



Investing in Rural Capacity:

Key Findings Around Innovation and Entrepreneurship

A Comprehensive
Summary of Findings
from the National
Rural Development
Stakeholder Listening
Sessions

February 2023

KEY FINDINGS AROUND RURAL INNOVATION and ENTREPRENEURSHIP

Summary of Survey Findings

Innovation and entrepreneurship development in rural communities was a cross-cutting theme that emerged from the initial stakeholder survey. Within the survey there were two different issues, each nested within different topic areas. *Rural innovation, entrepreneurship, and small business creation and retention* was one of the issues under the Economic Development topic and *entrepreneurship among socially disadvantaged communities* was presented as part of Diversity, Equity, and Inclusion. Survey results indicated that both were among the issues with the greatest potential for investments that increase the capacity of rural development stakeholder organizations. Among eligible respondents¹, 30.7% said their employing organizations had low or no capacity to address the issue of *rural innovation, entrepreneurship, and small business creation and retention* and 49.7% said they lacked capacity in the realm of promoting *entrepreneurship among socially disadvantaged communities*. Respectively, 45% and 40% of respondents felt their employing organizations likely had interest in expanding programming on those issues. In answers to open-ended questions on assets, challenges, and opportunities faced by rural communities, elements of innovation and entrepreneurship also featured prominently across all eight topic areas presented. This included equity and sustainability aspects. We summarize those connections in the following table.



¹ 308 and 166 total respondents, respectively.



Physical infrastructure & public services

Natural resource endowments open space for renewable energy and bioeconomy entrepreneurs. Availability of broadband and public services (housing, child and elder care, etc.) are constraining factors for rural enterprise.



Workforce development, training & education

Vocational and technical education at secondary and post-secondary levels promotes entrepreneurship where available, but many rural communities lack access or programs targeted to emerging opportunities.



Community vibrancy

Social, cultural, and political capital in rural communities and small towns often is supportive of small businesses. Incorporating entrepreneurship learning into primary and secondary education and providing targeted start-up funds for rural entrepreneurs is needed.



Climate change, climate variability & extreme weather

Investments need to be properly scaled to rural entrepreneurial contexts and planning and partnerships that help identify emerging opportunities are key. Rural cultural morays, community trust, and change within the public sector also identified as factors.



Economic development

Support ecosystems can be rich in some areas but lacking in others. Access to wrap-around services and venture capital needed, as well as proper scale for rural enterprises. Tourism, recreation, and hospitality, is a critical opportunity space for rural entrepreneurs.



Health

Need for innovation within healthcare services industry to address rural health needs. Skilled workforce is a key barrier to rural health entrepreneurs. Food system entrepreneurs can play crucial role in improving nutrition.



Agriculture & food systems

Local and regional food systems and direct sales channels provide a space for agriculture related entrepreneurship and creativity. Improving access to financial capital, knowledge of emerging technologies, and a skilled workforce are critical needs.



Diversity, equity & inclusion

Civil society is key provider of support among minority groups, but infrastructure and resources are limited. Innovative financing approaches for minority-owned start-ups, addressing racism, and research on disparities are needed.

Findings across Survey Topics Related to Rural Innovation and Entrepreneurship

<p>Assets</p>	<ul style="list-style-type: none"> • Rural cultural facets – including self-reliance and ingenuity – create an environment ready for innovation and its translation into economic opportunity (entrepreneurship) • Rural spaces have critical and unique assets for entrepreneurial ventures to utilize, particularly natural and agricultural resources • Some regions/communities have rich entrepreneurial support ecosystems • Desire to build local businesses that create and keep economic opportunity within rural communities • Rural scale of businesses creates opportunity for craft, artisanal, and other high-value, novelty enterprises
<p>Challenges</p>	<ul style="list-style-type: none"> • Lags in when information, technology, and resources reach rural entrepreneurial community • Support system investments often not properly scaled to contexts • Innovation in public sector also needed in rural spaces • Cultural features can make trust building and partnership difficult • Workforce skill and availability often lacking, hindering acceleration • Limited availability of public services, infrastructure, financing, and business wrap-around services • Lack of access by small firms, especially to down-stream markets/services • Historically underserved and socially disadvantaged communities being left out of entrepreneurial opportunities
<p>Opportunities</p>	<ul style="list-style-type: none"> • Create local and regional hubs that understand rural contexts and that direct funding specifically to rural ventures • Targeted funding for research and outreach education on innovation and entrepreneurship in rural contexts • Promote community economic planning focused on emergent industries • Create entrepreneurial pathways for rural youth and for young people entering rural communities • Sustainable and climate-smart innovation, including tourism/recreation, renewable energy, and agriculture and food

Rural Innovation and Entrepreneurship Listening Session at a Glance

- Held virtually on March 29, 2022
- Hosted by the Northeast Regional Center for Rural Development
- Number of registrants: 97
- Number of participants: 45

