



# **What is the Northeast Saying about Rural Entrepreneurship?**

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Martin Shields

Acting Director, Northeast Regional  
Center for Rural Development



# Cyber-address

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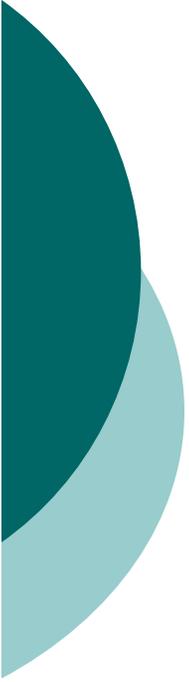
[www.nercprd.psu.edu](http://www.nercprd.psu.edu)



# About the Center

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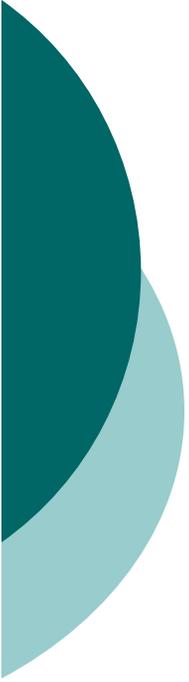
- One of four US regional centers, we work to strengthen communities and improve quality of life in the rural northeast
- We accomplish this through creating partnerships between the region's land grant university system and public and private organizations
  - Research
  - Policy analysis
  - Outreach and education



## About the Center

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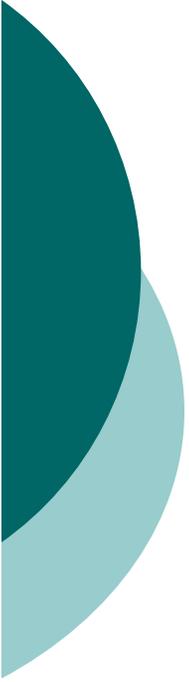
- Major funding comes from the Cooperative State, Research, Education and Extension Service (CSREES) and the region's land grant universities
- Increasingly, we are generating support from other organizations, such as the Kellogg and Kauffman Foundations, and others



# Major Program Areas

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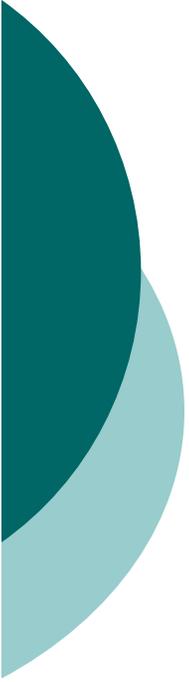
- Land use and sprawl
- Poverty
- Economic development
  - Industry clusters
  - Tourism
  - Entrepreneurism
- Community based agricultural development



# Today's Agenda

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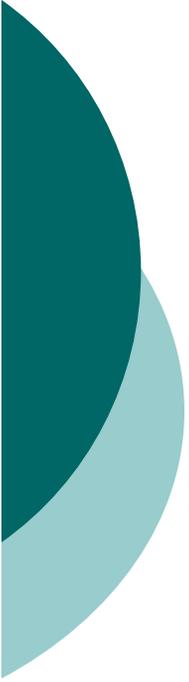
- An overview of NERCARD
- Building entrepreneurial communities in the northeast
  - The lay of the land
  - The needs of entrepreneurs
  - Moving forward



# Rural Economies are Struggling

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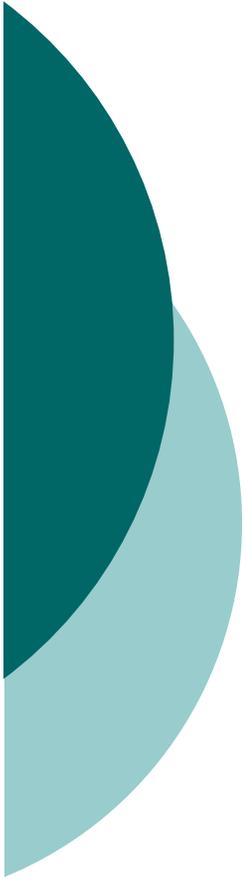
- Many rural communities continue to struggle, as plants shut-down and the economy evolves
  - Decline of resource extractive industries
  - New technology and the information economy
- As a consequence, rural economies tend to witness:
  - Higher unemployment and underemployment
  - Slower population growth
  - Higher poverty
  - A growing gap in wages and per capita incomes relative to urban areas



# Building Entrepreneurial Communities

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- Entrepreneurship has emerged as a critical catalyst for economic growth in rural areas.
- Yet, the most appropriate means for fostering entrepreneurship in rural communities is not fully understood.
- Without that understanding, private and public decision makers cannot properly influence and support entrepreneurial activity.



