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ENTREPRENEURSHIP AND COMMUNITY ECONOMIC DEVELOPMENT: EXPLORING THE LINK

By

Monica C. Diochon

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Thesis submitted for the fulfilment of the

Degree of Doctor of Philosophy

University of Durham

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ENTREPRENEURSHIP AND COMMUNITY ECONOMIC DEVELOPMENT: EXPLORING THE LINK

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ABSTRACT

This dissertation addresses the issue of bottom-up local development which has been gaining momentum across Europe and North America. A review of the endogenous/exogenous development debate identifies key definitional and conceptual deficiencies/ambiguities and argues that existing conceptual frameworks provide an inadequate theoretical basis for understanding how community-based action can be more effective than interventionalists in stimulating development.

An examination of this debate in Canada provides a contextual orientation for the empirical work and focuses the research on a particular endogneous approach, Community Economic Development (CED), which policymakers have turned to in response to persisting regional disparities. An analysis of this approach uncovers a mêlée in precisely defining CED, its objectives, practice, and potential. In systematically dealing with the main definitional and conceptual issues, the unaddressed question of how entrepreneurship can be stimulated in economically disadvantaged rural communities is explored by bringing together the economic and socio-cultural factors influencing development process effectiveness in the *Enterprise Development Model.* In testing the model, case studies of two communities are used to explore the extent to which the process adopted is entrepreneurially configured and whether such a configuration leads to higher levels of innovation and economic development. The consistency of the findings with the research hypotheses provides considerable support for the theoretical framework.

Overall, this dissertation makes several contributions: it addresses issues of importance in the exogenous/endogenous development debate; it provides a definitional and conceptual basis for a better understanding of the relationship between entrepreneurship, innovation and economic development; it highlights the need for a methodology and research design which can deal with contingent and complex phenomena; it clarifies the relative and interactive influence of various process elements; it provides an analytic tool for designing, diagnosing and evaluating community-based development; and furnishes a basis for policy development.

LIST OF ABBREVIATIONS

ACOA	Atlantic Canada Opportunities Agency
ADA	Area Development Agency
BDC	Business Development Centre
CED	Community Economic Development
CES	Community Employment Strategy
CEIC	Canada Employment and Immigration Corporation
CF	Community Futures
CWADC	Canso Waterfront and Area Development Corporation
DEVCO	Cape Breton Development Corporation
DIMA	Development Isle Madame Association
DFO	Department of Fisheries and Oceans
DNR	Department of Natural Resources
DREE	Department of Regional Economic Expansion
DRIE	Derpartment of Regional Industrial Expansion
ECBC	Enterprise Cape Bretion Corportation
EGCDA	Eastern Guysborough County Development Association
ERA	Economic Renewal Agency
ERC	Employment Resource Counsellor
GCBDC	Guysborough County Business Development Centre
GCRDA	Guysborough County Regional Development Authority
HRDC/HRD	Human Resources Development Canada
IAS	Industrial Adjustment Services
LED	Local Economic Development
LEDA	Local Economic Development Assistance
RDA	Regional Development Authority
RDIA	Regional Development Incentives Act
SHRDC	Strait-Highlands Regional Development Commission
TAGS	The Atlantic Groundfish Strategy program
UI	Unemployment Insurance

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CHAPTER 1

INTRODUCTION AND OVERVIEW

1.1 THE PURPOSE OF THE RESEARCH

The aim of this dissertation is to contribute to a better understanding of community-based development by specifically dealing with the relationship between entrepreneurship and community economic development. The researcher's interest in pursuing this particular research agenda is both personal and professional in nature, developing out of an academic career oriented toward entrepreneurship, several years experience in community-based small business development, and life-long residency in the most economically disadvantaged region of Canada.

While community-based development activity is increasing in Canada, it is simultaneously gaining momentum throughout Europe and North America. Having virtually abandoned the traditional centrally devised regional economic development policies and initiatives, government policymakers throughout industrialised nations have been increasingly favouring community-based development approaches in dealing with the economic and social problems associated with global economic restructuring.

In Canada, for example, government began abdicating its interventionalist role during the 1980's by increasing the level of community involvement in policy and programme development. During this time, social safety nets such as income transfers and 'make-work' projects continued to play a strategic role in government's response to economic disparity and poverty. However, by the 1990's, rising deficits and lower rates of economic growth were diminishing the resources available to support the social safety nets as well as other programs conventionally used in dealing with economic and social problems. Yet, demands on programmes were increasing as socio-economic restructuring was not only affecting greater numbers of people but putting the survival of entire communities at risk.

With conventional regional development policies and programs perceived to be ineffective, both the federal and provincial levels of government in Canada determined a need for alternative development approaches which were more inclusive and capable of integrating both economic and social objectives. Community Economic Development, an approach which assumes that a community's problems are best understood and solved endogenously, began to capture the interest of policymakers. Soon policy statements were heralding community economic development as the panacea in addressing both economic and social problems. Moreover, these statements asserted that effectiveness in stimulating development within the context of the clichéd 'global economy' required entrepreneurship and innovation. However, with the responsibility for both economic and social development being delegated to communities, government has yet to formulate a comprehensive Community Economic Development policy. Indeed, the basis upon which such a policy would be founded is not altogether clear.

What is most puzzling to the researcher is that on the one hand, policymakers, practitioners and academics are endorsing community economic development as a means of addressing economic and/or social adversity, while on the other hand they are concluding that communities which have failed to demonstrate entrepreneurship in attempting to deal with the negative effects of socio-economic restructuring lack development potential. Having worked with countless numbers of people in various communities, there has been no evidence to indicate a lack of development potential. Indeed, within the entrepreneurship field, it has been shown that every individual has some degree of entrepreneurial potential. This being the case, would not every community have development potential? Indeed, the researcher's experience in entrepreneurship education and community-based small business development indicates that entrepreneurship can be acquired if individuals are provided the opportunity to do so.

To claim that some communities lack development potential suggests that the nature of the relationship between entrepreneurship, innovation and economic development is not well understood. Given that communities with the greatest reliance on the social safety nets, typically, have been judged by to be lacking entrepreneurship, innovation and

development capacity, a key research question needing to be addressed is why some communities are entrepreneurial in addressing their problems while others are not. Arguably, determining the potential of endogenous approaches to successfully deal with problems and/or opportunities depends upon a better understanding the role of entrepreneurship in the development process. Fundamentally, in order to understand if and how community economic development can be effective in addressing existing disparities, a better conceptual understanding of the development process is required. Considering the lack of scholarly attention these issues have received, this research has both academic and practical importance. Therefore, while this dissertation aims to provide a basis for policy development which can more effectively facilitate community-based economic development, it also aims to assist economically disadvantaged communities which are confronting the challenge of dealing with economic problems.

1.2 OUTLINE OF THE THESIS

In organising this dissertation to address community economic development, the thesis is set out in eight chapters. Following the introductory chapter's overview of the purpose and structure of the dissertation, Chapter 2 begins by exploring the shift away from 'top-down' exogenous economic development theory and practice within the regional economic development field. In probing the adoption of a more 'bottom-up' endogenous approach to development, the chapter identifies a number of challenges this shift has presented to conventional economic assumptions and understandings of the nature of development. In reviewing how the emerging development paradigm has prompted economists to reappraise the role of 'space' in the development process, a number of fundamental unresolved issues are discerned. After systematically dealing with these issues, the chapter concludes with a critical analysis of existing endogenous theory, policy and practice to uncover the range of economic, demographic, and socio-cultural factors impacting on the development process.

Chapter 3 sets the context for the ensuing research by providing a more focused examination of how the issues surrounding the exogenous/endogenous development

debate have unfolded in Canada. In doing so, a brief sketch of the Canadian economy and a review of the nature of the economic disparities which regional policy has sought to address is provided to facilitate a better understanding of how Canadian regional economic development policy has evolved. In tracing the federal and provincial government's abandonment of exogenous theory and policy, the chapter examines the emergence of an increased 'local' emphasis in attempting to deal with persisting regional economic disparities and stagnation, particularly in rural disadvantaged areas. In aiming to promote endogenous growth in the small business sector, policymakers have adopted a strategy referred to as Community Economic Development (CED) in attempt to create a business environment which encourages entrepreneurship and responsiveness to market conditions. However, analysis indicates that although government has been increasingly allocating responsibility for development to communities, this has been done without an understanding of why or how Community Economic Development can be more effective in addressing the disparities than the strategies of the past.

Chapter 4 has the twofold aim of determining the appropriateness of Community Economic Development as a strategy for addressing the problems being faced by rural disadvantaged communities and of identifying the factors essential to developing a better conceptual understanding of what might constitute an effective process. A review of the literature uncovers a mêlée in regard to precisely defining the approach, its objectives, its practice, its success, and consequently, its potential. In tracing the evolution of Community Economic Development, the chapter provides an understanding of the impasse by uncovering two distinct development philosophies - one socially oriented, the other economically oriented. In addition to dealing with the issues which both facilitate and constrain a more holistic explanation of a community-based development, the chapter deals with the key conceptual deficiencies inherent in both perspectives. In identifying the various factors purported to characterise the development process, analysis indicates that although entrepreneurship and innovation are afforded a key role in the development process, the relationship between these factors has yet to be addressed. As a foundation for doing so, the researcher provides definitions of innovation and entrepreneurship which are clear and meaningful within a Community Economic Development context. Finally, in bringing together the

chapter's argument which highlights the role of entrepreneurship in the development process and differentiates this dissertation's understanding of community based development from that of economists or sociologists, the term *Community Enterprise Development* is proposed.

Chapter 5 deals with the development of a conceptual framework to address the question of how to facilitate entrepreneurship and innovation when it is not emerging autonomously. In addition to providing a rationale for the analytic focus required, the disciplinary challenges related to finding a framework which is capable of incorporating the various antecedent conditions, actors, tasks, structures and outcomes associated with the development process are discussed. Since an understanding of the entrepreneurial process in a community context is essentially a behaviour issue, the chapter addresses the need to find frameworks aimed at holistically explaining complex patterns of behaviour. While a thorough literature search found such frameworks to be scarce, a group of models meeting the criteria are identified within the management literature. Upon conducting a comprehensive review of these models to determine their propriety, the Congruence Model of Organisational Assessment, ultimately selected as a basic organising framework, is delineated. In adapting it to develop the Community Enterprise Development Model, a holistic conceptual approach for understanding the community economic development process and its impact on entrepreneurship, innovation and economic development within communities is provided.

In setting out the methodology and research design, Chapter 6 begins by explaining why a qualitative methodology was adopted and how this methodology has influenced the research design. To test the framework, three interdependent research design considerations are dealt with, including: choosing a research strategy, linking the data to the initial questions of the study and establishing the quality of the design. In determining case study to be the most appropriate research strategy for studying Community Enterprise Development, the five components specific to a case study research design are dealt with. These include the key question(s), the propositions/hypotheses, the unit(s) of analyses, the logic linking the data to the propositions/hypotheses and the criteria for interpreting the findings.

Chapter 7 presents the analysis and results of the empirical work. Guided by the hypotheses leading to the case study, a within case analysis compares the empirically based pattern to that proposed in the framework. The results of this analysis are then used to determine the extent of support for the exploratory hypotheses and, fundamentally, to determine how entrepreneurship affects the community's effectiveness in achieving the desired goals. The chapter concludes by conducting a cross-case analysis which examines the framework's analytic generalisation, essentially addressing the question of whether the findings make sense beyond a specific case.

Finally, Chapter 8 concludes the dissertation by summarising the argument and main results, presenting the author's conclusions and making recommendations concerning future research, practical uses for the framework and policy development.

CHAPTER 2

THE THEORY AND PRACTICE OF ENDOGENOUS DEVELOPMENT: ROOTS AND CHALLENGES

The purpose of this chapter is to trace the emergence of local community economic development as an issue within conventional regional development theory and policy. Over the past decade there has been a substantial shift in approaches to regional development - away from exogenously weighted models which carried with them cultures and values associated with top down policy intervention towards the 'new' paradigm of a more locally focused 'bottom-up' endogenous approach. Such a shift embraces a fundamental reappraisal of the development process and encompasses a wider conceptual debate about the certainties, nature and purpose of development. The fact that regional disparities in both Europe and North America have endured and in some cases become more pronounced (Cappellin and Molle, 1988, p. 1) amidst policy attempts to alleviate them has provided impetus for this shift. While economic explanations of regional differences have formed the basis of spatial development policy since World War II, since the mid-1970's economics has been challenged to reappraise the role of space in the development process. As various social science disciplinary perspectives were brought to bear on the debate, a great deal of ambiguity has emerged within the regional development literature (Bingham and Mier, 1993, p. ix) with a proliferation of ill defined terminology. As support for a 'bottom-up' local focus gains momentum, there are a number of fundamental issues which have yet to be resolved: the rationale for the shift - why has there been a move away from the top-down approach and its associated theories to a more local focus linked with associated endogenous theoretical frameworks; what constitutes endogenous development ('from below') as opposed to exogenous development ('from above'); how can the meaning of key terms be established; who are the 'stakeholders' in the process and how might their roles change and influence the process and its outcomes in the movement from

exogenous to endogenous development; how may the nature of the process/outcome itself be contingent upon the nature of the problem and location (for example, are urban development problems fundamentally different in nature from rural development problems, and within rural areas are there different contingent circumstances which dictate different development paradigms to be used); how will success be measured; and finally, it is important to identify what seem to be the major components of this bottom-up process which will need to be explored in greater detail in this research.

The chapter addresses these issues in the following order:

- firstly it explores the move from exogenous to endogenous regional development approaches by defining these terms, outlining the context of the move, describing the nature of the challenges presented to exogenous theory and policy and synthesising the range of characteristics demarcating a paradigmatic distinction

- secondly it notes the strategic emphasis on local development inherent in this move and raises a number of issues associated with the concomitant redefinition of the role of space in the development process

- thirdly, amidst this spacial focus, it deals with the conceptual debate concerning how development is understood by reviewing the origins of the meaning and measurement of development, exploring how development has been reinterpreted, and examining the implications of the debate for regional economics

- fourthly it begins building a basis for the ensuing conceptual development by reviewing existing endogenous theoretical frameworks, by exploring the relationship between endogenous theory and policy, and by outlining the key factors which have been shown to influence this type of development. In particular, given the objectives of this dissertation it looks at how these factors may vary, depending upon whether the milieu is rural or urban

- finally, the chapter concludes by highlighting the unanswered questions in this debate and, in a precursory way, reviews some of the key parameters that will need to be explored in moving towards a conceptually based model of the local community economic development process

2.1 UNDERSTANDING THE MOVE FROM EXOGENOUS TO ENDOGENOUS DEVELOPMENT APPROACHES

2.1.1 DEFINITION

Within regional development theory, an immense number of terms and concepts have emerged in the search to explain and influence regional differences in development. This has been a source of much confusion as many of the terms are frequently neologised, used interchangeably or are imprecise (Matthews, 1983, p. 13). 'Endogenous' and 'exogenous' are no exception. Therefore, it is important to begin with a clarification of these terms. ***Exogenous development*** denotes an approach which assumes regional development is primarily prompted by economic factors which are external (exogenous) to the region in question, such as export markets and outside investment (Nelson, 1993, p. 31; Garofoli, 1992b, p. 2). Large-scale businesses are viewed as the dominant creator of wealth and jobs while the role of the public sector is to devise redistributive policy measures which will increase regional equity in income and employment. Under this perspective, 'territory' or space is largely considered to be a passive element in the development process (Garofoli, 1992b, p. 2). ***Endogenous development*** denotes an approach which gives prominence to 'territory' as it is seen to be the parameter within which local (endogenous) economic and socio-cultural factors interact to influence the development process. The small business sector is here seen to play a pivotal role in wealth and job generation. Because it is assumed that each region has some 'manoeuvring room' in influencing economic development, then, the role of the public sector is to encourage regions to participate in designing measures that will fashion development patterns in keeping with the regional milieu.

2.1.2 THE CONTEXT FOR THE SHIFT

Following World War II and until the 1970's, the continued expansion of urban-based large-scale industries and central-government policies were relied upon for the economic development of regions within industrialised nations (Stohr, 1990, p. 1; Garofoli, 1992b, p. 4). Largely based on a 'development pole' model, the diffusion of development 'from above' was aided by government policies which sought to address the underdevelopment of rural areas in both Europe (Stohr, 1990, p. 1) and North America (O'Neill, 1993, p. 9) by enticing manufacturing facilities to locate in these areas. For the most part, the formula for rural areas was to attract branch plant manufacturing facilities which in practice often involved low-skilled assembly-line production (Howland, 1993, pp. 66-68; Stohr, 1990, p. 1).

Beginning in the mid-1970's, however, the pace of economic development slowed in all industrialised countries (Cappellin and Molle, 1988, p. 6; Stohr, 1990, pp. 36-37). Gradually a shift in policy focus became evident as governments grappled with this situation. From 'top-down' exogenous policy rooted in traditional economic frameworks supporting large business as the key to economic development, the focus shifted to the use of a more 'bottom-up' endogenous approach - with consequent greater emphasis upon the small business sector. Notably, this shift has involved significant changes in the means used to stimulate growth (for example, decentralisation of decision-making). Several factors have contributed to this movement in policy.

Firstly, in pursuing development policy, countries in the industrialised world have faced a much more uncertain environment (Weaver, 1984, p. 137; Cappellin and Molle, 1988, p. 7). Global socio-economic restructuring has rendered unilateral government action, particularly in the United States and Western Europe (Weaver, 1984, p. 13), less capable of producing predictable economic outcomes (Bennett and McCoshan, 1993, p. 10), whether on a national or regional level.

Secondly, the global nature of product and service markets, technology, and competition has increased business requirements for flexibility, quality, cost-effectiveness and timeliness. In an effort to effectively respond to environmental

conditions, many large organisations have altered their competitive strategies which has necessitated structural adaptations characterised by downsizing, decentralisation, subcontracting and outsourcing (Bennett and McCoshan, 1993, pp. 16-18; Nadler and Tushman, 1988). Among large industrial firms undergoing restructuring, there has been a concomitant trend toward a reduced labour force, smaller sized production units, decentralisation and a disaggregation of the various phases of the production process in an effort to increase productivity (Bennett and McCoshan, 1993, p. 16; Miles and Snow, 1991, p. 591; Cappellin and Molle, 1988, p. 6; Pequeur and Silva, 1992, p. 17).

Generally, the changes in strategy and structure have resulted in an increase in both the number and interdependence of stakeholders. In both Europe (Cappellin, 1992, p. 6) and North America (Miles and Snow, 1991, p. 590), scholars have described the organisational form emerging as a result of structural adaptations as a 'network' organisational model. In theory, each component of the network contributes a distinctive competence, augmenting the capacity to reconfigure in response to complex and changing competitive conditions. This type of structure is said to foster the timely adoption of innovation because it facilitates information flow, decision making autonomy and motivation (Cappellin, 1992, pp. 6-7; Sexton and Upton, 1991, p. 183). Largely, it is characterised by relationships among independent organisations which often operate across national boundaries (Miles and Snow, 1991, p. 595).

It has been argued that the more complex and uncertain environment which has been evolving since the 1970's enhances the potential of the small and medium-sized enterprise (SME) sector (Garofoli, 1992b, p. 2; Piore and Sabel, 1984; Bianchi, 1990), in the regional economic growth process (Glasson, 1992, p. 508; Garofoli, 1992b, p. 2). The flexibility and responsiveness of smaller sized business units has been linked to the innovative capacity (Pequeur and Silva, 1992, p. 17) of the economy to meet changing demands in the global economy. The increased evidence of partnerships and/or cooperative relations among small firms and between small firms and large corporations (Cappellin, 1992, p. 6) also characterises this change of emphasis upon small firms. A socio-economic environment which affords a more prominent role to the SME sector, a large business sector which is becoming less labour intensive and

less willing to locate in disadvantaged areas (Cappellin and Molle, 1988, p. 6) poses a major challenge to regional development strategies that were traditionally heavily biased towards the relocation and expansion of large business.

Thirdly, there has been a growing perception that 'traditional' policies were not producing the results expected of them (Cappellin, 1992, p. 2; Kockel, 1992, p. 101; Hansen, 1989, p. 289; Vazquez-Barquero, 1992a, p. 31). In Canada, for example, policy focused upon the establishment of growth-centres was abandoned despite the absence of empirical evidence to warrant such action and before allowing adequate time to assess the results (Savoie, 1992, p. 227). It is plausible that the radical changes in context produced by global economic pressures have rendered traditional economic theory and policy obsolete in explaining and/or reducing regional differences. While, however, on a macro level, the consistent decline in the level of world-wide economic growth, as measured by output and trade, since the 1970's (Bennett and McCoshan, 1993, p. 13) has been largely attributed to global socio-economic restructuring, the general dearth of evaluation studies set against concrete policy objectives leaves the issue of effectiveness and efficiency of traditionally espoused development theory and policy largely speculative.

Fourthly, governments generally have less money to spend on efforts to stimulate the economy (Glasson, 1992, p. 516; Cappellin and Molle, 1988, p. 6; Stohr, 1990, p. 22) which has led to a search for more efficient and cost effective alternatives.

Fifthly, the fact that some regions devoid of direct policy intervention, particularly in Europe, were experiencing faster rates of industrial development (Cappellin, 1992, p. 2), challenged the appropriateness of existing policy and its prevailing economics-based theoretical frameworks. Over the past two decades, the pattern of European industrial development has been shifting from one of spatial concentration to one of territorial diffusion; from one of a crucial role of large firms to one of a greater role for small firms (Garofoli, 1992b, pp. 1-2). While the current global socio-economic reality has presented a novel context, the 'autonomous development' experiences suggest that spatial differences in institutional, social, cultural and political factors within nations and within regions interact to influence the nature and scope of economic development

(Stohr, 1990, p. 24; Garofoli, 1992b, p. 4). Emergence of these trends has provided the impetus for economists to reexamine the validity of attempting to explain regional differences according to economic factors alone (Savoie, 1992, p. 230). However, while a new paradigm is evolving - one which centres on the relationship between economic development and territory (space) at the 'local' as opposed to regional level (Garofoli, 1992b, p. 4) - an absence of comprehensive theoretical frameworks which link the spatially differentiated factors is noted. In the absence of such frameworks, it is difficult to justify the basis of an endogenously focused policy.

Generally, innovation and entrepreneurship have assumed a strategic role in the global economy (Storey and Johnson, 1987; Drucker, 1985, pp. 33-38; Van de Ven, 1993, p. 212; Reich, 1987, p. 80; Stohr, 1990, p. 39; Cappellin and Molle, 1988, p. 6; Bennett and McCoshan, 1993, pp. 54-56; Vesper, 1990, p. 17; McMullan and Long, 1990, p. 20). However, while fostering entrepreneurship and innovation is said to be a goal of emerging regional policies (Pecqueur and Silva, 1992, p. 19; Cappellin, 1992, p. 4; Glasson, 1992, p. 525; Cappellin and Molle, 1988, p. 7; Ewers and Wettmann, 1980; Garofoli, 1992b, p. 2), there is an absence of a theoretical framework which explains or justifies this objective. Without a framework, it becomes impossible to demonstrate any link between development and innovation and/or entrepreneurship (concepts) or to explore how empirical indicators are influenced by a particular theoretical perspective (Rose, 1982, pp. 34-46). Furthermore, the fact that these concepts are often given a great deal of attention in the regional development literature yet rarely defined or differentiated, compounds the problem. In fact, confusion regarding the nature and causes of regional differences has been attributed in part to imprecise use of terminology (Matthews, 1983, p. 13). This point becomes particularly relevant in relation to entrepreneurship as it is a concept whose meaning lacks academic consensus and/or clarification (Gibb, 1987, p. 3; Bygrave, 1989, p. 14; McMullan and Long, 1990, p. 17; Peterson and Ainslie, 1988, p. 23). For example, in Van de Ven's (1993) work on entrepreneurship infrastructure, entrepreneurship is said to be the source of innovation, yet neither term is explicitly defined. Consequently, in the absence of definition and theoretical frameworks, the salience afforded entrepreneurship and innovation in endogenously based development approaches (Keating, 1989, p. 301; Garofoli, 1992b, p. 7) is difficult to defend.

In summary, while several factors have contributed to the emergence of a new paradigm which challenges traditional approaches to economic development (Garofoli, 1992b, p. 4; Cappellin, 1992, p. 2) the absence of clear definitions, the failure to explicitly link regional development initiatives with theoretical frameworks (Savoie, 1992, pp. 228-229) coupled with an absence of concrete objectives and evaluation leaves the door open for 'bottom-up' policy initiatives to be abandoned in the same manner as those which preceded them.

2.1.3 UNDERSTANDING THE CHALLENGES TO EXOGENOUS THEORY AND PRACTICE

The momentum for challenging some of the more traditional regional economic development approaches arose from two main sources: 'autonomous' development experiences which existing economic theory could not easily explain; and the perceived inability of centrally initiated government policy intervention (formulated on the basis of traditional theoretical frameworks) to produce the results expected. In light of the latter source of criticism, an understanding of the development process has become increasingly important to politicians and policymakers who face mounting pressure from the public for both job creation and fiscal accountability.

While regional development and the role of public intervention has been analysed within many disciplines and within different conceptual frameworks (Bovaird, 1992, p. 344; Nelson, 1993, pp. 27-57; Coffey and Polese, 1985; Friedmann and Weaver, 1979; Stohr and Taylor, 1981) the basis of government planning and programmes have remained largely within the purview of economics (Savoie, 1992, p. 228; Matthews, 1983, p. 44). Because of the pervasive role of government intervention in directing development efforts and the concomitant eschewal by policymakers of theoretical frameworks outside economics, the following explication of the shift away from exogenously based approaches is, therefore, framed within economics.

2.1.3.1 Challenges to Regional Economic Theory

As a discipline, regional economics sees the national economy ensuing from the

contributions of interdependent regions (Armstrong and Taylor, 1985, p. 1, p. 139; Anderson, 1988, p. 3; Bennett and McCoshan, 1993, p. 9) and it attempts to describe and understand the distinctive characteristics of regions which affect economic performance (Anderson, 1988, p. 2). However, amidst the continuing debate between economists and politicians regarding causes of regional differences (Cappellin and Molle, 1988, pp. 1-2), economists concede there is no *single* theory which explains these differences (Savoie, 1992, p. 6).

Fundamentally, regional growth models attempt to show how income and employment are spatially determined and are deemed useful if they contribute to knowledge of how regional economies function, or if they can be used as a planning tool (Armstrong and Taylor, 1985, p. 25). They have rested on arguments concerning comparative advantage, specialization, interregional factor flows, and eventual diversification (Weaver, 1984, pp. 145-146). The traditional economic base model, one of the first attempts to model differences (Nelson, 1993, p. 28), tests the proposition that regional income and employment depend heavily on a base sector which sells its output to buyers in other regions. This region also possesses a non-basic sector that services the region itself (Armstrong and Taylor, 1985, p. 8). Economic growth is assumed to result from exogenous demand for regional resources (Weaver, 1984, p. 79). The basic sector supplies needed inputs to the national economy, bringing outside wealth into the local economic system. Multiplier effects from the expansion of basic activities then lead to the development of local service industries. Armstrong and Taylor (1985, p. 25) have criticised this model for being pragmatic and having no basis in economic theory. While justification of this criticism may be questioned, the significance of the model is not, as it provides the foundation for regional science.

Although many theoretical frameworks have been used to identify and interpret regional differences, these theories and associated policies have echoed three main schools of broad economic thought: neoclassical models which stress supply-side influences on growth; Keynesian-type income-expenditure models which stress the importance of the demand for regional exports in the growth process; and development-pole models which stress the self-perpetuating nature of the growth process (Armstrong and Taylor, 1985, p. 81; Cappellin and Molle, 1988, p. 5).

2.1.3.1.1 Neoclassical tradition

Neo-classical theory assumes regional development occurs when stimulated by exogenous forces such as export markets, investment from outside and migration (Nelson, 1993, p. 31; Bovaird, 1992, p. 344). Within this perspective, it is believed that if the economy is allowed to operate without interference, market forces will establish an equilibrium, thereby eliminating regional disparities (Howland, 1993, pp. 68-69). In disadvantaged regions, it is assumed that decreasing investment precipitates the equilibrating process and leads to a decline in wages which, in turn, will make investment in the region attractive, ultimately reducing disparities.

Essentially, the neo-classical position focuses on supply side factors whereby the mobility of labour and capital assume an important role in influencing regional differences in growth (Cappellin and Molle, 1988, p. 5; Armstrong and Taylor, 1985, p. 65; Cappellin, 1992, p. 2). Based on the assumption that production methods and economic structures are 'fixed', a local labour force has three alternatives in circumstances of declining demand: migration, unemployment, or lower wages. Implicit in this model is the assumption that regional labour demand is determined exogenously and is therefore unaffected by the local labour force's behaviour, size or constitution (Coffey and Polese, 1985, p. 87).

Generally, policies based on this analytical framework centred on the mobility of production factors - capital and labour - in attempting to increase the return on investment in disadvantaged regions. As evidence emerged, for example in Europe, that policies were not stimulating the intended development (Cappellin and Molle, 1988, p. 9), particularly in peripheral regions (Cappellin, 1992, p. 2) the theory began to be questioned. In both the United States (Howland, 1993, pp. 68-69) and Europe (Cappellin and Molle, 1988, p. 5) there are those who consider neoclassical growth theory irrelevant for rural economies and less developed regions because it is believed that the self-correcting mechanisms, which are predicted to reverse decline in investment, are weak in these areas. Myrdal's (1957, pp. 13-23) theory of cumulative causation has been used to support this contention. Basically it argues that market forces, rather than being self-correcting in regions of disparity, perpetuate the

prevailing economic trajectory. Empirical evidence is said to demonstrate that disinvestment leads to unemployment which often weakens a community's sense of place and stimulates the out-migration of skilled workers (Howland, 1993, p. 69; Bolton, 1992). Indeed, migration is said to affect less developed regions by depleting both markets and human resources, making these regions less attractive for investment. Other factors said to make a region less attractive for investment include restrictive lending practices, which tend to reflect the financial community's risk assessment, and a shrinking tax base which often leads to a decline in the level of infrastructure provided.

Generally, the neo-classical model has been criticised for failing to address long term economic growth, and any accompanying demographic, cultural, structural or sociological changes (Coffey and Polese, 1985, p. 87). For example, Coffey and Polese (1985, p. 87) found that those who migrate tend to possess greater levels of capital, education and initiative which would have implications for long term growth. They challenge the neoclassical model by stating that "it is possible to postulate a system in which regional productive capacities are largely embodied in people, and in which interregional migration might increase regional economic disparities." Therefore, it is argued that policies should be directed toward supply side initiatives which will keep people in a region, raise their skill and knowledge level and encourage local entrepreneurship (Coffey and Polese, 1985, p. 87).

2.1.3.1.2 Keynesian tradition

Keynesian economists, recognising that a capitalist system oscillates between growth and depression (Matthews, 1983, p. 48), postulate that market forces, by themselves, will not alleviate regional disparity. With demand factors stressed, a variety of models such as the export-base model (North, 1953) (which argues that regional economic growth takes place in response to exogenous demand for regional resources) and the cumulative-causation model outlined previously (Myrdal, 1957; Kaldor, 1970) have been used by advocates of a Keynesian approach to conceptualise the regional economy. In transposing such models to the regional economy, variables are simply given a regional rather than a national reference (Armstrong and Taylor, 1985, p. 11).

The unemployment experienced in less developed regions is considered to be a direct consequence of a fall in the demand for goods and services which results in a falling demand for labour. Therefore, government intervention, often in the form of public-sector spending, is advocated to stimulate employment, particularly in areas most severely affected. Following the neo-classical tradition, Keynesian policy instruments place emphasis upon the importance of capital and labour mobility. Assuming that macro-economic policies of demand management may fail to offset the spontaneous market forces that contribute to regional disparity, it is believed that economic efficiency can be partially sacrificed to achieve more social equity (Cappellin and Molle, 1988, p. 6) through redistributive policies which would sustain consumption levels, improve social services and create employment in public administration.

In both Europe and North America, the Keynesian approach to development has come under criticism for a variety of reasons. For example, it ignores the spacial origins of investment in regard to the creation of linkage effects. Intra-firm flows and subcontracting, which are often influenced from 'head' offices outside a region, may or may not be endogenous. Linkages are generally much lower for investments originating outside the area. Additionally, large firms located in peripheral areas have not contributed as greatly as expected to the self sustainable growth of these areas. The costs of resources have far exceeded the benefits achieved and it is argued that the attraction of large plants, in some instances, has had negative effects on existing small businesses - for example, through its impact on the labour market (Molle and Cappellin, 1988, p. 6; Coffey and Polese, 1985, p. 87).

2.1.3.1.3 Development poles

Growth poles and diffusion of development 'from above' constituted the predominant theoretical paradigm influencing growth strategies of the 1950's and early 60's. The contributions of Hirshmann, Perroux and Myrdal (Weaver, 1984, pp. 83-84) were instrumental in guiding a strategy which sought to stimulate regional economic growth through induced urban-industrialisation. Generally, these models argue that growth is self-perpetuating and while the process involves the concentration of economic activity in different places, at different times and in different intensities, it can be artificially

stimulated through the establishment of a large industry (Matthews, 1983, p. 43; Savoie, 1992, p. 6). Broadly, the strategy for creating the stimulus for growth is to establish conditions within selected centres which will encourage economic expansion - agglomeration and scale economies, infrastructure and service availability, linkage patterns... Essentially, it is believed that if growth is deliberately pursued in specific locations, those areas will become self-sustaining.

Polar growth models, although presented as a separate body of theory, have in some instances, been subsumed into both neo-classical and Keynesian perspectives. Under a neo-classical tradition growth centres are seen to result from market forces with policy instruments designed to further enhance the growth. On the other hand, the attempted 'inducement' of growth centres in disadvantaged areas can be seen as a redistributive Keynesian strategy. Growth centres, according to Weaver (1984, p. 84), have the ability to bridge the gap between theories of unequal development and the idea of inducing regional growth through the integration of unevenly developed areas. This is accomplished by stimulating a depressed region's growth via focused expenditure of public money in a 'growth centre' which, in turn, would develop a comparative advantage in export activities. The resulting growth would be assumed to spread through the region which would help integrate the whole area into the national economy by developing interregional linkages with other areas (Weaver, 1984, p. 89; Hansen, 1989, p. 286).

The explanatory ability of growth models has been questioned (Armstrong and Taylor, 1985, p. 137) by new patterns of development emerging in advanced European countries and subsequently in Southern Europe, which contradict the pervasiveness of the 'trickle down' approach (Garofoli, 1992b, p. 2). Further, the assumption that growth will spread has been challenged by empirical evidence which suggests that creation of growth centres has resulted in 'dual economies' characterised by 'cores' that are substantially more economically, politically, and socially developed than their 'peripheries' (Welhofer, 1989, p. 342; Macdonald, 1988, p. 13).

In summary, regional economics, in attempting to describe, understand and influence regional differentiation in performance has been significantly influenced by macro

economic traditions. Broadly, regional growth theory can be categorised according to: neoclassical models which stress supply-side influences on growth, Keynesian-type models which stress the importance of the demand for regional exports in the growth process, and growth-pole models which stress the self-perpetuating nature of the growth process (Armstrong and Taylor, 1985, p. 81). However, although policy has been significantly influenced by these more 'traditional' models, economists have not reached consensus regarding the causes of regional growth disparities (Armstrong and Taylor, 1985, p. 81). Indeed, the explanatory ability of these models has been challenged - both by 'autonomous' development experiences and by the results of policy - unveiling an increased awareness of their limitations.

2.1.3.2 Challenges to Regional Development Policy

By the 1970's, with little evidence that interregional economic disparities had been reduced, criticism of regional development policies mounted in France, Britain and the United States (Weaver, 1984, p. 146; Cappellin and Molle, 1988, p. 7; Stohr, 1990, p. 40). In the UK, for example, there were three major criticisms: (1) capital investment subsidies were wasted on areas because the investment would have occurred anyway; (2) assistance has concentrated on the manufacturing sector even though manufacturing employment has been in long-run decline since the mid-1960's. This ignores the service sector's potential contribution to employment; (3) regional assistance has relied too heavily on encouraging firms outside assisted areas to locate new plants in assisted areas and has not paid enough attention to encouraging growth endogenously. In particular, the scant attention paid to stimulating new firm formation and to inducing small firms to expand is noted (Armstrong and Taylor, 1985, p. 210).

Generally, governments did not issue a response to intensifying criticism of traditional policy initiatives. In Canada, for instance, policymakers often responded to criticism by introducing new policy without assessing prior initiatives to determine the justification for such action (Savoie, 1992, p. 208). As evaluation is the instrument by which success can be measured and necessary adjustments identified if warranted, it is appropriate to examine the evaluation process, and its role in regional development.

2.1.3.2.1 Inadequate evaluation

Evaluation enables decision makers to measure success by assessing the degree to which outcomes/outputs meet stated objectives. The benefits of having objectives are well known and include providing: a guide for action, a rationale for decisions, a clarification of expectations and the provision of benchmarks against which progress can be assessed so that corrective action can be taken as needed (Bartol and Martin, 1991, p. 158; Daft and Steers, 1986, pp. 319-321). However, as Stohr (1990, p. 22) points out,

> The absence of compiled evidence on the existence, failure or success of local and regional development initiatives appears as a major reason for the persistent belief that they were unfeasible.

In failing to evaluate initiatives, policymakers had no basis for refuting criticism as they were unable to discern what happened or why. Even in situations where evaluation has been conducted, the conclusions drawn are open to question in a number of respects. Firstly, the process often does not assess the outcomes/outputs in terms of the stated objectives. Rather, evidence suggests that irrespective of stated objectives, the focus tended to be on measuring success in terms of job creation, with particular emphasis on cost-effectiveness (Foley, 1992, p. 563; Bovaird, 1992, p. 361). This not only raises questions in regard to the validity of the assessment, it also questions the appropriateness of the criteria. For example, an initiative that spent $50,000 in creating 75 jobs would be considered to be more cost-effective and, therefore, 'better' than one spending the same amount creating 30 jobs because it had a lower 'cost-per-job'. Consequently, the emphasis is placed on *outputs* rather than *outcomes* or *impact*. There is little evidence that the type of job created, its duration or the employment status of its incumbent is considered. However, without determining who gets the jobs created, it is difficult to measure the *impact* of an initiative. Assuming the main objective of policy is to help alleviate unemployment by creating jobs, a count of jobs created indicates output not impact as it does not provide any information in regard to whether the people getting the jobs are unemployed or from a disadvantaged group (Foley, 1992, p. 564).

Secondly, determination of success was frequently derived by comparing the job creation results of different initiatives. Yet, the validity of comparing initiatives with diverse mandates and objectives which are being pursued in heterogenous communities (Foley, 1992, p.563) is questionable.

Thirdly, because the objectives of policy initiatives are often vague, multiple and lacking prioritisation (Foley, 1992, p. 566), comparing outcomes/outputs with them becomes problematic. Consequently, the effectiveness of regional policies will remain indeterminate until such time as the objectives are specified in clear, measurable, terms to facilitate assessment of outcomes/outputs.

Finally, in general, the analysis of regional policy has been "riddled with ambiguity and misunderstanding" (Armstrong and Taylor, 1985, p. 180). For example, using the equity objective, regional policy could help equalise regional per capita incomes but it might also result in the income gain accruing only to high income households within a region. Because governments have many policy goals which are typically not prioritised, it is quite possible that a specific policy serving one goal will impede the achievement of another. For example, minimising unemployment and maximising growth have typically been cited as two of the major goals of policy (Lipsey et. al., 1973, p. 703). However, measures taken to generate employment do not necessarily contribute to the maximisation of growth, or vice versa. Therefore, without prioritising goals, expectations and results may be obscured rather than clarified. It has been suggested (Savoie, 1992, p. 239) that the political cost of specifying and prioritising policy objectives may partially account for this situation. For example, the broad, vague objectives that have typically characterised regional policy may, in part, be deliberately set to hedge against any unforeseen circumstances which could impact on goal achievement. Additionally, the practical demands of monitoring are, for the most part, avoided by the adoption of broad vague objectives.

It would, therefore, seem reasonable to conclude that there are many inextricably linked problems associated with the setting of policy objectives and evaluation. Conceivably, these problems can be addressed in the future by formulating objectives more effectively and determining how success will be measured prior to undertaking

initiatives. However, given the impossibility of dealing with these problems retroactively, the perception that policies based on traditional economic frameworks were not producing the results expected cannot be verified. This suggests that any subsequent policy initiatives will also be vulnerable to criticism unless the results expected are appropriately specified and evaluated. While the barrage of criticism facing traditional economic policy initiatives is substantial, it cannot be absolutely inferred that exogenous, 'top-down' policy is ineffective.

In light of the above considerations, a reexamination of policy evaluation seems warranted if the opportunity to take more effective policy action is to be more closely explored.

2.1.3.2.2 Unanticipated consequences

During the period from World War II until the mid-1970's, it has been suggested (Stohr, 1990, p. 36; Robertson, 1987, p. 59) that within industrialised nations, one outcome of government policy focused upon the growth of large-scale enterprise has been the development of a dependency which was neither anticipated or desired. Large scale industry's contribution to economic growth, accompanied by a concomitant growth in employment, meant that, ceteris paribus, more people became dependent upon work being supplied to them. Policy initiatives aimed at stimulating employment in disadvantaged regions can be seen to contribute to dependence both directly and indirectly: directly by creating public sector employment; and indirectly by providing support for the growth and expansion of large business. Because government incentives were often used to entice manufacturing concerns to rural areas of Europe (Stohr, 1990, p. 1) and North America (Blakely, 1989, p. 18), people in these areas became particularly reliant on government policy to stimulate economic growth and employment. For many rural communities of the United States, whose economic base became dominated by a single routine assembly or production type industry (Howland, 1993, p. 64; Blakely, 1989, p. 34), decisions affecting the economic health of these communities were increasingly being made in urban centralised locations. Consequently, communities became extremely vulnerable to relocation or restructuring decisions resulting from demands of the global economy (Blakely, 1989, p. 34). In

general, policies aimed at reducing disparities within peripheral regions of both the United States and Europe (Cappellin and Molle, 1988, p. 6) have come under attack for increasing the dependence of these economies on external decisions.

While 'dependency' is basic to several theoretical approaches used to explain regional disparities, not only within economics, but also within sociology (Matthews, 1983, p. 56), its precise meaning tends to be discipline specific. However, explanations propounded by economists and sociologists converge in arguing that the use of capital incentives, transfer payments and public sector employment has contributed to the creation of dependency (Stohr, 1990, p. 36; Cappellin, 1992, p. 2; Courchene, 1978, p. 156; Frank, 1969; Caporaso and Zare, 1981, p. 48).

Some neo-classical economists believe that the use of government intervention, intended to alleviate effects of economic disparity, actually contribute to disparity by interfering with the self-correcting market mechanisms (Matthews, 1983, p. 57). For example, Courchene (1978, 1980) contends that in Canada, federal transfer payments have a tendency to make the poorer provinces more dependent upon federal assistance and less likely to engage in measures to address the fundamental problems or opportunities being faced. He argues that if the only way to access federal financial assistance is to participate in the programs available, the poorer provinces, by engaging in these programs, may not be maximising their best interests. Within the United States, Blakely (1989, p. 127) postulates a similar argument of dependency on federal assistance among local governments. Courchene (1978, p. 161) asserts that overcoming regional disparity would require either a significant reduction of transfer payments to poorer provinces or the unconditional transfer of monies to the poorer provinces to spend as they wish. This position anticipates that such measures would induce migration and other 'natural' economic adjustments. Notably absent from this interpretation is the consideration of any noneconomic factors or consequences of a 'pure' free market economy.

Sociological theories which explicitly address dependency within industrialised nations, have emerged from the study of 'underdevelopment' in third world countries. Largely, dependency is seen to arise as a consequence of domination of 'developed' regions over

'underdeveloped' regions as capital and resources are siphoned from one region by other regions (Matthews, 1983, pp. 69-75; Ghai, 1990, p. 99). The sociological perspective maintains that the failure of local initiatives is not the result of lower levels of entrepreneurial ability, but rather the inability of local leaders to control the economic forces which make their region dependent (Matthews, 1983, p. 76; Galtung, 1981, p. 175). While this argument may be refuted, it does suggest that an understanding of development (or lack thereof) may require consideration of noneconomic factors, particularly social process and organisation (Matthews, 1983, p. 57, pp. 74-75).

Whether dependency is understood in strictly financial terms or not, by implication, an increase in dependency means that the autonomy of people in disadvantaged areas has been diminished (Stohr, 1990, pp. 40-41), for the antithesis of dependency is autonomy. If, as argued by Galtung (1981, p. 177), entrepreneurship is the cornerstone of self-reliance and autonomy, then government policy measures which reduce autonomy may also contribute to a decreasing level of entrepreneurship (Stohr, 1990, p. 44). Excessive reliance on large firm investments to fill gaps in regional economies will arguably also not develop local entrepreneurial skills (Keating, 1989, p. 308). Given the salience afforded entrepreneurship and innovation in the current socio-economic reality, a major challenge for policy is to *increase* entrepreneurship, thereby increasing autonomy and decreasing dependency.

2.1.3.2.3 The current development climate

While many disadvantaged regions, for example in Europe, continue to depend upon outside help to stimulate development (Pecqueur and Silva, 1992, p. 28; Stohr, 1990, p. 1), the opportunities to use traditional measures are waning. On the one hand, governments generally have less money available to stimulate the economy (Cappellin and Molle, 1988, p. 6; Stohr, 1990, p. 22). Secondly, even if it is assumed enterprises can still be enticed to less developed rural regions, the global restructuring process has resulted in smaller, less labour intensive manufacturing facilities. As a consequence, fewer jobs are associated with such ventures. Therefore, if a single-industry community is placed in a state of economic crisis by the closure of a plant which employs 500

people, it is less likely now than hitherto that any new, relocating or expanding enterprise would replace the number or nature of the jobs lost. Thirdly, there is the argument that capital incentives are less effective in enticing multinationals to locate labour intensive routine production facilities in disadvantaged areas of industrialised nations. Evidence indicates that operating cost considerations are overriding capital cost considerations in locational decisions which, largely, are now being made according to which site is deemed to minimise labour costs (Bennett and McCoshan, 1993, p. 11; Howland, 1993, p. 66). Therefore, as much of the low skilled work of routine manufacturing plants moves to third world nations which have significantly lower hourly wages, governments in the industrialised world have fewer options available to deal with the effects of business closure and downsizing (Stohr, 1990, p. 8). Indeed, it could be argued that it is difficult to rationalise the use of capital incentives to stimulate employment when it is generally accepted that there is an inverse relationship between capital and labour intensiveness. Further, as suggested in the previous section, if companies are successfully enticed by capital incentives to locate branch plants in peripheral regions, residents of these areas may lose economic independence.

2.1.3.3 Conclusion

A subtle, yet important, point arises amidst the various analyses and interpretations of regional differences. While some economists refer to *differences* in income and employment, others refer to *disparities* (Cappellin and Molle, 1988, p. 4). When these terms are used interchangeably confusion arises. By definition, a 'difference' is an objective distinction between things (or, in this case, places) while a 'disparity' refers to an inequality and involves a subjective value judgement which usually implies inferiority (Matthews, 1983, p. 18, 21).

The fact that reduction of disparities in employment has been the dominant regional policy objective of industrialised nations since World War II (Weaver, 1984, p. 108; Armstrong and Taylor, 1985, p. 178; Nelson, 1993, p. 28) has certain implications. Economists generally adhere to the classical model of decision making which assumes that the decision maker is dealing with objective facts, discounting the effects of subjectivity (Allan, 1990, p. DM-18; Vecchio, 1991, p. 344). Yet, an assessment that

one region 'suffers' from disparity in relation to another, by necessity involves subjective judgments (Matthews, 1983, p. 54) and illustrates that, in actuality, subjectivity plays a major role in decision making. If one accepts the notion that knowledge is socially grounded (Hughes, 1990, p. 136; Cannella and Paetzold, 1994, p. 332) then what is at issue is not the fact that there is subjectivity involved, but rather, the source of that subjectivity. When assessments and decisions are made by people who live outside the region (Matthews, 1983, pp. 18-19), there is little evidence that the same conclusions and decisions would be arrived at by other stakeholders, particularly those *within* the region. This raises the issue of whether the subjective judgments of endogenous stakeholders should have a place in the local development process. Indeed, evidence from autonomous development experiences highlights the role played by local entrepreneurs (Cappellin, 1992, p. 3). If, as suggested previously, exogenous decision making contributes to a reduction in autonomy and entrepreneurship, thereby increasing the level of dependence, then one of the challenges is to more fully understand the role of endogenous decision making in development.

Any policy action has two aspects: the **ends** that the decision makers are attempting to achieve and the **means** by which those ends will be reached. Focusing policy on reducing *disparity* in employment rather than stimulating growth affects the means chosen, which ultimately influences outcomes. Assuming each of the various economic traditions which have been discussed embody a set of values, then these values underlie the ends and means derived from each perspective. Following this reasoning, post-war regional development policy which attempted to relocate large scale mass-production oriented enterprise so that employment opportunities would be redistributed (Stohr, 1990, p. 36; Cappellin and Molle, 1988, p. 192) suggests a number of values and beliefs. For example, to a large extent, policy formulated according to traditional economic frameworks implied that people need stewardship - that the 'best' decisions are made on the basis of economic considerations by specialists in centralised locations who can influence the key change factors which are external to the local and regional economic and social system. The sanctioning of decision making by external actors insinuates that internal regional stakeholders are less capable of influencing the development process.

On the other hand, the ends and means of autonomous development experiences suggest a very different set of underpinning values than those held by the large-scale business sector and central government policymakers. In part, growth was achieved through endogenous initiative and self-reliance, not by dependence on exogenously made decisions. This suggests that while values legitimating the ends and means pursued by large-scale enterprise and central government policy may have contributed to the effectiveness of development efforts prior to the mid-1970's, there is little evidence that these values are contributing to effectiveness within a changed environmental context.

Within this changed environmental context, it is important to recognise that regional policy judgments which exclude consideration of the social structure and the value system inherent in the culture may be open to question (Matthews, 1983, p. 54). The fact that economic policy may involve judgments made solely on the basis of economic considerations (Matthews, 1983, pp. 18-19) implies that the local social and political context is irrelevant. However, in a variety of European case studies, economic factors external to the areas studied have been shown to be insufficient in explaining the nature and operation of these economic communities (Pecqueur and Silva, 1992, p. 19; Stohr and Taylor; 1981, pp. 27-28; Stohr, 1990; Garofoli, 1992b, p. 4). In fact, evidence indicates that the local economic and socio-cultural system *can* influence development (Pecqueur and Silva, 1992, pp. 27-28; Stohr, 1990, pp. 25-26). As more becomes known about the noneconomic factors which influence development, one of the major tasks is to incorporate them into emerging development models so that economic performance of regions can be better understood and influenced.

2.1.4 EXOGENOUS AND ENDOGENOUS DEVELOPMENT: PARADIGMATIC DEMARCATION

Since Stohr first introduced the term 'bottom-up' development in the early 1980's, the implicit assumptions of established development theory and policy have been contested on a number of grounds. Indeed, the study of inexplicable patterns of development (Garofoli, 1992b, p. 4; Pecqueur and Silva, 1992, p. 18) has resulted in a different understanding of the development process (Stohr, 1990).

To reflect the influence of 'local' factors on the process many scholars began using the term 'endogenous' development (Garofoli, 1992b; Cappellin and Molle, 1988; Cappellin, 1992). The greatest source of distinction between exogenous and endogenous approaches is largely one of process which is reflective of their etymological background. Rooted in biology, these adjectives are used to describe, respectively, origins outside and origins inside an organism (Webster's Encyclopedic Dictionary, 1988, p. 311, p. 332). Intuitively, the transposition of context from biology to development would imply that any development originating outside a particular area would be considered exogenous; any originating within the area endogenous. [Stohr (1990) uses the closely related term indigenous.] However, this is only one of the distinctions that have been used to separate the approaches.

Following Kuhn's notion of a paradigm (Bryman, 1993, p. 4), these approaches involve "a cluster of beliefs and dictates which for scientists in a particular discipline influence what should be studied, how research should be done, how results should be interpreted, and so on". While it has been economists who have been compelled by the exogenous approach, the endogenous approach, albeit still emerging (Silva, 1992, p. 118), is unique in that its influence is multi-disciplinary. Thus, while it reflects many differing perspectives which have become involved in the study of regional development (Savoie, 1992, p. 5), it also presents numerous issues that have yet to be addressed and/or resolved. For example, there is a lack of unanimity in the interpretation of results offered by endogenous scholars.

Within the endogenous paradigm, development is seen essentially as a dynamic local process of innovation involving economic activities (Pecqueur and Silva, 1992, p. 19; Garofoli, 1992b, p. 7) which are influenced by socio-cultural and economic variables. Further, it assumes that the major factors affecting the local development potential are relatively fixed - for example the endogenous skill base or institutional structures... (Cappellin, 1992, p. 3). Rather than taking a deterministic stance, endogenous approaches posit that localities *can* influence the development process by using their own resources to seize opportunities (Stohr, 1990, p. 26). Some endogenous theorists explicitly acknowledge the interactive influence of both exogenous and endogenous factors on the patterns of development which emerge (Garofoli, 1992b, p. 2, 5;

Pecqueur and Silva, 1992, p. 18; Johannisson, 1990, p. 67). For example, external conditions may be seen as 'catalysts' of the development process (Garofoli, 1992b, p. 7; Pecqueur and Silva, 1992, p. 21). Others who exclusively focus on identifying endogenous factors have been criticised (Pecqueur and Silva, 1992, p. 18) for denying the impact of broader environmental influences on the process. However, this criticism may be uncalled-for as "self-reliance does not mean isolation from the wider environment and restriction to internal resources" (Johannisson, 1990, p. 67).

In studying localities which have effectively influenced the development process, a variety of characteristics have been identified. However, agreement is lacking regarding the key essences of endogenous influence. For example, Stohr (1990, pp. 32-33) argues that for development to be considered endogenous, it is not necessary for the initiative to originate within the local area. Others (Coffey and Polese, 1985, p. 86) maintain that endogenous initiative is a hallmark of the approach. This serves to illustrate that, given the interactive influence of exogenous and endogenous factors and the unique patterns by which development has been manifest, it is not easy to unequivocally demarcate exogenous and endogenous development.

Rather than debating the definitive characteristics of endogenous development, the stance taken in this research is that conceptualising development according to a continuum may be most appropriate. That is, by dichotomising the range of characteristics associated with exogenous or endogenous approaches, a predisposition toward one approach would form the basis of classification. By conceiving development in this manner, it is assumed that the process may not be linear or predetermined (Garofoli, 1992b, p. 6). Moreover, the dynamic and circumstantial nature of influence is recognised. Admittedly, because exogenous and endogenous approaches belong to differing paradigms they are less amenable to being dichotomised. Nevertheless, if it is accepted that endogenous development embodies an emerging paradigm then it is important to be able to define the most fundamental concept - endogenous development, if advancement from descriptive to explanatory models is desired.

2.1.4.1 Characteristics Distinguishing Endogenous and Exogenous Development

A broad examination of the relevant literature reveals some consistency amidst the characteristics depicting endogenous development approaches. However, individually, scholars are inclined to narrowly delimit the process by differentiating the approach according to one or two key characteristics, for example, the nature of decision-making and/or leadership. Perhaps this reflects the disciplinary biases of the researchers. Nonetheless, such a conceptualisation does little to capture the complexity of the economic and socio-cultural factors shown to influence the process. In fact, it is difficult to justify how endogenous development overcomes the 'weakness' of exogenous approaches which use mainly economic factors to explain development, if the interrelationships between economic and socio-cultural factors are not explicitly addressed or incorporated into frameworks.

What follows is an attempt to synthesise the salient characteristics which empirical evidence has shown to distinguish the two approaches. However, it is recognised that any attempt to establish a dichotomy is somewhat arbitrary and tends to involve an overlap of issues. Bearing this in mind, the demarcation summarised in Table 1.1 has been based on: the source and nature of development impetus; the structure(s) facilitating business growth and development; the key values underlying initiatives; the strategy for development; decision-making; and goals.

i) Source and nature of development impetus

Exogenous models maintain that development is impelled by factors in the macroeconomic environment (Garofoli, 1992b, p. 2). Based on the assumption that capital and labour are mobile, policies endeavoured to increase the investment by external firms in disadvantaged regions through the use of capital incentives, while income transfers and public sector employment measures were taken to promote interregional equity (Cappellin, 1992, p. 2). Endogenous models, in contrast, give importance to the influence of local socio-cultural factors on the entrepreneurial environment (Vazquez-Barquero, 1992d, p. 383; Cappellin and Molle, 1988, p. 7; Coffey and Polese, 1985, p. 89; Garofoli, 1992b, p. 6; Stohr, 1990, p. 4, 26) and

assume "the major factors affecting regional development are relatively immobile - physical infrastructures, labour force skills, local sectoral structure, local technical and organisational know-how, local social and institutional structures..." (Cappellin, 1992, p. 3). According to this approach, development, to a large extent, is seen to result from the most appropriate use of available endogenous resources by local entrepreneurs (Cappellin, 1992, p. 3).

ii) Structure(s)

Exogenous models reinforce a bureaucratic structure for both the coordination of development support and the coordination and facilitation of mass production and scale economies. This structure is characterised by an extensive horisontally and vertically differentiated hierarchy (Vazquez-Barquero, 1992d, p. 388; Stohr, 1990, p. 36), standardised behaviour and work processes, and activities which are specialised into clearly defined tasks and jobs. Typically such organisational structures, encourage conformity and discourage innovation (Gordon, 1991, p. 529; Stohr, 1990, p. 36) and have been shown to be ill suited for a rapidly changing environment (Gordon, 1991, p. 518). The endogenous approach emphasises decentralised, flexible, horisontal structures which are seen to facilitate innovation (Stohr, 1990, p. 36), particularly within the SME sector. The dynamic network model, a form of structure extending beyond the boundaries of a single organisation, has come to characterise many autonomous development experiences. The interdependence of organisations resulting from joint ventures, subcontracting... has been shown to foster innovation and synergy (Gordon, 1991, p. 528).

iii) Key values underlying initiatives

Exogenous approaches assume development is largely facilitated by the external initiative and control of big firms (Vazquez-Barquero, 1992d, p. 383), and/or by the influence of central-government policies (Stohr, 1990, pp. 1-2). Consequently, this has been said to foster dependency, particularly in underdeveloped areas. Endogenous approaches assume that development is only possible in communities where innovation and entrepreneurship are entrenched in the local value system (Vazquez-Barquero,

1992d, p. 391; Cappellin, 1992, p. 4; Coffey and Polese, 1985, p. 88; Stohr, 1990, p. 2).

iv) Strategy for development

Exogenous approaches see the urban concentration/diffusion of large scale enterprise as the route to economic prosperity (Vazquez-Barquero, 1992d, p. 384). It is assumed that profitability will be maximised by minimising production costs through mass production of standardised products, economies of scale, and low skill requirements (minimal labour costs). Endogenous approaches argue small firms are key to development (Garofoli, 1992b, p. 2; Pecqueur and Silva, 1992, p. 17; Cappellin, 1992, p. 3) with emphasis on specialisation of products, processes and services requiring relatively high skill levels. Within this approach there has been a tendency toward deurbanisation of the industrialisation process (Garofoli, 1992b, p. 1).

v) Decision making

Typically, under exogenous approaches standardised policies, procedures and rules guide decision-making and unresolved problems are passed up the hierarchy for resolution (Cappellin, 1992, p. 3; Stohr, 1990, p. 36). Because decisions are made largely outside the area and must proceed through the hierarchy, they are time consuming. Endogenous development is characterised by timely decision-making which is facilitated through decentralised structures. This typically involves the participation of various public and private sector stakeholders (Vazquez-Barquero, 1992d, p. 391). Local synergies are seen to be fostered by utilising networks to form partnerships between the public and private sector (Stohr, 1990, p. 43). These networks and partnerships may be formal and/or informal, inside and/or outside the local community, or vertical and/or horisontal (Vazquez-Barquero, 1992d, p. 392; Stohr, 1990, p. 4; Johannisson, 1990, p. 62).

vi) Goals

The leading goal of exogenous approaches was primarily equity oriented - the reduction

of regional disparities in employment through the redistribution of development (Stohr, 1990, p. 40). While the primary goal(s) of endogenous approaches are locally determined, evidence indicates they are oriented toward sustainable development (Vazquez-Barquero, 1992d, p. 392).

Table 2.1
Characteristics of Exogenous and Endogenous Development Approaches

Characteristics	Exogenous Development ◂- - -▸Endogenous Development	
Source and nature of development impetus	largely, factors external to the local/regional economic and social system determine development requiring mobility of capital and labour	critical change factors are seen to be inherent in the local/ regional economic and social system
Structures	bureaucratic 'top-down' organisational structure as basis for production and support of economic activity	flexible organisational structures of local production and support
Key values underlying initiatives	dependency on large-scale enterprise and central government policies for initiative and control of development	endogenous entrepreneurship and innovation key success factors for competitive advantage in global economy
Strategy for development	pursuit of growth through urban based large scale enterprise based on standardisation and capital intensiveness	small firms key to development with emphasis on specialisation and skill; tendency toward deurbanisation
Decision making	'top-down' decision-making initiated outside the 'local' area by a limited number of professionals and/or others in centralised locations	broad based local participation, decision- making; use, development and control of local resources
Goals	primary goal-reduction of disparity	primary goal-growth

2.2 ISSUES AND IMPLICATIONS OF A 'LOCAL' FOCUS

Over the past 15 years, 'local economic development' (LED) has assumed a more prominent role in the regional development literature (Cappellin, 1992, p.1; Garofoli,

1991, p. 4). Vazquez-Barquero (1992d, p. 381) suggests that the absence of compiled evidence on local economic development experiences (Savoie, 1986, p. 3; Stohr, 1990, p. 22) may be attributable to the fact that until the 1970's, research was more broadly related to traditional regional development theory and third world development (Coppack in Dykeman, 1990, p. 80; Weaver, 1984, p.76; Stohr, 1978; Friedmann and Weaver, 1979; Stohr and Taylor, 1981). Generally, mainstream economic theory, which had been influencing regional theory and policy, treated space as a passive element in the development process because it assumed development was exogenously determined (Garofoli, 1992b, p. 2). However, challenges to this assumption have focused attention on the local level.

As academic attention turned to the spatial dimension of development, identification of factors within the local environment which influenced the processes and the outcomes of development became the subject of enquiry (Garofoli, 1992b, p. 4). Study of the new patterns of regional development suggested that the dynamic interaction of economic and socio-cultural factors in the local environment were instrumental in developing a propensity towards venture start-up and in determining the success of the SME sector's ability to innovatively respond to the challenges of the global economy (Johannisson, 1990, p. 61; Latella, 1992, p. 68; Garofoli, 1992c, p. 50). Indeed, not only has endogenous development become defined as the "ability to innovate at a local level" (Garofoli, 1992b, p. 7) it has also been described as constituting a new paradigm for economic development research (Garofoli, 1992b, p. 4). Yet, definitional imprecision and ambiguity in regard to the fundamental unit of analysis - the 'local' level - presents a number of challenges to the capacity of research to contribute to an understanding of endogenous development.

2.2.1 CHALLENGES PRESENTED BY A 'LOCAL' FOCUS

Since the mid 1970's, although the term 'LED' has assumed a more prominent place in the regional development literature, its use has been marked by numerous sources of confusion and ambiguity. For example, centrally initiated exogenous micro-area policy initiatives, used in attempt to deal with problems of geographically concentrated unemployment and low family incomes, have been discussed under the auspices of

LED. Likewise, initiatives derived from *within* a local area, have also been discussed as LED.

Secondly, although the term has been used to delimit the territorial boundaries of endogenous development enquiry, paradoxically it lacks the definitional precision necessary for analysis. For example, while 'local' has been defined as anything smaller than a region (Bovaird, 1992, p. 343), Johannisson (1990, p. 61) uses the term to denote 'a certain territory that an individual identifies with', introducing a psychological and subjective dimension into the debate. As people's perception of what constitutes this sense of place may vary, meaning is indeterminable.

Setting aside the matter of measurability for the moment, an issue which further confounds territorial definition is the fact that the terms 'local' and 'regional' are used synonymously by many scholars (Stohr, 1992, p. 206; Coffey 1991; Polese, 1993; Pecqueur, 1989).

> The terms regional and local are used interchangeably to refer to a geographic area composed of a group of local government authorities that generally share a common economic base, and are close enough together to allow residents to commute between them for employment, recreation, or retail shopping (Blakely, 1989, p. 15).

This statement is problematic on two fronts. Firstly, if one accepts the notion that a 'region' refers to anything smaller than a nation state (Armstrong and Taylor, 1985, p. 4) and local refers to 'the sub-regional level' (Bovaird, 1992, p. 343) then the reliability of results of analysis which fail to differentiate between these levels may be questionable. Secondly, the equivalency of these terms is challenged by the fact that in many cases, the spatial context of a region is too broad to warrant mutually shared activities and interests. If one considers a commonly referred to region, for instance, the North of England, it is apparent that the local government authorities do not necessarily share a common economic base, nor is there evidence that residents commonly commute within the region for employment or other purposes.

Thirdly, empirical evidence indicates that spatial differences in development within regions are often greater than differences between regions (Armstrong and Taylor,

1985, pp. 142-145). This suggests that if the goal of theory is to more fully understand differences in development, an interregional research focus may be suboptimal. Moreover, even if the focus is on the local level [defined as subregional "where the entrepreneur faces his environment" (Reid and Jacobsen, 1988, p. 61)], the comparability of analyses may be problematic if the researchers are of differing paradigmatic persuasions.

Fourthly, although much of the ambiguity concerns the delimiting of geographically boundaries, other sources of confusion are noted. Stohr (1981), was the first to suggest that differences in outcome could be influenced by endogenous process. He argues that development can be local in origin, in application or both (Stohr, 1990, pp. 32-33). Further, he sees it necessary to consider

> four aspects of local development: the origin of the initiative, of the resource inputs and the control mechanisms, and the destination of the benefits... Ideally, a majority of these factors should be predominantly local... It seems particularly important that benefits and control should be predominantly local, as under these conditions external resources and initiative can, at least temporarily, be harnessed in the local interest until these factors can also be mobilised internally to a higher degree. A further important factor is that the benefits should be distributed broadly within the locality (Stohr, 1990, pp. 32-33).

However, determining how localised these factors are or assessing the scope of benefit/control presents a quandary when 'regional' and 'local' are used synonymously (Stohr, 1992, p. 206). Therefore, the issue pendulates back to the need for an operational definition.

Finally, LED has been used synonymously with the term 'endogenous development' to designate a distinct development paradigm (Coffey and Polese, 1985, p. 86; Garofoli, 1992b, p. 2). However, it is difficult to justify employing the term in this manner when LED is often demarcated by a single factor. For example, as evidence emerged that stakeholders were exhibiting control over their own affairs (Weaver, 1984, p. 13), this was considered to constitute 'local development' (Nelson, 1993; Polese, 1993; Cappellin and Molle, 1988; Garofoli, 1992b, p. 5). Similarly, if the initiative arose endogenously, then the development was classified as 'local'.

In attempting to sort out the sources of ambiguity, it becomes apparent that, as Blakely (1989, p. 14) succinctly points out: "There are no authoritative definitions for this and other terms used to describe the activities being undertaken around the world to stimulate local economic activity and employment".

In summary, although some scholars, particularly North American ones, have a predilection for using the term 'local development' to denote a paradigm, it is argued that the term 'endogenous development' be engaged for this purpose as, for the most part, local development evokes a spatial/territorial connotation. While the term 'local' has become entrenched in the endogenous paradigm, the above discussion illustrates that more precise definition is warranted if it is to be reliably used as the fundamental unit of analysis. In defining a particular space in which economic development occurs, it follows that the term 'local' can refer to development resulting from either an endogenous or exogenous approach.

Within an endogenous approach, local economic and socio-cultural factors at the 'meso-level' - between the enterprise and the market (Stohr, 1990, p. 43; Cappellin and Molle, 1988, p. 7) - have been found to be strategic in capitalising on development opportunities (Vazquez-Barquero, 1992a, p. 31). The fact that variations in development have been shown to be greater within regions than between regions, suggests that the territorial basis for analysing the interactive influence of economic and socio-cultural factors rests at the subregional level. Moreover, assuming a common economic and socio-cultural base is what facilitates the synergistic exploitation of development opportunities (Coffey and Polese, 1985, p. 86) it is unlikely that a region provides such interdependence among residents. Consequently, not only has it been argued that using the terms 'regional' and 'local' interchangeably is inappropriate, but also that a regional focus for analysis is ill-founded, particularly within an endogenous approach.

If the local environment sets a critical parameter upon the development process by which the interacting economic and socio-cultural factors influencing the development process will be identified (Johannisson, 1990, p. 61), then it is important to precisely define what is meant by 'local'. In the absence of precise definition, subjective

assumptions and judgments make the reliability of analysis problematic. This issue will be dealt with further in Chapter 4.

2.3 EXPLORING THE CONCEPTUAL DEBATE SURROUNDING HOW DEVELOPMENT IS UNDERSTOOD

Over the past two decades, the role of the SME sector in the productive restructuring process has been recognised globally (Pecqueur and Silva, 1992; Fua, 1988; Balderson, 1990, p. 8; Coffey and Polese, 1985; Bennett and McCoshan, 1993, p. 17; Case, 1989). The economic growth achieved in Southern European and late developing countries through local systems of small firms was indicative of the fact that development could be achieved in a variety of ways (Vazquez-Barquero, 1992a, p. 36; Pecqueur and Silva, 1992, p. 19) and provided the impetus for giving space an active place in the development process. In analysing the growth of these and other areas, endogenous development has come to be defined as "the ability to innovate at the local level" (Garofoli, 1992b, p. 7; Stohr, 1990, p. 2) with initiative and entrepreneurship as exigencies (Stohr, 1990, p. 2). This is a radical departure from the classic understanding of development held by economists. Moreover, the different patterns of local development that have surfaced over the past 15 years have diminished confidence in the conventional analysis and interpretation of development (Garofoli, 1992c, p. 49; Pecqueur and Silva, 1992, p. 17). In an attempt to better understand the nature of the challenge presented to the very essence of development, the evolution of the meaning and measurement of development is addressed.

2.3.1 ECONOMIC DEVELOPMENT: ORIGINS OF MEANING AND MEASUREMENT

2.3.1.1 Macroeconomic Definitional Roots

At the macro level, economists define development in terms of wealth creation (O'Neill, 1993, pp.7-8; Coffey and Polese, 1985, p. 86; Sitwell and Seifried, 1984, p. 7; Weaver, 1984, p. 142). More specifically, economic development involves *growth* - increases in primary economic indicators (income, employment and production) - and improvements in the structure of the economy - for instance the

industry mix (O'Neill, 1993, p. 6). Consequently, the relationship between economic growth and development is inextricable. The American Economic Development Council (AEDC) defines economic development as "the process of creating wealth through the mobilisation of human, financial, capital, physical and natural resources to generate marketable goods and services" (AEDC, 1984, p. 18). While many consider inputs, labour, and capital to be the primary economic factors of production (Weaver, 1984, p. 142), others include entrepreneurship as one of the key factors in wealth creation (Holt, 1992, p. 3; Sitwell and Seifried, 1984, p. 5). Although the meaning of entrepreneurship is somewhat indeterminate (Holt, 1992, p.7) its importance to economic development is not. This issue is one which will be explored later in this dissertation.

2.3.1.2 Measuring Economic Development

Changes in gross national product (GNP), a measure of the national total income (Bennett and McCoshan, 1993, p. 28; Anderson, 1991, p. 14) provide one indicator of 'growth'. Other economic indicators include measures of employment and structural change in the economy (O'Neill, 1990, pp.7-8). According to Anderson (1991, p. 6), mainstream economists define economic growth as growth in GNP.

Gross domestic product (GDP) and GNP figures are produced by national income accounting procedures as objective financial measures of income. Employment of these measures as indicators of economic 'welfare' arose when economists wanted to measure 'value' in quantitative terms and saw money as a simple measure of value. As the value of goods and services was seen to be measured by price, aggregate measures, such as total expenditure became the basis for measuring value or utility generated by the economy as a whole (Anderson, 1991, pp. 18-19). Frequently, GDP is used by politicians as a measure of "the overall success and progress of an economy, the value it has generated, and the human happiness or welfare derived from it" (Anderson, 1991, p. 19).

While GDP and GNP accurately measure flows of money, their use as a measure of total value or welfare are questioned on several accounts (Anderson, 1991, p. 19;

Savoie, 1992, p. 233). Firstly, conventional economic indicators cannot measure all of the benefits (or the costs) of economic development (O'Neill, 1990, p. 8). People derive benefit from both what they own (stocks) and the income received during a particular period (flow). Secondly, GDP and GNP ignore nonmonetary output (Sitwell and Seifried, 1984, p. 3; Anderson, 1991, pp. 22-23; Korten, 1990, p.40) and therefore do not accurately measure total production of goods and services. Thirdly, there is no conclusive evidence of a positive correlation between increases in growth rates and increases in welfare (Anderson, 1991, pp. 21-22). Finally, without consideration of income distribution, these aggregate measures of 'welfare' can be misleading. For example, while a country may experience growth - for example a rise in per capita income, it does not necessarily follow that the additional income has become more evenly distributed, or that the issue of need or circumstance is addressed (Anderson, 1991, p. 24; Matthews, 1983, p. 45). In fact, as worldwide economic restructuring impacts on all industrialised nations, it could be argued that the importance of addressing need or circumstance is becoming the paramount goal for many stakeholders in the economy (Stohr, 1990, p. 9).

2.3.2 REINTERPRETING DEVELOPMENT

2.3.2.1 Definitional Alternatives

Social scientists, many of whom adhere to the endogenous paradigm, have challenged the conventional meaning of development by putting much more emphasis on noneconomic welfare. Frequently, a multi-sectoral and multi-dimensional definition is preferred which includes, but is not limited to, economic development (Perry, 1987, p. 127; Verge, 1992, p. 2; Korten, 1990, p. 67; Nelson, 1993, p. 28). Poostchi (in Gerace, 1990 p. 153) sees development as "the complicated pattern of economic, social and political change that takes place in a community or a society as it changes from a traditional status." This is echoed by Christenson and Robinson (1990, p. 11) who argue that development is a locally initiated social action process to change the economic, social, cultural and/or environmental situation. "Development is the transformation of the social and economic system of a nation, a region, or a place in such a way that it results in an improvement in the quality of life of the population,

under conditions of their own choosing" (Bryant and Preston, 1987a in Coppack, 1990, p. 80).

These definitions have several noteworthy characteristics. Firstly, the process emphasis is on *change* as opposed to *growth*. Since World War II, maximisation of economic growth has been the predominant policy objective of most national governments (Anderson, 1991, p. i). However, the nature of the definitions developing amidst declining levels of economic growth and an accelerating incidence of economic crises in both Europe and North America, suggests that adaptation may be displacing growth as a development priority.

Secondly, the inclusion of noneconomic factors in the various definitions, challenges the universality of the assumption that people, above all else, will seek to maximise income as a goal (Sitwell and Seifried, 1984, p. 26). For example, improving the quality of life in an area may involve choices which do not maximise income. In fact, it has been shown that when people are faced with the choice between staying where they are or moving elsewhere to assume a job providing greater economic income, many people, particularly in rural areas, will chose to stay where they are (Sitwell and Seifried, 1984, p. 90; Matthews, 1983, p. 66). A variety of reasons may account for this. It is possible that the decision may be based on the perception that this choice is maximising "human happiness or welfare". For example, in rural areas there are often significant benefits derived from the informal economy and the social structure: being able to draw on family and friends for assistance, only needing one household vehicle because a person's place of employment is within walking distance, being able to afford a house because it was built through the help of friends and relatives... Consideration of these 'noneconomic' factors raises questions not only about the propensity of people to make decisions on the basis of maximising income, but also about the ability of conventional indicators to measure "human happiness or welfare".

Finally, the emphasis placed on the role of human volition in the process is a major departure from traditional economic definitions which assume development is deterministic. Research has indicated that there is opportunity at the local level to influence the process (Stohr, 1990, p. 26). If people become participating stakeholders,

they become development 'makers' rather than development 'takers'. In so doing, it is their values which underlie subjective judgements about economic and material well-being. For example, evidence indicates that an assessment of quality of life by 'outsiders' will be significantly different from that determined endogenously (Matthews, 1983, p. 31). It has been suggested that because people's perception of an economic situation and how it should be may be markedly different from that of conventional interventionists (Webster, 1990, pp. 38-39) outside intervention may be met with resistance. In fact, resistance has been seen to arise when the social and cultural fabric of a community is threatened (Webster, 1990, pp. 38-39). This underscores the interactive role of economic, social and cultural conditions in shaping development (Garofoli, 1992c, p. 50). Moreover, it implies that the interpretation of development and how it is achieved will vary on a local basis. If the stakeholders who are being affected by an economic crisis participate in the generation of a response they will judge the situation according to their own values and will perceive the need generated by the local economic crisis according to the shared meaning of well-being in the local area. This suggests that development goals and strategies to achieve these goals will vary between local areas. Indeed, as the meaning of development becomes challenged, so too is its measurement.

2.3.2.2 Measurement Issues

It has been argued above that national income measures are not valid indicators of well-being. However, if it is assumed that economic and material well-being are important development objectives this raises the issue of how well-being will be measured. Alternatively, the use of social and environmental indicators, such as infant mortality rates, divorce rates, or pollution levels have been suggested (Anderson, 1991, p. 49; O'Neill, 1993, p. 6; Matthews, 1983, p. 20). These indicators really challenge the meaning of well-being by extending the parameters of development beyond economics. For example, environmentalists argue that equating well-being with economic growth ignores the environmental costs of economic activity. The 'green' argument is often presented as 'anti-growthist'. Largely this stance is predicated on the assumption that unilateral maximisation of income and/or wealth has no limiting principles while the environment in which growth occurs is bounded (Anderson, 1991, p. 5). In short this

means that an economic growth policy focus can be condemned because its activity is judged only in terms of whether or not it is economic. The UN World Commission on Environment and Development (1987, p. 30), while not necessarily against growth, argues that growth should be socially and environmentally sustainable.

Indeed, criticism of the economic growth objective and challenges to the meaning and measurement of development have arisen from a variety of sources. However, the alternative indicators, while providing 'objective' measures of noneconomic welfare - for example, infant mortality rates could be considered one indicator of health - are questioned. Firstly, the suggested alternatives measure development as interpreted and/or defined by one group of stakeholders, for example, environmentalists, which may or may not be in keeping with the understandings and judgements of other stakeholders. Secondly, while the alternative definitions of development outlined previously have included both economic and noneconomic aspects, there is no indication that the proposed noneconomic indicators of welfare are intended to be used conjunctively with economic measures of well-being. Fundamentally, before valid indicators could be selected, it would seem important to determine how development is being defined. As the aim of maximising economic growth is challenged, the debate turns not only to objectives but also to indicators - those in present use and those which will be used to measure alternative objectives.

2.3.3 IMPLICATIONS OF THE DEBATE FOR REGIONAL ECONOMICS

2.3.3.1 Challenges to Regional Development Objectives

To a large extent the debate over development has found its major focus within regional economics. Adhering to the classic economic definition of development, regional economics seeks to explain and influence regional differences in income and employment. Generally, in seeking to reduce disparities, regional development policies have not been known to differentiate between the needs of regions (Nelson, 1993, p. 27). Yet, the needs of a region in crisis whose economy is based on natural resources will be different from those of a region whose economy is based on traditional manufacturing.

The fact that over time, regional disparities in employment have changed little in industrialised countries such as Canada (Economic Council of Canada, 1990) and the United Kingdom (Armstrong and Taylor, 1985, p. 142), warrants further consideration. For example, in the UK relative unemployment rates have exhibited a stable geographical pattern, enduring over time and economic conditions (Armstrong and Taylor, 1985, p. 142; Bennett and McCoshan, 1993, p. 46). Although regional disparities in employment are substantial, it appears that variations within regions may be greater than variations between regions. The regions of high unemployment (such as Wales, the North West and the North) all contain sub-regions with unemployment rates below the national averages (Armstrong and Taylor, 1985, pp. 142-145). This evidence, and similar findings in the United States (Blakely, 1989, p. 18), challenges the appropriateness of addressing unemployment on a regional basis. Further, the fact that undifferentiated regional policy measures are inherently insensitive to circumstances such as the source of unemployment - for example underdevelopment vs. productive restructuring - or the economic base *within* regional communities, raises questions about their potential effectiveness in reducing disparities. To use an analogy, if two people are sick and seek medical treatment - one for cancer, another for diabetes, chemotherapy will not be effective in both cases. Therefore, if unemployment results from differing economic circumstances then the ability of indiscriminate measures to provide effective 'treatment' is questioned. Further, when the influence of local socio-cultural factors are considered, it is possible that even communities with a similar economic base may require differing policies and strategies to address employment concerns. These considerations suggest that the effectiveness of policy measures in reducing employment disparities will depend upon their sensitivity to differing circumstances and needs within regions.

2.3.3.2 Issues in Measuring Economic Development in a Regional Context

Following the tradition of its parent discipline, the level of disparity between regions has been measured by using income and employment level indicators (Nelson, 1993, p. 27; Macdonald, 1989, p. 14). The European Community (EC), for example, uses the 'synthetic indicator' which is comprised of GDP per capita and unemployment (Cappellin and Molle, 1988, p. 2). The two most common indicators of regional

income are regional gross domestic product (regional GDP) and regional disposable income (regional DI). Use of these measures has evoked challenge and criticism of regional development which mirrors that presented in the general development debate outlined above.

While economists and others have provided 'objective' measures of both economic and social well-being, empirical evidence questions the assumed relationship between objective reality and subjective perception of well being (Lee and Marans, 1980, pp. 50-51; Matthews, 1983, pp. 27-36). For example, 'objective' measures of economic well-being, for instance per capita income, do not take into consideration the perceived adequacy of income. Therefore, although objective assessment might conclude that the economic well-being of two areas are comparable based on per capita income levels, it is possible that residents of one, predominantly rural, area might consider the adequacy of income more favourably than residents of the other, more urban area.

In examining the alternative measures of well-being proposed by endogenous development approaches, there is no indication that they are intended to be situationally sensitive to potential territorial deviations in the meaning of well-being. For example, while pollution levels may be a valid indicator of environmental sustainability, if residents of an area do not define development in environmental terms, then using this 'objective' noneconomic indicator may be difficult to defend. This suggests that it may be important to reconsider the role of stakeholders' subjective judgments when defining development objectives and measuring results.

In typically assuming that social disparities result from economic disparities, economists tend to measure success in addressing disparities according to improvements in income and employment. Yet, improvements in 'objective' social indicators have been achieved despite the persistence of economic disparities (Matthews, 1983, pp. 33-34). For example, in Canada, over the past twenty-five years, regional differences have been eliminated in terms of acquisition of basic household necessities such as a telephone, refrigerator, and indoor bathroom facilities (Savoie, 1992, p. 234) and in terms of many quality of life factors such as education, health, and other public services (Savoie, 1992, p. 234) there is little regional difference. Yet, income measures

do not reflect these conditions. Consideration of these factors raise the fundamental question of not only what indicators are appropriate in measuring regional differences but also how the meaning of development is to be understood - is it that of economists or that of the people under consideration. Many of the conventional indicators used by economists fail to measure aspects of development which would be considered important by the population in question.

In summary, an understanding of the challenges to the essences of regional economic development is rooted, first and foremost, in general economic thinking, as regional economics derives the meaning and measurement of development from its parent discipline. Fundamentally, the ability of regional economics to describe and understand the distinctive characteristics of regions which affect economic performance has been challenged by evidence which indicates that noneconomic factors and subjective perceptions have an influence on the development process. While a new development paradigm is emerging, its assumptions are largely based on the processes and structures characterising a limited number of autonomous development experiences. Because the noneconomic factors and subjective perceptions shown to influence the development process are manifest at the subregional level, the appropriateness of a regional focus for understanding and intervention is questioned. Indeed, whether such noneconomic factors can be effectively mobilised to influence development in declining or stagnating communities is yet to be established. Therefore, as a new understanding of the development process is being driven by a differing paradigm, the conceptualisation of the relationship between economic and socio-cultural factors warrants consideration.

2.4 ENDOGENOUS THEORY, POLICY AND KEY FACTORS

2.4.1 THEORETICAL FRAMEWORKS

While it has been argued that the endogenous development approach is based on firm theoretical arguments and on an extensive analysis of the actual development process in many European regions (Cappellin, 1992, p. 3) this assertion is still questioned (Wiewel, Teis, Giloth, 1993). Indeed, many scholars claim there is a lack of empirical evidence (Stohr, 1990, p. 22; Vazquez-Barquero, 1992d, p. 381) and Cappellin (1992,

p. 30) himself directs attention to the fact that many endogenous models still focus on a particular aspect of the development process. For example, the 'regulation economists', who emphasise the role of institutional regulation in development (Goldstein and Luger, 1993, p. 149; Vazquez-Barquero, 1992d, p. 381) virtually ignore the impact of territorial idiosyncrasies on the process (Pecqueur and Silva, 1992, pp. 17-18).

Moreover, the lack of clarity and level of confusion in regard to the theoretical arguments presented within the literature is significant. For example, a particular model may be referred to by different names. Nelson (1993) and Garofoli (1992) refer to the model of Friedmann and Weaver as agropolitan development while Pecqueur and Silva (1992) and Coffey and Polese (1985) refer to it as territorial development. Additionally, the variation in descriptions of a particular model may be substantial. Nelson (1993, p. 48) claims that territorial approaches do not consider the interactive effect of economic and social conditions on development while Pecqueur and Silva (1992) claim they do. Finally, while a term denotes a model to some, others refer to it as a 'paradigm'. For example, Johannisson (1990, p. 61) refers to a territorial paradigm while Nelson (1993, p. 47) refers to territorial development theory and sets it in a growth center context. Generally, within theoretical frameworks, many integral concepts like partnerships, innovation and entrepreneurship are rarely defined. Indeed, in the absence of definitions which state clearly what is meant by the myriad of terms, it is difficult to discern whether the theoretical frameworks could be useful in understanding development at the local level.

Overall, despite their many shortcomings, models arising within the endogenous paradigm share the assumption that differences in production, in consumption and in noneconomic activities have become more important in explaining economic and social change (Bovaird, 1992, p. 346). Given the lack of consensus in defining, describing and classifying theoretical frameworks, an attempt is made by the author to categorise the models according to two major groupings: the first - productive restructuring models - analyses regional dynamics through a functional approach; the second group of models - spatial development models - analyses these dynamics in relation to territory (Garofoli, 1992b, p. 8).

Productive restructuring models are typically considered endogenous (Cappellin, 1992, p. 3). Yet, they seek to explain local economic change largely in terms of response to macroeconomic shifts at the industry sector level. Whereas some scholars seek to identify the main socio-cultural environment which characterises varying industries, others attempt to explain the influence of organisational and institutional capacity on the restructuring process. For example, the regulation economists (Anglietta, 1976; Lipietz, 1987) who attempt to interpret post war growth in industrialised countries, assert that as change occurs in the way in which development is achieved, the state is required to change the way in which it is organised and managed.

Although the strategic role of the SME sector and local agglomeration economies are acknowledged within these models, generally, the wider range of factors impacting on local economic development are neglected. This was pointed out by Fothergill and Gudgin (Bovaird, 1992, p. 345) who demonstrated that industrial structure factors could not explain significant changes in local employment. Additionally, evidence in late developing countries (Vazquez-Barquero, 1992d, p. 384; Garofoli, 1992, p. 7) suggests that functional explanations of productive restructuring could not fully explain the local industrialisation of non-metropolitan areas. Indeed, a functional approach, although accepting that industrial structure may vary over space, does not see space as an important variable in economic change. Therefore, these models offer no explanation as to why areas of similar size, resources and industrial structure have different economic outcomes (Weiwel, Teitz and Giloth, 1993, p. 81).

Long Cycle Theory can be considered among the productive restructuring models of development. It relates development to 'long waves' in economic growth (Kondratiev, 1935; Schumpeter, 1939; Bovaird, 1992, p. 345; Bennett and McCoshan, 1993, p. 14; Marshall, 1987; Goldstein and Luger, 1993, p. 152; Stohr, 1990, pp. 37-38) which emanate from innovations and entrepreneurship. Some scholars see restructuring as an attempt to increase profitability within the downturn of an economic cycle (Vazquez-Barquero, 1992d, pp. 382-383). Basically, a cycle is seen to begin when a new innovation is adopted by entrepreneurial firms. As the adoption of the innovation becomes more widespread, economic development occurs. The end of a cycle is marked by the maturation of the adopting firms, obsolescence of the technology, and

a decline in the economy (Melkers, Bugler, Bozeman, 1993, p. 233). Generally, this theory limits explanation to economic factors - innovations (i.e.- steel making) are developed until they no longer significantly influence economic development whereby another major innovation is required to stimulate the economy. While this theory has widespread use in explaining the economic performance of countries, it has also been used to explain the economic growth certain regions have achieved through the synergistic clustering of innovative firms (Bennett and McCoshan, 1993, p. 15; Bovaird, 1992, p. 345).

Overall, many models of local development, such as the flexible specialisation model of Piore and Sabel (1984) or models of diffuse industrialisation (Pecqueur and Silva, 1992) focus on a single local development trajectory, and therefore the utility of these models in explaining, more broadly, endogenous development experiences is limited. Given the fact that one of the main weaknesses of traditional economic models was a failure to consider the interaction of economic and socio-cultural factors in the development process, then it would be important that these factors be conceptualised in explaining local development. If endogenous models are to contribute to a better understanding of the development process, then more comprehensive frameworks, which incorporate the salient factors in the development process, are required.

Spatial development models[1] are said to have the analytical potential required to explain local development experiences because they can incorporate productive restructuring dynamics (Garofoli, 1992b, p. 7; Vazquez-Barquero, 1992a, p. 35). However, as they stand, these models also tend to emphasise a particular aspect of the process, which limits their explanatory value. Johannisson (1990) and Friedmann and Weaver (1979), while emphasising the link between local economic and behavioral sectors, do not fully conceptualise and explain the interrelationship. Territory represents the place where economic, socio-cultural and political relationships interact to determine different forms of business organisation and different product and process innovative capacities (Garofoli, 1992b, p. 4-5; Nelson, 1993, p. 48). Development is seen to be facilitated by a common economic, socio-cultural, and political arena which enables face-to-face

[1] The terms 'spatial development model' and 'territorial model' are used interchangeably in the literature.

decision-making opportunities (Nelson, 1993, p. 49). Effective decision-making is facilitated by a sense of identity within the area (Nelson, 1993, p. 49). However, self-centred characteristics of regional development, such as endogenous control or stakeholder participation (Garofoli, 1992b, p. 4; Pecqueur and Silva, 1992, p. 18) while found to be key elements of the process cannot, by themselves, explain the economic development of a particular locale as empirical evidence from the U.S. indicates (Nelson, 1993, p. 51). Therefore, while endogenous scholars generally agree that economic and socio-cultural forces interact to determine different forms of production organisation and different innovative capacities (Garofoli, 1992b, p. 5), for the most part, the models do not provide a comprehensive description or explanation of this interaction.

2.4.2 THE RELATIONSHIP BETWEEN THEORY AND POLICY

In attempting to respond to the challenges presented by the global socio-economic reality, particularly since the mid 1970's, a variety of local development and employment initiatives have been supported in Europe and North America. Generally, these policy initiatives lack a rationale for why such action will be more effective in addressing the identified problems. Indeed, in examining high-tech development experiences in the United States, it was concluded that some policy measures were adopted because they were 'in vogue' (Goldstein and Luger, 1993, p. 148) or because there was a political need to appear to be doing something (Feller, 1988; Anton, 1989).

While it may be possible to justify some programs according to productive restructuring models - for example, the training is needed to equip people with the skills required by the global marketplace, this ignores the non-economic factors of a local nature which are known to influence the development process. Assuming the economic and socio-cultural factors interact uniquely in each locale, there is little evidence to indicate that the influence of these factors on, for example, training have been considered.

Recognising the long term impact of new ventures on employment growth and economic development (Mason and Harrison, 1990) policymakers have sought to

encourage new firm formation especially in economically disadvantaged rural areas (Vazquez-Barquero, 1992a, p. 38). The fact that many new ventures are small has probably contributed to the increased level of policy focus received by the SME sector. Among the local development initiatives, some have attempted to solve infrastructure problems (for example trying to make incubator facilities available for new businesses), others, for example in the European Community, have attempted to stimulate the inception of firms by providing various forms of advisory, technical and financial assistance to small firms (Cappellin and Molle, 1988, p. 13), while still others have focused on training initiatives in attempt to improve skill levels or managerial capacity (Vazquez-Barquero, 1992d, p. 386).

With endogenous approaches increasingly emphasising entrepreneurship and innovation (Pecqueur and Silva, 1992, p. 19; Cappellin, 1992, p. 4; Glasson, 1992, p. 525; Cappellin and Molle, 1988, p. 7; Ewers and Wettmann, 1980) and research indicating the impact of noneconomic factors, such as networks, on innovation within SME's (Stohr, 1990, p. 43) one questions how initiatives which ignore these factors can effectively influence entrepreneurship, innovation or new firm formation. Indeed, there is no indication whether territorial variations produced by the interaction of economic and socio-cultural factors have been taken into account when formulating policies and programs.

A major issue surrounding endogenous policy is that development may 'emerge' from independently pursued initiatives within a local community. Yet, there have been no studies to assess the interactive contribution(s) of separate initiatives to the development process. For example, within a particular community, there may exist a general perception that a high quality of life and a supportive business environment are facilitating an increase in the rate of venture start-ups which has been experienced over the previous two years. Several organisations which may or may not share similar mandates, may be directly or indirectly contributing to this perception. For instance, organisations with a social development mandate may have created a rich recreational and cultural environment which has attracted highly skilled people who, in turn, have provided the impetus for business development. The perception of a supportive business environment could be resulting from the independent efforts of several organisations

with a mandate of job creation: one might be trying to stimulate employment in the SME sector by offering financial and advisory services; one might be offering training; and another might be attempting to attract outside investment through infrastructure projects. Whether this environment was created through 'happenstance' or not requires further study. Indeed, it has been argued that local synergy is a key success factor in local business development (Stohr, 1990, p. 49). Yet, initiatives of a socio-cultural or economic nature, while possibly having a joint impact on local development, may provide little opportunity for synergy if they are being pursued independently.

In cases where local initiatives have been evaluated, there is little evidence that the problems discussed earlier in relation to the evaluation of exogenous policy initiatives have been addressed. Therefore, determination of success is questioned. For example, in Stohr's UN study (1990), the stated objective was to determine the structures and processes which facilitated innovation (Stohr, 1990). One of the major problems with this study is that the key concepts, for example, innovation, entrepreneurship and development, are either not defined or defined so broadly that their contribution to local development has been obscured. Success in development was judged according to a number of unprioritised criteria including: employment - both quality and quantity and availability of mechanisms for conflict resolution... (Stohr, 1990, p. 31). While the researchers argue that need or circumstance may influence both the outcomes and the process, there was no indication of how need or circumstance was determined or who defined it. With multiple development criteria how is development determined? Given twelve research teams and fifty case studies of initiatives with varying objectives, the reliability of results is very open to challenge. Further, in light of the fact that the endogenous approach places importance on local definition of objectives, there was no indication of whether the stakeholders assessment of success was considered.

Generally, in studying local/regional development experiences definitional imprecision makes it difficult to defend conclusions that, for example, an area's lack of development is due to an absence of entrepreneurial or innovative capacity. Furthermore, it is plausible that the issue is not a lack of entrepreneurial capacity, but a failure to appropriately mobilise the capacity that is there. In the absence of reliable

and valid evaluation, there is little evidence to indicate that locally focused development initiatives have proven to be more appropriate interventions in stimulating economic development than their exogenous predecessors. Indeed, research into the involvement of endogenous stakeholders, and the degree to which local development strategies need to be contingent on local circumstances is needed. Ultimately, the greatest deficiency characterising endogenous policy is the lack of an underlying conceptual framework to rationalise the action taken.

While research into the factors influencing local development has tended to be narrowly selective and fraught with difficulties, a review of the range of economic and socio-cultural factors identified within the literature will assist in providing a foundation upon which a more comprehensive territorially based framework of endogenous development can be established.

2.4.3 SHAPING THE DEVELOPMENT EXPERIENCE: KEY FACTORS

At the same time that new regional development patterns were being recognised in several areas of Southern Europe, the organisation of production was changing in many industrialised countries which was resulting in the territorial diffusion of productive activities (Garofoli, 1992b, pp. 1-4). In studying the development patterns in Southern European countries, small firms and small towns were shown to play a key role in the development process, which was being influenced by the local social and cultural environment and characterised by a spatial agglomeration of small and medium sized independent units of production (Pecqueur and Silva, 1992, pp. 20-21; Garofoli, 1992b, p. 7; Vazquez-Barquero, 1992a, p. 44).

Generally, the study of local development in other parts of Europe and North America has centred on assessing local/regional policy initiatives designed to mobilize endogenous development potential in attempt to restructure the productive system. However, it has been argued that empirical evidence is scant (Stohr, 1990, p. 22; Coffey, 1987) and that the research has not been very systematic (Vazquez-Barquero, 1992a, p. 37). Analysis typically tends to focus on the efforts of a single organisation rather than being more broadly based. Therefore, it is sometimes difficult to gain a

panoramic perspective on the nature and extent of development occurring locally, and the factors, structures and processes which are influencing it. For example, Stohr's UN research (1990), while encompassing 50 case studies of small scale local development experiences, focused analysis on the social processes which have led to innovation. However, social processes, by themselves, cannot determine the effectiveness of attempts to manipulate the development process at the local level.

While theory and policy has been open to challenge, insight can be gained by synthesising the range of factors which knowledge and practical experience have identified as instrumental in the varying endogenous development circumstances. Drawing largely on knowledge gained from autonomous development experiences and the study of new venture creation, as the creation of new firms has been strongly associated with effective response to local economic crisis (Vazquez-Barquero, 1992a, p. 38), the ensuing discussion reviews what is known about the key economic, demographic and socio-cultural factors and other elements believed to be vital to local development.

2.4.3.1 Economic Influences

The small business sector is now recognised as being one of the fastest growing segments of the economy and as being responsible for most of the net employment creation (Cannon, 1991, p. 15; Birch, 1979; Fothergill and Gudgin, 1979; Gallagher and Stewart, 1984; Bannock and Peacock, 1989, p. 14; Pellegria, 1989, p. 9; Cappellin, 1992, p. 2; Bennett and McCoshan, 1993, p. 94). During the 1970's, in both the United States and Europe, employment growth was found to be arising from the inception or expansion of firms rather than from the regional mobility of firms (Cappellin, 1983; Birch, 1987, p. 137). Moreover, when adhering to a Schumpeterian interpretation of development which involves new venture adoption of innovation, creation of new firms has been associated with the structural change of an economy (Vazquez-Barquero, 1992a, p. 34). Generally, it is argued that a high rate of new firm formation makes a local economy more diversified, providing the area with greater flexibility in coping with the uncertainty and complexity of the socio-economic change being experienced both locally and globally (Glasson, 1992, p. 508).

Indeed, although new local firms are being acknowledged as having an enhanced role in the productive adjustment process (Glasson, 1992, pp. 508-516; Vazquez-Barquero, 1992a, p. 35) this may be partly attributable to the fact that the formation and expansion of local firms is attracting greater interest and support from politicians, policymakers, academics and development professionals. As small firms may assume an increasingly pivotal role in responding to the effects of global economic restructuring, particularly in regard to employment losses, it is important to understand how the economic structure of a local area may influence the rate and volume of small business start-up and growth.

2.4.3.1.1 Economic structure: influences on the small business sector

Generally, new venture creation has been found to be lower in areas where large enterprises engaged in mass production form the economic base (Stohr, 1990, p. 8). Largely this is because low-skilled assembly-line manufacturing firms usually provide little opportunity for the development of managerial, professional or technical competencies which are associated with the background of new venture founders (Mason, 1991, p. 82; Gould and Keeble, 1984; Whittington, 1984). Indeed, Garofoli (1992c, p. 56) argues that the inception and growth of enterprise is inhibited in traditional industrial districts, suggesting the labour force's orientation toward paid employment and the barriers to entry created by the capital intensiveness of certain industrial sectors have contributed to this situation.

Secondly, it has been shown that business formation is affected by the plant-size structure of a community (Garofoli, 1992c, p. 56). Fothergill and Gudgin (1982) and Cooper (1973) found that many new firm founders previously worked in small firms or small divisions of large companies. Therefore, in communities where large firms prevail, there would be less opportunity to nurture the variety of business competencies needed to launch a new venture.

Thirdly, as low-skill work moves to Third World countries, the economies of industrialised nations have seen a growth in small firms specialising in nonstandardised products (Howland, 1993, p. 66-67). The ability of areas to capitalise on this

opportunity has depended upon the availability of an endogenously skilled workforce. Therefore, in single industry communities engaged in routine assembly, the endogenous work force is not likely to have the skill base required for specialisation.

2.4.3.1.2 Spatial variations in new venture creation: implications

David Birch's research in the United States found spatial variations in employment creation by new firms to be greater than spatial variations in job losses through closures, which has been subsequently confirmed by others (Birch, 1979, p. 4; Fothergill and Gudgin, 1982; Wever, 1985). The policy implications of his work suggested attention should be focused on stimulating the creation of new jobs rather than diverting resources to the protection of jobs in declining industries. However, Macey's research (Armstrong and Taylor, 1985, pp. 136-137) on UK regions produced findings which made policy implications far less definitive. This research indicated that policymakers should not ignore regional disparities in closures and contractions if they are concerned with net employment change. These varying conclusions suggest that although the small business sector has been shown to make a significant contribution to employment, there are marked spatial differences in development opportunities and constraints. Further, these differences will be influenced by the occupational and industry structure. All things being equal, areas whose net employment change is significantly affected by closures and contractions will face a greater challenge in stimulating the small business sector.

2.4.3.2 Degree of Urbanisation: Impact on New Venture Creation

In studying new venture creation in Western Europe, research indicates (Mason, 1991, pp. 76-77) that large metropolitan areas had the highest rates and volumes of manufacturing and service oriented new ventures while 'underindustrialised' rural areas had high rates but lower volumes of small scale industrial ventures. Overall, the lowest rates and volumes of new venture creation were found in older urban industrialised regions typified by branch plants attracted by regional industrial policy initiatives of the 1960's and 1970's and by declining industries that are dependent upon large scale production. Regional differences in the industry mix were not found to be significant

in accounting for spatial variations in UK new firm formation rates (Mason, 1991, p. 81) or in explaining regional differences in the unemployment rate (Armstrong and Taylor, 1985, p. 149). Regional new venture formation rates in Western Europe were found to vary according to the urban-rural dimension (Mason, 1991, p. 76) and these rates were found to distinguish areas of high employment growth from those of slow growth or decline (Mason, 1991, p. 100). However, these new firm formation patterns are not universal. For example, Birch (1987) reports that in the United States new firm formation is more of an urban phenomenon.

2.4.3.2.1 Rural areas: distinct development needs and opportunities

Overall, the economies of rural areas have been in decline in both the developed countries of Europe (O Cinneide, 1992, p. 77) and in Canada (Economic Council of Canada, 1990, p. 2; Troughton, 1990, p. 23). The ability of rural areas to respond to socio-economic restructuring and stimulate growth is substantively different from that of its urban counterparts (Mason, 1991, p. 76) which has implications for theory and policy. Additionally, the opportunities and threats influencing development quite often vary substantially depending upon whether the context is rural or urban (Bennett and McCoshan, 1993, p. 224).

In general, the problems facing rural areas are twofold: labour requirements in the major resource sectors - fishing, farming and forestry - are declining largely due to technological advancement; and the rural routine manufacturing base is shrinking (Troughton, 1990, p. 24). Empirical evidence suggests that communities which are small and dependent on staple exports have trouble adapting to market conditions (Anderson, 1988, p. 5). Additionally, in comparison to urban areas, rural economies that are based upon single industry routine manufacturing will be more vulnerable when facing plant closures, downsizing or relocation due to smaller size and lack of diversity (Howland, 1993, p. 65; Blakely, 1989, p. 34).

Serving to magnify the severity of the problems is the fact that many rural areas are sparsely populated and geographically isolated which often means a lack of access to transportation networks, service structures (Bennett and McCoshan, 1993, p. 274; O

Cinneide, 1992, p. 77; Pecqueur and Silva, 1992, p. 28), information, and capital. A long tradition of out-migration (O Cinneide, 1992, p. 77) further compounds the problems.

Neither private enterprise nor centrally initiated local development policy has proven effective in dealing with the problems facing structurally weak economies (Stohr, 1990, p. 44; Garofoli, 1992b, p. 2). In fact, many scholars from a variety of countries have concluded that many peripheral rural areas, for example in parts of Southern Italy, Portugal, and Canada have stagnated - exhibiting an absence of any new forms of development and a continued dependence on outside assistance (Garofoli, 1992b, p. 2; Economic Council of Canada, 1990, p. ix; Pecqueur and Silva, 1992, p. 28). Facing economic crisis, many communities attempt to preserve the status quo and are resistant to change. It has been suggested that people resist change when it is initiated by outside sources whose interests and needs differ from those articulated endogenously (Bennett and McCoshan, 1993, p. 275). However, in general, there has been little analysis or explanation of the persistent stagnation or decline of these peripheral areas (Latella, 1992, p. 61). Moreover, analysis of development in rural areas, for example in Canada (Coppack et al., 1990), tends to focus on those communities lying within urban fields. Because of the relatively close geographic proximity to the city, these rural areas have greater access to resources and opportunities than the more peripheral rural communities that are located outside the urban field.

In reviewing the potential for new ventures in rural areas, several factors have been shown to be significant. On the one hand, if a rural economy is based on primary resources or a single industry, the level of new business formation would be expected to be low as the population has not been provided the opportunity to acquire the skills needed to launch a venture. Secondly, in areas where the population is less skilled, for example, as a consequence of routine assembly work, firm formation would be expected to be low (Mason, 1991, p. 82). The trend towards specialisation in nonstandardised products puts rural areas at a disadvantage in that these products generally require skill levels and competencies which rural populations dominated by routinised work do not possess. Furthermore, because rural areas in the United States and Canada have historically attracted manufacturing with weak backward and forward

linkages (Howland, 1993, p. 67) there has been little opportunity for growth in upstream or downstream businesses.

Various studies of local environments have attempted to identify factors supporting higher instances of venture formation and expansion (Storey and Johnson, 1987b; Sweeney, 1987; Mason, 1991, p. 99; Keeble and Wever, 1986; Vazquez-Barquero, 1992a, p. 36). For example, Bruno and Tyebjee (1982, pp. 288-306) provide the following list of factors: financial institutions which are supportive of the small business sector, experienced entrepreneurs, a technically skilled and/or professional labour force, accessible suppliers and markets, favourable governmental policies, proximity of universities, availability of land and facilities, access to transportation, a receptive population, availability of supporting services and information, attractive living conditions and a social climate that favours individualism.

People living in areas with these characteristics who become displaced will be more likely to have access to the resources needed to successfully start a new business and perceive such a venture to be a "credible and relatively low-risk action with relatively high rewards" (Mason, 1991, p. 99). Indeed, this would indicate that urban areas are more likely to nurture a supportive development environment for small business. However, the argument that people in rural areas have a stronger sense of place (Howland, 1993, p. 71) and community, with many wanting to remain where they are despite a lack of employment (Sitwell and Seifried, 1984, p. 90; Matthews, 1983, p. 66) and that people are more likely to start businesses where they live (Long and MacMillan, 1990, p. 443), raises the question of whether these factors may be capitalised upon in building an economic development strategy for rural areas.

In summary, rural areas, particularly more peripheral ones, are generally seen to have fewer resources to draw on in terms of infrastructure (O Cinneide, 1992, p. 79), human resource skills (Howland, 1993, p. 61) and capital resources. This has been the experience in the Gaeltacht areas of Ireland (O Cinneide, 1992, p. 79) and several other European areas (Stohr, 1990). The economy of rural towns is usually based on one of the following: agribusiness, family farming, resource extraction, manufacturing, tourism, retirement, government employment, or government transfers (Howland,

1993, p. 61). While on an individual level rural communities are rather uncomplicated, collectively they are quite diverse (Howland, 1993, p. 61). Each community will have unique capacity to deal with development. While the problems facing rural areas have been shown to differ from those of urban areas, more research is required to more fully understand the needs and interests of people within these areas and to determine how their notion of development differs from that traditionally promulgated. Given that stakeholder participation is a key characteristic of the endogenous development approach, the local interpretation of development is important as "deciding whether, when, and how to intervene in a process is predicated upon how the process is understood to operate" (Hoyupka and Shlay, 1993, p. 175).

2.4.3.3 Socio-cultural Factors

2.4.3.3.1 Entrepreneurship and innovation

In examining the relationship between local development and the characteristics of its environment, it has been argued that development depends upon values reinforcing initiative and entrepreneurship (Garofoli, 1992c, p. 51).

> Local entrepreneurial qualities have been decisive for the local development of these regions. Small firms adjust more readily to changes in the economic environment, and a favourable regional environment has enabled them to keep their production costs in check (Molle and Cappellin, 1988, p. 6).

The association between entrepreneurship and economic development is not new. Cantillon (1700's) is credited with being the first to give the role of entrepreneurship prominence in economics (Holt, 1992, p. 3). In varying ways, others including Adam Smith, Jean Baptiste Say, and John Stuart Mill have identified the centrality of entrepreneurship in economic theory. While economic thought in France and Britain was moving away from the human element of enterprise in the mid-1800's, the Austrian economist Carl Menger was stressing the role of the entrepreneur as the change agent of industrial growth (Holt, 1992, p. 3). His model of 'subjective enterprise' thrived in the United States until 'entrepreneurship' developed a negative connotation, forcing the term into abeyance for close to a century (Holt, 1992, p. 6).

It was not until Joseph Schumpeter's seminal work on the topic, first published in the United States in 1934, that entrepreneurship was once again seen to be a key to economic development. However, many economists, while acknowledging its importance, have chosen to treat entrepreneurship as a given (Anderson, 1988, p. 7).

Pellegria (1989, p. 9) contends that the prosperity of communities can be differentiated according to their ability to instill a "certain culture of innovation and enterprise" which will ultimately lead to the creation and growth of small firms. Similarly, Vazquez-Barquero (1992b, pp. 110) argues that local industry in Spain was influenced by a recognition of local initiative and entrepreneurial capacity as a positive social value. However, while such a stance avoids explaining all development in economic terms, it has not been empirically established that the prosperity of different communities hinges upon an entrepreneurial culture.

Generally, the role of entrepreneurial culture in contributing to spatial variations in new venture creation is not well understood largely due to the difficulty in the empirical testing of the relationship and in the interpretations of results (Mason, 1991, p. 88). Nevertheless, it has been suggested (Jones and Clark, 1976) that the collective psychological attitude (i.e. - optimistic or pessimistic) of a community will influence the level of entrepreneurial activity. O'Neill (1993, p.8) and others (Dykeman, 1990; Luther, 1990, p. 35) argue that 'collective entrepreneurship' is what differentiates community-based economic development from other forms of development in achieving job creation and community economic revitalisation. Further, Amdam, (1992, p. 38) asserts that 'collective entrepreneurship' is important to development in Norwegian communes which had a tradition of joint effort and initiative. Similarly, Schell (1983, p.497) suggests that the 'entrepreneurial propensities of local institutions' will influence entrepreneurial activity. Despite overwhelming assertions that entrepreneurship, in one form or another, is key to the development process, this has not been validated empirically.

One of the reasons why this key issue may have been ignored is that entrepreneurship is an internal force embedded in the culture of the community and cannot be measured directly. Instead it is inferred from individual behaviour. Indeed, while various scholars

explicitly argue that entrepreneurial capacity and innovative factors are essential to development (Vazquez-Barquero, 1992a, p. 45; Stohr, 1990, p. 204; Pellegria, 1989, p. 11; Garofoli, 1992b, p. 7) the meaning and interrelationship of entrepreneurship and innovation is largely indeterminate. If entrepreneurship and innovation are key factors in the development process, then these concepts must be defined and conceptualised if development is to be better understood and influenced.

2.4.3.3.2 Partnerships

Beginning in the late 1970's, Southern European countries were exhibiting a differing pattern of regional development. In small towns or nonurban areas, the endogenous skill base was being used to pursue a strategy involving the production of specialised products by various independent small businesses (Pecqueur and Silva, 1992, p. 21; Piore and Sabel, 1984). The intrinsic structural characteristics of small firms facilitated quick, flexible and innovative response to the changing conditions of an uncertain environment. Perhaps more important to the local development process, however, was the synergy achieved by the strategic use of strong interrelationships *between* local firms (Garofoli, 1992c, p. 51). Typically, the cooperative relationships were guided by mutual goals and expectations which were facilitated by the social structures of the local environment. This expedited the dispersion of innovation throughout the local firm system. Collective partnerships between endogenous stakeholders and united relations in dealing with external stakeholders, for example suppliers, became the strategic means by which technological innovation could be successfully exploited in the development process (Pecqueur and Silva, 1992, p. 22). Therefore cooperative relations were able to capitalise on product innovations which otherwise may not have been possible if these small firms were operating independently.

Whether the strategic success of partnerships can be effectively utilised in other development domains is an issue requiring further research. Co-operative relations among local stakeholders are said to be required to effectively respond to market challenges (Cappellin, 1992, p. 3; Vazquez-Barquero, 1992d, p. 387). Further, Stohr (1992, p. 204) concludes that societal mechanisms to support local interaction and cooperation are needed. However, while collaboration between stakeholders may be evident in many local areas, the nature and impact of collaboration is not well

understood. For example, it is not clear how unequal access and control of resources in 'partnerships' impacts on the development process.

The nature of local industrialisation in Southern Europe facilitated both formal and informal cooperation in the diffusion of innovation, largely because of shared common goals among stakeholders and relatively equal resources. However, in other development domains, stakeholder interests, objectives, and resources are more diverse. This poses unique challenges in the absence of definitive mechanisms to facilitate partnerships of either a formal or informal nature. Indeed, it is noted that co-ordination of action is often thwarted by a lack of established channels to facilitate the process (Vazquez-Barquero, 1992d, p. 394). It would appear that the opportunity to effectively use partnerships in other development arenas is not well understood and therefore in need of further study.

2.4.3.3.3 Participation in decision-making and control

The importance of participation to the success of the development process has been pointed out by Dykeman (1990) and Luther (1990, p. 35). O Cinneide's (1992, p. 79) research into local development in the Gaeltacht areas of Ireland indicated that when local development agencies initiated local development for the community, it did not serve to stem migration or foster entrepreneurship. This suggests that although local control is necessary it may not be sufficient in achieving the results expected. Development initiative which originates in the community may not necessarily involve those community stakeholders directly affected by the opportunity or threat (Ghai, 1990, p. 82). Assuming need or circumstance will influence stakeholder definition of development, and that those with the largest stake will be those directly affected by the crisis, then it would be important to learn more about the level and nature of their participation.

2.4.3.4 Facilitating the Development Process: Structures

The success of local development over the past decade has been attributed to the flexibility and speed of firms in adapting to changing economic conditions (Vazquez-

Barquero, 1992a, p. 36). This stands in sharp contrast to the perceived track record of the public sector which has been accused of not responding quickly enough or appropriately to the current socio-economic reality (Vazquez-Barquero, 1992d, p. 389). It is important to examine how effectiveness is influenced by the structures adopted.

Generally, public sector organisations are bureaucratic in form. Centralised decision-making guided by standardised policies, procedures and rules encourage conformity and discourage innovation. As the hierarchy is depended upon for communication and problem solving, the lateral communication necessary for fast information processing is often thwarted. In a highly uncertain and complex environment, innovation and problem solving are key competencies. Contributing to governments' inability to develop these key competencies is a failure to decentralise the responsibility and accountability for decision making.

In contrast, informal organisational structures pervade the small business sector. This facilitates high levels of lateral communication and decentralised decision-making which encourages innovation and timely response to problems and opportunities.

