

The Measurement of Community Capitals through Research:  
A Study Conducted for the Claude Worthington Benedum Foundation  
by the North Central Regional Center for Rural Development

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## **Introduction**

Rural communities, in the United States and internationally, invest in their community resources in a number of diverse ways to achieve community economic development (CED). These investments yield diverse impacts and outputs. In 2003, the [North Central Regional Center for Rural Development](#) (NCRCRD) was contacted by the [Claude Worthington Benedum Foundation](#) to conduct a review of community and economic development (CED) efforts in rural communities with populations of less than 10,000 people. Together these organizations reviewed rural communities both domestically and abroad to see how external financial investments impact CED. The overriding purpose was to learn how the Foundation could make better use of limited funds to elicit positive outcomes for rural communities in West Virginia. Since rural communities in general have different kinds of assets, the Benedum Foundation and NCRCRD agreed the study should focus on ways these rural communities can use external financial investments to build upon social, cultural, human, political, economic, and environmental assets or capital to improve their overall well-being. Ultimately, the Benedum Foundation wanted to know how financial investments in rural communities could be maximized to bring about the greatest positive CED outcomes. Thus, all 57 communities reviewed in this study used external funding to engage in successful CED. The communities were located in Australia, Canada, New Zealand, and the United States; former British colonies were chosen so that the communities could be compared more easily. The methodology for our research involved the Community Capitals Framework<sup>1</sup> and the measurement of community capitals (natural, human, social, cultural, political, financial, and built) throughout the CED process in each community. It is our

belief that when strong consideration is given to how to invest well in a community's capitals (assets) and when CED efforts are participatory and inclusive, CED proves to have greater, more far-reaching impacts on a community.

Because of a limited budget and a tight time schedule, we used a variety of media to sample communities and collect data. We depended primarily on an unobtrusive method of data collection, gathering data from recently published case studies, news stories, newspaper articles, community Web sites, and Census data. We made one site visit and had many follow up conversations with site contacts via telephone and email, but we admittedly did not hear from a wide range of diverse voices in each community. For the most part, we talked to leaders of the CED effort. We found a plethora of information on successful CED efforts that have taken place in rural areas, and because we found the information in similar ways, the communities and their CED efforts are comparable to one another. Choosing indicators and measuring community capitals was a challenge in this study, because we were necessarily dependent upon secondary data. Current and past literature provides some understanding of how to measure the impacts of community investments in community capitals when doing research. Therefore, we have included an overview of how other studies have approached the individual capitals; although, as we point out, it is important to recognize that investments in one form of capital can have impacts on multiple capitals. We hope our study will complement and add to this important pre-existing work.

## Literature Review

### *Measuring Community Capitals: Overview*

Robert Putnam's argument that America's social capital has waned over time, and that a reemergence of social engagement can only happen once people "better understand *how* social capital works," relates well with many of our findings.<sup>2</sup> Putnam's work shows his concern about Americans falling away from one another and from civic action. While this may be true, and Americans may still be "bowling alone," our study provides insight into how small communities do come together when it is absolutely necessary. When the communities of our study were faced with a crisis or serious challenge, investments were made in social capital; people depended upon one another to create change and a better future. This was obvious as existing CED groups were more active or new CED groups formed. However, measuring the impact of social capital investments can be difficult unless a significant amount of time is spent with the community and with its groups.

The difficulty with measurement does not lie in finding forms of capital within a community; it is in finding a way to measure how capital is invested to affect a community's capacity. As the literature shows, there have been many attempts to understand and/or measure capital that is invested in a community or neighborhood. In terms of our study, we looked at the context, process, outcomes, and outputs of the CED effort and measured how capital changed over the course of the CED effort (See Figure 2). However, there are many questions surrounding this means of measurement, as Laverack and Wallerstein in 2001 found in their study on community empowerment.<sup>3</sup> They asked many difficult questions that we also faced, such as "Who is the

community in a programme context?” and “Is community empowerment a process or an outcome?”<sup>4</sup> The authors also bring up past research<sup>5</sup> showing that the outcomes of significant community change may not be seen for many years; this is an important, and also challenging, piece to understand about measuring CED efforts. For our study in particular, it was not possible to wait several years to see how a CED effort affected the overall climate of a community because we were working within a specific timeframe. Furthermore, like Laverack and Wallerstein point out, we found that sometimes a community’s process of investing their community capital may also be a significant outcome in that communities were making great strides in planning for the future.

Another challenge we faced was pinpointing the actual definition of CED for our study’s purposes. Saggars et al. in 2003 discussed the confusion in Australia about the actual definition of community development, as well as how to measure it.<sup>6</sup> A task force, which formed out of the Local Government Ministers’ Conference in 1984, determined that “the term community development had been applied in various ways and was often understood to be synonymous with the provision of human services” but that this was outdated, and “[community development] should be more correctly defined as a process that was concerned with the affairs of local communities, involved community members in decision making, and encouraged community self-reliance through the mobilisation of local resources.”<sup>7</sup> Saggars, et al. discuss how local governments in Australia struggle with measuring community development and how to quantitatively measure community worker effectiveness, noting that more often than not, “despite all of the ensuing discussion regarding the importance of structured performance measurement, anecdotal evidence was the most common method of measuring effectiveness in community services and community development.”<sup>8</sup> Anecdotal evidence, something we greatly relied upon through secondary data and follow up conversations, can be difficult to quantify. There can be bias or misrepresentation of events and overall it is a challenge to transfer story elements to numbers. In and of itself, a healthy economy is a necessary but insufficient part of a healthy community. For our purposes, we define CED as that which contributes to healthy ecosystems; social equity and empowerment; and vibrant, diverse, and robust economies.

Previous empirical work on the use of community capitals to measure community development is focused around decision-making in terms of how each capital is defined and then how to measure each capital effectively.<sup>9</sup> Even with research dedicated to the community capitals, measuring the capitals and investments therein, it is still a gray area. While we worked to organize community elements under each form of capital and measure their change, we saw a lot of capital overlap; sometimes strong leadership is human and social and political capital; sometimes cultural capital is also human capital and natural capital. Furthermore, investments in social capital, for example, can impact all of the other capitals. For guidance on measurement, it is helpful to look at the literature on community development processes and the measurement of capital.

