

**Successful North Coast Entrepreneurship:  
Building Community through Business**

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## Introduction

Community development and economic development are two concepts which are inextricably linked. Building and maintaining community necessitates a solid economy that can sustain a population desiring to live in a particular area. While many people would like to live in Humboldt County, California the challenge is in finding a suitable job. The unique aspect of this region is that it attracts a number of creative and talented business entrepreneurs. These entrepreneurs have developed successful businesses that flourish both at the local, national and international level. The challenge for these entrepreneurs lies in the changing nature of the local economy and the remote geographic region.

Industries in Humboldt County have always been strongly tied to the local physical environment. In part this can be explained by the geographic location of the North Coast which is not in close proximity to any major metropolitan center. Therefore, local industries and businesses emerged based on local natural resources. Historic local industries include timber, fishing and agriculture. A publication called *Prosperity! The North Coast Strategy* indicates that a 30 year decline has occurred in the local resource-based economy.

The economy of the region is in major transition. This process involves the expansion of the economy to include a wider variety of industries including information and technology, service, tourism and manufacturing. This transition away from natural resource based industries has produced a major challenge for economic development on the North Coast. The North Coast is a beautiful place where many people desire to live, but where the options for jobs are limited. As a result, people are motivated to engage in creative entrepreneurial activity. This creativity has spurred a new group of highly successful entrepreneurs who are committed to improving the local community and to establishing economically successful businesses.

For this study we examined the connection between successful entrepreneurship and community. This report captures the stories of successful, local entrepreneurs and business mentors. Specifically we investigate how local entrepreneurs have been successful in the business world, in helping one another and contribute to the larger North Coast community. This project will further the goals of the Prosperity! Plan and the Humboldt County Economic Development Strategy by examining instances of successful entrepreneurship on the North Coast.

## **Study Site Background**

Humboldt County is a rural mountainous county in Northern California, approximately 270 miles North of San Francisco. It is located in the midst of the redwood forest bordered by the Pacific Ocean to the west and the Trinity Mountain range to the east. Humboldt County's geographic location had produced a unique socio-cultural and economic environment, where individuals have learned to be creative in their pursuit of business. The region's isolation limits the ranges of occupational opportunities typically found in more urban areas. However, the unique geography of the region has created a strong sense of creative entrepreneurship. This study examines a part of Humboldt County known locally as the North Coast.

## **Underlying Concepts**

This section provides some background on the concepts of human and social capital. These are two concepts examined in this study. Both human and social capital are important in the business sphere of society. Both forms of capital help to form a foundation for success in business and both rely on social interaction (Lyons 2002). Human capital refers to one's ability to contribute to the community and the skills an individual may possess (Flora & Flora 2004; Piazza-Georgi 2002; Putnam 2000).

Social capital refers to social networks of interaction. Such networks are often key to the development and maintenance of a community. Social networks are often the lifeblood of the communication that occurs within a community. Local entrepreneurs who are successful contribute not only to creating wealth in a community, but also contribute to building the human and social capital of a place. The development of new and creative business endeavors is a cornerstone of successful economic development (Lichtenstein and Lyons 2001).

### *Social and Human Capital*

An important connection exists between social capital and business. The notion is that by developing social relations, businesses will produce greater monetary returns in the marketplace (Lin 2001; Erikson 1995, 1996; Portes 1998). In essence, social capital highlights the importance of social connections within a community. Local participation in the development and maintenance of social networks is key to determining the success of local businesses. Our study examines a form of social capital that exists in the form of mentorship between more established, successful business owners and newer local entrepreneurs

Social capital is defined as social networks or connections among individuals (Baron & Markman 2000; Flora & Flora 2004; Lyons 2002; Piazza-Georgi 2002; Putnam 2000; Woolcock 1998). Social capital also refers to the “norms of reciprocity and trustworthiness” that arise from these social networks (Putnam 2000: 19). By networks we are referring to relationships that involve some form of “mutual obligation” and are more than mere social contacts (Putnam 2000: 20). For example, let’s say that members of a certain group in a community assist members from another group. In the future, the group that was helped will feel a certain moral obligation to return the effort of good faith. We can call this sense of good faith and trust in the social relationships that have been established norms of reciprocity. This is an especially key aspect of successful business entrepreneurship in a remote rural region such as the North Coast of Humboldt County.

Successful economic development must also consider the human capital associated with region. Human capital can best be defined as the social skills that individuals possess (Flora & Flora 2004; Putnam 2000). Human capital includes knowledge, skills, values that contribute to one’s capacity to earn a living, reinforce the community, and contribute to family and self-improvement.

The logic behind the theory of human capital is that skill-investment, in the form of cognitive skill development, knowledge and experience, will enhance potential productivity (Marshall and Briggs 1989). The development of successful entrepreneurship in a community necessitates that individuals expand their cognitive skills, knowledge and experiences. Our study examines how various successful entrepreneurs in the local North Coast community have accomplished this.

### *Business and Community*

Creating a sense of community within a business environment is paramount to a business’s success (Sherwood & Holroyd 2000). Stewart (1999) discusses the notion of *communities of practice* as being an important part of creating both business success and community.

Communities of practice involve people who work together, and use one another as a sounding board, as well as teach each other and explore new ideas together. These are communities in which human capital is built and maintained. These communities not only benefit the employees, but they also benefit companies that are dependent on the individual’s human capital. Therefore, human capital building in the workplace depends heavily on social relationships- a means to share ideas and skills. Allowing all of the employees to get involved in both idea sharing and decision-making, will let the best ideas reach the main decision makers at the top (Stewart 1999). A review of

information related to human and social capital suggests that they can be viewed as two sides of the same coin. Human capital can be thought of as the skills that people possess. Successful entrepreneurs try to develop the skills and abilities of their employees. This development often occurs through the development of social capital (social networks).

