



Community and Economic Development in North Carolina and Beyond Blog: Supporting rural & low-wealth entrepreneurs

By CED Guest Author

Article: <https://ced.sog.unc.edu/supporting-rural-low-wealth-entrepreneurs/>

This entry was posted on February 17, 2010 and is filed under Community Development, Economic Development, Financial Assets, Report On Asset-Building Strategies, Sustainable Development

Lisa Stifler is a Research Associate with the Community & Economic Development Program.

For many rural communities, economic development efforts over the past couple of decades have often been focused on attracting and recruiting industries and big employers to their towns, counties, or regions. While this strategy can lead to some positive economic development results, including job creation, an increase in tax revenue, and lower unemployment, it is not suited for many rural communities. Reasons for this include high start-up costs to fund the recruitment efforts, the fact that recruited businesses are often out-of-state businesses, the quality and wages of the jobs (often low-wage jobs), the fact that it is hard and time consuming to attract the businesses to small rural communities, a lack of physical infrastructure necessary for the businesses, or the chance that the business will leave the community once costs in that location because too high.

However, many rural communities have focused their efforts and money on supporting local entrepreneurs, an effort that some call “economic gardening” or “homegrown economic development.” These rural communities and organizations supporting rural entrepreneurship is a strategy that can produce economic, social, and even environmental benefits for individual residents and for the community, and on the whole, entrepreneurship has the potential to increase the wealth of rural communities. Focusing on local entrepreneurship builds on the strengths of the community and taps into assets already there. Further, research shows there is a correlation between small or medium-sized business ownership and increased household income and health, and studies also show that microenterprises (businesses with 5 or fewer employees) contribute to poverty reduction, increases income, and helps build individual assets. Beyond the job and wealth creation potentials of small businesses, these businesses also play a large role in developing innovations in our society and economy.

Often called entrepreneurship development or small business development, there are a variety of programs that can assist rural and low-wealth entrepreneurs and microenterprises. These programs and initiatives include training and education, financial assistance, and support and technical assistance. North Carolina is fortunate to have Small Businesses Centers located at each of its 58 community colleges, and each of the state’s 16 UNC campuses houses a Small Business and Technology Development Center. However, these resources focus largely on existing businesses, not necessarily on survival or aspiring entrepreneurs or microenterprises, and their locations may also be far removed from many rural communities.

Other agencies and organizations often fill the gaps for rural entrepreneurs, whether in this state or outside. In Pasquotank and Camden Counties, River City CDC offers a variety of small business development services to start-ups and existing businesses, with a particular focus on low-wealth entrepreneurs and business owners. Services include business planning and development, financial analysis technical assistance, strategic planning, marketing, human resources, and support in accessing financing. River City CDC also offers a youth entrepreneurship initiative for low-income at risk youth ages 16-24 that provides training, education, and support in assisting area youth to think about and become entrepreneurs. Finally, the organization also houses a regional entrepreneurship coordinator who serves a five county area and focuses on creating a support system for the regions entrepreneurs.

In the western part of the state, Mountain BizWorks has been providing technical assistance, education, training, and financial support to rural and low-wealth entrepreneurs in Western NC since 1989. Mountain BizWorks regularly offers classes taught by business professionals and consultants from a “foundations” series for start-up businesses (which culminates in the creation of a business plan) to more advanced business courses, including marketing, sales, financial tools, and a variety of hot topics courses. In addition, the organization offers one-on-one business coaching for existing



business owners and a specialized program for businesses seeking to grow beyond the start-up phase and that are ready for rapid growth. Further, Mountain BizWorks houses a women's business center, offers loans up to \$50,000, and provides membership opportunities for area residents and businesses that enables them to access professional services of accountants, lawyers, and other business professionals. Finally, and perhaps uniquely, Mountain BizWorks hosts a variety of peer networks or alliances for businesses in its service area, including alliances for female entrepreneurs, Latino entrepreneurs, farmers, artists, green businesses, and others.

In Montana, Rural Dynamics, Inc., an organization historically focused on increasing economic opportunities for individuals and families through credit counseling, IDAs, and tax assistance, has been offering free tax preparation services for a number of years to low-wealth entrepreneurs who are self-employed. The service assists taxpayers in filing their Schedule C or C-EZ tax form and through that process educates the entrepreneur by helping him or her understand the tax code, giving information on valuable tax credits available, and providing an opportunity to understand the businesses finances in-depth on a regular basis. The program also links tax payers with useful business tools, including financial education, credit, and budgeting classes and connecting them to small business networks and resources throughout the state.