### *Measuring Natural Capital*

Natural capital is an important starting point in the Community Capitals Framework, as it is the base of a community's assets; it is literally the foundation they have to work with. Natural capital is easy to notice—the landscape, mountains, lakes, green spaces; however, it is not always easy to measure how it relates to community development or community well-being. In many cases, parks and recreation areas, or access to them, can help build other forms of capital, such as social and human. However, dependence on natural capital, specifically extraction industries, for building financial capital can be problematic for rural communities. This is particularly true in states like West Virginia, where a lot of small towns have been left economically devastated by the boom and bust of coal mining.<sup>10</sup> Although investments were made in these communities, specifically by outside industry, the impacts have not always been positive for human, cultural, social, financial, and especially natural capital. Additionally, when a community's natural resources make the economy thrive in a community, if those resources are used up the community may experience a downfall. This boom and bust phenomenon can be devastating for communities and make motivating CED efforts more difficult. There have been many studies on research dependent communities, in terms of the boom and bust communities, and the culture of resource-dependent communities.<sup>11</sup> These studies often point out that communities that are dependent on natural resources for their economic stability have their own cultural and social norms. When these towns lose these industries, the communities may have difficulty coping with the loss of jobs, loss of culture, and loss of social networks. Additionally, these studies show how politics can play a big role in natural resource industries.

Force, Machlis, and Zhang in 2000 studied seven resource-dependent communities in the Pacific Northwest over a 50 year period, measuring three different “engines of change”: local resource production, local historical events, and broad societal trends.<sup>12</sup> Communities considered in the study included those dependent on timber, fishing, tourism, and mining. Using regression analysis to test four different hypotheses about these engines of change, the authors conclude that “changes in a resource-dependent community's size, structure, cohesion and anomie *were* associated with local resource production *and* local historical events *and* societal trends.”<sup>13</sup> Ultimately, what the authors discovered was that resource-dependent communities are often at the mercy of political forces, and when change occurs it affects the cultural and social climate of the community. Therefore, political capital affects natural capital, and natural capital's effects hamper human, social and cultural, and financial capital. The authors found that social change in a community may happen because of leaders who “activate social networks, creating centers of political and social power.”<sup>14</sup> In addition, Force, Machlis, and Zhang suggest that “political autonomy” might also help to enhance a resource-dependent community's progress. Investments in social and human capital can create change; but if a community feels controlled by outside political forces, there may not be motivation to invest internally.

Stedman, et al. in 2004 examined community well-being in natural resource dependent areas of Canada and how the natural resource industry affected communities.<sup>15</sup> After measuring the income and poverty levels of areas dependent upon agriculture, fisheries, mining, energy, and forestry the authors discovered that “Some industries are consistently associated with positive or

negative outcomes; for example, mining and energy are associated with high income, while the opposite holds true for fishing reliant places. The performance of other resource industries, notably forestry, appears to vary by region.”<sup>16</sup> Stedman, et al. also found their study to be consistent with the outcomes of similar studies on rural resource-dependent areas of the U.S. What is recognizable is that simply the fact that natural resources are available and provide residents with jobs, does not equate to community well-being; simply having these jobs does not mean they are quality jobs or that the community is economically stable.

Beyond a community’s ability to recover from the loss of a resource-based industry, there is another element of natural capital that is important when considering CED. We found that improving natural capital or using it to attract outsiders can often help the CED effort. Some communities had a lot of natural assets, but they had not recognized them or maximized their potential. Walking trails, national parks, local parks, lakes, beaches, etc. all provide ways to draw people into a community. From Roseland’s perspective, it is most important to first invest in natural capital for CED, “Rather than being a fixed thing, a sustainable community is continually adjusting to meet the social and economic needs of its residents while preserving the environment’s ability to support it.”<sup>17</sup> If natural capital is involved in a CED effort, the foremost thought needs to be about the impact changes to the environment will have on the future. If a community has been devastated by the loss of a resource-based industry, it may be possible to use that to a community’s advantage, providing education to the public about how the use of land is important and what resource-dependent areas have lost in the way of natural capital.<sup>18</sup>

### *Measuring Cultural Capital*

“Cultural capital includes the values and symbols reflected in clothing, books, machines, art, language, and customs.”<sup>19</sup> It also includes the lens through which an individual views the world, the natural environment, as well as an individual’s values and personal history. Culture is the experiences that we garner by visiting another country or simply by observing how another group of people functions on a day-to-day basis. Culture can also be shared within a community, as people share a sense of place. In our study, we looked at how the “culture” of a community added to or evolved because of the CED effort by looking at community traditions, festivals, and local history.

Klamer makes a strong argument about the importance of looking at cultural capital as a good that makes life more meaningful for the individual as well as the collective. Klamer looks at culture as the experiences we have, our heritage, imparting that “we may recognize cultural capital in the capacity to find meaning in a walk through the woods, a visit to a museum, or during a church service.”<sup>20</sup> He discusses that when a person says they are “rich,” this determination goes far beyond economic wealth; a person must consider their cultural and social capital as well: “the cultural and social values...are crucial for the worth of our lives and the communities we live in. But we will need to negotiate the meanings of these concepts and possible measurements.”<sup>21</sup> Klamer makes an important point here that, much like social capital, it is difficult to know how to measure an individual or community’s cultural capital, but it is important to look at how a community invests in both through community projects and plans.

A community's culture did come into play in our study, as some of the CED efforts included community festivals, proliferation of heritage events, and the preservation and invention of town traditions. These investments show a community's determination to share a common tradition or ethnic heritage. When these investments in culture happen, though, it is important to have a wide representation of community members present, so that all cultures are considered and recognized. For example, if a community only celebrates the German heritage and does not consider its new Hispanic population, there can be a divide in the community: one that seemingly shows who belongs there and who does not.

### *Measuring Human Capital*

The need for building and sustaining human capital in rural communities is prevalent in the countries we studied. The current problem in many rural areas is the out-migration of young people. Alston in 2004 discussed the loss of youth in rural Australian towns in New South Wales, and that specifically young women are leaving rural towns.<sup>22</sup> Looking at eight local government areas, in terms of population statistics, job growth, education statistics, and withdrawal of governmental services, it is clear that there is a loss of investment in human capital. There are several reasons for this loss of human capital, from Alston's perspective, one being the Australian government, in which "Neoliberal solutions articulated by politicians and policymakers tend to rely on market driven solutions and on calls for communities to help themselves...At the same time there appears to be little acknowledgement of the impact of the selective withdrawal of services as a critical factor in the decline of small towns."<sup>23</sup> Alston also says that the disproportionate number of young women leaving rural small towns is caused by the lack of educational opportunities for them once they graduate from high school; whereas young men often stay, becoming apprentices and learning a trade. Women are not usually provided with this option, so they leave to look for opportunities in education or business.

