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NEW ALLIANCES FOR RURAL AMERICA

Background Paper Submitted to the Task Force on Rural Development

National Governors' Association

New Businesses, Entrepreneurship, and Rural Development: Building a State Strategy

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National Governors' Association

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ISBN 1-55877-016-x

This paper draws on research supported by the Rural Poverty and Resources Program of the Ford Foundation and the Rural Economic Policy Program of the Aspen Institute, the Northwest Area Foundation, and the Economic Development Administration. The author is senior staff associate with the Council of State Policy and Planning Agencies in Washington, D.C.

National Governors' Association
444 North Capitol Street
Washington, D.C. 20001-1572

Printed in the United States of America.

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Introduction

Item: Bob Trausch, rural businessman in Carroll, Iowa, started his business by repairing refrigeration equipment at home. He found discarded units at the dump, fixed them, and sold them for a profit. Then local businesses wanting to purchase refurbished equipment started calling. Word spread and Trausch soon became a national enterprise, employing metal workers, electricians, plumbers, painters, and refrigeration technicians.

Item: Connie Gahley of Fairview, Utah, developed a small business producing chocolate candies in her kitchen. In less than one year, the business grew to more than 25 part-time employees. Her business success was due in large part to innovative products that were tailored to distinct markets, such as favors for convention banquets and candies in the form of business cards.

Bob Trausch and Connie Gahley are not alone in the success of their rural ventures. Throughout rural America people are starting new businesses that are helping to rebuild rural economies. The creation of new businesses has become the main source of rural employment growth. Between 1980 and 1984, new businesses accounted for 88 percent of the net job growth in nonmetropolitan areas.[1]

During the 1980s, employment and income growth in rural communities has lagged behind urban areas. Rural communities dependent on mining, energy development, or agriculture have suffered the most severe economic dislocations. But at the same time, thousands of businesses have been successfully formed – even in distressed rural communities. In fact, the people who have started these businesses are often those who have been dislocated by economic change.

The people who start new businesses are entrepreneurs.[2] Their "good ideas" become new ventures through the investment of their time, resources, and effort in pursuit of new opportunities. In so doing, these entrepreneurs contribute to an increased capacity to produce goods and services, improved growth in employment and income, increased economic efficiency, and an expanded ability to adjust to economic changes.[3] New firms are also at the leading edge of economic change. They are an indicator of the economy's future structural form and direction.[4]

Because of the important role the formation of new businesses plays in the economy, policymakers are refocusing their attention on understanding their state's entrepreneurial and new business environment and are developing policies to encourage it. They have recognized that, although rural business development is not a panacea, it should be a part of any strategy to promote rural economic development.

This paper examines the role of new businesses in rural areas and how policy can promote the creation of businesses or reduce the barriers to their success. Section II illustrates the importance of rural business formation by describing the impact it has had in four rural states and in nonmetropolitan areas throughout the nation. It also provides more details on the characteristics of new rural businesses and their owners.

Some policymakers believe rural economies present unique barriers that limit the prospects for economic growth through new business creation. However, the case is far from clear and the evidence shows rural economic conditions do not bar the success of new businesses. Section III reviews the impact and implications of these barriers.

Section IV proposes a framework that states may use to craft rural development strategies that focus on the creation of new business ventures. This process entails diagnosing those factors that affect business formation and designing strategies and programs that match state and local conditions. A set of more specific program ideas proposed to stimulate state inventiveness are included as an appendix–"101 Ideas for Stimulating Entrepreneurship and Enterprise Development."

The Impact and Characteristics of New Rural Businesses

New businesses have played a leading role in the remarkable record of employment growth in the United States in recent years.[5] Between 1980 and 1984, new businesses accounted for 46 percent of the net new jobs in the United States.[6] Further, the rate of business formation influences economic growth more than the expansion of existing businesses or the attraction of businesses from elsewhere.[7]

The creation of new firms is also a key to employment growth in rural economies. Rural areas have shared in growth through business creation.[8] While new firms accounted for 46 percent of net new jobs in the United States between 1980 and 1984, they were responsible for 88 percent of the nonmetropolitan growth.[9]

Data on new firms in rural states and rural substate regions further highlights the importance of enterprise development.

> IOWA. The rate of employment generated by successfully formed new firms was equally high in metropolitan, nonmetropolitan, and more remote rural counties.[10] Employment in new businesses created after 1980 and still operating as of late 1986 equaled just less than 13 percent of total employment.[11]
>
> MAINE. Preliminary information has shown that businesses successfully formed between 1982 and mid-1987 account for 14 percent of total existing employment.[12]
>
> MINNESOTA. Jobs provided by new firms accounted for 42 percent to 99 percent of the net increase in Minnesota jobs between 1978 and 1986. A larger proportion of existing jobs is attributed to new firms in rural Minnesota.[13]
>
> NORTH DAKOTA. In both rural and metropolitan counties the employment from successfully formed new businesses accounts for about 23 percent of total employment, according to a preliminary analysis.[14]

This research, relying on differing data sources and measures and from states with varied socioeconomic conditions, is further evidence of the importance of new business creation to rural economies.

CHARACTERISTICS OF NEW RURAL BUSINESSES AND OWNERS

Recent studies also have generated insights into the characteristics of new rural businesses and their owners. This information, on the people who are starting new businesses, the conditions they face, and on the businesses themselves, can be a useful guide for state policy development.

Owners of New Businesses Are "Homegrown"

If asked why a rural location was chosen for their businesses, the vast majority of new business owners will give a very unambiguous answer – "because this is our home."

In a survey of more than 3,000 new firms in Minnesota and Pennsylvania, not one owner had moved to a new state to start a business.[15] Other research concluded that nearly all firms (84 percent) are founded within commuting distances of the owner's previous workplace.[16] Finally, a Council of State Policy & Planning Agencies (CSPA) survey of 300 owners of successfully formed Iowa businesses indicated that almost two-thirds were started in communities where the owners had been born and raised.[17]

Establishing a new business – in rural and urban areas alike – may be less complicated when the owner has a detailed understanding of markets and is familiar with support networks. This knowledge is likely to be strongest in a home community.

New Business Owners Come from All Educational and Economic Classes

While education, skills, and personal financial resources contribute to success in starting a business, the pool of successful entrepreneurs is quite diverse. Many successful new owners have overcome deficiencies in any or all of these areas. These attributes do not accurately predict the success of a new venture.