## **Methods**

This project was supported by a grant provided through Humboldt State University's Office of Economic and Community Development and funded by the North Coast Small Business Development Center. The project was designed to benefit local community and economic development efforts. The first step in our research design was to consult with two economic development agencies that work closely with many entrepreneurs on the North Coast. We obtained listings of local businesses perceived as being "successful." For purposes of this study we sought to identify businesses that are 1) financially viable and 2) significantly build the human capital of their own employees and the larger community. Two separate lists were obtained and those businesses that appeared on both lists were selected for the initial sample. Businesses that appeared on the lists shared the following: financial success, mentorship of newer entrepreneurs, creation of a positive work environment and giving back to the larger community.

To obtain the data for this study we used the method of standardized key informant interviews (Berg 2001). The key informants, in our study, are those who hold a primary position within a business, which qualifies them to answer the questions pertinent to our study (Carter et. al. 1992). The interviews were standardized in that they were designed to draw out information using a set of predetermined questions, which elicit the respondents' thoughts, feelings, attitudes and opinions regarding their business experience (Berg 2001). Additionally, a modified snowball sampling method was employed (Babbie 2001). At the end of each interview, informants were asked if they could recommend any other successful local businesses in the three identified clusters (manufacturing, information/technology, and service/tourism) for interviews.

A total of 25 business owners in Humboldt County were interviewed. The businesses included in this study are located in the cities of Arcata, Blue Lake, Eureka, Fernbridge, Fortuna, McKinleyville, and Redway.

These businesses came from three of the nine business clusters identified in the Prosperity Plan:

- 1) Manufacturing (produce a product)
- 2) Information and Technology (sell/produce technology and information)

### 3) Service (eating establishments, tourism, arts and culture)

Each interview took approximately 30 minutes. The interviews involved both a written interview and a recorded interview. In the written interview the researcher asked a series of 26 questions and wrote down the responses. These questions focused on collecting socio-demographic information, as well as some background questions about how their businesses have become successful in the community (See Appendix A). The second portion of the interview consisted of four questions, which were digitally recorded for subsequent transcription. We asked informants to provide a more detailed account of their business successes and role in the community (See Appendix B). Upon completion of the twenty-five interviews, the data was transcribed and entered into NVivo, a qualitative data analysis software program, for analysis. The NVivo program is designed to organize the data, so that it is easily searched and coded. For this project content analysis was the main means of analyzing the data. Conclusions were drawn based upon the various patterned themes that were identified using the computer program NVivo. The themes found within our data from the 25 businesses are discussed in the following sections.

### **Sample Description**

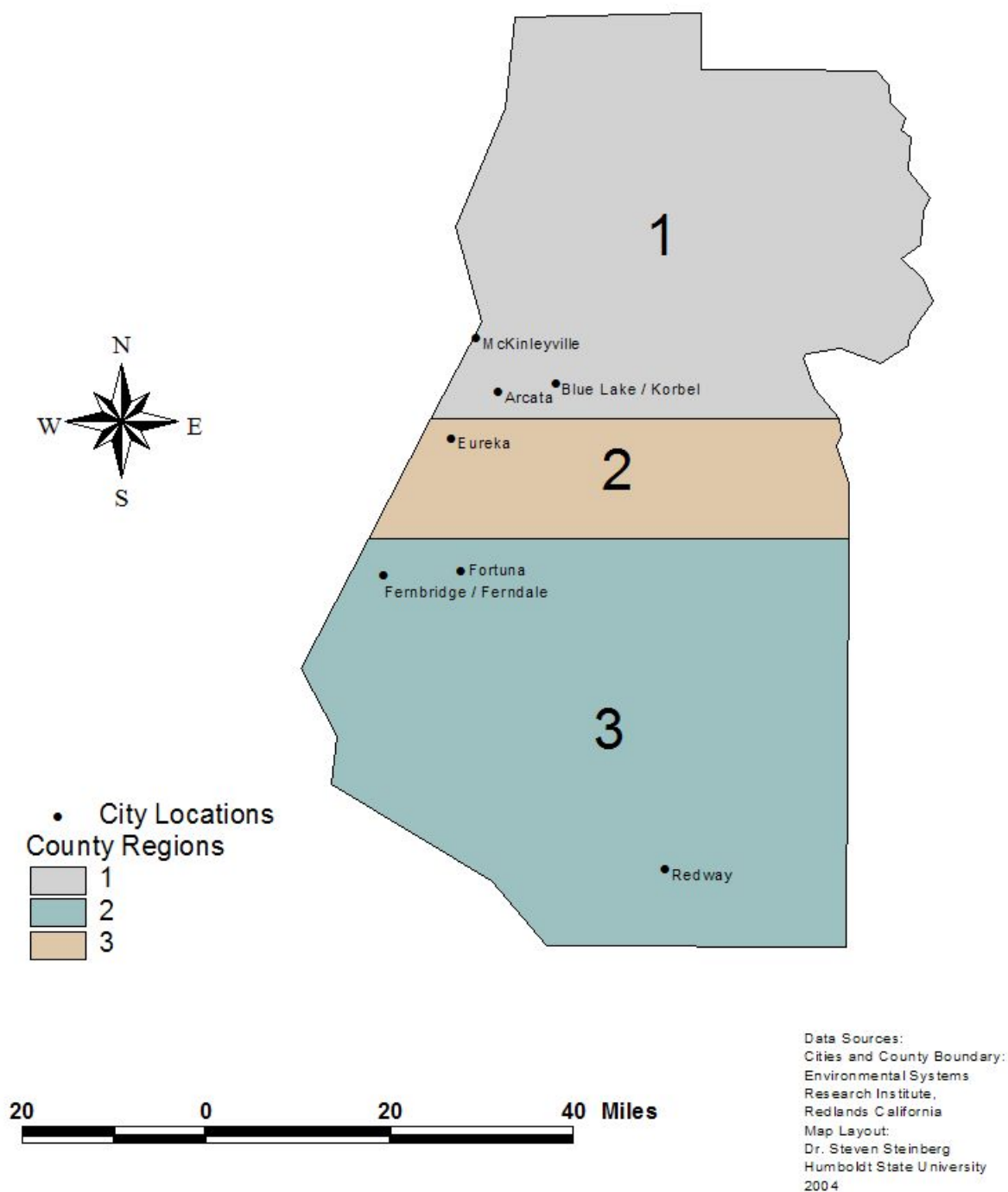
A total 25 businesses in Humboldt County were interviewed from the three business clusters: Manufacturing, Information/Technology, and Service (see Table 1).

