

***Profitable Associations:
The Role of Social Capital
in Rural Community Economic Development***

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Abstract

The literature on social capital indicates that it can be an important element for enhancing economic activity in communities. Such an assertion is justified by theorizing that elements of social capital, namely trust, shared values, and established networks can form the basis for economic transactions, including labour market opportunities. However, little empirical analysis of these claims has been undertaken. The paper presented here constitutes an initial exploration of a number of questions related to the role of social capital in rural economic development:

- , What constitutes the relationship between social capital and economic development?
- , Is there a relationship between social capital and labour market opportunities in rural communities?
- , Is social capital a useful concept to use in economic development studies?

These questions are addressed through research conducted in NRE/SRC sites in rural southern and eastern Ontario. A quantitative assessment for the structural elements of social capital is followed by a review of more qualitative information about the relationship between economic development and social capital. This paper forms the basis for identifying mechanisms at work and the potential contribution that the concept of social capital can make to economic development studies.

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1. Introduction

Use of the term “social capital” has been steadily growing since it arrived on the policy and academic scene in the mid 1990s. Many rural sociologists have embraced the term given its close ties to community development issues (for example see Flora 1998, Hofferth and Iceland, 1998, and Warner, 1999). Recently, the World Bank's Social Capital Thematic Group established a website devoted to exploring the concept and fostering its use in work with communities (see: <http://www.worldbank.org/poverty/scapital/sctalk/>). Such an interest in social capital indicates that economists find the concept worth exploring perhaps because it allows them to go beyond the limitations of rational choice theory. Economic issues figure strongly in much of the social capital analysis that has been carried out. Putnam (1995), Fukuyama, (1995), Robinson and Siles (1997), and Schiff (1992) all point to the connections between economic life and social capital. Flora (1998) reports that, based on studies of a related phenomenon, namely entrepreneurial social infrastructure* , there is a direct link between levels of social capital and economic development in the rural United States.

With direct reference to economic relations, Deans et al. (1996) describe social capital as complex, involving more than characteristics of participants or the networks themselves:

The network approach to studying small business in a rural setting suggests that the economic life of rural business is embedded in the social networks of the owners. They obtain their information and knowledge through the social relationships that they foster.
(Deans et al., 1996: 36).

Welke and Douglas's (1999) research into new rural enterprises in Huron County, Ontario, draws a similar conclusion. They found that the interconnections of economic activities with non-economic activities enhance economic development:

The presence of strong social networks in a community or area is one factor that should be taken into account by enterprise owner-operators considering establishing a business in a rural area (Welke and Douglas 1999: 145).

Such findings highlight the economic importance of a community's social resources. While social networks in rural areas are a source of new customers, new ideas, and new knowledge for rural business operators, these networks provide other, less business-oriented benefits. Generally, as research suggests, business owners are embedded in social relations (Green, 1996:4) and “dependent upon numerous and varied networks of acquaintances to augment their business activities” (Deans et al., 1996:44).

Social capital and economic development can be viewed from two more perspectives. On a broader scale, Putnam concludes that strong social capital is a predictor of economic

* Entrepreneurial social infrastructure (ESI) is built on the similar basic elements as social capital, namely networks, trust and reciprocity but ESI links them to agency or community action for improving community life (Flora, 1998)

success. As recounted by Sullivan (1995:28), “Civic culture, norms and networks of civic engagement seem to be the ‘precondition for economic development’, as well as for effective government.” From an individual firm’s perspective, Green (1996) found that social resources fulfill an important role in building access to financial capital. Firms, unable to gain credit from formal institutions, rely on personal or family resources:

because most businesses rely on local sources of capital, it is important for communities to provide alternatives to formal financial institutions to provide these resources. This issue is especially important for rural communities because there are likely to be fewer alternative sources of capital in these areas. (Green, 1998:2)

The paper presented here explores the relationship between social capital and rural community economic development through the analysis of both macro level data and more micro, qualitative community assessments. Conceptual connections between social capital and rural economic development are explored with an emphasis on entrepreneurship and labour markets. The paper presents a quantitative assessment for the structural elements of social capital as it exists in specific rural Ontario communities. Communities here are accepted as defined by municipal boundaries, although it is clear that social capital, embedded in networks and social relations is often expressed across such boundaries. This spatial consideration reflects the features, described by Fuller (1994;1998) in the “open society” where communities can be nested in groupings according to the nature of their social and economic relations. In the paper, this is followed by a review of more qualitative information about the relationship between economic development and social capital. The paper concludes with a discussion of social capital’s value as a concept for understanding economic development issues in rural communities.

