



# Entrepreneurship in Rural America: Research and Application

**Cornelia Butler Flora**  
**Jan L. Flora**  
**Mary Emery**

Department of Sociology  
Iowa State University  
North Central Regional Center  
for Rural Development  
[www.ncrcrd.iastate.edu](http://www.ncrcrd.iastate.edu)



# Three levels

- **Individual**

- Non-conformity
- Self-efficacy
- Preference for innovation
- Low uncertainty avoidance

- **Firm**

- Low or moderate risk avoidance
- Preference for innovation
- Tolerance of non-conformity

- **Community**



# Premise: The economy is based on social relationships

- Strong bridging and bonding social capital lead to internalization of norms of reciprocity
- Security is gained through mutual trust
- Financial capital is used for productive investments by state, market and civil society
- Comparative advantage is gained as external costs are avoided

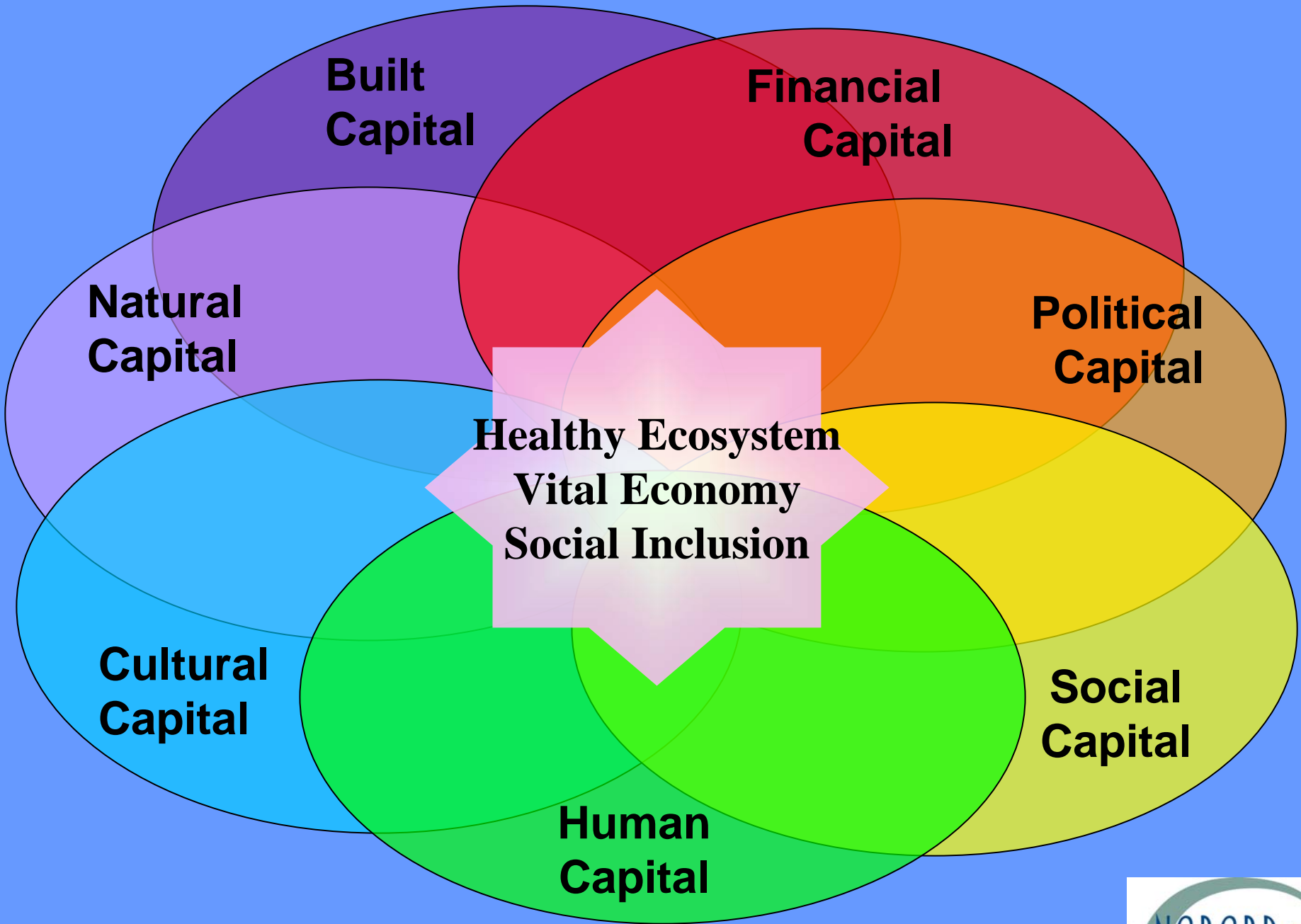
# Types of communities

Interest



Place





# Community & Entrepreneurship

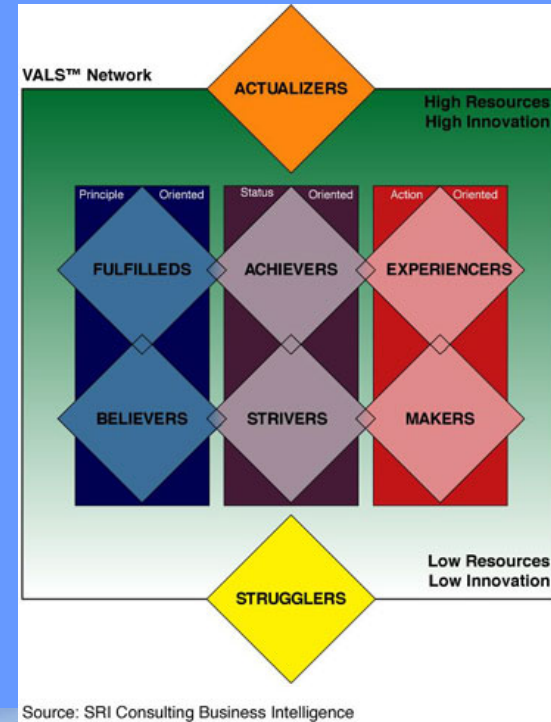
- With devolution, communities matter more than ever in providing capitals and context
- Collaborations among communities and with state, market and civil society organizations is critical
- Financial capital is not the major obstacle for rural areas
- Community capacity building has to include more than potential entrepreneurs
- Policy must address more than financial capital.





# Community Context

- The importance of embeddedness
- The strength of weak ties
- Entrepreneurial social infrastructure
- Balance of capitals investments



# Entrepreneurial Social Infrastructure

- Horizontal and Vertical Networks
- Mobilization of Resources
- Legitimization of Alternatives



# Legitimization of Alternatives

- diverse symbols
- acceptance of controversy
- depersonalization of politics
- attention to process
- broad and permeable boundaries



# Networks



## Diverse

- Do the groups in town represent different perspectives on a particular
- What mechanisms are used to include different perspectives in commu
- Do newspapers stories articulate multiple perspectives and views?

## Inclusive

- Are special efforts made to include people who do not participate in the usual ways?
- Are all groups involved in setting the agenda of what will done, as well as how it will be done?

## Horizontal

- Do leaders in your community learn new ways of doing things from other communities?
- Does the community send a delegation to find out about how another community implemented a program and report back on how that approach might be modified to fit this community?
- How are new opportunities brought to people who have a stake in them?

## Vertical

- Do lots of people in the community know how to access state and federal agencies?
- Is there a single person who is who everybody goes to to get things done? Does one person or group serve as gate-keeper for the community to access resources?
- Are elected officials really the ones who make the decisions in the community?
- How are new opportunities brought to people who have a stake in them?