When the domain for examining structural capacity to adapt to changing economic conditions shifts to that of a community, several considerations are brought to bear. First, a community, unlike a private or public sector organisation, has no prescribed structure to coordinate and/or control local development action among the various stakeholders. When economic crisis permeates a community, there may be a variety of stakeholders affected, with differing objectives and regulating structures. If the majority of stakeholders attempting to deal with the crisis have traditionally operated within bureaucratic structures, then this is likely to influence the ability of the community to mount a timely and effective response to the economic reality. Largely this is because of the inherent horisontal and vertical incapacity for problem solving and innovation that bureaucratic structures create. This suggests that in a community where government intervention is relied upon in facing economic crisis, the prevailing structures are ill suited to formulate an effective response. For example, if government agencies dominate an initiative, authority and responsibility for development tends to be 'top-down' and exogenous both within these agencies and between the agencies and

community stakeholders. This can result in a systemic difficulty in establishing the horisontal linkages needed to access and fully utilise resources.

If increased stakeholder involvement in local development is desired, this will involve a concomitant intensification of information and communication requirements. How decision-making is coordinated in the absence of a formal structure, and by whom (Garofoli, 1992c, p. 51), is an issue requiring further study.

In conclusion, research has identified a number of key elements which impact on success of an endogenous development approach in responding to global economic challenges. However, while it was determined that territorial nuances in economic and socio-cultural factors will manifest different development capacities, the interaction of these factors is not well understood. Indeed, the situation facing many local communities is vastly different from that facing the Southern European communities from which many assumptions and conclusions are drawn.

In particular, it has been shown that structurally weak rural communities present a unique development milieu. This is reflected in the nature of the challenges presented and the opportunities and resources available to respond. Research is needed to better understand the values underlying perceptions of problems and opportunities and to determine the role of the informal economic and socio-cultural sector within communities. For example, it is important to discover whether entrepreneurship, while not revealed in the formal economic sector, has been manifested in other spheres of activity. While researchers has argued that some rural areas lack entrepreneurial capacity (Stohr, 1990, p. 6), this has not been empirically validated. In fact, validation becomes problematic when the key concept is not defined. Furthermore, because entrepreneurship was not found in an initiative doesn't necessarily mean there is no entrepreneurial capacity in the community.

There is some empirical evidence, in both Europe (Johansen et al., 1992, p. 90; Johannisson, 1990, p. 62) and Canada (O'Neill et al., 1993, p. 16) which supports the notion that the "stresses of economic decline and social adjustment to it" will influence the level of mobilisation which takes place. In European regions studied by Stohr

(1990, p. 8) the gravity and speed of economic crisis was found to be significant in stimulating action.

While crisis conditions have been said to provide the greatest impetus for action (Johannisson, 1990, p. 63), it is not well understood how the economic or socio-cultural structure of rural communities will influence the mobilisation process. For example, Johannisson (1990, p. 64) contends that a social entrepreneur, drawing on the resources of the social networks within the community in an ad hoc fashion, becomes the change agent. However, there is no rationale provided as to why this process might always be the most effective. For example, if the affected stakeholders have been accustomed to being rewarded for **not** taking initiative or making decisions, then given the time constraints imposed by a sudden crisis, it may be difficult, initially, to gain the participation of some stakeholders. Furthermore, if the majority of people have become dependent upon others as a consequence of the community's economic structure, a stakeholder assessment might conclude that it is government's responsibility to solve the crisis. However, if affected stakeholders do not become directly involved in the response, it becomes development **in** the community, not **by** the community. Therefore, it is important to determine the relative stake, role and influence of participants on the process and outcomes. If the process involves the participation of stakeholders with differing value orientations, this may present unique challenges.

Finally, mobilisation within a rural area may be constrained by a number of factors, for example, outmigration of the 'best and brightest'. Consequently, this would likely demand different strategies, structures and processes than in a more diversified, vibrant community. Therefore, it is important to more fully understand how the economic and socio-cultural factors interact to influence the development process in rural areas.

2.5 CONCLUSION

The movement from exogenous to endogenous development approaches has involved a paradigmatic shift in how development is understood. From considering regional development to be an exogenously determined process propelled by economic factors

and dependent on the mobility of capital and labour, development has begun to be viewed as a process which can be influenced by a variety of economic and socio-cultural factors at the local level. While exogenous approaches saw big business and centralised government policies as the engine of growth for the economy, endogenous approaches seek to stimulate the SME sector as it has demonstrated its ability to effectively respond to the demands of the global economy.

The momentum for this shift has occurred over the past 15 years as economic growth has slowed world-wide. Indeed, the increased uncertainty and complexity of the global economy and changing product and service markets have changed the nature of the task environment necessitating flexibility, timeliness and innovation.

Challenge to conventional regional economic development theory has been mounted by autonomous development experiences, particularly in areas of Southern Europe, which could not be explained by existing frameworks. Study of these areas indicated development was **not** an entirely deterministic process which depended on the mobility of labour and capital. Using small firm systems to foster innovation as a key competitive advantage, it was shown that economic development could be influenced at the 'local' level. Every community is faced with pressure from both external (Coffey and Polese, 1985, p. 86) and internal sources which impinge upon a community's opportunity for development. The external factors include technological, legal-political, socio-cultural, environmental and economic conditions. These conditions, while generally beyond the control of the local community, will frame the domain of possibility for action. The internal factors include the human, physical and capital resources and structures which combine to form the potential capacity for perceiving and seizing opportunities.

As attention focused on the local level, space was no longer assumed to have a passive role in the development process. Concomitantly, this has presented several unresolved issues in the literature. In particular, the multipurpose use of the term local development (LED) by both exogenous and endogenous scholars, has been a source of ambiguity. Additionally, the synonymous use of the terms 'local' and 'regional' has been questioned. Largely this is because, geographically, a region defines an area

which can be significantly different from that considered 'local'. Development has been shown to be influenced by the interaction of local economic and socio-cultural factors which produce differing capacities for development. The fact that differences within regions are often greater than differences between regions, points to the need for analysis and intervention at the level of influence. Therefore, a regional focus is deemed inappropriate as it masks the territorial specificities of the development process. While additional sources of confusion have been raised by the use of the term 'local' it would appear that analysis will only be possible when 'local' is explicitly defined by the researcher.

As traditional economic explanations of regional differences were challenged, the very notion of development became a source of debate. Various redefinitions of development have been proposed by a range of social scientists. It has been argued that endogenous circumstance will determine different meanings of development, while perceived need will impact on objectives and process. It has been pointed out that stakeholders will produce a different assessment of their situation than that produced by interventionalists. While socio-cultural factors will influence stakeholder perception of well-being, it may be that well-being will be defined largely in economic terms when stakeholders face economic crisis such as massive layoffs or chronic unemployment, which threatens their source of livelihood. Under those circumstances, the chosen ends and means of direct stakeholders would be expected to be oriented towards improving economic well-being in relation to the crisis conditions. However, this does not necessarily mean that maximisation of income will be the main criteria used in individual decision making.

With little evidence that interregional disparities have been reduced, the efficacy of policy has been questioned. In the absence of systematic evaluation, policymakers have been unable to respond to the barrage of criticism. More importantly, without evaluation there was no way to measure success or to determine why results did not measure up to expectations. In situations where evaluation has been conducted, the magnitude of the problems inherent in these assessments are so severe that a reexamination of the evaluation process is required if it is to be a reliable and valid measure of success.

Indeed, some of the assumptions that are associated with the prevailing policy objective of reducing interregional employment disparities have been challenged. For example, it has been pointed out that assessments of disparity involve subjective value judgements which influence the ends and means of intervention. It can also be inferred from much of the earlier argument that the values underpinning traditional regional development policy are not conducive to the entrepreneurial behaviour and innovation required by the global economy. Indeed, policy has been criticised for imposing exogenous values which have created dependency in 'disadvantaged' regions. Inferentially, this would mean that a different set of values are needed. As communities are being called upon to be development 'makers' instead of development 'takers', it is important to be able to identify value systems and to understand their influence on behaviour.

The literature has been shown to provide little theoretical basis for the argument that broad based community action can be more effective in stimulating the development of disadvantaged areas than interventionalists. In fact, it has been pointed out that policy initiatives in the community are not the same as initiatives by the community. It is important to articulate the difference between development by the community as opposed to development in the community. A conceptualisation, which can explain why development by the community may be more effective in stimulating the development of economically disadvantaged communities, and how the process may vary situationally, is necessary. It has been shown that economic factors alone are insufficient in explaining the nature and operation of economic communities (Pecqueur and Silva, 1992, p. 19; Stohr and Taylor; 1981, pp. 27-28). Given that development has been defined in terms of business inception or growth, and most people start firms where they are already living and/or working, it is important to gain an understanding of the dynamic influence of economic and socio-cultural factors and the structures/ processes in the community which facilitate development (Mason, 1991, p. 79; Gibb, 1987; Garofoli, 1992c, p. 50).

Social structures are *both* the medium and the outcome of individual action which simultaneously enable and constrain (Burrows, 1991, p. 4; Kunkel, 1971, pp. 151-152). Sociologists maintain that social relationships condition behaviour patterns by

reinforcing those activities judged desirable (Kunkel, 1971, pp. 153-154). Clearly, if behaviour patterns which are conducive to small business development are desired, such as entrepreneurship and the formation of partnerships between the public and private sector (Bingham and Mier, 1993, p. ix) further understanding of networks are necessary (Silva, 1992, p. 128). Indeed, the success of most ventures is said to depend upon a network of friends, relatives, group support (Polese, 1993, p. 15). In the autonomous development experiences studied, synergistic partnerships were facilitated by the networks established in those communities. However, there is little explanation offered as to how the success of partnerships may be contingent upon the task and the environment of a particular community. Therefore, the nature and extent of integration between organisational entities within a community, shaped by relationships, and impacting upon the community's capacity for action is an issue which needs to be addressed. It is important to more fully understand why relationships condition behaviour which encourages entrepreneurship and innovation in some communities and not in others. Because all individuals, groups, businesses and institutions operate within networks of relationships, it is important to identify and examine the formal and informal networks of relationships which interact and influence behaviour.

It is also important to explain how the source and control of the development initiative will influence the process and how it might influence whether the initiative is considered endogenous or exogenous. This will involve an explanation of the rationale and scope of participation in the development process.

While many disadvantaged areas continue to depend on outside help, opportunities to stimulate development by using traditional measures are waning because governments have less money available for this purpose, firms are less mobile and less labour intensive than in the past and the global economy is requiring higher skill levels in industrialised nations to effectively compete. Disadvantaged rural areas have been shown to exhibit different economic, social and political structures from those found in urban areas. How this impacts on the development process is not well understood. While traditional regional policy has been heavily criticised, the real issue seems to focus on the continued disparity of disadvantaged areas. For example, in areas where policy sought to establish growth centres, the contribution of policy to the growth of

the 'core' has not been questioned. Instead, the issue centred on the fact that growth did not spread as expected to the more disadvantaged parts of the region.

It would seem important that policy aimed at mobilising endogenous resources should reflect the interrelationship between the contributing factors in development. However, despite considerable evidence that regions vary in their ability to generate new firms (Keeble et al, 1990), it is unclear whether the spatial variations affecting new firm formation are explicitly considered when attempting to encourage new firm formation. The absence of theoretical frameworks underlying policy suggests that this is not the case. Building the theory base within the endogenous paradigm, will assist in providing the theoretical frameworks for policy which can deal more effectively will the needs of communities which are dependent on outside assistance. Therefore, the real challenge seems to lie in more fully understanding and stimulating the growth of peripheral areas.

In this chapter a number of key areas have been identified where there is a need for clarification before either theoretical or pragmatic policy development at the local level can be enhanced. These include:

- How one can move from the inadequacies of the use of the word local towards a concept of the community (as a space within which common economic and socio-cultural factors can be meaningfully defined)

- How a definition of economic development can be conceptualised which will incorporate and reflect the subjective and objective dimensions and which will ultimately be conducive to evaluation of success

- How innovation and entrepreneurship are defined and conceptualised, particularly in relationship to economic development

- How 'success' will be measured and assessed

Upon clarification of these issues, there is a need for an endogenous theoretical framework which is sensitive to the differences within regions and which can explain more precisely what a bottom-up development process is and how it can be more effective in influencing economic development than approaches used in the past.

CHAPTER 3

THE EXOGENOUS/ENDOGENOUS DEVELOPMENT DEBATE IN CANADA

Having examined the growing momentum for 'bottom-up' endogenous development within the regional development field generally, this chapter provides a more focused examination of how the issues surrounding the exogenous/endogenous development debate were manifested in Canada. In doing so, it sets the context for the focus of the ensuing research.

Nationally, although integration of economic development programs to address regional disparities did not occur until 1969, the government had initiated a plethora of programs prior to that which were designed to improve rural productivity and increase investment. Historically, exogenous theory and policy has underpinned efforts to address regional economic disparities. However, as in other industrialised countries, there is a growing realisation in Canada that past economic development policies and strategies are no longer effective in dealing with the socio-economic restructuring that is being experienced world wide (ACOA, 1991, p. xv). As efforts to address regional economic disparities become more endogenously oriented, there has been considerable interest expressed in one particular endogenous development strategy - Community Economic Development.

The purpose of this chapter is to:

- provide a context for economic development in Canada by briefly characterising the Canadian economy and reviewing the nature of the economic disparities which regional policy has sought to address, particularly in the most disadvantaged region

- provide an overview of the traditional regional economic development approach taken in Canada

- trace the rise and fall of exogenous regional policy and programs

- characterise the evolution of endogenous economic development initiatives and the interest in Community Economic Development as a development approach

- clarify the key issues surrounding Community Economic Development

3.1 THE CANADIAN ECONOMIC DEVELOPMENT CONTEXT: AN OVERVIEW

3.1.1 THE CANADIAN ECONOMY IN PERSPECTIVE

Like many other countries, Canada is characterised by unbalanced economic growth. The dominant approach to Canadian economic geography is the heartland-hinterland model of spacial activity (Anderson, 1988, p. 3). Within this model the country is often viewed as a hinterland in the world economic system whereby most export income enters the Canadian economy as a result of hinterland sales of raw materials, primary manufactures, and agricultural goods to the United States and other foreign markets. The heartland, in turn, is heavily dependent on domestic hinterland expenditures (Anderson, 1988, pp. 3-5, 8).

The country itself, analysed within this framework, is characterised by an industrial heartland extending from Windsor to Quebec City in central Canada (Anderson, 1988, p. 2), with the rest of the country forming the hinterland. Regional specialisation based on resource endowments characterises the spatial structure of the economy. Economically exploitable resources have attracted capital and labour to hinterland locations, resulting in the export of staple commodities on which most of Canada's merchandise earnings in international markets depends (Anderson, 1988, p. 2).

The Canadian economy has traditionally been examined on a regional basis whereby

Ontario and Quebec are primarily considered the heartland; the Atlantic region consisting of Newfoundland, Nova Scotia, New Brunswick, and Prince Edward Island is considered the east-coast hinterland; the western interior provinces of Manitoba, Saskatchewan and Alberta are considered the Prairie hinterland; while British Columbia and the northern region of the country - the Yukon and Northwest Territories are treated separately (Anderson, 1988, p. 11).

3.1.2 THE NATURE OF REGIONAL DISPARITIES

Until the mid 1950's, Canadian economic policy was primarily concerned with growth. Subsequently, the concern shifted to addressing regional disparities (Savoie, 1992, p. 25), one manifestation of which was a greater focus on the Atlantic region (Savoie, 1986, p. 3; Anderson, 1988, p. 251). Indeed, the Atlantic provinces are commonly referred to as the 'have-not' provinces, earning this nominal distinction by having the lowest wages, employment rates, per capita incomes, labour-force participation rates, and immigration in the country (Anderson, 1988, p. 14).

Two indicators of economic well-being have historically been used to measure disparity - per capita income and unemployment rates (Savoie, 1986, p. 139). Generally, Canadians living in the north, and those living at the extreme eastern end of the country experience lower per capita incomes and greater unemployment than experienced elsewhere in the nation (Macdonald, 1988, p. 13). Ontario and British Columbia have had higher than average per capita personal incomes for over half a century. During the same period, the Prairie region has had slightly less than average per capita incomes, with income fluctuations reflecting the changes in its agricultural sector. Per capita income in Quebec has been about 90% of the Canadian average, and that of the Atlantic region has varied from 65% to 80% of the national average (Anderson, 1988, p. 56; Economic Council of Canada, 1990, p. 2)

When a further distinction between per capita income and *earned* income per capita is made, the figure for Atlantic Canada is reduced to 70% of the national average. Unemployment insurance benefits alone accounted for 20% of total wages and benefits in 1988 (Savoie, 1992). "In an average month in 1989, 11.4% of the working age

population in the region received unemployment insurance benefits of some kind compared with a national rate of 4.5%"(ACOA, 1991, p. 12). Generally, although income levels have increased, the underlying problems of unemployment and productivity remain.

A large share of interregional average-wage differentials has been attributed to differences in labour quality as measured by educational attainments, age and the male-female composition of the regional labour force. "Better educated, older male workers tend to earn higher wages than less-educated, younger female workers, irrespective of region" (Anderson, 1988, p. 81). The lower skill levels of Atlantic Canadians is said to be a contributing factor to wage disparities experienced (Anderson, 1988, p. 82).

Lower productivity (85% of the national average) and a lower share of the working-age population employed (85% of the national average) is said to account for the 29% lag in per capita GDP growth between Atlantic Canada and the rest of the country. Lower productivity is considered to be a function of lower levels of education, human resource skills and technological innovation (ACOA, April 1992, p. 122). However, Anderson (1988, p. 84) suggests that lower levels of technological innovation may be a deliberate operational strategy.

Regional disparities in per capita labour incomes are embodied in regional unemployment rates and participation rates (Anderson, 1988, p. 55). In many areas of highest unemployment, there has been a traditional dependency on natural resources. In part, Canada's unemployment problem is a problem of smaller and more remote communities whose resource base is depleted or facing declining prices (Economic Council of Canada, 1990, p. 2). In the fall of 1993 for example, Atlantic Canada's unemployment rate hovered at 14% compared to a rate of 11.6% for the country as a whole (MacIntosh, 1993, p. C3). A high unemployment rate is usually the primary indicator of disparity between a region or province and other areas. However, it does not take discouraged workers (those who drop out of the labour force when unemployment rates are high, and return when they drop to a lower level) or labour force participation rates into account.

During the 1980's the job creation rate in Atlantic Canada kept pace with that of the country but the gap between the jobless rate in the region and the rest of the nation widened. Historically, a much smaller proportion of working age people entered the work force compared to the country as a whole. This has largely been attributed to the lack of available jobs and the fact that half of Atlantic Canadians live in rural areas where two-income families have been less common. However, in this decade the participation rate rose twice as fast as in the rest of the country. Largely, this was due to the increased female participation rate (ACOA, 1991, pp. 7-8).

Contributing to the underutilisation of the workforce in Atlantic Canada are high levels of involuntary part-time work and seasonal unemployment (Anderson, 1988, p. 72). According to the *Profile of the Labour Force in Atlantic Canada* (Canadian Labour Market and Productivity Centre, 1990), 37% of part-time workers in Atlantic Canada would prefer full time employment compared to 21% in the country at large. In 1989, seasonal employment in Canada peaked at 7%, compared to 17% in Atlantic Canada.

> The main sources of seasonal employment are the fisheries, tourism, agriculture and summer jobs for students; and the whole process is enlarged by the off-season subsidisation of seasonal workers through the unemployment insurance program, which makes it easier for employers to attract seasonal workers. (ACOA, 1991, p. 10)

It is the combination of seasonality and low wages that makes the seasonal-unemployment component significant (Anderson, 1988, p. 72) whereby unemployment insurance benefits have made seasonal unemployment a viable option.

Taken together, an increased participation rate, seasonal unemployment and involuntary part-time work have resulted in an underutilised work force and a higher rate of discouraged workers. The primary means of addressing these problems has been transfer payments through unemployment insurance (UI). While it may be speculated that receipt of UI dampens interest or initiative in exploring other personal income options - such as launching a small business, there has been no research into this issue. It is possible that the forfeit of a guaranteed annual income for the financial uncertainty of business ownership may present a risk which many feel unable or unwilling to bear.

In using a sub-regional basis to examine income and employment levels, the disparities between the economic well-being of Atlantic Canadians and their compatriots increase in magnitude. For example, in Nova Scotia some counties have an average per capita income which is less than 71% of the provincial average while this income figure is 118% of the provincial average in other counties (Savoie, 1992, pp. 193-194). Moreover, some communities report unemployment rates of 50% (Economic Council of Canada, 1990, p. 1).

These sub-regional disparities are reflected along the urban-rural dimension as well. The urban structure of a region is seen as a key determinant of earned per capita income, participation rate in the labour force, and overall economic growth. Atlantic Canada is characterised by a few core urban areas amidst a largely rural structure (Macdonald, 1988, p. 13). Within Atlantic Canada, concentration of economic activity in the major urban centres has created a regional economic dualism. Macdonald (1988, pp. 14-18), using several indicators developed from Statistics Canada's published data (regional income per capita, index of employment, index of transfer payments and net migration) confirmed intra-regional imbalances found by other researchers (Burke and Ireland, 1976; Macdonald 1979; Coffey, Macdonald and Harvey, 1983; and Murrell and Rector, 1987). Given that the urban areas are the decision-making and manufacturing core of the urban hierarchy (Anderson, 1988, p 19), it is not surprising that Atlantic Canada's economic activities are concentrated in the urban centres. In Nova Scotia, for example, the Halifax metropolitan area has grown while the remaining parts of the province are considerably worse off.

Employment growth in Atlantic Canada, as in other parts of the industrialised world, has been considerably faster in the service sector than in the goods-producing sectors. Growing job opportunities in urban areas and a manufacturing sector that is relatively small and primarily supplying regional markets, suggests that the opportunity for economic development outside the urban cores is narrowing. The Atlantic region imports manufactured goods from all other Canadian regions except the Prairies. Its major exports are fish products, woodpulp, electricity, newsprint, and petroleum and coal products. Just over half of its industrial output is shipped outside the region with 25% going to other Canadian regions and 30% going to U.S. and European markets.

The recent closure of the Atlantic groundfish industry combined with an uncertain future for many of the other resource based industries, has put many communities in crisis.

Nova Scotia, the Atlantic Canadian province which was the most aggressive in pursuing growth-centre policies, has the strongest imbalance in economic growth between its urban core (the greater Halifax-Dartmouth Metropolitan area) and the rest of the province. This core, which includes five counties, encompasses over half of the province's population and has an average income over 20% higher than that of the other 13 counties (Nova Scotia Department of Economic Development, 1993, p. 8). As the province's 'best and brightest' migrate to the urban core or to other parts of the country, a severe strain is placed upon the tax base. The result of this is a decline in services or higher taxes which makes it increasingly difficult to attract business to an area (Macdonald, 1988, pp. 21-22).

Although the Province recognises this disparity, there is no evidence indicating that attention has been paid to the diverse socio-economic circumstances of Nova Scotians when devising policy and programs to address the situation within the 13 counties. Indeed, many communities facing economic crisis are resource based single industry towns or villages, each with unique capacities that have been shaped by the interaction of individual, socio-cultural and economic factors. Therefore, the capacity for economic development will vary from community to community. As argued in the previous chapter, the differences between rural areas need to be considered. For example, it was noted that the occupational and plant size structure have a significant impact on the development of a small business sector. Since most of the employment growth over the past decade was in jobs requiring high skill levels and located in urban areas (Macdonald, 1991, p. 140), attempting to attract business to rural areas, generally characterised by low skill levels, does not seem to be a realistic option.

Despite government intervention, inequality in per capita income and employment opportunity, has increased (Polese, 1993, pp. 9-10). While policies have contributed to the improvement of income levels in the Atlantic region, they have been unsuccessful in addressing the problems of productivity, job creation, or

unemployment. Rural areas are particularly problematic as they often lack the diversity needed to withstand a corporate employer's decision to restructure, close or relocate. Given that the growth centre policies did not address existing disparities in the province of Nova Scotia, it has been suggested that more direct interventions should be made outside the urban core (Macdonald, 1988, p. 22). This raises the issue of whether economic development programs can be more appropriately and effectively pursued at a subregional level. However, it also raises the question of whether development can best be achieved for the community or by the community.

3.2 THE CANADIAN APPROACH TO REGIONAL ECONOMIC DEVELOPMENT: AN OVERVIEW

The federal government has been involved in regional economic development since the early 1900's. However, explicit responsibility for addressing regional disparities in Canada has just been constitutionally assigned. The federal government is now responsible for combatting regional disparities; the provincial government is responsible for municipal affairs. Until this time, federal involvement had been defined on the basis of its spending power while provincial government involvement stemmed from jurisdiction over natural resources, land use and human resource determinants (Savoie, 1992, p. 14).

The Canadian federalist system makes the redistributive mechanism more complex than in a country managed solely by a central government. Government spending is conducted and financed by both a central government and a set of provincial and local governments. Spending is driven by the desire for equity and by political interests with economic efficiency being a secondary consideration (Anderson, 1988, p. 222). Although there has been a shared responsibility for economic development between the provincial and federal governments, very little systematic coordination of efforts has taken place (O'Neill, 1990, p. 35) and in fact, many federal and provincial programs have overlapped in responsibilities and objectives. While acknowledging the need for cooperation between the two levels of government, the process of achieving it is complicated by competition for visibility and status in activity (Savoie, 1992, p. 15). The federal government has been particularly prone to problems with visibility because

it often funds or cost shares programs which are delivered provincially. Evidence indicates that very few people are aware of federal involvement when a program is provincially delivered (Savoie, 1992, p. 17).

Porter (1991) contends that political actions to protect employment is the main cause of Canada's decline in industrial competitiveness. He is of the opinion that market protection and paternalistic government policies have contributed to low productivity, high unit labour costs, chronic unemployment, lagging investment in training and technology and lack of support for investment in the economy. Regardless of opinion, it can be generally concluded that the Canadian approach to regional development follows the Keynesian tradition - sacrificing economic efficiency in attempt to achieve social equity. The stated objective of equalisation is to raise fiscal capabilities of low income provinces up to a national standard to ensure that residents of these provinces have access to a level of provincially provided goods and services that is comparable to that national standard.

Equalisation is achieved through federal-provincial revenue transfers which constitute the largest single source of transfers from the federal to the provincial governments (Anderson, 1988, pp. 234-235). The Atlantic region, with provincial expenditures of up to 25% financed by equalisation payments, are often described as transfer dependent (Anderson, 1988, p. 236; Savoie, 1986, p. 8). Indeed, it has been argued that government policies, in inhibiting migration through transfer payments and unemployment insurance (Coffey and Polese, 1985, p. 87; Courchene, 1984; Shaw, 1985), have exacerbated disparities. "The relative geographical immobility of the labour force in Canada has allowed regional disparities to emerge and persist as long-run structural phenomena" (Anderson, 1988, p. 117).

While regional development economists agree that no single theory explains regional disparities, there is no consensus on an appropriate theoretical approach to the question (Savoie, 1986, p. 5). As regional disparities are considered to result from the operations of the market, government has attempted to influence demand through transfer payments of both a provincial and individual nature. Despite considerable regional economic development spending, little is known about the success of policy. Indeed, it has been criticised for supporting higher levels of consumption and service

than could be sustained by the economic output of the region. According to Donald Savoie (1992, p. 3), "There is probably no other field of government expenditure in which so much public money is committed but so little known about the success of the policy. There exist very few objective research studies on regional development efforts in Canada."

3.3 THE RISE AND FALL OF TRADITIONAL REGIONAL DEVELOPMENT POLICY AND PROGRAMS

Originally, federal policies for economically underdeveloped areas consisted of transportation subsidies for designated industries and ad hoc grants to poorer provinces to balance budgets. In 1957 a more systematic approach to reducing inequalities was evident when equalisation grants were established to deal with provincial revenue deficiencies (O'Neill, 1993, p. 9). However, it was not until the early 1960's that the federal government began developing policies explicitly to address regional disparities (Savoie, 1986, p. 21).

In shifting its emphasis away from promoting economic growth, the primary aim of policy was to bring employment to slow-growth regions (Savoie, 1986, p. 118). This produced a variety of region specific initiatives (Savoie, 1986, p. 3; Anderson, 1988, p. 251). For example, in the Atlantic region, the Atlantic Development Board, a research and planning body, was formed in 1962 to address the economic problems of Atlantic Canada. In 1963 it also began administering a regional development fund which invested in infrastructure such as highways and utilities. Also in 1963, the Area Development Agency was created to provide capital investment subsidies for new or expanding manufacturing facilities which would locate in areas of high unemployment.

As the number of policies and programs increased, many were found to have differing objectives and overlapping responsibility. In response to criticism, the federal government created the Department of Regional Economic Expansion (DREE) in 1969. With full responsibility for policy and program development for economically disadvantaged regions, DREE developed two major programs. One, the Special Areas program, designated 23 areas in Canada for infrastructure development with the

expectation that this expenditure would enhance the identified prospects for future development. DREE's creation of the Special Areas program sought to alleviate criticism by using a growth centre approach which identified areas with development potential and provided funds for infrastructure expenditures. However, this strategy was unsuccessful in reducing the disparities between rural areas and their urban cores and, as pointed out earlier, resulted in the creation of regional economic dualism. The other, the Regional Development Incentives Act (RDIA), provided location incentive grants for new firms which would set up in the Atlantic Provinces, most of Quebec or Northern Ontario.

Over time DREE made numerous changes to the nature and structure of its policies and programs. However, when programs were made accessible in all provinces, its mandate to address economically disadvantaged regions became significantly diluted. In 1982, DREE was combined with the Department of Industry, Trade and Commerce to form the new Department of Regional Industrial Expansion (DRIE). Under DRIE, new programs were established to provide special incentives to Atlantic Canada. In general, these federal departments were criticised because of the difficulty in determining whether or not the regional development programs selected were efficient or effective tools for increasing employment in lagging regions (Anderson, 1988, p. 254). Research by Springate (1973), who interviewed grant recipients, indicated that the grants were not necessary to attract recipients to designated areas; and that the grants were larger than the minimum size required to attract them. DREE was also heavily criticised for claiming that all jobs associated with RDIA grants were jobs the would not have appeared in the region without the grants. Additionally, it was argued that the effect of subsidies on job creation was difficult to detect and that in fact, subsidies provided grant recipients an incentive to substitute capital for labour (Woodward, 1975).

Generally, the growth pole or growth centre concept has had a pervasive influence on Canadian policy and programs which has been characterised by capital incentive grants and investment in infrastructure (Savoie, 1992, pp. 6-7). Indeed, many tools have been tried in attempt to foster economic development including: tax rebates, tax incentives, low cost loans, non-repayable grants, various subsidies, infrastructure expenditure, and capital reallocation programs [moving jobs to people by using investment location

inducements (O'Neill, 1993, pp 9-13)]. However, firm empirical evidence of the impact of regional development intervention is lacking. Policymakers have tended to measure the impact of regional policies on employment by noting the number of jobs associated with subsidised projects without taking into account crowding-out effects or reduced out-migration from lagging regions. It is also difficult to know whether firms receiving grants located in the subsidised region because of the subsidy or for other reasons.

While the primary focus of regional development is relatively large geographic areas, many 'regional' economic development initiatives have had a 'local' focus. For example, the Cape Breton Development Corporation (DEVCO) was established in 1967 by a joint effort between the federal and provincial governments. This crown corporation was mandated with providing a new economic base for industrial Cape Breton. Although DEVCO continues to exist, evidence (Macdonald, 1988) indicating that Cape Breton's economic well-being is far below that in the Halifax metropolitan area directly challenges the corporation's ability to fulfil its mandate. A second example is the incentives provided by the federal Area Development Agency (ADA) to industries which would locate in designated areas of high unemployment and slow growth. The grants were conditional upon the creation of new employment in these areas. However, the ADA's program was the subject of criticism for assisting the wrong type of community (slow growth - low potential), for focusing exclusively on manufacturing, and for ignoring the uniqueness of the designated areas. Invariably, efforts to stimulate development in 'local' areas were initiated <u>for</u> the people, not <u>by</u> the people.

In the previous chapter (section 2.1.3.2.2), it was pointed out that capital incentives and transfer payments have tended to make people dependent on government while inhibiting local initiative. Indeed, location grants aimed at attracting large plants to a region suggests a belief that the region's problems could only be solved from the outside. Over the years, people have increasingly relied on government to save existing jobs which are being threatened or to create new ones to replace those that are being lost. In effect, governments have unwittingly created a 'cycle of dependency'.

In the face of persisting regional economic disparities and stagnation, top-down policies have fallen into disrepute (Economic Council of Canada, 1990, p. 2). According to the Economic Council of Canada (1990, p. 18), "people who live in the small and more remote communities that are stagnating face three options - chronic dependency, migration or development". However, the window of opportunity for the first two options is quickly closing as the future availability of transfer payments is becoming more uncertain and migration is becoming more difficult as job opportunities shrink nationwide. Therefore, if communities are to survive and thrive, development may be the only option. The challenge is to overcome the status quo mentality and to break the cycle of dependency.

In many areas of high unemployment people have tried to retain the status quo rather than confront the change being experienced in their local economy. Perhaps, as suggested by Ross and Usher (1986, p. 7), they are less responsive to 'economic' solutions because they no longer believe they will work. This phenomenon is particularly evident in communities dependent on the crisis ridden Atlantic fishery. Despite excess manpower, there is little evidence of new business growth (Economic Council of Canada, 1990, p. 2).

Over the past decade, policymakers have focused on attempting to encourage endogenous growth in the small business sector (ACOA, 1991, p. 1-2) and have recognised a need to consider new approaches. A *Consultation Paper on Small Business* (Government of Canada, 1985, p. 3) states that

> the government recognises the fundamental need to promote and improve the small business sector...Canadians must begin a process of change toward a new business environment that encourages entrepreneurship and facilitates adaptation to changing market realities.

3.4 THE EVOLUTION OF ENDOGENOUS ECONOMIC DEVELOPMENT INITIATIVES

The first federal initiative to have community involvement dates back to a 1974 job creation package (Community Employment Strategy). When the program ended in 1979

several community development corporations were formed under the Local Economic Development Assistance (LEDA) program, whereby community organisations were given financial assistance to develop new business activity and to create more employment opportunities in local communities. LEDA's were perhaps the first federally funded organisations with a clear small business focus. In 1986, LEDA's were replaced by the Community Futures (CF) program which was specifically designed to address development problems in communities. Targeted at nonmetropolitan communities experiencing high unemployment, economic decline, plant closures or massive layoffs, the program required representation from both the public and the private sector. The chosen representatives would then be responsible for deciding which of the available program options the community would pursue. However, the success of Community Futures, like programs before it, is debatable due to inadequate or inappropriate evaluation.

The second major federal initiative, which resulted from disenchantment with regional policy, involved the restructuring of regional development agencies and programs. This restructuring resulted in the creation of three regional agencies - the Atlantic Canada Opportunities Agency (ACOA), the Western Diversification Office (WDO), and Federal Economic Development for Northern Ontario (FEDN). In addition to having 'local' administration and authority, the agencies were given a mandate to develop programs and initiatives which were responsive to regional needs, to exercise flexibility in the types of business assistance and scope of programs offered, and to liaise with other stakeholders in the region (O'Neill, 1993, p.12). Additionally, 'local' representation on decision making Boards was believed to provide greater sensitivity to the unique needs within the region. However, in considering the evidence presented earlier which indicates that economic disparities are more pronounced at the sub-regional level, the appropriateness of adopting a regional orientation for agencies and programs in attempting to address economic disparities 'locally' is questioned.

In expressing interest in adopting CED as a mainstream development approach (From the Bottom Up, 1990), the federal government identified a number of unresolved issues. These included: how best to allocate funding, how the three levels of government would coordinate their resources, how effective interaction would be

promoted among and between community and government stakeholders, and how evaluation criteria would be effectively established (Economic Council of Canada, 1990, pp. 17-18).

Provincially, community economic development policy and programs are largely in the developmental stages. The recently released plan in Newfoundland (Government of Newfoundland, 1992) states that the economic and fiscal situation facing the province, especially in the rural areas, is deteriorating. People expressed the belief, during the public consultation process, that the dependency on transfer payments, particularly Unemployment Insurance (UI), was stripping them of self-worth, dignity, is a disincentive to work, and generally is counterproductive to social and economic development. In acknowledging that the status quo has contributed to the problem and is no longer an option for the Province, the plan recognises the need for basic changes in many social and economic areas in order to achieve economic development.

The rhetoric of Nova Scotia's strategic economic plan bears a sharp resemblance to that expressed in the Province of Newfoundland's plan: "the only certainty is that the status quo is no longer an option" (Voluntary Planning, 1991, p. 17). It has concluded that the rapid changes in the global economy accompanied by dramatic changes in Federal-Provincial funding formulas, have made Nova Scotia weaker and more dependent economically. In responding to these circumstances, one component of the province's economic development strategy is to foster an entrepreneurial culture: "building and nurturing Nova Scotia's entrepreneurial culture must be a priority lever in any economic strategy" (Voluntary Planning, 1991, p. 42). Another strategic priority was to develop a policy for facilitating Community Economic Development.

The Nova Scotia government sees community economic development as a three-way partnership involving community groups, all levels of government and the business sector (Voluntary Planning, November 1991, p. 47). The integral support role of government has been asserted by other provinces seeking to stimulate economic development using a community economic development approach (Government of Newfoundland and Labrador, 1992). Indeed, practitioners have taken a similar stance. For example, Verge (1992) argues that government support must be guaranteed to gain

the participation of Nova Scotians in the process. Yet, generally, the question of how to form, coordinate and manage the necessary relationships has not been clearly delineated or addressed (Economic Council of Canada, 1990, p. 17). The one certainty in regard to this issue is that support needs to be different from that given in the past to ensure the 'cycle of dependency' is broken.

In assuming responsibility for developing Nova Scotia's CED policy, the Department of Economic Renewal has defined Community Economic Development as

> a process that aims to improve the long-term economic viability of geographic sub-areas of the province. It involves managing economic change to effectively meet an area's needs and objectives through emphasis on self-help, participation, partnership and control... community economic development is achieved when new economic activity, usually business activity, begins in an area (Nova Scotia Department of Economic Development, 1993, p. 2).

In 1993, the Department began the process of establishing 12 Regional Development Authorities (RDA's) which were given a mandate to stimulate and coordinate Community Economic Development (CED). However, no clear indication was provided of how these Regional Development Authorities would facilitate the process. In fact, it is difficult to understand how an RDA could assist an area in meeting its needs and objectives when, as in one case, the service area encompasses four sparsely populated counties comprised of communities with very different economic bases, and consequently, very different economic needs and objectives.

3.5 KEY ISSUES

The increasing interest in Community Economic Development at both the federal and provincial level has been primarily driven by the perceived failure of government intervention to deal with the widening regional economic disparities (O'Neill, 1993, p. 18; Economic Council of Canada, 1990, p. 1). Currently there is both a willingness and a commitment to increasing the capacity for change, to strengthening participation of all stakeholders in the process, and to increasing integration and cooperation between the federal and provincial government.

Despite monetary backing and support 'in principle' for Community Economic Development, little is known about this process. Although reports of isolated case studies of community economic development initiatives are encouraging, it has yet to be determined what community-based efforts can achieve in addressing economic disparity.

While governments and others are calling on communities to take initiative and responsibility for their own development, there has been no rationale provided as to *why* this approach will be more successful in reducing economic disparity than strategies of the past or *how* it can be. For example, the mere existence of community involvement and/or partnerships will not, in themselves guarantee success. An understanding of how partnerships and involvement are used to enhance the community's capacity for development is fundamental.

Indeed, economists contend that the reasons for the persistence of economic disparity remain unclear (Macdonald, 1988, p. 13). Until the process and related issues are more fully understood and clarified, the task of determining the effectiveness of CED in addressing disparity, particularly in the rural parts of Atlantic Canada, will be elusive.

3.6 CONCLUSION

Although Atlantic Canada has been recognised as the most economically disadvantaged region of Canada for decades, the nature and significance of subregional differences in economic well-being have only begun to receive attention. However, while Nova Scotia, for example, is attempting to stimulate community economic development in 'sub-areas' of the province, there has been little rationale provided for determining the geographic boundaries of these areas or, in fact, for adopting this particular endogenous approach, referred to as Community Economic Development. As argued in the previous chapter, not only is it important to conceptually define the space within which the economic and noneconomic factors interact to influence the development process, it is also important to define other key concepts in establishing a basis for developing a theoretical framework to understand endogenous development. Moreover,

in light of the economic, demographic, socio-cultural, and organisational factors identified as important in varying endogenous development circumstances, it is important to determine *if* and *how* Community Economic Development can be adopted to effectively respond to the problems being faced within rural natural resource based single-industry communities in a region of Canada that has historically presented the greatest economic development challenge.

CHAPTER 4

COMMUNITY ECONOMIC DEVELOPMENT: THE COMMUNITY AS A DEVELOPMENT ACTOR

The earlier review of the exogenous/endogenous development debate has documented a significant shift in how development is understood within the regional development field. However, the emerging paradigm has been shown to be characterised by numerous ambiguities and a lack of holistic theoretical frameworks which are capable of incorporating the range of economic and noneconomic factors influencing a 'locally' focused development process. In examining the shift away from exogenous development theory and policy in the Canadian context, Chapter 3 demonstrates that while there is an increased emphasis on 'local' development, this shift demands the resolution of a number of key issues. Fundamentally, although policymakers' interest has been focused upon a particular North American endogenous development approach referred to as Community Economic Development, they know very little about it.

The purpose of this chapter, therefore, is twofold: to provide a critical review of ***Community Economic Development (CED)*** [2] in terms of its appropriateness in responding to problems being faced by rural disadvantaged communities; and to identify the factors essential to developing a better conceptual understanding of how the process can be used effectively. Community Economic Development is a term originating in the United States during the 1960's (Fontan, 1993, p. 12). It has been used increasingly over the past decade to describe an endogenous development approach which uses locally based collective action in mobilising community resources

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[2] Within the literature, the terms local economic development, bottom-up development, grassroots development, endogenous development and community development are used interchangeably with community economic development in indicating a process whereby the impetus for development derives from the community (Fontan, 1993, p. 3; Polese, 1993, p. 5; O'Neill, 1990, p. 9).

to improve well-being and increase self-sufficiency (New Economy Development Group Inc., 1992, p. 10; Ketilson et al., 1992, p. 3; Perry, 1987, p. 73; Blakely, 1989; O'Neill, 1993; MacNeil, 1993; Brodhead, 1993; Wilmot, 1993; Swack and Mason, 1993).

Currently, Community Economic Development is spawning considerable interest, both in Canada and elsewhere (Gilbertson, 1993, p. 1; National Council for Urban Economic Development, 1993, p. 86; Swack and Mason, 1993, p. 4; New Economy Development Group Inc., 1992, p. 1; Lamontagne, 1993, p. 1). This interest has heightened awareness of the existing impasse in precisely defining the approach, its objectives, its practice, its success and, therefore, its potential (APEC, 1994, p. 12; MacNeil and Williams, 1994, p. 4; MacNeil, 1993, p. 6; O'Neill, 1993, p. 5; Lamontagne, 1993, p. 1). While an absence of research (Stohr, 1990, p. 22; Fontan, 1993, pp. 13-15) may be contributing to the situation, it alone does not account for the debate and confusion. Many (New Economy Development Group Inc, 1992, p. 20, Fontan, 1993, p. 3; Polese, 1993, p. 5; O'Neill, 1990, p. 9) have attributed the intensified interpretational debates surrounding Community Economic Development to an absence of commonly accepted terminology. While this deficiency is problematic, as this chapter will show, much of the controversy emanates from the fact that two discrete spheres of activity, underpinned by different development philosophies, have emerged within Community Economic Development. This has produced a mêlée in regard to how problems are to be understood and addressed. Indeed, the lack of consensus *within* the two 'camps' as well as between them, compounds the complexity of the issues.

Fundamentally, it is difficult to discern a basis for the growing support of Community Economic Development when there is no conceptual framework to help explain how or why this approach will be any more effective than exogenously based approaches initiated in the past (New Economy Development Group Inc., 1992, p. 20; Lamontagne, 1993, p. 1). Essentially, this chapter seeks to more clearly identify and analyse the gaps and inadequacies which are inhibiting a holistic explanation of what the key essences of a community economic development approach might be with a particular emphasis on providing a definition basis for such explanation.

The chapter addresses the issues as follows:

- Firstly, it explores the evolution of the approach by tracing the emergence of distinct fields of development activity and reviews the factors precipitating the increased interest among policymakers.

- Secondly, it examines the nature of the current impasse by outlining the discrete philosophies underpinning the separate approaches and reviews the issues of consensus and difference characterising the two perspectives.

- Thirdly, it reviews the key conceptual deficiencies inherent in both perspectives, proposing a definitional basis upon which a conceptual framework can be developed and identifies the factors which are key to developing a holistic understanding of the Community Economic Development process.

- Fourthly, in light of this review it explores the role of innovation and entrepreneurship by defining these terms and explaining their link to Community Economic Development.

- Fifthly, it brings together the argument in the chapter by proposing a unique term to emphasise the role of entrepreneurship in the development process and reflect the fact that a different understanding of community-based development is being proposed in this dissertation.

4.1 COMMUNITY ECONOMIC DEVELOPMENT: ORIGINS AND EVOLUTION

4.1.1 HISTORICAL OVERVIEW: TRACING THE ORIGINS OF COMMUNITY ECONOMIC DEVELOPMENT IN A NORTH AMERICAN CONTEXT

With beginnings ascribed to the cooperative movement, community-based development has been widely acknowledged since the 1930's within both Europe and North America

(O'Neill, 1993, p. 3; Brodhead, 1993, p. 1; Ketilson et al., 1992, p. 4; Fontan, 1993, p. 13; New Economy Development Group, 1992, p. 10; Lotz, 1990, p. 1; MacNeil and Williams, 1994, p. 1) as a process which seeks to stimulate development from within a community by pursing economic or social ends, although the emphasis has traditionally been on social ends (Lotz, 1991, p. 1). Until recently, within the United States and Canada the term *Community Development* had been broadly used to describe this process (Blakely, 1989; O'Neill, 1993; O'Neill, 1990; MacNeil, 1993; Perry, 1987; Alderson et al., 1993; New Economy Development Group Inc., 1993; Brodhead, 1993; Wilmot, 1993; Swack and Mason, 1993; Polese, 1993; Joyal, 1993, p. 13).

The trailblazers of Community Economic Development were social reform proponents, whose understanding of development was very different from that of economists. Using a marxist perspective (or a variation thereof such as dependency theory), disparity was seen to result from social processes as much as from economic ones (Matthews, 1983, p. 51; Mifflen 1977, p. 78). In Canada, the Antigonish Movement of the early 1900's, was one of the first recognised efforts to deal with the economic problems of rural residents through a process of self-help. Since that time, the process has been used world-wide, in both industrialised and third world countries to achieve economic and social ends among traditionally disadvantaged groups.

The Antigonish movement, sponsored by the clergy and adult educators, was "a practical program of social reform based on the principle of self-education and action by the people themselves, organised in community groups" (Mifflen, 1977, p. 78). Education, the *means* to achieving human development, was defined as a process whereby, in groups, people defined the areas of concern on the basis of problem priorities (Mifflen, 1977, p. 87). In turn, education led to action in addressing the problem(s) as defined by the group. Essentially, the process was seen as a tool for human development (primary goal) which provided people the opportunity to develop to their full potential: economically, politically, socially, culturally and spiritually (intermediate goals) through cultural (a way of life learned and passed on by one member of society to another) change. The economic goal was seen to be the most fundamental intermediate goal because economic institutions were perceived to exert the greater influence on the entire cultural pattern. The cooperative technique, which

provides members with ownership and control of their economic institutions, became adopted as ownership was considered to be an effective method of redistributing income and preventing economic exploitation. However, the cooperative movement was embraced as one means of economic group action and is not the equivalent of the Antigonish movement (Mifflen, 1977, p. 82). This brief overview serves to accentuate the fact that economic ends were pursued solely as a stepping stone in human capacity building. Moreover, it illustrates the three essential characteristics of social movements: "collective behaviour, commitment to cultural change, and a degree of organisation" (Mifflen, 1977, p. 82).

Community Economic Development first gained currency as an alternative to traditional 'top-down' development strategies when it was used in the United States during the 1960's in dealing with problems associated with urban poverty (Fontan, 1993, p. 12; New Economy Development Group Inc, 1992, p. 10; Perry, 1987, p. 3; MacNeil and Williams, 1994, p. 1). In keeping with the tradition of the early social movements, community development organisations have championed social reform and self-help in seeking to advance the opportunities for marginalised groups whose needs were not being met by the market system or existing development approaches (Ketilson et al., 1992, p. 32; Lotz, 1990, p. 2; MacNeil and Williams, 1994, p. 1; Fontan, 1993, p. 12; New Economy Development Group Inc, 1992, p. 10; OECD, 1993, p. 28). The fact that many of the early interventions had an economic focus, such as those to stimulate job creation or equal opportunity hiring initiatives for blacks, may have contributed to the terminological shift in the approach's nomenclature, from Community Development to Community Economic Development. In general, activities of Community Economic Development organisations in the United States have been oriented toward improving housing or health care, largely because of an absence of government activity in these areas (APEC, 1994, p. 10).

In Canada, the growth of Community Economic Development organisations began gaining momentum in the late 1960's, around the same time that the federal government began initiating activities to deal with the economic disparities of particular areas. As pointed out in the previous chapter, government involvement originated with initiatives for the local community. It was not until the 1970's that the economic

development initiatives of government began to have community involvement. The 1970's also marked a period of increased growth in the number of government programs available to deal with problems being experienced in economically depressed areas. Consequently, various community economic development projects were launched with the aid of government funding - some by community economic development organisations intent upon helping traditionally disadvantaged people help themselves in combatting poverty, unemployment or inadequate services (MacNeil and Williams, 1994, p. 1); others by government agencies focused upon generating jobs in economically distressed areas through the collaborative efforts of local public, private and voluntary sector representatives. Hence, the emergence of two distinct fields of community based activity. While initiatives focused upon job generation had been referred to as Local Economic Development, today both fields of activity are being referred to as Community Economic Development.

For Community Economic Development organisations, the current climate is significantly different from that characterising the past in two significant respects. Firstly, during the 1960's and early 1970's, the economic growth being experienced in industrialised countries made it possible to access both financing and operating money from a variety of government programs and departments (Fontan, 1993, p. 32). Today, in the absence of substantial economic growth, governments are significantly reducing both the number of programs and the financial resources available. This can be seen to pose profound constraints upon Community Economic Development organisations as there is an absence of evidence indicating that any of them were financially self-supporting. In response, they have become more involved in income generating ventures in attempt to diversify their revenue base (Brodhead, 1993, p. 20). Secondly, economic pressures to address the problems of the disadvantaged have evoked calls for public and private sector collaboration in bringing an economic perspective to bear on the issues which were traditionally dealt with from a social perspective (National Council for Urban Economic Development, 1992, p. 85).

In summary, historically, facilitation of Community Economic Development has been the prerogative of social reform proponents whose intent was to address the needs of disadvantaged groups, whether these needs were determined to be social or economic

in nature. Although locally based action has been used to stimulate development for decades, Brodhead (1993, p. 2) argues that Canadian politicians and bureaucrats have traditionally viewed community based approaches to development as a method of propitiating marginalised societal groups. It is important, therefore, to understand why policymakers are now considering Community Economic Development as a mainstream policy option.

4.1.2 MOMENTUM FOR THE CURRENT POLICY INTEREST IN CANADA

While public sector economic development initiatives *in* local communities are not new, they did not reflect a concurrent shift in the dominant development strategies at the national or regional levels (MacNeil and Williams, 1994, p. 1). Within Canada, a number of factors have spurred consideration of Community Economic Development as a policy option for both social and economic development (Brodhead, 1994, pp. 12-13).

First, as noted in Chapter 3, the persistence of economic disparities and increasing levels of poverty have challenged the effectiveness of traditional national or regional 'top-down' approaches, both in Canada (Brodhead, 1993, p. 1; Economic Council of Canada, 1990, pp. 2-3; O'Neill, 1993, p. 14) and elsewhere (Gilbertson, 1993, p. 1). Second, there is a desire to eliminate a duplication of service which has ensued, in large measure, from a lack of coordination and overlapping responsibilities between government departments, fuelling competition between delivery agents (O'Neill, 1993, p. 10; Steering Group on Prosperity, 1992, p. 3). Third, rising deficits and lower rates of economic growth have diminished the resources governments have available to support the social safety nets, such as income transfers and 'make-work' projects (MacNeil and Williams, 1994, p. 1), and to finance other programs conventionally used in dealing with social and economic problems. At the same time, the demand on programs is increasing as socio-economic restructuring affects greater numbers of people. Indeed, not only are the problems of the traditionally disadvantaged intensifying, but the effects of economic restructuring are putting the survival of entire communities at risk (MacNeil and Williams, 1994, p. 12).

Predictions such as increasing demands for welfare amidst a freeze on federal contributions to the Canadian Assistance Plan (APEC, 1994, p. 7), are conceivably encouraging an accelerated level of reform measures initiated at both the federal and provincial levels to harmonise social and economic policy. This was reflected in a presentation by Guy Brethour, National Consultant for Community Economic Development - National Welfare Grants Program, at a recent conference on Community Economic Development: "all levels of government, and in particular the new federal government, are calling for approaches that are inclusive in nature, as well as approaches that integrate both social and economic objectives" (APEC 1994, p. 4). Indeed, the fragmentary nature of existing CED support has brought added pressure for a consolidation of policy and programs (Brodhead, 1993, p. 23; Lewis, 1993, p. 18; Gilbertson, 1993, pp. 2-3; OECD, 1993; MacNeil and Williams, 1994, p. 19).

Although the effects of restructuring have served to blur the division between social and economic problems, there has been no evidence of a concomitant merger of policy stakeholders who have traditionally dealt with these issues. Indeed, two distinct groups of stakeholders exist - those with a social development mandate (New Economy Development Group Inc., 1992, p. 3) such as the federal Department of Human Resources Development, and those with an economic development mandate, such as Nova Scotia's Department of Economic Renewal. For those with a social development mandate, Community Economic Development is seen as an approach which can achieve social development by pursuing both social and economic objectives (New Economy Development Group Inc., 1992, p. 3; National Welfare Grants, 1991). However, among those with an economic development mandate (APEC, 1994, p. 10; Fontan, 1993, p. 7; Economic Council of Canada, 1990, p. ix) there has been no expression of interest in using the approach to pursue social objectives in the pursuit of economic development.

In looking for comprehensive approaches, government has ostensibly ignored the challenges inherent in reconciling incompatible mandates. Fundamentally, this heightens the potential for conflict as economic and social aims are not necessarily complementary as the discussion on 'development' earlier has demonstrated (O'Neill, 1993, p. 25). Indeed, an attempt to integrate goals could lead to political conflict

arising from ideological differences if economic and social development policymakers are compelled to compete for scarce resources. Moreover, this in turn could result in a situation whereby organisational energy becomes focused on meeting internal resource needs, overshadowing the needs of the 'market'. While claims of success among practitioners have added impetus for adopting Community Economic Development as a development strategy, a lack of consistency in evaluation leaves the effectiveness of the approach open to debate. In the absence of a basis for prioritising economic and social aims, judging effectiveness becomes problematic.

In summary, the recent interest of policymakers has been largely attributed to a shrinking financial base, and the perception that top-down development programs have not been effective. While the mandate of social policymakers coincides with that of community economic development organisations seeking social reform, there is no evidence that economic development policymakers are similarly attuned. In essence, three distinct groups, spurred by economic concerns, are currently declaring a stake in the approach - community economic development organisations and practitioners, public sector social development agencies and policymakers, and public sector economic development agencies and policymakers. As Community Economic Development has evolved, two distinct development philosophies have emerged to dominate practice, one influenced by sociology, the other by economics. Consequently, the current economic problems are being understood and addressed by divergent interpretations of what a self-help process entails and what it seeks to achieve. While a comprehensive Community Economic Development policy has been deemed necessary both by government and by practitioners, the basis upon which such a policy would be founded is not altogether clear, given the lack of shared understanding of Community Economic Development and its objectives.

4.2 UNDERSTANDING THE IMPASSE

This section explores the distinct development philosophies underpinning the different approaches and the issues of consensus and difference stemming from them, with a view to better understanding the existing impasse.

4.2.1 THE DICHOTOMISED PHILOSOPHIES

It is widely recognised among academics, policymakers and practitioners that the pivotal point dividing the field into two streams of activity is the fact that the two approaches have discrete understandings of what the main aim of the process is. In one stream, which will be hitherto referred to as the 'economic development perspective', Community Economic Development is seen as a strategy for *addressing economic disparities* in employment and income within geographically defined areas. Within the second stream, designated as the 'social development perspective', Community Economic Development is seen as a strategy for *combatting the problems of marginalised social groups* (Fontan, 1993, p. 9):

> Community economic development is a comprehensive, multi-faceted strategy for the revitalisation of marginalised or distressed communities. Through the development of resources and alliances, organisations and institutions that are democratically controlled by the community are put in place. They mobilise local resources (people, finances, technical expertise, and real property) in partnership with resources from outside the community for the purpose of empowering community members to create and manage new and expanded socio-economic tools (businesses, specialised institutions and organisations, skills, and practices).

The economic development perspective, in defining development as an *economic growth process* (Coffey and Polese, 1985, p. 86; Polese, 1993, p. 5), has evoked a particular philosophy of how development can be encouraged. With social welfare considered dependent upon economic welfare, pursuit of social goals is generally not deemed to be within the purview of activity, as the achievement of social goals is considered to be predicated upon economic success (Bennett and McCoshan, 1993, p. ix; O'Neill, 1990, p. 9). For example, it is believed that community action should concentrate on reducing unemployment as this will help alleviate the undesirable social problems it produces such as crime and poor health (Economic Council of Canada, 1990, p. 4). Indeed, one Canadian economist (O'Neill, 1993, p. 7) argues that wealth and employment creation are the main goals while social goals are intermediate objectives, at most. Essentially, it is believed that economic disparity can be reduced if the growth process is endogenously influenced through collective action aimed at stimulating business activity and/or employment. According to Blakely (1989, p. 15):

> Local economic development refers to the process in which local governments or community-based organisations engage to stimulate or maintain business activity and/or employment. The principal goal of local economic development is to develop local employment opportunity in sectors that improve the community using existing human, natural, and institutional resources.

In viewing poverty alleviation as their raison d' être (Fontan, 1993; Ninacs, 1993, p. 19; Lewis, 1993, p. 2), social development proponents interpret development as an *individual growth process*. They believe that economic factors have created a situation of social exclusion[3], whereby the traditionally disadvantaged lack control of the economic resources needed for individual development (Ninacs, 1993, p. 19; Swack and Mason, 1993, p. 2; National Council for Urban Economic Development, 1992, p. 86), a situation which has been exacerbated by the negative impact of economic restructuring (National Council for Urban Economic Development, 1992, p. 87). In addressing the relationship between social and economic welfare, it is argued that social development seldom occurs without a corresponding improvement in economic conditions, whereas it is considered possible to pursue economic development without positively impacting on social development. Moreover, it is suggested that following an economic course of action can have a negative impact on social development (Brodhead, 1993, p. 19).

While proponents claim that both social and economic objectives are pursued in attempts to influence development, Douglas (1989) has pointed out that social goals transcend economic ones. Indeed, a review of the nature of initiatives pursued substantiates this claim. For example, when establishing business ventures, these ventures typically adopt unconventional organisational forms such as cooperatives or community enterprises (Fontan, 1993, p. 8; Joyal, 1994, p. 14), which incorporate a collective decision-making dimension seen to contribute to social development. Furthermore, these ventures tend to give precedence to collectively agreed upon social and ethical objectives (Fontan, 1993, p. 27), for example, an individual's need for meaningful employment, and normally seek viability rather than profitability (Joyal,

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[3] The terms social exclusion and marginalisation are used synonymously within the social development perspective.

1994, p. 13; Ketilson et al., 1992, p. 35). Fundamentally, the achievement of economic objectives is seen as a means (Ninacs, 1993, p. 19) of enhancing the capacity of the poor to become more self-sufficient. Indeed, evidence indicates that there has been considerable difficulty and tension experienced in blending social and economic objectives (Brodhead, 1993, p. 20; Fontan, 1993, p. 12).

For economic development proponents, collective action provides a vehicle through which the institutional base identifies the problems and develops solutions which create innovation and entrepreneurship, more/better jobs, increased wealth and incomes and increased opportunities for personal fulfilment (Blakely, 1989, p. 73; OECD, 1993; Economic Council of Canada, 1990, p. 18). With the major factors affecting local development potential considered to be relatively fixed and underdeveloped, development solutions are seen to rest with building the capacity of a community's human resources to exploit the potential of underutilised natural and institutional resources (Blakely, 1989, p. 67; O'Neill, 1993, p. 8; Economic Council of Canada, 1990, p. 3). Attempts to increase income and/or employment have involved initiatives aimed at supporting small business development and skill development. For example, some initiatives provide financial capital to local businesses while others provide training to improve the effectiveness or productivity of the local labour force. By focusing attention on human capacity building, it implicitly affirms the inter-relational influence of economic and socio-cultural factors on the process. However, there is no theoretical foundation underpinning practice (Blakely, 1989, p. 60).

The process itself, largely borrowed from community development organisations, is seen to require several characteristics in successfully influencing development at the local level (Economic Council of Canada, 1990, p. 3): local initiative; broad-based participation; partnerships between public, private and voluntary sectors; local leadership; entrepreneurship and innovation; individual and collective skill development; and the development of local institutions which have the authority and responsibility for decision-making and resource control.

For social development proponents, collective action enables individuals who lack the resources needed to independently improve their well-being to mutually achieve this

end (Ketilson et al., 1992, p. 32). In the words of Bill Ninacs (1993, p. 19) "CED's leitmotif of economic empowerment is a direct result of its overall objective of social inclusion". However, because it is believed that community economic development will not necessarily emerge spontaneously (Ketilson et al., 1992, p. 34; Fontan, 1993, p. 29), advocacy is considered essential. This role is seen to be best filled by independent community-based groups and agencies who can gain broad-based community participation and establish partnerships with public and private stakeholders from within and outside the community (MacNeil and Williams, 1994, p. 2; Brethour, 1994, p. 34; Ninacs, 1993, p. 19; Joyal, 1994, p. 13).

Ultimately, social change is an integral part of the process (MacNeil and Williams, 1994, p. 7). It is considered essential for marginalised individuals to have access to greater wealth and to participate in the decisions which affect them (Fontan, 1993, p. 6; Ninacs, 1993, p. 19). This is facilitated by a planning process which provides the community with the necessary skills, attitudes and resources needed to improve self-sufficiency (Ketilson et al., 1992, p. 32; Lamontagne, 1993, p. 5; Fontan, 1993, p. 20). The activities resulting from this process are diverse and broadly encompass four areas of intervention: land use planning, employment, private or collective business development, and private or collective investment (Fontan, 1993, p. 16).

Generally, this review indicates the existence of very distinct ways adherents of each philosophy think about development, the way it can be influenced and why. However, there is a need to explore the essences of these perspectives in more detail to determine whether these understandings are appropriate within the current development environment.

4.2.2 ISSUES OF CONSENSUS

Practice has unearthed a number of areas of convergence within the discrete spheres of activity: the impetus for Community Economic Development; the essences of process effectiveness; the nature and functions of the required structure; and the importance of focusing initiatives on capacity-building.

Firstly, both perspectives share the assumption that *crisis* provides the stimulus for people to engage in Community Economic Development, particularly economic crisis which jeopardises the subsistence of community members (Brethour, 1994, p. 34; Broadhead, 1993, p. 20; Economic Council of Canada, 1990, p. 7; O'Neill et al., 1993, p. 16, Johannisson, 1990, p. 63). However, because Community Economic Development's orientation is long-term, conditions of extreme crisis are seen to constrain the opportunity for successfully using Community Economic Development as such situations are seen to require more immediate short term solutions (Brethour, 1994, p. 34).

Secondly, in assuming that development can be influenced 'from the bottom up', both perspectives challenge the claim of others that the influence of the 'global village' may have supplanted the influence of 'community' on behaviour (Curran and Blackburn, 1994, pp. 20-22). Indeed, the global village argument fails to explain why communities with similar economic structures and resources exhibit different levels of development. Essentially, Community Economic Development proponents argue that effectiveness in building a community's self-reliance requires the active involvement of community members (Polese, 1993, p. 5; Nozick, 1993, p. 1; Ketilson et al., 1992, p. 1).

Fundamentally, both perspectives assert that the community has the greatest understanding of the problems it faces and is, therefore, in the best position to develop solutions which make use of underutilised resources. Generally, it is argued that a shared sense of identity, produced by the interaction of economic and socio-cultural factors within a spatial area, creates a common purpose which prompts people to mobilise local resources in attempt to effectively respond to economic problems (OECD, 1993, p. 26; Johannisson, 1990, p. 61; Curran et al., 1993, p. 20). Strategic planning, with a long-term focus reflecting the nature of development (Brethour, 1994, p. 34; Brodhead, 1993, p. 4), is the means by which communities use their knowledge and resources to plan and manage their own destiny (Brodhead, 1993, p. 20; Blakely, 1989, p. 68; OECD, 1993, pp. 29-33; Ketilson et al., 1992, p. 32; Brethour, 1994, p. 34). Local leadership is considered vital to the successful initiation and management of the process (OECD, 1993, pp. 29-33; Brethour, 1994, p. 34; Lamontagne, APEC - 1994, p. 8) with national government and exogenous stakeholders allocated an indirect

role (Ketilson et al., 1992, p. 4). However, public funds are deemed necessary to support Community Economic Development initiatives (Ninacs, 1993, p. 20; O'Neill et al., 1993, p. 17; Economic Council of Canada, 1990, p. 18; Joyal, 1994, p. 15).

Thirdly, a formal structure is assumed to be necessary for directing and motivating behaviour toward achieving greater self-reliance. A democratically controlled community based institution, with representation from the public, private and voluntary sector is considered essential to coordinate the process (Fontan, 1993, p. 29; Blakely, 1989, p. 252). The organisation's success is seen to depend upon participants having a sense of common purpose (New Economy Development Group Inc., 1992, p. 13; Blakely, 1989, p. 261) and social cohesiveness (Ninacs, 1993, p. 19). Its function tends to be defined in terms of: planning, consultation, and/or facilitation of intervention activity (Fontan, 1993, p. 22). Among its main activities is the formation of partnerships between community stakeholders and between the community and outside institutions so that resources can be synergistically mobilised in achieving objectives (Ninacs, 1993, p. 19; Fontan, 1993, p. 21; Blakely, 1989, p. 261; New Economy Development Group Inc., 1992, p. 13). It is argued that partnerships also serve to contribute to efficiency by eliminating duplication of effort (O'Neill, 1990, p. 32) and competition (New Economy Development Group Inc., 1992, p. 13). Other activities include the fostering of broad-based participation (O'Neill et al., 1993, p. 16; OECD, 1993, pp. 29-33), local control over resources (Ketilson et al., 1992, p. 4; Blakely, 1989, p. 68), the creation and maintenance of networks (Polese, 1993, p. 15; New Economy Development Group Inc., 1992, p. 13), and, in some instances, the operation of enterprises (Blakely, 1989, p. 78).

Fourthly, the initiatives, while diverse and flexible (Brethour, 1994, p. 35; Fontan, 1993, p. 17), are aimed at developing the capacity of a community to mobilise underutilised human, physical and financial resources (Ninacs, 1993, p. 17; Blakely, 1989, p. 70; Ketilson et al., 1992, p. 1; New Economy Development Group Inc., 1992, p. 11) in achieving the objectives formulated within the strategic planning process. A fundamental aspect of capacity building is considered to be the creation of an entrepreneurial culture (Blakely, 1989, p. 268; O'Neill et al., 1993, p. 16; Economic Council of Canada, 1990, p. 7; New Economy Development Group Inc.,

1992, p. 11; APEC - 1994, p. 8). Indeed, entrepreneurship, innovation and business development have all been allocated a role in enhancing a community's capacity for self-reliance (Coffey and Polese, 1985, p. 88; O'Neill et al., 1993, p. 17; OECD, 1993, pp. 29-33; Ninacs, 1993, p. 19).

Overall, both perspectives assume that development can be influenced *in* the community, *by* the community, making people pivotal to its success. Although there is broad agreement about the nature of the process and its attributes, activities emerging from each of the philosophical orientations demonstrate that the meaning and emphasis of the key essences of the approach vary.

4.2.3 ISSUES OF DIFFERENCE

Fundamentally, the philosophical divergence inherent in Community Economic Development has become manifest in: how community is defined, who the main participants in the process are, the role of empowerment and resource control, the nature of initiatives required to achieve the desired ends, and how self-help is understood. Indeed, the fact that there is a lack of agreement and/or clarity *within* the discrete fields of practice regarding some of these issues, serves to compound the confusion and complexity surrounding the approach.

Adherents of the economic development perspective, typically define community on the basis of administrative boundaries (O'Neill, 1993, p. 4; OECD, 1993, p. 26). As pointed out in Chapter 2, the terms 'local' and 'regional' are used interchangeably in demarcating a 'community' within which a sense of identity will be instrumental in mobilising stakeholders to take collective action aimed at increasing the area's economic self-sufficiency.

Generally, the social development perspective defines community in terms of a marginalised social (i.e. - single parent families) and/or cultural (i.e. - an ethnic minority) group which shares a geographic locality and a sense of identity (Perry, 1987, p. 60; MacLeod, 1986, p. 56). While the word 'community' has been used arbitrarily to denote either a specific area, a specific group, or both (Fontan, 1993, p.

9), without exception, the notion of marginalisation is central to the definition, whether the primary basis for determining a community is geographic or demographic (Ninacs, 1993, p. 19; Fontan, 1993, p. 11). Indeed, this perspective's understanding of community is not unidimensional, as it always involves a particular group and a particular locale. For example, if 'community' denotes a marginalised social or cultural group, this group is said to require a shared locality in order to facilitate joint action (MacLeod, 1986, p. 56). Similarly, if 'community' is used to denote a geographic area, the demographic dimension is employed to identify those who are socially excluded.

Because economic development advocates allocate responsibility for identifying problems and formulating solutions to the local institutional base, it has been inferred that the process is understood to be one of collectively influencing action rather than one of influencing collective action. Among social development advocates, the local institutional sector is not afforded the lead role in assuming responsibility for identifying problems and formulating solutions. Nonetheless, it is expected to become actively involved in the coordinating organisation as members of the board of directors, alongside members of the community. Because self-help is understood to be a collective process which a marginalised community participates in, delegation of responsibility for studying problems and finding solutions is encouraged (Fontan, 1993, p. 8). Fundamentally, in contrast to those with an economic development mandate, the emphasis is on influencing collective action rather than on collectively influencing action.

In regard to the role of empowerment and resource control, economic development advocates consider these factors to be inherent in the process (O'Neill, 1993, p. 7) while social development advocates see them as desired ends. In aiming to reintegrate the most disadvantaged into the mainstream of both the economy and society (Fontan, 1993, pp. 7-8), the focus of initiatives is on fostering individual and collective empowerment and control and utilisation of local resources within the 'community'.

Economic development 'solutions', primarily focused on employment generation, essentially involve two types of initiatives: those aimed at helping to generate and/or

develop private enterprises and those aimed at improving individual skill levels (Joyal, 1994, p. 13; Lewis, 1993, p. 1). In contrast, solutions emerging from the social development perspective are focused, primarily, upon reducing social exclusion. Indeed, while the stated aims of initiatives vary, the most common ones are local control over resources and institutions (Swack and Mason, 1993, p. 3; Brodhead, 1993, p. 4; Coffey and Polese, 1985, p. 88), social solidarity, and individual and collective empowerment (Fontan, 1993, p. 7; McCormick et al., 1987, p. 2). The initiatives themselves often involve direct intervention whereby the CED organisations engage in activities ranging from daycare centres to loan funds (Fontan, 1993, p. 22).

There have been attempts to embrace both social and economic approaches within broad categorisations. For example, using a practitioner's perspective, Lewis (1993, pp. 3-4; APEC, 1994, p. 9) classifies initiatives along four lines: the growth equity model which focuses on building the economic base through a direct ownership stake in business creation and expansion; the loan and technical assistance model which emphasises financial, technical and training assistance to local business; the employment development model which focuses on enhancing local human resources; and the planning and advisory services model which addresses the provision of specialised services to a specific group.

Finally, in regard to self-help, it has been concluded by the researcher that each perspective has a different strategic level of focus. Within the economic development perspective, because results of activities are reported aggregatively in terms of outputs achieved within a geographic area, such as the number of jobs created or the number of people trained, this suggests that self-help is conceptualised as a group process that produces *community level self-sufficiency achievements*. In contrast, social development proponents appear to conceptualise self-help as a group process that is aimed at producing *individual level achievements in self-sufficiency*.

While the preceding discussion has indicated the scope of divergence in practice, the literature suggests that this divergence is accompanied by considerable bias. For example, within the myriad of classification schemes used to differentiate initiatives pursued by each perspective, Fontan's (1993, p. 4) has become the one most commonly

adopted within the social development perspective (Brodhead, 1993, p. 3; MacNeil and Williams, 1994, p. 4). In it, the term 'progressive' is used to describe initiatives which advance social development while the term 'liberal' is applied to those initiatives focused solely on economic development. Indeed, the term 'progressive' connotes improvement while 'liberal' does not, suggesting that 'progressive' approaches are 'better' than 'liberal' ones. Likewise, bias is also evident among economic development proponents who typically differentiate initiatives under the rubrics of Community Economic Development and Local Economic Development (Joyal, 1994, p. 13; Coffey and Polese, 1985). For example, Joyal (1994, p. 14) portrays social development advocates as "people who see housing provision for the homeless as a more urgent priority than improving chances in securing a job so that one day they can house themselves from their own pay packet." Indeed, this is not necessarily an accurate depiction as economic initiatives are often pursued as an integral part of the strategy in meeting the needs of marginalised individuals (Ninacs, 1993, p. 19). These indications of bias suggest that perhaps the respective stakeholders are not fully cognisant of the distinct philosophies underpinning practice or the extent of influence they have had.

In summary, under the influence of distinct philosophical orientations, different understandings of community, self-help, empowerment and participation have emerged. Furthermore, collective action has not been shown to serve the same function within the process. For those with an economic development mandate, problems are identified and addressed by the institutional sector which uses collective action to mobilise local resources in stimulating economic activities that will create jobs within the area. For those with a social development mandate, the institutional sector aims to increase individual and collective empowerment and local resource control by initiating collective action among the marginalised. Indeed, the emphasis is on delegating responsibility for identifying problems and developing solutions to those who are most disadvantaged. Although initiatives which involve economic activity are pursued, they are seen as a means of achieving social development.

4.3 IDENTIFYING AND ADDRESSING THE CONCEPTUAL DEFICIENCIES

In probing the separate perspectives underpinning CED activity, a number of issues have been identified which either have been inadequately addressed or have yet to be dealt with. Broadly, these issues are inextricably linked to how the term Community Economic Development is defined and how the development process is understood. Firstly, this section deals with the fundamental definitional issues. Then it examines the essences of the process to identify the key factors which will need to be brought together in developing a comprehensive conceptual framework to meaningfully help in understanding how and why communities can influence economic development.

4.3.1 DEFINING COMMUNITY ECONOMIC DEVELOPMENT

Central to the understanding of any phenomenon is a definition of key concepts as they establish the basis upon which explanation and influence are founded. Fundamentally, the term Community Economic Development encompasses two key concepts - community and economic development - which each perspective understands differently.

4.3.1.1 The Notion of Community

As *community* accepts a heightened role in the literature, its variety of meanings (Fontan, 1993, p. 9) has been a source of confusion and controversy (Swack and Mason, 1993, p. 1; Brodhead, 1993, p. 2). Part of the problem resides in the fact that 'community' evokes a range of connotations, which have been endorsed in differing combinations and intensities (Lotz, 1991, p. 3; Gilbertson, 1993, p. 12; Fontan, 1993, p. 9; Ketilson et al., 1992, p. 1). For the most part, the term is used in describing the focus for activity. However, it will be argued below that the existing definitions do not provide an adequate basis for explaining how and why the process can effectively accomplish the desired objectives.

The appropriateness of the definition adopted by the economic development perspective, which defines a community according to administrative boundaries, has

been criticised not only by other social scientists, but by economists themselves, who suggest that this interpretation has arisen out of statistical convenience (O'Neill, 1993, p. 4; Curran and Blackburn, 1994, p. 9). Those concerned with urban development have been the most critical of this definition in arguing that problem areas rarely have an administrative identity (Fontan, 1993, p. 9). Indeed, in Chapter 2, the adequacy of using a region to define the spatial context of a community was challenged, particularly since it usually encompasses a range of needs or circumstances.

While on the one hand a sense of identity is seen to be instrumental in mobilising local resources to address problems, on the other hand it's role is ignored when 'community' is defined according to either administrative or statistical boundaries. For example, the OECD (1993, p. 44) has proposed using a labour market or a region to define the local area. Such a definition intimates identity is not well understood. Generally, a sense of identity is understood to emerge from shared economic, social and cultural experiences (Curran and Blackburn, 1994, p. 2), yet both a labour market and a region normally include diverse economic, social and cultural units. According to Webster's Encyclopedic Dictionary (1988, p. 198) a community is defined as: "a body of people with a faith, profession or way of life in common"; "a body of people living near one another and in social relationship". Indeed, these interpretations challenge the appropriateness of defining a community according to a labour market area or a region, and suggest a need to augment the criteria used to delimit a community beyond a geographic dimension.

Accepting the notion that collective action is the means by which development is influenced, and that having common economic and social relations creates a sense of identity instrumental in mobilising this action (O'Neill, 1993, p. 4; Curran and Blackburn, 1994, p. 9), underscores the importance of social interaction in the process. For the geographic dimension to be functional in defining community, it would seem necessary that it be capable of delimiting the spatial boundaries within which economic (or in fact social) problems are perceived to be shared as a consequence of a common identity. Generally, administrative boundaries or other statistically derived units do not fulfil this requirement as they are not drawn up on the basis of the identity concept.

In turning to the definitions adopted within the social development 'perspective', the interpretation of a community as a 'group' raises an important issue as there is a subtle, yet significant, distinction between a 'group' and a 'community'. Upon consulting the dictionary once again (Webster's Encyclopedic Dictionary, 1988, p. 425), a 'group' is defined as a "body of people with a common purpose" whereas a 'community' has been defined as a body of people who have something in common. Given that 'purpose' generally denotes the end to which effort is directed, action is implied. Indeed, an examination of the characteristics of groups [interpersonal interaction; perception of membership; interdependency; pursuit of a mutual goal(s); motivation (provided by pursuit of personal need through joint association); structured relationships (interactions are structured by a set of roles and norms); mutual interpersonal influence] identified by social psychologists (Johnson and Johnson, 1991, pp. 10-13) reveals that one of the fundamental reasons groups exist is so that people can achieve goals which they are unable to achieve alone (Johnson and Johnson, 1991, p. 12). In defining a community as a group, it means that not only do people have something in common, they also have some common purpose, which is fundamental to action. However, the propriety of using marginalisation as the basis for designating the group boundary in defining a community is questioned.

Undeniably, marginalisation provides grounds for developing a sense of identity which in turn is a catalyst for joint action. Additionally, either implicitly or explicitly, it also incorporates the required geographic dimension. Nonetheless, there are several problems associated with its usage. Firstly, restricting collective action to a specific group within a geographic area may serve to exacerbate social exclusion, as homogeneity is known to foster differentiation rather than integration. Moreover, it would be expected that in defining a community as a single disadvantaged group which lacks resource control, the group's capacity to synergistically access and mobilise resources would be constrained by its homogeneity. Secondly, such an interpretation ignores the fact that there may be a multiplicity of marginalised groups within a given geographic area. This leaves the basis upon which marginalisation is determined and intervened upon open to challenge.

Thirdly, such an interpretation fails to consider that within the specified locality,

individuals, whether considered marginalised or not, may be stakeholders in numerous institutions and activities. Indeed, they establish a multitude of social relationships by virtue of the formal and informal, economic and noneconomic activities and groups they participate in. Consequently, the impact of problems would not be isolated to one group, but rather would affect many relationships. By defining 'community' as a specific marginalised group, it ignores the situation and needs of many other individuals and unduly restricts the scope of self-help. Such a focus diminishes the possibility of effectively using the notion of self-help to capitalise on the range of both intragroup and intergroup opportunities to stimulate collective action in synergistically mobilising available resources to influence development.

Fundamentally, the appropriateness of defining 'community' in terms of a traditionally disadvantaged group is questioned by the fact that whole geographic localities are becoming 'marginalised' as a consequence of economic restructuring. Because of shared economic and noneconomic activities, it is not just one group of people who would perceive themselves to have a stake in addressing the situation.

While both perspectives share the notion that 'community' has a territorial dimension and that a sense of identity has a role to play in fostering collective action, they also share a blatant nescience in regard to identity. Clearly, a person's identity is not exclusively aligned with a single group, nor is it likely to be given focus by the diverse aspects contained within administrative boundaries. On the one hand, while administrative boundaries may provide people with something in common - living space - they do not always provide a basis for some common purpose. On the other hand, marginalisation may provide a group purpose but by defining community in this way, it excludes consideration of all others within the geographic area who perceive themselves to be stakeholders in the problems being experienced. *Indeed, it is necessary to define community in terms which are inclusive of people who, by virtue of shared economic and social relations, have developed a sense of identity through which collective action can be mobilised to respond to problems affecting the geographic area within which they live.* In doing so, there is a need to more clearly explain the essence of identity and the way in which it influences collective action.

4.3.1.2 Community Redefined

Assuming that development can be influenced in a community, by a community through collective action, three dimensions emerge from discussion thus far, as important in meaningfully defining 'community': a geographic (locational) one, a social (reflecting economic and social interaction) one and a psychological (perception of belonging) one. One scholar who has taken a multidimensional stance is Perry (1987, p. 58). He incorporates the following dimensions: the geographic-demographic, which combines the geography and the people; the psychological, which involves a sense of belonging; the cultural, which is expressed in common ways of judging, believing and valuing; and the institutional, which involves a network of interrelated organisations and patterned practices within which people live their lives.

> A community is a more or less circumscribed geographic locality in which the residents tend to see their destinies as somehow bound together, and where their destinies are in fact linked together to the extent that the residents share a common view of life and share (or overlap in) membership in most of the institutions in which they participate (Perry, 1987, p. 63).

This definition has been criticised (O'Neill, 1993, p. 5; Jacquier and Mendes-France, 1992, p. 20) for presuming that 'a view of life' or 'interests' can be shared by residents of a geographic area and for failing to identify the aspects of life for which a common view would be held (O'Neill, 1993, p. 5). However, sociologists have, for some time, argued (Weber, 1947, 136) that a community is a distinctive social unit consisting of people who go about their daily activities in a particular locality and who generally *identify* with that community. This area has been conceptualised by some (van Rees et al., 1991, p. 26) as the 'life-world' - the boundaries within which people take action that is confined and influenced by dynamic social structures. The life-world exists, then, between the individual and society representing "the segment of the world which people have formed and interpreted for themselves, in which they interact with and experience their immediate neighbours in space and time" (van Rees et al., 1991, p. 28). The life-world designates the domain within concrete life tasks are engaged in and can be seen to represent a resource for these tasks (van Rees et al., 1991, p. 19).

Identification is said to affect behaviour in two ways (Gerstein, 1987, p. 100): it standardises expectations in cases where people are treated the same by virtue of their membership in that community; and it establishes norms of attitude and behaviour in relation to others by virtue of community membership. Bolton (1992, p. 185), for example, also identifies a "sense of place" and local identity as distinguishing features of community which, according to Polese (1993, p. 4; Nozick, 1993, p. 11), provides a collective method of "reducing information costs and 'transaction costs'" through the formal and informal network of contacts and shared values and interests. Indeed, it is peoples' 'life-world', influenced by the dynamics of social structures, which shapes this sense of identity and can, generally, be seen to delimit the boundaries of action (van Rees et al., 1991, pp. 26-27).

While it may be unrealistic to assume that residents of an administratively defined geographic area share a common view of life, particularly if the focus is urban, it may not be unrealistic to assume that residents of rural areas, who share a <u>way</u> of life by virtue of an undiversified economic base, would also share a <u>view</u> of life. In fact, the reciprocal influence of social and economic factors have been underscored by sociologists (Matthews, 1983, p. 86). Yet, the salience of the relationship between the 'life-world' and the development of identity has been largely ignored when defining community, as exemplified by the OECD's (OECD, 1993, p. 44) proposal to define community on a regional basis. Assuming collective action is to be mobilised through shared behavioral expectations, the concept of 'life-world' is pivotal to defining 'community'.

Despite the criticism Perry's definition has engendered, its significance in contributing to a more valid definition of community is threefold: it recognises geographically identifiable interdependencies which may or may not adhere to administrative boundaries; it can be conceptualised as a relative, rather than an absolute phenomenon; and it incorporates a subjective dimension (as the boundaries are, in part, defined by an internalised identity influenced by the interaction of socio-cultural, economic and psychological factors) which, as suggested in Chapter 2 (2.2.1), may be instrumental in effectively motivating collective action.

Embellishing on Perry's definition, O'Neill (1993, p. 6; Economic Council of Canada, 1990, p. 3) sharpens the geographic dimension and explicitly retains the institutional aspect: "a geographic area whose residents participate in interdependent economic, social and political institutions and activities, and share a variety of public and private services". However, while the increased precision of this definition facilitates empirical testing, it fails to incorporate the cultural and psychological dimensions which are assumed to be instrumental in mobilising collective action.

With both perspectives aiming to increase the self-sufficiency of the 'community' through collective action, then arguably it is the 'life-world' which shapes and delimits the geographic boundary within which people form a sense of identity and common purpose; and which provides the perception of stake or influence in the development of the 'community'. In addressing the interpretational inadequacies of both the economic and social development traditions, the following definition of community is, therefore, proposed:

> *a geographic area in which residents perceive themselves to be stakeholders and share behavioral expectations as a result of social relationships developed while participating in formal, informal and interdependent economic, social and political institutions and activities, and while sharing a variety of public and private services*

In defining community multidimensionally, according to the geographic 'life-world' area, it provides greater certainty that a shared identity exists which can be capitalised on in mobilising collective action to address problems. Although a new meaning of community has been proposed, it is recognised that this only partially resolves the issue of how to define Community Economic Development.

4.3.1.3 Defining Economic Development

The debate between the perspectives as to the meaning of economic development essentially centres on how well-being is understood. The challenges to conventional economic understandings mounted by the social development perspective emphasise and incorporate various aspects of noneconomic welfare. Indeed, these aspects were

reviewed previously in Chapter 2 (Sections 2.3.1 and 2.3.2). As this review indicated, social development advocates are not necessarily at odds with how economists define economic development. Rather they argue that development involves more than economic well-being. Essentially, the philosophical differences in how development is understood have impacted on the goals/objectives pursued, the nature of the process and the structures used to achieve the desired ends. Herein lies a key reason for some of the controversy surrounding Community Economic Development. Indeed, practice has not unequivocally established that it is desirable, appropriate, or possible to integrate social and economic objectives or that the objectives of either 'perspective' are in keeping with the perceived needs of the community.

Fundamentally, a process's raison d'être is to accomplish a goal(s). When development is understood in strictly economic terms, goals have historically centred upon employment generation. On the other hand, when development is understood in more multidimensional terms, goals have largely emphasised aspects of individual development, such as empowerment.

Generally, the adequacy of the objectives promulgated by both schools in addressing need or circumstance can be challenged. Firstly, as pointed out in Chapter 2, achieving economic goals does not necessarily mean that the desired impact will be achieved. For example, increases in income and employment can be achieved without either positively impacting on the people who were unemployed or from a disadvantaged group or without easing the financial pressures being experienced by governments in dealing with unemployment and poverty. On the other hand, addressing the needs of one marginalised group ignores the fact that economic hardship may affect many stakeholders in a community.

Secondly, social development advocates have been criticised for treating the process as an end in itself (O'Neill, 1993, p. 6). Indeed, it may be easy to lose sight of the essence of need if social objectives are concentrated on at the expense of economic ones. Whether individual empowerment can be sustained in the absence of economic self-sufficiency may be open to question. While it has been claimed that economic objectives now have assumed a presence alongside social objectives, there is little

evidence to indicate the opportunities for increasing empowerment through venture initiation and development have been recognised and fully understood. Most importantly, the capacity of small business to foster individual competencies associated with empowerment - such as initiative, responsibility, decision-making, problem-solving (Gibb, 1993, p. 18) has been overlooked. Anecdotal evidence suggests that invariably, social objectives take precedence over economic ones, reflected in the practice of pursuing ventures on a 'not for profit' basis in support of job creation, for example. This indicates that the contribution of venture profitability to empowerment is not well understood. Indeed, profit is the means by which growth in income and/or employment is achieved. As a matter of course, if ventures are pursued on a not-for-profit basis, development of independence may be jeopardised, particularly if financial subsidisation played an instrumental role in start-up. Indeed, operating a business on a break-even basis means that it lacks a margin for error, making it particularly vulnerable to the uncertainties of the market. Under these circumstances, it is difficult to understand how individual empowerment would be facilitated. On the other hand, it is quite possible that economic self-sufficiency will contribute to feelings of individual empowerment.

O'Neill (1993, p. 6) argues that aims such as empowerment and autonomy are inherent in the process when decision making is community based. While this may be so, community based decision-making does not necessarily guarantee that those in need will be part of the process. In fact, it is conceivable that process participants could belong to the community without being directly affected by the economic 'crisis'. If this is the case, then one of the main advantages of the collective process - pursuing personal need through joint association - would be lost.

Thirdly, measurability of success becomes an issue when intangible goals, such as autonomy, are sought. Fourthly, social objectives do not result in financially self-sustaining activities. Indeed, as pointed out earlier, the pursuit of social goals has been dependent upon government funding whose availability has been diminishing (Brodhead, 1993, p. 1). While it has been claimed that Community Economic Development has succeeded in achieving both economic and social ends (New Economy Development Group Inc., 1992, p. 1) this assertion has not been validated

by empirical evidence.

Finally, the appropriateness of having only a long term focus for objectives amidst an uncertain environment is challenged. When one considers the negative impact global economic restructuring is having on the ability of entire communities to meet the basic existence needs of their residents, it would seem reasonable to assume that those affected would have a short-term goal orientation. This is not to deny the value of long-term goals, but rather suggests that need or circumstance will have an important influence on how development is defined and consequently, how objectives are set and priorities established.

Although people do not necessarily want to maximise their income, as pointed out earlier, economic welfare and quality of life are inextricably linked. However, this relationship is dynamic and contingent upon circumstance. For example, if a community's major employer closes its operation, it might be expected that residents will define development more in conventional economic terms. Both anecdotal evidence and need theory lend support to this proposition. While empirical evidence (Wanous and Zwany, 1977) suggests that individuals attempt to fill multiple needs at the same time, there is general agreement among the need theories of Alderfer (ERG), Hertzberg (Two-factor theory) and Maslow (Bartol and Martin, 1991, pp. 448-456) that the fulfilment of concrete needs of existence take precedence over higher level, less concrete needs (which would be inherent in quality of life dimensions).

Fundamentally, if people perceive the fulfilment of their basic needs to be in jeopardy, it is likely that development will be defined primarily in economic terms. Indeed, the early social movements adopted this rationale in assuming human development goals would not have priority until the basic economic needs of individuals were met (Mifflen, 1977, p. 86). To them, however, economic development was not the ultimate objective. Rather it was a necessary first step and element of human development.

The prevailing assertion that there is no discernable basis for integrating social and economic objectives suggests that need fulfilment is not well understood. Moreover, the current tension said to exist between economic and social development objectives

(New Economy Development Group Inc., 1993, p. 1; Gilbertson, 1993, p. 14) conceivably stems from the fact that communities have not been delegated the responsibility for identifying their needs and expectations and determining and prioritising objectives based on these needs. Instead, either explicitly or implicitly, Community Economic Development goals have been largely determined by interventionalists. For example, community stakeholders often define objectives for development initiatives on the basis of programme funding availability (Lewis, 1993, p. 3) rather than according to need. Under these circumstances, dependency not self-reliance is fostered.

In general, economic development programmes lack the flexibility required to be responsive to a community's needs and competencies. Statements by government agencies and others (ACOA, 1992, pp. 122-123; OECD, 1993, p. 15) highlight the extent to which circumstance is overlooked. For example, they claim that the service and information sectors represent a significant part of the global economy and because these sectors are not dependent upon agglomeration economies for growth and competitiveness, they present opportunities for economic growth in remote rural communities. Such an inference ignores the fact that the resources required to feasibly capitalize on these opportunities are not contained within the economic, social and political structures of the most economically disadvantaged communities.

Clearly, because communities face different circumstances, needs will vary. Therefore, process aims and priorities cannot be predetermined or universally applied. For some communities, the goal(s) may be directed toward social development; for others economic development will take precedence. If the process is to be instrumental in influencing development through self-help, the issue is not how to define economic development, nor is it predetermining which goals should be pursued. Rather, it is *ensuring goals are established by the community according to its perceived need(s)*. If economic goals assume precedence, presumably goals would be set and priorities established with an orientation toward the formation of new firms and/or the expansion of existing ones as these activities provide the means of fulfilling basic needs of existence. Under these circumstances, conventional economic indicators of structural change and growth in income and employment may be useful in measuring

effectiveness. However, depending upon what the desired goals are, it may also be necessary to take the distribution of any growth into account. Fundamentally, the community's needs and expectations need to be determined before valid measures of success can be established. Framing economic development in this way, individual or collective empowerment is not precluded as the 'community' has stewardship of the process.

Based on the earlier redefinition of community and the above stance that the community's understanding of development, influenced by circumstance, will underpin the action pursued, Community Economic Development is defined as:

> *the process by which a community uses collective action to improve its well-being and self-reliance according to self-defined needs and expectations.*

4.3.2 COMMUNITY ECONOMIC DEVELOPMENT: IDENTIFYING THE ESSENCES OF PROCESS

While policymakers have identified the need for communities to build capacity to respond to the effects of economic restructuring, and are looking to Community Economic Development as an approach for building self-reliance, as the above discussion pointed out, the efficacy of the process is challenged by an absence of conceptualisation (Neamtan, 1989, p. 16; New Economy Development Group Inc., 1992, pp. 20-21). Fundamentally, philosophical differences have presented key barriers to building an understanding of how the approach can be effective. Because both 'perspectives' have paid little attention to the development process itself, the question of why some communities are able to deal with the effects of structural change and others are not, despite seemingly similar circumstances and resources has not been dealt with.

To date, the research emphasis has been on identifying the characteristics of the approach and providing classification schemes for Community Economic Development activities and organisations, a sample of which is provided below (New Economy Development Group Inc., 1992, pp. 18-21; Brodhead, 1993, p. 4; New Economy

Development Group Inc., 1992, p. 11; APEC, 1994, p. 11; Ketilson et al., 1992, p. 29).

Community Economic Development Classification Schemes

Characteristics of CED strategies (APEC, 1994, p. 8):

local participation and empowerment
local leadership
local entrepreneurship
individual and collective skill enhancement harmonisation of social and economic objectives
development of local institutional capacity to provide control over local resources and to ensure community management, evaluation and control of the development process
questioning of the status quo

Key success factors (New Economy Development Group, 1992, p. 11):

psychological well-being
entrepreneurial talent and motivation
number and nature of community organisations
educational attainment
nature of skill base in terms of relevance to current and future economic practice
nature and accessibility of financial institutions

Desired characteristics of CED initiatives, policy, organisations (Brodhead, 1993, p. 4):

responsive to marginalisation
builds local capacity to plan, design, manage and evaluate initiatives aimed at community revitalisation
integrates economic, social, cultural, environmental sectors of community
the disadvantaged constitute the community
medium to long term time horizon
collective (as opposed to individual) benefit
partnerships between marginalised segments and the rest of the community
empowerment and self-reliance is achieved by pursuing economic development

However, in providing these classification schemes, there is no justification for claiming a particular set of factors is essential to the process, although it is generally agreed that effectiveness is contingent upon using a bottom-up process which involves participation by the community, local leadership, local entrepreneurship, autonomy in decision-making, partnerships among community stakeholders. Indeed, not only has the meaning of many of these factors not been clearly defined, their role and relationship in contributing to development has not been addressed. Instead, the merits of these factors tend to be argued on an individual basis. For example, Swack and Mason

(1993, p. 2) adamantly argue that local control of economic resources is essential if people are to help themselves. Yet, there is little evidence which demonstrates that resource control, in itself, will lead to development.

Adopting formal planning as the means by which organisations and communities are given more control over their resources and socio-economic future (Lamontagne, 1993, p. 5; Ketilson et al., 1992, p. 4; Lewis and Green, 1992; Amdam, 1992; Bryant, 1991; CDPID, 1991) is challenged on several grounds. Firstly, planning is an activity which is best suited to dealing with complexity (Kotter, 1992, p. 103) rather than with change. In volatile situations, as characterising communities in economic crisis, it is difficult to plan as the future cannot be predicted. Secondly, the foundation of planning is past experience - experience which, for many communities is no longer relevant as a basis for future directions. Thirdly, planning has a long term time orientation which is different from the time orientation of a community facing widespread negative effects of economic restructuring. Although public participation is invited and encouraged by local strategy groups, anecdotal evidence and basic political participation theory (Sharp and Bath, 1993, p. 216; Verba and Nie, 1972, p. 126) suggest that participation is related to social status whereby those with higher levels of income and education are more likely to develop orientations which lead to participation. This reality challenges the capacity of communities to involve those who are to directly benefit from the process in decision making, raising the question of how these individuals might be included in the process.

The organisational arrangements believed to facilitate resource control and empowerment, emphasise institutional partnerships. However, the issue of how these arrangements facilitate effectiveness has not been dealt with. Indeed, organisations get the behaviour they reward (Nadler and Tushman, 1991, p. 28; Kerr, 1991, p. 126). How institutional policy and procedures encourage partnerships will have a major impact on whether community resources are synergistically utilised in capitalising on strategic development opportunities.

In emphasising the formal organisational arrangements, the role of informal arrangements in the process have been largely ignored. The importance of informal

relationships was pointed out by Stohr (1990, p. 2) and Johannisson (1990, p. 84) in studying community-based development in Europe. Their research suggests that the informal sector plays a major role in the success of local initiatives. In regard to local leadership, for example, research indicates that a significant proportion of leadership in mobilising collective effort came from the informal sector whereby an individual's capacity for results was drawn from personal influence (Matthews, 1983, pp. 160-161; Stohr, 1990, p. 2). Indeed, according to Shapiro (1992, p. 363), the informal organisation has been shown to be instrumental in encouraging people to work together. With evidence indicating many of the services provided by economic development organisations are underutilised (Curran et al., 1993, p. 16; Gibb, 1988, p. 12), the question is begged whether facilitation of the process is the sole prerogative of the institutional sector and further raises the issue of the role of the informal sector, especially in relation to the nature of local leadership required. In light of the fact that collective action is assumed to be the key essence of Community Economic Development and that within a rural development context, people tend to do things through informal channels on the basis of trust, the need to understand this issue is key.

A related issue is the role of network resources and whether the effectiveness of the process is dependent upon the nature of local interaction and support networks. Indeed, the use of local network resources have been found to positively influence small and medium sized enterprise formation and development, which in turn has been afforded a key role in generating sustainable local development (Stohr, 1990, p. 43; Sexton and Bowman-Upton, 1991, p. 38; McMullin and Long, 1990, p. 443).

Fundamentally, the essence of capacity building requires examination. While Community Economic Development incorporates a role for entrepreneurship and innovation, a lack of definition and explanation makes this role indeterminable. Indeed, sometimes these factors are implicitly understood to be ends while at other times they are depicted as part of the process. For example, some (Economic Council of Canada, 1990, p. 18; O'Neill, 1993, p. 18; OECD, 1993, p. 29) claim that development solutions are attempting to foster an entrepreneurial culture, entrepreneurial activity, and entrepreneurial capacity; others (Lamontagne, APEC 1994, p. 8; New Economy

Development Group Inc, 1992, p. 11; Ketilson et al., 1992, p. 30) describe entrepreneurship as a characteristic of Community Economic Development; while others make no mention of it (Brodhead, 1993). Arguably, considering the importance afforded these factors by this approach and other endogenous approaches, there is a need to understand the relationship between entrepreneurship, innovation and economic development. This will be dealt with in the latter part of the chapter.

Generally, it can be inferred that a very narrow interpretation of *innovation and* entrepreneurship has been adopted by both perspectives. Most measures claiming to encourage entrepreneurship within the regional development field involve business service activities such as providing technical or financial assistance. In representing the social development position, Fontan (1993, p. 16), describes entrepreneurship as one of four Community Economic Development intervention activities and defines it as "any measures to assist in the strengthening and development of businesses in a community". While others, for example Coffey and Polese (1985, p. 86), in recommending policies be directed at entrepreneurial capacities, take a broader interpretation, there is little evidence to suggest that these capacities are well understood as they encompass only one or two dimensions, for example initiative and know-how. Moreover, while success of local initiatives is said to depend upon instilling 'positive attitudes to technical and social innovations' (OECD, 1993, p. 13; Fontan, 1993, p. 21; Blakely, 1989, p. 280; New Economy Development Group Inc., 1992, p. 11), the issue of how this is achieved has not been addressed. Essentially, attitudes are embedded in culture. Therefore, the link between culture and process also needs to be addressed.

Like any other concept, 'culture' is an abstraction. Anthropologist Clyde Kluckhohn (1961, p. 86) defines culture as "the set of habitual and traditional ways of thinking, feeling and reacting that are characteristic of the way a particular society meets its problems at a particular point in time". Shein (1984, p. 3), in defining organisational culture describes it as

> the pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of

> external adaptation and internal integration, and that have worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.

These two definitions represent differing views on culture, respectively, the 'cultural adaptationist' school which is concerned with observable behaviour patterns and the 'ideational school' which focuses on what is shared in community members' minds (Sathe, 1989, p. 393). While both these views are important, the cultural adaptationist view more closely matches the interests of this dissertation - understanding a community's behavioral response to problems. If the influence of culture is to be understood, it is important to provide a definitional review of key terms used in describing culture.

Beliefs are basic assumptions about the world and how it works which may or may not be true. For example, if a person believes that he/she is master of his/her own destiny, then that individual is likely to take responsibility for improving an unfavourable situation. *Values* are also basic assumptions, but ones with an 'ought to' implicit in them. For example, tasks should be done to the best of your ability. *Norms* are socially created and sanctioned behavioral expectations (Kerr and Slocum, 1987, p. 99) reflecting common views about "the way things are done around here" (Bartol and Martin, 1991, p. 103; Deal and Kennedy, 1989, p. 385). Norms facilitate the interpretation and evaluation of events (O'Reilly, 1991, p. 176) as they are based on a set of shared meanings which make it possible for people to interpret and act upon their environment. For example, doing things on an informal basis would constitute a behavioral expectation. Finally, *attitudes* are certain regularities of an individual's feelings, thoughts, and/or predispositions to act toward some aspect of his/her environment therein having an affective, cognitive and/or behavioral component (Lauer and Handel, 1977, p. 48). Although assumptions are said to become patterned out of the human need for uniformity and consistency (Shein, 1991, p. 451), they are not static. Within a community, culture can be seen, then, to consist of the pattern of shared assumptions which manifests itself in behaviour through norms.

As an individual faces environmental events, the event establishes a set of conditions

to which the person reacts. The meaning of the event to the individual is predicated on internalised assumptions which are inherent in the response or intention to respond to it in a particular way (Cavaleri and Obloj, 1993, p. 13; Vesper, 1984, p. 52; Kao, 1991, p. 18). Indeed, an individual's response is often determined by his/her perception of the situation irrespective of how the situation is objectively presented to them. A community's culture, then, concurrently defines and reflects the values, beliefs, and attitudes of its members through social interaction processes (Lauer and Handel, 1977, p. 8; Argyris and Schon, 1978; Churchman, 1971; Richmond, 1990; Senge, 1990). Culture can be seen, then, to regulate social systems (O'Reilly, 1991, p. 176) as it dictates what is important and expected which in turn influences behaviour. Matthews (1983, pp. 154-155) has pointed out that a failure to consider the impact of a community's culture may have unforeseen deleterious consequences.

In facing an economic crisis, a community experiences considerable uncertainty. In responding to crisis, it has been argued (Stohr, 1990, p. 2; Johannisson, 1990, p. 63) that entrepreneurship is the key human resource to be mobilised in providing the impetus for collective action. The fact that some rural communities are characterised by an underdeveloped level of economic activity and a perceived absence of entrepreneurship and innovation (Garafoli, 1992, p. 2) has led to the conclusion that there is little opportunity for endogenous development (Garafoli, 1992, p. 10). Contrary to the view that some communities lack entrepreneurial capacity (Stohr, 1990, p. 7), there is no evidence to indicate that this is the case. While a community's culture may not contain beliefs, values and assumptions which support entrepreneurial behaviour, it has been shown to be possible to change cultural components by first changing behaviour (Sathe, 1989, p. 402). This challenges the contention (Stohr, 1990, p. 7) that the main question is how to induce self-sustaining local initiatives in the absence of entrepreneurial capacity. Rather, it is postulated that the key issue is how to stimulate entrepreneurial behaviour.

The expressed desire of policymakers to use Community Economic Development as a strategy for reducing the demands upon the social safety nets implies an expectation that the approach would be used in communities experiencing economic hardship. The Economic Council of Canada recommends that support of communities be determined

on the basis of need and potential. However, the issue of potential is indeed perplexing, since on the one hand it is argued (Economic Council of Canada, 1990, p. 3) that communities have the potential for improvement by virtue of the fact that they can mobilise underutilised resources to exploit unrealised business opportunities. Yet, on the other hand, it is proposed (Economic Council of Canada, 1990, p. 17) that potential be assessed on the basis of a community's development efforts. However, there is no evidence suggesting a lack of effort indicates a lack of potential. Rather, it is possible that a community may lack the entrepreneurial skill(s) needed to autonomously mount an effective mobilisation effort. Fundamentally, in addressing the role of innovation and entrepreneurship in development, the meaning of these inextricably linked but rarely defined terms needs to be established (McMullan and Long, 1990, p. 216; Fry, 1993, pp. 30-31).

4.4 EXPLORING THE ROLE OF INNOVATION AND ENTREPRENEURSHIP IN COMMUNITY ECONOMIC DEVELOPMENT

Adding to the confusion surrounding what role innovation and entrepreneurship play in Community Economic Development is the fact that these terms, generally, are not universally understood. The purpose of this section is to not to engage in a definitional debate but rather to provide definitions which are clear and meaningful within a Community Economic Development context.

4.4.1 INNOVATION

Kanter (1983, p. 20) defines innovation as a new idea applied to the introduction or improvement of a product, service or process. When the idea is perceived as new by the stakeholders, then it is considered to be innovation even though 'outsiders' may view it differently (Zaltman et al., 1973; Van de Ven, 1986). Innovation, generally, is a relative concept as it can result from small incremental introductions/improvements or large discontinuous ones (Nadler and Tushman, 1991, p. 20). At this point, it is useful to define two other terms which have been used in conjunction with innovation in the literature - creativity and change. Creativity is defined as the cognitive process

of generating new ideas for initiating or improving a product, service or process. Innovation, then, can be envisioned as the application of creativity (Kanter, 1983, p. 20; Bartol and Martin, 1991, p. 226). In contrast, change is defined as any alteration of the status quo (Bartol and Martin, 1991, p. 226). Accordingly, while all innovation involves change, not all change involves innovation because change may not encompass new ideas or lead to improvements. Therefore, while government policymakers frequently allude to the need for change in seeking to stimulate development (Government of Newfoundland and Labrador, 1992; Voluntary Planning, 1991) it is argued that such a focus is misconstrued, assuming the above definitions are accepted. Given that development involves *improvement*, then it is innovation that is required if the economic adversity of rural communities is to be addressed.

Both empirical and anecdotal evidence (Stohr, 1990, p. 45; Perry, 1987, p. 8; O'Neill and Bryant, 1993, p. 16; Johannisson, 1990, p. 63; Beer, 1992, p. 424) indicate that environmental events producing abrupt and drastic change have provided the stimulus for innovation. Indeed, Vesper (1990, p. 16) and others (OECD 1982; Rothwell and Zegveld 1982; Wadley, 1986, pp. 76ff.; OECD, 1993, pp. 18-19; Stohr, 1990, p. 27; Nijkamp and Stohr, 1988; Kao, 1991, p. 16) have argued that environmental conditions have a significant impact on the *levels* of innovation and entrepreneurship exhibited. Ceteris paribus, the impact of restructuring will create conditions conducive to innovation.

Empirical evidence indicates that within a business context, successful development of innovation is not an isolated phenomenon as groups and teams are integral (Bartol and Martin, 1991, p. 613), as are institutional innovations within the operating environment which encompasses a social, economic, and political infrastructure (Van de Ven, 1993, p. 214). Research by Stata (1989, p. 70) concluded that firms maximising technological leadership did so by introducing new knowledge within small groups which have the power and resources to make the changes necessary for improvements; and by instilling, through reinforcement, cultural values which positively influence innovation, such as a belief in teamwork. He argues that because innovation involves originality, learning is an inherent part of this process which involves not only the use of new knowledge, tools and/or methods for managing, but also the widespread sharing of new

knowledge and insights to modify behaviour.

In a community context, these considerations intimate that innovation will not be achieved by a single individual or entity - it will depend upon the collective contributions of a range of stakeholders. Because a community is comprised of various groups which have a stake in development, this provides an opportunity to share new knowledge and tools in maximising the use of available power and resources through collaborative efforts. With a number of ways to capitalise on existing endogenous possibilities and capabilities for innovation, the opportunity to increase both efficiency - by reducing costs and duplication of effort through synergistic use of resources - and effectiveness - by utilising the collective resource base of stakeholders to satisfy perceived need - is created.

4.4.2 ENTREPRENEURSHIP

Given the enigmatic nature of entrepreneurship (Holt, 1992, p. 7; Kao, 1991, p. 14; Cunningham and Lischeron, 1991, p. 46; Gibb, 1987, p. 4; Bygrave and Hofer, 1991, p. 13; Carsrud, Olm and Eddy, 1985, p. 367; Binks and Vale, 1990, p. 40; Brockhaus and Horwitz, 1986, p. 42) it is important to review what is known about it, before its meaning in a community economic development context can be established.

The term *'entrepreneur'* was originally used to describe people who provided services. Over time, 'entrepreneurship' became associated with business initiation or ownership that involved uncertainty, creativity, possession of managerial competencies and a range of psychological traits such as need for achievement, risk taking... (Kao, 1991, p. 14; McMullan and Long, 1990, p. 216; Sexton and Bowman-Upton, 1991, pp. 5-11).

Oftentimes the terms 'entrepreneurship' and 'small business' are used interchangeably. Indeed, economists typically choose to either equate entrepreneurship with small business or else abstain from clarifying its meaning (Bannock and Peacock, 1989, p. 70). This was found to be the case within both Community Economic Development perspectives as entrepreneurship is frequently said to be necessary but rarely defined.

While there are some who consider anyone who launches a new business an entrepreneur (Gartner, 1985 pp. 696-706; Low and MacMillan, 1988) others have a more limited view and define entrepreneurship, for example, as the 'building of new growth ventures' (McMullan and Long, 1990, p. 17) or as measures which foster business development (Fontan, 1993, p. 16). The fact that a new business is often small has undoubtedly led to the synonymous use of the terms entrepreneurship and small business. However, a distinction between small business ownership and entrepreneurship can be identified. Generally, 'small business' has emerged as a term which describes an economic reality (Kao, 1989, p. 9), be it based on the number of employees (ACOA, 1991, p. 27) sales (Government of Canada, 1985, p. 3), size of investment, or whether a business is owner managed (Bannock and Peacock, 1989, p. 12). Within this research, the term 'small business' is used to define an owner-managed economic reality with less than 100 employees and sales of less than $2 million (Kao, 1989, p. 6).

Because small businesses are usually independently owned and subject to market forces, they often provide the opportunity and the incentive to employ psychological and other attributes which have come to be associated with entrepreneurship (Dale, 1991, p. 45, p. 48; Holt, 1992, p. 11). Although there have been a number of common attributes identified among researchers as indicated in the following lists, entrepreneurial characteristics are wide-ranging including some which are behavioral (for example, hard work), some which are personality traits (for example, independence), and some which are skills (for example, problem-solving). In considering these characteristics, it is important to recognise that they will vary in magnitude and that different characteristics may be needed under different circumstances.

Entrepreneurial Characteristics

Gibb (1987, p. 6)	Hornaday (1982, pp. 20-38)	Timmons et al. (1985, p. 151)
initiative	self-confidence	commitment, determination, and perseverance
persuasion	perseverance, determination	drive to achieve and grow opportunity and goal oriented
moderate risk-taking	energy, diligence	taking initiative and personal responsibility
flexibility	resourcefulness	persistent problem solving
creativity	calculated risk taking	realism and a sense of humour
independence	need to achieve	seeking and using feedback
problem-solving ability	creativity	internal locus of control
need for achievement	initiative	tolerance for ambiguity, stress and uncertainty
imagination	flexibility	calculated risk taking and risk sharing
self-confidence	positive response to challenges	low need for status and power
leadership	independence	integrity and reliability
hard work	perceptiveness	decisiveness, urgency and patience
	dynamism, leadership	ability to deal with failure
	positive attitude	team builder and hero maker
	ability to get along with people	
	responsiveness to suggestions and criticism	
	profit orientation	
	perceptiveness	

Exclusively associating these characteristics with founding or owning a small business has been challenged as many of the characteristics associated with successful entrepreneurs listed above also characterise successful managers, public sector employees, and groups... (Sexton and Bowman-Upton, 1991, p. 11; Kao, 1991, p. 21; Brockhaus and Horwitz, 1986, p. 34; Brockhaus, 1987, p. 2; Burch, 1986, p. 14). Indeed, in examining these characteristics in a business context, Vesper (1990, p. 12) questions whether the entrepreneurial characteristics differentiating founders from nonfounders are a cause or an effect of venture formation. Contrary to popularised belief, entrepreneurial characteristics are not the exclusive domain of a unique subset of society, nor are they necessarily isolated to certain individuals (Stevenson and Gumpert, 1992, p. 22; Gibb, 1987, 11). Rather they have been found to be widely distributed in the population (Kyle et al., 1991, p. 13), therefore rendering a potential for enterprise in every community (Cannon, 1991, pp. 23-24).

The academic focus, particularly within psychology, upon identifying personal capabilities (Van de Ven, 1993, p. 212; Kao, 1989, pp. 8-9; Hornaday, 1982; Sexton and Bowman-Upton, 1991, p. 8; Kao, 1991, p. 14; Gibb, 1987, p. 6) has been criticised (Sexton and Bowman-Upton, 1991, p. 6; Bygrave and Hofer, 1991, p. 14) for diverting attention away from the central issue of determining what entrepreneurs do or why they do it. While personality may predispose individuals to entrepreneurial behaviour (Sexton and Bowman-Upton, 1991, p. 35; Vesper, 1990, p. 58) reliance on personality traits or other personal attributes to predict behaviour has been challenged (Gartner, 1989, p. 33) by evidence suggesting that many of these characteristics often have less impact on action than situational factors - including the nature of the task and the environment (Mitchell, 1979; Brockhaus and Horwitz, 1985; Gibb, 1993, pp. 9-10; Van de Ven, 1980, pp. 83-134). Fundamentally, although an individual may possess many of these characteristics (and in varying degrees), there is no assurance that they will be *exercised.*

In addressing what entrepreneurs do, Gibb (1993, p. 14) identifies the following entrepreneurial behaviours: making things happen, seeking opportunity, solving problems/conflicts creatively, taking actions in uncertain environments, coping with and enjoying uncertainty, flexibly responding to challenges, actively seeking to achieve goals, acting independently on own initiative, and persuading others. The role of an entrepreneur, outlined by the 'classical school', involves recognising an opportunity in the marketplace (Bygrave and Hofer, 1991, p. 14) and accessing resources to exploit that opportunity for personal gain (Sexton and Bowman-Upton, 1991, p. 7; Kao, 1991, p. 14). Entrepreneurship, then, has an **action orientation** (Kao, 1989, p. 9). In relation to innovation, it involves identifying and acting upon an opportunity by using collective personal capabilities to assemble the resources required to gainfully capitalise on the opportunity. Conceptualised in this way, entrepreneurship is the means by which the end - innovation - is achieved; in relation to creativity, entrepreneurship involves the process of turning creative ideas into innovations.

