Identifying Local Entrepreneurship Development System Policy in Rural Areas and How Local Context Shapes Entrepreneurship Policy Formation

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IDENTIFYING LOCAL ENTREPRENEURSHIP DEVELOPMENT SYSTEM POLICY IN RURAL AREAS AND HOW LOCAL CONTEXT SHAPES ENTREPRENEURSHIP POLICY FORMATION
IDENTIFYING LOCAL ENTREPRENEURSHIP DEVELOPMENT SYSTEM POLICY IN RURAL AREAS AND HOW LOCAL CONTEXT SHAPES ENTREPRENEURSHIP POLICY FORMATION

A dissertation submitted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in Public Policy

By

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ABSTRACT

As rural communities struggle to maintain a sustainable economic base in today’s global economy, many are exploring strategies to encourage entrepreneurial development. The purpose of this study was to better understand how local public policy is being used to support the creation of entrepreneurship development systems in rural communities and how local context shapes entrepreneurship public policy formation. In phase one of the study, a survey and analysis of documents available on the Internet were used to identify county and municipal policy actions associated with entrepreneurial development in 16 counties in North Carolina. In the second study phase, two of those counties were selected as case studies. Using additional data generated through interviews, observation, and additional documents gathered during site visits, factors influencing entrepreneurial development policy formation in those counties were examined.

Grounded theory was used to categorize the 69 different entrepreneurial development policy actions into eleven groups. In addition, the community capitals framework was used to examine how policy actions utilized or leveraged different local resources as policy inputs in an effort to expand local capacity. Grounded theory, the community capitals framework, and the multiple streams model were used to explore the major factors influencing local entrepreneurship public policy formation.

The findings of this study confirm that county and municipal governments are playing an active role in encouraging and supporting entrepreneurial development. The range of actions taken within each county also suggest that local governments are providing a broad array of services and support for entrepreneurial development consistent with entrepreneurship development systems models. They are relying on a variety of local and non-local resources to support these efforts. The case studies demonstrate how local context leads to vastly different
approaches and results even when counties or municipalities are pursuing what appear to be similar strategies. In particular, a community’s history, local culture, social capital, and participants influence how strategies are implemented and the ultimate end result.
This dissertation is approved for recommendation to the Graduate Council.

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Stacey Wright McCullough

Refused

Stacey Wright McCullough
ACKNOWLEDGMENTS

For me, the process of pursuing this doctoral degree and writing my dissertation has been like a six-year journey on a roller coaster. The ride has been filled with ups and downs, moments of pure exhilaration as well as those of fear that the end would never be reached. Thankfully, I have not been alone on this journey. I would like to acknowledge the many people who accompanied me and express my sincerest appreciation for their support.

First, I would like to thank my husband, Jim, who was right there in the seat beside me the whole time. He has been a true partner throughout this journey, and I could not have made it without him. I would also like to thank my parents, James and Marilyn; my in-laws, Jerry and Diana; and the rest of my family for their love, encouragement, and support.

I would like to thank my friends and colleagues within the Cooperative Extension Service in Arkansas and around the country. Their confidence in my abilities, words of wisdom and support, and subtle and sometimes not so subtle encouragement have helped push me through the low points and made the high points feel even more special.

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DEDICATION

To my husband and best friend, Jim McCullough, for his love, patience, support, and understanding throughout this journey.
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CHAPTER I. INTRODUCTION

Many rural communities are struggling economically. Globalization and technology driven improvements in productivity, particularly in agriculture, mining, and manufacturing, coupled with a relatively low-skill labor pool, means that many rural areas are losing jobs (Barkley, 1995; Goetz, 2005; Gibbs, Kusmin, and Cromartie, 2005). In response to this, community leaders and policy makers are increasingly looking beyond traditional economic development strategies, such as industrial recruitment, toward alternative ways of building a more solid economic base to improve the sustainability of their communities. Community and regional based efforts to promote entrepreneurship, specifically to create opportunities from within building on extant local assets, represent one example of this trend.

One form of this ground-up approach is the creation of locally-based entrepreneurship development systems (Corporation for Enterprise Development, 2003; Pages, Freedman, and Von Bargen, 2003; Lichtenstein, Lyons, and Kutzhanova, 2004; Markley, Macke, and Luther, 2005). The implicit underlying theory of change behind such approaches is the systematic expansion of human, social, and other capitals to create an environment that encourages entrepreneurial behavior. This increase in entrepreneurial behavior is said to lead to an increase in employment opportunities and income for rural residents.

While business development is often identified as occurring at the individual or firm level, providing an environment in which entrepreneurs can thrive as a means of promoting local economic development is a community-level issue (Shaffer, Deller, and Marcouiller, 2004; Lichtenstein et al., 2004; Markley et al., 2005). Lundström and Stevensen (2005) take a holistic approach in defining entrepreneurship as “a system that includes entrepreneurs (and potential entrepreneurs), institutions and government actions, the desired policy outcome of which is
increased levels of entrepreneurial activity” (189). Efforts to create an entrepreneurship development system involve a mix of stakeholders from the public, private, and nonprofit sectors and draw upon a broad mix of local, regional, and state resources (Edgcomb, Klein, and Black, 2008). In light of federal policy devolution, decentralization of services, and increased privatization in the provision of public services, community-level action and the role of local government has become increasingly important (Warner, 1999). Although studies to evaluate the implementation and impacts of entrepreneurship development systems models are beginning to emerge, there has been very little research examining the local public policy aspects of such efforts. As a result, this exploratory study seeks to identify local policies related to entrepreneurial development in rural areas and examine the context surrounding the formation of such policies. The study was conducted in a sample of rural counties in North Carolina, a state which has invested resources in entrepreneurial development as part of its overall economic development strategy.

The remainder of this chapter is organized into six sections. First, an explanation of the study purpose and significance is presented. It is followed by a general discussion of the policy context and evolution of entrepreneurship policy. Third, an initial description of the social context behind the North Carolina counties examined by this study is provided. The fourth section provides an overview of the conceptual framework for the study. Study limitations are explored in the fifth section. Finally, an outline of the remaining chapters of this dissertation is provided.
Study Purpose and Significance

The role of local government and public policy in creating entrepreneurship development systems has received some attention in the literature. For example, Holley (2005) suggests that local governments can help create entrepreneurial support systems by shifting or identifying new resources to “frame the importance of entrepreneurship and provide incentives for entrepreneurs” (56). This includes involving entrepreneurs and service providers in public policy formation so that critical needs are met. A guide developed for the National Association of Counties focuses on the role of county government leaders in creating an entrepreneurial economy (Markley, Dabson, and Macke; 2006). The guide suggests that county governments can invest in three elements to support an entrepreneurial environment—infrastructure, climate, and support systems. To date, however, there have been no studies seeking to identify specific policies enacted at the local level or examine the context under which such policies were enacted.

Drawing on the experiences of sixteen rural counties in three regions of North Carolina, this dissertation seeks to fill this void. It represents a first step in establishing a research base to help inform entrepreneurship policy development at the local level. Specifically, the following research questions are addressed:

1. What local policies have been enacted in efforts to build entrepreneurship development systems?
   a. What are those local policies designed to do?
   b. How do those policies fit with respect to existing models for entrepreneurship development systems?
   c. How are community capitals preserved, utilized, leveraged, or expanded through those policies?
2. How do local contextual factors impact public policy formation related to entrepreneurship development systems?

The second question is important because although a primary goal of entrepreneurship development systems appears to be expanding community capitals to encourage entrepreneurial behavior, existing forms and levels of these resources undoubtedly shape the policy formation process as well. They play a role in defining what the needs are in a community, what public policy solutions are pursued, and who is involved in the policy making process. The complexity of these relationships likely explains why system features and stakeholders vary by community even when similar models for developing entrepreneurship development systems are used. This study examines this issue through case studies of two rural counties in North Carolina.

**Policy Context**

A policy can be defined as “a relatively stable, purposive course of action or inaction followed by an actor or set of actors in dealing with a problem or matter of concern” (Anderson, 2011, 6). It suggests recognition of a problem and the need for action to achieve a desired result. Public policy is created when governmental bodies act, or choose not to act, in response to a particular problem (Anderson, 2011). Entrepreneurship policy, like most economic policy interventions, has its roots in neoclassical economic theory. The primary rationale is that of market failure, resulting from externalities, inadequate information, monopoly or concentrated market power, perceived unfair or inefficient practices, income distribution, unequal access to resources and knowledge, internal barriers, and the inexperience of new firms (Glancey, Campling and McQuaid, 2005). Many early forms of entrepreneurship policy, particularly at the
federal level, focused on antitrust and regulatory laws and policies to remove barriers to market entry for new firms (Hart, 2001).

Entrepreneurship policy at the federal, state, and local levels has also focused on addressing financial and information constraints faced by individuals and firms. It includes features to provide technical training, business assistance, and access to financial capital (Wortman, 1990; Lyons, 2002; Markley et al., 2005). For example, both the United States Small Business Administration (SBA) and United States Department of Agriculture-Rural Development (USDA-RD) have numerous programs to provide grants and low-cost financing for the establishment and growth of businesses, particularly in rural areas where alternatives may be unavailable (http://www.sba.gov/about-sba; http://www.rurdev.usda.gov/LP_Subject_BusinessAndCooperativeAssistance.html). Cooperative efforts between the private sector, educational community, and federal, state and local governments such as SBA’s small business development centers provide training, technical assistance, and counseling to existing and prospective business owners (http://www.sba.gov/content/small-business-development-centers-sbdc).

Despite the use of public policy tools such as these, the economic conditions in rural communities continue to decline. This suggests that while these tools may be important, they may not be enough by themselves to significantly increase entrepreneurial activity for the creation of jobs and increase income and wealth. Proponents of the creation entrepreneurship development systems argue that a more comprehensive approach is critical to the success of entrepreneurship development and growth, particularly in rural areas (Pages et al., 2003; Corporation for Enterprise Development, 2003; Lichtenstein et al., 2004; Markley et al., 2005; Markley et al. 2006).
Funders and community leaders appear to be willing to give this approach a try. In 2004, the W. K. Kellogg Foundation funded six three-year pilot projects to implement entrepreneurship development systems (Dabson, 2005). One of the goals for these projects identified by the Kellogg Foundation was “to foster a supportive policy and cultural environment of entrepreneurship within the public, private and nonprofit sectors” (Edgecomb et al., 2008, 60). In 2008, the Aspen Institute’s Microenterprise Fund for the Innovation, Effectiveness, Learning and Dissemination (FIELD) program released findings from a collective evaluation of the Kellogg Foundation entrepreneurship development system (EDS) pilot projects (Edgcomb et al., 2008). Among the findings was that implementation is shaped by several factors including “state and local context, the degree to which local leaders are open to entrepreneurship, institutional infrastructure and capacities, the extent to which institutions are prepared for joint action, and their assessment of the most strategic way to move toward an EDS in their region” (13). With respect to the specific goal of fostering a supportive policy and cultural environment, the findings suggest a need for building awareness about entrepreneurship and the EDS approach prior to attempting policy change (Edgcomb et al., 2008).

The entrepreneurship development system approach has been embraced by many applied scientists and community development practitioners associated with nonprofit organizations such as the Corporation for Enterprise Development (CFED), W.K. Kellogg Foundation, and Rural Policy Research Institute (RUPRI), as well as institutions of higher education. For the most part, these stakeholders are taking an advocacy approach. While they have capacity to provide financial and technical assistance to raise awareness about the potential of entrepreneurship development systems and help communities or regions implement them, in most instances, they
lack the direct political power and connections to understand local context and drive the local public policy process.

The findings of Edgcomb et al. (2008) regarding context are consistent with public policy literature. One of the most fundamental questions addressed in public policy analysis is the political and social context in which policy is developed. Gupta (2001) suggests that norms, values, culture, history, traditions, constitution, and technology all impact the realm of public policy. Context not only helps define a situation or problem, but also affects whether an issue makes it to the public policy agenda, what policy solutions are considered and chosen, how policies are implemented, and whether policy solutions are effective.

The FIELD evaluation of the Kellogg Foundation entrepreneurship development system pilot projects highlights “the importance of a comprehensive policy agenda that addresses structural, regulatory and tax issues, intellectual property, educational policy and funding for services” (Edgcomb et al., 2008, 73). Although the report provides examples of state policies enacted, there is only limited discussion of local policy. If there is a role for local public policy in the creation of entrepreneurship development systems as advocates suggest, a stronger research base is needed to help inform this process. This study represents a first step toward that goal.

Social Context

Eighty-five of North Carolina’s counties are rural as defined by North Carolina state law (http://www.ncruralcenter.org/rural-county-ma.html), having a population density of 250 or less per square mile based on 2000 Census data. The state’s rural counties, on average, have higher levels of poverty, lower levels of education, lower per capita income, and higher unemployment rates than urban counties. Like rural areas in many states, the economic base of many of North
Carolina’s rural counties has historically been based on traditional manufacturing and agriculture (North Carolina Rural Economic Development Center, 2011). Technological changes have decreased the demand for labor in these industries and increased globalization has reduced the economic advantage rural regions once held in attracting and retaining manufacturing (Barkley, 1995; Goetz, 2005; Gibbs et al., 2005). As a result, rural areas are losing jobs.

Research by the North Carolina Rural Economic Development Center in 2003 identified a number of barriers to entrepreneurial development in the state’s rural regions, including “insufficient entrepreneurship educational initiatives for youth and adults; inadequate technical assistance for aspiring and survival entrepreneurs; insufficient financial literacy to create bankable businesses and sources of equity capital for growth entrepreneurs; few local support networks for entrepreneurs; and limited understanding of entrepreneurship on the part of rural elected boards and local workers” (Edgcomb et al., 2008, 110). In response, the state appropriated funds to establish an Institute for Rural Entrepreneurship within the existing North Carolina Rural Economic Development Center (http://www.ncruralcenter.org/images/PDFs/Factsheets/entrepreneurship%20on%20blue%20line.pdf). Also in 2003, the North Carolina Rural Outreach Collaborative was formed and selected as one of the Kellogg Foundation entrepreneurship development system pilot projects (Edgcomb et al., 2008).

North Carolina’s investments toward improving the economic well-being of its rural areas and its emphasis on entrepreneurial development over the past several years make it fertile ground for the exploratory research on local entrepreneurship policy in this study. Because the study focus is on public policy formation as it relates to the creation of entrepreneurship development systems, a conscious decision was made to include only those counties which are
engaged in the creation of such systems rather than all rural counties in North Carolina. In order to identify counties engaged in creating entrepreneurship development systems, representatives of the Rural Policy Research Institute (RUPRI) Center for Rural Entrepreneurship and North Carolina’s Institute for Rural Entrepreneurship, two entities who have worked extensively on rural entrepreneurial development in North Carolina, were contacted. These representatives suggested counties involved in two regional entrepreneurship development system initiatives as well as counties participating in the Certified Entrepreneurial Community (CEC) program, a program administered by AdvantageWest Economic Development Group, a state-funded regional economic development entity. The regions and counties are shown in Figure 1 and include:

1. Southeast Entrepreneurial Alliance: Bladen, Columbus, Hoke, Robeson and Scotland counties.
3. Advantage West Certified Entrepreneurial Communities: Burke, Haywood, Mitchell, Polk, Transylvania, and Watauga counties.¹

¹ This region also includes the Eastern Band of the Cherokee Indians, which is excluded from this study due to its unique governance structure.
Two of the three regions, Southeast Entrepreneurial Alliance and Northeast Entrepreneurial Team, are receiving state funding as part of a regional entrepreneurship development systems initiative. This has allowed each region to hire a regional entrepreneurship coordinator. With support from North Carolina’s Institute for Rural Entrepreneurship and other entities, coordinators are working “to create a collaborative regional system for entrepreneurship development” (http://www.ncruralcenter.org/business-programs/entrepreneurship/microenterprise.html). Leadership teams consisting of regional stakeholders, including local government, are heavily involved in this process.

The 23 counties comprising western North Carolina have established a non-profit public-private partnership institutionalized as the AdvantageWest Economic Development Group, which was chartered by the North Carolina General Assembly in 1994 (http://www.advantagewest.com/content.cfm/content_id/160/section/about). One of the products of this partnership is the CEC program. The goal of the program is to create communities where...
“the overall business climate, policies, regulations, and opportunities to learn and grow are simple to find and available” and “there's a positive, enthusiastic attitude that permeates the culture” (http://www.awcec.com/the-cec-program/). Certification typically takes up to two years during which counties or communities go through a five step process. It requires commitment and involvement from local government, educators, business leaders, and existing entrepreneurs. This study includes the six counties that had been certified through the program through October 2011.

Although all six CEC counties reside in what is considered western North Carolina, they are not contiguous and are essentially working independently to create county-based entrepreneurship systems. This is in contrast to the other counties included in this study, which are part of a regional approach with support from local governments within the region. Although all counties were handled the same with respect to research methods and data collection in this study, these data were analyzed to determine whether there were differences between the regional and county-based approaches where feasible. The remainder of this section contains a brief description of each regional initiative and preliminary contextual characteristics of the counties included in this study gleaned from secondary sources.

**Southeast Entrepreneurial Alliance (SEA)**

According to its Facebook group page, SEA is a “regional alliance of business owners and service providers committed to the creation, fostering, support and growth of small business in Bladen, Columbus, Hoke, Robeson and Scotland Counties in rural North Carolina” (https://www.facebook.com/group.php?gid=106754632700182). Launched in November 2008, it is supported by the University of North Carlina-Pembroke’s Regional Center for Economic,
Community and Professional Development

(http://www.uncp.edu/news/2008/se_entrepreneurial_alliance.htm). Goals of the alliance include developing a pipeline for business development and expansion, business planning education, youth financial literacy, business-to-business networks, and an online resource database for entrepreneurs. Table 1 provides a snapshot of socio-economic characteristics of the five counties included in the Southeast Entrepreneurial Alliance.

Table 1. Data for Counties in Southeast Entrepreneurial Alliance

<table>
<thead>
<tr>
<th></th>
<th>North Carolina</th>
<th>Bladen County</th>
<th>Columbus County</th>
<th>Hoke County</th>
<th>Robeson County</th>
<th>Scotland County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population, 2010</td>
<td>9,535,483</td>
<td>35,190</td>
<td>58,098</td>
<td>46,952</td>
<td>134,168</td>
<td>36,157</td>
</tr>
<tr>
<td>Land area, 2000</td>
<td>48,710.88</td>
<td>874.94</td>
<td>936.80</td>
<td>391.21</td>
<td>948.84</td>
<td>319.14</td>
</tr>
<tr>
<td>Persons per square mile, 2010</td>
<td>195.8</td>
<td>40.2</td>
<td>62.0</td>
<td>120.0</td>
<td>141.4</td>
<td>113.3</td>
</tr>
<tr>
<td>% change in population, 2000 to 2010</td>
<td>18.50%</td>
<td>9.00%</td>
<td>6.10%</td>
<td>39.50%</td>
<td>8.80%</td>
<td>0.40%</td>
</tr>
<tr>
<td>High school graduates (% of persons age 25+), 2005-2009</td>
<td>83.00%</td>
<td>74.40%</td>
<td>76.30%</td>
<td>79.60%</td>
<td>68.80%</td>
<td>75.30%</td>
</tr>
<tr>
<td>Bachelor's degree or higher (% of persons age 25+), 2005-2009</td>
<td>25.80%</td>
<td>11.60%</td>
<td>11.40%</td>
<td>13.80%</td>
<td>12.70%</td>
<td>15.20%</td>
</tr>
<tr>
<td>Median household income, 2009</td>
<td>$43,754</td>
<td>$31,248</td>
<td>$33,024</td>
<td>$40,838</td>
<td>$27,421</td>
<td>$31,974</td>
</tr>
<tr>
<td>% persons below poverty level, 2009</td>
<td>16.20%</td>
<td>23.30%</td>
<td>25.40%</td>
<td>21.30%</td>
<td>31.10%</td>
<td>29.60%</td>
</tr>
<tr>
<td>Private nonfarm employment, % change 2000-2008</td>
<td>5.90%</td>
<td>-6.70%</td>
<td>-5.50%</td>
<td>15.10%</td>
<td>5.70%</td>
<td>-28.90%</td>
</tr>
<tr>
<td>Number of firms per 1000 population, 2008</td>
<td>83.8</td>
<td>49.1</td>
<td>78.9</td>
<td>40.2</td>
<td>62.8</td>
<td>69.5</td>
</tr>
</tbody>
</table>

Source: US Census Bureau State and County QuickFacts
Robeson County is by far the largest in the region with a population just over 134,000. It is dissected by I-95, a major thoroughfare extending along the east coast from Florida up through Maine. This provides an easy and direct route to Fayetteville, North Carolina. This access helps explain why Robeson County also has the highest population density in the region at just over 141 persons per square mile.

The other four counties range from around 35,000 to 58,000 people. Like Robeson County, Hoke and Scotland counties have relatively high population densities at 120 and 113 persons per square mile, respectively. Hoke County is the smallest in terms of land area and is closest to the Fayetteville area, making it almost suburban in nature. It also includes a large portion of the Fort Bragg military installation. Scotland County is slightly further west, with most of the county being less than 100 miles from the Charlotte area.

The remaining two counties in the region, Bladen and Columbus, represent the opposite end of the spectrum in terms of “ruralness.” They have population densities significantly less than the other three counties (40 and 52 persons per square mile). Geographically, they are quite large, and are closer to the coast than the other counties. A large portion of Bladen County is occupied by a state forest (Bladen Lakes) and two state parks, providing a variety of recreational opportunities and limiting residential and business occupancy in the county. Like Bladen County, Columbus County has geographical features which contribute to its rural nature. Much of the land within the county is occupied by Green Swamp and Lake Waccamaw State Park.

With the exception of Hoke County, where the population has grown over 39 percent during the last ten years, the counties in this region have grown more slowly than the state average. Hoke County’s growth is likely due to its proximity to Fayetteville and the military
installation. The population growth of the other four counties ranges from 0.4 percent to nine percent, compared to the state average of 18.5 percent.

The five counties included in the Southeast Entrepreneurial Alliance lag the state in educational attainment. The percentage of persons with high school degrees range from 68.8 percent to 79.6 percent, compared to the state average of 83 percent. Similarly, with respect to the percentage of population with at least a bachelor’s degree, the highest county average in the region (Scotland County at 15.2 percent) lags the state average by just over 10 percent.

From an economic standpoint, the region is struggling compared to the state overall in terms of income and poverty. Median household incomes in all five counties are lower than the state average of $43,754. Hoke County has the highest in the region at $40,838, while Robeson County has the lowest at $27,421. Perhaps not surprising, in light of this, the percent of persons living below poverty level in the region is higher that the state average. Rates range from 23.3 percent in Bladen County to 31.1 percent in Robeson County.

The percentage change in nonfarm employment in the region from 2000 to 2008 varies widely within the region. Hoke County, at just over 15 percent, is the only county with higher growth than the state average. Robeson County is the only other county in the region with positive growth at 5.7 percent, which is close to the state average of 5.9 percent. The other three counties in the region have experienced negative growth ranging from -5.5 percent (Columbus County) to -28.9 percent (Scotland County). From an entrepreneurial perspective, all five counties have fewer firms relative to their population than the state overall. North Carolina has 83.8 firms per 1,000 people. Columbus County is closest with a ratio of 78.9 while Hoke County is the lowest in the region at 40.2.
Northeast Entrepreneurial Team

The River City Community Development Corporation is serving as the lead organization for the Northeast Entrepreneurial Team. According to its website, the mission of the regional entrepreneurship initiative is to “increase awareness of Entrepreneurial opportunities, with a grassroots approach to creating a diverse Leadership Team of Entrepreneurs, Service Providers, Elected and other Community leaders, with a primary focus on Entrepreneurship Development” (http://69.68.182.103/entrepreneurship_coordinator.html). To achieve this, three strategies are being pursued: 1) establishing a “pipeline of entrepreneurs,” 2) creating a “seamless system of support,” and 3) fostering a “supportive policy and cultural environment of entrepreneurship.”

Unlike the Southeast Entrepreneurial Alliance, all five counties on the Northeast Entrepreneurial Team are relatively small in terms of population (Table 2). The largest is Pasquotank County with a population of 40,661. From a density perspective, however, it is considerably more populated at just over 179 persons per square mile. It is home to the largest city in the region, Elizabeth City. The populations of the remaining counties are smaller, from Camden County at 9,980 to Chowan County at 14,793. Population densities are also significantly smaller than Pasquotank County, ranging from 35.8 persons per square mile (Gate County) to 85.7 (Chowan County).

In terms of geography, land areas range from Chowan County, which is the smallest in the North Carolina at just over 172 square miles, to Gates County, the largest in the region at around 340 square miles. The region is characterized by a number of waterways, including the Chowan River, Perquimans River, Little River, North River, Pasquotank Intercoastal Waterway and River, and Albemarle Sound, which provide access to North Carolina’s Outer Banks and ultimately the Atlantic Ocean.
Population growth in the region has varied widely, with Chowan County growing less than two percent between the years 2000 and 2010, and Camden County growing 45 percent despite its small land size. The remaining three counties have tracked more closely with the state average population growth of 18.5 percent, ranging from 16 to 18.3 percent.

Table 2. Data for Counties in Northeast Entrepreneurial Team

<table>
<thead>
<tr>
<th></th>
<th>North Carolina</th>
<th>Pasquotank County</th>
<th>Perquimans County</th>
<th>Camden County</th>
<th>Chowan County</th>
<th>Gates County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population, 2010</td>
<td>9,535,483</td>
<td>40,661</td>
<td>13,453</td>
<td>9,980</td>
<td>14,793</td>
<td>12,197</td>
</tr>
<tr>
<td>Land area, 2000</td>
<td>48,710.88</td>
<td>226.88</td>
<td>247.17</td>
<td>240.68</td>
<td>172.64</td>
<td>340.61</td>
</tr>
<tr>
<td>Persons per square mile, 2010</td>
<td>195.8</td>
<td>179.2</td>
<td>54.4</td>
<td>41.5</td>
<td>85.7</td>
<td>35.8</td>
</tr>
<tr>
<td>% change in population, 2000 to 2010</td>
<td>18.50%</td>
<td>16.50%</td>
<td>18.30%</td>
<td>45.00%</td>
<td>1.80%</td>
<td>16.00%</td>
</tr>
<tr>
<td>High school graduates (% of persons age 25+), 2005-2009</td>
<td>83.00%</td>
<td>82.10%</td>
<td>81.10%</td>
<td>87.10%</td>
<td>77.20%</td>
<td>82.10%</td>
</tr>
<tr>
<td>Bachelor's degree or higher (% of persons age 25+), 2005-2009</td>
<td>25.80%</td>
<td>19.20%</td>
<td>15.20%</td>
<td>19.50%</td>
<td>15.50%</td>
<td>11.90%</td>
</tr>
<tr>
<td>Median household income, 2009</td>
<td>$43,754</td>
<td>39,370</td>
<td>37,284</td>
<td>55,985</td>
<td>35,944</td>
<td>42,742</td>
</tr>
<tr>
<td>% persons below poverty level, 2009</td>
<td>16.20%</td>
<td>17.70%</td>
<td>17.20%</td>
<td>8.90%</td>
<td>20.60%</td>
<td>17.50%</td>
</tr>
<tr>
<td>Private nonfarm employment, % change 2000-2008</td>
<td>5.90%</td>
<td>20.10%</td>
<td>9.70%</td>
<td>48.00%</td>
<td>-1.00%</td>
<td>-5.50%</td>
</tr>
<tr>
<td>Number of firms per 1000 population, 2008</td>
<td>83.8</td>
<td>67.1</td>
<td>69.6</td>
<td>70.8</td>
<td>102.7</td>
<td>58.4</td>
</tr>
</tbody>
</table>

Source: US Census Bureau State and County QuickFacts
As a whole, the region has higher levels of high school graduates than the southeast region, ranging from a low of around 77 percent of the population age 25 and older (Chowan County) to a high of around 87 percent (Camden County). This is in comparison to the state average of 83 percent. Despite this, the percentage of population with a bachelor’s degree or higher is consistently lower than the state average of nearly 26 percent. Just under 12 percent of residents in Gates County have such degrees. Pasquotank and Camden counties have the highest incidence in the region at just over 19 percent.

Economically, Camden County is the strongest in the region. Its median household income ($55,985) far exceeds the state average of $43,754, and at less than nine percent, its percent of the population living below poverty is almost half the state’s 16.2 percent. The rest of the region is lagging in comparison. Median household incomes in the four remaining counties are near or slightly lagging the state overall. Similarly, their poverty rates are one to 4.4 percent higher than the state average.

Some counties within the region have experienced healthy growth in private nonfarm employment, while others have experienced decline. Three counties exceed the state average of 5.9 percent in growth, including Camden (48 percent), Pasquotank (20.1 percent), and Perquimans (9.7 percent). Private nonfarm employment in Chowan and Gates counties, in contrast, has declined one percent and 5.5 percent, respectively. Perhaps surprisingly, Chowan County has the highest number of firms per 1,000 people at 102.7. This exceeds the state average of 83.8, while the other counties in the region range from 58.4 (Gates County) to Camden County at 70.8.
AdvantageWest Certified Entrepreneurial Communities

As described earlier, the six AdvantageWest CEC counties included in this study are part of a larger regional economic development initiative. Each chose to independently organize and fulfill requirements to become a certified entrepreneurial community. As part of this process, each county completed a five step process, which included demonstrating community commitment to the process, assessing its entrepreneurial culture, creating a comprehensive strategy for entrepreneurial growth, engaging entrepreneurial resources, and identifying and supporting entrepreneurial talent (http://www.awcec.com/the-cec-program/). As such, the county is the focus of the entrepreneurship development system as opposed to a larger regional context.

Within the AdvantageWest region, Haywood and Transylvania counties are adjacent to each other, as are Burke and Mitchell counties. Haywood, Mitchell, and Watauga counties are on the North Carolina border with Tennessee. Polk County is along the state’s southern border with South Carolina, while Transylvania County straddles the border with both South Carolina and Georgia. Burke County is located in the interior of the state and is one of the counties furthest east within the region.

