

Developing a Framework for Regional Enterprise and Employment Creation

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Developing a Framework for Regional Enterprise and Employment Creation

This paper examines a model for addressing regional enterprise and employment creation and relates the model to a case study of how this framework is being applied to a rural community in Australia. The study is an on-going action research project designed to create new business ventures and ultimately job generation within the Great Southern Region of Western Australia. Findings suggest that a holistic approach is needed to address the problems facing such regions, requiring greater collaboration between government, community and business. The role of facilitative agencies that can link otherwise disparate groups together for a common purpose is highlighted.

Keywords: regional enterprise, entrepreneurship, employment creation, and facilitation

1. A Framework for Regional Enterprise Development

Regional economic development strategies designed to increase employment and opportunity frequently fail to deliver successful outcomes due to a lack of cooperation and coordination between the three levels of government, the public and private sector and the academic or scientific research community and industry. Each group has its own sub-culture, objectives and self-interest. This results in a reduction in the overall effectiveness of all the programmes and money spent to improve the economic conditions of a region. Achieving optimal economic development outcomes requires bringing these separate groups together to achieve enterprise development initiatives able to assist the formation and growth of business ventures.

Figure 1 shows a model for Regional Enterprise Development. It suggests that the objective of achieving enhanced employment and new venture growth, increased population and a common or shared sense of community values and objectives can be achieved if consideration is given to the interdependency found between five key environments and the culture found in a particular region. The model draws from research by Gibb (1987; 1988), Levin (1993) and Morrison (2000), into the

development of entrepreneurial behaviour and how to create environments conducive to the emergence of new business ventures.

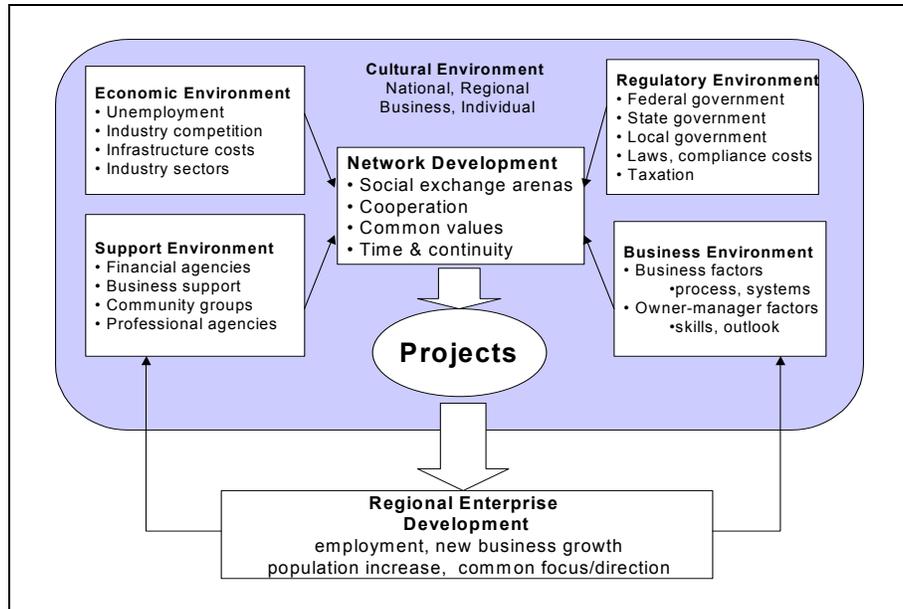


Figure 1: Integrated Regional Enterprise Development Model

1.1. The Cultural Environment

The importance of culture in encouraging entrepreneurship has been recognised within the literature at several levels (Gibb 1988). A symbiotic relationship exists between entrepreneurship and culture (Morrison 2000). This relationship involves a series of ‘inputs’ comprising such things as religion, education, politics, family background, history, and the existence of role models and cultural and personal characteristics. These impact on the culture at national, regional, business and individual levels. At the individual level it has been recognised that achievement drive (McClelland 1961), risk taking propensity (Brockhaus 1980), locus of control (Brockhaus and Horwitz 1985), tolerance of ambiguity (Schere 1982) and the desire for personal control (Greenberger and Sexton 1988), can all play a role in triggering enterprise behaviour. Other factors such as family influence (Matthews and Moser 1995; Scott and Twomey 1988), ethnicity (Aldrich 1980) or even religion (Weber 1930) have been seen as playing a part.