Additionally, as Alston discusses, a "macho" attitude of the men (cultural capital) in the small Australian rural towns drives young women away, seeking refuge at universities and in cities. As this happens, human capital is built outside the communities. This is troubling because, as Alston points out, "The loss of young people threatens rural community sustainability...The loss of young people signals the loss of future leaders, small business owners, entrepreneurs and community drivers. A lack of employment options for young people is a significant reason for their departure and a significant factor in keeping them away."<sup>24</sup> Measuring the number of youth who are leaving is one way to see how rural communities build and invest their human capital. As Alston shows, a loss of human capital is also a loss of economic and social capital: "If small towns are to survive in the future they require investment in human capital in the form of easier access to education and training and the provision of meaningful employment to retain and attract back young people."<sup>25</sup> The lack of governmental support for local services, and the lack of local community capacity to provide opportunities for young people means that communities will continue to lose human capital in rural Australia. Communities sustain themselves over time in relation to their investments in education, healthcare, and youth retention in the CED effort, as these are all important for attracting and keeping people in small rural areas, i.e. building human capital.

### *Measuring Social Capital*

While researchers have, over time, defined social capital<sup>26</sup> there are still many questions lingering about how to best analyze social capital within communities. Most studies aggregate these in individual rather than community level variables.<sup>27</sup> Putnam and Coleman both see social capital beyond the individual level. Social capital, from Putnam's perspective, refers "to features of social organization, such as networks, norms, and trust, that facilitate coordination and cooperation for mutual benefit."<sup>28</sup> Coleman notes that the interaction between people is imperative for social capital to thrive.<sup>29</sup>

It may very well be that the design of the measurement tool makes the difference in collecting good measurable data on social capital. Onyx and Bullen conducted research on the measurement of social capital in communities, noting: "Social capital is a slippery but nonetheless important concept; slippery because it has been poorly defined, important because it refers to the basic raw material of civil society."<sup>30</sup> O'Brien, et al. found the survey instrument Onyx and Bullen employed to be deserving of "further attention as a practical tool for ...community agencies interested in social capital."<sup>31</sup> They took the Onyx and Bullen Australian-based study and modified it for a US sample. They recognize through their work that the measurement of social capital has been difficult over time: "To date, several researchers have attempted to measure social capital with theoretically grounded instruments, although the trend appears to be the creation of new instruments rather than trying to replicate or refine an existing one."<sup>32</sup> Inkeles determined ways to measure social capital on a national level, with four categories in mind: social institutions, culture patterns, modes of communication and association between individuals and between collective entities, and psychosocial characteristics "of a given community or population."<sup>33</sup>

Trust and community norms do not necessarily lead to collective action. Jan Flora, et al. determined that because of "social capital's high level of abstraction" it is difficult to "operationalize."<sup>34</sup> For this reason, Flora, et al. came up with a new concept that relates to community capacity, entrepreneurial social infrastructure (ESI): "ESI may be viewed as a particular format for directing or converting social capital into organizational forms that encourage collective action."<sup>35</sup> A community with ESI mobilizes resources both within and outside the community and "maximizes the resource potential of a community's social diversity."<sup>36</sup> Flora et al. considered all the networks which happen within a community to produce change, and through measuring indicators that show a legitimacy of alternatives, resource mobilization, and network qualities, they showed that communities with these elements are able to mobilize CED efforts and ultimately have measurably high ESI.

Larsen, et al. in 2004 conducted a similar study examining how the bonding and bridging of social capital, or social networks, worked toward successful civic action within neighborhoods.<sup>37</sup> Larsen found that "bonding social capital was a significant predictor of taking civic action. Therefore, people who associate with their neighbors and trust their neighbors are more likely to take action when controlling for all other variables."<sup>38</sup> Larsen et al., through measuring the bridging and bonding capital in eight Arizona neighborhoods, found that social networks do make a difference in community action. In the current study, we found that social

networks were extremely important in most communities' CED efforts, within and outside of a given community. We decided that the number of new groups that formed and how communities leveraged outside help were sound ways to measure investments made in social capital. It is important though to note that groups may be different than networks.

### *Measuring Political Capital*

Political capital refers to a community's ability to access public resources or impact the rules and regulations that affect its day to day functioning. It is often mediated through elected leaders and officials. But there are others in the community who may hold more power,<sup>39</sup> such as an elder or an old-timer. Someone who has lived in the community their entire life, whether or not they have some financial leverage, may have the capacity to make or break things that happen in town. Turner studied the importance of political capital in two different neighborhood community development efforts.<sup>40</sup> What Turner found was "Sustained community development requires three elements to be successful. Economic and social capital are the first two elements...the third element is overlooked. Economic and social capital yields political capital, which serves to link community building, government assistance, and private investment in a neighborhood."<sup>41</sup> Community groups that are working to employ change need to have political empowerment, even though this may be difficult to negotiate with local governmental powers. If the community group, according to Turner, has this political clout, they are then able to mobilize resources in the way of economic and social capital, which is necessary for community change. What this may mean for small communities is that the CED group needs to engage those in town who already have political power and control over decision-making, so that others in the community will want to get on board and work toward community success. In this way, local people are making an investment in the community's political capital to make an impact on CED efforts. Obviously, one person or group should not make all the decisions for everyone in a community, but it is important that a community recognizes all of its political players. For our purposes, we looked at the role of local, county, and federal government in the CED effort.

### *Measuring Financial and Built Capital*

When deciding how to invest in financial and built capital, it is often beneficial when communities look at existing resources and proceed from there. Mayer and Greenberg examined case studies on communities that were working to come back from financial despair.<sup>42</sup> Although the researchers did not specifically discuss community capitals and their measurement, they did ask questions relating to each of the capitals. Mayer and Greenberg identified 37 small to mid-size cities in the United States for their study, which were chosen from other sources describing these towns as boom and bust towns. By using census data and phone interviews, the researchers identified how towns that had once thrived from big industry and then plummeted as that industry left began to rebuild and revitalize their economy. What they found was that many towns did not respond quickly after losing a major industry; many town leaders believed that another industry would come in and save them. Since the community had always had a big industry, like mining, steel, or meat-packing, they often did not think about a strategic plan for the future. The major significance of Mayer and Greenberg's findings is that these sorts of

communities that have had to figure out how to revitalize or reinvent themselves can teach other communities: “Diversifying today, in spite of the prosperity being enjoyed from strong employment and high wages, will be critical to the economic well being of the community over the long-term.”<sup>43</sup> Economic developers and local leaders may be more apt to rethink their CED strategies for the future, finding that reliance on chasing smokestacks is not always the best tactic. Looking internally at how to invest in existing assets often proves more successful.