Burke County is the largest of the CEC counties in terms of population (90,912) and population density (195.8 persons per square mile) (Table 3). Mitchell County is the smallest by all measures with a population less than 16,000, around 221 square miles in land area, and just over 70 persons per square mile. The remaining four counties range in population from 20,510 (Polk County) to 59,036 (Haywood County). Geographically, Haywood County is the largest at over 553 square miles. In addition to Mitchell County, Polk and Transylvania are the most rural in terms of density, with 86.2 and 87.4 persons per square mile.
Table 3. Data for AdvantageWest Certified Entrepreneurial Communities

<table>
<thead>
<tr>
<th></th>
<th>North Carolina</th>
<th>Burke County</th>
<th>Haywood County</th>
<th>Mitchell County</th>
<th>Polk County</th>
<th>Transylvania County</th>
<th>Watauga County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population, 2010</td>
<td>9,535,483</td>
<td>90,912</td>
<td>59,036</td>
<td>15,579</td>
<td>20,510</td>
<td>33,090</td>
<td>51,079</td>
</tr>
<tr>
<td>Land area, 2000</td>
<td>48,710.88</td>
<td>506.72</td>
<td>553.66</td>
<td>221.43</td>
<td>237.85</td>
<td>378.39</td>
<td>312.51</td>
</tr>
<tr>
<td>Persons per square mile, 2010</td>
<td>195.8</td>
<td>179.4</td>
<td>106.6</td>
<td>70.4</td>
<td>86.2</td>
<td>87.4</td>
<td>163.4</td>
</tr>
<tr>
<td>% change in population, 2000 to 2010</td>
<td>18.50%</td>
<td>2.00%</td>
<td>9.30%</td>
<td>-0.70%</td>
<td>11.90%</td>
<td>12.80%</td>
<td>19.60%</td>
</tr>
<tr>
<td>High school graduates (% of persons age 25+), 2005-2009</td>
<td>83.00%</td>
<td>74.50%</td>
<td>83.40%</td>
<td>75.30%</td>
<td>82.30%</td>
<td>85.10%</td>
<td>86.10%</td>
</tr>
<tr>
<td>Bachelor's degree or higher (% of persons age 25+), 2005-2009</td>
<td>25.80%</td>
<td>14.50%</td>
<td>20.30%</td>
<td>14.60%</td>
<td>26.30%</td>
<td>28.90%</td>
<td>34.90%</td>
</tr>
<tr>
<td>Median household income, 2009</td>
<td>43,754</td>
<td>36,177</td>
<td>40,380</td>
<td>35,398</td>
<td>42,072</td>
<td>36,807</td>
<td>38,031</td>
</tr>
<tr>
<td>% persons below poverty level, 2009</td>
<td>16.20%</td>
<td>17.40%</td>
<td>15.20%</td>
<td>18.30%</td>
<td>15.30%</td>
<td>19.90%</td>
<td>21.20%</td>
</tr>
<tr>
<td>Private nonfarm employment, % change 2000-2008</td>
<td>5.90%</td>
<td>-25.20%</td>
<td>-5.50%</td>
<td>13.50%</td>
<td>-11.30%</td>
<td>-16.50%</td>
<td>11.00%</td>
</tr>
<tr>
<td>Number of firms per 1000 population, 2008</td>
<td>83.8</td>
<td>74.6</td>
<td>97.2</td>
<td>120.9</td>
<td>131.9</td>
<td>111.4</td>
<td>115.4</td>
</tr>
</tbody>
</table>

Source: US Census Bureau State and County QuickFacts
Of the six counties, Watauga County is the only one with population growth that exceeds the state average. Mitchell County is the only county with a population decline of 0.7 percent. Burke County has had a slight growth in population at two percent. Population growth in the remaining three counties has ranged from 9.3 percent (Haywood County) to 12.8 percent (Transylvania County).

The percentage of population age 25 and older with a high school diploma exceeds the state average of 83 percent in three of the six CEC counties (Haywood, Transylvania, and Watauga). Polk County comes close at 82.3 percent. The percentages for Burke and Mitchell counties lag the others at 74.5 and 75.3 percent respectively. Watauga County has the highest percentage of population with a bachelor’s degree or higher at nearly 35 percent. Percentages for Transylvania and Polk counties also exceed the average for North Carolina as a whole (25.8 percent). Burke, Mitchell, and Haywood counties all have a lower percentage of four-year college graduates ranging from 14.5 to 20.3 percent.

All six of the CEC counties have lower median household incomes than North Carolina’s state average ($43,754). Two counties, Haywood and Polk, have a lower percentage of population below the poverty level than North Carolina as a whole (16.2 percent). The remaining four counties have higher rates, ranging from 17.4 to 21.2 percent.

Private nonfarm employment declined in four of the AdvantageWest CEC counties between 2000 and 2008. Burke County faired the worst, declining over 25 percent. Transylvania, Mitchell, and Haywood counties also experienced negative growth. Watauga and Polk counties grew at least 11 percent, which exceeds the state’s average growth during the same time period of 5.9 percent.
With respect to the number of firms, every county except Burke has more firms relative to population than North Carolina as a whole. Four counties (Mitchell, Polk, Transylvania, and Watauga) have at more than 110 firms per 1,000 people. Polk County has the highest, at 131.9 firms.

**Conceptual Framework**

Lichtenstein and Lyons (2001) were the first to propose a new entrepreneurship paradigm, which they called the "entrepreneurial development system" (3). Modeled after the baseball farm system, the emphasis is on development of entrepreneurs rather than businesses. They argue for the creation of two subsystems, one focusing on the entrepreneur and the other on managing resource providers to support those entrepreneurs. Variations of this model have emerged and evolved over time (Pages, Freedman, and Von Bargen, 2003; Corporation for Enterprise Development, 2003; Lichtenstein et al., 2004; Markley et al., 2005). Common to all of these approaches is the need to create an environment in which entrepreneurs can thrive.

While not explicitly stated, the underlying theory of change behind entrepreneurship development system models appears to be the systematic expansion of human, social, and other resources to create an environment that encourages and supports entrepreneurial behavior. This resulting increase in entrepreneurial behavior will lead to increased employment opportunities and income in rural areas. From a theoretical perspective, this approach is consistent with a vein of community development literature focusing on asset based development which relies on the expansion of community capitals.

Community capitals are resources, or assets, which can be found or employed in a given community to create additional resources (Flora, Flora, and Fey, 2004). One of the most fully
developed applications of this literature is the community capitals framework (Emery and Flora, 2006). Within this framework, seven overlapping types of capital have been identified as contributing to successful community and economic development: natural, cultural, human, social, political, built, and financial (Flora et al., 2004; Flora, Emery, Fey, and Bregendahl, 2005; Emery and Flora, 2006). Because the community capitals are interrelated, efforts to effectively leverage and expand individual capitals must take into consideration how other capitals will be affected.

In this study, the community capitals framework is applied to the concept of entrepreneurship development systems for the specific purpose of better understanding how local public policy is being used to support development of such systems in rural communities and how local context shapes entrepreneurship policy formation. An important step in this process is to use the relevant literature to explore potential linkages between entrepreneurship development systems, community capitals, and entrepreneurial policy. These linkages establish a conceptual basis for addressing the first research question behind this study, identifying and understanding local policies enacted to support the creation of an entrepreneurship development system in rural areas. The intent is to be descriptive in nature. Although not designed to advocate a specific public policy solution, this study provides local policy makers with examples of specific policy options being used by others and how such policies leverage and expand local community capitals to support entrepreneurial development.

The community capitals framework is also used to address the second research question of this study, how local context shapes public policy formation related to entrepreneurship development systems. This question is also examined in relation to more general public policy formation literature, particularly that of Kingdon (2003) and Liu, Lindquist, Vedlitz, and Vincent
(2010). This second set of literature provides a framework for exploring how participants and processes influence which problems are addressed and by what public policy solutions. In this study a multiple case study approach is used to trace how entrepreneurship policy evolved in two counties in North Carolina. The intent is to better understand what factors may lead different communities to take different policy approaches toward achieving the goals of an entrepreneurship development system.

Limitations

To make the study manageable, it is confined to a subset of 16 rural counties (and municipalities within them) in three regions of North Carolina that were identified as actively engaged in building entrepreneurship development systems. However, local policy does not exist in a vacuum. Because state and regional context also influences local policy formation, it is important to note that a similar study in other states might reveal a completely different set of policies.

Data gathered through surveys and online document analysis for each county is used to address the first research question regarding the identification of local policies to support entrepreneurial development. These data do not provide a comprehensive list of entrepreneurship policies. One of the anticipated challenges of this study involved gathering the needed data, particularly local policies enacted to create an entrepreneurship development system. Identifying appropriate study participants for the written survey and getting them to respond was expected to be extremely difficult. To help overcome this, partners from RUPRI’s Center for Rural Entrepreneurship and North Carolina’s Institute for Rural Entrepreneurship provided assistance in making local contacts. Despite this, surveys were not returned for all study counties and
municipalities.\textsuperscript{2} It is also important to recognize that completed surveys typically reflected perceptions of the person completing the survey and may not be consistent with the perceptions of other individuals within the county or municipality.

Another limitation of this study is that documents analyzed were not consistently available for all counties and municipalities within the study region. Not all locations had complete sets of minutes from county board of directors or municipal council meetings available online. Nor were budgets always available. Some locations lacked websites or online media sites. A second potential limitation related to document analysis is that documents were reviewed and subject to interpretation by a single researcher.

Case study analysis in two of 16 study counties was used to explore the second question concerning how local context affects this public policy formation. Approximately five days were spent in each case study location. Data collected through aforementioned survey and document analysis were combined with that generated through interviews, observation, and additional documents gathered during these visits. The short period of time spent in each county limited the number of individuals interviewed in each location as well as the depth of observation.

Despite these limitations, this study represents an important contribution to the entrepreneurship development systems literature. As the first study to examine local policy aspects of these systems, it was designed to be exploratory in nature. In addition to informing future research on this topic, the findings can be used to help local policy makers envision the possibilities with respect to entrepreneurial development within their communities.

\textsuperscript{2} Surveys were returned by 8 of the 16 counties and 16 of 66 municipalities.
Study Outline

This study includes four additional chapters. In Chapter II, a review of the relevant literature and theoretical frameworks grounding this study is presented. This discussion begins with the exploration of the evolution of entrepreneurship as an economic development strategy and emergence of entrepreneurship development system models. It is followed by an analysis of how the community capitals framework can help in understanding how entrepreneurial policy. It also includes a review of major public policy literature relevant to the study, focusing particularly on local policy formation. In Chapter III, the methodology for this study is presented. It includes a description of the overall research design for the study, methods used for collecting and analyzing data, a summary of the data collected, and the steps taken to ensure study integrity and validity. Chapter IV reports and discusses study findings. It is divided into two sections. The first examines the public policy actions identified through this study, how they utilize and expand community capitals, and the extent to which they reflect an entrepreneurship development system approach toward economic development. The second examines how local context affected local entrepreneurial policy formation. Finally, Chapter V contains a summary of the study, theoretical implications, recommendations for practice, opportunities for future research, and overall study conclusions.
CHAPTER II. LITERATURE REVIEW

The purpose of this study is to examine local public policy as it relates to creating entrepreneurship development systems in rural communities. As part of this process, it is important to first examine the literature and theoretical frameworks that might inform this study. This chapter begins with a brief description of the rationale behind entrepreneurship as an economic development strategy. It is followed by a description of the entrepreneurship development systems approach and the potential role for local governments in supporting it. Next is an overview of the community capitals framework, the underlying theory behind it, and how that theory relates to entrepreneurship development. The fourth section explores how the community capitals framework can be used to help understand different types of community change and how the framework might be used in this study. Fifth, an examination of what the larger body of public policy literature has found regarding the role local context plays with respect to policy formation is presented. It concludes with a summary.

Entrepreneurship as a Rural Economic Development Strategy

Interest in entrepreneurship for economic development is not new. A growing body of literature pertaining to rural economic development suggests the need for a paradigm shift in thinking about rural economic development from a three-legged stool to an economic development pyramid (Figure 2) in which entrepreneurship is the base (Dabson, 2005). Rather than focusing on industrial recruitment as the primary tool to increase income levels and create new jobs, more recent models focus on the development of an entrepreneurship system to support the creation of new firms, and, in turn spur economic growth.
Two approaches are typically used to make this case: the failure of traditional economic development strategies (e.g., industrial recruitment) and recent research showing positive impacts of entrepreneurship on the overall economy (Markley et al., 2005). For example, Jack Shultz, author of *Boom Town U.S.A.*, estimates 300,000 economic development entities are competing for 300 relocating firms, a situation which creates far more losers than winners and at an increasingly high cost for state and local governments (Macke and Markley, 2009). On the flip side, a study for the SBA suggests that regions with higher levels of entrepreneurship, measured by the number of new and growing firms, tend to have better local economies (Camp, 2005). Similarly, other studies have found positive economic effects resulting from small business formation, self employment, and entrepreneurship (Shrestha, Goetz, and Rupasingha, 2007; Deller and McConnon, 2009). This is consistent with findings of the Global Entrepreneurship Monitor in a study of numerous countries over a six year period showing a positive correlation between entrepreneurial activity and economic growth (Zacharakis, Bygrave, and Shepard, 2000).
Entrepreneurship Development Systems and Local Policy

Critics of entrepreneurship policy as it is currently employed suggest it is too piecemeal and tool-driven (Lichtenstein et al., 2004; National Governors Association Center for Best Practices, 2004). The response by community and economic development practitioners is a shift toward comprehensive entrepreneurship development models. Such models advocate a systems approach toward entrepreneurship development, particularly in rural areas (Markley et al., 2005). According to Dabson (2005), an entrepreneurship development system “integrates a wide range of programs and tailors products and services to meet the diverse needs of entrepreneurs. It should be comprehensive, flexible, culturally sensitive, and integrated, and should require providers to collaborate rather than operate independently or in isolation” (3).

A number of models have been proposed over the last decade to support entrepreneurship development (Table 4). These models signify a departure from past strategies of entrepreneurship development because they take a community-building systems approach rather than stand-alone policies and programs aimed at addressing very specific needs. The inclusion of terms such as “network,” “culture,” and “systems” reflect the importance of local context in entrepreneurial development.

In a report developed for the National Association of Counties (NACo), Markley et al. (2006) identify three areas through which county governments can help create an entrepreneurial environment—infrastructure, climate, and support systems. Infrastructure investments are the most straightforward in that local governments may have control over or regulate infrastructure such as real estate, utilities, business services, taxes, and regulatory processes that impact local entrepreneurs. With regard to climate and the development of support systems, public policy options may be less obvious.
### Table 4. Entrepreneurship Development System Models

<table>
<thead>
<tr>
<th>Model</th>
<th>Description</th>
</tr>
</thead>
</table>
| Markley, Macke, and Luther, 2005            | Elements of Entrepreneurial Environment  
− Climate (awareness, recognition, culture, anonymity, quality of life)  
− Infrastructure (real estate, utilities, services, taxes and regulations)  
− Support (basic, advanced, high performing) |
| Pages, Freedman, and Von Bargen, 2003       | − Entrepreneurial eco-system (variety of players, networks for reciprocal action, criteria of selection)  
− Cultural change (education and training)  
− Individual focused (soft networks for information sharing and peer learning)  
− New delivery methods (decentralized network models)  
− Focus on high growth (target potential “gazelles”) |
| Lichtenstein, Lyons, and Kutzhanova, 2004   | − Systems approach among service providers  
− Enterprise development system (customized to community)  
− Focus on entrepreneurs  
− New roles, skills, and tools (to create and manage a pipeline of entrepreneurs)  
− Operate as transformation business (evaluation of efficiency, effectiveness, equitability, sustainability, and scale of impact) |
| Corporation for Enterprise Development, 2003 | − Entrepreneur focused  
− Regional cooperation  
− Community specific  
− Continuous leaning and evaluation |

Five elements are identified as important for “creating a supportive and stimulating climate for entrepreneurship” (Markley et al., 2006, 5). These include awareness of the value of entrepreneurs in the local economy, recognition of the dynamic nature of entrepreneurship, a culture capable of accepting how “entrepreneurial failure and success” impacts the stability of the community, anonymity and space for entrepreneurs to work, and quality of life. From a quality of life perspective, policy makers are faced with the challenge of balancing between “local tax rates and high quality public services” entrepreneurs might favor (6). Within the realm of climate, quality of life would seem to be the most easily influenced by local public policy.
Markley et al. (2006) identify three levels of support for entrepreneurs. Basic support starts with “addressing any issues related to creating a positive climate and strong infrastructure for entrepreneurs” (10). It also involves assessing business-related assets, “creating a focus on entrepreneurs,” and creating networking opportunities for entrepreneurs (11). Advanced support builds on basic support and could include actions such as providing entrepreneurial training, providing access to nontraditional financial capital, facilitating increased access to new markets, and creating opportunities for youth to be introduced to entrepreneurship. The third level is referred to as “high performing support” (16). It is significantly more intensive and may require larger investments. Examples of high performing support cited include customized support for all types of entrepreneurs, creation of angel investor networks, embedding entrepreneurship education within the K-12 system, and creating entrepreneurial support organizations to provide ongoing and in-depth support for entrepreneurs.

Holley (2005) emphasizes the importance of regionalism in her model for building an entrepreneurship development system. Establishing a policy network to address the unmet needs of entrepreneurs within the region is a critical element in such systems. She suggests that policy should extend beyond technical assistance and build upon extant resources within the region. From a local policy perspective, Holley (2005) suggests that “counties and cities can shift resources or identify new resources to support entrepreneurship. Local leaders can frame the importance of entrepreneurship and provide incentives for entrepreneurs” (56).

Although Markley et al. (2006) and Holley (2005) do provide a few anecdotal examples of local policies enacted in the development of entrepreneurship development systems, their prescriptive recommendations are fairly general in nature. As such, it may be difficult for local decision makers to know where to start in addressing identified needs of entrepreneurs. As the
first study to systematically identify and categorize local entrepreneurship policy, this study seeks to begin filling this void.

Community Capitals and Entrepreneurial Development

With respect to new business start-ups, several factors have been found to be positively correlated with the decision to start a new venture, including access to social networks and contact with other entrepreneurs (Singh, Hills, Hybels, and Lumpkin, 1999; Davidsson and Honig, 2003). In a study of growth-oriented Italian firms, Dubini (1989) identifies two types of entrepreneurial environments. Sparse environments are those lacking “entrepreneurial culture and values, networks, special organizations or activities aimed at new companies” (14). Conversely, munificent environments are rich in family businesses, entrepreneurial role models, economic diversity, infrastructure, educational opportunities, financial stability, and government incentives for new businesses. Munificent environments are more likely to have higher rates of entrepreneurial activity.

 Many of these same features correspond to a concept in community development literature known as community capitals. From this perspective, capital can be defined as “any type of resource capable of producing additional resources” (Flora et al., 2004, 165). Community capitals are resources, or assets, which can be found or employed in a given community. Emery and Flora’s (2006) community capitals framework (CCF) is a useful tool for analyzing the relationship between seven overlapping types of capital (Figure 3)—natural, cultural, human, social, political, built, and financial—and local community and economic development (Flora et al., 2004; Flora et al., 2005; Emery and Flora, 2006).
The CCF is consistent with other community development literature suggesting asset-based approaches tend to be more effective in creating change than primarily needs-driven approaches (Kretzmann and McKnight, 1993; Mathie and Cunningham, 2003; Flora et al., 2004). What sets the CCF apart from other methods for understanding community change is its solid theoretical foundation, particularly with respect to human and social capital, and its use in systematically analyzing a broad range of community characteristics that affect change, both positively and negatively. Referring to these characteristics as capitals (or resources or assets) conveys a sense of empowerment and opportunity for purposive action. In the remainder of this section, each community capital is explored in more detail, along with possible relationships to entrepreneurship development.
Human Capital

The concept of human capital can be traced back to Adam Smith, who identified four types of capital impacting production, including “the acquired and useful abilities of all the inhabitants or members of the society” (Smith, 1904, II.1.17). Human capital was articulated as a theory by Schultz (1961) and further developed by Becker (1964), Mincer (1974), and others who define it as skills and knowledge attained by workers through education, job training, and self improvement. Since that time sociologists and others have tested, formalized, and refined the theory to extend beyond the realm of economics. Using this broader approach and within the CCF, “human capital consists of the assets each person possesses: health, formal education, skills, knowledge, leadership, and talents” (Flora et al., 2004, 84).

Human capital determines the ability of people within a community “to develop and enhance their resources and to access outside resources and bodies of knowledge in order to increase their understanding, identify promising practices, and to access data for community-building” (Emery and Flora, 2006, 21). However, unlike capitals such as natural resources, it is not finite. An individual’s human capital is created and expanded over time and is influenced by families, schools, and firms (Carneiro and Heckman, 2003). Human capital can also be mobile. In particular, highly-educated individuals are able and likely to move more frequently than other individuals (Waldorf, 2009; Basker, 2002; Kodrzcki, 2001). As a result, human capital can be expanded or diminished within a community.

Human capital development has long been a cornerstone of entrepreneurship policy, particularly with respect to knowledge and skill development. The most visible example of this in the United States is SBA’s small business development center network. Located in every state, the centers are a collaborative effort between the private sector, higher education, and local,
state, and federal governments to provide counseling and training to existing and prospective business owners (http://www.sba.gov/content/small-business-development-centers-sbdc). In addition, entrepreneurship education has grown tremendously among institutions of higher education, from 250 courses offered in 1985 to over 5,000 courses in 2007 (Brooks, Green, Hubbard, Jain, Katehi, McLendon, Plummer, Roomkin, and Newton, 2007).

In recent years, Florida (2003) has argued that a subset of human capital, “creative capital,” located in areas characterized by innovation, diversity, and tolerance are the drivers of economic growth. In particular, he suggests that economic, artistic, cultural, and technological creativity are a source of competitive advantage. Building on the work of Schumpeter (1942) and Schultz (1961), Piazza-Georgi (2002) identified three types of human capital that impact growth: human skills, entrepreneurship, and stock of knowledge or technology. These distinctions are important because they take into consideration factors beyond just knowing how to do something or being physically able to perform. They recognize that characteristics such as a willingness to take risks, creativity, leadership, and innovation are important aspects of human capital, particularly with respect to economic growth. Also, as observed with several other community capitals, research has shown the existence of a highly-educated workforce to be an attractive feature for other highly-educated workers and companies (Florida, 2003; Waldorf, 2009).

Social Capital

Social capital has been defined in a variety of ways. The more comprehensive definitions include the bridging and bonding mechanisms that connect people and organizations as well as the resources created through those networks (Bourdieu, 1986; Nahapiet and Ghoshal, 1998; Putnam, 2000; Kim and Aldrich, 2005). A community’s social capital is strongly influenced by
trust, norms and networks (Putnam, 2000). In the CCF, social capital is broadly construed to include leadership, groups, bridging networks, bonding networks, reciprocity, and trust that exist among and within groups and communities (Flora et al., 2005).

Putnam (1993) was one of the first researchers to argue that the development of social capital is positively associated with a strong economy. Research has shown the presence of social capital provides distinct benefits to entrepreneurs. Berggren and Silver (2009) found that bridging networks between the business community and local politicians are important, particularly with respect to communication, legitimacy and reciprocal support, and expanding networks to increase competence and resources. Strong social relations can also help reduce risk and market uncertainty faced by entrepreneurs by “generating trust and discouraging malfeasance in economic transactions” (Green, 1996, 3). Social capital may be particularly important for rural entrepreneurs due to physical isolation and limited access to physical markets and resources (Lyons, 2002). His findings suggest that “success hinges on multiple linkages among numerous participants” (213) through both formal and informal relationships.

**Natural Capital**

Natural capital refers to natural resource and environmental amenities found within a community (Flora et al., 2005). Examples include land, water, air, biodiversity, and natural scenery. The most traditional role of natural capital in entrepreneurship is as a production input (Flora et al., 2004). Entrepreneurs have been using natural resources to create a product (e.g., oil for fuel) or provide a service (e.g., guided hunting trips) for hundreds of years. However, natural capital can play other roles as well. For instance, many entrepreneurs and workers choose where
to live and work based on natural amenities that exist within a location, such as scenic beauty, quality of air and water, and recreational opportunities (Shaffer, et al., 2004; Waldorf, 2009).

**Cultural Capital**

Cultural capital is the “filter through which people regard the world around them, defining what is problematic and therefore can be changed” (Flora et al., 2004, 79). It includes the historical and cultural characteristics that make a place unique and is reflected through values, traditions, and language (Flora et al., 2005). Schneider (2004) broadly defines culture as “the way of life of a community, including its economic strategies and social organization in addition to its habits and belief systems” (10).

Cultural capital can play a particularly influential role in the power structure existing within a community and how new ideas are received (Emery and Flora, 2006). It may also influence trust, affecting who has access to various social networks or other community resources and in what form (Schneider, 2004). Like natural capital, research has shown that cultural amenities play a role in attracting high-skilled individuals to an area (Dissart and Deller, 2000; Florida, 2003; Currid, 2009). Cultural capital is particularly important in entrepreneurship development because it affects “how creativity, innovation, and influence emerge and are nurtured” (Emery and Flora, 2006, 21). Within the entrepreneurship system development literature, creating a culture that is supportive of entrepreneurship is often a predominant theme (Markley et al., 2005; Pages et al., 2003).
Political Capital

Political capital is the “ability of a group to influence the distribution of resources within a social unit, including helping set the agenda of what resources are available” (Flora et al., 2004, 144). It is reflected in traits such as inclusion, citizen voice, and power (Flora et al., 2005). This power may or may not be held by elected officials. Gutierrez-Montes (2005) suggests that rural political capital includes “the ability to deal with coercion and enforcement, the ability to participate and have a voice and the ability to access power and influence decisions and actions.”

Political capital is important because it affects whether entrepreneurial-friendly policy exists. It reflects whether entrepreneurs have a voice and whether they are recognized or active in the public policy process (Markley et al., 2005; Emery and Flora, 2006). Similarly, Hart (2003) suggests that while stakeholders who provide knowledge can be extremely important, power relationships among stakeholders tend to be the most critical in driving the entrepreneurship policy process.

Built Capital

Built capital is physical infrastructure created in a community. Examples include water systems, communications infrastructure, transportation systems, utilities, health systems, and housing (Flora et al., 2005). It can be publicly or privately developed and owned (Flora et al., 2004).

Built capital facilitates the process of doing business. Entrepreneurs rely on things such as water systems, communications infrastructure, transportation systems, and utilities as production inputs. In addition, business owners and employees rely on health systems, schools, housing, and other forms of built capital for daily life. Like natural and cultural capitals, built
capital contributes to the amenities and overall quality of life that impact location decisions (Shaffer et al., 2004; Waldorf, 2009).

Financial Capital

Financial capital consists of those financial resources available for reinvestment in “community capacity building” (Emery and Flora, 2006, 21). It includes the income, wealth, investment, credit, and security assets that exist in the community (Flora et al., 2005). Unlike many of the capitals, financial capital is highly mobile and can be easily transferred from place to place (Flora et al., 2004).

Financial capital provides the ability to “underwrite the development of businesses” (Emery and Flora, 2006, 21). Sources may include existing wealth held by members of the community (including entrepreneurs themselves), financial intermediaries that provide access to loans or grants, or policies that provide tax breaks or other financial incentives (Flora et al., 2005). Financial capital is also indirectly related to entrepreneurship to the extent it is available to finance the development of other capitals. One of the challenges in rural areas is that financial capital tends to be less available than in urban areas (Lichtenstein and Lyons, 1996; Flora et al., 2004).

Relationships between Community Capitals

Community capitals are interconnected and investments or depletion of one capital may have spillover effects on others. For example, research has shown that with respect to entrepreneurial development, financial, built, human, and social capitals are interrelated and investments in social capital may increase the others (Florin, Lubatkin, and Schulze, 2003;
The community capitals framework “highlights interdependence, interaction, and synergy among capitals, as use of the assets in one capital can have a positive or negative effect over the quantity and the possibilities of other capitals” (Gutierrez-Montes, Emery, and Fernandez-Baca; 2009:108). Myrdal’s (1957) theory of cumulative causation provides an explanation of how this occurs (Emery and Flora, 2006).

The theory of cumulative causation suggests that a circular and self-reinforcing chain of events leads to a cumulative loss or gain of assets that explains the growth or decline of regional economies (Myrdal, 1978; Krugman, 1997). What sets Myrdal’s theory of cumulative causation apart from similar models is that he emphasizes the role of both economic and non-economic factors in development (Toner, 1999; Fujita, 2007). Myrdal argues that while economic factors such as labor, capital, and production inputs matter in the cycle of growth or decline, non-economic factors such poverty and culture also play significant role (Myrdal, 1957). This implies that systematic policy interventions designed to impact a variety of socio-economic factors may help initiate an upward spiral of development (Toner, 1999; Berger, 2009).

With respect to entrepreneurship policy, this literature base suggests that proponents of entrepreneurship development systems have the right idea. Instead of stand-alone programs and policies, strategies that take a more comprehensive systems approach targeting both economic and non-economic factors may be more successful in stimulating entrepreneurial development. The community capitals framework, with its emphasis on natural, cultural, human, social, political, built, and financial variables and the interaction between them, serves as a useful tool for analyzing such efforts.
Using the Community Capitals to Analyze Community Change

In this section, two examples of how the community capitals framework has been used in the literature to help understand different types of community change are presented. The first example analyzes a broad community development effort in a rural county in Nebraska. The second examines vocational education efforts targeted toward Native Americans in the United States. While these examples extend beyond the application of entrepreneurial development, they illustrate the appropriateness of the community capitals framework in helping to understand the context, role, and potential synergistic impacts of policy and program interventions. As such, they provide a basis for informing how the community capitals framework might be applied in this study to analyze local public policy efforts to create entrepreneurship development systems.

Employing a case study approach, Emery and Flora (2006) use the community capitals framework to analyze how strategic investments in specific capitals as part of a community development effort, the HomeTown Competitiveness (HTC) program reversed a period of economic decline. HTC is one of the six three-year pilot entrepreneurship development system projects funded by the Kellogg Foundation (Dabson, 2005). It is more comprehensive in scope than most of the other entrepreneurship development system initiatives funded in that it attempts to build long-term rural community sustainability by focusing on four interrelated strategies: energizing entrepreneurs, developing leadership, engaging youth, and charitable giving (Macke, 2006).

Emery and Flora (2006) use the community capitals framework to examine HTC efforts in Valley County, Nebraska. They do so “from a systems perspective by identifying the assets in each capital (stock), the types of capital invested (flow), the interaction among the capitals, and the resulting impacts across capitals” (21). Using interviews, document analysis, and
observation, the authors examined pre-existing socio-economic conditions, actions taken to identify and address needs and opportunities within the county, and the changes that subsequently occurred. Using the community capital framework to analyze the data, Emery and Flora (2006) show how investments in certain capitals led to changes in others, resulting in a phenomenon they call “spiraling-up” (20) caused by a “cumulative causation” process in which asset growth becomes a self-reinforcing cycle of increasing opportunity and community well being” (23).

In their analysis of Valley County, Emery and Flora (2006) found that while investments were primarily made in human, financial, and social capital, the stock of all community capitals were increased. They found investing in social capital, bridging between local groups and with outside expertise, to be a particularly critical in instigating spiraling-up process. Their findings also suggest that it is important to give thought to how cultural capital can be increased as investments are made in other capitals. In Valley County, this was achieved by including youth in efforts such as a newly implemented leadership program and entrepreneurship education. In addition to developing human capital, these actions helped change how youth are perceived by others in the community and how they see themselves as part of the community, both in the present and future.

In the most recent published example of an application of the community capital framework, Flora and Emery (2011) use the community capital framework to identify characteristics of successful projects used in tribal college and community training. Based on interviews with students and administrators at tribal colleges and community-based native-serving institutions, the authors sought to understand contextual factors, categorize learning projects, and determine linkages between “pedagogy, community and vocational learning” (115)
in training for Native American Indians. Investments were made in all seven community capitals, ranging from 37 initiatives targeting human capital to 12 for political capital. Similarly, the study found measurable increases in the stock in all capitals, with cultural, human and social capitals increasing the most.

Beyond simple categorization of investments and expansion of community capitals, the interviews allowed researchers to capture perceptions of study participants about the value of specific capitals. Perhaps not surprising since educational initiatives were the focus of the study, human capital was identified as a key element of project success. Cultural assets were identified as a key to help “participants develop their identity and strengthen their self-confidence” (116) contributing greatly to human capital expansion (Flora and Emery, 2011). Social capital was cited frequently as important to program success, particularly among project leaders.