The importance of an enabling culture that tolerates risk, diversity and failure has also been recognised (NCOE 2000). It has been suggested that education for enterprise should commence as early as possible and involve children and nascent entrepreneurs participating in opportunities to experience and practice enterprise, as well as interacting with entrepreneurial role models while receiving formal skills and knowledge transfer and developing personal networks able to facilitate future business endeavours (Gibb 1987). Social networks have been recognised as important in facilitating new venture creation (Johannisson 1988), as has the level of social support and acceptance given to nascent entrepreneurs by their community (Bull and Winter 1991). Further, research into the relationship between community support for entrepreneurs and overall business success suggests that there are positive, reciprocal links. Entrepreneurs within local communities that invest in the region either via employment creation or donations to various causes are likely to receive enhanced loyalty from local customers and commensurate sales performance (Kilkenny, Nalbarte, and Besser 1999).

1.2. The Economic Environment

Understanding the economic environment when seeking to formulate regional enterprise development policy is a recognition that the structure and state of a region's industries is likely to have a significant influence on both the creation of new ventures and the development of others (Gibb 1987). For example, while entrepreneurs may be attracted to enter new markets in pursuit of higher economic returns (Baumol 1968), they may be barred from entry due to a range of industry dynamics impeding competition (Bain 1956). Most regions possess certain comparative advantages, usually in the form of natural features, location-specific or historical. However, successful regional economies specialise into a few key industries in which most of the firms are locally owned (Isaksen 1998).

Variations in regional economies can be examined in terms of factor conditions (e.g. natural resources, availability of skilled labour and venture capital) are clearly important to the creation and sustaining of industries within a region (Krugman 1991). Also of importance are the demand conditions, the availability of supporting and related industries, and the strategy, structure and rivalry existing between local firms within the region (Porter 1980). Where the level of local demand for regional

products and services is weak attention must shift to national or international market expansion. Further, a geographic concentration of firms in a particular area can assist in increasing the intensity of the interactions within the system and can provide opportunities for pooling skilled labour, accessing intermediate inputs and encouraging technological or innovation spill-overs through which ideas, knowledge, products and processes can transfer from one firm or industry to another via formal and informal networks (Baptista 1998). Such interaction can assist firms to become more competitive when seeking to enter national or international markets.

1.3. The Regulatory Environment

Government regulation and de-regulation policy is of primary concern in within this framework (Gibb 1987). Of particular importance will be local government planning activities as these frequently impact directly on the operation of small firms (Porter 2001). Botchway, Goodall, Noon and Lemon (2002), propose an Emergence-based Local Economic Development Model based on the experiences of Coventry in the UK. This model highlights the role of local government and local economic development agencies within regional economic development. It suggests the need for long-term strategic planning, medium-term *emergent positioning* comprising policy responses to internal and external environmental change, and ongoing activities designed to collect data, build alliances and implement strategies within the wider community. Such a model is likely to have value when applied by local government or regional development agencies although many may not be as proactive in the face of uncertainty as might be desired.

Lack of coordination between the three tiers of government or their agencies is a critical area for consideration and attention. Government agencies and policy makers can assist in the formation of new business ventures (Walker and Greenstreet 1990). However, their influence is frequently indirect and may be best applied via attention to the development of public infrastructure such as the education system (Romanelli 1989), or the establishment of business incubators (Young and Francis 1989). Government policy directed at encouraging enterprise within regions should focus on “*removing obstacles, relaxing constraints, and eliminating inefficiencies*” rather than attempting to ‘pick winners’ or decide the composition of the industrial landscape (Porter 2000).

1.4. The Support Network Environment

The Support Network Environment considers the availability within the region of sources of specialist advice and information as well as finance (Gibb 1987). A supportive infrastructure of business advisors (e.g. accountants, lawyers, technical specialists and venture capital) has been recognised as critical to the successful development of entrepreneurial firms (NCOE 2000). Firms within the same region, but operating in separate industries, can still share common supporting and related services or products, such relationships can be leveraged to enhance the overall supply chains of the entire region, rather than working against each other for incremental advantages (Anderson 1994).