## Flexible



# Resource Mobilization

- relative equality of access
- public investment
- private investment



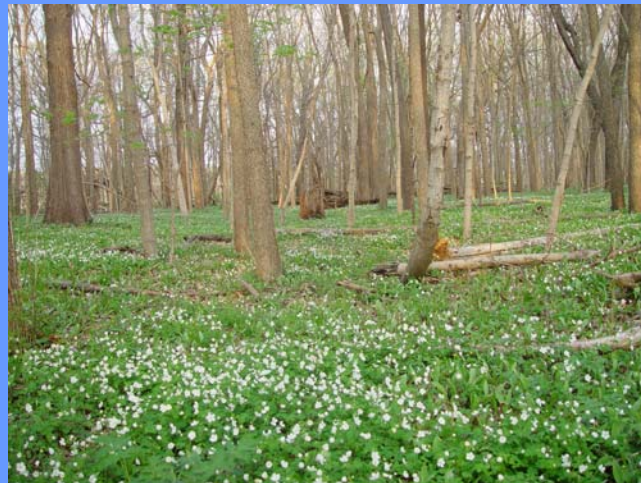
# American Indian Indicators of Entrepreneurial Success

- *Generates a sustainable income.*
- *Contributes to community service.*
- *Helps build a robust local economy.*
- *Provides a connections between the land and business owners and their families.*
- *Offers lifelong education opportunities.*



# Natural Capital

- Sustaining natural resources on reservations land including minerals, forests, agricultural land, and recreational facilities



# Cultural Capital

- Economic self sufficiency.
- Wise use of internal assets and external resources
- Investment culture
- Strategic focus
- Proactive stance
- Recognition of the importance of cultural relevance.



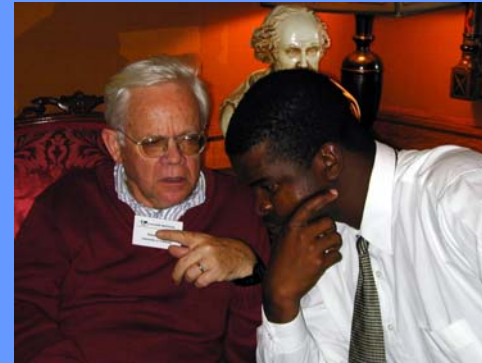
# Cultural Capital (cont.)

- **Discard “the BIA mentality.”**
- **Strong, locally-based institutions**
- **Attention to multiple capitals**
- **Emphasis on the value of spending dollars locally**
- **Use of failures and successes to build collective knowledge about managing enterprises**
- **Balance between traditional wisdom and new approaches**



# Social Capital

- mutual trust
- reciprocity
- groups
- collective identity
- sense of shared future
- working together



# Social Capital

- Willingness to collaborate within the tribe and with other entities.
- Knowledge management social capital.
- Proactive council that works in tandem with economic development professionals.



# Building Bridging Social Capital Through...

- **Strengthened relationships and communication**
  - increased interactions among unlikely groups within the community
  - increased interactions among unlikely groups outside the community
  - increased availability of information and knowledge

# **Linking Bonding and Bridging Social Capital Through...**

- **Improved community initiative, responsibility, and adaptability**
  - **build a shared vision**
  - **focus first on internal resources**
  - **look outside for alternative ways to respond to constant changes**
  - **loss of the victim mentality**

# Dimensions of Social Capital

Bridging +

## *Dependency*

Change driven by influence of BIA and federal government

## *Vital economy*

Change driven by tribally-determined goals

+

Bonding

## *Individualism*

Little changes, characterized by despair and lack of hope

## *Conflict*

People resist change; often groups within the reservation don't trust each other and do not cooperate

# Dimensions of Social Capital

## *Dependency*

Change driven by outside influences, usually accessed through a local broker federal government

## *Bonding*

### *Individualism*

Little changes, characterized by despair and lack of hope

## *Bridging*



### *Vital economy*

Change driven by locally-determined goals



### *Conflict*

People resist change; often groups within the community and region don't trust each other and do not cooperate

# Why Community Social Capital?

- **Bridging and bonding social combine to**
  - **cut transaction costs**
  - **contribute to other forms of capital**
  - **enhance flexibility**
  - **foster greater inclusiveness**
  - **encourage new ways of thinking**