Successfully fulfilling the entrepreneurial role is said to have four requisites, all of which are essential: an identified opportunity, ability, motivation and a supportive environment (Vesper, 1990, p. 334-341). Within a community economic development

context, identifying an opportunity would involve generating an idea which has the potential to utilise a community's resources in improving the current situation. Entrepreneurial ability includes: problem solving, creativity, decision-making, uncertainty capitalisation, negotiating, planning, and persuasiveness (Gibb, 1993, p. 14; Sexton and Bowman-Upton, 1991, pp. 16-17). Social scientists generally agree that while genetics influence an individual's capabilities, most differences in ability stem from learning experiences and practice (Bandura, 1986; Gibb, 1993, p. 15). Indeed, it has been suggested that all individuals have some degree of entrepreneurial attributes and that enterprising behaviour can be stimulated (Gibb, 1993, p. 15). If one accepts these propositions, then it can be inferred that each community contains some measure of entrepreneurial capacity which can be actuated and/or developed.

Indeed, the economic structure of a community exerts a significant influence on ability as the economy provides a major source of opportunity to acquire needed skills. The learning experiences provided by large enterprises engaged in branch plant routine manufacturing have been shown to provide limited opportunity for developing these competencies. This suggests that in communities with an economic base of this nature, there will be a need for learning and/or practice both in terms of the above mentioned entrepreneurial skills and in terms of any specific task requirements of the proposed innovation. Fundamentally, by learning new skills, new ways of organising, and new ways of responding to problems through collective action, behaviour can be modified. When the community begins to see this behaviour as a more appropriate way of dealing with problems, it then becomes incorporated into the culture.

Having the skills needed will not necessary result in entrepreneurial behaviour - people need to be motivated to initiate action toward realising the opportunity. Motivation, generally, underlies the propensity to persevere and is defined as the force which energises and gives direction to behaviour (Bartol and Martin, 1991, p. 445). Entrepreneurial motivation has been associated with a range of factors (Vesper, 1990, pp. 336-339), some of a 'push' (unemployment, job discontent) nature; others 'pull' (desire for independence, pursuit of idea...). Within a community context, economic crisis has been shown to be the dominant motivating force.

Finally, the degree to which the environment supports entrepreneurship will not only depend upon the nature and volume of the resources and infrastructure available, but it will also depend upon the nature of the community's culture and social structures. An example is used to illustrate the impact of the former. In Italy, government policies are said to have unintentionally encouraged the growth of small firms (Reynolds, 1991, p. 56) by offering favourable tax and other benefits to businesses which had a certain number of employees (usually under 20). The opportunity to exploit policy was *perceived*, resulting in *action* which involved contracting out work or launching another small firm via an immediate family member which ensured the number of employees would not exceed those required for receipt of benefits. Indeed, this case illustrates the key role of innovation in the economic development of certain Italian communities. However, the fact that there is variation in the levels of development between Italian communities indicates that favourable government policy, in itself, will not produce entrepreneurship.

Traditionally, entrepreneurship has been largely considered within a business context and from the perspective of an individual. While it has been generally acknowledged that entrepreneurship occurs in a wide range of contexts (Gibb, 1993; Sexton and Bowman-Upton, 1991), it has only been recently that the notion of collective entrepreneurship has begun to gain support (Van de Ven, 1993, p. 212; Reich, 1992, pp. 54-55) - whereby an organisation achieves innovation by drawing on the entrepreneurial capabilities of all its members. Using this conceptualisation within a business context, Reich (1992, p. 55) describes entrepreneurship as "a capability and attitude that is diffused throughout the company. Experimentation and development go on all the time as the company searches for new ways to capture and build on the knowledge already accumulated by its workers." Indeed, this implies that an enterprise 'culture' has been created whereby entrepreneurship is a behavioral expectation.

The strength of the enterprise culture and the extent to which it is widely shared and internalised will affect the extent to which entrepreneurial behaviour is used in for dealing with problems (Bartol and Martin, 1991, pp. 103-105). When the environment is uncertain, unstable and nonroutine, entrepreneurial behaviour has been shown to be effective in achieving objectives (Gordon, 1991, p. 325-326). Indeed, given the

uncertainty, instability and nonroutine nature of the circumstances economic restructuring has produced in some communities, the absence of an enterprising culture suggests a need to learn entrepreneurial behaviour.

4.5 CONCLUSION

Indeed, to underscore the integral role of enterprise in the process, it is proposed that a distinctive term be utilised - *Community Enterprise Development*. Bringing together the argument in the chapter, the following definition of this concept reflects the fact that economic development is influenced by social factors; that entrepreneurship is needed to create the innovation required for development to occur; that 'community' is a multidimensional concept; that community self-sufficiency in the face of economic adversity requires economic activity; that there are a range of stakeholders who have a role to play in defining and improving the current situation; and that development by a community involves direct stakeholders. Moreover, adopting a unique term highlights the fact that this dissertation proposes a different understanding of community-based development than that held by economists or those in the social development tradition.

> *Community Enterprise Development is a social action process whereby stakeholders in a community improve economic well-being and self-sufficiency by exercising entrepreneurship in using the community's resources to respond to identified needs and expectations.*

This chapter has examined the confusion and debate surrounding Community Economic Development and has proposed a definitional foundation for developing a more holistic understanding of how and why a community-based approach can be effectively adopted in responding to problems. It has been argued that if a sense of identity is to be capitalised upon in mobilising collective action to respond to the negative effects of economic restructuring, it is important to define a 'community' in terms of a life-world in order for its members to have a common purpose. It also has been argued that the context for engaging in development activity will shape how each community interprets well-being and will therefore also shape the nature of its common purpose.

For some communities, their assumptions about how problems can be effectively coped with have been challenged as traditional ways of dealing with problems, particularly those involving a reliance on government/outside interventionalists for solutions, are no longer considered to work well. Learning new ways of approaching problems essentially involves behavioral change. While both perspectives view human resource capacity-building as a key characteristic of the CED process, the need to build entrepreneurial capacity has not been adequately recognised. The effectiveness of entrepreneurial behaviour in achieving objectives when faced with an uncertain, unstable, and nonroutine environment and the role generally afforded innovation and entrepreneurship in endogenous development, suggests a need to understand how they can be encouraged by the development process.

Fostering entrepreneurship in communities lacking an enterprising culture is a daunting task. The challenge is to develop a framework to explore the relationship of issues identified as important to Community Economic Development and how they impact on entrepreneurship and economic development outcomes.

CHAPTER 5

FOSTERING ENTREPRENEURSHIP AND INNOVATION: A CONCEPTUAL FRAMEWORK

The purpose of this chapter is to propose a framework, to be labelled Community Enterprise Development, which can aid in understanding how entrepreneurship and thus innovation can be generated within development activities to effectively address the economic challenges being experienced in many rural communities. Although regional development scholars have generally attributed a community's success in responding to economic restructuring to a capacity for generating innovation and entrepreneurship, there is an absence of conceptual frameworks which can holistically bring together the factors which can explain this relationship. In assuming that entrepreneurship is a precondition for development (Stohr, 1990, p. 2) existing frameworks have largely ignored the process by which a community's propensity to exercise entrepreneurship can be positively influenced. Consequently, the key policy question of how to facilitate innovation and entrepreneurship where it is not emerging autonomously remains unanswered (Bennett and McCoshan, 1993, p. 206), despite claims that economic development policies are aimed at mobilising entrepreneurship and innovation (Cappellin and Molle, 1988, p. 9).

Hitherto, analytical frameworks for understanding the development process have been eschewed within the Community Economic Development literature on the pretence that the uniqueness of communities and the situations they face render such frameworks inappropriate (New Economy Development Group Inc., 1992, p. 20; Stohr, 1990, p. 26). However, the same distinctiveness characterises individuals, groups, and organisations. Yet, this has not precluded attempts at explanation of process and behaviour at these levels of analysis. In failing to systematically analyse and interpret the development process, the key role which innovation and entrepreneurship play has not been fully recognised or understood. Until these issues are addressed, there will be no basis for persuading policymakers that communities can be effective in addressing

their needs when faced with economic stagnation or decline.

Essentially, this chapter seeks to bring together within a single framework, the main concepts which can better explain what the key essences of an enterprise development approach might be within communities facing economic challenges. In doing so, it structures the insights from both the economic and social development perspectives, providing a foundation for a more unified approach which can serve as a guide for practice and policy.

In doing so:

- Firstly, it provides a rationale for the analytical focus required.

- Secondly, it examines some of the disciplinary challenges in providing a framework to link the factors influencing entrepreneurship, innovation and economic development at the community level.

- Thirdly, it explores the potential of organisational assessment models as a basic conceptual approach for understanding the relationship between entrepreneurship and economic development.

- Fourthly, it proposes an adaptation of the Congruence Model of Organisational Assessment as a framework for an holistic conceptual approach in understanding the Community Economic Development process

5.1 UNDERSTANDING ENTREPRENEURSHIP AND COMMUNITY ECONOMIC DEVELOPMENT: THE ANALYTIC FOCUS

In recent years there has been a proliferation of government policy and discussion papers within Canada addressing the need for innovation, particularly in effectively addressing local needs and opportunities (Steering Group on Prosperity, 1992, pp. 1-5; Human Resources Development Canada, 1994, p. 39). Public consultation has indicated that "Canadians share a goal of self-reliance, a respect for learning and the full

development of each individual..." (Government of Canada, 1992, p. 2). Although the gap between this vision and reality has been widening in many communities, it is generally assumed that communities are able, willing and should influence development. Scholars adhering to the resource dependence model's explanation of the relationship between communities and their environments (Stohr, 1990; Ulrich and Barney, 1984, pp, 471-481), essentially share this view in arguing that there is some manoeuvring room to respond to environmental change and that some aspects of the environment can be influenced. Within communities which have effectively dealt with the problems created by economic restructuring, it has been claimed that innovation has been the hallmark of initiatives (Stohr, 1990, p. 2). Entrepreneurship, the process by which innovation is achieved, represents the fulcrum for explaining innovation and embodies the key to influencing development. Yet, the issue of how entrepreneurship is fostered within development activity has not been dealt with.

Fundamentally, the previous chapters have demonstrated that there is need to tie a great deal of currently unrelated knowledge - from both the fields of entrepreneurship and economic development - to provide a basis for research, analysis and policy. The particular challenge is that the literature has tended to adopt either a micro or macro level approach in explaining how innovation is created. For example, because innovation is frequently attributed to a specific person, a great deal of entrepreneurship research has adopted a micro level approach focusing on individual characteristics, behaviours and roles (Cooper and Gascon, 1992; Roberts, 1991; Evans and Leighton, 1989; Brockhaus and Horwitz, 1986; McClelland, 1961). This approach has been criticised for attributing an innovation, whether it be in a business or other organisational context, to a particular individual (Van de Ven, 1993, p. 212) and for not paying enough attention to process (Bygrave and Hofer, 1991, p. 16).

The ecological perspective (population-ecology)[4] has been a major contributor of macro-level insights. However, its stance that organisations have little control over their destiny (Hannan and Freeman, 1977; Betton and Dess, 1985) due to the fact that

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[4] The ecological perspective deals with the organisation-environment relationship, focusing on populations or groups of organisations. It maintains that environmental factors cause organisations with appropriate characteristics to survive and others to fail.

survival depends upon the extent to which organisational characteristics fit environmental conditions, fails to address the issue of whether innovation results serendipitously or occurs through purposeful entrepreneurial action. Basically, because models developed within this perspective focus on explaining aggregate changes in demographic characteristics, they cannot explain how the entrepreneurial process evolves, as behaviour is not examined.

In addressing national variations in economic development, scholars have sought to identify and explain the macro level factors which make a nation more innovative, such as the nature of its economic, technological or educational structure (Freeman et al., 1991; Bennett and McCoshan, 1993; Hicks, 1988; Tornatzky and Fleischer, 1990; Rostow, 1991; Schumpeter, 1934). However, neither societal influence or the action of an individual have been shown to be responsible for creating or altering the conditions which foster innovation and entrepreneurship within a particular community (Stohr, 1990, p. 42-43; Bennett and McCoshan, 1993, p. 97). Consequently, a gap exists between the micro and macro level of analysis, which has resulted in a diminished capacity to understand how and why some *communities* are more innovative than others.

In studying organisational innovations, a number of scholars (Kanter, 1985; Galbraith, 1982, pp. 5-25; Pearson, 1988, pp. 99-106; Vesper, 1990, p. 8; Van de Ven, 1993, p. 212; Reich, 1992, p. 55) have begun to bridge the analytical gap by challenging the prevailing notion that a specific individual is solely responsible for a particular innovation. Over the past decade evidence has grown to support the view that many innovations are produced through a process which involves the interdependent contributions of diverse stakeholders who may perform differing key entrepreneurial roles and which is facilitated by a supportive cultural context (Van de Ven, 1993, p. 213; Reich, 1992, p. 55). This context evolves over time, being shaped by historical events and relationships that develop between people which significantly affect the distribution of resources available (Aldrich, 1990, p. 7).

If we are to better understand the factors which make a community more entrepreneurial and innovative, there is a need to adopt a meso-level focus. Indeed, this

chapter will argue that within a community, a variety of events, structures and actors will, over time, create a set of behavioral expectations for dealing with problems and/or opportunities which will determine the extent to which innovation and entrepreneurship characterise the overall approach to economic development. Fundamentally, there is a need for a conceptual framework to integrate the factors which can be used to explore how a collective meso-level process creates entrepreneurship and innovation.

5.2 CONCEPTUALLY LINKING ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT WITHIN COMMUNITIES: THE CHALLENGE

A basic challenge in attempting to incorporate the factors which can help in understanding how entrepreneurship and innovation are encouraged in influencing economic development, is to provide a disciplinary or multidisciplinary underpinning for the framework. If the framework is based in economics, for example, it will be unlikely that the reciprocal relationship between entrepreneurship and the development process can be adequately dealt with as economists tend to gloss over the workings of entrepreneurship. Essentially, the economic models of endogenous development, classified in Chapter 2 (2.4.1) as being either productive restructuring or spatial (territorial) development models, were shown to lack the comprehensiveness to holistically explain the development process as they either focus on one aspect of the process or one form of development.

Productive restructuring models, working within a functionalist paradigm, seek to identify patterns of economic, social and cultural factors within a particular form of local development, such as flexible specialisation (Vazquez-Barquero, 1992, p. 381; Pecqueur and Silva, 1992, p. 17). This ignores both the influence of local factors and entrepreneurship on the development process. Consequently, these models are unable to explain differential economic outcomes among seemingly similar communities, thereby limiting their capacity to guide action and intervention (Weiwel, Teitz, and Giloth, 1993, p. 81).

Among territorial models of development (Friedmann and Weaver, 1979; Johannisson,

1990), the interactive impact of a community's economic and socio-cultural structure on the development process is emphasised (Johannisson, 1990, p. 61). However, the frameworks tend to focus on either identifying the antecedent conditions, for example, a shared cultural, political and economic space (Pequeur and Silva, 1992, p. 19; Nelson, 1993, p. 49) or on explaining particular component parts of the process, for example the social aspects (Stohr, 1990; Garofoli, 1992b, p. 4). As a result, the interactive influence of economic and socio-cultural factors on the process or its outcomes has not been fully conceptualised or explained. Moreover, because these models implicitly or explicitly treat entrepreneurship as a resource used in the process (Johannisson, 1990, p. 62) the issue of how it is fostered within development activity is not addressed.

Other social science disciplines, including sociology, political science, anthropology, psychology and geography have analysed local economic development and entrepreneurship from a variety of perspectives. However, as in economics, perspectives are provided within independent disciplinary traditions and tend to reflect a particular aspect of either economic development or entrepreneurship. For example, political science has analysed the role of interest groups, political power and institutions in the development process while sociology has focused on the analysis of environmental conditions and contingency factors influencing the formation and structure of relationships (Reynolds, 1991, p. 67), largely ignoring process (Ring and Van de Ven, 1994, p. 91) and outcomes.

Psychology's exclusive emphasis on entrepreneurship - focusing on the traits and characteristics of the individual entrepreneur - has had a pervasive influence on the academic approach to entrepreneurship. While the relative and situational influences on an individual's propensity to exercise entrepreneurship have been generally accepted (Gibb, 1993, p. 14), academic inquiry has virtually ignored the collective dimension of the process (Van de Ven, 1993, p. 212).

Altogether, then, while there have been various contributions made to the understanding of local economic development and entrepreneurship, no one discipline provides a framework which considers the various antecedent conditions, actors, tasks,

structures and outcomes involved in achieving innovation. In particular, there is a need to more fully explore what the collective dimension of entrepreneurship entails if entrepreneurship at the community level of analysis is to be more fully understood. To root the framework in any one social science, will inevitably mean that certain aspects of the process will likely be emphasised, at the expense of others. To avoid the effects of disciplinary allegiance without sacrificing academic integrity is no easy task.

5.3 THE POTENTIAL OF ORGANISATIONAL ASSESSMENT MODELS AS A BASIC CONCEPTUAL APPROACH FOR UNDERSTANDING THE RELATIONSHIP BETWEEN ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT

Understanding the entrepreneurial process within a community context fundamentally involves understanding behaviour. Generally, frameworks which can aid in explaining complex patterns of behaviour holistically are fairly scarce. The concern would be to find frameworks which explain patterns of behaviour and effectiveness and focus on such factors as the nature of the work, characteristics of individuals, the nature of groups and group functioning, the dimensions of organisational structures and processes, the environment, outputs and the relationships between the factors. It is these factors which 'a priori' seem to be important in understanding complex behaviour within a community. In exploring the scope of multidisciplinary models which might be capable of this task, one particular group within the management literature - organisational assessment models - was considered to have this potential.

Organisational assessment models share basic characteristics (Lawler et al., 1980, p. 121): they are comprised of constructs and sets of variables; they state relationships between the constructs or variables and they contain a particular construct - effectiveness - which provides a means of evaluating the performance of an organisational system, not simply describing it. However, they differ in: the level of analysis; the choice of constructs and the definition of relationships between them; the level of specificity of variables, constructs and relationships; the type of organisational goals or tasks which are included as variables or constructs; the way in which boundaries between an organisation and its environment are conceptualised; and the nature of the relationships among constructs and variables - whether they are linked

causally, correlationally and/or reciprocally. The fact that there is considerable latitude within these models in terms of, for example, level of analysis, boundaries, specificity, suggests that some models would be more appropriate than others in dealing with a community economic development context.

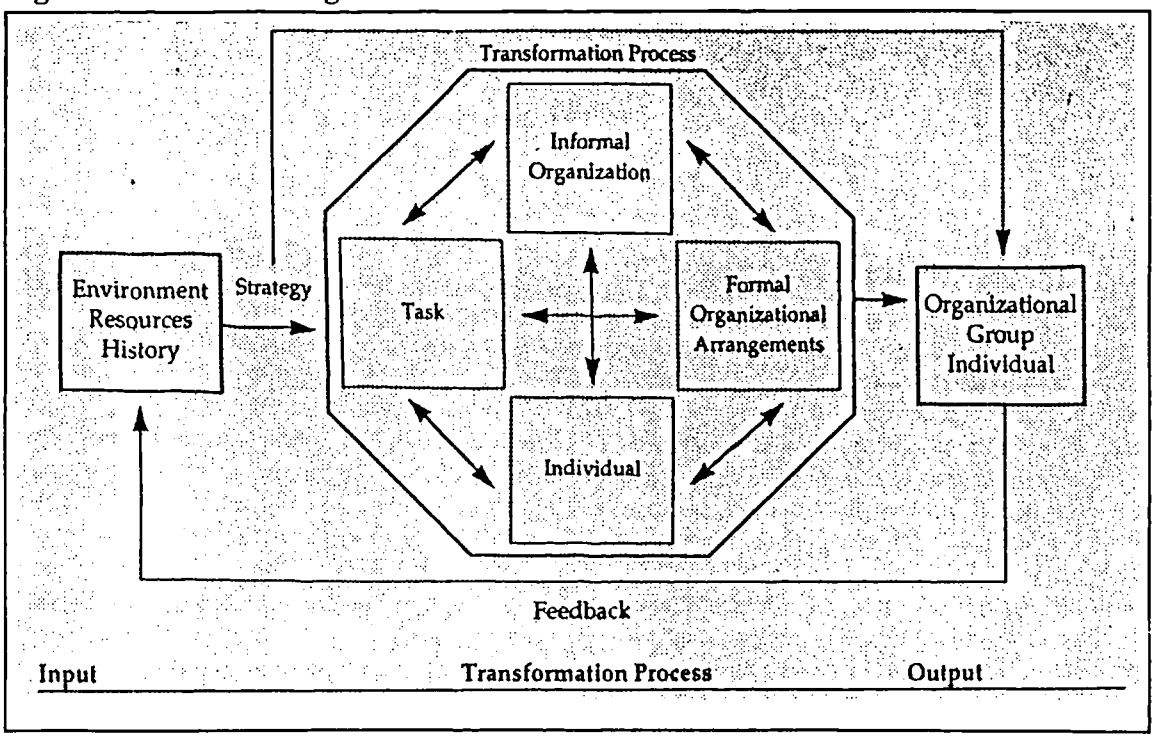
Essentially, the variation among models results from differing conceptualisations of organisations. To determine whether any of these would form an appropriate basis for conceptualising a community, a comprehensive review of organisational assessment models was undertaken.[5] This review examines the purpose, nature and key perspectives of these models and indicates why they are considered relevant as a basis for understanding community behaviour and effectiveness; it provides a rationale for selecting a model from the range available; and it provides a detailed description of the model ultimately chosen for adaptation and development - the Congruence Model of Organisational Assessment (Nadler and Tushman, 1977; 1980; 1991).

Underpinned by a systems perspective, the Congruence Model encompasses human, structural, environmental, technological and other issues in holistically conceptualising organisational functioning (Gordon, 1991, pp. 23-24). Essentially, the model views an organisation as a system (Figure 5.1) consisting of components which interact under conditions of relative balance, consistency, or 'fit' with each other. The model asserts that the different parts of the organisation can fit together well and thus function effectively or may fit poorly, leading to problems. While the model focuses on the *transformation process*, it also considers the inputs the system has to work with and the nature of the system's output. Therefore, it is considered to embody a holistic approach to behaviour and effectiveness.

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[5] This review was an important stage of development of this thesis leading as it does to the choice of a basic 'model' or framework. However, in order to create continuity of argument and indeed to limit the text, the detail of the review has been placed in Appendix A.

Figure 5.1 The Congruence Model



Source: Nadler and Tushman, 1991, p. 24

The inputs include those factors that, at any one time, are relatively fixed or given: the system's environment, the resources available to the system, the history of the system, and the organisational strategies. The transformation process consists of the interaction between four major organisational components: the task, the individuals, the formal organisational arrangements and the informal organisation. The major outputs, resulting from the interactions between the components, given the inputs, include individual affect and behaviour, group behaviour, and the effectiveness of total system functioning. In terms of the total system, its ability to attain its goals, utilise available resources, and successfully adapt over time are said to be the key outputs. Explicit in the model are feedback loops which connect outputs to inputs and the transformation process. These represent information about output(s) and the interaction of system components which can be used to make modifications leading to improvements.

According to the model, in the short to medium term, effectiveness is assessed according to (1) the degree of 'fit' or congruence among the four key process components (O'Reilly, 1991, p. 180; Nadler and Tushman, 1991, p. 23) and (2) the extent to which the pattern of congruence matches the basic requirements of the

strategy (Caveleri and Obloj, 1993, p. 77; Miles and Snow, 1986, p. 63; Nugent and Vollman 1972). When the strategy fits environmental conditions, congruence is associated with organisational effectiveness (Nadler and Tushman, 1991, p. 23). When the components fit poorly, problems occur particularly in regard to motivation and performance (Lorsch, 1992, p. 316).

In setting out the relevant constructs and testable relationships which need to be included in describing and explaining effectiveness (Nadler and Tushman, 1986, p. 265), the Congruence Model provides a useful organising framework. However, this model requires the use of submodels, drawn from the literature, for specifying the relevant variables (and relationships between them) which make up the major constructs.

5.4 A PROPOSED ADAPTATION OF THE CONGRUENCE MODEL AS A FRAMEWORK FOR UNDERSTANDING THE COMMUNITY ECONOMIC DEVELOPMENT PROCESS

While the concept of congruence or 'fit' is widely used by management scholars in explaining how an organisation can influence behaviour and performance, it has yet to be used in a community context. This section begins by briefly overviewing the salient conceptual characteristics of communities and adapts the Congruence Model to develop a holistic conceptual framework for understanding how communities influence economic development. Fundamentally, this conceptualisation suggests that Community Economic Development effectiveness is a function of the extent to which the development process fosters enterprise[6]. To reflect this, the framework has been entitled the *Community Enterprise Development Model.* Drawing on the literature, the dimensions of the variables which make up the major constructs are specified to indicate the configurations of task, individual, organisational arrangements and informal organisation which will foster enterprise. Essentially, the model provides a means of exploring how entrepreneurship and innovation are fostered by the process and their impact on Community Economic Development outcomes.

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[6] Enterprise is a term used to denote entrepreneurial behaviour.

Arguably, like organisations, communities are complex and dynamic systems. Conceptualising a community as an open behavioral goal-seeking system involves a number of assumptions which have certain analytical implications. Among other things, it is assumed that a community consists of a number of interrelated subsystems having multiple objectives and functions (Gordon, 1991, p. 23; Ashmos and Huber, 1987, pp. 607-621). Additionally, it presumes that behaviour occurs at multiple levels - individual, group, and community - which can be identified and segregated, yet interact with one another. Furthermore, in assuming the community is dependent upon inputs, knowledge and feedback from the environment, a model needs to consider the constraints and opportunities of the community's task environment. In assuming that communities take purposeful action to achieve goals, the goals of the dominant stakeholder (defined as residents directly affected by the prevailing environmental conditions) form the basis for defining effectiveness. This suggests that to understand how a community effectively achieves its goals in adapting to environmental change by exchanging inputs and outputs with its environment, outcomes and determinants need to be linked.

5.4.1 THE INPUTS TO THE ENTREPRENEURIAL PROCESS

In viewing a community as a behavioral system, the *inputs* (summarised in Table 5.1 at the end of this section) are those factors influencing behaviour which are relatively fixed or given at any one point in time. The major classes of inputs in the model noted above include (1) the environment (2) the resources available (3) the community's history/core values and (4) the strategy which has developed for utilising resources to deal with the opportunities and constraints of the environment.

5.4.1.1 Environment

Within a community context, environmental inputs exist at two levels - the general and the task level. The elements within the *general* environment, including the economy, government policy, regulation and programmes, technology, socio-cultural and political influences, will provide constraints and opportunities for economic activity. While these elements are important, they cannot be substantially influenced by the efforts of any

one community. However, a community can exert influence on its *task* environment - those elements of the environment which a community interfaces with and exchanges resources with during the course of its normal functioning. Indeed, it has been argued earlier that a community's capacity to cope with the effects of economic restructuring will be influenced by its ability to access and control resources for local benefit.

In developing an understanding of community functioning, the environmental factors which are relevant to a particular community need to be identified and considered in terms of how they individually or interdependently create demands, constraints or opportunities influencing action. The ability of a community to mobilise resources in response to these factors, in part, will be influenced by the nature and scope of relationships established with the task environment stakeholders (Johannisson, 1990, p. 67). The task environment stakeholders include government agencies, businesses, financial institutions, educational institutions, interest groups, nonprofit organisations and individual nonresidents (for example, visitors and potential citizens).

5.4.1.2 Resources

A community's *resources* include those which can be externally accessed and those existing within the community. Externally, human resources can be accessed from various public, private and voluntary sector agencies and organisations to provide educational, informational, technical, financial and 'managerial' support (MacNeil and Williams, 1994, p. 8). Additionally, financial, technological and physical resources may be accessed from a range of public and private sector groups and organisations for use in development activities. In part, the availability of these resources will be affected by the nature of government policy and programs and the functioning of the product, service and capital markets, within the broader environment.

Internally, a community will possess a range of resources including natural, capital, infrastructure (transportation, social, technological and institutional - services, information, education) and human [entrepreneurship, collective identity, technical and organisational knowledge, skills and abilities (Latella, 1992, p. 65)]. Other rather intangible resources include the quality of life or locational considerations (such as

distance from 'core' market areas) which serve to influence the type of activities considered feasible (Pecqueur and Silva, 1992, p. 25; Garofoli, 1992, p. 54).

For a rural community whose economy has traditionally been relatively stable and based upon primary resources or routine manufacturing, for example, Chapter 2 has indicated that it will generally possess: lower levels of educational attainment as the occupational structure will generally not require high skill levels; lower levels of technical, managerial and human resource skills; less infrastructure and fewer financial resources. Because people with higher levels of education and technical and/or managerial skills tend to migrate when a community experiences an economic downturn (MacNeil and Williams, 1994, p. 14; Coffey and Polese, 1985), the general human resource capacity will be much lower relative to an economically vibrant community. Nonetheless, each community confronts environmental opportunities and constraints with a given set of resources (human, technological, managerial, physical, educational, informational, financial, natural resources) which can be used to improve the economic situation.

5.4.1.3 History/Core Values

At any one point in time, consideration of how available resources can be effectively utilised in achieving desired goals requires consideration of the community's *history*. A community's history is a key input as the economic and socio-cultural structures and events of the past will have a significant influence on present and future action. The life-world relationships resulting from participation in these structures shape the behavioral expectations of a community and, in essence, define the community's culture (Garofoli, 1992, p. 50).

Communities which have traditionally had a stable, undiversified economic base would be expected to have a strong culture because of the length and intensity of shared economic and social experiences (Shein, 1991, p. 453). Inevitably social activities will involve affiliation between many people who also have mutual economic relationships. However, although a community may generally have a strong culture, this does not ignore the fact that there will also be a number of subcultures. While a sense of

identification and interdependence can emerge on the basis of economic activity (Kerr and Slocum, 1991, p. 103) it is likely that the strong informal relationships which develop among people who identify with a community have been reciprocally influenced by both economic and social relationships. The economic, social and personal networks existing within communities of this nature, perhaps represent the greatest resource to be mobilised in influencing development for as the density of these networks increases, so too does the likelihood of collaboration which, in turn, increases a community's capacity for collective action (Aldrich and Zimmer, 1986, p. 14).

However, if these networks are to be effectively utilised in influencing entrepreneurship to respond to economic challenges, the *content* of the existing culture needs to be considered. For example, an economic structure based upon natural resources or routine manufacturing has been found to impede entrepreneurial behaviour (Bennett and McCoshan, 1993, pp. 98-99; Anderson, 1988, p. 5). These circumstances suggest a need for development activity to provide opportunities to learn and practice such behaviour.

5.4.1.4 Strategy

Within the context of its history, a community develops a strategy - a way of utilising resources to achieve goals in dealing with the demands, problems and opportunities presented by the environment (Johannisson, 1990, p. 63; Nadler and Tushman, 1986, p. 272). Essentially, any strategy used to address perceived problems or opportunities cannot ignore the impact of the environment, resources and history (McCaskey, 1992, p. 243) on the process. To be effective, strategy links the past and the future (Eccles and Nohria, 1992, p. 102) by using existing resources and capabilities to capitalise on the market opportunities presented by the environment in pursuing long-range goals. The economic and/or social problems as perceived by community members will determine the overall strategic goal to which action will be directed.

Generally, a strategic goal represents the broadly understood desired future end. If problems are perceived to be shared as a result of similar economic or social circumstance, it creates a powerful basis for establishing a common purpose or goal

within a community, upon which more specific objectives can be derived. In some communities, the goal may be to ensure the survival of the community and therefore, people may be willing to accept a reduced standard of living in order to achieve this goal (MacNeil and Williams, 1994, p. 15); in others it may be to moderate the rate of decline (Stohr, 1990. p. 9); while in still others it may be to restore previous income and employment levels.

Objectives differ from goals in that they specify measurable outcomes of a shorter time duration (Bartol and Martin, 1991, p. 162; Yukl, 1990, p. 130). Evidence indicates that objectives have a positive impact on effectiveness when they have the following attributes (Bartol and Martin, 1991, p. 158; Johnson and Johnson, 1991, p. 64; Yukl, 1990, p. 130; Locke et al., 1981; Earley et al., 1989, pp. 24-33; Locke and Latham, 1990; Yukl, 1990, pp. 130-133). Firstly, by being *specific and measurable*, objectives clarify what is expected and when it is achieved. For example, little can be accomplished by behaving entrepreneurially without a clear idea about what the expected outcomes of action are. Because activities rarely pursue a single objective, priorities need to be established. Ordering objectives on the basis of perceived community need not only facilitates the integration of economic and/or social objectives, it also provides a basis for decision-making and action when objectives conflict. When objectives are met, it increases motivation by creating a sense of accomplishment in reaching desired outcomes. Secondly, when objectives are *time bounded* it helps ensure that the accomplishment of objectives does not get continually deferred. Time bounded objectives also provide benchmarks against which progress in achieving the overall goal can be assessed so that corrective action can be taken as needed. Thirdly, when objectives are *challenging but realistic*, people tend to try harder. Finally, objectives need to have *relevance* - both to the those involved in achieving them and to the overall strategic goal (Yukl, 1990, pp. 131-133).

Essentially, goals and objectives not only define the task(s) of the community economic development action, they also define the desired outcomes and serve to establish the criteria by which effectiveness can be measured. While the overall goal and ensuing objectives may not, in themselves, constitute innovation, the way in which they are achieved can (Bartol and Martin, 1991, p. 176). As argued previously, communities

with a stable, routine economic structure, provide limited opportunity to learn and/or practice entrepreneurship. Therefore, it is not surprising that there has been little evidence of innovation or capacity to effectively deal with the negative effects of economic restructuring in these communities. Generally, it has been argued (Nadler and Tushman, 1991, p. 25) that stability and complacency are detrimental to learning and innovation. This suggests that when individuals in the above type of community are directly and negatively affected by economic restructuring, the entrepreneurial competencies needed to initiate economic activity which meets personal need would not be extensively developed.

As pointed out in Chapter 2 (2.1.3.2.2), in the period following World War II, many disadvantaged rural areas became increasing reliant upon government policy to stimulate economic growth and employment. This suggests that *dependency* not *innovation* characterised the strategy adopted in responding to economic challenges. Indeed, the fact that decisions affecting the economic health of many of these areas increasingly were being made in centralised urban areas, both by government and business, attests to the validity of this assertion. However, since the early 1980's, the effectiveness of this strategy has been diminishing as government and large-scale enterprise are less willing and/or able to deal with the problems the environment is creating for communities. For example, economic restructuring has created circumstances in some communities whereby the basic subsistence of the majority of residents has become threatened due to declining employment levels. Consequently, in many Canadian communities for example, obtaining work to meet economic needs has become the primary concern of their citizens (Steering Group on Prosperity, 1992, p. 3). As a result, communities are faced with the challenge of adopting a new strategy if their goals are to be achieved. Indeed, it has been suggested that *innovation* and *entrepreneurship* have characterised the strategy embraced by communities which have been successful in influencing economic development (Garofoli, 1992, p. 7; Stohr, 1990, p. 2; Nelson, 1993, p. 48; Molle and Cappellin, 1988, p. 6; Pellegria, 1989, p. 9). However, there has been little explanation of how these factors can be fostered. If an innovative and entrepreneurial strategy is to be adopted in achieving a community's desired ends, previous argument suggests that existing assumptions about what constitutes appropriate action in effectively dealing with problems need to be altered.

Fundamentally, this is a behavioral issue focused upon the fundamental question of how to foster entrepreneurial behaviour within the development process?

Table 5.1
Summary of Major Inputs to a Community's Behaviour System

Environment	Resources	History/Core Values	Strategy
General: Economic Technological Political Socio-cultural Government: policy, programs Task: Government agencies Businesses Financial institutions Educational institutions Nonprofit organisations Interest groups Individuals	Natural Physical Financial Technological Human (entrepreneurship, collective identity, skills, abilities, knowledge) Informational Educational	Economic structure Social structure Political structure ↓ Culture	Goals Objectives

Source: Adapted from Nadler, D. A. and Tushman, M. L., 1983, pp. 112-128.

5.4.2 THE ENTERPRISE DEVELOPMENT PROCESS

It has been argued above that the process used to achieve goals consists of four major components: tasks, formal organisational arrangements, individuals, and informal organisational arrangements whose nature and interaction influence behaviour and performance (McCaskey, 1992, p. 241). This suggests that the extent to which enterprise is fostered by the process will be a function of whether these components are congruently configured to do so. The aim of this section, therefore, is to specify a proposed set of subcomponents for each of the major process variables contained in the Congruence Model (described in Appendix A) which will positively influence

enterprise within a rural community context.

5.4.2.1 Fostering Entrepreneurship and Innovation: The Task Requirements

Broadly, the task component concerns the nature of the work (Lorsch, 1992, p. 315; Nadler and Tushman, 1991, p. 23; McCaskey, 1992, p. 247) a community engages in to stimulate economic development. In essence, the ends of individual development initiatives become the means by which the community's overall goal is accomplished. The specific activities (the task or tasks) a community engages in to achieve its overall strategic goal involve a number of major dimensions: uncertainty, novelty, interdependence, interaction, control, variety, skill and knowledge requirements (McCaskey, 1992, p. 248). Together, the nature of these dimensions contribute to a task's structure. Recognising the influence task structure has on innovation (Leavitt, 1964, p. 56; Huse and Cummings, 1985), is fundamentally to recognise the task structure's impact on entrepreneurial behaviour. Therefore, exploring innovation's distinctive task characteristics (in Table 5.2) contributes to an understanding of how entrepreneurial behaviour is derived.

Building upon the definitional argument earlier, innovation can be said to involve engaging in tasks which are more novel than routine (Kanter, 1983, p. 20; McCaskey, 1992, p. 248; McMullan and Long, 1990, p. 217; Cole, 1959, p. 15) and will, therefore, provide *opportunities for learning* (Nadler and Tushman, 1991, p. 19; McMullan and Long, 1990, p. 135). However, the degree of novelty will vary, as innovation is a relative concept (McMullan and Long, 1990, 216). Sometimes innovation involves radically new ways of doing things, while at other times it may simply involve incremental improvements. Nevertheless, novelty entails *uncertainty* as the outcomes are unpredictable (Kanter, 1982) which *requires the task to be broadly defined* providing considerable *flexibility* (McCaskey, 1992, p. 248; McMullan and Long, 1990, p. 137; Kanter, 1992, p. 68; Walton, 1992, p. 490) and *freedom to experiment* with a *tolerance for failure* (Nadler and Tushman, 1991, p. 31). By engaging in activity which is new, a capacity to deal with uncertainty is developed.

As was argued in the introduction to section 5.1, innovation requires a range of skills

(McCaskey, 1992, p. 248; Bartol and Martin, 1991, p. 26) and therefore demands collective effort (Sexton and Bowman-Upton, 1991, p. 18; Vesper, 1990, p. 48; Bartol and Martin, 1991, p. 26; Reich, 1992, p. 54) An individual may not possess all the skills or resources needed. This suggests that a task which *requires diverse skill, knowledge, and ability* fosters entrepreneurship by bringing a variety of perspectives and competencies to bear on problems or opportunities which facilitates the generation of new and creative ideas through the collaboration, contribution and commitment of a range of stakeholders (McMullan and Long, 1990, p. 162; McCaskey, 1992, p. 248).

When those participating in an initiative are given joint responsibility for setting objectives, it helps ensure the objectives are relevant and instills a sense of *interdependent ownership and control.* When accountability for performance is shared, it prompts people to think about the problems, issues and *tasks holistically*, objectively and quantitatively instead of subjectively and politically (Stata, 1989, p. 70). For example, in gaining the collaboration of development agencies which have the resources needed to achieve an initiative's objectives, participating agencies become more aware of the potential for achievement which would be otherwise unattainable through individual effort. All other things being equal, people are more committed to that which they help create (Beer, 1992, p. 427), suggesting that interdependent ownership and control might foster entrepreneurship and contribute to effectiveness.

When people are working toward shared objectives, they tend to encourage and facilitate each others' efforts to produce. For example, they seek and utilise more information from each other and influence each other's attitudes and conclusions (Johnson and Johnson, 1991, p. 90). In a community context, task interdependence may characterise activities undertaken within or between organisations. For example, interdependence is created at the interorganisational level when organisations decide to contribute skills and resources to a joint project or activity. On the other hand, task interdependence may be created internally by pursuing an activity which requires collective effort.

Indeed, collective activity provides several unique opportunities for learning and practicing entrepreneurship, particularly among people whose entrepreneurial

propensities, generally, have not been encouraged. Firstly, a capacity to cope with and enjoy uncertainty can be positively cultivated through collective activity characterised by interdependence as it can bridge the gap between dependence and independence. This may be particularly critical for participants who have not had much exposure to uncertainty. Secondly, collective activity provides opportunities for vicarious learning - a key cognitive process which influences behaviour (Bandura, 1986). That is, though a person may not, initially, behave entrepreneurially there is both an opportunity to learn by observing those within the group who do and to recognise the positive consequences of such actions. Thirdly, with joint responsibility and control, the key task requirements can be flexibly distributed so that new competencies can be learned and existing ones enhanced. For example, given that the degree and nature of entrepreneurial behaviour exercised varies situationally (Gibb, 1993, p. 14), one person in the group may be the principle opportunity-seeker in one situation, while someone else might adopt this role under other circumstances.

Arguably, acting together in creative or problem-solving efforts that aim for tangible results within specific time frames results in greater effort, achievement and productivity than when working alone (Johnson and Johnson, 1991, p. 90; Kanter, 1992, p. 68; Clark, 1993, p. 4). Achieving tangible results through entrepreneurial behaviour provides a basis for altering a community's existing assumptions about what constitutes appropriate action in dealing effectively with the uncertainty associated with the adverse circumstances being confronted. Adopting a *short-term focus on achieving outcomes which have a long-term strategic intent in responding to perceived community need* inherently involves continuous improvement, a factor argued to enhance innovation (Nadler and Tushman, 1991, p. 19; Walton, 1992, p. 491). Moreover, such a focus helps ensure that flexibility for future action is imbued in activity. Indeed, evidence indicates that a common purpose for action increases the ability of participants to function effectively (Gordon, 1991, p. 520). Generally, it is much easier to convince stakeholders to collaborate in a short-term effort, particularly those among whom collaboration is often difficult to achieve, such as development organisations (Huxham and Barr, 1993, p. 1). In creating an action orientation, planning and implementation become integrated (Walton, 1992, p. 490) helping to eliminate the risk of activity being stalled in the planning phase. When results are achieved quickly it enables participants

(and the community) to more readily identify the benefits of collaborative effort (Clark, 1993, p. 3) and to recognise the validity in approaching problems differently (Beer, 1992, p. 426). Moreover, with a short-term time focus, it is more likely that changing conditions will be recognised and responded to (Walton, 1992, p. 490).

In general, short term activity fosters *high intrinsic rewards* - people are rewarded by a sense of accomplishment and pride in what they have done. Often, this is a greater source of motivation than traditional rewards provided by work such as automatic pay increases (Kanter, 1992, p. 67). When the results achieved are perceived to be positive, they can provide the motivation required to counter the uncertainty of outcome associated with long-term effort and represent tangible milestones on the route to achieving long-term goals. This helps to encourage further commitment, contributions and collaboration which will be needed in achieving the overall strategic goal.

In summary, it is argued that tasks will foster entrepreneurial behaviour when they are broadly defined, involve considerable uncertainty, have a short-term focus on getting outcomes from action which respond to community need (with a long-term strategic intent), provide flexibility, freedom to experiment, tolerance for failure, require diverse skills and abilities, provide interdependent control and ownership, are perceived holistically, provide intrinsic rewards and opportunities for leaning by doing. Indeed, because the opportunities to learn/practice entrepreneurship within the economic structure of many rural communities has been scant and because these communities have virtually no experience in influencing development, the perceived novelty associated with the tasks will be significant - as will be the learning of new skills (such as problem-solving and interpersonal skills...) and abilities (capacity to cope with uncertainty, tolerance for ambiguity...).

Table 5.2
The Proposed Task Component Requirements
Likely to Stimulate Entrepreneurship and Innovation

Broad task definition
Task uncertainty
Short-term focus on getting outcomes from action which respond to community need (with a long-term strategic intent)
Flexibility
Freedom to experiment
Tolerance for failure
Diverse skill, knowledge and ability requirements
Interdependent control and ownership
A holistic set of tasks
Intrinsic rewards
Opportunities for learning by doing

5.4.2.2 Fostering entrepreneurship and innovation: Formal Organisational Arrangements

Formal organisational arrangements (Table 5.3) include the formal structures, systems and procedures which are explicitly developed to get people to perform tasks consistent with the strategy (Nadler and Tushman, 1991, p. 27; McCaskey, 1992, p. 248; Cavaleri and Obloj, 1993, p. 212). Essentially, these arrangements define the way in which people work together and indicate the kind of behaviour considered appropriate (Eccles and Nohria, 1992, p. 119) in solving particular problems or capitalising on specific opportunities (Eccles and Nohria, 1992, p. 133). For communities aiming to foster innovation in synergistically using available resources to achieve goals and objectives, the primary concern is for arrangements to foster entrepreneurial behaviour.

Within a community context, 'formal organisational arrangements' can be seen to encompass several distinct elements. One element concerns the nature of

interorganisational structures explicitly designed to encourage development organisations to perform tasks consistent with the community's strategy. Formal mechanisms to laterally link organisations represent key instruments for innovation in responding to local circumstance. They facilitate innovation in three major ways (Tushman and Nadler, 1986, pp. 74-92; Kanter, 1988, pp. 169-211). Firstly, new ideas, the source of innovation, are more likely to emerge when a diversity of views are shared. Secondly, by creating awareness of problems and opportunities across organisations, creative ideas can be stimulated. Thirdly, by involving others in the development of ideas, it can positively influence their willingness to help implement the ideas (Bartol and Martin, 1991, p. 358).

It has been shown that *formal linking mechanisms*, for example, joint and/or interlocking Community Economic Development Boards, entrepreneurial integrators, ad hoc committees, formally scheduled meetings and teams can foster innovation and entrepreneurship (Bartol and Martin, 1992, pp. 359-360; Clark, 1993, p. 3; Tushman and Nadler, 1991, p. 26) by coordinating interorganisational efforts through communication and problem solving. It has been argued earlier that innovation, generally, requires a great deal of coordination and communication (McMullan and Long, 1990, p. 162; McCaskey, 1992, p. 248). As vehicles of communication these mechanisms create high levels of local knowledge and awareness of what is being done by others in the community and build relationships between organisations facilitating collaboration or resource contributions (McMullan and Long, 1990, p. 166) which may be needed in responding to local circumstance. As a means of coordinating problem solving efforts, formal linking mechanisms may serve as a vehicle for building broadbased agreement regarding a community's goals, priorities and time scales. The more coordination and control are based on shared goals, values and tradition, the greater the effectiveness (Walton, 1992, p. 491) as those involved are shown to be more committed.

To clearly differentiate the various linking mechanisms identified above, a brief definition of each follows. A joint Community Economic Development board is considered to be one which is comprised of representatives of the private, public,

and/or voluntary sectors. Such a board may serve the function of establishing broadbased agreement within the community on the overall goal and time scales for activities. Conceivably, it could help generate ideas for activities which can synergistically utilise available resources in contributing to goal achievement. On the other hand, an interlocking Board refers to a Board's membership structure which is designed to have interorganisational-representation to encourage information sharing. An entrepreneurial integrator is considered to be an individual who, in championing an innovative idea, assumes the task of coordinating activity that involves several organisations, but is not a member of any of the participating organisations.

Ad hoc committees are temporary interorganisational groups formed to make recommendations on a specific issue within a specific time frame. Their recommendations typically constitute advice whereby the person or group that appointed the committee can then decide whether or not to implement the recommendations. Committees promote horisontal coordination by providing a vehicle through which diverse stakeholders can share their ideas on specific issues, determine and realise viable courses of action. Regularly scheduled meetings differ from committees in that they are not necessarily intent upon addressing a specific issue. Rather, they provide a forum for groups engaged in different activity to share information and/or ideas (Lorsch, 1992, p. 319). These meetings also have the benefit of building informal relationships which encourage collaboration (Nadler and Tushman, 1991, p. 27).

Finally, teams are problem-solving (or opportunity seeking) mechanisms which foster innovation by relying on collaboration for achieving effectiveness. Comprised of representatives from different organisations, responsibility is shared for identifying problems, establishing objectives, forming a consensus about what should be done, and implementing necessary actions to achieve the established objectives. This requires participants to exercise many entrepreneurial behaviours including taking initiative, creatively solving problems, taking risky actions, persuading others... Teams not only create many opportunities for learning by doing but serve to expand the number of contacts available to access information, resources, legitimacy as each participant has

his/her own network of contacts. In particular, if the contacts are considered credible, the support of these people enhance the reputation of the activity and those associated with it (McMullan and Long, 1990, p. 165; Shapero, 1983, p. 63; Kanter, 1982, p. 212).

A second element of 'formal organisational arrangements' concerns the characteristics of internal structures within development organisations. Regardless of the basic organisational form utilised (i.e. client, service...), innovation can either be encouraged or impeded (Nadler and Tushman, 1991, p. 27). Structures which encourage entrepreneurial behaviour have been typically described as being '*organic*' - characterised by few rules, regulations or controls, work that is defined in terms of general tasks, open communication and decentralised decision-making (Sexton and Bowman-Upton, 1991, p. 184; Coven and Slevin, 1988, pp. 217-234; Burns and Stalker, 1961, pp. 119-122). Fundamentally, entrepreneurship is fostered when structure and procedures are kept to a minimum as there are few constraints on behaviour (McCaskey, 1992, p. 248) which provides the flexibility needed to respond to community need. Flexibility in internal policies, procedures and rules is likely to stimulate entrepreneurship by creating manoeuvring room for taking initiative in contributing to the development process based on what an individual/organisation has to offer rather than according to regulations, policies and procedures (Gordon, 1991, pp. 529-530).

When *decision-making authority and responsibility are locally based*, it provides process participants with considerable flexibility for action and instills a sense of ownership and control of initiatives. Arguably, responsibility for programme development and delivery would not only foster entrepreneurial behaviour but help ensure that the end justifies the means. In contrast, when organisations are responsible for delivering externally determined programmes, it is likely that considerable time and effort would be spent attempting to rationalise programme demand and its results - therein creating a situation whereby the means justify the end. Moreover, it is likely that efforts would be focused upon pursuing opportunities aimed at meeting the community's overall strategic goal(s) when there is *local democratic accountability*.

Typically, the structure designed to facilitate this would be a local Board of Directors.

The final element of organisational arrangements concerns the various formal human resource systems used. Characteristically, the size and scope of community-based organisations do not warrant formally developed or sophisticated human resource systems. However, most organisations are involved in formally evaluating and/or rewarding employees and in recruiting employees and board members.

Organisations which *have performance-based appraisal and rewards which emphasise achieving valued results through collaborative effort* encourage its members to establish and utilise linking mechanisms and to take initiative in persuading others to pursue joint venture opportunities. For example, by allowing budgeted resources to be retained and reallocated if they were not fully expended as originally planned due to participation in a joint service delivery opportunity, it encourages pursuit of future collaborative ventures and serves to encourage the interdependency which innovation demands.

Typically, the formal systems of evaluation and reward are closely linked. Because organisations 'get what they reward' (Nadler and Tushman, 1991, p. 29), these systems have a key influence on innovation and entrepreneurship. By making innovation and entrepreneurship an important dimension of performance and by basing rewards on actual performance, innovation and entrepreneurship are encouraged (Nadler and Tushman, 1991, p. 28). Using both results (i.e. - the accomplishment of 'market' oriented objectives such as reductions in use of social safety nets) and process (i.e. - extent of collaboration, use of entrepreneurial competencies) as a basis for measuring performance helps individuals to see for themselves that acting entrepreneurially can influence desired outcomes (Sexton and Bowman-Upton, 1991, p. 36; Greenberger and Strasser, 1986, pp. 166-177).

In regard to the recruiting process, when it is aimed at attracting qualified people who are *actively involved members of the community*, it enhances the likelihood that a community's perception of local circumstance will be accurately understood and effectively addressed. The 'community-mindedness' of such individuals fosters an

action orientation, a commitment to making things happen and a propensity toward doing so collaboratively (Huxham and Barr, 1993, p. 8).

Together these three elements combine to create the set of formal organisational arrangements (ones explicitly designed and specified) within a community which will encourage innovation and entrepreneurship in synergistically utilising available resources to accomplish the overall purpose.

Table 5.3
The Proposed Formal Organisational Arrangements Likely to Stimulate Entrepreneurship and Innovation

formal linking mechanisms
organic structure
locally-based decision-making authority and responsibility
local democratic accountability
performance-based appraisal and rewards which emphasise achieving valued results through collaborative effort
recruitment of actively involved members of the community

5.4.2.3 Fostering entrepreneurship and innovation: Individuals

This component refers to the individuals who are involved in the development activity. The major dimensions of this component (Table 5.4) relate to the particular differences in individuals [skill levels, interests, individual differences in need strength, learning styles, values and assumptions, preferences for variety, for definition and structure and for individual challenge (McCaskey, 1992, p. 247; Bartol and Martin, 1991, p. 247; Nadler and Tushman, 1986, p. 273)] that have relevance for entrepreneurial behaviour.

Although generally, people want to improve their situation, individual actors rarely

possess the full range of competencies needed (Vesper, 1990, p. 48; Nadler and Tushman, 1991, p. 25) to perform the various entrepreneurial functions (Kilby, 1971, pp. 27-28) involved in producing innovation. Depending on the nature of the problems or opportunities being addressed, certain 'technical' competencies will be required. However, these competencies are not enough. The capacity to innovate is influenced by the degree of entrepreneurial attributes and competencies (McMullan and Long, 1990, p. 309), connections and resources (Vesper, 1990, p. 118) of those involved. Because the key concern is to achieve outcomes through action, innovation is essentially a behavioral issue, assuming one accepts the notion that behaviour is the action a person takes.

As argued in Chapter 4 (section 4.4.2) while personality aids in predisposing an individual to entrepreneurial behaviour (Sexton and Bowman-Upton, 1991, p. 35; Vesper, 1990, p. 10), behaviour is influenced by both personality and the environment (Lewin, 1951). This means that although many of the characteristics commonly associated with entrepreneurs [self-confidence, perseverance (McMullan and Long, 1990, p. 133), energy, resourcefulness, achievement orientation, creativity, flexibility, independence, intuition, propensity for risk, initiative, positive response to challenges, foresight and optimism (Nadler and Tushman, 1991, p. 31-32; Hornday, 1982; Gibb, 1993, p. 14)] are innate, entrepreneurial behaviour can be encouraged by a supportive environment and, therefore, be learned (Gibb, 1993, p. 14; Reich, 1992, p. 56; Nadler and Tushman, 1991, pp. 25-26).

Although people possess different degrees and combinations of entrepreneurial attributes and competencies (Gibb, 1993, p. 14; McMullan and Long, 1990, p. 141), earlier argument has indicated that the economic structure may provide little opportunity to develop, practice or exercise them, for example in single industry and resource-based communities. Yet, this does not preclude developing the skills needed to broaden an individual's entrepreneurial ability, including problem-solving, applying creativity to problems, persuasiveness, negotiating, decision-making (Nadler and Tushman, 1991, p. 25; Gibb, 1993, p. 14) through socialisation practices and the opportunities for learning by doing provided by the economic development task(s).

Given that task performance is affected by differences in individuals, many of these differences, covering a range of dimensions, need to be considered when aiming to develop entrepreneurial behaviour.

The fact that people learn about and from each others' abilities (Reich, 1992, p. 56), suggests that *positive attitudes toward learning by doing* would encourage entrepreneurship. Arguably, *high levels of collective community identity* would be conducive to collaborative effort as people would tend to be more aware of what is being done by others, what resources others have, how each person's competencies can be capitalised on and how he or she can help one other, thereby serving to foster a *synergistic strategic vision* (Sexton and Bowman-Upton, 1991, p. 17; Stevenson and Sahlman, 1986, pp. 3-26; Kao, 1991, p. 2; McMullan and Long, 1990, p. 132) *for economies of action* (an ability to envision how available skills and resources can be alternatively used to achieve desired outcomes). Furthermore, in having a collective identity, people would be more inclined to persuade others to make a commitment to activities (Sexton and Bowman-Upton, 1991, p. 18; McMullan and Long, 1990, p. 140; Kao, 1991, p. 20), both directly, in terms of involvement in activity and indirectly through a commitment of resources needed to achieve objectives (Bartunek, 1983, p. 17; McMullan and Long, 1990, p. 163).

Successfully persuading others of the advantages of making commitments (McMullan and Long, 1990, p. 169) requires a number of *skills and abilities.* For example, it takes considerable interpersonal skill and team-building as it requires an ability to understand and anticipate other peoples' situations, motivations and goals (Kanter, 1992, p. 64). This often involves finding creative solutions in acquiring needed resources from those over whom no formal authority exists. Additionally, it might also entail taking initiative (Finley, 1990, p. 25; Sexton and Bowman-Upton, 1991, p. 184; Gibb, 1993, p. 14) in persuading and negotiating with others to contribute resources (McMullan and Long, 1990, p. 165). This suggests that diversity among participants can serve to increase the effectiveness of the process as each person would be more likely to have *developed a unique set of formal and informal connections* which expands the range of external sources of information, expertise and other resources (Nadler and Tushman, 1991, p.

26) which can be drawn upon. People who are *trusted and respected for their competence* can serve to add powerful momentum to the development process (Nadler and Tushman, 1991, p. 26).

Because of the importance of social relationships and the quality of life in many rural communities (Matthews, 1983, p. 149), a high level of participation in both formal and informal social activity would be expected. Hitherto, research has ignored the extent to which such experiences have provided opportunities to learn and exercise entrepreneurship. Many projects and events social and/or volunteer organisations engage in provide conditions generally shown to foster innovation: activities which involve interdependence, teamwork, and uncertainty of outcomes; the sharing of information, decision-making experience; and the power and control of resources to take the action needed in achieving desired objectives.

This can be most effectively illustrated through the use of an example. A service club, in deciding to hold an auction to raise money for a new piece of equipment for the local hospital, provides opportunity to cultivate entrepreneurial behaviour in the following ways. Firstly, organisational members take *independent initiative* (Sexton and Bowman-Upton, 1991, p. 184, p. 15; Gibb, 1993, p. 14; Stevenson and Gumpert, 1992, p. 10) in *seeking opportunities* (Sexton and Bowman-Upton, 1991, p. 17; Schumpeter, 1934; Stevenson et al, 1985; Burch, 1986, p. 15) for raising the required funds. Secondly, in deciding to stage the auction they are engaged in *persuading others,* to donate items, to attend the event... Thirdly, they *actively seek to achieve goals* (McMullan and Long, 1990, p. 131; Gibb, 1993, p. 14) - objectives are set in regard to the quantity and quality of goods needed to raise the required amount of money. Fourthly, they exercise *flexibility in responding to challenges* (Gibb, 1993, p. 14). For example, if the projected level of required items has not been met through normal channels of solicitation, members may canvas businesses or make solicitations outside the community. Fifthly, a capacity for *coping with uncertainty and enjoying being involved in an activity with an uncertain outcome* (Palmer, 1971, pp. 32-28; Gibb, 1993, p. 14; Sexton and Bowman-Upton, 1991, p. 15; McMullan and Long, 1990, p. 131; Burch, 1986, p. 16; Schere, 1982) is manifest in the *commitment*

organisational members have *to making things happen* (Sexton and Bowman-Upton, 1991, p. 9; Gibb, 1993, p. 14; Stevenson and Gumpert, 1992, p. 10; McMullan and Long, 1990, p. 130) - following through on the idea to stage the event despite the fact that 'success' is quite unpredictable. Sixthly, *creativity* (Sexton and Bowman-Upton, 1991, p. 9; Gibb, 1993, p. 14; Stevenson and Gumpert, 1992, p. 12; McMullan and Long, 1990, p. 131) may be used in organising the event. For example, another service group may be persuaded to put on a meal in conjunction with the auction, serving to *moderate the risk* (Sexton and Bowman-Upton, 1991, p. 184) that the event will not raise enough money to cover the expenses of staging it (such as renting a facility, advertising...).

All things being equal, the more activities an organisation engages in and the greater the variety in the nature of these activities, the more opportunities there are for members to learn and practice entrepreneurial behaviour. Arguably, if people have been extensively involved in volunteer and/or social organisations and activities, they would be more likely to have acquired entrepreneurial skills/abilities and managerial experience which can be transferred to economic development activities. The above example suggests that while individuals may not have the opportunity to learn and practice entrepreneurial behaviour within the formal economic activities they have been engaged in, the activities of social organisations can provide the opportunity for people to both individually and collectively learn, practice and exercise entrepreneurial behaviour in mobilising resources to capitalise on opportunities. It also suggests that in communities where, generally, people are actively involved in social organisations, a dimension of collective identity has been adopted as important for defining personal identity (Eccles and Nohria, 1992, p. 67), and represents a significant resource to be mobilised in stimulating economic development. Finally, it highlights the fact that conceptualising entrepreneurship as a collective process challenges some preconceived notions about how entrepreneurial behaviour may be learned and exercised.

Extensive volunteer/social involvement suggests *a preference for an informal/free ranging work style* which has been associated with entrepreneurship (Sexton and Bowman-Upton, 1991, p. 17). Additionally, experience in group activity, while

shielding against excessive stress and uncertainty (McCaskey, 1992, p. 241), develops an ability to *manage interdependencies and deal with multiple tasks*. Together, these individual characteristics would be instrumental in developing the entrepreneurial behaviour, connections and resources to create innovation.

Table 5.4
The Proposed Individual Characteristics
Likely to Facilitate Entrepreneurship and Innovation

positive attitudes toward learning by doing
high levels of collective community identity
synergistic strategic vision for economies of action
high level of transferable skills and abilities
high level of formal and informal connections
high level of trust and respected competence
preference for informal/free ranging work style
ability to manage interdependencies and deal with multiple tasks

5.4.2.4 Fostering entrepreneurship and innovation: Informal Organisational Arrangements

These refer to the unwritten arrangements which tend to emerge over time to define how things get done (Table 5.5). Essentially embodied in the culture, these consist of the shared assumptions and behavioral expectations that emerge from the interaction of the three other process components - the individuals involved, the tasks which are performed, and the formal organisational arrangements (McCaskey, 1992, p. 257). As people work together, patterns of interacting produce norms which establish ways of coordinating behaviour (McCaskey, 1992, p. 252; Denison, 1990, p. 7).While much less is known about the impact of culture on effectiveness (Lorsch, 1992, p. 329; Denison, 1990, p. 3), research has identified some shared assumptions and behavioral expectations which have been associated with innovation and entrepreneurship.

The task structure can have a significant impact on behavioral expectations. When activities are nonroutine and unpredictable with few rules and procedures to guide action (Nadler and Tushman, 1991, p. 31), the informal organisational arrangements act as the primary means of defining appropriate attitudes and behaviour (O'Reilly, 1989, p. 175; Kerr and Slocum, 1991, p. 437). When individuals find the activity satisfying and begin to find the values associated with the activity intrinsically rewarding and consistent with personal values it has been argued that they will be more inclined to feel obligated to conform to the behavioral expectations which develop (O'Reilly, 1991, p. 181). When there are a few general, value-based principles to guide action, it enables individuals to "better react in a predictable way to an unpredictable environment" (Denison, 1990, p. 9).

For example, when *supportiveness, trust and cooperation develop as valued principles* upon which involvement and participation in activities are based, these values may help instill a *strong collective identity*, where people perceive their actions to be mutually linked. *High levels of involvement and participation* create a sense of ownership and responsibility (Denison, 1990, p. 7) fostering greater commitment (O'Reilly, 1989, p. 181), and reducing the need for an explicit control system. The common frame of reference which emerges, facilitates the exchange of information (Denison, 1990, p. 9) and supports the development of *agreement on goals, objectives, time scales and outcomes*. Indeed, a sense of purpose and direction has not only been associated with entrepreneurship (Gibb, 1993, p. 14) but has also been shown to significantly increase effectiveness (Denison, 1990, p. 13).

When *formal/informal business/social relationships overlap*, they are likely to produce a more widespread and timely exchange of information and resources. Additionally, high levels of membership in voluntary organisations which have successfully initiated diverse activities would mean that many of the norms facilitating innovation have been internalised, suggesting a capacity to flexibly restructure and reestablish a set of behaviours. For example, although an individual may not have had opportunities to exercise entrepreneurship during the course of their employment, involvement in voluntary organisations may have provided numerous opportunities to do so, thereby

supporting behavioral adaptiveness - a cultural characteristic which has been shown to impact on effectiveness (Denison, 1990, p. 12).

Normative integration (shared behavioral expectations) has been strongly associated with effectiveness in the literature (Denison, 1990, p. 9). The norms facilitating innovation have proven to be quite consistent (O'Reilly, 1991, p. 178) including: operate informally; high expectation for individual/group performance; flexibility in decision-making and problem-solving; experimentation and learning; ownership of the task and commitment to seeing it through; tolerance of risk, failure and mistakes, without fear of punishment; develop and utilise strong informal linkages within and outside the community; communicate openly; ideas are valued; challenge the status quo (O'Reilly, 1991, p. 179; Nadler and Tushman, 1991, pp. 30-32; Stata, 1989, p. 70; McMullan and Long, 1990, p. 175; Pinchot, 1985). Basically, these norms define 'how things get done'. Fundamentally, as behavioral norms which facilitate innovation become adopted, they can ultimately change the way people think about what is desirable, possible and necessary (Zaleznik, 1992, p. 89).

In the absence of extensive formal organisational arrangements, the informal ways in which things get done, arguably, will have a significant influence on the extent to which entrepreneurial behaviour is fostered.

Table 5.5
The Proposed Informal Arrangements Likely to Fostering Entrepreneurship and Innovation

supportiveness, trust and cooperation are highly valued principles
strong collective identity
high levels of involvement and participation
high degree of agreement on goals, objectives, time scales and outcomes
high degree of overlapping formal/informal business/social relationships
normative integration (shared entrepreneurial behavioral expectations)

In summary, the preceding describes the characteristics of the four process components - the task, the individuals, the organisational arrangements, and the informal organisation - which, it is posited, will encourage innovation and entrepreneurship in a community's attempt to influence economic development. Essentially, it sets out the configuration of process components which constitutes 'congruent' relationships between components in producing entrepreneurial behaviour within the development process. It is hypothesised that, in the short to medium term, an entrepreneurial pattern of congruence will be required for strategic effectiveness within the current environmental conditions.

5.4.3 THE OUTPUTS

Fundamentally, this research is concerned with assessing short-to-medium term economic development effectiveness at the community level of analysis. While the Congruence Model acknowledges that many different outputs are produced by every organisational system as a result of the interaction between the four process components, three classes of output are considered important in assessing effectiveness: organisational (or system) functioning, group and intergroup behaviour; and individual affect and behaviour. Undeniably, the community's 'output' is influenced by individual behaviour, particularly in regard to task performance. Indeed, certain individual-level outputs (affective reactions such as satisfaction, or experienced quality of working life) may be desired outputs in and of themselves. However, as was pointed out in Appendix A, effectiveness is a multidimensional construct which cannot be totally assessed in any single study. Given the analytic focus of this research is on assessing the effectiveness of communities in fostering entrepreneurship, innovation and economic development, it is deemed appropriate to judge effectiveness according to how well the system as a whole is functioning. The model identifies three issues as important in evaluating performance at this level of analysis: goal achievement (the extent to which the community's desired goals are achieved), resource utilisation (in relation to goal achievement the concern is whether resources are sustained or depleted), and adaptability (whether the community is able to adapt to environmental conditions).

Fundamentally, the criteria used in assessing goal achievement cannot be predetermined as they need to be derived on the basis of the goals a particular community is pursuing. Once determined, these criteria would then serve as the standard for judging the extent to which goals have been accomplished and would provide one indicator of process effectiveness. In regard to resource utilisation, if resources have been maintained or increased, this would serve to indicate that the development process is sustainable. Arguably, if a community which, historically, has been characterised by stability is suddenly confronted by an economic crisis and responds by initiating a development process which fosters entrepreneurship in meeting its economic and/or social goals and objectives, then it would be considered to have increased its ability to adapt to the environment. Moreover, if the results achieved constitute an improvement, then according to the definition provided earlier, the process has created innovation.

5.5 CONCLUSION

The framework proposed in this section makes five significant contributions. Firstly, it adapts the Congruence Model to a community context. Secondly, in being used to understand the process by which economic development can be effectively influenced within communities, it incorporates within a single framework the factors research has substantiated as important, providing a more holistic understanding of the various process components and how they interact in influencing development. Thirdly, in focusing on how entrepreneurship and innovation can be stimulated within development activity, the framework addresses a previously ignored issue. While scholars generally agree that entrepreneurship and innovation are key requirements in effectively influencing development in response to the effects of economic restructuring, there has been no attempt to explore or explain how communities can successfully adopt an innovation strategy to replace a strategy which is no longer effective in responding to the circumstances being confronted. Fourthly, in conceptualising innovation as result of the collective efforts of interdependent actors, it expands our knowledge of innovation and entrepreneurship which have been viewed, traditionally, as individual achievements. Finally, in addressing the impact of entrepreneurship on outcomes, it

links economic development process and outcomes and deals with the issue of explaining effectiveness.

To test the framework's capacity to address the link between entrepreneurship, innovation and economic development, the next chapter sets out the methodology and research design adopted.

CHAPTER 6

METHODOLOGY AND RESEARCH DESIGN

Community-based development, by nature, is a very contingent and complex phenomenon. Fundamentally, any empirical inquiry is underpinned by assumptions about how a particular phenomenon is most appropriately studied. Therefore, the purpose of this chapter is to provide a rationale for the methodology adopted, to describe the research design, and to explain how and why it has been used to test the Community Enterprise Development model's capacity to address the dissertation's fundamental question of how the Community Economic Development process can foster entrepreneurship and economic development.

6.1 METHODOLOGY

6.1.1 EPISTEMOLOGY AND RESEARCH METHOD: THE LINK

One of the major ways social science research tends to be differentiated is on the basis of whether a quantitative or qualitative approach is espoused. Typically, the literature dichotomises these approaches either along epistemological or technical lines or both, which in itself creates ambiguity. Indeed, it has only been since the 1970's that a philosophical underpinning for qualitative research has emerged. Prior to that, the term 'qualitative research' was used to indicate the way in which data was gathered (Bryman, 1993, p. 3). Although 'qualitative research' is increasingly recognised as a distinct paradigm, the term generates considerable confusion as its meaning is not always clear. In attempt to overcome this problem, alternative terms have been proposed to contrast the two world views. For example, the quantitative approach has been referred to as positivist, rationalist, and 'inquiry from the

outside' while it has been proposed that the qualitative approach be referred to as interpretive, naturalist, 'inquiry from the inside' (Hughes, 1993; Guba and Lincoln, 1982; Evered and Louis, 1981; J. K. Smith, 1983). However, these terms have not engendered the broad currency which the quantitative/qualitative dichotomy has.

Generally, the quantitative approach's philosophical stance in understanding what science means has been represented by the term *positivism*. The fundamental assumption of the approach is that the scientific method is appropriate to all forms of knowledge. Among the claims made by the various positivist perspectives, Giddens (1977, pp. 28-29) identifies four central elements: a reality exists that can be handled by the senses; philosophy, although acknowledged as a separate discipline, is viewed to be parasitic on the findings of science and therefore excludes metaphysical inquiry; the natural and human sciences share common logical and methodological foundations; and that a key distinction exists between fact and value, with science being concerned only with the former.

While positivism has been increasingly criticised over the past two decades, it continues to dominate research orientations, particularly within North America (Smith, 1990, p. 5). The pivotal point of opposition to the positivist orthodoxy centres upon the appropriateness of the natural science model as a basis for acquiring knowledge in the social sciences (Bryman, 1993, p. 3). Supporters of the qualitative view argue that a different methodology is required because human phenomena are fundamentally different from natural phenomena (Hughes, 1993, p. 107). In failing to address the differences between people and the objects of the natural sciences, quantitative approaches have been challenged by qualitative perspectives which have raised the issue of whether a social science dealing with causes is possible in the way presumed or postulated by positivism.

The philosophical orientation of qualitative research has been referred to as *interpretive* (Hughes, 1993). In attempting to acquire knowledge about human phenomena, the qualitative approach aims to deal with meaning as opposed to cause. In arguing that human action is not as predictable or as determined in its path as

action within natural science, qualitative approaches view the relationship between meaning and action as a mutually informing one. The approach assumes that people attach different meanings to things and act on the basis of these meanings. Therefore, the social world is seen to be created in and through the meanings that human beings use to make sense of the world around them. According to Weber (1969, p. 101), "an action is social when a social actor assigns a certain meaning to his or her conduct and, by this meaning, is related to the behaviour of other persons." In viewing actions as reciprocally oriented towards the actions of others, people are seen to interpret and give meaning both to their own and to others' behaviour (Hughes 1993, p. 95). In viewing social interaction in relation to the meanings people give to their actions and environment, it is considered necessary to refer back to these meanings when conducting social analysis (Hughes, 1993, p. 93). Fundamentally, behaviour is viewed as a manifestation of meanings and not the result of a deterministic cause and effect relationship.

While positivist approaches have not totally ignored meaning, they have been criticised for adopting research methods based on assumptions which disregard "the presuppositions of the conception of social reality as produced through meanings" (Hughes, 1993, p. 122). The fact that human volition is irrelevant to the investigation of natural phenomenon has probably contributed to this situation. A related criticism involves a basic epistemological issue: how can human phenomena be objectively explained by human interpretation, which is inherently subjective? Facts are deemed facts based upon the conceptions of the researcher. Indeed, this criticism also applies to the study of natural phenomena as scientists studying natural phenomena also rely on interpretation for explanation.

As the above brief discussion intimates, choosing a method to examine the phenomenon in question - Community Economic Development - fundamentally involves philosophical issues as research methods, in being inextricably linked to theory, are underpinned by a set of assumptions regarding the nature of society, the nature of individuals, the relationship between the two and how they may be known (Hughes, 1993, p. 11). One of the more important functions of theories is to tell us

what the world is like. Hughes (1993, pp. 161) argues that the value of a theory, approach, or method is determined by its ability to resolve the problems set out in accordance with the standards established in pursuing particular inquiries. In light of the inherently contingent and complex nature of the development process and the fact that very little is known about it, a positivist stance which aims to address the issue of causality is not considered appropriate.

Despite being a widely bifurcated approach, it was established previously that the two perspectives underlying Community Economic Development practice share the view that development is not a deterministic process. Generally, it is assumed that a community has the greatest understanding of the problems it faces and therefore is in the best position to develop solutions which make use of underutilised resources. In adopting this as the key premise underpinning the research, arguably, the meanings which a community adopts at any one point in time will be central to gaining an understanding of the development process. Fundamentally, acquiring knowledge of the development process requires an emphasis on the way people understand and interpret their social reality. This is one of the key essences of the interpretive approach.

Earlier in this dissertation, it has been argued that: a community's boundaries are most appropriately drawn on a life-world basis; that at any one point in time, a community's definition of economic development and its aims will be influenced by circumstance; that the process and its effectiveness cannot be divorced from these understandings and aims; and that Community Economic Development needs to be examined holistically. While the philosophical stance of this researcher has been shaped by and has shaped the research question, fundamentally, the above considerations position the research in close alignment with the qualitative approach, which in turn, carries with it certain methodological implications.

In highlighting the fact that social reality is different from physical reality, it means that context is important and therefore contingency is required. Furthermore, it means that because social reality is complex and contingent, there are no 'absolute

truths'. The inclination to emphasise process is in part a product of the qualitative researcher's commitment to participants' perspectives (Bryman, 1993, p. 46). Indeed, qualitative research is firmly committed to *contextualism* (understanding events, behaviour, etc. in context) and *holism* [examining and developing an understanding of social entities such as communities as wholes (Bryman, 1993, p. 64)]. Contextualism and holism engender a style of research in which the meanings that people ascribe to their own and others' behaviour need to be set in the context of the prevailing values, practices, multiple perceptions and underlying structures (Miles and Huberman, 1994, p. 10).

Adopting a qualitative approach in examining the Community Economic Development process is not without limitations. These will be dealt with in more detail when discussing the research design. Fundamentally, they center on the issues of interpretation and generalisation. For example, while activities such as the development process are examined in relation to the specific purposes for which they were undertaken, descriptions are highly sensitive to context and, by nature, are incomplete as they are inherently selective (Hughes, 1993, p. 106).

6.2 RESEARCH DESIGN CONSIDERATIONS

While methodology is concerned with the way in which knowledge of the social world is acquired (Hughes, 1993, p. 13), method refers to the way in which data is collected, which directs attention to research design. Research design involves three interdependent considerations. Firstly, there is a need to determine which of the major social science research strategies (experiments, surveys, archival analysis, histories and case studies) is most appropriate. Secondly, there is a need to determine how to link the data to the initial questions of the study. Thirdly, there is a need to establish the quality of the design.

6.2.1 CHOOSING A RESEARCH STRATEGY

According to Yin (1994, p. 4), the way in which research is conducted depends upon: the nature of the research question; the extent of control an investigator has over actual behavioral events; and the extent to which current events, as opposed to historical ones, are the focus. Because this dissertation focuses on the question of 'how', case studies[7], histories, and experiments were all potentially relevant. Surveys or examination of archival records were judged less appropriate as these strategies are used, generally, to either describe the incidence of a particular phenomenon or to predict outcomes (Yin, 1994, pp. 6-7).

In being defined as "empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident" (Yin, 1994, p. 13), case studies were deemed the most appropriate research strategy for studying Community Enterprise Development. Experiments were eliminated from consideration as they require behavioral control and exclude context, a factor earlier deemed important in understanding the development process. Similarly, histories were deemed inappropriate as they deal with situations where there is no access or control (Yin, 1994, pp. 8-10).

Characteristically, case study involves the study of one or more cases using multiple data collection methods and can range along the descriptive to predictive continuum. Therefore, it is perhaps the most flexible research strategy and typically has the greatest capacity for contextual and holistic investigation (Hakim 1994, pp. 61-63) factors considered essential in addressing the research question. Typically, case studies draw upon any combination of interviews, analysis of documentation and

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[7] While 'case study research' and 'qualitative research' are sometimes treated synonymously (Rist,1984, p. 160), others (Hakim, 1994, p. 32; Yin, 1994, p. xiv) argue that they are distinct but overlapping research methods. Given this context, the term qualitative research is used, generally, to denote methods such as ethnography and 'grounded theory' where theory is not specified prior to data collection. On the other hand, case study is differentiated by the fact that theory development is part of the design phase of research (Yin, 1994, p. 27; Van Maanen, 1988; Straus and Corbin, 1990).

records, surveys, participant observation, and/or nonparticipant observation as sources of evidence. Therefore, triangulation is virtually an inherent characteristic of case study.

A case study's research design consists of five key components: the key question(s); the propositions/hypotheses; the unit(s) of analysis; the logic linking the data to the propositions/hypotheses; and the criteria for interpreting the findings (Yin, 1994, p. 20). As previously indicated, this research is focused on understanding how communities can influence development. In attempt to answer this question, a conceptual framework was developed in the previous chapter which has led to the following exploratory hypotheses.

1. Community entrepreneurial effort will be influenced by the extent to which the configurations of the task, the formal organisational arrangements, the individuals, and the informal organisational arrangements maximise the potential for entrepreneurial behaviour.

2. An entrepreneurial configuration of any single one of the four components of the community enterprise development model will not itself be sufficient for effective community entrepreneurial behaviour.

3. The greater the total degree of congruence or fit between the four components, when each also maximises its entrepreneurial configuration, the greater will be the degree of effective community entrepreneurial behaviour.

4. Effective community entrepreneurial behaviour will manifest itself in terms of high levels of innovation; these higher levels of innovation will in turn be reflected in stronger economic performance, greater influence of the community on the path of local economic development, closer fit between the strategies and local environmental conditions, associated higher levels of goal achievement, effective resource utilisation (external and internal) and

adaptability.

Overall, it is hypothesised that in the short to medium term, an entrepreneurial pattern of congruence will be required for strategic effectiveness within the current environmental conditions.

Defining the community's development process as the main social unit of analysis requires dealing with a number of related issues in order to establish the parameters of data collection and analysis. In the main, these include how the community's boundaries will be defined, how the process and its context will be differentiated, how process participants will be determined, and the time boundaries marking the beginning and the end of the case. These issues will be discussed in due course.

6.2.2 LINKING DATA TO RESEARCH QUESTION

While the research question(s), hypotheses and unit of analysis mainly focus on what data are to be collected, the logic linking the data to the hypotheses and the criteria for interpreting the findings emphasise what is to be done after the data have been collected. Indeed, these issues heighten the importance and role of theory development throughout the research process. The qualitative tradition typically develops theory during or subsequent to data collection. Yet, as this is not always the case (Woods, 1986, pp. 156-61; Miles and Huberman, 1994, p. 4), the contrast between quantitative and qualitative research in terms of verification of theory as opposed to preferring theory to emerge from the data may not be as clear-cut as is sometimes implied. However, because the two traditions and their associated methods have tended to be considered in 'either/or' terms, there are few guidelines available for combining data collection techniques (Bryman, 1993, p. 155). Indeed, there is nothing to indicate that the adoption of a strategy which is more closed and structured is incompatible with a qualitative research approach or that qualitative data collection techniques are not amenable to testing theory (Bryman, 1993, p. 123).

In fact, theory development can facilitate data collection. In having a theoretical framework to guide analysis, the inherent selectivity is made much more explicit. In addition to facilitating data collection, within case studies, theory serves as the basis for generalisation as the aim is to achieve *analytic* generalisation (Miles and Huberman, 1994, p. 29). While *statistical* generalisation aims to make inferences about a population on the basis of empirical data (Yin, 1994, p. 30), the logic underpinning analytic generalisation is similar to that used in multiple experiments whereby the empirical results are compared to a previously developed theory. Therefore, the function of empirical research is to bring data to bear on the Community Enterprise Development framework. These data are derived from the lives of the people in the communities being studied, but unlike physical phenomena, people give meaning to themselves, to others and to the social environments in which they live (Hughes, 1993, p. 96). While case studies have been rebuked for lacking generalisability, it has been pointed out (Mitchell, 1983; Yin, 1994; Smith, 1990, p. 4) that the criticism is unfounded as it is directed toward the generalisability of cases to populations. Yin (1994, p. 48) concisely summarises the main reasons why sampling logic is not relevant for case study research:

> Firstly, case studies should not generally be used to assess the incidence of phenomena. Second, a case study would have to cover both the phenomenon of interest and its context, yielding a large number of potentially relevant variables. In turn, this would require an impossibly large number of cases - too large to allow any statistical consideration of the relevant variables. Thirdly, if a sampling logic had to be applied to all types of research, many important topics could not be empirically investigated...

6.2.2.1 The Choice Between Single or Multiple Case Design

Two related considerations which have implications for linking the data to the theoretical framework involve whether to use a single-case or multiple case design and whether more than one unit of analysis will be used in each case. Generally, a single-case study is favoured when the case represents a critical test of existing theory, is a rare or unique event, or provides an opportunity to study a previously

inaccessible phenomenon (Yin, 1994, pp. 38-41). Although a single case could have been used to test the theoretical framework, a multiple case design was chosen for two key reasons. Firstly, the findings are usually considered more compelling when multiple cases are used (Yin, 1994, p. 45; Hakim, 1994, p. 64; Herriott and Firestone, 1983). While most studies of communities focus on one locale, according to Hakim (1994, p. 67) "the strongest designs involve the comparative study of two or more communities". Choosing a multiple design raises the question of how many cases are required. Because the greatest gain is made when the number of cases increases from one to two (Hakim, 1994, p. 64; Sudman, 1976, p. 26) and because carrying out multiple-case research often demands resource requirements which exceed the wherewithal of a single investigator (Yin, 1994, p. 45), it was decided that two cases would provide an adequate basis for testing the proposed framework. Moreover, in deciding to concentrate the research on two communities, the likelihood is increased that the communities could be matched on a greater number of process inputs.

Secondly, the use of multiple cases facilitates greater external validity, although generalisation is not guaranteed. The fundamental logic underpinning multiple-case studies is that either similar results are expected (a literal replication) or that contrasting results are produced for predictable reasons [a theoretical replication (Yin, 1994, p. 46; Hakim, 1994, p. 64; Sudman, 1976, p. 26)]. In the case of the framework proposed in this dissertation, the fundamental concern is with establishing whether the proposed model of enterprise development can help in illuminating why communities with similar circumstances and resources realise different levels of economic development. In achieving theoretical replication, the results could be accepted for a much larger number of similar communities, even though further replications have not been performed.

Previously, it has been argued that Community Economic Development is not the result of actions taken by a single individual or organisation but results from the collective contributions of a range of stakeholders. Because this involves more than one unit of analysis in each case, the design is referred to as an embedded design

as compared to a holistic design which would only explore the global nature of the development process (Yin, 1994, p. 41).

6.2.2.2 Case Selection

One issue frequently not addressed in case study research concerns how cases are selected. In utilising a process referred to as theoretical sampling (Glaser and Strauss, 1967; Hakim, 1994, pp. 141-142), communities were selected on the basis of being expected to serve as strategic cases (Hakim, 1994, pp. 141-142) in testing the model's capacity to help understand how the development process fosters entrepreneurship and economic development. Three main criteria were used to guide the sampling process. Firstly, each community was required to have relatively similar inputs in terms of environment, resources and history/core values. Secondly, each community was required to have different levels of economic development (outcomes). Thirdly, each community was required to have had engaged in the development process for a similar period of time.

Because prior knowledge is required to select cases that test theoretical frameworks in real-life settings (Hakim, 1994, p. 64), it was decided to select the cases from within the Canadian province of Nova Scotia as the researcher had access to the knowledge required for sampling. There are several reasons why Nova Scotia is especially apropos as a source of cases. Firstly, as part of Atlantic Canada, Nova Scotia has the dubious distinction of belonging to the most economically disadvantaged region in the country which has historically experienced high levels of economic disparity despite decades of intervention. With government and practitioners expressing a need for an alternative development approach, there is a great deal to be gained by learning more about what might constitute an effective community-based development process.

Secondly, since most of the CED research has been urban-based, studying community-based development in Nova Scotia provides an opportunity to gain insight into rural development experiences. While Chapter 3 has established that

there are wide fluctuations in economic well-being within the Atlantic region, the greatest development challenges were shown to lie in the rural areas, which typically have a resource dependent economic base. Most of the Nova Scotian communities with the greatest economic problems have either a single industry or natural resource based economy which increases the probability of identifying two communities which have similar inputs and contrasting development outputs.

Thirdly, in 1989, the Canadian east coast fishery experienced a crisis which ultimately led to the closure of the groundfish industry. This has had a negative direct effect on several Nova Scotian communities. However, for those communities with an economic base anchored in the groundfish industry, this situation resulted in the virtual collapse of their economy. It was indicated earlier in this dissertation that crisis has been instrumental in mobilising community-based development. Because several communities were experiencing a crisis brought about by the same circumstances at the same point in time, this increased the likelihood that communities could be identified that would meet the sampling criteria for testing the theoretical framework. Indeed, in embarking on the research approximately five years after the effects of the crisis were first felt, sufficient time had elapsed for communities to respond to these circumstances by mobilising a development effort.

In identifying possible cases, a number of economic development policymakers, practitioners and academics who were familiar with the various communities in Nova Scotia were consulted. Indeed, having worked in the development field for several years, the researcher was aware that inevitably judgements are made regarding, for example, the competency of development actors which can significantly interfere with the researcher's objectivity. Therefore, to minimise the potential for bias, the researcher aimed to select communities in which she had no professional or personal acquaintances. As a result of this process, Isle Madame was identified as being effective in responding to the negative effects of the fisheries crisis[8] while the community of Canso was identified as being much less effective.

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[8] In determining effectiveness of outputs, those consulted were asked to use the following criteria in identifying one community which was 'successful' in

6.2.2.2.1 Issues in choosing the relevant 'population' to explore

Having generally defined the cases, several related issues needed to be dealt with. One of these concerned how the geographic boundaries of the community would be established. In rejecting existing definitions of key terms, the use of existing operational definitions was precluded as was the opportunity to compare the research's findings to previous research. The assertion that a community is essentially a life-world area (Chapter 4) presupposes that social analysis is required to establish its boundaries. This relates to the philosophical stance delineated in the preceding section of this chapter which maintains that social analysis requires linking social interaction to the meanings people give to their environment.

While the selection process had identified Isle Madame and the town of Canso as the two cases for study, there was a need to determine the life-world geographic boundaries of these communities. Fundamentally, these boundaries define the area in which people perceive their circumstances to be shared. The main way each community's boundaries were established was to conduct informal interviews with various stakeholders regarding the scope of the geographic area affected by the fisheries crisis. In addition to this primary data collection technique, secondary data sources, largely consisting of reports and studies, were examined in helping with this task. A basic assumption is that in working together, in belonging to the same church or social groups, in using similar public and recreational services....people know each other. It is on the basis of these relationships that the development process is mobilised to pursue a common purpose in addressing shared circumstances. Accordingly, it was considered important to also investigate the geographic service area of various socio-economic institutions and activities where relationships have been developed. Consequently, the community's boundaries were

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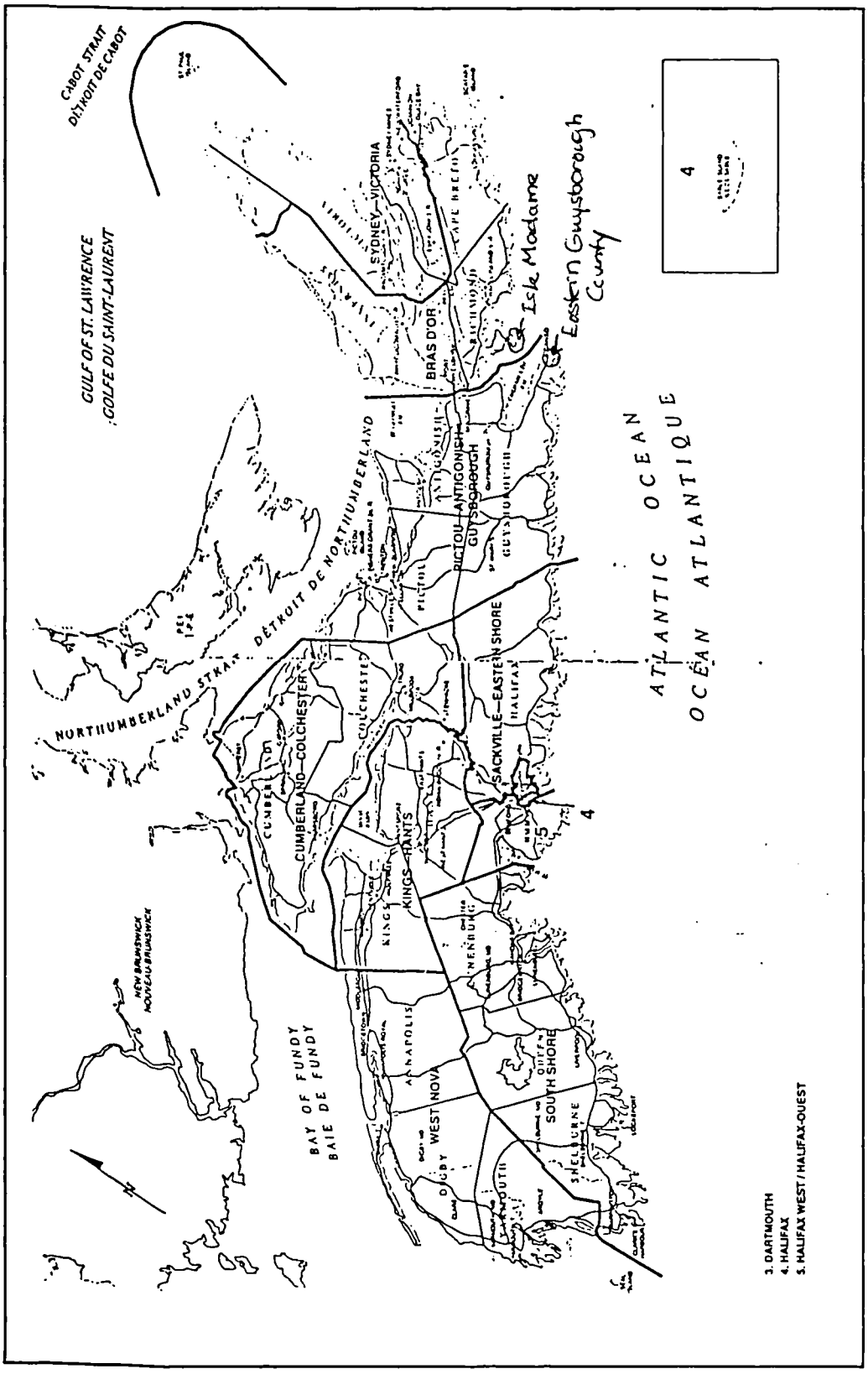
stimulating economic activity and one which was not: (1) an economic base rooted in the groundfish industry (2) geographically located outside the urban 'fringe' (3) active community-based efforts in dealing with the economic crisis (4) similarity of endogenous resources for use in development activity (5) differential levels of economic activity generated. In light of the extensive province-wide economic development knowledge accessed for this assessment, the consensus of opinion was considered a valid basis for selection.

defined according to criteria of both a short and long-term nature as the geographic impact of the fisheries crisis is a recent occurrence while the relationships developed through mutual participation in activities/services have a long-term foundation.

As a result of the inquiry, it was determined that Canso's life-world community extends in a triangle from Queensport to Port Felix to Canso (Figure 6.1). Hitherto this community will be referred to as Eastern Guysborough County. Within this area people had developed relationships from engaging in joint economic activity or other activities/services such as grocery shopping, health care and recreation while outside this area people were found to shop, work, etc elsewhere. Despite having a natural geographic boundary, informal interviews were conducted within and beyond Isle Madame to determine whether all or part of the Island constituted a life-world. While the investigation did in fact confirm that the natural boundaries defined the life-world community, it was not immediately apparent that the fishery crisis affected the whole Island as the fishery was concentrated largely in one of the Island communities.

In addition to establishing the geographic boundaries of each community, the preliminary investigation aimed to: determine whether the main actors in the development process were individuals or groups/organisations; verify (or refute) the assumption that a community would define development in economic terms when faced with an economic crisis which threatened people's ability to meet basic economic needs of existence; establish the time boundaries marking the beginning and the end of the case; and identify and contact the process participants to explain the research and establish rapport.

Figure 6.1 **Map of Nova Scotia indicating the location of the two case study communities.**



Source: Statistics Canada: The Electorial Geography Division.

Dealing with the issue of who the development process actors were in each community essentially involved differentiating the process from its context. While some individuals were perceived to be instrumental in mobilising key initiatives in both communities, they invariably acted through organisations. Moreover, private enterprise was not found to play a key role in addressing the adverse economic circumstances being faced. For example, in consulting the Business Development Centres servicing each community, loans to small businesses in both locales had actually declined over the previous two years. A time series analysis of business directories/listings (based on postal code) corroborated this evidence, indicating few business start-ups over the past two years. Indeed, this type of analysis is not without its problems. For example, not all businesses are necessarily listed in the directory, some might be in the geographic community but have a different postal code... Nevertheless, it did provide an objective, consistent method of determining whether private enterprise played a significant role in the development process. Fundamentally, the evidence from both primary and secondary sources indicated that the main process actors were organisations.

Because this dissertation is concerned with community-based action, organisations were required to meet the following criteria to be considered process participants. Firstly, they were required to service the community, in whole or in part. Indeed, few organisations had service area boundaries which corresponded to the community boundaries defined within the research. Secondly, it was considered important for the organisation to have community representation. For example, while some organisations such as government agencies service the area and are, therefore, community stakeholders, if the community did not have a membership interest in the organisation (typically meaning Board membership), it was not considered part of the community-based development process. Thirdly, it was considered important for the organisation's main mandate to be either economic development or addressing the negative socio-economic circumstances created as a result of the downturn in the fishery. Therefore, while there were several different types of organisations which indirectly contributed to the development process they were not included in the analysis as their main mandate was defined in, for example, charitable/recreational terms.

The findings confirmed the assumption that both communities defined development in economic terms. Indeed, there was broadbased agreement that job creation was each community's main concern. At the time of the investigation, 6 organisations were active process participants in Eastern Guysborough County while 7 were identified in Isle Madame (See Appendix B for descriptions). As a result of this preliminary inquiry, it was decided that for the purposes of process investigation January 1, 1995 would mark the beginning of the case while December 31, 1995 was chosen to mark its close. The issue of time boundaries is discussed further in relation to developing the measurement instruments.

6.2.2.3 Data Collection Techniques

As indicated earlier, qualitative researchers tend to favour a research strategy which is relatively open and unstructured, rather than one which has decided in advance precisely what ought to be investigated and how it should be done. It is also often argued that an open research strategy enhances the opportunity of coming across entirely unexpected issues which may be of interest or importance (Bryman, 1993, p. 67). The most common data collection methods used in qualitative research are participant observation and unstructured interviews (Bryman, 1993, p. 46).

Participant-observation was ruled out as a data-collection technique for a number of reasons, but primarily due to lack of feasibility as the research was not focused on the activities of a single organisation. It would be virtually impossible for an individual, for example, to serve as a staff member in all the organisations simultaneously. Additionally, this technique usually requires considerably more time and financial resources than the researcher had at her disposal.

Owing to the multidimensional nature of the four process components of the Enterprise Development framework, it was not considered viable to use unstructured interviewing to obtain the data required to test the model. Although it was determined that a more structured data collection technique was needed, there were three main reasons why survey questionnaires were not used. Firstly, in using a

structured questionnaire, the depth and quality of the information is far less than that obtained through in-depth interviews (Hakim, 1994, p. 49). In light of the paucity of process knowledge, the information requirements defined by this research were considered too high to be met by a questionnaire format. Secondly, structured questionnaires do not consider context, a factor considered important in gaining an understanding of the meanings attached to events, actions etc. Thirdly, given the philosophical stance adopted, it was considered important for the questioning to facilitate the provision of information which may not have been anticipated. This differs from the survey interview where totally structured questioning allows no room to learn of things which may be important to those being interviewed. Hughes (1993, p. 119) raises the question of "whether the meaning of items (on a scale) intended by the researcher is equivalent to that understood by the respondent." Moreover, he argues that people have difficulty in answering questions which are detached from any context that would give them meaning. Indeed, frequently respondents want to ask 'in what circumstances' or qualify a response by a phrase such as 'it all depends' (Hughes, 1993, p. 120). While survey interviews are almost invariably one-visit occurrences (Bryman, 1993, p. 47) which fail to consider context, the data collection techniques adopted in this research involved approximately 18 visits to each community extending over a six month period.

Fundamentally, a decision was made to use semi-structured interviews. Interviews provide rich accounts and insights into situations, behaviour and events. However, they are not without problems. One major weakness of interviews is that a one-to-one relationship does not necessarily exist between what is said to have occurred and what actually occurred which raises the related issue of using subjective data as a source of evidence. Subjective data, such as individual perceptions, involve an indirect assessment and require conceptual transformation as opposed to objective data which do not require any conceptual transformation, for example, income data in census reports. While objective measures are often considered more valid than subjective measures, in reality, any objective measure is a subjective measure once removed. Moreover, the belief that objective measures are more reliable or valid than subjective measures is questioned when one considers how records are manipulated. Arguably, there are many instances where subjective measures that ask

respondents directly and in confidence what goes on within the organisation may yield more accurate data than objective measures obtained from records compiled by the organisation being assessed. Indeed, given the limitations of various kinds of organisational records, it has been generally concluded that data in organisational records can never be taken at face value until a detailed investigation of their accuracies and inaccuracies has been conducted (Van de Ven and Ferry, 1980, p. 60).

The researcher's philosophical stance notwithstanding, evidence indicates that research using both subjective and objective measures of concepts has lacked convergent validity as these measures typically produce inconsistent results (Van de Ven and Ferry, 1980, p. 59). Essentially, this occurs because each type of measure is based on differing interpretations of the concepts. Indeed, while multiple sources of evidence can provide multiple measures of the same phenomenon, an important aim was to ensure the compatibility of concept measures. Therefore, the general strategy adopted was to obtain differing perspectives in measuring process component dimensions, thereby bringing multiple sources of subjective evidence to bear on them. For example, the CEO or Manager of each organisation was asked what Board members do in the organisation (Appendix C, Question 1.22) while Board members themselves were asked similar questions (items 2.16, 17a of Board interviews). The decision to interview people from differing positions in an organisation meant that all nonsupport staff and selected Board representatives would be interviewed. This required the development of three interview schedules: one for employees; one for Board members of organisations with employees, and one for Board members of organisations without employees. This helped increase assurance that problems such as bias or poor recall would not have as great an impact on results. Additionally, nonparticipant observation at Board meetings provided the researcher with an opportunity to gain insight into the group's dynamics and to verify certain elements of the interview data.

A second problem associated with interviews is that the investigator's values can potentially bias response and interpretation. These values can be reflected in the

questions asked, in interactions, as well as in non-verbal cues. In dealing with this issue, the researcher had academic colleagues review the interview schedules and all interview schedules were pilot tested. In regard to non-verbal and other potential cues, every effort was made to neutralise any impact of this nature. For example, because the way in which the interviewer dresses can have a bearing on the forthrightness of the interviewees, the researcher was careful to note the prevailing dress code during the initial interviews and ensure that she 'conformed' to this during the formal interview process.

Thirdly, a problem frequently encountered in interviewing is that the respondents provide the answers the interviewer wants to hear or that the respondent would like the interviewer to hear. Several factors helped minimise this problem. Firstly, in explaining the research was being conducted as part of a doctoral dissertation, interviewees were assured that the researcher had no direct or potential influence or vested interest in the organisations or their activities. Therefore, *ceteris paribus* people would be less inclined to try to give the 'right' answer. Moreover, since the interviewees were unaware that the research was focused on the ways in which the process fostered entrepreneurship, they would be less inclined to try and provide the answers they thought the researcher wanted to hear.

Fundamentally, while both primary and secondary data collection techniques were used in conducting this research, primary data, obtained through interviewing, was the main source of process evidence. However, nonparticipant observation, particularly at Board meetings provided another key source of evidence and was used to help verify the accuracy of interview responses. Secondary data, including census data, reports and documentary evidence, were used to measure objective characteristics of the communities in establishing the process context, and was collected in two phases. Several months prior to conducting the field work, public domain studies, reports and statistical data (primarily 1991 Canadian Census Data) were collected and analysed. This facilitated theoretical sampling and provided the researcher with background knowledge of the development context. During the field work, additional secondary data, including relevant newspaper articles, agendas,

minutes of meetings and other written reports were collected. A list of the major report documents are provided in Appendix D. Where appropriate, secondary data sources were used to verify and augment interview data, such as dates, names...

6.2.3 DESIGN QUALITY

The quality of the research design is essentially determined by the extent of reliability and validity (construct, internal, and external[9]). Yin (1994, pp. 90-99) suggests the following three principles to help deal with the problems of establishing case study validity and reliability: using multiple sources of evidence; creating a case study database; and maintaining a chain of evidence.

Reliability is concerned with the consistency of results. The general way of approaching the reliability problem is to make as many steps as operational as possible. Presumably, if a subsequent researcher repeated the case study following exactly the same procedures as described by the original researcher, the subsequent researcher should arrive at the same findings and conclusions as the original researcher did (assuming time was held constant). The procedures followed in conducting the case study will be dealt with in a subsequent section of the chapter. In maintaining a chain of evidence from which the conclusions at the community level of analysis were drawn, individual verbatim responses for each question were organisationally compiled to create a case study data base. For organisations with employees two files were created - one for the employee responses and one for the Board responses. It is on the basis of this evidence that conclusions about the process at the community level of analysis were drawn.

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[9] *Construct validity* concerns establishing correct operational measures for the concepts being studied. *Internal validity* (for explanatory studies only) involves showing that certain conditions lead to other conditions. *External validity* involves establishing the domain to which a study's findings can be generalised (Yin, 1994, p. 33).

Validity essentially concerns whether the research measures what it is supposed to be measuring. Indeed, the issue of external validity was dealt with in the previous section. In relying on interviews as the main source of data, the issue of construct validity will be dealt with when discussing the development of the measurement instruments.

The concern over internal validity is largely an issue for causal research. However, it may be broadened to the matter of making inferences. Basically, a case study involves an inference every time an event cannot be directly observed. Thus an investigator will infer that a particular event resulted from some earlier occurrence, based on interview and documentary evidence collected as part of the case study. Is this inference correct? In anticipating this question a research design begins to deal with the overall issue of making inferences (Yin, 1994). How the data are interpreted is dealt with in a subsequent section.

6.3 ISSUES IN CREATING THE MEASUREMENT INSTRUMENTS

The research instruments (See Appendix C) were designed to consider context and emphasise open questions, although they include both structured and semi-structured questions. By including questions which enabled the participant to deviate from the strictures of questioning, interviewees were encouraged to provide robust accounts of what they considered important and to reveal unanticipated information. Additional design objectives included ensuring standardisation so that responses could be compared from one organisation to another; providing an explicit and consistent frame of reference to guide individuals in interpreting and answering questions; and ensuring the questions were simple to understand. Indeed, a number of general issues needed to be addressed in developing the measurement instruments including the time perspective, whether descriptive and/or evaluative measures would be used, how to deal with differing levels of analysis, and whether the role of the interviewee would be that of respondent or/and informant.

6.3.1 Time Perspective

As a general rule, an explicit consideration of the time period covered in a question enables the investigator to interpret the respondents' answers with a greater assurance of reliability than if the time frames of questions are left implicit or unspecified (Van de Ven and Ferry, 1980, p. 58). Three to six months is generally considered long enough to recognise normal patterns of behaviour, but short enough to avoid significant distortions in judgments regarding the past (Van de Ven and Ferry, 1980, pp. 58-59). Recognition of a normal pattern of behaviour necessarily requires an historical account over a time period sufficiently long to observe the existence of a repetitive cycle of activities (which by definition is a normal pattern of behaviour). Given the nature of economic development activity, it was deemed necessary to adopt a twelve month time period to determine patterns of behaviour in relation to the dimensions being examined. Although the time frames of measures vary depending upon the specific process concepts examined, most range between six to twelve months and focus on normal patterns of behaviour during these time periods. While it is recognised that descriptions of historical events become increasingly unreliable over time due to loss of memory and the recency effect (i.e. the tendency to rationalise and distort accounts of past behaviour in terms of subsequent and more recent events and conditions) three to six months was considered inappropriate for dealing with the phenomenon in question.

6.3.2 Descriptive and Evaluative Measures

Measurements can range along a continuum from being descriptive to evaluative in nature. Descriptive measures tend to be more value-free, focusing on the factual characteristics and behaviours that actually exist or occur. Evaluative measures are normative or value-laden, and ask a person to provide an opinion about the strengths, weaknesses, likes, or dislikes or characteristics and behaviour. For example, in measuring task flexibility, at the descriptive end of the continuum the person might be asked to describe the day-to-day tasks he/she is involved in and the researcher would interpret the amount of flexibility from this data. At the evaluative

end of the scale the person might be asked whether he/she feels the job provides enough flexibility to carry out day-to-day responsibilities. In the middle of this continuum one might ask a question that requires some description and evaluation such as what proportion of the time the person feels the job provides too little flexibility. Measures that vary along this descriptive-evaluative range yield systematically different results because they affect a person's frame of reference. Essentially, they tap different conceptual domains as they ask different questions.

Generally, evaluative questions require people to invoke their individual standards, norms, or values to make an assessment. Therefore, they are more susceptible to varying frames of reference than are descriptive questions (Van de Ven and Ferry, 1980, pp. 61-62). Descriptive questions tend to be less affected by an individual's frame of reference because they are usually framed in terms of an external or observable standard or norm. In developing the research design, the aim was to define and measure process component dimensions primarily in descriptive terms, while measuring results both descriptively and evaluatively. Fundamentally, the definitions of the concepts to be measured (Appendix E) determined whether evaluative or descriptive measures would be used. However, by keeping evaluative data to a minimum, there was less of a problem interpreting the data as feelings and attitudes did not, for the most part, have a major role to play.

6.3.3 Individual and Collective Levels of Analysis

In measuring certain dimensions of the process components, the individual is the unit of analysis and no aggregation of the data to organisational or community levels is performed. Here, the individual answers questions that pertain directly to his or her behaviour. However, when focusing on dimensions which have a collective unit of analysis, there was a need to address the issue of how to obtain reliable information from individuals to measure the collective phenomena.

There has been great debate in the literature regarding aggregation and disaggregation problems when changing units of analysis. Much of the literature on

the aggregation problem (the individualistic fallacy - making inferences about a group or organisation based on the responses obtained from individual members) has focused either on detecting bias in aggregated variables or in examining changes produced in empirical relations by shifts in the unit of analysis (Van de Ven and Ferry, 1980, p. 69). Indeed, most aggregation problems found in examining relationships across levels of analysis stem from the construction of the measurement instruments themselves. A basic source of error in aggregating data from individuals to groups is in not being clear about whether collective properties are intended to have parallel meaning with individual properties. For example, heterogeneity of skills and centrality of communications apply only to the collective and have no parallel meaning on the level of the individual. A complete explanation of the concepts and their meaning at different levels of analysis is made explicit in Appendix E.

6.3.4 The Role of Respondent versus Informant

Closely related to the collection of individual and collective data are the roles performed by people from whom data are obtained. When the individual is asked to provide information strictly about his or her personal behaviour and perceptions, or personal relations with other individuals or parts of the organisation or community, he/she acts as a respondent. On the other hand, when asked to provide information about the organisation, the person acts as an informant by giving information which is global in nature, pertaining to the collective as a whole and having no meaning for any particular individual. While people occupying different organisational positions were interviewed to help ensure a more balanced perspective of the organisation could be obtained, in measuring more objective concepts, the informants who were deemed most knowledgeable such as the manager, executive director or board chair were relied upon.

To avoid confusing people by asking them to alternate between the role of respondent and informant while answering questions in the same conceptual index, questions pertaining to individual and organisational data are divided into separate

sections of the interview. Additionally, the researcher made a point of introducing each section of the interview by clarifying the specific types of data being requested, indicating whether the individual is to act as a respondent or an informant.

6.3.5 Validity

The main type of validity which needs to be considered in developing the measurement instruments is construct validity. The criticism levied on case studies in regard to construct validity largely centres upon two issues: a failure to develop a sufficiently operational set of measures and a propensity for basing data collection upon 'subjective' judgements. By designing the questions to measure the framework's concepts, the data collected is directly linked to the research question. Additionally, using multiple sources of evidence helps ensure more accurate evidence is provided in addressing the broad scope of issues associated with the phenomenon in question.

The framework developed in the previous chapter focuses on identifying the dimensions of the process components which are believed to stimulate enterprise. Indeed, this model assumes that since enterprise can be learned, the economic development process presents a vehicle through which this can take place. A definition of the various concepts, how they will be measured and how the data was interpreted is provided in Appendix E. The following section deals with documenting the research procedures, a tactic which helps to increase construct validity and reliability (Yin, 1994, p. 98).

6.4 DOCUMENTING THE RESEARCH PROCEDURES

6.4.1 CASE STUDY PREPARATION

Fundamentally, case studies involve the investigation of events within their real life

context. Consequently, in collecting data, a major consideration involves the fact that the researcher does not control the data collection environment as may be the case using other research strategies (Yin, 1994, p. 68). For example, the researcher exerts considerable control when an experimental design is undertaken and can usually inspect the available documents according to his/her own time and convenience when historical documents are the main source of evidence.

Before beginning the case studies, a deliberate decision was made to refrain from contacting anyone in the communities. Although the researcher had obtained contact names while collecting secondary data, it was considered important not to be perceived to be aligned with any particular individual or organisation as this could potentially spark speculation and/or innuendo regarding research sponsorship or intention.

In scheduling the data collection activities, two and a half months were allocated to familiarise the researcher with the communities, to conduct the informal initial interviews, and to make requests to attend a Board meeting; and three months were set aside to conduct the formal interviews. Owing to the distance and expense involved in travelling to the case-study communities, it was decided to arrange as many interviews as possible in two-three day intervals. When the formal interviewing began, days which did not involve interviewing were allocated for transcribing which kept the investigator close to the data, increasing the probability that insufficient evidence or gaps in the evidence would be recognised and followed up. Moreover, by obtaining lodging in the communities and by extending the time period spent in each locale, it was felt that the researcher could get to know community residents and their perceptions better than if an 'interviewing blitz' was conducted whereby interviews were tightly scheduled over a very short time period. This decision is in keeping with the belief of qualitative researchers that considerable involvement is required to be able to interpret a community's understanding (Bryman, 1993, p. 61). In total, over 35 visits were made to the communities.

The final preparation for conducting the formal interviews was to do a pilot study in Pictou County. The pilot study location was chosen for several reasons: the site was geographically convenient; the researcher was familiar with the context (a factor previously argued to be important); there were several organisations considered similar to those expected to be found in the case study communities; the researcher was familiar with the members of some organisations while having no contacts in others. The nature of familiarity was considered strategic for the pilot study because, on the one hand, in organisations where the interviewees were well-known, candid feedback in relation to the appropriateness and structure of the questions could be assured. However, because the researcher lacked familiarity with members of other organisations, this situation provided an opportunity to test the researcher's capacity to gain access. This was considered important, given that the researcher's absence of contacts in the case study communities.

Generally, the pilot study was used to provide insight into the issues identified as important and to pretest the interviews. Prior to the pretesting, academic colleagues were asked to review the interview schedules. On the basis of the information and insight gained from this activity, the research design was refined in preparation for formal interviewing. This process helped ensure that the study was relevant and the questions were able to provide the data required to link to the theoretical issues.

The pilot interviews provided information about field questions and about the logistics of the field inquiry. For example, one logistical question concerned the number of interviews which could be conducted within a day. Because the length of the interviews varied, only two interviews per day could be scheduled. Moreover, because people's schedules varied, it was discovered that it would not be possible to complete the organisational interviews sequentially. However, owing to the depth of the interviews, this was not considered to significantly impact on results. Indeed, there was no indication of contamination - whereby subsequent interviewees appeared to have had prior knowledge of the questions asked.

It was anticipated that considerable lead time might be required in order to arrange

to be an observer at Board meetings. Therefore, it was decided that the request would be made informally during the initial interview and followed up by a formal request in writing (see Appendix D for sample letter) which could be considered at the next scheduled Board meeting.

Two main recording techniques - note-taking and tape recording - were chosen for the investigation whereby notes would be taken during preliminary interviews and Board meetings while formal interviews would be tape-recorded and subsequently transcribed in full. Although transcribing is a lengthy process it ensures the researcher becomes very familiar with the data. Taping ensures complete and accurate recording of responses and facilitates the development of a more informal free-flowing 'conversational' style in the interview as the researcher is able to maintain eye contact with the respondent. Indeed, note taking can be very distracting to the interviewee. Freedom to concentrate on the content and process of the interview helps ensure more accurate follow-up on relevant questions. In preparation for the field work, the researcher obtained the necessary resources including a tape recorder and a sufficient supply of tapes and batteries for conducting the formal interviews; a portable computer for writing up notes from initial interviews and Board meetings; and an ample supply of paper and pens.

6.4.2 DATA COLLECTION

6.4.2.1 Preliminary Investigation

A series of interdependent activities were undertaken in gathering information from both secondary (including census reports and documentary evidence) and primary sources (including direct observation and interviews). One of the first tasks involved collecting and reviewing existing studies, surveys, reports, maps, directories, and news accounts of relevant development activities which had taken place since the fisheries crisis began. Additionally, data from secondary sources such as census reports were obtained and analysed in providing the contextual background for the cases. These data related to, for example, population change and characteristics,

level of education, economic base, employment, income, poverty and welfare, and natural resources.