Successful regional economies are characterised by close cooperation between firms and other institutions (OECD 2000). Entrepreneurs, in particular small business owner-managers, require the ability to regularly access collaborative networks of both a social and professional nature. Such networks are important to linking venture capital to enterprise initiatives, source professional advisors (e.g. lawyers, accountants), and share market intelligence and innovations. Formal business chambers and industry associations can supply such social exchange arenas or milieux. However, these agencies are frequently either too formal or too narrowly focused to encourage the level of exchange required in a dynamic environment. Informal networks of entrepreneurs have been sourced to the existence of either large numbers of small entrepreneurial firms located together in a particular region, and within a region that possesses a culture that is conducive to information sharing and networking (NCOE 2000).

Successful regions also require access to competent financial institutions including venture capital investors who are local. While not all fast growing small firms need venture financing (NCOE 2001), the investment community should be able to provide both funding and mentoring (Kenney 2001). Early stage business ventures benefit significantly from assistance from 'business angels', wealthy individuals – usually local successful entrepreneurs – who offer guidance and serve on company boards (Oats 1992).

1.5. The Business Environment

The Business Task Environment encompasses the actual work place experience of the business management and employees within specific firms (Gibb 1987). The ease of doing business within the region is dependent on a range of conditions encompassing both economic and social variables. Two key aspects of the business environment need to be considered. The first relates to the entrepreneur or owner-manager and their managerial skill and competence. The second relates to the firm itself and how well designed and developed this entity is. Entrepreneurs can be nascent (pre start-up), novice (early stage start-up) or habitual (experienced) with varying levels of experience (Westhead and Wright 1999). They can also be motivated by necessity or opportunity. Habitual entrepreneurs may be either serial or portfolio in nature. The former having launched a new venture only to sell or abandon it and move onto another, while the latter retain each business and build a portfolio.

Ideally, regions should contain a mix of such entrepreneurs and there should be opportunities for them to interact both socially and professionally (Useem 1997). Where the economic environment is harsh and government welfare support for unemployment is low, the proportion of necessity entrepreneurs is likely to rise (Yushuf and Schindelhutte 2000). While nascent and novice entrepreneurs may attract the most attention from government agencies seeking to assist new venture creation, it is frequently the portfolio entrepreneurs who have the greatest potential for generating new business and employment opportunities (Westhead and Wright 1999).

With respect to the design and development of the firms it should be noted that for most small firms, the only persons employed are the owners, and even where additional jobs are created, the type of work generated is frequently less durable than within larger firms. Many small business start-ups are lifestyle firms, in which the owner is seeking to create a modest income and with limited growth aspirations (McMahon 1998). The nature of the small firm at time of start-up is therefore of importance. If the business has been created with strong resources, and its founders have a desire for significant growth, the impact such a business can have on job creation is likely to be high. Thus the issue is not the quantity of small business start-ups but their quality.

For regions seeking to encourage additional employment through the creation and growth of small firms the challenge is to encourage those owner-

manager/entrepreneurs who have a desire and the capacity to grow sustainable employment generating firms. For example, faced with the need to create 100 new jobs in a regional area the choice may be between attracting one large firm with the capacity to generate by itself all the employment, four small firms with 25 employees or 20 micro-enterprises with 5 employees. Analysis of small business survival rates suggests that the best options are either the single large firm or the 20 micro-enterprises. This is due to higher mortality rates among the slightly larger firms. However, the large firm option is inherently more risky as any failure will remove all employment from the region (Duncan and Handler 1994).

Regional economic development policy should recognise that few small firms will actively seek to employ large numbers of workers and most will be focused on life-style rather than growth. Attention should be given to encouraging those enterprises that have the potential for growth and therefore employment. In the United States these firms have been recognised by the term *Entrepreneurial Growth Companies* (EGC) (NCOE 2001). These EGC firms are growth oriented and embrace innovation with a desire to quickly expand beyond their regional boundaries to become established in national or international markets. It is important to note that such firms are not necessarily high technology and generally do not require significant injections of venture capital from foundation (Bhide 2000).