NEW RURAL BUSINESSES ARE SMALL AND FOCUS ON LOCAL MARKETS

New businesses almost always start small. Many remain so. In Iowa, 86 percent of the surveyed rural businesses were started by one or two entrepreneurs. More than half of the total employment attributed to these firms was found in businesses with two employees or fewer.[18] Two-thirds of the Minnesota businesses studied also reported three or fewer employees.[19]

The majority of new firms in rural areas are in retail and consumer services. In Iowa, 84 percent of the new rural businesses surveyed served local markets. About four-fifths of the new firms in rural and metropolitan Minnesota had an intrastate focus.

New "export-oriented" firms were included in the mix of businesses, but they were clearly in the minority. And, at least in the Minnesota study, they were less well represented in rural regions.

The large number of retail and service businesses is not surprising. There is a propensity for new firms to arise in sectors already found in the area, and local market businesses are predominant in most local economies.[20]

New Businesses Require Long Work Hours and Rely on Family Labor

The owners of new rural businesses studied in Iowa report working fifty-one hours per week on average. The family is also an important labor source for these businesses. In some cases, family labor is not directly reimbursed and may be an important form of "sweat equity" used to develop a fledgling business.

New Businesses Often Provide Supplemental Income

Most of the owners surveyed in the Iowa study did not depend solely on their new businesses for income. Households relying on income from more than one worker or source have become common and this trend is reflected in the new businesses that provide supplementary income.

Most New Businesses Require Modest Initial Financing

Half of the new Iowa businesses needed $20,000 or less to start. On average, only $9,300 was invested per job created. However, raising financing was the most common start-up problem reported by new firm owners. While financial institutions were found to be supportive of new businesses, lending to entrepreneurial activities does entail risks. New business owners did confront some difficulty in acquiring financing, but a large percentage were able to convince local bankers to lend start-up funding.

Sources of Financing Vary

The primary sources of new business financing include savings, deferred income, loans from friends and families, and lending from traditional sources. Government loans, equity or stocks, and venture financing mechanisms were rarely used. However, more than half of new Iowa businesses financed their starts at least in part with loans from local banks. This suggests that rural banks may be more supportive of new business financing than has often been assumed.

Participation in Government Assistance Programs Is Low

There is a wide range of small and new business assistance programs offered by federal, state, and local governments. Only a small minority of new rural businesses participate, however. Some researchers suggest that rural business owners may be reluctant to seek assistance.[21] In other cases, owners of new ventures may lack information about the many sources of help that are available. In studies conducted in Minnesota and Pennsylvania, when offered a list of assistance programs, about half of the owners were able to identify specific programs that might be useful in addressing their start-up or operating problems.

Economic Conditions and Infrastructure Are not Major Problems for New Businesses

New rural business owners do not frequently cite local economic conditions or infrastructure among the most important start-up or operating challenges they face. The overall severity of start-up problems may not be greater for rural areas.[22]

Barriers to New Business Formation in Rural Areas

Rural areas will not be well served unless we change dramatically the way we think about rural communities and their problems.

Daryl Hobbs, University of Missouri-Columbia[23]

The entrepreneurial potential of rural areas has often been overlooked in the search for development solutions. There are, after all, formidable barriers considered common to rural areas that may limit new business creation:[24]

- smaller population and economic scale;
- lower educational and skills level;
- concerns about essential inputs–financing, workforce, and infrastructure;
- poor local economic conditions; and
- lower wealth.

In every local economy, rural or urban, there are some factors that hinder the creation of new businesses. In some rural areas those limits may be greater. However, evidence about those who have succeeded–in areas of growth and decline, in poor areas, and in regions with better than average wealth and income–makes a compelling case that these conditions are not a bar to the creation of businesses.

The constraints are real, but they are often overstated and can be overcome.[25] Even where these barriers exist, they do not necessarily preclude the creation of new businesses. They may have more impact on the types of businesses that are formed and succeed than on the rate of formation or success. It is important, therefore, to understand how these constraints may affect the development of new rural businesses.

A SMALLER POPULATION BASE AND ECONOMIC SCALE

National data show that new business creation in rural areas kept pace with urban economies between 1976 and 1980. Between 1980 and 1984, it was the most important source of net employment growth in rural America.[26] CSPA's studies in Iowa, North Dakota, and Maine and research by others in Minnesota show that rates of successful new firm creation and employment generation were about equal in both urban and rural areas.

LOWER EDUCATION AND SKILLS LEVELS

Rural America is very heterogeneous. Many rural areas have a human resource base that is well educated and highly skilled. Others have severe deficits in educational and skill levels. However, poor education and low skill levels do not preclude individuals from succeeding in creating new businesses. In fact, one study of an innovative private sector entrepreneurship initiative in rural Kentucky concluded that education level was a poor predictor of success in new ventures.[27] While some individuals with low education levels have succeeded, information on whether lower education levels in a community generally are associated with reduced rates of entrepreneurship must await future research.

CONCERNS ABOUT ESSENTIAL INPUTS

Financing

Concern about the availability of financing for new rural businesses is widespread–driven by assumptions about risk-averse lenders in small banks and a limited number of local lenders. The apparent lack of formal venture capital activity in rural areas has also received attention.

Little data are available to support these assumptions on any broad scale and there are some suggestions that they may not be well founded. First, venture capital is a financing source that can be used by only a small number of new firms. Further, venture capital is mobile and can find its way to rural areas.

Second, most new business capital comes from the owner's savings, foregone earnings and profits, or from family and friends. Most new rural firms require only modest initial capitalization–at a level that might be acquired as a personal loan or with assets such as home equity or savings. Finally, as the Iowa research has shown, rural banks may be more responsive to new business financing needs than is sometimes expected.

Workforce

Many rural areas have less diversified work forces than their urban counterparts. These local labor market conditions could constrain the prospects for new firms, particularly those contributing to economic diversity by pursuing activities not traditional to their community. Again, what may be true for some businesses under some conditions is not a universal problem. Survey responses from new rural business owners in Iowa and Minnesota did not indicate that hiring a capable workforce was an important business start-up or operating problem. However, high-growth firms contacted in the Minnesota study did indicate that recruiting and retaining a qualified labor force was a concern.[28]

Infrastructure

The need for improvements in public facilities in rural areas is well documented.[29] However, local conditions vary widely and a relationship between infrastructure and entrepreneurship has not been well defined. The new business surveys in rural Iowa and Minnesota did not identify it as a key problem.