Similarly, McGrath and Vickroy researched the fate of small towns in unstable economic conditions.<sup>44</sup> Through their study of Johnstown, Pennsylvania, a past boom and bust town that is small, rural and isolated, they looked at how towns can practically gauge their economic condition and prepare for the future. The result of this study is an assessment, through the collection and measurement of primary and secondary data, of the economic climate in Johnstown. The authors see their research as helpful to local planners and government in any community, in that planners can prioritize projects and elected officials “use the data as an objective, apolitical barometer of the issues they should emphasize in their legislative agendas.”<sup>45</sup> The study focused on revenue and sales projections, facility space need projections, employment projections, and issues affecting the local business climate.<sup>46</sup> By doing this research the authors were able to provide the community with ideas on how to invest and build financial and built capital for the future. They also see their study as beneficial for other communities, as it was a fairly low-cost model that others could follow. Overall, McGrath and Vickroy emphasize the importance of measuring the current financial situation of a given community as well as looking at the projected future outcomes when working on CED efforts. Financial capital and important built capital was a large focus of our current study, specifically in terms of how communities use outside funding in ways that sustain positive outcomes and growth. For the purposes of this study, we grouped financial and built capital together.

### *Capitals Do Overlap*

Flora, Flora, and Fey view all of the capitals as interconnected. “These resources can either enhance or detract from one another. Furthermore, resources can be transformed from one form of capital to another. When one type of capital is emphasized over all of the others, the other resources are decapitalized, and the economy, environment, or social equity can be thus compromised.”<sup>47</sup> This interconnectedness can make measurement difficult, because in essence, measuring each capital involves separating them from one another and deciding their weight on a project or program. When there is overlap, and capitals are interrelated, it can be difficult to determine where to place indicators for the individual capitals. Thus, what may be a measure of social capital in one situation might be a measure of cultural capital in another. Yet, by using qualitative data, the capital implied by different indicators can be better determined.

Measurement of investments in capital can be challenging when working with qualitative data, and in our case, qualitative secondary data. As Denzin and Lincoln point out, “Qualitative researchers deploy a wide range of interconnected interpretative practices, hoping always to get a better understanding of the subject matter at hand.”<sup>48</sup> Turning stories into numbers requires acquiring a sense of the interaction between context and indicator. Although, conversations we had with site contacts helped to augment the qualitative data that we used.

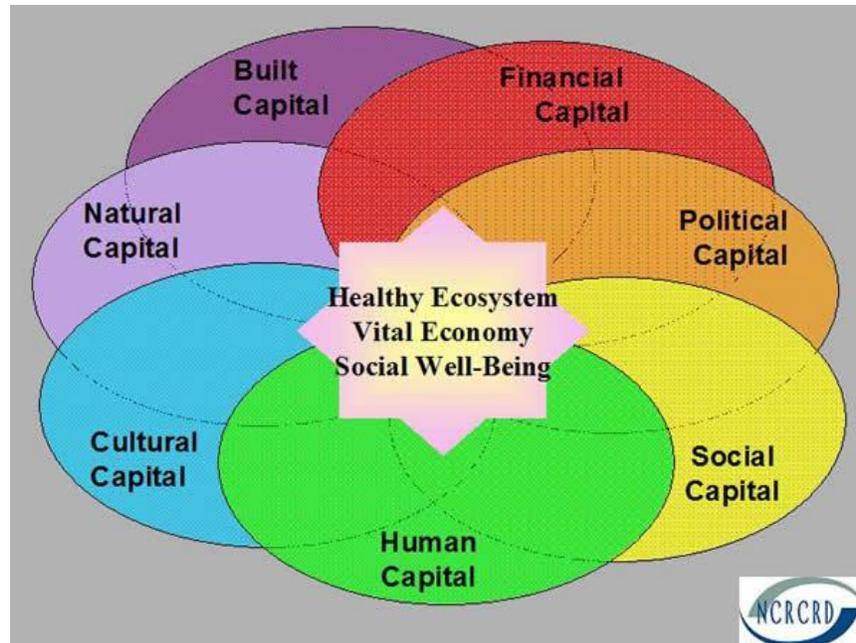
In the next section, our study is described in detail, providing our methodology and outcomes. Our study adds to operationalizing the capitals across settings and over time in order to determine the impact of investments on the different capitals.

### **The Benedum Project: Evaluation Methods**

The NCRCRD reviewed exemplary case studies of successful CED in four countries to try to determine the impact of different capital investments and learn from their successes. In the process, we also learned about the challenges they face in making these investments among capitals as means and ends that could derail CED processes. The United States (excluding West Virginia), Canada, Australia, and New Zealand were chosen based on relatively comparable cultures and similar rural conditions: all of them have very remote rural communities, expansive territories, are former English colonies, and share a common predominant language. Once the countries were selected, communities were required to meet three criteria: They needed to 1) be rural as defined by having a population less than 10,000, 2) be currently or recently engaged in CED efforts, and 3) have received and used outside funding for part of their development efforts. As previously mentioned, 57 communities were selected for the study.

To help us evaluate CED in the communities we studied, we developed a conceptual framework based on the measurement of six kinds of capital investments (combining financial and built capital). This framework accounts for the fact that a variety of investments are made in the course of CED efforts. These are not limited to financial capital, but also include time (human capital), energy (cultural capital), action (political capital), infrastructure (built capital), and cooperation (social capital). As rural people know, it takes more than just a bankroll to help projects succeed—it also takes vision, dedication, and hard work to bring projects to fruition. The framework we use therefore regards all forms of capital investments, not just traditional monetary sources. All of these capital inputs are invested to improve community assets. The types of investments we distinguish for the purpose of analysis include financial/built capital, political capital, social capital, human capital, cultural capital, and natural capital (Figure 1).

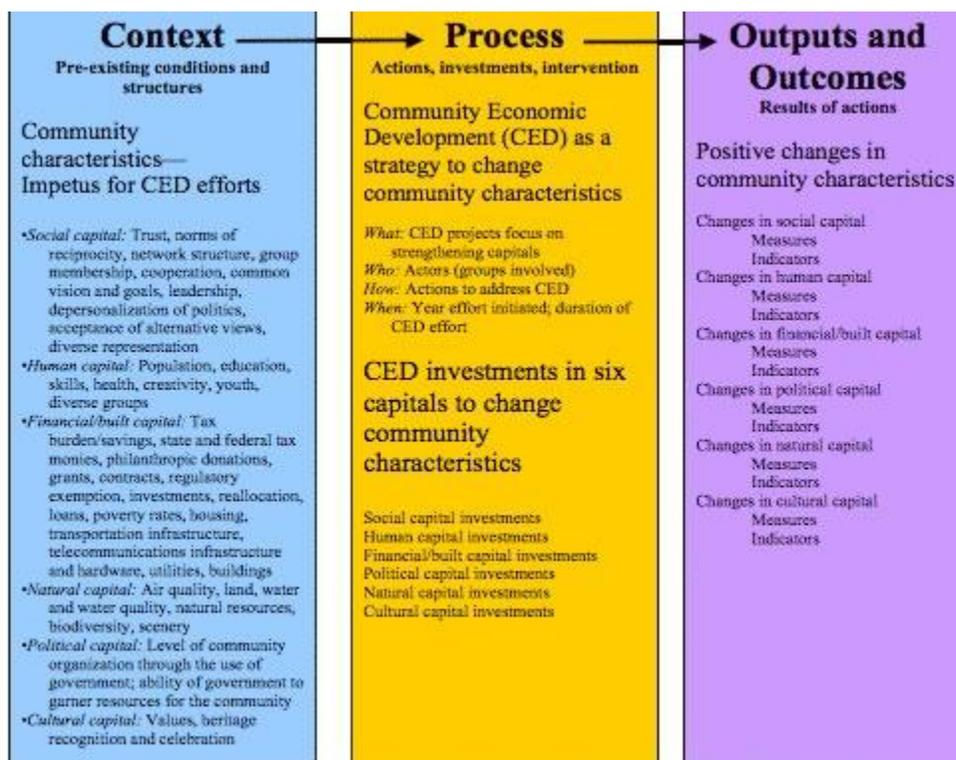
Figure 1. Community Capitals Framework: The Six Capital Investments and Their Link to Community Outcomes