# Political Capital

- **Separation of politics and business.**
- **Continuity in tribal government**
- **Commitment to support entrepreneurial efforts**
- **Adoption and/or creation of a uniform commercial code.**
- **Autonomous judiciary**
- **Take advantage of programs such as 8A, 638**
- **Importance of sovereignty.**



# Financial Capital

- **Multiple revenue streams**
- **Strategy to develop tribal financial institutions and/or build successful partnerships with external financial institutions.**
- **Tribal loan programs.**
- **Development of CDFIs and credit unions.**

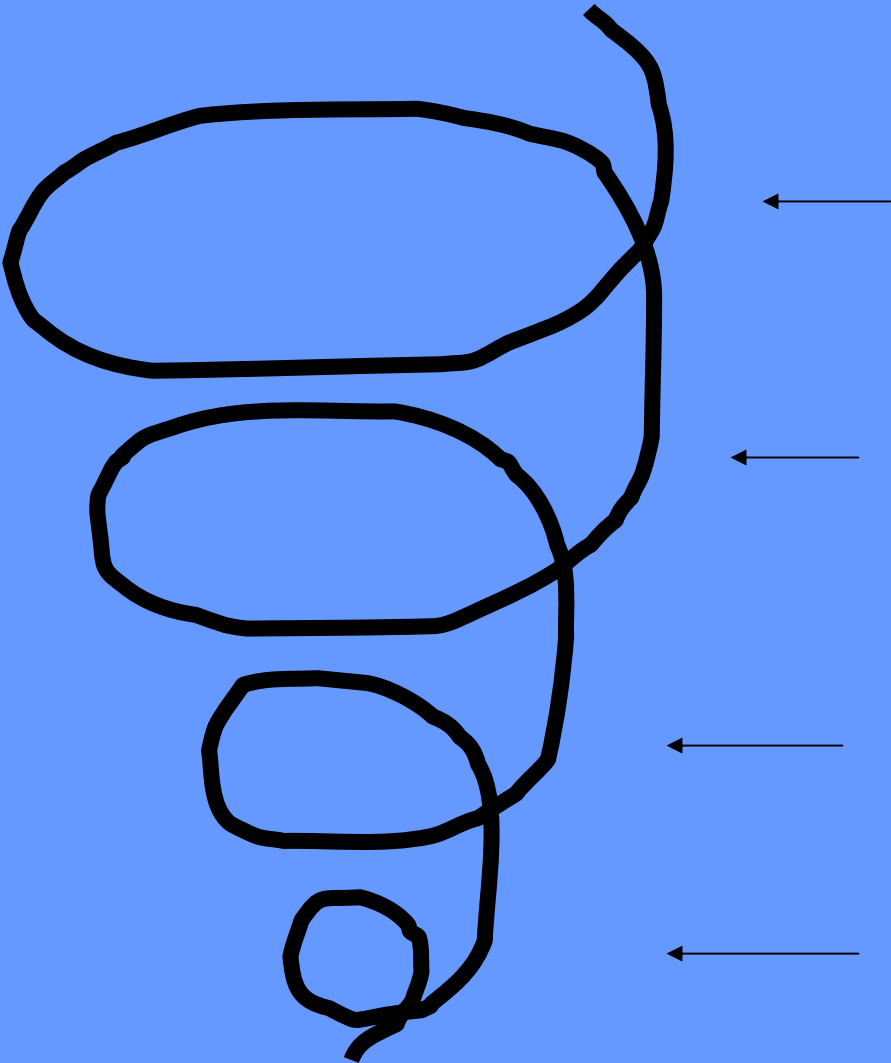


# Built Capital



- Telecommunications
- Tribal contracting opportunities for building, maintenance, and expansion of housing, road, and facilities.
- Appropriate equipment that can be locally serviced and maintained

# Spiraling Up of Capital Assets



Successful enterprises bring more \$ and opportunities to the community.

Cultural capital increases as people see the value of supporting local entrepreneurs

Community school partnerships, training, business coaching, youth participation

Bridging social capital brings outside expertise together with internal wisdom.

