

Faculty of Business Centre for Rural and Small Community Entrepreneurship

The Need for Entrepreneurship Studies for Southern British Columbia

Rural communities provide one of the most hostile environments for new venture creation and business growth. Rural small businesses often have to overcome high capital costs of entry or diversification, limited access to capital, poor access to markets and distribution channels, and limited human resources, especially skilled workers.

In spite of these obstacles, small community entrepreneurs continue to begin new business ventures, launch new products, and diversify their existing businesses. These individuals are critical in building economic capacity and are driving many of the fundamental changes occurring in Canada's small communities.

In the Central Okanagan, the Economic Development Commission estimates that there are 11,000 small businesses. More than 86% (9,500) of these businesses can be classified as micro-businesses, those with less than five employees. This regional picture is consistent with the province overall. The BC Ministry of Small Business and Economic Development reports that in 2002 small business accounted for almost 98% of all businesses in BC, and micro-businesses comprised about 83% of small business. The 2001 Census of Agriculture reported 5,680 farm businesses in the Thompson-Okanagan region.

In 2003, the Canadian Federation of Independent Business reported that in British Columbia:

- Small and medium sized business (SME) accounted for 58% of the total provincial employment,
- 32% of businesses are located in towns, villages, and rural communities,
- Commercial lenders are reluctant to lend to small business. Over 50% of loan applications are rejected for firms with less than 5 employees, rising to 100% for firms with less than three employees.

Although most of these business owners are content to maintain their business “just the way it is”, many others want to grow their small business into large successful companies that are able to compete in the global marketplace. Examples of small business entrepreneurs who wanted to grow their businesses can be found in the B.C. grape and wine industry, Pacific Safety Products, and McCain Foods. The number of wineries in BC has grown from nine (9) in 1985 to 84 wineries in 2003. Pacific Safety Products, established as a home based business in 1984, now has international sales of more than \$19 million and 125 employees. Harrison McCain, who started as a small family farm potato grower in P.E.I., once stated that he and his brother Walter started McCain's

because they “had no other choice... the alternative was to go broke”. Today, it has been estimated that McCain’s holds a 30% share of the world frozen French fry market.

The obstacles facing rural entrepreneurs wanting to grow or diversify their businesses are enormous. In addition to the capital and market constraints preventing the growth of these small businesses, owners often have poor business and entrepreneurship skills. They simply do not know how to overcome the obstacles that limit their opportunities for growth. These individuals need access to entrepreneurship research related to small communities, ongoing continuing studies (extension), and formal entrepreneurship education.

The 2003 report “Promoting Innovation and Commercialization in Rural British Columbia (PIC)”, prepared for the British Columbia Regional Science and Technology Network contains eight strategic recommendations including the “need to improve the business environment”. The reports states, “Entrepreneur training should be incorporated into science and technology education and training programs. In addition, incentives could be provided to science and technology graduates who remain in rural areas and begin a business”.

Entrepreneurship Research

Many North American business schools typically focus on the study of business management as applied to large corporations. It has only been in recent years that researchers have begun to study small business entrepreneurship. Amar V. Bhide (Harvard Business School) attributes this to a number of factors including the economic impact of a large multinational corporation compared to a small business, the difficulty in collecting data from small owner managed businesses compared to large corporations, and the general belief that entrepreneurship is an art that really cannot be studied.

Bhide notes that “business schools that would like to provide training in entrepreneurship usually succeed in imparting only management skills”. Entrepreneurship is much more than learning management skills. It also involves understanding the endowments of the entrepreneur, and how they use these endowments to overcome the obstacles of starting and growing a successful business. Today, researchers such as Bhide are interested in understanding the origins and evolution of new businesses, how entrepreneurs identify opportunities, and overcome the obstacles in creating their new ventures.

Research by Kyleen Myrah (OUC) supports Bhide’s conclusions. She reports:

Ronstadt (1990) claims that the lack of institutional support for entrepreneurship education developed in part from an educational system that has valued the large, corporate organization (management education) over the study of smaller, entrepreneurial firms.

...Although there may not be complete consensus on how the areas of small business and entrepreneurship are differentiated, this distinction between the two fields does

reinforce academics' claims for a new and separate paradigm; a conceptual grounding upon which to direct their research and education, and help discriminate entrepreneurship from other forms of business education, particularly its closest perceived field, management. "The framework of management education is not appropriate for entrepreneurship education" (McMullan & Long, 1987, p. 273).

...McMullan and Long (1987) see business schools as focusing on education geared for the large organization context, which is not applicable to the entrepreneur. Laukkanen (2000) also states that business schools have geared their education towards medium and large firm hierarchies and their "graduates become 'socially useful' when and if they meet compatible organizational contexts, typically corporate-type organizations".

Although entrepreneurship research is increasing, much of this research is focused on large urban centres. Very little research has been conducted on successful small community and rural entrepreneurs. In recent years though, several Universities have established Centres devoted to small community research and education. In 1994, the University of Guelph established its Ph.D. Rural Studies program. In Ontario, this program provides a rich source of rural research, teaching and extension programs. Guelph states that "the field of focus of the program is on Sustainable Rural Communities" The University of Stirling (Scotland), through its Centre for Entrepreneurship, conducts research on Rural Entrepreneurship. Their research has concentrated on "the role of entrepreneurship in maintaining rural livelihoods and prosperity".