In Figure 1, each oval represents one type of investment, all of which are tied to community outcomes. Outcomes constitute a broad community vision used to guide specific investments in CED. Changes in the seven capitals can be viewed as outputs of the investments.

Understanding our view of capitals as assets that set the initial community conditions, alternative investments in community change and outputs of the initial conditions and the investments represent three points in an on-going process (see Figure 2). By collecting information about the six capital investments in each community, we were able to compare results across all 57 communities and perform statistical tests to determine whether there is evidence to show that actions or investments are related to outcomes. Ultimately, we expected to find that investments in some of the “softer” capitals such as social and human capital are related to a community’s capacity to engage in successful community and economic development. Successful development, as defined in Figure 1, contributes to healthy ecosystems, social equity and empowerment, and vibrant regional economies.

Figure 2. The Research Model



Successful CED has already been defined as contributing to healthy ecosystems; social equity and empowerment; and vibrant, diverse, and robust economies. Information we collected about the 57 communities was measured according to these standards. This section summarizes what we learned from the review based on community similarities and differences.

### Comparing Common Features

Communities included in this study engaged in many kinds of interventions, some of which consistently appeared in all or nearly all of them. These common interventions are key to recognizing critical elements necessary for successful CED, efforts that could be duplicated in communities experiencing decline. Common interventions carried out by the study communities included the following:

- Almost all of the communities (except one) included **public participation** as part of community and economic development efforts. Only one did not—Canada’s Springhill in Nova Scotia—focusing instead on partnering with industry to develop a geothermal heating and cooling system.
- Almost all of the communities (except one) had a **local organization involved in the CED efforts**, indicating the presence of organized, collective local input. In fact, 95 percent of the communities had *multiple* (two or more) local organizations involved in the effort, ensuring diverse participation from a variety of community groups indicating

the presence of bridging social capital. Bridging social capital is indicated in one way by the development of connections across different community groups as opposed to within similar groups. Of those communities with a local organization involved in the CED effort, the average number of local organizations involved was five (4.7). Not only were these local organizations involved in CED, but they also had the power to make decisions about its direction. In all but one community, local organizations had at least one member serve on the CED board, with an average of three.<sup>49</sup>

- Almost all of the communities (except one) had an **external organization involved in the CED efforts**, revealing connections outside the community and another form of bridging social capital. Sixteen percent of communities with an external organization involved in the CED effort had only one such organization involved, whereas 84 percent had two or more, showing diversification in the use of outside contributions. Of communities with an outside organization involved in CED, the average number of outside organizations involved was nearly four (3.9). However, for the most part, while outside organizations could make important contributions to local CED, they did not have formal power to make decisions about CED. Indeed, in 81 percent of the communities, outside organizations did *not* have a member serve on the CED board, suggesting that outside influence is important to local rural CED, while outside control is not.
- It therefore follows that almost all of the communities (96 percent) involved both local and external organizations in their CED efforts, indicating the **presence of multiple dimensions of bridging social capital** (as indicated by connections across different groups within the community and connections to groups outside the community) as a key feature in successful community and economic development efforts. Bridging social capital, when combined with bonding social capital (that is, trust and ties within similar groups), is essential for mobilizing resources, creating inclusive and diverse social networks, and considering and accepting alternative viewpoints in development efforts.<sup>50</sup>
- All but one community had **organizations serve as a primary source of human capital given that all contributed some kind of human expertise to the CED effort**. Contributions of human expertise included grant writing skills, skilled labor, unskilled labor, consulting services, bookkeeping, legal services, specialized local knowledge, training, event planning, or leadership skills. Collectively organized human capital inputs are therefore critical to successful CED efforts. By far, **the most common form of expertise contributed by organizations in the communities we studied was leadership** (96 percent of communities had organizations take on a leadership role). Of those communities who did have organizations contribute leadership expertise, an average of 3.5 organizations contributed leadership skills—indicating widespread participation in decision making. Importantly, **organizations did not serve as a primary source of raw materials for projects—in other words, financial capital**—given that only 14 percent of communities had organizations which donated materials to projects.
- In almost all of the communities (95 percent), **organizations had a member serve on the CED board or steering committee**. Those communities had an average of nearly

three (2.8) organizations serving on the CED board, again indicating the importance of multiple representation of collective interests in the CED decision-making process.

- In 86 percent of the communities, **new leaders emerged** who had previously not taken leadership roles before. Communities successful in their CED efforts are therefore open to considering and accepting alternative viewpoints.
- In 95 percent of the communities, **new connections were made between the community and various levels of government** as a result of the CED effort, illustrating the need for political leaders to play an active role in strengthening the communities they serve. Developing political capital should therefore be a focus of any community striving to get results.
- **Outside investments resulted in improvements to infrastructure, the business community, and workforce development** in 91 percent of the communities, all of which are tangible outcomes for communities. Tangible outcomes may be important in helping rural communities and funders celebrate measurable success in their CED efforts.
- **A local strategic plan resulted from the CED efforts** in 86 percent of the communities. On a related note, broad outcome-based goals were integrated into CED efforts in 91 percent of the communities, indicating the **presence of long-range planning as a precursor to success in rural CED.**

### Ranking the Communities According to Successful Outcomes

Although the communities we studied share many common features, communities also differed in significant ways, proving the adage: Once you've seen one rural community...you've seen one rural community. Simply put, among those communities experiencing CED success, some communities were more successful compared to others. In other words, some communities experienced successful outcomes building all six capitals, whereas others experienced success with perhaps one or two. Using a three-tiered ranking system, we developed a way to systematically examine the differences. The purpose of this exercise was to discover ways we can overcome challenges these and other communities face in their CED efforts to improve the range of outcomes they experience. Questions we set out to answer include: Which communities experienced the greatest range of successful outcomes? What makes those communities different from communities experiencing success in only one area? What kinds of actions did more successful communities engage in that less successful communities did not?