POOR PREVAILING ECONOMIC CONDITIONS

Economic dislocation and poor employment prospects are frequently forces that motivate individuals to pursue entrepreneurship.[30] What is true for individuals may also be the case for communities. In both Iowa and Minnesota, the rate of new business formation and employment generation was equally high in the rural counties that had suffered the largest drops in population and income.

LOWER WEALTH

Rural incomes have always lagged behind levels in urban areas. While real per-capita personal income in both rural and urban areas has increased from 1973 through 1984, the improvement in rural areas has fallen behind the rate enjoyed by metropolitan areas.[31]

However, wealth may be a better measure of the ability of local economies to support development. And some estimates comparing the average household's real net worth in more remote rural counties and in urban areas show that rural households may have experienced a more rapid increase in net worth than have urban households between 1970 and 1983.[32]

The direction of changes in rural income and wealth have been mixed, and variations are often greater among rural areas than between metropolitan and nonmetropolitan communities. This suggests the importance of recognizing rural diversity before making judgments on the efficacy of alternative development strategies.

State Policy and New Business Formation

The first step in crafting a state strategy is to understand the impact of and limits to enterprise development. This diagnosis should center on the factors affecting individual investment decisions, the barriers to development, and the condition of the overall entrepreneurial climate.

The following section describes how states can begin the diagnostic process, reviews alternative strategies, and discusses a range of programs that may be appropriate. It concludes by noting the importance of expanding individual choice and establishing better institutional incentives.

However, since little information is available on the costs and benefits of alternative programs aimed at encouraging small or new business development in rural areas, no set policy recipe can be prescribed.[33] The options reviewed below are presented primarily to underscore the range of approaches that can be considered.

DIAGNOSING THE ENVIRONMENT FOR NEW BUSINESS FORMATION

Reliable information on the level or impact of new business formation, the characteristics of these new firms and their owners, and on critical start-up and operating problems is seldom readily available to policymakers. It can be generated, however, at a reasonable cost by combining existing secondary sources with survey research. This information can indicate the level and character of business creation activity and can be used to gauge the entrepreneurial environment.

State unemployment insurance administrative files can form the cornerstone for these efforts. The state-administered unemployment insurance system requires regular reports from all businesses with covered employment. These files will yield extensive information on the number and type of new businesses formed and whether they are succeeding or have closed. The types of businesses formed and their current employment levels are also available. A comparison of the number of new firms and their employment, with the total for the state or subregion, is a measure of the relative impact of enterprise development.[34]

States can also begin to identify potential business starters. Some will already have contacted small and new business programs, community leaders, local lenders, or other development officials. Regular contacts with these organizations can build a list of potential new business people.

These two information sources will yield useful but limited data about entrepreneurial vitality. They also will generate contact information for survey research. The characteristics of new owners and their businesses, their start-up and operating problems, and their participation in development programs can be determined in detail through surveys.

The diagnostic process also should include analysis of the key elements of the entrepreneurial environment. Some of these elements are statewide in nature; others vary from community to community. Many are measurable with existing data. For example, demographic information on educational attainment can be gathered from census data. And reports filed by financial institutions with their regulators will show what proportion of their portfolios is placed in commercial and industrial lending.

The diagnosis should discover where perceptions about rural economies are correct–and where they are in error. It is a testing process. The following questions should be addressed in a comprehensive diagnosis:

- What forces are affecting the future for rural economies?
- What is going well in the rural economy and why?
- What role is the state playing in support of this? Are these programs performing as well as should be expected?
- What are the real barriers to entrepreneurship in rural areas? And what are their underlying causes?
- How do state policies serve to reinforce or reduce these barriers?[35]

CHOOSING A STRATEGY

Because the barriers and opportunities for entrepreneurship vary widely, no single strategy is universally applicable. With the diagnostic analysis in hand, choices can be made from a range of approaches that should then be tailored to fit unique state or local conditions. Several options are available:

Statewide Policies

Most of the barriers to and opportunities for entrepreneurship are not unique to rural places. Many elements of a strategy, therefore, need not have a geographic focus.

"Customized" Rural Efforts

Conditions in local areas may differ from those in the state generally. Therefore, some policies tailored to specific rural conditions may be in order. Service delivery and program implementation issues may require most of the "customizing" attention.

Key Communities

Either local areas that appear to hold the greatest promise or those that have the greater need for development could be identified for more targeted attention. Experiments in the "enterprise zone" concept are an example of this approach.

Sectoral Strategies

Some states may wish to identify particular sectors where there may appear to be greater potential for new business development. However, "picking winners" is not a simple task and few have established good track records at it. These difficulties may increase the risks of such an undiversified approach.[36]

Key Business Owners

The performance of a new firm in its first two years may be a reliable indicator of its future growth. Firm-level performance data, therefore, could be used as a criterion to steer assistance toward high-growth and export-oriented firms.[37]

Any of these options may be effective under particular conditions. The key is for policymakers to initiate an ongoing process for testing assumptions and alternatives. With little evaluative information to guide strategy selection, carefully chosen experiments may be the best way to discover which strategy, or combination thereof, is most effective.

PROGRAM ALTERNATIVES

The nature of entrepreneurial development demands consideration of a wide range of program alternatives. Some of these options are discussed below.

Investments in Human Capital

Enhancing the skills and abilities of the general population has already become a top priority for most Governors. Many of these programs are motivated by the strong connection between the quality of the human resource base and the prospects for economic progress.

State governments are both a provider and major financier of educational and training programs. Education accounts for about half of state spending. These investments are now being used to influence the quality, content, and range of educational and training programs.

While education and training may contribute generally to economic development, it can also play a direct role in supporting enterprise development. Many aspects of entrepreneurship are considered teachable.[38]

The skills and knowledge necessary to create or manage a business are constantly changing. As such, some entrepreneurs will benefit from programs tailored to their specific needs. At all levels of the education system, more emphasis can be placed on improving the general understanding of the role of entrepreneurship and new business creation. Existing business courses also can be changed to impart more of the broad range of skills needed to support the success of new ventures and entrepreneurial activity.

Formal programs in entrepreneurship are now offered at many of the nation's colleges and universities. According to one count, more than 250 institutions now list these courses.[39] Small business development centers also offer supportive educational programs for entrepreneurship.[40]

Course work in an institutional setting will not appeal to many considering a new venture. Innovative outreach efforts, using television or videotapes, for example, should be used to meet the needs of a wider audience.