These two studies show the complexity of creating community change and the need for systematic investments across multiple community capitals to build capacity and bring about change. They also show how the community capitals framework can be used to analyze efforts to initiate community change. First, the framework can provide a structure for assessing existing socio-economic conditions within a community or region. From a public policy perspective, this is important because context affects all stages of the policy process including agenda setting, policy formation, adoption, implementation and evaluation. With respect to the creation of entrepreneurship development systems, Edgcomb et al. (2008) identified several state and local factors, particularly with respect to cultural and social capital, impacting implementation and policy efforts.

The community capitals framework can also be a useful tool in categorizing policy actions based on what they are designed to achieve. Because this study is the first to identify
local entrepreneurship policy, this application is particularly relevant. Simply knowing what policies have been tried in the communities included in this study is not enough. Categorizing policies in terms of community capitals can help policy analysts in other communities understand the rationale and goals behind specific policies and assess which alternatives might best fit their own situation.

Finally, the framework can also be used as an assessment tool to document the impacts of existing public policy or potential impacts of different policy alternatives. As previously discussed, community capitals are interconnected. Investment in or depletion of one capital may have spillover effects on others. As a result, entrepreneurship policy must take into account existing levels of each and how a change in one capital may impact the stock and flow of the other capitals. Understanding these interactions is critical in evaluating the impacts of entrepreneurial policy. This is consistent with the systems approach that today’s entrepreneurship development models embrace.

**Entrepreneurship Policy Formation and Local Context**

As defined earlier, a policy is premeditated action or inaction followed by one or more individuals or entities to address a public problem or issue (Anderson, 2011). To understand the public policy-making process, it can be helpful to deconstruct it into manageable, analytical components. Although a variety of models have been proposed, one of the oldest and most commonly cited is a five-stage process including agenda setting, policy formulation, policy adoption, policy implementation, and policy evaluation (Anderson, Brady, and Bullock, 1984; Gupta, 2001; Hill and Hupe, 2005; Liu et al., 2010). It is important to note that the policy process may not always be linear in application; different segments may overlap or occur simultaneously.
(Gupta, 2001; Kingdon, 2003). The focus of this study is public policy formation, which collectively consists of the first three of these stages—agenda setting, the formulation of policy alternatives, and the adoption of a policy solution. In this section, policy formation literature and the role of local context in shaping entrepreneurship policy are explored.

While the concept of an entrepreneurship development system represents an overarching policy solution, the issue of how it is achieved is inherently local. In their evaluation of the Kellogg Foundation entrepreneurship development system pilot projects, Edgcomb et al. (2008) found that the creation of such systems is shaped by factors that align close with community capitals framework. This is consistent with public policy literature. A fundamental consideration in public policy analysis is the political and social context in which policy is developed. Gupta (2001) suggests that norms, values, culture, history, traditions, constitution, and technology all impact the realm of public policy. With respect to policy formation, local context helps define a situation or problem, impacts whether that issue makes it to the policy agenda, and influences what policy solutions are considered and chosen.

In general terms, agenda setting is the process by which problems are considered in a given setting (Baumgartner and Jones, 1993; Kingdon, 2003). From a policy perspective, stakeholders may attempt to push problems they believe cannot be adequately addressed in the private sector onto the public agenda. One way of doing so is to link problems to public causes in order to garner governmental attention (Baumgartner and Jones, 1993). With regard to entrepreneurship development systems, this should be an easy sell on the surface. The economy and job creation has always been a political priority, even at the local level. The inability of rural areas to effectively compete in the industrial recruitment game is one of the primary reasons advocates are encouraging leaders in rural communities and regions to consider entrepreneurship
development as an economic development strategy (Pages, Freedman and Von Bargen, 2003; Markley et al., 2005). However, one of the challenges in understanding the local policy environment surrounding entrepreneurship development systems is the complexity of the underlying theoretical rationale. As described earlier, it is broadly based on the development and expansion of local human, financial, and social capital to encourage entrepreneurial behavior, which in turn is expected to lead to increased economic benefits and community sustainability. From an agenda setting perspective, what is the underlying issue or problem hindering business development? For example, while the overall problem may be perceived as a lack of entrepreneurial activity to create jobs, the underlying reasons behind that lack of activity may vary from place to place. Is it a lack of adequate physical infrastructure to support local businesses? Is there a lack of financial capital within the area to allow business start up or expansion? Is it a lack of human capital as it relates to employees or potential entrepreneurs themselves? Is it something else? Local circumstances, including existing levels of community capitals, dictate what the underlying issue is and its perception by community members and leaders.

Not all policy problems that are identified and reach the public agenda are seriously considered or addressed by policy makers. Once an issue is identified, stakeholders may lack the social or political capital to elevate the issue to the local public, governmental, or decision agenda. Kingdon (2003) defines a governmental agenda as “the list of subjects or problems to which governmental officials, and people outside of government closely associated with those officials, are paying some serious attention at any given time” (3). He goes on to identify a subset of this agenda, the decision agenda, which consists of those governmental agenda issues that “are up for an active decision” (4). Cobb and Ross (1997) echo this idea. They identify a
subset of the public agenda, the formal agenda, which consists of problems and possible solutions under active consideration by governmental bodies.

There are two veins of theory explaining how problems reach the formal agenda (Bachrach and Baratz, 1962; Gupta, 2001). Supply-side theories, including elitist and iron triangle models, assume a hierarchy where one or more groups have the political or economic power to dictate formal agendas. In rural communities, the power elite are likely to be prominent business people, elected officials, or longstanding government workers. Within the community capitals framework, this represents political capital.

Conversely, demand-side theories, or pluralist models, assume that widespread public demand manifest through citizen activists groups can push any issue the forefront agenda (Bachrach and Baratz, 1962, Gupta, 2001). Activist groups in rural communities could include any mix of stakeholders, provided they can frame the problem appropriately and organize effectively to gain the attention of policy makers. At the local level, the ability to accomplish this is dictated by the ability to leverage social, political, human, and cultural capitals.

Kingdon’s multiple streams model (2003) represents a hybrid of both approaches. Based on his research on federal policy making, Kingdon identifies two primary factors that affect agenda setting and consideration of policy alternatives. First are participants in the policy making process, which include members and staff of the executive and legislative branch, civil servants, the media, interest groups, political parties, and the general public. The second are processes, which he separates into three fluid streams: problems, policies (i.e., potential solutions), and politics. Depending on how these streams interact when a policy window opens, power elites or citizen activists may be successful moving a problem to the formal agenda. Again, this process is influenced by social, political, human, and cultural capitals.
Sometimes a “focus event” (53) can serve as a trigger to mobilize action at the agenda setting stage (Gupta, 2001). Often, the media plays a prominent role in highlighting and bringing public attention to the event. Although this could potentially occur under any of the agenda setting theories, it seems particularly salient under Kingdon’s hybrid approach. Examples of triggering events that might prompt action supportive of entrepreneurship policy could include the closing of a major employer or the availability of incentives to encourage such behavior. One documented example was the aforementioned funding by the Kellogg Foundation in 2004 to implement six pilot projects to create entrepreneurship development systems (Edgcomb et al., 2008). Although some of the pilot sites were already engaged in trying to create such systems, stakeholders in others saw the program as an opportunity and quickly mobilized to apply for the program.

In general, policy formulation is the stage at which solutions to a given policy problem are developed and considered (Gupta, 2001). It concludes when a particular policy is officially adopted (Gupta, 2001). In practice, agenda setting and policy formulation often occur simultaneously as opposed to two separate, sequential parts of the policy process. Kingdon’s (2003) multiple streams model reflects this reality, suggesting that policy problems and solutions are floating around at the same time within a political environment. Action, or policy adoption, occurs when something triggers a policy “window” (173) to open (e.g., a problem becomes overwhelmingly pressing or the political climate shifts) and a policy advocate is successful at convincing decision makers that a certain solution is best. Perhaps fitting for this study, Kingdon (2003) refers to these advocates as “policy entrepreneurs” (122).

One complicating factor in trying to apply much of the agenda setting literature to rural entrepreneurship systems is that the literature tends to focus primarily on national and state-level
decision making. In a recent study, Liu et al. (2010) utilized Kingdon’s multiple streams framework to examine local-level environmental policy. In particular, their analysis focused on policy participants, attention attractors, key attributes of policy alternatives, and political factors (Liu et al., 2010).

With respect to participants, Liu et al. (2010) found that governmental actors and interest groups play a key role in agenda setting while the general public, experts, and election-related actors played a secondary role in local agenda setting. It is not clear that such findings would hold true in the entrepreneurship development system policy environment. First, the stakeholders tend to be different, with election-related actors typically on the side of business or economic interests. Second, although environmental activists have been fairly successful in influencing policy to protect environmental interests despite objections from pro-business interest groups in recent years, the balance appears to tilt more toward business interests in times of economic stress.

Among attention attractors, Liu et al. (2010) found that budgetary considerations and feedback appear to play the strongest role in local environmental policy making followed by problem indicators. Focusing events were least cited. This is not surprising given resource limitations and the relatively small size of local government budgets and the fact that a great percentage of constituents are likely to know their local elected officials (Jordan, 2003). One would expect similar findings with respect to most types of local policy.

Kingdon (2003) cites technical feasibility, compatibility with local values of both the public and policy makers, and acceptable cost as critical tests of whether a policy alternative is given serious consideration at the federal level. Liu et al. (2010) found that while these attributes were important at the local level, a policy’s compatibility with state or federal policies was more
important. In the instance of local environmental policy, government officials must balance between quality of life and property issues and state and federal standards. From an entrepreneurial development perspective, one would expect local policies to be impacted by the types of economic incentives or financial resources being provided at the state level.

Finally, Liu et al. (2010) suggest that “the local policy process appears to be most influenced by consensus and coalition building, unlike the national policy process, which is largely influenced by shifting public moods and opinion, as well as changes in electoral leadership” (85). This could be because a broader range of stakeholders are likely to have direct access and interaction with local policy makers on all policy issues. Interestingly, Liu et al. (2003) also found that political factors were less important than participants, attention attractors, and attributes of policy alternatives in local policy formation. It is unclear if this would hold for non-environmental policy.

Summary

In today’s global and information-based economy, rural communities are finding it increasingly difficult to maintain a sustainable economic base. Recent economic development research has found positive correlations between entrepreneurial activity in the form of new business start ups and expansion of existing firms and stronger local economies. Research in entrepreneurial development has found that communities that meet both the physical and emotional needs of entrepreneurs are more likely to have higher levels of entrepreneurial activity than those that do not (Dubini, 1989; Singh et al., 1999; Davidsson and Honig, 2003). This research has led to the emergence of models that focus on the expansion of local assets to develop a comprehensive system of support for entrepreneurs rather than individual policies and
programs designed to address narrowly-focused needs, such as access to financial capital (Corporation for Enterprise Development, 2003; Pages et al., 2003; Lichtenstein et al., 2004; Markley et al., 2005).

The community capitals framework provides a good fit for understanding the relationship between local context and entrepreneurial development because the literature suggests that each of the seven asset groups represented—natural, cultural, human, social, political, built, and financial—can be linked to the needs of entrepreneurs. Furthermore, application of the community capitals framework and theory of cumulative causation suggest that because community capitals are interrelated, changes in one or more capitals, positive or negative, can result in a snowballing upward or downward change in assets that is linked to economic growth or decline (Myrdal, 1978; Krugman, 1997; Emery and Flora, 2006). Financial, built, human, and social capitals have been found to be particularly interrelated with respect to entrepreneurial growth, and investments in social capital has been linked to increases in the others (Florin, Lubatkin and Schulze, 2003; Westlund and Bolton, 2003). These findings suggest that entrepreneurship development systems that target the expansion of both economic and non-economic assets may be effective in increasing entrepreneurial growth in a community.

While entrepreneurship development models call for supportive local policy, there are few specific examples of these policies cited in the literature. In addition, the issue of local policy formation related to such systems has not yet been addressed. In one of the few studies that examine local policy formation of any type, Liu et al. (2010) examined how elements of Kingdon’s multiple streams model—policy participants, attention attractors, key attributes of policy alternatives, and political factors—impact local environmental policy formation. They found that governmental actors and interest groups are the primary participants in local agenda
setting followed by the general public, experts, and election-related actors. Among attention attractors, budgetary considerations and feedback played the strongest role followed by problem indicators. Compatibility with existing policies and regulations was more important than technical feasibility, value acceptability, and future constraints in consideration of policy alternatives. And although consensus and coalition building were found to be the most important political factors influencing local policy formation, political factors as a category were found to be less important than participants, attention attractors, and attributes of policy alternatives.

In conclusion, there is clearly a need for additional research in the area of local public policy formation. Even in communities where the same underlying problem exists and reaches the local decision agenda, different policy options may be considered or adopted because of differences in local context. Individual communities may have different resources available with which to address a policy problem. The community capitals framework and policy formation literature can be used to help understand these differences. In this study, they will be used to analyze how local context has shaped entrepreneurial policy formation in two rural counties in North Carolina. For local leaders trying to determine how best to create an entrepreneurship development system in their community, understanding the local nuances that shape actions taken in other communities and exploring their own local context as it relates to public policy formation are important steps in the process. This study seeks to shed light on the subject.
CHAPTER III. RESEARCH DESIGN, METHODS, AND DATA

This study represents a first step in establishing a research base to help inform entrepreneurship policy development at the local level. The primary goal of this study is to better understand how local public policy can be used to build capacity and support the creation of entrepreneurship development systems in rural communities and regions. To achieve this, the following research questions are addressed.

1. What local policies have been enacted in efforts to build entrepreneurship development systems?
   a. What are those local policies designed to do?
   b. How do those policies fit with respect to existing models for entrepreneurship development systems?
   c. How are community capitals preserved, utilized, leveraged, or expanded through those policies?

2. How do local contextual factors impact public policy formation related to entrepreneurship development systems?

This chapter describes the research design, methods, and data utilized in this study to address those research questions. It concludes with a description of the steps taken in this study to ensure its integrity and validity.

Research Design

Research design is defined as “the logic that links the data to be collected (and the conclusions to be drawn) to the initial questions of a study” (Yin, 2003, 19). In light of the exploratory and descriptive nature of this study’s research questions, a qualitative research
approach is being used. Qualitative research is designed to inform a deeper, more detailed understanding of the world (Patton, 2002; Jones, Torres, and Arminio, 2006). It is holistic in nature, follows an inductive approach, and represents a naturalistic form of inquiry (Patton, 2002). Qualitative research is holistic because it is based on an assumption that knowledge is context bound and separating data down into “isolated, incomplete, and disconnected variables” (9) does not tell the true story (Hatch, 2002). It is inductive because rather than starting with an hypothesis and collecting data to test it, qualitative research starts with patterns in the data, which in turn drive study findings (Rudestam and Newton, 2001; Hatch, 2002). Finally, because qualitative research often strives to understand a phenomenon within its natural state, it considered a form of naturalistic inquiry (Rudestam and Newton, 2001; Hatch, 2002).

In designing a research strategy, it is important to consider the paradigm which underlies a researcher’s perspective (Hatch, 2002). Jones et al. (2006), in reviewing how various authors define a paradigm, suggest it is commonly understood as “a set of interconnected or related assumptions or beliefs” (9). This belief structure, or interpretive framework, in turn shapes a researcher’s actions, including the questions he or she considers, the research methodology used, and how findings are analyzed and interpreted (Denzin and Lincoln, 2005). In essence, it situates or grounds the research. Assumptions about epistemology, or the “acquisition of knowledge” (9), are central to this notion (Jones et al., 2006).

Paradigmatic alternatives may range along a continuum between modernism, the belief that an objective reality exists, to postmodernism, the belief that reality is based solely on individual perceptions (Jones et al., 2006). While most researchers agree that quantitative research tends to be firmly based in a positivistic paradigm, where truths are known independent of a researcher’s worldview and can be empirically measured and tested, the basis for qualitative
research can be much less obvious (Hatch, 2002; Guba and Lincoln, 2005; Denzin and Lincoln, 2005; Kincheloe and McLaren, 2005; Jones et al., 2006).

Identifying a research paradigm and epistemological belief is important for multiple reasons. First, there tend to be theoretical links between epistemology, methodology, and products generated. Mixing and matching between them may produce work that “lacks logical consistency at the least or flies in the face of theoretical integrity at the worst” (Hatch, 2003, 12). Second, from a data interpretation perspective, understanding one’s own epistemological beliefs and how they may differ from study participants can also be helpful in reconciling or interpreting unexpected data findings (Jones et al., 2006). Perhaps most importantly, research is conducted to generate findings that can be used by others. In order for those findings to be used properly and appropriately, it is important for others to understand the process, both mechanically and conceptually, through which they were generated. As such, documentation of the epistemological and paradigmatic approach the researcher took in developing and conducting a study is an important part of the end product.

This study is grounded in postpositivism. From an epistemological perspective, it is based on the belief that knowledge is an approximation because humans are incapable of understanding truths in the world (Hatch, 2002). Because of this perspective, a variety of data collection methods were used to gather a broad range of data and participant perspectives. A systematic process for analyzing and interpreting those data will be used in an attempt to generate findings that are as close to reality as possible, practices consistent with the postpositivism paradigm (Hatch, 2002; Guba and Lincoln, 2005). The remainder of this chapter documents those efforts.
Methods

According to Creswell (2003), methodology “provides specific direction for procedures in a research design” (13). In this study, two overall strategies, grounded theory and case study, were employed along with multiple methods for collecting data. According to Denzin and Lincoln (2005), “the use of multiple methods, or triangulation, reflects an attempt to secure an in-depth understanding of the phenomenon in question” (5). This is a key feature of qualitative research, particularly from a postpositivist perspective. In this study, the need for multiple research methods was also warranted because the different research questions lend themselves to different types of data collection strategies.

Grounded theory represents the overarching research methodology for this study and was used in all phases of this study. Grounded theory dictates both a research strategy and end product (Charmaz, 2005). It utilizes a structured process for collecting and analyzing data to inductively generate theory (Strauss and Corbin, 1998; Hatch, 2002; Jones et al., 2006). A key feature is the use of constant comparison, analysis, and conceptualization during data collection (Charmaz, 2005; Hatch, 2002). The end result is a theory that fits and accurately portrays the phenomenon being studied.

This study also employed a case study approach, particularly to address the research question dealing with the contextualization of local entrepreneurial policies and factors shaping the public policy process. According to Yin (2003), case studies represent a form of “empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (13). Although often listed as a separate research strategy, case studies are often a component of other research strategies (Hatch, 2002). Because grounded theory seeks to fit a theory to the set of
circumstances being studied, it reflects the case or cases from which it is drawn. Both grounded theory and case study research allow for the use of multiple data collection methods and triangulation to analyze and interpret results.

**Study Area**

In determining the geographic focus of this study, the six Kellogg Foundation pilot projects that received funding to create entrepreneurship development systems beginning in 2004 were considered (Appendix A). Counties and municipalities in these initiatives were thought to be among the earliest adopters of the entrepreneurship development system approach, were easily identifiable, and were most likely to have approached the task in a strategic and documented manner due to grant reporting requirements. In order to focus on local contextual factors independent of state or regional factors, only those pilot project locations within a single state were considered. This eliminated two of the six pilot project areas, Advantage Valley Entrepreneurship Development System and Oweesta Collaborative. In order collect from the largest possible pool of counties remaining, the Empowering Business Spirit Initiative consisting of four counties and Connecting Oregon for Rural Entrepreneurship project consisting of ten counties were also eliminated. This left the North Carolina Rural Outreach Collaborative, which included all 85 of North Carolina’s rural counties, and the Nebraska’s HomeTown Competitiveness, which included 16 counties. Because the HomeTown Competitiveness program is a fairly broad community development initiative, focusing on leadership development, youth engagement, and charitable asset development as well as entrepreneurship, the decision was made to base this study in North Carolina. The rationale for this was that it
would provide a better opportunity to identify policies and local context specific to building an entrepreneurship development system rather than overall community development.

Based on discussions with representatives from the Rural Policy Research Institute (RUPRI) Center for Rural Entrepreneurship and North Carolina’s Institute for Rural Entrepreneurship, two entities which have worked extensively on rural entrepreneurial development in North Carolina, sixteen rural counties were identified as good candidates for study because of continued efforts to build entrepreneurship development systems even after the Kellogg Foundation funding concluded. Ten counties in two different areas of the state are part of regional initiatives. The remaining six have taken a county-based approach through the Certified Entrepreneurial Communities program administered by Advantage West, a regional economic development organization. As previously identified, the counties (listed by region) are:

1. Southeast Entrepreneurial Alliance: Bladen, Columbus, Hoke, Robeson and Scotland counties.
3. Advantage West Certified Entrepreneurial Communities: Burke, Haywood, Mitchell, Polk, Transylvania, and Watauga counties.

To address the first research question to identify local policies that have been enacted in efforts to build entrepreneurship development systems, information concerning local policies, programs, or other actions enacted by local governments was gathered for each of the 16 study counties. In addition to county governments, this included a total of 66 incorporated cities and towns, which were identified through the North Carolina League of Municipalities
These data were then analyzed to ascertain how they utilized or leveraged community capitals as policy inputs, the goal of those policies as characterized by the preservation or expansion of community capitals, and the extent to which public policies enacted fit with respect to existing entrepreneurship development system models.

To address the second primary research question in this study regarding how local contextual factors impact public policy formation related to entrepreneurship development systems, two counties were selected for case study analysis—one certified entrepreneurial community county and one county from a regional initiative. Counties were randomly selected from study counties for which one or more completed surveys were received. These are referred to as County A and County B respectively.

**Data Collection Methods**

The decision on the most appropriate data collection method relates “directly to the sample frame, research topic, characteristics of the sample, and available staff and facilities” (Fowler, 2002, 58). A variety of data collection methods were used in this study, including a written survey, document analysis, interviews, and observation. The use of multiple methods allows for triangulation, a process of combining, comparing, and corroborating data to increase validity of research findings (Rudestam and Newton, 2001; Patton, 2002). Table 5 lists the sources of data to be used in addressing each of the research questions associated with this study. Each method is described in more detail below.

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3 One additional incorporated municipality within the survey area responded that the city had not participated in the entrepreneurship initiative. As a result, it was dropped from the study.
Table 5. Research Questions and Corresponding Data Collection Methods

<table>
<thead>
<tr>
<th>Research Question</th>
<th>Data Collection Methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. What local policies have been enacted in efforts to build entrepreneurship</td>
<td>Written survey and document analysis for all 16 study counties.</td>
</tr>
<tr>
<td>development systems?</td>
<td></td>
</tr>
<tr>
<td>a. What are those local policies designed to do?</td>
<td>Written survey results and/or document analysis from all 16 study counties.</td>
</tr>
<tr>
<td>b. How do those policies fit with respect to existing models for entrepreneurship</td>
<td>Written survey results and/or document analysis from all 16 study counties.</td>
</tr>
<tr>
<td>development systems?</td>
<td></td>
</tr>
<tr>
<td>c. How are community capitals preserved, utilized, leveraged, or expanded through</td>
<td>Written survey results and/or document analysis from all 16 study counties. Document</td>
</tr>
<tr>
<td>those policies?</td>
<td>analysis, observation, and interviews from two case study counties.</td>
</tr>
<tr>
<td>2. How do local contextual factors impact public policy formation related to</td>
<td>Document analysis, observation, and interviews from two case study counties.</td>
</tr>
<tr>
<td>entrepreneurship development systems?</td>
<td></td>
</tr>
</tbody>
</table>

Written Survey

A written survey of the study area’s county managers and municipal managers (or mayors in instances where no manager position existed) was conducted. These individuals were chosen since they hold primary responsibility for ensuring that county and city policy is implemented in North Carolina and because they were most easily identifiable. This survey was utilized to collect basic information about local policies enacted in the creation of entrepreneurship development systems.

According to Fowler (2002), there are four ways of conducting written, or self-administered, surveys: group administration, drop-off questionnaires, mail, and Internet. Although group administration and drop-off surveys generally have higher response rates than the other two methods, they were not feasible for this study since respondents were not located in a group setting and the number of respondent locations (16 counties and 66 municipalities) made dropping off questionnaires cost prohibitive. Both mail and Internet surveys have relatively low
costs and provide “time for thoughtful answers, checking records, or consulting with others” (Fowler, 2002, 74). Online surveys have highest potential for quick responses. However, since it was not clear whether all potential survey respondents had Internet access, a combination of mail and Internet methods were used to conduct the survey.

One of the major disadvantages of mail and Internet surveys is the difficulty in getting a response (Fowler, 2002). To help mitigate this, a request was made to coordinators for the Southeast Entrepreneurial Alliance, Northeast Entrepreneurial Team, and Certified Entrepreneurial Communities program to provide a letter of introduction about the study to county managers and mayors. Following this introduction, a formal request for assistance was sent to each manager or mayor by mail (Appendix B). This letter provided information about the study, a blank survey form, a postage-paid return envelope, and a link to an online version of the survey. Respondents were given the option of completing the survey and returning it via mail or email or completing it online using Survey Monkey⁴. Non-respondents for whom an email address was found online were sent an electronic follow request to complete the survey. All other non-respondents were sent a second request by mail.

The online survey instrument consisted of four questions, the fourth containing multiple parts (Appendix C). The first question asked which city or county was represented. Although individual responses are being kept confidential, it was necessary to be able to identify responses by county or city for triangulation purposes with other data collected through document analysis. The next two questions asked how government support and funding for entrepreneurship has changed over the last five years. The final question asked respondents to identify and provide

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⁴ Survey Monkey is an online questionnaire program available by subscription. Subscribers can create surveys and solicit responses by providing respondents with an Internet link to the survey. Responses are stored in the subscribers account and can be downloaded for analysis. See http://www.surveymonkey.com/ for more information.
descriptive information about specific policies, programs, or other actions their county or city has taken to support entrepreneurship development system efforts.

**Document Analysis**

The challenge of identifying local public policy efforts taken over a multi-year period of time through a survey instrument is that such measures are not likely to be tracked or logged in a way that makes them easily identifiable. As a result, respondents may not recall or take the time research and provide a comprehensive list. To deal with this challenge, document analysis was also used as a data collection method to identify local public policy actions taken within the 16 counties included in this study. It was also used to collect more detailed data in the two case study counties.

Documents are a form of unobtrusive data (Hatch, 2002). Written documents not only provide a record of what has happened in the past, but can provide valuable insights into the process in which actions came into being (Hatch, 2002; Patton, 2002). In this study, a variety of documents were examined. Due to fiscal, time, and travel constraints, information gathered for document analysis in the 14 non-case study counties was limited to that publicly available from various Internet sources. Where available, these included minutes from county commission and city/town council meetings, media reports, and other documents identified through Internet searches. In the two case study counties, information found through Internet search was supplemented with documents found while visiting those counties. These included print media publications, print copies of minutes from county commission and city/town council meetings, brochures and other items displayed in public places, and documents provided by interview participants.
Interviews

In this study, interviews with key informants and other stakeholders within the two case study counties were conducted. The data collected through these interviews were used as a primary source of data in answering the second research question of this study, how local contextual factors impact public policy formation related to entrepreneurship development systems.

According to Lincoln and Guba (1985), interviewing results in five possible outcomes: participant explanations of an existing phenomenon, reconstructions of past events, projections of future phenomenon, triangulation, and member checking of researcher findings. Potential advantages of this type of data collection include higher levels of participant response and the ability to gather more data from an individual participant than most other methods (Fowler, 2002). One of the biggest downsides is that it can be time consuming, which often limits the number of participants that is feasible (Fowler, 2002; Hatch, 2002).

While quantitative studies rely on probability sampling, qualitative studies typically rely on purposeful sampling in order to generate “information-rich” data about the issues of interest (Patton, 2002, 169). Patton (2002) identifies 16 different purposeful sampling strategies. Because of the exploratory nature of this study, a combination, or mixed purposeful, sampling strategy was be used to identify potential interview participants. Participants were solicited using sampling techniques including maximum variation (to ensure perspectives from a wide range of stakeholders), snowball or chain (to identify key informants who are knowledgeable about the issue), and opportunistic (to take advantage of unexpected findings identified during data collection). Interview participants included local elected officials, non-elected leaders of
entrepreneurship development efforts, local government staff members, representatives of the business community, entrepreneurs, potential entrepreneurs, and other local residents.

Patton (2002) identifies three types of qualitative interview structures: informal conversational, interview guide, and standardized open-ended. Similarly, Hatch (2002) identified three parallel types: informal, formal, and standardized. In both instances, all three structures allow the researcher to capture participant perspectives in their own words. The major distinction is in how questions are formulated. Conversational, or informal, interviews take an unstructured approach with spontaneous questions that result from the natural flow of conversation. Interview guide, or formal, interviewers use previously formulated guiding questions while allowing for follow up probes to delve deeper into issues as warranted. Standardized interviews are the least flexible, utilizing predetermined questions exactly as they are written in a predetermined order with all informants.

In this study, the interview guide approach was used. In accordance with University of Arkansas Institutional Review Board protocol, all interview participants signed an informed consent document (Appendix D). Guiding interview questions were organized into categories including general perceptions, probes related to each of the seven community capitals, and concluding or summary observations (Appendix E). The questions were designed to solicit perceptions about the overall community environment with respect to supporting entrepreneurs, specific characteristics of that environment, and how that environment affects entrepreneurship policy. Not all questions were asked of every interview participant. Instead, questions were asked based on what information had already been provided by the participant until the each question category was addressed.
Audio recordings were be made of each interview and transcribed. This is an important part of the interview process because a key tenant of qualitative research is capturing the words of individual being interviewed and analyzing those words to produce accurate study findings (Patton, 2002). These recordings were supplemented by researcher notes taken during and immediately after the interview.

**Observation**

The final data collection method used in this study was observation within the two case study counties. Observation is a common used tool by social scientists to better understand both human activities and environmental settings (Agrosino, 2005). In this study, it was used during stakeholder interviews to assess non-verbal characteristics of participants and their environment. In addition, direct observation was used to document local characteristics such as natural resources, physical infrastructure, cultural nuances, the demeanor of residents, and other elements of the seven community capitals in order to triangulate and member check other data gathered through the study. For instance, the first task conducted when visiting case study sites was to drive the county to get a sense of layout and observe external differences among municipalities and unincorporated areas of the county. Time was also spent in public locations such as libraries, town council meetings, parks, and retail establishments just watching and taking notes about everyday life as it occurred naturally without directly interacting with people.
Data

In this section, a general description of the data collected through this study is presented. It is followed by a discussion of the process and methods used to analyze these data.

Data Collected

In this study, data were gathered from 16 counties in North Carolina, including 66 incorporated municipalities. Surveys were sent to the county manager in each county as well as city and town managers or mayors in instances where no manager existed. Surveys were returned by 8 of the 16 counties, a response rate of 50 percent. Response from municipalities was substantially lower with only 16 of 66 surveys returned, or 24 percent. There was no correlation between county size and response rates. However, the response rate was higher in county-based initiatives than regional initiatives.

Survey data were supplemented with information gathered through document analysis. This included a review of 3,045 files containing county, city, and town council meeting minutes posted on county and municipal websites. These represented 45 of the 82 study counties and municipalities. For the counties which were part of the regional initiatives, minutes from January 2008, which was the start of the grant period supporting those initiatives, through March 2012 were reviewed if available. For Certified Entrepreneurial Communities counties, minutes available from January of the year in which the county indicated its intent to apply for certification through March 2012 were reviewed. Based on this review, potential entrepreneurship policy actions were identified and further researched through Internet searches.