Twenty Four percent of the participants were female and 76% were male (Table 1). The majority of the informants, 84%, were Caucasian. The ages of the informants ranged from 34-61 years, with the average age being 52. The length of residence ranged between 9 and 48 years, with the majority of the informants residing in Humboldt County between 25 and 30 years, averaging approximately 29 years. Finally, the majority of the informants started their business in the 1980's (40%) and 1990's (32%); 16% of the informants started their businesses in the 1970's, and two since 2000. There were two businesses started much earlier than the other 24 businesses (1890 and 1929), and therefore their initial business owners are no longer alive, although the businesses still exist (Table 1). The table includes a column marked location. Businesses were identified as being located in one of three geographic regions of the county (Figure 1): Region 1: Arcata, McKinleyville, Korb and Blue-Lake; Region 2: Eureka Area; Region 3: Area South of Humboldt Bay including Redway, Fortuna and Fernbridge.

Table 1: Business Demographics

<b><u>Manufacturing</u></b> <b>Business Type (N = 9)</b>	<b>Male</b>	<b>Female</b>	<b>Age</b> <b>(yrs)</b>	<b>Ethnicity</b>	<b>Residence</b> <b>Length (yrs)</b>	<b>Year</b> <b>Started</b>	<b>Location</b>
Cheese		X	56	White	36	1984	1
Water Sports Clothing	X		55	White	36	1970	1
Glassware	X		45	White	25	1991	1
Roof Racks	X		58	White	30	1979	1
Boating Products	X		57	No Response	14	1996	1
Flower Sales	X		43	White	20	1991	1
Dairy Industry	X		44	White	40	1929	3
Logging Industry	X		61	White	44	1890	1
Land Development	X		39	White	39	1986	1
<b>SUBTOTAL</b>	<b>8</b>	<b>1</b>	<b>Ave. = 51</b>		<b>Ave. = 14</b>		
<b><u>Information/Technology</u></b> <b>Business Type (N = 8)</b>	<b>Male</b>	<b>Female</b>	<b>Age</b> <b>(yrs)</b>	<b>Ethnicity</b>	<b>Residence</b> <b>Length (yrs)</b>	<b>Year</b> <b>Started</b>	<b>Location</b>
Environmental Consulting		X	45	Asian American	9	2000	1
Wireless Phone Equipment	X		54	White	27	1999	3
Radios and Electronics	X		53	White	21	1976	3
Environmental and Fisheries Consulting	X	X	56	White	37	1982	1
International Information Analysis and Solutions (Media)	X		58	White	27	1995	1
International Media Development	X		59	White	28	1979/1982	1
Internet Broadcasting	X		34	White	15	2002	1
Environmental Consulting		X	35	White	10	1995	1
<b>SUBTOTAL</b>	<b>6</b>	<b>3</b>	<b>Ave. = 49</b>		<b>Ave. = 22</b>		
<b><u>Service</u></b> <b>Business Type (N = 8)</b>	<b>Male</b>	<b>Female</b>	<b>Age</b>	<b>Ethnicity</b>	<b>Residence</b> <b>Length (yrs)</b>	<b>Year</b> <b>Started</b>	<b>Location</b>
Food Service/Cafe	X		51	White/Mexican American	26	1984	1, 2
Grocery Retail	X		55	White	28	1994	1
Real-estate, Mortgage, & Banking	X		48	White	48	1987	2
Food Service/Restaurant	X		58	White	30	1985	1
Food Service/Cafe	X		51	No Response	25	1980	1, 2
Food & Beer Service/Restaurant		X	58	White	27	1990	2
Imported Jewelry Sales	X		48	White	23	1983	1
Career/Life Planning		X	49	White	25	1985	1
<b>SUBTOTAL</b>	<b>6</b>	<b>6</b>	<b>Ave. = 52</b>		<b>Ave. = 29</b>		
<b>Total: N= 25</b>	<b>19</b>	<b>6</b>	<b>Ave.= 51</b>		<b>Ave.=28</b>		

# Study Regions and City Locations in Humboldt County, California





## Business Characteristics

In addition to basic demographic questions, informants were also asked questions regarding some characteristics of their businesses (see Table 2). These questions included: whether they are the sole owner of the business or if it is a partnership; how many employees they have; whether they only sell their products/services locally; do they import products; and the role that technology plays in running their business. (See Appendix A and B for the complete lists of questions)

When the informants were asked if they were the sole owners of their businesses, 20% of the informants stated that they are the sole owner of their company, and 80% reported being part of a business partnership or they defined their business as a corporation. The number of employees the individual businesses have ranges from 1-550, but the majority of the informants (48%) stated that they have between 11 and 50 employees, 28% have between 61-150 employees, 16% have between 151-300 employees, one informant has no employees, and another informant has 550 (Table 2).