1.2 Research Sites

The New Rural Economy Project (NRE) maintains a web site at:<http://nre.concordia.ca> where information about the 32 sites (based on Census SubDivisions) used for a number of rural Canadian studies is available. These sites have been chosen on the basis of their assessment with respect to 5 factors: high/low global economic exposure; stable/ unstable economies; metro/ non-metro adjacency; low/high capabilities and leading/ lagging status *. In southern Ontario, 4 sites have been designated as representative of different types of rural Canada. Another site has been added by the OMAFRA/University of Guelph Sustainable Rural Communities research program **. Pseudonyms for these sites are used in this paper to maintain confidentiality of residents’

*Details regarding the rationale for selecting these factors are available at:
<http://artsci-ccwin.concordia.ca/SocAnth/CRRF/sframe.html>

** For information about the Sustainable Rural Communities Program see:
<http://www.uoguelph.ca/Research/>

comments and opinions. Table 1 summarizes basic features of the 5 sites: Lincoln, Woolton, Herrington, Avondale, and Tudorville.*

Table 1: Characteristics of Southern Ontario Research Sites					
Site	Global Exposure	Economy	Adjacency	Capabilities	Lead/lag status
Lincoln	high	stable	metro	low	leading
Woolton	low	fluctuating	metro	low	lagging
Herrington	low	stable	metro	high	lagging
Avondale	high	fluctuating	metro	high	leading
Tudorville	low	stable	metro	high	leading

1.2.1 Lincoln is close to Lake Erie in prime agricultural land of southwestern Ontario. The town is in close proximity to several large urban centres and well-served by various transportation modes. When amalgamation with a number of rural and urban townships recently occurred there was strong opposition from Lincoln given its historical identity as a prosperous centre for the surrounding farming community. Retail businesses are clustered in the downtown with industrial, commercial, and some retail activities located closer to the outskirts. The population is concentrated within site boundaries and can be described as having the following characteristics based on the NRE sampling grid: global exposure with a relatively stable economy; it is metro adjacent, has low capabilities, and leading status.

1.2.2 Woolton is located on the southern edge of Ontario's "cottage country", has undergone recent amalgamation with neighbouring townships and will soon be merged with others into the county administration. Dispersed settlement patterns in pockets of summer cottages around small lakes are typical of the site landscape. Conditions are poor for farming (limestone platform) but allow for quarrying. Residents appear to have little community identification with Woolton itself, using neighbouring centres for meeting their needs. Based on the NRE sampling grid factors, this site is described economically as having low global exposure with fluctuating tendencies; metro adjacent; lagging; and having high capabilities. Agriculture plays a modest to insignificant role in the community's economic activity. Soil

* It should be noted that in some cases the CSD site does not always conform to the usual definition of community as a complex of people, institutions, shared interests, locality, and a sense of belonging (Wall and Rowley, 1995). In the case of Woolton, Avondale and Tudorville there is more community attachment to smaller hamlets and villages within the site than to the site itself. Herrington and Lincoln, by contrast are CSDs that parallel defined geographical communities.

type and other limitations are clearly important factors in this situation. Otherwise, residents are employed in construction, manufacturing, trade and other categories with the majority traveling outside the site for work. A number of residents are those who have retired to the area, turning their previously summer homes into permanent residences.

1.2.3 Herrington is a town located on a route between Toronto and Ottawa. This site has amalgamated with its neighbouring rural townships and acts as a service centre for the surrounding farm and rural non-farm community. The manufacturing industry and public service sectors have declined in the current economy which is mixed, based on tourism and retirement functions as well as retail and agricultural services. Herrington has vibrant and enthusiastic community representatives who are eager to improve economic conditions. The residents have a strong identification with the community and are willing to work hard at improving its economic development. Recent changes related to loss of services have created some stress for the community. Based on the NRE sampling grid factors, Herrington is also described economically as having low global exposure with stable tendencies; metro adjacent; lagging and having high capabilities.