1.6. Network Development

Network development within the region is of key importance to the ability of a regional development framework to operate successfully (Ostgaard and Birley 1994). Successful regional economies are also observed to possess networks to other knowledgeable milieux located elsewhere in the national or international economy (Isaksen 1998). Most networks form between firms as part of the production or supply-chain process (Isaksen 1998). Four factors have been identified as important to the creation of effective networks (Schieffloe 1985). The first involves shaping areas for social exchange or the establishment of *social exchange arenas* in which community stakeholders can meet and exchange. Second, there must be the creation of a desire for cooperation. This is not always easy to achieve and is often contingent on the third factor, having common value systems. This is frequently achieved through the identification of tangible projects that can unite stakeholders and

concentrate resources. Finally, there is a need for time and continuity in the social exchange process to allow stakeholders the opportunity to develop trust, empathy and understanding with each other (Levin 1993).

2. Creating Employment via Regional Enterprise

One of the main interests government policy has had with respect to small firms is in employment generation. The research findings of Birch (1987) suggested that firms with less than 20 employees generated around 88% of all employment growth in America during the period 1981-1985. Such findings encouraged governments throughout the world to devote resources toward building the size of their small firms sector in order to alleviate unemployment.

Unfortunately, other research has dampened some of this earlier optimism (Davis, Haltiwanger and Schuh 1994). Although small firms certainly make a strong contribution to employment, the level of this contribution is much less than originally predicted (Storey 1994). For example, the average annual growth in employment within Australian small firms over the period 1983-1997 was only about 3.2% (ABS, 1999). Self employment as a solution to unemployment may also be problematic with unemployed owner-managers (necessity entrepreneurs) facing difficulties in securing necessary start up capital and such businesses may provide less employment growth than might be the case for opportunity entrepreneurs (Hinz and Jungbauer-Gans 1999).

Nevertheless, within most economies the small business sector is frequently viewed as the crucible from which entrepreneurs can emerge. For example, Australia's small firms account for just over 90% of all non-farm enterprises and provide around half of all private sector employment (ABS 2000). Members of the same family own around two-thirds of Australia's small businesses, and around 10% are owned and operated by women, with as many as 60% having women actively participating in their management (Howard 1997).

Australia's small firm sector grew at an average annual rate of 8.8% over the period 1999-2001. Within the state of Western Australia in 2001 there were 132,000 privately owned, non-agricultural small businesses, under the control of an estimated 186,300 owner-managers. Of these 65.5% were male and 34.5% female. Further, an

estimated 66% of small firms in WA during 2001 were home-based (WALMEO 2002).

Within regional economies the importance of small firms is frequently amplified. For example, the opening or closure of a café or automotive repair shop in a small country town can have a significant impact on the community through loss or gain of infrastructure, employment generation, local wealth distribution and provision of services. Within regional areas small firms can comprise the bulk of such sectors as services, retailing, manufacturing and tourism. They can make a significant contribution to employment as well as the opportunity for wealth creation among families and individuals regardless of their education and social background. For example, throughout the developing world micro-enterprises (e.g. those employing less than 5 persons) offer an alternative to the lack of employment opportunities provided by the public sector or large firms. From rural Africa to urban South America, micro-enterprises are the main source of economic advancement for women, young people, ethnic minorities, the poorly educated and the migrant (Halvorson-Quevedo 1992).

3. Testing the Theory

Evaluation of the regional development framework described above commenced in late 2000 through an ongoing study between the research team and the community of the Shire of Tambellup, in Western Australia, which comprised the case study for this research. Using an action research methodology (Lewin 1946), the project aims to evaluate the model shown in Figure 1. Action research requires close cooperation and interaction between the researcher(s) and subjects and offers the opportunity to both test and create new theory (Baburoglu and Ravn 1992). It is frequently more complex than other forms of research and requires the researcher to make adequate observations, interpret and make sense of these for the purposes of building new theory or understanding, as well as the organisation of what is frequently a longitudinal research design involving participant subjects who are not under the conventional controls associated with other methods (Gronhaug and Olson 1999).