Technical Assistance

Programs to provide technical assistance to businesses are available from many public and private organizations. Many would be helpful in addressing the long list of start-up or operating problems reported by new business owners. Assistance may include a range of services. They may build management or marketing skills; assist in basic bookkeeping or business planning; share government procurement tips; provide information on regulations, permits, or other government programs; ease the adoption of new technology; or make outside technical, legal, financial, or other business expertise available.

Many of these same needs are also met by contacts with other businesses. Networks of business people address common problems and share ideas about new opportunities. They may be organized or very informal, but they are a major source of noninstitutionalized assistance that benefits most business people. Building more effective support services and networks – public, private, or through partnerships – should be a goal of a state technical assistance effort.

Incubators are a more specialized tool for supporting new business development. In addition to providing space and common support services (sometimes at subsidized rates), they may offer financial or technical assistance. Some observers believe the incubator will replace the industrial park as a rural development strategy.[41]

Although incubators may be an innovation with potential for helping some types of new businesses, cost and some other disadvantages limit its applicability. First, it can be expensive. Developing an incubator may require an investment of up to $500,000.[42] Second, while low-cost space may be an important subsidy to some, many businesses, particularly those in the local market economy, must struggle to establish a locational identity with their customers. The move required when fledgling firms "graduate" from an incubator can be a big burden for them.

Gauging New or Existing Markets

Acquiring useful information on markets may be somewhat more difficult for rural areas and for small or new businesses.[43] In part, these problems might be addressed by state efforts to expand the dissemination of existing market information. Or the state or others could help organize cooperative efforts to conduct new studies and gather more detailed information.

Financing

Financing is the most common rural development program offered by states.[44] There is a widely held perception that serious "capital gaps" exist in most rural places. Diagnosis can help determine if this is true, and if so, many alternative approaches are available to address financing needs.

States have become a direct source of business financing. According to a 1987 report, thirty-seven states offer loan programs that primarily or exclusively serve rural areas.[45]

State funding can be used to make loans directly, share some or all the lending risks (guarantees or risk pools), or encourage more lending by establishing a secondary market. State financing programs might also serve to lead rather than substitute for the private sector. For example, programs might be designed to demonstrate the viability of lending to new types of ventures or to prove the profitability of alternative financial packaging. The state might also invest in the creation of a new category of private-sector financial institutions. Or states might play a role in bringing potential lenders and borrowers together.[46]

Venture capital has been a popular topic in state capitals. In response to concerns that venture capital was too geographically concentrated and a belief that it was a potent ingredient in supporting strong regional growth, at least twenty states created their own venture capital funds.[47] Venture capital can be used by only a small minority of new firms, however. Few hold real promise of the extraordinary paybacks needed to offset the regular losses incurred by venture capitalists.

Venture capital is a risky proposition for taxpayer funds. Building the expertise and detailed information base needed to reduce risks to a manageable level is not easily done by states. Rather than shoulder the burden directly, the best public strategy is to help local lenders overcome their problems and the difficulties of their borrowers.[48] Even the largest direct state lending program is very small compared to private markets. As such, the goal should be to encourage more private sector investments in new rural businesses.

Regulations have a powerful effect on lender decisions. Some may be reformed in ways which, while maintaining assurance of liquidity and proper business practice, will expand the number of loans deemed "bankable." For example, lenders in good financial condition could be permitted to establish a special higher risk loan portfolio. Rather than reviewing each loan, regulators would be concerned with the performance of the overall portfolio. This would tend to reduce the high administrative costs that may discourage small loans or nontraditional lending. Rules that ease efforts by lenders to work cooperatively with financially stressed businesses can also be considered. Permitting statewide branching or interstate banking may also improve the availability of financing by expanding competition in the marketplace.[49]

Involving the Poor and the Dislocated

Safety net programs, such as unemployment insurance, food stamps, and welfare, are the margin of survival for families and individuals beset by economic difficulties. Perhaps because self-employment has not generally been seen as a common route out of dependency, both the design and administration of transfer programs often makes this lack of expectation a self-fulfilling prophecy.[50]

Self-employment or business creation are important alternatives for some transfer recipients. After all, new ventures are often motivated by adversity, such as the loss of a job or other sources of support, or because there are few other options. One survey of Minnesota transfer payment recipients shows that many already receive some self-employment income, and one-third of Aid to Families with Dependent Children (AFDC) single-parent recipients said they were interested in starting a business and could name the specific business they wanted to start.[51]

State and federal policymakers must consider changes that will make the income maintenance system more supportive of new business creation by its clients. A special effort, for example, will be needed to market education and training programs for those clients who may benefit from them. Caseworkers can become better informed about options, and educational institutions can have closer contact with clients and the system's practices.[52] Program administrators should use the flexibility to disregard income from scholarships and other sources that defray direct education expenses to shelter individuals taking initiative from large reductions in their benefits.

Other problems confronting public assistance clients interested in starting a business involve the interpretations of income and asset limits and budgeting procedures that may precipitously reduce or end benefits. For example, new businesses are likely to generate income at levels that may vary from one period to another. Monthly retrospective budgeting to determine eligibility and benefits will adversely affect owners of new ventures. This problem could be solved, however, by using longer budgeting periods for the self-employed.[53]

Procedures for treating business expenses for recipients may not be as easily changed. AFDC recipients may be prohibited from deducting business expenses in figuring payment levels. As such, income deferred for initial investments or supplies is income lost. Federal changes may be needed to resolve this problem.

Finally, requirements for beneficiaries to look for work or to participate in other programs may create barriers to entrepreneurship. Unemployment insurance requires recipients to be ready, available, and actively seeking work; someone working on a business plan or starting a business is technically ineligible.[54] Welfare may also require job search, training, or workfare efforts. Unless these requirements are relaxed somewhat, individuals can pursue self-employment only with a risk of losing benefits.

Regulatory and Other Barriers

State occupational licensing and other entry barriers merit careful scrutiny. Established under the banner of consumer protection, some regulations may be reformed to ease entry without imperiling this goal. There are about 2,800 state laws that have created entry restrictions, limited the number of apprenticeship openings, or restricted the acceptability of out-of-state qualifications.[55]

Other state laws may disproportionately disadvantage new businesses or create unnecessary paperwork burdens. A task force assigned to review state regulations and requirements can identify necessary changes.

Community Leadership

Local rural development efforts have traditionally focused on branch plant recruitment. Entrepreneurship and homegrown development can supplement or replace these programs but will require community leaders to assume new roles. Success at these new tasks may have an important influence on local vitality. "Community organization, institutions, and leadership appear to be especially important in providing both a supportive climate for entrepreneurship, and in some cases the spark that unleashes creative potential."[56]

States can help build effective leadership with information and ideas on business creation as an economic development alternative. New ways to identify local economic development potentials and barriers can be shared. Seminars and booklets can help deliver the message. And a toll-free number of a state official ready to help community leaders with their problems can also be considered.