# The Lay of the Land

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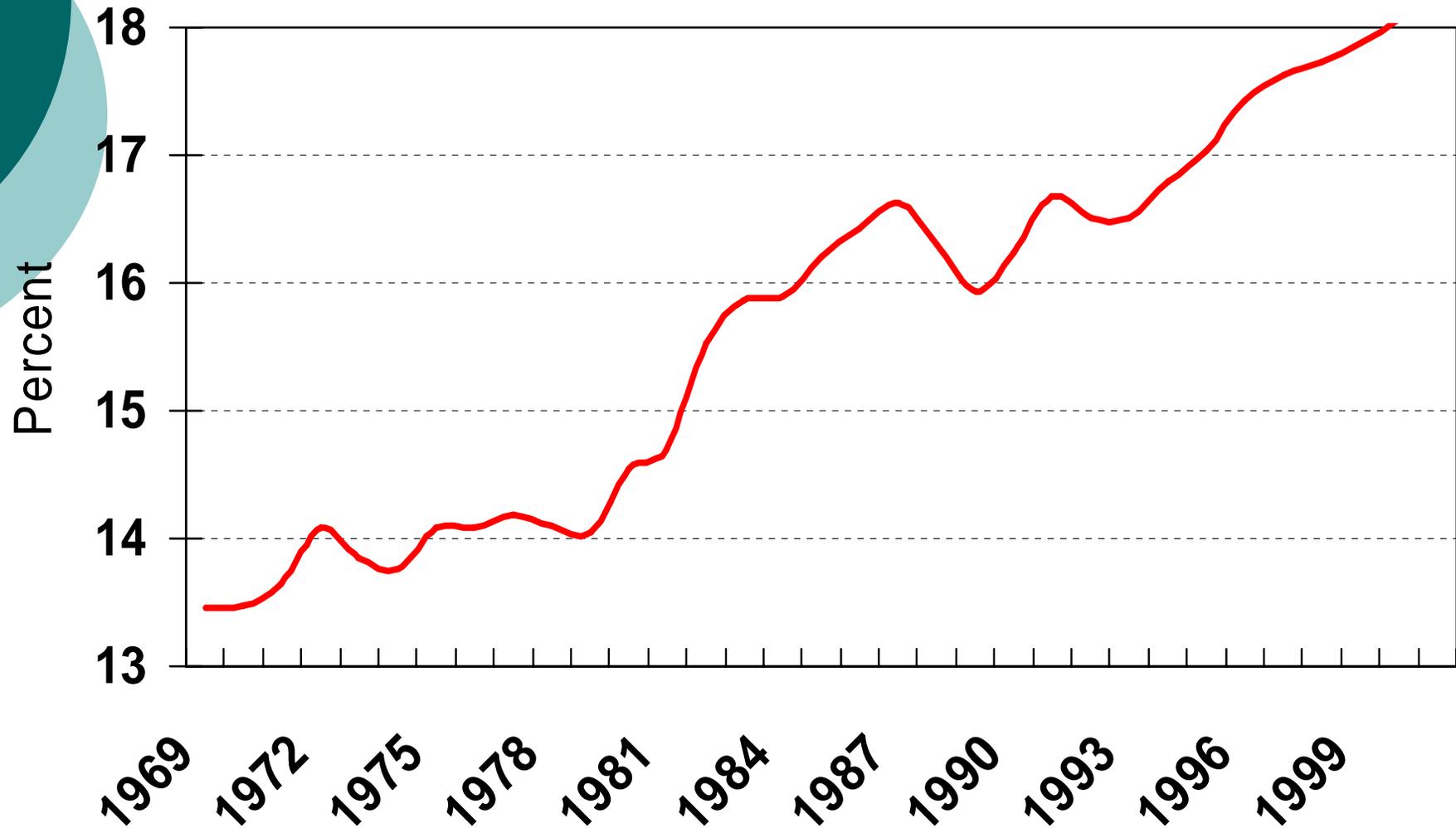