Beginning on October 27, 1995 a series of 13 alternate one-to-two day visits to the case study communities were made before beginning the formal interviewing on January 3, 1996. Upon initial arrival in each community, systematic observations were made of each community and the nearby areas to gain insight into the nature and characteristics of the community's resources, noting the probable influence of these resources on community affairs, the nature of the community's focal points, and the resources used and goods or services provided by the community.

The next task was to identify and interview people to help in achieving the following objectives: to establish the geographic boundaries of each community; to determine each community's perceptions of its main problems, needs and development priorities; to identify the development activities and who was undertaking them; to familiarised the researcher with the community and its residents so that a more complete understanding could be developed; to build rapport by establishing a relationship with people so that they would feel comfortable and confident in talking to the researcher.

In Eastern Guysborough County, initial contact was made at Canso's Town Office as observation indicated it was a focal point of activity within the Town. This proved to be a fruitful decision as it led to contacts with representatives of two development organisations - the CEO of one and the Chair of the other. In Isle Madame, observation did not identify any relevant focal point where contact could be initiated. Therefore, a decision was made to contact the clergy as it was felt that they would be well informed about the community's development problems and what was being done to address them. This action enabled the researcher to compile a preliminary list of key development actors to contact.

Where possible, first contact was made face-to-face. For example, organisations with offices were visited without an appointment and typically resulted in

introductions to other members of staff. This strategy was considered very effective in establishing rapport and is believed to have contributed to the fact that no interview refusals were experienced. In meeting with various individuals, the researcher began by introducing herself and her research. The main purpose of the research was defined as gaining a better understanding of the Community Economic Development process and the researcher also explained how the communities were chosen and how the researcher had defined a community. However, it should be noted that individuals were not informed of the emphasis on entrepreneurship due to the potential risk of bias during formal interviewing.

The main focus of the interviews was on determining: individual perceptions of the community's life-world boundaries, what the community saw as its main economic development goal(s), and who was involved in attempting to generate improvement in the community's situation. Examples of lead questions include: How has the fisheries crisis affected the community? Who has it affected? What do people see as the main development need? What development activities are currently being undertaken? Who are the people and organisations getting things done? What are some of the priorities for future development?

In determining the community's geographic boundaries, each person was asked to describe the service area of various public and private institutions and activities. For example, individuals were asked where people came from to buy groceries (retail trading area)? to use the hospital? to use the recreational facilities such as the rink?... In effect, individuals were asked to delimit the life-world community. Generally, the initial interviews were open-ended and couched in descriptive terms with care being taken to avoid evaluative topics. Typically, the individuals were also asked to provide a bit of background on the organisation including its activities, structure, and service area. The researcher took a minimal amount of notes (largely just key points and names and addresses of other contacts) in the interest of ensuring rapport was established.

In each informal interview, a point was made of asking who the individual thought

the researcher should talk to and whether there were any reports or documentation that might be of benefit. By cross-referencing the recommendations, the researcher was able to fairly readily establish who the key development actors in each community were. Rather quickly, the interviews were able to: identify a shared understanding as to what geographic boundaries of the life-world community were; and confirm the researcher's notion that jobs were the main concern in both communities. Once the boundaries and goals of development activity were established, subsequent initial interviews were used to verify these definitions. The evidence from these informal interviews regarding the characteristics and dynamics of the community (including important historical events, community boundaries, component characteristics, community resources...) were compared to the conclusions drawn from the studies and reports.

In both communities, several informal interviews did not lead to eventual inclusion in the formal empirical investigation. For example, in some instances it was learned that the organisation was not 'community-based' as its activities were largely determined elsewhere. For example, College L'Acadie is located in Isle Madame but its programs are centrally determined and administered.

During the interview, the desire to attend a Board meeting was expressed provided the organisation was, in fact, found to be a community-based development actor. In most cases, the researcher was advised to make a written request which would be forwarded to the Board for consideration. In attending Board meetings, the researcher had an opportunity to meet Board members prior to making arrangements for formal interviews. As previously discussed, attending a Board meeting was expected to require considerable lead time and in fact this proved to be the case. In one instance the time between making the written request and actually attending a meeting, was three months.

In circumstances where informal face-to-face contact was infeasible for the initial meeting with a member of an organisation, time pressures necessitated making the request to attend a Board meeting by phone. Under these circumstances, two

refusals to the researcher's request were received. Both of these organisations were totally volunteer and because the Board chairs did not work in an office, the researcher was not provided with an opportunity to 'drop in' and introduce herself. When initial contact is made by phone it is far easier for an individual to say no. In retrospect, the refusals might have been avoided had the request to attend a Board meeting been postponed until the researcher had the opportunity to establish rapport through face-to-face contact. However, whether this course of action would have been accommodated by the time period allocated for the case study remains to be seen. Barring this constraint, no problems were encountered obtaining interviews, establishing rapport, and obtaining sufficient data. Indeed, once face-to-face contact was made, people invariably were very willing to cooperate, as indicated, for example, by the candidness of their responses. Generally, the high level of cooperation achieved was believed to be influenced by the independence of the researcher and the perceived practical benefit of the research. Indeed, at one Board meeting attended a request from another researcher was denied as it was concluded that it would place undue strain upon available resources and provide no practical benefit to the organisation.

On the basis of the informal interviews it was decided that the Board Chair and one other Board member would provide adequate Board representation for the formal interviewing since Board members of organisations with employees were not the primary actors in the development process. In regard to organisations without employees, because development activities were not pursued full-time, two interviews were also deemed appropriate in providing an adequate representation of the organisation's activities and how they were carried out. The following criteria were used to select the alternate to the Chair as it was felt that individuals meeting these criteria would possess higher levels of knowledge and insight: holds membership in another Board in the community; has been a longer serving member of the focal organisation.

6.4.2.2 Formal Interviews

Once the formal interviewing was begun, the communities were studied in succession beginning with Eastern Guysborough County. This provided the researcher with a more holistic understanding of the development process in each community and facilitated scheduling. The formal interviews were scheduled entirely on the basis of the interviewee's timetable and availability which meant that rescheduling was often required. Owing to the distances the researcher was required to travel, attempts were made to schedule a minimum of two interviews per day around any scheduled Board meetings, which were invariably held at night. This helped build in contingency for last-minute cancellations. However, near the end of the interviewing in each community, single interview trips were required in order to complete the data collection within the allocated time period.

Having introduced the research during the first interview[10], each second interview was preceded by an overview of the structure of the interview (explaining that it had two parts, the first of which asked questions about the organisation while the second asked questions about the individual in relation to his/her job). Additionally, each individual was assured of the confidentiality of the responses, was invited to ask any questions about the research which he/she felt had not been clarified previously, and was asked permission to tape-record the interviews.

Generally, staff were interviewed before the Board. For the most part, the researcher waited until after attending a Board meeting to arrange formal interviews with Board members so that personal introductions could be made before making the request. This was considered to be a very successful strategy, as no requests for interviews were refused. On average staff interviews took an hour and a half although this ranged anywhere from an hour to four hours while Board interviews were normally an hour in duration. Again times fluctuated, with some Board

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[10] While a first interview was not conducted with Board members, they were provided with an overview of the research in the written request to attend a Board meeting.

interviews lasting three hours.

6.4.2.3 Nonparticipant Observation

Nonparticipant observation was mainly used to gather evidence about Board composition, dynamics and functioning. It should be noted that the researcher did not attend a meeting of all organisations as two requests were refused and it was decided not to attend any Business Development Centre Board meetings as these meetings essentially are focused upon making lending decisions, many of which involve loan requests from outside the communities being investigated.

6.4.3 DATA ANALYSIS AND INTERPRETATION

The analysis of evidence is one of the least developed and most challenging aspects of case study (Yin, 1994, p. 102). Therefore, preparing for analysis by developing a general analytic strategy which indicates priorities for what to analyse and why has been strongly advised (Yin, 1994, p. 103). The most preferred general strategy, and the one adopted in this research, is to follow the hypotheses which led to the case study (Yin, 1994, p. 103). Basically, there are four main analytic techniques which can be used in adopting this strategy: pattern-matching, explanation-building, time-series analysis, and program logic models. In judging pattern matching to be the most appropriate mode of analysis of evidence for this research, its adoption involved relating information from each case study to the hypotheses. The logic of pattern matching involves comparing an empirically based pattern with a proposed one. Using multiple cases with the aim of achieving theoretical replication, it was expected that the patterns would be sufficiently contrasting to test the theoretical framework. If the patterns coincide, the results can help a case study strengthen its validity.

There was one significant constraint encountered in using this approach which the researcher become aware of during the preliminary investigation. Anecdotal evidence and expert opinion had indicated that the two communities selected had

produced differential economic development outcomes. Using Census data, it was confirmed that the communities had surprisingly similar inputs with which to respond to the economic crisis. Because both communities had experienced the same type of economic crisis at relatively the same time, it was assumed that the differential outcomes were linked to process and that the two case study communities fulfilled the requirements for theoretic sampling. However, during the course of the preliminary investigation, the informal interview data indicated that the process adopted in Eastern Guysborough County had undergone some significant changes during the year (and in fact was still undergoing them). Moreover, the evidence suggested that the nature of the process changes were such that they were moving more toward the entrepreneurial process elements proposed within the research framework. This created a major dilemma. Because a twelve month time frame had been established for the measurement instruments which were to be used in investigating process, it appeared likely that the process differences expected would not be found.

The decision to proceed and not attempt to find a 'replacement' community was based on the following factors: Firstly, there were no guarantees that this situation would not arise if another community could be found to fulfil the requirements for theoretical sampling. Indeed, a process is not static. All things being equal, people will attempt to positively influence situations. Secondly, the preselection process indicated that other communities facing similar circumstances had significant differences in inputs which would affect the process, for example, in terms of geographic isolation, distance from growth areas... Thirdly, because the main emphasis of the dissertation is on process, it was decided that the insights gained from examining the process adopted in two single industry communities facing a similar economic crisis could be very valuable to other communities struggling to deal with adverse circumstances. Indeed, one of the problems with Community Economic Development is that there is a very limited knowledge base. In particular, very little has been written about practical experiences and of those accounts which do exist, they tend to be descriptions of particular projects and do not capture the holistic essence of life-world CED experiences. Therefore, it was decided the benefits in proceeding with the originally identified communities outweighed the risk

that there would not be compelling evidence to justify the theoretical framework.

Fundamentally, case study research requires a capacity to interpret the information as it is being collected and to recognise when sources of information contradict one another, requiring additional evidence (Yin, 1994, p. 58). Two ways were used to check the accuracy of reports. Firstly, data was checked to make sure accounts were plausible. Secondly, an individual's account was compared with accounts given by others. In this way the individual's reliability as an accurate reporter could be checked or corroborated by other reports. This process was facilitated by the researcher's strategy of transcribing during data collection. Although it can never be certain that the data collected through interviewing was actually what happened, obtaining more than one account from each organisation provides greater assurance of accurate reporting. Given the open-ended nature of the interview questions, some responses were more in-depth than others. In conducting multiple interviews within each organisation, the various perspectives provided a rich source of evidence for the researcher to use in developing an understanding of the development process. Indeed, in no instance did the researcher have to deal with conflicting evidence. This suggests that there was a high degree of accuracy in interviewee reporting. Indeed, the fact that most of the questions were of a descriptive rather than evaluative nature undoubtedly helped in this regard.

Currently there is no precise way of setting the criteria for determining whether the findings indicate that a match exists. Indeed, quantitative analytical techniques are inappropriate as the variables in the pattern will not have a 'variance'. Given the exploratory nature of the research and the fact that qualitative research inherently does not produce quantitative information, decision rules for interpreting the data were developed (Appendix E) so that the study's findings could be relatively matched to the proposed pattern of the theoretical framework. In using multiple embedded case studies, the first step of analysis was to analyse the embedded unit within each case. Next the findings were interpreted at the single-case level. Finally, the patterns for each single case were then compared in relation to their theoretical generalisability.

In adopting a qualitative approach, one of the major issues was how to deal with the research method's vulnerability to error and bias. Indeed, one way in which researcher bias was addressed, as indicated earlier, was to select communities where the researcher had no prior dealings. Additionally, although the researcher had her version of the findings confirmed by those interviewed, this approach to the issue of interpretation does not address any potential bias in interpreting the link between the data and the theoretical framework (Bryman, 1993, p. 79). Having academic colleagues review the link between the instruments and the theoretical framework was believed to help in this regard. A further test of investigator bias is the extent to which the researcher is open to contrary findings. For example, while the framework proposed that community-based (horisontal) linking mechanisms would facilitate innovation and the synergistic use of local resources, there was little evidence that these mechanisms served this role in either community.

In summary, this chapter has presented the research design for the empirical work and its methodological and philosophical underpinnings. In adopting a qualitative approach in studying community-based development, this chapter describes how the researcher sought and considered as much available evidence as possible. The analysis which follows in the next chapter focuses on the most significant aspect of the case studies, namely process, and illustrates how the interpretations systematically account for and tie together the evidence. While every effort has been made to minimise bias, undoubtedly interpretations are influenced by the researcher's philosophical stance.

CHAPTER 7
ANALYSIS AND RESULTS

The purpose of this chapter is to present the findings from the two case study communities with the aim of better understanding the development process. The theoretical framework is tested by exploring the extent to which the case study evidence supports the fundamental proposition of this dissertation, namely, that *a community's effectiveness in influencing economic development is dependent upon the extent to which the process it adopts fosters entrepreneurship*, even though its main purpose is to foster economic development. Underpinning this basic proposition is one which postulates that *entrepreneurship is fostered when four key process components are congruently configured to match those proposed to foster entrepreneurship.*

Guided by the hypotheses which led to the case study, the empirically based pattern of process components is compared to that proposed to foster entrepreneurship, showing how entrepreneurship affects the community's effectiveness in achieving the desired goals. While the community is the main unit of analysis, community-based organisations were the principal 'actors' in the development process. Therefore, a holistic understanding of the overall process adopted by each community required an assessment of each organisation, which is provided in Appendix F. The purpose of the individual organisational assessments was to identify the dimensions of each of the process components which fostered entrepreneurship on both an individual and an organisational level. Verbatim quotations from interviewee replies was the main technique used in presenting evidence to substantiate the extent to which a dimension of a component was matched. While detailed descriptions of each of the organisations studied involves attending to rather tedious detail, this detail is warranted because of its capacity to help understand the process (Bryman, 1993, p. 63). Indeed, this essentially descriptive detail facilitates a clearer understanding of the ensuing community-level analysis provided in this chapter.

The chapter is divided into three main sections. The first two sections present a within-case analysis of the development process adopted by Eastern Guysborough County and Isle Madame, respectively. Each within-case analysis begins with a context summary, which essentially sets out the inputs to the process. Next, the process is analysed by assessing the extent to which the dimensions of each actual process component are consistent with those proposed in the Community Enterprise Development framework (Chapter 5). To orient the reader, this analysis is introduced by a quick reference profile of participating organisations. Subsequently, effectiveness is addressed by examining the outcomes achieved. Finally, the extent to which the findings support the exploratory hypotheses regarding how communities can influence development is examined. The third section presents a cross-case analysis examining the framework's analytic generalisation. In effect, this addresses the question of whether the findings make sense beyond a specific case. The cross-case analysis begins by establishing that the two cases possess similar resources but contrasting results by firstly, providing a summary highlighting the similarities and differences of each case study community's inputs to the development process or context. Next, in light of each community's process effectiveness, it explores the extent to which process differences account for differences in effectiveness. It concludes by indicating the extent to which some analytical generalisations can be drawn from the results.

7.1 WITHIN-CASE ANALYSIS

Although the primary interest of this research concerns process, process cannot be adequately understood in isolation of its context. Therefore, a brief summary of the input analysis precedes the process analysis as it is these inputs which constitute the development context. In testing the following four hypotheses, the analysis focuses on determining the extent to which each of the actual process components has an entrepreneurial configuration.

1. Community entrepreneurial effort will be influenced by the extent to which the configurations of the task, the formal organisational arrangements, the individuals, and the informal organisational arrangements maximise the potential

for entrepreneurial behaviour.

2. An entrepreneurial configuration of any single one of the four components of the community enterprise development model will not itself be sufficient for effective community entrepreneurial behaviour.

3. The greater the total degree of congruence or fit between the four components, when each also maximises its entrepreneurial configuration, the greater will be the degree of effective community entrepreneurial behaviour.

4. Effective community entrepreneurial behaviour will manifest itself in terms of high levels of innovation; these higher levels of innovation will in turn be reflected in stronger economic performance, greater influence of the community on the path of local economic development, closer fit between the strategies and local environmental conditions, associated higher levels of goal achievement, effective resource utilisation (external and internal) and adaptability.

The emphasis on each component's configuration is fundamental to being able to judge the degree of congruence between the process components, and consequently, the extent to which the process fosters entrepreneurial behaviour, innovation and results in economic development. Indeed, the hypotheses are not mutually exclusive. Each section concludes with a discussion of the extent to which the hypotheses are supported by the findings.

7.1.1 EASTERN GUYSBOROUGH COUNTY

7.1.1.1 The Community Enterprise[11] Development Context

For the community of Eastern Guysborough County, located on Nova Scotia's Eastern Shore, its existence has been tied to the fishing industry since the early 1600's. The fishery has provided not only a stable way of life but also has served as a key factor

[11] The words enterprise and entrepreneurship are used interchangeably to denote the previously discussed set of behaviours exercised in creating innovation.

in shaping a very distinct life-world for the 3,500 residents who now reside there. As part of Guysborough County - one of 18 counties in the province of Nova Scotia - residents have not been strangers to economic adversity. Indeed, over the past two decades the entire County had been experiencing an economic decline similar to that characterising other natural resource based rural areas in industrialised nations. Nonetheless, residents of Eastern Guysborough County were ill-prepared for the announcement by National Sea Products that it would permanently close its plant in Canso on April 2, 1990 in response to dwindling groundfish stocks. Indeed, the imminent loss of 1,500 jobs not only constituted a crisis but it threatened the community's very survival.

The inputs and the strategy adopted in dealing with this situation are summarised in Figure 7.1. Compared to the province and the nation, the community's resources for dealing with this situation were limited. For example, according to the 1991 Canadian Census information, while the province and the country were experiencing population growth, the number of people residing in Eastern Guysborough County had declined 4.4% over 1986 figures. Moreover, the community's unemployment rate hovered at 18.7% which was considerably higher than the 13 and 10 percent reported within the province and the country, respectively. With unemployment rates at this level and census reports indicating the fishery directly accounted for almost half the total employment in the area, few would deny the announced closure of the fish plant constituted a crisis. Exacerbating the situation was the fact that several characteristics of the area's industrial and occupational structure indicated that displaced workers would be unlikely to start new businesses. Firstly, very few residents had occupational backgrounds matching those the literature has associated with people likely to start a business when displaced. Secondly, low skilled processing jobs were shown in an earlier chapter to foster an orientation toward paid employment. Thirdly, people were unlikely to have the financial or educational resources required. Indeed, the average income of Eastern Guysborough residents was 80% of the Nova Scotia average and 70% of the Canadian average, while 26% of residents had less than a grade 9 education as compared to 13% of Nova Scotians and 14% of Canadians.

On the basis on the findings from the comprehensive input analysis provided in

Appendix G, it has been concluded that Eastern Guysborough County is an economically disadvantaged community. In responding to the circumstances being confronted, Eastern Guysborough County adopted a strategy which was shaped not only by the its environment and resources but also by the community's history as manifested in its culture. Indeed, the community was found to have a very strong culture characterised by a keen commitment to place, cohesiveness and cooperation, determination, and honesty. However, buried among these essentially positive elements of culture are cultural attributes which tend to discourage entrepreneurial behaviour, including for example: other directedness, perceived lack of opportunity, and low self-esteem and self-awareness.

Eastern Guysborough County's strategy has been labelled *transitional* as although the main goal has been to maintain and/or create jobs, three distinct approaches have been adopted in attempting to achieve this aim. Beginning in 1990, the community was single-mindedly focused on addressing the economic problems and challenges presented by the crisis in the groundfish industry. The initial approach, championed by the community's residents, was aimed at preserving the status quo and involved efforts to ensure the fish plant remained operational. Once the future operation of the fish plant was assured, a different approach took shape as externally-based government interventionalists attempted to stimulate economic diversification and expansion through locally managed planning and infrastructure activities. Indeed, a number of community-based organisations were established with the expressed purpose of bolstering the plummeting employment rates and addressing other negative effects being experienced as a consequence of the downturn in the fishery. The final and current approach, while also attempting to stimulate economic diversification, differs from the previous one in that, firstly, the impetus for action has shifted from government to the community and secondly, the activities involve more direct attempts to generate business development.

Figure 7.1 Inputs to Eastern Guysborough County's Development Process

INPUTS	STRATEGY
Task Environment ° single-industry natural resource based economy facing imminent collapse ° industrial structure concentrated in primary and manufacturing categories ° 18.7% unemployment (10% NS; 13% Canada) ° declining rural population/ scarcely populated (no population centre over 1,500) ° little infrastructure (no rail service, 100 series highways, fibre optic telephone network or digital switching centre) limiting access to suppliers, markets ° few support services traditionally available from government, financial or educational institutions	↘ Goal: job creation/ maintenance Approaches: (1) maintain status quo (C) (2) economic diversification through infrastructure development (O) (3) diversification through recruitment of business (C)
Resources ° technology base lacking ° technically skilled and professional labour force lacking ° limited financial resources [average income - $16,663 (80% of NS ave; 70% of Canadian ave);29% tax filers receiving transfer payment income; 59% of tax filers with income <$10,000 (33% - NS; 28% - Canada); 5% with income >$30,000 (24% - NS; 29.5% - Canada)] ° low education levels [26% with <grade 9 (13% NS; 14% Canada)] ° no post-secondary educational infrastructure ° access to external resources constrained by limited prior dealings with government agencies, businesses, financial and educational institutions outside the community ° high quality of life [83% own dwelling (71% NS; 63% Canada)]	→
History/Core Values ° commitment to place: *"where we are the community is number one; People...they've been here 40 years - they don't pack up and leave"* ° low expectations: "*...not used to having a lot. They tend to be happy with what they have"* ° perception of limited opportunities: *"other than that we've got rocks and water; We have nothing here really"* ° other directedness: *"You have to bring industry in... there's no other way"* ° cohesiveness, cooperation, determination and honesty (observed)	↗

Adapted from Nadler and Tushman, 1980, p. 267

LEGEND: C - impetus for strategy community-based; O - impetus for strategy provided by outside government interventionalists

7.1.1.2 The Development Process

There were six community-based organisations actively participating in the development process in Eastern Guysborough County at the end of the 12 month period studied (December 1995). Table 7.1 provides a summary profile of each organisation in terms of its geographic service area, mandate, date of inception, services/activities provided, staff complement, funding source, Board size and function. While some organisations, in one form or another, were involved in the process since the onset of the crisis, others were fairly recent entries. Indeed, with differing mandates and geographically defined interests to serve, not all organisations pursued initiatives within Eastern Guysborough with the same intensity of effort. This clearly illustrates the dynamic and complex nature of the process. Moreover, as the findings provided in the chapter will confirm, it also illustrates that a community-based economic development process involves the collective contributions of a range of stakeholders.

Table 7.1 A Profile Summary of Eastern Guysborough County's Development Process Participants

	GEOGRAPHIC SERVICE AREA	MANDATE	DATE OF INCEPTION	SERVICES/ACTIVITIES PROVIDED	STAFF COM-PLE-MENT	OPERA-TIONAL FUNDING SOURCE	NUMBER OF BOARD MEMBERS	BOARD FUNCTION
EAST GUYS Guys County BDC	Guys. County >C[12]	stimulate local employment and business development	1990*	business counselling/ loans, loan guarantees, equity investments (maximum assistance $75,000 for BDC; CDF funds $250,000)	2 ft	ACOA	11	overseeing operations/ resource alloca-tion/invest-ment decisions
Guys County RDA	Guys. County >C	community economic development	1995*	business counselling and technical activities; human resource development; advocacy and lobbying; information and research	2 ft	ERA/ACOA/ Municipalities	9	advisory/ overseeing operations/ re-source allocation
CWADC	Canso Town <C	economic diversification through tourism development	1992	tourism related infrastructure projects	1 pt	CDF, ERA, CEIC/HRDC, Town	9	advisory/ overseeing operations / resource allocation
EGCDA	Eastern Guys. County	economic development	1995*	attraction of small manufacturing ventures	1 ft	ERA, HRDC	8	advisory/ operational/ resource allocation
Canso and Area Resource Centre	Eastern Guys. County	information referral and support for individuals affected by fisheries crisis	1990	contracted HRDC employment services, community group project proposal assistance	2 ft	HRDC	6	advisory/ resource access and allocation
Little Dover Community Development Association	Little Dover <C	economic and social development	1994	initiation of projects related to employment, health, recreation, and heritage	-	fundraising	10	operational and directional (including resource allocation)

[12] >C indicates the geographic service area is greater than the life-world community while <C indicates the geographic service area is less than that of the life-world community

HRDC - Human Resources Development Canada
ACOA - Atlantic Canada Opportunities Agency
CEIC - Canada Employment and Immigration
RDA - Regional Development Authority
BDC - Business Development Centre
ERA - Economic Renewal Agency
CDF - Community Development Fund
CWADC - Canso Waterfront and Area Development Corporation
EGCDA - Eastern Guysborough County Development Association
* incorporation reflects reorganisation of previously constituted organisation

7.1.1.2.1 Task Component

In determining the extent to which the development process's task component was configured to foster enterprise, the following dimensions of the task structure were assessed: task definition, task uncertainty, time and goal focus, flexibility, freedom to experiment, tolerance for failure, diversity of skill, knowledge and ability required, extent of interdependent task ownership and control, extent to which tasks are holistic, nature of rewards, and the nature of the learning opportunities. The results of this analysis are presented in Table 7.2. Generally, the findings indicate that the task structure of development activities within Eastern Guysborough County did not have sufficiently high levels of interdependence, interaction, control, variety and skill requirements to foster significant levels of entrepreneurial behaviour within the community.

Using the Economic Council of Canada's typology (1990, p. 5) which is detailed in Appendix E, the development task was judged to be quite narrowly defined as the majority of activities undertaken in Eastern Guysborough County since the fisheries crisis have been supply-side initiatives. Indeed, when the plant closure was announced in December of 1989, all activity was centred upon attempts to employ the idle human and physical resources. As previously indicated in Table 7.1, activities have centred around expanding the local resource base by either generating new infrastructure or by increasing the supply of financial capital available to the community. Invariably, the infrastructure projects have been tourism-related capital projects. Initiatives which improved the economic productivity of resources to directly increase the community's ability to compete in external markets were minimal. Perhaps the biggest increase in the community's productivity has been realised from the volunteer services Eastern Guysborough County residents have provided to the various community-based

organisations. For example, the Community Development Fund[13] had estimated that its board alone averaged 384 volunteer hours per year (GCCDF 4th Annual Submission, 1994). For the most part, demand-side activities have been focused predominantly on efforts to mobilise the community to act and have generally been of a planning nature.

Although the task was judged to be quite narrowly defined, it was characterised, nonetheless, by a high level of task uncertainty as organisations did not use standardised methods for addressing problems or evaluating results and the outcomes of their efforts were unpredictable.

One element of the task structure which deviated markedly from that proposed in the framework was the extent to which the task had a short-term focus on getting outcomes from action which responded to perceived community need (with a long-term strategic intent). Generally, the vast majority of activities pursued within Eastern Guysborough County either had a long-term focus (ie tourism infrastructure projects) or were developed to indirectly influence economic development, such as those providing information or financial services. Upon examining the nature of the activities pursued up to 1995, there is little evidence that any of these initiatives were designed and undertaken to directly respond to the community's understanding of the problem(s), sense of urgency, and desired outcomes. Indeed, none of the activities were attempting directly to create employment within a relatively short period of time (less than one year).

The findings suggest that the nature of the task focus is being affected by two key influences. Firstly, government programs typically target specific sectors and to qualify for funding, initiatives are required to meet the stipulated criteria. Indeed, most organisations in Eastern Guysborough County pursued activities which either qualified for government funding or were 'off-the-shelf' externally developed program/service options of federal or provincial government programs. Evidence suggests that government funding availability as opposed to need was determining the nature of initiatives being pursued: "... *everyone's pretty well the same - trying to get money*

[13] The Community Development Fund (CDF) was dissolved in 1995 and its assets assumed by the BDC.

from where you can get it. This hasn't changed too much; What we're doing is trying to get as many grants as we can and give people the little bit of work each year that we can get them; We're similar to them [other community-based development organisations] in a way because they're out there to get grants to work on..."

A case in point concerns the provincial government's strategy targeting tourism development. Tourism is an extremely seasonal industry with full capacity being experienced only in the months of July and August, although in recent years there has been some success in establishing a shoulder season during June and September. Therefore, it is difficult to reconcile the prominence afforded tourism with its potential to provide a substitute means of financial self-reliance for the large proportion of Eastern Guysborough County residents whose means of economic self-sufficiency has been jeopardised with the collapse of the fishery. Indeed, most tourism ventures require a substantial financial investment and offer a minimal return on that investment. For example, two bed and breakfasts have been established over the past couple of years and, according to the proprietors, neither generates enough income to enable the owners to be financially self-reliant, now or in the future. Indeed, the statistical data used in the input analysis highlights the fact that, generally, the community possesses very little money to invest.

While tourism development may be an appropriate economic development strategy for the province, there is no evidence to indicate that residents of Eastern Guysborough County considered the pursuit of tourism-related initiatives to be the most appropriate way of responding to the negative economic circumstances being experienced: "... *The way I look upon tourism... it's a bandaid ... Tourism's good for now because it's something to build upon...; It's going to have to be something that's part of the life of the community on a day to day basis as opposed to something that you create for a visiting tourist. A home for the aged or a retirement community where people come here and live and stay here as opposed to a trail where three people in July will come and stroll. It has to be something that enlarges and enriches the community.*" Indeed, a concentration on initiatives endorsed and financially supported by government programs suggests that the means was justifying the end.

Secondly, evidence indicates that outside interventionalists had the primary responsibility for determining what would be done to stimulate economic development in the community. For example, the government established the Community Economic Development Fund in 1990 with the aim of stimulating business development. In doing so, there was no evidence of community consultation. Not only were the main terms and conditions of eligibility unilaterally determined elsewhere, there was no evidence that this government initiative reflected a sensitivity to the community's inputs: "*how it was to be spent was dictated to us because it was a fund of last resort - there was no input... We have some fairly competent people in the area. It's not that we lack in human resources; We've had other federal programs that have come in place which have had very little consultation with the local level of government.*" The implication is that government assumed that lack of capital was one of the major stumbling blocks to economic development. Despite the financial resources at the disposal of the community, there was little evidence of impact. Generally, broadbased opinion was that very little has been accomplished in addressing the community's problems, despite considerable monetary investment from government sources.. "*It appears that there's been lots of opportunity but very little has worked...; Some people have got money through grants... to improve their businesses but there's been no new businesses other than... when this $6 million come in there was a few started up. Some failed and some - one or two of them - are still going...; there is a certain amount of criticism from the general public...*"

Indeed, because the tasks were rather narrowly defined and largely determined externally, they did not provide much flexibility and freedom to experiment in responding to local circumstance. For example, the Community Futures Committee, being a government initiative, stipulated that the committee could not deviate from its planning mandate. "*We didn't have a budget to do projects so all we could do was commission studies... so, you can do studies until the cows come home... but until the governments decide they'll allow you to do anything, you can't.*" Essentially, a lack of flexibility and freedom to experiment meant that the community did not exercise much control over what was done in attempt to address the community's problems: "*If we could create jobs we'd do it*". With little freedom to experiment, it was difficult to determine the amount of tolerance for failure.

The majority of operational tasks were found to require fairly homogenous skill, knowledge and ability. For most organisational initiatives, day-to-day activities largely demanded individual effort and either administrative and technical business skills/background or unskilled labour (work on projects/grants). The one exception to this was found to exist when responsibility for operating activities was assumed by Board members. Under these circumstances, evidence indicated that the operating tasks required the collective contributions of the skills possessed by the various Board members. For example, one member might contribute his/her administrative skills while another's aptitude for proposal writing might be utilised. However, once employees assumed responsibility for day-to-day activities, Boards members were found to serve in an advisory capacity.

There was a marked absence of interdependent control and ownership of the tasks among the range of activities pursued within the community. Generally, organisations saw themselves pursuing activities independent of other community-based organisations. However, a surprising result in regard to this factor was the high degree of perceived external interdependence within the majority of organisations. Indeed, three of the five organisations in existence prior to 1992 indicated ultimate control belonged to the federal government as it was perceived to be dictating what was to be done. Since 1992, informants reported a gradual increase in the amount of decision-making control afforded the community, with one exception. Nonetheless, in spite of government's devolution of control, the amount of interdependence between externally-based government organisations and community-based economic development organisations is significant and is hitherto referred to as 'vertical' interdependence.

The evidence suggests that in providing the primary source of financing for initiatives, government is encouraging community-based organisations to adopt a more external focus when seeking ways to synergistically use resources in stimulating development. In assuming a nonoperational role in the various initiatives, government has allocated sole responsibility for the outcomes to the respective community-based organisation. As a consequence, the majority of activities were reported to foster considerable ownership of the tasks and may explain why a particular activity was considered an independent organisational venture by some members and yet reported to be a 'joint

venture' by others.

Invariably, organisations saw activities through from beginning to end. This not only made the activities very meaningful for both the organisation's staff and the Board, it also served to create a very holistic task structure. Within-community activities were perceived to complement rather than conflict with one another. However, as indicated above, there was little attempt to synergistically use community-based resources to achieve strategically oriented outcomes. Nonetheless, there was considerable collaboration in the use of resources to achieve administratively-oriented synergistic outcomes. For example, several organisations shared office space.

Although most of the tasks undertaken by the community-based organisations were structured to require independent individual effort, they did provide those involved (largely staff) with high levels of intrinsic rewards and many opportunities for learning by doing. However, because the majority of activities undertaken did not require interdependence or diversity of skill, knowledge and ability, there were limited opportunities for broadbased involvement in day-to-day activity which would help expand individual 'scope of action' by learning new perspectives, skills, attitudes and behaviours through collective task performance.

In conclusion, evidence indicates that the task structure of development activities within Eastern Guysborough County did not have sufficiently high levels of interdependence, interaction, control, variety and skill requirements to foster significant levels of entrepreneurial behaviour within the community. While quite high levels of task uncertainty were inherent in all activities due to the novelty of activities undertaken ("*...things are not always what you'd like; It's difficult because you don't know if what you're going to do is going to work out or not*"), task performance generally involved the individual effort of a limited number of staff personnel. Consequently, while these people exercised considerable entrepreneurship in performing their jobs, the nature of the tasks precluded community residents from having many opportunities to learn/practice entrepreneurial behaviour. Indeed, when tasks did require collective contributions, participants exercised considerable entrepreneurship in seeing them through to fruition, as in the case of projects pursued by the Little Dover and the East

Guysborough groups. In the case of both these organisations, projects required the active involvement of Board members. This evidence suggests that in a community where the economic structure has not been instrumental in fostering entrepreneurship in the past, the pursuit of a variety of tasks requiring interdependent contributions of diverse skill, knowledge and ability could provide opportunities for learning how entrepreneurial behaviour can be used in effectively dealing with problems/opportunities.

Table 7.2
TASK COMPONENT ANALYSIS

	CWADC	EGCDA	Canso and Area Resource Centre	Little Dover Community Development Association	Guys County RDA	Guys. County BDC
Task definition	Waterfront infrastructure development	job creation through the recruitment of businesses (emphasis on manufacturing)	information/ referral centre for support available for East Guys Co residents	community improvement"*we work on whatever the community wants us to do*"	facilitating economic development in Guys. County	create jobs by providing financial and technical assistance
Task uncertainty/ novelty	high	high	high	high	high: inherently high as organisation formed in current year	high
Time and goal focus	focus on long term infrastructure development: "*our role is to attract tourists ...to create some more jobs...it's not going to create a big pile of jobs directly but in a couple of years...*"; local accountability	focus on short-term sustainable job creation with a long-term strategic intent:"*we set our goals in the first year to create at least 20 jobs. We put measurements in ...Our long-term goal is definitely to make us a sounder economy*" local accountability	short-term time orientation/ indirect goal orientation: operational funding conditional upon exclusive delivery of HRD services; requires involuntary movement away from the organisationally defined focus "*to help anyone that walks through the door, whatever their problems*"; mixed accountability -both external (HRD) and local (Board)	long-term time focus which emphasises infrastructure development: "*to lessen the dependence on the fishery by providing work for as many people as we can...to somehow provide the infrastructure to allow the community to grow*"; perceived community accountability	long-term time focus which is oriented to providing the infrastructure to encourage economic development: helping expedite individual and community projects -ie active in convincing Mobil Oil to locate in County; accountability perceived to be shared between residents of Guys. Co. and funding partners; strategic focus for all activities; primary accountability externally based (funding partners)	short-term orientation toward providing financial infrastructure:"*providing technical and financial assistance*" perception of being accountable to both the citizens of Guys. Co. and the federal government (funding source)
Flexibility	low: no change in projects pursued since determined at inception	high: freedom to respond to development opportunities which fall under a broadly defined need directed mandate	low: programs/ services/ activities externally determined	high: no external influence on programs/ services/ activities pursued	medium: activities pursued were not subject to outside influence; however, organisation's mandate precluded day-to-day involvement in projects	low: externally determined initiatives (but some flexibility added in acquiring remaining CDF)
Freedom to experiment	low: present but not exercised	high	low	high	moderately high: evidence indicates considerable experimentation	low

Tolerance for failure	high:"*so, there's been disappointments, but nothing to get discouraged about*"	n/a: organisation hasn't completed the initial operating period	largely unknown: no formal evaluation conducted; "*The only way we evaluate our activities and how good they are working is just ask the people and everything seems to be great.*"	largely unknown: no formal performance criteria or standards; "*the only way we evaluate ourselves right now - by what others say about us...*"	n/a: organisation hasn't completed the initial operating period	high:organisation has demonstrated a willingness to take risks in fulfilling its mandate
Diversity of skill, knowledge and ability required	low:operations handled by one individual/ project participants have homogeneous skills	n/a: one employee	moderate: a large percentage of the skills, knowledge and ability required by the tasks for the two positions are quite similar	high: getting projects operational requires contributions from board members with differing backgrounds and skills; projects themselves have not required diverse skill, knowledge and ability	high: staff members' unique educational, skill, and experience backgrounds are required in carrying out the range of organisational tasks	moderate: both full-time positions require fairly similar skills and abilities although these competencies have been acquired through differing means
Interdependent control and ownership between community-based organisations	n/a no strategically focused collaborative initiatives with other community-based organisations	n/a majority of informants reported initiatives to be independently pursued	low: while there is one perceived joint initiative, it is not strategically focused: "*we share a staff person*"	n/a no reported joint initiatives	high: "*we[staff] would look at a particular project...then it's taken to the Board...*"	moderate: decisions to provide 'joint' financing with other organisations are made independently by the BDC
Holistic set of tasks	high: sees waterfront devp't as "*a piece of the [economic devp't] pie...*"	high: activities focused on directly addressing community need	low: increasing external influence creating perception that activities becoming disjointed and less meaningful	high: organisation has both authority and responsibility for design and delivery of activities	high:organisational activities pursued with regard to achieving goals of strategic plan	moderate: while activities indirectly contribute to job creation they are considered complementary and necessary to the functions of other organisations
Intrinsic rewards	high: sole employee/ board members find work intrinsically rewarding	mixed: sole employee reports extrinsic rewards/ board members find work intrinsically rewarding	high: both employees report high levels of intrinsic rewards "*it gives you the opportunity to help people...*" /board members not highly involved	high: no permanent full-time employees but board finds work extremely satisfying	high:"*there's a lot of self-gratification... personal satisfaction*"	high: both employees report high levels of intrinsic rewards "*to deal with a client that has his goals achieved is the ultimate reward*"/board has virtually no operational involvement
Opportunities for learning by doing	low: employee reported having dealt with similar issues before	high: "*it's been a learning experience...*"	high:"*Yes!, many...*"	n/a didn't ask board members	high:"*the more you talk to people, the more you learn...*"	high:"*...where do I begin...; Lots! every day I learn something new...*"

Shading denotes organisations focusing their activities in Eastern Guysborough County

7.1.1.2.2 Formal Organisational Arrangements

The formal organisational arrangements characterising the community's development process were analysed according to the three main elements outlined in Chapter 5 (section 5.4.2.2): interorganisational structures (formal linking mechanisms), internal structures (structural type, authority/responsibility for programme development/delivery, accountability) and human resource systems (emphasis in evaluating/rewarding performance, recruitment strategy). Generally, these arrangements were not found to possess an entrepreneurial configuration.

7.1.1.2.2.1 Interorganisational structures

Table 7.3 shows that few formal linking mechanisms had been established among the community-based organisations for either information-sharing or joint problem-solving purposes. Interlocking Board membership was found to be the most prevalent interorganisational structure, being used by three organisations. 'Officially', this structural arrangement is adopted for information-sharing purposes in helping to build awareness of interorganisational activities. However, in practice, the amount of information-sharing which occurs as a result of this arrangement is often restricted by the confidential nature of the Board proceedings: "... *I can't bring that back and report to this group because of the oath of confidentiality I had to take.*"

Although formal linking mechanisms did not play a major role in fostering information-sharing or joint problem-solving, shared premises was identified as a formal structural arrangement which was instrumental in encouraging informal exchange of information. Indeed, the majority of organisations had either current or past experience with co-location. For example, EGCDA and the Waterfront Development Corporation are co-located in the Town Office while the BDC and the RDA are co-located in Guysborough. Evidence suggests that sharing premises can play a key role in shaping positive relationships. "... *we're doing some accounting and financial management services for them; I mean the Town is good to us - they provide us with an office, telephones, photocopying. Scott and Troy are always helping with computer problems or something like that, the girls take your messages...; We rely on each other; We've*

found the Town of Canso very supportive in terms of open information lines as well as they have recently extended office privileges to me. I was previously located in the Resource Centre - and that was a fine arrangement as well.. so things come really freely in terms of discussion.... communication is open; most of them [organisations] are willing to provide any assistance or information; We have joint staff meetings. We have interlocking memberships on our Boards. We communicate daily;... any time we needed help, they were right there...; There's not many groups or agencies that we don't exchange information with. We help them and they help us... we were involved with Community Services...and the BDC Community Development Fund staff shared office space with us for the past five years until October when we moved back here..."

7.1.1.2.2.2 Internal structures

Invariably, the internal organisational structures were found to be highly organic in nature. Informants reported high levels of autonomy in day-to-day decision-making and very open communication, offering no indication that rules, regulations or controls created impediments in day-to-day activities. In keeping structure and procedure to a minimum considerable flexibility was enjoyed at the operational level. However, the same degree of flexibility was not found at the policy level. Generally, flexibility at this level was constrained by the fact that most organisations' operating and/or capital funding came from a variety of externally-based government sources which stipulated the type of expenditures which could be made. Given that most organisations were being funded by different federal and provincial government programme initiatives, the flexibility required to create community-based economies of action was significantly diminished.

Inextricably linked to the question of flexibility are the issues of authority and responsibility for programme development and delivery. Informants indicated that decisions regarding what activities the organisation would pursue were made by the Board: "*The Board makes all the major decisions... Your CEO will come in with proposals and some of the proposals are all laid out but you still have to make the decisions which ones you want to go with...; Most of our direction certainly emanates from the Board. The specifics of what we do I guess emanate more from staff; We deal*

with all the resources available to the Board - time, space, material and personnel".

Boards perceive their role to be twofold: overseeing operations and setting the overall direction of the organisation: "*Giving direction in regard to proposals, ideas of staff; To make sure everything's in order;...responsible for the funding that you get and that it's spent properly...; They're responsible for directing us in how we spend the funds that HRD provides; We're just there to make sure everything runs the way it started out and the way HRD allow us; To provide direction to staff; Complete management of the BDC; provide the direction for all the activities of the RDA.*" The one exception to this is in relation to the Little Dover Community Development Association whose board also performs operating functions as it does not have any full-time employees: "*Well, we take a part in all the projects...".*

Indeed, in having the opportunity to attend Board meetings, the Board's capacity was observed to be primarily advisory in nature. Meetings typically involved staff reports, proposals and recommendations regarding activities and were not noted to spark high levels of discussion or debate. There was little indication that a Board's purview included identifying or facilitating opportunities for action. The exception to this was observed within the group which lacked full-time employees. Its Board meeting was found to have considerably higher levels of informality, involvement and participation whereby a range of perspectives were brought to bear on the majority of issues before a decision was made. In terms of content, the meeting had a strong action-oriented focus whereby the group identified what it would do to respond to the community's needs and the individuals shared the associated responsibilities for bringing the various projects to fruition.

While all organisations possess complete responsibility for the activities they undertake, the issue of authority is not so clear cut. Indeed, the Boards were found to be subject to considerable external influence: "*They would like one to believe that the community sets its own direction and the community is responsible for its own destiny but there's always intervention. If the powers that be don't like what they see going on, they will influence that decision; We're looking for funding. The government wants this here community involvement and diversification. That's what they're big on now...;*

everyone's pretty well the same - trying to get money from where you can get it...; Every decision we make is based on how [funding source] is going to look at it. We cannot spend money without their approval".

Although evidence indicates that over time government has been relinquishing its authority to the community, it also indicates that the authority retained by government is by no means inconsequential. This comes to light when dealing with the issue of accountability. Indeed, while community accountability exists among the various organisations, nonetheless, the majority of organisations assigned primary accountability to their funding source(s), whether it be federal, provincial and/or municipal government: "*The Town and of course you're responsible for the funding to the funding agencies; HRD as the main funding source; As far as I know the Board makes the final decision but we're funded through HRD. So that's where the end of the line goes; To the federal government through ACOA but ultimately I suppose to the citizens of Guysborough County;... in essence it's responsible to the Board who are representatives of the community in general. The overall responsibility as far as the federal partner would be ACOA; The three funding partners - ACOA, ERA and the three municipal units; Number one, we're accountable to the taxpayers that fund us; We're getting funding from HRD so ultimately you have to account to them for where the money's spent and how.*" The evidence suggests that the fairly high levels of federal and/or provincial government involvement characterising the community's development activity serves to reduce the level of community-based accountability. For instance, the highest level of community-based accountability was expressed by the organisation whose operating activities were totally self-financed: "*We're accountable to the people themselves; The entire community is what we look out for and I guess they look out for us as well. When we do work through government funding, we are accountable in some way to each of those organisations.*"

7.1.1.2.2.3 Human resource systems

The final element of formal organisational arrangements, human resource systems, was not found to play a significant role in the development process. Generally, recruitment was conducted on an ad hoc basis and formal evaluation and reward systems were

either nonexistent or not performance-based.

Considered collectively, the formal organisational arrangements characterising Eastern Guysborough County's development process were not found to have a highly entrepreneurial configuration. Although the organic nature of the internal structures fostered considerable entrepreneurship at the individual level, entrepreneurship declined in moving to the organisational and community levels. A general lack of deviance from the activities prescribed by external government programme offerings suggests that the absence of more broadbased or interorganisational entrepreneurship in addressing the community's identified need was being influenced, albeit indirectly, by externally imposed limitations on the community's authority to act.

The use of interorganisational structures to facilitate information-sharing or problem-solving was quite limited. While the findings indicated that shared premises encouraged interorganisational information-exchange, there was little evidence that these arrangements encouraged strategically oriented joint problem-solving efforts: "*although we share offices...; We work pretty much independently. We've just gone on our own.*" Essentially, the interorganisational structural arrangements were found to foster administrative entrepreneurship[14].

In instilling a penchant for pursuing activities independently, the formal structural arrangements did not encourage strategic entrepreneurship[15]. In essence, the formal organisational arrangements contributed to efficiency by fostering entrepreneurship in 'doing things right' but did little in contributing to effectiveness by fostering entrepreneurship in 'doing the right things'. In effect, by encouraging individual, independent action, the existing formal organisational arrangements curbed the development of a synergistic strategic vision for community-based economies of action in responding to the circumstances being faced. Evidence suggests that the level of

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[14] Administrative entrepreneurship refers to efforts aimed at change in the structure and administrative processes. Essentially, these efforts are directed more to internal management and are indirectly related to the basic work activities (Ibarra, 1993, p. 471).

[15] Strategic entrepreneurship refers to when the basic work activities involve adopting a new approach in attempts to address the community's main problem.

entrepreneurship directed at improving Eastern Guysborough County's situation was affected by the fact that the geographic responsibility of two of the organisations extended beyond the community's boundaries. For example, while the RDA exercised considerable entrepreneurship in capitalising on various opportunities which presented themselves throughout 1995, their efforts did not directly address or impact on Eastern Guysborough County's situation.

Table 7.3

ANALYSIS OF FORMAL ORGANISATIONAL ARRANGEMENTS

	CWADC	EGCDA	Canso and Area Resource Centre	Little Dover Community Development Association	Guys County RDA	Guys. County BDC
Formal linking mechanisms	absent: *"there's no formal structure..."*	minimal: interlocking Board	minimal: ad hoc committees	absent	high: regular meetings with co-located organisations; ad hoc meetings with others; interlocking Board membership	high: regular meetings with co-located organisations; interlocking Board membership
Structural type	organic	organic	organic	organic	organic	organic
Authority/ responsibility for programme development/ delivery	moderate local authority/ complete responsibility	local authority/ responsibility	externally-based programme development authority increasing/ local responsibility for delivery	local authority/ responsibility	moderate to high local authority/ responsibility	authority for programme development externally-based; local responsibility for delivery
Accountability	community: (Town)	community/ funding agencies	external: funding agencies	community: *"We are accountable to the people themselves."*	external: funding agencies	external: funding agencies
Emphasis in evaluating/ rewarding performance	formal monitoring/ evaluation encompasses financial administration only	results-based (business start-ups/ job creation) performance evaluation/ reward; collaborative effort not emphasised	collaboration with other government dept.'s	no formal evaluation/ reward system	evaluation emphasises contribution to strategic plan; collaboration seen as integral to goal achievement	formal monitoring/ evaluation includes monthly loan reviews, staff activity reports, financial statements; collaboration emphasised as a means not an end
Recruitment strategy[16]	community-based organisational representation	community representation	no codified recruitment strategy	no formal recruitment strategy	municipal council representation plus three members at large	geographic representation and a *desire to improve Guys County*

[16] A formal recruitment strategy for employees had not been formulated by any of the organisations.

7.1.1.2.3 Individual Component

The individuals involved in the development process were analysed according to the following attributes: attitudes toward learning by doing, strength of collective community identity, strategic vision for economies of action, nature of skills and abilities, number of overlapping formal and informal connections, degree of trust and respected competence, preferred work style and ability to manage interdependencies and deal with multiple tasks. The ensuing analysis reflects the fact that most development activities were undertaken by staff, rather than Board members or others. Since the various Boards function primarily in an advisory, nonoperational capacity, the behavioral implications of members' attributes were limited. Generally, most individuals participating in the development process were found to have attributes which were highly conducive to entrepreneurship. However, because the projects/activities undertaken required a limited number of people, few community residents were provided opportunities to learn/practice entrepreneurship.

Individual attitudes toward learning by doing were found to be extremely positive. Moreover, the evidence indicates that in acquiring new knowledge/skill through this approach, individuals embraced learning as an ongoing integral part of the development process, rather than being viewed as a discrete activity: "*Every day I learn something new...; I'm still learning a lot. Figuring out how to get the job done...*" In particular, one of the key learning areas was in dealing with people: "*You learn to understand people which is really the key; I was usually shy... It gave me a lot more self-confidence... getting used to a Board; I've really learned a lot about fishermen's logic...*"

While collective community identity did not have relevance for employees as their jobs largely consisted of independent work, it was found to have relevance for Board members because of its direct behavioral implications for the process. The findings indicate that Board members possessed very high levels of collective community identity. Having either lived in the community all their life or having grown up there and returned, Board members expressed a very strong attachment to the community. While they represent a fairly diverse cross-section of people, in terms of both age and

background, their level of involvement in the community is quite similar. On average, Board members were found to be actively involved in five community organisations which suggests that group-based action is perceived to be the most effective means of fulfilling their desire to help improve the community. "*I guess it's because I really want to make a difference. I really want something better for my kids...; Well, I wanted to put something back. I love Guysborough County; I believe in it; Ever since I can remember, I've always liked to see some things developed in the community. I like to be a part of it...I take it to be involved in the community - not only for myself, but my kids who's growing up...; ... so people are proud of the Town; just being able to be a part of it...this is a part of my accomplishment, and his accomplishment... our whole Board, our whole community...*"

Generally, development process participants were judged to have relatively low levels of strategic vision for economies of action. This judgement was based on the fact that although the majority of individuals in an organisation were aware of at least half of the other organisations and what they do, few articulated economies of action which were both community-based and strategically driven. Rather, the vision tended to involve either community-based administratively oriented economies or strategic economies with externally-based stakeholders: "*I think in terms of training opportunities for the Sable-off-shore project... Maybe working in collaboration with the Strait or with Antigonish...we can partner in areas like that; I think we could do even more joint efforts with the school; There's a need for all these organisations to come together. Sometimes there's too many organisations and they're all doing the same thing...administrative work and the actual work doesn't get done; The only thing, really, that's going to help is more jobs...; We need something to generate jobs...; There's a need for training - for leadership training with community groups because they provide a wealth of experience and energy and they could do a lot more. You know we rely on the private sector but it's just not happening here... But there are a lot of community groups out there that can do a lot of good. But a lot of them don't know what they have to do so there can be some training there.*"

The findings suggest that a business background plays an important role in developing an individual's capacity to develop a synergistic strategic vision. Indeed, the highest

levels of strategic vision for economies of action were found among employees who had business skills and/or knowledge. While the overall capacity to recognise the proposed type of economies of action was judged to be low, individuals were keenly aware of human resource deficiencies: "*...helping the workforce retool to fill the new positions...we have to look at bringing back the people that have gone through the education system here, gone away and obtained a university education...;Because we have such a low population base, I guess we would have to come up with ideas or opportunities that we could export...:more involvement; we need go-getters... people that have those connections...you have to take a chance.*" This evidence suggests that while individuals understand the community's problems, the appropriate skills to effectively address the problems may be lacking.

Both Board members and employees were found to have skills and abilities closely aligned with those generally associated with individuals' capacity to innovate. Among employees, for example, high levels of interpersonal, team-building problem-solving and business skills were reported to be required for job effectiveness: "*a good people person, fairly good analytical skills, some financial skills and background and the ability to get good people to work for you; financing, organisational skill, management skills - you've got to be able, particularly when you're dealing with a volunteer Board, to recognise what people can add to the mix...; communication skills, interpersonal skills... you have to be assertive, compassionate; private sector experience; good people skills...; utility - you have to be able to do a little bit of everything...being able to look at things objectively and carry on...; more than anything else, probably people skills - an ability to get along with people; not to be confined by what has traditionally happened but maybe having a little bit of vision as well for what you see as being possible for your area over the next number of years.*" Unlike employees, Board members had little experience or training in business and/or economic development. This suggests that individuals may need business/technical skills in order to capitalise on other skills which can be used to innovative in generating economic development.

While individuals identified interpersonal relationships as one of the things they liked most about their job, routine contacts were not made with specific individuals when needing information or other resources. Consequently, the number of overlapping

formal and informal contacts individuals possessed was not found to be highly significant in fostering enterprise. Rather, the findings indicated that individuals utilised need-determined contacts in acquiring resources. Because needs were dynamic, so were the contacts. The uniqueness of the contacts made by individuals has led the researcher to hitherto refer to the structure used in acquiring resources as 'virtual' networks.

Both within and between organisations, evidence indicates high levels of trust and respected competence, as indicated in the previous discussion regarding the open exchange of information between organisational members. In fact, several Board members offered unsolicited views on the ability and intention of organisational employees to produce valued results: "... *the credit goes to our CEO's; I think staff could operate quite well without us; He was very much what we were looking for and so far has done quite well in the short time he's been here... he earns their trust and they believe in him and he seems to be doing the right things; We have confidence in the staff that are there, based on their performance.*" Indeed, the very harmonious rapport observed between individuals, in a variety of situations - Board meetings, in the day to day office environment (some of which were joint premises), public meetings... indicates a mutual trust and respect.

In favouring the challenge, variety, and relational aspects of their jobs, individuals were considered to have a strong preference for an informal/free ranging style: "*It's not boring by any stretch of the imagination... and there's a huge challenge to it;...every day there's something different...we have a good staff and everyone gets along; New relationships...; It puts you in a position where you meet a lot of different people; Everything's different. It's not humdrum; Meeting people, dealing with them...; figuring out how to get the job done; I like meeting people. I don't like a job that's really routinised... You don't know what you're going to have today.*" Although employees tended to work independently, an ability to manage interdependencies was required in dealing with funding agencies and the organisation's Board. Moreover, because the tasks of most employees were not specialised, dealing with multiple tasks was an inherent part of their job. Indeed, with no evidence to the contrary, it was assumed that Board members were able to manage interdependencies and deal with multiple tasks. Essentially, this factor was only relevant for Boards which were directly

involved in operating activities.

In summary, individuals were found to have positive attitudes toward learning by doing, interpersonal, team-building and problem-solving skills, a preference for an informal/free-ranging work style, and an ability to deal with multiple tasks. In addition, the ability to develop and use virtual networks was found to foster considerable entrepreneurship in accessing needed information and/or other resources. The evidence indicates that the individuals actively involved in the process initiated and undertook various projects/activities with considerable energy, self-confidence, independence, resourcefulness, intuition, creativity, flexibility, and commitment to seeing things through despite the uncertainty of the outcomes. Indeed, the high levels of trust and support afforded employees by their Boards, reinforced individuals' propensity to adopt entrepreneurial behaviour as an appropriate way of dealing with problems or opportunities.

The findings suggest that among Board members, mutual trust and collective community identity were instrumental in generating entrepreneurship in establishing several of the organisations. However, in the absence of extensive business experience and/or training, individuals comprising the various Boards were unable to capitalise fully on their interpersonal, problem-solving and team building skills to develop a synergistic vision for economies of action. This was reflected in a comment from one Board member: *We couldn't do it ourselves. None of us were qualified or had the time or just didn't know how to go about it.* " Therefore, with limited ability to envision how to generate strategic outcomes through economic activity, the Boards tended to set the organisations' direction on the basis of projects/services/activities supported by government programs. When assuming responsibility for day to day activity upon inception, collective community identity did seem to encourage entrepreneurship among Board members, although the activities pursued did not directly attempt to generate sustainable employment: "*I had a lot (of involvement in day to day activities) because we had no staff. We did everything; Well, I could see what the group was trying to do and what they were trying to accomplish and whatever help that I could give to do those sort of things, I'm right there, gung-ho.*"

With a limited number of people needed to carry out the projects/activities of the various organisations, few community residents were provided with opportunities to learn/practice entrepreneurship. Indeed, in the absence of these opportunities, there was no evidence to indicate residents exercised entrepreneurship in attempt to increase their personal financial self-sufficiency through economic activity. Given that opportunities for learning by doing were found to encourage entrepreneurial behaviour, the implication is that if the initiation of projects which generated sustainable economic activity was focused upon, it would provide more people an opportunity to adopt a learning by doing approach in acquiring business skills/experience. Not only would this enable individuals to learn/practice entrepreneurial behaviour, it would also enable them to see how this behaviour can be effectively used in both dealing with opportunities/problems and increasing financial self-sufficiency.

Table 7.4
ANALYSIS OF INDIVIDUAL CHARACTERISTICS

	CWADC	EGCDA	Canso and Area Resource Centre	Little Dover Community Development Association	Guys County RDA	Guys. County BDC
Attitudes toward learning by doing	n/a (*no learning reported)	positive	extremely positive	extremely positive	extremely positive	extremely positive
Strength of collective community identity[17]	high	high	high	high	high	high
Strategic vision for economies of action	low unaided awareness of other orgns; vision of majority of members does not include economies of action	unaided awareness of other orgns; future vision includes economies of action but it tends to be externally focused	unaided awareness of other orgns; little vision for economies of action	low unaided awareness of other orgns; some economies of action expressed in future vision	unaided awareness of most other orgns; economies of action not significant part of future vision	unaided awareness of 2 orgns (not community-based); economies of action minimally reflected in visions

[17] This dimension was assessed for Board members only as it was not found to be relevant for employees

Skills and abilities	interpersonal, team building and finance (E); actively involved, member of 4.5 orgns (B)	corporate background (E); actively involved, member in 6.5 orgns (B)	interpersonal skills (E); actively involved, member of 4 orgns (B)	n/a (E); actively involved, member of 3 orgns (B)	communication skills, ability to deal with multiple tasks,interpersonal skills (E); actively involved, member of 2 orgns (B)	interpersonal and 'generalist' skills (E); actively involved member of 8 orgns (B)
Number of overlapping formal and informal connections	n/a: worked closely with "*no one in particular*" over past six months	n/a: just started in position	moderate number, high overlap	n/a: no full-time day-to-day operating involvement	n/a: employees recently hired	moderate number, high overlap for one employee; other indicated working closely with "*no one in particular*" but noted more reliance on other agencies than in past
Degree of trust and respected competence	Board expressed high level of trust and respect for staff's competence "*the big thing you would expect if you work for a Board is respect*"	Board members share a high level of mutual trust and a great deal of respect for each other's competence as well as that of the newly hired employee "*we have a nice cross-section of different skills at our table; He knows a lot more about business than anybody so we have to put a lot of trust in him.*"	extremely high both among staff "*I can rely on her...*" and of staff by Board "*we're amazed at what they've come up with and how they've dealt with situations*"	extremely high level of trust; perceived competence not relevant as activities were undertaken by volunteers	high level of mutual respected competence and trust among staff	high mutual respected competence and trust between Board and employees
Preferred work style	informal/free-ranging: individual accepted job on the condition that he could determine how, when and where the work would be accomplished	informal/free-ranging: "*we give him a lot of leeway*"	informal/free-ranging: increasing restriction on freedom to act by external sources not positively received by employees	inherently informal/free-ranging	moderately informal/quite free-ranging	moderately informal/quite free-ranging

Ability to manage interdepen-dencies and deal with multiple tasks	ability difficult to assess as current employee was recently hired	routinely deals with multiple tasks"...*keep-ing five others moving along in specific directions at the same time...*"	indeterminable	not relevant: individuals are volunteers	high need to deal with multiple tasks	high need to deal with multiple tasks

LEGEND: (B) refers to board members
(E) refers to employees

7.1.1.2.4 Informal Organisational Arrangements

With the development process consisting of nonroutine, unpredictable tasks and the formal organisational arrangements having few rules and procedures influencing behaviour, the informal organisational arrangements constituted the primary means of coordination and control. In examining the impact of these arrangements on behaviour, the following dimensions were analysed: the principles underpinning action, the extent of collective identity, the level of involvement and participation, extent of agreement on goals, objectives, time scales and outcomes, overlap of formal/informal, business/social relationships, and the extent to which entrepreneurial behaviour expectations have been adopted. As can be seen in Table 7.5, overall, the informal organisational arrangements were found to have a highly entrepreneurial configuration.

In originally shaping the organisational value systems, evidence indicates that members of the various Boards functioned largely on the basis of trust, support and cooperation as these values were found to permeate the organisations and constitute the core principles guiding action. Indeed, observation of day-to-day activity and Board proceedings confirmed the pervasiveness of these principles. Undoubtedly, they have had a major influence on the strong collective identity and high levels of involvement and participation found within the organisations. For example, whether individuals were staff or Board members, they expressed considerable pride and ownership of activities. Aside from noting that the majority of meetings the researcher observed were well attended (even those held in blizzard conditions), staff frequently mentioned the willingness of Board members to provide advice if needed. In working countless nights and week-ends, staff's commitment was unquestionable.

While there was agreement on the aims, time scales and outcomes within each organisation, this agreement did not develop out of a shared strategic vision for the community. Rather, evidence indicates that each organisation operated autonomously on the basis of a mutually exclusive purpose which was developed in response to government funding availability. Although representatives from Eastern Guysborough County participated in the county-wide strategic planning process undertaken between 1990 and 1995 (described in the Community Futures Committee profile in Appendix B), a broadbased analysis and strategic vision was not developed by the community to specifically address its situation immediately following the fisheries crisis. This has had major implications in that the community's residents were expecting their employment problem to be dealt with, yet evidence indicates that organisational activities were not effectively responding to and capitalising on the inputs the community had available for doing so. For example, the Community Development Fund seemed to be established on the assumption that a small business sector would develop if financial incentives were made available. Only through time did it become evident that this type of initiative was inappropriate, indicating that the impact of a community's occupational and economic structure on economic development was not well understood by either the community or government. Indeed, there was little evidence to indicate that the mandates of the various organisations were developed out of a shared understanding of the community's problems and solutions. Consequently, most organisations did not judge organisational performance on the basis of responsiveness to community needs. Rather, the organisation was considered effective by its members if progress was being made in fulfilling the organisation's mandate and the activities were perceived to be making positive contributions to the community. Generally, the extent to which activities were able to address the community's needs by having a positive and measurable impact on employment, was not a criterion in judging success.

In utilising 'virtual' networks to acquire needed resources, the extent to which formal/informal business/social relationships overlapped could not be determined from the data. However, observation suggested that there were no clear boundaries distinguishing formal from informal relationships. Given the size of the community, it has been surmised that, inevitably, business and social relationships are intertwined.

Within all organisations, entrepreneurial behavioral expectations (norms) were found to be highly integrated. Individuals involved in operating activities operated informally, communicated openly, valued ideas, (" *We have a staff meeting every morning at 8:30... everybody knows what everybody else is doing and also, when you let people in on what you're doing, they may have some good suggestions that can help you as well...; we just sit down and talk very frankly.*") demonstrated considerable flexibility and ingenuity in decision-making and problem-solving which frequently challenged the status quo, learned by experimenting, did not fear punishment for taking risks or making mistakes ("*Like anything involving human nature, mistakes will be made; You have to take a chance in order to get what you want; If we fail at this, at least we can say we gave it our best shot.*"), possessed high individual performance expectations as well as high levels of task ownership and commitment to seeing it through: "*Everybody will do a little bit more than you figure they should; it's very common to see people in here in the night-time*" (which was confirmed through observation). In assuming the role of overseeing operations and setting direction, Board members tended to reinforce rather than adopt these norms. However, open communication and task ownership was deeply entrenched in the vast majority of Boards: "*...if you've got something to say, you should say it; The only thing that we really expect from them is to tell us the way it is; From the other Board members you get suggestions; Everyone on the Board has their own little bit of knowledge on certain things that others may not have. We more or lean on each other; If we had something to say to her, we told her what we thought;...we listen to each other; The Board's made up of a good cross-section and I pretty well know who knows what and I'll call them.*"

In conclusion, while unique informal organisational arrangements have developed in each organisation, considered collectively these social structures were found to have a very entrepreneurial configuration. As the main mechanism of coordination and control, the informal organisational arrangements were instrumental in encouraging considerable entrepreneurship. Although trust, cooperation and support were highly valued principles, 'community' was judged to be the most fundamental value stimulating entrepreneurial behaviour and underpinning the entire development process. As indicated in the previous section, the 'community' provided the main motivation for volunteer involvement, providing purpose and meaning for activities: "*It took us a*

couple of years to convince people that we were doing it for the good for the Town... We never gave up and it's starting to show now...; just being able to be a part of it... this is a part of my accomplishment... our whole Board, our whole community; we do things without looking for recognition."

With the vast majority of tasks structured to require independent action, individuals did not perceive their actions to be mutually linked with those of other community-based organisations. Therefore, trust, supportiveness and cooperation did not encourage entrepreneurship in task performance in the ways expected. For example, while organisations regularly shared information, they did not attempt to collaboratively address the community's problems. Indeed, in light of the task structure, the extent of involvement and participation, collective identity, or shared goals and expectations were not found to be highly significant in fostering entrepreneurship.

In surfacing the various behavioral expectations, one additional norm was found to have a very positive influence on the amount of entrepreneurship exercised in day-to-day activity. This involved an expectation that Board members would not interfere with or intervene in day-to-day activities: "*We give them our mandate what to do; We expect that each of the staff members know what they're supposed to do; We have confidence in the staff that are there...; We depend on staff mostly...*" Collectively, the expectations have had a very positive influence on the amount of entrepreneurship exercised within the process as they were deeply entrenched within all the organisations. For example, in being given the authority and responsibility to fulfil the organisations' mandate, employees determined how and when their work would be done: "*As far as the work is concerned I have a lot of freedom... We have flexibility... if I wanted to come in and work at 7:00 in the morning, I can; you have to be a little bit flexible...*"

Unlike many business organisations where a core set of contacts are nurtured and relied upon in acquiring information or other resources, the novelty and variety of the tasks associated with CED activity requires the development of a very dynamic and expansive network: "*I guess it would be issue specific; I just have enough contacts in government and around...; I ask for it; Make a phone call; Asking...; You be as*

resourceful and creative as you can in sourcing it; It depends on the type of information; anywhere and everywhere I can. I don't have any set pattern; No one in particular; Every way we have to. We're not shy... I have a lot of contacts; I guess you have lots of informal networks...It's not really a formal structure. All of us have informal contacts; There's no formal structure. You get information by knowing people...so it's informal; We do whatever is necessary to get the information; usually word of mouth...; You use whoever knows about it." While staff members reported personal contact to be the preferred way of contacting people outside the office, it was also pointed out that because of the size of the County and the distance to other areas, the phone was the most frequent form of communication: "*Depending on what it is, but my way, generally, is to visit people. You've got to look them in the eye...when you ask someone a question the body language tells you a lot; You see them...Once you have a comfort level with them... nurturing contacts is extremely beneficial; mostly phone with a follow-up letter or if it's in the area... phone 'em, write 'em, go see 'em...whatever works; There's a philosophy that there's no one on this planet that you really want to talk to that you couldn't get to in less than six phone calls.*"

Indeed, the task autonomy, variety and involvement has not only encouraged entrepreneurship but this behaviour has had a very positive influence on personal motivation, work performance and satisfaction. This was especially evident when an individual was the sole employee, as individual and organisational accomplishments were one and the same: "*Just the satisfaction that I did a good job - did what they wanted me to do in the period; It's nice to know that people think that you can help them... It makes you feel good that people think you're doing something worthwhile, that you're appreciated; To deal with a client that has his goals achieved is the ultimate reward. Other than that, I guess it's rewarding when you know you've done some good for the community...; I guess the pleasure in knowing that you've helped somebody; I really enjoy, and it's a passion, CED...there's a lot of self-gratification comes with the things that you work on; Probably more just personal satisfaction than anything else.*"

In the absence of a formal reward system, the rewards provided through the informal organisational arrangements were found to have a very positive impact on entrepreneurship. Similarly, a great deal of monitoring and evaluation is done

informally which helps to encourage entrepreneurship as problems or opportunities are responded to when they are recognised: "*I don't think they have any formal structure in place. For the financial administration they do; I guess we judge our success rate by our clientele and their response to what we do; We evaluate as we go. If we were doing something and we didn't think we were doing it good enough we'd make changes; From the monthly meetings we have... the only way we evaluate ourselves right now - by what others say about us or what they tell us; By the number of businesses that start up and jobs that are created; All the loans, loan applications are done on a monthly basis; I think we do a fairly good job of monitoring the activities. We provide the Board with a detailed loan analysis each and every month. We provide the Board with a monthly progress report for all staff members so they know the meetings we attend, the clients we see... I guess we evaluate to some extent by the general public's perception - Are we getting a lot of negative publicity in the newspapers again? The evaluation procedure looks at how things fit in with the strategic plan...*"

Table 7.5

ANALYSIS OF INFORMAL ORGANISATIONAL ARRANGEMENTS

	CWADC	EGCDA	Canso and Area Resource Centre	Little Dover Community Development Association	Guys County RDA	Guys. County BDC
Valued principles include supportiveness, trust and cooperation	n/a[18] Board:"*trust.. we listen to each other; she expected the Board to back her.. and we did*"	n/a: sole employee recently hired; Board members very cooperative, trusting and supportive of each other	highly evident "*we each do whatever needs to be done*"' Board: no strongly valued principles communicated	highly evident "*everybody put that little extra effort into it; dedication, loyalty...*"	highly evident "*we have enough respect for one another and our talents that...*" Board very supportive trusting and cooperative: "*...respect. That's what I try to give them here...*"	highly evident "*everybody seems to have a really good working relation-ship...everyone's open to new suggestions*" Board: cooperative, supportive, trusting of staff: "*we have confidence in the staff...a good working relationship with staff...*"
Collective identity	high	high	moderate	high	high	high

[18] Most of the dimensions of informal organisational arrangements do not apply as individual is sole employee who has just started working part-time with the organisation.

Involvement and participation	low	low	low	moderately high	moderate	low
Agreement on goals, objectives, time scales and outcomes	organisation-ally focused	organisation-ally focused	organisation-ally focused	organisation-ally focused	organisation-ally focused	organisationally focused
Overlap of formal/ informal business/social relationships	indetermin-able	indetermin-able	indeterminable	indetermin-able	indetermin-able	indeterminable
Entrepreneurial norms	high: "... *I knew what I wanted to accomplish yesterday and today...*; Board expects staff to work independent-ly	n/a	high: *"we each do whatever needs to be done..."*	high: open communica-tion - *"...if you've got something to say, you should say it...; they knew what they were supposed to do, and they just went on their own and did it"*	high:*"Let's just do it... "*	high:..."*don't just let things slide.."*

7.1.1.3 Process Outputs

Previously, it has been argued that a community's effectiveness in endogenously influencing economic development will depend upon the extent to which the process is congruently configured to foster enterprise which, in turn will influence the extent of innovation and economic development achieved. Having assessed the extent to which the components of Eastern Guysborough County's development process possessed an entrepreneurial configuration, this section examines the outputs produced by the interaction of these four components, with respect to innovation and economic development.

7.1.1.3.1 Innovation

Using the criteria outlined in Appendix E, innovation within both the process and its outputs was assessed. Generally, evidence indicates that while some process innovation was achieved, there was little innovation which could be directly related to the achievement of desired economic development outcomes.

The principle process innovations involved sharing premises and personnel which served to decrease operating expenses and facilitate more timely decision-making as information was regularly exchanged. A second area of process innovation involved the establishment of interlocking boards which helped insure that the various organisations were aware of the activities which were being undertaken in the community. Overall, while the implementation of ideas which were new to the process participants resulted in greater efficiency in the use of resources employed in undertaking activities, these innovations did not result in an improvement in the community's economic output, income levels or employment. Fundamentally, the innovation was administrative rather than strategic in nature. Consequently, although the increased efficiency contributed to organisational task accomplishment, it did not facilitate the accomplishment of community goals as organisational tasks did not, directly, involve or influence the creation or maintenance of sustainable employment. This indicates that it may be important to differentiate between administrative innovation, which is directly related to internal management as it involves the creation of new or improved structures or administrative processes, and strategic innovation which is directly related to achieving the primary outcomes desired by the community.

7.2.1.3.1 Economic Development

In determining the extent of economic development achieved by the process, the outputs were assessed according to: goal achievement (the extent to which the community's desired goals are achieved), resource utilisation (in relation to goal achievement the concern is whether resources are sustained or depleted), and adaptability (whether the community is able to adapt to environmental conditions). Table 7.6 presents a summary of the results achieved by the various organisations during 1995.

In examining these results in relation to the community's main goal of maintaining and/or creating jobs, there is little evidence to indicate that jobs were created or that the community's economy had become more diversified. Indeed, no sustainable jobs could be directly attributed to the process. However, it appears reasonable to assume that the pending completion of a number of tourism-related infrastructure projects will help to diversify the community's economy to some extent.

Table 7.6

Summary of Results Achieved During the 1995 Operating Year

	RESULTS ACHIEVED
CWADC	completing the Centre Town park; getting the walkway underway; signage
EGCDA	hiring a CEO to be responsible for recruiting businesses to the area; receiving approval of their CAP (Community Access Project) application; obtaining a commitment from a business to locate in the area[19]
Canso and Area Resource Centre	successfully helping TAGS recipients access government assistance; assists an average of 60 clients per day; high levels of staff productivity and satisfaction
Little Dover Community Development Association	Black Duck Cove day park ahead of schedule in its completion; constructed a building to house the organisation by soliciting donations of needed materials and supplies
Guys County RDA	getting the organisation operational; other achievements, including influencing Mobile Oil's decision to locate in Country Harbour, did not involve Eastern Guysborough County
Guys County BDC	improving the climate of job creation; making financial contributions to County businesses which created 15-25% more jobs than expected; specific results for Eastern Guysborough County were not indicated

In regard to resource utilisation, evidence indicates that invariably resources were depleted rather than sustained as a result of activities. Finally, in regard to adaptability, there was no evidence indicating that the community's capacity to adapt to environmental conditions had been materially increased. Although the community experienced an increase in the number of community-based development activities as well as an increase in the number of people participating in these activities, a very small proportion of community residents were involved in the process. Moreover, of those who were involved, the majority were either retired or currently employed volunteers. Indeed, left to their own devices, residents took no initiative to start new businesses in attempt to increase personal financial self-sufficiency. With no evidence indicating that significant progress has been made in achieving the aims desired by the community, it can be concluded that the process has not successfully modified the way in which the community deals with problems.

Overall, the findings indicate that the innovations generated were not directly

[19] This commitment did not materialise.

contributing to the fulfilment of the community's desire for employment. Additionally, with no significant improvement in the community's economic output, income or employment, it can be concluded that the process was not effective in influencing economic development.

7.1.1.4 The relationship of the findings to the exploratory hypotheses

This section considers the findings in relation to the exploratory hypotheses which posited that the greater the total degree of congruence between the various components, the more effective will be community entrepreneurial behaviour, provided the four components are configured to maximise the potential for enterprise. Effective entrepreneurial community behaviour has been defined as behaviour which leads to higher levels of innovation, economic development, goal attainment, effective utilisation of resources, and adaptation.

Overall, there was little evidence indicating that the process has been effective in producing the behaviour required to achieve high levels of innovation and economic development. Although the findings indicate that the process has begun to shift more towards an entrepreneurial configuration, for example, greater authority is being assumed by a number of organisations in determining the nature of activities undertaken, owing to the nature of development activity, the extent to which this shift will result in greater levels economic development effectiveness becomes a matter of future resolve.

To better understand why Eastern Guysborough County has not been successful in generating innovation and economic development, an examination of the degree of congruence between the four process components is required. Of the four components constituting Eastern Guysborough County's development process, previous analysis has determined that while the informal organisational arrangements and the individual component of development process were judged to have a fairly strong entrepreneurial configuration, the task component and the formal organisational arrangements were

found to have a fairly weak entrepreneurial configuration. In lacking the required levels of interdependence, interaction, control, variety and skill, it can be concluded that the task structure was not appropriate for fostering the type of behaviour required to achieved the goals desired by the community. Indeed, there was no evidence indicating that the activities comprising the development 'task' provided residents with sustainable income generating opportunities which enabled or required them to learn/practice entrepreneurship. In lacking the authority to make expenditures on activities which deviated from those funding had been provided for, most organisations did not possess the autonomy required to flexibly respond to various opportunities or problems which might be identified. Moreover, with most organisations independently pursuing a narrow range of activities, there was little reason or motivation to identify community-based opportunities for economies of action in responding to community need. Although the individual component and the informal organisational arrangements were quite entrepreneurially configured, congruence between these two components was not sufficient to foster behaviour which was effective in addressing the circumstances being faced.

In light of the evidence, it has been concluded that the main reason why the process was ineffective in influencing economic development was that the strategy adopted in attempting to create/maintain jobs did not 'fit' the local environmental conditions. Rather than being directed by a self-determined vision of how the community's problems, needs and expectations could be best addressed, the activities undertaken were being determined by government or significantly influenced by government program funding availability. Fundamentally, adopting a strategy which implicitly assumes that individuals would start a business if more resources were available indicates a lack of congruence between the development task and the existing behaviours, attitudes and competencies of the community. In the past, residents have depended on others for employment and for finding solutions to their problems. Indeed, the nature of the community's economic structure has meant that people did not require high levels of education, skill, or entrepreneurship in securing financial self-reliance as reflected in the following account: "*When I was going to highschool, I knew that I could get out of highschool and the next day I could go to work down here and I could come home with probably about $3,000 for just working the summer -*

just an off-the-street employee." Consequently, when the community's economy collapsed, the majority of those affected lacked the competencies (educational, skill, and entrepreneurial) which have been attributed to individuals who launch a new venture. Moreover, given that low-skilled processing jobs foster an orientation toward paid employment, residents would be expected to seek employment rather than consider starting their own venture. Arguably, in aiming to create/maintain jobs by endogenously developing the small business sector, it would be necessary to adopt a strategy which directly attempted to provide residents with opportunities to develop the competencies needed to embark on self-employment. By pursuing a broader range of tasks with diverse time and goal orientations, a capacity to produce valued results in the short-term would help convince residents that involvement in the development process could provide a means of meeting both personal and community need.

Generally, two major assumptions underpinned the narrow range of tasks pursued within Eastern Guysborough County: that the major barrier to economic development was the lack of financial capital and that economic development could be achieved through tourism. However, the lack of economic activity generated by a significant increase in financial capital challenges the validity of this assumption.

Essentially, the strategy was designed to react to rather than stimulate entrepreneurship despite the fact that previous employment involved the performance of relatively routine jobs which did not required individuals to learn/ exercise entrepreneurial behaviour. Since development activities did not create any sustainable employment as they were oriented toward infrastructure development, the process was not perceived to be producing valued results as residents were seeking jobs which would enable them to earn enough income to provide for their basic personal needs. Essentially, there was no basis for building broadbased interest and enthusiasm for starting a small business. Indeed, in the absence of successful new venture initiatives which would serve to illustrate how entrepreneurial competencies could be used to create an alternative means of financial self-sufficiency, there was little motivation provided for individuals to adopt new behaviour patterns in dealing with their problems.

In summary, it has been determined that the main reason why the community was not effective in meeting its needs and expectations was that the strategy did not fit the environmental conditions. Several factors contributed to this: the strategy was largely externally determined and therefore did not reflect the community's understanding of its problems and what needed to be done to solve them; the strategy ignored the behaviours, attitudes and competencies required for people to initiate economic activity; there were no examples provided from which people could learn how entrepreneurship could be adopted in effectively coping with their problems; and there was not enough diversity in the time and goal orientation of activities.

In conclusion, analysis has shown that the inability of Eastern Guysborough County's development process to produce the outcomes desired (as derived from explicit and implicit strategy statements) was related to the lack of congruence among its four components. Although two of these components were consistent with the configuration posited to foster enterprise, this was not sufficient to stimulate behaviour which was effective in influencing economic development. Indeed, the findings indicate that the lack of community entrepreneurial effort was related to the extent to which the process component configurations maximised the potential for enterprise. Moreover, evidence indicates that it is important to differentiate between administrative and strategic innovation as there was no direct relationship found between the former and goal achievement. Generally, the findings lend considerable support to the exploratory hypotheses.

7.2.1 ISLE MADAME

7.2.1.1 The Community Enterprise Development Context

Situated on the southern-most part of Cape Breton Island in the county of Richmond, Isle Madame is a community whose geographic boundaries and economic base have been carved out by the sea. Historically, the fishery has formed the economic backbone of the island's economy. For decades, the island's two largest settlements, Petit de Grat and Arichat (located 3 kilometres apart) symbiotically thrived off the fishery with the former being the centre of fishing activity while the latter provided the Island's social, professional, retail, financial, and municipal services.

However, the dawning of the premillennium decade marked the end of the stability the community had traditionally been accustomed to. In 1990, the impact of the collapsing groundfish industry was being noticed and by 1991 it was rapidly taking its toll on the community. For example, there were times during 1991 that nearly 40% of fisheries workers were unemployed. Amidst worsening socio-economic conditions, the closure of the Island's largest fish plant in 1992 thrust the community into crisis.

By all accounts, the situation was bleak. While some natural/physical, governmental, educational resources did exist, they were fairly limited. In regard to human resources, the following profile of population, employment, income, and education provides considerable insight into how economically disadvantaged the Island was at that time. While the population of both the province and the nation were growing (3.1% and 7.9% respectively), Isle Madame's population of 4,333 (30% of which are Francophone) reflected a decline of 6.7% since 1986, with outmigration concentrated among those under 45 years of age.

In 1991, Isle Madame's unemployment rate was 19.9%, as compared to 13 and 10 percent for the province and the nation. Manufacturing accounted for almost 30 percent of employment, which is approximately twice the percentage of jobs this industrial sector provided provincially and nationally. With fish processing constituting virtually all the Island's manufacturing employment and fishing itself accounting for most of the

employment in primary occupations, the fishery was directly accounting for approximately 500 jobs which is one-third of total employment. An examination of the community's occupational structure reveals that only 6% of people had management/ administration occupations as compared to 10% in the province and 12% in the country. This data confirms the findings of others presented in an earlier chapter which suggested that low-skilled manufacturing firms usually provide little opportunity for the development of managerial, professional or technical competencies. The tendency of routine manufacturing to create an orientation toward paid employment was reflected in the following comment: "*Most people don't want to start a business. They want a job.*" Indeed, there was no evidence indicating that displaced workers would be likely to develop an endogenous small business sector.

Serving to further constrain the likelihood of new venture formation were income and educational levels which were significantly lower than the provincial and national average. For example, the average income for residents of Isle Madame was found to be 82% of the Nova Scotia average and 71% of the Canadian average. Indeed, 57% of tax filers reported income <$10,000 while only 7% reported income >$30,000. In terms of education, 25% of the population had less than a grade 9 education as compared to 13% of Nova Scotians and 14% of Canadians.

In examining the culture to gain insight into the community's history/core values, several key elements surfaced: extremely high levels of collective community identity, affection for the community's natural beauty, highly valued personal relationships, parochialism, low self-esteem, a perception of nepotism, and a belief that government has an obligation to intervene. Indeed, these cultural dimensions bear little semblance to those typically associated with an entrepreneurial culture.

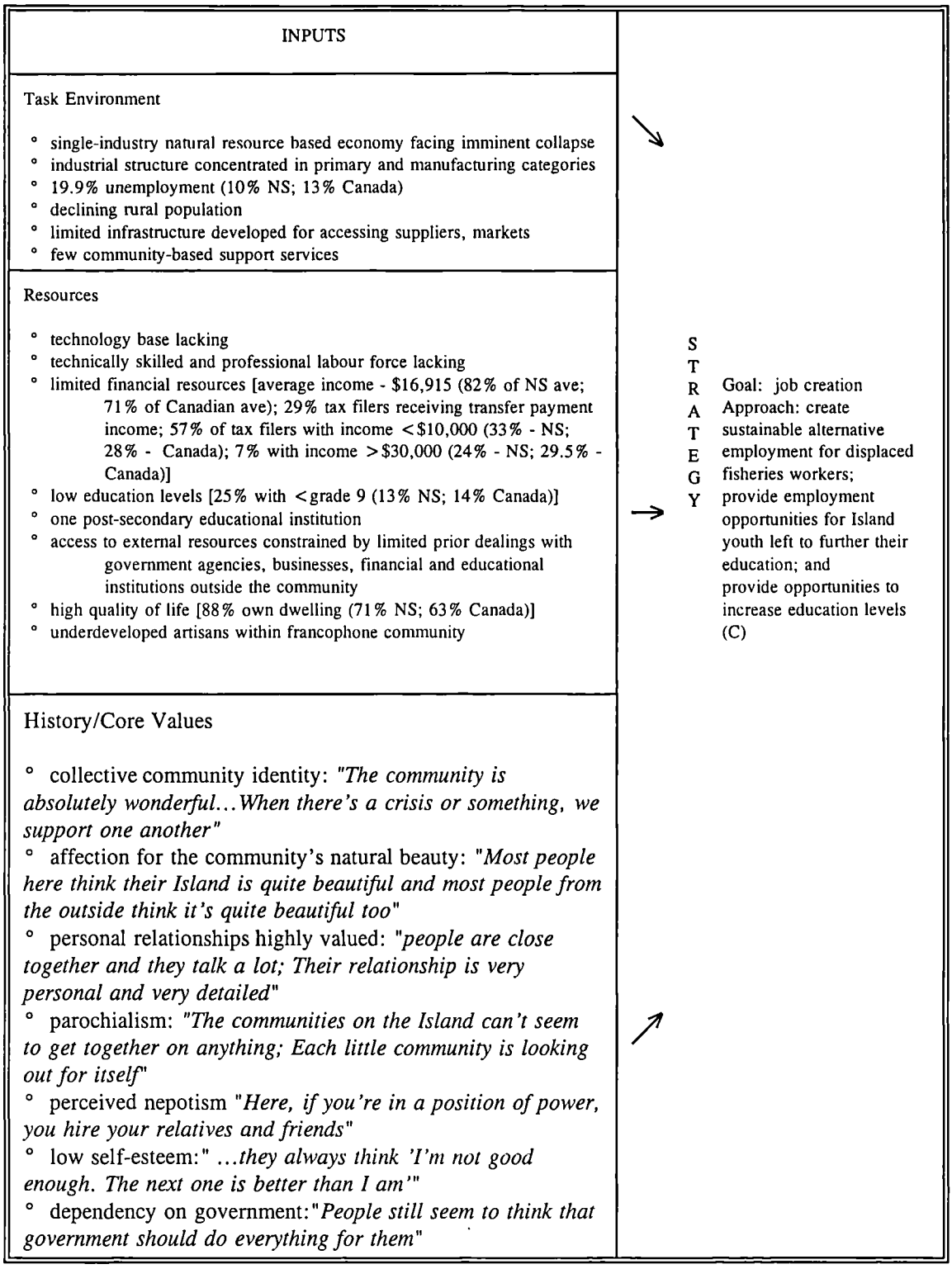
Although the total collapse of the groundfish industry was not anticipated when the fish plant closed, the severity of the situation prompted the establishment of an Industrial Adjustment Services (IAS) Committee. In 1993 the committee commissioned the preparation of a report to assess the current fishery, determine its impact and develop an action plan for adjustment and economic renewal that reflected community input. Indeed, it was this report which shaped the strategy adopted in dealing with the

situation. Evidence indicates that the report was widely read and accepted throughout the community and has provided a focus for the vast majority of the initiatives pursued. Underpinning the action plan was the long-term strategic aim of achieving economic renewal through economic diversification while maintaining the Island's current lifestyle and increasing people's self-esteem and perceived sense of well-being. The overall approach advocated was to create or expand community-based small businesses which would be clean, environmentally friendly, and provide meaningful work.

The Island's strategy has been labelled *evolutionary* as although there have been shifts in short-term priorities, a commitment to the original strategic vision was maintained throughout the process. Indeed, when the total collapse of the fishery in Isle Madame become known after the report was released, the community was not deterred from pursing the report's recommendations. Rather, it embarked on the development process propelled by a strong belief that the community possessed the capability to deal effectively with its problems.

From the outset, a very proactive approach was adopted in addressing the needs of the community. Dismissing outmigration and the recruitment of a labour intensive employer as viable options in dealing with the present circumstances, in the short-to-medium term the community set out to begin rebuilding its economy by pursuing aims of both an economic and social nature. Indeed, while economic aims took priority, it was generally understood that any activities which compromised the social fabric of the community would not be pursued. The economic aim was twofold - to create employment for remaining residents so they would not have to leave and to create employment opportunities for Island youth who had left the area to further their education. Socially, the aim was to increase education levels so that residents would have the educational qualifications required for most jobs and retraining opportunities. Indeed, as Figure 7.2 illustrates, the influence of the fishery has been pervasive in shaping the nature of Isle Madame's development context.

Figure 7.2 Inputs to Isle Madame's Development Process



Adapted from Nadler and Tushman, 1980, p. 267

LEGEND

C - source of impetus for strategy from community

O - source of impetus for strategy from outside government interventionalists

7.2.1.2 The Development Process

The six community-based organisations actively participating in Isle Madame's development process at the end of the 12 month period studied (December 1995) are profiled in Table 7.7 below. While there is considerable variation among organisations, particularly in terms of geographic service area, mandate, date of inception, services/activities provided, two thirds of the organisations reported having a common purpose and geographic focus - addressing the impact of the fishery collapse on Isle Madame. Indeed, the raison d'être of two organisations (DIMA and Telile) is to directly respond to the fisheries crisis in ways recommended by the IAS committee report; another organisation (La Picasse) decided to incorporate economic development into its original mandate in response to the fisheries crisis; while still another has attempted to address the social/recreational needs of displaced workers. Given that the two organisations with off-island locations and broad geographic areas to service did not report initiating any activities for this purpose, suggests that the broader the geographic mandate, the less proactive and need-focused the organisational involvement.

Table 7.7
A Profile Summary of Isle Madame's Development Process Participants

	GEOGRAPHIC SERVICE AREA	MANDATE	DATE OF INCEPTION	SERVICES/ ACTIVITIES PROVIDED	STAFF COMPLE-MENT	OPERA-TIONAL FUNDING SOURCE	NUMBER OF BOARD MEMBERS	BOARD FUNCTION
ISLE MADAME La Picasse	Richmond County (francophone community of which 85% resident in Isle Madame) >C	addressing the social, cultural, economic and educational needs of county francophones	1991*	construction of multipurpose community centre	-	3 levels of government, community, province of Quebec	12	project implemen-tation/ completion
Island Association for Community Awareness	Arichat <C	social development	1991	provision of recreational programs, office/meeting space for service groups; operation of tea room	-	operations	12	operational
InRich BDC	Richmond and Inverness Counties >C	increasing economic activity through small business development	1990*	financial and technical assistance (primary activity considered lending)	3 ft	ACOA	12	investment decisions/ over-seeing operations
DIMA	Isle Madame	economic renewal	1995*	initiating projects to create new jobs, retool the human resource	4 ft	ERA, HRDC	28 (15-20 in regular attendance)	project review/ overseeing operations
Telile	Isle Madame	foster a learning culture and an entrepreneurial culture	1994	operation of a community cable TV channel, community programming, video production	5 ft	operations	5	organisa-tional direction and policy
Straight-Highlands Regional Development Agency	Inverness, Richmond, and Victoria Counties >C	regional strategic economic planning	1992*	assisting communities with planning, organising, or project development	4 ft	ACOA, ERA, municipal units	15	overseeing operations

HRDC - Human Resources Development Canada
ACOA - Atlantic Canada Opportunities Agency
ERA - Economic Renewal Agency
RDA - Regional Development Authority
BDC - Business Development Centre
DIMA - Development Isle Madame Association
* incorporation reflects reorganisation of previously constituted organisation

7.2.1.2.1 Task Component

The task component of Isle Madame's development process was found to have a highly entrepreneurial configuration as it possessed broad task definition, task uncertainty, a short-term time and goal focus, considerable flexibility, freedom to experiment, tolerance for failure, diversity of skill, knowledge and ability requirements, a holistic set of tasks, high levels of intrinsic rewards, and provided numerous opportunities for learning by doing. As can be seen in Table 7.8, the only dimension found not to be consistent with an enterprising task structure was the nature of task ownership and control.

In undertaking a diverse set of both supply and demand-side activities, Isle Madame's development task was judged to have broad task definition. For example, among the supply side activities, some initiatives were oriented toward using idle human resources. DIMA, while not assuming direct responsibility for training and skills development, was very involved in assessing the educational and skill needs on Isle Madame, identifying programs to effectively meet these needs, and encouraging people to pursue educational opportunities such as employment preparation programs and academic upgrading courses. Telile's activities, designed to combine job creation and training in video production for unemployed fisheries workers, were also instrumental in enhancing human resources. In utilising idle physical resources, the Island Association for Community Awareness established the Active Living Centre by acquiring and renovating the building vacated by the Richmond County School Board office.

Other supply side activities were found to expand the community's resource base in a number of ways. Firstly, new institutional infrastructure was created by the formation

of five new Island-based development organisations since 1991 (refer to Appendix B for descriptions). Secondly, capital infrastructure was created through the construction of La Picasse. Additionally, the Active Living Centre augmented the community's capital infrastructure base in 1995 by providing a venue for offering a number of educational and training programs which normally would be held off the Island. Finally, the community's financial resource base experienced a marginal expansion in 1995 by an increase in INRICH's available capital funding.

Activities aimed at improving the productivity of community resources have been numerous. For example, DIMA's Coastal Mapping project is generating a natural resource data bank which can then be used to identify value added enterprise or tourism opportunities. One of the major ways in which productivity was enhanced in all Island-based organisations was by the use of volunteer services. Indeed, within organisations which had no full-time employees, unpaid labour ensured operating costs were kept to a minimum. Even when Boards were not directly involved in day-to-day operations, their members and other people in the community contributed to productivity in many respects. For example, staff have relied on Board members for particular expertise or used them as the spring-board in sourcing information or other resources. "*We have different people that do different things for us on a volunteer basis. The clergy...businesses... the school...the Active Living Centre... the Municipality; On occasion, there are things that Board members can do, not because they're Board members, but because they can do it and the staff can't.*"

Since the development process began, the nature of the demand-side activities pursued have tended to vary over time according to perceived need. For example, upon initially recognising the crisis, demand-side activities were predominantly informational in focus. For the most part, they were aimed at mobilising the community to act and included the collection and evaluation of information on market opportunities. During 1995, demand-side initiatives were essentially influentially oriented. For example, La Picasse successfully induced individuals in the Acadian community to commit to launching or expanding a number of enterprises which will be located in its facility

upon completion. Additionally, two ventures which were originally projects of DIMA - Telile[20] and the Small Options home - became fully operational and self-sustaining ventures in 1995.

While a very diverse set of activities were pursued on Isle Madame, one attribute shared by all of them was a high level of task uncertainty. Indeed, the novelty typifying initiatives made for high unpredictable outcomes. Moreover, all organisations reported facing difficulties for which there were no standard solutions: "*If we have a problem, we tend to resolve it amongst ourselves; In some cases (problems were dealt with) clumsily and awkwardly because we didn't know what we were doing.*"

The majority of organisations were engaged in one or more activities which were in keeping with the longer term strategic vision but intent upon addressing the community's needs within a time period of one year or less. However, the community may not have been fully capitalising on its capacity to respond to its needs. While most activities were in keeping with the community's strategic vision, the findings indicate that ultimately, the decision to proceed with an activity or project may have been predicated upon the availability of government funding. "*These agencies...They'd be more useful in the community to do what the community wants to do not what they want to do... it's not only the money but it's the support you need; Instead of getting people to try and get the projects to fit the criteria, you should try to make the criteria flexible enough that it would fit the proposal because we're having great difficulties with that... a lot of bureaucracy and red tape...; ...a really good project is altered at somebody else's whim. You can put a lot of work, time and energy in and it might not go anywhere.*" More than one informant recounted having to abandon or shelve viable projects as they were not eligible for government support. Nonetheless, several initiatives succeeded in creating sustainable employment during 1995 while others, in succeeding to increase the education levels of many residents, for example, contributed to the shorter-term aim of increasing employability and the long-term strategic aim of

[20] Although Telile was incorporated as a non-profit company in December of 1994, 1995 was considered its first year of operation.

increasing self-esteem. However, for the two organisations whose geographic service area is not concentrated in Isle Madame (BDC and the RDA), there was little evidence to suggests that their activities were undertaken with the expressed aim of achieving outcomes which directly responded to Isle Madame's needs.

While the tasks were found to provide considerable flexibility and freedom to experiment, the findings suggest that flexibility and freedom to experiment were subject to external constraints. "*The focus was on TAGS people because the money was there, training was available and we could work with these people. Funding is the key to everything... Recently, in the last three or four months, they came down with a directive from Ottawa that there will be no more long term training... It kind of changed our plans of what we can do for the TAGS people long-term for five years down the road; I'm saying, strictly on our own, it's going to be difficult...*" This evidence contrasts sharply with the experience of one organisation which was financially self-supporting: "*I think we move a lot faster because we're not tied up in bureaucracy. We don't wait for grant money.*" The influence of external stakeholders notwithstanding, organisations were found to be quite willing to try new approaches in response to opportunities or challenges encountered: "*We kind of have to do things in a different way... It's always going to change depending upon who's here or what the resources are...*" Indeed, the fact that organisations demonstrate high levels of flexibility and willingness to experiment, suggests a high tolerance for failure. One particular organisation provides the most vivid example as it was facing imminent demise. Recognising the need to deviate from its original vision in order to survive, it responded by making major changes. It is now showing signs of increased viability."*We had to downsize to make it a viable financial organisation. It's evolved, that it's meeting both needs right now...*"

The operating activities of the four island-based organisations were found to have highly diverse skill, knowledge and ability requirements, whether these activities were carried out by the Board or by employees. For the two organisations without employees, it was the Board members' distinct competencies which were drawn on in carrying out the organisation's activities. For the other two organisations, the broad range of projects undertaken required employees with very different skills, knowledge

and abilities. While specific individuals were found to assume responsibility for particular projects or activities, they were frequently assisted by other members of the organisation which tended to create a sense of interdependent ownership and control and a shared sense of accomplishment upon project or activity completion. However, this interdependent ownership and control did not extend materially beyond organisational boundaries. Generally, each organisation reported having sole responsibility for outcomes. Indeed, the vast majority of 'joint initiatives' were championed by a particular organisation which secured 'partners' to finance the project. Generally, interdependent task ownership and control was not found to exist between organisations within the community.

While there was little synergy in the use of community-based resources, the activities being pursued were considered to make complementary contributions to the accomplishment of both the community's short-term objectives and strategic vision. In seeing projects through from beginning to end, a very holistic set of tasks was judged to exist. Moreover, the tasks had high levels of intrinsic reward as the work was reported to be very meaningful: "*There's nothing like the feeling of when you've pulled off a project and you've created some jobs;... I like doing creative work so I really like the job; It's stimulating in that every day is different, every assignment is different so you're growing constantly.*"

Finally, the tasks not only provided numerous opportunities for learning by doing, but all informants reported using this approach in acquiring the competencies needed to successfully accomplish the tasks being pursued: "*We were really green... It's just learning as we're going along.*"

In conclusion, of all the task structure elements, the only one absent from Isle Madame's task component configuration was interorganisational control and ownership. Therefore, the nature of the task structure, particularly its community-based design, variety, novelty, and opportunities for learning by doing, was judged to be highly entrepreneurial. Just as the various organisations were found to contribute to the

process in different intensities, the task dimensions were found to have differential levels of influence, as will be discussed forthwith. Although it can be concluded that some were more instrumental than others, there was no evidence to indicate that these elements were mutually exclusive.

One very basic implication of having a broad task definition was that the scope of activities served to increase the number and nature of individuals who were involved in the process. For example, DIMA alone initiated 35 different projects. Secondly, while the initiatives were quite varied, the majority were undertaken by organisations whose sole focus was to improve the situation in Isle Madame. Consequently, the activities were very meaningful to the people involved. Indeed, those interviewed expressed a strong identification with the organisation's mandate, suggesting that the task variety provided many options for participating in development activities which helped increase entrepreneurial involvement and commitment: "*We believe in what we're doing; We firmly believe we're an asset to the community.*" For many participants, not only were activities increasing the community's well-being, they were also providing opportunities to increase personal well-being by exercising entrepreneurship.

Thirdly, while the nature of initiatives were quite varied, so too were the time frames needed in accomplishing the desired results. Pursuing activities with diverse time and goal orientations has provided the process with considerable momentum and continuity, creating a capacity to sustain accomplishments over time. This not only helped to convince the community that it could influence development but also helped build enthusiasm and support for doing so. Indeed, exercising entrepreneurship in undertaking short-term activities that could produce immediate and valued tangible results, was particularly important as, generally, development tends to be long-term in nature. In doing so, people began to see entrepreneurship as an effective way in which problems or opportunities could be addressed. One of the most visible examples of this type of activity was the establishment of Telile which served as a role model for convincing residents that displaced fisheries workers could successfully launch a new

and self-sustaining venture. Yet, under no circumstances was short-term activity pursued at the expense of long-term goal achievement. In fact, the incremental contribution to the achievement of long term aims was found to be a primary consideration.

In tracing the evolution of the various organisations, one characteristic of the task structure which has assumed increased prominence through time is the requirement for tasks to be financial self-sustaining. Indeed, currently, four out of six organisations are involved in revenue generating activities. "*You have to have some projects that will generate revenue in order to sustain our operation because this organisation has no money...; I have a target of generating $50,000 in twelve months; I think our first priority is to operate as a well run business so we can set an example of something that works. Our second job is to develop as quickly and as well as we can so that we can offer more employment; Self-sufficiency is our main objective. Right now I think our main objectives are to try to get revenue to pay off our mortgage, to be able to support the building and be able to support at least a couple of staff members;...We're getting to point where it's a fee for service. In that way, it'll lead to sustainability.*" Evidence indicates that this attribute not only fosters considerable entrepreneurship but it has had a very positive impact on individual self-esteem.

Because of the novelty of the activities, there was considerable uncertainty associated with the tasks. This encouraged entrepreneurship as it required individuals to exercise considerable initiative, judgment, and interpersonal skills in acquiring the expertise and resources needed to bring projects to fruition. Moreover, evidence indicates that dealing with this uncertainty enhanced people's capacity to cope with ambiguity.

Although organisational flexibility and freedom to experiment were subject to some external constraints, these constraints were not found to inhibit entrepreneurship. Highly determined to create jobs and rejuvenate Isle Madame's economy, organisations took considerable initiative in accessing whatever resources they could to fulfil their mandate. In affording individual tasks considerable flexibility and freedom to

experiment, high levels of entrepreneurship were encouraged. *"I have a lot of freedom. I'm sort of like my own boss in one sense. I think we all are; I come in and pretty well decide on my own what I do that day."* Moreover, the tasks afforded individuals countless opportunities for learning by doing. In fact, the evidence suggests that of all the dimensions of the task structure, this dimension has the most influence on entrepreneurial behaviour: *"I didn't think I could ever do it...I had a lot of really good response... It surprised me...I think if you push yourself a little bit to do things... you never know what you can do 'til you try...; You're always learning day by day; I had to kind of train myself... Everything I do now is new and I'm still learning; I learn every day... It's that kind of job. There's always different things coming up; I probably learned more in the last two years about that than I have in my whole life, and more than I probably ever could in school because I'm applying it now."* Indeed, there was no evidence to suggest that individuals had any fear of punishment for making mistakes, indicating that the high tolerance for failure encouraged people to try new things.

While the tasks undertaken by the two organisations which were serving a broader geographic mandate than Isle Madame tended to require a fairly homogenous skill set, this was not the case for those undertaken by the other organisations. Indeed, diverse skill, knowledge and ability were required for many of the activities undertaken. Although responsibility for most activities tended to be assigned to a particular individual, he/she was often supported by others in bringing the project to fruition *"...but I still need the other people to do the other things to make it all work; ...she's going to be there for me...; If I'm stuck I call and say I need help..."* Additionally, high levels of interdependent control and ownership of the task at the organisational level helped encourage entrepreneurship as all organisational members identified strongly with the various projects and were willing to do anything to help ensure success. However, the same level of collaboration was not found at the interorganisational level within the community. Informants were of the opinion that tasks of this nature would limit responsiveness as reaching agreement among participating Boards would be extremely time-consuming. Since the majority of organisations considered financing to be their most pressing need, they saw little

advantage in partnering with other community-based organisations, when relationships with governmental organisations could provide the needed resources. This evidence suggests that interorganisational collaboration could actually discourage entrepreneurship.

A very holistic set of tasks generated a strong goal orientation and a commitment to seeing things through. Moreover, the high levels of intrinsic rewards were found to motivate people to experiment and be creative in seeking to identify and capitalise on other opportunities. "*It's not just doing one thing every day... There's always something different; If I had money, this is what I'd be doing the rest of my life without any pay - just to make sure that the Island would recover and the people would be well off. Not well off, but would be taken care of; There's a lot of rewards... I get it back from the community. I feel like I belong so much more...; It's exciting. It's adventurous. It's stimulating in that every day is different, every assignment is different so you're growing constantly. You'd love it; I do what I want to do, what I like to do.*"

Table 7.8

TASK COMPONENT ANALYSIS

	La Picasse	Island Association for Community Awareness	DIMA	Telile	Strait-Highlands Regional Development Agency	InRich BDC
Task definition	creating infrastructure to facilitate the development of Acadian identity	providing social/recreational activities to increase people's self-esteem, confidence	pursuing projects to create sustainable employment opportunities, particularly for displaced fisheries workers	establishing/using a formal communications medium to help foster an entrepreneurial/learning culture by sharing ideas, opportunities	facilitating planning, organising activities in response to requests (federal/provincial funding program limits nature of activities pursued)	job creation through loans and technical advice (externally determined service offering)
Task uncertainty	high: *"I wasn't sure if we were going to realise it or not."*	high	high: *"you don't really know where you're going to be in six months"*	high:no standardised way of dealing with challenges; *"Everything I do is new and I'm still learning."*	high: new strategic direction adopted which has refocused activities and involved considerable uncertainty/ novelty	high: difficult to predict outcomes of activities
Time and goal focus	short-term focus on completing the capital project	short-term focus on providing social/ recreational opportunities which are responsive to the needs of the community in light of the situation in the fishing industry	short-term focus on strategically oriented outcomes *"The reason our top priority is jobs...it gives people money to live with...but also looking at the social impact was another focus; We try for the short term as much as we can...you have to have some projects that create employment and also you have to have some that will generate revenue in order to sustain our operation."*	short-term focus on ensuring economic self-sufficiency to maintain current staffing levels	long-term; not strategically focused to respond to particular community needs	short-term orientation toward providing financial infrastructure

Flexibility	high: added economic aspect to the concept in response to the fisheries crisis	high	high: "*It kind of changed our plans of what we can do for the TAGS people*"	high: "*We're flexible to do almost anything...We'll do whatever needs to be done.*"	low: activities are reactive and restricted in nature	moderate: within the boundaries of services provided, there is some room for the organisation to manoeuvre
Freedom to experiment	high: unrestricted	high: unrestricted	high:"*of course you're going to try projects that are going to fly. You're going to try projects that are going to fail.*"	high: "*I like the challenge of starting something new...*"	inconclusive due to lack of evidence	low: organisation's activities have been externally defined
Tolerance for failure	high: "*when we only had $3.3 million to work with...we solved that by...*"	high: "*Our lessons are tough ones but we'll know better next time.*"	high: "*If there's progress being made, we continue working on a project...*if not... *Let's move on to something else..*"	high: "*He might say 'Well, I tried that once and it didn't work for me. You try it and see...*"	inconclusive due to lack of evidence	high:
Diversity of skill, knowledge and ability required	high: "*They tried to choose people who had a little more knowledge in different fields.*"	moderate: nature of activities do not require highly specialised skills	high: 35 different projects pursued, requiring a diverse skills	high: tasks range from producing to editing to writing...	low: most staff have technical business skills/training	low: homogenous skills required
Interdependent control and ownership between community-based organisations	moderate: infrastructure project pursued largely with government partners but several joint ventures pursued in terms of future operations	low: no joint ventures pursued	low: "*The ball has always been carried by DIMA...Every project that we've got off the ground in the past twelve months has pretty well been something we started on our own.*"	low: no joint ventures	high:"*Our successes have been partnering with others and that's the way we want to go.*"	low: no joint ventures reported

Holistic set of tasks	moderate: exclusively focused on francophone community	high: social/ recreational activities seen as making an important contribution to resident's individual well-being	high: variety of projects undertaken are seen to be making direct contributions to the economic renewal of the Island	high: organisation's activities perceived to serve as a model for demonstrating the potential for retooling human resources to create alternative forms of employment	low:organisation's activities are not associated with any specific development outcomes in Isle Madame	low: activities not viewed as a key part of the development process in Isle Madame
Intrinsic rewards	high: *"It's gratifying to see that you're helping people."*	high: *"You learn a lot...management..."*	high:*"I love doing this and my reward is, not the money I make every week, it's that the people that I work for get results..."*	high: *"I love what I do..."*	moderate:*"It's a very interesting job in a lot of respects."*	high: *"it gives you a feeling of accomplishment when you see businesses that are..."*
Opportunities for learning by doing	high: *"I've learned a lot about the new technologies, economic development. I'm always learning."*	high: *"We're basically learning as we go along."*	high: *"It's trial and error method so it's a little sloppy sometimes but you learn that way"*	high: *"Everybody learned everything."*	moderate: *"Certainly I've been exposed to a lot more of business plan developments..."*	high: *"You're always learning day by day."*

Shading denotes organisations focusing their activities in Isle Madame

7.2.1.2.2 Formal Organisational Arrangements

The analysis of formal organisational arrangements focused on the process's interorganisational structures (formal linking mechanisms), internal structures (structural type, authority/responsibility for programme development/delivery, accountability) and human resource systems (emphasis in evaluating/rewarding performance, recruitment strategy). Generally, the findings indicate that the process lacked highly developed formal organisational arrangements. In the absence of formal policy and procedure, evidence indicates that coordination and control was achieved very informally. While the internal structures were found to be highly consistent with those of an entrepreneurial configuration, there was an absence of formally developed human resource systems and interorganisational structures. Indeed, evidence suggests that formal linking mechanisms may be detrimental to entrepreneurship.

7.2.1.2.2.1 Interorganisational structures

As can be seen in Table 7.9 below, there are virtually no formal mechanisms which bring the community's various economic development organisations together for information-sharing, problem solving, or other purposes. The findings indicate that regular scheduled meetings, the most commonly used interorganisational structure, serve an information-sharing function in bringing together similar organisations from different communities. Other formal interorganisational arrangements tend to be contractual in nature. While some informants view these as joint ventures or partnerships: "*All our projects have been in partnership with someone else - HRD, ACOA, different organisations...; I think most of our initiatives tend to be joint...*", they have generally been established to formalise funding arrangements from government sources rather than as a mechanism for jointly address community concerns. Indeed, most community-based organisations report having initiated the projects and having sole responsibility for their outcomes.

7.2.1.2.2.2 Internal structures

The internal structures of the various organisations were found to be highly organic in

nature as there were very few rules, regulations and controls governing day-to-day activity. Individuals reported having complete freedom in deciding how and when their work will be done. Within all the community-based development organisations, the individual Boards of Directors constitute the principle formal means of coordination and control as the responsibility for policy rests with them. Evidence indicates that the nature of government funding available has had an influence at the policy level as reflected in the following account: "*Once we contacted different governments and saw what their criteria were, in terms of what they thought would work or the programs that were available at the time, then we kind of married our idea to what they had to offer...*" However, as the organisations have developed, they have assumed greater authority by increasing their focus on mounting initiatives which will be financially self-sustaining.

Ranging in number from five to 28 people, the average number of members is 13. Underpinned by a shared understanding of the community's problems, Board members have brought their knowledge, skills, and abilities to bear in determining what the organisation will do to address the community's needs. In the absence of full-time staff, the Boards perform both operating and non-operating functions. For organisations with staff, the Boards perceive their main responsibility to be twofold: overseeing operations and setting the overall direction of the organisation. Generally, the monthly meetings are used to bring forward major issues, usually of a nonoperating nature. The meetings also serve as a forum for overseeing action and determining what the Board and/or staff need to do in the future. It is explicitly understood, but not formalised in written policy, that day-to-day operations are handled by staff and are not to be meddled in by Board members: "*Decisions are guided by the organisation's objectives and are made more by consensus; It's the community people themselves who decide what's important and how we're going to go about it; Historically the core group of the Board have been making the decisions. Now the decisions are much more made by the staff and brought to the Board for ratification; Big decisions go to the Board. Everything else is left to staff; It's made at the Board level. Generally, a paper's produced by staff which is presented to the Board, a committee is struck at the Board level, and they respond to that draft with a final policy or procedure put in place; I guess it's up to him (Executive Director) and staff to identify the needs and to bring it to the Board. Often from the*

Board, ideas come up as well; Any kind of radical departure from our mandate is made at the Board level."

Although the vast majority of those interviewed saw themselves accountable, first and foremost, to the community, informants from two different organisations pointed out the problematic nature of such ill-defined accountability. "*In one sense to the community but in another sense the community doesn't really know enough about the organisation so I think the accountability is amongst ourselves; It's easy to say the community but what does that mean? I think it's accountable to the Board and I think the Board has been, thus far, accountable to its own conscience to a very large extent."*

7.2.1.2.2.3 Human resource systems

The last major element of formal organisational arrangements, human resource systems had not been developed to any extent. Indeed, generally, individual performance was neither formally appraised or rewarded. However, evidence indicates that progress reports presented to the Boards are used in assessing organisational performance. In reviewing these reports, the Boards tend to emphasize staff's ability to produce results in fulfilling the organisation's mandate. For the most part, collaboration is not a major consideration. In terms of recruitment, organisations do not have a formal policy. However, organisations do tend to seek Board members who demonstrate an interest in the organisation's activities.