Infrastructure Facilities

States contribute to economic development through their investments in public facilities. In some cases, states may need to make investments to address limits to entrepreneurial development.

The importance of basic infrastructure services, such as roads, water, and waste treatment to economic vitality is well understood. And the deficiency in these systems in some rural communities is also recognized. Good diagnosis, capital planning, and strategic state investments is the best approach to resolving these problems.

Telecommunications systems also provide essential support, and are often overlooked in the infrastructure debate.[57] Inventories conducted in several states show that rural telephone systems in some areas are antiquated and cannot offer most of today's advanced commercial telecommunications services. States can change their regulatory policies to ease entry into the market for intrastate telecommunications services and they can revamp their tax policies, such as those affecting depreciation, to encourage companies to upgrade equipment.[58]

Awareness and Recognition

An individual's decision to risk forming a new business is based on perceptions of benefits, risks, and the options available to him or her. The strength of the entrepreneurial option, in turn, is influenced by a shared or community perception about the value of this effort. Supportive public values can be reinforced through information and examples or by the opinions of public leaders.

Direct indicators of entrepreneurial vitality are seldom included in assessing economic conditions. Special reports on the role and impact of new business creation, or ensuring that it is included in regular reports on state economic conditions, should be an early step. The public can be reached through media coverage.

Second, entrepreneurs should be recognized and can serve as the role models which make the self-employment and business creation option more real and accessible to a broader public. New business owners need not pull punches. They can bear witness to both the potential rewards and the hard work that success demands.

Community values also influence the options people consider. Television features on entrepreneurs, information on the level of job creation traced to the state's new businesses, or the establishment of an annual state entrepreneurship award can help signal that these efforts are valued.

Public Institutions and Programs

If participation in new and small business programs is low or poorly rated by participants, decisionmakers should consider three important policy changes. First, the state can help ensure that the public is well informed about the programs. Second, individual clients can be empowered by expanding their ability to choose among providers. And third, more effective institutional incentives can be created.

States should help ensure that individual choices about starting businesses or becoming involved in programs are well informed. Reliable information can be made available – on direct and indirect program costs, risks, likely rewards, program success rates or ratings by prior participants, for example.[59] Second, individuals could be granted greater power of choice. Funding the service user directly can be a good alternative to continued direct support to service providers.

Finally, competition can be used to create incentives for better performance. Many institutions, both public and private, can contribute to increasing the number of new rural businesses that are created and are successful. Building a strategy will require active participation of an almost bewildering array of actors and institutions.[60] If rural enterprise development strategies are to succeed, this goal must first become a real priority for these institutions. Program evaluation and performance-based funding systems for state and state-supported programs can dramatically affect organizational behavior. Providing more freedom for experimentation by these partners, coupled with accountability systems, would create powerful new incentives.

Conclusion

A simple principle should be applied by policymakers when selecting which of the plethora of rural development problems or opportunities to address – pay the most attention to those factors which have the greatest overall impact and which are amenable to public-sector influence. Since new business creation accounts for the greatest share of net new employment growth in rural economies, this policy area must be among the states' primary concerns.

Once rigorous diagnosis of the entrepreneurial environment is completed, there are many program options to which states can turn to address the real opportunities for and barriers to rural business creation. However, the economic development process must be viewed as a process of continually testing the effectiveness of each program. Only then can state strategies reflect the great diversity among rural areas and the changing economic context that affects an individual's decision to start a new business.

Appendix

101 IDEAS FOR STIMULATING ENTREPRENEURSHIP AND NEW BUSINESS DEVELOPMENT

GOVERNING PRINCIPLES – Expanding Individual Choice and Structuring Effective Program Performance Incentives

1. Put business assistance, development financing, and education/training/information programs on an enterprise budget.
2. Negotiate performance goals with program providers.
3. Base program funding on performance-based measures.
4. Allow "customers" to choose and publish information on program outcomes/evaluations.

(REFERENCES: Buss and Vaughan, Chapters 5 and 6; Vaughan et al, Chapter 8)

BUILDING ENTREPRENEURIAL AND BUSINESS SKILLS

Education and Training Programs – Building the Human Resource Base

5. Encourage the Extension Service to expand its assistance to entrepreneurs and new business owners.
6. Add entrepreneurship training to JTPA programs and other vocational training programs.
7. Expand training programs at colleges and universities.
8. Use an add-on to the unemployment insurance fee to create a fund to support educational programs for entrepreneurs and new business people.
9. Use television, video, and other innovative delivery alternatives.
10. Create local committees to advise and coordinate service providers.
11. Create a chair in entrepreneurship at a local university.

(REFERENCES: Vaughan et al., Chapter 6; O'Neill, Chapter 5; Buss and Vaughan, Chapter 4; NGA, Chapter 2; Reid; Frederick; Nathanson.)

Technical Assistance – Helping New Businesses to Solve Their Problems

12. Support local efforts to build new business self-help networks.
13. Harness the experience of retired business owners in providing technical assistance to new owners.
14. Invest state funds in building the business services/consulting infrastructure.
15. Experiment with incubators and "incubators without walls."
16. Create an export information and problem-solving team with expertise in new business problems.
17. Target the efforts of small business development centers on new business development.
18. Convene meetings of lenders to encourage the formation of technical assistance/financing networks linked to banks.

(REFERENCES: Vaughan et al., Chapter 6; Popovich and Buss, Chapter 5; NGA, Chapter 3; NASDA; Reid; Frederick.)

Marketing – Gauging the Marketplace and Exploring New Opportunities

19. Help organize marketing cooperatives.
20. Provide seed funds to initiate catalog of cottage industry crafts.
21. Include new firm products in trade shows and missions.
22. Help organize or fund special market analysis studies.
23. Support investments in new product development/refinement.
24. Organize and spin off new market promotion networks.
25. Publish catalogs of new firms with product and services information.
26. Lease concession space in state parks and at other tourist attractions as outlets for local products.
27. Establish a survey research consortium where entrepreneurs can buy blocks of questions for marketing studies.
28. Assist in the formation of business consortiums of small firms to pursue larger private sector or government contracts.

(REFERENCES: Nothdurft; NGA, Chapter 3; Saylor; Popovich.)