In addition the use of county and municipal council minutes to identify entrepreneurship policy, general Internet searches were conducted for each of the 82 counties and municipalities
using key words including the county or municipality name in conjunction with a search term. Separate searches were conducted with the name of the county or regional entrepreneurship development system initiative and the term, “entrepreneurship.” In addition, online media sites including newspaper and television were searched separately using similar key words. Finally, websites for each county’s respective state-sponsored regional economic development entity were reviewed to identify other public policy efforts that might have been missed. These include AdvantageWest, North Carolina’s Southeast, and North Carolina’s Northeast Commission. Additional Internet searches were used to further investigate all possible public policy actions identified through these searches.

Interviews conducted within the two case study counties ranged in length from just under nine minutes to one hour and eleven minutes. A total of 10 formal interviews were conducted in County A and seven in County B. All interviews were transcribed in entirety for data analysis. Notes recorded during interviews, observation notes taken throughout visits to the case study counties, hardcopy documents gathered during these visits, and secondary data represent the final pieces of data used in this study.

**Data Analysis**

Prior to using analysis techniques prescribed through grounded theory, a process of reviewing and isolating data of importance from documents collected as part of the study was necessary. This process involved two phases. In the first phase, each document was thoroughly reviewed. Any reference thought to be related to local government involvement with business development was documented in an electronic log, including the relevant text, title of the source document, and location of that document. Because many public policy actions required multiple
steps, this process helped illustrate how references fit together and clarify whether an action was fully or partially motivated by a desire to support entrepreneurial development. Based on this analysis, data believed to be irrelevant to study research questions were eliminated during the second phase. The next step in the data analysis process was to begin coding the remaining data as part of the grounded theory process.

Grounded theory calls for a specific process of analyzing data through a sequence of open, axial, and selective coding (Strauss and Corbin, 1998). Open coding involves examining the data to identify categories of information and grouping data accordingly. During axial coding, the researcher looks for interrelationships between categories to begin generating a detailed explanation of the issue being studied. Finally, selective coding is used to identify the core category, integrating the other categories, to tell the whole story and generate a theory.

This process was replicated in addressing each of the study research questions. It was conducted on a continuous basis throughout the data collection and analysis period. As part of this process, constant comparison between data collected through different research methods and from different study participants was performed. During the case study phase of the study, additional data were collected until categories were saturated, holes were filled, and findings emerged.

**Study Integrity and Validity**

To ensure the integrity and validity of qualitative research, thoughtful care must be taken in all phases of research, including study design, data collection, analysis, and presentation of findings. First, it is important that there be epistemological consistency throughout the process
(Hatch, 2002; Jones et al., 2006). In this study, every effort has been made to ensure that all aspects of the study remain true to a postpositivist perspective.

Second, the study should have appropriate theoretical grounding and be carried out in an appropriate and competent manner dictated by this grounding (Hatch, 2002; Jones, et al., 2006). To help achieve this, a detailed study proposal was developed prior to beginning data collection, including a thorough literature review including both the theoretical and methodological basis for the study. This proposal was reviewed by a University of Arkansas faculty panel. Documentation of efforts made to remain true to this rationale and methodology during the data collection and analysis phases of the study are provided in this report.

Third, care must be taken to protect study participants. This is primarily achieved through informed consent (Rudestam and Newton, 2001; Hatch, 2002; Jones et al., 2006). Before collecting survey or interview data, the study protocol was approved by the University of Arkansas Institutional Review Board. In compliance with this approval implied consent was given by survey respondents and signed informed consent was received by individuals interviewed as part of the study. Furthermore, survey forms and interviews were stored in a manner to preserve the anonymity of study participants.

Fourth, techniques such as triangulation and member checking should be used to verify and validate information gathered should be employed (Rudestam and Newton, 2001; Hatch, 2002; Patton, 2002; Denzin and Lincoln, 2005; Jones et al., 2006). As previously discussed, this was an important determinant in selecting data collection methods and is featured in the grounded theory approach for analysis.

Finally, in discussing findings, a researcher should be able to explain why certain conclusions were made or rejected (Jones et al., 2002). To some extent, grounded theory
provides a mechanism for showing this. Furthermore, the dissertation review process provides a mechanism for faculty members to question and request explanation of study conclusions. These checks, as well my commitment for due diligence to this and the other defining principles of good research, have sought to achieve this end.
CHAPTER IV. DISCUSSION AND FINDINGS

The purpose of this study is to examine local public policy as it relates to creating entrepreneurship development systems in rural communities. This chapter provides a discussion of the data collected and study findings. It includes summary findings organized in tabular and graphical form where appropriate, as well as the thick descriptive data which are a key characteristic and strength of qualitative research in telling the full story.

The chapter is divided into two sections. The first section describes study findings regarding the first research question to identify local policies enacted in the creation of entrepreneurship development systems. The analysis includes application of the community capitals framework with respect to policy goals and the use of local assets. Also included in this section is a discussion of how actions taken within study counties fit with respect to current entrepreneurship development system models. Using data from the case studies, the next section addresses the second research question for this study regarding how local contextual factors impact public policy formation related to entrepreneurship development systems.

Local Policy Efforts Supporting Entrepreneurship Development Systems

In this section, results from the online survey and document analysis identifying local entrepreneurial policy efforts are discussed. It begins with analysis of survey results from the closed-response general statements regarding how local government support (survey question 2) and funding (survey question 3) for entrepreneurship has changed over the last five years. The remainder and bulk of the section is devoted to findings from surveys and document analysis regarding specific local entrepreneurship policy actions taken by county and municipal governments. These findings relate directly to the first research question addressed by this study.
including its three sub-questions. It includes: (a) the identification of public policy actions taken, (b) an analysis of how those actions fit with respect to entrepreneurship development system models, (c) and a discussion of how community capitals are utilized, leveraged, and preserved, or expanded by those policies.\(^5\)

**Local Government Support for Entrepreneurship**

Survey respondents were asked to respond to two general questions regarding changes in support for entrepreneurship over the last five years:

1) How has local governmental support for entrepreneurship changed in the last five years?

2) How has local governmental funding for entrepreneurship changed in the last five years?

Possible responses were: increased significantly, increased moderately, unchanged, decreased moderately, and decreased significantly.

Figure 4 shows surveys responses to these questions. None of the respondents indicated that general or financial support for entrepreneurship had moderately or significantly decreased over the last five years. Although 69 percent of respondents indicated local government support has increased, only 25 percent responded that local government funding for entrepreneurship has increased.

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\(^5\) By way of reminder, the seven components of the community capitals framework are: natural, cultural, human, social, political, built, and financial (Emery & Flora, 2006). Elements of the four most frequently cited entrepreneurship development system models are located in Table 4 (see Chapter 3).
Figure 4. Change in Support for Entrepreneurship over the Last Five Years

<table>
<thead>
<tr>
<th>Change in Local Government Support</th>
<th>Change in Local Government Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unchanged 31%</td>
<td>Unchanged 65%</td>
</tr>
<tr>
<td>Increased significantly 27%</td>
<td>Increased significantly 12%</td>
</tr>
<tr>
<td>Increased moderately 42%</td>
<td>Increased moderately 23%</td>
</tr>
</tbody>
</table>

N=26

Separating responses to these questions between counties that are involved in county-based efforts to create entrepreneurship development systems and those involved in regional-based efforts illustrates interesting differences. Figure 5 shows the difference in county versus regional-based effort responses to the question regarding general local government support for entrepreneurship. While nearly 80 percent of respondents involved in county-based efforts indicated moderate or significant increases in local government support, 60 percent from counties involved in regional efforts indicated that local government support remained unchanged over the last five years.
Figure 5. Change in Local Government Support – Regional vs. County Approaches

<table>
<thead>
<tr>
<th>Change in Local Government Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>County-based (N=16)</td>
</tr>
<tr>
<td>Regional-based (N=10)</td>
</tr>
<tr>
<td>Increased significantly</td>
</tr>
<tr>
<td>Increased moderately</td>
</tr>
<tr>
<td>Unchanged</td>
</tr>
</tbody>
</table>

Figure 6. Change in Local Government Funding – County vs. Regional Approaches

<table>
<thead>
<tr>
<th>Change in Local Government Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>County-based (N=16)</td>
</tr>
<tr>
<td>Regional-based (N=10)</td>
</tr>
<tr>
<td>Increased significantly</td>
</tr>
<tr>
<td>Increased moderately</td>
</tr>
<tr>
<td>Unchanged</td>
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</tbody>
</table>

With respect to funding (Figure 6), the majority of respondents representing both groups indicated that there has been no change in local government funding for entrepreneurship over the past five years. However, a higher percentage of respondents from county-based efforts
(nearly 44 percent) indicated some level of increase compared to those from counties in regional efforts where 20 percent indicated a moderate increase in funding. Given the relatively small sample size, low survey response rate, and inability to gather similar data from non-respondent counties, one can not definitively conclude there is less likely to be an increase in local government support in regional-based entrepreneurship development system efforts than that found in county-based initiatives.

**Entrepreneurship Policy Actions**

For the purpose of this study, public policy actions were defined as official actions taken by or on behalf of a town, city, or county. A total of 69 different entrepreneurial development policy actions were identified in this study. These actions were grouped into eleven major categories based on themes identified through grounded theory analysis:

1. Involvement in planning processes inclusive of entrepreneurial development;
2. Direct financial support for new/existing businesses;
3. Grant support on behalf of individual businesses;
4. Facilities for new/existing businesses;
5. Direct or indirect support for training/skill development of entrepreneurs;
6. Promotion/marketing;
7. Expansion of infrastructure;
8. Natural resource-related;
9. Engagement of business community/general public;
10. Support for entrepreneurial development entities; and
11. Other entrepreneurial culture building.
Categories were then mapped to the seven components of the community capitals framework. This was done in two ways. First, capitals to be preserved or expanded were identified based on what policies were designed to achieve. Second, community capitals that were most likely used or leveraged by the public policy action were determined.\textsuperscript{6} A summary list of entrepreneurship policy actions by category is provided in Appendix F along with community capitals utilized or leveraged by each action as well as those preserved or expanded. The remainder of this section provides a discussion of the public policy actions identified through this study, organized by category, and a summary of the use of these actions from an entrepreneurship development systems approach.

1. Involvement in planning processes inclusive of entrepreneurial development.

Actions falling into this category include formal efforts to apply for or participate in a planning process which includes exploration of entrepreneurship for economic development, official representation on the planning initiative’s leadership team, and adoption of an economic development plan or priorities related to entrepreneurial development. Given how counties were selected for this study, it is not surprising that this category had the highest incidence of activity across the sixteen counties. Formal planning initiatives in which counties and municipalities

\textsuperscript{6} Note that one additional categorization of policies was initially planned in developing this study. It was to be based on closed-response categorical statements contained in the survey sent to each county and municipality (Appendix C, Question 4.B.). However, through the data collection process, it quickly became apparent that this categorization was not well suited toward capturing the complex and multi-component nature of policy actions. For example, a county or town might support grant funding in an effort to help a new business get started or expand an existing business. Depending on the funding source, this process might require approval of a motion to call for public hearings to receive public input, motions to open and close the hearings, a motion or resolution to support the grant, a motion to accept the grant if awarded, a budget amendment, and so on. As a result there are multiple official actions related to what is essentially one overall policy action. In light of this, this method of categorization was dropped early in the analysis process.
engaged include the CEC program, 21st Century Communities program, Small Towns Economic Prosperity (STEP) program, and Small Town Main Street program.

As previously discussed, the CEC program is administered by North Carolina’s AdvantageWest, a regional economic development entity created by the State, and is focused on creating an environment that fosters entrepreneurial development. The program requires completion of five steps. In step one, community readiness is demonstrated by resolutions of support from elected officials and community organizations, proof of economic development policy that goes beyond traditional recruitment models, signed letters of intent from members of the leadership team, and commitment to work collaboratively and invest in the program. Step two is a community assessment where a baseline of the community’s current support for entrepreneurs is established, a vision statement is developed, local assets are mapped, and an initial plan for targeting entrepreneurial talent is developed. A comprehensive strategy for entrepreneurial growth is created in step three. Fourth, community capacity is certified through the documentation of community resources and development of system for resources to work in tandem and be easily accessible. Finally, a process for connecting entrepreneurs to local resources is established and an evaluation plan is put into place.

The 21st Century Communities program was established by the North Carolina Department of Commerce in 2001 (http://www.nccommerce.com/cd/rural-development/21st-century-communities). It is targeted towards distressed counties that have been hit hard by closures in the manufacturing and textile industries. Counties must apply to participate and a commitment is required by community leaders. If selected, local officials work with a task force of Department of Commerce partners to examine local strengths and weaknesses, develop strategies for economic vitality, and implement those strategies.
The Small Town Main Street program is a partnership between the North Carolina Department of Commerce and National Trust for Historic Preservation open to rural towns (http://www.nccommerce.com/cd/urban-development/main-street-program). It involves a four-step approach toward community revitalization of downtowns. Elements include utilizing local partnerships to create an organization for ensuring effective action, promotion of the downtown area, improving the design and visual quality of downtown areas, and economic restructuring that builds on existing assets. Selected communities must commit to the program for at least one year, gather data and develop a community vision and action plan, organize an inclusive steering committee and subcommittees to develop and implement the action plan, engage local and regional partners, and provide local funding to support some program elements.

The STEP program, created by the North Carolina Rural Economic Development Center (http://www.ncruralcenter.org/index.php?option=com_content&view=article&id=86&Itemid=142), is open to towns with populations of less than 10,000 people or counties with no incorporated municipality. Applications are accepted from county or municipal governments, nonprofit organizations, or educational institutions. Program elements include community coaching, leadership training, economic development planning, and access to planning and project implementation grants.

A common thread across these formal planning processes is the need for involvement by a broad cross-section of stakeholders and an emphasis on building upon local assets to develop a plan and economic development strategies that are a good fit for the community. These are critical elements of the entrepreneurship system models developed by Markley et al. (2005), Lichtenstein et al. (2004), and the Corporation for Enterprise Development (2003). All four programs also require some type of political investment to participate. Towns or counties had to
apply to participate. The process for doing so was typically initiated through a resolution or motion, which was subsequently approved by the county board of directors or municipal council. Based on this action a designated individual completed the appropriate application process requiring an investment in human capital. Responsibility for this process varied by location, falling to county or municipal managers, mayors, economic developers, and directors of affiliated economic or business development entities. Once a community was accepted for a particular program, other formal political actions were sometimes required including budget appropriations or amendments to accept grant funding associated with a program, provide match funds, or allow for expenditures related to the planning process. In nearly all instances where towns or counties engaged in a formal programs facilitated by an outside entity, one or more elected officials or paid employees served on the local leadership team, another example of investment in political capital.

In addition to involvement in formal programs to facilitate development of an economic development plan or strategies, several towns and counties engaged in other forms of local planning. These included the use of community surveys to help develop priorities, board planning retreats, and outside consultants. Regardless of how a planning process was conducted, the development and adoption of priorities and strategies required the use investment of human capital on behalf of individuals involved in the process and social capital to engage individuals, institutions, and organizations. An economic development plan or related strategies that reflect an emphasis on entrepreneurial or business development beyond that of traditional industrial recruitment strategies were formally adopted in 13 of the 16 study counties.

The implicit overall goal of this category of public policy actions is to facilitate an environment supportive of entrepreneurial development by creating or expand cultural capital.
The process expands political capital by giving a credible voice to the needs of entrepreneurs and elevating the perceived importance of entrepreneurs to the community. This is the crux of entrepreneurship systems models. In particular, Markley et al. (2005) and Pages et al. (2003) identify changing the community climate to create entrepreneurial awareness and recognition as the most basic level of support a community can provide.

Engaging in a community planning process also builds social capital through the networks and partnerships that are created as part of the process. Other capitals are also ultimately expanded through the implementation of specific strategies resulting from this category of public policy actions. Those strategies associated with entrepreneurial development are represented in the remaining public policy action categories and are discussed in more detail below.

2. Direct financial support for new/existing businesses.

The ultimate goal of this category of policies is to expand financial capital for new or existing businesses. Access to capital, particularly for small businesses and in rural areas, is a barrier toward entrepreneurial development (Markley et al., 2005; Corporation for Enterprise Development, 2003). According to Markley et al. (2005), providing access to financial capital is a characteristic of advanced and high performing support for entrepreneurs. Providing access to nontraditional financial capital with options such as micro-lending and revolving loan programs is considered advanced support. An example of high performing support is the creation of angel investor networks.

Advanced financial support was evident in this study, exemplified by wide variety of grant and loan programs by counties and municipalities in the study area. General forms of
financial support identified include business loans, mini-grants for new businesses, entrepreneur grants, and other financial incentives such as rent-free quarters upon start up, reduced taxation, reduced interest rates for start-up capital, or other assistance. In some counties funds are available for the reuse and renovation of existing business facilities, appearance enhancement of downtown businesses, landscaping, façade improvements, urban revitalization, and rehabilitation of vacant buildings. In addition to increasing financial capital, this latter group of programs also enhances cultural capital by increasing pride within the community that is associated with a community’s appearance. From an input perspective, all of these programs require investment of the municipality or county’s financial resources as well human capital to administer the programs.

In two of the counties, evidence was found of efforts to secure external grant funding to help fund local programs. In one instance this was in the form of seed capital, where interest generated from the local lending program created a sustainable financial stream to support the program. In the second, external funding has been received to support the local program for multiple years. In addition to the human capital required to solicit external funding, political capital was expended to sanction the pursuit of funds.

The final example of direct financial support for new or existing businesses identified through this study is a bi-annual business idea forum that brings together entrepreneurs and angel investors. This type of public policy action utilizes human and social capital to organize and implement the program. It expands financial capital for local businesses as well as social capital by bringing entrepreneurs and potential investors together. From an entrepreneurial environment perspective, this would be considered a high performing level of support (Markley et al., 2005).
3. Grant support on behalf of individual businesses.

Eleven of the 16 study counties have solicited grant support to benefit specific businesses. Typically there are three official policy actions associated with grant solicitation. These include authorizing an application to be submitted by the municipality or county or providing a letter of support; acting as grant administrator and fiscal agent; and providing matching funds or resources. All three actions are ultimately performed to expand financial capital for the business. Examples of grant programs where this policy category has been used include rural business enterprise grants (RBEG) offered by the United States Department of Agriculture (USDA), small business and entrepreneurial grants, a form of community development block grants administered by the state using funds from the United States Department of Housing and Urban Development; and building reuse and restoration grants provided through the North Carolina Rural Economic Development Center.

Political capital is required to approve the application process and is manifested through a resolution to be approved by the board or council. If a grant is awarded, the town or county typically enters into a formal agreement with the granting entity to receive the funds and accept responsibility for administering the grant. An investment of human capital from the county or municipal manager, economic developer, or other persons is also needed to perform these actions. Match may be in the form of monetary investment or staff time.

While not explicitly referenced within the entrepreneurship development system literature, this public policy category represents a response to the inaccessibility of financial capital problem raised by Markley et al. (2005) and the Corporation for Enterprise Development (2003). Within the broader scope of entrepreneurial support, it is also reflective of the idea of a more system-based approach that all major models advocate in which multiple stakeholders work
together to assist local businesses. In these North Carolina examples, stakeholders included funders, local government, and the entrepreneurs themselves.

4. Facilities for new/existing businesses.

The category of facilities for new or existing businesses represents a form of built capital. Policies regarding three types of facilities were identified in this study. Reflective of the current trend of higher demand for local products, especially local foods, five of the sixteen counties currently provide space or facilities for markets in which local products are grown at no or very nominal cost to individual vendors or a nonprofit entities formed to manage the market. The majority of these arrangements include a physical structure, some of which required substantial renovation. As a result, these policies typically rely on a combination of built and financial capitals.

The second type of public policy in this category is lease of publicly owned property for new businesses or expansion of existing businesses. This is occurring in at least one county. In this particular instance, the arrangement was made to allow a “seasonal local small business to expand operations.” Although details of the arrangement are unclear as it was a survey response and corroborating evidence from other sources was not found, at a minimum, existing built capital was used to support the policy.

The final type of built capital expanded as part of this public policy category involves the creation of business incubators. Incubators have been developed in at least six counties to stimulate entrepreneurial business ventures. In addition to the obvious investment of financial capital involved in building or renovating a facility to provide space for business start-ups, a

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7 Personal communication.
substantial investment of human and social capital is also required. Typically a paid staff member such as an economic developer has primary responsibility for handling details associated with this type of endeavor. Incubator projects also rely on support from local partners who assist with everything from fund raising to design and construction to operation of the facility once it is built. In addition to the municipalities and counties themselves, other partners often include local colleges, nonprofit economic development corporations (EDC), nonprofit community development corporations, and other government agencies. In at least half of the study counties, a significant amount of time and effort was spent soliciting grant funding to help build the facilities. From a procedural perspective, town councils and county boards had to approve resolutions, motions, and other actions to initiate incubator projects, pursue grants, accept grants, make agreements with building contractors, formalize work-sharing agreements with partners, and the like.

Of the four major entrepreneurship development system models examined in this study only Markley et al. (2005) specifically call for community infrastructure to support an entrepreneurial environment. Although infrastructure as they define it extends beyond the built capital associated with this category, of particular relevance here, they state: “Entrepreneurs need different kinds of space in which to operate during different stages of development. In the early stages, an entrepreneur may need to set up the enterprise in a spare room in the home or a garage. Eventually, as the entrepreneurial enterprise grows, different kinds of space ranging from downtown store fronts to industrial park space will be needed” (Markley, et al., 2005, 85).

The examples of incubators for new start up versus lease of buildings for business expansion identified in this study reflect attention to this need. Similarly, local governments are addressing the need for different types of facility space depending on type of business and local
levels of market demand. For example, in some communities local growers and artisans may only need space one or two days a week to sell their products. In other circumstances, local demand for their products may support the need for dedicated space that is open on a daily basis. Similarly, it may not be economically viable for these types of entrepreneurs to support individual storefronts whereas a cooperative arrangement where they can share space is sustainable. Providing facility space that matches the needs of local entrepreneurs epitomizes the nature of this public policy category.

5. Direct or indirect support for training/skill development of entrepreneurs.

A wide range of activities were found to provide direct or indirect support in building entrepreneurial human capital within the study counties. Evidence was found that some form of this is occurring in 11 of the 16 counties. The most prevalent forms include collaborative efforts to provide information, assistance, or training to entrepreneurs and the use of county or municipal websites to support business development.

The former is very clearly made possible by human and social capital investments. It is very much in line with the entrepreneurship development system literature to the extent that the education focus is on needs of the entrepreneurs themselves and is part of holistic approach to entrepreneurial development. Pages et al. (2004) caution against the trap of “program-itis” (256) or the creation of a specific program which is perceived as the one solution and not part of a more comprehensive development strategy. This subject will be discussed in more detail at the end of this section since it is also applicable for any of the policies described in this section. The fact that efforts to provide information, assistance, or training to entrepreneurs uncovered in this
study tend to be collaborative in nature suggests service providers are working together, another common feature of entrepreneurship development system models.

The use of county or municipal websites to support business development relies on a combination of built capital (the website itself) and human or financial capital to upload the content. The type of information posted on county or municipal websites varies. The most common is a page listing resources for business and entrepreneurs. Sites may also list vacant building space available for businesses (industrial and non-industrial), a directory of local businesses to help market businesses to consumers, and a calendar of events held by local businesses.

Three of the six counties creating business incubators provide built space for a small business support center within the facility. This might include office space for other entities that provide support for entrepreneurs such as small business development center personnel; SCORE, a national volunteer organization providing education and mentoring; or college faculty specializing in entrepreneurship. Local economic developers are also housed in this space and provide assistance to entrepreneurs as well. Lichtenstein et al. (2004) suggest that business incubators offering support services can be a transformational catalyst resulting in successful businesses. This holds particularly true if entrepreneurs housed within the space have the opportunity to interact and learn from each other in addition to receiving advice and technical assistance from the co-located service providers.

A number of counties have also played a role in establishing volunteer entrepreneur or business support networks. These networks consist of a mix of existing and new business owners. Most appear to be informal and get started by a council member who sees a need and acts as organizer for the first few meetings. Once the network gels, it sustains itself. In at least
one county, the network holds its meeting on a rotating base in the different town halls throughout the county. These networks serve to build entrepreneurial human, social, and cultural capital within the community. The opportunity for peer networking is viewed as a critical piece of any entrepreneurship development system model (Markley et al., 2005; Pages et al., 2003; Lichtenstein et al., 2004; Corporation for Enterprise Development, 2003). Pages et al. (2003) refer to networks such as those identified in this study which feature informal information sharing and peer learning as “soft networks” (252) in contrast to “hard networks” which consist of more formal arrangements created to achieve specific business objectives.

The remaining public policy actions in this category reflect the broad range of options that exist for expanding human capital to help ensure successful business ventures. In many cases they may also build cultural and social capital, helping to create that entrepreneurial-friendly environment that entrepreneurship development systems seek to achieve. Examples such as internship or mentoring programs and monthly e-newsletters with articles of interest to local entrepreneurs rely primarily on human capital as an input. Others rely on financial capital. For example, in an effort to encourage an entrepreneurial mindset among the next generation, one town funded scholarships for youth to participate in entrepreneurship academy hosted by the local community college and chamber of commerce. A town in another county provides grants for business owners to attend entrepreneurial training hosted by other business support entities. In the final example, a county paid for a nationally renowned author on entrepreneurship to speak at a local event to help build awareness about the importance of entrepreneurial development to rural economies.
6. Promotion/marketing.

In some instances municipalities or counties engage in activities to promote and market local businesses. The goals of such actions are to encourage a culture that supports local businesses by increasing awareness of local products and increasing demand for those products. The most common strategy to achieve this is the “buy local” branding campaign. Often this requires financial and human investments as well as leveraging social capital by working with local chambers or commerce, engaging in regional partnerships to promote the trade area, and engaging the businesses themselves. Evidence was found that one county also utilized political capital in applying for and receiving grant funding from USDA to help finance these efforts.

In another example of promotion and marketing, four towns (three in one county and one from a county in an adjacent county across the state line) provided funding for the creation of local area map to support tourism in the region. Each was involved in the development of the map and received copies to distribute. This exemplifies the use of financial and social capitals.

The final example of promotion and marketing involves non-specific policies to promote local heritage and ecotourism opportunities. This represents the leveraging of cultural and natural resources with the investment of human capital. It is unclear whether financial, social, or other capitals were used as well.

None of the models referenced in this study emphasizes marketing or promotion of local businesses by local governments or other organizations as a key strategy or cite it as an example in creation of an entrepreneurship development system. Markley et al. (2005) do reference marketing. However, it is within the context of the need for marketing experts or mentors who can teach entrepreneurs how to market their products or businesses that provide marketing services. That said, to the extent these policy efforts make entrepreneurs feel that they are
perceived as an important part of the community, they reinforce the entrepreneurial-friendly culture entrepreneurship development systems are designed to achieve.

7. Expansion of infrastructure.

The seventh category of entrepreneurial development policies involves expansion of infrastructure. Two of these examples are designed to expand broadband infrastructure (built capital) to support business development. Broadband or other mechanisms that provide high-speed Internet access give many entrepreneurs the option of living and working where they want, provided that access exists (Pages et al., 2003; Markley et al., 2005). As a result, such access is an important component of an entrepreneur development system.

Two counties in the study area created a broadband commission or committee to spearhead these efforts. This requires the use of human, social, and political capital to establish the entity, appoint members, set its organizational priorities, and act upon its recommendations as appropriate. In doing so, it creates political capital by establishing an official body of power to help expand broadband infrastructure. The second public policy action related to this capital was an official resolution encouraging a private company to expand broadband access in the community with the expressed purpose of encouraging business development. Because some of the strategic planning initiatives study counties and municipalities were involved in required the development of a broadband expansion plan, other forms of such efforts may also exist. However, they were not evident in the data collected.

The remaining policies in this category target more traditional forms of built capital. They include downtown improvement projects, such as lighting or streetscaping, and the
refurbishment of brownfields or other deteriorated areas. Such efforts also serve the purpose of building cultural capital by improving the appearance and functionality of the community and making it a more attractive place for entrepreneurs and non-entrepreneurs to live and work. These types of projects require the use of financial resources, and in some instances, existing built capitals. In every instance where these activities were identified, county or municipal employees actively engaged in efforts to solicit grants to help fund the projects.

8. Natural resource-related.

Natural resource-related policies directly tied to entrepreneurial development were the least prevalent identified over the course of this study. Examples were found in only two of the sixteen counties. Two separate instances were identified in one county involving trails and the promotion of ecotourism. In once instance a town was identified as a partner in establishing a trail (built capital) in a wildlife preserve. Unfortunately, no documentation detailing the specific nature of the town’s involvement was found. In the second instance the county issued an official resolution of “support for the National Park Service’s efforts to develop a strategic plan for a river trail” in part to “support new businesses.”

The second type of public policy related to natural resources is the adoption of a voluntary agriculture district ordinance with the goal of preserving the agricultural and rural nature of the community. Although only two counties were identified as doing so with the express intention of promoting business development consistent that preservation, this is a tool being adopted fairly extensively in North Carolina

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8 In North Carolina, a brownfields site is defined as “any real property that is abandoned, idled or underutilized where environmental contamination, or perceived environmental contamination, hinders redevelopment” (http://portal.ncdenr.org/web/wm/bf/faqsfq#1).
9 Council minutes.
(http://www.onencnaturally.org/pages/WL_VAD.html). Made possible through reliance on cultural, natural, and political capitals, such ordinances help preserve the cultural and natural assets with a community.

Despite the limited activity in this category, efforts to preserve natural resources and enhance natural resources such as those found in this study can have a positive effect on entrepreneurial development. As indicated earlier (see Chapter 2), many entrepreneurs make location decisions based on the availability of natural amenities (Shaffer, et al., 2004; Waldorf, 2009). Natural resources tend to enhance quality of life and communities that choose to make quality of life investments “are more likely to attract entrepreneurs from outside the community and keep those who are homegrown” (Markley et al., 2005, 174).


Policies that encourage dialogue or engagement between entrepreneurs, policy makers, business support service providers, and the general public contribute to a strong entrepreneurial climate (Markley et al., 2005). They also have the potential to strengthen linkages within and across networks that may be formed as a result. Examples of efforts to engage the business community or general public to help shape entrepreneurial policy were found in nine counties. In the simplest form, these consisted of comments by elected officials at public meetings calling for: (1) creation of a business development association and plan, (2) cooperation between town and business community in implementing business-friendly policies, and (3) the town, town committees, and strategic planning committee to work together in implementing an entrepreneurial development plan adopted by the town. These ranged from fairly vague
sentiments, “… the town needs to have a cooperative spirit with the business community,”10 to very specific suggestions, such as “He stated that he felt Council needed to attend and participate as a group to show unity to the Chamber and economic development efforts.”11 Such statements are interpreted to leverage political capital associated with the elected official. They also function to build cultural capital by raising awareness of a perceived need; social capital by promoting increased communication, cooperation, and trust; and political capital by giving voice to other stakeholders in the policy-making process.