In conclusion, the findings indicate that Isle Madame's development process possessed few formal organisational arrangements. While the internal structures were quite consistent with those of an entrepreneurial configuration, interorganisational structures and human resource systems had not been formally developed. Indeed, there is some indication that the proposed interorganisational structures might actually be detrimental to entrepreneurship, given the structure of community-based development organisations: "*It's hard enough to get things done when you just have one Board to answer to little alone two.*" It is possible that the complexity of these relationships would be counterproductive to achieving valued results. However, it is also possible that the opportunities for vertical synergy with externally-based government agencies act as a

deterrent to seeking opportunities for community-based economies of action.

Generally, an absence of formal policy and procedure has meant that coordination and control is achieved very informally which has been found to be very conducive to entrepreneurship. Indeed, the impact of having rules and regulations was vividly portrayed by one informant who contrasts the nature of the present internal structure with that of the past: *"It's not 'I'm behind you and I'm watching' like it was before... It wasn't a happy work environment for a long time. It was more restricted then. Creative ideas were more squashed than allow to develop. It was a very authoritarian management...Nothing was allowed before. Everything needed special permission. You had to get on your knees and beg."*

Community based responsibility and accountability coupled with a significant increase in community authority has had a very positive influence on entrepreneurship. In particular, the majority of groups have exercised considerable creativity in initiating projects to achieve greater financial self-sufficiency. The Board meetings, in functioning as a venue where individuals publicly commit themselves to undertake particular tasks, play a key role in stimulating action aimed at improving the Island's well-being. Indeed, while individuals assume responsibility for initiatives, members share organisational responsibility and accountability.

Additionally, Board meetings were found to function as a mechanism for individuals to acquire entrepreneurial attitudes. For example, at one of the Board meetings attended, the status of a particular project was a subject of substantial debate. While differing positions were evident among the group, one individual was adamant that the project should proceed. During the course of the discussion which ensued, various short and long term implications of pursuing the project surfaced. In the end, a decision was made to place the project in abeyance until such time as further knowledge of critical contingencies could be obtained. Through this debate, members were able to learn from each other and, through the course of discussion, discover some of the shortcomings and/or strengths of their position, which contributed to effectiveness by helping to develop economies of scope in decision making.

Table 7.9
ANALYSIS OF FORMAL ORGANISATIONAL ARRANGEMENTS

	La Picasse	Island Association for Community Awareness	DIMA	Telile	Strait-Highlands Regional Development Agency	InRich BDC
Formal linking mechanisms	information-sharing/ problem solving meetings with provincial Acadian federation, other Acadian organisations	none	none	member of Chamber of Commerce (off-Island), Technology Advisory group in Sydney: largely serves information sharing role	meetings/information sharing focus: quarterly meetings with other RDA's; dissemination of information to community groups	none
Structural type	currently organic but policies and procedures have been established for when facility is operational	organic	organic: "*We really have no set policies or procedures... I guess we felt things have been running smoothly enough so that we haven't had to do that.*"	organic: "*It's such a small outfit here that I don't know if policy wouldn't spell more danger; Basically we all have our own little jobs and we all support each other's jobs...As far as Tony's style of management...he empowers us.*"	organic	organic: "*We never had it until last week... They (ACOA) wanted to see our policy and procedures but our organisation doesn't run on policies and procedures.*"
Authority/ responsibility for programme development/ delivery	community-based authority/ responsibility for services/ activities	community based authority/ responsibility	community-based programme development authority/ local responsibility for delivery; organisation's activities are not subject to externally imposed conditions/ restrictions	local authority/ responsibility: "*The major decisions are made by the Board; If the organisation is in chaos or paralysis, it's the Board who has to deal with it.*"	nature of activity subject to external authority/local responsibility: "*We're not allowed to fund projects. We're not allowed to provide funding for somebody else's project. All our funding is basically operational funding.*"	authority for program development externally based; local responsibility for delivery

Accountability	the Acadian community	*"the public"/* the Board of Directors	majority indicated community accountability: *"DIMA is accountable to the community itself."*	*"Ultimately to the Board"*	primarily the municipalities: *"financially we're accountable to the funding groups."*	*"We're accountable to the community first and foremost, then accountable to our funding agency (ACOA)."*
Emphasis in evaluating/ rewarding performance	progress in completing construction (semi-annually)	no formal evaluation	progress on projects as reported in monthly project reports presented to the Board. Issues of importance include the following: *"if it creates jobs, the good for the community, if it's revenue generating activity - the amount of revenue generated; The real evaluation for each project would have to be by the people who are working on it. You know when things aren't working."*	organisation's performance evaluated according to time and goal objectives set for activities; no formal individual performance evaluation	staff prepares job creation data for Board; no formal individual performance evaluation	financial performance; ACOA (funding source) stresses financial performance, Board representation, linkages with other agencies; no formal individual performance evaluation
Recruitment strategy	expertise in areas to be pursued when facility is operational	individual interest/ expertise in organisation's activities	interest in becoming involved as demonstrated by attending a minimum of two meetings (Board); organisational commitment - willingness to volunteer (Employees)	interest (Board); community involvement not a criterion formally used in recruiting employees	municipal council representation (Board); community involvement not a criterion formally used in recruiting employees	small business background/ economic and geographic representation (Board); community involvement not a criterion formally used to recruit employees

7.2.1.2.3 Individual Component

As indicated in Table 7.10, positive attitudes toward learning by doing, strong collective community identity, strategic vision for economies of action, skills and abilities associated with broadening an individual's capacity to innovate, high levels of trust and respected competence, a preference for an informal work style and considerable ability to manage interdependencies and deal with multiple tasks, collectively contributed to an entrepreneurial configuration for this process component.

Included among the attributes of development process participants were extremely positive attitudes toward learning by doing. With continuous learning a hallmark of the development process, the vast majority of individuals have not only adopted but also enthusiastically endorsed a very active learning style.

Evidence indicates that collective community identity was particularly strong among Board members. Indeed, individuals reported forming/joining the organisation out of a desire to have a positive influence on the community: " *My philosophy is really 'if I can help one person, it's worth it'... I see that my community, Isle Madame, is really in despair right now... Helping people is what motivated me...; I've been involved in a lot of community things over the years... I felt that the community had been very good to me... although I'd been doing it before, it's kind of repaying for all the graces they've put on me. I just felt obligated to do that; Just to get involved and to try to help out in any way I can.*" Moreover, the fact that the majority of individuals have been actively involved in various community groups over the years suggests that collective/group action is considered an effective means of accomplishing objectives: "*The main aim was to get people who had a fair amount of knowledge in different fields; We came together and tried to find people who were interested.*" Undoubtedly, this longstanding involvement has heightened individual awareness of the scope of resources available in the community.

Generally, individuals' future vision reflects the focal organisation's perspective and tends to be characterised by rather broad definition. Indeed, economies of action were envisioned to include contributions from individuals or external resources rather that

those of other community-based organisational stakeholders. This was found to be the major point differentiating the nature of the posited strategic vision and that which actually existed: "*...government resources have to allocated proportionate to need; I think business people in Isle Madame have to come together as well; The future of the Island depends on getting more and more people involved and creating more leaders; We need to be smarter at keeping our resources where they are...It's important that someone takes the bull by the horns and lead it in a certain direction... Education... and new ideas. Tourism, definitely.*"

The skills and abilities of both staff and Board members were examined in determining the extent to which individuals possessed/exercised the competencies which broaden a person's capacity to innovate. For the most part, the individuals involved in the various community-based development organisations are a diverse collection of people, many without much business experience. However, Board members were found to share a fairly distinctive demographic profile. The majority of those interviewed (65%) were found to have a professional/educational background and while there was no evidence to indicate that gender had an impact on participation, age, educational background and employment status did seem to be a factor influencing participation levels. Generally, members were over 40 years of age, university educated and employed. This background combined with considerable volunteer experience, provided the Board with strong interpersonal, team-building and problem-solving skills, which were evident at the Board meetings attended. Moreover, several of those interviewed reported drawing on their organising and writing abilities in fulfilling their role as a Board member.

Board members, characteristically, have been long-time residents of Isle Madame who share an individual interest in generating an improvement in the community's well-being which has evoked an incredible amount of involvement and commitment: "*I don't have a hobby. This is my hobby. I would not be able to estimate but I would say that unless you're prepared to set aside three or four of your evenings a week at least for two hours and a sizable chunk of your Saturday afternoons and Sundays, don't get into this game; I have no idea how many hours it takes. There's no way I could even track it.*". In terms of time, the Chairs of the Boards reported spending, on average, 11 hours per week on the organisation's 'business', while members spend anywhere from

three or four hours a month to 40 hours a month. In general, most Board members report that organisational start-up demands a huge time commitment which tends to diminish as the organisation develops - either because staff are hired to handle operations or the organisation becomes more organised. On average, the Board members reported belonging to three organisations.

The extent of involvement in various community activities/groups suggests that Board members have had opportunities to develop rather extensive team building, decision-making, interpersonal and creative problem-solving skills. However, in the absence of any economic development experience, Board members, generally, lacked the specific business or 'technical' competencies relevant for economic development: "*We were really green. Still getting our feet wet. It's just learning as we're going along; If you look at the members of the organisation, we were all pretty green about this type of work.*" For the most part, the skills proposed to broaden an individual's capacity to innovate were not only found to be equally important among staff but their importance was considered to far outweigh the more 'technical' competencies.

The extent to which individuals' formal and informal connections overlapped was not found to be a highly relevant factor owing to the novelty and non-routine nature of the various tasks undertaken. Indeed, individuals reported having very dynamic and diverse relationships rather than working fairly closely with specific individuals: *"I always work with somebody different outside the office.*" However, evidence does indicate that organisational employees frequently drew on their informal relationships with Board members in initially establishing required formal contacts.

Individuals, whether staff or Board members, were found to be highly trusted and respected for their competence both in dealings with each other and in dealings between staff and Board members. Additionally, in producing results which required contributions from others, individuals demonstrated considerable ability to manage interdependencies. Moreover, the findings indicate that most individuals were dealing with several tasks in performing their responsibilities.

In conclusion, the attributes of individuals participating in the development process

were found to be highly consistent with those of an entrepreneurial configuration. As the following discussion indicates, these attributes have been very instrumental in influencing the nature of the community's development efforts. Indeed, the skills, interests, preferences, values and assumptions of the individuals involved in CED activities have been conducive to entrepreneurship in a number of ways. Among staff, a positive attitude toward learning by doing and a preference for an informal/free ranging work style encouraged individuals to take initiative to ensure their projects/responsibilities were fulfilled: *"I think it was the sense that I had to step out of the comfortable... because it wasn't comfortable sometimes... I think if you push yourself a little bit to do things; I think if you're willing to learn and change. If you don't think your way is the only way but to try and always learn from somebody else; openness to learn."*

The evidence suggests that collective community identity has its strongest impact on entrepreneurship during organisational start-up. Driven by a desire to ensure the community not only survives, but thrives, individuals formed groups in order to achieve together what they felt could not be achieved as individuals. *"It came to the point with the IAS committee where we realised there wasn't going to be any more government funding but the people who were involved felt so strongly about what we were doing we decided to continue as a Board anyway..."* This evidence vividly illustrates individuals' commitment to making things happen.

The role of mutual trust and respect for each other's competence was found to be quite powerful and unique in this context. The findings indicated that trust had been established prior to organisational start-up, on the basis of personal relationships. This, in turn, formed the basis for organisational role relationships which contrasts sharply with the way trust typically develops in organisations. Usually, organisational role relationships form the basis for developing the personal relationships from which trust develops. Underpinned by an awareness of each others' skills and abilities prior to embarking on development activity, the various organisations were formed by groups of people with mutual respect and high regard for each other's competency. This helped ensure challenges and opportunities could be effectively responded to as individuals were confident in their collective ability to achieve what they set out to do

and were also able to learn a great deal from each other in the process.

While the nature of individuals' vision for economies of action generally differed from that posited as being entrepreneurial, individuals were encouraged, nonetheless, to seek opportunities to acquire external resources for various activities/projects. In following through on opportunities, individuals frequently utilised considerable creativity and interpersonal skill in convincing others to contribute resources. The individuals within one organisation were noted for exercising considerable initiative in creating economies of action. Upon further investigation, the Board was found to play an instrumental role in this regard. Unlike most organisational Board meetings where the CEO or manager is the only staff member in attendance, all staff regularly attend meetings and provide the Board with a report on projects/activities they are responsible for. In discussing problems or opportunities of current or proposed activities, both staff and Board members routinely brainstorm to identify resources which could be capitalised on in fulfilling the organisation's mandate. Indeed, the individual accountability and collective responsibility characterising Board meetings were judged to highly instrumental in encouraging staff to exercise entrepreneurship in fulfilling the organisation's mandate by creating economies of action.

In regard to skills and abilities, evidence indicates that a professional background coupled with previous active involvement in volunteer organisations were key attributes of individuals who initiated action to deal with the community's negative circumstances. Despite little prior experience in development activity, individuals' skills and abilities proved to be highly transferrable and instrumental in successfully establishing the various community economic development organisations. While the skills and abilities of staff were quite varied, interpersonal competency emerged as pivotal in fostering entrepreneurship among both staff and Board members, particularly in relation to the acquisition of information and other resources from outside the community. For example, Board members reported having a wide network of personal and professional contacts which collectively form a vast resource bank: "*the networking mechanisms are what enables us to stay on top of... there's nothing like personal contact; Here we have the overlap with the other organisations; from every source possible. We're scavengers; We've very well informed as to what the other groups are*

doing because we're often sitting on those Boards; a friend of mine in Halifax used to say there's nobody in the country that's more than three phone calls away... So you find out with your three phone calls... Who is the expert on this subject in the country? That's $10 in phone calls to the expert saying 'What are the key things that I need to know about this? What are the key documents that I need to read?' Then you are there. Generally, they're very happy to share it."

While individuals did not rely on a well defined network of overlapping formal and informal connections in accessing information and other resources, this is not to say that strong networks did not have a role to play in facilitating entrepreneurship. Indeed, the relationships which developed between staff and Board members were often the starting point in the quest for resources. "*Depending on what I'm looking for. We have very resourceful people on our Board... I'd probably start there if I needed anything I couldn't find; he knows so many people involved in various agencies that he could probably save me a lot of time; He can usually tell me where to go from there.*" Essentially, these relationships formed the cornerstone for the development of 'virtual' networks. "*I guess it's networking... because we find out all kinds of things that help us in other things; We talk - that's the main way we do it; I'm not afraid to call people... I get information all over the place; I don't have any problems gathering information; You get to know people all the time, all over the place; It's not a problem to get information from anywhere."*

The findings indicated that strong mutual trust and respect for each other's competence encouraged individuals to undertake activities which had highly unpredictable outcomes. Indeed, the extent of individual commitment to projects/activities indicated considerable capacity to cope with and enjoy uncertainty in actively pursuing goals: *"Everyone comes in and volunteers their time; We all do volunteer work on that after hours. I'm used to doing that; ... Now he's not funded any more but he still keeps on doing it. People get into it and they do whatever they can. If there's funding, there is. If there isn't, if they're able they still keep on doing it".* In managing interdependencies and dealing with multiple tasks, individuals adopted a very informal work style which encouraged considerable flexibility in effectively responding to the various challenges and opportunities which arose.

Generally, evidence indicates that entrepreneurship is fostered when mutual trust and support underpin a shared belief that the community's well-being can be positively influenced. Moreover, while organisational members assume specific individual responsibilities, collectively they share overall responsibility for what the organisation does. Indeed, individuals involved in day-to-day operations were found to have an aptitude for managing interdependencies and dealing with multiple tasks as they typically are engaged in a range of tasks for which they often depend on other organisational members. A preference for working collectively means that a *"broad cross-section of opinions and ideas"* are brought together which tends to foster entrepreneurship by providing opportunities for enhancing and developing synergistic strategic vision for economies of action.

Table 7.10

ANALYSIS OF INDIVIDUAL CHARACTERISTICS

	La Picasse	Island Association for Community Awareness	DIMA	Telile	Strait-Highlands Regional Development Agency	InRich BDC
Attitudes toward learning by doing	extremely positive *"I'm always learning!"*	extremely positive *"You learn a lot! - oodles and oodles of knowledge and human awareness"*	extremely positive *"Learning every day!"*	extremely positive	extremely positive	extremely positive *"You're always learning day by day"*
Strength of collective community identity	high	moderately high - high community identity tended to be the primary motivator for one member while the other was motivated more by collective identity	high; Board members had been involved in community organisations for years	high - Board members traditionally very involved in community	n/a elected to the Board	moderate to low:"... *just to get involved and to try to help out in any way I can...I'm not involved that much.*"
Strategic vision for economies of action	high unaided awareness of other community-based organisations; broad future vision lacks specific economies of action (B)	low unaided awareness of other community-based orgns; future vision lacks specific economies of action (B)	unaided awareness of other orgns and their approaches; some strategic vision for economies of action (B); future vision does not include specific economies of action (E)	unaided awareness of most community-based orgn's; some economies of action expressed in future vision (B) broadly defined strategic vision for economies of action (E)	high unaided awareness of all community-based orgn's; no specific vision of economies of action (B); no specific vision for economies of action (E)	awareness of other community-based orgns. and vision of future devpt possibilities lacking (B); economies of action not reflected in future vision (E)

Skills and abilities	varied project-specific expertise; high involvement in other community orgns suggests high levels of team building, creativity, and interpersonal skills, particularly persuasiveness and persistence (B)	organisational skills, interpersonal skills *"each member...has a talent...the experience overall of dealing with people"* (B)	employee skills: flexibility, tenacity, decision-making, time-management, written and oral communication/ interpersonal skills, business savvy, self-confidence, willingness to take risks (E); Board members actively involved in community orgns (B)	employee skills: creativity, persistence, problem-solving, openness to learn, being a people person, communication, writing and listening skills; Board members actively involved in other organisations, business/management experience (B)	employee skills: technical business skills, interpersonal/com-munication skills (E); actively involved, member of various community orgns. (B)	interpersonal, financial skills and *"an appreciation of the potential of the rural economy"* (E); some involvement in community orgns.; business background (B)
Number of overlapping formal and informal connections	n/a:*"Whoever I need to... whatever I have to do, I do; We get a lot (information) through personal contact* "(B)	little evidence that formal connections tend overlap with informal connections (B)	staff has developed relationships with the Board which are both formal and informal in nature;*"cultivate your contacts; along the years I've made a lot of contacts; generally staff don't work closely with particular individuals"* (E)	n/a: *"I always work with somebody different outside the office; No, essentially I haven't worked with anybody closely except people within the organisation; I have a big network of friends; the Board"* (E)	n/a: employees recently hired (E)	moderate to high: *"I don't know. In the type of business we're involved with... we're very much in a personal relationship with our loan clients"* (E)
Degree of trust and respected competence	high: *"We always knew what had to be done. We just made sure things were done the right way. The Board of Directors is very strong."* (B)	currently developing, as the Board is new; evidence indicates that members do trust each other to carry out their assigned responsibilities (B)	high: *"I think people do their own job but there's a lot of respect around the table"* (E) Board considers it important to provide support to staff (B) Observation of meetings indicated high levels of mutual trust and respected competence between staff and Board	high:*"I think we've got some real quality people there...They've proved to themselves and to us that they can... When I disagree, I disagree with a certain depth of respect (B); We respect and heed management's decisions; We trust each other"* (E)	developing but evidence available suggests it is high: *"he just puts his sights on it and does it... Lisa's very good in the communications"*;hig h level of mutual respected competence and trust between Exec. Director and Board Chair (E,B)	high mutual respected competence and trust between Board and employees (E)

Preferred work style	insufficient data to accurately assess; nature of communication suggests informal/free-ranging (B)	informal/free-ranging, personal contact emphasised in getting things done " *If I can go, I usually go talk to them in person*" (B)	informal/free-ranging "*I keep in touch with people on a regular basis...*" (E) while structured, Board meetings were observed to have a distinctly free-ranging air which was observed to stimulate high levels of opportunity identification	informal/free-ranging "*I enjoy what I do... the freedom; There's always something different and I like doing different things*" (E) Board meetings were observed to be quite free-ranging which stimulated a great deal of discussion and debate	moderately informal/ free-ranging "*I like the flexibility. I like the opportunities that I have to do things* "(E); Board proceedings observed to be extremely formal, administratively oriented	informal/quite free-ranging (E)
Ability to manage interdependencies and deal with multiple tasks	extremely well developed as demonstrated by individuals' ability to initiate multiple components of project (B)	inherently required by volunteer nature of orgn. (B)	"*It can't fall on one person or its can't fall on one Board member to keep things together; Any of our accomplishments haven't come easy. We've really worked for them*" (E)	well developed - individuals thrive on producing results through collective effort (E)	individuals constantly dealing with multiple tasks/stakeholders (E)	individual constantly dealing with multiple tasks (E)

7.2.1.2.4 Informal Organisational Arrangements

While each organisation has developed a unique social structure, collectively these organisations were found to possess informal organisational arrangements which not only had a number of common elements but also formed the principle mechanism of coordination and control. By uncovering shared beliefs and values, clues were provided as to what is considered important, which in turn, formed the basis for determining what action is considered appropriate by the organisations. In examining the impact of these arrangements on behaviour, the following dimensions were analysed: the principles underpinning action, the extent of collective identity, the level of involvement and participation, extent of agreement on goals, objectives, time scales and outcomes, overlap of formal/informal, business/social relationships, and the extent to which entrepreneurial behaviour expectations have been adopted. As can be seen in Table 7.11, overall, the informal organisational arrangements were found to have a highly entrepreneurial configuration.

Fundamentally, trust, supportiveness, and cooperation were among the main principles underpinning the formation of the four Island based organisations. Indeed, adopting collective action as the main vehicle for achieving the desired ends indicates that cooperation is an important value which has been incorporated into the basic assumptions about how problems or opportunities can be effectively dealt with. The initiative taken in establishing the various organisations confirms that the status quo - relying on the government for solutions - is no longer considered appropriate or acceptable. Indeed, individuals in all the community-based organisations were found to have a strong belief that they are masters of their own destiny.

While these principles are important, 'community' is, perhaps, the most highly valued principle: "*At that point, we had a vision that it would be a community centre where people would come... and would not have to pay a lot; We have a social fabric to protect - a way of life in these communities which is quite good; Most Acadians... are very attached to their community...We need an infrastructure of which we can identify ourselves as Acadians...; The function is to serve the community...* " In observing Board meetings, the implications of action on the community were frequently discussed,

indicating that 'community' is a strong guiding principle and not simply rhetoric: "*You have to look at everything project by project...what would it do for the community?*" Essentially, improving the community's well-being provided the basis for establishing the various organisations, determining the role each organisation would play, defining the organisation's aims, deciding how they would be achieved, and determining the appropriateness of action.

While the involvement and participation levels in the operating activities of most organisations were high, the findings indicate that the stage of development was a major factor in determining who the actors were. During the prestartup and startup stage of organisational development, Board members were very actively involved, dedicating an average of 28 hours per week: "*At the beginning it was almost a full time job organising, fundraising....*" Consequently, a very strong collective identity was cultivated, propelled by a belief that they could 'make a difference'. As the organisations developed, employees tended to be hired and staff's involvement and participation began to supplant that of the Board. Within all Island-based organisations there was an implicit but clear understanding that organisational membership required high levels of involvement and participation. *"Everyone comes in and volunteers their time... You forget that you don't necessarily have to do that..."*

The members of each organisation were found to have a very strong sense of purpose accompanied by generally agreed upon goals and outcomes, although objectives and time frames tended to not be specifically defined: "*If you're specific you can spend a lot of years banging your head against the wall and miss half a dozen other opportunities; It's hard to set a target date; Apart from that we haven't set too many specific objectives; That's what we want to do - have specific, attainable, realistic and timely goals; self-sufficiency is our main objective.*"

The extent to which formal/informal business/social relationships overlap could not be determined due to the dynamic nature of the relationships established in carrying out the work of the organisation. As discussed previously, in creating 'virtual' networks individuals indicated they did not tend to work closely with a particular core set of people outside of the organisation.

Finally, evidence indicates that members of all organisations had adopted a set of behavioral expectations which were highly entrepreneurial in nature. Insight into a number of these expectations which have developed in guiding decisions about what to do and how to interact with others was gained from the interviews as well as from observation of Board meetings and day-to-day activities. One rather universal expectation is, quite simply, that staff 'do' and the Board advises. *"I think at this stage, the staff expects the Board to keep their nose out of the day-to-day operations. When we've delved into that before, there's been problems."* Secondly, the emphasis placed on *informality* was indicated in behaviour, dress, language, relationships between organisational members - be they staff or board, and in the development of linkages outside the organisation. For example, on one of several visits to a particular organisation, staff were busy preparing for an afternoon meeting they had arranged with various federal and provincial government agencies and politicians. The dress code was not altered for the occasion. Generally, memos or formal communication did not constitute a primary means for getting things done. Rather, personal contact - either by phone or face-to-face meeting - was the way in which people were contacted.

In contrast, one of the off-Island organisations was found to be much more formal. This is best illustrated by comparing, respectively, its Board meeting to that of the most informal Island-based organisation. It was noted that most people wore suits to Board meetings, seating was predetermined, proceedings were taped, and the researcher was not provided with a copy of the agenda, although she was formally welcomed by the Chair when the meeting was called to order. Generally, agenda items were presented by the Executive Director with very little input or debate from Board members and, for the most part, proceedings had an administrative focus. In the case of the Island-based Board meeting, dress was casual, people sat wherever they wanted, and the agenda, minutes and other supporting documentation were distributed to those who did not have a copy. In addition to Board members, all staff were present. Upon calling the meeting to order, the Chair welcomed the four guests present and explained that they could become Board members if they attended two meetings. While some of the agenda items were purely informational in nature, others were far more substantive and, for the most part, had an action focus. For example, in presenting project reports, staff raised key issues which evoked numerous ideas, opinions, and potential sources

of contacts from the Board. In addition to highlighting the impetus informality provides for entrepreneurship this illustration also points out another expectation which facilitates entrepreneurship - open communication. Indeed, evidence suggests that the more open communication is within an organisation, the more opportunities which were identified and acted upon.

Among individuals involved in day-to-day activities, there is an expectation that each person would assume general responsibility for tasks he/she finds meaningful and that he/she would be provided with the freedom to make decisions in regard to how and when their work is done: *"It doesn't always happen that way but that's what we try to do when we divvy up the work-who's good at this? who likes doing this; I'm sort of like my own boss in one sense. I think we all are; Total freedom; For example, I come in and pretty well decide on my own what I do that day... It gives me complete freedom. I'm allowed to work all the time I want!; I'm free - if I want to take an afternoon off, I do. If I want to come in late, I do as long as I don't have a deadline to meet..."* This was found to encourage considerable entrepreneurship as high levels of task ownership and commitment to seeing an activity or project through, developed. Generally, people feel their contributions are valuable while at the same time, equitable: *"I think it's just a sense of responsibility that I have to do this. When you have other people who are the same way, you don't mind doing it. If I was the only one that came in here and did all the work, I'd be upset but everybody's putting in a lot of time."*

It is also expected that individual responsibilities will vary as conditions vary so that day-to-day responsibilities can be very changeable. The number and variety of different projects and activities undertaken in the community indicate broadbased support for experimentation and learning which is underpinned by an expectation that risk, failure and mistakes will be tolerated. In fact, several people interviewed commented on the fact that it was generally understood that not all projects or activities would be successful.

Another identified expectation is that of voluntarism which was indicated by the extra effort employed in capitalising on an opportunity or solving a problem: *"In my time off, in my nights, week-ends, I'm still going to work to help sustain and develop the*

organization because we have to survive; pulling together for one cause - preservation of culture; the volunteer commitment." Although voluntarism is an inherent aspect of community organisations, the actual time commitment made by individuals stretched far beyond that formally required. For example, although staff are required to work 40 hours per week, all reported that they regularly worked nights and week-ends. Indeed, while the basic time commitment required of Board members is one evening a month for regular Board meetings, almost all reported a far greater time commitment, as indicated earlier.

In monitoring and evaluating activities informally, evidence indicates that opportunities or problems were responded to on a more timely basis, particularly since people have the authority and responsibility to take action: "*I'm in and out all the time so I see what's going on; The Board evaluates based on whether there is progress being made on a project as reported on by staff; They monitor them hands on; All we can base the success of them on is the feedback from the community; I would have to say by the achievements - if it creates jobs, the good for the community...depending on the project; I don't think we evaluate. We work flat out and if it works we keep doing it. If it doesn't work we have a meeting; Most of the things we do are easily monitored. They're generally evaluated by the community; The real evaluation for each project would have to be by the people who are working on it. You know when things aren't working; That's how we evaluate, I guess - by looking at what's happening.*"

While entrepreneurship is not formally rewarded, the informal rewards function as a powerful reinforcement, not only at the individual level but also at the collective level: *"Every time you achieve something, everybody shares in the achievement.*" Indeed, when staff were asked what rewards the job provided, high levels of intrinsic rewards were reported: "...*when people appreciate what you're doing it makes you feel good. It's nice to work with people you like to work with and I like doing creative work so I really like the job; Knowing that I can do a good job and get things done; it gives me a feeling of accomplishment; It's exciting, it's adventurous, it's stimulating in that every day is different, every assignment is different so you're growing constantly; I do what I want to do, what I like to do; I guess the satisfaction in knowing that you might make a difference. The satisfaction in doing a job and getting it done; My reward is the*

satisfaction of at least having movement. Something is happening for people... my reward is, not the money I make every week, it's that the people that I work for get results and they do get results."

In conclusion, the informal organisational arrangements were found to be very consistent with those of an entrepreneurial configuration. The findings indicate that these arrangements influenced the community's development efforts in a number of ways. Collectively, trust, support, and cooperation were shown to be *sine qua non* in effectively dealing with the uncertainties associated with undertaking developing activities for the first time. These guiding principles were found to be highly conducive to entrepreneurship in a number of ways. Firstly, individual task accomplishment typically required interdependent contributions. Secondly, in working cooperatively with others on tasks or projects, individual commitment, knowledge and competence could be pooled in deciding what specific action was needed. Through this, individuals were able to acquire and develop skills by both 'learning by doing' and learning from each other. Thirdly, because people trust and support each other, they were not intimidated in proposing new ideas for generating improvement. The fact that new projects and activities are constantly being launched, indicates that ideas are valued. Indeed, high levels of trust, support, and cooperation encouraged entrepreneurship in all organisations: "*They support each other in presenting projects, proposals...; You kind of get that sense of a team - that you can depend on people. If it's something you can't do, you don't have to worry about it, you can call somebody to help you out... Every time you achieve something, everybody shares in the achievement; We're a family... I expect a great deal of myself and I expect a great deal of my staff and I've been very fortunate; We trust each other...We do a lot on our own. We can depend on each other for support or help; At the staff level a proposal might be brought forward for discussion in regard to what other's think of it, comments, questions. If the group seems to be in favour and it appears that the project is worthwhile, doable, can be done in a short period of time and can create results, then it's brought to the Board; If DIMA is asked to attend a Board meeting or something like that, we have a great showing; Here you're expected to pitch in...*". Fundamentally, though, the principle which provided the greatest stimulus for development participants to exercise entrepreneurship was 'community'. Driven by the desire to be masters of their own

economic destiny, individuals worked tirelessly to ensure their vision became a reality.

High levels of involvement and participation were found to be instrumental in fostering entrepreneurship as the nonroutine nature of the operating activities provided people who had been either directly or indirectly displaced by the fisheries collapse with numerous occasions to meaningfully learn/practice entrepreneurship. Indeed, because many activities were pursued which were short-term in focus and diverse in nature, the number and nature of participants was significantly increased. The active recruitment of development process participants was judged to have a significant impact on the participation rate as the findings indicate that residents, generally, lacked the self-confidence to take independent action to improve their situation. Yet, once involved, individuals found activities rewarding, reporting a great sense of accomplishment which increased self-worth and encouraged them to adopt entrepreneurial behaviour as an effective means of dealing with opportunities/problems.

Mutually reinforcing each other, the norms underpinning action have produced highly entrepreneurial behaviour patterns which have facilitated decision making, cooperation and commitment in organisations and, ultimately, task performance. By adopting entrepreneurial behaviour patterns, people have positively embraced the challenge of learning to deal with ambiguity and uncertainty, and the stress associated with changing habits and attitudes as exemplified in the following comment: "*I think it was the sense that I had to step out of the comfortable... because it wasn't comfortable sometimes.*"

Table 7.11

ANALYSIS OF INFORMAL ORGANISATIONAL ARRANGEMENTS

	La Picasse	Island Association for Community Awareness	DIMA	Telile	Strait-Highlands Regional Development Agency	InRich BDC
Valued principles include supportiveness, trust and cooperation	trust and support, preservation of the Acadian culture, independence	supportiveness, trust and cooperation formed the guiding principles for organisational formation	community, cohesiveness, optimism, mutual respect, shared responsibility, open communication... *"I'll tell him and if he has anything to say to me he'll tell me; We try to share information; You kind of get that sense of a team - that you can depend on people. If it's something you can't do, you don't have to worry about it.."*.; the Board believes staff expects support from them.	independence,initiative,achievement; open communication;trust;empowerment; *"If you enjoy what you're doing, you're going to do a better job at it."*	accessibility, cooperation emerging as important organisational values	*"Staff-wise things are done very much by consensus.. .we'll help anything that's going to create a full-time job or work."*
Collective identity	high	high	high	high	high	high
Involvement and participation	high	high	high	high	high	low
Agreement on goals, objectives, time scales and outcomes	high	high	high	high	high	high
Overlap of formal/informal business/social relationships	indeterminable	indeterminable	indeterminable	indeterminable	indeterminable	indeterminable
Entrepreneurial norms	insufficient data to accurately determine	n/a Board hasn't been together long enough for norms to develop	highly integrated	highly integrated	indeterminable - staff recently hired	indeterminable

7.2.1.3 Process Outputs

While the previous section assessed the extent to which the components of Isle Madame's development process possessed an entrepreneurial configuration, the purpose of this section is to identify and measure the outputs which have been produced as a result of the interaction of the four major components. Guided by the exploratory hypotheses, this assessment deals with two major classes of outputs - innovation and economic development.

7.2.1.3.1 Innovation

Generally, innovation is understood to be the creation or improvement of products/services or new ways of making products or providing services. Therefore, in a development context, both the economic development outcomes as well as the way in which they have been achieved need to be assessed. While the findings indicate that both types of innovation have been generated, the majority of innovations were judged to be of a process nature.

The four main areas where process innovation has been created relate to planning activities, recruiting participants, accessing required resources and board structure. The approach adopted in regard to planning involved ascertaining residents' understanding of the problems and possible solutions in dealing with the fisheries collapse. Led by local residents, surveys and focus groups were used to research these issues and a team of consultants then used the information gathered to develop a report outlining the community's common vision for the future. This report proved to be instrumental in unifying and providing direction for the community's subsequent activities. The key innovation of this planning process was that the vision was created *by* the community, not *for* the community by external interventionalists or consultants.

In regard to recruitment, evidence indicates that organisations devised the following innovations: giving preference to job applicants who had demonstrated a commitment to the organisation and its aims through volunteer efforts; undertaking projects that provided a positive employment experience which served to motivate individuals to

remain involved in the organisation in a volunteer capacity upon completion of a project (usually by becoming a Board member); recruiting Board members who had a fairly well developed external network which could be utilised in accessing resources; drawing upon project specific expertise within the community on an ad hoc basis; and recruiting former community residents who had skills which would help bring projects to fruition. Generally, the various organisations were established by highly educated professionals who were, therefore, not representative of the greater community which was experiencing unemployment as a result of the crisis. However, the founding organisational members deliberately took action to involve more members of the community in organisational activities, either through the creation of employment opportunities or by persuading them to join the Board. Once people became involved, evidence indicated that they became very committed to the organisation and what it was attempting to achieve. For example, DIMA recruited and hired a number of university students and graduates, possessing skills ranging in scope from marketing to legal to technical, to develop a fairly diverse set of employment generating project proposals and initiatives. In attending one of DIMA's Board meetings which was held during the same week that university students were home for their February break, the researcher noted that most of the students who had worked for the organisation in the previous summer were in attendance. This indicates the level of commitment the organisation was able to generate once individuals became members.

With respect to accessing required resources, two major innovations were noted. Firstly, rather than abandoning a venture opportunity when the necessary financing could not be obtained, in the case of two organisations, Board members pledged personal assets in order to borrow the money required to bring a venture to fruition. Secondly, Board members frequently drew upon their personal networks in either accessing or expediting the receipt of monetary or other resources from external sources.

In regard to Board structure, DIMA's design was judged to be innovative in three major respects. Firstly, meetings were open to anyone who wished to attend, regardless of the agenda items being dealt with. This differs substantively from most Board meetings which are held in camera on the premise that confidentiality needs to be

maintained. Secondly, any resident can become a Board member if he/she attends two or more meetings. Thirdly, all staff were expected to attend Board meetings. Not only does this facilitate a shared understanding of the decision-making rationale, but it ensures that staff are not simply carrying out the directives of others. In being part of the decision-making process, staff expressed high levels of commitment to the ensuing activities. Finally, Board meetings were very action-oriented, facilitated by an agenda which was results focused - dealing directly with problems/opportunities arising within current projects and with identifying potential activities which could help meet the community's needs.

The principle innovations directly related to the achievement of desired economic development outcomes include: a) creating ventures which integrate training/skill development and employment creation. For example, government funding was obtained to train unemployed fisheries workers in video technology and television production. Phase two of this project involved forming a community television channel and a video production company (Telile) operated by graduates of the course. b) establishing a facility which could serve as focal point for social development (Active Living Centre); c) developing short-term projects that could be spun off as self-sustaining ventures, thereby increasing the opportunities for broad-based community involvement (DIMA); d) securing a base of 'anchor' tenants in organisationally owned facilities so that sufficient revenue could be generated to cover operating expenses and 'subsidise' services which were identified as community needs (LaPicasse, Active Living Centre). For example, LaPicasse has allocated space for a youth centre to serve the francophone community while the Active Living Centre provides meeting facilities for youth and service groups; e) pursuing a diversified scope of employment generating activities (DIMA, LaPicasse). For example, LaPicasse brought together a diverse set of stakeholders to provide a number of new services and resources to the Francophone community and convinced two local residents to pursue small manufacturing ventures in the space designed for that purpose.

Considered collectively, the various process and outcome innovations outlined above were found to be similar in that they all relate more directly to the achievement of the community's overall aims rather than the internal management of the various

organisations. Based on this evidence, it has been concluded that the innovation is strategic rather than administrative in nature.

7.2.1.3.1 Economic Development

In determining the extent of economic development achieved by the process, the outputs were assessed according to: goal achievement, resource utilisation and adaptation. The results achieved by the process during 1995 are summarised in Table 7.12 below.

Table 7.12
Summary of Results Achieved During the 1995 Operating Year

	RESULTS ACHIEVED
La Picasse	80% completion of the building; partially operational
Island Association for Community Awareness	increased the number and nature of social/recreational/educational programmes offered within the community; increased the community's involvement and participation in the organisation and its programmes; survival was considered a very important accomplishment
DIMA	Achieved a 62% participation rate among the 350 TAGS recipients: 64 (20%) have found full time or part-time employment; 90 (28%) were involved in training; 20 people are working on Senior Care projects; 22 are in the Older Workers Adjustment programme; and 6 are involved in the Coastal Mapping Project; The Small Options Home became operational creating 5 full-time jobs; Coastal Mapping Project is employing 6 TAGS clients; Literacy Outreach project employing one individual; home page internet project employing one person; recruited 7 or 8 new Board members; increasing the organisation's financial self-sufficiency; helped to convince people to try new things
Telile	organisational survival and financial self-sufficiency (achieved by restructuring); maintenance of 5 positions; providing community programming which satisfies the community
Strait-Highlands Regional Development Agency	accomplishments which had some impact on Isle Madame included undertaking a regional strategic planning process, organising a trade show; the support and encouragement given to groups like DIMA and Telile were perceived to add credibility to the projects these organisations undertook
InRich BDC	accomplishments include lending approximately $1 million to 50 businesses and assisting in the start-up of 45-50 small businesses through the administration of HRD's Self-Employment Assistance (SEA) programme. Currently, the organisation is turning over 35% of its loan portfolio which is well above the desired 25%. However, the BDC has reported very little involvement in Isle Madame *"it's been very poor and it's declining..."*

In examining the results in relation to both the economic aim of creating employment for displaced fisheries workers/ the Island's youth who have pursued further education, and the social aim of increasing the community's educational levels, the findings indicate that significant progress has been achieved in accomplishing these goals.

In regard to resource utilisation, there was little evidence of effectiveness in the initial

stages of the process as most resources were depleted as opposed to sustained. However, currently, there is a growing awareness and focus on the need to become financially self-sustaining. Indeed, as discussed earlier, all four island-based organisations are or will be involved in revenue generating activities.

Finally, in regard to adaptation, it can be concluded that the process has been quite effective in initiating broadbased cultural change as indicated by the increasing number of people becoming involved in the various process activities. Indeed, the extent of involvement is significant, considering that prior to the crisis, community-base development had been virtually nonexistent. Moreover, the evidence suggests that the residents of Isle Madame are beginning to endorse entrepreneurial behaviour as an more effective way of responding to problems or opportunities than the behaviour associated with a 'culture of dependency'.

In conclusion, the findings indicate that the innovations created through the community's development efforts can not only be directly linked to job creation but these innovations have also played an instrumental role in beginning to diversify the Island's economy. In light of the fact that the community had not engaged in any prior economic development activity, few would argue that the results outlined in Table 7.12 above created an improvement in the community. While DIMA has been responsible for most of the jobs generated by the process thus far, the findings indicate that the community's accomplishments were not produced singlehandedly. Rather, they represent the result of the collective organisational efforts.

7.2.1.4 The relationship of the findings to the exploratory hypotheses

Earlier, it was posited that the greater the total degree of congruence between the various components, the more effective will be community entrepreneurial behaviour, provided the four components are configured to maximise the potential for enterprise. Effective entrepreneurial community behaviour has been defined as behaviour which leads to higher levels of innovation, economic development, goal attainment, effective utilisation of resources, and adaptation.

Generally, the findings indicate that the process has achieved considerable success in producing the behaviour required to achieve higher levels of strategic innovation, goal achievement and adaption. In the process analysis, it has been determined that each of Isle Madame's process components possessed, to varying extents, an entrepreneurial configuration and, therefore, exhibited some degree of congruence. Based on the outputs achieved, it can be concluded that this congruence has led to more effective entrepreneurial behaviour. The consistency between the actual process outputs and the desired outputs (as drawn from explicit and implicit strategy statements) indicates that the innovation and economic development achieved is attributable to congruence among the process components.

By structuring the tasks to be oriented toward achieving self-sustaining strategic outcomes within as short a period of time as possible and by requiring broadbased participation, numerous individuals were encouraged to exercise entrepreneurship amidst very informal organisational arrangements which induced those involved to adopt a very hands-on approach. One particular organisation vividly illustrates the consequences of a lack of fit between the process components. Prior to its restructuring, which had taken place during the previous year, this particular organisation's formal organisational arrangements did not closely correspond to those proposed in the framework, although the other components were quite closely aligned. Instead, formal rules, policies and procedures were relied upon in coordinating and controlling behaviour. These arrangements not only inhibited enterprise but almost resulted in the organisation's demise. However, in adopting an organic structure, individuals exercised considerable entrepreneurship in ensuring the organisation's various tasks were viability carried out. Although this evidence is specific to one of several embedded units of analysis, it does strengthen the proposition that congruence would be associated with process effectiveness.

Overall, it has been concluded that the community has been effective in influencing its economic destiny because it adopted a strategy which was well suited or 'congruent' with the environmental conditions it faced. Fundamentally, it was determined that the development of a small business base would require residents to acquire new competencies. Consequently, the development process emerging from this strategy

involved undertaking activities which provided residents who had lost their source of livelihood with an opportunity to learn/practice entrepreneurship in enhancing their existing knowledge, skills and abilities to develop an alternative way of becoming financially self-supporting. Guided by a common purpose which helped ensure that efficiency did not take precedence over achieving effectiveness, the various organisations focused upon proactively undertaking activities which enabled residents to learn how their behaviour could be modified to positively influence the community's economic situation. In responding to the disintegration of the Island's economic base by adopting a process which was congruently configured to stimulate enterprising behaviour, the community's development efforts were able to effectively generate innovation and positively influence economic development.

In demonstrating that congruent relationships between the process components lead to the achievement of innovation and economic development, it can be concluded that the community's entrepreneurial effort was influenced by the extent to which each process component was entrepreneurially configured, thereby supporting the exploratory hypotheses linking entrepreneurship, innovation and economic development.

7.2 CROSS CASE ANALYSIS

In aiming to better understand how communities can effectively influence development, the focus of the empirical inquiry was to examine two communities which achieved different levels of effectiveness in influencing economic development, despite sharing a similar background and resources. Having analysed each community in relation to the enterprise development model and hypotheses, the purpose of this section is to explore the framework's analytic generalisation - the extent to which the results could be accepted for similar communities. In achieving this aim, cross case analysis is used to examine the development process in relation to its inputs and outputs, and to reexamine the research hypotheses in light of this analysis.

In regard to inputs, previous analyses has confirmed that the fisheries collapse not only negatively affected these two single-industry communities over a similar period of time,

but it threatened their very survival. Exacerbating the situation was a general economic environment characterised by lack of economic growth in the province and the country; government policy which was undergoing rationalisation of programs and funding for economic/social development; competitive conditions requiring flexibility, responsiveness, specialisation in skill and technology; a decline in traditional manufacturing/natural resource export market; and a greater role played by small business in the economy. Moreover, each community's task environment provided limited, yet similar resources for dealing with the situation, as highlighted in Table 7.13.

Table 7.13
Comparative Context Summary Table

		EASTERN GUYSBOROUGH COUNTY	ISLE MADAME	NOVA SCOTIA	CANADA
POPULATION	1991 Census	3,500	4,333	899,942	27,296,859
	% change 1986-1991	-4.4%	-6.7%	3.1%	7.9%
EMPLOYMENT	Unemployment rate	18.7%	19.9%	13%	10%
	Percentage employed in primary industry/manufacturing	49%	37%	19%	21%
	Percentage administrative/ management occupation	4%	6%	10%	12%
INCOME	Average income	$16,663	$16,915	$20,706	$23,891
	Percentage with transfer payment income	29%	29%	15.7%	11.4%
	Percentage of people with income < $10,000	59%	57%	33%	28%
	Percentage of people with income > $10,000	5%	7%	24%	29.5%
EDUCATION	Percentage with less than grade 9	26%	24%	13%	14%
	Percentage without high school completion	37%	31%	30%	24%
QUALITY OF LIFE	Percentage owning dwelling	83%	88%	71%	63%
	Percentage of total households which are single-detached	89%	91%	68%	57%

Source: *Profile of census divisions and subdivisions in Nova Scotia*, Ottawa: Industry, Science and Technology Canada, 1994. 1991 Census of Canada. Catalogue number 95-313.

It was within this economically disadvantaged context that both communities initiated a development process aimed, generally, at creating jobs by developing small businesses which, ultimately, would enable residents to remain while preserving their current quality of life. Indeed, both communities were found to hold parallel understandings of what needed to be done in order to effectively address the circumstances. In Isle Madame, the need to develop a small business base was expressed as follows: "*We didn't see a big company coming in here and creating 500 jobs. That would have been a dream. Years ago, maybe, people could have thought that way but that wasn't our orientation. We figured, if we are going to create jobs, it would be on a small scale - two of this, one of that... we don't want development on Isle Madame at all costs. We have a social fabric to protect...; Employment... should be clean, that doesn't affect our environment, that doesn't change our way of life.*" In Eastern Guysborough County a similar need has been defined: "*If you have 500 people employed in 100 small businesses, no one of them can disable the community; Seafreez is doing great down there but that's all your eggs in one basket. It's one industry, one plant, one everything. If it's gone, everything's gone... smaller things... if one goes, sure it hurts but it doesn't kill you... So that's what we're working on now - trying to create new business... whether there are 10 people or 12 people. We're not looking ahead to 1,500 jobs - the Seafreezes. We're looking to start small.*"

As indicated earlier, although the two communities shared a basic understanding of what needed to be done to achieve economic revitalisation, two very distinct approaches have been adopted in attempting to do so, despite similar inputs. Given the differing levels of effectiveness each community has experienced in achieving the desired aims, it can be concluded that the process adopted in each community has played a key role in shaping effectiveness. In order to develop a better understanding of how the process has influenced outcomes, a cross-case analysis examines each component of the framework as a basis for drawing further conclusions regarding the research hypotheses and the extent of analytic generalisation the framework provides.

7.2.1 Task Component

In examining the configuration of the task structures in the two communities, evidence

indicates that Isle Madame's was more entrepreneurially configured than Eastern Guysborough County's.

As Table 7.14 indicates, the extent to which interdependent task ownership and control fosters enterprise was indeterminable as there were virtually no community-based interorganisational initiatives being pursued in either case. In regard to the other proposed dimensions, several were evident in both cases, while others were exclusive to one community.

The entrepreneurial task dimensions common to both cases included high task uncertainty, a holistic task structure, high levels of intrinsic rewards and numerous opportunities for learning by doing while the dimensions differentiating the two cases included task definition, time and goal focus, flexibility, freedom to experiment, tolerance for failure, and diversity of skill, knowledge and ability requirements.

Indeed, the highly entrepreneurial configuration of Isle Madame's task structure was stands in contrast to the weak entrepreneurial configuration characterising Eastern Guysborough County's task component. For example, the findings presented earlier in this chapter indicated that Eastern Guysborough County's development task was rather narrowly defined with a long-term time orientation and a goal focus emphasising infrastructure development. It is highly probable that these factors would have an influence on the nature of the skill, knowledge and ability requirements, the degree of task flexibility, and the amount of freedom to experiment. Nonetheless, the findings indicate that owing to the nature of the tasks undertaken, few opportunities were provided for residents who lacked entrepreneurial experience to acquire it through development activities.

Generally, the evidence suggests that the task component dimensions exert interdependent but unequal behavioral influence. Considered along a continuum, if the four dimensions highly consistent with those comprising an entrepreneurial configuration were positioned at one end, the two dimensions differentiating the two communities would be at the other, while the remaining dimensions would be dispersed at various points in between. Indeed, task definition and the time and goal focus were

judged to be the primary determinants of whether entrepreneurial behaviour would be more broadly adopted by a community.

Table 7.14

Cross-Case Task Component Comparison

	EASTERN GUYSBOROUGH COUNTY	ISLE MADAME
Task definition	narrowly defined, mostly supply-side initiatives [expanding the local resource base by either generating new infrastructure (particularly tourism related) or by increasing the supply of financial capital available to the community]	broadly defined, diverse set of both supply-side and demand-side initiatives
Task uncertainty/ novelty	high	high
Time and goal focus	long-term focus; largely indirect attempts to influence economic devpt; responding to govn't funding availability rather than need	short-term focus; propelled by a emphasis on achieving strategic outcomes. However, goal focus was partially influenced by government funding availability.
Flexibility	low	moderately high
Freedom to experiment	low	moderately high
Tolerance for failure	indeterminable	high
Diversity of skill, knowledge and ability required	low	high
Interdependent control and ownership between community-based organisations	absent [there is encouragement for vertical synergy and interdependence]	absent but high within organisations
Holistic set of tasks	high	high
Intrinsic rewards	high	high
Opportunities for learning by doing	high	high

7.2.2 Formal Organisational Arrangements

In analysing the formal organisational arrangements according to the interorganisational structures, internal structures and human resource systems, the findings indicate that in both communities, the development of interorganisational structures and human

resource systems were negligible. Therefore, the extent to which these factors positively influence enterprise could not be verified. In regard to internal structures, these were typically highly organic within both communities. While this type of structure was found to be high conducive to behaviours argued in an earlier chapter to be enterprising, the findings suggest that enterprise at the organisational and community levels is highly contingent upon the presence of community-based authority and accountability. Indeed, although Eastern Guysborough County organisations were found to have quite organic structures, and high levels of local responsibility for programme delivery, primary accountability and authority for programme development was not found to be community-based. In contrast, organisations in Isle Madame perceived primary accountability to be community-based and assumed far greater levels of authority for programme design. However, the findings do indicate that this authority was subject to considerable outside influence, although the extent of this influence has been experiencing a decline.

In summary, it has been concluded that while both communities possessed organic structures and community-based responsibility, only Isle Madame's formal organisational arrangements possessed community-based accountability and authority for programme development.

Table 7.15
Cross-Case Comparison of Formal Organisational Arrangements

	EASTERN GUYSBOROUGH COUNTY	ISLE MADAME
Formal linking mechanisms	few - mostly for information sharing or administrative economies of action	lacking
Structural type	organic	organic
Authority/ responsibility for programme development/ delivery	local responsibility, external authority	local responsibility, moderately high authority
Accountability	funding agencies/ community	community
Emphasis in evaluating/ rewarding performance	performance not formally evaluated/rewarded	performance not formally evaluated/rewarded
Recruitment strategy[21]	informal	informal

[21] A formal recruitment strategy for employees had not been formulated by any of the organisations.

7.2.3 Individuals

Generally, the individuals involved in day-to-day development activities in both communities were found to fulfil their organisational responsibilities through behaviours which were highly aligned with those posited as being entrepreneurial. Indeed, individuals possessed very positive attitudes toward learning by doing, strong collective community identity, were found to prefer an informal, free-ranging work style, and demonstrated an ability to manage interdependencies and deal with multiple tasks. However, evidence indicates that collective community identity had the greatest influence on the process during organisational start-up, as it was the key factor which prompted individuals to initially take action. Moreover, unlike what is typically the case in organisations, a high level of trust and mutually respected competence had been developed on the basis of personal relationships prior to organisational formation which served to encourage considerable entrepreneurial behaviour as people were highly supportive of each other.

Typically, while both staff and board members had fairly well developed interpersonal, team building and problem-solving skills, evidence suggests that individuals' capacity to capitalise on these competencies in strategically oriented efforts was predicated upon having technical/ business/ managerial skills. Indeed, in the absence of a business background, an individual's future vision possessed few economies of action, strategic or otherwise. Moreover, the extent to which individuals' formal and informal connections overlapped was not found to be a significant factor as individuals reported highly dynamic information and other resource requirements. Nonetheless, there was no evidence to indicate that individuals differentiated between formal and informal contacts. However, given the nonroutine nature of the tasks, evidence suggests that individual ability to establish and utilise 'virtual' networks was a key factor in identifying and accessing needed resources.

In summary, the attributes of individuals participating in the development process in both communities were found to be consistent with those of an entrepreneurial configuration. These included positive attitudes toward learning by doing, collective community identity, high levels of trust and respected competence, a preference for an

informal/free-ranging work style, and an ability to manage interdependencies and deal with multiple tasks.

Additionally, the findings indicated that technical/ business/ managerial skills as well as an ability to develop and utilise virtual networks effectively were attributes which may encourage enterprise. Indeed, evidence suggests that prior business experience/expertise enabled individuals to fully capitalise on their strong interpersonal, team-building and problem-solving skills in achieving strategic outcomes. The one individual attribute which was conspicuously absent was a strategic vision for economies of action. Rather individuals' vision tended to be oriented toward either organisationally focused or administratively focused economies of action. The findings suggest that a number of factors may have been discouraging individuals from pursuing community-based interorganisational collaboration. In some cases, greater opportunities to acquire resources from externally-based government sources may have prompted organisations to pursue organisationally-based 'vertical' economies rather than community-based 'horizontal' economies. In other cases, some organisations were found to pursue administrative economies, possibly because organisations lacked the autonomy to pursue a broad range of tasks. Finally, it was suggested by some that community-based interorganisational collaboration would be dysfunctional as responsiveness would be inhibited by organisational structures requiring approval from several Boards of Directors before an activity or project could be pursued. Indeed, while each of these explanations have merit, the evidence remains inconclusive.

Generally, while process participants in both communities were found to possess attributes consistent with those posited to be enterprising, several reasons appear to account for why enterprising behaviours were found to be more broadbased in Isle Madame. Firstly, given the nature of the tasks undertaken, there were more people involved in the process. Secondly, because this community's organisations were shown to have more authority, individuals had greater autonomy to act. Thirdly, because more Board members had a business/managerial background, they were better able to capitalise on their skills and abilities to innovate.

Table 7.16
Individual Component Cross-Case Comparison

	EASTERN GUYSBOROUGH COUNTY	ISLE MADAME
Attitudes toward learning by doing	highly positive	highly positive
Strength of collective community identity[22]	high among Board members; provided the impetus for organisational start-up	high among Board members; provided impetus for organisation's inception
Strategic vision for economies of action	low in terms of strategic economies; high in terms of administrative economies	organisationally as opposed to community oriented
Skills and abilities	strong interpersonal, team-building and problem-solving skills among employees; Board members do not fit a particular demographic profile as occupations, age and educational backgrounds vary	strong interpersonal, team-building and problem-solving skills among employees; majority of Board members have strong managerial/professional background experience, university education, and over 40 yrs. old
Number of overlapping formal and informal connections	not a relevant factor	not a relevant factor
Degree of trust and respected competence	high	high
Preferred work style	informal/free ranging	informal/free ranging
Ability to manage interdependencies and deal with multiple tasks	high	high

2.4 Informal Organisational Arrangements

Generally, evidence indicates that with one exception, the informal organisational arrangements which have developed in both communities are consistent with those posited to foster enterprise. The exception was in regard to the extent to which formal/informal business/social relationships overlapped. This factor was not only indeterminable but it was judged to be irrelevant owing to the nature of the relationships required by the nonroutine tasks undertaken.

Included among the informal organisational arrangements were guiding principles which encompassed supportiveness, trust and cooperation; high levels of collective identity, involvement and participation; and the adoption of entrepreneurial behavioral

[22] This dimension was assessed for Board members only as it was not found to be particularly relevant for employees

expectations. In addition to the proposed norms two others surfaced in helping to foster enterprise in both communities. The first was the expectation that Board members will not interfere with the day-to-day activities of staff and the second was the expectation of high levels of voluntarism among organisational members. Among Isle Madame organisations there was also the expectation that individual areas of responsibility would be determined on basis of individual interest.

The one factor differentiating the two communities concerns the extent of agreement on goals, objectives, time scales and outcomes. Within Eastern Guysborough County, there was no evidence that organisations shared a strategic vision of what was to be achieved in the community. In contrast, development activity in Isle Madame was underpinned by a strategic vision which was prepared as part of the GTA report. In receiving broadbased acceptance from the community, this vision implicitly provided a common purpose for the various organisational initiatives. Although the findings indicated that each organisation operated very autonomously, members were keenly aware of how their activities were contributing to the economic and/or social goals described in the aforementioned report. Indeed, evidence suggests that the consensus achieved has been instrumental in establishing 'community' as an important value guiding action. Indeed, while development process participants in Eastern Guysborough County value 'community', it's impact on action was not judged to be pervasive as most activities were either initiated by government or undertaken in response to program funding availability rather than in strategic response to identified needs.

Table 7.17
Cross-Case Comparison of Informal Organisational Arrangements

	EASTERN GUYSBOROUGH COUNTY	ISLE MADAME
Valued principles include supportiveness, trust and cooperation	extensively adopted guidelines for action	'community' found to be an additional value guiding action
Collective identity	high among Board members but largely irrelevant as work done independently	high
Involvement and participation	high	high
Agreement on goals, objectives, time scales and outcomes	no evidence of a shared broadbased community shared understanding	shared broadbased community understanding of goals and outcomes
Overlap of formal/informal business/social relationships	n/a	n/a
Entrepreneurial norms	highly integrated into behaviour patterns	highly integrated into behaviour patterns

2.5 Conclusion

In conclusion, the consistency of the findings from cross-case analysis with the research hypotheses provides rather compelling support for the theoretical framework. Indeed, neither case provided evidence to indicate that matching the configuration of any one of the model's components was sufficient to stimulate effective entrepreneurial behaviour. For example, although two of Eastern Guysborough County's process components were quite consistent with the proposed configurations, earlier analysis has indicated that the behaviour generated by the process did not manifest itself in increased levels of strategic innovation or economic development. Therefore, it can be concluded that community entrepreneurial effort will be influenced by the extent to which the four process components are configured to maximise the potential for enterprising behaviour. In exemplifying greater total congruence among the actual components and a greater consistency with the posited entrepreneurial configurations than was the case in Eastern Guysborough County, Isle Madame's development process was shown to be more effective in stimulating entrepreneurial behaviour at multiple levels.

In fostering entrepreneurial behaviour at multiple levels, previous analysis indicated that Isle Madame achieved greater levels of innovation in utilising available resources

to achieve strategic goals. For example, in successfully establishing a Small Options Home, DIMA achieved both economic and social goals by creating several full-time jobs and enabling residents requiring this type of care to remain in the community. Bringing this venture to fruition required considerable entrepreneurship to obtain the required resources. Not only was Isle Madame able to achieve more innovation, it was also able to achieve higher levels of effectiveness in terms of goal achievement, indicating that a relationship between entrepreneurship and economic development does, in fact, exist.

While evidence indicates that innovation was achieved in using available resources to achieve strategic goals in Isle Madame, this innovation was not generated in the way expected - by focusing on the synergistic use of community-based resources to achieve economic development. Rather, for the most part, it was produced by deriving resources from external sources. In Eastern Guysborough County, some innovation was generated at the community level but it was judged to be administrative as opposed to strategic in nature.

In assessing resource utilisation on the basis of whether resources were sustained or depleted, neither community was judged to be highly effective. However, in Isle Madame, there was considerable evidence to indicate an increasing awareness of the need for activities to be financially self-supporting, thereby establishing a direct link between self-reliance and effectiveness in resource utilisation. Fundamentally, this suggests that there may be a need for a shift in how community organisations typically perceive the role of 'profit'. Indeed, the more revenue exceeds expenses, the greater the margin for error, which in turn, encourages learning by doing and provides opportunities to make mistakes without fear of punishment. Conceivably, if some activities with a high profit potential are pursued, the profit generated can be used to launch other job creating ventures which can enable both individuals and the community to become more self-sufficient or it could be used to pursue other activities which may only be viable on a break-even basis but would fulfil an important community need.

Finally, in judging effectiveness in terms of adaptability, evidence suggests that in

stimulating greater levels of entrepreneurship, Isle Madame has pursued a far greater number of activities within a shorter time period and achieved greater participation levels. Not only were the Boards in Isle Madame found to have a slightly higher average number of members (12.6) than those in Eastern Guysborough County (8.8), but their members tended to belong to fewer organisations (an average of 3.3 in Isle Madame vs. 4.6 in Eastern Guysborough County). All other things being equal, this meant that more people dedicated more time and attention to the various activities being pursued.

Overall, effectiveness in influencing economic development was found to be contingent upon the extent to which the community's strategy fit the environmental conditions. Indeed, the assessment of the development context in both communities indicated that opportunities for residents to learn/practice entrepreneurship were required in order to stimulate economic development. In providing more of these opportunities, Isle Madame was far more effective in influencing economic development than Eastern Guysborough County was, thereby supporting the last hypothesis.

Fundamentally, in being able to demonstrate that different levels of effectiveness were attributable to the development process, theoretical replication was established. Such theoretical replication is significant in that it suggests the results which would be produced in similar communities. Indeed, in confronting similar circumstances with comparable resources, each community generated different levels of enterprise and economic development, indicating that the main reason for the discrepancy lies in the process. Furthermore, since the process undertaken in both communities was quite effective in stimulating enterprise at the individual level, this enabled the researcher to more clearly identify the dimensions which were most instrumental at the community level. These included broad task definition and a short-term need-oriented goal focus within the task component; community-based authority and accountability within the formal organisational arrangements; business experience among board members within the individual component; and agreement on goals and outcomes among the informal organisational arrangements. Generally, the findings highlight the importance of adopting a strategy which 'fits' environmental conditions as it shapes the task component which, in turn, has a very pervasive impact on the other process

components, and ultimately, effectiveness. Indeed, while goal accomplishment is an important measure of effectiveness, evidence indicates that resource utilisation cannot be ignored if both individuals and communities are to achieve self-sufficiency. Finally, evidence indicates that adaptability is predicated upon the extent to which the process fosters entrepreneurship.

The next and final chapter of this dissertation, provides the author's conclusions and recommendations in light of the preceding findings.

CHAPTER 8

CONCLUSIONS AND RECOMMENDATIONS

To conclude the dissertation, this chapter summarises the argument and main results, presents the author's conclusions and implications and ends by making recommendations for future research, practical uses for the framework, and policy development.

8.1 SUMMARY

In setting out, broadly, to develop a better understanding of community economic development, and specifically to explore the link between entrepreneurship and 'local' economic development this dissertation began by examining the factors contributing to the increased emphasis local economic development has been receiving within conventional regional development literature over the past decade. Since the mid-eighties, the efficacy of conventional regional development theory and practice was increasingly being called into question. This challenge was largely fuelled by two factors. Firstly, existing theoretical frameworks were unable to adequately explain autonomous development experiences. Secondly, the prevailing centrally initiated government policy intervention which had been formulated on the basis of existing theory, was perceived to be incapable of reducing existing regional disparities. Fundamentally, in being unable to produce the results expected, a shift away from 'top-down' exogenous approaches to ones of a more 'bottom-up' endogenous nature became evident in both Europe and North America.

In conceptualising development as a dynamic local process of innovation, endogenous approach proponents believed that localities *could* influence the development process by using their own resources to seize opportunities for economic activity. However, each locality's development potential was considered to be significantly influenced by

its socio-cultural and economic constitution. As the momentum for endogenous approaches grew, it prompted economists to reappraise the role of space in the development process.

With conventional economic theory and policy coming under attack, the very meaning and nature of development came under scrutiny. For example, viewing economic development as a deterministic process influenced by macroeconomic factors was thrown into question by the success of local initiatives. Additionally, the validity of one of the most fundamental assumptions of economists, namely that individuals are rational decision-makers who will choose to maximise income, was challenged by evidence indicating that, given the opportunity, individuals do not necessarily choose this option. Moreover, an investigation of policy indicated that in concluding that one region 'suffers' from disparity in relation to another, a number of subjective judgments were being made by economists themselves, thereby contradicting the notion that decision making is rational and based solely on objective facts. In establishing that subjectivity does play a role in development, and that outside interventionalists have been known to arrive at conclusions which differ from those of endogenous stakeholders, the issue was raised of whether the subjective judgments of endogenous stakeholders should have a place in the local development process.

While noting the increased support for endogenous approaches, this research also has identified a number of fundamental issues which have yet to be dealt with. First and foremost there is a need to clarify the meaning of key terms and concepts. For example, sometimes the terms 'local' and 'regional' are differentiated, while at other times they are used synonymously; sometimes these terms are used to denote geographic boundaries while at other times 'local' development is used to denote an emerging development paradigm. Indeed, in the absence of clear definitions, it has been argued that the existing theory underpinning these approaches is not only inadequate but largely unverifiable. Secondly, there is a need to be able to identify and justify the factors which differentiate 'top-down' exogenous development from 'bottom-up' endogenous development. For example, sometimes the source of the initiative and/or resources is used in doing so, while sometimes other factors are used. Thirdly, it was argued that more holistic theory is required in order to incorporate a broader

range of the economic and noneconomic contingencies shown to interactively affect the development process and its outcomes. Indeed, development cannot be effectively influenced by policy until it is more comprehensively understood. Although a number of contingencies which can affect the development process have been identified, the existing endogenous theories were judged to be deficient as they tend to focus on one or two key factors, thereby failing to capture the complexity of the process. Consequently, they cannot adequately explain why communities facing similar circumstances with similar resources influence development with different levels of effectiveness. Fourthly, there is a need to more clearly define how the spatial boundaries for development will be established. Finally, the need to address the issue of evaluation was identified. In being unable, generally, to accurately determine the effectiveness of previous 'top-down' policies/programs, politicians and policymakers had no basis for responding to criticism. Amidst mounting pressure from the public for both job creation and fiscal accountability, not only is a better understanding of endogenous development required in order to design more effective policy, but it is increasingly important to be able to measure the effectiveness of policies and/or programs.

In attempt to deal with some of these issues more systematically, the researcher began by synthesising the characteristics which empirical evidence has shown to be key in distinguishing exogenous and endogenous approaches. Additionally, the challenges presented by the ambiguity surrounding the terms used in adopting a 'local' focus were reviewed. Next, the range of challenges and issues associated with endogenous development were dealt with including the meaning and measurement of development, particularly in a regional context. Finally, a critical analysis of existing endogenous theory, policy, and practice was undertaken. This involved classifying the existing endogenous frameworks according to two major groupings which were then analysed to uncover the range of economic, demographic, and socio-cultural factors impacting on the development process. These included economic structure, occupational structure, degree of urbanisation, entrepreneurship and innovation, extent of collaboration, nature of decision-making and control and structures facilitating development initiatives.

Having dealt with the increasing prominence of 'bottom-up' endogenous development

within the regional development field, generally, Chapter 3 provided a much more focused examination. In the main, this involved dealing with how the issues surrounding the exogenous/endogenous development debate were manifested in Canada. However, an additional objective of this chapter was to provide a context for the ensuing research, which included an overview of the Canadian economy, the nature of the economic disparities, and how they were addressed. Since the 1950's, the policy emphasis has been on using exogenous approaches in addressing regional disparities. Atlantic Canada was shown to be the epitome of disparity having the lowest wages, employment rates, per capita incomes, labour-force participation rates, and immigration in the country. Yet, examination of income and employment levels on a sub-regional basis indicated that the disparities within the region varied considerably, and were found to be significantly affected by the extent of urbanisation. Indeed, urban areas were found to have the highest incomes, labour force participation rates, and overall economic growth. Of the four Atlantic provinces, Nova Scotia was shown to have the strongest imbalance in economic growth between its urban core and the rest of the province. This core, encompassing over half of the province's population, has an average income over 20% higher than that of the other 13 counties.

After decades of government intervention, not only have economic disparities and stagnation persisted, but people had come to rely on government to save existing jobs or create new ones. As top-down policies fell into disrepute, both levels of government became increasingly interested in alternative approaches aimed at encouraging growth in the small business sector. One particular approach, referred to as Community Economic Development (CED) in North America, has been embraced by Canadian policymakers. While the onus for development is being increasing placed upon communities, there has been little evidence to indicate that policy and/or programs have been devised to accommodate the diverse socio-economic circumstances of localities. Indeed, there has been no rationale provided as to *why* this approach will be more successful in reducing economic disparity than strategies of the past or *how* it can be. Consequently, there is no basis for evaluating community-based development effectiveness. Without an understanding of the process and related issues, the task of developing effective policy, particularly to address the economic disparity in rural parts of Atlantic Canada, will be elusive.

With the twofold aim of determining the appropriateness of Community Economic Development in responding to the problems being faced by rural disadvantaged communities and identifying the factors essential to developing a better conceptual understanding of what might constitute an effective process, Chapter 4 provided a critical review of the relevant literature. In exploring the evolution of Community Economic Development, it was discovered that two very distinct approaches have emerged under its rubric. This has created an impasse in regard to defining CED, its objectives, its practice, its success, and consequently, its potential. The author has argued that much of the debate and confusion stems from the fact that different development philosophies underpin the two discrete spheres of activity. In addition to identifying and analysing the issues of agreement and contention characterising the two underlying perspectives (which have been coined the social development perspective and the economic development perspective), the gaps and inadequacies inhibiting a more complete explanation of community economic development were also addressed.

As conceptual definitions are central to the understanding of any phenomenon, the adequacy of definitions adopted by each perspective needed to be examined. In light of this assessment, the author proposed definitions for key terms as a basis for developing the conceptual framework. Upon examining the range of factors purported to characterise the development process, it was noted that no attempt has been made to justify how and why a particular set of factors are salient to the process. As with other endogenous approaches, entrepreneurship and innovation are afforded a key role in the development process. While both perspectives view human resource capacity-building as a key characteristic of the CED process, they were not found to adequately recognise the need to build entrepreneurial capacity. Indeed, generally, the relationship between entrepreneurship, innovation and economic development is not well understood. To begin to address this issue, clear definitions of innovation and entrepreneurship which are meaningful in a Community Economic Development context were provided. In underscoring the integral role of enterprise in the development process, the chapter concludes by proposing a distinct term, *Community Enterprise Development*, which not only brings together the argument in the chapter but highlights the fact that this dissertation presents a different understanding of community-base development from that held by economists or sociologists.

Chapter 5 addresses the question of how to facilitate innovation and entrepreneurship where it is not emerging autonomously. This was shown to require a conceptual framework that could explore the relationship of issues identified as important to Community Economic Development and how they impact on entrepreneurship and economic development. Fundamentally, facilitating innovation and entrepreneurship within a community context involves understanding behaviour. A systematic search of the literature for multidisciplinary frameworks which could aid in explaining complex patterns of behaviour was found to be analogous to the proverbial search for a needle in a haystack. However, eventually, a group of models with this potential - organisational assessment models - was identified within the management literature. After a thorough review of these models, the Congruence Model of Organisational Assessment was ultimately chosen as an organising framework to deal with the research question at the community level of analysis. The Congruence Model was selected for a number of reasons including both its focus on process and its capacity to explain complex behaviour and effectiveness. It conceptualises an organisation as a system consisting of four main process components - the task (nature of the work being done), individuals, formal organisational arrangements or structures, informal organisational arrangements - which interact under conditions of consistency or 'fit' with each other. In explaining organisational functioning, the system's inputs or context, its four main process variables and the relationships between the process factors and the system outputs are explicitly dealt with. According to the model, in the short to medium term, effectiveness is assessed according to the degree of 'fit' or congruence among the four key process components and the extent to which the pattern of congruence matches the basic requirements of the strategy (one of the key process inputs). When the strategy fits environmental conditions, congruence is associated with organisational effectiveness. When the components fit poorly, problems occur.

Although the concept of congruence has been widely used by management scholars in explaining how an organisation can influence behaviour and effectiveness, it has yet to be used in a community context. It was argued that communities, like organisations, are complex and dynamic behavioral systems. Moreover, it was postulated that a community's effectiveness in responding to environmental change would be a function of the extent to which the development process fosters enterprise, hence the

framework's title *Community Enterprise Development Model*. Because the process involves an exchange of inputs and outputs with its environment, outcomes and determinants needed to be linked.

The first step in adapting the model to explore both the process and the impact of fostering entrepreneurship and innovation within communities, was to identify and discuss the input factors, including the environment, resources, history/core values and strategy. Indeed, it was argued that the strategy embodies the community's long-term goals and its plan for using existing resources and capabilities to capitalise on market opportunities to achieve those goals. A community's goals not only define the task(s) and desired outcomes, but they serve as a basis for establishing the criteria by which effectiveness can be measured. Since a strategy characterised as one of 'dependency' has not been shown to be effective in helping disadvantaged rural areas to adapt to economic restructuring, it has been argued that successful adaptation to environmental change requires a strategy characterised by innovation.

Secondly, in conceptualising the process, the four major variables from the Congruence Model were used as the basic organising frame. In structuring the insights from the two perspectives outlined in the previous chapter, both economic and noneconomic factors were brought together from the literature in specifying the dimensions of the task, individual, organisational arrangements and informal organisational arrangements which would configure the process to foster enterprise. Finally, in specifying the three output variables which will be used in determining process effectiveness - goal achievement, resource utilisation and adaptation - the link between process and outcomes was addressed.

Chapter 6 sets out the methodology and research method used. In testing the model's capacity to address the question of how the development process fosters enterprise, it was argued that the nature of the research focus has created a need both to understand events and behaviour in context as well as a need to examine and develop a more holistic[23] understanding of the development process. This led the researcher to adopt

[23] The word 'holistic' is used by the researcher to denote the need to understand a community's development process in its entirety as opposed to limited aspects of it.

a qualitative methodology as it views social interaction in relation to the meanings people give to their actions and environment and considers it necessary to refer back to these meanings during analysis. Indeed, such a methodology is consistent with the stance taken in this dissertation that the geographic boundaries as well as the aims and desired outcomes of the development process need to be defined by the life-world community, not outside interventionalists. Moreover, it emphasises the importance of people's understanding and interpretation of their social reality in acquiring knowledge about the development process.

Flowing from the methodology, the research design dealt with how data would be collected to test the model. The design involved three interdependent issues including choosing a research strategy, linking the data to the initial questions of the study, and establishing the quality of the design. In choosing a research strategy, case studies were deemed most appropriate as they focus on investigating a contemporary phenomenon within its real-life context, particularly when the boundaries between the phenomenon and context are not always evident. Moreover, aside from being a very flexible research strategy, the literature has identified case studies as having, typically, the greatest capacity for contextual and holistic investigation. Usually, case studies draw on a combination of sources of evidence. Therefore, triangulation is quite a common characteristic.

While defining 'community' as the main unit of analysis, identifying the issue of how communities can effectively influence development as the main research question, and developing exploratory hypotheses to address this question are all integral parts of designing case study research, these design components essentially address what data are to be collected. However, theory development was argued to have a much broader role as it not only facilitates data collection, it also guides data analysis and interpretation. Essentially, it is the logic which links the data to the hypotheses. By developing theory prior to data collection, a basis for determining the extent of analytic generalisation was established. In adopting a multiple embedded case design, it was decided to use two cases to test the model's theoretical replication - to determine whether contrasting results are produced for predictable reasons. While most studies of communities focus on one locale, given that one of the objectives of this dissertation

is to better understand why communities with similar circumstances and resources achieve different levels of economic development, two locales were chosen.

Using theoretical sampling, the communities were selected on the basis of being expected to serve as strategic cases in testing the model's capacity to help understand how the development process fosters entrepreneurship and economic development. Three main criteria were used to guide the sampling process. Firstly, each community was required to have relatively similar inputs in terms of environment, resources and history/core values. Secondly, each community was required to have different levels of economic development (outcomes). Thirdly, each community was required to have had engaged in the development process for a similar period of time.

In identifying cases which fulfilled the sampling criteria, the researcher consulted with various economic development policymakers, practitioners and academics and was committed to choosing cases where the researcher had no preexisting professional or personal acquaintances in order to minimise the potential for bias. Being able to identify two communities in Nova Scotia, Canada, which fulfilled the criteria had a number of advantages. Firstly, given that prior knowledge is required in selecting cases that test theoretical frameworks in real-life settings, the researcher's access to the knowledge required for sampling was key. Secondly, as one of four Atlantic Canadian provinces, Nova Scotia has the dubious distinction of belonging to the most economically disadvantaged region in the country which has historically experienced high levels of economic disparity despite decades of intervention. Thirdly, because most of the CED research has been urban based, studying community-based development in Nova Scotia provides an opportunity to gain insight into rural development experiences. Fourthly, the closure of the Canadian east coast groundfish industry resulted in the virtual collapse of several Nova Scotian communities. Given the instrumental role the literature affords crisis in mobilising action, and given that several communities were experiencing a crisis brought about by the same circumstances at the same point in time, this increased the likelihood that communities could be identified that would meet the sampling criteria for testing the theoretical framework.

Once the communities were selected, the next stage of the research process involved a preliminary investigation which was aimed at establishing each community's life-world boundaries, determining whether the main actors in the development process were individuals, groups/organisations or some combination thereof; and verifying (or refuting) the assumption that an economic crisis would predispose a community to define development in economic terms. While available reports, studies and other documents were analysed, local knowledge was the principle means of assessment. It should be noted that prior to the field work, the researcher purposely refrained from making any contact with people or organisations within the community in attempt to ensure that members of the community would not form preconceived notions or distorted perceptions of the nature or purpose of the investigation. In adopting a very informal and unstructured approach for the initial phase of the field work, the aim was to gather information from community members who have experienced the place in various ways, from various perspectives, and over various periods of time. This approach, commonly referred to as judgment or purposive sampling, involved making a range of initial contacts (for example the owners of the bed and breakfast) who were asked to recommend others who were directly affected by the crisis and/or were involved in social/economic activities aimed at responding to it.

The initial community visit was used principally to familiarised the researcher with the physical structure of the community and to identify key focal points frequented by residents which might be used as avenues of integrating with residents. For example, in identifying Canso's Town Hall as a focal point for residents, initial contact was made with the receptionist who recommended where lodging could be obtained and who the researcher might begin talking to. This strategy proved to be serendipitous. For example, the proprietor of the bed and breakfast was very well connected in the community as he was a member of the town council and a school bus driver. In the other community, a different approach was required in making initial contacts as there was no immediately apparent focal point. Therefore, a decision was made to contact the various clergy in the area as they were thought to possess considerable insight into the community, its situation, what was being done in response to the crisis, and who was most actively involved in the process. On the basis of the initial visit in both communities, a range of contacts were established which were used as a basis for

contacting others (ranging from fishplant workers to business operators to social workers) in subsequent visits. Generally, this proved to be an effective approach as people communicated very openly, providing no indication of being suspicious of the researcher's motivations. Indeed, the willingness of people to share their 'story' was quite overwhelming. For example, one woman, who had worked in the fish plant prior to its closure, provided me with a series of scrapbooks and videos she had created which documented all local, provincial and national media coverage of the community's situation since the inception of the crisis.

The main method used in establishing the life-world boundaries for the two chosen communities was to ask people to identify both the geographic area within which the impact of fisheries collapse was being experienced and the geographic service area of various socio-economic institutions. This primary data was supplemented by secondary sources in determining the extent to which shared circumstances were both short and long term in nature. On the basis of the preliminary investigation, it was also determined that organisations were the main actors in the development process (as individuals playing an active role in the process were found to have acted through formal associations or organisations), thereby defining the relevant 'population' to explore; that the community defined development in economic terms; and that January 1, 1995 would mark the beginning of each case while December 31, 1995 marked the end of each case (as the process had been found to evolve and many of the initial process participants were either no longer involved or involved in a different capacity).

Since community-based development is the primary focus of the research, an additional issue involved determining what constituted a 'community-based' organisation. Provided organisations met the following three criteria, they were considered community-based: servicing all or part of the life-world community; community representation (i.e. government agencies which serviced the area but lacked community-based decision-making were not included); and having a main mandate which was defined as either economic development or addressing other needs which the community identified as important in responding to the negative socio-economic circumstances. Once all the community-based organisations were identified, informal interviews were conducted used as a vehicle for explaining the research and

establishing rapport.

Primarily, data was collected by conducting a series of semi-structured interviews with organisational members of varied positions including all nonsupport staff and selected Board representatives. This helped ensure the researcher obtained differing perspectives in measuring process component dimensions, bringing multiples sources of subjective evidence to bear on them. This required the development of three interview schedules: one for employees; one for Board members of organisations with employees; and one for Board members of organisations without employees. In addressing the quality of the research design, a description was provided of how the following three principles were followed in helping to establish the validity and reliability of the research: the use of multiple sources of evidence, the creation of a case study database and the maintenance of a chain of evidence. It also specifically dealt with a broad range of issues associated with developing the measurement instruments, documenting the research procedures, collecting the data, analysing and interpreting the evidence, and addressing the ways in which the research method's susceptibility to error and bias were dealt with.

In presenting the research findings, Chapter 7 provides both a within-case and a cross-case analysis of the development process adopted by Eastern Guysborough County and Isle Madame. Fundamentally, the findings were judged to provide considerable support for the fundamental proposition of this dissertation that a community's effectiveness in influencing economic development is dependent upon the extent to which the process it adopts fosters entrepreneurship.

The within-case analysis focused on determining the extent to which the dimensions of each actual process component matched those proposed in the Community Enterprise Development framework. The results of this analysis were then used to determine the extent of support for the exploratory hypotheses. The initial part of the analysis involved an examination of each community's development context. Although it was established that Eastern Guysborough County's task environment and resource base did not contain elements known to be conducive to economic growth, a strong community identity emerged as a dominant aspect of its history/core values. In responding to the

circumstances which threatened the community's economic base and, therefore, its survival, the community adopted a strategy which was judged to be transitional. Indeed, although maintaining and/creating jobs has been the main goal since the crisis began, three distinct approaches have been adopted in attempt to achieve that goal.

In analysing the process, the researcher primarily relied on the data collected from the six community-based organisations actively participating in the development process as of December 31, 1995. However, the data collected during the preliminary investigation (such as the video and scrapbook collection), observations of the board meetings and community life were also used during analysis.

As a basis for evaluating the support for the hypotheses, the main emphasis in interpreting the data was to determine the extent to which each of the process components matched the configuration proposed in the framework. The results of the analysis indicated that in regard to both the task component and the formal organisational arrangements fairly low levels of congruence existed between the actual and proposed components, while relatively high levels of congruence were evident in the individual component and the informal organisational arrangements.

In using goal achievement, resource utilisation and adaptability to judge effectiveness, it was concluded that the process engaged in, generally, had not been effective in influencing economic development. The main reason for this was attributed to the fact that the strategy adopted did not fit the environmental conditions. In failing to encourage entrepreneurial behaviour at the community level, the strategy was not successful in either producing strategic innovation or in achieving economic development. Indeed, these results are consistent with the hypotheses.

In the case of Isle Madame, the context analysis indicated very similar environmental, resource and, to some degree, history/core value inputs. However, while the goals of the strategy adopted in responding to the fisheries collapse resembled Eastern Guysborough County's in many significant ways, the approach for achieving them was found to be different. Indeed, the strategy was labelled 'evolutionary' to reflect the commitment to the essence of the original strategic vision. Underpinned by a strong

belief that the community possessed the capability to deal effectively with its problems, a very proactive approach was taken in attempting to achieve the strategic aims.

In analysing the process, fairly high levels of congruence were found between the actual and proposed configurations of all four components. Not only were these components judged to encourage entrepreneurial behaviour, but in doing so at the individual, the organisational and the community level, considerable innovation was achieved in utilising available resources to achieve strategic goals. Indeed, in terms of goal achievement and adaptability the community was judged to be rather effective. However, in regard to resource utilisation, there was little evidence indicating that resources had been sustained. Generally, not only was the strategy judged to be appropriate for the environmental conditions being experienced, it was also considered to play a key role in the community's ability to positively influence its economic development. Indeed, in relation to the hypotheses, the findings were highly consistent.

In highlighting the similarities between the communities inputs and the differences in outcomes, the cross-case analysis focused on exploring how the outputs were affected by process. In producing contrasting results for 'predictable' reasons, the Community Enterprise Development framework is considered to have a capacity for helping to explain why some disadvantaged rural single industry communities are able to influence economic development endogenously while others are not, despite similar resources. Indeed, the findings lend considerable support to the fundamental proposition of this dissertation that a community's effectiveness in influencing economic development is dependent upon the extent to which the process it adopts fosters entrepreneurship. Fundamentally, not only was theoretical replication achieved, but the empirical results substantiate the analytic generalisation of the framework.

Generally, the dimensions of the four process components were found to have an interactive, yet relative influence on entrepreneurship and economic development effectiveness. Indeed, although some proposed dimensions were found to encourage entrepreneurship at the individual level of analysis in both communities, these factors were insufficient in fostering entrepreneurship as the level of analysis became more aggregated. The dimensions which were most instrumental in fostering entrepreneurship

and economic development effectiveness at the community level included broad task definition and a short-term need-oriented goal focus within the task component; community-based authority and accountability within the formal organisational arrangements; business experience among board members within the individual component; and agreement on goals and outcomes among the informal organisational arrangements. Overall, the findings indicated that the task component has the greatest impact on the process.

In regard to outputs, Isle Madame was found to have achieved greater levels of innovation in utilising available resources to achieve strategic goals. Moreover, in adopting a strategy which 'fit' the environmental conditions by encouraging entrepreneurship at multiple levels, Isle Madame, was found to be more effective in influencing economic development than Eastern Guysborough County. Generally, goal accomplishment was found to be an important and useful measure of economic development effectiveness while resource utilisation was shown to be instrumental in indicating the extent to which self-sufficiency is being achieved. However, neither community was found to be very effective in sustaining resources although evidence indicated that this issue was starting to be addressed in Isle Madame. Essentially, adaptation indicates the extent to which entrepreneurship has been adopted by the community as the means of responding to socio-economic restructuring. Indeed, with evidence indicating higher levels of entrepreneurship in Isle Madame than in Eastern Guysborough County, Isle Madame was judged to be more adaptable than Eastern Guysborough County.

8.2 CONCLUSIONS AND IMPLICATIONS

8.2.1 THE RELATIONSHIP OF THE FINDINGS TO THE EXISTING KNOWLEDGE BASE

This research has addressed one of the fundamental questions posed in the literature: how local development can be induced in areas identified as lacking entrepreneurial capacity, organisational and administrative skills. The results directly challenge the conclusion of endogenous scholars that development is only possible where innovation

and entrepreneurship are firmly entrenched in the local value system. Indeed, in conceptualising how entrepreneurship can be fostered within development activity, this research has contributed to a better understanding of the link between entrepreneurship, innovation, and endogenous development. In highlighting the fact that the process, its context and outcomes are inextricably linked, the findings demonstrate the need for a more inclusive framework for understanding complex phenomena.

Considered in relation to existing endogenous development models, which were classified in Chapter 2 as either productive restructuring models or spatial (territorial) models, the Enterprise Development Framework has demonstrated a capacity to incorporate the influence of industry-level factors as well as endogenous economic and socio-cultural factors on the development process. Moreover, in identifying the results expected from the context analysis, the effectiveness of the process is also addressed. While the context (input) analysis facilitates an understanding of how the industrial base, local resources and culture interactively impact on the process, conspicuously absent from the framework are factors relating to the impact of intra-community conflict and political structures and processes on regeneration efforts.

While conflict can significantly influence a community's development efforts, the principal reason it was excluded from the framework was that the literature indicates innovation is encouraged by supportiveness, trust, and cooperation. Therefore, in testing the framework, if these factors were absent, by definition, conflict would be the cause. In regard to political factors, which often provide the primary impetus for economic development activities in many areas, there is little evidence in the literature that such efforts have had a positive influence on entrepreneurship, innovation, or economic development in communities judged to be lacking these factors. Indeed, it is generally agreed, both within the literature and among policymakers and practitioners that exogenous development approaches have been incapable of producing the results expected in disadvantaged Canadian rural areas and have fostered dependency rather than entrepreneurship. Therefore, given the main focus of the research is on exploring how the issues identified as important influence entrepreneurship (and how entrepreneurship, innovation and economic development are linked), political factors were not incorporated into the framework.

Despite the researcher's decision to exclude these factors from the framework, the data collection approach did provide the researcher with the opportunity to assess whether these processes and structures were having an impact on the process and its outcomes. During the empirical work it was noted, particularly in Eastern Guysborough County, that local, provincial and federal governments play varying roles in the development process. For example, the Town of Cans was the driving force behind the formation of several organisations over the five year period (1990-1995) and has provided considerable administrative support for other community-based economic development organisations. However, since most of the politically-driven development activities involved infrastructure projects, they were not found to positively or directly encourage entrepreneurship among community residents.

Generally, the issues dealt with in this research are particularly important in the Canadian context as although government has provided monetary backing and support 'in principle' for community-based economic development, it has done so without knowing how or why community-based efforts can be effective. Previous discussion had established that Canada's unemployment problem is largely centred in smaller, more remote communities whose natural resource base is depleted or facing declining prices. In focusing on this context, the findings were able to demonstrate that these types of communities, too, are willing and able to influence economic development. Indeed, this research suggests that every community has some development potential which can be capitalised upon by providing individuals with the opportunity to learn/practice entrepreneurship.

Since endogenous development is premised on the assumption that local circumstances are best understood and responded to 'locally', the need to define the fundamental unit of analysis in spacial terms is underscored. The evidence affirms the argument presented in this dissertation that the varied circumstances experienced within regions creates a need to refocus the unit of analysis if regional differences are to be better understood and endogenously influenced. While the evidence confirmed the findings of others that crisis was the catalyst for development action, generally, the main personal motivation for involvement was a desire to afford all members of the community the option to remain and enjoy the quality of life the community provided.

With no one outside the life-world communities directly involved in the development activity, the findings challenge the use of a region as the unit of analysis and validate using the life-world as the main criterion for defining the spatial boundaries.

Fundamentally, much of the ambiguity caused by the inadequacy of existing definitions within the endogenous literature has been circumvented by clearly defining the terms used in the research. In demonstrating the validity of the definitions provided, the conclusions drawn concerning the role of entrepreneurship in endogenously based development are far more defensible. These definitions are considered to have the capacity to serve as a basis for more systematic endogenous development research.

In regard to the issue of goals, the evidence suggests that it is important for the community to decide how they will be achieved. However, the emphasis on pursing initiatives funded by government programs suggests that to some extent, the means are justifying the ends. If self-sufficiency is to be achieved, a greater focus on how resources can be used to capitalise on to market opportunities may be required. In being able to increase and/or sustain resources, development capacity can be significantly expanded.

The findings support the earlier argument that the debate over whether economic and/or social goals should be pursued is ill-founded, by indicating that communities, generally, develop a shared understanding of the general nature of the goals which they want to achieve in response to the circumstances being faced. Moreover, this stance is consistent with the fundamental assumption of endogenous development that local circumstances and responses are best deal with by those experiencing them. However, given that circumstances change, over time a community's goals would not be expected to remain static.

The evidence is consistent with the conclusions of others that the primary goals of endogenous development activity are oriented toward sustainability rather than reduction of disparities. However, the findings challenge the assumption of economists that people will seek to maximise income as a goal, as vividly reflected in the following account: *I don't want a $200,000 house and a $50,000 car sitting in the*

yard. Most people around here don't...So don't make us want them things. Just let us have what we have... Let us make the rules... I don't care how they're being done in Yarmouth or how they're being done in Sydney or Moncton or Vancouver. This is the way it's done here. We don't want someone coming from Hamilton and telling us this is how this should be done...

Not only did the evidence indicate that quality of life was important in both communities, it illustrated the fact that community members' judgment of their quality of life is very different from that which would be made by 'outsiders'. Indeed, in both cases, there was unanimous agreement that residents enjoyed a very high quality of life despite the fact that an assessment of well-being using economic indicators confirmed that both communities had the dubious distinction of having employment and income levels far below those of the province and the country. This evidence suggests that because perceptions of desired well-being may vary between communities, the goals and objectives a community aims to achieve need to be used as the principle criteria for judging the effectiveness of development activities. While this does not necessarily suggest the abandonment of conventional meanings and measurements of economic development, it does question the appropriateness of using the same standards in judging the success of endogenous development in different communities.

Generally, the evidence indicates that the subjective judgments of endogenous stakeholders play an integral role in the process. Indeed, there was little evidence that exogenous decision-making can empower a community to take action to address its circumstances. Eastern Guysborough County's development process was found to be subject to significant external influence whereby assessments and judgments made by people from outside the community were found to be very different from those made endogenously. For example, outside government interventionalists responded to the fisheries collapse by establishing a Community Development Fund in attempt to stimulate small business development. In stipulating that it was to be a fund of last resort, several of those interviewed were of the opinion that this was setting them up for failure as it meant that only companies which could not get financing elsewhere were eligible to apply for assistance. There was little evidence that residents were given a major role to play in determining what would be done to respond to the

circumstances presented. Although government agencies involved the community in development activities, they did not afford them strategic decision-making autonomy. This implies a belief that the 'best' decisions are made by specialists in centralised locations on the basis of economic considerations and that internal stakeholders are less capable of influencing the development process. This is very much in keeping with the more traditional policy perspective discussed earlier in the dissertation. In contrast, the findings from Isle Madame not only indicate that internally generated ideas are a powerful influence in creating change but also that decisions which are not based strictly on economic factors or which aren't made by centralised 'specialists' can be effective.

While both communities were attempting to develop their small business sector, they did so with the deliberate aim of diversification. This contrasts with the strategy focusing on specialisation reported among autonomous endogenous development experiences. Underpinning the approach adopted were two key considerations. Firstly, and most importantly, the evidence indicated a desire to avert the reoccurrence of current situation. Secondly, given the nature of the each community's economic base, the absence of a technically trained or uniquely skilled workforce rendered specialisation an impractical option. Indeed, this highlights the fact that specialisation is but one way to influence economic development.

Although the goals of both communities were quite similar, Isle Madame's notion of how development would take place was shown to differ from the notion held by Eastern Guysborough County. In assuming far greater control in deciding what would be done in attempt to influence economic development, Isle Madame can be characterised more as a development maker rather than as a development taker. This community not only exercised greater levels of entrepreneurship but also was able to achieve greater effectiveness in influencing economic development than Eastern Guysborough County.

In earlier discussion of the issues surrounding the adoption of a local focus, it was suggested (Stohr, 1990, pp. 32-33) that four aspects of 'local' development need to be considered: the origin of the initiative, of the resource inputs, the control mechanisms

and the destination of benefits. Although preferring all four aspects to be local, it was considered important for benefits and control to be local. It is useful to reflect on how the findings of this research relate to these issues. Firstly, there was fairly strong evidence indicating that a community does not consider development to be 'local' when the origin of the initiative is external. Secondly, the active pursuit of external resources suggests that it was not considered necessary for the resource inputs to be community-based. Indeed, the evidence challenges the position widely held among endogenous scholars that the main way communities influence development is by using their own resources to seize opportunities. While both communities mobilised considerable human resources in addressing their problems, there was a conspicuous absence of effort to synergistically use other local resources in initiating business activity. Thirdly, the evidence indicates that local control is a necessary but insufficient factor. This was highlighted in the case of Eastern Guysborough County. While this community was given operational control of the Community Development Fund, it did not possess strategic control. As a result, the community did not develop a sense of ownership or empowerment through its involvement. This suggests that development will not be considered local unless control goes beyond the operational level. Fourthly, owing to the nature of the activities pursued, all benefits were destined for the community. Overall, the findings from this research suggest that when attempting to foster entrepreneurship in single industry communities, it is particularly important for the initiative and control to be community-based.

In addition to control, another issue relating to the formal organisational arrangements concerns the type of structure adopted and its impact on the process. While confirming the findings in the literature that organic structures facilitate innovation, the results did indicate some distinct features of the organisational structures studied. Whereas decentralised structures were shown to be highly conducive to timely decision-making at the operational level, the same level of responsiveness was not noted at the strategic level.

As a requirement for effectively responding to market challenges, a need for mechanisms which support local interaction and cooperation has been advanced in the literature. However, the findings from this research indicate that the mechanisms

encouraged interaction and cooperation with external stakeholders, particularly government agencies, to the detriment of pursuing opportunities for local synergies. In both cases, although formalised relationships were established with these externally based joint venture 'partners', generally, the partners had no operational involvement in activities. Yet, these external stakeholders were found to have a significant influence on strategic decisions. For example, the vast majority of organisations reported having delayed, postponed, or cancelled activities as a result of decisions made elsewhere. This indicates that there is still considerable dependency on government, although its nature has changed.

Generally, the collaborative ventures pursued by government agencies or by organisations that are government funded were found to be focused more on generating administrative rather than strategic innovation. The fact that proactivity is not part of the mandate of many of these organisations may be influencing the nature of activities pursued. Indeed, an increased incidence of projects involving all three levels of government, coupled with program criteria both requiring and favouring partnerships, suggests that governments' desire to avoid duplication of services among its agencies is prompting them and others to pursue collaboration as an end rather than a means of achieving economic development.

This research has provided considerable insight into the impact individuals themselves have on the process and its outcomes. While CED proponents argue that effectiveness in building a community's self-reliance requires the active involvement of community members, the evidence from this research indicates that the composition of participants has a significant impact on effectiveness. Generally, the employment status of individuals who were most active and most instrumental in initiating the development process had not been directly affected by the crisis. For the most part, the number and nature of individuals who became involved in operating activities was largely determined by the task(s) pursued. Fundamentally, the greater the number of individuals required for activities, the greater the amount of entrepreneurship, innovation and economic development. For example, because most of Eastern Guysborough County's activities were infrastructure projects, the operating activities required few people. Therefore, not only were there limited opportunities provided to

learn/practice entrepreneurship, there were also few opportunities for individuals to pursue personal need (for income) through joint association.

Indeed, the issue of how to get more members of the community involved so that the problem of volunteer burnout could be dealt with was identified as one of the top challenges of community-based development, according to those interviewed. The approach used by one organisation in dealing with this issue was deemed highly effective. Once individuals had demonstrated a willingness to volunteer time and effort to organisational pursuits, they were encouraged to identify and pursue projects on behalf of the organisation which would create sustainable employment for him/herself and/or others. This approach encouraged individuals to join the organisation as it provided opportunities to pursue personal need through joint association while encouraging them to adopt entrepreneurial behaviour in doing so. By involving people with diverse skills and abilities, a large resource pool was created to draw on. Not only has this organisation created the largest number of sustainable jobs, it boasts the largest membership of all the organisations studied.

An important contribution of this research relates to the role community identity plays in the process. Although others have noted its importance in mobilising action, no one has examined the issue of its impact once economic development activities become operational. While this factor was found to have an extremely positive impact on entrepreneurship during the organisational start-up phase, evidence indicates that its presence can be detrimental once the organisation is operational. For example, in one particular organisation, Board members were unwilling to act on information indicating a need for a staffing reduction. In fact, they relented only when a financial crisis threatened the organisation's survival. In retrospect, the Board members interviewed indicated that their desire to maintain the jobs originally created was the major factor clouding their judgment.

By building a bridge between the economic development perspective and the social development perspective in addressing how entrepreneurial capacity can be developed, a defensible basis has been provided for dealing with the following issues which have divided the field of CED activity: how community is defined, who the main

participants in the process are, the role of empowerment and resource control, the nature of initiatives required to achieve the desired ends, and how self-help is understood. Indeed, the evidence supports most of the assumptions shared by two approaches: crisis provides the stimulus for engaging in development activity, communities can influence development, and communities have the greatest understanding of the problems they face and are in the best position to develop solutions which make use of underutilised resources. However, while the findings indicate that a shared sense of identity creates a common purpose prompting people to mobilise resources in response to the perceived problems, contrary to the position advanced in the literature, the focus was on mobilising external resources. Additionally, while planning was found to provide a focus for activities, the evidence suggests that too much emphasis on formal strategic planning can decrease capacity to respond to change. Indeed, the strategic planning process Eastern Guysborough County participated in took five years and encompassed the whole County. In contrast, Isle Madame initiated its own strategic planning process which was completed and acted on in less than a year. Moreover, while confirming the importance the literature affords local leadership in successfully initiating and managing the process, the findings are significant in highlighting that development does not result from the leadership or efforts of one person or one organisation. Indeed, this underscores the appropriateness of conceptualising entrepreneurship as a collective phenomenon.

In reconciling a number of issues dividing the Community Economic Development field, this research has demonstrated that economic and social development are not mutually exclusive. Indeed, initiatives which enabled individuals to achieve greater individual and organisational financial self-sufficiency were shown to positively influence empowerment and self-esteem. Telile, an Isle Madame organisation, perhaps best exemplifies the capacity of small business to foster individual competencies associated with empowerment. All employees of this organisation reported exercising high levels of initiative, responsibility, decision-making and problem-solving ability when afforded the authority and responsibility to act in response to a financial crisis threatening the firm's survival. The employees reported a great sense of accomplishment in being able to establish the financial viability of the organisation and provide more permanent paid employment for themselves. This example serves to

illustrate that profitability can make a very positive contribution to both economic and social development.

8.2.2 THE RESEARCH APPROACH AND METHOD: A RETROSPECTIVE

In developing a better understanding of community-based development, it seems rather tautological to underscore the importance of the meanings people have attached to things, given that community-based development is predicated on the assumption that the community is in the best position to interpret and deal with problems/opportunities. However, doing so underscores the validity of adopting a qualitative methodology which aims to deal with meaning as opposed to cause, and assumes that people act on the basis of the meanings they attach to things. In exploring a phenomenon which is so inherently contingent and complex, the findings from this research have demonstrated the salience of referring back to these meanings both prior to and during analysis. Indeed, during preliminary investigation, the researcher established each community's geographic boundaries according to people's shared understanding of their life-world boundaries. Moreover, this investigation confirmed that the community defined development in economic terms.

In adopting a style of research which sets the meanings that people ascribe to their own and others' behaviour in context, the findings provide compelling evidence justifying the need for contextualism and a more holistic approach. An awareness of the limitations associated with adopting a qualitative methodology enabled the researcher to explicitly deal with these issues in the research design. For example, the selectivity was made explicit by having a theoretical framework to facilitate data collection and guide analysis. Moreover, in making as many steps operational as possible, by maintaining a chain of evidence, and by creating a case study database, the researcher was able to achieve a very high level of reliability.

The care taken in developing the research design was considered to be instrumental in achieving a very high level of design quality. For example, the researcher did not rely on preconceived notions in determining the appropriate time boundaries marking the beginning and the end of each case or in determining whether the main actors were

individuals or organisations. Rather, this was done on the basis of a preliminary investigation. Moreover, the thorough preparation for the primary investigation was considered to be a major factor contributing to efficient and effective data collection. This preparation included conducting a pilot study, deciding how contact would be made, scheduling data collection activities, deciding which recording techniques would be used, and identifying and obtaining the resources needed for the investigation.

In using the Congruence Model of Organisational Assessment as a basis for developing the conceptual framework, the various antecedent conditions, actors, tasks, structures, outcomes and the interrelationship between these factors were considered, unlike other models developed within the social sciences to address entrepreneurship, innovation or economic development. For example, in the Community Economic Development literature there has been a great deal of emphasis on structure. However, the results of this research clearly indicate that structure is but one component in the process influencing behaviour and effectiveness. It also calls into question the conclusions of other researchers who have argued that one or two factors are needed in undertaking community-based development, for example, local resource control. In concentrating on the process, the various factors (both economic and noneconomic) the literature has identified as contributing to entrepreneurship, innovation and economic development were incorporated into a single framework. This framework makes it possible to systematically examine how the various components of the development process interact to facilitate entrepreneurship.

In using the concept of congruence or 'fit' to explore how a community, rather than an organisation, influences behaviour and performance, it became apparent that the formal organisational arrangements did not influence behaviour to the same extent as in the large-organisation context for which the model was originally developed. Because organisations involved in community-based development are small, they tend to have a very organic structure and tend to rely on informal organisational arrangements in dealing with the issues of coordination and control. Therefore, the formal mechanisms used by organisations to direct, structure, or control behaviour, generally, were not relevant in a community context. Consequently, it was not appropriate to conceptualise many aspects of the formal organisational arrangements

such as organisation design (how work units are created and grouped together) work design (for example, the characteristics of jobs and roles), the work environment (i.e. - work methods and procedures) and human resource management systems (i.e. - training, placement). In light of these considerations, one may be tempted to eliminate this component from the framework altogether. However, with evidence indicating that one organisation had established a number of formal organisational arrangements which proved to be very detrimental to both entrepreneurship and organisational effectiveness, its role in the process is significant nonetheless, particularly in using the model for diagnostic purposes.

In developing the measurement instruments, construct validity was dealt with by defining the various concepts and how they would be measured. This not only helped ensure that the data was directly linked to the research question but also that the investigation avoided the two major criticisms of case studies: insufficient operationalisation and the tendency to base data collection on subjective judgements. However, despite the researcher's efforts, the concept interorganisational collaboration was judged to be lacking in construct validity. During the course of the investigation, it became clear to the investigator that the term 'joint initiatives' meant different things to different people. A failure to anticipate the extent to which community-based interorganisational collaboration was lacking rendered many of the related questions rather unnecessary. However, these questions were useful in that the responses enabled the researcher to recognise that the meaning of the term 'joint initiatives' was not consistently interpreted by the interviewees and therefore, required further probing to clarify the interviewee's meaning.

Generally, the quality of the instruments was significantly enhanced by explicitly specifying the time frame covered in questions, by relying largely on descriptive as opposed to evaluative measures, and by dividing the interview into two parts which separated the role of respondent and informant. Indeed, a level of standardisation was achieved which provided an explicit and consistent frame of reference to guide individuals in interpreting and answering questions. By being careful to consider the aggregation problem when constructing the measurement instruments and by specifying how the data would be interpreted, the researcher was less apt to make inappropriate

and/or biased inferences and better able to consistently analyse the embedded units of analysis within each case before interpreting the results at the single-case level. Moreover, in addressing the absence of established procedure for precise pattern-matching comparisons, the development of decision rules for interpreting the data enabled the researcher to more consistently determine the extent of pattern-matching.

The interview technique devised for the empirical work not only provided the researcher with rich accounts and insights into community-based development, it made a far larger contribution to the quality of the research than originally anticipated. Indeed, interviewing individuals holding different organisational positions enabled the researcher to have greater confidence in the reliability of the results, as multiple sources of evidence were brought to bear on the issues. This technique helped ensure that what was reported to have occurred, actually occurred.

Additionally, the interview technique facilitated a more complete understanding of the multitude of issues being investigated as some members were able to shed more light on particular issues than others. For example, in some organisations, the CEO and/or other employees had not been involved in the organisation when it was established. Therefore, they were not as familiar with why and how the organisation was founded as the Board members were. On the other hand, in some organisations, Board members had no involvement in day-to-day operating activities. Consequently, their knowledge of some issues were limited, such as the nature of learning involved in the process. This approach proved to be a key strength of the research design as during the course of investigation, the researcher discovered that generally, there was considerable turnover among individuals and organisations participating in the process. Therefore, by interviewing multiple participants, a deeper understanding was obtained as some of those interviewed had been involved in the process for several years while others were involved for less than six months.

Another aspect of the interview technique which contributed to the quality of results was the structuring of the questions. While the instruments were designed to consist of semi-structured questions, the questions varied along the range from closed-ended to open-ended. In prompting the interviewee to elaborate on closed-ended questions,

the researcher was not only able to probe areas more deeply, but such questioning also provided an opportunity for the interviewee to raise other issues he/she considered important/pertinent. Moreover, it enabled the researcher to determine whether the meaning intended by the researcher was the same as that understood by the respondent. This proved to be an important attribute. In hindsight, the balance achieved between open and closed-ended questions was considered very close to optimum, given the nature of the investigation and the limited amount of existing knowledge concerning process. On the one hand, the open-ended questions unearthed some unanticipated findings. Indeed, this research attests to the fact that adopting such an approach does not preclude the discovery of unanticipated knowledge and insights. On the other hand, the more structured questions ensured that sufficient data was collected to address the various issues being investigated. In balancing the nature of the questions and in conducting multiple interviews within each organisation, it was possible to identify trends in the data which might otherwise have gone unnoticed. For example, the researcher was able to identify the fact that involvement of Board members in operating activities was a function of whether or not the organisation had employees.

When analysing and interpreting the data, the main criteria used in judging its reliability was the consistency of responses and/or lack of contradictory evidence regarding particular issues. Indeed, the attention to detail in addressing a number of issues identified as important in designing the instruments is believed to be a major factor contributing to the high level of reliability achieved. In conducting multiple interviews in each organisation, there was less opportunity for bias on the part of both the researcher and the respondent. An examination of the relevant literature provided little evidence that prior research has even attempted to achieve this level of quality in addressing the issues of reliability and bias.

In retrospect, the researcher was left no doubt as to the appropriateness of the methodology, research design and strategy chosen for dealing with the nature of the phenomenon in question and in meeting the main research objective - a better understanding of the development process. Previously, this issue has not been addressed or investigated to any degree close to matching that undertaken in this dissertation. Fundamentally, in being able to identify regularities in the process, this

research challenges the view that there is little utility in developing analytic frameworks which are directed at understanding process. Furthermore, it suggests that owing to the complex nature of community-based development, there are benefits to be gained by using a theoretical framework to guide the analysis. Given that inquiry into community-based development is in its infancy, not only has this research contributed to the knowledge base but it has helped by utilising a set of standards which may be useful as a basis for further research. Establishing the appropriateness of using multiple perspectives and multi-level analysis suggests that many of the ways in which community-based development has been studied in the past are incapable of dealing with the complexities inherent in development. Indeed, it may encourage individual disciplines to reconsider their perspectives and standards for research in studying complex phenomena.

No investigation is without limitations. The first surrounds the issue of measuring effectiveness. Since neither community had established prioritised, measurable objectives, the capacity of the framework to effectively utilise community-defined criteria for judging goal achievement was somewhat diminished. With the various organisations pursuing activities independently, the criteria used in evaluating success were based largely on inferences made by the researcher. Therefore, it is possible that the researcher's inferences may not fully reflect reality. A second limitation concerns the validity of conducting cross-sectional as opposed to longitudinal research. Owing to the timing difference between process and outcomes, the results achieved may not be entirely attributed to the process as reported. However, in spending a great deal of time in both communities and in conducting in-depth interviews, the researcher is quite confident that she has developed a realistic understanding of the interrelationship between the process and the results. A third limitation relates to how the unit of analysis is defined. In using the life-world as the main criterion, the framework is precluded from being used in an urban context. For the most part, people in this context do not have common life-world elements. Finally, the fact that the various dimensions were not weighted to reflect their relative importance in the process may be construed as a deficiency. However, given that the research was exploratory in nature, it was not considered appropriate to do so. In fact, owing to the lack of prior research, there was no basis for doing so.

8.3 RECOMMENDATIONS

8.3.1 FURTHER RESEARCH AND DEVELOPMENT

In being able to develop a framework which can be used to better understand how and why economic development can be influenced by certain types of rural communities, the results of this investigation suggest there may be merit in adapting the framework to accommodate other contingencies. For example, on the one hand, there is an opportunity to explore whether the model could be relevantly adapted to accommodate circumstances where communities may be lacking in entrepreneurial capacity but define their needs in primarily social rather than economic terms. On the other hand, there is an opportunity to explore whether it could be relevantly adapted to accommodate communities where entrepreneurial capacity has been developed within the community's economic structure. In a context where individuals have had the opportunity to learn/practice entrepreneurship, evidence suggests that there would be far less need for proactivity and a collective focus in stimulating entrepreneurship, innovation and economic development. Generally, the extent to which the assumptions of the entrepreneurship, innovation, and economic development literature are applicable to other community contexts remains a question worthy of greater research attention.

In relation to the existing framework, the evidence indicates a value in more clearly differentiating between strategic and administrative entrepreneurship and innovation. Generally, the framework is considered to have contributed specifically, to a better understanding of how entrepreneurship can be stimulated within development activities, and generally to a better understanding of community-based development. However, in doing so, the model is considered too detailed and complex to maximise its practical utility. Therefore, it is recommended that the framework and the measurement instruments be simplified and modified to reflect the relative influence of the components and their dimensions.

Finally, other issues identified as areas for further research include: how a greater focus on resource utilisation would impact on the process; how to initiate the process in the absence of crisis; and how the nature of the process changes through other stages

of development. Generally, if longitudinal research was undertaken in the two communities investigated, the process outcomes could be more accurately assessed as the results of this research could be used as the standard for determining the extent of improvement achieved.

8.3.2 PRACTICAL USES FOR THE FRAMEWORK

By increasing awareness of the research results concerning the relationships between the key components, the framework has a number of practical uses. Firstly, it provides a guide for assessing the development process which is not only descriptive but also diagnostic as it can be used in identifying opportunities as well as problems and possible causes. In using the model for diagnostic purposes, it describes how the inputs would be identified, described and measured. The results of this appraisal would be particularly useful during the initial stage of the development process as it provides a method for identifying the community's development needs by helping to determine a community's propensity toward entrepreneurship and economic development. Secondly, the framework outlines how the outputs can be identified and measured at both the organisational and community level of analysis (although the research emphasis was at the community level). In identifying outputs, the emphasis is on specifying what the outputs should be (as extracted from explicit or implicit strategy statements), as well as on what the outputs actually are. By ascertaining the discrepancy between desired and actual outputs, problems can be identified. Having outlined the main variables and their dimensions needed in assessing a community's development process, the model facilitates the description and measurement of the four key process components as well as an assessment of the extent of congruence among the components. On this basis, patterns in the process components as well as interactions that appear to be related to output problems can be identified.

Generally, the model provides a guide for data collection and interpretation in identifying opportunities, problems and possible causes. In requiring consideration of the set of inputs to the community, the various transformation processes, and the outputs, the model helps to provide a more inclusive understanding of the development process. Moreover, it highlights the importance of looking at the interactions among

the various components of a community's behavioral system which ultimately impacts on effectiveness.

8.3.3 TOWARDS MORE EFFECTIVE POLICY DEVELOPMENT

By concentrating on peripheral economically disadvantaged rural communities, this dissertation has tackled one of the major challenges facing Canadian regional development policy as it is these communities which depend most heavily on the social safely nets. The results attest to the fact that holistically studying a community's development process provides a much more realistic understanding of the endogenous development process than has been provided by previous research which centres on a single organisation and its activities. Given that policymakers and communities have admitted knowing very little about community-based development or its potential, the knowledge gained by this research makes a significant contribution.