In order to answer these questions, we divided the communities into three groups *relative to each other*. The three groups that emerged are categorized as those experiencing "high" or a broader range of CED successes, those experiencing "medium" levels of success, and those experiencing "low" degrees or a smaller range of success relative to the others. These categories were calculated by adding up or aggregating all outcome variables for each community into a single index score for each of the six capitals. We started with six different scores for each community capital (one community score for natural capital outcomes, one for social capital outcomes, and

so on) and ended with one composite capital outcome score derived from the six capital outcomes scores.

Each of the six capital outcome scores was calculated from a different number of variables. The composite built/financial outcome variable was based on all of the variables in that category. This category contained more variables than cultural capital, for example, which had fewer. Simply because we had more indicators available to measure financial/built capital does not mean that those outcomes are more important than the cultural capital outcomes. To overcome the inherent bias on the financial/built capital outcomes and the capitals that had more indicators, we ranked communities in three groups relative to each other—high, medium, and low—for each of the six capital outcomes. That way, “softer” variables more difficult to measure such as cultural capital receive as much weight as the “hard” variables. In this way, one-third of communities were ranked as having high social capital outcomes, one-third were ranked as having medium social capital outcomes, and one-third were ranked as having low social capital outcomes. These rankings were developed for each of the six capitals. Then, we assigned a number to high (3), medium (2), and low (1) levels for each variable so that one community could score a total outcome score maximum of 18 (3 for the highest score possible times 6 for each of the six capitals) or a minimum of 6 (1 for the lowest score possible times 6 for each of the six capitals). With the total composite scores ranging from 7 (low) to 16 (high), we then proceeded to divide these into thirds—high, medium, and low overall capital outcomes. One-third were assigned to the “high” category, 1/3 to the medium, and 1/3 to the low.<sup>51</sup>

If we do *not* adjust for this bias, several (five) communities with a “medium” level of total outcomes would have been rated as having a “high” level because of a strong showing in the financial/built capital outcome variable. Giving all of the capital outcomes equal weight puts these communities in the middle category instead.

Ranking the communities according to high, medium, and low outcome categories helps us distinguish the communities with successful investments that address all six capitals as opposed to communities experiencing successful outcomes in only one capital category. Since CED is inherently focused on the community as a system rather than a single sector, we were more concerned with measuring successful outcomes in all of the capitals—i.e., strengthening all aspects of community—rather than just one.

### **Differences between “Higher” and “Lower” Outcome Communities**

In this section, we compare the differences in the nature and progression of interventions between the higher outcome communities and the lower outcome communities. We have eliminated the “medium outcome” communities for the sake of highlighting differences. Again, we emphasize that these findings show results *relative to the other communities* in the study. If a community is labeled as having a “lower” level of outcomes, it does not necessarily mean that their CED effort was poorly organized. A “lower” score simply shows that the community’s outcomes were lower than the other successful communities across all of the capitals. For example, a community may have several natural capital outcomes, but few financial and built capital outcomes or vice versa. A community could have successfully built an outdoor walking

trail, but no new businesses were formed. This type of CED effort, although important to community progress and vitality, may not have scored high across *all* of the capitals. Hence, one of the “lower” communities may very well have a great deal of outcomes if compared to a random community plucked from the US, Canada, Australia, or New Zealand. Box 1 describes the characteristics of higher outcome communities compared to lower outcome communities and lists the communities by name.

### Box 1. Differences Between “Higher” and “Lower” Outcome Communities

<b>“Higher” Outcome Communities</b>	<b>“Lower” Outcome Communities</b>
<ul style="list-style-type: none"> <li>• Articulate a long-term, unifying vision;</li> </ul>	<ul style="list-style-type: none"> <li>• Lack a long-term, unifying vision;</li> </ul>
<ul style="list-style-type: none"> <li>• Are interested in projects that meet long-term community outcomes;</li> </ul>	<ul style="list-style-type: none"> <li>• Are interested in projects that meet short-term project goals;</li> </ul>
<ul style="list-style-type: none"> <li>• Write a strategic plan to begin CED efforts;</li> </ul>	<ul style="list-style-type: none"> <li>• Write a strategic plan during or after CED efforts, instead of at the beginning;</li> </ul>
<ul style="list-style-type: none"> <li>• Pursue projects leading to collective gains;</li> </ul>	<ul style="list-style-type: none"> <li>• Pursue projects leading to individual gains;</li> </ul>
<ul style="list-style-type: none"> <li>• Have completed projects showing the ability to get things done that can bring new funding opportunities;</li> </ul>	<ul style="list-style-type: none"> <li>• Are often in the process of completing projects;</li> </ul>
<ul style="list-style-type: none"> <li>• Often target CED actions to extend beyond the economic sector;</li> </ul>	<ul style="list-style-type: none"> <li>• Often limit CED actions to address the economic sector;</li> </ul>
<ul style="list-style-type: none"> <li>• Rely on catalysts other than the economy to galvanize CED efforts;</li> </ul>	<ul style="list-style-type: none"> <li>• Rely on loss of businesses or economic downturns to catalyze CED efforts;</li> </ul>
<ul style="list-style-type: none"> <li>• Primarily form new groups for the CED effort, showing an innovative spirit;</li> </ul>	<ul style="list-style-type: none"> <li>• Primarily form new groups for the CED effort, showing an innovative spirit;</li> </ul>
<ul style="list-style-type: none"> <li>• Sometimes use pre-existing groups to promote the CED effort, showing use of existing organizational assets;</li> </ul>	<ul style="list-style-type: none"> <li>• Sometimes use pre-existing groups to promote the CED effort, showing use of existing organizational assets;</li> </ul>

<ul style="list-style-type: none"> <li>• Never rely on individual interests to lead CED efforts;</li> </ul>	<ul style="list-style-type: none"> <li>• Frequently rely on one or two individuals (often entrepreneurs) to lead CED efforts;</li> </ul>
<ul style="list-style-type: none"> <li>• Often solicit new ideas for CED;</li> </ul>	<ul style="list-style-type: none"> <li>• Rarely solicit new ideas for CED;</li> </ul>
<ul style="list-style-type: none"> <li>• Often encourage outsiders to play an active role in the CED effort;</li> </ul>	<ul style="list-style-type: none"> <li>• Are less willing to encourage outsiders to play an active role in the CED effort;</li> </ul>
<ul style="list-style-type: none"> <li>• Sometimes hire a part- or full-time coordinator to promote CED;</li> </ul>	<ul style="list-style-type: none"> <li>• Rarely hire a part- or full-time CED coordinator to promote CED;</li> </ul>
<ul style="list-style-type: none"> <li>• Typically fill newly created jobs with local people.</li> </ul>	<ul style="list-style-type: none"> <li>• Do not always fill newly created jobs with local people.</li> </ul>

