]	[ ]

10. Which, if any., of the following organizations and city agencies does your business have regular (twice a year or more) contact with? *Please check all that apply in the spaces provided in the front of the list.*

	Excellent	Satisfactory	Unsatisfactory
____ Oakland Mayor	[ ]	[ ]	[ ]
____ Oakland City Council	[ ]	[ ]	[ ]
____ City Manager's Office	[ ]	[ ]	[ ]
____ Oakland Chamber of Commerce	[ ]	[ ]	[ ]
____ Office of Economic Development and Employment	[ ]	[ ]	[ ]
____ Oakland Police Department	[ ]	[ ]	[ ]
____ Oakland Fire Department	[ ]	[ ]	[ ]
____ Dept. of Public Works	[ ]	[ ]	[ ]
____ Planning and Zoning Departments	[ ]	[ ]	[ ]
____ Redevelopment Agencies	[ ]	[ ]	[ ]
____ Oakland Private Industry Council	[ ]	[ ]	[ ]
____ Convention and Visitors Bureau	[ ]	[ ]	[ ]
____ Other ______________________	[ ]	[ ]	[ ]

For each of the organizations/agencies, or city services you checked off above, please go back and rate the responsiveness of the organizations to the needs of Oakland businesses.

11. What are your business plans for the next 2-3 years for your Oakland operations: ***(Check all that apply)***

____ No change in operations
____ Expand current facilities at current locations
____ Expand facilities at new locations
____ Expand employment
____ Reduce employment
____ Relocate operations
____ Close operations
____ Other ______________________________

12. **If you are planning to expand or relocate**, what areas are you considering? ***(Check all that apply):***

____ Within Oakland
____ Within Alameda County
____ Within San Francisco Bay Area
____ Within California
____ Outside California
____ Other ______________

13. **If you are thinking of expanding or relocating <u>out of Oakland</u>**, what are your primary reasons?

1. ____
2. ____
3. ____

14. Please estimate the percentage of your workforce that turns over every year?

___ less than 5%
___ 5-9%
___ 10-19%
___ 20-29%
___ 30+%

15. How do you find new employees?
Indicate on a scale of 1 (rarely) to 5 (most frequently):

___ Employment agencies
___ Newspaper and media advertisements
___ Response to listed announcements
___ Word-of-mouth
___ "Walk-ins"
___ Publicly-sponsored job-training programs
___ Union hall
___ State Employment Service (EDD)
___ Other ______________________________

16. Over the last few years, have you had difficulties filling open positions at your business?
____ YES ____ NO

16a. **If you answered YES in Question 16**, please specify the types of positions?

____

16b. **If you answered YES in Question 16**, what types of difficulties?
Check all that apply)

____ *Workers generally not available*
____ Workers not available at current wages/salaries
____ Workers not trained or qualified
____ High rates of worker turnover
____ Other __________________________

17. Overall, is Oakland a good place for your business to find and retain qualified labor?
____ YES ____ NO

Briefly explain your answer in the space below.

18. Who has provided you with commercial credit over the last three years?
(Check all that apply)

____ Commercial Bank
____ Savings and Loan
____ Credit Union
____ Loan Packager or intermediary (e.g., Small Business Administration Loan Packager)
____ Factoring Company
____ Family, Friends or Associates
____ Other: Specify ________________________________

19. How often have you filed a loan application for commercial credit in the last three years?
(Circle the appropriate number)

1 2 3 4 5 5+

20. Please indicate what happened to your application
(Circle the appropriate number of occurrences in the last three years)

Approved for amount requested	1	2	3	4	5	5+
Approved for less than amount requested	1	2	3	4	5	5+
Approved for more than amount requested	1	2	3	4	5	5+
Denied credit altogether	1	2	3	4	5	5+
Withdrew my application	1	2	3	4	5	5+
(Because ________________________)						

21. Check the type and amount of commercial loan credit you require on an annual of occasional basis for your business needs.
(Check all that apply)

Type of Credit	**Annual** $50,000 or less	**Annual** More than $50,000	**Occasional** less than $50,000	**Occasional** $50,000 to $100,000	**Occasional** $100,000+
Working Capital	[ ]	[ ]	[ ]	[ ]	[ ]
Real Estate Acquisition and Rehabilitation	[ ]	[ ]	[ ]	[ ]	[ ]
Equipment Purchase	[ ]	[ ]	[ ]	[ ]	[ ]
Startup and Expansion Financing	[ ]	[ ]	[ ]	[ ]	[ ]
Other __________	[ ]	[ ]	[ ]	[ ]	[ ]

22. Are there specific regulations or requirements in Oakland which inhibit your ability to do business in the city, or put you at a competitive disadvantage with other firms in the region? If so, what are they?

23. Are there any specific taxes, fees, or charges in Oakland which inhibit your ability to do business in the city, or put you at a competitive disadvantage with other firms in the region? If so, what are they?

24. If you have any other comments about the survey or about Oakland business climate, use the space provided below

25. **OPTIONAL** Position and Title of the person filling out this survey

____

Company Name:

Street Address:

City/State/Zipcode:

26. Would you like a summary report of the results of this survey?
___ YES ___ NO

27. Would you like additional information on business development or job training programs offered to Oakland business?
___ YES ___ NO

IF YOU ANSWERED YES TO EITHER QUESTION 26 OR 27 ABOVE, PLEASE MAKE SURE YOU ALSO ANSWERED QUESTION 25.

Please Return this Completed Survey Form
No Later Than October 2, 1989

Thank you again for your help.

Please use the enclosed business reply envelope to return this survey to the:

University-Oakland Metropolitan Forum
Institute of Urban and Regional Development
316 Wurster Hall, University of California
Berkeley, CA 94720.