Entrepreneurship at OUC

OUC has a long history of providing entrepreneurship and farm business management programs to the Okanagan region, and indeed the B.C. interior. In 1985, it established the Business Development Centre, later renamed the Enterprise Centre, to assist small business owners to diversify and grow their businesses. This Centre remained in operation until 1993 when funding for its programs was discontinued. While in operation, the Enterprise Centre delivered micro-business management and entrepreneurship training throughout B.C. Communities including Oliver, Penticton, Golden, Kelowna, Vernon, Revelstoke, Salmon Arm, Princeton, Creston, Nelson, Prince George, and Fort St. John. Their Owner Development Programs were sector specific, meeting the needs of agriculture, manufacturing, retail, health services, small construction trades and others. To meet the needs of businesses in these sectors, their training materials were sometimes translated into Punjabi and Portuguese. At its peak it had grant and "user pay" revenues of approximately \$2,000,000.00.

Today, OUC provides both credit and non-credit courses and programs in entrepreneurship related subjects. BuAd 293 – Entrepreneurship is part of the BBA program and the Entrepreneurial Skills Certificate is a Continuing Education part time vocational program. Other non-credit training programs include courses in New Product

Development and industry specific business planning courses for tree fruits, grapes, ginseng, and wineries.

UBC's Business Families Centre and Entrepreneurial Business Management

Business Families Centre

The UBC website states that this Centre “serves business families and their advisors by: providing dynamic interactive educational opportunities for business family members and their advisors; facilitating access to resources relevant to family businesses; and funding new research in the area of family businesses”.

Entrepreneurial Business Management

This UBC part time program “provides entrepreneurs and entrepreneurial teams with the management knowledge and skills they need to successfully grow their businesses.”

A Vision for the UBC-O “Centre for Rural and Small Community Entrepreneurship”

The concept of a Centre for Rural and Small Community Entrepreneurship is consistent with the original goal of the founders of Okanagan College. Their vision was “to find a way to keep young people in the region, and create educational opportunities that would serve as an incentive for business to locate and remain in the valley” (OUC Calendar).

The founders' original vision has continued to evolve at OUC. The Faculty of Business has created one of the most innovative and dynamic business degree programs anywhere. The time is at hand for the Faculty to build on these successes and craft the vision for a Centre for Rural and Small Community Entrepreneurship. This vision will be consistent with the UBC Okanagan Vision, and will provide the foundation to support small community entrepreneurship and enterprise development. It will be an integral part of the economic engine of Southern British Columbia. We envision that this Centre will become *the* best practices guide for entrepreneurship research and education. To achieve this vision, the Centre intends to focus on four areas of excellence:

1. Theoretical research on entrepreneurship,
2. Applied research to develop practical and effective small community entrepreneurship models,
3. Education programs at both the graduate and under-graduate levels to prepare the next generation of entrepreneurs to create successful new enterprises in rural communities,
4. Continuing studies programs, and associated Certificates and outreach/mentoring to transfer the knowledge gained through research to existing small business owners.

Research Funding

Research funding for entrepreneurial investigations is available from a number of sources. The Social Sciences and Humanities Research Council's (SSHRC) Initiative on the New Economy (INE) provides funding for themes related to management and entrepreneurship, education, and lifelong learning. The Canadian Rural Revitalization Foundation's New Rural Economy research program provides funding until 2006. In the summer of 2003, Agriculture and Agri-food Canada launched its five year Agricultural Policy Framework (APF). One of the stated objectives of the APF is to assist agricultural communities to diversify their economic base, and reduce their dependence on commodity products. New APF programming in the areas of environment, food safety and quality, renewal and science and innovation in British Columbia is valued at more than \$60 million.

Entrepreneurship Education Programs and Models

A number of rural entrepreneurship educational programs have been implemented at Canadian post-secondary institutions. The Centre of Entrepreneurship Education and Development (CEED) began in 1993 as a project to develop entrepreneurship curriculum for the public school system in Nova Scotia. CEED's mandate expanded to include the post secondary system. At the post-secondary level, CEED's philosophy is to foster an entrepreneurial spirit in students of non-business degree programs. By partnering with Dalhousie University and the University College of Cape Breton, CEED has achieved considerable success in fostering small community entrepreneurship throughout the Maritimes. The CEED program is currently being introduced to the Okanagan by School District #23. Other relevant entrepreneurship models are found at:

- University of Guelph
- University of Stirling
- Acadia University
- University of Manitoba
- Memorial University

The Faculty of Business does not intend to duplicate any of these models, but rather to learn from their experience while developing a "made in the Okanagan" solution.

Program Objectives for September 2005

With adequate resources, the Centre intends to have the following programs available for the fall 2005.

1. Research
 - One theoretical investigation
 - One applied investigation
2. BBA courses specializing in rural and small community entrepreneurship
3. Extension programming in small business entrepreneurship

4. One year Entrepreneurship Certificate with options in:
 - Agribusiness
 - Technology

Resources Required

To meet its 2005 program objectives the Centre will require:

1. One part time release for a Director,
2. One Canada Research Chair transferred from UBC Vancouver to anchor the theoretical research initiatives,
3. Research facilities to support the work of the principle investigators and eventually Ph.D. and Masters Degree students,
4. 20 FTE's to support the undergraduate programming,
5. Faculty members to provide undergraduate instruction. (The circle believes that faculty members to do this and to do applied research/mentoring are already in place at OUC)
6. Seed funding to establish extension programs targeted to the agriculture, forest, and technology sectors.

Figure 1: OUC Faculty of Business's Three-pronged Approach to Teaching

