

Abstract. *Entrepreneurs are a creative class within American society. Some create businesses – others contribute to the civic life of our communities. This monograph – Civic Entrepreneurs & Entrepreneurship – provides a basic overview of what are often referred to as civic, public, social or community entrepreneurs. These are the folks that build everything from playgrounds for children to remarkable health care systems and government agencies. Associated with this monograph is an insert titled Social Capital. This piece provides further insight on the role that civic entrepreneurs play in creating something called social capital.*

Introduction

When we hear the word entrepreneur, most of us think of Bill Gates or someone we know who has been very successful in business. Most of us would not immediately think of the person creating a foundation, running a public health clinic or creating a youth sports league. Entrepreneurs in America come in many forms, including those who create ventures with a public purpose.

Illustrating the lack of awareness about civic entrepreneurship, we do not even have an accepted set of terms and definitions. We like the term *civic entrepreneurs* focusing on the civic purpose of their work. But others employ *public* or *social entrepreneurs* to label those Americans who create new ventures, ways of doing things and solutions to the civic or public sides of our lives. Whether in education, health care, the arts, recreation or governance, these entrepreneurs we believe are critically important to building not only better communities with higher qualities of life but they also build environments that enable private entrepreneurs to create and thrive.

Dr. Neal Flora and others have introduced the concept of *social capital* (see insert on social capital) to help explain how some communities are able to do a better job in meeting the needs of their residents. Social capital represents a capacity to build stronger societies. It is a hard concept to get our heads around, but we are convinced it is important and that civic entrepreneurs play a central role in building it within our communities.

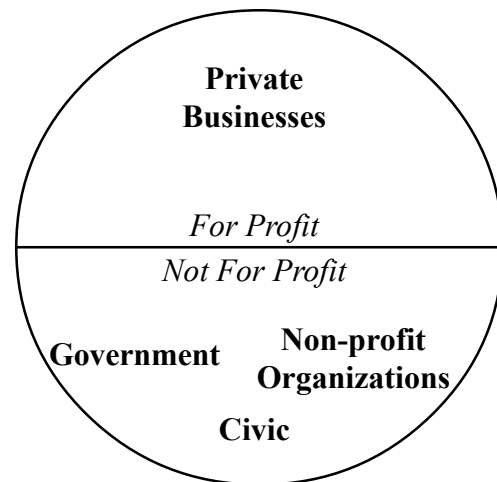
Now that we have started down this road, let's go a bit deeper and explore the role of civic entrepreneurship and civic entrepreneurs in our communities, society and economy.

Civic Entrepreneurship?

Civic entrepreneurs engage in many of the same activities and exhibit most of the same behaviors as business entrepreneurs. Based on preliminary field observations, public entrepreneurs have many of the same motivations as their for-profit counterparts. They are driven to create. But instead of creating profitable bottom lines, they are pursuing a broad spectrum of public outcomes, ranging from countering poverty to educating our children. Often referred to as "social or public entrepreneurs," civic entrepreneurs not only create entrepreneurial attributes within their home institutions, but passionately pursue multiple bottom lines.

Figure 1 (below) provides an overview image of the various types of entrepreneurs and entrepreneurship within rural America. Civic entrepreneurship can be organized many ways. There is not a single accepted typology for civic entrepreneurship. We organize civic entrepreneurship into at least three groupings — governmental, non-governmental organizations (NGOs), and community entrepreneurs. Figure 2 on page 2 provides an initial set of descriptions for these civic entrepreneurs.

Figure 1 - Types of Entrepreneurs



Civic Entrepreneurship

Figure 2 - Types of Entrepreneurs Defined

<p style="text-align: center;">For Profit Business</p> <p>Private Enterprises Profitability Focus Single Bottom Line Potential for Give Back</p>	<p style="text-align: center;">Government</p> <p>Part of the Governmental Sector Employ Entrepreneurial Practices Enterprise or Service Focuses May Focus on Supporting Entrepreneurs</p>
<p style="text-align: center;">Non-Profits</p> <p>Non-Governmental Organization Employ Entrepreneurial Practices Contain Social Entrepreneurs May Focus on Supporting Entrepreneurs</p>	<p style="text-align: center;">Community</p> <p>Often Part of Informal Networks Often Associated with Public Entrepreneurship Organizations Seek Civic Engagement and Improvement May Focus on Supporting Entrepreneurs</p>

Government. Government — federal, state, local and special purpose — is often seen as the antithesis of entrepreneurship. But as David Osborne and others have demonstrated in their work, government is loaded with civic entrepreneurs. These government officials (elected or appointed) and employees passionately seek to make government work for the betterment of community, society and economy. They have evolved entrepreneurial practices within government organizations and programs. Rod Wagner, Director of the Nebraska Library Commission (a governmental agency) qualifies as a public entrepreneur. He and others helped to create Nebraska Online, an innovative public/private partnership that has dramatically increased electronic government activities within Nebraska.