Informants were also asked, “Do you only sell your products/services locally?” They were only placed in the “only sell locally” category if 5% or less of their products/services was sold outside of the region. 16% of the informants only sell their products locally, and all of those informants are in the Service business cluster. Additionally, informants were asked if they import any products to use or sell: this includes importing products to be sold or raw materials needed in manufacturing, and ideas or information used to run the business. Of the 25 informants 64% stated that they import products for their business (Table 2).

Finally, informants were asked what role technology plays in running their business. All of the informants use technology in some form, so in order to the degree to which they use technology in their business the informants have been broken up into three groups (Table 2). We have coded the degree to which the businesses use technology. The number 1 indicates businesses that are less dependent on technology, they may use a computer for bookkeeping, or for a few Internet sales or a website for marketing purposes; the number 2 indicates businesses that are more dependent on technology, which includes some technological machinery, more Internet sales, and computer system for bookkeeping work; and the number 3 indicates businesses that are most dependent on technology, which includes those businesses that could not exist without some form of technology, including but not limited to the Internet, complex computer systems, the radio, and machinery. Of

the 25 informants 12% are less dependent on technology, 20% are more dependent, and 68% are highly dependent on technology for running their business (Table 2).

**Table 2: Business Characteristics**

<b><i>Manufacturing</i></b> <b>Business Type (N = 9)</b>	<b>Year Started</b>	<b>Sole Owner</b>	<b>Partnership</b>	<b>Employees</b>	<b>Only Sell Locally</b>	<b>Import Products to Use/Sell</b>	<b>Tech. in Business</b>
Cheese	1984	X		29		X	1
Water Sports Clothing	1970		X	100		X	2
Glassware	1991		X	25			2
Roof Racks	1979		X	150		X	3
Boating Products	1996		X	50			3
Flower Sales	1991		X	550		X	3
Dairy Industry	1929		X	120			3
Logging Industry	1890		X	200		X	3
Land Development	1986	X		250		X	2
<b>SUBTOTAL</b>		<b>2</b>	<b>7</b>	<b>1,474</b>	<b>0</b>	<b>6</b>	
<b><i>Information/Technology</i></b> <b>Business Type (N = 8)</b>	<b>Year Started</b>	<b>Sole Owner</b>	<b>Business Partnership</b>	<b>Employees</b>	<b>Only Sell Locally</b>	<b>Import Products to Use/Sell</b>	<b>Technology in Business</b>
Environmental Consulting	2000		X	20		X	3
Wireless Phone Equipment	1999		X	20+		X	3
Radios and Electronics	1976		X	45		X	3
Environmental and Fisheries Consulting	1982	X		7-36 (seasonal)			3
International Information Analysis and Solutions (Media)	1995		X	16-17		X	3
International Media Development	1979/ 1982		X	80		X	3
Internet Broadcasting	2002		X	17			3
Environmental Consulting	1995		X	15		X	3
<b>SUBTOTAL</b>		<b>1</b>	<b>7</b>	<b>220-250</b>	<b>0</b>	<b>6</b>	
<b><i>Service</i></b> <b>Business Type (N = 8)</b>	<b>Year Started</b>	<b>Sole Owner</b>	<b>Business Partnership</b>	<b>Employees</b>	<b>Only Sell Locally</b>	<b>Import Products to Use/Sell</b>	<b>Technology in Business</b>
Food Service/Cafe	1984		X	35	X	X	2
Grocery Retail	1994		X	70	X	X	2
Real-estate, Mortgage, & Banking	1987		X	300			3
Food Service/Restaurant	1985		X	90	X		1
Food Service/Cafe	1980		X	90	X	X	1
Food & Beer Service/Restaurant	1990		X	50			3
Imported Jewelry Sales	1983	X		200		X	3
Career/Life Planning	1985	X		1			3
<b>SUBTOTAL</b>		<b>2</b>	<b>6</b>	<b>836</b>	<b>4</b>	<b>4</b>	
<b>Total: N= 25</b>		<b>5</b>	<b>20</b>	<b>2530-2560</b>	<b>4</b>	<b>16</b>	

## **Local Skills and Resources**

The participants were also asked questions regarding their reliance on local skills and resources specific to the area “Does your business draw upon resources that are specific to the local area?” and “Does your business draw upon skills that are specific to the local area?” These questions were aimed at determining the role that the local region plays in their business. Table 3 presents information on both the local skills and resources that the 25 businesses draw upon. The table is broken into two sections: the first being skills, and the second resources.

### *Local Skills*

In total 6 of the 25 informants (24%) reported that they draw upon skills specific to this area (Table 3). For example, informants from the information/technology cluster utilize the students from HSU who learn necessary skills that enable them to work at their consulting agencies. One person said “We are here in order to hire HSU students, and we use their expertise, which has which has worked in our favor.” Similarly another participant stated, “all of us came from HSU but we learned things elsewhere and brought it back.”

In addition to drawing from the pool of students at HSU, one informant stated that, “we draw on attitudes and ethos specific to the area. There is a sense of community and a recognized identity; with a global focus...many people here have a larger vision.” The three businesses from the manufacturing cluster who reported that they too draw on skills specific to area included: “the expertise of our dairy farmers”; “the uniqueness of the community”; and “boating skills, but they are not necessarily specific to the area.”