Recommendations for Future Investments from the Listening Session:

Entrepreneurial Support Ecosystem

- Support activities that build the capacity of rural entrepreneurial support ecosystem players, including targeted funding and the creation of rural-focused centers/hubs
- Enable a grassroots, bottom-up approach and improve context-relevant intervention
- Provide targeted opportunities for youth and young people to learn about and engage in innovation and entrepreneurship
- Provide workforce development opportunities for learners of all ages targeted at skills of the future (e.g., digital, sustainable tech, etc.)
- Increase broadband access, affordability, and reliability
- Better integrate research, Extension, and practitioner knowledge

OPPORTUNITY: RURAL ECONOMIC DEVELOPMENT

“Best practices with economic development agencies that focus on small projects, tourism, and entrepreneurs. The model of landing large attraction projects is not sustainable for small communities and the focus should shift to building multiple businesses to diversify the local economy instead of hanging all of a community's dreams on one large scale project.”

—Survey respondent

Research

- Identify best practices and structures for innovation and entrepreneurship promotion that work in rural contexts
- Identify incentives, structures, and environmental features that are conducive to locating entrepreneurial ventures in rural communities
- Examine the programs, structures, or partnerships that can improve access by underserved communities to knowledge and resources for innovation and entrepreneurship
- Develop a better understanding and conceptual frameworks of what constitutes innovation in rural contexts and how to measure it
- Identify industry clusters present and potential, based on community assets, for targeted investment in new venture growth

Extension

- Incorporate entrepreneurship and innovation learning into youth curriculum
- Build capacity of vocational and technical education programs, particularly in secondary and post-secondary institutions serving rural communities
- Invest in convening institutions that play a coordination function
- Expand corps of Extension professionals with competencies needed to support the development of local organizations and entrepreneurial ecosystems through provision of technical assistance and coordination

Intersections with Equity and Sustainability

- Evaluate the metrics by which success is defined and measured, and impacts on different communities and populations
- Improve centrality of minority-serving institutions on programs and issues related to innovation and entrepreneurship
- Enhance integration and opportunities for Tribal and Indigenous communities
- Create culturally competent small business development programming
- Close the digital skills gap/the Digital Divide
- Green innovation and sustainable entrepreneurship in rural contexts – identify current activities and best practices, and support expansion of programming
- Improve coworking spaces and opportunities in rural communities to leverage expansion of remote and digital commerce

OPPORTUNITY:

CLIMATE CHANGE, CLIMATE VARIABILITY, & EXTREME WEATHER

“Identifying equitable strategies for transitioning to sustainable economic development, energy production and land use management (i.e. how can businesses, labor, communities that rely on legacy approaches transition to sustainable development with the least economic and environmental consequences?).”

—Survey respondent

OPPORTUNITY: DIVERSITY, EQUITY, INCLUSION, & ACCESS

“There are financing initiatives for minority and low-income businesses in existence that can serve as models. Banks have funds to invest in nonprofit organizations that target underrepresented minority and low-income applicants. Additional research on lending in rural communities and race would be very interesting to showcase any disparities that do still exist (they do). Even in our community of 120,000 people there is 1 (one) commercial lender of color. This is a problem in more than our community that needs to be addressed.”

—Survey respondent

Roles for the Regional Rural Development Centers (RRDCs)

The listening sessions were intended to inform a broad range of rural development partners, including leaders with the U.S. Department of Agriculture and Land-Grant Universities, among others. Given their focus on building capacity across organizational and state lines, the RRDCs may play several roles in advancing the strategic investments addressed in this report. These include the following themes.



Reaching across 1862, 1890, and 1994 Land-Grant University systems to collaborate on priority issues.



Conducting, translating, and disseminating research through journal articles, special issues, briefs, and presentations.



Scaling Extension outreach through curriculum development, training, gauging impacts, and showcasing promising practices.



Helping to acquire and leverage funding for research, Extension, and scholarship.



Actively encouraging the integration of research and Extension on key issue areas.



Facilitating workshops, listening sessions, and dialogues for innovative problem solving.



Convening researchers, Extension practitioners, and rural development stakeholders on high priority issues.



Building and coordinating multi-state teams.

Notes

Information in this report is excerpted from a report titled “*Investing in Rural Capacity: Comprehensive Summary of the National Rural Development Stakeholder Listening Sessions.*” The report shares findings from a national initiative conducted through the Regional Rural Development Centers (RRDCs).

For a comprehensive description of methods and participants, download the full report at: <https://www.usu.edu/rrdc/listening-sessions#reports>

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For More Information

More information, including the comprehensive listening session report, survey report, supplementary materials, and an interactive data dashboard, is available at: <https://www.usu.edu/rrdc/listening-sessions>

Learn more about the Regional Rural Development Centers at: <https://www.usu.edu/rrdc/index>