1.2.4 Avondale is dominated physically by a commercial farm landscape with cash-crop and livestock operations providing employment for 40% of the workforce (one of the highest in the province and Canada). There is no town or village of any size in Avondale; most residents rely on an adjacent town for service and some retail needs. Municipal amalgamation with that town and other townships has been widely accepted by the population who do not have a strong community identification with the site. Settlement patterns are dispersed in typical Ontario farmstead fashion. Based on the sampling grid factors, Avondale is categorized economically as having high global exposure with fluctuating tendencies; metro adjacent; leading; and having high capabilities.

1.2.5 Tudorville has also been recently amalgamated with neighbouring townships and is close to a major river and large urban centre. The site appears to be somewhat fragmented with language divisions and residents in small hamlets and villages dispersed along gravel roads and the river. A modest farming economy exists with a mixed commuter pattern largely dependent on the neighbouring urban centre. A town within Tudorville is the main service centre although most people tend to leave both locations for retail provisions. The population is best described as multi-centred. Based on the sampling grid factors, Tudorville is described economically as having low global exposure with fluctuating tendencies; metro adjacent; leading; and having low capabilities.

These five sites represent to some extent the diversity found in rural southern and eastern Ontario. For some, agriculture has been, and continues to be, a dominant economic base. In others the proximity of major urban centres where a portion of residents travel for work, has altered the dynamic of the traditional rural settlement. As well, some sites have become retirement centres for an older generation requiring specific services and facilities. Still other sites are typically rural small towns in appearance that have to meet the needs of an increasingly diverse population. They

do so while contending with major changes from alterations in federal and provincial service delivery and municipal amalgamations.

2. Social Capital

Most definitions of social capital include some reference to mutual relations, interactions and networks that emerge among human groups, as well as the level of trust and cohesion seen as the outcome of obligations and norms which adhere to the social structure (Wall et al, 1998.) In theory, it can be argued that the more self-contained a community is the greater the social capital will be. For example, a relatively isolated rural community where family and neighbours are continually interacting through work, leisure and shared interests will likely have strong social relations and dependencies as well as strong community attachments. Residents of such rural communities value their social capital and express appreciation for it when they have to move away to gain employment (Matthews, 1976; Richling, 1985).

Social interactions and networks are construed as capital when some transformation takes place based on incorporating them with other resources and creating an outcome. Such a conceptualization reflects a systems approach (inputs-process-outputs) to understanding community. By locating this view of community social capital in systems thinking, it is possible to distinguish between two separate yet related facets that correspond to the system's structure and process, namely: social capital as **stock** and social capital as **experienced**.

Having a stock of enduring social institutions/infrastructure is a necessary but not sufficient condition for individuals to experience and enrich the social capital inherent in their community. Voluntary associations, informal friendship and kinship networks, communication media, and relatively stable demographic patterns are important community assets for developing social capital. There are also some important structural conditions that will (in theory) favour the development of social capital. These include having a relatively homogeneous population in terms of occupation, ethnicity, and language. It is important to recognize that the tendency to be exclusive on the basis of such traits has the potential to erode social capital at a broader community level. To overcome this limitation, Flora (1998) uses the idea of "entrepreneurial social infrastructure" (see footnote* on page 1) and argues against a homogeneous conceptualization of social capital. His preference is to suggest that diversity (among a host of other factors) will enhance network qualities and lead to more effective community development. Despite Flora's justification for such an approach, the authors of this paper have chosen to embrace the more traditional understanding of social capital as arising from mutuality, while acknowledging that it can be used to disadvantage/exclude certain groups within a particular community as well.

Less easy to depict (and measure) is the experiential side of social capital that emerges within the context of these structural elements. In this case, some assessment of the strength and importance of social relations that enhance the development of trust, networking, cohesion and reciprocity is needed. In this paper, qualitative assessments of social capital as experienced are based on interviews and fieldwork conducted in the selected sites during 1998-2000.