NGOs. Non Governmental Organizations or NGOs are a rapidly growing component of the world’s societies and economies. These private organizations with public missions engage in everything from health care to environmental protection, education, and poverty abatement. Many NGOs are very entrepreneurial with innovative entrepreneurial enterprises. Successful NGOs pursue clear and meaningful outcomes adapting appropriate business practices. The Compatible Ventures Group (a community/economic development organization) formerly within The Nature Conservancy (a leading environmental organization) is highly innovative in supporting community based development compatible with environmental stewardship goals.

Community. Within nearly every community or neighborhood are individuals driven by local passions. These individuals are committed to improving the civic state (as they see it) of their homes, states and organizations. They are often part of informal networks or are associated with public organizations. These entrepreneurs actively engage in and pursue improvement of some aspect of community life. It may be the president of a local Lion’s Club collecting eye wear to share in developing countries or it might be a community activist seeking to create a park for a low income neighborhood.

Now that we have explored the types of civic entrepreneurs that are likely present in your corner of rural America, it is time to investigate the roles that these entrepreneurs play in our communities, economies and societies.

Roles of Civic Entrepreneurs

Civic entrepreneurs engage in at least four important roles. First, they are front and center in creating the “good life” or high quality of life amenities within rural communities. Second, they lead critical public institutions or communities within rural places. Third, they often engage in building entrepreneurial environments central to supporting business entrepreneurship. Finally, sometimes they directly support business entrepreneurs (more on this topic in the *Entrepreneurial Support Organizations* monograph).

Civic Entrepreneurship

Creating the Good Life. Civic entrepreneurs generally are committed to creating more effective and efficient communities. They seek to create necessary and valued public services ranging from recreational opportunities to public health systems.

Issues such as affordable housing, poverty mitigation, recreation, education and justice are all elements of high quality of life places. Emergent field observations and other research strongly suggest that quality of life considerations are critically important to business entrepreneurs. For-profit entrepreneurs seek to live and work in places with strong quality of life amenities.

Public Institutions. Five public institutions are foundational in most rural communities – schools, health care, local governments, development community and the faith community. These institutions are often the largest and most stable employers, sources of community pride and homes to significant civic capacity. Entrepreneurship within these institutions is central to their ability to respond to community needs and thrive in the ever challenging rural environment. Where we find public entrepreneurs within these institutions – we find stronger entrepreneurial communities as well.

Building Entrepreneurial Environments. Much remains to be learned about what constitutes an “entrepreneurial environment”. Clearly, quality of life is one component of this E environment. Other elements include conducive business regulations and tax structures, opportunities for networking, capital access, supportive culture, and strong business services. Within communities, regions, and states, civic entrepreneurs are often at the center of addressing key entrepreneurial environmental issues. They become advocates building not only favorable climates for business entrepreneurs, but also building entrepreneurial support systems.

Supporting Entrepreneurs. Some civic entrepreneurs are directly focused on supporting business entrepreneurs. They are engaged in building “entrepreneurial support systems” or ESSs. These individuals and the organizations through which they work are seeking to increase entrepreneurship activity and enterprise success.

Academic descriptions of civic entrepreneurs are not enough to fully understand and appreciate these folks

and roles they play. The Center has worked to collect a growing collection of stories and case studies of civic entrepreneurs to enable a deeper insight. All of these stories are located on the Center’s web site at www.ruraleship.org. Let’s take a look at some of these folks:

Steve Buttress – Nebraska. For most of his life, Steve Buttress was an economic developer working in Montana, Nebraska and most recently with Enterprise Florida. Steve is a remarkable civic entrepreneur committed to strong communities that offer economic choices for all residents. But his most recent contribution is a case study of his home community of Kearney, Nebraska. His work tells the story of a remarkable entrepreneurial community and the civic leaders that made it so.

Pam Curry – West Virginia. In downtown Charleston, West Virginia you will find an urban shopping mall. Located in this mall is a shop populated with the creative work of many of West Virginia’s finest artisans. Pam Curry and others are the civic entrepreneurs that dreamed this venture and created it. In creating it they have opened a front door to the world for so many creative artisans. Pam is building a venture that is robust, relevant and successful.