# An Increase in Entrepreneurism

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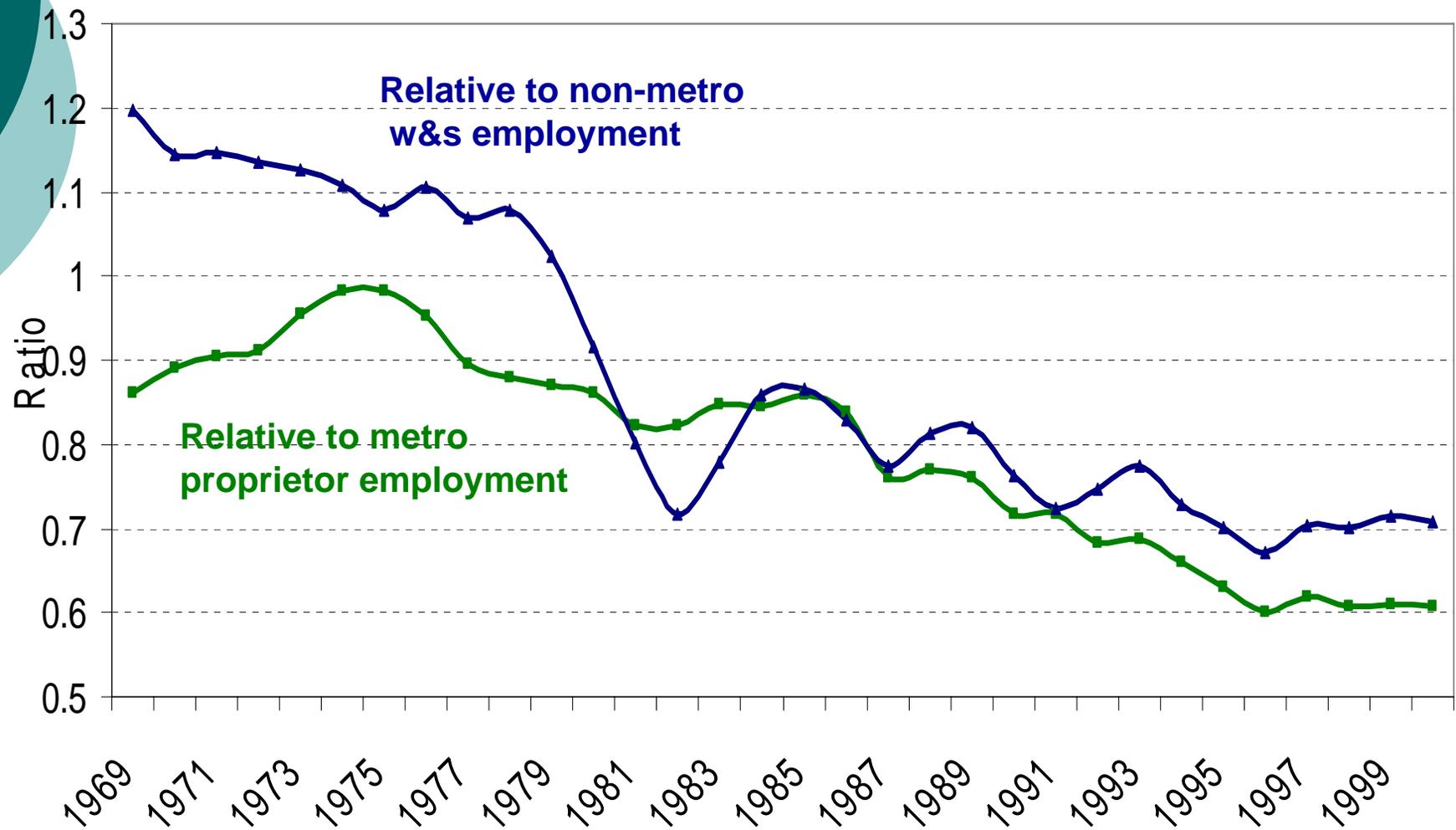
- The share of workers that are self-employed has increased dramatically over time
- Yet self-employed people have seen a precipitous decline in their earnings relative to wage and salary workers