2.1 Social Capital Profiles of Rural Ontario Sites

An overall structural assessment of site conditions that will favour the development of social capital is possible with 3 variables that each encompass different indicators:

- “**community life**” which reflects the number of **voluntary associations** available for residents to participate in and **media coverage** about community events, history and residents;
- “**community stability**” is represented by **population change** in a 5 year period and number of **people commuting** out for work.
- “**community homogeneity**” is portrayed in **similarity indexes** which designate shared experience, values, and outlooks as expressed through similarity in occupation, ethnicity, and language.

Table 2 summarizes the measures for these 3 variables and the rationale for using them.

Table 2: How to assess structural conditions favouring social capital development		
Variable	Indicator	Rationale
community life	#of vol orgs/person	-the more voluntary organizations, the greater the chance for individuals to interact and reproduce common values and trust
	media coverage	-the more community information is available, the greater the chance residents will form attachments and build social relations.
community stability	% of nonmovers in 5 years	-the more people remain in the community, the more likely they will develop social relationships, networks and trust
	% of commuters (work in different CSD)	-the more people working in the community, the greater the chances of interacting with other residents and therefore of intensify social capital
community homogeneity	occupation	-people who share occupational experiences will develop trust and mutual understanding more easily than those who do not.
	ethnicity	-people who share ethnic backgrounds will develop trust and mutual understanding more easily than those who do not
	language	-people who share ethnic backgrounds will develop trust and mutual understanding more easily than those who do not

2.1.1 Detail on the indicators

Voluntary Associations include those organizations that serve a public benefit; depend on volunteers, at least for governance; receive financial support from individuals; and have limited direct control from governments. Categories of voluntary associations are: Social Services; Health Services; Local Economic Development; Youth and Seniors; Service Clubs; Sports and Recreation; Religion; and Political. The number of such groups in each site is calculated and divided by the total population to generate a ratio comparable across sites.

Communications media are restricted to local newspapers that cover activity in the research sites. Content analysis of a sampling of these papers was carried out by calculating the percentage of the paper that is devoted to community events, history and residents.*

Percentage of non-movers over 5 years and **Percentage of commuters out of the CSD** provided by the NRE research project and are calculated for each site from 1991 and/or 1996 Census data.

Similarity indices for occupation, ethnicity and language are also provided by the NRE research project and are calculated for each site from 1996 Census data.¹

Table 3 summarizes how the 5 rural Ontario sites compare in terms of the social capital variables and indicators. It also presents a social capital score for each site based on these measures and impressionistic assessments (discussed following Table 3). The number in the last column reflects a Lickert scale format with 1 being very low and 5 very high.

* Community newspapers relevant to the site were selected; all editions published from May 24-July 5, 2000 were reviewed. First the total number of articles (excluding editorials, letters to the editor and announcements) was counted. Then the total number of articles relating specifically to site history, residents and community events were enumerated and expressed as a percentage.

Table 3: Social Capital Measures for Rural Ontario Sites

site	community life		community stability		community homogeneity			Social Capital Score
	volorg/person	media coverage	nonmovers	commuters	occupation	ethnicity	language	
Lincoln	1:77	42%	76%	40%	tbc	.49	.93	4.0
Woolton	1:41	tbc	94%	81%	tbc	.57	.99	3.0
Herrington	1:42	44 %	84%	38%	tbc	.52	1.00	4.5
Avondale	1:102	5%	93%	61%	tbc	.56	.97	2.0
Tudorville	tbc	5%	92%	65%	tbc	.62	.84	2.5

* tbc means To Be Completed

2.1.2 Discussion of the Results

Community life: The sites vary considerably in terms of the number of voluntary organizations per person. Herrington and Woolton have the highest ratios with one organization for approximately 42 or 41 people. It is interesting to note that on the NRE site selection indicators, both sites are lagging in terms of economic and opportunity factors. By contrast, Avondale, with the smallest number of voluntary organizations per person, has the lowest unemployment rate and leading status. The sites also have sharp differences regarding media coverage of community history, events and residents. The two towns (Lincoln and Herrington) have community newspapers devoted to the sites while the three townships rely on media from neighbouring communities to provide local information.* While there is some consistency in community life measures for Herrington, Avondale and Tudorville (i.e. they all have either high or low rankings for both indicators), Lincoln and Woolton are somewhat incongruent given their high ranking for one measure but low for the other.