Quincy Ellis – Texas. West of Dallas in central Texas you will find the small rural community of Early. Located in this community is a business incubator and its CEO is Quincy Ellis. Quincy is a hard working and passionate man committed to making this economic development strategy build his corner of rural Texas. His work and that of Early Texas is now a national model of rural incubation.

Brenda Emery – Ohio. Brenda was born, raised and lives in Adams County, Ohio. Rooted in Appalachian Ohio, Adams County is a place that has faced many economic hard times. Poverty, loss of hope and struggling families are all too common. Brenda is a home girl that grew up and is making a difference. She is committed to her home and is staffing a grassroots development group committed to building a progressive and successful Adams County. Brenda has all the hallmarks of a civic entrepreneur and is putting them to good use.

Civic Entrepreneurship

Katherine Baril – Washington. Katherine calls the area around Port Townsend, Washington (located on the Olympic Peninsula) home. She now works for the Washington State University Cooperative Extension Service. In a previous life she was an attorney and social activist. She now is creating the Learning Center of Jefferson County. She is creative and resourceful. She believes in collaborative work. She is passionate about community and social justice. Katherine and her associates are working hard to build stronger communities in this corner of the Pacific Northwest.

There are thousands of other civic entrepreneurs to write about. Each day they work to create and build better health care, education, economic opportunities, recreation, child care, elder care and the list goes on and on illustrating all the work that must be done to have great communities.

Conclusion

This monograph provides only the most basic of introductions into the important world of civic entrepreneurs. A great deal of work is needed to better understand civic entrepreneurs and their role within rural societies and economies. The typologies employed in this monograph are our own because of the lack of accepted definitions and characterizations. The study of civic entrepreneurs is one of the dual focuses of the Center for Rural Entrepreneurship. More to follow as further work is completed.

Figure 3

*From the book **Enterprising Nonprofits**. . .*

Public “Entrepreneurs are innovative, opportunity-oriented, resourceful, and value-creating change agents.” (pg. 4)

“Social entrepreneurs act as change agents in the social sector by behaving in the following ways:

- Adopting a mission to create and sustain social value.
- Recognizing and relentlessly pursuing new opportunities to serve that mission.
- Engaging in a process of continuous innovation, adaptation, and learning.
- Acting boldly without being limited to resources currently in hand.
- Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.”

(pg. 5)

Supplement on Social Capital

Background & Introduction

Successful and dynamic societies and economies have numerous forms of capital including financial, human, physical, environmental and social capital. Social capital centers on the health and vigor of societies and communities. Places and societies with strong social capital generally have high civic capacity. Civic capacity enables communities to address challenges and opportunities.

Communities with high and active civic capacity hold the ability to build strong supportive entrepreneurial environments. Across rural America, there is a great range in social capital and civic capacity. Not all places with high social capital necessarily support strong entrepreneurial environments. Also, social capacity can work against entrepreneurs.

Ultimately, based on 50 years of community development experience, community capacity building efforts can not only result in places with stronger social capital and civic capacity, but also places where that capital and capacity are focused on building supportive entrepreneurial environments.

Concepts of Capital

Work by Neal and Jan Flora (and others) suggests there are five forms of capital that form the foundation of successful societies and economies – physical, human, financial, environmental and social (Figure 1). Others would argue that there is a sixth form of capital – spiritual.

Physical. Physical capital encompasses the built environment. It is the accumulation of human generations of investment into roads, highways, buildings, factories, farms, and other pieces of our built world. Physical capital also includes technological tools evolved over time that contribute to economic productivity and quality of life.

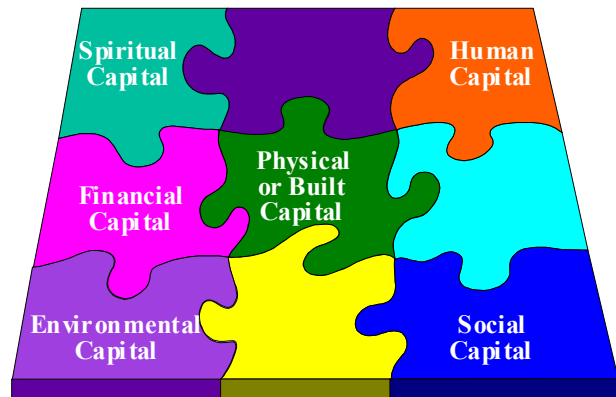
Human. Human capital captures the knowledge and skills of people individually and collectively. An educated and skilled workforce provides the second building block to this foundation.