Higher outcome communities (those with a greater overall composite score of outcomes in the six capital categories) engaged in different interventions than lower outcome communities, or they carried out the *sequence* of interventions in a different order than lower outcome communities. First, higher outcome communities outline a formal or informal unifying *community* vision as opposed to a business development plan characterizing many of the lower income communities. Higher outcome communities are interested in CED for its long-term benefits achieved through short-term projects; they begin their CED efforts with broad community goals in mind and situate interventions within those goals. These communities are focusing on the lasting effects of their CED efforts. In contrast, lower outcome communities often lack a broad community vision, and tend to focus their energy and planning efforts on project-based outputs rather than community change. They often formulate a strategic plan *after* they initiate their CED efforts instead of before. Without a shared framework or by initiating a framework after projects are set up, their efforts may be less apt to achieve common community outcomes (explaining their lower aggregate score). Lacking a consistent community vision means lower outcome communities are more likely to have more freedom to engage in activities that serve the individual rather than the collective good.

We also found that higher outcome communities had completed projects, whereas many of the lower outcome communities were still “in progress.” We thought this might be explained by the length of time communities had engaged in CED efforts, hypothesizing that perhaps the lower communities were not as far along in their CED efforts because they had not been engaged in the CED process very long. However, we found this was not true when we compared the duration of the CED effort to the community’s status as a “high,” “medium,” or “low” outcome community. Using Pearson’s one-tailed correlation coefficient ( $p < .05$ ), we learned that the more time spent on CED does not predict higher outcomes for a community.

Another difference between the high and low outcome communities was the catalyst for the CED effort. For lower outcome communities, the catalyst often centered on financial issues such as a downturn in the economy, job loss, or loss of businesses. In higher outcome communities, the catalyst for change involved the perceived need for improvements not only in the community's economy, but also available services, the environment, strength of the social fabric, and human resources. Not surprisingly then, CED interventions in higher outcome communities addressed multiple sectors, whereas lower outcome communities limited most of their CED efforts to economic issues.

Once the community does decide to respond to a catalyst, new CED groups are formed by community members interested in community improvement. Both higher and lower outcome communities form new groups to fill roles associated with CED efforts, although higher outcome communities are more likely to do so. New CED groups created in higher outcome communities often chose inclusive names that project a broad mission such as the Progress Association or Revitalization Group, making it known that they are looking to improve the future of the entire community as opposed to promoting narrow project or sectoral interests. The fact that communities are willing to form new groups is notable because they signify the appearance of new relationships and an innovative spirit in the town to institute fresh organizational structures. New CED groups, at least in high outcome communities, are usually the vehicle for seeking outside or internal funding or both. Most of them attain funding, training, or other kinds of support such as guidance or technical assistance from a foundation, non-profit organization, or, most likely, a governmental agency.

Both high and low communities also rely on pre-existing groups to carry out new roles associated with CED, making use of ties that already exist in the community. Where they differ however, is the tendency for lower outcome communities to rely on individuals to lead CED efforts. In these communities, one or two motivated individuals take charge. These leaders are usually entrepreneurs occupied with promoting economic development such as opening a business or launching a town festival to revive the economy. Oftentimes, however, these individuals do not represent a range of interests within the community. As such, while they may seek some public input, they may be less likely to solicit new ideas through *widespread* community input or outside participation.

We found higher outcome communities also are more likely to some degree to hire a part- or full-time coordinator to promote CED compared to lower outcome communities ( $p=.183$ ). While hiring someone to fill this role can place a financial burden on communities, the rewards may outweigh the costs and should be carefully considered by each community. A paid CED position could be filled by a local person with community interests in mind, a strategy that would likely be employed by a higher outcome community.

One of the final lessons learned from the case studies is that higher outcome communities appear to fill newly created positions with local residents rather than outsiders when compared to lower outcome communities. While the number of jobs created may seem negligible, we should not underestimate the impact even a handful of newly created quality jobs can have on small economies of the scale that exists in rural communities.

### *Highlights and Lessons from Higher Outcome Communities*

Higher outcome communities, as the two cases in Box 1 illustrate, recognize their challenges or problems, whether it is crime, a lack of jobs, a loss of youth, or an overall loss of enthusiasm about the community. Once problems are identified, a strong community group emerges to form a strategic plan and enact change. These communities mobilize their community members to take part in revitalization efforts, offering them a renewed feeling of excitement and pride about the community. Youth are involved and looked upon as future leaders; in general, the future of the community is considered in all decisions, so that sustainable changes are made. Higher outcome communities assess their present state, from water quality to job creation, and base decisions off of these assessments. Sometimes this means bringing in outside consultants to help identify assets and needs, which helps community leaders take a critical look at what is going well in the community as well as what needs to improve. Identification of assets is often helpful in providing motivation to move forward.

### **Highlights and Lessons from Lower Outcome Communities**

Lower outcome communities still make impressive strides in terms of CED. As shown in Box 2, they often have one or two projects that create success for the community. However, in relation to higher outcome communities, they tend not have a strategy in place for the future past the completion of one or two projects. Many community members, ranging in age and socio-economic level, may not be involved in the decision-making process. Surveys or needs assessments are not often tools used in CED efforts and were absent in the two cases featured below. This can be problematic, in that only a few changes are made, instead of working toward the fulfillment of strategic goals in future years. These communities have achieved success, and are only rated lower in relation to the higher communities we studied; however, their success may be short-lived and unsustainable in the long-term.

### **Conclusions and Recommendations**

Many rural communities are facing a whole host of challenges, from depopulation to economic decline to loss of services to environmental degradation (to name but a few). Within small rural systems, each challenge is tied to the next. Some communities recognize this and have therefore taken the initiative to rebuild their communities by addressing all aspects of community life. These communities are engaging in activities to strengthen the economy and education, health care, the environment, recreation and entertainment, community, youth, child care, housing, services, and so on. This is what sets some rural communities apart from others.

In *Good to Great: Why Some Companies Make the Leap...and Others Don't*, Jim Collins describes key factors that set apart for-profit corporations.<sup>52</sup> The content he and his research team present for companies can also be applied to CED. One key factor important in making the leap from good to great is the need for companies to discover their core values and purpose beyond just making money. As he points out, “Indeed, in a truly great company, profits and cash flow become like blood and water to a healthy body: They are absolutely essential for life, but they are not the very *point* of life.”<sup>53</sup> The same is true for communities—a notion that appears to

define the difference between communities experiencing a wider range of successful community outcomes and those experiencing lower outcomes.