Community stability: Once again, the towns sites are shown to be different from township sites with respect to non-movers and commuters. Both Lincoln and Herrington have had 24% and 16% (respectively) of their population move into the site during the 5 year period (1991-1996). Although these figures are still relatively low, they stand in contrast to the less populated townships (Woolton, Avondale and Tudorville). Commuting data suggest a reversal of the non-moving pattern. In this case the township sites have more residents leaving the CSD for work. Taken together, these two indicators of community stability suggest all 5 sites are relatively equal.

Community homogeneity: Each site exhibits some diversity in ethnicity with Lincoln having the greatest and Tudorville the least. Compared to the average score of .55, the sites do not differ greatly enough from each other to suggest greater or lesser potential for social capital. Likewise with the language similarity where Tudorville shows the most diversity and Herrington the least. In terms of community homogeneity, the sites are roughly equivalent.

Although it is legitimate to assess social capital in terms of the structural measurements presented in Table 3, it is not the only method available to researchers. Intuitive impressions based on site visits and interactions with the residents can also provide valid evaluations of community social capital. Based on these more qualitative assessments in combination with the structural indicators, it is possible to summarize potential social capital development in each of the sites as follows:

Lincoln: high but polarized around current municipal and land use issues;

Woolton: moderate overall but high in specific areas where environmental issues have created some solidarity;

Avondale: low in general due to dominance of a neighbouring large town that many residents identify with;

* As noted, Woolton does not have a community newspaper as such but does have an excellent newsletter provided by the local churches which is full of information regarding site residents and community events.

Herrington: appears very high because of several committed residents whose energy and enthusiasm for their community are evident;

Tudorville: moderate to low due to amalgamation with larger centre and relative inactivity in the site for economic/service sectors.

3. Community Economic Development

The term community economic development has become a key phrase for policy-makers, community planners, and academics since the 1970s when interest in community welfare became a significant political issue. Because economics is central to a community sustaining itself, the notion of economic development takes precedence for government policy, especially at the municipal level. Although there are many different aspects to community economic development in terms of the inherent power structures and interests, its general meaning is:

Community economic development involves purposeful intervention by the community (or its representatives) in selected aspects of the community's economy, for the community's welfare. It is about communities addressing problems and opportunities, on their own behalf, which they perceive to be of importance to their quality of life or their community's viability. (Douglas, 1994:3)

Community economic development is comprised of a number of important variables including entrepreneurship and labour markets. The former refers to activity involving individuals who are able to assemble the necessary resources and factors of production and develop viable businesses (Douglas, 1994). Labour markets describe the supply of, and demand for, labour in a specific region. Both are subject to strong influences from within and without specific community boundaries. For this paper, the specific interest is within, especially in terms of how social capital is linked to entrepreneurial and labour market dynamics.

3.1 Entrepreneurship

Entrepreneurship covers a broad spectrum within the economic development field. It is portrayed as a significant factor of North American historical development (Kent et al, 1982:xxxvii) and as a solution to present economic challenges (Nichol, 1999:4). As such, it is an important feature of rural economic development in Ontario (Welke and Douglas, 1999; Knafelc, 1999; Douglas, 1994). Not surprisingly, there has been a corresponding increase in government programs to support this development (Welke and Douglas, 1999; Knafelc, 1999; Douglas, 1994). For instance, the Ontario Ministry of Agriculture Food and Rural Affairs (OMAFRA) has instituted Business Retention and Expansion programs and new Business Enterprise Centres in rural Ontario and promises more support for such activity through OSTAR (Ontario Small Town and Rural Initiative).