As a process it involves the researcher moving through a cycle of activities, commencing with the identification of the problem facing the study group within its context, unfreezing the group dynamics to enable participants to make changes and

seek solutions. Once the problems have been identified, the researchers work within the community to gather data and feed it back to the participants. A variety of data collection techniques can be used (e.g. interviews, focus groups, surveys, documents, case studies). Analysis of the data is undertaken to provide solutions to the problem or problems facing the community. Once ideas are identified and implemented they are examined and their efficacy is assessed in terms of the project's sought outcomes, and the research team cycles through the process until the problem is exhausted. Frequently such a process cannot be completed in a single cycle (Dickens and Watkins 1999). A similar project undertaken in Norway lasted approximately five years and generated five new business ventures of which only three survived (Levin 1993). At time of writing the research study had been underway for approximately two years and sufficient progress had been made to warrant reporting. The following sections of this paper outline the progress made to date.

4. An Overview of the Case Study Region of Tambellup

The Shire of Tambellup is located approximately 300 kilometres south east of the state capital city of Perth near the Stirling Ranges within the Great Southern Region of Western Australia. It is bounded to the north by the Shire of Broomehill, to the south by the Shire of Cranbrook, to the east by the Shire of Gnowangerup and west by the Shire of Kojonup. The town site contains around 64% of the Shire's population.

Tambellup's community is divided broadly into three groups: 1) the farming community, 2) the town community, and 3) the indigenous Aboriginal community of the Noongar people, one of the main tribal groups within Western Australia. The economy of Tambellup is based largely on agriculture, principally the production of grain, wool and sheep meat. Plantation trees farming and aquaculture (fresh water lobster 'yabbies' and trout farming) are also significant new agricultural activities.

The farming community supports a small retailing and agricultural service sector principally concentrated in the town site. In 1998 approximately 32% of the population within the Shire of Tambellup were employed within agriculture, forestry, fishing and hunting industries. The remainder was employed in education, government, retail and wholesale, construction, transport and storage, food services or business and property services. Around 65% of the population was in the work force with unemployment of only 1.9% (ABS 2000).

5. Selection of the Case Study

The Shire of Tambellup was selected as the case study for this research due to several factors. First, with a population of around 720, Tambellup is of a size that allows a detailed investigation of the concepts outlined in the model within a manageable scale. The town is also the home of a business incubator and enterprise support agency, the Central Great Southern Business Enterprise Centre (CGSBEC). The Manager of the CGSBEC was an active participant in the research study. Further, in 1997 the community, led by the Local Government Shire Council, undertook a community enterprise initiative – “Who Cares?” – in response to the loss of its local banking services and other community infrastructure. This campaign resulted in the successful establishment of the first regional community bank in the state, a community *Telecentre* providing computer and Internet training, the CGSBEC and numerous other projects. It was therefore considered to offer a responsive community who were receptive to participation in the research project.

6. Methodology

The research team commenced negotiations with the community of Tambellup via the CGSBEC and local Shire Council. Following a public presentation to community representatives of the regional development framework model (see Figure 1), it was agreed that the research team could undertake the project. It was understood that the academic research team would be responsible for assisting the community with specialist research and planning, including the completion of a community capabilities survey, but that responsibility for any enterprise projects would vest with the community.

6.1. Data Gathering

Once permission to commence the project was received the research team began to compile available data on the economic, regulatory and support network environments within the community. Information was sourced from state and local government

websites, from the Great Southern Regional Development Commission (GSDC), a state-funded regional economic development agency, as well as the Great Southern Area Consultative Committee (GSACC), a federal government agency tasked with regional economic development.

In addition to gathering economic and business data, the research team also reviewed the history of the local area and the Shire, as well as background research on the Noongar community and their culture. Local history material was available and a book had been published on the area. Literature on the Aboriginal community was also reviewed and the team held discussions with local Noongar people to develop an understanding of the cultural issues associated with the community. The majority of local Noongar people were employed via job creation programs funded by the federal government and administered by the Aboriginal and Torres Strait Islander Commission (ATSIC) via the Southern Aboriginal Corporation. This Community Development Employment Program (CDEP) provided full-time and part-time work for local Aboriginal people within the area.