Financial. Capital is most often equated to financial resources. As market economies have come to dominate throughout the world, the medium of transactions is financial resources. Financial capital is necessary to provide savings for retirement, investment for new enterprises and money for buying a home.

Environmental. The earth and the environment it provides enable human life as the ultimate foundation for social and economic activity. At the landscape level environmental ecologies are central to sustainable activities. Depletion and deterioration of the environment undermine sustainable economic and social life.

Social. Social capital relates to the ability of a society or community to function with order and safety. Rooted in social capital are societal values and norms that govern behavior. For example, social capital enables thousands of people to safely make the morning commute to work through adherence to traffic rules.

Figure 1 - Forms of Capital



Supplement on Social Capital

Spiritual. Beyond the work of the Floras, some would add a sixth capital – spiritual capital. The faith community in the United States is large and robust. Many would argue that spirituality also represents a form of capital that contributes to the strength of a community and society.

With the foundation of the “capitals concept” laid, now let’s explore the role that civic entrepreneurship and civic entrepreneurs play in the development of our communities, economies and larger society.

Social Capital

Why is social capital so important to energizing rural entrepreneurs? There are at least two answers to this question. First, societies and communities with high social capital are also communities that produce stable environments for living and commerce, as well as higher quality of life places. Communities rich in social capital often are communities with strong assets in the arts, recreation, education and entertainment.

Second, these places exhibit civic capacity or the ability of people to act on challenges and opportunities. Communities with active and strong civic capacity are effectively addressing a wide range of issues from housing to poverty to economic development. Sociological research (Ryan, Flora & Flora) supports the view that a key element of civic capacity is *networking strength*.

We know from the research on entrepreneurship that networking is critically important. Community networking research suggests the following. **First**, networking is based on relationships between people and their institutions. **Second**, there are many forms of relationships. We are concerned about viable and trusting relationships that enable collaboration to occur. **Third**, the quality and strength of networking is important. The more a community is networked and the more the networks are used, the greater the strength and quality of the networking infrastructure. **Fourth**, there must not only be strong networking internally to the community, but effective networks that link the community with the larger world. External networking enables a community to broaden its learning and collaboration opportunities beyond the finite assets of the community itself.

Networking Resource

*A great networking resource is the National Commission on Entrepreneurship’s **Building Entrepreneurial Networks**, December 2001. A copy of this report can be obtained from the Commission’s web site at www.ncoe.org.*

There are two types of social capital according to the John Allen, bridging and conserving. As the words suggest, bridging social capital equates with communities with strong networking infrastructure that is actively being used. Such communities are typically more productive, progressive and dynamic. Conversely conserving social capital (while it has many desirable qualities such as the preservation of traditions) can restrict the ability of the community to undertake necessary change. Communities dominated by conserving social capital tend to be insular and parochial.

Working in Rural

*Readers may want to review Monograph #5 **Understanding Rural America**. This monograph provides an overview definition of Rural America. It also provides additional information on the sociology of rural places with respect to entrepreneurship.*

Linking with Entrepreneurs

Research by the Kauffman Foundation (and others) strongly suggests that entrepreneurs need contact with other entrepreneurs, mentors, and access to resources and expertise. This research also suggests that the likely pathway for entrepreneurs to meet these needs is through networking. Communities with strong networking infrastructure not only create places desirable to live in, but also have the capacity to employ that infrastructure to help entrepreneurs address their needs.

Jan and Neal Flora have created a model around the concept of **Entrepreneurial Social Infrastructure**. Figure 2 on page 3 summarizes this model and its component parts. Our field work leads us to believe that communities and societies with strong entrepreneurial social infrastructure have the capacity to build strong entrepreneurial environments as well.