The term entrepreneurship is often used interchangeably with self-employed (Bates, 1993); adding the qualifier "highly successful" narrows this further (Kent, 1982:4). Based on Census data, Reimer (2000) explored several self-employment and entrepreneurial factors for rural Canada. It is argued that self-employment/entrepreneurship is one way that rural communities will move from

a traditional reliance on primary sector industry to small business activity in manufacturing and service that can provide new opportunities for employment. For all Rural Canada, the proportion of self-employed workers grew from 12.6% in 1986 to 17% in 1996 (Reimer, 1999). Ontario data indicate an increase from..... to..... experiencing growth in professional self-employment, namely for medicine, health, clerical and sales (Reimer, 2000).

Just as structural factors were cited as important for social capital development, so too can structural factors be used to reflect the potential for entrepreneurship (and therefore community economic development). Based on Reimer's analysis, the presence of **self-employed individuals** and **level of income** are two such indicators (Reimer, 2000). The first includes all self-employed entrepreneurs in the site (caution about agriculture here).. The second factor, level of income, provides a good indication of the economic health of the community with the understanding that the more, higher income earners, the greater the financial resources to use entrepreneurs' services.

Entrepreneurship however, also possesses a very strong social dimension (Bates, 1993; Dykeman, 1990; Shapero and Sokol, 1982). For example, efforts to explain the high propensity of Asian immigrants to the United States to pursue self-employment led to social theories of entrepreneurship. Bates (1993) explains that sociological analysis of small business focuses on cultural factors and treats firm ownership as a group phenomenon where social resources embedded in kinship, peer, and community support networks are very important. Taking this notion further, Dykeman (1990:8) describes whole communities as entrepreneurial:

Sustainable communities are also entrepreneurial communities. This suggests that sustainable community approaches must involve a process that will motivate, build self-confidence, be committed to the long term, reflect high energy levels, be a persistent problem solver, demonstrate initiative, be willing to establish goals and be committed to objectives, and be a moderate risk taker.

Reimer (2000) also acknowledges the importance of social factors for self-employment/entrepreneurship to flourish arguing that **marital stability** and **percentage of families owning their own homes** will create a stable social environment for individuals to pursue entrepreneurial interests. Using Dykeman's (1990) reasoning, communities with more stable families owning their own homes will furnish a business environment favourable to entrepreneurial activity.

3.2 Labour Markets

When issues of self-employment are raised, they create a direct link to labour market activity where one of the possible choices is to work for oneself and stay out of the labour pools available for rural employers to draw on. Labour markets reflect the nature, distribution and conditions of business, as well as the composition, disposition, and structure of the labour force (Alasia and Fuller, 1997). Social capital will be a factor to consider in terms of access to jobs and the nature of business structures. For instance, home-based businesses rely more heavily on local financial capital and labour than non-home based enterprises (Reference). The trust and well developed social relations among family members and local suppliers is important not only for inputs into the business activity, but also for forming the market for home-produced goods and services.

Examples in rural communities include home-based hair-dressers and insurance agents who develop clientele mainly through word of mouth.

A study by Fuller et al (1999) indicates that levels of commuting to work are consistent among farm, rural non-farm, and town residents. According to their analysis, participation in the labour market beyond community boundaries does not appear to be restricted to place of residence. In terms of gender however, there is some difference as proportionately more men commute further for paid work than women do (Fuller et al 1999). Likewise, studies indicate that rural youth face restricted options for employment and often leave their home communities for higher education and work opportunities.

Labour market conditions that will enhance community economic development include having **low unemployment levels, high labour force participation rates for youth and females** and a skilled labour force. Census data for these features is available for all 5 sites.

3.3 Profile of southern Ontario sites for economic development

Based on the foregoing discussion, both entrepreneurship and labour markets are important variables for understanding community economic development. Table 4 summarizes the measures for these variables and offers a brief rationale for their use.