Technology Transfer – Harvesting the Benefits of New Technologies

29. Require closer links between technical assistance programs and technology research and development efforts.
30. Establish a seed fund to defray a portion of the expense of customized research or development for new firms.
31. Link process and product refinement to R&D programs.
32. Ease restrictions on outside employment by university employees.
33. Modify rules to allow sharing of royalty or patent profits with state-employed researchers.
34. Sponsor sector-specific technology information seminars.
35. Establish a technology clearinghouse to provide all state businesses data on new patents and new ideas relevant to their industry.

(REFERENCES: NGA, Chapter 3.)

FINANCING – Improving Access to All Types of Capital

36. Use call reports and Community Reinvestment Act filings to diagnose lending behavior.
37. Ensure existing state financing programs regulations accommodate, where possible, lending to new ventures.
38. Create a shared government/lender/borrower loan loss reserve pool.
39. Allow lenders in sound financial condition to create Entrepreneurial Loan Portfolios.
40. Bid out a small portion of pension funds to private venture capital managers.
41. Use state funds to invest in new financial intermediaries – such as BIDCOs.
42. Ease lender efforts to work cooperatively with financially stressed businesses.
43. Expand branch banking or interstate banking.
44. Urge banking and lender associations to provide information materials and training on lending to new ventures to loan officers.

45. Establish a computerized network to match investors and new firms.
46. Use loan guarantees and direct state lending to prove the "bankability" of lending to new ventures.
47. Replace current restrictions on the investment opportunities of public pension funds and state-chartered savings and loans and insurance companies with a "prudent investor" rule.
48. Set up a state lending agency that specializes in financing non-traditional forms of ownership such as producer and marketing cooperatives and employee stock ownership plans.
49. Provide a credit against personal income taxes for investments in public venture capital corporations that make investments in small and new enterprises.

(REFERENCES: Hansen, Chapters 3, 4, and 5; Litvak, Chapter 3 and 5; Litvak and Daniels, Chapters 3 and 5; Vaughan et al., Chapter 5; Vaughan; Reid; NASDA; Pulver; Nathanson.)

THE INCOME MAINTENANCE SYSTEM – Extending Entrepreneurial Opportunities to the Poor and Dislocated

50. Provide information to caseworkers on training and education opportunities.
51. Create brochures with information on educational programs, costs, regulations, and outcomes for assistance recipients.
52. Disregard financial aid for direct educational expenses when computing benefit levels.
53. Maintain support services for educational and training program participants.
54. Allow year-long budgeting for setting benefit levels for those seeking self-employment.
55. Seek income disregards for business expenses when setting benefit levels.
56. Free recipients starting businesses from requirements for work search or participation in other programs.
57. Seek waivers or pilot program approval for lump-sum enterprise assistance programs.
58. Expand current pilot program which allows Unemployment Insurance benefits to be used to support efforts to create new businesses.

(REFERENCES: O'Neill, Chapters 7 and 8; Friedman; Buss and Vaughan, Chapter 3.)

ADDRESSING BARRIERS – Opening New Opportunities and Reducing Barriers through Regulatory Reform

59. Set up a "hotline" to solicit business input on regulations.
60. Create a task force to review state occupational licensing requirements.
61. Investigate paperwork reduction options for business regulations.
62. Require business impact statements for new regulations.
63. Sunset occupational licensing and other business regulations.
64. Expand opportunities for "one-stop" permitting.
65. Consider tiering regulations by business size.
66. Limit the granting of unnecessary monopoly power to businesses such as passenger transportation, freight hauling, and cable television.

67. Review state home-working regulations.

(Vaughan et al., Chapter 4; O'Neill, Chapter 5; Buss and Vaughan, Chapter 4.)

COMMUNITY LEADERSHIP – Building Local Capacity

68. Publish brochures on diagnosing the local economy.
69. Disseminate examples showing how local officials can support new business creation.
70. Sponsor regional economic development training seminars for local community leaders.
71. Create a special competitive fund to share expenses with innovative local self-development efforts.
72. Complete regional entrepreneurship vitality studies.
73. Encourage local leaders to take a regional perspective on development plans.
74. Strengthen regional planning and economic development organizations.

(REFERENCES: Reid; Frederick; NGA, Chapter 4.)

INFRASTRUCTURE – Investing in Public and Private Infrastructure Systems

75. Establish reliable capital budgeting and planning programs.
76. Set aside a small portion of infrastructure funds to resolve critical economic development bottlenecks.
77. Set up a state technical assistance team to help localities with budgeting, accounting, and debt issues.
78. Use tax policies (depreciation) to encourage upgrading of telecommunications equipment.
79. Change regulations to allow or promote expanded local service calling zones in rural areas.
80. Permit more competition in providing intrastate telephone service.

(REFERENCES: Vaughan and Pollard; Vaughan et at., Chapter 7.)

RECOGNITION AND AWARENESS – Marshaling Community Attitudes Supportive of Business Creation and Entrepreneurship

81. Create a "State Entrepreneur of the Year" award.
82. Encourage feature stories on entrepreneurs and new businesses.
83. Help newspapers to print an annual roster of new businesses.
84. Issue an annual state report on entrepreneurial vitality.
85. Encourage schools to include entrepreneurship in career days.
86. Organize a "speakers bureau" of experienced entrepreneurs and officials involved in successful self-development strategies.
87. Include new business examples in development advertising.
88. Urge business groups to form a new business owners' caucus.
89. Advertise within and outside the state, stressing the attributes that make the state a good place for new ventures.

90. Encourage the formation of clubs and other activities for both adults and youth to stimulate entrepreneurial exploration.
91. Establish programs in the schools in which students plan, then start, their own businesses.
92. Charge the state development agency with a program of research into the state's entrepreneurial climate and policy alternatives.

(REFERENCES: Vaughan et al., Chapters 4, 6, and 8; Reid; Pulver.)

OUTREACH – Informing the Public About Programs and Opportunities

93. Hold statewide or regional forums to tap the ideas of new business owners.
94. Create a special "New Business Information" Packet.
95. Establish a toll-free "Help-Line" for referrals.
96. Publish and distribute a "New Ventures" magazine.
97. Designate a new business advocate within state government.
98. Use the state unemployment insurance administrative files to identify new business owners and use these lists to contact them with information and assistance.
99. Survey development agencies and local informants to identify potential entrepreneurs.
100. Encourage local newspapers to develop new business ideas by surveying readers to identify unmet service or product needs in the community.
101. Develop and publish an inventory of institutions and programs that provide assistance to entrepreneurs and new businesses.