A more formal example of policy action identified in this category is the creation of a formal committee or task force to identify ways the county or municipality can better support business development. This occurred in at least five counties. Using human and political capital in forming the committee or task force, a number of community capitals are conceivably expanded. From a cultural perspective, it sends a message concerning the importance of entrepreneurial activity to the community. Through information and recommendations provided to council members from committee members, councilmen become more knowledgeable about the needs of the business community resulting in an increase in human capital. Bonding among committee members is likely to increase over time, while bridging social capital is reinforced by communication between the committee, council, and others to which the committee or council reached out to in gathering information or implementing solutions. Finally, the creation of a committee or task force itself, if it is allowed to operate in an effective manner, results in an increase in political capital related to entrepreneurial growth.

The final two examples in this category involve direct solicitation of input from members of the public. In one county, when a member of the economic development commission

10 Council minutes.
11 Council minutes.
requested that the county actively pursue recruitment of a particular type of business, commissioners decided to table discussion of the topic until existing business owners that would be natural competitors to the proposed business could be present to share their views.\textsuperscript{12} This invitation was made, those business owners participated in a subsequent meeting, and their views were considered during discussion and action on the request. The second example involves solicitation of public input in the development of broader scale policy and was documented in five counties. It was achieved in a variety of ways including surveys, invitations to attend regular council meetings, and special meeting or hearings for the sole purpose of allowing public input. Both examples rely on and create political and social capitals and also help with the expansion of cultural and human capitals.

10. Support for entrepreneurial development entities.

Support for other entrepreneurial development entities reflects recognition by policy makers of the importance of the involvement by others in an effort to cultivate entrepreneurial activity. Collaboration between multiple service providers is a central feature of the entrepreneurship development system approach (Markley et al., 2005; Pages et al., 2003; Lichtenstein et al., 2004; Corporation for Enterprise Development, 2003). Support for other entrepreneurial entities was demonstrated in the study area in four distinct ways.

First, some counties and municipalities provide funding for business-oriented organizations such as chambers of commerce or downtown business associations. This support expands human and social capital by allowing such organizations to serve entrepreneurs. It also lends credibility to those organizations thereby increasing political capital as well.

\textsuperscript{12} Council minutes.
Second, counties and municipalities use political capital to create nonprofit EDCs or similar entities. In these instances, county and municipal councils authorize the legal creation of the entity, determine its role and responsibilities, appoint board members, and act on recommendations provided by the board. To the extent that these entities are given a responsibility to supporting existing businesses or encourage entrepreneurial development, human, political, and social capitals are preserved and expanded in way similar to the first public policy example described in this category.

In just under one-third of the study counties, a county or municipality provides funding for an employee or contractor to provide entrepreneurial support. Who that individual is varies widely, from an economic developer to a county extension agent to a business and tourism director to a grant/loan coordinator. Based on this financial investment, desired outcomes appear to be the expansion of human, political, and social capitals as previously discussed.

The final example of support for entrepreneurial development entities is through proclamation or public statement of support. This is by far the most utilized tool, identified in nine counties. While the statement is generally politically founded, it serves to increase the entrepreneurial-friendly culture of the community.

11. Other entrepreneurial culture-building.

The final category consists of simple gestures to build cultural capital by reinforcing the message that a community and its leaders are supportive of entrepreneurs and business development. As with several of the previously mentioned public policy categories these actions reinforce the cultural and environmental aspects of entrepreneurship development systems. Actions such as these are relatively easy to perform and rely primarily on the exercise of low-
intensity political capital. In other words, there is likely to be little if any political backlash associated with the action. Examples were identified in fourteen of the sixteen study counties.

One of the most common public policy actions in this category, found in seven counties, is the passage of an official resolution supporting entrepreneurial development. This was anticipated given that the five counties involved in the CEC program were required to do so. Also occurring in seven counties were resolutions, proclamations, or other statements of support by elected officials for new or existing businesses. In some instances these were in recognition of long-standing businesses within the community. In others, statements of support were for newly-opened businesses encouraging people to visit and support the businesses. One county instituted an annual recognition program with different awards for different types of businesses.

In the words of one commissioner, “this county is very suited for the small entrepreneurial business. It’s unlikely that we’re going to see the big manufacturing plant. We simply don’t have the infrastructure.”¹³ This reflects the nature of the next most frequently documented actions—statements by individual councilmen about the importance of entrepreneurial development to the local economy, calls by elected officials for the county or municipality to be more business-friendly, and attendance by officials at business roundtable or networking events. The time commitment associated with the latter adds an investment of human capital in addition to the political capital leveraged through these actions. While these types of actions are not found in any policy manual or roster of ordinances, they show a commitment by the formal leadership of a community to support local businesses, no matter how small.

Also relying on a combination of human and political capital, two counties demonstrated that their officials participated in ribbon cuttings at the grand openings of new businesses. In two

¹³ Board minutes.
other counties board members participated in entrepreneurial development trainings. This last example not only enhances cultural capital, but also expands human capital among local leadership.

The remaining actions were identified in single counties and vary widely in form. In one county, a mayor nominated the town’s nonprofit economic development commission for the Governor’s Innovative Small Business Community Award. In another, a council member requested a summary of the impacts associated with a downtown incentive program as a result of concerns raised by a local business owner. One town made a formal request to the governor to support small business loan funds to assist with entrepreneurial development in distressed areas. Taking advantage of the latest technology trends, one city official “likes” a local entrepreneurs and business owners’ network on Facebook. These examples represent the use of political capital.

The remaining three public policy actions extend beyond the use of political capital. In at least one instance, a county commissioner committed his time by volunteering to serve on a committee formed to assist local businesses in expanding. Relying on financial capital, one town council purchased ad space in the local newspaper to salute the town’s small businesses. In the final example, town council members visited other municipalities to learn about what they were doing to promote entrepreneurial development. Based on what they learned (human capital), the council identified priority strategies they could take to be more business friendly. Of all the examples included in entrepreneurial culture building category, this required the largest investment on the part of the town including human, financial, and political capital.

As these examples illustrate, local government and leaders are capable of taking a wide range of actions to support entrepreneurial development. As the community capitals framework
suggests, the level and mix of investment required to achieve change can vary widely as well. From the simplest of gestures to major projects that take multiple years, there is no shortage of options. In the remainder of this section, an examination of how the combination of public policy actions within study counties reflects the entrepreneurship development system approach is presented.

**Entrepreneurship Policies from an Entrepreneurship Development System Approach**

Although a wide variety of public policy actions consistent with individual elements of the entrepreneurship development system models were identified through this study, the question of whether they are combined in ways that reflect the holistic or system-based approach that is the cornerstone of such models has not yet been addressed. Recall that these models signify a departure from past strategies of entrepreneurship development because they take a community-building systems approach rather than stand-alone policies and programs aimed at addressing very specific needs (Pages et al., 2003; Lichtenstein et al., 2004; Markley et al., 2005).

**Figure 7. Policy Action Group Frequency**

![Diagram showing policy action group frequency](image-url)
Across the sixteen counties included in this study, the number of individual public policy actions identified within a given county ranged from zero to 39. As shown in Figure 7, at least half of the study counties had policies actions from seven or eight categories. Thirteen counties were active in five or more categories. The average was 6.25 policy categories per county. These numbers suggest that local leaders are utilizing a variety of tools and not just relying on a single strategy. The average for those involved in a county-based entrepreneurship development system approach is higher those involved in a regional approach at 7.83 and 5.30 respectively. This suggests that local governments in county-based initiatives may be utilizing a more comprehensive approach than those involved in regional efforts.

Table 6 shows the distribution of public policy action categories for each of the sixteen study counties. No two counties have the exact same mix of activity across all public policy action categories, which suggests local leaders are not necessarily susceptible to policy diffusion, or simply mimicking their neighbors. However, it is important to note that we do not know whether the mix of activities utilized by a county appropriately addresses the local needs of entrepreneurs based on these data.

Perhaps because of their participation in a structured process to demonstrate a commitment to entrepreneurial development, there was consistency in a subset of activities observed among CEC counties. By definition, they were involved in a planning process inclusive of entrepreneurial development. Other similarities were found as well. First, they all worked to expand financial capital for entrepreneurs by providing grant support on behalf of individual businesses. Second, they have expanded human capital through direct or indirect support for training and skill development of entrepreneurs. Third, local officials in CEC counties have taken action to engage the business community or general public on issues related to
entrepreneurial development, thereby seeking to increase cultural, social, and political capital.

Finally, they are all involved in other entrepreneurial culture building activities.

Table 6. Distribution of Policy Action Categories by County

<table>
<thead>
<tr>
<th>Action Category</th>
<th>County-based Approach</th>
<th>Regional-based Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Involvement in planning processes</td>
<td>x x x x x x x x x x x</td>
<td>x x x x x x x x x x x</td>
</tr>
<tr>
<td>2. Direct financial support</td>
<td>x x x x x x x x x x x</td>
<td></td>
</tr>
<tr>
<td>3. Grant support for businesses</td>
<td>x x x x x x x x x x x</td>
<td></td>
</tr>
<tr>
<td>4. Facilities for new/-existing business</td>
<td>x x x x x x x</td>
<td>x x x x x</td>
</tr>
<tr>
<td>5. Direct or indirect training support</td>
<td>x x x x x x x</td>
<td>x x x x x</td>
</tr>
<tr>
<td>6. Promotion / marketing</td>
<td>x x x x x</td>
<td></td>
</tr>
<tr>
<td>7. Expansion of infrastructure</td>
<td>x x x x x x</td>
<td>x x x x x</td>
</tr>
<tr>
<td>8. Natural resource-related</td>
<td>x x x x x x</td>
<td></td>
</tr>
<tr>
<td>9. Engagement of businesses/public</td>
<td>x x x x x x x</td>
<td>x x x x x</td>
</tr>
<tr>
<td>10. Support other entities</td>
<td>x x x x x x x x x x x x</td>
<td></td>
</tr>
<tr>
<td>11. Other culture building</td>
<td>x x x x x x x</td>
<td>x x x x x</td>
</tr>
<tr>
<td>Total categories per county</td>
<td>9 7 6 10 7 8 7 8 3 7 8 0 5 2 8 5</td>
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</table>
In summary, the data gathered and analyzed through this study suggests an effort by local policy makers to provide a broad array of services and support for entrepreneurial development that is consistent with entrepreneurship development systems models and the community capitals framework. The data do not provide a complete picture of all the activity associated with creation of an entrepreneurship development system since it does not include an analysis of activities conducted by other entities involved in those efforts. This analysis would be beyond the scope of this study. Also, the data do not provide any insights as to the effectiveness of entrepreneurial policy or entrepreneurship development systems as that was not the intent of this exploratory study.

Local Context and Entrepreneurship Policy Formation

This section describes study findings regarding how local contextual factors impact public policy formation related to entrepreneurship development systems. Utilizing data gathered through document analysis and interviews matched with major public policy actions identified in the two case study counties, grounded theory analysis was used to identify and link together major themes that emerged in relation to the seven community capitals. The section begins with a discussion of each county’s most significant public policy achievements related to entrepreneurial development. Using the CCF as an organizational tool, key contextual factors influencing such development are described. The section concludes with an analysis of how local context shaped public policy formation related to the development of centers to support entrepreneurial development within each county.

14 Policy achievements highlighted were selected because they were most frequently cited and emphasized in survey responses, participant interviews, and document analysis.
County A

Together the governments of County A and the three incorporated municipalities located within the county’s boundaries were among the most engaged of the study counties. Public policy actions were identified in nearly all of the eleven different policy categories defined in this study. One of the county’s most visible policy actions related to entrepreneurial development is the creation of an agricultural development center, which is operational although not yet fully completed. This multi-purpose facility serves as a resource center for agricultural and non-agricultural business development, farmland preservation, education, and community service. It houses three government offices; indoor and outdoor space for educational workshops; a small business center complete with a board room and computers available for use by local business, four small offices for rent at a nominal price, and space for local business development resource entities; a banquet hall; a commercial kitchen; an auditorium; a variety of incubator spaces of different sizes for rent by local entrepreneurs; a local products market; and farm distribution center.15 Current business tenants represent the fields of art, photography, digital media, engineering, carpentry, real estate, play equipment, electrical, and blacksmithing. Also noteworthy are the two paid economic developer positions (one agricultural and one focused on non-agricultural business and tourism) supported by the county with an emphasis on entrepreneurial development.

Natural capital.

Located in the western part of North Carolina, the landscape of County A is a mix of agrarian and mountain terrain with an abundance of natural resources. Although manufacturing

15 Center website, interview transcript, CEC certification documents, direct observation.
remains the county’s largest employer, residents and policy makers view their natural resource base as the key to their future economic sustainability. In light of the decline of textile manufacturing and the strength of the county’s natural resource base, the equine industry, viticulture, small farm agriculture, proprietorships and entrepreneurship, and tourism are key areas of emphasis in the county’s more recent comprehensive plan. Because many of these types of businesses rely heavily on the land, preservation is a major priority in the county.

One of the initial factors that laid the groundwork for creation of the agricultural development center was the adoption of a farmland protection plan. In North Carolina, the Agricultural Development and Farmland Preservation Enabling Act (2005) authorizes local governments to create voluntary agriculture districts (VADS), enhanced voluntary agriculture districts (EVADS), and farmland protection plans. County A was one of the first counties to do so. One of the components of the plan adopted was the creation of an agricultural economic developer position. The farmland protection effort was initiated by a small group of farmers. It was supported by residents, particularly those who had moved to the area from elsewhere, in part due to backlash of increased development which was driving up the price of land and threatening the rural feel of the area. As one interview participant stated:

You maybe wouldn’t know it now but in 2008, you couldn’t buy an acre of land for less than $10,000. It was amazing. I mean I couldn’t believe it. When I was hearing people say the only way you could get land for $10,000 or less, you had to buy like in excess of 100 acres. We were like going, “Oh my gosh.” We just couldn’t believe it. What happened was the residents, and most of them are transplants, they’re not natives, the residents who live here, I’d say probably our county’s maybe 40 percent natives, 60 percent transplants. They really drove the desire to keep the county rural. They want to be rural and their view was the best way to keep it rural was to keep it in farming. So that probably, that coupled with that core group of farmers, about seven of them, who really pushed the idea, those were the two critical factors. The residents, I wouldn’t say all, but the majority of residents wanted to keep the county rural plus we had this core group of

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16 County comprehensive plan. council minutes, interview transcript.
17 Interview transcript.
farmers that were giving leadership. And so the commissioners had no trouble voting for it because the majority of people were for it.\textsuperscript{18}

The county’s equine industry relies heavily on the preservation of open spaces as well. According to the county’s comprehensive plan, a combination of show venues and multiple trail systems has earned the area national and international recognition. The plan also attributes approximately 150 small businesses in the area to the support of the equestrian industry. As one respondent said, “We’re very dependent on farming, but we’re also very dependent on keeping large tracts of land open. Especially, you know, for horses.”\textsuperscript{19}

The desire to preserve the county’s natural resources is also present in the mountainous areas of the county where tourism drives the economy. Draws here include a river featuring class V rapids attractive to kayakers, scenic waterfalls and a large privately-owned trail system appealing to hikers, and moderate temperatures that draw in campers and other vacationers seeking a respite from the heat of the surrounding areas. The following sums the importance of the county’s natural resources situation nicely:

Oh, I mean they’ve got a really strong agricultural base. They’ve got lots they can do to continue to develop that sector. They’ve got wonderful water, soils, climate is good, topography is reasonable. Just the open space makes them a draw for these horse farms, horse farm events, races and steeple chases and things like that. So they’ve got a big tourism draw related to the quality of their natural environment. And they’ve done a nice job preserving that.\textsuperscript{20}

\textbf{Cultural capital.}

There is a sense of pride among those interviewed in County A regarding their communities. Four out of the 10 people interviewed in County A cited national recognitions as a top place to live related to quality of life. In the words of another, “[omitted] to me is the nicest

\textsuperscript{18} Interview transcript.
\textsuperscript{19} Interview transcript.
\textsuperscript{20} Interview transcript.
small town in western North Carolina. It’s one of the best kept secrets.”

This community pride has translated into a strong desire to maintain the rural feel of the area. According one person who has been involved in the county’s strategic planning efforts, “Every survey that we ever do, the primary thing that comes to out of it, is maintaining our rural character.”

Preserving the county’s rural cultural while maintaining an economy where residents can make a sustainable living was a concern of multiple people interview in this study.

We’re trying to take a long range approach and say, okay, how can we keep our county so that in 35 or 40 years you don’t just have this, you know, strip malls all the way down your interstate exchanges looking really ugly. And everything that you want to see in 40 or 50 years really starts now. So that’s hard to get people to see that especially when times are economically tough. They don’t really, you know, land conservation and aesthetics and all that don’t really get a whole lot of play when everybody’s just trying to make a living. But if we don’t try to really hold tight to that, then we’re going to end up with something that’s kind of ugly down the road.

I would say they, well, the dynamics here are, and this is part of the commissioners’ goals, is to keep [omitted] very much like it was fifty, seventy years ago, but bring people in at the same time. Because if you’ve got a Hardy’s on this street, it’s over. You know, it’s all over. When the Dollar General came in, a lot of people, it’s very busy up there, a lot of people were very upset by it. Of course, now they love it. But it’s out of town. It’s keeping the look of the town, it looks like Mayberry. So they don’t want to lose that. And I think they’re probably right. Because you would lose a lot of the charm and a lot of the draw here. So I think they’ve got two forces, the force of conserving the city’s image and expanding opportunities for business.

Although the county’s agricultural production is small by most standards (less than $4 million in farm receipts), it remains a sense of local pride and hope for the future. The agricultural development center’s local products store is open six days a week, staffed completely by growers and volunteers. Farmers’ markets operate in all three incorporated

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21 Interview transcript.
22 Interview transcript, county comprehensive plan.
23 Interview transcript.
24 Interview transcript.
25 2007 U.S. Census of Agriculture
municipalities and one unincorporated town and have become a cultural-social center. Referring to a farmers market, one respondent shared, “It kind of became a place to hang out and be seen… it’s the cool place to be.”

The county’s high school has a working seven-acre farm and agriculture program with over 200 students. A growing viticulture industry comes with the dream, “We can be a Napa Valley of the east. This whole zone, if we preserve it, we’ve got the horses, we’ve got the viticulture, and the vegetables.”

The county also has a vibrant arts community that dates back to the 1950s. It is supported by multiple arts and crafts-focused nonprofit organizations, independent galleries, and niche-based coalitions of artists and crafters such as toy makers and weavers. The county is also supportive and working towards affiliating with the Handmade in America program to help support the industry. Artisans can sell their work at a variety of venues include the agricultural development center’s local products store; fairs and festivals hosted by the equine industry, towns, and local arts and crafts organizations; local art galleries; and even a hospital gift shop. Synergies between county’s arts and agricultural heritage are exemplified by a recently formed fiber group which seeks to bring together local farmers who raise sheep, llamas and other animals, individuals who spin the fleece into yarns, and local weavers, knitters, quilters and others who utilize the yarn in their work.

The history of the communities in County A are part of what makes it special to those who live there and visit the area. In one town, the entire downtown is part of the National

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26 Interview transcript.
27 Interview transcript.
28 Interview transcript.
29 Handmade in America is a nonprofit organization in Western North Carolina with a mission of craft-based economic development. For more information, see: http://www.handmadeinamerica.org/.
30 CEC certification documentation, interview transcript.
31 Interview transcript, media reports.
In another, the town has a rich history of wealthy and famous individuals from other parts of United States, particularly the north, who maintained homes in the area and supported the community.

So anytime you had anything, wanted anything, they would participate, regardless of money. Money wasn’t a question. If it was a good idea, something like that, they would support it. And I think they supported the town somewhat. They’re not here anymore. They aren’t coming like they used to. We could depend on them. Well some of them are old and dying out. And the kids don’t…”

The result of this history is a small town with many cultural amenities, such as a fine arts center, that aren’t found in other towns of similar size. While the remnants of this history remain, a new group of outsiders from the west and midwest are influencing the local culture: “People are coming here now with horses. But they’re not those type of people that came here….This is horsey country, now. It’s growing, it’s growing.”

Finally, one of the areas of interest in this study related to local culture is the extent to which the general public is knowledgeable about and supportive of the needs of local entrepreneurs. Responses to this question among individuals interviewed varied. Two people indicated that because the county is small and most people know the people who own local businesses, the general public is pretty knowledgeable about their needs. Two others indicated there is probably very little understanding beyond a basic recognition of the need for local businesses to have customers in order to survive. Nearly everyone agreed that people are supportive of new and existing businesses in the community, as long as those businesses fulfill a need, have good customer service, and are not controversial in nature.

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32 Interview transcript, National Register of Historic Places (http://nrhp.focus.nps.gov/).
33 Interview transcript.
34 Interview transcript.
Built capital.

Nearly everyone interviewed in County A identified broadband as one the county’s strengths although two respondents indicated that it’s somewhat expensive. Fiber optic was recently installed throughout the county and service appears to be good. In mountainous areas of the county high speed Internet service is provided through tower-to-tower infrastructure. Access to high speed Internet is viewed as critical to entrepreneurial development or as one person put it, “I mean home dial up is not the way to do a professional business.”

Perceptions regarding water and sewer infrastructure were slightly mixed, particularly across different parts of the county. Currently County A and each of its encompassed municipalities have separate water and wastewater systems and rely on wells and a local river as sources of water. Most individuals interviewed felt the systems are adequate for the needs of business development and evidence was found that local policy makers are making investments to ensure this. Recognizing the importance of water to the economic viability and sustainability of a community, County A recently purchased a 438-acre lake to serve as the county’s future water supply. According a representative from one town:

We’re going to be doing significant upgrades to our plant. That’s not a capacity issue as much as it is the plant’s 40 years old and has had nothing done to it. That’s a big issue. I think otherwise, I mean our flows aren’t anywhere where we’re worried about capacity issues. I think our lines are all fine. We have some issues with some residential service lines, but nothing in the business district.

Plans for these upgrades were confirmed when they were discussed at a town council meeting attended as part of this study. One person interviewed, however, had a different perspective. In discussing what she referred to as an outdated water system, she said:

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35 Interview transcript.
36 Interview transcript, North Carolina Division of Water Resources (http://www.ncwater.org/).
37 Council minutes, interview transcript.
38 Interview transcript.
Water is always an issue. I mean, how many wells do you really want to dig in this county? You know, that’s not good either because then you have ground water problems, pollution problems. So, you want to put in a water system but it’s very expensive.39

She acknowledged that local policy makers are aware of the need for upgrades but are constrained by financial limitations. According to both this respondent and another from a neighboring town, a recent effort by one town to annex land from an adjoining township to increase the tax base and finance water system upgrades failed miserably. That town is currently considering an offer by a private company to take over the system.40

During the case study visit to County A, cell phone coverage was observed to be inconsistent and not just in the mountains or a single town. One person interviewed echoed this observation:

We don’t have the greatest cell phone coverage here. We have dead areas and dead zones. Don’t ever try to call anybody if you’re in the IGA grocery store because it’s dead. So some people don’t even have a cell phone because they can’t use it in their home. They can’t even use it out in the driveway. It’s just a dead zone.41

Also from a utility perspective, old cable and electric infrastructure were cited as problems in one of the towns during interviews.

Despite the additional space for businesses created through the agricultural development center, building space for potential entrepreneurs or businesses seeking to expand were identified as a need by three interview participants. This lack of space has led to high rents, which were cited as a problem as well. Along similar lines a lack of available parking space, particularly in the downtown areas, was also brought up by multiple people during the interviews, cited in council minutes, and observed during the case study visit. This concern seems to be shared by members of the business community and policy makers who cited the close proximity of

39 Interview transcript.
40 Local media reports.
41 Interview transcript.
buildings to each other as contributing to the problem. However, some elected officials feel that the problem could be alleviated somewhat if business owners would be more aggressive in keeping their employees from parking in front of local businesses.42

In addition to those already mentioned, a variety of other infrastructure strengths were identified by survey respondents. Multiple people cited roads and proximity to larger metropolitan areas were cited as advantageous to the business community. Two individuals from the same town commended local government for its trash pick up and recycling program.

Finally, three interview participants mentioned the public school system. According to a national nonprofit school ratings organization, County A’s school system received a composite rating of nine out of ten.43 In addition to student performance, the range of activities available for students was cited:

We have an excellent school system. It always ends up being at the top of the list. I mean it was one of U.S. News and World Report’s top schools in the country, top high school’s in the country. We have a snow boarding team in our schools. I mean, how cool is that? My daughter moved here half-way through high school. We moved from [omitted]. So she left a high school that had swimming pools and bells and whistles. And we moved up here and I thought, “Please. If this doesn’t go well we’re going to be miserable for the next couple years.” And she loved it here. She ended up going to the governor’s school. She would have never been able to do that in a big city high school. So our school system is really huge. We have a farm at our high school. I mean that’s huge. We have kids that come from Philadelphia and live with their aunt and uncles so that they can go to this county high school here, where they can raise pigs from 10:30 to 12:00 on Thursdays. So yeah, our school system is really good.44

One type of built capital not mentioned by people interviewed during the case study is the county’s public transportation system. Using county-owned vans, the county transportation authority provides transportation throughout the county and to some locations outside the county

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42 Discussion observed at a town council meeting.
43 Based on North Carolina’s standardized testing system and calculated by GreatSchools, Inc. (http://www.greatschools.org/).
44 Interview transcript.
on an appointment basis. The service is free for residents over the age of 60 (although donations are accepted) and on a fee basis for other residents.\textsuperscript{45}

From a built capital perspective, while there is room for improvement, it is clear that the county has a lot going for it. A concern raised by one the individuals interviewed is that the county is not doing enough to use these assets to its advantage. In his eyes, they could be used to build human capital reminiscent of Florida’s (2003) creative capital, characterized by innovation, diversity, and tolerance that are drivers of economic growth. In the respondent’s words:

\begin{quote}
I think we ought to be emailing every magazine in North America and saying, “We know you’re an editor. We want you to locate and show all these pretty pictures of [omitted] County. And by the way we’ve got broadband. We want you to relocate and you can send all your editorials and whatever. You can do that online and enjoy it in the comfort of your home.” I think that’s the way we ought to promote ourselves.\textsuperscript{46}
\end{quote}

**Political capital.**

The local governments in County A maintain a very public presence. Their offices are staffed during daily normal business hours and each has a functioning website with information of potential interest to local residents and businesses. Visits to each were met with professionalism and offers of assistance. On the surface, this suggests that the formal power structure is making an effort to be attentive and responsive to constituents it serves.

Further supporting this notion is the example of how the agricultural economic developer position was created.\textsuperscript{47} Instigated by a small group of farmers, a committee was formed in 2002. With the backing of others living in the county, the committee succeeded in persuading each county and municipal council to adopt and implement a farmland protection plan calling for the position. The position was filled in 2009.

\textsuperscript{45} County website.
\textsuperscript{46} Interview transcript.
\textsuperscript{47} Interview transcript.
With respect to the overall business climate across the county, individuals interviewed had varying opinions about local government. According to one government employee:

Well, it depends on who you ask. There is sort of an uproar right now about that very thing. A lot of the business community feels like the county is not supportive of them. And of course, I represent the county. So my project that I’m working on today is, and this is kind of a small thing… We’ll see if it works or not. So that’s one of those small things, nothing ventured nothing gained.  

In contrast, an individual who is not a government employee and represents the business community stated, “So as far as I’m concerned right now, the people and the government who are creating policies to support entrepreneurship and tourism are doing a good job. They’re totally supportive.”

Although not necessarily confined to that which is local, government regulation is definitely perceived as a hindrance to entrepreneurial development. When asked what’s been the biggest obstacle in this regard, one person responded:

Starting new businesses and getting things going is government regulation. You can sit down with somebody and have a tremendous idea, but then when you try to implement it, it is those barriers that just …you’ve got to just keep people spirited through it. And that goes from everything to commercial kitchen requirements on someone just wanting to make gooey bars to somebody starting out with their first employee and then all of a sudden they’ve got workman’s comp and everything hitting them in the face. Those are real difficult barriers to get by.

Another individual expressed frustration with the speed at which policies get enacted or changed. The example cited was a sign ordinance that business owners view as restrictive. At that time, the town had been working on revising it for over two months, which he felt was too long given the size of town. Overall, his feelings about local government were mixed: “I really don’t see

48 Interview transcript.  
49 Interview transcript.  
50 Interview transcript.
them being that supportive. They just kind of, of course they’re not intrusive, but they’re not supportive either.”

It would appear that local governments are cognizant of this and making an effort to assist entrepreneurs in navigating the regulatory maze in recent years. One interview participant observed:

I think people are more receptive now toward somebody coming into an office saying, “I want to start a new business, can you help me?” I see the town managers being more proactive. I see the county planner. I see other, even the county tax office is now willing to talk to somebody and say, “Oh, you’ve got to go see [omitted], or boy, go over here and see somebody else, and boy this is a great idea and let’s see if we can help you.”

One individual who was cited by multiple people interviewed as particularly helpful to entrepreneurs is the agricultural economic developer. This was attributed in part to his personality, but also because he has been given a great deal of flexibility and autonomy to do his job. In the words of one local, “He has no bureaucracy. If anything you get, out of all the interviews you have, bureaucracy slows down any kind of economic development and all kinds of silly stuff.”

In terms of the county’s involvement in the CEC program, they appear to have taken a very inclusive approach. An individual from outside the county observed:

They saw it as a way, as a process to really formalize their strategy around that and get a lot of stakeholder engagement in it…. I think they realized it was a lot stronger to do a community-based process towards their entrepreneurship strategy rather than just having their economic development director just write out a strategy and not have that engagement.

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51 Interview transcript.
52 Interview transcript.
53 Interview transcript.
54 Interview transcript.
This observation is supported by documentation submitted as part of certification process. While originally hosting a series of public forums that were very poorly attended, the leadership team switched gears offering their message and soliciting public input at events and activities that people were already attending, such as business after hours events. This adjustment resulted in an increase in average attendance from less than ten to over 80 people. Six of the ten people interviewed in County A knew about the CEC status of the county.

Citizen involvement has also been a cornerstone in the creation of the agricultural development center. Rather than starting by soliciting external grants, renovating the building, and then inviting the public to get involved, local leaders started with the people.

So three weeks after we had the building, it was December 11 of two years ago, we had an open house. It was advertised in the paper…. And we had just one room over there in the other side, with two kerosene heaters, a pot of chili, and that was the only thing warm in the whole place. We had 250 people show up. Families went through here talking about stories of going to school. I mean this place has just captured the heart of just about everybody in the town…. The idea that you build it from the community spirit up…. We're doing it with volunteers and enthusiasm and at a feasible level where someone like X can participate. When you get that corporate look and try to fix with a state program or a highly funded thing, I don't think those always work.\(^{55}\)

Observation during a non-scheduled site visit confirmed this statement. The local products store was staffed by a volunteer. There were volunteers as well as paid staff members working on renovations. During the interview, a young entrepreneur stopped by to visit, let the staff know how her business was going, and offer to help in any way she could despite her very busy schedule. According to center records, over 750 volunteers have contributed to the project.