### *Local Resources*

Because there were a variety of answers for the “resources” question, it has been broken into three subfields (Table 3): natural resources, educational resources, and business resources. Natural resources refer to things such as trees, climate, and bodies of water; educational resources refer to institutions such as Humboldt State University and College of the Redwoods; and business resources refer to local vendors (i.e. stationary suppliers) and the transportation systems. However, it is important to note that some of the business resources may not be specific to *this* community (e.g. UPS).

**Table 3: Local Skill and Resources**

<b><u>Manufacturing</u> Business Type (N = 9)</b>	<b>Year</b>	<b>Skills</b>	<b>Resources</b>	<i>Natural</i>	<i>Educational</i>	<i>Business</i>
Cheese	1984					
Water Sports Clothing	1970					
Glassware	1991					
Roof Racks	1979		X			X
Boating Products	1996	X	X	X		
Flower Sales	1991		X	X		
Dairy Industry	1929	X	X			X
Logging Industry	1890		X	X		
Land Development	1986	X	X	X		
<b>SUBTOTAL</b>		<b>3</b>	<b>6</b>	<b>4</b>		<b>2</b>
<b><u>Information/Technology</u> Business Type (N = 8)</b>	<b>Year</b>	<b>Skills</b>	<b>Resources</b>	<i>Natural</i>	<i>Educational</i>	<i>Business</i>
Environmental Consulting	2000	X	X		X	
Wireless Phone Equipment	1999		X			X
Radios and Electronics	1976					
Environmental and Fisheries Consulting	1982	X	X		X	
International Information Analysis and Solutions (Media)	1995	X				
International Media Development	1979/ 1982					
Internet Broadcasting	2002					
Environmental Consulting	1995					
<b>SUBTOTAL</b>		<b>3</b>	<b>3</b>		<b>2</b>	<b>1</b>
<b><u>Service</u> Business Type (N = 8)</b>	<b>Year</b>	<b>Skills</b>	<b>Resources</b>	<i>Natural</i>	<i>Educational</i>	<i>Business</i>
Food Service/Cafe	1984		X	X		X
Grocery Retail	1994		X			X
Real-estate, Mortgage, & Banking	1987					
Food Service/Restaurant	1985		X			X
Food Service/Cafe	1980		X			X
Food & Beer Service/Restaurant	1990					
Imported Jewelry Sales	1983		X			X
Career/Life Planning	1985					
<b>SUBTOTAL</b>		<b>0</b>	<b>5</b>	<b>1</b>		<b>5</b>
<b>Total: N= 25</b>		<b>6</b>	<b>14</b>	<b>5</b>	<b>2</b>	<b>8</b>

Fifty-six percent (15) of the participants reported that they draw upon local resources in their businesses (Table 3). Twenty percent said they draw upon natural resources; for example, one participant stated, “the weather gives us a competitive advantage. We also use soil that contains bark from the trees, but the weather is a major piece to our success”, another respondent said, “the

lumber we could get anywhere, but it's not prudent to ship the lumber very far because it can get expensive." Another informant said, "We utilize the local fish, which is not normally a mix with a bagel shop."

In addition, 32% of the informants reported that they draw on business resources of the area. For example, one participant stated, "we buy flowers from a local flower vendor, fresh fruit, butter, and some other supplies." Another informant noted, "we promote locally produced food aggressively."

Finally, 8% of the informants reported that they draw upon educational resources in their business. One informant said, "we have access to the Redwood Science Lab and HSU", and another respondent stated "Humboldt school of fisheries. We draw most of our temp help from graduates. They and HSU are the key to our success."

### **Mentoring and Training**

This section focuses on how local businesses are involved with business mentoring and training. Table 4 presents information regarding whether or not informants received business mentoring. Business owners were asked, "Have you had any business mentors? If so, who? How did they help you?" Table 5 presents information regarding whether the respondents provide business mentoring and/or business training.

#### *Received Mentoring*

In total, 15 of the 25 (60%) informants reported having had a mentor. A few themes emerged from our questioning about how the mentoring helped local businesses. The themes were:

- **General business advice and/or support**
- **A sounding board for ideas**
- **Financial Assistance and/or Advice**

Forty-eight percent of the participants reported that their mentors helped them by providing general business advice and/or support. Slightly less than one-half (40%) reported that their mentors acted as a sounding board for ideas; and 16% reported that their mentors offered them financial support and/or advice (Table 4). For example, one informant stated, "he [the mentor] was very creative in the way that he looked at business. I'm only trained in science, not business, so he offered some good business solutions." Another informant stated "Yes, business associates, both local and out of the area. They helped me financially, with business development, design and product development."