This research identified a community with a highly stable population, and a relatively static economic environment. Although unemployment was low, underemployment was considered to be high, particularly among the indigenous population. The presence of a variety of state and federal government agencies focusing on regional economic development suggested that there was a strong opportunity for securing support. However, the local government was poorly resourced to undertake the task of economic development and relied heavily on the work of volunteer councillors and community members. There was also a degree of wariness on the part of the local Shire Council in collaborating with neighbouring local government agencies due to fear of being forced into amalgamation by state government policies.

6.2. Community Consultations

Following the data gathering the research team facilitated two meetings with the community in Tambellup designed to identify potential projects to enhance the overall social and economic infrastructure. The first was held with the Noongar community and representatives from all the Aboriginal families in the Tambellup community attended. A representative from the state Aboriginal Advocacy Department who

assisted the research team to bridge the cultural divide between the Noongar people and the European-Australian academic researchers supported this meeting.

From the consultations with the Noongar community it was apparent that there was a strong desire for change, particularly in terms of gaining greater economic self-determination. After the meeting the researchers were taken on a tour of the CDEP businesses located in the town. These comprised furniture manufacturing, handcrafts, and native seed collection and metal fabrication activities. The local Noongar representatives expressed a desire to gain greater control over the management of their business activities but felt constrained by a lack of start up capital and support from within their own community.

The second meeting involved a whole of community forum with participation from local, state and federal government representatives. This meeting was attended by a broad cross-section of the Tambellup community including farmers and representatives from the Noongar people. The outcome from the Noongar community consultations were briefly outlined and then a facilitated discussion took place to identify future projects that could provide a focus for the community to work on and generate a social exchange area.

6.3. Project Identification and Implementation

These meetings identified 27 major projects encompassing: environmental land care, local town-based trade services (e.g. plumbing and gas, mechanical repairs, light engineering); heritage and culture; Noongar social enterprise (e.g. sport and youth recreation); Noongar business ventures (e.g. building company, furniture manufacture, community farm, native seed collection); new industry development (e.g. manure processing, tree farming, aquaculture, noodle wheat processing and canola crushing); plus the establishment of an agribusiness innovation centre and an audit of new industries.

Some of these projects were already underway or under consideration prior to the meetings, while others were entirely new. Also included in the work plan was a survey to examine community capabilities and resources for the subsequent generation of new business ventures or employment opportunities. Each project was examined for its feasibility and a project leader or champion identified where possible to take responsibility for it.

Project descriptions listing those involved in them and the current state of progress were placed on display boards and located in the Post Office in the town centre with the purpose of both informing the community of what was being undertaken, and in the hope that additional volunteers would come forward to join specific projects. While responsibility for the development of the enterprise projects lay with the community, the research team monitored progress on each project through the process of holding meetings at regular intervals with the CGSBEC Manager and other community representatives.

After 18 months the majority of projects had progressed well while others languished due to a lack of leadership or due to other constraints. The Shire Council was undertaking the land care and heritage projects and work was progressing. The CGSBEC Manager was continuing to negotiate with interested parties over the establishment of several small business opportunities within the town, but the manure processing plant was in an advance state of planning, and a pilot aquaculture program was being established within the incubator in conjunction with a local TAFE college. The Noongar sporting project (the local football club) had progressed well and two of the Noongar enterprises – the farm and furniture company – were progressing well.

6.4. Community Survey

In addition to these community-based projects the research team conducted a community capabilities survey. This survey was funded by a State Government grant and local Noongar community leaders provided assistance in data collection. The survey drew a sample of 161 and examined community contentment, attitudes toward self-employment, employment aspirations and intentions to leave the community. A representative sample of Aboriginal and non-Aboriginal respondents was obtained.

The findings suggested that while unemployment is low, half of all respondents (50%) were dissatisfied with their current employment, 27% were seeking to change jobs, but most (64%) could not find their ideal job in the local area. Many (36%) were interested in turning a hobby or interest into a business venture, and just over half (53%) had some existing or previous experience in self-employment or small business/farm business management. The majority (67%) of existing business owners were willing to invest in new ventures if the opportunity was right, and 29% indicated a willingness to mentor nascent or novice entrepreneurs.