While the political environment with respect to inclusiveness and responsiveness of local government seems to be fairly positive at the moment, it is not without its issues. According to three interview participants, people tend not to get involved in the public policy making process

\(^{55}\) Interview transcript.
unless there is a controversial issue on the agenda. Parts of the county, however, do appear to be more engaged than others. According to one person familiar with the entire county, there is higher attendance at council meetings in the two smaller municipalities than at the largest town or the county. The attendance estimates this individual provided were confirmed by individuals who regularly attend their own respective council meetings.

Historically, one challenge hindering the public policy making process in County A is partisan politics. Three interview participants, none of which are elected officials, identified this as a challenge. Party membership among voters across party lines is fairly evenly split.

According to one:

> We’re so divided right now along political lines and that just filters down. Our county commission is five members and it’s three-two. And every vote they take is along party lines. Every vote, you know. “Okay, now we’re going to vote on whether the sky is going to be blue tomorrow.” It’s going to go on a party vote.\(^{56}\)

Another individual went on to describe how this division impacts local politics in multiple ways:

> It’s really hard in this county to get people to run for office for a lot of reasons. One is, we tend to be a split county. … Right now we’re democratically controlled. The time before that it was republican control. Time before that it was democrat controlled. So, people really take a beating because you’ve got half the people who are sort of against you. It’s not about what’s best for the county, but it’s partisanship a little bit. And people really take it personally when they get beat…. So they won’t run again. Sometimes some of them run and you don’t want them to running again. But even some of the good ones won’t run again. So it’s hard to get some continuity and I think over time that’s hurt the county and the cities because you have no continuation of leadership…. I’ve always joked and said a long-range plan in [omitted] County’s five years because the turnover…. Now fortunately, that has not been the case in the last maybe 14 years…. In retrospect, maybe that’s been a good thing…. You had a change of ideas every two years, so you could never get anything accomplished. If you wanted to build a DSS building, couldn’t do it. Got a new group in said they don’t want it. So the next group goes in and says that we want it. Well it takes about two years to get it authorized. We got another group in that don’t want it. And so we had no continuity of leadership in that time frame, but it did keep us a rural. So maybe that was a good thing.\(^{57}\)

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\(^{56}\) Interview transcript.

\(^{57}\) Interview transcript.
In addition party politics, a third person cited the mix of native residents and outsiders who have moved into the county as an additional reason for discontinuity of leadership:

So, you’ve always got a little bit of mistrust of people. And because we have so many transplants here, we get a lot of people in the government that are transplants. So you might have some locals that are not happy that they got voted in. We’ve had commissioners come and go and then we’ve had some that come back.\textsuperscript{58}

One final finding relevant to understanding how context in County A impacts the local policy making environment is reflective of both political and social capitals. That is intergovernmental cooperation and communication. The State of North Carolina encourages intergovernmental collaboration through the Interlocal Cooperation Act (1971). Two mechanisms for cooperation authorized are joint exercise of powers and the creation of regional councils of government. Examples of joint exercise of powers within County A identified of over the course of this study involve zoning, planning, permitting, and public safety. The county is also part of a multi-county regional council of government. However, the council was not mentioned during interviews and very little evidence of the nature of county or municipal involvement was found over the course of the study.

Two individuals interviewed indicated that the county and municipalities have not worked well together historically. In recent years, however, there appears to be an effort to change that. A review of local council minutes revealed at least four joint meetings of the county and all three municipalities. Along those same lines, a joint training session for planning boards from each of the municipalities and county was held in January 2012. Another example of intergovernmental collaboration within the county involves the library system, which is operated

\hspace{1cm}^{58}\text{Interview transcript.}
by the county. In one of its two locations, the municipality provides building space including maintenance and operation while the county provides staff and materials.\textsuperscript{59}

**Social capital.**

Social capital is often characterized as the glue that binds communities together and helps make things happen (Emery and Flora, 2006; Falk and Kilpatrick, 2000). It includes elements such as leadership, groups, bridging networks, bonding networks, reciprocity, and trust that exist among and within groups and communities (Flora et al., 2005). Based on the information gathered through this study, County A appears to have high levels of social capital. As one local entrepreneur put it:

I have felt so much support on so many levels. I think it helps that we’re such a small community. Like once you start to make those connections, you have a million other connections with that connection. And it’s not too big or grandiose that you get lost. Like everybody knows what you’re doing and is really supportive of it. So this is the ideal place.\textsuperscript{60}

The county appears to have a fairly large number of organizations which are actively engaged in the community based on information provided through interviews and gathered through document analysis. In addition to boards, commissions, and committees created by local government authorities, there are a variety of nonprofit and community-based groups. Examples include business associations, artisan and crafter guilds, historical and natural-resource preservation or conservation groups, equestrian-related organizations, and sustainable agriculture projects. From an institutional services perspective, the county is home to a community college branch, critical access hospital, senior and community centers, and museums. There are civic

\textsuperscript{59} Interview transcript, municipal council minutes, county budget documents.  
\textsuperscript{60} Interview transcript.
clubs such as Rotary, Lions, Kiwanis, Veterans of Foreign Wars, and American Legion. There are also special-interest clubs on topics such as astronomy, chess, and stamp collecting. These groups are scattered throughout the county and not just located in a single community.

In addition to identifying a wide variety of groups within County A, evidence suggests that groups are working together which is indicative of bridging social capital. The chamber of commerce collaborates with municipalities, business, and other groups within the county as well as those in a city located in a neighboring county, which are all considered part of the same tourism destination trade area. Similarly, there is also a local economic partnership that was formed during the CEC process.61

The [omitted] is leaders from all four of our communities, from government, tourism, health care, the arts, the local business consortiums in each of the towns, and we get together once a month and we share what we’re doing. Agriculture, too. And we share what we’re doing. And the meeting can sometimes last two and a half hours. Sometimes we have a guest speaker. But from those meetings, we all gain such great information. Because we’re all so busy, doing what we’re doing, that this one time a month, I learn what [omitted] is doing, what [omitted] is doing, what the art community is doing, what the entertainment industry is doing, what the agriculture industry is doing, and tourism. And we have created some wonderful projects from this group. And this is just an ad hoc group, we don’t have a president or a vice president, nobody pays any dues. We just get together and talk.62

Two products resulting from these partnerships an area map and downtown banners located in each town that were co-funded by all four towns.

Bridging capital was also observed within individual municipalities. For example, one city is currently celebrating 130 years of incorporation. With projects such as downtown banners, local festivals, an oral history project, and community tours, among others, the year-long

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61 CEC certification documentation.
62 Interview transcript.
celebration is being supported by the city, downtown business association, churches, senior center, schools, private businesses, community organizations, and individual volunteers. In one example of both bridging and bonding capital, businesses and individuals worked together to transform a vacant lot into a community park.

Liquor bottles and trash cans, just anything, they threw in there. And so, he and I got together one day and we started talking about it. “We should make something out of this place. What shall we make?” We came up with a park. And we didn’t do it all ourselves, now. But we initiated it, the idea about it. And we got about seven other fellows, I believe was on this committee. And we got together. We met at different homes in the evenings about this park. We’re going to build a park. Now you tell me, how can seven broke guys build a park? No money. But we had this idea that we were going to build a park. So, I guess at the first meeting, we talked about that too. … At first, what we did first was on weekends, we put it in the paper that we were going to build a park and we needed some help cleaning that mess out, all that debris. Cleaning it out you know. And we don’t have any money. So, we invited the neighborhood there. We had people there, eighty years of age - working, cleaning, hauling brush and all this stuff. And on Saturday, that’s when we’d go on Saturday’s, and we’d feed them hot dogs… And then, for another meeting, we said, now we’ve got to find out who owns the property. And what we’ll do is ask, ‘Will they give it to us?’ And tell them what we’re going to do with it. And then we had a list of other things. The fellow that runs the big bulldozer to move trees and stumps and all that stuff. Somebody would go to him and ask him, tell him what we were going to do. And different people who did things around like that and we went to them and we started it. We went to the person who owned the land down there, and we told him we were going to build a park. And he, well he thought about it, and he said, “Only one condition and I’ll give you that land. It has a stipulation to go with it.” He said it would have to be a park always and you can’t do anything else with it but a park. So that sounded good. We got the land. …And I went to the guy who did all the grading and he said, ‘Since you guys are building a park and you don’t have any money, I’ll send my best man up there with the big bulldozer. You can keep it there as long as you want to.’ So, then the word got a round. And behold, I can’t tell who it was, there’s one family that gave us $250,000. Boy, we could go then. And then other people began to give money – ten, 20 thousand dollars would come in, you know that type of thing. And so, then we got one of the best architects that’s doing this type of thing to come and supervise it and draw the plans for it. It was well put together, well thought out. We put the amphitheater in there. And it’s used a lot, all summer, you know, weekends. And they have plays and different things down there. And so, we gave it to the town, the City of Tryon, with the stipulation that they can not go in and cut trees. …And another stipulation, they can’t charge any money. They can take donations. Because we put that in there saying, you know you’ve got kids and families with four or five kids, you’ve got to pay for amusement. And money, they

63 Interview transcript, local media reports, city website.
don’t have that kind of money. So that’s why they can’t charge anything. So that’s the park.\textsuperscript{64}

The creation of agricultural development center is yet another example of bridging and bonding capital in County A. Inclusion of and engagement by residents in the project has been previously discussed. However, the project has also included collaboration between multiple agencies and organizations.\textsuperscript{65} The building itself is owned by the soil and water conservation district. The agricultural economic development director is a county employee who is housed at that center and has been a major player in acquiring and renovating the facility. The center also has paid director. Operation of the center is also supported by Americorps members and the county farmers market association. Other primary partners within the county include Farm Bureau, Cooperative Extension, the community college, a community foundation, Habitat for Humanity, the chamber of commerce, and a local ministry. Regional partners include the Appalachian Sustainable Agriculture Project; Mountain BizWorks, a business development entity that provides lending, consulting, and training services; Carolina Mountain Land Conservancy; Handmade in America; and Blue Ridge National Heritage Area. Partnering organizations serving the entire state include North Carolina State University and its 10\% Campaign, encouraging development of local food systems; North Carolina Rural Economic Development Center; Golden LEAF Foundation; and North Carolina Tobacco Trust Fund Commission.

Collaboration is also occurring within the business community. One interview participant cited several examples of businesses working together:

The one I can think of specifically is a pizza restaurant, Italian restaurant. They’ve really diversified and partnered with a buffalo rancher here in the county. And they’ve opened up a separate building, or separate storefront, right beside their building where they’re going to do a lot of buffalo sales. I think they’ll probably use some of it for pizza seating,

\textsuperscript{64} Interview transcript.
\textsuperscript{65} Interview transcript, center website and brochure.
too. But it’s going to be the main focus more as the buffalo sales and that type of thing. So that’s one area. They’ve had significant investment in that. If you go down the other side of town, across the interstate, [omitted] has done an interesting thing. It’s really been more of a partnership with this company called [omitted]. They have really, it kind of spurred from a high school project, where this high school student was interested in biodiesel. So she started making it and figuring out how to do it. Her uncle did it, I think. Her English teacher somehow got interested in the byproducts of it and started getting involved in it and made the biodiesel but also started making soaps and cleaning solutions and things like that. Well then she started partnering with [omitted], the restaurant, to get their grease. And so it was all just, you know, you can see this circle and how it’s happening. They’ve been featured on the news here lately in fact and had some other articles recently, too. But they’ve done quite a bit to diversify things. And even if it’s, that’s an area where you can see, you know even if it’s not tangibly being done by the restaurateur, they’re still promoting it and helping it. They’ve got a little kiosk in their restaurant where you can buy the soaps and do all that. So they’re partnering together. So I think there’s a lot of that going on, where you’re trying to find resources and, you know, sort of leverage those relationships that you have too.66

Whether working together on a community-wide initiative or trying to strengthen existing businesses, these examples suggest a high level of trust and networking that Putnam (1993, 2000) associates with a strong economy. Employment and household income data seem to confirm that the local economy is in relatively good condition.67

**Human capital.**

Two common and intertwined concerns raised during interviews in County A are the out-migration of the county’s young people and an aging population.

I personally am concerned about who’s going to push my wheelchair. So, you know, the average age… it’s pretty old. Kids that graduate here just don’t see a whole lot of opportunity for them. Now, we do have some that stay. But you know, my kids all left. They went off to seek their fortune elsewhere. We’ve got to get that demographic thing sort of evened out because that’s how towns die.68

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66 Interview transcript.
67 US Census Bureau State & County QuickFacts.
68 Interview transcript.
This observation is confirmed by the latest U.S. Census data. The median age of residents in County A is 49.1 compared to a state average of 37.4. 69 Data also show just under eight percent of county residents are between the ages of 20 and 29 while over 24 percent are age 65 or older. A lack of employment opportunities was most frequently cited as the driving force behind the out-migration of young people from the county.

And we don’t have a lot of young people here either. So you don’t have that, I mean, people that go to school here, once they get out of high school, they pretty much leave the area…. If they can find a job here, unskilled labor, they might stay if that’s what their goal is, but a lot of them, probably the majority of them leave the area. They can’t wait to get out of here, nothing for them to do. But then, a lot of them end up moving back here to retire. 70

If there is truth in the perception that young people do return to the county to retire, this only reinforces the trend of an aging population.

As shown in Figure 8, internal revenue service data also indicate that out-migration is issue in the county. Data show that in 2010, for the first time in five years, people leaving outnumbered those moving into the county. This can be problematic especially since young adults with college degrees are twice as likely to move out of state than those with less education (Kodrzycki, 2001). Using data from the National Longitudinal Survey of Youth, Kodrzycki (2001) found that “five years after college graduation, 30 percent of the graduates no longer live in the state where they attended college and 35 percent no longer live in the state where they attended high school” (30).

69 US Census Bureau American Fact Finder.
70 Interview transcript.
The loss of County A’s young people would not be as much of a problem if a larger number people were moving into the county since they too would tend to be higher educated. Using data from the U.S. Census 2005 American Community Survey, Waldorf (2009) found that in-migration, particularly from other states, tends to bring in residents who “are significantly and substantially better educated than the resident population” (342). This research is consistent with the perceptions of those interviewed in County A regarding people who have migrated into the area:

You know, our non-native population is really bright. Like, we have a real high percentage of college grads. We’re a strange, again, dichotomy. It’s not true right now, because I looked at the data not too long ago, but until recently we were always in the top ten of per capita income. Stocks have gone down so people’s incomes have gone down quite a bit apparently because we’re not in the top ten anymore. …Everyone in the top ten is an urban county except us. So that shows you. What you have is a real strange income level thing. I mean we got folks who make more here in retirement than I make in employment.

Waldorf (2009) also found that a well-educated population attracts well-education migrants. This suggests that policies designed to increase educational attainment of existing residents and

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72 Interview transcript.
retention of an educated workforce could help reverse migration trends County A is experiencing.

The accomplishments and level of activity occurring in the county suggest strong leadership. Navigating the CEC process is one example. In County A, members of the formal leadership team consisted of representatives from local government, economic development (county and nonprofit), the chamber of commerce, and community college.\textsuperscript{73} It took the county over three years to complete the five-step process, which represents a substantial amount of work and perseverance.

As previously described, the county’s elected officials appear to be making an effort to listen to and respond to the needs of local businesses and residents. However, one person interviewed during this study did express some concerns about local elected leadership. In his view, there is a real need for leadership development within the county:

I mean, what’s been happening in my view, and I’m not involved in the parties, is, “You’re a nice gal. You’re sharp. You’re running for county commissioner.” That’s sort of been the way—personality and intelligence. And that helps, don’t get me wrong, I mean that helps. But I really think you need to have some way of saying, “Hey, I’m going to show you what the farming community’s doing. And hey, somebody’s going to show you the business environment.” … Now the people that run, they know their community well. But they don’t know beyond their community. And in our county, we don’t have districts. We don’t have voting districts. It’s an at-large vote. And I think it’s important that you understand the at large. And I would say that most don’t.\textsuperscript{74}

Looking beyond those employed in traditional leadership roles, the sheer number of boards, commissions, committees, nonprofits, and other community-based groups that were identified through this study suggest an active base of community members who are assuming leadership roles. Groups cannot function without leaders. Direct observation and a review of the

\textsuperscript{73} CEC documentation.
\textsuperscript{74} Interview transcript.
community calendar listed in the local paper confirm that community members are volunteering and providing this leadership across the county and in every municipality.

As a general rule, entrepreneurs who own small businesses are not engaged in the policy-making process (Hart, 2003). Document analysis suggested this to be the case in County A. However, individuals interviewed cited a few examples to the contrary:

It’s a young couple that owns that, but they’re also real involved in the community and the chamber and economic development and policy making. They’re real young, which is number one, very unusual. And they’re smart so they care about policy, but they make their living from that river so it’s real important to them that we don’t do things that destroy the river.75

Ultimately, however, based on the data gathered through this study it is unclear whether County A has a higher than average percentage of entrepreneurs engaged in public policy making or assuming leadership roles.

In terms of knowledge and skills of entrepreneurs themselves, two people interviewed expressed concern that the economy has driven people to start businesses who lack the knowledge or skills to do so.

Okay, so they’ve got to think of something to do. People come in here and ask me that. “What can we do? What service businesses do you need more of in [omitted] County?” Well, it could be something they’re not even skilled at or they’re really not fit to do or they’re too old to do. You know, so that’s not really the way to look at it unless you’re a really young person and you’ve got to have some money.76

One of the common misconceptions believed by interview participants to lead to the demise of new startups are unrealistic expectations about the potential profitability of a business, particularly during its first year.

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75 Interview transcript.
76 Interview transcript.
The need to connect entrepreneurs to educational opportunities and resources was well-known among interview participants, and resources are available within the county. In addition resources and assistance available through the agricultural development center, the center also collaborates with the local community college to offer agricultural-related business courses. The community college has also set up an entrepreneurial and business resource center at the main branch of county library system. This center provides reference materials, a computer workstation, and access to meeting rooms. Through the center, entrepreneurs can also schedule counseling sessions with business development staff housed at the college. The chamber of commerce also hosts training workshops and networking events.

Finally, and related specifically to entrepreneurial development, there seems to be interest in learning more about what local government and the community at large can to support it. Several people interviewed made reference to things learned through their contacts and connections in other counties and states. When asked to identify the most important factors that have in the past or could in the future impact the creation of local policy to support entrepreneurial development, one participant remarked:

I would think that getting the benefits and some actual case examples of how entrepreneurship spurs and economy and a community. I think getting that in front of people and showing them what could be done is the biggest driver. Once people see what’s happened, if we had an example of where locally or say within 20 miles of here or something like that, then people are going to want to feed off that and try to replicate it. I think that would be our biggest thing. …You’ve just got to see that other people have done them and how they’ve done it. And I think you take that experience and relate it to your policy goals and your policy needs.78

77 CEC documentation, site visit, interview transcript.
78 Interview transcript.
Financial capital.

Total municipal budgets in County A last year ranged from approximately $1.7 million to $6.4 million.79 At the county level, last year’s expenditures were around $27.2 million. The percentage of revenue from taxes, primarily ad valorem property taxes, ranged from 20 percent to 33 percent across municipalities and 61 percent at the county level. One of the challenges faced by the county and its communities is balancing between keeping the rural nature that everyone seems to want with maintaining a tax base that allows local government to provide services that residents want. This appears to be one of the reasons behind efforts to promote entrepreneurial growth and tourism development. These strategies are viewed as ways to increase sales tax revenues.

In the eyes of some people interviewed, the county and municipalities are not investing enough financial resources in entrepreneurial development. Examples cited included funding an economic developer position but not providing enough financial resources for that individual to accomplish anything, passing on grant opportunities because of an unwillingness to provide the required matching funds, and failure to provide incentives for new businesses. One interview participant summed it up, “So there’s just not enough, there’s enough to trick you, to entice you, but there’s not enough money to achieve what you want to get done.”80 Those affiliated with local government in County A agree that lack of funds is an issue. When asked to identify the biggest challenges hindering policies to promote entrepreneurial development, one respondent replied:

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79 County and municipal financial reports are available on the North Carolina Department of State Treasurer website (https://www.nctreasurer.com/). Data is based on 2011 net expenditures with one exception in which 2010 data was substituted since 2011 data were not available.
80 Interview transcript.
So, I think our willingness to take on risk, and part of that’s because we’re just small and we don’t have the sort of financial ability to take a lot of risk on. I think that would certainly be the weakest point right now, our ability to try new things.\textsuperscript{81}

Despite these concerns, there are examples of the use of public funds to support business development in County A. The county made a financial commitment to support participation in the CEC program and more recently the STEP program. As previously mentioned, municipalities provided funding for the area map and downtown banners projects. Finally, arguably the most significant examples of public investment for entrepreneurial development in recent years are the two economic developer positions currently being funded by the county.

An important source of financial capital in County A is its community foundation. In existence since 1975, it awards over $1 million in grants and scholarships within the county each year.\textsuperscript{82} It was cited by three interview participants as an important resource in community and economic development, particularly in recent years.

Another example of financial capital which supports all rural counties is the North Carolina Rural Economic Development Center.\textsuperscript{83} Commonly referred to as the Rural Center, it provides grant funding to local governments and nonprofits as well as providing grants and loans to support businesses. The Rural Center also provides technical assistance and research in support of community and economic development. County A and its municipalities have received direct support from the Rural Center through a variety of its programs, such as STEP, Building Reuse and Restoration Grants, Clean Water Partners Infrastructure Program, and

\textsuperscript{81} Interview transcript.
\textsuperscript{82} Foundation’s 2012 directory of funds and donor information.
\textsuperscript{83} North Carolina Rural Economic Development Center website (http://www.ncruralcenter.org/).
Economic Infrastructure Program (North Carolina Rural Economic Development Center, 2011). Funding for renovating the agricultural development center was derived from a variety of sources, many of which were external to the county.

The Community Foundation has helped a lot. Farm Bureau has helped a lot. Of course the county has put in a lot of resources…. Then, we purposely went out and even like the Blue Ridge Heritage Commission, we’ve gotten a grant from them because we can be a heritage site. ASAP, that Appalachian Sustainable Ag Project, they’ve given us small grants. So we’ve gotten that ownership. But I think our biggest grant was well $34,000 from the Ag Trust Fund and $24,000 from the Blue Ridge Heritage. But all the other grants have been in the five to ten to twelve thousand dollar level, that type of thing.85

Sweat equity and donated items have helped offset some of the need for financial support of the center. As one respondent associated with the center explained, “We get money when we can use it and when we don’t have any money we just do something that doesn’t cost anything.”86 Those small grants and donations have added up. In addition to the donation of the building itself, a blackboard posted at the center indicates that as of January 2012, the total value of grants and donations has exceeded $1.4 million. Non-staff maintenance and operation of the building is currently funded by tenant rents.87

Summary.

Creating an economic base consistent with the preservation of natural and cultural capital is clearly the dominant theme with respect to entrepreneurial development in County A. The rural preservation of the community is a value by both native residents and those who have

84 Also interview transcripts.
85 Interview transcript.
86 Interview transcript.
87 Interview transcript.
moved to the county, a source of pride, and has helped bond people together. Evidence suggests a county with high levels of social capital among residents, the business community, organizations, local governments, and other institutions.

Despite concerns of political partisanship, an inability of local governments to work together in the past, and some frustrations about governmental regulation, there seems to be a general sense of trust by citizens of local government. Fiscal conservatism has allowed local governments to weather the recent economic crisis fairly well. However, some in the community believe local governments should be investing more to stimulate economic development. Although there are concerns about infrastructure, particularly regarding water in some parts of the county, broadband is consistently cited as a strength throughout.

While the population is relatively well educated, an aging population is a continued concern particularly with respect to a sustainable tax base. This is one reason why local leaders are placing such emphasis entrepreneurial development—to help retain young people within the county. Maintaining a rural quality of life and providing a system of support for entrepreneurs are believed to be key strategies in this effort.

County B

County B is home to four incorporated municipalities. Its local governments have engaged in a variety of activities to stimulate entrepreneurial development representing eight of the 11 public policy activity groups identified in this study. Two of the most notable achievements related to entrepreneurial development in County B include establishment of a revolving loan program for existing businesses seeking to expand and creation of a small
business innovation center.\textsuperscript{88} Currently under construction, the center will include a business incubator with two 4,000 square-feet spots for businesses; classrooms for educational seminars; a conference room; office space for the county economic developer; and office space for faculty and staff from the local community college who provide small business counseling, career readiness certification, and customized industrial workforce training.

\textbf{Natural capital.}

Historically, agriculture has played a large role in County B’s economy. The land is suitable for large-scale crops such as soybeans, cotton, and grains, as well as livestock production including broilers and swine.\textsuperscript{89} Most farms are family owned and quite large according to one interview participant. County B currently participates in the VAD program to preserve land that is best suited to agriculture.\textsuperscript{90} Recent surveys show support from both the farming and non-farming communities for agriculture within the county, including policies to preserve farmland and provide financial assistance to encourage expansion of the industry.\textsuperscript{91} The county’s most recent working lands protection plan indicates that roughly 63 percent of its land is forested. County B is also home to a state park, which includes a river suitable for recreational paddling and hiking trails.\textsuperscript{92}

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    Other than farmland protection, there is little evidence that local governments in County B have historically sought to leverage the county’s natural resources to promote entrepreneurial development. In the words of one interview participant:
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\textsuperscript{88} County website, interview transcript, media clippings.
\textsuperscript{89} County Working Lands Protection Plan, 2010.
\textsuperscript{90} Office of Conservation, Planning, and Community Affairs (http://www.onencnaturally.org).
\textsuperscript{91} County Working Lands Protection Plan, 2010.
\textsuperscript{92} Direct observation, interview transcript, North Carolina Division of Parks and Recreation (http://www.ncparks.gov/).
\end{flushright}
We have a lot of land, a lot of protected land. We have a lot of farm land available. We do not have a lot of brick and mortar parking lots, strip malls, and stuff like that. You know, the ‘70s was a little bit cruel to us, but it wasn’t devastating as it was to so many communities. So I would say that, you know, natural resources wise we don’t play it up enough.93

A person interviewed in the town closest to the state park indicated the community is beginning to promote the park as a tourism destination. Representatives of the town, county, and state park and others have recently started an annual festival related to the park. In addition, the county tourism authority has highlighted some the county’s natural resources including the river and trails in its newsletters. There do not, however, appear to be any efforts to encourage business development related to these resources.

**Cultural capital.**

Although County B’s Scottish heritage is the most visible, it also has a rich native-American and African-American history. Today, the population is racially diverse with approximately 47 percent of residents being white, 29 percent black, and 11 percent American Indian.94 Nearly half of the county’s population lives in a single municipality with roughly four percent living in the other three municipalities contained within the county borders.

The general sense upon driving through the two smallest towns was that they are declining. One of these towns is adjacent to the largest town in County B, essentially separated by a bridge. It consists primarily farmland, light manufacturing, a few aging retail establishments, churches, and older residential neighborhoods. The decline of the textile industry

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93 Interview transcript.
94 U.S. Census State and County Quickfacts.
in North Carolina has left the town struggling. A fiscal crisis resulted in the levy of a property tax three years ago, the first in the town’s history, prompting some residents to call for a merger with its larger neighbor. There are no signs that this is currently being pursued.

The second smallest town in the County B is well maintained despite little signs of any thriving economic activity. Picturesque landscapes, neatly-kept homes and churches, and a modern-looking town hall suggest a sense of community pride amidst the main drag’s vacant building and storefronts. An old abandoned cotton gin can still be seen not far from the town’s center and near some railroad tracks, evidence of the town’s thriving agricultural and textile past.

According to two people interviewed, many of its residents have lived in the town for generations.

There’s some families that have lived here over the years, they’ve been here forever since the town has existed, and lot of the people here are the people that founded the town. They’re granddaddies and grandmommas and fathers and mothers. And they never got a way from here.

Despite signs of community pride, there was feeling of hopelessness among people interviewed within the town:

You know, the people that are 70 or 80 years old are stuck in their ways. And the younger generation don’t seem to care about this or that or nothing anyway. They just, all they worry about is today and not worry about tomorrow…

There were also indications of resentment towards the county’s largest municipality, perhaps in light of the size disparity. As one outsider observed, “[omitted] has always felt like the red-headed step child.” This sentiment was echoed by those within the town.

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95 Interview transcript.  
96 Local media reports.  
97 Interview transcript.  
98 Interview transcript.  
99 Interview transcript.
A completely different scenario was apparent in the largest of the three small municipalities. There were more businesses and fewer vacant storefronts. There were more signs of local investment including a fairly new recreation center and town hall and expansion of the school. People were out walking around in the downtown area. While there were signs of poverty, by all external appearances the community appears to be thriving. Comments from multiple individuals interviewed who live outside the town support this notion:

In [omitted], they value what they are. They know what they are. It is a conscious choice to live in a community the size of [omitted]. They know they’re one step removed from the City of [omitted]. But they like it that way.100

Yeah, you go through there and you think, “Man these people are happy to be here.” It’s not like, “Oh, man, I live in [omitted].” They’re like, “Yeah, we live in [omitted].”101

I think there’s more of a pride in [omitted] than there is in a lot of towns…. Everybody seems to just focus on [omitted]. They care about this little town.102

Those living in the town indicate a tight-knit community that is looking forward rather than behind. They acknowledge that it’s taken nearly two decades to complete some of these projects, but they are continuing to work towards other goals that will help ensure the community’s vibrancy, such as a senior citizen assisted living facility and library. Other projects the community has been working on unsuccessfully so far include attracting a grocery store and pharmacy to serve its residents.

The largest city within County B is much like other small cities. It has a traditional downtown area with government offices, unique small businesses, and professional service establishments. Other retail, service and big-box type establishments lead toward a well-traveled

99 Interview transcript.  
100 Interview transcript.  
101 Interview transcript.  
102 Interview transcript.
major highway. It has a wide range of residential areas ranging from neighborhoods with large historical homes to those more typical of impoverished areas. It is also home to a variety of recreational and cultural amenities of which residents appear to take advantage on a frequent basis.

County B is struggling to overcome the challenges of a changing global economy. In addition to agriculture, textiles and manufacturing have historically been the county’s main economic drivers. It is currently characterized as a Tier 1 county by the North Carolina Department of Commerce, a designation as one of the 40 most distressed counties in the state. In the words of one interview participant:

We basically have, are a traditional, historically, a lot of textiles, manufacturing, things like that. With the changing of the times, over the last couple generations, NAFTA and what not, we’ve just lost gobs and gobs of industry and have not really found a whole lot to come back and take its place. It’s not for lack of trying, it’s just we have not found our niche yet.

When asked about the county’s current economic development strategies two individuals interviewed cited the combination of industrial recruitment, business retention and expansion, and entrepreneurial development. There was acknowledgement, however, that entrepreneurial development has emerged as a primary strategy only over the last couple years. When asked about how local governments have tried to support entrepreneurial development, one person not involved in economic development responded, “Oh, not any that come to mind.” A follow up question about what might instigate a change garnered the following response:

103 County website, interview transcript.  
105 Interview transcript.  
106 Interview transcript.
“Seeing the need for it. So, for instance, if a mom and pop grocery store were to open up, I mean you would see an article in the newspaper, that kind of stuff. I doubt you’d hear much more about it than that. If Joe Blow retail distribution center were going to open up and it’s got 400 jobs and they were going to build a plant, you’d probably see the county fall all over themselves saying, ‘Welcome home boys. We’re glad you’re here’ kind of thing.”