# Proprietor Employment is Growing as a Share of Total Employment



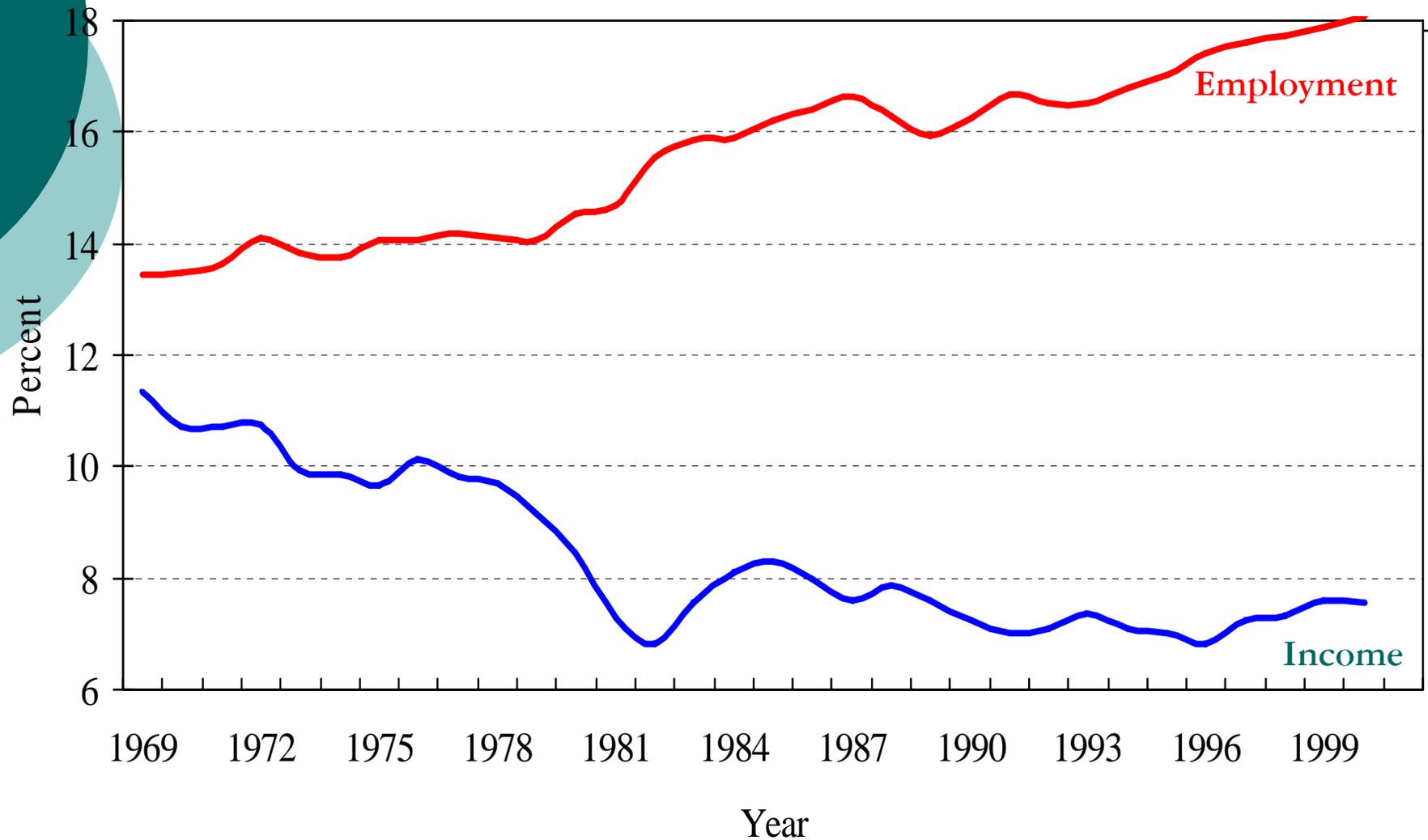
Source: The Northeast Regional Center for Rural Development

# Proprietor Returns Relative to Wage & Salary Workers

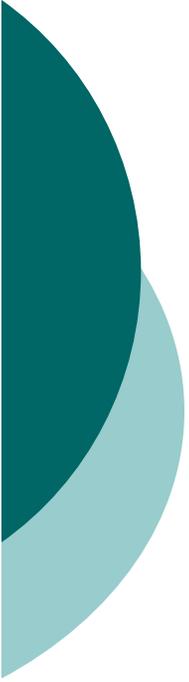


Source: The Northeast Regional Center for Rural Development

# In Sum, the Rural US Relies More on Self-Employment, but Relative Returns are Declining



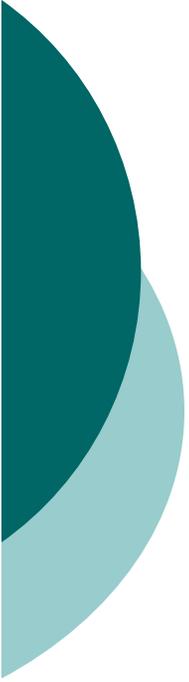
Source: The Northeast Regional Center for Rural Development



# On the Destiny of Regions (or why this matters)

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- By deliberate choice, or benign neglect, regions create their own destinies
- In much of rural America, manufacturing is the dominant industry
- And its growth is viewed as a panacea to economic woes