**Table 4: Received Mentoring**

<b><u>Manufacturing</u></b> <b>Business Type (N = 9)</b>	<b>Year Started</b>	<b>Had Mentor</b>	<b>Advice and/or Support</b>	<b>Ideas</b>	<b>Financial</b>
Cheese	1984				
Water Sports Clothing	1970	X	X	X	X
Glassware	1991	X		X	
Roof Racks	1979	X		X	
Boating Products	1996	X	X		
Flower Sales	1991	X	X	X	
Dairy Industry	1929				
Logging Industry	1890	X	X	X	
Land Development	1986	X	X		
<b>SUBTOTAL</b>		<b>7</b>	<b>5</b>	<b>5</b>	<b>1</b>
<b><u>Information/Technology</u></b> <b>Business Type (N = 8)</b>	<b>Year Started</b>	<b>Had Mentor</b>	<b>Advice and/or Support</b>	<b>Ideas</b>	<b>Financial</b>
Environmental Consulting	2000	X	X	X	
Wireless Phone Equipment	1999				
Radios and Electronics	1976	X	X		X
Environmental and Fisheries Consulting	1982	X		X	
International Information Analysis and Solutions (Media)	1995	X	X	X	
International Media Development	1979/ 1982				
Internet Broadcasting	2002	X	X	X	
Environmental Consulting	1995				
<b>SUBTOTAL</b>		<b>5</b>	<b>4</b>	<b>4</b>	<b>1</b>
<b><u>Service</u></b> <b>Business Type (N = 8)</b>	<b>Year Started</b>	<b>Had Mentor</b>	<b>Advice and/or Support</b>	<b>Ideas</b>	<b>Financial Advice/Support</b>
Food Service/Cafe	1984	X	X	X	X
Grocery Retail	1994				
Real-estate, Mortgage, & Banking	1987	X	X		X
Food Service/Restaurant	1985				
Food Service/Cafe	1980				
Food & Beer Service/Restaurant	1990				
Imported Jewelry Sales	1983				
Career/Life Planning	1985	X	X		
<b>SUBTOTAL</b>		<b>3</b>	<b>3</b>	<b>1</b>	<b>2</b>
<b>Total: N= 25</b>		<b>15</b>	<b>12</b>	<b>10</b>	<b>4</b>

### *Employee Mentoring/Training*

In addition to asking the informants whether they were personally mentored, we asked the participants whether they provided employee training and/or mentoring (Table 5). In sum, 24 of

the 25 informants (96%) reported providing some kind of employee training. When asked specifically about the kind of training three themes emerged:

- **Specific Job Training**
- **Business Mentoring**
- **Some Other Type of Training**

The majority of the informants, 80%, offer job specific training, 60% of the informants offer some kind of business mentoring (both formal and informal), and 32% of the informants offer training other than the former and the latter (Table 5). Some examples of trainings that don't fall into the "job specific" and "business mentoring" categories include, but are not limited to: English lessons; pay half of any educational endeavor (not related to job); a summer internship program; and leadership training.

When asked about the training offered to employee's one informant said, "We have to train everyone. For example, we train bus boys to be cooks if they want. In the brewery the general laborers are trained so that they can move up and do things in the [business]." Similarly, another informant stated, "We offer safety training, as well as skills needed for the job. We also offer English lessons for Spanish speaking people." Finally, one informant discussed how he encourages employees to take part in other types of endeavors both job specific and non-job specific: "We offer on the job training and any type of management development courses we pay for; and we pay half of any type of educational endeavor-any business related courses we pay all of the costs."

**Table 5: Provide Employee Training and/or Mentoring**

<b><u>Manufacturing</u></b> <b>Business Type (N = 9)</b>	<b>Year Started</b>	<b>Employee Trainings/Mentorship's</b>	<b>Job Specific</b>	<b>Business Mentoring</b>	<b>Other</b>
Cheese	1984	X	X		
Water Sports Clothing	1970	X	X	X	
Glassware	1991	X	X		
Roof Racks	1979	X			X
Boating Products	1996	X	X	X	X
Flower Sales	1991	X	X		X
Dairy Industry	1929	X	X	X	
Logging Industry	1890	X	X	X	
Land Development	1986	X	X	X	
<b>SUBTOTAL</b>		<b>9</b>	<b>8</b>	<b>5</b>	<b>3</b>
<b><u>Information/Technology</u></b> <b>Business Type (N = 8)</b>	<b>Year Started</b>	<b>Employee Trainings/Mentorship's</b>	<b>Job Specific</b>	<b>Business Mentoring</b>	<b>Other</b>
Environmental Consulting	2000	X		X	X
Wireless Phone Equipment	1999	X	X	X	
Radios and Electronics	1976	X	X	X	X
Environmental and Fisheries Consulting	1982	X	X		X
International Information Analysis and Solutions (Media)	1995	X	X	X	X
International Media Development	1979/ 1982	X	X	X	
Internet Broadcasting	2002	X	X		
Environmental Consulting	1995	X			
<b>SUBTOTAL</b>		<b>8</b>	<b>6</b>	<b>5</b>	<b>4</b>
<b><u>Service</u></b> <b>Business Type (N = 8)</b>	<b>Year Started</b>	<b>Employee Trainings/Mentorship's</b>	<b>Job Specific</b>	<b>Business Mentoring</b>	<b>Other</b>
Food Service/Cafe	1984	X	X		
Grocery Retail	1994	X			
Real-estate, Mortgage, & Banking	1987	X	X	X	X
Food Service/Restaurant	1985	X	X	X	
Food Service/Cafe	1980	X	X	X	
Food & Beer Service/Restaurant	1990	X	X	X	
Imported Jewelry Sales	1983	X	X	X	
Career/Life Planning	1985	NA	NA	NA	NA
<b>SUBTOTAL</b>		<b>7</b>	<b>6</b>	<b>5</b>	<b>1</b>
<b>Total: N= 25</b>		<b>24</b>	<b>20</b>	<b>15</b>	<b>8</b>



## **Building Community within the Workplace**

The informants were asked if building community within the workplace was important to them as business owners. All of the 25 informants said that it was important (see Table 6). Additionally, informants were asked “How do you develop a sense of community among your employees?;” “What are some strategies that you use to keep your employees happy?” and “Does your business offer support to the families of your employees? If so, how?” There were three major themes found in the informants answers regarding building community within the workplace:

- **Communication**
- **Work Functions**
- **Teams**

### *Communication*

Sixty Percent of the 25 informants indicated that communication- between employees, departments, and higher levels of staff- was key to developing community within the workplace (Table 6). Communication was fostered in several different ways: weekly/monthly meetings, a casual work environment, a general interest shown in individual employees, employee evaluations, and work functions (e.g.. parties). This can be illustrated by a informant who discussed communication in this way, “Even though there is management hierarchy we have general staff meetings, and everybody has the right to voice any opinion” Another informant stated: “We try to keep everybody well informed of what is happening in the various departments by having people communicate.”