There was consensus among those interviewed that the public is supportive of local businesses. They also agreed that this support extends to new businesses as long as the business is providing a good or service that residents want or need. Two individuals also suggested that the people living in County B believe that small businesses are important to the local economy. Another cited the county’s size as both a benefit and challenge for entrepreneurial development.

You know, we’re just one step removed from so many large metropolitan areas that can gobble up a small, you know, entrepreneur, a small business in a matter of a few months. While here, you, it’s a little extended. It gives you a little bit more time to get the cash flow going, gives you a little bit more time to test out those markets. I think that’s what we’re good at and we don’t do a good enough job of verbalizing that and positioning ourselves that way.

This individual acknowledged that being one step removed is also a challenge because many entrepreneurs want to be in more urban areas “where they see the vibrant economy.” Although the access to larger markets offered by bigger cities is a draw, research investigating disparities in entrepreneurial development across urban areas suggests that city size is not necessarily the determining factor. Factors such as education levels, quality of life, the presence of other entrepreneurs, technology, and diversity are also important predictors (Currid, 2009; Dissart and Deller, 2000; Florida, 2003; Waldorf, 2009).

Despite perceived public support for local businesses, those interviewed also felt the general public does not have a good understanding of the needs of entrepreneurs, particularly in a
knowledge-based economy. In the words of one interview participant, “Mmm, they just understand basics. Um, being rural again, we are a little bit behind on the way business runs and entrepreneurs their age, how they approach things, how they work, how they think, the use of technology.” Another individual interviewed echoed the idea that the rural nature of the county contributes to this lack of understanding.

**Built capital.**

According to everyone interviewed, the county and its municipalities are in decent shape regarding traditional utilities such as water, sewer, and power. In some areas of the county there are concerns about aging water systems but local governments are working on addressing those needs to ensure continued stability. With the exception of the eastern edge of the county, cell phone coverage is readily available although service is not consistent across all providers. While most people interviewed felt that broadband is adequate in the County B, two (from different parts of the county) offered evidence to the contrary. According to one:

> Hit and miss. My boss, who works about half the state, happens to live right here in [omitted]. He lives four miles up the road. He has spent the last six months begging, pleading, bribing. He still has to drive in and sits down in the back side of our office to get broadband.  

Infrastructure strengths related to business development identified by interview participants focused on industrial development. Rail and roads were both cited as strengths. An airport, originally built as a military installation, is co-owned by municipalities in County B and an adjacent county. Located in an industrial park, it is a valuable asset to the region. As one

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110 Interview transcript.
111 Interview transcript.
112 Airport website.
respondent explained, “You can get anything inside of a 747 in and out of that air base.” The
next piece of this puzzle will be the small business innovation center currently being built on an
eight-acre site. The project is part of a long-term plan to purchase additional land and create
another industrial park, which would allow businesses started in the incubator space to expand
into more permanent locations.

**Political capital.**

Random visits during normal weekday hours found main offices for the county and three
largest municipalities open. The fourth was not open during a daytime visit and there were no
signs indicating operating hours. Staff at open offices were observed to be friendly and
professional. County B and the two largest municipalities also have websites with information
for residents and visitors.

There is diversity among each of the county and town boards reflective of the county’s
demographics. This diversity does not appear to be creating major problems, at least during the
time period in which this study was conducted. In the words of one individual interviewed,
“They’ve got a lot of different views on stuff. But we don’t ever have any problems. They
always work it out.” According to some individuals interviewed, the relationship between
boards has been rocky at times.

As previously alluded to, there are some individuals in the two smallest communities who
feel the county and largest city have abandoned them. In the largest of the smalls, there did not
appear to be any animosity or resentment towards the largest municipality. The relationship
between County B and its largest municipality is less clear. One individual interviewed stated,

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113 Interview transcript.
114 Interview transcript.
“Historically, they do not work together very well. There’s a lot of animosity. They’re not buddies.”\textsuperscript{115} Despite this, both are partnering on the small business innovation center project along with other entities. This includes financial support, representation on the county’s economic development commission overseeing the project, and sharing of departmental resources.\textsuperscript{116} In addition, at least two municipalities have joint boards and committees with the county.

Based on responses by individuals interviewed, citizens in County B are not typically engaged in the local public policy making process unless there is an issue of interest. This engagement appears to be strongest in the town that recently built the recreational center.

And they wanted the community to participate and give their ideas. You know, when they have a specific goal in mind, this community will get together and do what needs to be done. We’ve got a community garden, you know, and they participate in that and meetings and stuff like that. As far as board meetings, it depends on what your topic is. If there’s an issue with taxes or you know certain things going on, yeah, you could have a houseful. Then when things are, not a whole lot going on or things are going really good, one or two people. Pretty much every month, you know, up to five people is pretty standard. But, it’s not very big. We don’t have a whole huge meeting room full of people most of the time.\textsuperscript{117}

In another of the smallest towns, the perception is that older people are more engaged than the younger generation. Two individuals interviewed agreed that engagement was lowest in the largest municipality. In the words of one:

They’re not engaged. It is a culture of it happens to them. I believe there are two types of people. Those that have life happen to them and those that make their life happen. In this community, it happens to be that there are a lot of people who put people in policy making decision seats, power responsibility, and they entrust them to take care of their wants and needs and future. And so they have life happen to them.\textsuperscript{118}

\textsuperscript{115} Interview transcript.
\textsuperscript{116} Media reports, interview transcript, council minutes.
\textsuperscript{117} Interview transcript.
\textsuperscript{118} Interview transcript.
With the exception of high tax rates, which is a common complaint, multiple respondents felt that the lack of presence at town or county meetings or other active engagement was a sign that of trust and satisfaction by local residents of local government.

Despite plans for the small business innovation center, no one interviewed seem to feel that local governments in County B are particularly creative or entrepreneurial.

I think they use the same tools and techniques. They try to keep it, you know, basic like any other small town in North Carolina. …I think that’s what they do the majority of times. Look at other policies that are existing or look at other examples and try to incorporate it into what our needs are at that time.\textsuperscript{119}

The small business innovation center was originally modeled after an incubator in another county. However, the project has evolved into something a bit more unique. This is attributable in part to input from other entities collaborating with the county and municipality in developing the center.

Perceptions were mixed regarding whether local governments are creating a business-friendly environment. Both the county and largest municipality have historically provided some financial support for the local chamber of commerce.\textsuperscript{120} Zoning was not cited by interview participants as a major issue. The one issue that was cited by multiple people as inhibiting economic growth in the county is the tax rate.

\textbf{Social capital.}

With the exception of churches, which are present throughout incorporated and unincorporated parts of the counties, the more rural parts of the county including its two smallest municipalities lack groups or organizations that would help facilitate bridging or bonding social capital.

\textsuperscript{119} Interview transcript.
\textsuperscript{120} Council minutes, interview transcript.
capital. According to individuals interviewed, such groups existed at one time but have died away as population and business activity has declined. In addition, there appears to be little support from organizations within other areas of the county.

The largest of the small towns seems to be faring better with respect to social capital as demonstrated by the recreation center project:

The recreation, it was the community wanting to have the recreation building here and willing to hold the meetings and go to the county and ask for assistance. There was a lot of community involvement in that building, getting that structure there.121

The town is also home to a community garden with support from the county cooperative extension office. In 2011, sixteen families maintained plots in the community garden, which provides residents an opportunity to grow and consume fresh produce as well interact with each other.122 In talking about the community garden project, one person interviewed alluded to another element of social capital exemplified in the town—trust:

And it’s odd in that we’ve left lawnmowers and shovels and little rototillars out there. And we were kind of, “Ooh, should we leave this stuff out here?” … And we’ve never had any problems.123

Not surprisingly, the largest concentration of formal and informal groups is located within the largest municipality in County B. The city is home to a community college, private university, and private preparatory high school. Its health care system features a hospital and multiple specialty clinics as well as programs to promote health and wellness. It also has a continuing care retirement community to encourage active living as residents age. Local clubs have formed around activities such as gardening, bridge, sewing, shooting sports, and tennis,

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121 Interview transcript.
122 Media reports, project website.
123 Interview transcript.
among others. It has a variety of civic organizations including Rotary, Lyons, Optimist, Kiwanis, Veterans of Foreign Wars, and American Legion. Among the benefits of the presence of these types of formal and informal groups are the dozen or so events and festivals held throughout the year to bring the community together and enhance the quality of life.

From an economic development perspective, there is a chamber of commerce that serves the county, downtown revitalization corporation, tourism development authority, and EDC. In terms of bridging social capital, the local chamber of commerce director has attempted to reach across county lines to engage local governments and the business community by periodically attending council meetings throughout the county. The chamber also facilitates networking between businesses by hosting monthly gatherings. However, when asked about private-public partnerships, one interview participant observed, “We don’t really have that much of that kind of stuff here. For whatever reason, we just, not that I’ve seen.”

The small business innovation center project is an example of public and nonprofit entities including the county, largest city, EDC, and local community college working together in partnership. It also demonstrates the importance of linkages to individuals and groups outside the county. The idea for creating a business incubator originated from learning about a similar project that has been highly successful in a nearby county in the region. The center concept was ultimately expanded to provide a wider range of support services and training opportunities as a result of the partnership that coalesced around it. Beyond the use of local media to publicize the project, however, there has been limited involvement of entrepreneurs or the business

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124 Council minutes.
125 Interview transcript.
126 Interview transcript.
127 County website, media reports, interview transcript.
128 Interview transcript.
community in developing the project to date. This may change after the center is built as the project team identifies people in the community who might be of assistance to local entrepreneurs.

Interestingly, although County B was included in this study because it is part of a regional entrepreneurship development system initiative, little evidence of the county’s involvement in the initiative was observed. An individual in the county is represented on the initiative’s board. However, only two individuals interviewed had heard about the initiative. A listing in the local newspaper advertised a regional youth entrepreneurship event hosted by the initiative but did not explicitly mention the initiative or that the county is a part of it.

**Human capital.**

With the exception of one of the small towns where an aging population was cited by interview participants as a contributing factor to the town’s economic decline over the past several years, the age distribution of County B’s residents is similar to North Carolina overall.\(^\text{129}\) The county’s workforce was cited as a strength and impediment, often by the same people. When asked about the best thing the county has going for it, one individual responded, “We do have a workforce. A lot of them have been out of work for a long time, but it’s not so much they don’t want to work, there’s just not a lot of opportunities here.”\(^\text{130}\) However, when asked about the biggest challenges, that same individual said:

> Uh, tax rate number one. We don’t have a tremendous educated workforce. Kind of manual labor stuff’s fine, but if you’re looking for gobs and gobs of business degrees and that type of stuff, you’re going to have to bring it with you. And getting people willing, those type of people willing to come in here and move to [omitted], North Carolina. You know, if you’re talking about pulling them out of Chicago and places, it’s going to be a

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\(^{129}\) US Census Bureau American Fact Finder, interview transcript.  
\(^{130}\) Interview transcript.
bit of a culture shock. It’s not, you know, this is a little small rural place. So that’s another challenge we have.\textsuperscript{131}

Again responding the question about biggest challenges, another respondent also cited workforce as a paradox:

Sometimes the workforce is. Workforce for us is not so much, we kind of run the ends of both spectrums. We have some companies that have a skill set of employees that they are lacking. And they’re working. The companies are working on doing training within their business to bring those skill levels up. And then we have companies that are very advanced manufacturing that have no issues with the workforce. No issues training. No issues with absenteeism or that kind of thing. So, we kind of run the spectrum.\textsuperscript{132}

Statistics indicate the percentage of population with college degrees in County B is less than the state average.\textsuperscript{133}

Study interviews also provided a mixed message regarding the future workforce of County B. Concerns were raised about the county’s high school drop out rate and teen pregnancy rate.\textsuperscript{134} Census data confirm that the percentage of residents with high school diplomas in County B lags the state overall.\textsuperscript{135} North Carolina health statistics show that the county’s teen pregnancy rate is indeed significantly higher than the state average.\textsuperscript{136} In contrast, the county is perceived to have “pretty nice schools for as rural a county as we are.”\textsuperscript{137} A national nonprofit school ratings organization give County B’s school system received a composite rating of seven out of ten.\textsuperscript{138}

As previously mentioned, County B is home to a private university and community college. Both appear actively engaged in trying to support business development. The four-year

\textsuperscript{131} Interview transcript.
\textsuperscript{132} Interview transcript.
\textsuperscript{133} U.S. Census Bureau QuickFacts.
\textsuperscript{134} Interview transcript.
\textsuperscript{135} U.S. Census Bureau QuickFacts.
\textsuperscript{136} North Carolina State Center for Health Statistics (http://www.schs.state.nc.us/SCHS/).
\textsuperscript{137} Interview transcript.
\textsuperscript{138} Based on North Carolina’s standardized testing system and calculated by GreatSchools, Inc. (http://www.greatschools.org/).
college recently announced a new master’s degree program in business administration.\textsuperscript{139} The community college branch is fairly new to the county, but as evidenced by its involvement as a partner on the small business innovation center project, has the potential to be a major player in building human capital in the community.\textsuperscript{140}

They have some entrepreneurial type courses, yes. And they have some trade-type courses they’re doing. They’re relatively new. They are well funded though. And they are pretty determined to get some stuff going here in this county. So, I’m pretty optimistic [omitted] is going to be able to offer some stuff the help us.\textsuperscript{141}

Similarly, the small business innovation center, with its emphasis on education and technical assistance for entrepreneurs and existing businesses, seeks to build entrepreneurial capacity in the county as well.

Individuals interviewed in County B had differing opinions regarding creativity within the community. Some cited community members who are seeking to instigate positive change in innovative ways. For example, two people interviewed mentioned a group recently formed that is seeking to convert an old dilapidated prison into a working youth-run farm to teach self esteem and other life skills to troubled youth.\textsuperscript{142} Others described innovation among area businesses, ranging from a local vineyard to manufacturing firms. Despite this, others responded that neither residents nor policy makers are entrepreneurial from a general problem solving perspective. Four of the seven people interviewed in County B felt that policy makers have not been entrepreneurial in addressing community problems. Of two individuals who said residents are not very entrepreneurial, one stated:

\textsuperscript{139} University website.
\textsuperscript{140} Media reports, interview transcript.
\textsuperscript{141} Interview transcript.
\textsuperscript{142} Interview transcript, project website.
No, it’s very difficult for them to think outside the box. They are resistant to change. And I think that you find that common in rural communities. Steep in tradition and history and proud of it, resistance to change to tackling problems in a different way.\footnote{143 Interview transcript.}

In identifying movers and shakers within the county, very few individuals were singled out by those interviewed. The county economic developer was credited by multiple people as the driving force in getting the small business innovation center off the ground. In the small municipality that appears to be thriving, the town council was credited for being proactive and diligent in “trying to look after the town.”\footnote{144 Interview transcript.} With respect to entrepreneurial development, two people interviewed suggested that part of the reason little has been done is an unwillingness of community members and leaders to invest the time and effort required to make things happen.

**Financial capital.**

Municipal expenditures in County B ranged from $80,000 to $32.6 million in 2011.\footnote{145 North Carolina Department of State Treasurer website (https://www.nctreasurer.com/).} The largest of the three small towns spent around $1 million. County expenditures were approximately $46.7 million. One concern raised multiple times by interview participants is the tax rate. The property tax rate in County B is 0.99 per $100 valuation with municipal rates ranging from 0.3 to 0.68.\footnote{146 North Carolina Department of Revenue website (http://www.dor.state.nc.us).} These data confirm the perception among those interviewed that the county does have relatively high property tax rates compared with the rest of the state.

Two of the three individuals citing taxes as a concern also indicated that the high tax rate is a function of a low tax base which limits the options of local governments to provide services. In the words of one, “We don’t have anything else. We’ve got to charge that that much just to
run the county. There’s just no big industries in here to pay a large hunk of the taxes.\textsuperscript{147} Local data show that at the municipal level, the percentage of revenue generated through local taxes ranged from 11 to 36 percent. In contrast 57 percent of county revenue was derived from local taxes.\textsuperscript{148} These percentages are consistent with other counties throughout the state, confirming that a higher local tax rate is required to generate a proportionate share of revenue than many other counties. Despite this recognition that the county and municipalities are in a catch-22 situation, those interviewed view the high tax rates as an impediment to entrepreneurial development in County B.

Although some of the towns appear to be relatively stable with respect to finances, other local governments have experienced difficulties in recent years. The town in fiscal distress that recently instituted its first property tax has had to rely on a local festival to help fund needed repairs to municipal facilities and vehicles.\textsuperscript{149} In the opinion of one of the interview participants, municipalities and County B should work together to provide services more cost effectively.

Little towns need to be consolidating things. … Do away with the city police department. We don’t need a city police department. The sheriff’s office is at the middle of town. You know. There are things like that that little towns do that just drive costs crazy, which in turn drive taxes, which then in turn hurt business environments.\textsuperscript{150}

Similarly, the state’s Local Government Commission notified the county of serious financial problems that must be addressed.\textsuperscript{151} As a result, significant reductions have been made in the current budget affecting all county departments.

\textsuperscript{147} Interview transcript.  
\textsuperscript{148} North Carolina Department of State Treasurer website (https://www.nctreasurer.com/).  
\textsuperscript{149} Local media reports.  
\textsuperscript{150} Interview transcript.  
\textsuperscript{151} A copy of the original letter, the county’s response, and a follow up letter from the Local Government Commission are posted on the county’s website.
Funding from local governments to support entrepreneurial and business development varies. The largest municipality provides financial support to the county chamber of commerce and EDC. In addition to annual appropriations, the city has also funded special initiatives of the chamber such as scholarships for a youth entrepreneur academy. The city council has also approved funding to create a revolving loan fund for downtown businesses. In light of the size of their budgets, the smaller municipalities are not currently providing financial support for economic or entrepreneurial development.

As far as us finding money to, you know, support it, it is not available. I mean, all the grants and everything now kind of hold you, like, responsible to help continue, you know. … There have been some grants out there that we could have applied for, but in order for us to apply for them we would hold the majority of the risk on it. And then the other option is to actually find the type of business that, you know, most of it was like renovating old buildings or structures, putting people to work and that kind of thing. And we didn’t really have anything that was not, you know, already being used or utilized in one way or another. So, the grant options weren’t there for us to assist anybody.

The county does not provide direct funding for the chamber but supports economic development by employing a full-time economic developer who works with the county’s nonprofit EDC. The county appears to be fairly successful at securing grant funding to support entrepreneurial development initiatives. The two most notable examples are the small business innovation center and a revolving loan program. County B has secured two million in grant funds from the U.S. Economic Development Administration (EDA) and Golden LEAF Foundation for construction of the small business innovation center. In addition, it recently received an

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152 Municipal budget, interview transcript.
153 Council minutes, interview transcript.
154 Council minutes.
155 Interview transcript.
156 Council minutes, interview transcript.
157 Council minutes, media reports, county website, interview transcript.
$85,000 grant from the Rural Center to fund educational programs and activities at the center.\textsuperscript{158}

Using RBEG funds the county was able to establish a revolving loan fund for the expansion of existing businesses.\textsuperscript{159} The county’s economic developer is currently looking for grant funds to establish a similar revolving loan fund for new startups.\textsuperscript{160}

**Summary.**

County B has a rich native-American, African-American, and Scottish heritage and its current population is racially diverse. Local government boards reflect this diversity and do not appear to have any major problems working together. With nearly half of the county’s population located in a single municipality and roughly four percent living in the other three municipalities contained within county borders, there are notable tensions between communities. The largest municipality and county are currently working together on economic development and other issues, although some individuals interviewed indicated this has not always been the case. The two smallest towns face significant economic struggles, and there are frustrations that the largest municipality and county have not done enough to support them. The fourth municipality, which was characterized by people interviewed as very tight knit, shows signs of being proactive in addressing local issues regardless of what other local governments in the county are doing.

With the exception of churches, the two smallest municipalities lack groups or organizations that would help facilitate bridging or bonding social capital. This may be one of the reasons why local leaders and residents seemed resigned to continued population loss and

\textsuperscript{158} County website.  
\textsuperscript{159} Council minutes, interview transcript.  
\textsuperscript{160} Interview transcript.
economic decline in those areas. Although the third small town also has very few groups, local leaders and residents have compensated for this by partnering with groups outside the community and by working together on community projects, such as the newly constructed recreation center.

The county’s workforce was cited as a strength and impediment. The county has a lower than state average number of residents with high school diplomas or college degrees. However, the county is home to a private university and newly arrived community college branch.

Although agriculture plays a large role in County B’s economy and the county is home to a state park, natural resources do not appear to be a driving force related to economic development. In addition to agriculture, the local economy has historically relied on textile and manufacturing industries. Infrastructure strengths related to business development identified by interview participants focused on industrial development, such as rail, roads, an airport, and industrial park. As such, it’s not surprising that public policy efforts to promote entrepreneurial development such as the small business innovation center are more compatible with industrial rather than retail or service-oriented businesses. High tax rates in County B were frequently cited as detrimental to local economies within County B. However, because the tax base is so weak, most people interviewed seemed to accept them as a necessary evil in maintaining local services. According to those involved in economic development, this is why investments are now being made to stimulate entrepreneurial development as well as industrial recruitment and business retention and expansion.
Analysis of Local Context and Entrepreneurship Policy Formulation

Although occurring through coincidence rather than by design, the case studies conducted through this study provide an opportunity to directly compare and contrast how two counties pursued a somewhat similar strategy of creating a facility that provides space and support for local businesses to help stimulate entrepreneurial development. Building upon the prior discussion of each county’s community capitals, the remainder of this chapter focuses on how participants and processes as documented by Kingdon (2003) and Liu et al. (2010) influenced public policy formation related to the development of County A’s agricultural development center and County B’s small business innovation center.

Briefly summarizing its creation, the groundwork for the agricultural development center was begun with the adoption of a farmland protection plan in 2002. The next major milestone occurred in 2009 when the county hired an agricultural economic developer. During a search for a facility to house an agricultural product distribution center, an investment group offered to donate a vacant dilapidated school. The facility is owned by the county’s soil and water conservation district and supported by the county’s agricultural development office as well as other entities. Donations from the community, sweat equity, and numerous small grants are being used to renovate the building and grounds. Rents from business tenants are currently funding physical maintenance and operation of the building.

In County B, the story of the small business innovation center began with the hire of a new economic developer by the county in late 2008. Industrial recruitment and business retention and expansion continued to be the primary economic development strategies for the county until 2010. After seeing the success a nearby county was having with its business incubators, the county began seeking grant funding to build one of their own. After a few joint grant proposals
with the other county were rejected in 2010, the county began seeking funding on its own and received two grants in totaling $1 million to build the center. During this process, a partnership was formed between the county and community college to provide better support and training for local businesses and workers in affiliation with the center.

In County A, primary participants instrumental to the creation of the agricultural development center include the group of farmers who initiated the push for a farmland preservation plan, the county board of commissioners who voted to fund an office of agricultural economic development, the agricultural economic development director, the county soil and water conservation district office, and community members and businesses themselves who appear to have embraced the project. In County B, the major participants include the county economic developer, local community college, the EDC, and the county board of commissioners and largest municipality’s city council which provide financial support to the EDC. In addition, state and federal government have facilitated development of small business innovation center through grants administered by the Golden LEAF Foundation and EDA. Collectively, most of these participants are among the top five groups identified as key participants in local policy making by Liu et al. (2010): interest groups, state government, federal government, local government, and the general public.

Kingdon’s multiple streams model (2003) identifies three components of the policy making process: problems, policies, and politics. With respect to how problems gain attention from local policy makers, Liu et al. (2010) found that budgetary considerations and feedback were more influential than indicators and focusing events. In County A, the biggest driver was feedback, manifested through multiple visioning processes in which preservation of farmland and strengthening local agriculture were viewed as critical to maintaining the rural flavor of the
area. To a lesser extent, the county’s involvement in the CEC program also served as a positive trigger in emphasizing entrepreneurial development beyond agriculture as important.

Conversely, in County B feedback did not seem to play a major role. Instead, indicators reflecting the continued decline of the county, the focusing event, the economic stimulus created by business incubators in a nearby county, and the availability of grant funding to support the project were keys to making the project happen.

The final form of the centers created appear to be shaped by policy compatibility and value acceptability, the two most important attributes Liu et al. (2010) found with respect to local environmental policy as well. The State of North Carolina is clearly invested in entrepreneurial development as an economic development strategy, particularly in rural areas. This is demonstrated through its funding of the North Carolina Rural Economic Development Center and Institute for Rural Entrepreneurship. In the western region, where County A is located, entrepreneurial development is also being promoted by AdvantageWest as exemplified by the CEC program. With respect to value compatibility, the development of an agricultural development center is completely consistent with the expressed values of residents in County A.

In County B, the design and location of the incubator space itself appears to be most compatible with industrial rather than retail or service-oriented businesses. This is somewhat consistent with its manufacturing-heavy recent history which suggests that residents and policy makers might see it as a natural economic transition. Because of grant funding secured to build the facility and the willingness of the community college to become a part of the project to provide business development education and training, the small business innovation center was also technically feasible. It seems unlikely that the center would have been constructed without grant funding. In contrast, feasibility does not appear to be that important with respect to the
agricultural development center in County A. Rather, the participants involved seem determined to make it work one way or another.

Finally, within the realm of politics, a key personnel change played a major role in the development of the centers in both counties. The hires of the current agricultural economic developer in County A and economic developer in County B have clearly influenced both the approaches taken in creating their respective centers and the design of them. They have filled the role of “policy entrepreneurs” (Kingdon, 2001, 22). In addition, consensus and coalition building among project partners were instrumental in expanding both centers into something more innovative than incubator or business development center models in other locations.
CHAPTER V. CONCLUSION

As rural communities struggle to maintain a sustainable economic base in today’s global economy, many are exploring strategies to encourage entrepreneurial development. Rather than random single strategies, community development experts have suggested that communities and regions take a systems approach to create an environment that encourages and supports entrepreneurial development. Although studies evaluating the implementation and impacts of such strategies have begun to emerge, studies have not examined what role local public policy has played in efforts to build entrepreneurship development systems. This study seeks to fill this void.

This chapter begins with a brief overview of the study and major findings with respect to the study’s research questions. It is followed by sections concerning the theoretical implications of study findings, how local policy makers and development practitioners might use this information, and recommendations for future research in this area. The final section of this chapter summarizes the major conclusions reached through the study.

Summary of Study

The purpose of this study was to better understand how local public policy is being used to support the creation of entrepreneurship development systems in rural communities and how local context shapes entrepreneurship policy formation. In the first phase of the study a written survey and document analysis were used to identify local entrepreneurship policy actions taken by municipalities and county governments in sixteen rural counties in North Carolina, a state which has invested resources in entrepreneurial development as part of its overall economic development strategy. Counties were selected because of their involvement in county-based
identified public policy actions were grouped into eleven major categories using grounded theory analysis. While all six CEC counties have by definition participated in a planning process inclusive of entrepreneurial development, eight of the counties engaged in regional initiatives have done so as well. The role of local governments in this process included authorization for the county or municipality to participate, financial support of that participation, representation by elected officials on planning teams, or adoption of planning priorities supporting entrepreneurial development. Local governments in over eighty percent of the study counties also engaged in policy actions supportive of other entities’ efforts to encourage entrepreneurial development and took action to create an entrepreneurial-friendly culture within their community. The four next prevalent groupings, which represent actions taken by at least fifty percent of counties, include grant support for local businesses primarily through financial match or official support, direct or indirect support for business training, solicitation and engagement of the business community or general public to collaborate with local government to support entrepreneurial development, and direct financial support for new or existing businesses through grants or other incentives. Local governments in fewer than half of the sixteen counties provided facilities for new or existing businesses, expanded or made infrastructure improvements, engaged in activities to promote existing business, and took action to preserve or enhance natural resources for the specific purpose of encouraging entrepreneurial development.
Because the implicit theory of change behind entrepreneurship development system models involves the systematic expansion local assets to create an environment that encourages and supports entrepreneurial behavior, this study also examined how public policy actions utilized or leveraged local resources as policy inputs in an effort to expand local capacity. Emery and Flora’s (2010) community capitals framework was used as an analytical tool in this process. Not surprisingly, local public policy actions relied most heavily on political, human, and financial capitals. All but three of the eleven groups included actions requiring the use of these capitals. Commonly, the use of political capital was demonstrated by official votes authorizing actions related to entrepreneurial policy, utilization of committees or other entities previously created by the governmental body to give voice of business-related concerns, and a willingness of elected officials to act or voice opinions reflective of the interests of local businesses. Any action that requires work, either by an elected official or government employee on behalf a county or municipality represents an investment in human capital. Actions such as administering a grant program, service on a committee, and completing applications for grants to support entrepreneurial development were frequently identified examples of the use of human capital. Financial capital was used typically used to support planning initiatives; provide direct or indirect assistance to new or existing businesses though funding, training, promotion, or other support; and expand or improve infrastructure.

Social, built, natural, and cultural capitals were used by local governments to support entrepreneurial development to much lesser extents. Reasons for this might be because local governments have less control over such resources, that they do not exist to great extent within a given community, or simply because policy makers are not sure how they might be used or leveraged. Among these capitals, social and built were most used. Social capital was most likely
to be used when local governments had good relationships or were actively working with other organizations. Local governments leveraged built capital by allowing businesses to use publicly-owned property, providing meeting space for groups seeking to support entrepreneurial development, and making improvements to public property to encourage business development. Attempts were made to leverage cultural and natural capitals by promoting or encouraging compatible business endeavors.

Cultural and human capitals were most likely to be preserved or expanded through public policy actions identified in this study, accounting for 39 and 21 actions respectively. The most common efforts to expand cultural capital include grant programs to improve the appearance of or revitalize buildings or business districts and actions to raise awareness about the importance of entrepreneurial development. Public policy actions designed to increase human capital include training and technical assistance for entrepreneurs and business owners as well as efforts to educate others in the community about the needs of entrepreneurs.

A variety of public policy actions were taken to expand financial, social, political, and built capital as well. By definition, financial capital was expanded through actions or programs that increased the availability of funds for new or existing business, typically through grants or loans. Frequently identified efforts to increase social capital include providing opportunities for entrepreneurs and business owners to network with each other and interact with local government bodies to improve the local business environment. Expansion of political capital was commonly achieved through the creation of committees or other officially supported groups to identify needs of entrepreneurs and develop strategies for meeting those needs. Actions to improve built capital include providing space or facilities for new or existing businesses and efforts to improve infrastructure, including broadband. Actions to preserve or expand natural
capital were least prevalent in this study. Examples identified include development of a trail to promote eco-tourism and the adoption of land preservation ordinances to promote development consisted with preserving the rural nature of the community.

The final question related to the identification of local policy actions addressed in this study is whether the use of various public policy actions in counties was consistent with an entrepreneurship development system approach. To determine this, the mix of actions employed by individual counties was examined. The average number of public policy action categories employed by counties was 6.25 suggesting that local government are utilizing a variety of tools and not just relying on a single strategy. This is an underlying premise of entrepreneurship development systems. In addition, the study found that no two counties have the exact same mix of activity across all public policy action categories, which suggests local leaders are not taking a cookie-cutter approach toward supporting entrepreneurial development. However, it is not clear from the data whether the mix of activities utilized by each county is truly based on the needs of local entrepreneurs, which is also an important tenant of entrepreneurship development system models.