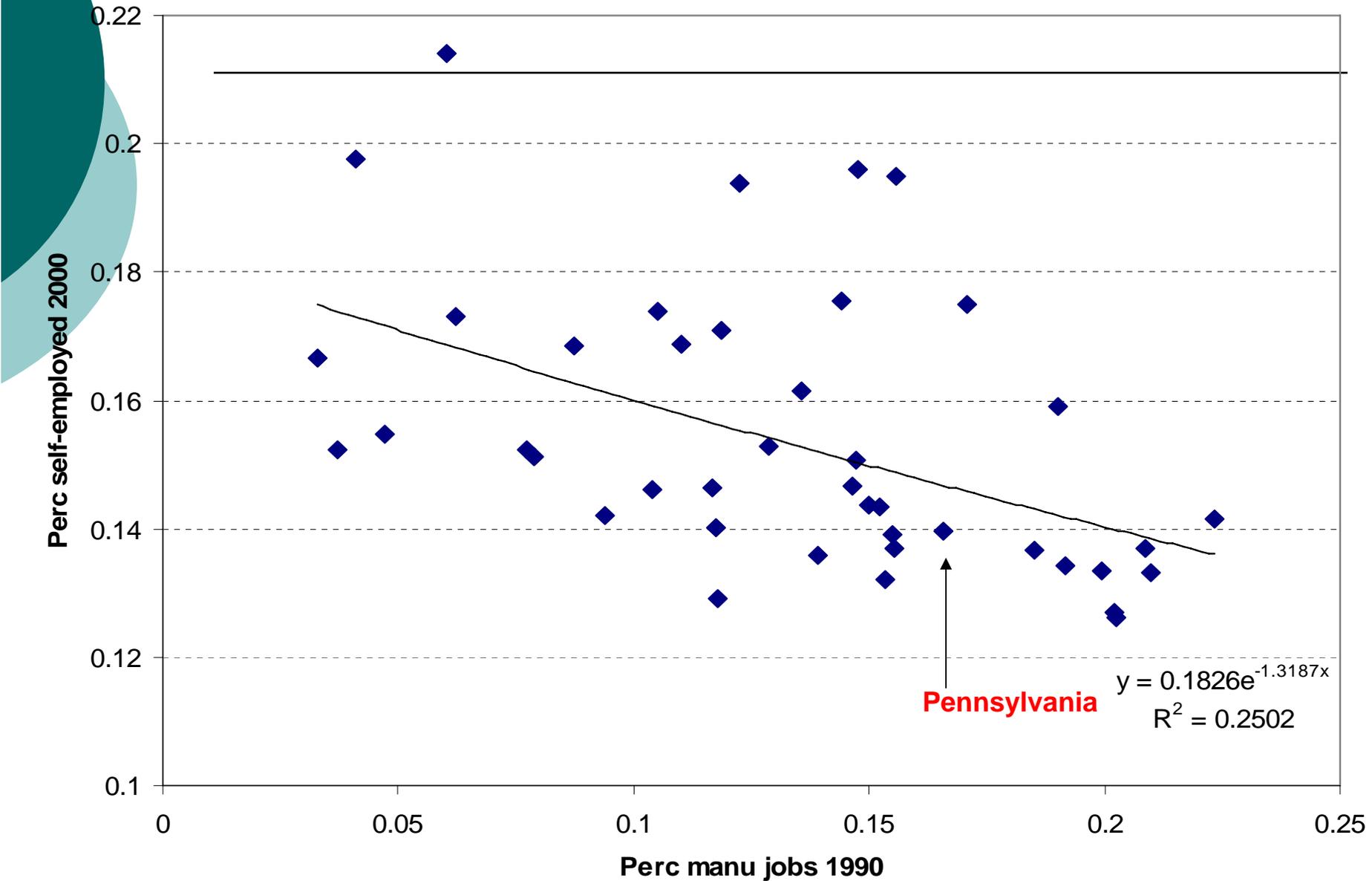


# On the Destiny of Regions (or why this matters)

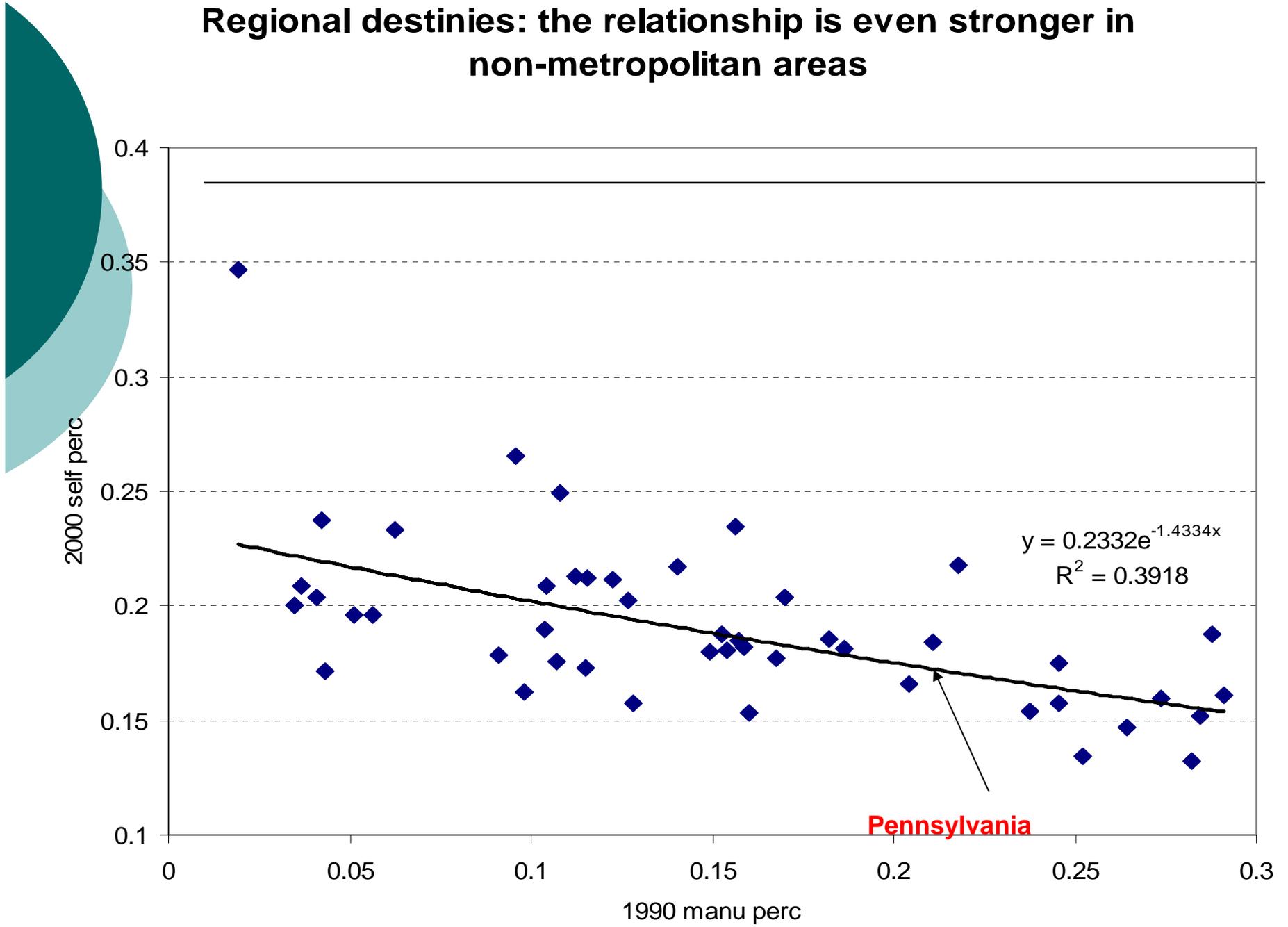
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- However, work by the NERCARD shows that manufacturing based economies may be less entrepreneurial
  - States and non-metro regions within states that have a stronger manufacturing base have a weaker base of self-employed
  - The relationship is stronger in non-metro regions than in states taken as a whole

# Regions Create Their Own Destinies (state-level data): Manufacturing Crowds Out Self-Employment



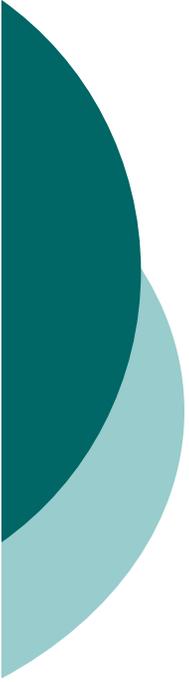
# Regional destinies: the relationship is even stronger in non-metropolitan areas





# The NERCRD Regional Listening Sessions on Entrepreneurship: Lessons Learned

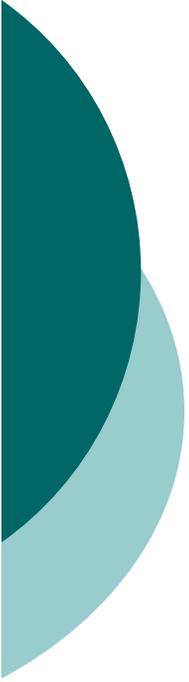
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# The Response: Regional Listening Sessions on Entrepreneurship

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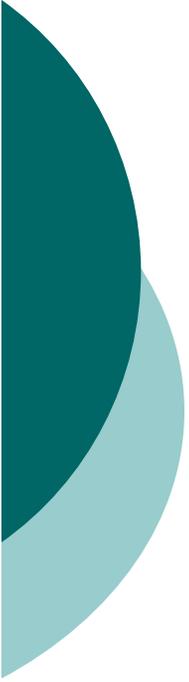
Across the country, rural entrepreneurs have been invited to speak to the issues that matter most to them.