The survey also identified several triggers and barriers to new venture creation among respondents. Key barriers, particularly for the Noongar community were lack of support and information, lack of skills and confidence, and a lack of family support and finance. These findings were reported back to the community along with a public update of the progress on each project 18 months after the initial community meetings. This took place during a public open day organised by the CGSBEC and involved speakers from two of the state's universities engaged in the project, local farmers and community groups. The CGSBEC also was able to display some of the projects including the materials developed for a local regional marketing campaign designed to encourage inbound investment and business migration.

6.5. Creation of a Network Exchange Forum

One of the outcomes of the study process was the creation of a Centre for Regional Innovation and Enterprise (CRIE). This was initially raised within the community consultations and further developed by the academic research team in conjunction with local, state and federal government agencies. After 12 months of discussions over its role and boundaries the centre was established as an incorporated entity drawing together the business support agencies in the Great Southern Region, the state and federal regional economic development agencies, environmental and local business representatives and the university, which has a regional campus in the area.

The mission of CRIE was: *“To draw together the regional business community, academic researchers and government agencies, in a common cause of industry development through the enhancement of managerial excellence and industry innovation”*. Designed as a network exchange forum within the region, CRIE commenced planning large-scale enterprise development projects that could be supported by the combined resources of its various member agencies.

7. Discussion of the Case Study Findings

While the study remains a work in progress the research findings support the need to adopt holistic planning frameworks when undertaking regional enterprise development. The need to gather sufficient data to understand the situation within the

economic, regulatory, support and business environments was highlighted, as was the need to develop an appreciation of the local cultural environment. This was also found to require establishing contacts within each of these areas that could be drawn into the enterprise development process and linked through the network development environment.

Securing the support and involvement of participants from each of these environments was made easier through the identification of suitable projects. The opportunity to achieve something tangible via the implementation of a project was attractive to many participants. That such projects were a means of achieving personal or professional goals was a key motivator in securing support. Further, the importance of five key factors was highlighted (see Figure 2).

First, there must exist a *positive climate of opportunity* within the community that may encourage new business start-ups, or permit the sharing and trust necessary for innovation, is contingent on the culture or cultures existing at the national, regional, business and individual levels (Morrison 2000). However, to unite the community into taking action and securing commitment for coordinated action it was also found necessary to generate a *climate of crisis*, which suggests that unless steps are taken the long term outlook may not be positive. The community survey was able to serve this purpose by highlighting the dissatisfaction of young people and the Noongar community with the status quo.

Third, there must be a focus on the individual entrepreneur or what may be termed *community enterprise initiators*. It is important to recognise that enterprise and innovation must occur at both the social and economic levels. The success or failure of the projects identified in the community meetings has depended largely on the availability of enterprise initiators. Of the projects that succeeded a key element to ensuring their success was the presence of one or more individuals willing to champion the idea and put in the time to get the project going. This is particularly important with business enterprise projects where financial and reputation risks are associated.