So what actions and investments in the community capitals make for great communities? Based on our research, we found successful communities and their partners:

- Involve a broad cross-section of the public in CED efforts. This will ensure that the CED effort is accountable to the people it purportedly serves and will encourage consideration of new ideas.
- Recognize the role of community organizations as a rich source of human capital as opposed to financial capital. A wealth of talent and skills resides in members of community organizations.
- Involve interests from a variety of local organizations to actively participate in CED. Encourage these representative leaders to serve on the CED board or steering committee. Multiple civic representation on the CED board will build cross-cutting relationships within the community.
- Involve a variety of outside organizations in CED efforts. These organizations have a fresh perspective to contribute and can offer new information to which locals may not have access. Including outside organizations in the effort serves to link the community to outside interests that can prove beneficial for mobilizing external resources for the community. A key to success for involving outside organizations in CED is to treat them not as powerful CED leaders, but uniquely positioned influential advisors.
- Capitalize on the skills, talents, and expertise of both local and external organizations involved in the CED effort. Ask a variety of organizational representatives to take leadership roles in CED efforts, and ask members of participating organizations to contribute human resources and services to the effort. Human resources and commitment are a great strength in rural communities.
- Encourage the emergence of new community leadership. This could involve either newcomers to the community or long-time residents who have never taken leadership roles before. The addition of new leaders to the decision-making process can often draw new groups into the CED effort.
- Initiate strong and frequent connections between political structures and CED. Political leaders at all levels (local, county, regional, state, federal, and tribal) can use their connections to play a critical role in mobilizing local and external resources and galvanize popular support for CED.
- Use outside investments to make visible improvements in community infrastructure, the business sector, and workforce development. Often, visible and/or economic

improvements are needed to satisfy outside funding requirements and to celebrate community success.

- Promote development of a local strategic plan to guide CED efforts prior to initiating projects. This ensures that CED efforts are coordinated and unified within collectively set goals and also encourages project implementers to think about the relationship between short-term efforts and the long-term vision.
- Think about proposed CED projects in terms of who benefits. Implement projects which positively impact the greatest number of people rather than a select few, even if the individual impact is lessened the more people share in the benefits.
- Consider proposed CED projects in terms of the impacts it will have on various sectors in the community. Implement projects that target outcomes across all six capitals rather than concentrating resources in one.
- Allow non-economic concerns to drive CED efforts. Making room in CED for non-economic concerns can encourage more people to take ownership in the process and may encourage new leaders and groups to participate.
- Form completely new groups to lead CED efforts. New structures allow for the creation of new relationships that can overcome older, entrenched structures.
- Do not dismiss the value of pre-existing groups. In many successful communities, CED efforts are carried out by expanding or changing the role of pre-existing organizations to meet the needs of CED, making use of social investments already made in community relationships.
- Avoid CED efforts led by individual business interests as broad impacts will be limited and the public will be largely excluded from partaking in the benefits.
- Consider hiring a part- or full-time coordinator to promote CED. This should be a local person who provides continuity of oversight and encouragement for CED to ensure that ideas are transformed into action.
- Focus on ways newly created jobs in the community can be filled by local residents to ensure more participation in the local economy. Participation in the economy often grows other kinds of community attachment that increases the stock of all six capitals.
- Some communities resign themselves to decline because their citizens are poor or they see no marketable assets. Our research results, though, show that communities are not helpless when it comes to shaping their future. Community action and interventions do matter in communities that may be “disadvantaged” in terms of geography or financial resources. Frequently, communities find it difficult to measure (or fail to recognize) all of the resources people pour into building community, like time spent on a town festival or

social connections that help them access valuable resources. Difficulties measuring intangible investments like time and social connections should not cause us to underestimate their importance. As we discovered, communities have much to offer in the way of human assets that can translate into increases in other kinds of resources. We need to be aware of the value of these assets, just like financial assets, and link them to outcomes—a critical step in tracking the ability of a community to build its own capacity. The research we conducted suggests ways to do this, and how to create success based on lessons learned in 57 communities that have already achieved many of their goals. Those processes involve setting common community goals, working to achieve them, and frequent pause to evaluate their effectiveness.

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- [48.](#) Norman Denzin and Yvonna Lincoln, "Introduction: The Discipline and Practice of Qualitative Research," in *Strategies of Qualitative Inquiry*, ed. Norman Denzin and Yvonna Lincoln (Thousand Oaks: Sage, 2003), 5. [\[back\]](#)
- [49.](#) "Involved" for the purpose of this study is loosely defined as playing a decision- making role, making financial or in-kind contributions, providing training, dispensing advice, facilitating relationships, and so forth. [\[back\]](#)
- [50.](#) See Flora, Sharp, Flora, and Newlon, "Entrepreneurial Social Infrastructure," 623-645. [\[back\]](#)
- [51.](#) Note that the proportion of communities in each of the three outcome categories of "high," "medium," and "low" will not necessarily equal exactly one-third since a number of communities had the same score but straddled the 33.3% or 67.3% cutoff. All of the communities with the same score therefore had to be assigned to the same category. This resulted in 28% of communities falling into the higher total capital outcome category, 30% in the medium, and 42% in the lower tier. [\[back\]](#)
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## Author Information

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Susan Fey is Program Coordinator at the North Central Regional Center for Rural Development. She works directly on the Community Development On-line Master's Program, coordinates the NCRCRD's policy brief series, and works on other projects at the Center.

One of these projects included the [Advanced Internet Satellite Extension Project](#), where free satellite Internet connectivity was provided to a number of reservations throughout the United States. Susan and Corry Bregendahl traveled to these sites to conduct research and observe how the Internet connectivity was being used on the reservation. The 2005 report from these site visits is included in *Facilitator Perspectives from Five Public Access Sites Serving Ethnically Diverse Communities in the Pacific Northwest* (476 PDF file).

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Corry Bregendahl is an Assistant Scientist at the North Central Regional Center for Rural Development. She earned an M.S. in Rural Sociology from Iowa State University in 2001.

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### Cornelia Flora ([back to top](#))

Dr. Cornelia Flora has conducted ground-breaking sociological research on the impacts of human communities and the ecosystem, community processes, and gender and social institutions. Many of her articles have been widely used by nonprofit organizations that work with farmer groups, particularly in sustainable agriculture, to build stronger communities and a stronger economic base.

Flora has held several academic positions and has also been a program officer for the Ford Foundation. In addition to her responsibilities at the



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A number of honorary societies have recognized her work and have elected her to positions of authority. Her doctoral students are employed in liberal arts colleges, major land-grant universities, and international development organizations.

Flora received a bachelor's degree from the University of California-Berkeley and a master's degree and doctorate degree from Cornell University, which recognized her with an Outstanding Alumni Award in 1994. She joined the Iowa State University faculty and was named director of the Center in 1994.