# The Response: Regional Listening Sessions on Entrepreneurship

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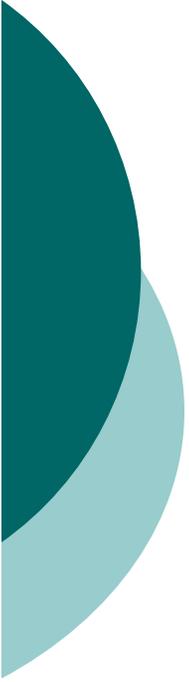
In these listening sessions we encourage them to offer their genuine voice on how government, the land grant universities, and the nation's four Regional Rural Development Centers can be most effective in further developing entrepreneurial capacity in rural areas.



# NERCRD Listening Session Objectives

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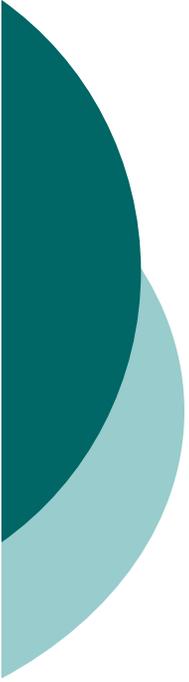
- What is working and what is not in current efforts to develop rural entrepreneurs and entrepreneurship?
- What is needed or what needs to be improved upon to strengthen that development system?



# NERCRD Listening Session Objectives

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- What does the vision for expanding entrepreneurship opportunities in rural areas look like?
- How can the Regional Centers and land grant universities help make that vision a reality?

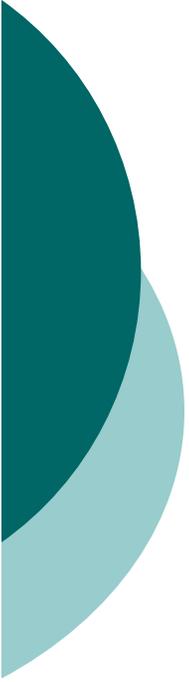


# What is Entrepreneurship?

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It means more than just the creation of business.

Entrepreneurship is an integrated concept that captures change and competition in market structure that come about due to the energy and passion of a particular set of individuals.

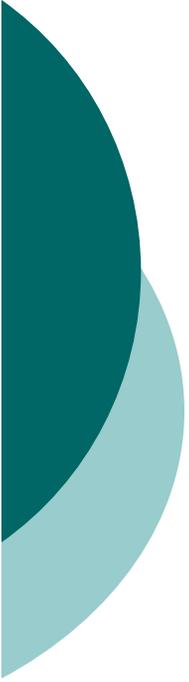


# What is Entrepreneurship?

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These individuals are characterized by:

- their ability to seek out opportunity
- willingness to take calculated risks
- and tenacity to see an idea through to reality.



# What Does It Take to Make Entrepreneurship Happen?

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- Entrepreneurial-friendly government
- Entrepreneurship education
- Supportive infrastructure
- Enabling culture



# Entrepreneurs Needs

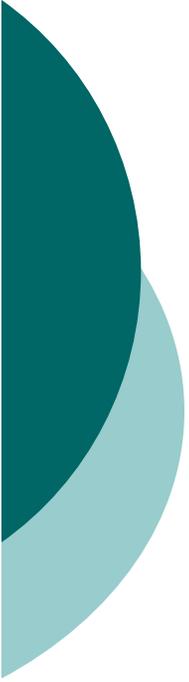
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# What Did Rural Entrepreneurs Define as Their Needs?

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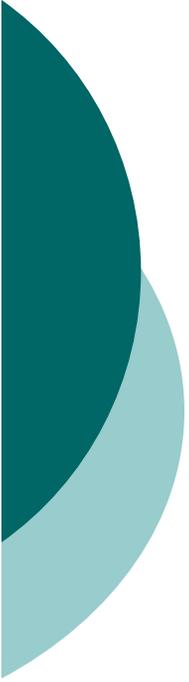
- A more flexible and less burdensome entrepreneurship development system
- An extensive range of services relevant to and accessible by entrepreneurs
- Recognition of and outreach to rural entrepreneurs



# What Did Rural Entrepreneurs Define as Their Needs?

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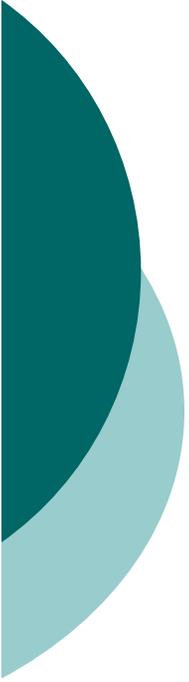
- A policy climate that acknowledges and delivers on rural entrepreneurs' needs
- Knowledge of unique financial needs and availability of appropriate financial instruments
- A pipeline for entrepreneurship through the education system and existing programs