Table 4: Measures for assessing Community Economic Development in southern Ontario Rural sites		
variable	indicator	rationale
entrepreneurship	level of self-employment	-the higher self-employment rates, the greater the number of entrepreneurs
	level of income	-the higher the income level, the more likely residents can purchase services from local entrepreneurs
	marital stability	-the more stable the family, the more capable individuals are of taking business risks
	% home ownership	-the more home ownership, the more capital available to start own business
labour markets	level of unemployment	-higher levels of unemployment suggest fewer financial resources either to engage in entrepreneurial activity or to support it.
	labour force participation youth	-the more youths in the labour force, the greater the labour pool for entrepreneurs to draw from
	labour force participation for females	-the more women in the labour force the greater the labour pool for entrepreneurs to draw from
	human capital	-higher skill levels among potential employees will benefit the firms/businesses hiring them

Census data from Statistics Canada for 1996 were used to determine the measures for entrepreneurship and labour markets. Level of self-employment is expressed as the number of self-employed males and females compared to all employed individuals while income level is the basic average income in each site. Marital stability is expressed as a ratio of two-parent to lone-parent families. A ratio was also used to describe home ownership by comparing the number of owner occupied to rented dwellings. For labour market measures, unemployment and participation rates are all expressed as percentages of the total labour force and the population 15 years and over, respectively. Human capital is represented by education level, namely the percentage of adult population with less than grade 9. Table 5 describes each of the 5 rural Ontario sites in terms of these community economic development indicators and in terms of a Lickert scale as was used in Table 3. In this case 1 represents a very low potential for economic development and 5 reflects a very high potential. Scores were assigned based on combining the values from entrepreneurship and labour market indicators with an intuitive impression from experience in the site.

Table 5: Community Economic Development measures for Rural Ontario sites*

site	entrepreneurship				labour markets				Community Economic Development Score
	level of self-employment	average income	marital stability	home ownership	unemployment level	youth LF part rate	female LF part rate	Human Capital	
Lincoln	12%	22342	7:1	2:1	11%		55%	15%	3.5
Woolton	18%	21677	10:1	6:1	16%		49%	19%	2.5
Herrington	31%	20725	6:1	2:1	17%		53%	18%	3.0
Avondale	26%	20840	12:1	5:1	3.7%		75%	12%	4
Tudorville	22%	22547	15:1	4:1	11%		57%	19%	2.5

3.3.1 Discussion of Results

The data in Table 5 suggest that the 5 sites vary somewhat in their community economic development status. With respect to structural factors enhancing entrepreneurship, self-employment is highest in Herrington. This is understandable given that it is a village where the closest urban centre for services is not conveniently close. By contrast, Lincoln (with the lowest rate of self-employment) is near a major urban centre which provides opportunities for paid employment and thereby reduces the percentage of self-employed residents.

-more analysis needed..compare to Ontario average..

-Avondale's level of self-employment may be skewed by including farmers.

Average income in all the sites is similar....

Marital stability is greater in the townships perhaps reflecting a more traditional rural view of family and marriage and the difficulties of single parents face if they are in more isolated areas. Likewise, home ownership as opposed to renting is much more prevalent in the rural townships of Tudorville, Avondale and Woolton. Taken together these indicators for potential support of entrepreneurship suggest.....

Labour market data are equally diverse for some indicators. Unemployment is very low in Avondale, due partly to having a large farming sector and partly to the strong economy in the surrounding region. The most recent statistics on employment in the area indicate continuing decreases in unemployment (Gordon, 1999:22). Both Woolton and Herrington have relatively high numbers of people out of work compared to the Ontario average for 1996 at 9% while Lincoln and Tudorville (with employment opportunities within commuting distance to large urban centres) have rates of 11 %, closer to the provincial average.

Labour force participation..for youth...

Female participation is highest in Avondale where the farming sector and access to jobs in nearby towns provide employment opportunities. The opposite factors influence conditions for female workers in Woolton and Herrington. The relatively low participation rates for women in Lincoln and Tudorville are

Education levels reflect potential problems for employers wanting a skilled labour force. The Ontario average for those with less than grade 9 education is 12% of the adult population. Only one site, Avondale, reflects the provincial norm, which no doubt contributes to its higher placing on most other economic development factors. Tudorville, Herrington, and Woolton all have similar low levels of with Lincoln falling in between.

Taken together, the structural indicators for entrepreneurship and labour market have been considered in light of the impressions researchers have from being in the sites, interacting with key informants including economic development personnel, and generally observing the situation. The results are available in the scores found in the last column with the following brief explanation:

Lincoln: has a reasonably good potential for community economic development based on the support available from a historically strong agricultural economy, solid infrastructure, and a pro-business spirit.