In light of the research results, the following recommendations are made with the aim of enhancing policy effectiveness:

1. Fundamentally, policymakers need to abandon their current definition(s) of community if policy is to successfully support endogenous development.

2. Policy measures need to encourage communities to take action in response to needs rather than in response to programs available. This could be accomplished by replacing 'off-the-shelf' program options with support for 'tailor-made' activities which afford communities the authority and responsibility to determine what action can be most effective in responding to problems or opportunities. Doing so would encourage communities to consider more options, rather than, for example, deciding to pursue tourism development because funding is available for it.

3. With little evidence that any initiatives which were reactive in nature were successful in motivating individuals to launch new ventures, it is important for policy to promote proactivity in communities similar in nature to those studied.

By encouraging the pursuit of business venture projects which enable individuals to learn, collectively, how to be entrepreneurial in achieving personal and organisational goals, communities can become more self-sufficient in influencing their own development. Moreover, by ensuring considerable diversity within the group, individuals will have greater opportunities to learn from each other. For example, sometimes the pursuit of an opportunity can require expertise which is no longer necessary once the venture becomes operational. Therefore, it is important that support be provided on the basis of need-fulfilment rather than quotas for targeted groups of disadvantaged individuals. If policy is to help people learn how to help themselves, then support needs to be flexible enough to facilitate this. In some situations, the community may determine that in order to capitalise on market opportunities, the skills /abilities of people who are not disaffected may be required.

4. In showing that there is no 'one best way' to achieve economic development, policy needs to encourage communities to more broadly define its development task so that it includes a more diversified mix of supply and demand side activities. For example, while increased financial resource availability can make an important contribution to community-based development, there is no evidence that this factor alone is effective in stimulating entrepreneurship. Therefore, increasing a community's access to financial resources may be a necessary but insufficient condition of development. Indeed, infrastructure development has been shown to do little in providing residents with the skills they need to effectively respond to negative economic circumstances. However, evidence indicates that a capacity to produce results rather quickly can provide the process with considerable momentum as individuals are encouraged to participate upon seeing that personal needs can be met through joint association. This suggests that policy measures can be far more effective if a contingency approach is adopted.

5. The research has shown that learning *how* is instrumental in fostering both entrepreneurship and economic development as opposed to learning *what*. This points to a need for policy to encourage profit-oriented projects/ventures so that

people acquire news skills and abilities by learning how to do things situationally rather than through conventional approaches where training is often an isolated activity within a classroom setting. In pursuing such ventures, participants will come to view the learning as meaningful as it's relevance is perceptible. This is significant in light of the question frequently posed by individuals involved in government sponsored training in the past: Training for what? Indeed, an input analysis can help in identifying the opportunities for small business development which can be most effectively and realistically pursued, given the context provided.

6. In assessing the effectiveness of community-based development, there is a need for multiple measures of success. With no evidence indicating that a single factor is responsible for generating development, there is a need to directly link outcomes to the factors influencing them by using multiple measures. Evidence from this dissertation has shown that goal achievement, resource utilisation, and adaptability have the capacity to be used in judging the effectiveness of any community's efforts to influence development. Admittedly, while resource utilisation has received the least amount of attention during this investigation, the findings have shown this factor to be a very effective measure of self-sufficiency. However, there is a caveat. While profitability is one of the main ways of sustaining or increasing resources used in maintaining existing ventures and funding new ventures, it is important that it does not become an end in itself. Fundamentally, for many single-industry rural communities, the extent of adaptation indicates the extent to which an entrepreneurial culture has begun to replace the community's set of habitual and traditional ways of thinking, feeling and reacting to problems/opportunities which has been characterised as a culture of dependency.

8.4 CONCLUSION

In utilising a multidisciplinary perspective, this dissertation has explored the link between entrepreneurship and effectiveness in influencing economic development - an

issue acknowledged by previous research but not addressed. Although entrepreneurship, innovation, economic/ social development has received considerable scholarly attention, there is a scarcity of conceptual frameworks which help in understanding the relationship between these factors at a meso level.

By developing a process theory (as opposed to a content theory) which conceptualises entrepreneurship as a collective phenomenon, this research has made a significant contribution to developing a better understanding of endogenous development. Not only has the development of a nontraditional research design led to a more thorough understanding of endogenous development, it also serves to illustrate how a particular theoretical perspective influences an investigation. Indeed, Ibarra (1993, p. 497) notes that in most research, factors are studied as if they were unaffected or unrelated to each other. In contrast, the interactive influence of the four process components is an integral part of this research.

While providing empirical support for the framework, considerable insight has been gained in regard to the needs and interests of people in peripheral rural areas who have been experiencing economic stagnation or decline. In addition to providing a deeper understanding of how their notion of development differs from that held by economists, it establishes a basis for policy aimed at fostering entrepreneurship, innovation and economic development in communities judged to be lacking an entrepreneurial culture and a capacity to endogenously influence economic development. Not only has it confirmed the findings of others that entrepreneurship can be learned but it also has established that entrepreneurship can be fostered within development activity.

APPENDIX A

REVIEWING ORGANISATIONAL ASSESSMENT MODELS AS A BASIS FOR ADAPTATION TO A COMMUNITY DEVELOPMENT CONTEXT

A model which holistically deals with the factors influencing the development process in a community context needs to meet a number of criteria. Firstly, it needs to have the capacity to deal with boundary relations. Fundamentally, the concern is with the 'bottom up' process by which economic development in generated in response to local circumstance. Therefore, establishing a community's boundaries is key. Unless the model can clearly distinguish between a community and its environment, the process by which resources are used to respond to environmental circumstances cannot be addressed nor can the relationship between the process and its outcomes. Secondly, a model needs to be process focused as one of the main issues yet to be dealt with adequately is how the development process mobilises people to take action in influencing development. Thirdly, the model needs to be able to conceptualise a community as a purposive system consisting of interrelated parts so that the actions and impact of various stakeholders, both individually and collectively, can be identified and explained. Fourthly, because mobilising people is largely a behavioral issue, a model needs to be able to incorporate the various social and economic factors which influence behaviour and be able to link behaviour and effectiveness. Exploring how innovation and entrepreneurship contribute to community economic development essentially concerns the impact of behaviour on effectiveness. Fifthly, because development has not been shown to be the result of the actions of a particular individual or organisation, a model needs to be able to deal with behaviour and effectiveness at multiple levels.

Proceeding from a behavioral or social-system perspective, organisational assessment models provide holistic frameworks for broadly understanding and assessing the impact of behaviour on organisational effectiveness (Denison, 1990, p. vii; Lawler et al., 1980, p. 120; Van de Ven and Ferry, 1980, p. 9). How these models might be appropriate as a basis for conceptualising how communities can influence development

can best be understood by:

- firstly, reviewing the purpose, nature and key perspectives of organisational assessment models; and in light of these considerations, indicating why these models are appropriate as a basis for understanding community behaviour and effectiveness

- secondly, providing a rationale for selecting a model from the range available by considering the criteria used in selecting an appropriate model within an organisational context and using these criteria in conjunction with the criteria set out above for choosing a model in a community context

- finally, providing a detailed description of the model selected

1 ORGANISATIONAL ASSESSMENT MODELS: PURPOSE, NATURE AND KEY PERSPECTIVES

Fundamentally, one of primary purposes of organisational assessment models is to guide research by providing a means by which organisational behaviour and effectiveness can be systematically defined and measured. Underpinning these models is the premise that organisations are complex and dynamic social systems comprised of interdependent parts which function in relationship to one another, within a particular environmental context. This implies that the interactions among system elements are frequently more important than the individual elements. In seeking to explain effectiveness, organisational assessment models are concerned, generally, with the task-performance capabilities of the organisation (i. e., how well various components of the organisation are structured and function to perform tasks) and the system's impact on behaviour (Lawler et al., 1980, p. 6). In focusing on behaviour, its determinants and its consequences, the organisational assessment domain deals with the following factors and the relationship between them (Nadler et al., 1979; Lawler et al., 1980, pp 8-9):

1. Tasks - the nature of the work that organisations engage in. To succeed in

accomplishing this overall task, a number of subtasks are performed by groups and individuals. These tasks have implications for the organisational structures needed, the nature of individuals capabilities needed, and the psychological rewards available to individuals.

2. Individuals - the characteristics of individuals belonging to the organisation. The focus is on the influence of skills, training, abilities, needs, perceptions, attitudes and motivation on behaviour.

3. Groups - the combination of individuals performing a range of different tasks or functions with an emphasis on the capability, the dynamics and the effects of groups on individual behaviour.

4. Formal organisational arrangements - this concerns the behavioral impact of various structures and processes (i.e. - formal leadership practices, the various mechanisms used for the coordination and control of individuals and groups) that comprise the context for individuals, groups and tasks.

5. Informal organisation - the set of relationships, structures, and processes which, over time, emerge in concert with the formal organisational arrangements both as a result and cause of individual and group behaviour.

6. Environment. Organisations, as open systems, receive inputs in the form of raw materials, information, human energy, capital, and so on from the larger environment and in return provide the environment with a variety of different outputs (ie - goods and services). Given the importance of these transactions and the demands, opportunities, and constraints provided by different environmental conditions, the environment is an important factor in understanding organisational behaviour.

7. Outputs. A final area is the nature of the outputs of the behavioral system of the organisation. For example, in regard to task-performance, individual, group and organisational behaviour is considered.

In considering the scope of activity these factors encompass, it readily becomes apparent that more evidence exists within an organisational context than could possibly be observed, collected, analysed and interpreted within any reasonable period of time. Consequently, organisational assessment models tend to have differing emphases in dealing with these factors.

Essentially, all conceptualisations of the nature of organisations contain, either implicitly or explicitly, a conception of what is effective or ineffective (Cameron and Whetten, 1983, p. 262). Since conceptualisations of organisations vary, so too do the frameworks of effectiveness (or performance) which guide assessment (Zammuto, 1982, p. 26; Cameron and Whetten, 1983, p. 1). The ongoing debates in the literature regarding the utility of competing models of effectiveness are fundamentally debates between advocates of competing theories of organisations (Cameron and Whetten, 1983, p. 263). This is true whether a theoretical framework addresses specific issues such as leadership, design or strategy or whether it seeks to address effectiveness more holistically.

It is important to note that no single model captures the total meaning of effectiveness (Cameron and Whetten, 1983, p. 7) as the concept encompasses such a range of dimensions that its parameters have yet to be definitively agreed upon. Indeed, the likelihood of reaching a shared understanding of the concept is rather remote, given that the meaning of effectiveness is inherently subjective. This lack of shared understanding has led some scholars to suggest that the concept be abandoned (Hannan and Freeman, 1977). However, other approaches have been suggested in dealing with this issue. Alternatively, it has been argued (Cameron and Whetten, 1983, pp. 267-268; Goodman et al., 1983, p. 175) that an understanding of such a multidimensional construct as organisational effectiveness can be greatly enhanced if scholars concentrate on developing models for limited domains of effectiveness, rather than attempting to test general theories of organisational effectiveness. In doing so, models can complement each other in much the same way that models of motivation do (Cameron and Whetten, 1983, p. 267), providing unique contributions to our understanding of organisations (Cameron and Whetten, 1983, p. 7).

The fact that no model has proven superior to others and that organisational effectiveness cannot be totally assessed in any single study, has meant that choices need to be made in regard to what aspects of effectiveness to focus on; what criteria will be used in assessing it; the nature of the assessment and how to interpret the meaning of the output of analysis (Cameron and Whetten, 1983, p. 268; Nadler, 1980, p. 120). Fundamentally, the choices depend upon how the organization is conceptualised (Kaplan 1964; Argyris and Schon 1974, 1978; Nadler, 1980, p. 119), which in turn reflect the perceptions and preferences of the researchers (Cameron and Whetten, 1983, p. 274; Van de Ven and Ferry, 1980, p. 14). Essentially, effectiveness is largely dependent upon usage for its meaning (Cameron and Whetten, 1983, p. 263).

Generally, conceptualisations of effectiveness have been dominated by three organisational perspectives (Seashore, 1983, p. 56; Denison, 1990, pp. 36-38) as expressed in: goal models (Van de Ven and Ferry, 1980), strategic constituencies models (Pfeffer and Salancik, 1978) and natural systems models (Katz and Kahn, 1966, 1978; Baker, 1973; Georgopoulos and Cooke, 1979). In exploring the relevance of organisational assessment models for conceptualising how a community can influence economic development, it is important to determine the validity of transposing these perspectives to a community context. To facilitate this process, a brief review of the three major approaches ensues.

Embodied in *goal models*, the first perspective assumes that organisations are rational, goal-seeking behavioral systems (Seashore, 1983, pp. 58-60; Perrow, 1970); Lawler et al., 1980, p. 2; Goodman and Pennings, 1980, p. 189). Conceptualisation of the 'task' of the behavioral system corresponds to Schein's (1970) reference to a common purpose or goal(s). Accordingly, 'effectiveness' is defined and assessed according to the degree to which organisational goals are achieved (Zammuto, 1982, p. 22).

This perspective's emphasis on outcomes has generated numerous studies which have been intent upon identifying and measuring indicators of organisational effectiveness. However, many of these studies have been reproached (Goodman et al., 1983, p. 171) for contributing little to an increased understanding of organisational effectiveness as they fail to conceptually link outcomes and determinants. Indeed, in many instances

determinants and indicators are not distinguished; the sensitivity of indicators to time frames are not explicitly dealt with; and there is no framework provided to explain variation in outcome measures. However, this is not to say that all studies lack a conceptual framework.

A fundamental criticism of many goal models concerns the assumption that a common purpose is being pursued. In fact, among the range of stakeholders whose behaviour will influence an organisation's effectiveness, a common purpose does not necessarily exist. Therefore, goal models are considered deficient if two important issues fail to be addressed: (1) how the goals defining effectiveness are determined and (2) the extent to which the various organisational stakeholders would consider the identified indicators of effectiveness valid. Some versions of the goal model have attempted to deal with these issues by specifying goals in terms of how the most powerful constituent (Pfeffer and Salancik, 1978) - frequently the owner(s) (Seashore, 1983, p. 58) - defines effectiveness, as this stakeholder group is considered to be in the best position to advance its goals. In developing an operational understanding of effectiveness, sequential answers to three questions are deemed necessary: "(1) What is the desired result? (2) How does one measure the desired result? (3) What produces or causes the desired result?" (Van de Ven and Ferry, 1980, p. 27).

A range of other criticisms have also been levelled against goal models including a failure to recognise that goals and priorities are dynamic in nature (Weik, 1979); that goal sets may be internally incongruous; that organisations survive or grow despite not being able to achieve goals...(Seashore, 1983, p. 59; Cameron and Whetten, 1983, p. 12). However, if goals are seen as the impetus for organisational processes rather than an inherent aspect of the organisational system, then a goal model is said to have value (Seashore, 1983, p. 59). Indeed, goal models focus attention on the values and assumptions which result in some goals taking precedence over others (Seashore, 1983, p. 59). Furthermore, a focus on goals facilitates an explicit linkage between the organisation and its environment and provides a means by which causal relationships can be understood. Within the context of policy formation, decision making, and action these issues are important (Seashore, 1983, p. 59).

A second major perspective on organisations has given rise to what are referred to as *constituency* or *stakeholder models*. These models attempt to deal inclusively with the range of stakeholder definitions of effectiveness. For example, models may attempt to explain how organisational systems have been able to integrate diverse stakeholder interests (Denison, 1990, p. 36). One of the major criticisms of constituency models concerns a lack of clarity as to how the relevant constituencies will be identified (Cameron and Whetten, 1983, p. 16). Furthermore, because it is next to impossible to assess all possible organisational constituencies, choices have to be made in regard to which constituencies to include. This is said to create problems because of the inherent incompatibility of internal and external constituency interests (Dubin, 1976).

As an alternative to dealing with multiple constituencies separately, it has been suggested that representatives from various constituencies be used to collectively define effectiveness (Cameron, 1978; Pennings and Goodman, 1977) or that the constituency considered most important be identified (Pfeffer and Salancik, 1978). In adopting either alternative, many scholars additionally consider constituency goals important in assessing effectiveness, making some goal and constituency models indistinguishable. However, it is important to recognise that not all constituency models conceptualise organisations as goal-seeking behavioral systems. For example, some models depict organisations as political arenas where constituencies compete for control over resources. Advocates of this view (Pfeffer, 1978) argue that effectiveness should reflect the extent to which critical constituencies are satisfied with their involvement in the resource allocation process.

Regardless of how organisations are conceptualised, adherents of constituency models are involved in making judgements in regard to how the relevant constituencies will be identified. Given that the criteria for measuring effectiveness is grounded in the preferences and values of the stakeholders, it is not surprising that constituency models have been criticised for being subjective. Goal models which define effectiveness according to stakeholder goals have been similarly critiqued. Indeed, both goal and constituency models which focus on outcomes without adequately dealing with the process of <u>how</u> they are achieved have been criticised for not contributing to the understanding of effectiveness.

The third major perspective on organisations is reflected in *natural systems models* which are derived from general systems theory. While most effectiveness models and measurements are at the system level (Weick and Daft, 1983, p. 74), systems models define organisational effectiveness in terms of system characteristics such as stability, growth, decline, and change (Seashore, 1983, p. 58; Denison, 1990, p. 36). The emphasis within these models tends to be on system boundaries, differentiation and integration of the subsystems, input-transformation-output processes, boundary transactions, and system maintenance processes (Seashore, 1983, p. 57). It is interesting to note that although systems models do not profess to be concerned with goal attainment, concluding that a system has effectively maintained itself or grown implicitly involves goal achievement.

Generally, systems models do not offer specific constructs or relationships that can be easily used or tested in practice. Therefore, their analytical adequacy in dealing with effectiveness has been questioned (Nadler, 1980, p. 122; Nadler and Tushman, 1983, p. 114). However, as a basis for developing more specific models of organisational functioning, the systems perspective is considered extremely valuable, particularly since it incorporates a factor proven to be important in understanding organisational behaviour - the boundary relations within and between organisations.

In outlining the distinctiveness of each major organisational perspective, it becomes clear that these perspectives are not necessarily mutually exclusive. In fact they are rather complementary (Seashore, 1983, p. 61) when effectiveness is considered in terms of the achievement of goals considered important by the major constituents; and when the determinants of effectiveness are considered in terms of how the various elements of the organisational system influence organisational members to engage in behaviour instrumental to the desired outcomes. By integrating the perspectives in this way, it is possible to address the major criticisms previously outlined.

Consideration of the parallels between organisations and communities suggests that a synthesis of these perspectives provides an appropriate basis for conceptualising how communities can influence economic development. Firstly, communities are complex and dynamic, consisting of various interdependent parts which function in relationship

to one another within a broader environmental context. Secondly, communities, like organisations, are unlikely to share similar perceptions of what constitutes effectiveness, given the unique circumstances each community experiences. Thirdly, the view that communities can be conceptualised as goal-seeking behavioral systems is supported by evidence indicating that communities can influence economic development by engaging in purposive action (as discussed in Chapter 2). Defining effectiveness according to the goals a community desires delimits the domain of effectiveness being dealt with. Fourthly, each community is comprised of a range of constituents, whose perception of what the main task (goal) of economic development activities should be may not coincide. Therefore, it becomes important to clarify how the major constituents, whose goals will define effectiveness, will be identified. For example, within rural communities experiencing economic stagnation or decline, two major constituencies are distinguishable - those individuals adversely affected by the current economic situation and government agencies. Government agencies are considered a key constituent because of their collective influence on a community's inputs, transformation process and outcomes. However, the shift in mandate for these agencies - to facilitate responsiveness to local need so that communities can become more self-reliant - suggests that effectiveness can be most appropriately defined according to the goals of those who best understand local need - those adversely affected by the current economic situation. This position is similar to that held by proponents of goal models who argue that the goals of the most important constituent be used to define and measure effectiveness. Fifthly, assuming economic development effectiveness is defined according to this stakeholder group's goals, it becomes important to conceptually link outcomes and their determinants so that an increased understanding of this relationship can be developed. Adoption of a systems perspective recognises the need to consider the extent to which the nature of individuals, groups, formal organisational arrangements, informal organisational arrangements, the impact of the environment, and the relationship between these system components affect goal achievement. This facilitates a more holistic understanding of how outcomes (and therefore effectiveness) are achieved. As with organisations, the primary concern is with explaining the task-performance capabilities of a community (how well various components of a community are structured and function to achieve goals) and the system's impact on behaviour.

In summary, this section has argued that the organisational assessment models which are based on a systems perspective and which define effectiveness in terms of the goals of the major stakeholder would be useful as a general organising framework in conceptualising how communities can be effective in influencing economic development. The increasing demands to make judgments about effectiveness in practice, highlights the need for a model which can deal with the theoretical, empirical and practical aspects of effectiveness. This is important, whether it be in reference to behaviour in organisations or communities.

2 SELECTING AN APPROPRIATE MODEL: A RATIONALE

Because conceptualisations and emphases characterising available models vary, choices have to be made. Therefore, the issue of how to evaluate the adequacy of organisational assessment models becomes important. One criterion generally used is the ability to explain observed relationships among the characteristics of organisational functioning that are assessed. This is usually dealt with in two ways. The first concerns the extent to which the assessment information is consistent with the model. This is a relatively weak test as the meaning of information can easily be reinterpreted to demonstrate consistency with the particular model being used. The second concerns the ability of the model to utilise the existing literature in explaining relationships among variables that can be tested analytically or that can predict future information, such as future events or conditions in parts of the organisation where information has not been collected. If the predictions prove true, confidence in the model is increased. This test of validity is stronger than the first because researchers must commit themselves in advance, making refutation of 'false' models more likely.

Another criterion for evaluating adequacy is the explanatory ability of models relative to each other. In order to make comparisons, models need to explicitly state major constructs, variables, relationships, and effectiveness criteria (Nadler, 1980, p. 125). When multiple models exist that appear reasonably valid, choices must be made concerning which models to use. Generally, models are assumed to be more powerful if they can explain observable phenomena using fewer variables and if they explain

events that appear more central in the domain of interest. This choice among models of equal validity is sometimes clear, but more often evaluating the power of models is a matter of individual preference and appropriateness for the particular assessment situation (Lawler et al., 1980, p. 16).

A final criterion used to evaluate the adequacy of an organisational assessment model is its usefulness in practice (Denison, 1990, p. 4; Nadler, 1980, p. 126). This ultimately concerns the extent to which a model results in an assessment that enables organisational stakeholders to better understand, improve, or maintain effectiveness. Because attempts to accurately portray organisational functioning involves simplifying the complexity of organisational realities, some aspects of organisational functioning will be highlighted while others will be suppressed. Therefore, a model's usefulness often depends upon whether the model deals with aspects of organisational functioning that organisational stakeholders consider important (Van de Ven and Ferry, 1980, p. 14) and that the model specifies how these aspects can be empirically validated. Models need to be tested to determine whether the relationships specified actually represent what is observed in actual settings. This testing needs to be done through the collection and analysis of data in the light of possible rival hypotheses or explanations.

In general, the process of selecting an appropriate model from the variety available can be facilitated by considering a model's ability to (1) more clearly understand the phenomenon in question (Hausser, 1980, p. 159), (2) to make better predictions, and, ultimately, (3) to contribute to the improvement of organisations (Cameron and Whetten, 1983, p. 5). Because the available literature on Community Economic Development has not dealt with process, this research, as a first step, aims to develop an exploratory rather than a predictive model. Nonetheless, it does aim to contribute to the improvement of communities by helping stakeholders better understand how economic development can be effectively influenced endogenously. The lack of understanding of the development process and its impact on effectiveness currently characterising the literature underscores the critical need for a model with a process emphasis. However, a model additionally needs to provide sufficient input and output elements to be extrapolatable to total community functioning (Hausser, 1980, pp. 135-137) within the economic development domain.

Because scholars have conceptualised organisations in so many ways, the literature is extremely complex (Denison, 1990, p. 35). For instance, even when the domain of assessment models is restricted to that underpinned by an open vs. a closed system perspective, models differ in the degree of specificity, the level(s) of analysis utilised, the components of the social system which are emphasised, the extent to which the relationship between the components are dealt with, the degree to which a model is explicitly inclusive of all the system components (for example is the impact of boundary relations sufficiently linked to process and/or outcomes)... Therefore, it becomes virtually impossible to systematically compare models according to all these factors.

Among the many conceptual schemes which have been developed using a systems perspective (Kotter, 1978; Tichy and Hornstein, 1980, pp. 300-316; Van de Ven and Ferry, 1980; Lawrence and Lorsch, 1980, pp. 148-150; Pugh and Pheysey, 1972; Hackman-Morris, 1980; Nadler and Tushman, 1980), perhaps the most widely recognised is that developed by Van de Ven and Ferry (1980). This model not only integrates the systems, goal and constituency perspectives, but empirical testing has provided substantial support for the main theories used in the model (Van de Ven and Ferry, 1980, p. 4) which have been developed by synthesising the literature on organisations. However, while the framework is designed to explain effectiveness, it is oriented more toward predicting and explaining the conditions under which the environment and particular design patterns (at the organisation, unit and job level) result in higher performance (Van de Ven, 1980, p. 548). Similarly, Lawrence and Lorsch (in Hausser, 1980, pp. 148-150) deal with effectiveness in terms of environmental transactions while Pugh and Pheysey (1972) explain behavioral outcomes by primarily dealing with the impact of structure. Therefore, these models lack the process emphasis required to adequately deal with the phenomenon in question. Indeed, even among frameworks classified as process models, the emphasis is not always appropriate. For example, Hackman-Morris (in Hausser, 1980, pp. 143-145) focus on explaining the individual-level, group-level and environmental-level influences on group performance, while leaving the model's central element - the group interaction process unspecified.

With a seemingly endless number of volumes dedicated to the issues of conceptualising and measuring effectiveness it would be virtually impossible to describe, evaluate, and compare all the models that are available for understanding organisations. In attempting to deal with the complexity of the literature, models were reviewed in terms of their capacity to integrate the systems, goal and constituencies perspectives; and their appropriateness as a general organising framework in dealing with the phenomenon in question. Appropriateness was judged according to the model's capacity to meet the criteria introduced at the beginning of the chapter.

As a result of this review, Nadler and Tushman's (1980, pp. 261-278; 1983, pp. 112-124; 1991, pp. 18-34) Congruence Model of Organisational Assessment was judged to be particularly relevant for use in a community context. Founded upon a systems perspective, this model offers an holistic understanding of organisational behaviour. Drawing on the work of others (Homans, 1950; Leavitt, 1965; Seiler, 1967; Lawrence and Lorsch, 1969; Lorsch and Sheldon, 1972), it focuses on the interactions among the process components of an organisation's behavioral system, asserting that a key determinant of organisational effectiveness is the degree of congruence among system components (Lawler et al., 1980, p. 118). Not only does this model meet the criteria outlined above, it also is one of the most widely used process models of effectiveness (Cameron and Whetten, 1983, p. 7) and has been extensively used as a diagnostic tool in organisations (Nadler and Tushman, 1983, p. 121; Gordon, 1991, pp. 27-28). Indeed, this model has both theoretical and practical usefulness in dealing with effectiveness and the process by which it is achieved. The purpose of the following section is to provide a detailed description of the model and its underlying assumptions before adapting it for use in a community context.

3 THE CONGRUENCE MODEL OF ORGANISATIONAL ASSESSMENT

3.1 BASIC ASSUMPTIONS

Four basic assumptions underlie the Congruence Model. Firstly, it assumes that the dynamic nature of organisational behaviour needs to be reflected in a model. Secondly,

it assumes that behaviour can be identified and isolated at the individual, group and organisational system levels. At the same time, these three levels interact with each other, for example, organisation-level behaviour will be affected by the behaviour of groups. Thirdly, it assumes that because an organisation has both social and technical components, it is important for any approach used in examining behaviour to consider the technical components of the organisation - issues such as the nature of the task and the technology. Finally, it assumes that an organisation has the characteristics of an open social system which is composed of interrelated and interdependent components and which engages in transactions with its environment (Aldrich and Pfeffer, 1976). This implies that the system has a discernable boundary which differentiates it from its environment. Viewed as a system, an organisation acquires inputs from the environment and through a transformation process produces outputs which are responded to by the environment (Katz & Kahn, 1966).

3.2 ORGANISATIONAL FUNCTIONING FROM A SYSTEMS PERSPECTIVE

Using the systems perspective as a general framework for conceptualising organisational behaviour over time, the congruence model proposes a more specific set of variables to explain *how* the organisation takes a given set of inputs and produces a set of organisational outputs (see Figure 1).

Figure 1 Applying the Systems Perspective to Organisational Behaviour

INPUTS		TRANSFORMATION PROCESS		OUTPUTS
Environment Resources History	➨ Strategy	Interaction between major components: Task Individual Formal organisational arrangements Informal organisation	➨	Total system functioning in terms of: Goal achievement Resource utilisation Adaptation Group behaviour Individual affect and behaviour

Source: Nadler and Tushman, 1980, p. 267

The congruence model, generally, conceptualises an organisation as a system consisting of components which interact under conditions of relative balance, consistency, or 'fit' with each other. The model asserts that the different parts of the organisation can fit together well and thus function effectively or may fit poorly, leading to problems. While the model focuses on the *transformation process*, it also considers the inputs the system has to work with and the nature of the system's output.

The inputs include those factors that, at any one time, are relatively fixed or given: the system's environment, the resources available to the system, the history of the system, and the organisational strategies. The transformation process consists of the interaction between four major organisational components: the task, the individuals, the formal organisational arrangements and the informal organisation. The outputs are the result of the interactions among the components, given the inputs. Several major outputs identified by the model include individual affect and behaviour, group behaviour, and the effectiveness of total system functioning. In terms of the total system, its ability to attain its goals, utilise available resources, and successfully adapt over time are said to be the key outputs, therefore making the model adaptable to the integration of the

three organisational perspectives outlined earlier. Explicit in the model are feedback loops which connect outputs to inputs and the transformation process. These represent information about output(s) and the interaction of system components which can be used to make modifications leading to improvements.

3.2.1 The Nature of Inputs

The environmental inputs, include all factors outside the boundaries of the focal organisation which in turn provide both constraints and opportunities for action. Every organisation exists within the context of a larger environment which includes individuals, groups, other organisations, events and societal forces, all of which have a potential impact on how the organisation performs (Pfeffer & Salancik, 1978). More specifically, this environment includes markets (clients or customers), suppliers, governmental and regulatory bodies, labour unions, competitors, financial institutions, special interest groups, etc. which organisations carry on constant transactions with. Three environmental characteristics are particularly relevant in regard to the environment's impact on organisational functioning. First, the environment makes demands on the organisation. For example, it may require the provision of certain products or services, at certain levels of quality or quantity. Second, the environment poses constraints (such as government regulations or capital access limitations) on organisational action by confining the types or kinds of activities in which an organisation can engage. Third, the environment provides opportunities which the organisation can pursue. In developing an understanding of organisational functioning, it is important to identify the environmental factors which are relevant to a particular organisation and consider how they, individually or interdependently create demands, constraints, or opportunities influencing action.

Organisational resources include capital (liquid, physical plant, property, etc.) raw materials, technologies, people and various intangible resources available at any one point in time. Important considerations include the value of the resources relative to the nature of the environment, and the extent to which resources can be reconstituted.

An organisation's history is important due to its impact on both the present and the

future (Levinson, 1972, 1976). In particular, past strategic decisions, patterns of leadership, the development of core organisational values and norms, and similar variables may influence current patterns of organisational behaviour.

The final input, strategy, essentially embodies elements of the previous three inputs as it concerns how available resources are utilised in dealing with the demands, constraints, and opportunities of the environment within the context of an organisation's history. Whether implicitly or explicitly, formally or informally, decisions are made in an organisation which determine the nature of the work to be done or the tasks to be performed. Therefore, all organisations can be seen to have strategies, irrespective of whether they are developed through formalised and complex long-range strategic planning processes. Three aspects of strategy are important to identify for analytic purposes (Katz, 1970). The first concerns what the organisation has defined as its basic purpose or goal within the larger system or environment. The second includes the specific approach (or supporting strategies/tactics) that the organisation will use or is using to achieve its overall purpose. Finally, it is important to identify the specific performance or output objectives that have been established.

Basically, the strategy and the elements of that strategy (goals or plans) define the task of the organisation. The strategic decisions, and particularly decisions about objectives, provide a basis for determining what the desired or intended outputs of the system are. In one respect, all organisational behaviour concerns the implementation of strategies through the performance of tasks, one of the major components of the behavioral system. Individuals, formal organisational arrangements, and informal organisational arrangements are all important because of their relationship to the tasks that need to be performed. Therefore, the strategy of an organisation is probably the single most important input (or constraint set) to the behavioral system (Nadler, Hackman and Lawler, 1979).

3.2.2 The Organisation as a Transformation Process

Assuming a set of inputs, the transformation process occurs through the interaction of four major components of the organisational system (as listed with their subdimensions

in Table 1): the task(s); the individuals; the formal organisational arrangements; and the informal organisation.

Table 1 Basic Characteristics of Process Components

TASK	INDIVIDUALS	ORGANISATIONAL ARRANGEMENTS	INFORMAL ORGANISATION
Complexity Predictability Required interdependence Skill demands	Response capabilities Intelligence Skills and abilities Experience Training Psychological differences Needs Attitudes Expectations Background differences	Organisation design Work design Work environment Human resource management system	Small group functioning Intergroup relations Communication patterns Emergent leadership and power Informal methods and procedures

Source: Nadler and Tushman, 1980, p. 269

The **task component** is defined as the basic work, task, or jobs to be performed by the organisation and its subunits. The task (or tasks) is the activity the organisation is engaged in, particularly in light of its strategy. The emphasis is on the specific work activities or functions that need to be done and their inherent characteristics. Analysis of the task includes a description of the basic work flows and functions, with attention to the characteristics of those work flows, such as the extent and nature of interdependence between task areas, the knowledge or skill requirements of the work, the kinds of rewards the work inherently provides to those who do it, the degree of uncertainty associated with the work, and the specific constraints inherent in the work (such as critical time demands, cost constraints...). The task is the starting point for the analysis, since the assumption is that a primary (although not the only) reason for the organisation's existence is to perform the task consistent with the strategy. The assessment of the adequacy of other components will be dependent to a large degree on an understanding of the nature of the tasks to be performed.

The major dimensions of the **individual component** relate to the systematic differences in individuals performing organisational tasks, which have relevance for behaviour. Such dimensions include background or demographic variables such as skill levels, levels of education, etc. and individual differences in need strength, personality, perceptual biases and time and goal orientations.

Formal organisational arrangements refers to all formal mechanisms including structures, processes, procedures... which are explicitly designed and specified (usually in writing) by the organisation to get people to perform tasks consistent with organisational strategy. Major elements include organisation design (how work units are created and grouped together as well as how they are linked by coordination and control mechanisms), work design (the characteristics of jobs and roles within the organisational structure that is designed), the work environment (including work resources, methods and procedures, the physical working environment, etc.) and the human resource management systems of the organisation (including the processes for selection, placement, appraisal, training, rewarding, etc.). Together, these factors represent the organisation's decisions concerning how to organise to accomplish the task.

The final component, the **informal organisation**, refers to the social structures, processes... that tend to emerge over time. Although these informal arrangements are usually implicit and not written down anywhere, they have a significant influence on behaviour. Sometimes these arrangements arise to complement the formal organisational arrangements by providing structures to aid work where none exist. In other situations they may arise in reaction to the formal structure, to protect individuals from it. They may, therefore, either aid or hinder organisational performance. In considering the impact of the informal organisation on behaviour, the relevant dimensions which need to be considered include the behaviour of leaders (as opposed to the formal creation of leader positions), the patterns of relationships that develop both within and between groups, the informal working arrangements that develop (including rules, procedures, methods...), and the various communication and influence patterns that combine to create the informal organisation design.

Therefore, according to this model, an organisation can be viewed as a set of components including the task, the individuals, the formal organisational arrangements, and the informal organisation. The model goes beyond the simple listing and depiction of these components by introducing the concept of congruence or fit to describe the dynamic relationship that exists among the various components.

3.2.3 The Concept of Congruence or Fit

Between each pair of inputs there exists a degree of congruence, or 'fit' which is defined as "the degree to which the needs, demand, goals, objectives and/or structures of one component are consistent with the needs, demands, goals, objectives and/or structures of another component" (Nadler and Tushman, 1980, p. 271). Thus congruence (indicated by the double-headed arrows in the model in Figure A.2) is a measure of fit between pairs of components. For example, in considering two components, the task and the individual, performance is viewed to be more effective when individual knowledge and skill match the knowledge and skill demanded by the task.

The specific issues that need to be examined to determine the level of consistency between components, are set out in Table 2.

Table 2 Definitions of Congruence

Individual-organisation	To what extent individual needs are met by the organisational arrangements, to what extent individuals hold clear or distorted perceptions of organisational structures, and the convergence of individual and organisational goals
Individual-task	To what extent the needs of individuals are met by the tasks, to what extent individuals have skills and abilities to meet task demands
Individual-informal organisation	To what extent individual needs are met by the informal organisation, to what extent does the informal organisation make use of individual resources, consistent with informal goals
Task-organisation	Whether the organisational arrangements are adequate to meet the demands of the task, whether organisational arrangements tend to motivate behaviour consistent with task demands
Task-informal organisation	Whether the informal organisation structure facilitates task performance, whether it hinders or promotes meeting the demands of the task
Organisation-informal organisation	Whether the goals, rewards, and structures of the informal organisation are consistent with those of the formal organisation

Source: Nadler and Tushman, 1980, p. 273

Because components cover a range of different types of phenomena, congruence can be more clearly defined only be referring to particular fits between specific pairs of components. By using theory and research to evaluate whether the components are in a state of high consistency or high inconsistency in specific relationships, an awareness of how these fits relate to effective behaviour can be developed.

Just as each pair of components has a degree of high or low congruence, so does the aggregate model, or whole organisation, display a relatively high or low level of system congruence. The basic proposition of the model builds on this total state of congruence and its relationship to behaviour which is similar to the approach taken by Nightingale and Toulouse (1977). Essentially, the organisation is viewed as being more effective when its pieces fit together. Effective organisational behaviour is defined as behaviour which leads to higher levels of goal attainment, effective utilisation of resources, and adaptation, as specified by strategy. In the short to medium term, organisational effectiveness is considered greatest:

> when the four components are designed and managed so that they are

> congruent; and the pattern of congruence matches the basic requirements of the strategy. When strategy fits environmental conditions, congruence is associated with organisational effectiveness (Nadler and Tushman, 1991, p. 23).

The model implies that different configurations of the key components can lead to effective behaviour (consistent with the systems characteristic of equifinality); and that in assessing the system, the determination of inconsistent fits will identify the cause(s) of problems. Therefore, the issue is not of finding the 'one best way' to configure the system, but of determining effective combinations of inputs that lead to congruent fits. Assessing fit has both an empirical and theoretical basis. Within the research literature, a number of situations which lead to congruence have been uncovered, making fit something that can be defined, measured, and quantified. In most cases, theory provides considerable guidance about what leads to congruent relationships.

Essentially, the congruence model is a general organising framework for using more specific 'submodels' to define high and low congruence which influences effectiveness. For example, the Job Characteristics model (Hackman & Oldham, 1980) might be used in the context of this general framework to assess and explain the fit between individuals and tasks as well as the fit between individuals and organisational arrangements (job design). The implication is that attempts to diagnose behaviour requires relevant organisational behaviour models or theories in order to evaluate the nature of fits in a particular system.

3.2.4 Outputs

As indicated by the model, the interactions between the various components create outputs describing what the organisation produces, how it performs, or globally, how effective it is. A number of key indicators of organisational output can be identified at different levels of analysis - the organisation or system level, the group and intergroup level and the individual level.

At the organisational level, three factors are important in evaluating organisational effectiveness. The first factor is goal attainment, or how well the organisation meets its objectives (usually determined by strategy). The second factor is resource utilisation,

or how well the organisation makes use of resources that it has available to it. In relationship to goal achievement, the concern is with whether resources are sustained or depleted in the process of achieving goals. The final factor is adaptability, being concerned with whether the organisation is able to adapt to environmental changes.

Obviously, these organisational-level outputs are contributed to by the functioning of groups or units. Important considerations would include intergroup conflict or collaboration and the quality of intergroup communication. Organisational output also is influenced by individual behaviour, particularly in regard to task performance. Indeed, certain individual-level outputs (affective reactions such as satisfaction, stress, or experienced quality of working life) may be desired outputs in and of themselves.

3.3 SUMMARY

The congruence model, being primarily intended as an organising framework for use in organisational assessment, presents a general approach for conceptualising organisational functioning. The organisation is seen as a system which takes inputs and transforms them into outputs. The essence of the model involves the transformation process, which is conceptualised as consisting of four organisational components, with the key dynamic being the congruence among the components. The approach is based on the assumption that component congruence significantly influences effectiveness. Pragmatically, in providing categories of variables which need to be included in an organisational assessment, the model is particularly useful as a tool for diagnosing organisational problems as it can assist in creating, maintaining and developing effective organisations.

These considerations suggest that the congruence model can provide an appropriate framework for developing more specific, testable models of effectiveness within a community context, in light of the parallels between an organisation and a community. Given the general agreement that the current socio-economic environment requires innovation and entrepreneurship, the congruence model could be used as a basis for drawing on the literature to indicate the different configurations of the key components

that might be most relevant for stimulating entrepreneurial behaviour within the community economic development process. Indeed, Nadler and Tushman (1983, p. 123) have recommended that the model be used to indicate the different configurations of task, individual, organisational arrangements and informal organisations that might be most appropriate for organisations in different environments and at different stages of development.

In adopting this model, which was developed to assess large organisations, it is recognised that the nature and relative impact of the process components will be different in a community context where small organisations prevail. For example, in large organisations various structures, processes and procedures are formally designed and documented. However, in small organisations, decisions concerning how to organise to accomplish the task tend to be informal. Consequently, formal organisational arrangements have a greater influence on behaviour and outcomes in a large organisation. Indeed, not all the characteristics of the process components outlined in Table 1 will be relevant in developing the model for a community context. However, by drawing on the literature to identify the characteristics which are applicable, the aim is to develop a model which can provide guidance as to what leads to congruent relationships in producing the behaviour deemed effective in influencing economic development. Potentially, this could be used as a diagnostic tool for communities that are having problems achieving desired economic development goals.

APPENDIX B

ORGANISATIONAL PROFILE

What follows is a description of the various community-based organisations which, during 1995, have been actively seeking improvement in the economic and/or social well-being of the case study communities. Each profile outlines the date of inception, the geographic boundaries of service, the sources of funding, the organisation's purpose, the services provided and an indication of the role of staff and/or board members.

1 EASTERN GUYSBOROUGH COUNTY

1.1 The Guysborough County Community Futures Program

In 1990 the federal government established a Community Futures Committee (CFC) in Guysborough County to implement the Community Futures (CF) Program. This program, one of the components of the Canadian Jobs Strategy, was developed to support local development in rural, small town and remote areas of Canada experiencing high levels of unemployment. Community Futures' objective was

> to assist communities in their efforts to identify, develop and undertake measures to help individuals adjust and adapt to a changing economic environment and to expand permanent employment (Guysborough County Community Futures Five Year Strategic Plan, February 1994, p. 5)

Assuming the community was in the best position to assess conditions and potential, the program gave a community's residents responsibility for making decisions in regard to how problems would be addressed. To facilitate this process, the Guysborough County CFC was granted funding of $400,000 over 6 years with a maximum of $100,000 per year. Administratively, the committee's functions were handled by a full-time operations manager, a part-time secretary, an executive committee and a number of standing committees.

The Guysborough County committee was comprised of 15 members with representation from small business, tourism, fisheries, forestry, education/training, the County's BDC, social services, labour and the four municipalities. The committee defined its mandate as one of assessing economic conditions in Guysborough County and identifying problems, barriers and opportunities for development. The primary vehicle used in carrying out this mandate was a range of sectorial sub-committees which helped ensure public input by involving close to 100 people in the process (Guysborough County Development Authority Business Plan, 1994, p. 11E). In addition, two special

subcommittees were established to devise an economic development plan for the Towns of Canso and Mulgrave.

Two federally funded financing programs (described in greater detail below) - the Guysborough County BDC and the Community Development Fund (CDF) operated under the umbrella of the CF program. Although each program had its own board of directors, they reported to the CFC. Annual operational plans were approved by the CFC and any loans over a certain amount required approval by the CFC. The intent of both programs was to stimulate economic development in the county through the provision of business consulting services and capital to entrepreneurs who were unable to raise funds elsewhere - essentially a fund of last resort.

While the financing programs were intended to promote entrepreneurship and provide support to small businesses, the CFC had strictly a planning focus. Based on the assessment process begun in 1991, the committee prepared an overall strategic plan or framework for development in Guysborough County in February of 1994. While it had also intended to oversee the implementation of the plan, the federal government abruptly announced that Community Futures would terminate in March of 1995, leaving the plan's future in jeopardy. Undaunted, the committee was determined to see it's plan become a reality. When the provincial government announced in May 1994 that it would be creating 12 Regional Development Authorities (RDA's) for Nova Scotia, the committee saw this as a timely opportunity to have its strategic plan implemented. Envisioning an RDA as the vehicle for implementing its plan, the CF committee was instrumental in bringing the Guysborough County RDA to fruition.

1.1.1 The Community Development Fund

In 1990, as part of the federal government's response to the fisheries crisis in Eastern Guysborough County, the Department of Fisheries and Oceans (DFO), Human Resources Development (HRD) and Atlantic Canada Opportunities Agency (ACOA) jointly established a $6 million Community Development Fund as a new program initiative for the area. Created as a fund of last resort, it provided loans, loan guarantees, interest buy-downs, equity participation, and non-repayable financial assistance to help new businesses establish and sustain or develop existing businesses (*The Guysborough Gazette*, Volume 2, February 25, 1991, p.1, p. 14). In 1991 an eight member Board, operating as a sub-committee of Guysborough County Community Futures, was established to be responsible for reviewing proposals and making decisions on the fund. In developing an investment strategy, the Board hired a consultant and held a series of public meetings in the County. As a result of this process, the Board decided that the money would be targeted at infrastructure projects, non-profit ventures, light manufacturing and services. To reflect the impact of the fishery on the area, the Board decided to allocate 70% of it's disbursements to the Eastern Guysborough area and the remaining 30% to the rest of the County.

In March of 1995 this fund was dissolved and its assets became incorporated into the BDC but not before two significant changes were made. Firstly, the Board discontinued grants and non-repayable contributions as CDF financing options. Secondly, it persuaded government officials to eliminate the 'fund of last resort' requirement.

1.1.2 The Guysborough County Business Development Centre

The origins of the Guysborough County Business Development Centre (BDC) trace back to the Community Employment Strategy Association (CESA) which was established in 1975 as part of a four year federal-provincial demonstration project called the Community Employment Strategy (CES). This was one of the earliest government economic development initiatives which had community input. Basically, CESA was a community based Board which was set up to look at development issues and try to help the community become more prosperous. After the first couple of years, the Board identified a need for a revolving loan fund. Eventually $400,000 was secured from the federal government for this purpose and in 1979, out of the CESA project, emerged Mulgrave Guysborough Canso Development Initiatives Limited (MCDIL). Fundamentally, MCDIL was set up as a community-based organisation who's aim was to stimulate and assist local employment and business development through technical and financial assistance.

After going through various structural, organisational and program changes, the organisation became adopted as an option of the Community Futures programme in 1990. In addition to continuing to provide technical and financial (loans, loan guarantees and equity investments) assistance for businesses within Guysborough County the BDC also assumed the contract for administration of the CDF funds until the Fund was disbanded in 1995. At that time, the assets of the CDF were turned over to the BDC. This has provided the BDC with increased investment flexibility because the investment cap for BDC's is $75,000 while the investment cap for the Fund is $250,000. Currently, day-to-day operations are handled by an Executive Director and a Community Development Officer, with support provided by an Administrative Assistant. Staff are accountable to an 11 member local Board of Directors who, in addition to overseeing operations, also make all lending decisions. In October, 1995 the federal government transferred responsibility for the BDC's from HRDC/CEIC to ACOA. To date, the implications of this shift are not clear.

1.2 Guysborough County Regional Development Authority

The Guysborough County Regional Development Authority (RDA) was established in 1995 largely as a result of efforts by the CFC (discussed previously). In planning to create 12 RDA's for Nova Scotia the province had envisioned an RDA which would serve both Antigonish and Guysborough counties. However, the CFC was instrumental in convincing the decision making stakeholders that, given the circumstances, a separate RDA was justified for Guysborough County.

Essentially, the RDA's mandate is to implement the strategic plan prepared by the CFC thereby promoting the development of Guysborough County. In carrying out this mandate the RDA has assumed overall responsibility for Community Economic Development (CED) in the County which includes business counselling and technical assistance activities; human resource development; advocacy and lobbying; information and research... (Guysborough County Development Authority Business Plan, 1994, p. 14). As of December 31, 1995 there were two non-support staff - an Executive Director and a Development Officer. The activities of the organisation are governed by a nine member volunteer Board which has 1 elected representative from each

municipal unit; 1 member at large from each unit; 1 member at large from the County; 1 member from the black community and 1 member from the Economic Renewal Agency (ERA).

Typically, RDA's receive tripartite funding on an annual basis with 1/3 coming from the province, 1/3 from the federal government, and 1/3 from the municipalities served. Each municipal unit's contribution is determined by a formula based on a combination of population and assessment base. However, Guysborough County's RDA funding is slightly different because a) ACOA considers Guysborough County to be half an RDA area and therefore contributes accordingly; and b) because Mulgrave, one of the County's municipal units, opted to join the Strait-Highlands Development Commission in the first fiscal year. To offset the shortfall additional funding was contributed by the province and the Community Development Fund.

1.3 Canso Waterfront and Area Development Corporation

The Canso Waterfront and Area Development Corporation (CWADC) was established in May of 1992 by the Town of Canso. In seeking opportunities for economic diversification in light of the situation within the fishing industry, the Town identified tourism as an area with potential for development. With this in mind the mandate of the organisation was set out as follows:

> The Canso Waterfront and Area Development Corporation is a not-for-profit organisation comprised of volunteer Board members committed to developing facilities and opportunities which enhance the quality of life for residents and visitors to the area (Canso Waterfront and Area Development Corporation Business Plan Summary, January 1993; Canso Waterfront and Area Development Corporation: Economic Impact Analysis, February, 1992).

The Corporation's Board consists of two Town councillors, two members of the Chamber of Commerce, two representatives from the Town of Canso Industrial Commission; two members at large; and one ex officio member - the Mayor of the Town of Canso. Board members are appointed on an annual basis and meet on a monthly basis. Day-to-day operations are currently being handled by one part-time term employee and a part-time administrative assistant.

Upon inception, it was decided that the Corporation would primarily concentrate on bringing three capital projects to fruition: restoration of the old Post Office; creation of a Natural History Park in the centre of Town; and the construction of a Waterfront Promenade which includes the development of appropriate connections between existing downtown attractions. While the Post Office project has, for all intents and purposes, been set aside, the Park was completed in 1995 and current efforts are focused upon construction of the Promenade.

Since inception, financing for expenditures has come from a variety of sources. Operations have been funded by the Community Development Fund, the Provincial Department of Economic Development/ERA and CEIC/HRD. Currently operational funding is cost shared by the CDF (60%) and the Town (40%). While funding for

capital projects has been obtained from municipal, provincial and federal sources, the largest contributors have been ACOA and ERA. At present, the Corporation sees its main task to be securing the financing required to construct the promenade. This presents a couple of challenges as unforseen problems created cost overruns in the park project which has reduced the funding available for the promenade. Additionally, the cost of the promenade is now estimated to be 54% higher than the amount originally projected and approved by the two funding partners agreeing to cost share the project - ACOA and ERA.

1.4 Eastern Guysborough County Development Association

Formerly a subcommittee of Community Futures, Eastern Guysborough County Development Association was incorporated in 1995 with a mandate to develop the economy of Eastern Guysborough County (Eastern Guysborough County Development Association: Operational Terms of Reference, May 29, 1995, p. i). Prior to incorporation, the Association concluded that immediate results-oriented action needed to be taken to address the community's declining population and below average incomes. With assistance from the Premier's Task Force on Employability, a review of other economic development models as well as past efforts within the County was conducted. As a result of that process a proactive development model unique to Eastern Guysborough County was created. Essentially the model is aimed at creating jobs by convincing small manufacturing ventures to relocate or start-up in the community. The group envisioned doing this by hiring a CEO with the necessary private sector experience and connections to successfully champion this economic development effort. In proactively targeting and recruiting appropriate ventures, this 'champion' would be expected to achieve certain benchmarks which, in turn, would provide the basis for evaluating the individual's performance. For example, among these benchmarks is the stipulation that at least two businesses which employ a minimum of 20 people will be operational within one year (Eastern Guysborough County Development Association: Operational Terms of Reference, May 29, 1995, p. i).

While the approach was conceived approximately two years ago, it has taken considerable time to persuade certain stakeholders of its viability. In particular, the committee had trouble convincing the province who considered the plan akin to the Executive Director model of the Industrial Commissions which it was abandoning. However, in the spring of 1995, the Economic Renewal Agency (ERA) and Human Resources Development (HRD) finally agreed to jointly provide one year operational funding to 'test' this approach. With the necessary funding secured, the hiring process was started and the successful candidate started work in October. By December, one business, which will employ 20 people, has made a commitment to locate in Canso. To ensure its CEO is not unnecessary encumbered in pursuing the development task, the eight member Board has assumed responsibility for all tasks not directly related to the recruitment.

1.5 Canso and Area Resource Centre

The Canso and Area Resource Centre was set up by a group of concerned citizens in 1990 in response to National Sea's announcement that the fish plant was going to close.

Believing the closure would create a host of socio-economic problems which would need to be dealt with, the group obtained funding from HRD to establish a referral and support centre. Basically the Centre was intended to help individuals access whatever type of assistance needed, whether it be from a government department or a social service agency.

The 6 member Board of Directors is responsible for obtaining funding, providing direction, and overseeing the operation of the organisation. The Centre continues to receive 100% of its funding from HRD. However, this funding has been subjected to significant cutbacks over the past couple of years, resulting in a 50% staff reduction and a relocation to smaller premises. While the Board continues to believe the Resource Centre's mandate is to provide assistance to anyone who requests it, HRD has been increasingly limiting the Centre's capacity to do so by making funding conditional upon dealing with UI claimants, TAGS recipients, and community groups.

Currently the Centre is staffed by two people and provides employment services for the area, similar to those provided by HRD in larger centres such as information on insurance claims, assistance with Social Insurance applications... It also assists people with workshops in writing resumes, information on labour markets... and works with employers to solicit and fill job orders. As indicated above, recently the Centre has become more involved in providing community groups with assistance in getting projects off the ground.

1.6 The Little Dover Community Development Association

The Little Dover Community Development Association was established in 1994 to obtain funding for the construction of the Black Duck Cove day use park. Since then, however, the scope of the Association's mandate has broadened to embrace a number of economic and social goals for the community of Little Dover. These include specific objectives in the areas of employment, health, recreation, and heritage. The Association has no full-time employees and its 10 member Board depends on its own fundraising efforts for operational funding.

Throughout 1995, the organisation has been involved in a number of projects. Currently, its two main initiatives are 1) completion of the Black Duck Cove park, and 2) pursuit of funding for a water and sewer system which can address the community's health concerns.

2 ISLE MADAME

2.1 La Picasse

Approximately 10 years ago, a group from the Acadian community on Isle Madame got together to try and obtain funding to establish an outdoor Acadian historical village. Encountering difficulty demonstrating the feasibility of this venture, an organising committee was formed in 1991 to explore other ways in which the heritage of the French community might be preserved. Out of this process a decision was made to pursue an infrastructure project which eventually became La Picasse. The initial notion

included a cultural component and an educational centre which, in housing Collège de l'Acadie and the library, would serve as the anchoring component. However, when the group saw that the fishery was in a crisis, it added the economic development component before conducting a feasibility study for the project. In 1992, after establishing the feasibility of La Picasse, an implementation committee was formed to oversee planning and construction (Concept Préliminaire et Étude de Faisabilité, June 1992, p. 1). La Picasse aims to contribute in responding to the challenges currently facing the community by focusing on the social, cultural, economic and educational needs of Richmond County's francophone community, 85% of which is located on Isle Madame.

Partnership and community control are the two main thrusts underpinning the approach adopted by the 12 member implementation committee. For example, capital costs have been financed through contributions from the three levels of government, the Province of Quebec and the community, while the administration and management of the project is community based.

With 80% of the project complete, a shortage of funding ground construction to a halt in October 1995. However, a solution to this difficulty is believed to be imminent, creating an expectation that work will resume in the spring. Upon completion, the 32,500 square foot building will house Collège de l'Acadie (francophone community college), a regional library, a multi-purpose room, an archives, a pre-school, a youth centre, 'la Cachette à Cadeaux' - a local artist's art gallery and retail outlet, a cafe, a commercial centre which includes an incubator mall for manufacturing, a multi-purpose room, office space for Federation Acadienne de Novelle Ecosse and the Department of Education, a bookstore and other retail establishments. In fact, with its section of the building completed, Collège de l'Acadie was able to begin the current academic year in La Picasse. It is expected that approximately 15 new jobs will be generated when the Centre becomes fully operational. Upon completion of construction, a new Board will be formed, with representation from the 11 Francophone organisations utilizing the Centre. Additionally a number of subcommittees will be used in implementing the organisation's five year plan.

2.2 Island Association For Community Awareness

The Island Association for Community Awareness was formed approximately four years ago by four Island residents who acquired and renovated the former Richmond County School Board office building in Arichat and established the Active Living Centre. The idea was to develop a community centre which would provide people, particularly youth, with a place to go and things to do for a minimal cost.

The Centre consists of a tea room, a gym, a number of meeting rooms and office space that is occupied by Family Services and Children's Aid. Besides operating the tearoom and the gym, the Centre has offered a number of programs including children's craft and music lessons. Additionally, the facility is used by other organisations which provide a range of activities including training and education programs which might not otherwise be accessible locally. These activities have ranged from church services to classes in fitness, self-defence, art, and music; to Weight Watcher, Boy Scout, Girl Guide, or Isle Madame Literacy Council meetings.

The Centre continues to be operated by a volunteer Board of Directors which now has a 12 member complement. In addition to its regular monthly meetings, the Board has recently developed a number of subcommittees which deal with the day to day management of various aspects of the centre. In recognizing that self-sufficiency would only be achieved by increasing revenue generating activities, the Board decided to capitalize on the opportunity to lease office space. This regular source of income has had a significant impact on the organisation's ability to finance the operation of the Centre.

2.3 DIMA

Although DIMA is a relatively new organisation, officially coming into existence in February 1995, it has effectively been operating for four years. In February of 1992 an Industrial Adjustment Services (IAS) committee was formed by a diverse group of concerned citizens who had an interest in the well-being of the Island and saw a need to address the impact of the downturn in the fishery. With funding from HRD, the committee hired a consulting firm to prepare a report on the economic and social effect of the fisheries crisis. Rather than imposing its interpretation of the problem on the community, the consulting firm trained and used five local people to facilitate a series of focus groups. The information gathered from these sessions was then used in formulating the community's perception of the problem(s).

Upon presenting the findings of the GTA report to federal and provincial officials, financial support was obtained to establish the two task groups recommended by the consultants, a Social Task Force and an Economic Task Force. To assist in the task of developing "plans for social adjustment and economic renewal that are widely supported by the community" (Report of the Industrial Adjustment Services Committee of Isle Madame, September 1994, p. 3) each task force hired a development officer.

In 1994, after the reports were made by the two task forces, the IAS committee was disbanded and DIMA was eventually formed early in 1995 to implement the committee's plan for social adjustment and economic renewal. Its aim is to renew the local economy by creating new jobs and by retooling the human resource to meet the needs of the new economy. Basically the organisation believes that a feeling of ownership is created when the community itself takes responsibility for developing an economic base. Based on the ideas for economic development projects obtained from and endorsed by various community stakeholders, a variety of projects have been pursued. One of the first was the Telile project. Since that time over 35 economic and social development initiatives have been undertaken including a Youth Corps Project, an aquaculture extension office, a Small Options home, a World Wide Webb site, a feasibility study for the development of a Community Investment Fund. Some of the current projects include a Coastal Mapping project, a Commercial Centre project, a Heritage Region project, and a call centre project.

At the end of 1995 DIMA had four full-time employees - a TAGS Liaison Officer, a Literacy Outreach Worker, an Executive Director and an Activities Coordinator. In providing direction for the organisation the Board reviews all ongoing projects at the regular monthly meetings. Currently DIMA has approximately 28 members with an average of 15-20 attending Board meetings on any given night. Board meetings have

two rather unique features. Firstly all staff members attend; and secondly, if someone attends two Board meetings they are invited to become a member.

2.4 Telile

With the first organising meeting held in December 1993, Telile became incorporated as a non-profit society early in 1994. The catalyst for inception was, by all accounts, the fisheries crisis. In the absence of newspapers, radio or television on the Island, community cable television was seen as a means of filling the formal communications void which would enable people to

> brainstorm and share ideas, learn what others are doing, discuss opportunities, let people know about available funding, build confidence and self-awareness generally (Telile Report, 1994).

Fundamentally, Telile's purpose was seen to be that of encouraging the development of new enterprises and new jobs and new ways of making a living by responding to the community's informational needs. To the Board, the ultimate goal is to foster both a learning culture and an entrepreneurial culture.

The Board initially focused upon obtaining the approvals needed to use the existing cable channel and determining how to achieve the level of professionalism they desired. The Board envisioned offering a 30 week video production training course and subsequently starting a company which would be operated by the course participants. Establishing Telile was, essentially, a two step process. Through the efforts of three core Board members, the required approvals, location and funding were obtained and a training program for 14 people was launched in May of 1994. HRD provided funding for the course while ACOA and the provincial ERA each contributed 50% toward the cost of equipment and materials needed.

With 10 course participants choosing to stay on, Telile made the transition from a course to a non-profit company in December, 1994. Although the company has faced a number of growing pains, it is now self-sustaining with a staff of 5. Telile is involved in two main areas of activity - video production and operation of a community cable TV channel (Report of the IAS Committee of Isle Madame: Appendix 6 - Telile Report, September 1994). The revenue generated from video production, advertising and TV bingo is applied to the cost of overhead and community programming. All nonoperating aspects of the company - direction and policy - are handled by a five person Board of Directors who meet monthly.

The company believes its capacity to fulfil its mandate has been somewhat limited because Cable TV is not, as yet, available on the north side of the Island. Therefore, it has been exploring the possibility of setting up a UHF signal. However, during the course of the field work, word was received that the work to lay the cable has begun on the north side of the Island.

2.5 Strait-Highlands Regional Development Agency

Three years ago, at the urging of Enterprise Cape Breton Corporation (ECBC - ACOA's Cape Breton wing), four separate Industrial Commissions joined together to form the Strait-Highlands Regional Development Commission [(SHRDC) which at some point since then changed its name to the Strait-Highlands Regional Development Agency] serving the municipalities of Inverness and Richmond County, and the towns of Port Hawkesbury and Mulgrave. This new organisation was funded by the three levels of government with the municipal partners contributing on an annual basis and their federal-provincial counterparts providing five year joint funding under a Cooperation Agreement.

Approximately a year after the Commission was established, the province and the federal government determined that development efforts, generally, needed refocusing and decided to move away from the industrial model toward a community development model. In moving toward this model, the province began abandoning the Development Commissions in favour of creating 12 RDA's which would take on the strategic planning function previously filled by the Community Futures committees. To be considered for funding as an RDA, a strategic plan was set out as an applicational requirement. Over the past year, the SHRDA has engaged a consulting firm to assist in the preparation of a strategic plan which it hopes will be complete by April of 1996. At that time, application will be made to become an RDA.

While the agency previously considered business counselling to be its main mandate, the strategic planning process has prompted a reevaluation of that. As a result, the organisation has fixed its purpose on regional strategic planning. This includes helping the various communities in the coverage area with planning and organising activities such as facilitating group efforts, identifying opportunities or project development work. With Victoria County joining the organisation in 1995, the organisation now services five municipalities covering ¾ of Cape Breton Island and the Town of Mulgrave. In addition to an office manager, the agency has a staff complement of four which includes an Executive Director and three development officers who handle both sector-specific (culture and tourism, natural resources, and community development) and geographic responsibilities.

The Board is comprised of 15 members. Each municipality appoints three people, one of which has to be an elected person. The other two can either be elected or at large. Normally, the monthly Board meetings deal with issues related to overseeing the organisation's operation. However, due to extraordinary circumstances, this past year has demanded additional time commitment due to the strategic planning process and staffing vacancies.

2.6 InRich Business Development Centre

In 1990, the Business Development Centres of Inverness and Richmond Counties merged to form InRich,

> a non-profit provincially incorporated company dedicated to increasing economic activity in Inverness and Richmond Counties through the development of small business (Inrich publication, 1995).

The corporation carries out this mandate by providing technical and financial assistance to the small business community in the counties served. Generally, the organisation considers lending to be it's primary function. Loans tend to be made to higher risk businesses which have been unsuccessful in obtaining financing elsewhere but are seen to have potential for making a viable economic contribution to an area. As a BDC, loans of up to $75,000 may be approved provided the applicant has prepared a business plan, is creating employment, and is, along with at least one other investor, making a financial contribution to the venture. All investment decisions are made by a 12 member volunteer Board of Directors which sectorally and geographically represent the whole area. Currently, InRich is the only organisation within the two counties that makes lending decisions up to $75,000 within the community. While the Board also is responsible for generally overseeing the operation of the organisation, currently its main function is evaluating business proposals.

The organisation's operations are handled from two offices, one in each County. The two office managers, in addition to handling the organisation's administrative functions, also are involved, to some extent, in dealing with initial inquiries received from clients. Primarily, it is the Executive Director's responsibility to work with the clients in ensuring their request, whether it's financial or nonfinancial, is dealt with as expediently as possible.

2.7 Istom

The Island Society for Traditional and Original Musicians (Istom), an association for amateur and professional musicians, was formed in the fall of 1993. It's objectives are:

> to develop, promote and maintain traditional and original music in the Isle Madame community; to establish a studio facility (performance and recording) to be made accessible to all members of the association; to provide a common gathering place for musicians to meet, rehearse and consult on various levels and topics; to provide a support network to assist individuals in developing and marketing their original works; to facilitate music education by providing a variety of workshops, lessons and demonstrations; and to encourage the development of young musicians by providing resources at subsidized rates (documentation provided by ISTOM, 1996).

Since its beginning, the Association has operated and met on a very informal basis. With no full-time employees, activities are accomplished by the volunteer efforts of the organisation's 12 or so core members. Because the recording studio has always been considered the key to the organisation's development, bringing it to fruition has been the main priority. Attempts to acquire the space and equipment needed to do so have faced numerous obstacles. However, just recently, not only has a location for activities been found but the funding has been secured to purchase the remaining equipment required to make the studio operational. Preoccupation with attempts to get the studio underway has meant that all other activities have been virtually at a standstill for the past two years.

APPENDIX C

INTERVIEW SCHEDULES

1 DEVELOPMENT ORGANISATION EMPLOYEES

I would like to begin by asking you some questions about the organisation, generally, and then move to some specific questions about your job:

Organisation

1. (a) What does this organisation see as its primary function?
   (b) How was this established?
   (c) To whom is this organisation/office accountable?

2. (a) What programs /services/activities does the organisation provide?
   (b) How were they developed?
   (c) How long have they been offered?

3. How does the organisation create public awareness/interest/involvement in its programs/ services/ activities?

4. (a) Does the organisation have specific objectives it wants to achieve?

[IF YES, ASK:]

   (b) Could you tell me about them?
   (c) Have targets been established for achieving these objectives?

[IF THERE ARE TARGETS, ASK:]

   (d) Could you tell me about them?

[PROMPT IF NECESSARY AS TO WHETHER: targets focus on particular economic sectors? social groups]

   (e) Who was responsible for setting these targets?
   (f) What action has been taken to reach these targets over the past twelve months?

5. Could you tell me about how decisions are made as to what the organisation/office will do and how it will be done?

6. (a) Jobs have been said to be the key concern in Eastern Guysborough County/Isle Madame. Where does this concern fit in terms of the priorities of this organisation?

[IF JOBS ARE A PRIORITY OF THE ORGANISATION, AND HAVE NOT BEEN STATED AS AN ORGANISATIONAL OBJECTIVE, ASK:]

   (b) What does [ORGANISATION] consider the most appropriate way of dealing with this concern?

(c) Over the past 12 months, what results were expected in terms of job creation?
(d) What results were achieved?

7. Within any organisation, as people work together certain expectations develop in terms of what needs to be done and how it will be done. What are some of the things people have come to expect from one another as a member of this organisation?
8. Over the past 12 months, what kinds of support has the organisation received from other organisations:
(a) in Eastern Guysborough County/Isle Madame? Could you tell me about this?
(b) Outside this area? Could you tell me about this?
(c) How has this support helped your organisation in its work?

9. (a) Are there any organisations whose activities/services could be considered in conflict with or duplicate the activities/services of this organisation?
[IF YES, ASK:]
(b) Could you tell me about this?

10. How does your organisation get information about what is going on in other development organisations?

11. (a) Has this organisation been involved in any joint initiatives over the past 12 months?
[IF YES, ASK:]
(b) Could you tell me about this?
[PROMPT IF NECESSARY IN REGARD TO: Who was involved? Who assumed responsibility for what was done?]
(c) Could you tell me about the main achievements of these collaborative efforts?
(d) How has this organisation benefited from participating in collaborative activities or projects?
(e) From this organisation's experience, are there any disadvantages associated with participation in collaborative activities or projects?
(f) What do you feel is necessary in order to make collaborative efforts successful?
(g) For [ORGANISATION] what incentives are there to participate in future joint initiatives?
(h) Can you think of any potential collaborative relationships which might be of benefit to this organisation?

12. (a) Has this organisation faced any major challenges over the past 12 months? Could you tell be about them?
(b) How have they been dealt with?

13. How does [ORGANISATION] monitor/evaluate its various projects/ activities/ programs?

14. What have been the key accomplishments of this organisation over the past 12 months?

15. In your opinion, what future action is necessary in order for economic development efforts to be effective in positively influencing the economic well-being of Isle Madame/Eastern Guysborough County? Why?

CEO or Manager:

16. (a) Could you give me a bit of background on the organisation?
(b) When was it formed? Why?
(c) Who was responsible for establishing it?
(d) What people were involved in the organisation when it got started?
(e) Since that time, has the organisation's purpose or approach undergone any significant changes? [IF YES, ASK:] Could you tell me more about this?

17. Could you tell me a bit about how the office's work is organised?

18. Does the organisation have written policies (boundaries for action)? procedures (series of related steps to be taken under certain recurring circumstances)? rules (statements spelling out specific actions to be taken or not taken in a given situation)? or job descriptions?

19. Who is responsible for: establishing goals; policies, procedures, rules? allocating work? allocating resources? reviewing performance? hiring?

20. Are there any base selection criteria which are used in hiring all employees, regardless of position?

21. (a) Could you tell me about the composition of the Board?
(b) On what basis are Board members chosen?
(c) How long a term does each member serve?

22. What do Board members do in this organisation?

23. (a) How is this organisation/office funded?
[IF FUNDING COMES FROM MORE THAN ONE SOURCE, ASK:]
(b) What percentage of your budget comes from each source?
(c) How are you accountable to these sources?
(d) What conditions have been placed upon how the money is spent?
(e) How has this affected the activities of this organisation?
(f) In making application for funding, were you required to meet any predetermined eligibility criteria? Could you tell me about this?

24. (a) Does this organisation provide funding to any other organisations?
[IF YES, ASK:]
(b) How are these organisations accountable to you?
(c) Were these organisations required to meet any predetermined eligibility criteria in order to receive your support? Could you tell me about this?
(d) Are there any conditions attached to how the money is spent?
(e) What impact has your support had on these other organisations?

25. (a) Is the organisation involved in any revenue generating activities? Could you tell me about this?
(b) How do you feel about revenue generating activities?

Job

26. (a) How long have you worked for this organisation?
(b) What were you doing prior to that?
(c) What do you feel your key qualifications were, which enabled you to successfully obtain this job/position?
(d) Is this a permanent full-time position?

27. Could you tell about the things you do in your job which are most important in contributing to what this organisation does?

28. In your day to day activity, could you tell me about the range of things you deal with?

29. How does your work affect what the organisation accomplishes?

30. (a) Does your job have specific goals and objectives? Could you tell me about them.
(b) How were they determined?
[PROMPT IF NECESSARY AS TO WHETHER OBJECTIVES ARE PRIORITISED]

31. How much freedom does the job give you to decide how and when your work will be done? Could you give me some examples.

32. What skills are required to do this job effectively?

33. Have you learned anything new or acquired any new skills through this job? Could you tell me about this.

34. (a) How do you go about getting information or other resources needed to do your job?
(b) When you need information, who, *within* Eastern Guysborough County/Isle Madame, do you contact most often in helping with this?
[FOR THE FIRST THREE PEOPLE MENTIONED, ASK:]
(c) How long have you known this person? (indicates personal acquaintance)
(d) When you need information, who, *outside* Eastern Guysborough County/Isle Madame, do you contact most often in helping with this?
[FOR THE FIRST THREE PEOPLE MENTIONED, ASK:]
(e) How long have you known this person?

35. (a) In doing your job over the past six months, how essential to your work is it that you contact people outside this office?
(b) Generally, how do you get in touch with people outside this office? (phone calls, meetings, written communication)
(c) Other than the people who work in this office/organisation, who have you

worked most closely with over the past six months?

[FOR THE THREE PEOPLE THE INDIVIDUAL HAS WORKED MOST CLOSELY WITH, ASK:]

(d) How often are you in contact with this person?

(e) How do you normally get in touch with this person?

(f) In doing your job, how important is it that you work with this individual? Why?

(g) If given a choice, would you consider working with this person again? Why or why not?

36. Over the past six months, what difficulties have you encountered in attempting to do your job?

37. What types of feedback do you receive in regard to whether you are doing a good job?

38. (a) How is your work evaluated?

(b) What rewards does your job provide?

(c) What do you like most about your job?

(d) What do you like least about your job?

2 BOARD MEMBERS OF ORGANISATIONS HAVING PAID EMPLOYEES

I would like to begin by asking you some questions about the organisation, generally and then move to some specific questions about the Board and your role as a Board member.

Organisation

1. (a) What does the ORGANISATION see as its primary function?
   (b) How was this established?
   (c) To whom is this organisation accountable?

2. (a) From the time the organisation was established, has it's purpose or approach undergone any significant changes?

[IF YES, ASK:]

   (b) Could you tell me more about this?

3. (a) Does the ORGANISATION have specific objectives it wants to achieve?

[IF YES, ASK:]

   (b) Could you tell me about them?
   (c) Have targets been established for achieving these objectives?
   (d) [PROMPT: Do these targets focus on particular economic sectors? social groups?]

4. (a) Jobs are said to be a key concern in Eastern Guysborough County/Isle Madame. Where does this concern fit in terms of the priorities of this organisation?

[IF JOBS ARE A PRIORITY OF THE ORGANISATION, ASK:]

   (b) What does [ORGANISATION] consider the most appropriate way of dealing with this concern?

5. Could you tell me about how decisions are made as to what the organisation will do and how it will be done?

6. (a) What other organisations are involved in activities which are attempting to influence the economic development of Eastern Guysborough County/Isle Madame?
   (b) How do the approaches taken by other organisations differ from that taken by this organisation?

7. How do the activities of ORGANISATION complement or conflict with the activities of other development organisations?

8. (a) Has this organisation been involved in any joint initiatives in Isle Madame/Eastern Guysborough County over the past 12 months?

[IF THE ORGANISATION HAS BEEN INVOLVED IN JOINT INITIATIVES, ASK:]

   (b) Could you tell me about this?

[PROMPT IF NECESSARY IN REGARD TO: Who was involved? Who assumed

responsibility for what was done?]

(c) Could you tell me about the most important results achieved through collaborative effort?

(d) How has this organisation benefited from participating in collaborative activities or projects?

(e) Has the organisation experienced any disadvantages by participating in collaborative activities or projects?

(f) What do you feel is necessary in order to make collaborative efforts successful?

(g) Can you think of any potential collaborative relationships which might be of benefit to this organisation?

9. (a) Has this organisation faced any major challenges over the past 12 months?

(b) Could you tell be about them?

[IF APPROPRIATE, ASK:]

(c) How have they been dealt with?

10. (a) How does [ORGANISATION] monitor/evaluate its various projects/activities/ programs?

(b) What has the organisation accomplished in Isle Madame/Eastern Guysborough County over the past 12 months?

(c) In what ways did the actual results differ from what was expected?

(d) In your opinion, what accounted for this?

11. (a) Government has become increasingly supportive of Community Economic Development. What is this organisation's understanding of CED?

(b) What advantages do you see in such an approach?

(c) What disadvantages do you see in such an approach?

12. In your view, what is the main problem which needs to be addressed in Eastern Guysborough County/Isle Madame.

13. What future action do you believe necessary in order for development efforts to be effective in positively influencing the economic well-being of Isle Madame/Eastern Guysborough County? Why?

14. In your opinion, how can funds earmarked for economic development best be used?

Board

Now I would like to ask you a few questions about your role as a Board member:

15. (a) How long have you been a Board member/Chair?

(b) How were you chosen?

[IF APPROPRIATE, ASK:]

(c) What motivated you to accept this position?

(d) How much of a time commitment does this involve?

(e) Are you involved in any other organisations? Which ones?

16. What are the responsibilities of the Board?

17. (a) Could you tell me about the range of things the Board deals with?
(b) How much freedom does the Board have in making decisions?

[IF BOARD LARGELY PROVIDES AN ADVISORY ROLE, ASK:]

(c) Over the past 12 months, have you had any involvement in the day to day activities of the organisation?

[IF YES, ASK:]

(d) Can you tell me about this?
(d) Has the Board been involved in creating public awareness/interest/involvement in the organisation's activities?

18. What aspects of your personal experience/expertise do you most often draw upon in fulfilling your role as a Board member?

19. (a) How does the Board get information or other resources needed in carrying out its responsibilities?
(b) How does the Board get information about what other development organisations are doing?

20. Within any organisation, as people work together certain expectations develop in terms of what needs to be done and how it will be done.
(a) What are some of the things the Board has come to expect from staff?
(b) What are some of the things that staff expects of the Board?

21. (a) In your opinion, how effective has this organisation been over the past 12 months? Why?
(b) How effective is the Board? Why?
(c) How could the effectiveness of the organisation be improved?

3 BOARD MEMBERS OF ORGANISATIONS WHICH DO NOT HAVE PAID EMPLOYEES

Chairperson only:

1. (a) Could you give me a bit of background on the organisation?
   (b) When was it formed? Why?
   (c) Who was responsible for establishing it?
   (d) What people were involved in the organisation when it got started?
   (e) What geographic area does the organisation serve?

2. (a) Could you tell me about the composition of the Board?
   (b) On what basis are Board members chosen?
   (c) How long a term do members serve?

Organisation

3. (a) What does this organisation see as its main aim? How was this established?
   (b) Has the organisation's purpose or approach undergone any significant changes from when it first started? [IF YES, ASK:] Could you tell me more about this?
   (c) To whom is this organisation accountable?

4. (a) What projects/services/activities has the organisation been involved in?
   (b) How were they developed?
   (c) How long have they been offered?

5. How does the organisation create public awareness/interest/involvement in its programs/services/activities?

6. (a) Does the organisation have specific objectives it wants to achieve?
[IF YES, ASK:]
   (b) Could you tell me about them?

7 How are decisions made as to what the organisation will do and how it will be done?

8. Generally, what do Board members do in this organisation?

9. Jobs have been said to be the key concern in Eastern Guysborough County/Isle Madame. Where does this concern fit in terms of the priorities of this organisation?

10. (a) What other organisations are involved in activities which are attempting to influence the development of Eastern Guysborough County/Isle Madame?
   (b) How do the approaches taken by other organisations differ from that taken by this organisation?

(c)How do the activities of this organisation complement or conflict with the activities of other development organisations?

11. (a) Over the past 12 months, what kinds of support has the organisation received from other organisations in Eastern Guysborough County/Isle Madame?
(b) Outside this area? Could you tell me about this?

[IF SUPPORT HAS BEEN RECEIVED FROM OTHER ORGANISATIONS, ASK:]

(c) In obtaining resources, support or services have any conditions been placed upon this organisation? Could you tell me about this?
(d) How has this support helped your organisation in its work?

12. (a) How is the organisation funded?
(b) How are you accountable to these sources?
(c) Is the organisation involved in any revenue generating activities? Could you tell me about this?
(d) How do you feel about revenue generating activities?

13. (a) Do other organisations obtain resources, support or services from your organisation? Could you tell me about this?

[IF YES, ASK:]

(b) Are there any conditions attached to the support?

14. (a) Has this organisation been involved in any joint initiatives with other organisations/ agencies over the past 12 months? Could you tell me about this?

[PROMPT IN TERMS OF WHO INITIATED THE PROJECT, WHO ASSUMED RESPONSIBILITY FOR WHAT WAS DONE]

(b) Could you tell me about the main achievements of these collaborative efforts?
(c) How has this organisation benefited from participating in collaborative efforts?
(d) From this organisation's experience, are there any disadvantages associated with participating in collaborative activities or projects?
(e) What do you feel is necessary in order to make collaborative efforts successful?
(f) For [ORGANISATION], what incentives are there to participate in future joint initiatives?
(g) Can you think of any potential collaborative relationships which might be of benefit to your organisation?

15. (a) What challenges has this organisation faced over the past 12 months? Could you tell me about them?
(b)How have they been dealt with?

16. How does [ORGANISATION] monitor/evaluate its various projects/ activities/ programs?

17. What has the organisation accomplished over the past 12 months?

18. (a) In your opinion, what are the major strengths of this organisation?
(b) What are its major weaknesses?

19. Government has become increasingly supportive of Community Economic Development.
(a) What is this organisation's understanding of CED?
(b) What advantages do you see in such an approach?
(c) What disadvantages do you see in such an approach?

20. In your view, what is the main problem which needs to be addressed in Eastern Guysborough County/Isle Madame?

21. What future action is necessary in order for community efforts to positively influence the well-being of Isle Madame/Eastern Guysborough County? Why?

22. In your opinion, how can funds earmarked for development best be used?

Role as Board Member:

23. (a) How long have you been a Board member?
(b) How did you become a Board member?
(c) What motivated you to take on this responsibility?
(d) How much of a time commitment is involved with being a Board member?
(e) Are you involved in any other organisations? Which ones?

24. Can you tell me a bit about yourself?

25. What aspects of your personal experience/expertise do you most often draw upon in fulfilling your role as a Board member?

26. (a) Can you tell me about the things you do which are most important in contributing to what this organisation accomplishes?
(b) Could you tell me about the range of things you deal with?

27. Within any organisation, as people work together certain expectations develop in terms of what needs to be done and how it will be done. What are some of the things people have come to expect from one another as a member of this organisation?

28. When you need information or other resources, who, *within* Eastern Guysborough County/Isle Madame, do you contact most often in helping with this?
[FOR THE FIRST THREE PEOPLE MENTIONED, ASK:]
How long have you known this person?

29. When you need information or other resources, who, *outside* Eastern Guysborough County/Isle Madame, do you contact most often in helping with

this?

[FOR THE FIRST THREE PEOPLE MENTIONED, ASK:]
How long have you known this person?

30. (a) How essential is it that you contact people outside this organisation?
(b) Generally, how do you get in touch with people outside this organisation?

31. Other than members of this organisation, who have you worked most closely with over the past six months?

32. Finally, what have you gained by serving as a Board member?

APPENDIX D

LIST OF SUPPLEMENTARY REPORTS AND DOCUMENTS ACCESSED

A Brief Analysis of UI Claimants in Guysborough County, December, 1994.

Antigonish Guysborough Canada Employment Centre (CEC) Annual UI Beneficiaries Report, 1994, prepared by CEC Antigonish Labour Market Information Unit.

Antigonish Employment Centre (CEC) Human Resource Profile, Source: Statistics Canada - 1991 Census, Labour Market Information Unit.

Canso Area Community Education proposal, submitted to the Guysborough County District School Board, May 30, 1995.

Canso Waterfront and Area Development Corporation - Business Plan, prepared by Sperry & Partners Ltd., in association with ARA Consulting Group Inc., Probe Inspections Ltd., Neill and Gunter (Nova Scotia) Ltd., November 6, 1992.

Canso Waterfront and Area Development Corporation - Business Plan (Summary) January 1993.

Canso Waterfront and Area Development Corporation - Economic Impact Analysis February 23, 1992.

Community Meetings Report; GCCFC; prepared by Nancy Wright; January 1993.

Cottages/Cabins on the Shore in Guysborough County: A Preliminary Assessment prepared by the Economic Planning Group of Canada as part of the Guysborough County Tourism Plan, April 1993.

Employers List, Isle Madame, prepared by Human Resources Development Canada, Port Hawkesbury, May, 1995.

Fact Sheet: The Atlantic Groundfish Strategy (TAGS) Analysis for the Town of Canso and Little Dover, prepared by HRD, April, 1995.

Guysborough County Business Directory 1995, Published by the Guysborough County Community Futures Committee & the Guysborough County Business

Development Centre in Association with the Guysborough Journal.

Guysborough County Community Development Fund Sub-Committee 4th Annual Submission Submitted to Employment and Immigration Canada, February 5, 1994.

Guysborough County Community Futures Five Year Strategic Plan 1994-1998, Community Draft, Prepared with the assistance of the Extension Department, St. Francis Xavier University, February, 1994.

Guysborough County Development Authority Business Plan 1994-1998, prepared for Guysborough County Community Futures Committee.

Guysborough County Tourism Plan: Executive Summary Report prepared by the Economic Planning Group of Canada, Simons Warehouse, Suite 200, Historic Properties, Halifax, NS, 423-7454.

Industrial Profile, Isle Madame, prepared by Human Resources Canada, Port Hawkesbury, 1995.

Isle Madame: Charting a New Course, A Report Prepared for the Isle Madame Fisheries Adjustment Committee by GTA Consultants, October 6, 1993.

The Guysborough County Tourism Plan - Final Report prepared by the Economic Planning Group of Canada, April 1993.

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SAMPLE REQUEST TO ATTEND BOARD MEETING

Memorandum

To:

From: Monica Diochon

Date: November 6, 1995

Subject: Request to Attend Board Meetings

Dear ....,

Thanks so much for taking the time out of your busy schedule to see me during my recent visit to Guysborough County. It was a pleasure meeting you and learning about what ORGANISATION is doing to promote economic development.

As I mentioned to you, I will be spending the next few months doing research in the Eastern Guysborough and Isle Madame areas with the aim of developing a better understanding of how communities influence economic development. Because the ORGANISATION's Board is community based and the ORGANISATION is directly involved in promoting economic development within the Eastern Guysborough County area, I am very interested in having the opportunity to attend one or two Board meetings.

I have prepared a brief outline for the Board which explains who I am and what my research involves. Because so many interpretations of Community Economic Development exist, I felt it was important to explain not only what I would be doing, but also to give an indication of <u>why</u>. If, after reading what I've enclosed, you have any questions or concerns, I would be happy to revise it.

Thanks again for meeting with me. I look forward to hearing from you.

Introduction and Overview of Community Economic Development Research Project

Before explaining what my research involves, I would like to start by introducing myself. My name is Monica Diochon and I am currently in my third and final year of a study leave from St. F.X. where I teach in the Business Administration Department. I am using this study leave to complete a PhD in Community Economic Development at the Durham University Business School in northern England. One of the main aims of my research is to learn more about how communities influence economic development.

While there is growing interest in Community Economic Development (CED), both here in Nova Scotia and elsewhere, surprisingly there is very little agreement as to what CED is or what it can achieve. One factor contributing to this situation is a lack of research. Of that which has been done, its value in providing us with insight into how a *community* deals with the problems or opportunities being faced is questionable when only the activities of a particular development project or organization have been assessed. Another factor preventing us from developing a better understanding of Community Economic Development has been the fact that people hold very different opinions in regard to both what constitutes a community and what development means. For example, some define a *community* according to municipal or other administrative boundaries; others define it as a particular interest, religious or cultural group. In regard to *development*, some people are concerned, strictly, with social development while others are focused solely upon economic development. Because so many interpretations exist, I feel it is important to briefly explain my understanding of 'community' and 'development'.

Within my research a *community* is considered to be a geographic area in which people share similar economic and social circumstances. For instance, people will know each other because they have worked together, belong to the same church or social groups, use similar public and recreational services.... and, therefore, will be confronting similar problems or opportunities. *Development* is understood to be the improvement a community achieves in its economic situation which in turn will impact on the community's social well-being. Because individual communities face differing circumstances, each may pursue different aims in attempting to create economic improvement. For example, one community may be concerned with ensuring that everyone who currently lives there has the opportunity to stay while another may be intent upon attracting new residents in attempt to increase its size. Based on the above understandings of *community* and *development*, Community Economic Development is regarded as a process by which a community's various residents and organizations influence economic development.

To learn more about this process, I have chosen to do my research in Eastern Guysborough County and Isle Madame as both these communities have been attempting to stimulate development in response to the downturn in the fishery. By analyzing the development process I hope to better understand the factors contributing to its effectiveness. Doing so, I believe, will be useful to communities struggling to deal with adverse economic conditions. I also believe this research is necessary in helping to convince policy makers that CED support is merited. Over the next few months, I will

be attempting to learn more about each community's understanding of its situation, what it considers its major problem(s) and/or challenges to be, how it is attempting to deal with the situation it is facing, and what it hopes to achieve. Because the ORGANISATION's Board is a key community-based contributor to Eastern Guysborough County's economic development, I would like to have the opportunity to attend one or two of your upcoming Board meetings. In considering my request, I want to assure you that I will uphold the confidentiality of discussions.

APPENDIX E

DEVELOPMENT AND USE OF THE INSTRUMENTS

This appendix discusses the design of the instruments, provides definitions for the dimensions of each of the process component's and indicates how each dimension is measured and interpreted. It concludes by explaining how effectiveness is determined, measured and evaluated.

1 INSTRUMENT DESIGN

To investigate process three instruments have been developed: one for employees (E); one for Board members of organisations with employees (B); and one for Board members of organisations without employees (BNE). Each instrument consists of two distinct parts. The first part of all the interview schedules deals with the global and relational aspects of the organisation while the second part deals with individual roles and responsibilities and the relationships maintained[1] in fulfilling them. Specifically, the first part measures the properties of organisational tasks, formal organisational arrangements and informal organisational arrangements as well as the relationships of organisational members. The second part of the instrument developed for employees focuses on the individual, who acting as a respondent, is asked to provide information which is used to measure the job's task structure, individual attributes, the relationships individuals maintain with others, the individual's affective responses to their jobs and other aspects of formal and informal organisational arrangements. The second part of the Board instrument for organisations with employees focuses mainly on the global and relationship aspects of the Board. For Boards of organisations without employees, while the second part of the interview maintains an individual focus similar in many respects to that of employees, the instrument reflects the roles and responsibilities are volunteer in nature.

1.1 CONTENT VALIDITY

The first step in developing the instruments was to operationalise the concepts into measures. The sole criterion for including measures is their content or face validity, that is, the extent to which items appeared to be logical and understandable indicators of the concepts under consideration. Fundamentally, indicators were developed to relate the theoretical abstractions of each concept with the everyday situations of development activities.

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[1] The one exception to this is in regard to Board members of organisations with employees as it is assumed (and verified by empirical evidence) that they are not involved in the day to day activities of the organisation. Therefore the second part of this instrument focuses more on the global properties of the Board.

The content validity of any instrument ultimately rests with the degree of consensus that can be obtained from reviewers. The review process was designed to have both academic and practical input. Two individuals agreed to serve as academic reviewers - one possessing a qualitative research orientation and a background in the community-based development field; the other with a quantitative research orientation and a background in the management field. After explaining the framework and methods to them, the reviewers were provided with definitions of each concept and the questions used to measure them. They were then asked to discuss with the researcher: How the questions or items could be improved to measure the concepts as defined and whether there was a more efficient way to measure the concepts in a reliable and valid way. On the basis of these discussions, the interview schedules were revised to be tested in the piloting phase of the research. The practical element of the review process involved soliciting feedback regarding the nature of the questions and this was conducted during the piloting phase of the research. Upon completion of each pilot interview, individuals were asked to comment on the clarity, understandability, and practical relevance of the questions which led to some minor modifications of the instruments.

Indeed, measurement of organisational and human behaviour is not error-free. Challenges to reliability and validity were found to exist in the series of questions regarding joint initiatives. The responses indicated that the questions did not consistently measure this dimension, nor did they always measure what was intended to be measured. Part of the difficulty may stem from the fact that different meanings are associated with the terms 'joint initiatives' and/or 'collaborative efforts'. For example, some respondents considered an activity to be joint when government funding was provided for it. In these circumstances government was seen to be a 'partner'. However, other organisational members, in referring to the same activity, considered it to be an independent initiative as the focal organisation had sole responsibility for design and delivery. Because the interviewees were prompted to describe the joint initiatives undertaken, the researcher was able to clarify the respondent's interpretation. Had a self-administered questionnaire been used, in all likelihood this problem would not have been recognised. In interpreting responses, an initiative was considered joint when it either was designed and/or delivered by two or more organisations or two or more people within a particular organisation. In general, the instruments were considered to have a reasonable level of construct validity while enjoying substantial external validity[2]. Because this research is largely exploratory and is not focused upon making causal statements, then the issue of internal validity is ostensibly inapplicable (Yin, 1994, p. 35).

[2] *External* validity focuses on the practical usefulness of the instrument in addressing the intended basic research question.

2 THE ENTERPRISE DEVELOPMENT FRAMEWORK: DEFINING AND MEASURING PROCESS

The following section deals with defining and measuring the framework's process components. In doing so, firstly each component's subelements are defined. Next, an itemisation is provided of how the particular element will be measured, with the corresponding questions/instruments from which the data is drawn indicated in brackets. Finally, the decision rules used in interpreting the data are provided, along with a graphic representation of the interpretation. Where appropriate, each subcomponent is dealt with at the individual, the organisational, and the community level of analysis, in endeavouring to provide as thorough an understanding as possible of the extent to which the process stimulates entrepreneurial behaviour. Indeed, given its incremental nature, the process undertaken by the community in attempting to achieve its goal(s) at the 'systemwide' level can only be understood holistically by adopting a multilevel approach to analysis.

Task Component

A. *Broad task definition* exists when the precise means for achieving the established goal(s) of a job/organisation are not specified, although the time frames for achieving them generally are. When tasks are broadly defined, they require more individual involvement, creating greater enthusiasm for learning.

Measuring the degree of task definition at the individual level involves:

1. the scope of major job duties/responsibilities (27E, 28E; 26a,b BNE)
2. the extent to which the tasks undertaken in fulfilling each of these duties/responsibilities are stipulated (31E)

At the individual level, a person's job consists of any number of duties/responsibilities which, in turn, involve carrying out a number of tasks. Essentially, when the individual reported having considerable latitude in determining *what* is to be done and *how* it will be done, then the job was considered to have broad task definition.

Narrow task definition ◄----------► Broad task definition				
all tasks are specified; individual has no say in deciding what will be done to fulfil job responsibilities	most tasks associated with responsibilities/ mandate are specified; individual has very little say in what he/she will do	some tasks associated with responsibilities/ mandate are specified; individual has some say in what he/she will do	most tasks associated with responsibilities/ mandate are not specified; individual decides how the major job responsibilities will be carried out	no tasks are specified; individual has complete autonomy in deciding what will be done to carry out duties/ responsibilities

individual rarely decides how tasks will be done; rules and procedures for executing tasks are codified and followed	individual occasionally decides how tasks will be done; most of the time tasks are completed by following written rules and procedures	individual quite often decides how tasks will be done; written rules and procedures dictate how work is done about half of the time	individual almost always decides how tasks will be done; very little time is spent following written rules and procedures	individual always decides how the tasks will be done; almost no time is spent following written rules or procedures

Task definition at the organisational level is measured by:

1. the relationship between the organisation's programs/services/activities, its mandate and the community's needs (1a,2aE; 1aB; 3a,4aBNE)
2. timing and development of programs/services/activities (2b,cE; 4b,cBNE)
3. extent to which programs/services/activities are targeted to an economic or social group (4dE, 3c,d B; 6BNE)
4. responsibility for setting targets (4eE)

Broad task definition exists at the organisational level when the organisation defines its mandate broadly and flexibly designs and delivers programs/services/activities in response to the community's need within this mandate.

Narrow task definition ◄ ----------► Broad task definition		
programs/services/ activities either externally determined or controlled (ie- can only undertake activities 'approved' by a particular govn't program)		organisation has total responsibility for designing and delivering programs/services/activities and does so in response to community need; considerable flexibility exercised in tasks undertaken

At the community level, determining whether the development 'task' is broad or narrow runs the risk of being perceived as a very subjective, criteria-dependent process unless underpinned by a generally accepted classification scheme. In aiming to reduce the subjectivity involved, the typology used by the Economic Council of Canada (1990, p. 5) was adopted. Essentially, this involved classifying the activities of the various community-based organisations according to whether they are supply-side initiatives or demand-side initiatives, although some activities overlap into both spheres. In using this typology, supply-side activities are defined as those which are aimed at improving development capacity by enhancing or expanding local resources, particularly human resources by: employing idle human and physical resources, expanding the community resource base and increasing the productivity of local resources. Demand side activities, aimed at responding to market opportunities, tend to be: *informational* - providing information to mobilise the community to act and/or providing existing businesses or potential investors with information on market opportunities; *promotional*

- encouraging investment in the community; or *influential* - generating economic activity by either inducing individuals to start or expand businesses or by directly launching ventures.

Broad task definition at the community level was judged to exist when the nature of activities undertaken by the various organisations represented the range of supply and demand initiatives. This would involve pursuing more than two types of activities. All other things being equal, the more diversified the activities pursued, the greater the likelihood of stimulating more broadbased entrepreneurial action. For example, while initiatives which increase access to capital may prompt some people to exercise entrepreneurship in pursuing economic activity, it may do nothing for others who have not had the opportunity to learn or practice entrepreneurial behaviour.

Narrow task definition ◄ ---------- ► Broad task definition		
focus on one or two types of supply/demand- side programs/ services/activities		diversified mix of supply and demand-side programs/services/ activities

B. *Task uncertainty* is defined as unpredictability of task outcomes. The greater the amount of uncertainty, the more expertise, discretion, and face to face contact required to perform the tasks.

Individual task uncertainty is measured by:

1. nature of feedback on work performance (37E)
2. performance evaluation (38aE)
3. nature of difficulties encountered in doing the job (36E)
4. task novelty (as indicated by the amount of learning associated with the task) (33E)

Uncertainty was considered high if: one or more respondents for a particular organisation reported that the work provided no feedback on job performance; there was no performance appraisal; difficulties often required nonstandardised solutions; and the job frequently required learning new things.

task certainty ◄ ---------- ► task uncertainty				
work itself provides feedback on performance; performance appraised on a regular basis; difficulties routinely dealt with; job rarely requires new things to be learned	work provides some feedback on performance; performance appraised on a regular basis difficulties usually routinely dealt with; job requires little learning	some feedback provided by work itself; informal broadbased performance appraisal (either you're doing a good job or you're not with no explanation provided); difficulties sometimes cannot be routinely dealt with; some learning involved in the job	little feedback provided by work itself; informal broadbased performance appraisal (either you're doing a good job or you're not with no explanation provided) difficulties have few standard solutions; job requires considerable learning	no feedback from work itself; no performance appraisal; difficulties require nonstandardise d solutions; job continuously involves learning new things

Organisational task uncertainty is measured by:

1. variation between actual and expected results (10cB; 17BNE)
2. degree to which challenges were dealt with in a standardised way (12bE, 9cB; 15bBNE)
3. extent of agreement among staff and board on criteria used in assessing organisational performance (13E, 10aB;16BNE)

Organisational task uncertainty was considered high if it was mentioned by one informant, with no contradiction from others, that the organisation was never sure of what the outcomes of its initiatives would be; organisational performance criteria were undefined; and there were no predetermined solutions for dealing with challenges.

high task certainty ◄ ---------- ► high task uncertainty				
organisation is sure of what the outcomes of its work efforts will be	organisation is somewhat sure of what the outcomes of its work efforts will be	organisation is reasonably sure of what the outcomes of its work efforts will be	organisation is sure of what the outcomes of its work efforts will be some of the time	organisation is never sure of what the outcomes of its work efforts will be
clearly defined objective criteria used in judging performance; certainty in how to deal with challenges	agreement on objective criteria used in judging performance; considerable certainty in how to deal with challenges	some definition of objective criteria used to judge performance; some certainty in knowing how to deal with challenges	subjective judgement of performance; no predefined method of coping with challenges	broadbased subjective judgement of organisational performance; no standard solutions for dealing with challenges

Task uncertainty at the community level of analysis was assessed by considering the novelty of the various programs/services/activities pursued by community development organisations and the aggregate predictability of outcomes. Programs/services/activities were considered to be new if they were initiated subsequent to the fisheries crisis. If the majority of organisations were pursuing new activities/initiatives for which the outcome could not be predicted, then task uncertainty was considered high.

high task certainty ◄ ---------- ► high task uncertainty	
most organisations have been providing the same activities/ programs/services since before the fisheries crisis	most activities/programs/services have been initiated in response to circumstances created by the fisheries crisis
the outcomes of most of the activities/programs/services can be predicted	the outcomes of most of the activities/programs/services are unknown

C. *Short-term focus on getting outcomes from action which respond to community need (with a long-term strategic intent)* refers to the extent to which the task is oriented toward impact (as opposed to output or activity) relating to the improvement in the community's current situation while also contributing to the strategic long-term goal (instead of undermining it) within as short a time as possible.

Short-term community outcome orientation is measured by first analysing:

1. purpose of organisation's activities (1aE, 1aB; 3aBNE)
2. time-frame for achievement (4a-dE, 3a-cB; 6BNE)
3. accomplishments (14E, 10bB; 17BNE)
4. perceived accountability (1cE, 1cB;3cBNE)

At the organisational level of analysis, a need-directed outcome focus was considered to exist if one or more informants indicated that the majority of activities were 'tailor-made' to directly respond to the needs created by the fisheries crisis (as opposed to being 'off-the-shelf' activities developed elsewhere). The time orientation was judged by doing a content analysis to determine when activities were expected to directly meet the community's identified needs in one year or less. When accountability was perceived to be community-based by the majority of informants, the intensity of the focus was considered stronger. Activities were considered to contribute to the community's long term strategic goal(s) if they either were self-sustaining or generated increased capacity for sustainable economic activity.

long-term outcome orientation ◄----------► short-term outcome orientation		
activities pursued on the basis of program/ funding availability; results directly contributing to the community's well-being are not expected for five years or more	activities are pursued on the basis of meeting the needs of an administratively defined community; most activities are not expected to produce results contributing to the community's well-being for some time	activities are pursued on the basis of responding to life-world community's needs; activities are oriented toward producing results within a period of one year or less
primary accountability is perceived to rest with government funding agencies	accountability is seen to be split between government agencies and the community	primary accountability is perceived to be community based
most activities have no long-term strategic intent		most activities are pursued on the basis of whether they contribute to the community's long-term strategic goals

At the community level of analysis, a short-term need-based outcome focus was considered to exist if the majority of organisations had pursued at least one initiative during the current calendar year that was aimed at directly meeting perceived community need within a 12 month period or less. The initiatives were judged to contribute to the achievement of the community's long-term strategic aim if a direct and apparent link existed between the activities being pursued and the community's long-term strategic goal and if activities were pursued with the intent or potential to be sustainable (as opposed to being finite projects).When the majority of organisations perceived accountability to be primarily community-based, the intensity of the focus was considered stronger.

D. *Flexibility* is defined as the degree of versatility in the overall task/work (at both the individual and organisational level). The task has considerable flexibility when it involves a large number of broadly defined subtasks. At the individual level, this means that various broadly defined tasks, issues or problems occupy the majority of a person's time.

Individual job flexibility is measured by performing a content analysis on:

1. job activities (27E)
2. scope of day to day activities (28E)
3. impact of objectives on job (30E)
4. job freedom (31E)

Job flexibility was judged to exist when the respondent indicated that the job consisted largely of broadly defined tasks and provided considerable freedom to decide how and when the work would be done. The researcher relied on respondent accounts of what the job involved as well as analysis of examples illustrating the nature of the freedom provided by the job to corroborate the self-reports. Flexibility was judged to be high if high levels of freedom were recounted with strong affect during the interview.

low task flexibility ◄ ---------- ► high task flexibility		
individual's job provides little discretion and largely involves doing the same things		individual's job provides a great deal of discretion and involves dealing with a variety of different issues and tasks in a typical day

Organisational task flexibility is measured by:

1. the scope of programs/ services/activities (2aE; 4aBNE)
2. the source of program/service/activity development (2bE; 4bBNE)
3. the extent of their dynamism (2cE; 4cBNE)

Organisations were judged to have high levels of task flexibility when their main programs/services/activities were locally determined and when there was evidence provided that the organisation had introduced new programs/services/activities or made significant changes to existing ones since inception (provided the organisation had been operating for longer than one year).

low task flexibility ◄ ---------- ► high task flexibility		
organisation only pursues programs/services/activities which it is externally mandated to		organisation experiences no outside influence in determining which programs/services/ activities it will pursue

Community level task flexibility is considered to exist when the majority of organisations are free to pursue whatever programs/services/activities they wish. In effect this means they have the flexibility to respond to the various needs which might arise. Each community's task flexibility was determined by aggregating organisational task flexibility. The more programs/services/activities undertaken, the more unique they are to a particular community, and the larger the number which are new, the more task flexibility the community has.

E. *Freedom to Experiment* is a concept which refers to the amount of discretion an individual or an organisation can exercise in trying new things. It, along with flexibility, is part of the larger concept of control as high levels of flexibility and freedom to experiment imply that the task structure provides an individual or organisation with considerable empowerment.

Indicators of individual experimental freedom include:

1. perception of job freedom (31E)
2. learning associated with the job (33E)
3. whether the individual participated in setting specific objectives for his/her job (30E)

When an individual reported having considerable freedom in deciding how the job is done, and indicated he/she learned a great deal 'on the job', freedom to experiment

was judged to exist.

no freedom to experiment ◄ ---------- ► freedom to experiment		
individual has no freedom to decide how the job will be done; individual's job does not require learning by doing		individual has complete freedom to decide how the job will be done; individual's job requires learning by doing

Indicators of organisational experimental freedom include:

1. responsibility for programs/services/activities design (2bE, 4BNE)
2. responsibility for setting objectives and/or targets (4eE)
3. extent to which conditions have been placed upon how financial resources are allocated (23dE; 12a,bBNE)
4. decision-making freedom of board (23d, eE, 17bB; 13bBNE)
5. element of program/service dynamism (2cE; 4cBWE)

Experimental freedom is greatest at the organisational level when there is complete control over the design and delivery of programs/services/activities. A high amount of authority and responsibility for determining what will be done and how it will be done implies that an organisation has considerable freedom to experiment. For organisations with employees, experimental freedom was deemed high if both employees and board members indicated the organisation had autonomy in deciding what would be done and how it would be done; if funding is not conditional upon delivering externally developed programs/services; and if the programs/services/activities had varied over time.

no freedom to experiment ◄ ---------- ► freedom to experiment		
no organisational autonomy in determining program/service/activity		organisational autonomy in determining program/service/activity
funding is conditional upon delivering externally developed programs/services		funding is not conditional upon delivering externally developed programs/services
organisation has initiated no new programs/services/activities		organisation has initiated various programs/ services/activities

The community was judged to have considerable experimental freedom when the majority of organisations had control over the design and delivery of programs/services/activities.

F. *Tolerance for failure* is defined as an acceptance of failure when it is a result of risk taking or experimentation rather than incompetence or inadequacy. This encourages people to behave entrepreneurially as they see relatively few risks involved in trying something new and failing or making mistakes.

Tolerance for failure at the individual level is assessed by analysing:

1. how the organisation evaluates individuals' work (38aE)
2. nature of feedback on job performance (37E)

High tolerance for failure was considered to exist when individuals had no rigidly defined job duties and did not report negative feedback regarding job performance, particularly when they had played an instrumental role in initiating new projects/activities which did not produce the anticipated results.

no tolerance for failure ◄ ---------- ► considerable tolerance for failure		
performance criteria and standards have been established; these criteria do not include initiation of new projects, etc.		organisation has no set performance criteria and standards
individuals are reprimanded for trying something new and not producing the anticipated results		individuals are not 'punished' for lack of success in trying something new

Tolerance for failure at the organisational level is assessed by analysing:

1. how challenges were dealt with (12a,bE; 9a-cB; 15a,b BNE)
2. how the board accounts for differences in actual and expected results (10a-dB; 16 BNE)

Tolerance for failure was considered high at the organisational level if new approaches were attempted in addressing challenges and if organisational members were not blamed or penalised for a lack of success which was beyond their control.

no tolerance for failure ◄ ---------- ► considerable tolerance for failure		
no new initiatives were taken in attempting to deal with challenges		challenges were addressed by trying new approaches
organisation 'blames' members or punishes them for lack of success in achieving the results expected		organisation does not 'blame' members or punish them when lack of success in achieving results expected was beyond members' control

Tolerance for failure was considered high at the community level of analysis if the majority of organisations were judged to possess a high tolerance for failure.

G. *Highly diverse skill, knowledge and ability* requirements refers to the extent to which a task or activity requires a range of skills, education or expertise. The more varied the skills and competencies needed, the greater the capacity for problem-solving and response to uncertainty. The more diversity among participants, the higher the level of heterogeneity. This generates economies of action and a sense of joint ownership and control (responsibility) which serves to stimulate entrepreneurial behaviour among participants as they learn with and from each other. A task which requires heterogenous skills and abilities also provides more opportunity for skill

development.

Diverse skill, knowledge and ability requirements are measured by a content analysis of:

1. organisational programs/services/activities (2E)
2. individual tasks responsibilities (27E)
3. skills required for job(32E)
4. learning associated with the job (33E)
5. backgrounds of staff (26b,cE)/backgrounds of Board (18B; 24, 25BNE)

At the organisational level of analysis, heterogeneity is measured by creating an 'inventory' of the experience, expertise and formal education of organisational members who are involved in day to day activities. Diversity was considered to exist when the majority of organisational members needed unique levels of experience, expertise and formal education in fulfilling their job responsibilities.

homogenous skill, knowledge, ability ◄ ------- ► diverse skill, knowledge, ability		
majority of individuals have similar job experience		majority of individuals have unique job experience
majority of individuals have similar educational backgrounds		majority of individuals have different educational backgrounds
majority of individuals have similar expertise		majority of individuals have unique expertise

At the community level of analysis, the overall task is considered to have diverse skill, knowledge and ability requirements when the initiatives being pursued by the various organisations represent at least three categories of supply and demand side activities and when the majority of those being actively pursued require diverse skills, knowledge, and abilities.

homogenous skill, knowledge, ability ◄ ------- ► diverse skill, knowledge, ability		
spectrum of initiatives are concentrated in one or two types of demand/ supply activities		spectrum of initiatives represent at least three types of demand/ supply activities
individual participants in the majority of activities utilise similar competencies		individual participants in the majority of activities utilise different competencies

H. *Interdependent control and ownership* is defined as having joint control over what is done and how it is done which instills a sense of mutual ownership of the project/activity. When decisions concerning what work is to be done and who is to do it are made jointly by those who will be responsible for carrying it out, a sense of shared ownership of the task/activity develops among participants. The greater the sense of ownership, the greater the sense of commitment as people tend to feel more

responsibility for that which they help create. The frequency and direction of communication flows between an initiative's participants serve as a measure of this interdependence for if most of the pairwise communication is initiated by one party, it indicates less interdependent ownership and control as interdependence inherently involves reciprocity. Additionally, when actual resource input into an initiative or project is perceived to have been equitable - commensurate with the contribution expected of each participant - the more the individuals involved will feel a sense of interdependent ownership and control.

At the organisational level, interdependent control and ownership is measured by identifying organisational initiatives which involve more than one individual or organisation and assessing:

1. perception of decision-making responsibility (5E, 5B, 7BNE)
2. the nature of participants' responsibility (11a,bE; 8a,b B; 14aBNE)

At the organisational level of analysis, interdependent control and ownership is considered present when all organisational/joint initiative participants indicated they had a role to play in deciding what would be done and how it would be done. Projects/initiatives are considered to have interdependent control and ownership when day-to-day activities require collective effort and those involved express joint responsibility for outcomes.

independent control & ownership ◄ ------ ► interdependent control & ownership		
individuals believe they have very little input into organisational decisions affecting the work they are involved in		individuals believe they have a role to play in deciding what the organisation will do and how it will be done
participants in joint initiatives do not consider responsibility for outcomes to be mutual		participants in joint initiatives consider responsibility for outcomes to be mutual

At the community level of analysis, interdependent control and ownership is measured by:

1. the nature of collaboration organisations engage in (8a-c,11aE; 8a, 19aB; 14a, 28, 29BNE)
2. extent of joint responsibility for outcomes (11cE; 8cB; 14BNE)

Interdependent control and ownership is considered present when more than one community based organisation collaborates on an initiative and all indicated they had a role to play in deciding what would be done and how it would be done.

independent control & ownership ◄ ------ ► interdependent control & ownership		
no community-based organisations collaborate on initiatives		community-based organisations collaborate on two or more initiatives
participants in joint initiatives do not perceive mutual decision-making responsibility		participants in joint initiatives consider decision-making responsibility to be mutual

I. A *holistic set of tasks* is defined as a group of tasks which are perceived to collectively contribute to a tangible result which is considered meaningful. The more variety and harmonisation in the tasks an individual engages in, the greater the horisontal integration. Vertical integration is indicated by the degree of responsibility the tasks involve. The more levels of responsibility associated with the tasks, the higher the level of vertical integration. The higher the levels of horisontal and vertical integration, the more holistically the tasks will be perceived. When an individual views the tasks holistically, problems and opportunities are more readily recognised and dealt with. By definition, if the individual is the sole employee, then they will have a holistic task structure.

At the organisational level, a holistic set of tasks refers to the extent to which the tasks performed are considered to meaningfully contribute to job creation (or other identified need) within the community. A feeling of joint responsibility for having an impact on development outcomes (common purpose) and a feeling that each participant's contribution is necessary to produce a meaningful result would indicate that a holistic set of tasks exist at the organisational level of analysis.

Holistic tasks at the individual level are measured by:

1. extent an individual's job contributes to organisation's accomplishments (27E)
2. how individual perceives their work affecting what the organisation accomplishes (29E)

At the individual level tasks are judged holistic when the individual indicates his/her job played a key role in organisation's accomplishments.

unrelated task set ◄ ---------- ► holistic set of tasks		
individual does not feel his/her job made a significant contribution to the organisation's accomplishments		individual considers his/her job to be instrumental in organisation's accomplishments

Holistic tasks at the organisational level are measured by:

1. contribution of accomplishments to job creation/organisation's main mandate(6d,14E; 17BNE)
2. Board contribution (22E; 16B; 8BNE)
3. perceived duplication/conflict with activities/services of other community-based organisations (9E; 7B; 10cBNE)

A holistic set of tasks is judged to exist at the organisational level when the organisation's achievements have made a direct and tangible contribution to the community's main aim (employment) or an identified element of it (ie - when informants indicated that it was important for initiatives to maintain the current quality of life) and when the organisation perceives its contribution as complementary to the efforts of other organisations.

unrelated set of tasks ◄ ---------- ►		holistic set of tasks
organisation's achievements have not made a direct and tangible contribution to the community's main aim		organisation's achievements have made a direct and tangible contribution to the community's main aim
organisation's activities perceived to be duplicating or in conflict with the activities of another organisation		organisation's activities perceived to complement the activities of other organisations

At the community level holistic tasks are measured by:

1. scope of complementary/joint initiatives (2a,11a-cE, 8a-cB; 4a,14a-cBNE)
2. synergy in resource use at community level (8aE, 11aBNE)

At the community level a holistic set of tasks would be judged to exist if the majority of organisations had synergistically used community resources to make a direct contribution in addressing the community's needs and when these efforts have been complementary.

unrelated set of tasks ◄ ---------- ►		holistic set of tasks
accomplishments of various organisations unrelated		majority of accomplishments of various organisations complement each other
majority of organisations have not made synergistic use of community resources to directly address community need		majority of organisations have made synergistic use of community resources to directly address community need

J. *Intrinsic rewards.* Intrinsic rewards refer to the satisfaction obtained from the work itself. Jobs and activities which provide substantial amounts of freedom, variety, and individual involvement generate inherent motivation to experiment and be creative through the satisfaction obtained from doing the work.