The second phase of the study was designed to address the question of how local contextual factors impact public policy formation related to entrepreneurship development systems. To examine this, two counties—one from a county-based initiative and one from a regional initiative—were selected for case studies. Information gathered in phase one was supplemented with documents obtained, key informant interviews, and direct observation during visits to the case study counties. Based on these data, grounded theory analysis and the community capitals framework were again used to identify and link together major themes characterizing each county. Finally, drawing on the work of Kingdon (2003) and Liu et al.
(2010) with respect to local policy formation, efforts by each county to pursue a somewhat similar strategy of creating a facility that provides space and support for local businesses to help stimulate entrepreneurial development were examined.

In both locations, county economic developers played the role of policy entrepreneur and were pivotal in shaping the process through which each business development center was created. While the supporting cast of participants in the creation of County A’s agricultural development center included institutional partners, interest groups, and the general public, County B’s small business innovation center relied primarily on institutions. In County A, feedback, a well-documented desire to preserve the rural nature of county, appears to have played a major role in public policy formation related to its center. Conversely, economic indicators, the success of business incubators in a nearby county, and the availability of grant funding were primary drivers in the creation of County B’s center. In both examples, policies appear to be compatible with regional and state policy while remaining consistent with local values. Consensus and coalition building helped shape both centers into something distinctly different from incubators or business development centers found elsewhere. The final form of the centers created appear to be shaped by policy compatibility and value acceptability, the two most important attributes Liu et al. (2010) found with respect to local environmental policy as well.

**Theoretical Implications**

The findings from this study confirm that local governments play an active role in the creation of entrepreneurship development systems. That role tends to include a wide range of policy actions, consistent with a systems-based approach. This is supported by fact that all but three of the 16 counties included this study engaged in actions from five or more 11 categories
identified. In addition, the study found that no two counties have the exact same mix of activity across all public policy action categories, which suggests local leaders are not necessarily susceptible to policy diffusion.

The study confirms that all seven asset groups included in the community capitals framework can be utilized by entrepreneurship policy, as well as expanded. However, it relies most heavily on political, human, and financial capitals. From an asset-building perspective, entrepreneurship policy actions are most likely to target cultural and human capitals followed by financial, social, political, and built capital.

The question of factors influencing policy formation remains murky. This study was mostly consistent with Liu et al.’s (2010) findings regarding the role of policy participants, attention attractors, key attributes of policy alternatives, and political factors in local policy formation. Regarding key attributes of policy alternatives and political factors, there were similarities related to entrepreneurship policy formation across the two counties included in this study. However, there were notable differences with respect to policy participants and bringing issues to the public agenda. For instance, while county economic developers played pivotal roles in shaping policy, the other major policy participants differed. Similarly, feedback was the major contributor in bringing an issue to the public agenda in County A, while economic indicators, policy diffusion, and the availability of resources were primary drivers in County B. These differences suggest the need for further theory-building research with respect to the key drivers of local policy formation.
Recommendations for Practice

Local government policy makers are often hesitant to be the first to try something. Or, as interview participants in this study suggested, they may not know what they could do to support entrepreneurial development. This was one of the primary motivations behind this study.

For policy makers who are seeking ideas of things they can do to create a more entrepreneurial-friendly environment, this study offers a wide menu of choices. Some are targeted toward a specific type of development, such as tourism, agriculture, or manufacturing. Others focus on stimulating entrepreneurial development in a geographic location, such as downtown areas. Some focus on providing tangible support such as facility space, financial capital, or general infrastructure to improve the environment for all businesses. Others are more intangible, such as providing opportunities for entrepreneurs to share their needs or public actions, facilitating education or technical assistance for entrepreneurs, or public actions designed to help the general public understand the importance of entrepreneurial development to the local economy. The study also demonstrates there are things local governments can do that do not require a large financial investment. This is particularly important in today’s economic environment where rural counties and municipalities have limited resources.

The examples of public policy actions uncovered through this study should not be considered a comprehensive list of everything local policy makers can do. Rather, it is hoped that the list will stimulate an entrepreneurial approach toward policy making. As entrepreneurship development system models suggest, policies should ultimately match with the specific needs of entrepreneurs within the community. In addition, they should draw on a community’s strengths, assets, and resources available in order provide the best chance for success.
It is hoped that this study will also benefit applied scientists and community development practitioners who are working with rural communities to create entrepreneurship development systems. In providing real-world examples of what local governments are currently doing with respect to entrepreneurial development, they will be more likely to be taken seriously by local policy makers. In addition, by showing how local context shapes the development of local policy, they can encourage communities to look beyond what their neighbors are doing and focus on how to effectively utilize the unique resources they have to create public policy that best meets their needs.

**Recommendations for Further Research**

This study provides the first examination of the role local government and public policy is playing in the creation of entrepreneurship development systems. It has illuminated a wide range of specific examples of what local governments are doing to support entrepreneurial development and highlighted how local context can shape this activity. However, more research is needed. This section highlights opportunities for additional research.

First, while this study’s identification of what local governments are doing to support entrepreneurial development helps local policy makers see what can be done, it has not addressed the question of what impact such actions are making. Local governments are constantly faced with the challenge of deciding how to invest their limited resources. Being able to envision the potential outcome of a particular action or investment often impacts the decision to pursue it. The decision by County B to develop its small business innovation center illustrates this point. Policy makers saw the economic impact that a neighboring county was having with its business incubators, which contributed to their decision to create a facility of their own. Rather
than relying on single examples or anecdotal evidence, more rigorous studies of the impacts of various entrepreneurial development policies would help local policy makers make more informed decisions. Evaluation studies would also be helpful to community and economic development practitioners looking for best practices to share with groups they support.

Second, although this study examined how local context helped shape public policy actions in two counties, a study involving a larger number of counties would add to the research base related to entrepreneurship policy as well local agenda setting and policy formation. With respect to the former, it would beneficial for local policy makers and community and economic development practitioners to know if there are certain community characteristics that make entrepreneurial policy more likely to be adopted as an economic development strategy. Recall that in the evaluation study of the Kellogg Foundation pilot projects, Edgcomb et al. (2008) cited “state and local context, the degree to which local leaders are open to entrepreneurship, institutional infrastructure and capacities, the extent to which institutions are prepared for joint action, and their assessment of the most strategic way to move toward an EDS in their region” (13) as important to implementation of an entrepreneurship development system. In both cases examined in this study, collaboration was found to be important as well. The existence of strong policy entrepreneurs was also identified as a driving force behind policy formation. A larger number of study cases would add to the credibility of this research and potentially identify other important contextual factors.

One of the challenges of this study was identification of an appropriate research base related to local policy formation in general. The Kingdon (2003) multiple streams model was chosen because it had been applied to examine local environmental policy making by Liu et al. (2010). While the findings in this study’s two cases were somewhat consistent with those
associated with Liu et al.’s three cases, more studies are needed to help strengthen the local policy formation research base.

Finally, because this study included only those counties involved in some type of entrepreneurship development system initiative, it is unclear whether these actions are unique to counties involved in such initiatives. This is important because it would suggest that the entrepreneurship development system approach is not engaging local governments in anything that they might otherwise be doing. If this is found to be the case, then resources being invested to engage local policy makers in supporting the creation of entrepreneurship development systems might be better spent elsewhere.

**Conclusions**

Although community and economic development researchers and practitioners suggest a role for local government in the creation of entrepreneurship development systems (Holley, 2005; Markley, Dabson, and Macke; 2006; Edgecomb et al., 2008), there have been no previous studies to explore local public policy as it relates to such efforts. Using survey responses and documents available online, a total of 69 different entrepreneurial development policy actions were identified in this study of 16 counties in North Carolina. Although the effectiveness of these actions is unknown, the findings confirm that county and municipal governments are indeed playing an active role in trying to encourage and support entrepreneurial development. The range of actions taken within each county also suggest that local governments are trying provide a broad array of services and support for entrepreneurial development that is consistent with entrepreneurship development systems models. They appear to be relying on whatever local resources they have available as well as taking advantage of opportunities to secure external
funds and resources to support their efforts. Examples were identified of how all seven types of community capitals can be used as inputs to support entrepreneurial development as well as expanded through local policy actions.

A closer examination of two counties paints a picture of how differences in local context influence how local government officials, residents, businesses, and groups think and act with respect to entrepreneurial development. Coincidentally, both counties are in the process of creating facilities that provide space for local businesses as well as entrepreneurial support services. In both instances, a paid county economic developer played a central role in shaping the creation of these centers.

In one county, the center’s focus is agricultural and non-agricultural business development, farmland preservation, education, and community service. This focus reflects the overwhelming commitment of residents and local leaders to preserve the rural nature of the area. Reflective of high levels of social capital within the county and the management style of the agricultural economic developer, creation of the center has been highly dependent on local support and collaboration among government, residents, businesses, and interest groups.

In the other county, there has been very little public involvement in the project. Instead, institutional partners including county and city government and the local community college have designed and managed development of the project, relying on external sources of funding. The lack of public involvement may be in part due to relatively low levels of social capital and the distribution of political capital within the county. Consistent with the county’s economic history, the size of incubator space and center’s location appear to lend itself toward industrial rather than retail or service-oriented businesses. However, the inclusion of classroom and office
space for community college staff who provide small business counseling suggest an effort to support other types of businesses as well.

As these examples illustrate, no two counties are alike. Different circumstances may lead different counties or municipalities to pursue what appear to be similar strategies on the surface. In particular, a community’s history, local culture, social capital, and participants involved dictate how that strategy is implemented and the ultimate end result. As a result, it is important for community leaders who are trying to build an entrepreneurship development system to take into consideration local context as they explore local public policy options to support that effort.
BIBLIOGRAPHY


## APPENDICES

### Appendix A. Kellogg Foundation Entrepreneurship Development System Pilot Projects

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Counties/Communities/Regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advantage Valley Entrepreneurship Development System</td>
<td>Kanawha County (WV), Putnam County (WV), Cabell County (WV), Boone County (WV), Clay County (WV), Lincoln County (WV), Mason County (WV), Wayne County (WV), Boyd County (KY), Carter County (KY), Greenup County (KY), Lawrence County (OH)</td>
</tr>
<tr>
<td>Connecting Oregon for Rural Entrepreneurship (CORE)</td>
<td>Lake County (OR), Klamath County (OR), Coos County (OR), Douglas County (OR), Lincoln County (OR), Tillamook County (OR), Wallowa County (OR), Union County (OR), Baker County (OR), Warm Springs Reservation (OR)</td>
</tr>
<tr>
<td>Empowering Business Spirit (EBS) Initiative</td>
<td>Rio Arriba County (NM), Mora County (NM), Taos County (NM), San Miguel County (NM)</td>
</tr>
<tr>
<td>HomeTown Competitiveness (HTC)</td>
<td>Dawes County (NE), Garden County (NE), Perkins County (NE), Chase County (NE), Holt County (NE), Knox County (NE), Valley County (NE), Nance County (NE), Butler County (NE), Callaway (NE), Cambridge (NE), Mullen (NE), McCook (NE), Columbus (NE), Wymore (NE), Winnebago Reservation (NE),</td>
</tr>
<tr>
<td>North Carolina Rural Outreach Collaborative</td>
<td>All 85 rural counties in North Carolina</td>
</tr>
<tr>
<td>Oweesta Collaborative</td>
<td>Pine Ridge Reservation (ND), Cheyenne River Reservation (ND), Wind River Reservation (WY)</td>
</tr>
</tbody>
</table>
Appendix B. Survey Participation Request

You are receiving this survey request because of your town or county’s efforts to support entrepreneurship as an economic development strategy through the [Southeast Entrepreneurial Alliance/Northeast Entrepreneurial Team/Certified Entrepreneurial Community program]. I am conducting a doctoral research study to identify and better understand local policy efforts to support the creation of entrepreneurship development systems. Your input is greatly appreciated.

The survey consists of four questions. The first three request a single response. The fourth question asks for some basic information about specific policies, programs, or other actions the city or county has initiated to support entrepreneurship. A copy of the survey questionnaire is attached for reference.

Your participation in this survey is entirely voluntary. You may choose to skip any questions you are not comfortable with, or to choose not to participate by not submitting the survey. There will be no penalty or negative consequence of not participating. All information will be kept confidential to the extent allowed by law and University policy.

To complete the survey online, visit the following website: [https://www.surveymonkey.com/s/SoutheastSurvey][https://www.surveymonkey.com/s/NortheastSurvey][https://www.surveymonkey.com/s/CEC-Eship-Survey]. If you would prefer to provide this information by mail or email, feel free to complete the attached document and send it to the address listed or smccullough@uaex.edu. If possible, responses are requested by December 16, 2011.

This research study has been reviewed by the Institutional Review Board at the University of Arkansas. For research-related problems or questions regarding subjects’ rights, you can contact Ro Windwalker, the University’s Compliance Coordinator, at 479-575-2208. If you have questions or comments regarding the survey, or if you would like an executive summary of the study findings, please feel free to contact me at 501-454-9449 or smccullough@uaex.edu. Thank you for your time.

Sincerely,

Stacey McCullough
University of Arkansas
Appendix C. Written Survey of Local Efforts to Support Entrepreneurial Development

Thank you for participating in this survey. Information you provide will be supplemented with data gathered from media reports, minutes from city or town council and county board of commissioners meetings, internet postings, and other publicly available documents, as well as data gathered from other respondents.

1. What county or city do you represent? [insert drop down selection menu in online survey]

2. How has local governmental support for entrepreneurship changed in the last five years (select one)?
   - Increased significantly
   - Increased moderately
   - Unchanged
   - Decreased moderately
   - Decreased significantly

3. How has local governmental funding for entrepreneurship changed in the last five years (select one)?
   - Increased significantly
   - Increased moderately
   - Unchanged
   - Decreased moderately
   - Decreased significantly

4. Please provide the following information about policy actions your town/city/county has initiated to support entrepreneurship or entrepreneurs since:

   - becoming part of the Southeast Entrepreneurial Alliance (Bladen, Columbus, Hoke, Robeson and Scotland counties)

   - becoming part of the Northeast Entrepreneurial Team (Pasquotank, Perquimans, Camden, Chowan and Gates counties)

   - becoming a Certified Entrepreneurial Community (Burke, Haywood, Mitchell, Polk, Transylvania, and Watauga counties).
Please complete one page for each policy action taken to support entrepreneurial development. For the purpose of this survey, policy actions are defined as official actions take by or on behalf of your town, city, or county.

A. Name or description of policy action

B. Which of the following best describes this action?
   - Ordinance or resolution officially adopted by County Board of Commissioners or City/Town Council (including budget ordinances)
   - Other official action authorized through motion and affirmative vote adopted by County Board of Commissioners or City/Town Council
   - Change in an existing rule or regulation of county/city/town (excluding changes specified through ordinance, resolution, or other vote by County Board of Commissioners or City/Town Council)
   - New program or service offered by the county/city/town (excluding those specifically created through ordinance, resolution, or other vote by County Board of Commissioners or City/Town Council)
   - Publicly-voiced support by county/city/town elected official or employee
   - Other – please describe:

C. What is the primary goal(s) of this action?
Appendix D. Informed Consent for Interview Participants

**Study Description:** This interview is part of a doctoral research study to examine local public policy as it relates to creating entrepreneurship development systems and how local context impacts the policy formation process. Your county is one of two selected as case studies because of involvement in the [Southeast Entrepreneurial Alliance/Northeast Entrepreneurial Team/Certified Entrepreneurial Community program]. You were selected as a possible participant in the study because you are a key stakeholder in this process or were identified by another interview participant as someone who can provide valuable insights with respect to the questions being asked. Approximately 30 individuals are being interviewed in this county.

**Interview Procedures & Confidentiality:** The interview will be conducted by Stacey McCullough, a doctoral student enrolled at the University of Arkansas. It will last approximately 45 minutes. All information will be kept confidential to the extent allowed by law and University policy. Interview questions do not require any information about your personal life or identity. Notes will be taken during the interview and an audio recording will made. This recording may be fully or partially transcribed by Ms. McCullough. All notes, recordings and transcriptions from this interview will be assigned the same county identifier and randomly assigned number for cross-referencing purposes. Your name will not be identifiable through this coding system. All notes, recordings and transcriptions from this interview will be destroyed once this dissertation has been accepted.

**Risks:** There are no anticipated risks to participating in this study.

**Benefits:** This study provides no direct benefits to you. Results will be used to develop recommendations for policy makers, community development practitioners, and future research.

**Contact Information:** If you have questions or concerns about this study, you may contact Stacey McCullough at (501) 454-9449 or by email at smccullough@uaex.edu or Dr. Valerie Hunt at (479) 575-5865 or by e-mail at vhunt@uark.edu. For questions or concerns about your rights as a research participant, please contact Ro Windwalker, the University’s IRB Coordinator, at (479) 575-2208 or by e-mail at irb@uark.edu.

**Voluntary Participation:** Your participation is completely voluntary. You may choose to participate or not. If you choose to participate, you may opt out of any question or stop the interview at any time. Refusal to participate or withdrawal from the study will not result in penalty or any loss of benefits to which you are otherwise entitled. There are no payments for participating.

**Informed Consent:** I have read the description, including the purpose of the study, procedures to be used, potential risks and benefits, confidentiality, as well as the option to withdraw from the study at any time. Each of these items has been explained to me by the investigator. The investigator has answered all of my questions regarding the study, and I believe I understand what is involved. My completion of this form indicates that I freely agree to participate in this research study and have received a copy of this agreement from the investigator.
Appendix E. Interview Protocol

County & Numerical Identifier: ____________________ Date/Time: ________________

Introductory Remarks

I appreciate your willingness to talk with me today. As indicated in the informed consent document you signed, your participation is completely voluntary. If you wish to opt out of any question or want to stop the interview at any time, just let me know. Let’s get started.

General Perception Probes

Why did your county become involved in the [Southeast Entrepreneurial Alliance/Northeast Entrepreneurial Team/become a Certified Entrepreneurial Community]?

How have you been involved in this effort?

How would you describe the overall climate for entrepreneurial development in your county prior to this initiative?

What changes have you observed regarding support for entrepreneurs since beginning this process?

Political Capital Probes

Community initiatives usually have local “champions” who help get things started. Who have been the major stakeholders driving policy efforts to promote and support entrepreneurship? (individual names are not required)

What other stakeholders have been engaged in the process?

To what extent have entrepreneurs themselves been involved?

In what ways have local elected officials been engaged in supporting entrepreneurship?

What about other local government employees?

Can you think of any examples where political or personal motives hindered efforts for entrepreneurial policy?
**Financial Capital Probes**

How have public funds been used to support entrepreneurial development?

Have private businesses or organizations contributed financially to the process? If so, for what purposes?

**Social Capital Probes**

In what ways have different organizations, agencies, and individuals worked together to develop and implement entrepreneurship policy?

Have any groups been excluded from this process? If so, how?

Are you aware of any groups that have chosen not to be a part of the process?

Have any new partnerships or groups been created within the county to support entrepreneurial policy development?

Have any new partnerships with groups outside the county been formed to support entrepreneurial policy development?

How would you characterize the level of trust within this town or city? Across the county? Within the larger region?

**Human Capital Probes**

To what extent is the general public knowledgeable about the needs of entrepreneurs?

Has this level of knowledge changed with efforts to make the area more entrepreneurially friendly?

Would you characterize the people who live here as entrepreneurial from a general problem solving perspective?

To what extent are existing business owners entrepreneurial in running or growing their business?

What about policy makers – are they entrepreneurial in their approach to addressing local problems or needs?

Is the pipeline of future entrepreneurs sufficient for achieving the economic goals of the county or region? If not, what efforts are underway to increase it?
**Cultural Capital Probes**

Have members of the community historically supported local businesses? How?

Does that support differ for new start-ups vs. existing ones?

In what ways have members of the general public traditionally been engaged in the policy-making process?

Has this engagement changed with respect to entrepreneurship policy?

**Built Capital Probes**

Is existing infrastructure (housing, utilities, broadband, buildings, roads, etc.) adequate for the needs of local businesses? If not, what are the needs?

What are the infrastructure strengths of this town/city/county?

What, if any, policy efforts have been made to improve or expand infrastructure to better support local businesses?

If needed infrastructure improvements haven’t been made, why not?

**Natural Capital Probes**

How do natural resources (air quality, water, scenery, geographic features, etc.) in the area enhance business development here?

What, if any, policy efforts have been made to preserve, enhance, or leverage natural resources to better support local businesses?

Are there divisions in the community about the value of these resources or how they should be used?

**Concluding Observation Probes**

What would you say were the most important factors that led to the creation and implementation of local policies to support entrepreneurial development?

What would you say were the biggest challenges that led hindered the creation or implementation of local policies to support entrepreneurial development?

Is there anything else you would like to share about your community or the way entrepreneurship policy issues are addressed?
Are there other individuals you feel could provide valuable insights regarding the questions we’ve discussed in this interview? If so, can you provide me with their name(s) and contact information?

Is there anything you would like to ask me?

Thank you for your time and assistance. If you think of anything else you want to tell or ask me, please don’t hesitate to phone or email (provide business card).
Interview Notes

Interview duration:

First impressions of interview highlights:

Key impressions about interviewee (knowledge level, interest level, perceived biases or personal agenda, etc.)

Description of interview setting:

Other notes:
### Appendix F. Entrepreneurship Policies by Major Category with Community Capitals

<table>
<thead>
<tr>
<th>General Policy Category</th>
<th>Community Capitals Utilized/Leveraged by Policy Action</th>
<th>Policy Action (# of Counties Utilizing)</th>
<th>Community Capitals to be Preserved/Expanded through Policy Action</th>
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</thead>
<tbody>
<tr>
<td>Involvement in planning processes inclusive of entrepreneurial development</td>
<td>Human, Political, Social</td>
<td>Authorization to apply/participate in strategic planning initiative inclusive of entrepreneurial development (9)</td>
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<tr>
<td></td>
<td>Financial</td>
<td>Budgetary actions related to planning process (6)</td>
<td>Political</td>
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<tr>
<td></td>
<td>Political</td>
<td>Representation on strategic planning initiative leadership team (7)</td>
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<td>Human, Political, Social</td>
<td>Development/adoption of economic development plan/priorities inclusive of entrepreneurship (13)</td>
<td>Cultural, Political, Social</td>
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<td>Direct financial support for new/existing businesses</td>
<td>Financial, Human</td>
<td>Business loan program (4)</td>
<td>Financial</td>
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<tr>
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<td>Financial, Human</td>
<td>Mini-seed grant program for new businesses (2)</td>
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<td>Financial, Human</td>
<td>Entrepreneur grant competition (1)</td>
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<td></td>
<td>Financial, Human</td>
<td>Non-specific incentives, such as rent free quarters on start up, reduced taxation, reduced interest rates on start up money, or other assistance (3)</td>
<td>Financial</td>
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<tr>
<td></td>
<td>Financial, Human</td>
<td>Building reuse/renovation loans (1)</td>
<td>Financial, Cultural</td>
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<td>Financial, Human</td>
<td>Community/downtown appearance grants (1)</td>
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<td>Façade improvement grants (6)</td>
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<td>Financial, Human</td>
<td>Urban revitalization tax incentives (1)</td>
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<td>Financial, Human</td>
<td>Vacant building revitalization grants (1)</td>
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<td>Community Capitals Utilized/Leveraged by Policy Action</td>
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<tr>
<td>Direct financial support for new/existing businesses (continued)</td>
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<td>Vacant building revitalization grants (1)</td>
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<td>Efforts to secure grant funding to initiate business loan program (2)</td>
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<td>Human, Social</td>
<td>Host business idea forum with local entrepreneurs and angel investors (1)</td>
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<td>Grant support on behalf of individual businesses</td>
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<td>Provide match (6)</td>
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<td>Facilities for new/existing businesses</td>
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<td>Build or provide facilities for local products markets (5)</td>
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<td>Lease of publicly owned property for new businesses or expansion of existing businesses (1)</td>
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<td>Human, Political</td>
<td>Solicitation of grant funds to build incubator (3)</td>
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<td>Financial, Human, Social</td>
<td>Creation of business incubators (6)</td>
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<td>Direct or indirect support for training/skill development of entrepreneurs</td>
<td>Human, Social</td>
<td>Collaborative effort to provide information/assistance/training to existing and new businesses (6)</td>
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<td>Creation of volunteer entrepreneur/business support network (4)</td>
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</tr>
<tr>
<td>Direct or indirect support for training/skill development of entrepreneurs (continued)</td>
<td>Built</td>
<td>Provide meeting space for entrepreneur network (1)</td>
<td>Human, Cultural, Social</td>
</tr>
<tr>
<td></td>
<td>Human</td>
<td>Internship/mentoring program (1)</td>
<td>Human, Social</td>
</tr>
<tr>
<td></td>
<td>Human</td>
<td>Monthly e-newsletter publicizing news and developments in tourism, entrepreneurship, viticulture, equestrian, music and arts (1)</td>
<td>Human, Social</td>
</tr>
<tr>
<td></td>
<td>Financial</td>
<td>Scholarships for youth entrepreneurship program (1)</td>
<td>Human, Cultural</td>
</tr>
<tr>
<td></td>
<td>Financial</td>
<td>Small business training grants (1)</td>
<td>Human</td>
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<td></td>
<td>Financial, Human</td>
<td>Brought in nationally renowned speaker/author on entrepreneurship (1)</td>
<td>Human</td>
</tr>
<tr>
<td>Promotion/marketing</td>
<td>Financial, Human, Social</td>
<td>“Buy local” branding campaign (4)</td>
<td>Cultural, Human</td>
</tr>
<tr>
<td></td>
<td>Financial, Social</td>
<td>Joint funding for local-area maps to support tourism by multiple towns (1)</td>
<td>Cultural, Human</td>
</tr>
<tr>
<td></td>
<td>Cultural, Human, Natural</td>
<td>Promote heritage/ecotourism opportunities (1)</td>
<td>Cultural, Human</td>
</tr>
<tr>
<td></td>
<td>Political</td>
<td>Solicitation of grant funds to support “cook local” and “buy local” programs (1)</td>
<td>Cultural, Human</td>
</tr>
<tr>
<td>Expansion of infrastructure</td>
<td>Human, Social, Political</td>
<td>Creation/support for broadband commission to determine how to expand access for business development (2)</td>
<td>Built, Political</td>
</tr>
<tr>
<td></td>
<td>Political</td>
<td>Resolution to encourage private company to provide broadband to support business development (1)</td>
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<td></td>
<td>Human, Political</td>
<td>Solicitation of grant funds to support infrastructure improvements (4)</td>
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</tr>
<tr>
<td>General Policy Category</td>
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<tr>
<td>Expansion of infrastructure (continued)</td>
<td>Financial, Built</td>
<td>Downtown improvements projects to stimulate small business development (3)</td>
<td>Built, Cultural</td>
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<tr>
<td></td>
<td>Financial, Built</td>
<td>Refurbishment of brownfields or other deteriorated areas for redevelopment (2)</td>
<td>Built, Cultural</td>
</tr>
<tr>
<td>Natural resource-related</td>
<td>Natural</td>
<td>Development/support for trail to promote eco-tourism (1)</td>
<td>Built, Natural</td>
</tr>
<tr>
<td></td>
<td>Natural, Cultural, Political</td>
<td>Adoption of voluntary agriculture district ordinance to preserve agricultural/rural natural of community and promote business development consistent with that plan (2)</td>
<td>Natural, Cultural</td>
</tr>
<tr>
<td>Engagement of business community/general public</td>
<td>Political</td>
<td>Call by elected official for creation of business development association/plan (1)</td>
<td>Cultural, Social, Political</td>
</tr>
<tr>
<td></td>
<td>Political</td>
<td>Call for cooperation between town and business community by elected official (4)</td>
<td>Cultural, Social, Political</td>
</tr>
<tr>
<td></td>
<td>Political</td>
<td>Desire of elected official that town, town committees, and strategic planning committee work together in implementing entrepreneurial development plan (2)</td>
<td>Cultural, Social, Political</td>
</tr>
<tr>
<td></td>
<td>Human, Political</td>
<td>Creation of committee/task force to identify ways county/municipality can support business development (5)</td>
<td>Cultural, Human, Social, Political</td>
</tr>
<tr>
<td></td>
<td>Political, Social</td>
<td>Invitation to business owners likely to be affected by a policy action to attend meeting to discuss issue (1)</td>
<td>Cultural, Human, Political, Social</td>
</tr>
<tr>
<td></td>
<td>Political, Social</td>
<td>Solicitation of public input regarding business development (5)</td>
<td>Cultural, Human, Political, Social</td>
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<tr>
<td>Support for entrepreneurial development entities</td>
<td>Financial</td>
<td>Financial support for chamber of commerce or other business development organization (2)</td>
<td>Human, Political, Social</td>
</tr>
<tr>
<td></td>
<td>Political</td>
<td>Nonprofit economic development entity created by county/municipality with mission of supporting existing businesses and/or entrepreneurial development (6)</td>
<td>Human, Political, Social</td>
</tr>
<tr>
<td></td>
<td>Financial</td>
<td>Funding for county employee/contractor with entrepreneurial development responsibilities (5)</td>
<td>Human, Political, Social</td>
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<tr>
<td></td>
<td>Political</td>
<td>Proclamation or other statement of support recognizing business development efforts of other entities (9)</td>
<td>Cultural</td>
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<tr>
<td>Other entrepreneurial culture building</td>
<td>Political</td>
<td>Resolution supporting entrepreneurial development (7)</td>
<td>Cultural</td>
</tr>
<tr>
<td></td>
<td>Political</td>
<td>Resolution, proclamation, or statement of support by elected official for new and/or existing businesses (7)</td>
<td>Cultural</td>
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<tr>
<td></td>
<td>Political</td>
<td>Statement of importance of entrepreneurial development by elected official (4)</td>
<td>Cultural</td>
</tr>
<tr>
<td></td>
<td>Political</td>
<td>Call by elected official for county/town to be more business friendly (4)</td>
<td>Cultural</td>
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<td></td>
<td>Political</td>
<td>Attendance at business roundtable/networking events (4)</td>
<td>Cultural</td>
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<tr>
<td></td>
<td>Political</td>
<td>Participation in ribbon-cutting ceremonies for new business startups (2)</td>
<td>Cultural</td>
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<td>Other entrepreneurial culture building (continued)</td>
<td>Political</td>
<td>Participation by elected official in entrepreneurial development training (2)</td>
<td>Cultural</td>
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<tr>
<td></td>
<td>Political</td>
<td>Nomination by mayor of nonprofit economic development commission for Governor's Innovative Small Business Community Award (1)</td>
<td>Cultural</td>
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<tr>
<td></td>
<td>Political</td>
<td>Request by elected official for summary of impacts associated with downtown incentive program (1)</td>
<td>Cultural</td>
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<td></td>
<td>Political</td>
<td>Request for governor to support small business loan funds (1)</td>
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<td>Political</td>
<td>Social media support for business support network (1)</td>
<td>Cultural</td>
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<td>Human, Political</td>
<td>Service by elected official on committee formed to assist businesses in expanding (1)</td>
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<td></td>
<td>Financial, Political</td>
<td>Purchase of advertising space in support of local businesses (1)</td>
<td>Cultural</td>
</tr>
<tr>
<td></td>
<td>Financial, Human, Political</td>
<td>Visits by elected officials to other communities to learn about their entrepreneurial development efforts (1)</td>
<td>Human</td>
</tr>
</tbody>
</table>