(REFERENCES: Vaughan et al., Chapter 4; Popovich and Buss, Chapter 2.)

Endnotes

1. J. Norman Reid, "Entrepreneurship as a Community Development Strategy for the Rural South," in *The Rural South in Crisis: Challenges for the Future*, edited by Lionel J. Beaulieu (Boulder and London: Westview Press, 1988), 325.
2. Ibid.
3. Reid, "Entrepreneurship." Also, Roger J. Vaughan, Robert Pollard, and Barbara Dyer, *Wealth of States: Agenda for a Dynamic Economy* (Washington, D.C.: Council of State Policy & Planning Agencies 1985).
4. Paul Reynolds and Brenda Miller, *1987 Minnesota New Firms Study* (Minnesota: Center for Urban and Regional Affairs, 1988), 5.
5. Bruce A. Kirchoff and Bruce D. Phillips, "The Effect of Firm Formation and Job Creation in the U.S.," *Journal of Business Venturing* (December 28, 1987), 2. The U.S. labor force has grown by 10.9 million (10.1 percent) while the labor force growth rate in France, Italy, Sweden, the United Kingdom, West Germany, and even in Japan has been less than 5 percent. Source: *Statistical Abstract of the U.S.*, (Washington, D.C.: U.S. Department of Commerce, Bureau of the Census, 1988), No. 1402.
6. Reid, "Entrepreneurship."
7. Edward J. Malecki, "Entrepreneurship and Regional Development: A Preliminary Assessment of the Issues," prepared for presentation at the North American Meeting of the Regional Science Association, Columbus, Ohio, November 1985. Differences in regional employment changes have been found to be associated almost entirely to differentials in the rate of firm births with regional closure rates nearly identical.
8. Reid, "Entrepreneurship."
9. Ibid.
10. Mark Popovich and Terry Buss, *Rural Enterprise Development: An Iowa Case Study* (Washington, D.C.: Council of State Policy & Planning Agencies, July 1987). A "successfully formed new business" was one which appeared in the state unemployment administrative files after January 1, 1980, and that continued to file (remained in operation) as of late 1986.
11. Ibid. The rate of employment generated by successfully formed new businesses was 13 percent and 12.7 percent of total existing employment in Iowa's metropolitan and nonmetropolitan counties, respectively.
12. Preliminary results from CSPA study of new rural business creation in rural Maine. Forthcoming Fall 1988.
13. Reynolds and Miller, *1987 Minnesota New Firms Study*, 16.
14. Preliminary results from CSPA study of new rural business creation in rural North Dakota. Forthcoming, Fall 1988.
15. Reynolds and Miller, *1987 Minnesota New Firms Study*. Also, Paul Reynolds and Steve Freeman, *1986 Pennsylvania New Firm Survey;* (Washington, D.C.: The Appalachian Regional Commission, January 1987).
16. A.C. Cooper, W.C. Dunkelberg, and R.S. Furuta, "Incubator Organizations: Background and Founding Characteristics," in *Frontiers of Entrepreneurship Research 1985*, edited by J.A. Hornada et al., (Babson College, Center for Entrepreneurial Studies, 1985).

17. Popovich and Buss; *Rural Enterprise Development.*

18. Ibid.

19. John Tauzell, Minnesota Department of Economic Security, Research and Statistical Service Office, "Survival of Minnesota New Businesses: 1977-1980", *Review of Labor and Economic Conditions*, 9:2, August 1982.

20. Malecki, *Entrepreneurship and Regional Development*, 5.

21. Martha Frederick, U.S. Department of Agriculture, Economic Research Service, *Directions in Rural Entrepreneurship: Insights Gained from a Review of the Literature*, a paper prepared for presentation at the 1988 meeting of the Southern Regional Science Association, April 12-14, 1988.

22. Reynolds and Miller, *1987 Minnesota New Firms Study*. Respondents were presented a list of common start-up problems and could rate each as a minor or major problem. The average ratings were used to gauge the severity of problems.

23. Daryl Hobbs, University of Missouri-Columbia, "Enterprise Development: Is it a Viable Goal for Rural Communities?" in *National Rural Entrepreneurship Symposium*, proceedings published by the Southern Rural Development Center, August 1987.

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25. Friedman, "The Role of Entrepreneurship," 4.

26. Reid, "Entrepreneurship."

27. The example cited is for Kentucky Highlands, a rural entrepreneurial training organization located in southeastern Kentucky. Kentucky Highlands is a private corporation run by venture capitalists. Jeffrey A. Timmons, Wayne G. Broehl Jr., and Joseph M. Frye Jr., "Developing Appalachian Entrepreneurs", in *Growth and Change*, 11:3, 1980. See also Frederick, *Directions in Rural Entrepreneurship.*

    Also, the staff of the Twin City-based Women's Economic Development Corporation (WEDCO) has also noted that none of the traditional factors appear to work well in predicting the success of the new ventures they have assisted.

28. Reynolds and Miller, *1987 Minnesota New Firms Study*. "High growth firms" were those that evidenced substantial expansion in jobs, sales, and/or exports in their first twenty-four months of operation.

29. Carol Shapiro Star and Nancy S. Rutledge, *Rural Infrastructure Requirements and Responses to Transition*, (Washington, D.C.: National Council on Public Works Improvement, December 2, 1986).

30. Albert Shapero, "Numbers That Lie," *Inc.*, May 1981.

31. Robert A. Hoppe, "Shifting Income Patterns: Implications for Nonmetro America," *Rural Development Perspectives*, U.S. Department of Agriculture, Economic Research Service, 3:2, February, 1987. "The relative gap between metro and nonmetro per capita personal income narrowed between 1965 and 1973. Nonmetro income was 68.3 percent of metro income in 1965 and increased gradually each year to 77.9 percent by 1973. After 1973, however, the percentage began to fall, reaching 74.2 percent by 1984."

32. Unpublished data provided by Donald L. Lerman, Economic Research Service.

	Household Net Worth Mean 1977 $		
	1970	1977	1983
Urban	$39,200	$47,500	$46,000
Rural*	$34,500 (88%)	$43,200 (90.9%)	$44,100 (95.7%)

These data, drawn from surveys of consumer finances conducted in 1977 and 1983 under the sponsorship of the Federal Reserve System, must be viewed as preliminary results. Household heads under 25 years old have been excluded. For further definition of the data and sources, see "Perspective on Household Portfolios, 1977-1983," by Donald L. Lerman, *Eastern Economic Journal* (December 1987).