# What Can We Do to Help Meet Those Needs?

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- Educational support and advocacy
- A voice for policy change
- Business training and technical assistance
- Access to markets, capital, and networking
- Research and related communications



# What Opportunities Exist for Collaboration across State Lines?

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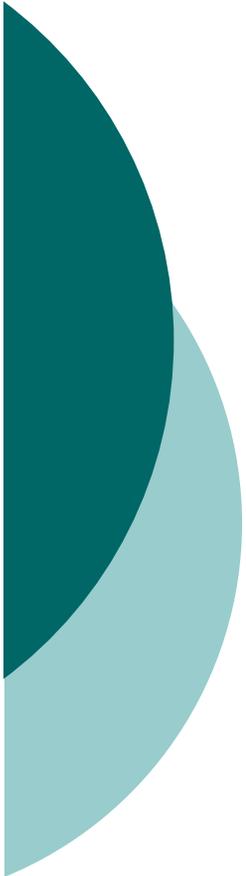
- Offer diversity in sources of capital
- Serve as a catalyst for cultural change
- Found formal and informal networks
- Establish a supportive infrastructure
- Develop an entrepreneur-friendly regional government



## Summary: Lessons Learned

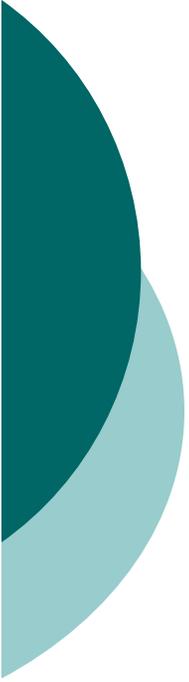
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- Successful entrepreneurship development in rural areas is feasible;
- The land grant universities and Rural Centers are well positioned to make it happen; but to do so,
- It is imperative to keep rural entrepreneurs engaged in the process of discovery, development, and implementation.



# Moving Forward

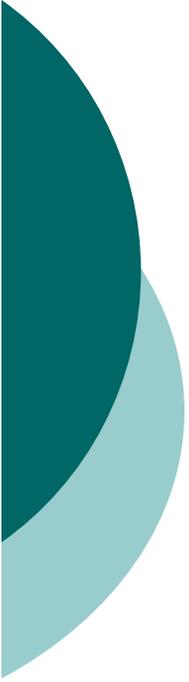
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# Strengthening Agricultural Entrepreneurism in the Northeast

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- Production agriculture remains an important part of the regional economy
- Unfortunately, many smaller farms in the northeast are struggling
- This can have dramatic effects not only at the farm-level, but also at the community level



# Strengthening Agricultural Entrepreneurism in the Northeast

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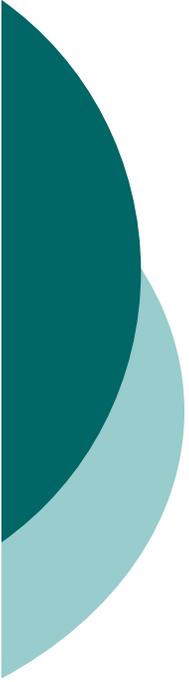
- NERCRD is working to strengthen the linkages between agriculture and rural communities in order to increase the sectors' viability
  - We are supporting NE-SARE with \$25,000 to fund 3 of 17 grant projects in the NE (NY, VT and NY)
  - Our small farms industry cluster grant is well under way



# And Cooperative Extension is Evolving in Its Approach

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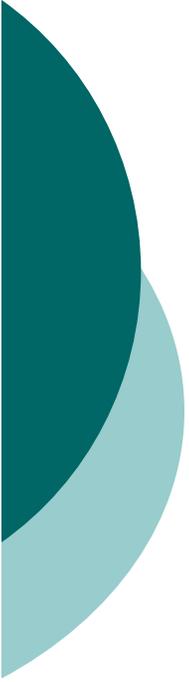
- Recognizing agricultural producers as entrepreneurs
  - Business planning assistance
  - Helping with financing issues
  - Developing new marketing channels
  - Identifying new value-added opportunities



# And Cooperative Extension is Evolving in Its Approach

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- Community based agricultural development
  - Establishing farmers markets
  - Coordinating “buy fresh, buy local campaigns”
  - Conducting community-supported agricultural visioning sessions



# Concluding Comments

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- In today's fast-changing economy, rural viability depends on a dynamic entrepreneurial sector
- While some entrepreneurs may be born and others made, they cannot flourish without community support
- This creates real opportunities/imperatives for policy makers and the land grant university system in their efforts to build vibrant rural communities