### *Work Functions*

Seventy-six percent of the informants stated that they use work functions as a means to develop community (Table 6). Some examples of such functions/events included Christmas parties, barbeques, retreats, family functions (i.e. family film night), and rafting trips. For example one informant stated “A good event gets about 75% turnout of employees, and that would probably be our Christmas party.” Similarly another informant said, “Every Friday we try to get off early and go to a bar with employees to gather.”

### *Teams*

In addition to communication and work functions, 33% of informants discussed the importance of teams in promoting a sense of community (Table 6). The responses varied in that some of the

informants divided their businesses up into teams (i.e. for specific departments), and some discussed the importance of looking at the whole business as a team, but they did not specifically create individual teams. According to the informants, team membership means envisioning a common goal, as well as having a means to communicate with one another. For example an informant stated, “Each department is specific and we are always competing in a friendly kind of competition for things like the fastest amount of production.” Additionally another informant discussed the importance of looking at the organization as a whole team, “A business is really like a family and unless everybody feels like they are all part of the same team then you will end up have a dysfunctional family.”

### *Family Support*

We asked the question, “Does your business offer support to the families of your employees? If so, how?” We also asked, “What are some of the strategies you use to keep your employees happy (i.e. business parties, sick leave, insurance, childcare, etc.)?” Table 6 indicates how businesses support the families of their employees. In order to distinguish between those businesses that offer the least support and the most support we divided the businesses into three categories: The number 1 indicates that they support family in at least one way; the number 2 indicates that they support families in at least two ways; and the number 3 indicates that they support their employees families in three or more ways. Some of the ways that the employers provide support their employees include: A flexible schedule, encourage them to take time off, health insurance, retirement packages, and financing of their (both employees and their families) education.

All of the informants with employees offer support to their employee’s families in at least one way (Table 6). Most of the informants stated that they offer flexibility to their employees for family concerns. Twelve percent of the 25 informants stated that they support the family in at least one way, 60% of the informants stated that they support their employees families in at least two ways, and 6 informants indicated that they support the families of their employees in 3 or more ways. For example one informant said, “We don’t offer a benefits package, but we try to be flexible”, another informant stated, “Very informally, we have a very liberal healthcare package that supports families. We encourage people to bring their families to retreats we have.” Another informant said, “We have flexible schedules, we offer retirement plans, and health insurance.”

**Table 6: Building Community Within the Workplace**

<b><u>Manufacturing</u></b> <b>Business Type (N = 9)</b>	<b>Year Started</b>	<b>Communication</b>	<b>Work Functions</b>	<b>Teams</b>	<b>Support for Families</b>
Cheese	1984	X	X	X	2
Water Sports Clothing	1970		X		2
Glassware	1991	X	X	X	1
Roof Racks	1979		X	X	2
Boating Products	1996		X		2
Flower Sales	1991	X	X	X	2
Dairy Industry	1929		X	X	3
Logging Industry	1890	X	X	X	3
Land Development	1986	X	X	X	3
		<b>5</b>	<b>9</b>	<b>7</b>	
<b><u>Information/Technology</u></b> <b>Business Type (N = 8)</b>	<b>Year Started</b>	<b>Communication</b>	<b>Work Functions</b>	<b>Teams</b>	<b>Support for Families</b>
Environmental Consulting	2000		X		2
Wireless Phone Equipment	1999	X	X		2
Radios and Electronics	1976		X		3
Environmental and Fisheries Consulting	1982		X	X	2
International Information Analysis and Solutions (Media)	1995	X	X	X	2
International Media Development	1979/ 1982	X	X	X	2
Internet Broadcasting	2002			X	1
Environmental Consulting	1995	X	X		2
		<b>8</b>	<b>7</b>	<b>4</b>	
<b><u>Service</u></b> <b>Business Type (N = 8)</b>	<b>Year Started</b>	<b>Communication</b>	<b>Work Functions</b>	<b>Teams</b>	<b>Support for Families</b>
Food Service/Cafe	1984	X			2
Grocery Retail	1994	X	X	X	3
Real-estate, Mortgage, & Banking	1987	X	X		3
Food Service/Restaurant	1985			X	1
Food Service/Cafe	1980	X	X		2
Food & Beer Service/Restaurant	1990	X			2
Imported Jewelry Sales	1983	X	X		2
Career/Life Planning	1985	NA <sup>1</sup>	NA	NA	NA
		<b>6</b>	<b>4</b>	<b>2</b>	
<b>Total: N= 25</b>		<b>19</b>	<b>20</b>	<b>13</b>	

<sup>1</sup> We use “NA” for this business since it consists of one person.

## **Social Networking and Business**

Social networking is the backbone of social capital (Putnam 2000). In our research we wanted to examine the linkages that businesses have with one another. We asked questions like, “ Does your business work with any other local businesses (i.e. idea sharing, business strategies, business loans, etc”); “Have you had any business mentors? And “How did they help you?”; “How, if at all, are you connected to other businesses in the community?” Our questions revealed ways in which businesses assist one another and build social capital (Table 7).

When the informants were asked how they were connected to other local business 4 themes emerged:

- **Business Forums**
- **Use Local Vendors**
- **Informal Business Relationships** (i.e. friendships, and idea sharing)
- **Mentoring other business owners**

The following sections provide an in depth discussion of the information presented in Table 7.