33. Frederick, *Directions in Rural Entrepreneurship*, 15. "There is ... little information on the costs and benefits of programs to encourage small business development in rural areas."

34. Popovich and Buss, *Rural Enterprise Development*. Offers a more detailed review of these methods. Alternative data sources are available such as the Dun and Bradstreet Market Identifier Files; the Small Business Administration USEEM and USELM Files; and state Corporation Incorporation records. Researchers have also used reviews of Yellow Page Listings and contacts with community informants to provide this type of contact information. All sources have unique advantages and limitations. Also, Howard Aldrich, Arne Kalleberg, Peter Marseden, and James Cassell, *In Pursuit of Evidence: Five Sampling Procedures for Locating New Businesses*, prepared for the 1988 Babson College Entrepreneurship Conference, Calgary, Canada, May 5-7. 1988.

35. Corporation for Enterprise Development, *Making the Grade: The 1988 Development Report Card for the States* (Washington, D.C.: The Corporation for Enterprise Development, April 1988). The report, published annually, grades the economies of each of the fifty states using over 100 economic measures gathered into four subject indexes: Economic Performance, Business Vitality, Resource Capacity, and Development Policy. It raises important questions about how the performance and potential for economic development can be gauged and provides many practical examples on how existing data sources can be used in a diagnosis.

36. Reynolds and Miller, *1987 Minnesota New Firms Study*. Reynolds suggests that none of the major SIC groups in the Minnesota study had more than 20 percent of the firms classified as high growth. While a sectoral strategy might increase this rate somewhat, the implication of the Minnesota study conclusion suggests some practical limitations to the impact of a sectoral strategy.

37. Ibid. This approach is more tailored to supporting firms that have already started and proven themselves. Reynolds and Miller also found, however, that the fastest growing firms may confront problems of greater severity.

38. Reid, "Entrepreneurship," 6.

39. Donald L. Sexton and Raymond W. Smilor, *The Art and Science of Entrepreneurship* (Ballinger Publishing Company, 1985).

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41. Walter H. Plosila, "Technical Innovation and Economic Development," *The Entrepreneurial Economy*.

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43. Popovich and Buss, *Rural Enterprise Development*, 18.

44. National Association of State Development Agencies, *Rural Economic Development: Selected State Initiatives in Review* (Washington, D.C.: National Association of State Development Agencies, November 1987).

45. Ibid.

46. The need to develop new intermediaries, such as seed capital funds and networks, business and industrial development corporations (BIDCOs), and rural development funds, is discussed in Robert E. Friedman, "Policy Implications," *National Rural Entrepreneurship Symposium*, proceedings published by the Southern Rural Development Center, August 1987.

Also, see NASDA for a discussion of existing state efforts at direct lending or encouraging the development of new lending intermediaries.

47. Malecki, *Entrepreneurship and Regional Development*, 22.

48. National Governors' Association, *Jobs, Growth, and Competitiveness* (Washington, D.C.: National Governors' Association, 1987), 69.

49. David L. Barley, Cindy Mellon, and Glenn T. Potts, "Effects of Banking Structure on the Allocation of Credit to Nonmetropolitan Communities," *Western Journal of Agricultural Economics*, 9:2 (1984); David L. Barkley and Glenn T. Potts, "Banking Structure and Competition in Rural Markets: A Comparison of Arizona and Colorado," *The Southwestern Review of Management and Economics*, 4:1.

50. Robert Friedman, *Safety Net as Ladder* (Washington, D.C.: Council of State Policy & Planning Agencies, forthcoming, summer 1988).

51. Ibid. "In Minnesota, 6 percent of AFDC single parents, 7 percent of general assistance recipients, 14 percent of AFDC-UP recipients overall, and 27 percent of Food Stamp recipients reported self-employment income in 1984. In addition, 25 percent of GA recipients, 30 percent of AFDC-UP recipients, and 36 percent of Food Stamp recipients expressed interest in starting a business."

52. Terry F. Buss and Roger J. Vaughan, *Creating Rural Opportunity* (Washington, D.C.: Council of State Policy & Planning Agencies, forthcoming).

53. Friedman, *Safety Net As Ladder*. Budgeting periods of up to a full year are allowed.

54. Recent legislation will allow for experimentation with supporting self-employment efforts within the unemployment compensation system. Fiscal 1988 Reconciliation Bill (P.L. 100-203) authorized a three-state demonstration program to test the temporary continuation of unemployment benefits for unemployed people who are trying to set up their own businesses. *Congressional Quarterly Weekly Report*, 46:2 (January 9, 1988). A Federal Register notice for the demonstration program was issued on March 1st with an application deadline of May 2. Applications have been received from Alaska, Iowa, Massachusetts, and Oregon.

55. Vaughan, Pollard, and Dyer, *Wealth of States*, 54.

56. Elizabeth Gatewood, Frank Hoy, and Charles Spindler, "Functionalists vs. Conflict Theories: Entrepreneurship Disrupts the Power Structure in a Small Southern Community" in *Frontiers of Entrepreneurship Research*, edited by John A. Hornada, Fred Tarpley Jr., Jeffrey A. Timmons, and Karl H. Vesper (Babson College Center for Entrepreneurship Studies, 1984).

57. NGA, *Jobs, Growth, and Competitiveness*.

58. Charles Zielinski and Karl E. Case, ed. Barbara Dyer, *The Challenge of Telecommunications: State Regulatory and Tax Policy for a New Industry* (Washington, D.C.: Council of State Policy & Planning Agencies, 1986). See also Dan A. Dillman and Donald M. Beck, "Information Technologies and Rural Development in the 1990s," *The Journal of State Government*, The Council of State Governments, 61:1 (January/February 1988).

59. Both Arizona and Kansas publish annual reports of placement rates and earnings for participants of post-secondary vocational education programs. All training institutions are required to report the Social Security numbers of graduates. These are matched with unemployment insurance files to compute average placement rates and earnings for each program in each institution.

60. Even a preliminary list of agencies, organizations, and individuals who have some role in rural entrepreneurship can become quite long: local private industry councils under the Job Training Partnership Act; technology centers, regional and local development organizations; small business development centers; universities, community colleges, and post-secondary vocational-technical institutions; various public/private partnerships; nonprofits and foundations; proprietary institutions for training and education; business organizations; elected officials; the media; other business owners; state departments of economic/community development, human resources, education, regulation and licensing, and banking and financial regulators; etc.

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