Intrinsic rewards are measured by:

1. content analysis of the nature of rewards job/activity provides (38bE; 23b,32BNE)
2. aspects of job liked most (38cE)

Tasks are considered to provide high levels of intrinsic rewards when respondents involved in day-to-day activities either report rewards/aspects of job liked most as being of an intrinsic nature first or exclusively.

Extrinsic rewards ◄ ---------- ► Intrinsic rewards		
respondent mentions extrinsic rewards first or exclusively		respondent mentions intrinsic rewards first or exclusively
aspects of job liked most are extrinsic in nature		aspects of job liked most are intrinsic in nature

At the organisational level of analysis, tasks are judged to provide high levels of intrinsic rewards when the majority of individuals report their jobs to be intrinsically rewarding.

Extrinsic rewards ◄ ---------- ► Intrinsic rewards		
majority of respondents mention extrinsic rewards first or exclusively		majority of respondents mention intrinsic rewards first or exclusively

At the community level of analysis, the work is judged to be intrinsically rewarding when the majority of organisations are engaged in tasks which are considered intrinsically rewarding by participants.

K. *Opportunities for learning by doing* refers to the extent to which the task provides occasions to acquire new knowledge or skill by actually doing things rather than being instructed how to do so first.

Opportunities for learning by doing are measured by:

1. nature of learning (33E)

Opportunities for learning by doing are judged to exist when the majority of respondents report learning many new things or acquiring many new skills and doing so through 'learning by doing' as opposed to formal training sessions.

few opportunities for learning by doing ◄ ---- ► many opportunities for learning by doing		
few things learned/skills acquired		many things learned/new skills acquired
most learning accomplished through formal training sessions		most learning accomplished through 'learning by doing'

At the organisation level, if the majority of respondents indicated high levels of learning achieved in a 'learning by doing' mode, then opportunities for this form of learning were considered high. Similarly if the majority of organisations provided many opportunities for learning by doing, then this learning mode was considered high at the community level.

Formal Organisational Arrangements

A. *Formal linking mechanisms* refer to structures which have been put in place to bring people who belong to different organisations together for information-sharing or problem-solving purposes. Essentially this focuses on creating lateral communication networks within the community.

Formal linking mechanisms at the organisational level are measured on the basis of:

1. how information or other resources are acquired in doing job (34a,bE)
2. how organisation acquires information or other resources needed (10E, 19a,bB; 28, 29 BNE)
3. content analysis of board membership lists to verify cross representation (number of other Boards members sit on)

At the organisational level, linking mechanisms such as joint/interlocking Community Economic Development Boards, entrepreneurial integrators, ad hoc committees, formally scheduled meetings or problem solving teams were considered to be integral aspects of the organisation's structure when they were reported to be used in acquiring information or other resources.

no formal linking mechanisms ◄----------► many formal linking mechanisms		
no use of any formal linking mechanisms	ad hoc use of formal linking mechanisms; mostly for information sharing purposes	sustained use of formal linking mechanisms

At the community level, formal linking mechanisms were measured by aggregating the number of formal linking structures between organisations. The use of formal linking mechanisms is considered significant if used by the majority of community-based organisations.

no formal linking mechanisms ◄--------► strategic use of formal linking mechanisms		
formal linking mechanisms not used between any community-based organisations for problem-solving and/or communication	ad hoc use of formal linking mechanisms; mostly for information sharing purposes	majority of organisations use formal linking mechanisms for problem-solving and/or communication

B. *An organic structure* is characterised by relatively few rules, regulations and controls imposed on activity.

At the individual/organisational level, structure is measured by:

1. extent policies, procedures, rules influence the job/organisation's activities (18E, 31E; 17B; 16BNE)

Very little formal structure is considered to exist at both the individual and organisational level if organisation members do not consider policy, procedures, and rules to be significantly influencing the work being done.

high levels structure/procedure (bureaucratic) ◄---- ► minimal levels of structure/ procedure (organic)		
existing policies/procedures/rules interfere with individual/ organisational ability to conduct activities		existing policies/procedures/rules do not interfere with individual/ organisational ability to conduct activities

At the community level, minimal levels of structures/ procedures are considered to exist when the majority of organisations report that policies/ procedures/ rules do not interfere with organisational activity/actions.

high levels structure/procedure ◄---- ► minimal levels of structure/ procedure		
majority of organisations' activities are constrained by policies/procedures/ rules		majority of organisations' activities are not constrained by policies/procedures/ rules

C. *Locally-based decision-making authority and responsibility* is defined as the right (authority) and the obligation (responsibility) to make decisions within the community regarding what programs/services/activities will be offered and how they will offered rather than requiring 'approval' from elsewhere.

Individual level decision-making authority and responsibility is measured by:

1. extent of individual decision-making authority and responsibility (31E)

When the majority of individuals report a significant amount of decision-making autonomy in their work, decision-making is considered to be decentralised within the organisation.

At the organisational level, the degree of decision-making decentralisation is measured by:

centralised decision-making ◄----►		decentralised decision-making
majority of individuals report their decisions needing approval from 'above'		majority of individuals report considerable freedom in making with no one reporting interference from 'above'

Organisational level decision-making authority and responsibility is measured by:

1. nature of policy/program/resource allocation decisions (2b,5,19E; 5B; 4,7 BNE)
2. conditions attached to externally derived funding (23dE; 11cBNE)

Organisations are judged to have high levels of decision-making authority and responsibility when all decisions substantively affecting programs/services/activities have been community-based. The greater the number of organisations which have community-based decision-making authority and responsibility, the more this will encourage entrepreneurship as the participants will feel more 'ownership' of projects/programs/activities when they are free from outside interference in deciding what would be done and how it would be done.

externally-based decision-making authority and responsibility ◄----►		community-based decision-making authority and responsibility
majority of organisational members report programs/services/activities being negatively affected by externally made decisions		no organisational members report programs/services/ activities being negatively affected by externally made decisions
conditions attached to externally accessed funding reported to materially affect organisational activities		no conditions attached to externally accessed funding reported to materially affect organisational activities

At the community level of analysis, high levels of locally-based decision-making authority and responsibility are considered to exist when the majority of organisations

were judged to possess decision-making autonomy.

D. Local democratic accountability is defined as responsibility to the community for the action taken. This typically involves being answerable to a Board of Directors or other body which represents a community's various interests.

Local democratic accountability is measured by:

1. perceived primary accountability (1cE, 1cB; 3cBNE)
2. efforts to create public awareness/interest/involvement in activities (3E; 17dB; 5BNE)

Accountability was judged to be local if an organisation's informants either explicitly stated they were primarily responsible to the community or a community-representative entity, such as a Board of Directors, or implicitly indicated this by first mention when queried. This accountability was considered democratic if efforts to create public awareness/ interest/ involvement provided opportunity for community input rather than one-way communication only.

At the community level of analysis, if the majority of organisations were judged to possess local democratic accountability, then it was considered to exist at the community level.

external accountability ◄---- ► local democratic accountability	
some organisational members report accountability to be externally-based	all organisational members report accountability to be primarily community-based
no attempts made to generate public awareness/interest/involvement	attempts to generate public awareness/ interest/involvement provide opportunities for community input

E. *Performance-based appraisal and rewards which emphasise achieving valued results through collaborative effort* refers to measuring and rewarding success in collectively achieving objectives which contribute to an identifiable improvement in a community's economic situation. This assumes that assessment and reward of collaborative effort will help ensure this type of activity will be emphasised as, generally, individuals determine what the important aspects of their job are by what gets recognised and rewarded. Evaluating and rewarding performance on the basis of what is achieved in meeting the needs of the community (impact), rather than on the basis of meeting standardised externally derived output targets which are not sensitive to circumstance, facilitates collaborative effort. When various stakeholders have a similar basis of evaluation and reward, a shared purpose will be more likely to develop which, in turn, encourages stakeholders to seek ways to pool resources to collectively achieve what

could not be achieved independently.

Individual collaborative results-based performance-evaluation and rewards are measured by:

1. individual involvement with others external to the organisation (31BNE)
2. nature of feedback (37E)
3. individual performance criteria (38aE)
4. nature of rewards (38bE)

When an individual reports a significant part of his/her job involves working on interorganisational initiatives aimed at addressing community need and that performance feedback and evaluation encourages/supports this type of results-oriented effort, collaboration is considered an important aspect of performance assessment/reward. Lack of involvement in joint initiatives would indicate that interorganisational collaboration is not considered important and/or necessary in fulfilling the organisation's mandate.

nonperformance-based evaluation and rewards	◄----►	performance-based evaluation and rewards emphasising achieving valued results collaboratively
organisation's employees do not report working closely with anyone outside the organisation		organisation's employees report working closely with individuals from other organisations in achieving valued results
absence of performance evaluation and reward		job performance feedback/reward encourages/supports collaborative effort aimed at addressing community need

At the organisational level, collaborative results-based evaluation is indicated by:

1. participation in joint initiatives (11a-hE, 8a-gB; 14a-gBNE)
2. organisational performance criteria (13E, 10aB; 16BNE)

When at least one of the organisation's principle activities is pursued as a joint venture and this activity is noted for its contribution in addressing community need, then collaborative results-based evaluation is considered to exist.

At the community level of analysis, evaluation is considered to include collaborative-results oriented performance criteria when the majority of organisations indicate such a basis of assessment.

nonperformance-based evaluation ◄----►		performance-based evaluation emphasising achieving valued results collaboratively
no major organisational initiatives are pursued interorganisationally		at least one major organisational initiative is an interorganisational undertaking
organisation has no formal evaluation of its performance		organisation values results achieved collaboratively when evaluating performance

F. *Recruitment of actively involved community members* refers to the extent to which an organisation or agency includes participation in community affairs/organisations as part of its criteria in seeking employees or Board members.

Recruitment of actively involved community members is measured by:

1. employee selection criteria (20E)
2. Board member selection criteria (21bE; 15bB; 2bBNE)
3. involvement in other organisations (15eB; 23eBNE)

At the organisational level, community involvement is considered an important qualification for employees/board members if this criterion is used as a basis for selecting new members and if the majority of Board members indicate involvement in one or more additional organisations.

At the community level of analysis, community involvement is considered an important qualification for organisational membership if it is explicitly used by the majority of organisations.

involvement in community affairs not used in recruiting/selecting new members ◄----►		involvement in community affairs used in recruiting/selecting new members
community involvement not used in selecting employees/Board members		community involvement used as selection criterion for new employees/Board members
majority of Board members are not actively involved in at least one other community-based organisation		majority of Board members are actively involved in at least one other community-based organisation

Individual Component

A. *Positive attitudes toward learning by doing* refers to a preference for 'hands-on' as opposed to instructive learning.

Positive attitudes toward learning by doing is measured by:

1. nature and extent of learning (33E)

Individuals are considered to have positive attitudes toward learning by doing when they enthusiastically report acquiring new skills/knowledge in their current job through experimentation.

negative attitudes toward learning by doing	◄----►	positive attitudes toward learning by doing
respondents report acquiring skills/knowledge through a formal process and tend to be critical of a 'learning by doing' approach or indicate a preference for a formal approach		respondents enthusiastically report gaining new skills/knowledge through a very hands-on learning approach

Positive attitudes toward learning by doing are considered to exist at the organisational level when the majority of individuals who are involved in the day-to-day activity of the organisation enthusiastically report learning through this approach. At the community level, the individuals involved in the development process are considered to prefer this learning style when this is the learning style preference in the majority of organisations.

B. *A high level of collective community identity* refers to when an important element of an individual's identity (how a person defines who she/he is) involves both being a member of a particular geographic community and sharing that membership with others. Being a member of group(s) which seek to have a positive influence on the lives or work of other people in the community suggests a high level of collective community identity.

Collective community identity will be measured by:

1. motivation to become Board member (15cB; 23cBNE)
2. involvement in other organisations (15eB; 23eBNE)
3. personal gain in serving on Board (3BNE)

Individuals are judged to have a high level of collective community identity when the primary motivation for involvement is reported to be a desire to improve or make a difference in the community and the primary satisfaction provided is the belief that this aim is being achieved. Membership in two or more community groups which are actively attempting to positively influence the community is used to indicate a high level of collective identity.

little collective community identity	◄----►	high collective community identity
community improvement is not mentioned as providing motivation or satisfaction for involvement		community improvement provides the motivation or satisfaction for involvement
individual doesn't belong to any other organisations which are attempting to improve community well-being		individual belongs to two or more organisations which are attempting to improve community well-being

At the organisational level, collective community identity is considered high when it is possessed by the majority of Board members. A high level of collective community identity is considered to exist at the community level when it is present in the majority of organisations.

C. *Synergistic strategic vision for economies of action* is defined as a capacity to comprehensively consider how various resources can be integrated to effectively deal with the challenges/problems a community is facing. Essentially, this means a capacity to envision possibilities for achieving a common purpose - achieving together what could not be achieved individually.

Strategic vision is measured by:

1. awareness of other community-based organisations and their activities/approaches (9a,bE, 6a,b, 7B;10a-cBNE)
2. perception of what is necessary to positively influence the community's well-being (15E; 13B; 21BNE)

Individuals are judged to possess synergistic strategic vision for economies of action when they are aware of the majority of other community-based organisations and their activities; and their vision of future development efforts aims to improve the existing negative circumstances by capitalising on the community's environment and resources, and requires contributions from multiple community-based stakeholders.

lack of strategic vision for economies of action	◄----►	synergistic strategic vision for economies of action
unaware of the majority of existing community-based development organisations/activities		aware of the majority of existing community-based development organisations/ activities
proposed future action fails to strategically capitalise on the community's environment and resources by directly addressing the identified problem		proposed future action strategically capitalises on the community's environment and resources by directly addressing the identified problem

Synergistic strategic vision for economies of action is considered to exist at the organisational level when the majority of individuals in organisations have such a vision. When individuals in the majority of organisations recognise opportunities for economies of action, this dimension is judged to exist at the community level.

D. *Transferable/required skills and abilities* refers to the application of those competencies which broaden an individual's capacity to innovate in response to environmental conditions, particularly interpersonal skills, problem-solving, and team building. Making a significant time commitment as a member of community groups implies that an individual Board member has team building, decision-making, and interpersonal skills (including persuasiveness, negotiating) as well as creative problem-solving as typically such organisations are required to function under conditions of scarce resources. For employees, individuals were assumed to possess these skills when respondents indicated these competencies were necessary for job effectiveness.

Transferable skills and abilities are measured by:

1. level of involvement in community and organisational activities (23eB)
2. time commitment to this organisation (23dB)
3. skills required for job effectiveness (32E)

The organisation is considered to be comprised of individuals with transferable skills/ abilities when the majority of those involved in operating activities possess the skills which broaden an individual's capacity to innovate. Board members are considered to possess these skills and abilities if they belong to two or more organisations and are involved actively in focal organisation. Active involvement is considered to be that which requires a time commitment of six or more hours per month. Employees were judged to have interpersonal, problem-solving and team-building skills when they reported needing at least two of these skills to do their job effectively. At the community level, individuals participating in the process are considered to possess high levels of transferable skills and abilities when the majority of individuals in the majority of organisations are judged to have them.

individuals possess few transferable skills/abilities	◄----►	high level of transferable skills/ abilities
most Board members are not involved actively in the organisation		most Board members are involved actively in two or more organisations
employees require specialised technical skills for job effectiveness		employees require interpersonal, problem-solving and team-building skills for job effectiveness

E. *High level of overlapping formal and informal connections.* Overlapping connections are defined as contacts which have both personal as well as professional dimensions. More connections imply greater access to resources and likelihood of developing

economies of action. For example, the most innovative organisations maximise their ability to acquire and process information while valued resource transactions tend to be worked out by people from complementary organisations who are personally acquainted and who communicate on a frequent basis.

Individual connections are measured by assessing:

1. nature and numbers of contacts used in obtaining information or other resources (34b,dE; 19a,bB; 28,29 BNE)

Participants in the development process are judged to have developed a high level of overlapping formal and informal connections when the majority of individuals/organisations access information or other resources from more than five people and report having developed personal relationships with most professional colleagues.

few overlapping formal and informal connections	◄----►	many overlapping formal and informal connections
few people relied on in obtaining information or other resources		many people contacted in obtaining resources
have known sources for a long time in either strictly a personal or professional capacity		sources known for varying time frames; professional relationships tend to have developed a personal element

F. *High level of trust and respected competence* refers to the perception of others that an individual has the ability and intention to produce valued results. These concepts relate to perceptions of character and ability. Perceptions of character can be based on an assortment of factors including: integrity (honesty), motives (intentions), consistency (reliability and predictability of behaviour), openness, discretion (assurance confidences will not be violated). Perceptions of ability can include a person's: specific competence which the task(s) or activity demands; interpersonal competence needed to accomplish the task and general competence to manage in a business environment. Indeed, a variety of criteria may be used in concluding whether another person is trusted and considered competent. Irrespective of *how* the assessment is made, a high degree of trust in others and a belief in their competence is key in fostering innovation as behaviour is primarily coordinated and controlled on the basis of these factors.

The level of trust and respected competence is measured by a content analysis of:

1. Board's attitude/opinion of staff, organisational effectiveness (20a, 21aB)
2. expectations of each other (7E; 21bB; 27BNE)

When the majority of organisational members express positive mutual expectations and judge the Board and/or organisation to be effective, the individuals involved are considered to be highly trusted and respected for their competence. At the community level of analysis, the participants in the development process are considered to be trusted and respected for their competence if the majority of organisations are comprised of trusted, competent people.

not all individuals are respected for their competence and trusted to produce valued results	◄----►	individuals are respected for their competence and trusted to produce valued results
organisational members do not share positive expectations/assessments of one another		organisational members express positive mutual expectations/assessments of one another, regardless of whether they are staff or Board members

G. *Preference for informal/free ranging work style* refers to the extent to which an

unstructured work environment is favoured.

Preference for informal/free ranging work style is measured by a content analysis of:

1. individual likes and dislikes of job (38c,dE)
2. how contacts are made - whether formally by memo or prearranged structured meetings or by informal face-to-face contact or phone conversation (35bE; 30bBNE)
3. observation of work environment and Board meetings

Individuals were considered to prefer an informal/free ranging style when they indicated a preference for contacting people verbally rather than in writing. When the majority of individuals involved in day-to-day activity adopted an informal work style, an informal work style was considered to exist at the organisational level. On a community level, when an informal/free ranging work style was used by the majority of individuals involved in the development process, then this work style was considered to be the general individual preference.

formal work style preference	◄----►	informal work style preference
reliance on formal means of communication (letters, structured meetings)		reliance on informal means of communication (impromptu meetings, spontaneous phone calls, unplanned visits)
individual favours job with well-defined job description/duties		individual favours job which is loosely defined

H. *Ability to manage interdependencies and deal with multiple tasks* is defined as a capability to produce the results expected while participating in a project or performing a job which involves relying on the contributions of others. In conducting the analysis a distinction is made between independent, interdependent and dependent action. Independent action is interpreted as individual or organisational action which does not rely on input from other sources to complete the task(s); dependent action refers to the situation where another individual or organisation largely determines action; and interdependent action is that which is determined jointly.

Individual ability to manage interdependencies and deal with multiple tasks is measured by:

1. nature of individual's job/activities (27, 35cE; 26aBNE)
2. range of tasks dealt with (28E; 26bBNE)

Among those involved in organisational operating activities, ability to manage interdependencies and deal with multiple tasks is considered to exist when at least one

of an employee's most important tasks involves interdependent action and the individual normally deals with three or more different tasks on any given day. For organisations without employees, individuals were assumed to be able to manage interdependencies and were considered to have the ability to deal with multiple tasks if they were involved in other activities in addition to those of the organisation being studied. The individuals associated with an organisation are judged to have the ability to manage interdependencies and deal with multiple tasks when the organisation has two or more employees or individuals participating in operating activities, and the majority of them have demonstrated the aforementioned ability.

At the community level of analysis, individuals involved in development activity are considered to possess the ability to manage interdependencies and deal with multiple tasks when the individuals involved in the majority of organisations exercise this ability.

individuals do not exercise ability to manage interdependencies/deal with multiple tasks	◄----►	individuals exercise ability to manage interdependencies/deal with multiple tasks
individuals' main tasks do not involve interdependent effort		individuals' main tasks require interdependent effort
individuals deal with one or two specialised tasks on a daily basis		individuals deal with various tasks on a daily basis

Informal Organisational Arrangements

While the task structure, the formal organisational arrangements, and the individuals facilitate innovation, the informal organisation (culture) also plays a key role, particularly in regard to coordination and control. Informal coordination and control are needed to deal effectively with the novelty, complexities and uncertainties of innovation. The aspects of informal organisational arrangements are defined and measured as follows:

A. *Supportiveness, trust and cooperation are highly valued principles.* Supportiveness is defined as providing mutual help and encouragement. Trust is defined as confidence in another's action. Cooperation is defined as working together. Collectively these principles reinforce each other and support the close collaboration which innovation requires. For example, when people trust each other they are more likely to be supportive and cooperative.

The principles which are valued by the organisation are measured by conducting a content analysis of:

1. shared expectations (7eE; 20a-bB; 27BNE)
2. community based interorganisational support (8aE; 11a, 13aBNE)

When a behavioral expectation is described by the majority of informants and is not contradicted by other members, it is considered shared. When the described behaviour exemplifies supportiveness, trust and cooperation, these principles are judged to be highly valued. For example, if informants indicate that helping each other out is a shared expectation this would be an example of supportiveness.

When the actions of members of more than one organisation are rooted in these principles, and when informants provide at least one example of giving or receiving support from other community-based organisations, supportiveness, trust, and cooperation are considered to be highly valued principles of the community's development process.

competition, mistrust and independence are highly valued principles	◄----►	supportiveness, trust and cooperation are highly valued principles
behavioral expectations reflect independence, egocentrism, competition		behavioral expectations reflect supportiveness, trust and cooperation
no support provided or received from other community-based organisations		some support provided or received from other community-based organisations

B. *Strong collective identity*. Collective identity refers to individual preference for group activity/involvement.

Collective identity is measured by:

1. extent of group-based involvement (15eB; 23eNE)

At the organisational level, a strong sense of collective identity is judged to exist if, on average, Board members belong to two or more community groups.

weak collective identity	◄----►	strong collective identity
majority of organisation's members do not belong to other groups		majority of organisation's Board members belong to two or more groups

At the community level, the development process is judged to have instilled a strong sense of collective identity if this type of identity exists in the majority of organisations.

C. *High levels of involvement and participation* in an organisation's operating activities are assessed by determining the average number of people involved in these activities. When this number is less than three, involvement and participation are considered low.

low levels of involvement/ participation	◄----►	high levels of involvement/ participation
fewer than three participants involved in operating activities		three or more participants involved in operating activities

At the community level of analysis, when the majority of organisations have generated high levels of involvement and participation, the development process is considered to be similarly imbued.

D. *High degree of agreement on goals, objectives, time scales and outcomes* is defined as the degree of consensus among participants concerning the results expected (ends), the specific ways the results will be achieved (means), and when they will be accomplished.

At the organisational level, this is measured by aggregating individual responses to:

1. organisation's purpose (1aE; 1a, 2a-bB; 3a-bBNE)
2. organisation's objectives/anticipated outcomes (4a-fE; 3a-dB; 6BNE)

A high degree of agreement on goals, objectives, time scales and outcomes was judged to exist at the organisational level if informants provided similar responses, with no contradictions offered.

discord regarding goals, objectives, time frames and outcomes	◄----►	shared view of goals, objectives, time frames and outcomes
differing views on the organisation's goals, objectives, times frames or outcomes		shared notion of organisational goals, objectives, time frames, and outcomes

Community agreement is judged by:

1. awareness of other organisations (6a,bB; 10aBNE)
2. consensus on organisational contributions to community's goal (9E; 7B; 10b,cBNE)

The development process was considered to have nurtured a common view of the community's goals and how and when they were to be achieved if the majority of organisational informants shared an awareness of the development activities of at least two other organisations and identified how collectively, the various organisations were helping to address the community's main problem.

discord regarding goals, objectives, time frames and outcomes	◄----►	shared view of goals, objectives, time frames and outcomes
lack of awareness of other organisations' activities and contributions to the goal achievement of the community		awareness of ongoing organisational activities and recognition of how each organisation is helping to address the community's problem

E. *High degree of overlapping formal/informal business/social relationships* refers to the intermingling of internal and external personal, social, and professional relationships to accomplish a task.

Overlapping relationships are measured by:

1. source of information and other resources (34aE; 19a,bB; 28,29 BNE)

F. *Normative integration* refers to the extent to which entrepreneurial behavioral expectations are shared among people who work together. The more organisational members who report the following entrepreneurial behavioral norms, the higher the level of normative integration which implies that the organisation itself will be more entrepreneurial. These norms include: operate informally; high expectation for individual/group performance; flexibility in decision-making and problem-solving; experimentation and learning; ownership of the task and commitment to seeing it through; tolerance of risk, failure and mistakes without fear of punishment; develop and utilise strong informal linkages within and outside the community; communicate openly; ideas are valued; challenge the status quo.

Organisational normative integration is measured by conducting a content analysis of behavioral expectations and determining the number of entrepreneurial behavioral norms which exist and extent to which they are shared.

Normative integration at the community level is assessed by determining the extent to which organisations share the same set of behavioral expectations.

3 DETERMINING AND MEASURING EFFECTIVENESS

According to the framework, short-to-medium term process effectiveness will result in higher levels of innovation and economic development. In Chapter 4, innovation was defined as the introduction or improvement of a product, service, or process, which is new to the stakeholders involved. Essentially, there are two kinds of innovation: product innovation (new or improved products or services); and process innovation (new ways of making products or providing services). Therefore, within a community context, both the process and its outcomes need to be examined to determine whether innovation has been created. The main criteria used in judging innovation was (a)

efficiency - as indicated by a reduction in resources used within activities. Essentially, any new ideas applied to the development process which decreased the amount of resources required and which participants perceived to have a positive impact on the process were considered innovations and (b) effectiveness - as indicated by the extent to which activities contributed to goal accomplishment by creating new or improved products or services. When new ideas were used to produce results which improved the existing circumstances by helping to satisfy the community's needs, 'product' innovation was judged to be created.

Three factors are used in evaluating effectiveness at the community level: goal accomplishment (to what extent desired goals have been achieved), resource utilisation (in relation to goal achievement the concern is whether resources are sustained or depleted), and adaptability (whether the community is able to adapt to environmental changes).

The initial step in the process of deriving criteria to assess goal accomplishment was to determine the extent to which organisations shared the view that unemployment was the community's major problem, and to discern whether there was consensus in regard to the most appropriate way of dealing with the problem. This was measured by:

1. perception of community's main problem (12B; 20BNE)
2. perception of how to appropriately deal with the job concern (6bE; 4B)

A common understanding of the problem and the required solution was judged to exist if the majority of organisations expressed similar views.

The next step involved performing a content analysis on the aims and objectives of the various organisations to identify the three main subgoals being pursued within the community. This was conducted by analysing:

1. each organisation's primary function (1aE; 1aB; 3aBNE)
2. nature of organisational objectives and targets (4a-dE; 3a-dB; 6a,bBNE)
3. where the job concern was positioned (if at all) among the organisation's priorities (6aE; 4aB; 9BNE).

At the community level of analysis, organisations which focused upon improving the community's economic well-being were judged to be pursuing a common purpose. Among these organisations, if an aim and/or objective was mentioned by more than one informant, then it was considered a desired outcome in addressing the community's main problem, provided it was not contradicted by others. When an outcome was mentioned by informants from more than one organisation, it was considered to have a higher priority than an intraorganisational one. The three main interorganisational outcome priorities were then used as a basis for developing criteria to determine effectiveness.

While secondary data sources reporting on migration levels, income, employment and education levels, would have been extremely useful in helping to assess effectiveness, objective statistical income, employment and demographic level data for 1995 were yet to be published. The availability of objective data raises the issue of standards for measurement. Although a number of options for dealing with this issue were explored, none were deemed appropriate or satisfactory. For example, while on the one hand, the 1991 demographic data could provide benchmarks for judging some aspects of goal achievement effectiveness, there was no current data available. On the other hand, while organisations reported a range of accomplishments, few had been in existence long enough to have previous results which could serve as the standard of comparison. Indeed, for organisations whose current primary activity involved an infrastructure project, the project was invariably the organisation's inaugural undertaking. While the absence of standards for measurement poses a major constraint, a tentative judgement based on criteria which the community considers important is arguably more valid than externally determined criteria and standards which do not reflect a community's circumstances or needs. Indeed, given the exploratory nature of this research, such an assessment is considered to provide a useful starting point for developing a better understanding of the link between process and outcomes, particularly in light of the inputs at a particular point in time.

Effectiveness in terms of resource utilisation was determined on the basis of whether or not the resources used in performing the various tasks were sustained or depleted while adaptability was measured by the extent to which cultural change was achieved. Increases in the number of community-based development activities and/or increased participation levels in activities were used to indicate that the culture of dependency was being replaced by a more entrepreneurial culture.

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APPENDIX F

ORGANISATIONAL PROCESS ANALYSIS

To facilitate a more holistic understanding of the development process undertaken in Eastern Guysborough County and Isle Madame, this appendix provides an organisational-level analysis of the process adopted by each community. Indeed, the community-level process is embedded in the activities of the various organisations, whose contributions vary in scope and intensity. Therefore, by gaining greater organisational insight, the community-level assessment can be better understood. The focus of each assessment is to identify those process component dimensions which match those proposed to foster entrepreneurship. Since the community is the primary unit of analysis for the research, the issue of organisational effectiveness, which involves examining the relationship between the process and the results at the organisational level, is not dealt with. However, each analysis concludes with by indicating the results which have been reported to have been achieved by the organisation..

PART ONE: EASTERN GUYSBOROUGH COUNTY

There were six community-based organisations actively attempting to create improvement in the economic and/or social well-being of Eastern Guysborough County at the end of 1995. Of these, only the Guysborough County Business Development Centre existed prior to 1990. Although five years is a relatively short time period, there have been both 'births' and 'deaths' at various points along the way, serving to highlight the dynamic nature of the process.

CANSO WATERFRONT AND AREA DEVELOPMENT CORPORATION

Task Component: In establishing CWADC, the Town and the Industrial Commission defined a rather narrow set of organisational tasks: develop three projects - the centre town park, the Promenade and the Post Office restoration - to create new infrastructure which would encourage tourism and ultimately generate employment. Strategically, the organisation's overall task has a long term time focus for, while the projects themselves were intended to be short-term in nature, jobs were not expected as an immediate and direct result of activity. "*We're just focusing on infrastructure right now. That's our main mandate...We all say jobs will come accordingly. It's not going to create a big pile of jobs directly but in a couple of years...*"

Responsibility for this task has been shared by the Board and the CEO who was hired by the Corporation. However, the onus for action has rested primarily with the CEO. "*We were fortunate in the person that we hired as CEO... She was very knowledgable and got a lot of things done; We gave her permission to do whatever she had to do to complete a project or find out information.*" By virtue of being given responsibility for the Corporation's actions, the CEO's task was fairly broadly defined[3] which served to create a holistic set of tasks and encourage considerable individual entrepreneurship, particularly since there were no formalized rules or procedures which had to be followed.

The task, in addition to involving novelty and uncertainty, also provided considerable variety and opportunity for learning by doing in acquiring a range of skills. For example, in proceeding with the projects, property deeds had to obtained from corporate entities, financial resources procured, and day-to-day operations managed. According to the Board, staff are expected: "*To meet with the funding agencies... if there's any controversy you expect them to know and solve it, if there's anything wrong with the engineering plans that you see, you expect them to know how to solve it... if contracts have to be made up for going out on tender...*" This requires financial skills, organisational skills, interpersonal skills, management skills and inherently demands fairly extensive interaction with a range of stakeholders including governments, engineers, the Town, the Board, landowners, tourism operators... Considerable control over activities provides the CEO with substantial flexibility. For example, when there were problems in acquiring the deeds to the land to undertake the Corporation's top priority project - the promenade - efforts were redirected to bringing the park to fruition. Altogether the task structure creates intrinsically rewarding work, with the main rewards of the job reported to be "*Just the satisfaction that I did a job*".

Formal Organisational Arrangements: The organisation has few organisational procedures and very little structure to constrain or guide the CEO's behaviour. Beyond a few minimal requirements, the CEO is free to engage in whatever action deemed necessary for task accomplishment. These arrangements foster a great deal of individual entrepreneurship, as there is a high level of responsibility for the results achieved. Being accountable to the Board, the CEO is required to formally report on activities and present options/ideas for the Board to decide on at regular monthly meetings. While the Board is not directly involved in the day-to-day functioning of the organisation, its strategic decision-making authority and responsibility instills considerable ownership and control of initiatives. "*It makes you feel good about yourself if you can get something going. This park makes us feel great because we're starting to change the attitude of people.*"

In the absence of any formal means of monitoring/evaluating the organisation's

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[3] The interim CEO has a six month contract within which he has quite narrowly defined the task to be completed. "What I've been working on is basically finishing off the park, getting the promenade/walkway... what I have to do is try to come up with more money... My primary function is to get the promenade up and going and that's what I've been doing"

activities, effectiveness, in large part, would be a function of the organisation's capacity to successfully complete the designated projects. Because these projects are very capital intensive and the organisation does not engage in any revenue generating activities, acquisition of financing would undoubtedly be a factor used in judging staff performance.

Individuals: [4] The incumbent came to the six month term position in October with a great deal of managerial and financial competency. Having 22 years experience in the economic development field, the individual did not require additional learning to do the job effectively. "*I haven't come across anything that I haven't seen before. I've renewed some skills but it's nothing new - you're still dealing with people, structures - and what I'm doing is not something I didn't do before...When I agreed, I said I'd do this job whether it takes me 100 hours a weeks or 16 hours a week... I wouldn't be doing it for the money they're paying me...I was interested in the community.*" Because the individual permanently resided elsewhere, he did not personally identify with the community. Nonetheless, an absence of community identity did not preclude the identification of several opportunities for economies of action within the community which were raised during the course of the interview.

Indeed, it was evident that others believed he had both the ability and intention to produce the desired results. The most obvious evidence of this was the Board's decision to hire him in the first place. However, his track record in the economic development 'business' also indicated that he had successfully established considerable credibility over the years. In being very results oriented - "*whether I'm successful or not comes down to how much federal and provincial money I get*" - the CEO exploited various formal and informal connections in solving problems: "*I just have enough contacts in government, and around or engineers that I...some of them - the work I got for free because I have a friend who has an engineering firm. So it's people you know over the years; And CBCL who did some work on the park... I told them 'there's no money to pay you'. If you do it and you get the job, fine. But don't send me a bill. I told them that up front. They gave me about a half day's work for free. You don't see that on paper. That's PR for them. They'll bid on the job. All things being equal, it all works out.*" In capitalizing on these connections to get the job done, an emphasis is placed on a more informal work style. "*Again, with government, its not so much the organisation but the individual you're dealing with. You have to establish credibility and rapport; my way, generally, is to visit people. You've got to look them in the eye...; You get information by knowing people.*"

Informal Organisational Arrangements: With only one permanent employee, a very distinct culture has developed within the organisation. Because there is only one employee she/he has been extremely committed to bringing the projects to fruition, which has virtually eliminated the need for an explicit control system. "*She went to St. John, NB, 7 or 8 months pregnant to see Mr. Irving himself. And when he came with*

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[4] The content of this task component was based on the responses obtained from the interim position-holder as the regular CEO had gone on maternity leave in October and was being temporarily replaced.

the deed - he sent his son down - Arthur Irving - we asked him 'Why did you give us the land?' He said 'Well, my father got an awful kick out the little pregnant woman downstairs asking for this little piece of land'...that's what made him change his mind."

Supportiveness, trust and cooperation appear to be highly valued principles. "*That's all she expected of the Board. We supported her all the way. If we had something to say to her, we told her what we thought. She just expected the Board to back her in all of her decisions and we did; I think like in any Board, the big thing you would expect if you work for a Board, is respect. And I think if you've got that you're quite fortunate. I think we've got everything because we listen to each other and that's the main thing.*" Generally, this supportiveness encourages experimentation, providing opportunities to make mistakes and learn from them without fear of punishment.

While the Board is not directly involved in day-to-day activity, members are highly involved and committed to doing whatever they can to see a project through whether this means meeting once a week or serving on a committee to oversee construction. "*The Board basically meets once a month... but you can come up to the office in the meantime and sit down and discuss things and they'll lay, maybe different proposals out in front of you...; If you had some emergency meetings you would come in... when we start the promenade, which we hope to get going in the spring, you could have a meeting every week or so just for a while to get things moving*". Generally, the Board members have a high level of collective community identity. Because of their attachment to the community and involvement in multiple organisations there is a high degree of overlapping formal/informal business/social relationships which facilitates information exchange and opportunity identification: "*Most of the people on all the Boards are the same volunteers that are on everything so they know what's going on in different fields; From the other Board members you get suggestions...*"

Results Achieved: *"I think structuring Waterfront Development; having that park finished; acquisition of deeds (for the promenade)"*

EASTERN GUYSBOROUGH COUNTY DEVELOPMENT ASSOCIATION

Task Component: During 1995 EGCDA had two sequential sets of tasks with the former concerning planning and the latter, implementation. The first set was developed and performed by the Board, prior to having any full-time employees. Upon inception, the Board defined its tasks as: determining what it wanted to achieve and how it would do that; obtaining the resources to hire someone with the skills believed necessary in fulfilling the organisation's mandate; developing the criteria upon which success would be measured; and hiring the appropriate individual. The Board's task was more novel than routine as its members had never engaged in this type of activity before. Therefore, it involved considerable uncertainty. "*It's difficult because you don't know if what you're going to do is going to work or not.*" The diversity of skills among Board members was perceived to enhance the organisation's capacity for effectiveness: "*We really have a nice cross-section of different skills at our table and I think that's why it works... making sure the Board is the right combination is really important... someone brings some finance to the table, somebody else brings business, somebody*

else brings common sense..." Essentially the task created a sense of interdependent control and ownership among the Board members providing many opportunities for learning, experimenting and making mistakes. "*We've made some mistakes along the way... nothing serious but you learn by your mistakes; If we fail at this, at least we can say we gave it our best shot.*"

The second set of tasks became operative when the newly created CEO position was filled. Upon appointment, the onus for action shifted from the Board to the CEO. "*That's why they sought someone from the outside with that particular expertise to come in and bring in activity to satisfy their mandate.*" While the individual's task has a very short time horizon - one year, it has a long term strategic intent: "*We set our goals in the first year to create at least 20 jobs. We put measurements in... so that we could be sure the performance would be there. But that's just short-term. Our long term goal is definitely to make us a sounder economy.*" While the time frame generates considerable pressure for results, individual responsibility for achieving these results creates a very holistic task structure.

The Board deliberately kept the list of task requirements short and open-ended: foster economic development which is going to generate jobs. According to the CEO: "*We're interested in two things... firstly, getting the people who are currently on some type of assistance back to work... The second thing is with the high school kids and/or people taking community college courses... if you can get that generation to stay, educated into management and so on...* " Undoubtedly, attempting to attract ventures to the community requires extensive interaction. Moreover, the task involves considerable variety, flexibility and freedom to experiment: "*we wanted to try and give him as free a hand as we could... What did we hire him for if we're constantly going to monitor every little deal he might make; we give him a lot of leeway. We can't tie his hands.*" This has provided the CEO with considerable control over activities and has served to encourage him to exercise entrepreneurship in utilizing his private sector experience and skills.

Formal Organisational Arrangements: Operating within the context of the community's history and culture, the economic outlook and so on, the Board had considerable freedom in designing this new organisation. In doing so, very few organisational structures, systems or procedures were imposed. The Board alone determined how the CEO would be rewarded and how he would be accountable. This involved developing a disclosure procedure along with objectives by which performance would be measured. A unique part of the structure is that the CEO can personally get involved in a business he brings in. This gives him a vested interest in the venture's long-term viability. "*If he discloses in the proper manner, he can take an equity position in something he recruits.*" While there is a requirement to regularly report progress to the Board, the CEO is essentially free to take whatever action he deems necessary to bring new business in.

Evaluation is very much impact oriented. "*At the end of the day, we want to add up all the benefits that have accrued, for example, new income tax being paid, new property tax being paid, new GST/PST paid and when we take away the $118,000 put in by public sources hopefully you'll come out in a positive position. That's one of the*

measurements."

Individuals: With extensive private sector experience, the individual possessed the expertise considered necessary for undertaking the organisation's task. "*Instead of increasing the economic development for a corporation, you do it for an area.*" Coming from a corporate background, the individual has a very different approach to doing things. Being new to the community, the CEO did not have a sense of community identity. While he has demonstrated a vision for accessing and integrating resources to achieve the results expected, there was no evidence indicating that harnessing opportunities for synergy within the community is central to the task. Rather, the interaction requirements associated with the job tend to be externally based. "*Within the province and outside the province... give me something you want to find out and I'll be able to find it out. My contacts are extensive... Inside the province, the newly acquired contacts I made come from*" former contacts.

Generally, he possesses a free ranging work style which involves simultaneously dealing with multiple tasks. "*I'm finishing up this company in the last day or so, but keeping about five others moving along in specific directions at the same time so I don't lose a beat with anyone.*" The Board complements the CEO in that they provide him with the knowledge of the community and in essence afford him considerable credibility.

Informal Organisational Arrangements: In general, there is a high degree of agreement between the Board and the CEO on the goals, objectives, time scales and outcomes expected. On the basis of this shared understanding, the Board has basically given the individual a *carte blanche* to do the job. "*They had the foresight to say, we trust this guy, we know its our best shot, we'll let him go.*" Although the organisation has only been operational under its current mandate since October, the level of trust and confidence in staff's ability to singlehandedly achieve the results expected is extremely high. "*We expect an awful lot and he's come across! He's never not done something all on his own; We don't want to weigh him down with anything trivial or anything that we can do because we want him to actively seek out opportunities. So I think we've pretty much come to an understanding what our roles are; I think it's important to keep an open mind because there are so many opportunities that can be overlooked... I think the most important thing about a Board is a true commitment. And we do have that right now.*"

Before the CEO was hired, the Board worked incessantly to make their economic development vision a reality, working countless hours and handling all day to day responsibilities. "*We did everything - the financing, the correspondence, everything...; Sometimes we've even met twice a week especially when we were hiring Shawn. We had to meet often to move the process along quickly. We've probably done more work in the last eight months than we probably did in all the years before.*" When information or other resources were required, they went to any length to obtain it. Because the Board has representation from all the other organisations in the community, it was keenly aware of what other organisations were doing: "*everyone on the Board belongs to other Boards too. It's very incestuous actually.*" Generally, entrepreneurial behaviour expectations were shared by the Board.

Results Achieved: The Board succeeded in obtaining government funding to hire a CEO. "*Hiring Shawn; We've got our CAP (Community Access Program) approved and that will be up and running soon; our main thing was to get somebody hired and we were successful in doing that; his job was to at least have 20 jobs by the end of the year of his employment and he's well on his way to that...*"

CANSO AND AREA RESOURCE CENTRE

Task Component: In operating as a referral and support centre since 1990, the staff's task requirements, while varied, had become quite clearly demarcated. Because of the nature of the organisation's work, the task involves activity which does not require interdependent staff effort or expertise to be successfully performed. Generally, the task's time and goal orientation is short-term and lacks any long-term strategic intent. These conditions, in themselves, are not known to foster innovation.

Over the past year, the Centre has been significantly affected by involuntary changes to its task. Where previously, the Centre's activities had been developed in response to the community's needs, these tasks are now being substantially determined by the organisation's funding source, HRD. "*Whenever there was a need, we filled the gap. Our funding has shifted and as a result we have to focus most of our attention on UI claimants and TAGS recipients. We are also more involved with Community Development groups (largely helping them access HRD programs)... There's been a shift from doing things for the clients to assisting them in doing it for themselves; With HRD right now it's not what we do. It doesn't matter to them, I don't think, whether we see two people or one hundred people a day as long as we're doing what's on their schedule of services.*" In narrowing the definition of the task, staff control over their work activities has been greatly reduced. This has created considerable uncertainty as it has fundamentally changed what the Centre does and how it does it. "*Pat and Marlene... they seen what people here needed and they done it for them. Now when these same people come back with similar problems, it's awful hard for them not to do it.*"

These changes to the organisation's task have tended, in several respects, to inhibit more than encourage entrepreneurship. Firstly, the task structure now considerably restricts the freedom and flexibility to take whatever action deemed appropriate in meeting the needs identified in the community. Secondly, the sense of ownership and control over activities has been diminished as the organisation has less say in determining what services will be provided. Thirdly, being no longer able to provide either a complete range of information and referral services or to completely respond to the community's requests for these services means that the tasks are no longer considered holistically. Finally, while the work is still intrinsically rewarding - "*It makes you feel good that people think you're doing something worthwhile, that you're appreciated.*" - the changes in the task have reduced the sense of accomplishment and pride in doing the work.

In terms of the Board's involvement: "*They (staff) are the ones doing the work... We're*

just there to make sure everything runs well." Over the past year the Board has begun to take a more active role in the Centre. "*I think the Board realizes that the days of submitting a proposal and getting funding automatically are over and that we've really got to work for what we get; We're trying to make HRD realize how important we are. And we're trying to make them depend on us. If we can get them to depend on use a little more, they they'll have to keep us open.*"

Formal Organisational Arrangements: The organisation functions with a minimum amount of structure and procedure. While the Board has developed a set of bylaws and a procedure policy for staff, policy is mainly concerned with sick time, vacation time, areas of responsibility... and doesn't affect the day to day dealings of the office. Currently, there are no formal performance reviews done other than the three month probationary assessment of new employees. Generally, staff are recruited and selected on the basis of interpersonal skills, confidentiality and dependability. Although Board vacancies are always advertised publicly, there is no formal structure in place for recruiting and selecting Board members. In agreeing to serve a four year term, the Board's main responsibility is to provide direction as to how the funds that HRD provides are spent. "*Their main role is to obtain funding for the Centre.*"

During 1995, the Resource Centre shared its office space with Community Services' Employment Resource Counsellors (ERC's), Family Services and the Community Development Fund until funding cutbacks necessitated a move to smaller premises in October. This had facilitated task accomplishment in two respects. Firstly, it encouraged clients to utilise the services available as "*one stop shopping reduces the stigma attached to coming for information or services because they could be coming to the Centre for any reason and no one would know, especially with Social Assistance recipients who are coming to see their Employment Counsellor.*" Secondly, having shared office space provided a venue for exchange of new information and ideas. "*For example, even now when we have counsellors come in from the Guysborough office to deal with our clients... their clients here... they keep us up to date on changes with HRD. If someone comes in from Community Services to use the office, they fill us in on changes with them. So it keeps us up to date and allows for an exchange of information.*"

While staff and the Board feel the organisation is fundamentally responsible to the community, the organisation's authority for fulfilling this responsibility is seen to be thwarted by its formal accountability to HRD. "*See everything we do is based on funding. We can't do anything without funding. We don't have a fundraising mechanism; Every decision we make is based on how HRD is going to look at it; It's a Board decision but I think the Board has to do what HRD wants.*" Consequently, community-level decision-making autonomy has been diminished.

In terms of how HRD assesses and rewards the organisation's performance, there is no evidence indicating that actions which tend to foster entrepreneurship, such as collaborative efforts or revenue generating activities, are entertained. "*We did try and generate more revenue for our group but in doing that we were just cut back on funding we were getting from HRD. So it didn't serve any purpose.*" The main control system used by HRD is an itemized standard monthly report on financial and other activity.

While the organisation itself does not formally assess performance, staff report activities to the Board each month. "*Other than keeping statistics on how many clients we see and what we see them for, I guess we judge our success rate by our clientele and their response to what we do.*"

Individuals: A similarity in staff skills, particularly empathy and confidentiality, and a shared personal interest in helping people has nurtured the development of a very democratic working relationship between the two staff members. "*If there had been different people here, I don't think the place would have been a success. And I think if it had been another Director - someone who was just here for the money - we wouldn't have had our renewal the first time because we wouldn't have had the connections and involvement...I know we're praising ourselves up but...*" Indeed, the Board has expressed considerable trust and respect for the staff's competence: "*They've done such a great job that basically, I don't know if I can speak for everyone but I could speak for a good few on the Board and we're just amazed at what they've come up with and how they've dealt with situations that would drive most people... most people would just quit; From my point of view, I think they want to do the best they can for the people who live in the area. They really want to help them through difficult times; I think the staff could operate quite well without us. We're just there for guidance and support and stuff like that.*" This desire to have a positive influence on the lives of the people in the community is indicative of staff's high level of community identity. "*Like in a small place like this, you know everyone that comes through the door.*"

Generally, staff indicated a preference for informality, variety, individual challenge, and autonomy. "*Everything's different. It's not humdrum like when I used to work at the fish plant. Everything was the same every day. There's always challenges.*" The proactive approach adopted by staff suggests a very 'hands-on' learning style. For example, in regard to how information or other resources are obtained, one Board commented: "*It's amazing how much information that woman obtains. I mean she knows things about HRD before HRD does. The things she finds out... they (Pat and Marlene) just scan everything that they get in to see if there's anything that will fit people in their area.*" while staff responded: "*I ask for it. I contact whatever department I have to and ask and if they're not sure about something, I ask.*"

Informal Organisational Arrangements: While the organisation may lack formal structures, systems and procedures which guide behaviour, this does not mean that employee behaviour is devoid of organisational influence. In fact, evidence indicates that individual involvement and commitment to the organisation's purpose is quite strong. There are very high levels of trust, support and cooperation between the two employees. "*Basically, there's no barriers between job descriptions. We each do whatever needs to be done at that given time; We get along good... If I don't know how to do something she can do it and if she can't do it, I can do it; I can rely on her to do anything that needs to be done and she can do anything that I can do and more; If I forget something she remembers it and vice versa. We pretty well are on the same wave length now. We think the same way.*" Consequently, there is a high degree of agreement on the goals, objectives, and outcomes of the organisation's work which has created a sense of teamwork. This is subtly reflected in the fact that both staff members

refer to their work plurally as opposed to singularly: "*We have to do what's best for the people.*" Essentially, specific responsibilities have evolved informally over time, rather than being formally imposed.

Considerable overlap of formal/informal business/social relationships was found among staff. "*you develop relationships with people that maybe you wouldn't have the opportunity to do. They're good - not dependent relationships... You get to meet a lot of people that you normally wouldn't deal with - not just clients, but other groups and organisations.*" Generally, because the organisation is small and operates informally there is a fairly high degree of entrepreneurial behavioral expectations shared between the employees. "*If we hear of anything we think might be going to take place or come to the area... sometimes someone will come in and tell us about something... We would find out the information.*"

Because most of the six member Board are involved in other organisations and represent different geographic parts of Eastern Guysborough County they provide an additional source of information. "*Some of the stuff that's been happening lately is stuff that I have found out by being involved with other organisations.*" The Board normally selects new members by reviewing who they think would be interested in what the Centre is doing, particularly those individuals who would be in contact with the public. These individuals are then approached to see if they'd be willing to serve.

Generally, evaluation and reward are conducted on a very informal basis. "*We evaluate as we go. If we were doing something and we didn't think we were doing it good enough we'd make changes; The only way we evaluate our activities and how good they are working is just ask the people and everything seems to be great.*" When asked about what rewards the job provides, both staff members reported non-monetary rewards: "*Being able to take the time for them (the clients) and help them any way we can; It's nice to know that people think that you can help them.*"

Results Achieved: "*Our client load increases each year. We get a lot of inquiries from people in outlying areas who wouldn't ordinarily be in our catchment area but would like to be; This didn't happen overnight - it happened over five years. But now they know who we are. We're well known; trying to provide some direction to the TAGS recipients... Really, trying to work with them and get them through what they're going through.*" Indeed, the fact that an average of 60 clients are dealt with daily indicates the Centre has established considerable credibility.

On an individual level, staff report substantial personal development: "*I've acquired negotiating skills, computer skills. I have become more assertive for the clients and I've learned to take responsibility for whatever I say and not back down. I've really grown in this job; I was usually shy to talk to people in crowds... I couldn't make a phone call.. It gave me a lot more self-confidence. As far as skills - I picked up my typing skills, different skills...*"

LITTLE DOVER COMMUNITY DEVELOPMENT ASSOCIATION

Task Component: With the initiative for forming the organisation coming from the community itself, the task of the Association has been defined on the basis of how the *community* interprets its situation and the needs arising from it. The task of the Little Dover Community Development Association is extremely broad which has provided the organisation with the flexibility to respond to the community's needs. "*We are a community development association... We work on whatever the community wants us to. That's how we got involved with the wharf committee - something that didn't really interest us when the organisation began but that became an aspect that people wanted us to do... ; You've got to have something that's coming right from the heart of your community - something that you want and what they want. If you can get something like that, then it has the tendency of lasting.*"

The Association has recently developed a mission statement which outlines the desired goals and objectives and serves to integrate activities, creating a holistic set of tasks. The activities undertaken since the Black Duck Cove project have a mixed time and goal focus. "*We're hoping that Guysborough County will be open more to tourists... Right now we're trying to work on the water and sewer... because if you want to set up a B&B, if you want to set up a canteen, you've got to have a good water system, a good sewer system, which we don't have. Our water is contaminated... someone's sewer may be fifty feet from someone's well... If we can get those three things, there's something we can build on.*"

The tasks involved a high level of novelty and uncertainty as the outcomes were unpredictable: "*we didn't know what we were getting into. We didn't know what kind of work was going to be done.*" In the absence of full-time employees, all the Association's members actively contributed their expertise and knowledge in successfully performing the tasks. "*Everyone worked together and all the pieces just seemed to set together.*" This active involvement creates considerable interdependent control and ownership of activities which, in turn, provides considerable intrinsic reward. "*Sometimes it's frustrating but then when you come to the end and see what you've accomplished, it's great. Then you can say 'Look, this is a part of my accomplishment, and his accomplishment and this fellow's accomplishment - our whole Board, our whole community'.*" The capacity of the group to respond to uncertainty and find solutions to problems was facilitated by utilizing all the skills and experience of its members. "*We like to put in what we have, what experience we have. If somebody can get a little bit from me or I can get a little bit from somebody else, these two little bits make a bigger bit and after a while... That's the only way you can do it...*" This 'learning by doing' approach, together with the aforementioned features of the task structure, served to foster considerable entrepreneurship and innovation.

Formal Organisational Arrangements: The organisation has encouraged entrepreneurship by keeping formal control mechanisms to a minimum. Essentially, the monthly Board meeting constitutes the main mechanism used in guiding behaviour: "*we have 10 members now. We would like to up it to 12. No more than 12, no less than 10 because we find some nights we may only have 7 people or so. We don't want to get too many because it's just going to get too much red tape trying to get things*

accomplished; Every time we have our meeting called, we bring up one of these projects - what we're going to do, aspects of care, and all this stuff...; We don't really sit around and talk about one major thing too much...It's like a little report on the newspaper committee or what's going on with the shrine or the wharf committee... trying to see if we can get funding for that and now the recreation committee... So there's quite a bit of stuff that we're not involved with yet but we are talking about getting involved with it."

In attending one of the meetings, which normally last for 'a couple of hours or so', it was noted that members freely and informally offer their knowledge and understanding of the situation which is then used by the group to make a decision on a particular issue. "*We'll talk it all over with the Board. The whole Board, every member, has their say... Everyone's involved in some way. Most times it's just unanimous approval. It's not too many time that Board members get in a tug of war over this or that... If it's something big, that involves the community, we'll go to the community before we even pass it.*"

The other formal mechanism used by the group is the monthly newsletter which goes out to all residents and serves as the main medium of accountability. "*Whatever comes up the public knows about it. Nothing is kept back from them.*" This can be seen to encourage entrepreneurship in two ways. Firstly, by systematically informing the community of its activities, the newsletter serves as a feedback mechanism, indicating whether or not the community endorses the organisation's activities and approach. Secondly, in keeping the community abreast of its activities, it may stimulate others towards entrepreneurial endeavours.

While there are some additional formal mechanisms in evidence, they were not shown to materially affect behaviour. Rather they serve a record-keeping function in compliance with the reporting requirements when accessing government funding. "*When we do work through government funding, we are accountable to them to make sure the work we promise will be done and that the money is going to be spent where it's supposed to be spent.*"

Individuals: "*This is what happens. If you're involved in one (organisation), you're usually involved in them all; Ever since I can remember, I've always liked to see something developed in the community. I like to be a part of it...seeing something done in the community that would better the community. Some people take it for the glory. Some people take it for what they can get out of it... I take it to be involved in the community - not only for myself, but my kids or people who want to come in and enjoy it; I could see what the group was trying to do and whatever help that I could give to do those sort of things, I'm right there, gung-ho.*"

Essentially the individuals involved have a high level of collective community identity - not only identifying with the place but also with the idea of doing things as a group. With most group members having grown up in the community, there is an 'attachment to place' which evokes considerable pride and determination to do whatever can be done to make things better. Indeed, those interviewed indicated they belonged to other

volunteer organisations besides this particular one. This other involvement not only develops competencies in problem-solving, team building and communication which can be capitalized upon by the group, it also generates a 'bank' of formal and informal contacts and relationships which can be utilised in accessing resources and developing economies of action. For example, when the Association was looking for land to establish a roller-blade platform for the youth, members who were involved in the church were aware of land the church owned. "*We tried to get it up by the playground but that land is not accessible to us. So there's a piece of land over here where the old rink used to be. The parish owns it and they're going to lease the land to us for $1 per year.*"

Again, when applying for a grant for some summer students... "*Our organisation don't have any money. The lady's auxiliary... they are going to sponsor us the money to hire the students... They're going to pay the extra fifteen cents on the hour that you have to pay for income tax or UI. They're going to pay that for us as long as we look after it.*" This support for the organisation's activities suggests that the community trusts and respects the ability and intention of the Association's members to produce valued results.

Informal Organisational Arrangements: The informal organisation (culture) is the main mechanism used in coordinating and controlling activities. "*We expect people to know what they're supposed to do because, in my opinion, there's nothing worse than when people are always running back and forth to find out what they're to do and nothing's being accomplished; I don't think that we have a procedure to do an evaluation... just the comments people throw our way... When you get those kind of comments... well, you do tend to smile and feel good about yourself.*"

In the absence of pay incentives or administrative decree, commitment is obtained by strong personal identification with the organisation's purpose. Trust and shared values lead to common expectations for action. These values include honesty, hard work, determination, teamwork, the worth of community and an emphasis on its development as reflected in the following expressions of organisational expectations: "*Dedication, loyalty...never knowing when to say never... Everyone will do a little bit more than you figure they should... If you're coming to a meeting, if you've got something to say, you should say it... Every little thing that you can get developed... try to develop as many things to improve your community and that's what we're trying to do...; The entire community is what we look out for and I guess they look out for us as well... We are accountable to the people themselves... If someone from the community has a problem, they can come to us whereas if it was government related, you might have to be on the phone for four weeks at a time to get someone's attention. But with community based, we're right here working with the community... if you're going through government channels it could take forever to get someone's ear that going to be interested. Everyone on the Board has their own little bit of knowledge on certain things that others may not have. We more or less lean on each other.*"

The informal organisation was found to have a highly integrated set of entrepreneurial behaviour expectations which facilitate task accomplishment. For example, members have actively developed and utilised both formal and informal linkages within and

outside the community. "*We got full support from Eastern Guysborough County. Since we got started they were very helpful to us through the different organisations that are in the Municipality of Guysborough, some are in Canso. Any time we needed help from them, they were right there to give us a helping hand... ACOA - they couldn't help us any more than they helped us. They were fantastic. Natural Resources - they were wonderful.*"

Results Achieved: The main goal of the organisation when it started was to construct a day use park at Black Duck Cove. "*We worked for our beach which was a big pride in itself and we accomplished that... We accomplished a lot more than we expected; We're about half a year ahead. Long as the government doesn't find out and decide to cut our funding back; We got letters from all over different places saying 'Look you did a beautiful job. We commend you for what you did...' different organisations, different government levels. It's great to get that from them; Each and every (government) organisation said that right now, this project in Dover and this organisation in Dover was the ideal model for all other organisations in the province.*" Encouraged by the success of this project, the group has expanded its mandate. In addition, the group constructed an office by soliciting donations of building materials, office equipment (computer, photocopier, desks, chairs...) and supplies needed.

On an individual level, there is a great deal of personal satisfaction with members gaining "*a lot of knowledge, a lot of friendship - just being able to be a part of it. Very, very enjoyable...* "

GUYSBOROUGH COUNTY REGIONAL DEVELOPMENT AUTHORITY

Task Component: The GCRDA has defined its task as facilitating economic development throughout Guysborough County by helping individuals and communities capitalize on opportunities to improve their economic well-being. While staff members have both sector-specific and functional responsibilities, the tasks undertaken in fulfilling these responsibilities are not stipulated nor are they subject to formalized rules and procedures. This provides many opportunities for learning by doing as the both the organisation and its members have considerable freedom to experiment, flexibility, and control over activities. In establishing itself as a community-driven organisation, the task structure contains a high community locus of control. Because the organisation is new, there is considerable uncertainty associated with the tasks undertaken as the outcome of activities are unknown. In dealing with this uncertainty, a range of expertise has been drawn on, creating considerable task interdependence both within and outside the organisation as many of the projects have involved contributions from staff and other stakeholders in the community. This has enabled the organisation to respond quickly in capitalizing on opportunities to achieve tangible results which have had a measurable impact on the economic outlook for the County. For example, the RDA was instrumental in convincing Mobile Oil to announce on October 18th that it would be establishing the landfall site and the gas processing plant in Country Harbour. "*I think my second day on the job (July 5th) I did a boat tour in Country Harbour with the Sable group. They were actively looking at the area then...we really established a*

rapport with the people and talked to not only the people at Sable but the government people at the Department of Natural Resources and we looked at other areas... I think I mentioned to you before about meeting with Gordon MacIntosh from the Grampean Region in Scotland where there's a similar project. It was a crash course for me because I knew no more about natural gas than anybody else did at the time. The more you talk to people that did have some knowledge, the more you learn and then you're able to apply common sense solutions to the problem. We put a committee together - an infrastructure technology sub-committee. We had a great bunch of people that have a pretty strong background in Community Economic Development. They've been involved in it here for a long time. When we had specific questions related to the Sable project, like the impact on the fisheries, we brought in two individuals who had been involved in the fisheries for 30 years that knew the area better than any scientist would know the area because they've worked the area. They were able to identify things and tell us different things that really had an impact on our presentation." Participants expressed the view that the work was inherently rewarding. In viewing the task holistically, a sense of shared accountability for results was created. Altogether the interdependent task structure positively serves to stimulate entrepreneurship.

Formal Organisational Arrangements: The RDA and the BDC share office space and have joint staff meetings. Additionally they have interlocking Board memberships with both the BDC and the EGCRDA. This promotes considerable exchange of information and has, on occasion, been used as a forum for problem-solving.

Since the organisation is new, it has not yet developed policies and procedures. "*We're still operating under the Community Futures policy and procedures. Part of that is through design. I want our policy and procedure manual to be developed in concert with staff.*" So, while technically, there are structures and procedures in place, they are minimal and do not constrain action. Because decision-making authority, responsibility and accountability is locally-based, it fosters entrepreneurial behaviour by providing considerable autonomy for undertaking activities perceived to have the potential for generating improvement in the County's economic well-being. The Board, with representation from each of the municipal governments and the community at large, provides the direction for all the activities of the RDA.

While collaborative effort is not formally rewarded or defined as a performance measurement instrument by the organisation, the organisation's performance is perceived to be positively assessed by some of the funding partners according to this criteria.

Individuals: Preferring to learn by actually doing things, staff enjoy the challenge, variety, and autonomy that the job provides. In having complementary skills, the capacity of the organisation to fulfil its mandate is enhanced. In addition to strong interpersonal skills, the development officer has considerable experience in marketing and five years experience doing Community Economic Development work. The CEO brings extensive private sector experience and a personal interest in development. Both staff members reported that their experience has provided them with a vast network of contacts which they regularly utilise in carrying out their work. In sharing a strategic vision for the future of the County, it creates a common purpose for activities: "*being*

really sold on what you're doing and the purpose of what you're doing; not to be confined by what has traditionally happened but maybe having a little bit of vision as well for what you see as being possible for your area...". The organisation's members have extensive volunteer experience, bringing strong interpersonal, problem-solving and team building skills to the organisation. Indeed, it has been argued earlier that these skills have been shown to broaden an individual's capacity to innovate.

A keen interest in the well-being of the County has been found to encourage entrepreneurship as, generally, organisational members expressed considerable commitment and willingness to do whatever they could to create an improvement in the County's well-being. "*I don't know if it's so much the job but just my own interest in the job... It's not a 9:00 to 5:00 job. I get up at 5:30 in the morning and I'm usually here by 7:30 or 8:00 because I enjoy being here at that time....week-ends...I get some things done at night too. It's become all encompassing in some ways...; I don't resent those hours because the job also is my social life. If you're in CED it becomes your life.*" Both staff members indicated a preference for informal/free ranging work style: "*You be as resourceful and creative as you can be in sourcing it (information or other resources); It's people to people. You know there's this philosophy that there's no one on this planet that you couldn't get to in less than six phone calls.*" *The CEO indicates that what he likes least about the job is spending time in the office. "I'd sooner by out trying to promote Guysborough County or trying to attract business.*"

Not only does the Board has a high level of trust and confidence in staff's ability to produce valued results, there is also considerable and trust and respect between staff. "*You've got to have people that can work together as a team...So you can see the wonderful complement between he and I. We have enough respect for one another and our talents... You've got to have honesty and respect among all staff people; We complement each other well because we have strengths in different areas.*" The Chair of staff: "*We're not looking for people that are clock punchers... Respect. I think that's what staff want.*"

Informal Organisational Arrangements: Although the organisation had been operating for less than a year, the findings indicate high levels of trust, support, and cooperation among employees. In addition to possessing a strong collective identity and high levels of involvement and participation, both staff members expressed extremely high satisfaction levels: "*I really enjoy CED. It's a passion; trying to create a better future for your community and your family and everyone in your area. That's why I got involved....*" Indeed, staff members indicated doing whatever it takes to get the job done. This usually involved considerable contact with outside sources which contributed to the development of a fairly extensive network of contacts. "*You've really got to go beyond the boundaries of your own area or you won't find out a great deal.*"

In sharing office space with other organisations, very positive working relationships have developed. Indeed, in observing some of these relationships, it was evident that the professional and personal elements were not easily differentiated. For example, staff from the various organisations tend to get together for lunch. In joining the group on a couple of occasions, it was clear that relationships were both amicable and genuine. Additionally, staff communicates regularly with Board members. "*For the*

majority of Board members, you're talking to them almost weekly." Generally, evidence suggests that the norms underpinning how things get done are very entrepreneurial in nature.

Results Achieved: hiring staff; Getting Mobile Oil to make the announcement to locate in Country Harbour. "*So I think that the staff, and getting their relationship with the community in place is certainly two of the results that we can say we've achieved. Now the results, of course, comes back to what I'm talking about with the opportunity creation, wealth creation and job creation. We've secured that natural gas coming in to Country Harbour... In Port Bickerton* [not located within Eastern Guysborough County] *establishing a day park and a lighthouse, getting planners in, getting people's imaginations stimulated. We've taken a group already out of Sherbrooke Village, down to Virginia to look at a project that might be introduced back in Sherbrooke that might boost the economy...; Obviously, Mobile didn't locate their project in Country Harbour because of the RDA but there were some issues that we pointed out through our presentation that may have influenced their decision and where they placed it and that's what they said in their press conference when they announced the location of the project. It was them that made the statement rather than us so...*"

GUYSBOROUGH COUNTY BUSINESS DEVELOPMENT CENTRE

Task Component: With job creation the BDC's raison d'être, it's function is considered to be twofold - lending money and providing technical assistance."*I think if you look at our mandate, that's essentially why we're here - to try and create jobs... But at the same time, we're not here to create jobs at any cost.*" The lending function, broadly, has some degree of specified interaction requirements because the BDC is, by definition, a lender of last resort. However, in acquiring the assets of the CDF, the absence of this stipulation provides the organisation with additional freedom and flexibility in performing this task. Nonetheless, generally the task structure is not overly conducive to entrepreneurship as its activities tend to be reactive as opposed to proactive.

While there is considerable uncertainty in the day-to-day operational delivery of service, at the organisational level, results are fairly predictable: "*Roughly each year we like to see at least 30-50 new businesses being created. With that we could be looking at anywhere from 30 to 100 jobs.*" While targets are set, they are not considered to have a critical impact on activities because they are not proactively pursued. "*What I think will work and what this person's capable of doing are entirely different things. We don't per se promote a whole lot of that... in a sense I guess that's where our reactive side is... we don't do a whole lot of proactivity.*" There is a moderate level of task definition as individuals have some latitude in determining what will be done and how it will be done, particularly in providing technical assistance.

With ACOA's recent involvement, it is expected that the emphasis will shift somewhat - away from jobs and toward the bottom line as the BDC's will not be provided with operational funding after 5 years. Because this relationship is new it has created

considerable uncertainty. On an individual level there is considerable task uncertainty as it is difficult to know when the work is correct and staff are generally unsure of the outcomes. "*You don't know what you're going to have today; Like anything involving human nature, mistakes will be made.*"

The task requirements of both positions involve considerable variety, job freedom, and opportunities for learning by doing: "*I don't like a job that's really routinized. This sort of fits the bill because every day there's something different; It can go anywhere from sitting down with bankers and lawyers discussing clients to meeting in a boat shop... you can't always use the way you got yourself out of a scrape somewhere before... so you have to look at each individual circumstance and deal with it accordingly; You have to keep on top of new programs, new services or any new types of development that might be occurring; I have a pretty flexible position... if there's something that has to be done, I'm not watching the clock at 4:30 saying it's time to go home. If it takes until 6:00 or it takes until 8:00 or it means that I take work home and work until 2:00 - you get the job done; You have to be able to do a little bit of everything; Every day I learn something new...*"

Formal Organisational Arrangements: The BDC was found to use formal linking mechanisms. Specifically, it conducts regular meetings with staff of other collocated organisations and its Board is interlocked with that of the RDA. "*We've integrated the RDA and the BDC much better than a lot of the organisations across the province that were co-located. We have joint staff meetings. We have interlocking memberships on our Boards... The communication is very good between the RDA and the BDC... It's a little harder when you start dealing with Waterfront...but for the most part it comes together more through accident than design.*"

Staff considers the organisation accountable to two stakeholder groups: the Board who are representatives of the community; and ACOA who are the funding providers. Operationally, all lending decisions are made by the Board and all lending activities are systematically monitored and reported monthly to the Board. "*We like to look at the net economic benefit to the County as opposed to strictly the jobs that are being created.*" Additionally the Board is provided with financial statements and a progress report for all staff members which are reviewed monthly. While there are written policies and procedures, they do not impact on the day-to-day operation of the BDC. "*I haven't had a formal evaluation since I've been here.*" There is one criterion for selection that's universally applied - "*a desire to improve Guysborough County.*"

Individuals: Individuals possess a fairly broad skill base which provides the organisation with considerable flexibility. "*Everyone pretty well fits into everyone else's role which is really unique but really nice.*" Staff generally prefer variety, minimal definition and structure, learning by doing things, and challenge.

Both staff members, being from the County, have considerable knowledge and understanding of the socio-economic circumstances. While one staff member has a business degree and considerable public sector experience, the other staff member has extensive small business experience and has been actively involved with different

community organisations.

In terms of personal learning styles: "*I guess probably the biggest thing I learned out there was there's no such thing as can't and I've translated that into everything I do... You can do it. You've got to step back from it for a second and look at it from another direction and it may come to you; I like to build things. I'm one of those kick the tire type of guys; We're all growing and everybody's open to new suggestions... We all have our own insights and nobody's got blinders on.*"

Informal Organisational Arrangements: The informal organisational arrangements were found to be the main means of coordination and control. These arrangements were characterised by high levels of support, trust and cooperation, collective identity, involvement and participation, agreement on goals, objectives, time scales and outcomes. "*We have confidence in the staff that are there, based on their performance... They're exceptionally dedicated. They work too hard...; Everything we do we usually discuss openly...We (the RDA and the BDC) communicate daily. We joke with one another, we carry on, we torment one another... At the same time we put little digs in to one another just to sharpen the other fellow's pencil... there's a little bit of competition... enough to keep everything moving nicely; Shawna spends a couple of days a week in Canso and there is communication between the groups. We don't have any formal group setting that once every three weeks all development organisations in the county are going to get together and tell what they're doing.*"

In addition to formal reports on lending activities, staff also report using informal means to evaluate their performance, for example, feedback from the general public. Moreover, rewards primarily are informally derived: "*I guess it's rewarding when you know you've done some good for the community... there's a lot of rewards whether it be knowing that you saved a client money because you helped him with his year-end... you've helped get a guy off social assistance starting his own job... Daily you probably run into a reward of that kind; I guess the pleasure in knowing that you've helped somebody.*"

Results: "*We've probably been successful in creating or maintaining 100 positions in the County over the past year... I think last year we were successful in the sense that we managed to bring to fruition a few larger projects, instead of having one job at a time which has traditionally been the role - one, two, three jobs at a time. Last year we helped to put together 45 jobs in one community... and if it wasn't for our assistance, it probably wouldn't have happened.*"

PART TWO

PROCESS ANALYSIS: ISLE MADAME

LA PICASSE

Task Component[5]: La Picasse is an infrastructure project initiated by the Acadian Federation to "*try and nourish traditions, culture and a way of life...; The idea came from the community - we got together and decided to build our own infrastructure*". The project has become an incorporated entity which will operate autonomously as an Acadian community centre aimed at fulfilling a socio-cultural, educational and economic mandate. "*The idea of La Picasse in the first place was cultural - that we'd have a place to call our own; we could feel at home and we could have recreational things and cultural things and have a place for it...*" However, when the fisheries crisis occurred, an economic aspect was added to its mandate whereby, "*one of the main objectives is for people to work in their own language.*" Upon completion the facility will house 11 Acadian organisations, Collège L'Acadie, some Department of Education offices, a bilingual library, a preschool, a youth centre, a Resource Centre, a manufacturing incubator mall, retail space, a cafe...

Indeed recognizing that a project of this nature required a range of skills, a 12 person community-based implementation committee was established to deal with planning and construction. "*They tried to choose people who had a little more knowledge in different fields. Since I had been involved with the opening of the first preschool, they asked me to be the person who would bring some expertise and do the research in that field.*" Although each of the committee members has specific areas of responsibility, joint responsibility for envisioning what the purpose of the Centre would be and how it would be accomplished has fostered a sense of interdependent ownership and control and has created a holistic task structure. This, along with rather broad task definition has fostered considerable entrepreneurship in bringing the project to fruition.

Uncertainty abounds in this project as the undertaking is something entirely new to the participants and the outcome of efforts has been quite unpredictable. "*So, you're sitting on a Board and there's stress as to 'Are we making the right decisions right now?'; Some of our problems came through the way we went about the project because we're not pros in that; It's such a mega project. I wasn't sure if we were going to realize it or not.*" Moreover, each of the various difficulties encountered required a unique solution. For example, "*We did hire one person for one year that was very well read on lobbying and who knew how to get money to build that type of infrastructure...; when we only had $3.3 million to work with (when $5 million was required) ... we solved that by getting a project manager...*" Generally, the tasks have provided numerous opportunities for 'learning by doing'. Indeed, being an autonomous

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[5] During the past 12 months, La Picasse's task has been nonoperational in nature as the organization has been engaged in pre-start-up activities.

community-based organisation, La Picasse's committee has had substantial flexibility and freedom to experiment. For example, while it was originally launched as a socio-cultural project, the committee responded to changing circumstances by adding an economic development component to its mandate. The high levels of learning reported by those interviewed are indicative of experimental freedom exercised in ensuring the project moved forward. Generally, evidence suggests that the uncertainty, flexibility and freedom to experiment has fostered entrepreneurship.

The prestart-up or developmental stage has a very short-term focus which, upon completion, will form the foundation for accomplishing long-term strategic ends. In bringing this project to fruition, the committee considers itself accountable to the Francophone community in Richmond County of which 85% reside in Isle Madame. Revenue generation has been a key emphasis in two respects. Firstly, the committee needed to raise the money required to finance the capital costs of the project. Secondly, in determining how La Picasse's ongoing operations would be financed, the capacity of the centre to be financially self-sustaining was a major consideration when determining the type and balance of activity which would be targeted for integration into the Centre. "*You have to sell it first, then get financial support - moral first, financial after.*" Indeed the amount of entrepreneurship required by revenue generating activities can only be fully appreciated by considering the context within which the task was undertaken: "*The community put a lot of money in - $205,000 - which is a lot of money for a community in crisis.*"

The tasks involved in bringing La Picasse to fruition are extremely meaningful to the committee as a whole and its individual members who tend to view them holistically: "*We said, 'We need an infrastructure of which we can identify ourselves as Acadians... So we started with the cultural aspects and we expanded into the economic and educational aspects when we realized that's what we needed; I'm a very culturally motivated person. I guess a lot of people would say I'm a big Acadian. I really want to preserve my culture...*" Consequently, committee members have been extremely committed and involved, putting in countless hours to make the project a reality. Owing to the voluntary nature of the tasks, the main rewards of working on the project are intrinsic, particularly the sense of accomplishment and pride in what they have done as expressed by one committee member: "*It's gratifying to see that you're helping people... I'm so proud of it (La Picasse); I made new friends, I've learned a lot about lobbying and the way politics works.*" Generally, the nature of the task structure has been instrumental in fostering entrepreneurship.

Formal Organisational Arrangements: As the organisation is not yet operational, there are few formal organisational arrangements to either facilitate or constrain behaviour. With decision-making authority/ responsibility and accountability ultimately residing within the community, committee members perceived the task(s) involved in bringing the facility to fruition as highly relevant and exercised considerable entrepreneurship in performing them: "*Whatever I have to do, I do.*" To some extent, the organisation has been controlled by the formal mechanisms of accountability imposed by governmental funding sources: "*We send in reports, financial statements, whatever they want... They gave us so much money. Then we sent in a report. They send architects over and when it was 50% done, they came in to inspect the work... We were audited...*

the audit was clear. That caused some problems for us because the word audit is not something you hear. So people thought we must be doing something wrong or putting money in our pockets. So it did hinder our fundraising for a short time."

On an organisational level, decisions regarding La Picasse's activities are informed by committees which have been set up to deal with various issues and report back to the whole Board. "*We work on sub-committees like somebody works on the fundraising, somebody works on the preschool program, another would work on the policies and regulations... we have our own role...After we worked as a committee, we came back as a group and we worked together as a group and then we decided.*"

Individuals: The individuals involved in the implementation committee share a very high level of collective community identity, both as Acadians and as committee members: "*you have to be community-minded... I'm community-minded... I practice what I preach...; My philosophy is really 'if I can help one person, it's worth it'. With my type of work, I'm lucky. I get a salary... I see that my community, Isle Madame, is really in despair right now. I think it's one thing that could help... That's an integral part of me. I would not want anything to happen to the Acadian culture... Helping people is what motivated me to co-chair this.*" The strength of this identity is reflected in the time commitment individuals have made to the project: "*we were coming to a meeting every week... We had a meeting last night and it took two or three hours and then there's phone calls and trips to Halifax...*" In addition, they share very positive attitudes toward 'learning by doing': "*I learned an awful lot; I gained experience... I've learned a lot about the new technologies, economic development. I'm always learning.*"

The committee has demonstrated strategic vision for economies of action in a number of ways. For example, its operational plan integrates a range of governmental and community resources in effort to achieve the organisation's multifaceted aims: "*We always knew what had to be done. We just made sure things were done the right way. The Board of Directors is very strong - it has to be because of the timing - we're into construction and you need a strong Board and they are.*" Additionally, the Committee sees small business playing an important role in renewing Isle Madame's economy: *"What we're trying to do is to turn to small business to give them a head start to let them grow and do their own thing. With the Collège L'Acadie we have the educational training and they can do their own business plan. We can recruit and Collège L'Acadie can help us recruit. I think that's the only way we're going to survive - by small businesses and especially by exporting. And if we don't export we won't get any new money. We've got to export out of Canada. So manufacturing is something I think is very important.*" Indeed, the Board has also identified opportunities to develop links with France and Louisiana. For example, *"The people from France travel a lot now... They would be really open to coming here if we could get the right mix, the right information across. To bring them here, there has to be places for them to stay... The people from France - they like the community meals, the entertainment...*"

Essentially, the various formal and informal connections of committee members, particularly within the Francophone community, have made economies of action possible particularly in terms of financing the capital costs of the project: "*Without that*

I don't think we could have gotten over the hurdle by letter, etc... On the Board we had another member who had good political ties with the provincial government. With the two working together, it was an asset for us. Then we had a lot of other people who were working out of the Department of Education in Halifax who did a lot of lobbying for us too. All that helps..."

Although committee members had no direct experience with a project of this nature, they do have quite diversified backgrounds and extensive involvement in various community groups: "*I'm a trained teacher. I wasn't trained for administration and legal aspects...; I was the first president of the women's group. I started it. And I was involved provincially. I've been involved with the French Girl Guides. I was the coordinator of the French guiding movement. I've always been involved in community choirs, festivals. So it just flowed that I should get involved with it... I convinced the others it was possible...*". Collectively, the varied skills and abilities have been transferred to the project. Evidence indicates that the committee has highly developed team-building, decision-making and interpersonal skills which are known to broaden an individual's capacity to innovate.

The success the committee has had in acquiring resources and obtaining commitments from individuals and organisations to locate in the facility indicate that the individuals spearheading the project are trusted and perceived to be competent. Indeed, in bringing the project to fruition, committee members have dealt with multiple tasks and managed numerous interdependencies which required considerable entrepreneurship in integrating multiple stakeholders. Generally, the characteristics of the individuals involved in La Picasse appear to be quite supportive of entrepreneurship.

Informal Organisational Arrangements: Generally, the characteristics of this component are very much in keeping with those proposed to foster entrepreneurship. Committee members have displayed high levels of involvement and participation and a mutual understanding of the objectives, time scales and desired outcomes of activities. Furthermore, a high level of supportiveness, trust, and cooperation within the committee has contributed to a strong collective identity. What has resulted is a very strong belief in the group's capacity to succeed: "*We've had our ups and downs, but I think, all in all, we've succeeded and we're going to be successful in our endeavours; We've been pulling together to try and make it work. We have the vision that something good can come out of these things... It's got to be spearheaded by a group who believes in it and will put in the effort. The others - the masses - will support it, but indirectly...*"

It was not possible to fully examine the extent to which entrepreneurial norms are integrated within the committee as there was no opportunity to observe the members working collectively. However, evidence suggests that in the absence of such shared behavioral expectations, it would be highly unlikely that volunteer effort could have succeeded in bringing La Picasse to fruition.

Results: Since forming in 1992, the implementation committee has raised over $3.3 million dollars to finance the construction of La Picasse which is now 80% complete.

"*We started in April and we had to stop in October because of lack of funding. So in a year we were in the building and in a year and three months we'll be finished - from the start to the ending; I would say just getting this building up and on the go was a big accomplishment... We thought that La Picasse would be up and going now. It was supposed to be finished in September or October last year. With the delay, we were into a lot of politicking all year, which we didn't think we'd have to go through...*" Additionally, it has obtained firms commitments for all the space it has available.

An unanticipated outcome of the financial challenges has been a high level of publicity for the facility: "*We're known - I think all over the world now. We're definitely well known in the Acadian and French communities in Quebec... everywhere in Canada. We've been on the news about our financial difficulties. I think we're well publicized...*
"

Two major factors have been considered in concluding that the committee has been effective in achieving its aims. Firstly, successfully obtaining commitments from government normally requires an inordinate amount of time. Secondly, broadbased reductions in government spending has created a milieu whereby obtaining resources is more difficult than in the past as there are not as many programs to access and there is not as much money available. Within this context, the committee was highly effective in expediting and managing this complex process which involved persuading multiple levels and departments of government to make financial and locational commitments to the project.

Evidence suggests that the committee's effectiveness can be directly linked to the adoption of an entrepreneurial process of goal achievement. For example, when faced with a $1.7 million shortfall amidst diminishing returns from fundraising efforts, the committee saw an opportunity to make construction feasible by hiring a project manager. Indeed, rather than waiting until the required $5 million was in place, the committee actively pursued this option which was fairly risky considering that the money saved by using a project manager would not entirely eliminate the shortfall: "*We just stuck to it and tried to do the best we could.*" Currently, the committee is negotiating with government for the financing required to complete the project. While the outcome of these efforts is, as yet, unknown, it is highly unlikely that government would be willing to allow a project of this magnitude and this stage of development to remain incomplete.

ACTIVE LIVING CENTRE

Task Component: The Island Association for Community Awareness operates the Active Living Centre as a non-profit community centre which is aimed at fostering social development: "*If you get people out to do things, it makes them feel more self-esteem, more confident, more self-aware. If they do that, they do more; It's important to have employment but...If we don't keep them busy and active, it's going to be the downfall of the community...*" In offering a place "*where people could come, drop in, and would not have to pay a lot,*" the facility provides a fitness centre, tearoom,

recreational/social/cultural programs, office space, and facility rentals. "*One of our main goals is to become independent. We don't want to be on government grants... we do rent out more space than we thought we would originally;... to try to get revenue to pay off the mortgage, to be able to support the building and to be able to support at least a couple of staff members like a coordinator would be good, an instructor here or somebody in the tearoom that you could actually pay.*"

The Centre, having no full-time employees, is operated by a volunteer Board of Directors. The tasks undertaken have been broadly defined as the precise means for achieving the desired goal have not been specified. Community input has played a significant role in determining what programs and/or services the organisation would offer: "*we listen to what people want. People come in to the Tearoom or come in to the gym and say 'Hey, I would really like a driver's ed course or I would like tap dancing for the kids' and we try to do that. If somebody brings something to our attention, we try to do it.*" This suggests that the task structure has considerable flexibility and freedom to experiment which serves to foster entrepreneurship.

While the activities undertaken have a short time focus and are oriented to responding to the community's current social needs, they also are in keeping with the organisation's overall strategic intent. While this intent is purely social in nature, it can also be viewed as playing an intricate role in addressing the community's economic needs as low self-esteem has been identified as a barrier to Isle Madame's capacity for economic development. Indeed, in operating within this short-term time focus, the Association's members have increasingly developed an awareness of the role revenue-generating activities play in achieving independence: "*...on start-up we wanted to run a youth program but then when we got going, we realized that you need revenue to do those things; I think we were a little naive when we started. There were people on the Board who thought we could do it for a lot less cost than it actually is. They were talking about a lot of free fees and bartering... When it came down to the nitty gritty, it doesn't work like that. You do have to bring in money to pay for heat and the lights...; You're trying to do things that you're not charging too much money for but then on the other hand you say 'We have to pay for repairs, we pay for this, we have to pay for that... Money has to come from somewhere.' You're trying to balance it out; The constant reality is, you have to do so much to keep the place going. This building costs about $1,000 a month to run so we have to bring the money in somehow. We had to spend a lot of money last year upgrading the building because of rentals. We didn't realize that if you let people in, that it becomes a rental corridor and we had to put fire walls and fire doors in. We did it through volunteers. We got the supplies and volunteers came in and did the work.*"

Generally, the Association's tasks have involved a fair amount of uncertainty, because of the novelty of many of the programs/services. This has provided substantial opportunity for 'learning by doing': "*Still getting our feet wet....we're basically learning as we go along...We'll know that we should have had a preregistration for our other class because people backed out at the last minute; Our biggest mistake was... when we started off, we didn't realize how much funds you could actually access... So we went out and borrowed money to buy the building and we borrowed other money to do the renovations...we're still struggling to get rid of our debt... To do it over*

again, you would never have borrowed that money, you would have realized government funds were there."

In considering the nature of the organisation's activities, there is little indication that highly diverse skill, knowledge and ability is needed. In fact, it would appear that management skill is the main requirement as the actual delivery of programs, for the most part, is not directly handled by the organisation's membership. Yet, in considering how the activities are undertaken, diversity in skills and knowledge becomes more essential. Over the past year, responsibility for task accomplishment has increasingly become distributed among the Association's members than had previously been the case. "*When I first started here if there was a problem with anything, it was 'Call Barb'. She was so busy... we're starting to see a few more people involved that are able to take a little more of the extra responsibility so that everything doesn't fall to Barb; my job on the Board is to take care of the gym... another one will be in charge of organizing fundraisers... Cathy and Rose are in charge of the Tearoom... You don't have five or six people coming in telling somebody to do this or do that. One person tells them.*" By distributing responsibility, there is now more interdependent ownership and control of the tasks than was previously the case. In effect, both individually and organisationally, this instills a holistic task structure and serves as a stimulus to entrepreneurship "*...If we have a problem we try to resolve it amongst ourselves... it seemed like the gym wasn't getting its fair shake in the Board. Mind you, since I've gotten in the Board I know why....*"

Since the organisation's tasks are performed voluntarily, the rewards provided are intrinsic: "*You learn a lot... management - how to handle people; insight into what people are like. I think the best thing is that I get out into the community because I'm personable; This is the first Board I've served on so I never knew proper Board procedures as to new business, old business or what have you. It's a new experience in that sense.*"

Formal Organisational Arrangements: This process component, too, has undergone change within 1995. While the Board remains the principle mechanism for coordinating and controlling activities, it has distributed the responsibility for the Centre's various programs/ activities/ services by creating various sub-committees which has significantly decreased the opportunity for social loafing[6]. "*Each committee does their homework, presents it to the Board (which meets monthly), it's hashed out and then passed or tabled or whatever.*" This structure has encouraged considerable entrepreneurship as each sub-committee has the responsibility for certain broadly defined tasks and behaviour is unencumbered by excessive rules, regulations or controls. In handling the day to day operations of the Centre, any business relating to a particular area is dealt with by the Board member(s) who has been allocated its responsibility: "*For instance, the grant that we have now... the lady in charge of the tearoom... we have a worker in the tearoom... she's her boss and she supervises her.*

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[6] *Social loafing* is a term which refers to the reduction of individual effort which occurs when working on a group task for which members lack identifiable contributions (Williams, Harkins, and Latane, 1981).

If she has any problems, she goes to the person in the tearoom, not to me..." Since Board members are involved in both the development and implementation of programs/activities, considerable ownership of the specific areas of responsibility has been developing: "*Everybody on the Board has their own little job and not only the people on the Board. People who are members of the gym will go out and do fundraising or they'll organize something for us. That's the way it should be. If it's going to work, everybody in the community has to work at it.*"

The Board funds the operation of the Centre through rentals, grants, the tearoom and revenue from courses. "*We're trying to do fundraising to get some money in the system so that we can actually start doing some more things. It seems that whenever we get a little bit of revenue, something breaks down. The furnace went; I don't think we could do as much as we've done without those grants because the funding just isn't there for us. We don't have the means to hire someone to work in the kitchen or to work as a coordinator. If we didn't have those grants, they wouldn't be here. It would be strictly volunteer and we'd still be behind and not as organized as we are. You can only do so much volunteering and after that... you have a family, you have a life.*"

Generally, the initiation of a committee structure has had a positive impact on both entrepreneurship and organisational effectiveness as Board members have developed considerable ownership of the particular activities for which they have assumed responsibility for. Unencumbered by rules, policies and procedures, committee members have actively pursued the development of their specific areas. Yet, because the committee members also have organisational authority and responsibility, evidence indicates that the overall purpose of the Centre is not being undermined by an undue focus on specific areas of the Centre's operation.

Individuals: Evidence suggests that a preference for 'learning by doing' is a key characteristic which encourages entrepreneurship. Indeed, during 1995 almost an entirely new Board was created. According to those interviewed, new members have willingly taken on various responsibilities within the organisation despite a lack of knowledge or experience whereas previous Board members tended to let one individual shoulder the responsibilities: "*A lot of the Board members that were on last year just didn't have the time to come in... ; I think everybody depended on Barb because she was so good at it. It was easier to call Barb and get her to do it because she knew how to do everything and I think everybody depended on her; ...this Board, with the people that are on it now, has just been formed since October. Right now I think half of us are still trying to feel out each other... I guess we tend to want to work on our strong points. Sometimes you kind of need to bounce ideas off of someone else... Now that I've been here for a while... I don't have to run to Barb or whatever; We have new people on the Board this year with good ideas and that are willing to do a little bit of that extra work; I think the Board does a lot of work...a lot of us don't have the organisational skills... connections as to how to go about it so we're basically learning as we go along.*"

A collective community identity has begun to emerge which has helped in fostering entrepreneurship as members have been able to acquire new competencies by learning from each other and in the process have developed a greater confidence in their

abilities. This new Board has brought a number of new skills and abilities to the organisation which are beginning to be used in developing a synergistic strategic vision for economies of action. For example, one person has a financial background, another has small business experience, another has considerable fundraising expertise...

Generally, the Board's propensity is to rely on informal connections in accessing resources. Indeed, several examples were provided to illustrate how particular tasks were accomplished through the use of volunteers. However, without having interviewed all Board members, it is difficult to accurately assess the nature and scope of the Board's connections. Nevertheless, the capacity to attract volunteers would seem to indicate that the community believes the organisation has the ability and intention to produce valued results. "*I think the community has finally realized that we're just here because it's needed. We're not getting any handouts, we're volunteering, we're not taking anything home, we're not going to have a building when it's finished...*" Moreover, the increasing number of organisations utilizing the facility is a further indication that other stakeholders trust and respect the organisation's competence: "*It's been coming around. It's busier now...They've (at UI) come in here a few times doing seminars... Recreation has been good to us - if the classes are smaller they'll rent from us instead of going into the school or...; They (Learning Centre) called us last week and they wanted to know if we could give them more space for a night class... 'We just wanted to help you out'.*"

Since the organisation is volunteer in nature its members have a very informal work style which, generally, is conducive to entrepreneurial behaviour. In almost singlehandedly running the Centre, the Chair has demonstrated an ability to manage interdependencies and deal with multiple tasks. However, without interviewing all Board members, is difficult to assess the extent to which they too have this competency, particularly since they have only recently joined the organisation.

Because most of the individuals have only recently joined the organisation, only tentative conclusions can be drawn about how their interests, preferences, learning styles, skills, values and assumptions have impacted on entrepreneurship. Nonetheless, it would appear that the individual characteristics of the new Board are more in keeping with those proposed in the framework. Indeed, this new Board has been reported to be instrumental to the Centre's improved capacity for self-sufficiency.

Informal Organisational Arrangements: Two main factors inhibited analysis of this process component. Fundamentally, because the current Board has only been operating since October 1995, its culture has not fully congealed. Additionally, with access to a Board meeting being denied[7], there was limited opportunity to identify the elements of the informal organisational arrangements which have been emerged or substantiate those elements identified through the interviews.

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[7] The Chair indicated that Board members are just beginning to feel comfortable expressing themselves and thought an observer might be intimidating and possibly counterproductive to the meeting.

However, from the evidence provided, it appears that individuals have come to expect higher levels of involvement and participation from each other which have sparked increased entrepreneurship within the organisation. In terms of the principles by which the Board operates, the following insight provides some indication that they are supportive of entrepreneurship: "*I think it's the philosophy of the Board...We don't wait for grant money. We try to do it on our own through volunteers - like our tearoom right now is being run on a volunteer basis. That's the way it should be...I think we move a lot faster because we're not tied up in bureaucracy.*"

Generally, monitoring and evaluation tends to be done quite informally: "*I'm in and out all the time so I see what's going on... The majority of the Board is always involved in the activity so there's always somebody here to say 'This was a good idea or this was a really bad one'.*" The use of first-hand knowledge, participation levels, and community feedback to monitor results and judge effectiveness has fostered entrepreneurship as circumstances tend to be immediately responded to.

Results: Over 1995, the organisation has succeeded in making more programs available to the community and in increasing the community's involvement in the organisation, both in terms of using and running the facility: "*You can achieve more by working together than working on your own; You'll have people come in for lunch and if it's really busy, they'll get up and wash their own dishes or get their own coffee where you'll never see that somewhere else. They feel comfortable here and that's why TAGS said they would come here because when they come here people feel relaxed and it's not a dominating situation for them.*"

Additionally, by being responsive to the community's circumstances, the Centre has played a key role in enabling residents to access education and training opportunities which might otherwise be unattainable: "*Instead of everybody having to travel to Port Hawkesbury to get their GED, the Learning Centre looked for space in this area... There's 16 students. A lot of people in the area don't have the resources to travel to Port Hawkesbury every day.*"

By all accounts, sheer 'survival' was considered an accomplishment: "*We've stayed open. That was a big accomplishment. Trying to get the funding that we needed and trying to stay here without having to close because you tend to nip and tuck whenever you can.*" Ironically, while financial pressures posed a threat to the Centre's survival, they also created a recognition of the integral role that revenue generation plays in increasing the Centre's capacity to offer the desired programs/services/activities and to become more self-sufficient.

During the past 12 months, the process used by the Association has undergone changes which have resulted in a reconfiguration of the process components. Indeed, these components are individually and collectively more in keeping with those proposed to foster higher levels of entrepreneurship and therefore contain considerable congruence between them. Because the changes in process occurred toward the latter part of the year, it is difficult to determine the impact on results. However, the short-term nature of the Centre's activities suggests that these changes in process have had a positive impact on the Association's achievements.

DEVELOPMENT ISLE MADAME ASSOCIATION (DIMA)

Task Component: With the aim of achieving economic renewal, the tasks have been fairly broadly defined at both the individual and the organisational level. Organisationally, the tasks undertaken have three distinct and diversified orientations - in terms of time [immediate, short-term (one year or less) and long-term (more than one year)], in terms of goals (both economic and social) and in terms of impact (specific and broadbased). In terms of time orientation, some activities have had a very immediate time focus: "*to direct them (people) to different agencies and to provide information to them that we could access more easily than people in the fisheries could themselves for various reasons...*" others a short-term orientation: "*we had created a target of wanting to hire two young students who would come back to the community per year for the next five years*" and still others had a longer term focus: "*We look at things as far as building infrastructure that will create jobs for the long term - not just something that will come in and create enough jobs to qualify for UI (Unemployment Insurance) for 12 weeks and then you're gone. We look at building something that will create jobs, have spin-offs to create more jobs; DIMA is trying to develop an infrastructure for tourism...*" Although DIMA's time orientation is fairly diversified, its key emphasis has been on pursuing projects that will produce short-term results: "*...we're trying to stay focused on what our intentions were in the beginning and keep on reevaluating what we're doing to see if we're meeting our focus; I don't think we're ever said 'We want to have this done by 1995'. We just go and do it as fast as we can to make sure it happens.*" Such an approach ensures that the long-term strategic intent is not undermined by short-term efforts to create employment and generate revenue to sustain the organisation.

Economic goals are the organisation's top priority: "*The population demands to see success in the face of an economic crisis and success in the face of an economic crisis is always measured by job creation; The reason our top priority is jobs is because if you develop jobs, it gives people money to live with and then the social part of it kind of falls into place; So, economic activity and trying to create jobs was one area but also looking at the social impact was another focus; Developing an economic base in the community that's home grown, very grass roots so that the community feels they have ownership of what they build. We try to encourage entrepreneurship and small businesses that take our natural resources and our human resources and use them to the best of their ability. We're trying to look out for the social side as well.*" Indeed, social goals have been pursued as a means of achieving economic ends. For example, in identifying education levels on the Island as an impediment to economic development, efforts such as the creation of a Literacy Outreach position have been made to address this situation. In this respect, economic and social goals have been inextricably linked.

DIMA's main emphasis, in terms of impact, is on individuals who are unemployed, be they fisheries displaced individuals or others: "*Early in the game we were accused of placing too much attention on fisheries displaced persons. I think this came out of the training programmes of government. Government had some money for retraining of fisheries displaced persons through the TAGS programme. Therefore we were utilizing that to set up training programs. Very early in the game, someone caught that and*

came to us and said 'You know there are as many people outside the fisheries on Isle Madame who are unemployed because of the fisheries collapse as there are from within the fisheries'. And that's probably very close to accurate. So what we learned very early on was that we shouldn't identify any specific sectors be they age of population, sex of population or other demographics dealing with the population or whatever sector they were employed in. What we try to do now is keep a very open mind toward dealing with CED and we'll deal with it at whatever level; With all the different projects... I think they're tapping in to quite different people, different education levels. For some jobs the requirements are quite high. Like the last position that was open required marketing skills. Then, the one for the Coastal Mapping project...well you had to have education but not a high level...; now we're not only looking at TAGS people. We've extended it to all the community; If you're specific you can spend a lot of years banging your head against the wall and miss half a dozen other opportunities; I guess we haven't made a target like, we want to employ 10 people this year...We just want to employ people and I think we're working toward that objective." Indeed, a sole focus on a particular segment of the population can significantly limit the opportunities for economic activity which can be capitalised on. For example, launching a venture may require a variety of specialised skills and abilities while the skills and abilities needed for ongoing operations may be fairly easily acquired 'on the job'. On the other hand, some venture opportunities may require a diverse range of skills and abilities. In effect, ensuring ventures are not pursued solely on the basis of a narrow set of supply side considerations may actually increase the potential benefit to a specific segment of a community whose level of knowledge, skills and abilities does not match that needed to capitalize on market opportunities.

All together, diversified time, goal and impact orientations have fostered entrepreneurship in developing an effective response to the Island's circumstances. Because DIMA's creation was a community-based initiative, the organisation has complete decision-making freedom and control over what it does and how it does it. In defining job creation as its main task, DIMA identified what sectors had possibilities for development by using a community survey to follow up on the input provided during the GTA focus groups. Out of that, tourism - both ecotourism and cultural tourism - and underutilised marine species were two of the main possibilities highlighted. However, ideas for projects have come from the Board and the staff as well as from the community.

Inherently the task structure contains a great deal of *uncertainty* both at the organisational and individual level: "... *you don't really know where you're going to be in six months; there's always delays that you don't account for but we always try to do it as quickly as possible while making sure that it's well done; You know when you plan your day and then the phone rings and everything changes...*" In dealing with the uncertainty, the *novelty* of activities required considerable learning both at the organisational and individual level: "*It's a learning process; It's a learning experience; we were really green...; our Board is a young Board... They're really green about what we're even supposed to be doing so it's going to take them a year or so before they feel they can say 'Oh, no, wait now...*'"

Moreover, the organisation's task structure contains considerable *flexibility*: "*Our*

strategic plan was over five years and again that is based on the TAGS program lasting 5 years... Our long term goal was to train people over a five year period to be sustainable in the development of the Island. Recently, in the last three or four months, they came down with a directive from Ottawa that there will be no more long term training... It kind of changed our plans of what we can do for the TAGS people... it changes our plans so we have to work around that and still try to access money for training elsewhere...So we're faced with all kinds of different things that happened."

Task interdependence, for the most part, is largely intraorganisational: "*The ball has always been carried by DIMA and it's always been pushed forward by DIMA and it is 'til the end. It either succeeds or it fails; Every project that we've got off the ground in the past twelve months has pretty well been something we started on our own; Just Social Services, the Government agencies... no community groups. I don't think we've ever affiliated ourselves with anybody else.*" Within the organisation, there is both interdependent and independent ownership and control of activities. While jobs are performed, for the most part, through independent effort, there is a general sense of *interdependent ownership and control* of the organisation's activities: "*We pretty well throw everything out on the table. I don't think anybody makes unilateral decisions; Every time you achieve something, everybody shares in the achievement. It's something that I think is never talked about but it's there.*"

High levels of organisational task control and a readiness to tolerate failure have encouraged considerable experimentation: "*Some of them (projects) took off and some of them didn't; I mean of course you're going to try projects that are going to fly. You're going to try projects that are going to fail. But if you don't try and don't try to get it done as soon as you can...*" Indeed, at the individual level, freedom to try new things has encouraged considerable entrepreneurship in job performance. For example, the literacy outreach worker was faced with the challenge of finding an appropriate way to approach people owing to the sensitivity of the issue of literacy. Left to her own devices, a very innovative way of handling the situation was discovered: "*I do a lot of my work at the laundromat, believe it or not... I must have met about 10 people at the laundromat and every time I go we end up alone.*" In providing staff with individual freedom to decide how and when their work will be done ("*my hours can be as flexible as I want. I could be here at 8:00 one morning; the next morning it could be 9:00; the next night I could work 'til 6:00 and the next night I could work three hours at night so...*") considerable personal ownership and commitment to projects/activities has developed. For example, when funding for one particular project had ended, the individual who had spearheaded the project continued it on a volunteer basis: "*I don't know if we could pry it out of his hand even if we wanted to.*" All together, individual responsibility for projects/tasks has helped create a holistic set of tasks which has encouraged entrepreneurship in trying different things and has developed both an individual and an organisational capacity to deal with uncertainty.

Since starting as an IAS committee, 35 different projects have been undertaken by the organisation which have required *highly diverse knowledge, skills and abilities.* The organisation has met these requirements by actively seeking out the contributions of people with the required expertise. This, in turn, has increased the organisation's capacity for problem-solving and response to uncertainty. For example, during one of

the Board meetings, a staff member was reporting on one of the projects and indicated that the event would be impossible to undertake without the expertise provided by a member of the community as staff did not possess the knowledge or experience required. Within DIMA, the expertise of Board members is frequently utilised in pursuing projects and observation indicates that Board meetings provide a strategic forum for exploring and discovering resource options. Additionally, because staff tend to be involved in several projects, the range of skills they have is constantly being developed. "*It's that kind of job. There's always different things coming up; It's hard to teach people how to do that. It's a learning process. People are scared to go near it. It's only a few of us that will tackle it and do it.*"

Generally, the high level of *intrinsic reward* provided by the tasks has had a very positive influence on entrepreneurship: "*It's a nice feeling to know that you can get somebody into a program and you can help them with their education;... the satisfaction in knowing that you might make a difference. The satisfaction in doing a job and getting it done; My reward is the satisfaction of at least having movement. Something is happening for people. The fact that some person comes in and says 'I got a job' or 'I've got this training, I love it. I'm glad to be here.' That's my reward... I love doing this and my reward is, not the money I make every week, it's that the people that I work for get results and they do get results.*"

Formal Organisational Arrangements: Although DIMA is in the process of developing two Island based joint initiatives, there are no formal mechanisms in place to link with other community-based organisations on the Island. However, it was reported that attempts to do so had been undertaken in the past: "*They're more socially oriented organisations... They were never out there attempting to develop the area economically or create jobs. They don't see themselves doing that. What I'm saying is they do it indirectly and they have a role to play. That's why we're trying to encourage them to sit on DIMA's Board. We didn't have much success; Apart from that (La Picasse) you have not too many other organisations who want to actively do development work. You have a number of organisations who do wonderful social development...*"

The lack of policy or procedures has been highly conducive to encouraging entrepreneurship: "*We really have no set policies or procedures because we're not a normal business. I can see us having a purpose in doing it, but it still takes a lot of time to do that. I guess we felt things have been running smoothly enough so that we haven't had to do that.*" In the absence of constraints upon action, considerable initiative in responding to the community's needs has been taken at both the organisational and the individual level as reflected in the number of projects which have been undertaken since organisational inception.

Essentially, the Board is the organisation's main element of formal organisational arrangements used in coordinating and controlling activities. The Board's key responsibilities are to select, prioritize and evaluate projects as well as to deal with the issue of organisational sustainability. Four questions are used in selecting projects: Firstly, is it viable? Secondly, can funding be accessed for it? Thirdly, will it create jobs? Fourthly, will it benefit the community by making it a better place to live?

(There is a shared understanding that a venture which makes the community a better place to live is one which is clean, that doesn't negatively affect the environment, and that doesn't change the community's way of life.) Prioritizing projects on the basis of perceived community impact has provided a basis for decision-making when objectives conflict. This was exemplified at one of the Board meetings attended when a decision had to be made as to whether an alternate course of action would be taken to realize a project. In the end, the decision not to proceed with it was made on the basis of its perceived detriment to the community, even though this meant the likelihood of having to abandon a project which otherwise was financially feasible and employment generating.

The other element of structure used in coordinating and controlling activities is the weekly staff meetings. Generally these meetings facilitate entrepreneurship as they provide a forum for exchanging information and ideas. "*You more or less say what you're working on, what you've done for the week. It doesn't have to be detailed - just say what you've done and what you were working on mostly or if you have any problems. I find the meetings are good for information. Then you can tell where you're at on a certain projects - if you had things to do that you didn't get done because of something that happened; I might bring that to a staff meeting. I'll throw that out to the staff and say 'What do you think about this? Do you have any ideas, comments or questions? Do you think it's something we could work with?' Then people talk about their different opinions - why it should work and why it shouldn't and then you talk about it. If it sounds like the group is in favour and it's something that's worthwhile, doable and can be done in a short period of time and create results, then we bring it to the Board...* " In bringing diverse skills, abilities and knowledge to bear on tasks it provides an opportunity for individuals to learn from each other and facilitates entrepreneurship in ensuring that organisational, not individual tasks are the key focus.

Undoubtedly, the fact that the impetus for DIMA's inception was community driven played a major role in ensuring that decision making authority and responsibility is organisationally based: "*we had a good cross-section when we first started in the community. We've lost a lot of players since then. Decisions were made more by consensus than anything else. We had very few votes on issues. It was based on the objectives that we had. We'd look at projects and have a go at them around the table. If we felt these projects were worthwhile pursuing, then we'd give our employees a mandate to go in and research those ideas...; So we have to prioritise the projects we want to work on and we do that as a Board and as a group.*" Both the staff and the Board see themselves as being accountable to the community through the Board. "*We're accountable in one sense to the community but in another sense the community doesn't really know enough about DIMA so I think the accountability is amongst ourselves...; The public. The Board of Directors which is made up of the community of Isle Madame." In organisationally determining activities, entrepreneurship is encouraged as the means by which the community's needs are being responded to are perceived to justify the end.*"

Minimal structure and procedure combined with accountability, authority and responsibility for action which is entirely community-based, have been instrumental in encouraging entrepreneurship as the tasks/activities are considered meaningful and there

are no impediments to pursuing them.

Individuals: The pursuit of 35 projects since inception, indicates that the organisation and its members are very action oriented suggesting a preference for learning by actually doing things: "*Learning every day; I probably learned more in the last two years than I have in my whole life, and more than I probably ever could in school because I'm applying it now. It's trial and error method so it's a little sloppy sometimes but you learn that way... I learn every day.*"

While most of the individuals who became involved in the organisation had little experience in economic development, collectively they possessed many transferable skills and abilities which have increased the organisation's capacity to innovate: "*If you look at the members of the organisation, we were all pretty green about this type of work; I guess they used me to write reports and to seek funding from different agencies for small projects. So in terms of being a writer and a beggar...; I think the reason I was chosen was that I'm very flexible, I think they thought I was personable and a person who didn't carry any luggage with them... I took it seriously; I kind of fit into the mandate and because the job was going to mean a lot of week-end and evening work... organizing from scratch... they knew what I was doing all along; I had quite a bit of experience in volunteer work and I had worked in different places... Myself, I was always a hard worker and I don't mind staying after hours; We didn't stumble across the money. We worked very hard to get it; Any of our accomplishments haven't come easy. We've really worked for them... we still have a sense of pride about that; I knew people's background, I knew their needs, I knew their expectations, I had been involved in the IAS process since 1992 and knew what strategic planning was, what the goals were and objectives were and again, some of my training through the union dealing with people. Also my involvement in the community as a volunteer in different organisations.*"

The collective community identity among the Board and the staff has been a major stimulus to entrepreneurship: "*We have gone to the bank and borrowed. People like myself... have gone and signed their property - their personal assets - up to $55,000 at a time of their personal assets so that we could guarantee loans to get projects up and running; Usually, I try to tell people that if they're in trouble, my line is open 24 hours a day. If they need me and it's urgent and it's really bad that they need something, I have no problems; People get into it and they do whatever they can. If there's funding, there is. If there isn't, if they're still able they still keep on doing it.*" Additionally, the synergistic strategic vision for economies of action among some of DIMA's members has stimulated considerable entrepreneurship and has enhanced the capacity of other group members to actively consider how various resources can be effectively integrated to accomplish a task. For example, in attending Board meetings it was observed that members actively respond to specific project challenges or opportunities. The Chair was particularly adept at framing the issues, their implications and getting the group to reach closure on them. On occasion, the discussion of one issue would spark ideas for synergy on other projects or activities. Because staff attend Board meetings, not only is their individual capacity for envisioning economies of action enhanced, they also have an opportunity develop a more strategic and holistic view of the organisation's activities/projects.

Owing to the novelty and variety of the work, DIMA's network is very dynamic and highly diversified. Indeed, making timely and appropriate contacts to gain access to resources was not reported to be a problem. Frequently, the collective contacts already developed within the organisation provided the initial basis for accessing required resources indicating that the scope of connections within the organisation is quite broad. Besides being effective 'boundary spanners', staff are also adept at managing interdependencies and dealing with multiple tasks: "*When I go away to meetings, workshops I'm there as a Liaison Officer to get information. I'm also there to speak on the client's behalf because I am a TAGS client myself so I can speak on where they're coming from, where they're going, what their needs are, what's acceptable, what's not; I always have to change my focus and direction while maintaining in the back of my mind what needs to be done for this area and these people and try to skate around what needs to be done to acquire what I want for these people... not only what I want but what they want...; Right now we're sharing a lot of the work. I know with some of my work, sometimes you have to put it on hold and say 'This is a top priority. I've got to work on this today'.*" This suggests that a broad, diversified set of connections, coupled with a capacity to effectively perform tasks which require contributions from other stakeholders is highly conducive to entrepreneurship.

Within DIMA, high levels of mutual trust and respect are evident among both staff and the Board: "*Singularly the guy devoted himself...Alvin could have had work the minute he stepped out of the fish plant. He's good at a number of things...; Karen Malcolm... we've certainly got a lot of mileage from her. She's been knocking on doors, bringing in proposals, getting a lot of work done; John Boudreau is very much a leader; I bounce a lot of ideas off John Boudreau because he knows so many people involved in various agencies... Silver Don Cameron is another one...; If we're frustrated about something or having a problem or things just aren't going right, you can call him (John Boudreau) and he can usually help.*" Additionally, this is some indication that this trust and respect of DIMA's members extend to the community*: "When you meet with people, sometimes they reveal things that they wouldn't reveal normally. Maybe it shows that they trust you.*"

All together, skills which include interpersonal and other transferrable skills, interests which are altruistic in nature, preferences for learning by doing, autonomy in tasks and roles, and values which include mutual trust and respect have fostered considerable entrepreneurship in DIMA.

Informal Organisational Arrangements: As indicated previously, there is considerable trust among members of DIMA which has led to high levels of supportiveness and cooperation, principles which promote the collaboration required for innovation. "*I guess they (staff) would expect support; they would expect you to be available; They expect direction, support, encouragement... If I'm working on a proposal and I need representation from DIMA, other members will show their support and I'll do the same thing...; we throw everything out on the table. I don't think anybody makes unilateral decisions. I think people do their own job but there's a lot of respect around the table. People are pretty comfortable exposing their ideas and saying "What do you think?" and looking for input and direction from the rest of the group... people don't usually make decisions or do things on their own even though*

they're probably allowed to; We don't always agree on everything. I think we always get our view across and sometimes you might not agree but you have to make a decision... We try to share information; if Karen is doing something today and she can't make a meeting today or she can't do something, she calls on me and if I'm available, I'm gone. It's not a problem. If it's something you can't do, you don't have to worry about it, you can call somebody to help you out; It develops as it goes - a sense of team effort."