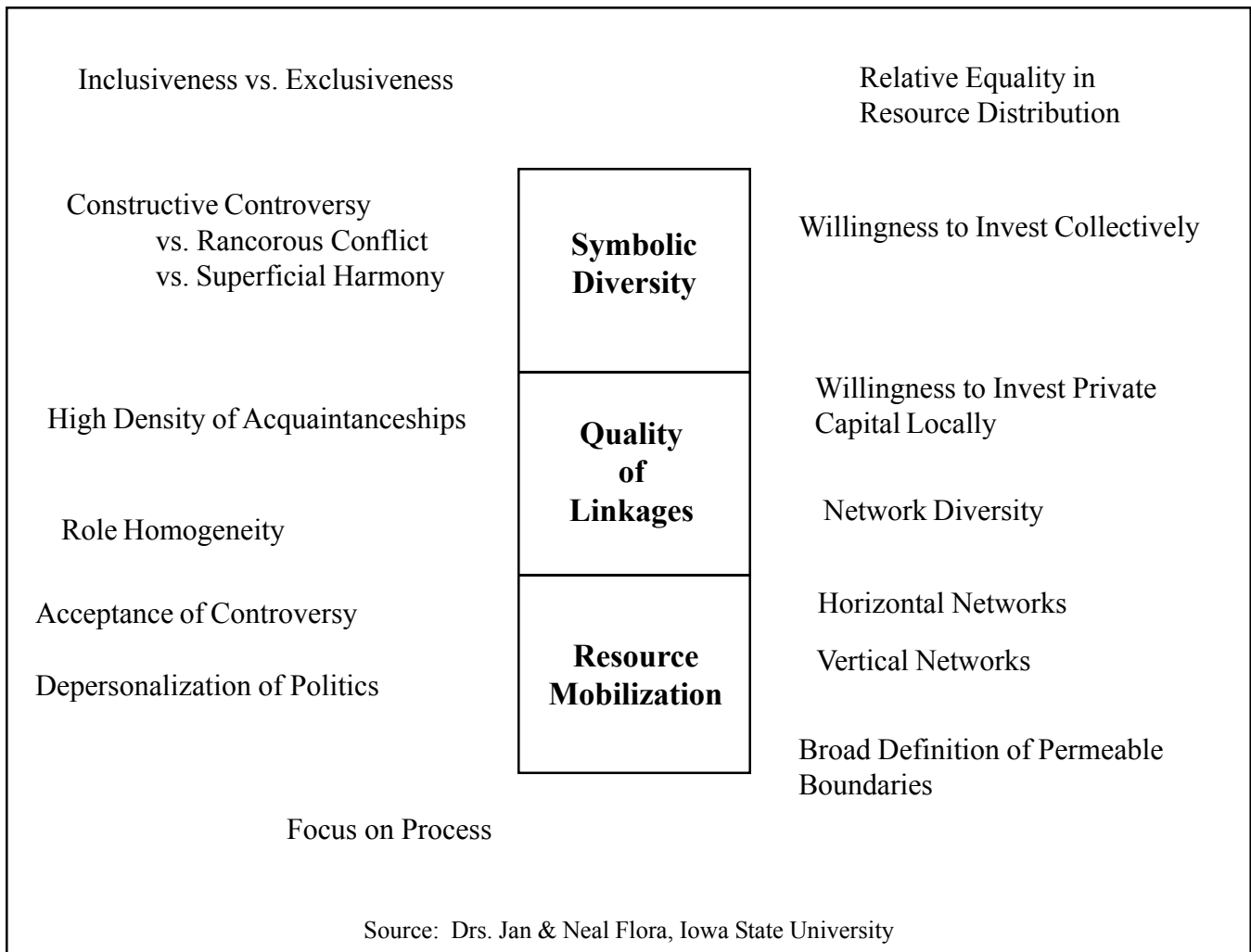
Supplement on Social Capital

ESOs & Rural Places with Poor Social Capital

Our field research is beginning to suggest that rural places with negative or weak social capital may generate and sustain active entrepreneurial communities because of the presence of entrepreneurial support organizations (ESOs). It appears that ESOs may create micro-environments supportive of entrepreneurs and entrepreneurship despite a hostile or weak general entrepreneurial environment. In some cases ESOs may actually be viewed negatively by the larger community. A good example of this phenomenon is an anti-poverty or minority development organization working in a racially charged community.

Conclusion

If we accept the idea that communities with strong social capital can evolve supportive entrepreneurial environments, then we must ask the question of how do communities build social capital that in turn builds entrepreneurial environments? Clearly, community capacity building experience is central to answering this question. Additionally, we must ask the question can we build entrepreneurial places without strong social capital and entrepreneurial social infrastructure? More work must be done, but it appears likely that efforts to energize entrepreneurship in places with weak social capital dominated by conserving social capital may well have limited success.



About the Center

The Center for Rural Entrepreneurship is a RUPRI or Rural Policy Research Institute national research and policy center with founding support from the Ewing Marion Kauffman Foundation of Kansas City, Missouri. Our mission is to *enable every rural resident to achieve his or her full entrepreneurial potential*. This mission will be achieved by collaborating with individuals and organizations engaged in the study, practice and policy of rural entrepreneurship. The Center supports research, field work, and policy development through collaborations with national, state and community interests. For more information on the **Center for Rural Entrepreneurship** contact Taina Radenslaben at 402-323-7336 or taina@ruraleship.org.