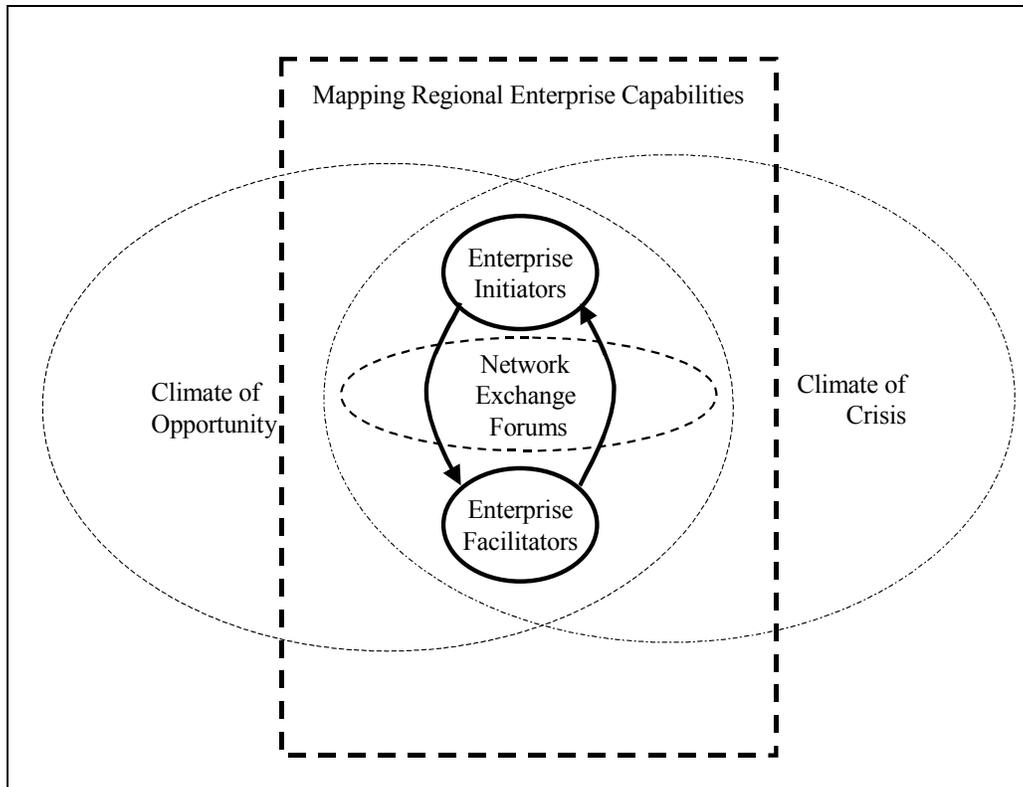


Figure 2: Key Factors Supporting Regional Enterprise Development

Third, it is important that there be *community enterprise facilitators* who can provide the support network environment needed for assisting new venture creation and business development, and who can participate in building the network development environment. The CGSBEC Manager played such a role along with representatives from the local, state and Commonwealth governments and Aboriginal enterprise development agencies. Such actors provide the community with support, resources and networking to other agencies or organisations outside the region. Noticeably, the most important of these facilitators was the locally based CGSBEC Manager who was specifically tasked to liaise closely with the community and provide personal support.

Fourth, the level of regional enterprise growth will also be dependent on the economic, regulatory, support and business environments operating within the region. Regional enterprise development needs to devote time to *map the region's enterprise capabilities*. The data collection process and community capabilities survey were important in this regard. Once the basic landscape has been mapped the focus can shift to the development of *network exchange forums for innovation and enterprise*.

Such forums comprised the initial community meetings, but also creation of new facilitative mechanisms as the CRIE centre which can combine existing resources and seek linkages to resources and ideas outside the study region.

8. Conclusions and Future Action

Future action within the community action research program will focus on organising new business venture starters forums, to be held in the CGSBEC-incubator with assistance from the academic research team. Also planned is the creation of a register of 'business angel' investors and mentors from among the local farming and business community. The academic research team will seek to undertake a series of industry benchmarking studies focusing on selected industries and will work via CRIE to prepare 'best practice' case studies and guidelines for nascent and novice entrepreneurs. It is anticipated that this information will be delivered through a series of interactive workshops held at the CGSBEC-incubator. This work is to be facilitated through CRIE, which it is hoped will serve as a focal point for the network exchange forum at the centre of the regional enterprise development framework.

This study has outlined a theoretical framework for enhancing community enterprise development and described how it has been applied within a small rural community. The findings highlight the importance of culture and local level cooperation and networking. For agencies seeking to encourage new venture creation and employment growth the model suggests that a holistic approach is required combining a sound foundation of research including consideration of both social and economic variables. Further, there must be locally-based enterprise facilitators who can work closely with the community but also serve as a link to people and resources beyond the region. The creation of a facilitative agency that can serve as a network exchange forum or social exchange arena can be of value. Such agencies must be carefully designed so as to compliment rather than duplicate existing public and private organisations tasked with economic development. The effectiveness of such agencies is also likely to be contingent on the commitment and goodwill of the participants. Finally, there must be practical projects that can result in tangible improvements in local community facilities, business growth, social or environmental conditions. Once such a process is commenced the cycle of activity needs to be renewed.

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