Not only are there high levels of trust, supportiveness and cooperation within the organisation, high levels of organisational involvement and participation were observed at the staff and Board meetings attended. Moreover, all those interviewed reported a strong commitment to and a mutual understanding of the organisation's aims and how they will be achieved. Furthermore, there was considerable evidence to suggest that voluntarism is highly valued by the organisation: "*Usually how it works is that people come in and work on a volunteer basis. They have a good idea. Then we get together and we talk about that idea, put some stuff around it and try to get some funding... Hopefully, there'll be a return on those things for people to get jobs or to generate revenue or whatever so that people can be self-sustaining; I look to see if this is the kind of person that would continue to work without pay. Will they be interested enough to sit on the Board at a later date? Do they have a genuine interest in their community and CED... What's happened in the past is that a lot of people that become a part of it were involved before they got a job and just the fact that they were involved, you know they are that type of person; They were only working for DIMA for a short period of time - 4-6 weeks but they were interested and they were sitting on the Board*" as well as among its members: "*I'm going to do whatever I can to help her without taking away from the work I have to do...In my spare time, in my time off, in my nights, week-ends, I'm still going to work to help Gloria help and sustain the organisation because we have to, to survive.*" Indeed, three out of the four staff interviewed reported being involved either with the IAS committee or DIMA on a volunteer basis before becoming a staff member.

While there was some evidence that staff's formal/informal business/social relationships tend to overlap, the sheer volume and diversity of these relationships make it impossible to conduct a detailed assessment of them: "*You learn to cultivate your contacts, treat them very well, send them a box of chocolates... When you need to know something, usually you go right in to your contact and you ask them specifically and off-the-record. They can usually answer your questions; I know people. So if I know people that are appropriate that would fit in that slot then I give them a call and say 'I have this and this...Are you interested?; It could be anybody. I'm not bashful; The different funding agencies; Along the years I've made a lot of contacts...; When you're doing a particular project, you start thinking of who may know something about this. It may lead to somebody else. You get on the telephone and you plug away until you find the person with the knowledge that you need; I guess it all depends on what you need. You just have to know who to call. I have a list of people and I just get on the phone if I need to know something and start poking around, researching... sometimes I'm not sure who the right person is but if I make one call I might get the right contact instead of making 3 or 4 calls.*" The active pursuit of information or other resources has become an expectation within the organisation and has led to the development of a diversified base of informal linkages both within and outside the community. This

was especially evident at Board meetings as the Chair routinely asked for current and/or potential sources of information on a range of issues. Indeed, the various relationships of Board members play a key role in facilitating entrepreneurship, particularly through information exchange. For example, several Board members serve on other Boards in the community which provides DIMA with an informal link to various other organisations. Indeed, both the Board and staff report actively seeking information from "*every source possible. We're scavengers...*"

Interview and observation indicate that DIMA has a very strong set of entrepreneurial behavioral expectations, many of which were underscored by previous discussion, including: operate informally; flexibility in decision-making and problem solving; ownership of the task and commitment to seeking it through; tolerance of risk, failure and mistakes without fear of punishment; development and use of strong informal linkages; communicate openly; ideas are valued; and challenge the status quo.

In addition, a number of other shared expectations have a pervasive influence on action: let the future vision guide your action while the community is your conscience: "*We're trying to stay focused on what our intentions were in the beginning and keep on reevaluating what we're doing to see if we're meeting our focus; I really feel that what we started off with, that's still our intention; I guess the biggest expectation that the Board has of staff is they're able to make sure that no one is offended and to make sure that everyone is considered. That's an expectation, normally, that if you were a corporation you wouldn't really put on your Board of Directors or on your staff as a matter of fact. You'd make business decisions based basically on sound business practices and never mind the social aspects;*" Distributive and dynamic leadership: "*It can't fall on one person or it can't fall on one Board member to keep things together... Like John Boudreau is very much a leader but when the time comes for him to move on, I would like to think that we still have a Board and staff that can move on without one person. That's very important because people burn out; I think that's important actually - keep on exchanging people so they don't get burned out. I think the organisation will change, not just the projects;*" development of entrepreneurial attitudes and skill are more important to success than formal educational qualifications: "*I don't have any degrees. I have some background in business and common sense is probably my biggest asset... optimistic, determination, realist at the same time; You need to be very flexible. You've got to know how to coordinate your time. You have to know when to move on an idea and when to leave it alone. You've got to be a people person. You've got to work with the other people - look at their ideas, you've got to take the best part of their idea and leave the rest without pissing somebody off by doing it; Organisational skills, business smarts - basic business knowledge, basic financial knowledge. It doesn't have to be a degree or anything, just common sense; the ability to be able to deal with government agencies and the confidence to not be intimidated by them... Just the self-confidence to know that you can do your job and make a difference and not be scared to tackle something. There's a first time for everything; I think you've got to be able to meet the public and talk to people... be sympathetic. Some people say 'You're so convincing that I've got to do it.... Good listening and counselling skills; I think you have to have communication skills, personal skills and a little bit of compassion. You also have to have a certain amount of education - to write and read, work on proposals and stuff like that.*"

Although the organisation has few formal arrangements for coordinating and controlling activities, several informal ways of doing so have developed. For example, networking is the primary means used in recruiting and selecting organisational members: "*We have good staff and everything... but a lot of that's been luck and hard work - rooting out the right people.*" In recruiting Board members: "*The future of the Island depends on getting more and more people involved and creating more leaders so by inviting people we picked up a good number - seven or eight members...; I really like the concept that at a second meeting you're a Board member. If you show enough interest to come back, we're not trying to close anybody out.*"

Several types of feedback are used in monitoring both organisational and individual performance: "*Every project that we have is monitored from this office hands-on; I guess we hear from the County, from the funding groups, from Phil MacDonald. We get some press coverage. I'm afraid the community always looks more for the negative than positive. If everything goes well, you tend not to hear anything. Most communities are like that. It's when something goes wrong that everything comes your way. So I guess when things are quiet and going well you can take that as a...; I've had a lot of comments from John - you've probably heard him a couple of times at the meetings.*"

In terms of evaluation, assessment is done very informally, if at all, with results and feedback being the main considerations in judging effectiveness: "*The Board evaluates it. Every Board meeting, as you've seen, is just a repetition of project presentations. If there's progress being made, we continue working on a project... when there's no progress being made, the Board is quick to say 'Let's move on to something else'; We have some evaluation three months and six months on every project... It was very informal... It depends... project by project; That's how we evaluate, I guess - by looking at what's happening; I would have to say be the achievements - if it creates jobs, the good for the community... and some projects that are revenue generating we would evaluate by the amount of revenue generated - whether it's worthwhile or... depending on the project; I think more than anything, we know when we've done a good job, even if nobody else knew it. Because there's a number of us at this point, we tend to get it (feedback) more from each other. 'Good job! We pulled it off!' We know how much time and effort it took to actually get it off whereas the Board members probably didn't realize that was a big deal and the community would know even less...; We evaluate amongst ourselves. We're not evaluating the person but more the project. Sometimes if this person isn't really all that capable somebody else might be asked to step in and help. None of us are terribly sensitive. We know where our weaknesses are and our strengths and we're more than capable of backing up and letting someone else take over; I get reviewed on my work. I guess I'm evaluated at Board meetings and on job reports; If they didn't like it (the report), they didn't say anything; It's not (evaluated) that I know of but I guess if I don't hear anything, it's a good sign; I know myself from the people I work with and what I hear from the people locally - that I'm doing a good job; The evaluation for me is when I look at the statistics - the participation rate that I have... that's enough evaluation.*" To some extent the organisation judges its performance on its capacity to access the financial resources it needs to survive and grow: "*I guess a lot is financial like some support from Social Services and those people...; We've received financial assistance from Community Services, HRDC; Basically, we did up our proposal stating that if these partners put in this amount of money, this will give us an opportunity to have a staff of three for a year including an event coordinator whose sole purpose will be to try to do the internal*

financing for the organisation. Basically what we said was we're not going to come back. They were very happy, probably, to get rid of us."

Generally, the informal arrangements which have developed within DIMA encourage entrepreneurship as commitment to the organisation's purpose, rather than rules and procedures, function as the main mechanism of coordination and control.

Results: The results reported by the organisation fall into three broad categories: employment development, particularly in regard to the fisheries displaced workers; infrastructure development; and organisational development. "*Not long after starting the process, we had 65% of the downturn population out doing something (as compared to the norm of 30%) - some form of meaningful activity and meaningful activity is productive. Inactivity is not productive...; We've had over 90 people in training - everything - upgrading, community college, College L'Acadie... there's some everywhere. There's even some in Dartmouth and Truro and Sydney (UCCB); Out of 350 people we have a 62% participation rate - people either in training or in Green Projects or as Senior Care project volunteers, people that have found either full time or part-time employment. We had 22 clients that went off on PWAP which is the Older Workers Adjustment programme... Presently we had 64 clients, that's 20% of the people, who had either found full time or part-time employment. We had 90 people in training which is 28% of the people (some long term, some short-term). We had six clients in the Coastal Resource Mapping Project and we have 20 clients in our Senior Care projects that are doing something on a regular basis.*"

In the last 12 months I guess we've seen things happening that were started two years ago...Like the Small Options Home - that's how long it takes for government to permit you to move ahead... you have to get a license, you have to buy property..." This project has created five full-time jobs while the Coastal Mapping Project, which is currently underway, is employing six TAGS clients. "*The people on it are really happy to be on it, doing really well and hope to move it along to a second phase and maybe a third phase; The people who are on the projects really feel good about being on the project... They see a possibility of jobs which is very encouraging for them. Senior Care Project - we have meetings on a regular basis and to see the expression on the faces of the people that do volunteer work is unbelievable - what they get out of it... Some people have talked about branching out from the program and going to different training.*" Additionally, DIMA has enabled several students to come back and work in the community by providing employment for them.

DIMA has also generated improvements though the creation of infrastructure: "*We have a cooperative venture with the Richmond Reading Council where we hired Donna Gallant for a year to do some literacy outreach... There's another one we've created with the community access group in establishing an internet access node here on the Island. We've got a home page on the Internet now and we're going to share it with them.*"

Organisationally, survival is considered an accomplishment as well as the recruitment of seven or eight new Board members: "*I think the fact that we're still existing in*

carrying out what we originally set out to do a couple of years ago is an accomplishment in itself; We've managed to sustain quite a bit of funding to pay for operations for a year...; the large number of people who have come out and said 'I want to participate in this process'. When we started the IAS committee there were only eight people from this community on the IAS committee... We've gone from having 5 people at one time who would show up regularly for meetings for now having 28 people on the DIMA group itself and having turnouts of anywhere from 15-20 on any given night; Over the past six months we've seen new people become very much more confident around the table and getting involved in other things with DIMA."

The results DIMA has achieved in 1995 have positively contributed to the organisation's long term goals. Indeed, some progress has been made in renewing the local economy and the strong participation rates suggest that cultural change may be occurring: "*We've changed the culture, we've changed the frame of mind of the people on Isle Madame to believing that there is no future in a resource based industry in coastal Nova Scotia; What I'm doing and what DIMA is doing is causing these people to be motivated to do this because that's what I do - I motivate people... something that has to be done in communities. Once the motivation is there, then you need the support to keep that motivation going 'til they're satisfied that what they're doing is fine, if they've got a job. Even if they don't have a job... being able to access different training, knowing they can do something different than they're used to. Then they see the world differently; We've created a milieux... we've seen some people go ahead and start small businesses; We can't claim credit for it all but I know for a fact that out of our first Good News Expo that we put on where we demonstrated local successes, that several other successes took off directly after that.*"

The projects undertaken by DIMA have been positively contributing to the development of an economic base which is created and 'owned' by the community. The results achieved suggest that the organisation has enjoyed considerable effectiveness in achieving what it set out to do. The fact that the process components have been congruently configured to stimulate the organisation and its members to exercise entrepreneurship suggests there is a relationship between entrepreneurship and economic development.

TELILE

Task Component: Broadly two distinct task streams have developed within Telile - community programming and video production - both of which have evolved to encourage considerable individual and organisational entrepreneurship. On a strategic level the Board seeks to "*serve the community by fostering the development of new enterprises and new jobs and basically new ways of making a living*". Believing that "*the community had to know who it was, had to know what its options might be, what type of jobs it might wish to create*" the Board saw the establishment of a community television station as the means for accomplishing this end: "*By showing people what their neighbours have done, they will think 'I can do it too'; I guess what we're trying to do through some of our programming is to show people who have operated, lived,*

supported themselves very well, made contributions... they see people in their community who are their neighbours which encourages people to try and go out and get different jobs." Fundamentally, the Board aspires to "*make this a learning culture and an entrepreneurial culture...The short term objectives are obviously to survive and to keep on doing community programming that satisfied our clients.*" However, during the company's quest for survival "*it has evolved into a video production company*" which has served to bifurcate the organisation and it's work to some extent. "*As you probably noticed at the Board meeting... the communication aspect of keeping the Island together is still our primary concern. What you noticed... is the fact that there are differing views as to how we achieve that and to what depth we go*". Essentially, while the staff support the Board's communication aim, their vision of its role in the company is quite different from that held by the Board.

Within the two task streams, job creation remains a top priority among both the Board and the staff: "*Job creation is what we're going after; it's one of the top priorities; ... hiring and having jobs in the area... doing community programming for people.*" Paradoxically, while job creation is one of the 'official' goals of the company, particularly among the Board, it also has almost led to its demise. "*There were two conflicting ideologies... We could have killed the organisation by overburdening it with what we felt were community issues... The thing that concerns the Board members is that we do create more and more jobs... That quickly came to a head because obviously, the finances were not there to support 10 people.*" The staff's perspective differs from the Board in that it sees business effectiveness as the means by which job creation will be achieved: "*I think our first priority is to operate as a well run business so we can set an example of something that works... That's our first job. Our second job is to develop as quickly and as well as we can so that we can offer more employment. But I don't think job creation should ever be the objective of any company; We quickly found out that you have to have financial targets and that you have to maintain those. Otherwise you're not viable.*" Included in the staff's perspective is a very personal dimension: "*So job creation was a major concern because we were volunteering today, knowing we'd have a job tomorrow.*" Fundamentally, as the ensuing analysis will show, it is this opportunity to meet personal needs through collective entrepreneurship which has been one of the driving forces behind the company survival and development.

Generally, Telile's tasks have been quite broadly defined. In fact, as a consequence of that, the Board generally does not feel the communication function is being performed as intended. "*I don't think we're performing the first function which is the only reason I got involved in the first place. I don't particularly care about being a video production company.*" Fundamentally, differing time and goal orientations of the two main stakeholders (Board and staff) has fueled some of the conflict which has emerged. Basically, the employees have a short-term focus which is aimed at achieving economic goals while the Board, in aiming to create an entrepreneurial and a learning culture, is essentially pursuing a social goal which is generally regarded to be longer-term in focus. During 1995, this tension was allayed somewhat by necessity. Basically, in order to survive as a company, a short-term focus on getting outcomes from action was required. "*I think what we've had to do is sit down and both groups compromise... It's evolved that it's meeting both needs right now - probably not as fast in the communication side as we want to see it and not as fast in the production side as they*

would want to see it. I think so far it's working well." At the individual level, broad task definition has generated high levels of individual involvement and opportunities for learning by doing: "*I suppose in a sense I have a lot of freedom. I'm sort of like my own boss in one sense. I think we all are; We're learning as we go; It's a learning process; When we started we didn't know what producers were, editors were technicians...I have to kind of train myself...; when I left school in '94 we were just starting the Simply program so I had to talk myself through it; I learned how to sell. I learned something about public speaking; I don't think a month goes by where you don't learn some very essential truths about what you're doing then... I learn something every day about interrelationships.*"

Both organisationally and individually, there is considerable task uncertainty. Organisationally, the fact that there were no standardized ways of dealing with challenges indicates considerable uncertainty: "*How you make the transition from a large course to a small group of employees? That I don't think we worked out very well. What the structure of the company should be, and in a sense, who should operate it and how it should be operated... We had kind of a notion that in some way it would be the people who worked there that would operate and run it. That turned out to be too ill-defined to really function. It took us some time before we finally settled on having a manager. And then there were personality conflicts... Sorting out the human relationships which are complex and dynamic, passionate and so forth... But in the end we would up with that little core group of people who have identified with the company and we would up with a fairly traditional management structure; A lot of it was personality and management style - very authoritarian - not allowed to do this, not allowed to do that... We surmounted major challenges. Nothing was allowed before; God knows where we'll be in a year's time or two year's time.*"

At the individual level, the novelty of the tasks and the unpredictability of their outcomes created high levels of uncertainty: "*I think it was the sense that I had to step out of the comfortable... because it wasn't comfortable sometimes....Everything I do is new and I'm still learning...; Everybody learned everything. We kind of all went into our little niches. We took to particular things. Most of our jobs now came out of that...as people were leaving, whoever could handle the slack would take it up. So that's how the jobs were kind of formed.*"

Both at the organisational and individual level, there are high levels of flexibility and freedom to experiment. Because accountability rests solely with the Board, there is no outside influence or interference in determining what the organisation will do and how it will do it: "*We kind of have to do things in a different way. This is what it started with but this is not the end. It's always going to change depending upon who's here or what the resources are and what we're able to do. It's always evolving; We're moving away from the kind of work you saw in Beyond the Crisis. That's saved for contract work because it's expensive to do; Mostly, I guess, they're developed by staff. If somebody has a particular interest in something they'll talk about it. It's usually discussed with a few people; We're flexible to do almost anything...We'll do whatever needs to be done.*" Individuals, having their own areas of responsibility, have very high levels of control over how they do their job which provides the flexibility and encouragement to try new things. "*...sometimes I'm in the office, sometimes I'm*

working on the Bingo, I do some of the advertising campaigns... I have to come up with new ideas... sometimes I have to do camera work, I do sound work, I do interviews on camera; I guess there's no typical day; Yesterday we went to Eskazoni and we held a planning session. Today, if I wasn't doing this, I'd be calling sponsors and checking up on them and faxing them information... For weeks we were also doing community programming... I did camera work for the first time... just before December... I do the promotional stuff... I log tapes... Any kind of letters, any links with the outside world, I usually do them; There's always something different and I like doing different things; I like the challenge of starting something new and getting the maximum out of me in that field." Enhancing people's flexibility and freedom to experiment is the manager's general tolerance for failure: "*He might say 'Well, I tried that once and it didn't work for me. You try it and see...; As far as Tony's style of management... he empowers us. We can make our own decisions and we just run it by him and usually he trusts what... he pretty well knows what we're going to do anyway but... ; So for 50 years I worked or managed people and I haven't found a better recipe than a self-starter.*"

Generally, the services provided by Telile require quite diverse skill, knowledge and ability requirements as there is a need for producers, editors, technicians, writers... Such diversity has been shown to increase capacity for problem-solving and coping with uncertainty. Paradoxically, the employees at Telile are both specialists and generalists. On the one hand they each have their own area of responsibility which requires considerable technical expertise. However, on the other hand, because they have all completed the video production training course, they are all capable of doing each other's job and frequently are called on to do so. Consequently, within the organisation, a very strong sense of interdependent ownership and control has developed whereby the organisation's tasks are perceived very holistically: "*I guess I'm one of the cogs in the wheel. I'm just as important as everybody else but I don't think I'm more important than everybody else...I still need the other people to do the other things to make it all work; I do just about everything. I think everything that I do is important because I wouldn't do any of if... Everything I do, I have to do so I think it's all important; The book work - it's very important to let us know where we are and where we should have been...; All of the jobs I do are important... That's important to the well-being of the business because that pays our...; I do everything pretty well; In this context, my job is to do that particular segment of work that I've assigned for myself. Managing is maybe 15% of my week; I guess the editing is my favourite because you feel like you build something from nothing. It's to put everything together and see it come out and it works at the end. It's great.*"

The freedom, variety and individual involvement employees now experience in doing their work has created high levels of satisfaction, which in essence means the jobs are very intrinsically rewarding: "*I love what I do... I do everything and I enjoy it; I really like this kind of work; It's so satisfying to have people to share your work and sort of share the effort to get there. I enjoy that; I enjoy everything about my job.*" In its entirely, the task structure is highly conducive to entrepreneurship.

Formal Organisational Arrangements: During 1995, Telile had not initiated any formal mechanisms linking the organisation with others in addressing problems or

opportunities. In the past, a joint venture had been attempted but with "disastrous" results. One of the reasons offered for its failure was the absence of a common goal - Telile sought job creation while the other organisation was mainly concerned with human resource development. However, membership in an area Chamber of Commerce and a regional Technology Advisory Group, did serve an information sharing function.

Accountability is generally perceived to reside at the Board level: "*It's easy to say the community but what does that mean? I think it's accountable to the Board and I think the Board has been, thus far, accountable to its own conscience to a very large extent... We came together and we tried to find people who were interested...There's no larger membership to which we report... There's certainly no large body of expertise that we can draw on for Board members or organisational members that know much about the business. The Board is essentially self-perpetuating. It has no real membership or accountability. I think you're generally accountable in terms of what you hear back from the community about programming. Even then, I'm not sure that that's necessarily tremendously helpful because I don't think that very many people on the Island understand what Telile is supposed to be in the first place; The organisation is accountable to the Board of Directors. What we've done is set up a Board of volunteers and we oversee the operation in terms of policy and in terms of direction.*"

As with many of the other community-based organisations, there are no written policies or procedures. "*It's such a small outfit here that I don't know if policy wouldn't spell more danger...*" Essentially, by keeping structure and procedure to a minimum, considerable entrepreneurship has been generated. Board meetings constitute the sole formal mechanism used for coordination and control. All staff prepare a written report on their activities for these monthly meetings and while they are welcome to attend, generally it is the manager and producer who do so: "*We usually make a report... and it all goes to the Board.*"

Because the organisation's formation was community-driven, all decisions are made locally without any outside influence, providing the Board with unlimited decision making freedom. "*The decisions are set by the Board. We respect and heed management's decisions but the direction and the course at which we go in that direction is set by the Board; Ultimately, it's hard to argue with people who have put money on the line...; I think now decisions are much more made by the staff and brought to the Board for ratification; The major decisions are made by the Board. For example, big buying decisions; If it represents a radical shift in what we've been doing, we'd go to the Board.*" In allocating authority and responsibility for day-to-day operations to the manager and the employees, considerable entrepreneurship has been fostered: "*Any project is discussed, planned and costed. Then I bring it to the Board. If they agree with that, I go back to the people with whom I worked initially and then I let them go. So there's the initial input of the employee, generally the creator of the concept. That person is invited to the Board meeting to make their own presentation if they want. I'd much rather have the person who developed the idea come and present it. I think they're more effective presenters of their ideas. I think the operation is very democratic in that way and I hope that is a stimulant to people who have these ideas.*" While everyone interviewed reported various ways in which they have exercised entrepreneurship over the past few months, they also indicated they weren't 'allowed'

to do so prior to the appointment of the current manager: "*If you had an idea, you had to beg to develop it.*" Given that entrepreneurship increased significantly when many of the formal methods of coordination and control were abandoned, this suggests that formal organisational arrangements are an impediment to entrepreneurship.

Individuals: While everyone involved with Telile identifies strongly with the community, there is no evidence that this is a major stimulus to entrepreneurship among employees. However, among the Board, community identity appears to have provided the motivation for exercising entrepreneurship to establish the organisation: "*Without talking religion too much, basically, it's the philosophy as a Christian to do whatever you can to help your fellow man. I've been involved in a lot of community things over the years. So this just seemed like a natural offshoot to try something else... I felt that the community had been very good to me... although I'd been doing it before, it's kind of repaying for all the graces they've put on me. I just felt obligated to do that.*" However, once the organisation became operational, this identity may in fact have discouraged entrepreneurship. Indeed, employees indicated that entrepreneurship was not 'allowed' prior to the change in management structure. Essentially, the viability of the venture was threatened by the desire to maintain employment levels. Fundamentally, with social goals taking precedence over economic ones, the organisation was placed at the brink of failure.

Several of the initiatives recently undertaken by staff indicate a synergistic strategic vision for economies of action. Indeed, in following through on this vision, all employees have demonstrated an ability to manage interdependencies and deal with multiple tasks as they all are engaged in a variety of activities which often require contributions from each other. This vision, together with positive attitudes toward learning by doing and a preference for an informal/free ranging work style have fostered considerable entrepreneurship. However, this vision was developed within staff's understanding of what the company should be doing and how it should be doing it which has meant that the results achieved were not necessarily aligned with the Board's goal orientation.

While the organisation had provided staff with the technical competencies needed to make the company a going concern, evidence suggests that it was staff's interpersonal, problem-solving and team-building skills which have enabled them, as a group, to generate innovation in overcoming the challenges the organisation faced: "*...you have to be creative. I think we all have to be creative; I have to be creative. I am persistent... I have an eye for photography; Secretarial, accounting background for doing book work and problem solving; I'd say openness to learn... You have to be a people person... I've always liked people; Communication skills, writing skills, listening skills, you have to like people.*" Indeed, while the Board was opposed to the staff's proposal to pursue the *Towns and Villages* contract, the manager was able to persuade the Board and others that it was a worthwhile project to pursue: "*For example, when I said we need a video production company and a video production project to bring money in the company, everybody on the Board disagreed. They told me we couldn't do that. Video production companies were dying off and couldn't create employment and couldn't create profits. I was confident that with the two main elements in hand to carry out the project - you need someone who can relate to the public and that can*

write... you needed someone who could handle the camera and come up with decent pictures...those two combined - you have a series." In essence this project exemplified how creative problem-solving was used in successfully turning the company around.

All organisational boundary spanners report having, using and developing diverse formal and informal contacts. Generally, because the work is non-routine, so too are the contacts. "*I call a lot of people. I'm not afraid to call people... get information from them... I go to such a wide range of things. I get information all over the place; Being a writer means I've met a lot of people. I'm used to asking questions and I don't mind asking. I'm not embarrassed by seeking out information and finding the people who can give it; I'm used to gathering information because I was a reporter. I don't have any problems gathering information. When we go into a community, usually I'll call one person there and say 'Who would you recommend?'; I have a big network of friends everywhere; I have an enormous number of contacts. I know people in the CRTC, communication companies in Canada and elsewhere; We have very resourceful people on our Board... I'd probably start there if I needed anything I couldn't find; One of the things I noted with interest is that a friend of mine in Halifax used to say there's nobody in the country that's more than three phone calls away... So, you find out with your three phone calls... Who is the expert on this subject in the country? That's $10 in phone calls to the expert saying 'What are the key things I need to know about this? What are the key documents that I need to read? Then you're there. Generally, they're very happy to share it.*"

The individuals themselves, have undoubted played a key role in the emergence of entrepreneurship within Telile. By exercising entrepreneurship, people both within and outside the organisation have begun to believe that Telile has the ability and intention to produce valued results which serves as a powerful reinforcement: "*The people are beginning to trust us and they're constantly calling because they know it's not for the bucks; We don't worry about someone else's work because we know they can do it.*"

Informal Organisational Arrangements:

Currently, coordination and control are almost entirely achieved through informal organisational arrangements. Among the mechanisms which have developed in fulfilling this role include a number of guiding principles which have been shown to be conducive to innovation, notably supportiveness, trust and cooperation: "*Basically we all kind of have our own little jobs and we all support each other's jobs...We kind of OK our own little projects; We all kind of naturally fell into the little holes we're into. If something needs to be done and nobody is taking it over or if it's something new that pops up, Tony usually assigns... He doesn't like anybody to do anything they're not enjoying. He doesn't feel he can accomplish anything that way. His way of thinking is 'If you enjoy what you're doing, you're going to do a better job at it; He respects the fact that these people know their areas. Most times they get support; Here they expect you to pitch in. If someone has another responsibility, that you'll pitch in and either do the phones or you might come in on Bingo night... They expect a certain level of knowledge - that you can come in and put a show on. We all take turns at the computer*

writing letters and all that. We do a lot on our own. We depend on each other for support or help. We can move from job to job which is different from the way it was before."

Contributing to the cooperative spirit within the organisation is the value placed on learning, commitment and hard work: "*I think if you're willing to learn and change. If you don't think your way is the only way but to try and always learn from somebody else. I don't think you necessarily have to be an expert; I'm not sure what qualifications I brought with me other than willingness to learn; I think if you push yourself a little bit to do things... you never know what you can do 'til you try it; I don't know when to stop. I always feel like I should do more and I want to do more.*"

Within Telile, evidence suggests that collective identity, while considerable, is mutually exclusive between the staff and the Board. For example, within the Board, this identity is expressed in the following comments: "*We have a shared sense of purpose, a shared vision, a willingness to take chances, put ourselves on the line....essentially we trust each other; None of us sitting on the Board have any financial gain to be made from this thing surviving or not surviving. So it's purely a question of feeling pride in something working that keeps us going; There's an understanding among the people that we all had to be happy with what we were doing. So, if our Board of Directors was sitting around this room discussing a course of action and you're really uncomfortable with it - you really think it's absolutely wrong - there develops a kind of an unwritten understanding that we just won't do it. Even if the rest of us think it's right, it's not worth rupturing our own unity to do that. By the same token, if somebody really passionately believes that we should do something, then Directors support that. It's interesting because on the one side it's a veto and on the other side it's support for the initiative that an individual wants to take.*"

Collective identity among the staff is of a somewhat different nature and exemplifies high levels of involvement and participation: "*I think it's just a sense of responsibility that I have to do this. When you have other people who are the same way, you don't mind doing it; we're convinced that what we're doing is a good thing... It's easy to sell something you believe in; It's not expected of you to be here when you're not paid but you're here anyway. Everybody comes in and volunteers their time... Everyone knows what everyone has to do... We spent time here that we're not paid for but we know it's all for the good of the company so we're here. We trust each other; people have put so much volunteer time in here. All summer there was no money to pay people because we had no contracts. Things went on as usual... People put all that work in without pay.*" Unquestionably, voluntarism is highly supported by the organisation.

Being members of various public and private organisations, Board members have developed a diversified set of relationships which provide opportunities to exercise entrepreneurship in accessing resources and developing economies of action: "*the people who are key figures on the Telile Board are also key figures on a lot of other organisations. We're very well informed as to what the other groups are doing because we're often sitting on those Boards.*" Additionally, because the organisation's activities are quite diverse, staff also have developed and utilised various types of relationships both within and outside the community: "*I guess it's networking... because we find out*

all kinds of things that helps us in other things... Every place we go we pick up information and we make contacts. Also people fax us all the time; I always work with somebody different outside the office; You hear it. It's such a small place that people will call."

Although there is no formal appraisal and reward system, this is not to say that the various positions within the company lack rewards. Indeed, evidence suggests that employee performance is directly rewarded on the basis of achieving valued results through collaborative effort. "*Right now we work three weeks and we're off one week so we're getting there - slowly but surely. The more income that comes in, the better it is and we'll get full-time employment eventually; it's nice to get paid.* " Furthermore, staff members have indicated that their jobs are intrinsically rewarding: "*Besides a regular paycheck?... I guess it gives me a feeling of accomplishment... I get it back from the community; I think it's nice to do something and when people appreciate what you're doing it makes you feel good. It's nice to work with people you like to work with and I like doing creative work so I really like the job; Knowing that I can do a good job and get things done that they want done... That makes me happy - knowing my work was done well; I do what I want to do, what I like to do; It's stimulating in that every day is different, every assignment is different so you're growing constantly.*"

Staff receive feedback on their performance from a variety of sources, particularly from each other and from the community. In the absence of formal mechanisms, feedback plays a major role in monitoring and evaluating the organisation's activities: "*From the community, from the manager and from the other people I work with. They'll usually say if they really like something; In this job you hear from everybody, bad and good and more positive than negative; From Tony and Donna I've always heard good responses... they've always said that I do a good job; If I do a good job I get feedback from Tony and Donna and the other girls I work with. Tony's very good for that. The Board is good for that and the community; It's very easy to monitor community TV. Most of the things we do are easily monitored. They're generally evaluated by the community; We get letters... or we get calls... We get a lot of calls from the local people saying 'I really liked that show. Can I see it again? So we get a lot of nice feedback; I don't think we evaluate. We work flat out and if it works we keep doing it. If it doesn't work, we have a meeting... We're too busy working to bother with evaluations. It's not that we don't evaluate...but we don't have to sit down and...the Board does it. We all make reports to the Board every month but we don't spend a lot of time evaluating because so far, everything that we're been doing has been working...; I think we all evaluate our own work; We recognize when people have successes and we applaud them at the time; I evaluate the work of people I work with on a regular basis... I'll tell them positive things. If I have negative things to say to someone I'll take the time to write it down somewhere and then throw away the paper... Then I'll say what I have to say.*"

Overall, the informal organisational arrangements which have developed within Telile have generated an integrated set of entrepreneurial behavioral norms which have been substantially indicated throughout the discussion heretofore.

Results: Fundamentally, providing its five employees with opportunities to learn and

practice entrepreneurship has enabled Telile to fulfil its short-term objectives - to survive and, to some extent, fulfil its role in terms of providing community programming that satisfies Island residents: "*I think we've achieved a lot - we're still surviving. That says a lot in itself. We're pleasantly surprised because we're really not sure... I mean when we first started this thing we were actually looking at one or two jobs. Then we were able to obtain 10 through the training programme...12 actually. Now we're back to five who are pretty well full time with a chance of expanding that; Right now we operate without debts which is really rare in these times; In September or October, I think even the Board thought it was finished and we weren't going to go on. The five of us got together and worked really hard and I think we got the ball rolling again; You know we almost shut down in July?... The Board wanted to maintain jobs but people had nothing to do...the wrong choice of objectives; I'd say in July or August, the Board expected Telile to fold. They came to a meeting with every intention that it would be game over... There wasn't a lot of hope... Once Tony took over I think things changed drastically because people felt they had a sense of direction which was different; I think the fact that we're surviving is raising people's heads. I think they're saying 'Well, obviously, they're doing something here.' So, I think we've gained credibility that way; we have managed to start something in a place where everything was falling apart. I don't think it was because we were there as much as because there was a consensus all the way that this had to work; I think our accomplishment is building a successful group in here because it was chaos before... I think it's building the moral in here, building a financial basis to operate from, and building some credibility in the community; ...the company has never been in such a sound financial state. The morale here has never been better. Everybody is happy at their jobs. The productivity has never been better; It's a whole different mindset we're finding that's exciting us... When you empower people, it's wonderful to see them grow and see them take on tasks that they thought only experts or outsiders could do. They've proved to themselves and to us that they can. I think that is going to form the basis for this thing going on whether it survives in one aspect or another. I think these people will ensure it does; I think it's also empowering these people who work there. They feel good about themselves and the job they're doing. They're learning, as individuals, how to work together. Obviously, that's a learning process as well.*"

In terms of community programming: "*We have very strong community programming in terms of covering the Island... People on the Island were absolutely thrilled because suddenly here were the faces of Isle Madame... what's on television is real... and in a certain sense it boosted self-esteem... I've had people come to me and cry about how nice it was to turn on the TV and see Petit de Grat or West Arichat; I think the community is happy.*" While staff and the Board share the opinion that the community programming is satisfying Island residents, this is not the type of community programming that the Board had envisioned. This highlights the issue of which stakeholder's goals are used as a basis for judging effectiveness. According to the employees and the community, the process has been effective in achieving its goals while according to the Board, the organisation has fallen short of what it had hoped to achieve. Indeed, receipt of the 1995 Royal Bank of Canada Economic Development plaque, would indicate that at least on other stakeholder considered Telile to be effective.

Generally, the Board feels it has fallen short of its aims in two key respects: Firstly,

because Cable TV is not yet available on the whole Island, Telile cannot serve as a formal communication vehicle which links the Island. *"We'd like to have the whole Island linked; I think one of the big objectives of the company would be to try to inform the general population. We're not reaching that objective very well because our system doesn't serve the Island entirely."* In seeking to address this issue, the possibility of establishing a UHF signal was being explored. However, in the meantime, work had finally begun in March of 1996 to lay the remaining cable. Secondly, the Board feels the company has not provided the type of community programming which it envisioned - that which would encourage the community to consider new ways of making a living by featuring the Island's small business success stories. Upon reflection, the Board sees that Telile itself serves as a role model "*...by showing people in the community that we can keep a business running, we can keep it healthy in these times, with five employees... that's a positive image.*"

Although video production was never a Board priority, nonetheless, it has played an integral role in contributing to the short-term survival of the company while also developing a foundation upon which the company can grow: "*Just the projects alone...all the projects are basically accomplishments... Our videos have gone all across Canada. Meeting the Challenge... was shown in caucus... I know just finishing a video is a big deal around here; It's a very high quality and it really promotes the area well. You can see the aspects of the sea and the aspects of life that go on here; The start on the series (Towns and Villages). We're now known around Cape Breton Island. We've developed contacts...*"

In analyzing the process in relation to results, there is strong support to indicate that the results achieved are directly attributable to entrepreneurship as prior to changes being made to two key process components - the task and formal organisational arrangements - there was no evidence of entrepreneurship and the company was on the brink of failure. Indeed, as the process exists now, its components are very congruently configured to encourage entrepreneurship which appears to be the main reason why the company's viability is steadily increasing.

STRAIT-HIGHLANDS REGIONAL DEVELOPMENT AGENCY

Task Component: 1995 has been a very atypical year owing to circumstances affecting both the aims and activities of the Regional Development Agency (RDA). Firstly, the organisation's geographic service area expanded with the addition of Victoria County. While Isle Madame is within the RDA's service area, it represents a very small part of the total geographic area covered by the agency. Secondly, an abnormal level of staff turnover occurred which constrained activity levels. "*The large geographic area... sometimes the Counties feel that they're not getting the participation that they should. I guess part of the problem there has been because of the short staff we've had. We've been going through kind of a rough time with staff and not having full-time employees. We've had to stretch 2 or 3 people over three quarters of Cape Breton Island and Mulgrave. So it has been hard for Development Officers to be out in the field and the community so that has certainly caused a problem...*" Thirdly, the organisation

refocused its primary function after engaging in strategic planning. In response to community input, regional strategic planning has succeeded business counselling as the agency's main mandate. This new function is understood to involve helping the communities in the region with planning and organizing activities such as facilitating group efforts, identifying opportunities or project development work.

"*We're starting to shift our goals to individual community participation and help; Getting out there and identifying the needs and concerns of the communities and getting the people within the communities organized; We still work with a lot of the major industries and potential industries... but it isn't our number one priority; We see ourselves as a community economic development group...If a group comes to us with specific proposals we'll assist them. There's other things in terms of opportunity identification... What we try to do is work with existing groups on projects they see as important to the community...What we find with a lot of groups and organisations, they don't really know how to go about developing a business plan, resourcing funds, the contact people that they should see for information...; I think jobs are certainly the ultimate target for anybody that's in the development business. To be honest, some part of our mandate has to do with direct job creation - that's opportunity identification, project development. But when you look at other things... counselling... there's certainly an aspect of job creation, job maintenance there but this strategic planning and community development - organizing and facilitating - which is probably going to be about 50% of what we do... I don't think you can measure jobs out of those things...; Job creation has been one of the big pushes for the municipalities because of the economy and what not.*"

At both the individual and organisational level, there is fairly broad task definition as the way in which the organisation's aims will be achieved has not been precisely defined. The task structure is characterized by high levels of uncertainty as activities are new and their outcome unpredictable. Indeed, numerous opportunities for learning by doing have been provided. "*Certainly I've been exposed to a lot more of the business plan developments and that type of thing and how government works and how things are done in government, how the development agencies work on things. I've certainly been exposed to a lot of things like that.*"

While the above factors, typically, encourage entrepreneurship, their impact on behaviour has been mitigated by other elements of the task structure. Generally, the reactive and indirect nature of the tasks discourage entrepreneurship: "*Well, we don't like to invite ourselves in anywhere but lots of times what happens is a group will approach us... Some groups may only need a little lobbying help. Others may need us to do a complete project proposal. So it depends on the type of project and the abilities of the other organisations; I don't feel the RDA's have the right or the mandate to tell individual communities what they should be doing or what they need. Nobody knows better than the community itself what they need and what they're capable of achieving.*" Irrespective of whether the RDA is engaged in counselling or in helping communities with their economic development activities, tasks tend to require competencies in two key areas: technical business skills - business plan analysis, business planning, reading financial statements - and interpersonal skills. However, since the initiative for activities is externally derived and since the RDA's contribution does not produce

direct tangible results, the organisation's activities generally lack a holistic task structure. Moreover, the organisation's long-term time orientation makes it difficult to see how activities meaningfully benefit communities: "*I really feel development is a long term business and if you try to measure it in short-term job creation what ends up happening is you take short-term actions which may not be to the best benefit of the communities involved.*" All together these factors tend to discourage entrepreneurship.

Essentially, the tasks lack an action orientation as they are heavily oriented toward planning. "*I see us being very much of an organizing and planning group which people may not want to see. I know people want to see more of a hands-on 'take charge of this' kind of group. I see us where we'll get too mired up in particular projects and that's all we'll be doing rather than just sort of seeing a problem that we can deal with and once that problem is dealt with, we can get out.*" Consequently, a sense of ownership and control of activities has not developed among staff as other individuals (when performing the counselling function) or groups (when performing the community development function) are the principle 'actors'. Moreover, because the agency covers such a broad geographic area, needs are quite diverse creating little basis for developing a common purpose among the organisation's Board. "*It's very difficult to reconcile the regional and the local goals and objectives sometimes.*" While broad task definition provides substantial flexibility and freedom to experiment, the nature of the RDA's activity inhibits capitalising on these elements of the task structure to stimulate entrepreneurship. The one major exception to this has been the collaborative effort undertaken with ECBC, the province, FBDC, Stora and Louisiana Pacific in hosting a regional trade show.

Finally, while the work is reported to have some intrinsic reward, generally, it provides few opportunities to instill a sense of accomplishment and pride in what has been undertaken: "*It's one of the things I wanted to do when I finished school. It's a very interesting job in a lot of respects.*" Without the opportunity to achieve tangible milestones, it is far more difficult to effectively cope with the uncertainty surrounding long-term goal attainment. "*What would have happened here if there had been no development agencies here for the last 20-25 years? Would we have been better off or worse off? I'm not convinced anybody knows the answer.*"

Formal Organisational Arrangements: There are some formal mechanisms which link the RDA to other organisations: "*Our staff sit on a couple of the Boards, DIMA being one... We have a committee between Canso and Richmond County doing a ferry study where we're looking at, hopefully, developing a ferry to go from Canso to Isle Madame back and forth... We have MALCOM meetings - Multi-Agency Liaison Committee Meetings... the province is encouraging it because we get together and hash out problems or whatever else.*" While such mechanisms may increase information sharing, there is little evidence indicating these mechanisms have helped to foster interorganisational entrepreneurship in directly addressing the needs of the community.

The organisation has no written policies, procedures or rules, although it does have a set of by-laws. At the time of the interview, the Executive Director was in the process of preparing job descriptions. "*We hope to get into some committee work which will allow us to involve other people, outside the Board and outside the staff to have input*

into what we're doing but that's kind of a back burner type of thing; Part of the problem I see with the RDA is that we're not structured in committees, so you have full Board participation. If you have a hiring, any of the Board members that can attend are there so that constitutes the hiring committee whereas in most organisations you have committees for personnel, finance, policy, whatever. We don't do that. We do everything as a Board which, in a way, is a hindrance."

The Board is responsible for overseeing operations and setting the organisation's direction "*and that can come from the staff or the Board; Our Executive Director has some leeway but not all. I guess it's up to him and staff to identify the needs and to bring it to the Board. Often from the Board, ideas come up as well. The Chamber of Commere in Port Hawkesbury is quite involved and if they have anything that comes forward, it will come out at Board meetings. Council as well. If there's concerns we'll contact the RDA and say 'Here's things we should be looking at'.*" The range of issues which the Board deals with are quite broad, ranging from mega-projects, to requests for funding, letters of support, personnel matters, day to day operations, developing policy... In terms of procedure, Board meetings are quite formal. For example, all meetings are taped and seating arrangements tend to be fairly structured. In observing a Board meeting, issues were found to be more administrative than action-oriented or strategic in focus. Moreover, in dealing with the issues brought forward for consideration, the discussion provided little evidence that the Board possessed a great deal of business and/or economic development acumen. In the absence of well defined goals and strategy, there was no discernable basis for decision-making. "*I think we're lacking in that because it gives a lack of direction to the Board members. It's not focused enough. I see Board members going in there trying to deal with everything whether it's our mandate or not.*" Indeed, one particular member habitually strayed from the agenda item onto issues which did not seem particularly relevant to the RDA.

In terms of the composition of the Board: "*Each municipality appoints three people, one of which has to be an elected person. The other two can either be elected or at large; We cover politicians and people at large who range from teachers right through.*" Other than attending monthly meetings, Board members usually have very little additional involvement in the organisation. "*We'd probably like to get them more involved - maybe at a committee level where they have their regular Board meetings but they also... I think that would be a more effective way to deal with things.*" Having said that, some Board members have been very involved in the hiring process which has been ongoing for the past few months.

In the absence of formal policy and procedure, there are few behavioral constraints on staff who are responsible, generally, for day-to-day operations. "*The development officers have sectorial specific responsibilities... They may have specific geographic responsibilities... Now there's a lot of overlap in saying that.*" Staff meet on a weekly basis which contributes to "*a pretty free flow of communications here.*" The Executive Director keeps the Board apprised through project reports which are reviewed at the monthly Board meetings. Generally, neither the dearth of formal organisational arrangements nor decision-making autonomy has proven to be a catalyst for entrepreneurship. While the province and the federal government have "*allowed the RDA's to chart their own course*", this has presented a challenge as the RDA services

an expansive geographic area which encompasses diverse socio-economic circumstances. This suggests that 'local' authority and responsibility may actually be detrimental to entrepreneurship when it encompasses several life-worlds. Fundamentally, the organisation perceives itself to be primarily accountability to the municipalities. "*It's accountable to the five municipalities who fund it, the province as partner and ECBC as partner; I would like to think we have a responsibility to community groups and individuals in the area in a broad sense; All of our funding is basically operational funding... We had to make application and we have to make quarterly reports to the province and ACOA.*"

While 'officially' RDA's have the authority and responsibility for deciding what they do and how they do it, this is questioned to some extent by the fact that federal and provincial funding is conditional upon the presentation of a strategic plan which outlines the organisation's intent to fulfil a community economic development role. In fact, one of the main reasons the municipalities originally amalgamated the individual Industrial Commissions to form a Regional Development Commission was because the provincial and federal government threatened to withdraw funding. More recently, Victoria County became incorporated at the urging of federal and provincial funding 'partners'. This intimates that externally developed funding criteria have a greater influence on action than need-fulfilment does. With its geographic boundaries externally determined, the community's capacity for self-determination would undoubtedly be affected. All things considered, it is not surprising that these formal organisational arrangements do not foster organisational entrepreneurship.

To some extent, entrepreneurship has been exercised in developing partnerships with other organisations. Indeed, the federal and provincial government has put considerable emphasis on partnerships. "*Most of our initiatives tend to be joint. We want to partner for a number of reasons. That's the way things go now. Our successes have been partnering with others and that's the way we want to go.*" However, despite this claim, the organisation has no formal evaluation system in place and no criteria established to judge success, either individually or organisationally. With little evidence provided to indicate that the partnerships initiated by the RDA have been underpinned by an assessment of the community's economic development needs and a determination of how these needs can be filled, there is a risk that partnerships may become ends in themselves rather than the means for achieving specific ends. Ultimately this creates a situation whereby entrepreneurship may be exercised in forming partnerships rather than one whereby partnerships exercise entrepreneurship in addressing a community's challenges.

Individuals[8]: It would appear that staff, generally, have a fairly positive attitude

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[8] Assessment of the individual process component is incomplete. While the RDA is a 'community' based economic development organization which services Isle Madame, Isle Madame represents a very small part of total geographic coverage area. Therefore, although the organization has several employees, it was not considered relevant to interview either those do not have direct responsibility for this area or have only recently been hired. Consequently, only the Executive Director and the Chair (who is

toward learning by doing. Indeed, the activities undertaken by the organisation during the past year have involved considerable novelty which also required substantial learning, particularly those associated with the strategic planning process and the adoption of a new mandate. While staff appear to have a fairly informal work style and an ability to manage interdependencies and deal with multiple tasks, there is little evidence that these factors alone are sufficient to encourage individual and organisational entrepreneurship.

Neither the staff or the Board appear to have a collective community identity. Indeed, because the organisation covers such a large geographic area, Board members tend to identify more with their individual municipal units rather than with the 'community' as a whole. Similarly, there is no evidence that staff have a strong sense of identification with the total geographic area nor with each other[9]. Consequently, there is little foundation for developing a common purpose for action. While the organisation does actively seek to collaborate with others, in the absence of a common purpose, there is little basis for developing a synergistic strategic vision for economies of action. While the lack of collective community identity may be inhibiting such a vision from developing, it is also possible that greater interpersonal, problem-solving and team building skills may be required, particularly at the Board level. "*Board members are not coming to meetings prepared and not really knowing what they're doing there so it makes it hard for everybody including staff.*"

It's been intimated that the community's trust and respect for the organisation's competence may not be at the desired level: "*if you don't promote who you are, what it is you do, and what it is you've done, you get no credit. The problem with that is you get no respect. The problem with that is you can't carry out your mandate as effectively... We're not a funding agency. A lot of dissatisfaction came about from the fact that we couldn't provide funding. It's not in our mandate but how do you explain that to somebody...; In going to the community meetings and listening to the consultants, a number of the public aren't really aware of what the RDA has done. They seem to think we're a funding agency, which we're not... I guess we haven't bragged ourselves enough to make people aware of what we are and what we're doing.*"

Owing to the extraordinary circumstances the organisation has faced over the past 12 months, particularly in relation to staffing, it is difficult to say with any certainty what impact individual propensities have had on entrepreneurial behaviour.

Informal Organisational Arrangements: With almost an entirely new staff and a shift in strategic direction, the informal organisational arrangements, as yet, are still developing. Some insight into the nature of these arrangements was provided by the Executive Director: "*We work week-ends, whatever it takes. We spend a lot of extra time. We believe in what we're doing. We travel wherever we're needed. I think we're*

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from Richmond County) were interviewed.

[9]Because most of the staff is new, a collective identity would not have had a chance to develop yet.

a very accessible group of people..." Additionally, a well-established informal relationship between the Executive Director and the Chair has had an influence on the coordination and control of the organisation's activities. They consult with each other on a regular basis, not only on issues like agendas but also on matters like restructuring the organisation, creating public awareness... However, there was no indication that informal organisational arrangements significantly foster entrepreneurship. For example, while some informal feedback has been received, there is little evidence that it reinforces entrepreneurial behavioral expectations: "*I get some feedback from the Board on certain issues. I get some feedback from some of the other people in agencies. Sometimes I get some negative stuff and sometimes I get some positive stuff. I kind of appreciate both.*"

Results: During the first half of 1995, counselling activities were the major organisational focus: "*Well, in my annual report to the municipalities we felt 218 jobs were created that we had some role in... We helped in the maintenance of 145 jobs (50 seasonal)... I personally don't think governments create jobs unless you're talking about ones like mine.*" During the latter part of the year, the RDA cites among it's accomplishments: having Victoria County join the organisation, undertaking a strategic planning process, organising a trade show, hiring new staff members, and beginning to work more with community groups: "*We've brought in Victoria County... We've become more of a solidified group. The strategic planning efforts that have gone on; the trade show...*" For example, the trade show's success was partly attributed to the support it received. There were over 80 booths, 60 exhibitors and 2,500 people in attendance which generated over $35,000 in direct sales and $500,000 in potential sales. Additionally, hiring four new people was considered an accomplishment as it's believed that this represents a long-term solution to the staffing issue. Finally, the work the organisation has done with local groups is considered an accomplishment as, for example, the support and encouragement the RDA has given groups like DIMA and Telile is believed to add credibility to projects which increases the capability of the groups to leverage funds.

Generally, in assessing the process adopted by the organisation, there is little evidence that its components fostered entrepreneurship or were congruently configured to achieve results which had a direct measurable impact on the economic development of Isle Madame: "*We've had a lot to do with Isle Madame through the counselling and through the support of DIMA. They may like us to support them more but short of having someone stationed down there... If they want us to look over a business plan or something like that, we're available any time or available to meet with them.*" In the absence of defined goals and objectives, it is difficult to assess the organisation's effectiveness or contribution in responding to the region's circumstances. Evidence suggests that the improvement generated has been, for the most part, in organisational well-being rather than in regional economic well-being.

INRICH BUSINESS DEVELOPMENT CENTRE (BDC)

Task Component: INRICH describes its primary function as that of lending money to

small businesses within Inverness and Richmond Counties, particularly those businesses which other lenders have considered too risky but which have the potential to make a "*viable economic contribution to an area*". Essentially the organisation provides two services: loans and technical advice. In terms of goals, self-sufficiency is paramount: "*We want to be left here after government funding runs out. We want to maintain this community loan portfolio. Unless we, in the next three or four years, get to the point where we're sustained by our interest and other earning activities, then we're not achieving our goal.*" The impetus for setting this goal has been twofold. On the one hand, government agencies have indicated they will not be providing the BDC's with further funding and on the other hand, the Board believes in the activity and wants to sustain it.

In effort to achieve self-sufficiency, the BDC aims to turn over at least 25% of its loan portfolio per year. During 1995, income generating activities have included both loans and technical advice. Technical advice is provided on a fee for service basis where hourly rates are charged for the services provided. "*We've become more involved in... giving technical advice and making people aware of what a business climate is and how we operate a business in this climate... We just don't give the money and go. We try to get in technical advice after the loan is given... We'll do business plans, technical advice, we've trucked loads of cattle to Truro if there's money to be made... we'll do anything to make money... SEA... we make money on.*"

Organisationally, the BDC is considered to have a moderate level of task definition for although it has a fairly narrow scope of activity which has been externally determined, it does have the authority and responsibility for setting targets and has considerable discretion in determining how these targets will be achieved. On an individual level, tasks are quite broadly defined as, for the most part, they are not specified and individuals are free to decide how their major job responsibilities will be carried out.

The inherent risk associated with the ventures for which loans and technical assistance are provided makes it difficult to predict task outcomes. Therefore, both individually and organisationally, there is considerable task uncertainty. Generally, the organisation's activities have a short-term orientation which are intent on contributing both to its long term strategic intent of becoming self-sufficient and to the economic development of its service area. "*Sustainability and community lending have to go hand in hand and there's a very fine balance between the two.*"

In terms of what the Executive Director does, there appears to be considerable flexibility, freedom to experiment, opportunities for learning and tolerance for failure: "*Well, today we've met with other government agencies, dealt with some social problems with one client, we're going to deal with three SEA's, we're meeting with you to discuss CED. In the past, we've had two new staff come on Board so it's mainly an awareness thing for them. It will possibly also entail calls in the evening about somebody having cash-flow problems...You're always learning day by day. I think legal skills would be the main area that I've picked up in this aspect of the work because in a BDC you don't have much support staff...*" The nature of the task demands a fairly heterogenous skill base. Moreover, the variety of the tasks, coupled with a high level of responsibility involved in carrying out the BDC's main activities creates a holistic

task structure. For example, in regard to loans, clients are dealt with from the point of inquiry through the loan application process, and if the loan is granted, through servicing to eventual pay-out. In having a holistic task structure, outcomes are perceived to be meaningful and intrinsically rewarding: "*I suppose it gives you a feeling of accomplishment when you see businesses that are still functioning and employing people that possibly wouldn't have been there if you hadn't put in some money. That would be the main reward.*"

All together the elements of the task structure foster considerable individual entrepreneurship. "*You have to be independent... you can make the decision.*" Although the financing provided by the organisation is undertaken jointly with external stakeholders, the BDC's lending decisions are made independently providing no evidence that a sense of shared ownership of the project/activity is created. Because tasks are essentially reactive and do not require a great deal of interdependent effort, they do not foster interorganisational entrepreneurship.

Formal Organisational Arrangements: The BDC has two offices, one in each County which is staffed by an office manager. Undoubtedly, a minimal amount of structure and procedure has facilitated entrepreneurship in fulfilling the organisation's mandate. For example, while the Executive Director has the main responsibility for dealing with requests for loans and technical assistance, the distinction between what the office managers do and the Executive Director does, is somewhat blurred. "*With a staff of three, we have one in each office and one floater. You're running an area which is from Cape North to Framboise. It's about 300 and some kilometres from one end to the other. So it's very much what I would call everybody does everything, OK? Some of our office managers make decisions on 'Is it worth applying or isn't it worth applying?'*"

The organisation has just completed its policy manual. "*We never had it until last week! Well, there was one written way back in '85 but nobody ever referred to it. We just updated it as of last week and it's gone out as a draft and then it will come back after a staff-board committee has looked at it... Staff did it with a little initiation from ACOA. They wanted to see our policy and procedures but our organisation doesn't run on policies and procedures. What we want to see is it, in fact, left on the shelf and get dusty.*"

Decisions regarding what the BDC will do and how it will do it are made by the Board who meet monthly. The Board is made up of 12 men and women from the small business sector who are geographically and sectorially representative of the coverage area. Generally, serving on the Board is not reported to require an extensive time commitment, typically involving a few hours a month to attend the regularly scheduled meeting. "*It's very much an ad hoc Board. It's not on terms. If it's working, somebody stays on if they're attending meetings and offering a contribution. If they're not, the Board is such that it's free and open - it's discussed and that person will leave or he or she will know it's time to leave and then we'll look for nominations from Board members themselves or people who are in that particular geographic area or if a Board member is leaving, we might ask who he or she would advise. It's not an elected thing or a term thing at present.*"

In regard to policy decisions, typically the Executive Director prepares a written proposal and presents it to the Board wherein a committee is struck to respond to the draft with a final policy or procedure. Generally, the Board's main function is evaluating business loan applications. In doing so, attention is paid, firstly, to the capacity of the venture to sustain itself economically. Secondly, the social implications are considered: "*it might be a part-time business which is getting a good return for the hours put in and then the person is earning something somewhere else so we're talking about work rather than jobs; These are local decisions made by local people. It's not a bureaucracy.*"

The organisation sees itself being accountable "*to the community, first and foremost, then accountable to our funding agency.*" Since assuming responsibility for the BDCs in October 1995, ACOA has provided INRICH with 100% of its operating funding as well as some additional capital funding which had been "*all self generated from interest for the last four years*". Prior to the October 1995 takeover, CEIC was providing approximately 60% of the required operating funding. Evidence suggests that together, community-based decision-making authority/responsibility and community-based accountability, have played a role in encouraging entrepreneurship in efforts to achieve self-sufficiency.

In regard to monitoring and evaluation, financial analysis plays an important role: "*We are monitoring businesses all the time and then we are again monitored by ACOA as the outside evaluator. ACOA evaluates based on financial, the Board representation, how the Board works, your linkages with other development agencies... and how much you're involved...it's a very subjective decision.*" Generally, the organisation assesses its performance in relation to its success in achieving financial self-sufficiency. Indeed, in providing a focus for action, performance-based evaluation facilitates entrepreneurship. However, because the organisation is not, for the most part, formally organized to depend on collaborative effort to achieve results, these arrangements tend to foster individual, rather than collective entrepreneurship.

Individuals: Among the skills considered necessary to do the job effectively are some which have been shown to broaden an individual's capacity to innovate and others which suggest a capacity for economic activity: "*interpersonal skills, financial skills and an appreciation of the potential of the rural economy...*" In fact, the Executive Director believes his awareness of the potential of a rural economy was the key qualification which enabled him to obtain his current position and suggests that he identifies strongly with the area.

In obtaining information there is considerable overlap between the formal and informal contacts used: "*Board members first, which are the ears of the community plus our loan clients because we're very much in a personal relationship with our loan clients. Then some of the community leaders out there and the other agencies working in the community...*" Generally, the phone is relied on for contact since the organisation services such a broad area.

Some insight into the trust and confidence the Board has in the Executive Director's



ability and intention to produce valued results was provided in the Executive Director's description of the most enjoyed aspects of the job: "*The independence to make decisions and the support you get from the Board when you do make those decisions. Whether they're right or wrong, there's still support there and it's very much a team.*" Indeed, this suggests the organisation's members possess a collective identity.

All together, the Executive Director's positive attitude toward learning by doing, preference for an informal work style, collective community identity, synergistic vision for economies of action, use of overlapping formal and informal connections, ability to manage interdependencies and deal with multiple tasks are considered to have induced entrepreneurial behaviour. Because the Board's task, essentially, is evaluating loan applications, there is little opportunity for exercising entrepreneurship in carrying out this responsibility. Therefore, the differences in individuals which might have significance for entrepreneurial behaviour have little relevance among Board members.

Informal Organisational Arrangements: In the absence of much formal structure, coordination and control is essentially achieved through informal organisational arrangements (culture). Elements of the informal organizing arrangements which appear to facilitate entrepreneurship is a general agreement between staff and the Board regarding goals, objectives, time scales and outcomes; highly valued principles which include support, trust and cooperation; and a strong collective identity.

While the main responsibility for *action* in fulfilling the organisation's mandate rests with staff, particularly the Executive Director, evidence suggests that the Board endorses the entrepreneurial behaviour expectations shared by BDC employees. The following provides some insight into what these behavioral expectations mean within the BDC's context: "*The general expectation is that we'll help with anything that's going to create a full-time job or work and give a person a decent living for the time put in. That's where it leads back to work rather than jobs because $5 an hour jobs don't create worthwhile work or a job... We want to run a profitable company because without profitability we're not sustainable... Where we are looking at surviving long-term, we must look at it, not just from the social aspect but the economic aspect as well. So we tend to be lending to individual businesses (rather than community groups)...; Give a negative or positive decision as quick as possible to their request whether it's financial or nonfinancial.*"

Informal organisational arrangements are reported to provide a source of input which aids in monitoring the organisation's activities: "*You get feedback from the clients you're dealing with and generally you get positive feedback from the other agencies you're working with. You get a lot of negative feedback from clients you turned down as well. So there's positive and negative...* " Additionally, the informal links which the BDC has established with some other development agencies serves a "*networking and communication*" function by keeping the organisation informed of what is happening in the community. Generally, these informal organisational arrangements enhance flexibility, responsiveness and timeliness which is conducive to entrepreneurship.

Results: Over 1995, the accomplishments of the BDC were reported to include:

lending approximately $1 million to 50 businesses; and assisting in the start-up of 45-50 small businesses through the administration of HRD's Self-Employment Assistance (SEA) program. Currently the organisation is turning over approximately 35% of its loan portfolio which is well above the desired 25%. "*It's not the sole driving factor, really, to a BDC but it's nice to see the balance sheet getting better all the time as well which shows you can be sustainable but also remember that we're there to lend money to the community.*"

While the relatively short-term results represent an achievement, the long-term implications of these results are an important consideration when evaluating accomplishments. "*We've sustained a lot of businesses which in other situations would have had real cash flow problems and gone under because these are businesses who are borrowing from the bank but the bank has stopped their cash flow... this last year cash flow has been a real problem with small business. We've sustained many aspects of the economy through term funding and flexibility in funding... At the same time, in many instances, we'll put management expertise in which they have to pay for at the same time... The cash flow crunch is usually due to mismanagement.*"

Adopting a process which stimulated considerable individual entrepreneurship appears to have played a key role in the organisation's capacity to effectively achieve what it has set out to do. Entrepreneurial behaviour has contributed to organisational effectiveness in a number of ways. Three examples are provided to illustrate. Firstly, in independently taking the initiative to pursue self-sufficiency, the BDC has lessened its dependency on outside sources of funding and therefore has developed more control over what it does and how it does it. Fundamentally, this has enhanced the organisation's capacity to respond to the community's needs. Secondly, it has facilitated goal achievement by providing more effective customer service. Because the BDC covers such a broad geographic area, its capacity to provide a timely response to inquiries or requests for assistance would be open to question if the office managers didn't take an active role in dealing with these requests. Thirdly, exercising entrepreneurship in identifying and dealing with a client's need for technical advice fundamentally helps to increase the community's capacity for economic development as it not only strengthens the particular business's ability to survive, it also strengthens its ability to grow.

While entrepreneurship has figured prominently in the BDC's effectiveness, there is little evidence to indicate that the activities of the BDC were instrumental in responding to the circumstances facing Isle Madame - either in terms of stimulating entrepreneurship or in terms of stimulating economic activity among residents. In commenting on the BDC's activity on Isle Madame, the Executive Director reports: "*It's been very poor and it's declining because in many instances the BDC loans to the Island were service related loans and we still haven't got to the point where we're creating wealth on the Island. We've seen a couple of good projects related to wealth creation... They've been going for two or three years, not really since the crunch came in the fishery.*" Generally, in assessing the process adopted by the BDC, it appears that it is designed, essentially, to foster intraorganisational entrepreneurship in response to the entrepreneurship an individual has taken in launching (or maintaining) a venture. Indeed, with limited opportunities for residents to learn and/or practice

entrepreneurship, it is not surprising that the BDC has had very little activity on Isle Madame.

ISTOM[10]

[10] Due to extenuating circumstances, ISTOM was not actively pursuing its objectives during 1995. "We've really been at a standstill for two years..." Because this research is focused on the process as it occurred during 1995, a detailed analysis of ISTOM was not considered relevant.

APPENDIX G

THE DEVELOPMENT CONTEXT

The purpose of this appendix is to provide an overview of the context from which the development process in each community is conceived. Essentially, this context consists of inputs that are relatively fixed or given - the environment, resources, history/core values, and strategy.

1 EASTERN GUYSBOROUGH COUNTY

1.1 Environment

Both the general and the task environment presents opportunities and constraints for economic development. Within the general environment, a lack of economic growth within the province and the country had implications for creating new or alternative employment. Firstly, in an attempt to deal with rising deficits, governments were initiating multifaceted reform measures which were resulting in fewer resources being available to support economic development initiatives. Secondly, growth which was occurring was being led by technology-driven specialized products, processes and services requiring relatively high skill levels. Thirdly, disaggregation and decentralization of production processes were opening up opportunities for small firms to capitalize on partnerships with other firms.

Within this broader environmental context, Eastern Guysborough County's task environment is a key input to the development process as it delimits the resources the community has available in attempting to influence development. Eastern Guysborough County is part of Guysborough County - one of 18 counties in the province of Nova Scotia. Guysborough County, located on the Eastern Shore of the province, is the second largest county and the least densely populated (Statistics Canada, 1994). Administratively the County (Guysborough) consists of two rural municipalities - Guysborough and St. Mary's; and two incorporated towns - Mulgrave and Canso - both of which are located within the municipality of Guysborough (Guysborough County Development Authority, 1994, p. 4). The County's economy, based almost entirely on fishing and forestry, had been experiencing an economic decline over the past two decades similar to that of other natural resource based rural areas of industrialized nations. With a population of 11,720 people within an area of 4,370 square kilometres (Statistics Canada, 1994) Guysborough County epitomises the plight of other sparsely populated, geographically isolated rural areas, in having limited access to transportation, service structures, and information. For example, besides having no population centres over 1,500, it lacks rail service, 100 series highways, a fibre optic

telephone network and a major digital switching centre (Eastern Guysborough County Development Association, 1995, p. 7).

Exacerbating the situation was the accompanying out-migration. Indeed with 1991[11] census figures reporting a five year population decline of 6.7%; an unemployment rate of 26%; a work force where 55% have an open Unemployment Insurance (UI) claim; an average income per tax filer which is 78.5% of the Nova Scotia average and 68% of the national average; and 29.5% of reported income coming from transfer payments (Statistics Canada, 1994; GCCDF, 1994; Guysborough County Development Authority, 1994, p. 4; HRD: Labour Market Information Unit, 1994) few would challenge the claim that Guysborough County is economically disadvantaged.

However, this economic adversity has not been experienced evenly within the County. The fishery is largely concentrated in a geographic area extending from Port Felix to Queensport to Canso. This area - Eastern Guysborough County - constitutes a very distinct life-world community within which approximately 3,500 (Table 1) residents share a common livelihood and many social, recreational and/or other public and private services which are largely focused in the Town of Canso. Consequently, when National Sea Products responded to dwindling groundfish stocks by announcing on December 11, 1989 that it would permanently close its year-round operation in Canso on April 2, 1990 (*The Scotia Sun*, Tuesday, January 9, 1990), the direct impact - the imminent loss of an estimated 1,500 plant and fisher jobs - on Eastern Guysborough County was enormous. Indeed, not only did it threaten a way of life it also threatened the very existence of the entire community which includes Canso - the oldest fishing community (est. 1605) in Canada (Canso Waterfront and Area Development Corporation, 1992, p. 40; The Journal, CBC television, 1990; *The Chronicle-Herald*, January 22, 1990, p. B8).

Table 1 Comparative Population Profile by Census Division 1991

POPULATION	Eastern Guysborough County	Guysborough County	Nova Scotia	Canada
1991 Census	3,500	11,724	899,942	27,296,859
Percentage change 1986-1991	-4.4%	-6.7%	3.1%	7.9%

Source: *Profile of census divisions and subdivisions in Nova Scotia*, Ottawa: Industry, Science and Technology Canada, 1994. 1991 Census of Canada. Catalogue number 95-313.

[11] The census data used in this research was collected prior to the fisheries crisis and does not reflect its effects.

1.2 Resources

The community's capacity to deal with the crisis was somewhat constrained by the context of its environment. Indeed, prior to the plant's closure, the community's interface and exchange of resources with the various stakeholders in its task environment including government agencies, businesses, financial institutions, educational institutions and so on had been quite limited. In particular, there is little evidence that the community had many connections to outside resources which are central to development - financing, education, technology.

1.2.1 Human Resource Profile

1.2.1.1 Employment

In 1991, Eastern Guysborough County's unemployment rate hovered at 18.7%[12] which is slightly higher than that experienced by the County (18.3%) and considerably higher than the 10 and 13 percent being reported within the country and the province, respectively.

In looking at the nature of the community's employment, manufacturing accounted for approximately 30% of the jobs which is over double what it accounts for in the province or the country (Table 2). Virtually all of Eastern Guysborough County's manufacturing and primary employment was fisheries related. All together, the fishery was directly accounting for almost half of total employment.

[12] All statistics reported for Eastern Guysborough County are derived by averaging those reported for the Municipality of Guysborough and the Town of Canso.

Table 2 Employment by Industry, Eastern Guysborough County, Nova Scotia and Canada 1991

INDUSTRY	Eastern Guysborough County		Nova Scotia	Canada
	Number employed	Percentage employed	Percentage employed	Percentage employed
Primary[13]	259	17	7	6
Manufacturing	487	32	12	15
Construction	61	4	7	7
Transportation	46	3	4	4
Communication/other utility industries	15	1	3	3
Trade	122	8	18	17
Finance	15	1	4	6
Government service	76	5	12	8
Educational service	167	11	7	7
Health and social service	122	8	10	9
Other industries	150	10	16	18
TOTAL	1,520	100%	100%	100%

Source: *Profile of census divisions and subdivisions in Nova Scotia*, Ottawa: Industry, Science and Technology Canada, 1994. 1991 Census of Canada. Catalogue number 95-313.

1.2.1.2 Occupational Structure

In relation to the province and the country, Eastern Guysborough County's occupational structure[14] is far from typical. Indeed, it's most striking feature (see Table 3 below) is that almost 40% of the labour force reported having primary (15%) and processing (23%) occupations as compared to 10% for the province and 8% for the

[13] Between Canso and the Municipality, wide variations in the percentages employed in primary and manufacturing industries as well as government services were reported. Therefore, these figures were not averaged. They were subjectively adjusted to better reflect Eastern Guysborough County's industrial profile.

[14] In constructing the occupational structure for Eastern Guysborough County, there was a heavy reliance on data from Canso town in order to avoid any misrepresentation which would inevitably occur by incorporating municipal data that includes government generated occupations located largely in the county seat of Guysborough.

country as a whole. Moreover, considering that these occupations are almost certainly fisheries-based highlights the community's natural resource dependency.

Other notable attributes of Eastern Guysborough County's occupational structure include:

> significantly fewer (4%) management/administrative occupations in comparison to the province (10%) and the country (12%)
>
> there were no reported occupations in the natural and social sciences, religious, artistic and related professions compared to 7% and 8%, respectively, for the province and the country
>
> grouping clerical/sales/service occupations together to be considered, broadly, as service-related, they represent 26% of total occupations as compared to 40% for the province and the country.

Generally, the data on Eastern Guysborough County's industrial and occupational structure indicate that the fishing industry provided little opportunity for the development of managerial, professional or technical competencies. This fact has implications for development opportunities as, generally, people having managerial, professional or technical competencies are more likely to start a business when they become displaced (Mason, 1991, p. 99). Furthermore, empirical evidence indicates that the presence of a large scale enterprise engaged in low-skilled manufacturing has fostered an orientation toward paid employment. For example, participants in public meetings hosted by the Guysborough County Community Futures Committee in 1992 listed the economy as their top concern and jobs as the key need.

Table 3 Occupation Profile of Eastern Guysborough County, Nova Scotia, and Canada 1991

Occupation	Eastern Guysborough County		Nova Scotia	Canada
	Number	Percentage	Percentage	Percentage
Management/Administration	61	4	10	12
Teaching	76	5	5	4
Health Care	106	7	6	5
Natural/social sciences, religious, artistic and related occupations	-	-	7	8
Clerical	137	9	16	18
Sales	91	6	9	9
Service	167	11	15	13
Primary	228	15	6	5
Processing	350	23	4	3
Fabrication	76	5	7	8
Construction	76	5	7	6
Transport	-	0	4	4
Other	152	10	4	5
TOTAL	1,520	100%	100%	100%

Source: *Profile of census divisions and subdivisions in Nova Scotia*, Ottawa: Industry, Science and Technology Canada, 1994. 1991 Census of Canada. Catalogue number 95-313.

1.2.1.3 Income Levels

Table 4 indicates that the average income for residents of Eastern Guysborough County is $16,663 which is 80% of the Nova Scotia average and 70% of the Canadian average (Statistics Canada, 1994). According to the 1991 census figures, 29% of the population depended on some sort of transfer payment for at least part of their income with 59% of filers reporting income < $10,000 while only 5% of filers reported income > $30,000 (Statistics Canada, 1994).

Table 4 Income Profile for Eastern Guysborough County, Nova Scotia and Canada, 1991

	Eastern Guysborough County	Nova Scotia	Canada
Average income per tax filer	$16,663	$20,706	$23,891
Percentage of total income from government transfer payments	29%	15.7%	11.4%
Percentage of people with incomes < $10,000	59%	33%	28%
Percentage of people with incomes > $30,000	5%	24%	29.5%

Source: *Profile of census divisions and subdivisions in Nova Scotia*, Ottawa: Industry, Science and Technology Canada, 1994. 1991 Census of Canada. Catalogue number 95-313.

1.2.1.4 Education Levels

The traditionally low skill and education levels within Eastern Guysborough County (Table 5) posed constraints in regard to the development of alternative occupations. 1991 Census Data indicate that 26% of Eastern Guysborough County residents had less than a grade 9 education as compared to 13% of Nova Scotians and 14% of Canadians. Additionally, 63% had not completed high school as compared with 30% of Nova Scotians and 24% of Canadians. Indeed, this significantly limited the options open to residents of Eastern Guysborough County as increasingly, a high school certificate is being used as a base selection criteria for most jobs and training programs.

Table 5 Education Levels for Eastern Guysborough County, 1991

Highest Level of Education	% Population
Less than grade 9	26
Grades 9-12 (without certificate)	37
Completed high school	7
Trade certificate	5
other non-university	14
some university	14
completed university	14

Source: *Profile of census divisions and subdivisions in Nova Scotia*, Ottawa: Industry, Science and Technology Canada, 1994. 1991 Census of Canada. Catalogue number 95-313.

1.2.2 Natural/Physical Resources

For centuries, the sole natural resource of this community has been the fishery. With the fishery virtually gone, what remains is a reasonably good harbour. "We have a perfect harbour here. It never freezes over..." In terms of physical resources, the community is constrained by inadequate infrastructure, particularly in terms of transportation and communication. For example, during the course of the interviews, several people commented on the inadequacy of existing highways and telephone service - both in terms of meeting conventional usage requirements and in terms of internet accessability. "We have nothing going for us here in terms of transportation lines... we're isolated but we're trying to overcome that; Our highways... you've driven over them, you know what they're like...We've been preaching to ministers and whoever will listen to us about the highway. They're just fixing it a piece at a time... A lot of people that want to come here, come here once, would love to come again but it's the drive."

1.2.3 Governmental Resources

Prior to the fisheries crisis, provincial and federal economic development agencies did not have a permanent or regular presence in Guysborough County. At that time, the sole economic development service provider within Eastern Guysborough County was the federally funded Business Development Centre located in Guysborough.

In 1990, the federal government announced that $26.7 million would be given to the town of Canso over a four year period with $20.7 million of that earmarked for 'adjustment' costs and the balance targeted for assistance in economic diversification (Videocompilation of news coverage of the crisis, Janet Peitzsche, 1995; *The Reporter*, May 9, 1990, p.1, 20). The assistance consisted of community development funds, training allowances, emergency response funding, and income support (see Appendix B for description). This pledge was part of a five year $584 million federal fisheries adjustment program.

In May of 1993 the federal government announced the establishment of the $1.9 billion Atlantic Ground Strategy (TAGS) programme. TAGS, developed as a long-term response to the Atlantic groundfish crisis, was intended to help both fishers and fish plant workers develop new skills and careers outside the fishing industry with the aim of reducing employment in the fishery by 50% (Human Resources Development Canada brochure). The programme consists of career planning, counselling and labour adjustment options. TAGS labour market adjustment options include: adjustment training, literacy, mobility assistance, employment bonus, wage subsidy, self-employment assistance, Community Opportunities Pool, Green Projects, Special Initiatives for Youth, Fish Plant Older Worker Adjustment Program and other

employment programs and services.

Eligibility for the program was determined according to whether an individual worked in the fishery between the years 1988 and 1992. To qualify for income support for five years, a person had to have worked a set number of weeks in each of the five qualifying years. The minimum a person can receive is $211 and the maximum is $382, depending on earnings during the qualifying period.

In 1994 the Premier of Nova Scotia formed a Cabinet Secretariat on the Economic Future of Guysborough County in attempt to help combat Guysborough County's economic woes. Its mandate is

> "to support local economic development initiatives; to focus and coordinate the resources of provincial departments on the Guysborough area; to support job creation initiatives; and to help the area develop long-term solutions to its economic problems." (background overheads on the Cabinet Secretariat)

In conjunction with the Cabinet secretariat, a working committee was established including local representatives of all the departments whose Minister is part of the Cabinet Secretariat. Referred to as Team Guysborough, this group's purpose is to "serve as a resource/advisory staff group to the interdepartmental committee of officials to support the work of the Cabinet Secretariat on the Economic Future of Guysborough County." (Draft Terms of Reference for Team Guysborough Staff, February 8, 1995). Essentially Team Guysborough was intended as a bridging mechanism between the dismantling of Community Futures and the establishment of an RDA. Broadly, it was charged with assisting local economic development agencies and business people to access the resources of the provincial government in a focussed and coordinated manner.

1.2.4 Educational Resources

There are no post secondary educational or training institutions within Guysborough County. Residents wishing to take advantage of these opportunities would be required to commute to the Strait Campus of the Nova Scotia Community College or the Nautical Institute in the Strait area or to St. Francis Xavier University in Antigonish.

1.2.5 Intangible Resources

Perhaps this community's most plentiful resources are those of an intangible nature. Evidence indicates that people consider the quality of life in Eastern Guysborough County to be very good. "*I just want to maintain a lifestyle that I enjoy; we can promote our lifestyle and all the good things about living here.*" In a report on

Community Meetings held by the Community Future Committee in 1993, the five top things people throughout the County valued about their way of life were summarized as: "caring, welcoming people; clean, healthy environment; quiet, peaceful; beautiful scenery; history, family roots, heritage" (*Community Meeting Report,* Prepared for Community Futures by Nancy Wright, January 14, 1993).

More objective standard measures used to indicate the quality of life (home ownership and type of dwelling) also support this assertion. Table 6 clearly indicates that a far greater percentage of people in Eastern Guysborough County own their own dwelling and live in a single detached household than in the province or the country.

Another of Eastern Guysborough County's intangible resources is its pristine environment which has long been a 'secret' haven for avid outdoorspeople. "*There's a lot of communities with little inlets and stuff life that. There's a harbour in Queensport and out on the back part of that there's a little inlet and it's all beach. It has six different layers of sand on that beach. It's all big woods there for camping...*"

Table 6 Quality of life as indicated by housing characteristics

	Eastern Guysborough County	Nova Scotia	Canada
percentage owning dwelling	83%	71%	63%
percentage of total households which are single-detached	89%	68%	57%

Source: *Profile of census divisions and subdivisions in Nova Scotia*, Ottawa: Industry, Science and Technology Canada, 1994. 1991 Census of Canada. Catalogue number 95-313.

1.3 History/Core Values

The economic and socio-cultural structures and events in Eastern Guysborough County's history have had a significant influence on both the initial response to the crisis and future actions. Essentially, the life-world relationships developed from participating in these structures define the community's culture - "the set of habitual and traditional ways of thinking, feeling and reacting that are characteristic of the way a particular society meets its problems at a particular point in time (Shein, 1984, p. 3). Because Eastern Guysborough County has had, historically, a stable undiversified economic base, evidence suggests that the culture is quite strong as people, generally, tended to perceive and interpret the problems of the community similarly. The case studies provided some insight into the community's culture:

A strong commitment to place: "*where we are the community is number one; People have never given up. They've been here 40 years - they just don't pack up and leave.*"

Low self-esteem and self-awareness: "*People don't recognize the skills they have.*"

Be satisfied with what you have: "*The people in Guysborough are not used to having a lot... They tend to be happy with what they have; I don't want a $200,000 house and a $50,000 car sitting in the yard. Most people around here don't...the people here don't want much. They want to be able to make enough money to continue living here; I think you just go with what you have and try to make the best of it; There's always disappointments but when you do anything in life, you don't always get done what you hoped to do...*"

Cohesiveness and cooperation: "*People are very friendly; the community is very friendly.*" This aspect of the culture was expressed more in action than in rhetoric. From the moment I entered the community, people could not do enough to help out. In fact, the very first person I met went out of her way to connect me with others. Generally, a cooperative spirit permeates the community, being manifest by very high levels of observed and reported informal communication and cooperation between individuals and groups.

Determination: "*When people set their minds to doing something, they do it; We never gave up and it's starting to show now.*"

Honesty: "*People will tell you exactly what they think about you - no punches pulled.*"

Don't expect too much and you won't be disappointed: "*We've seen so many things here for so long and it's really developed an attitude within the County that 'nothing good's going to happen here...any good thing is going to pass us by'; The problems that were there, we solved the best way we could... That's nothing to get discouraged about.*"

Limited opportunities: "*who the heck would want to establish a business here... we're stuck totally in the end of nowhere. Anybody would have to be crazy to start a business here; there's no materials here; I still think our main attraction here is the land for tourism. Other than that, we've got rocks and water; We have nothing here really. We're out in the middle of nowhere.*"

Other directedness: "*You have to bring industry in to make jobs - there's no other way.*"

1.4 Strategy

With the collapse of the fishery displacing one third of the workforce, stating that unemployment was considered the main problem needing to be addressed is almost tautological. In light of the larger environment, the resources available and its history, the community has made a number of decisions in regard to the opportunities available for economic development. The community's overall strategy was determined by assessing the programs/activities/projects pursued since 1990 by the various community-based organizations. This approach is similar to that used in organisational analysis whereby an individual program/activity/project is considered to be the strategy for accomplishing some organizational objective (Yukl, 1990, p. 168). The following interpretation of strategy provides the basis for interpreting how strategy has been transformed into output and the effectiveness of this process.

The overall strategy adopted in Eastern Guysborough County since 1990 is described as *transitional* for it has gone through three distinct phases. Initially, the strategy was one of 'preservation'. In response to the announcement that National Sea was closing its Canso operation, the community engaged in intensive political lobbying to keep the plant open. As stated by the Mayor at that time "Canso is a symbol for small towns across Canada in their efforts to survive as a one-industry town." (*The Scotia Sun*, Vol 23, #2, Tuesday, January 9, 1990, p. 1). Considerable clout in petitioning government to take action to address the situation was gained by having broadbased community participation and the support of various provincial and national stakeholders. For example, the Canadian Auto Workers' (CAW) president, Bob White pledged publicly to do whatever it took to keep the plant open (*The Chronicle-Herald*, Saturday, January 20, 1990, p. C1). The community's effectiveness in garnering support is perhaps best illustrated by the national attention it drew when 5,000 people turned out for a February 17, 1990 public rally held in the town of Canso (pop. 1,200) (Janet Peitzsche, private videocollection of media coverage, 1989 to present; *The Guysborough Gazette*, July 6, 1993, p. 4).

In response, the province announced an interim bailout package. The plant would re-open to process trucked-in fish but the workforce would be cut to 300 time-shared jobs. By July 1990 a buyer for the plant was secured and the community responded by celebrating Christmas in July. As part of the deal, the new owners promised a minimum of 500 jobs, 4-5 trawlers and the plant to be open a minimum of 40 weeks per year. In return, the federal government provided the company with additional quota allocations and guaranteed 85% of a direct loan to Seafreez. The provincial government agreed to pay three years interest outright on the Canso plant's outstanding $17.5 million debt and subsequent to that, the province committed to write down the loan by $1 million annually as long as Seafreez provided 10 months of work for 500 people per year. Additionally, Ottawa (60%) and the province (40%) granted $5.5 million to replace the plant's refrigeration system (*The Chronicle-Herald*, July 21, 1990, p. A1; *The Guysborough Gazette*, July 6, 1993, p. 4). In November, 1990 the plant reopened. The importance of keeping the plant open is reflected in recent comments made by both the current and the former mayor of Canso, respectively in reaction to a recent expansion announcement by Seafreez (*The Chronicle-Herald*, November 25, 1995, p. A1) "Keeping the plant open has been a major concern for a number of years" "... (the

expansion announcement) is a tribute to all the people who worked so hard to keep the plant open."

With the plant's future stabilized, various community stakeholders were keenly aware that the virtual closure of the groundfish industry meant that the community's economic challenges were not behind them. The knowledge that if the fishery rebounded it would employ an estimated 25-50% of the workers it did in 1990 prompted the beginning of a new strategic direction. This strategy differed from its predecessor in that rather than attempting to maintain the status quo, it was aimed at diversifying and expanding the existing economic base. Two main types of activities were undertaken to try and mobilize the community to respond to market opportunities: strategic planning initiatives and infrastructure development. Although these activities were piloted by community-based organizations, the impetus for their initiation largely came from government sources. For example, the federal government established two program initiatives, a Community Futures Committee (CFC) and a six million dollar Community Development Fund (CFC) (CFC Strategic Plan, 1994, p. 4) which are described in Appendix B while the Town of Canso established the Canso Waterfront and Area Development Corporation.

Despite the government programs and the new owner for the plant, the economy of Eastern Guysborough County continued to decline. Indeed, the stark reality of the situation was vividly portrayed in *The Guysborough Gazette* (July 6, 1993, p. 1). "If I draw $150 a week [for Unemployment Insurance(UI)] I'll be lucky. We used to get 40 hours (work) a week, now we're lucky to get 7½ hours a month". In the spring of 1993, with the plant's 500 jobs never materializing, the federal government withdrew Seafreez's special quota allocations and froze the company's groundfish quota at 10,700 tonnes (*The Chronicle-Herald*, March 20, 1993, p. A3; *The Guysborough Gazette*, July 6, 1993, p. 4). As of June 4, 1993 the company had laid off 115 workers leaving 100 part-time jobs at the plant until the fall of that year *(The Guysborough Gazette*, July 6, 1993, p. 4).

While the fish plant failed to generate the level of employment expected, there was a growing perception that the largely government orchestrated initiatives were faring little better. This is not surprising if the nature of the activities pursued are considered. By definition, planning activities have a long-term time horizon and lack tangible results. Yet, the federal programmes designed to assist communities in confronting economic challenges encouraged this type of activity by incorporating it into their funding criteria. In illustrating this, one former member of the Guysborough County Community Futures Committee commented: "*When we were first formed we did a lot of studies for other organizations. They were open to other people too, to their findings and things. That's all we could do then. We didn't have a budget to do projects so all we could do was commission studies... you can do studies until the cows come home, and you can have all these findings but until the governments decide they'll allow you to do anything, you can't so...*"

Similarly, infrastructure projects/programmes, by their nature, do not directly generate jobs. Initiation of the Community Development Fund, for example, suggests an assumption by government that lack of capital was one of the major stumbling blocks

to economic development. However, despite the financial resources at the disposal of the community, there was little evidence of impact. "*It appears that there's been lots of opportunity but very little has worked...; Some people have got money through grants... to improve their businesses but there's been no new businesses other than... when this $6 million come in there was a few started up. Some failed and some - one or two of them - are still going...; there is a certain amount of criticism from the general public of the work that the CDF has done over the years.*" Several people expressed the view that a key problem with the Fund was the government imposed stipulation that it was a fund of last resort. Essentially, this was seen to be restricting how the money could be spent. For example, it meant that there were no incentives available to recruit financially sound firms to the area. However, not everyone shared this view. Some believe that the main reason for the lack of economic development had nothing to do with availability of financial resources. "*I don't think, at this point, it's a lack of money; Money is great in one sense but the problem in Guysborough County is not the lack of money. A lot of times it does more damage than good.*"

Within 1995, another strategic shift has begun to emerge which is largely focused on more proactive attempts to create economic activity. A number of factors precipitated this shift: disenchantment with the length of time required to get government approvals needed for funding; restrictions on how the funding was spent; a belief that there was nothing to show for the millions of dollars already spent; high levels of outmigration; and social assistance rates which have increased 362% since 1988. "*While the senior levels of government have attempted several intervention programs, the local community continues to retain dismal economic measurement*" (Eastern Guysborough County Development Association, 1995, p. i). In 1995, while the employment situation at Seafreez has improved somewhat, jobs are still the community's primary concern: "*They say that there's 250 full-time employees. There might be 250 on their payroll records... One gentleman that we deal with has been working at the plant for years - probably at the top of the seniority list - and last year he said he made $1,700 gross and he's considered full-time; Our tax base here is awful low for the reason that it's a thinly populated place...Any business was here because the fish plant was here. Right now the fish plant is down to about a quarter of what it was; I find a major shift from 10-15 years ago. Naturally, most people then thought they could get a job here and stay here. Even the professionals today realize they can't come back here - especially the teachers.*" In light of escalating economic decline, the previously identified need to create jobs, diversify the economy and lessen the community's dependence upon the fishery has become ever more pressing.

Essentially, it was felt that a radical shift in the community's economic development approach was needed. Unlike previous efforts which were government initiated, residents themselves decided to incorporate the Eastern Guysborough County Development Association (EGCDA) to develop and champion this new approach: "*...people have to take their destiny in their own hands. We can't depend on government; Someone sitting in Halifax or someone sitting in Ottawa, do they really know what will work in Canso, or Little Dover or where else?... We know what's best or we should know what's best or at least the majority must know what's best... Now we're saying to them (government), let us tell you how we want to do it....*" Fundamentally, the approach is underpinned by a belief that the community needs to get more businesses started more quickly. Lacking the population base to be a retail

or service centre, organisational members have identified an opportunity to capitalize on the community's dedicated workforce in attracting new manufacturing ventures to the area. The goal is to get external investors to launch ventures which will manufacture goods aimed at the "outside" market. To be effective in achieving this goal, it has been determined that the inadequacies of 'essential service' infrastructure, particularly in the area of telecommunications need redress. Therefore, a related goal is to establish the basic infrastructure businesses require to operate competitively. This involves two main goal priorities: to establish internet access, and to have the telephone service upgraded so that the internet can be used effectively. The required upgrades have been identified as fibre optic telephone cable, digital switching and a reduction in the number of telephone exchanges.

The overall approach is considered to be quite radical because Eastern Guysborough County has never sought private sector funding before. It is believed that such an approach can be more successful than past efforts because initiatives won't be bogged down with red tape, taking forever to come to fruition. Indeed, other stakeholders in the community have expressed a similar view of what is needed to foster economic development which is underpinned by a growing belief that help from the outside is required in achieving this aim: "*Because we have such a low population base, I guess we would have to come up with ideas or opportunities that we could export - that we don't have to provide to the local residents; Somehow we have to try to look upon some other industry that we can get that would bring people in, that would create jobs; I think we have to get outside investment, outside ventures up and running...; I think as much as can be done locally has been done...In terms of the big picture, we have to rely on outside sources and we're really kidding ourselves if we think otherwise. It's great to be able to maintain the jobs we have but in order to get ourselves out of this slump we have to rely on new positions; That's why we're so enthusiastic about this Eastern Guysborough County thing where they're going to try and bring in companies to create jobs.*"

Essentially, while development of a small business sector is the aim of development activities it is also the means by which higher levels of employment and financial self-reliance among residents of Eastern Guysborough County will be achieved over the long-term. In creating jobs by increasing the number and type of small businesses, the economic base becomes more diversified, while lessening the vulnerability associated with a single industry economy. "*If you have 500 people employed in 100 small businesses, no one of them can disable the community; Seafreez is doing great down there but that's all your eggs in one basket. It's one industry, one plant, one everything. If it's gone, everything's gone... smaller things... if one goes, sure it hurts but it doesn't kill you... So that's what we're working on now - trying to create new business... whether there are 10 people or 12 people. We're not looking ahead to 1,500 jobs - the Seafreezes. We're looking to start small.*"

In summary, economic factors were found to dominate the community's understanding of its problems, consequently leading to the development of goals which, in the short-to-medium term, are economically inclusive and are increasingly aimed at directly creating jobs and increased financial self-reliance for the people of Eastern Guysborough County. Implicit in this aim is the assumption that the employment

created will be sustainable. While evidence indicates that the community and being part of it is valued, socially oriented goals are not being actively pursued, although it was suggested that the community needs to change its assumptions about how to cope with problems: "*There's just so much that can be done if people could just think differently. I think that's the whole thing. Just changing people's minds to think a different way.*" However, over the long-term, the goal is to create jobs and diversify the economy so that the current lifestyle can be maintained and that youth and others will have opportunities to live and work in the community: "*The opportunity should be there - if you want to live here, you can. And that opportunity is not there now and it won't be unless something changes; I'm just like everybody else. I just want to maintain a lifestyle that I enjoy; So I guess if you're focusing on economic development, it's not just dealing in finance stuff. It also can make you a healthier community at the same time.*" Based on the evidence provided, it has been concluded that although the overall goals of economic activity have remain the same since 1990, recent efforts to attract outside investment to Eastern Guysborough County constitute a strategic shift in how these goals are to be realised.

2 ISLE MADAME

2.1 Environment

Isle Madame is located on the southern-most part of Cape Breton Island in the county of Richmond. Because Isle Madame was confronting the crisis in the groundfish industry within, virtually, the same time period as Eastern Guysborough County, these communities shared the general environment's constraints and opportunities for development.

In terms of its task environment, Isle Madame is situated within an essentially rural county which has a population of 11,260 residents within an area of 1,229 square kilometres (Statistics Canada, 1994). Besides being less sparsely populated than Guysborough County, Richmond County's economic base was slightly more varied and its cultural base more diversified owing to the presence of a very distinct Acadian community which is concentrated (85%) on Isle Madame. [French is the mother tongue of 28% of the population and the ethnic origin of 38% (Statistics Canada, 1994)] Nonetheless, Richmond County faced very similar economic development challenges including limited access to transportation, service structures and information; a declining population (-5%); an unemployment rate of 21.3%; an average income per tax filer which is 74.8% of the Nova Scotian average and 64.5% of the national average; and 31% of reported income coming from transfer payments.

For Isle Madame, a life-world community with a natural geographic boundary, the collapse of the groundfish industry posed a ominous challenge to survival for a community already experiencing socio-economic decline. Contrary to the growth being reported for the province and the country in 1991, both Isle Madame and Richmond County were experiencing a loss in population. In fact, since 1986, the Island's population fell 6.7% and stood at 4,333 (Table 7). The outmigration was particularly

worrisome as it was concentrated among those under 45 years of age (GTA Report, 1993).

Table 7 Comparative Population Profile by Census Division 1991

Population	Isle Madame	Richmond County	Nova Scotia	Canada
1991 Census	4,333	11,260	899,942	27,296,859
Percentage change 1986-1991	-6.7%	-5%	3.1%	7.9%

Source: *Profile of census divisions and subdivisions in Nova Scotia*, Ottawa: Industry, Science and Technology Canada, 1994. 1991 Census of Canada. Catalogue number 95-313.

Historically, the fishery has been the economic mainstay of this island's existence. Isle Madame's two largest settlements, Petit de Grat and Arichat (located 3 kilometres apart) had, for decades, symbiotically thrived off the fishery with the former being the centre of fishing activity while the latter provided the Island's social, professional, retail, financial, and municipal services. Although the value of the groundfish landings (which represented 88% of the fish landings in Isle Madame) actually rose from $7 million in 1986 to $8.2 million in 1991, the total weight of those landings significantly declined over the same period (GTA Report, 1993). Indeed, the impact of the reduced supply was already being felt as there were times during 1991 that nearly 40% of the workforce were unemployed. Additionally, the wages and salaries at two of the Island's plants fell by almost 75% from about $7.5 million in 1989 to $1.9 million in 1993 (GTA Report, 1993, p. 29). For a community with a population of 4,300 and a labour force of 1,800 the imminent loss of over 500 fisheries jobs was formidable (GTA Report, 1993, pp. 22-29).

As people began to notice changes in their community, it prompted considerable concern.

> "*We could see that the crisis in the fisheries was coming because back then we noticed... I think it was back in '87 when Richmond Fisheries, I believe had a payroll of $6 or $7 million... When we discussed this thing back in '90, that had gone down to half of that, if not a quarter. They were down to a seasonal operation. So we knew that things were going to get impacted. We were seeing it...I was seeing it... We were seeing it in the businesses around here. People were talking to carpenters... where they had all been busy, like now, by God, people weren't building homes any more, so this was evident for a long time.*"

When the largest fish plant on the Island, Richmond Fisheries, closed in 1992, an Industrial Adjustment Services Committee was formed to analyze the island's situation and to propose alternative directions for the future. This committee was unique in that it not only had labour and management representation, its membership also boasted a diverse range of community stakeholders including educators, social service workers, small business operators and others. While originally the committee had not foreseen

a total collapse of the groundfish industry, as time went on, it became increasingly apparent that this was imminent. In 1994, the Cooperative plant closed its doors and in 1995, Richmond Fisheries did the same. In early 1996, after operating in Petit de Grat since the 1950's, the Richmond Fisheries plant was demolished.

2.2 Resources

2.2.1 Human Resource Profile

2.2.1.1 Employment

In 1991, the unemployment rate on Isle Madame was 19.9% which is slightly lower than that of the County, but significantly higher than the rate of 10.2% for the nation and 12.7% for the province. In providing almost 30 percent of employment, manufacturing accounted for approximately twice the percentage of total employment than it did in the province or country (Table 8). Virtually all manufacturing employment on Isle Madame involved fish processing and most of the employment in primary occupations also was accounted for by fishing (GTA Report, 1993). All together, the fishery was directly accounting for about one-third of total employment on Isle Madame.

Table 8 Employment by Industry, Isle Madame, Nova Scotia and Canada 1991

	Isle Madame		Nova Scotia	Canada
INDUSTRY	Number employed	Percentage employed	Percentage employed	Percentage employed
Primary	175	9	7	6
Manufacturing	510	28	12	15
Construction	95	5	7	7
Transportation	60	3	4	4
Communication/other utility industries	50	3	3	3
Trade	270	15	18	17
Finance	25	1	4	6
Government service	120	7	12	8
Educational service	205	11	7	7
Health and social service	115	6	10	9
Other industries	225	12	16	18
TOTAL	1,850	100%	100%	100%

Source: *Profile of census divisions and subdivisions in Nova Scotia*, Ottawa: Industry, Science and Technology Canada, 1994. 1991 Census of Canada. Catalogue number 95-313.

2.2.1.2 Occupational Structure

Table 9 highlights three notable features of Isle Madame's occupational structure relative to the province and the country. Firstly, it has a lower percentage of management/administrative occupations (6%) than the province (10%) or the country (12%). Secondly, its primary and processing occupations together account for 27% of the total occupations, compared with 10% for the province and 8% for the country. Finally, if clerical/sales/service occupations are considered together as part of the service industry, these occupations account for 27% of the total as compared to 40% for both the province and the country. Indeed, this review of the industrial and occupational structure of Isle Madame confirms the findings related to economic structure which were discussed in Chapter 2 (2.4.3.1.1): low-skilled manufacturing firms usually provide little opportunity for the development of managerial, professional or technical competencies; an economic structure based on large scale ventures tends to create an orientation toward paid employment (as opposed to self-employment)- "*most people don't want to start a business. They want a job.*" - and provides fewer opportunities to acquire small business experience. The implications of these findings are significant when attempting to generate economic growth through small business development given that many new venture founders have managerial, professional or technical backgrounds and have hither to worked in small firms or small divisions of large companies (Mason, 1991, p. 82; Gould and Keeble, 1984; Whittington, 1984; Fothergill and Gudgin, 1982; Cooper, 1973).

Table 9 Occupation Profile of Isle Madame, Nova Scotia, and Canada 1991

	Isle Madame		Nova Scotia	Canada
OCCUPATION	Number	Percentage	Percentage	Percentage
Management/Administration	105	6	10	12
Teaching	95	5	5	4
Health Care	75	4	6	5
Natural/social sciences, religious, artistic and related occupations	120	6	7	8
Clerical	195	11	16	18
Sales	95	5	9	9
Service	200	11	15	13
Primary	190	10	6	5
Processing	320	17	4	3
Fabrication	110	6	7	8
Construction	135	7	7	6
Transport	105	6	4	4
Other	110	6	4	5
TOTAL	1,855	100%	100%	100%

Source: *Profile of census divisions and subdivisions in Nova Scotia*, Ottawa: Industry, Science and Technology Canada, 1994. 1991 Census of Canada. Catalogue number 95-313.

2.2.1.3 Income Levels

The average income for residents of Isle Madame is $16,915 which is 82% of the Nova Scotia average and 71% of the Canadian average (HRD, 1995; Statistics Canada, 1994). According to the 1991 census figures, 29% of the population depend on some sort of transfer payment for at least part of their income and 57% of tax filers reported income < $10,000 while 7% reported income > $30,000.

Table 10 Income Profile for Isle Madame, Nova Scotia and Canada, 1991

	Isle Madame	Nova Scotia	Canada
Average income per tax filer	$16,915	$20,706	$23,891
Percentage of total income from government transfer payments	29%	15.7%	11.4%
Percentage of people with incomes < $10,000	57%	33%	28%
Percentage of people with incomes > $30,000	7%	24%	29.5%

Source: *Profile of census divisions and subdivisions in Nova Scotia*, Ottawa: Industry, Science and Technology Canada, 1994. 1991 Census of Canada. Catalogue number 95-313.

2.2.1.4 Education Levels

Education and skill levels on Isle Madame significantly limit the options for alternative employment. 1991 Census Data indicate that 25% of Isle Madame residents had less than a grade 9 education as compared to 17% of County residents, 13% of Nova Scotians and 14% of Canadians. However, these statistics tend to paint a rosier picture than reality warrants. For example, information provided to the GTA consultants (GTA Report, 1993) by the fish plant managers (Richmond Fisheries and Isle Madame Fishermen's Co-op Ltd.) indicated that 74% of employees had not finished high school while 40% had less than a grade 9 education. Indeed, according to the GTA Report (1993), many of those directly impacted by the crisis do not meet the educational requirement for even low paying service sector jobs (GTA Report, 1993).

Table 11 Education Levels for Isle Madame, 1991

Highest level of Education	Number	% Population
Less than grade 9	870	24
Grades 9-12	1,145	31
Completed high school	275	8
Trade certificate	170	5
other non-university	540	15
some university	455	12
completed university	195	5
TOTAL	3,650	100%

Source: *Profile of census divisions and subdivisions in Nova Scotia*, Ottawa: Industry, Science and Technology Canada, 1994. 1991 Census of Canada. Catalogue number 95-313.

2.2.2 Natural/Physical Resources

Among Isle Madame's natural resources are conditions which are conducive to the development of an aquaculture industry (GTA Report, 1993, p. 133).

2.2.3 Governmental Resources

Federal government resources are largely provided through the TAGS programme (described previously). However, Enterprise Cape Breton Corporation (ECBC - ACOA Cape Breton) and the provincial government also have programmes available in fisheries, tourism, and economic development.

The infrastructure for planning and economic development agencies in the nearby Strait area include the Strait-Highlands Regional Development Agency, the Inverness Richmond District Planning Commission, the Inverness-Richmond Community Futures (and its associated sub-committees for fisheries, tourism and education), the InRich Business Development Centre which provides loans for small businesses, and the Community Development Cooperative of Nova Scotia which has its head office in Louisdale and offers consultant services and financial support for groups wishing to set up worker cooperatives or employee owned businesses (GTA Report, 1993, p. 109).

2.2.4 Educational Resources

In terms of education and training, Isle Madame is home to Collège de l'Acadie - one of the Nova Scotia Community College's seven Acadian region learning centres. Using videoconferencing and teleconferencing technology, a variety of technical and vocational courses are offered in French.

Additionally, the Strait area has a number of educational and training institutions including the Strait Campus of the Nova Scotia Community College, the Nautical Institute and the Inverness-Richmond Learning Centre. Adult literacy, upgrading and other adult education programmes are available from the community colleges, the Learning Centre and the School Board. As well, Acadia University, St. Francis Xavier University and the University College of Cape Breton all offer extension courses and other services in the Strait area.

2.2.4 Intangible Resources

Isle Madame's intangible resources essentially mirror those of Eastern Guysborough County. The perception of residents that the community provides a high quality of life (GTA Report, 1993) tends to be supported by the more objective indicators of this factor (Table 12). In fact, many of those interviewed reiterated the fact that "it's a very pleasant place to live."

Table 12 Quality of life as indicated by household characteristics and family structure

	Isle Madame	Nova Scotia	Canada
percentage owning dwelling	88%	71%	63%
percentage of total households which are single-detached	91%	68%	57%

Source: *Profile of census divisions and subdivisions in Nova Scotia*, Ottawa: Industry, Science and Technology Canada, 1994. 1991 Census of Canada. Catalogue number 95-313.

2.3 History/Core Values

For a community which has shared a stable life-world for decades, certain ways of thinking, feeling and reacting have become quite firmly ingrained among its residents, creating a strong culture. Some understanding of Isle Madame's culture was gained from both primary and secondary data sources. What is striking about the community's history and core values is that many of its elements are, in some respects, contradictory. For example, while it has been indicated that people will "*pull together to help each other out*", self-esteem is generally very low. This has implications for action in that with the fishery gone, people will invariably need to engage in new economic activity for which they may lack the self-esteem to embark on independently. The elements of Isle Madame's culture believed to be significant in relation to the issue of economic development include the following:

Collective community identity: Not only is belonging to Isle Madame an important part of people's identity, sharing it with others is also very important. This has been manifest in the personal, cultural and other types of commitment people have demonstrated. "*The community is absolutely wonderful... If there's a storm... we look out and there's a couple of people shovelling the driveway; When there's a crisis or something, we support one another; We have a social fabric to protect - a way of life in these communities which is quite good; Most Acadians... are very attached to their community. They do not want to go outside the community if they don't have to.*" Indeed, the GTA Report (1993, p. 87) similarly identified 'community' to be among Isle Madame's core values: "In many sessions, participants talked of the strength of the Isle Madame community and of the willingness of people to pull together and to help each other out. Participants often expressed the idea that the community had faced hard times before and had survived, and that they would survive this time too."

An appreciation and pride in Isle Madame's natural beauty: "*Most people here think their Island is quite beautiful and most people from the outside think it's quite beautiful too...; The setting is very rare. Some of us who have left the area know the beauty that there is in this area; On Isle Madame here it's beautiful.*"

Strong, intimate personal relationships: The high value placed upon personal relationships is recognized by both 'insider' and 'outsider' perspectives, respectively: "*people are close together and they talk a lot; Their relationship is very personal and*

very detailed." These relationships tend to be one of the main sources of information exchange on the Island.

Parochialism: While most people do identify themselves as part of the Isle Madame community, their first allegiance tends to be to the community where they dwell, which creates a keen sensitivity to boundaries: "*The communities on the Island can't seem to get together on anything. There may be five dances booked for one night. Then the race is on to see who can get the best band; There's always, like any other community, parochialism. Our community vs. another community... and a lot of it is usually misinformation - people not knowing what's going on; From the feedback I get from the community and when I'm out in the community doing something, I find the biggest hindrance is competitiveness amongst each other; Each little community is looking out for itself and not joining together as a whole community. Unfortunately, it's going to be the death of our community, maybe. People are not fighting together, they're fighting apart... There are negative stories and most of them, unfortunately, are true; ...that is always a bit of a conflict. Arichat was the head of the diocese at one time. It was a seaport and it was greater, almost, than Halifax at the time. This idea of greatness has stayed, which is great. There's nothing wrong with that. The more people think they're great, the more they'll do to better themselves.*"

Nepotism/Patronage: There is a fairly widespread belief that jobs are not obtained on the basis of merit which the following comment captures quite vividly. "*Here if you're in a position of power, you hire your relatives and your friends. It doesn't matter if the person who's standing right beside him has the skills and has the education, you hire who you want, not who's best qualified. Unfortunately, that's happened for so long... If you go to a business and you're a good friend or a relative, you have a better chance of getting on. It's who you know, basically, and that's the really bad thing.*"

Low self-esteem: Generally, those affected by the fisheries crisis have very low self-esteem which seems to be exacerbated among those who are also French (unsolicited information provided during informal interviews; GTA Report, 1993). Research conducted in 1993 by GTA consultants indicate "a lack of skills and self-confidence to take full advantage of their options". As well, people generally do not have positive expectations with regard to training programmes; "*We have people, like in any other community, that had a tremendous sense of inferiority - 'Someone else can do this. I can't.'; Acadian women have less self-esteem than other women...We have a lot of talent and a lot of people doing beautiful work, but Acadians, like I said, aren't adventurous enough. They're scared and they always think 'I'm not good enough. The next one is better than I am'.*"

Belief that government has a responsibility to provide financial security: "*A lot of the problem on Isle Madame is that people think that another industry is going to come in, that the government is never going to let them down; People still seem to think that government should do everything for them.*"

2.4 Strategy

In Isle Madame the strategy can be described as *evolutionary* as although there have been shifts in short-term priorities the vast majority of organizations have indicated that they have remained committed to the same core set of strategic objectives and community values. "*I think we probably started out with a certain intent and we might have gone from pillar to post so to speak but it was always with the same general objective in mind; We're still going with the specific strategic development plan that we had developed when we started off.*" *Indeed, for the one organization which did alter it's mandate, it did so in response to the circumstances presented. ... "when we saw that fishing was really in a crisis we added the economic development*".

From the very beginning, the community has adopted a very proactive approach in taking action to address the needs of the community which were created or exacerbated when the fisheries crisis occurred. Fundamentally, there is a very strong belief that the community has the capability to deal effectively with its problems: ..."*He quite abruptly said, 'You know, what's happening in Newfoundland in the Coastal fishery is going to happen to us soon. I wonder if we couldn't get started in doing something in advance of the problem, not waiting until it hits us full bloom.' And that's where it all started; The writing was on the wall - the plant was going to close. A group of us saw that. We didn't want to wait until the plant was closed before doing something. We started back in 1992 knowing that there had been quota cuts, reduction in the number of weeks worked at the fish plant... something had to be done. We looked at an IAS committee to see what we could do with the people who had been displaced. And at that time, we didn't think it would be shut down completely but we felt we were going to deal with the people who had been affected; I see that it's the community helping the community; We don't need other people to come in. We could do that...*"

In 1993, the IAS Committee commissioned GTA Consultants Ltd. to prepare a report which assessed the current fishery in Isle Madame, determined its socio-economic impact on the community, and developed an action plan for adjustment and economic renewal. Generally, the type of development which was proposed in the GTA Report (1993) - that which is clean, doesn't affect the environment, and doesn't change the way of life - has been endorsed and pursued by Isle Madame's community-based organizations. Indeed, if the feedback from those interviewed is any indication, it would appear that the GTA Report has been widely read and accepted throughout the community. In fact, in many respects, it seems to have served as a focal point from which action emanated.

It was subsequent to the release of the GTA report that the total collapse of the fishery became a certainty. "*People refer to it still as a decline. It's not. The fishery is dead and gone and the groundfishery won't come back; the fisheries are never going to be the same as it was in the 1970's. They may come back but on a much smaller scale; People have been talking about a downturn in the fishery since 1990. In Isle Madame, we're not talking about a downturn, we're talking about a closure. Cheticamp for example... The fishery is still alive. There's a downturn in Cheticamp. They're feeling that there's less lobster than there was five years ago but they didn't reach the stage that we're at... An area like Cheticamp is doing great on tourism. We don't have anything in terms of tourism or very little.*"

In response to this situation it was concluded that the displaced jobs would not, realistically, be filled by a single employer and that mass migration, generally, wasn't an option: "*There's no point in the people making an exodus. Where are you going to go?" Two major problems were identified as issues needing to be addressed by development efforts: an undereducated workforce; and a loss of the youth who pursue higher education as there are no career opportunities for them to return: "We're losing our youth; I think right now, the chance of my two sons coming back to this area are extremely slim; But, we've been having a big drain on all the young people...; The educated of the area aren't coming back... another problem is the education level of the residents that are here now; most of the people here are not educated enough to even attend high school; A lot of those people have been working at the fish plant since they were 13 or 14. They quit school. They don't have their grade 12. Some of them can't read and write which is scary when you're 50 years old and all of a sudden you have no job; A large number of people who were in the fishery were they since they were very young. Some of them now are in their 50's and 60's and they don't have any formal education at all. Still, they have quite a few years of their lives to go before they get a pension of any kind.*"

Basically, the community has reached considerable consensus in defining its goal as that of rebuilding the economy so people could continue with a life-style they had grown accustomed to: "*Not that we want millionaires on Isle Madame, but we want people who are comfortable with a life-style that is quite comfortable and who socially are well-adjusted; develop the Island to provide jobs for the people here so the people can stay here and also, that people's children who go away to get educated can come back and work here on the Island because it's a very pleasant place to live; They (the community) very much want to keep what they have right here but have more educational opportunities and work opportunities; to make sure that the Island never has to be in a crisis situation again, for ourselves and for our children; To us, economic development means that we sustain a quality of life. I look at it as an individual in terms of my children being able to come back here and find work. If I could achieve that goal I'd be more than happy... Unless this Island gets together and people put an effort together to have basic infrastructure which means you have to have an economic base for them to be able to return and have families and have a lifestyle of what we're attained. The hope that my children will be able to do what I've done.*"

In order to achieve that overall goal, it was concluded: "*It's a whole cultural change that has to take place; With that you have a cultural shift that has to be made on two prongs: one, there has to be a renewed economy - some new jobs and the other is there has to be that social adjustment - the retooling of the human resource to meet that new economy; That's what the fish plant was providing for us. It was providing some security. They weren't the best jobs in the world but there was a paycheck at the end of the week, they could buy food for their families, each morning they'd leave to go to work - they had a place to go; Creating meaningful activity - not necessarily high-paying jobs or top salaries - but meaningful activity so that people have a sense of well-being and develop positive self-esteem.*" Indeed, untapped potential for meaningful activity has been identified: "*The French people are noted for their talents. They've got to start using them; We've got a tremendous amount of musicians around here, may of which are closet musicians and song writers...*"

In summary, economic and social factors were found to be very closely intertwined in

the community's understanding of its problems and its vision of the future. Although economic goals, specifically job creation, take precedence as economic needs are the most pressing under the current circumstances, the community is not prepared to compromise its current quality of life in order to create employment. Therefore, economic goal achievement cannot be assessed in isolation. Over the short-to-medium term, the economic goals are, firstly, to create employment for remaining residents so they do not have to leave and secondly, to create employment opportunities for Island youth who had left the area to further their education. In regard to social goals, the community aims to increase education levels as many displaced individuals lack the educational qualifications required for most jobs and retraining opportunities. Over the long-term, the economic aim is to achieve economic renewal by community generated economic development that involves creating or expanding small businesses which will create economic diversification and reduce economic vulnerability. In terms of social goals, the aim is to sustain the Island's current lifestyle and create meaningful work so that people's self-esteem and perceived sense of well-being is increased. The strategy for achieving both the economic and social goals is to create cultural change within the community which involves learning how to deal effectively with problems by adopting different ways of thinking, feeling and reacting. Fundamentally, this means replacing a strategy of dependency with an entrepreneurial strategy.

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