Woolton: presents a relatively weak sense of potential economic development given the absence of an industrial base, prevalence of a retirees, and no obvious interest in business-promotion.

Herrington: gives an impression of moderate opportunities for economic development, especially in the tourism sector. However, transportation and supporting infrastructure appear to be lacking and may hamper attempts.

Avondale: is situated in a region of bustling economic development and has several features that can serve residents well in their pursuit of business opportunities.

Tudorville: is currently under-developed economically and shows little sign of changing. This is due partly to a tendency to focus outward to other communities, rather than inward to developing potential opportunities.

4. Social Capital and Community Economic Development: How they work together in the Sites

Based on the information presented in the foregoing sections, the five sites can be aligned in terms of their scores for both social capital and community economic development potential. (see Table 6.)

Table 6: Comparison of scores for social capital and community economic development		
site	social capital	economic development
Lincoln	4.0	3.5
Woolton	3.0	2.5
Herrington	4.5	3.0
Avondale	2.0	4.0
Tudorville	2.5	2.5

Avondale and Herrington, differ from the other three sites in terms of a disparity between the two scores. The former appears to have much more potential for economic development than it does for building social capital, while the latter faces the opposite situation. It is likely that the Avondale residents have access to considerable social capital, it just is not located at the site/municipality level. Instead, social networks, mutuality and trust may well be formed around communities of interest (farming) and kinship ties that go well beyond the site boundaries. Herrington presents an interesting case for future observation given the potential use of social capital stock for launching new economic activity. Lincoln, Woolton, and Tudorville have scores that are aligned fairly closely which supports the idea that level of social capital and community economic development are related.

4.1 Further Discussion

Information about the linkages between social capital and entrepreneurship is available from qualitative assessments in two of the sites. In the case of Avondale, research addressing entrepreneurial activity has been conducted for the region within which the site exists. Researchers have found that entrepreneurs maintain a strong reliance on community supports, such as access to information and being part of a network (Welke and Douglas, 1999). Interviews with business owners/operators suggest that doing business in rural areas leads to more personal relationships than occurs in urban areas (ibid) which demonstrates the two way nature of the linkage between social capital and entrepreneurship.

Others have noted that the businesses started up in the region including Avondale tend to be family-centred and small (88% of non-farm businesses have fewer than 5 employees), just like the farming enterprises many residents would have been familiar with (Vodden, 2000). In fact, the rural-farming culture where values of withstanding hardship, independence combined with always helping neighbours, and attachment to place are all beneficial to developing entrepreneurial spirit. The prevalence of family members and relatively small scale operations creates ideal conditions for trust, mutuality, and reciprocal relations (ie. social capital) to develop and, in turn, provide the kind of stability and security that the businesses need to continue running.

The strong, cohesive nature of the farming community in Avondale has direct influence on the independent nature of the self-employed labour force in farming. Tight traditional social relations produce mutual support for the core farming community, while the need to sustain livelihoods through off-farm work is also present. Although many Avondale residents tend to have strongly held values and beliefs in resisting (non-farm) development, they may have little choice about having to accept new economic enterprises as the business potential in the region is developed.

The other site to consider is Herrington, which presents a relatively self-contained image of a typical close-knit rural village. According to a key informant, 56% of the population is at or below poverty level. Those who are seeking employment have limited opportunities in the site and often have to travel fairly far for labour market opportunities. However, commuting to work is considered antithetical to the development of local social relations. A Herrington female resident, now retired, revealed that she came to the area as a young married woman, lived outside the

village, and commuted to work in a major centre 40 miles away. Consequently, she claimed to know few people in the community even though she had lived close by for most of her adult life. Her experience was the exact opposite of her friend, a local woman who had lived all her life close to Herrington where she and her husband had farmed and run small resource based enterprises until he died. By contrast, her knowledge of community history, families, social issues, and networks was extensive.

TO BE COMPLETED

6. Conclusions: Social Capital's Utility for Understanding Community Economic Development.

TO BE COMPLETED

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Endnotes

1. Information on how to create the similarity indices provided here