### *Business Forums*

Forty-eight percent of the participants were actively engaged in some kind of business forum (Table 7); some of which included restaurant associations, Main Street (Eureka, Arcata), the various Chambers of Commerce, CEO groups, Humboldt Area Foundation, Redwood Technology Consortium, and the Arcata Downtown Business Community. The informants who reported to be actively engaged in such forums ranged from minimal involvement (if respondents listed one forum) to a greater involvement (respondents listed 3 or more forums). For example, one informant stated, “I belong to a group of CEO’s who meet once a month.” Another informant said, I am a member of the Restaurant Association; I am the President of the Main Street Business Organization; I am on the board of Directors of the Chamber of Commerce; and I am on the Board of the Humboldt County Business Bureau.”

### *Use Local Vendors*

Eighty-four percent of the informants stated that they are connected to other businesses through the use of local vendors (Table 7). The types of vendors that were discussed included stationary suppliers, dairy farmers, other business professionals with specific expertise (i.e. repairs, informational), marketing, graphic designers, and banks. The connection with local vendors is illustrated through this statement: “Because we decided to stay small we hire other businesses to

do subcontracting work. We share each other's specialties, they are colleagues not competitors; and we shop locally as much as possible."

**Table 7: Social Networking and Mentorship**

<b><u>Manufacturing</u></b> <b>Business Type (N=9)</b>	<b>Year Started</b>	<b>Business Forums</b>	<b>Use Local Vendors</b>	<b>Informal Relationship</b>	<b>Mentor to Other Businesses</b>
Cheese	1984	X	X		X
Water Sports Clothing	1970		X	X	X
Glassware	1991	X	X	X	
Roof Racks	1979		X		
Boating Products	1996		X		
Flower Sales	1991		X	X	
Dairy Industry	1929		X		
Logging Industry	1890	X		X	
Land Development	1986	X	X	X	X
<b>SUBTOTAL</b>		<b>4</b>	<b>8</b>	<b>5</b>	<b>3</b>
<b><u>Information/Technology</u></b> <b>Business Type (N=8)</b>	<b>Year Started</b>	<b>Business Forums</b>	<b>Use Local Vendors</b>	<b>Informal Relationship</b>	<b>Mentor to Other Businesses</b>
Environmental Consulting	2000		X	X	
Wireless Phone Equipment	1999	X	X		X
Radios and Electronics	1976		X		
Environmental and Fisheries Consulting	1982		X	X	
International Information Analysis and Solutions (Media)	1995	X	X	X	
International Media Development	1979/ 1982	X	X		
Internet Broadcasting	2002				
Environmental Consulting	1995		X	X	
<b>SUBTOTAL</b>		<b>3</b>	<b>7</b>	<b>4</b>	<b>1</b>
<b><u>Service</u></b> <b>Business Type (N=8)</b>	<b>Year Started</b>	<b>Business Forums</b>	<b>Use Local Vendors</b>	<b>Informal Relationship</b>	<b>Mentor to Other Businesses</b>
Food Service/Cafe	1984		X	X	X
Grocery Retail	1994	X	X		
Real-estate, Mortgage, & Banking	1987				
Food Service/Restaurant	1985	X	X		
Food Service/Cafe	1980		X	X	X
Food & Beer Service/Restaurant	1990	X	X		
Imported Jewelry Sales	1983		X	X	
Career/Life Planning	1985	X		X	
<b>SUBTOTAL</b>		<b>4</b>	<b>6</b>	<b>4</b>	<b>2</b>
<b>Total: N= 25</b>		<b>19</b>	<b>20</b>	<b>13</b>	<b>6</b>

### *Informal Business Relationships*

When asked how they were connected to other businesses in the community, fifty-two percent of the informants stated that they have an informal connection with other business owners through friendship and/or the desire to share ideas regarding business, without a formal structure of an organization (Table 7). For example, one informant said, “We have developed relationships with other businesses, and we share trials and tribulations- we talk about how to solve problems. Similarly another informant stated, “I am not that connected, but I have friends who own businesses that I keep in contact with.”

### *Mentor to Other Businesses*

Twenty percent of the participants stated that they are connected to local businesses through a mentoring and/or business coaching relationship (Table 7). For example, one business owner discussed how he had helped several other new businesses get started: “I informally helped set up 3 or 4 other businesses, and they are now independent.” Another informant discussed her involvement with a business course that provides an arena for mentoring, “we have study groups and we mentor each other.”

Of the 25 informants, 12% stated that they are not connected to other local business. For example, one business owner stated that “we are too big for local business, they can’t meet our standards”; and another informant stated, “We tried, but it didn’t work. We contacted Main Street, and no one returned our calls” (Table 8).

Additionally, informants indicated means of social networking within the community as occurring through drawing upon ties to local educational institutions and through generating social interaction at the location of their business establishment. For example, five informants stated that drawing upon their relationship with Humboldt State University (for recruiting purposes) is vital for their success and one business owner felt that their restaurant provided a great meeting place for people both young and old.

Table 8: Contributions to the Larger Community

<b><u>Manufacturing</u></b> <b>Business Type (N = 9)</b>	<b>Year Started</b>	<b>Support Local Charities/Events</b>	<b>Give Product</b>	<b>Bring in Money</b>	<b>Employee Involvement</b>
Cheese	1984			X	
Water Sports Clothing	1970	X		X	X
Glassware	1991	X		X	
Roof Racks	1979	X		X	
Boating Products	1996	X		X	X
Flower Sales	1991	X	X	X	
Dairy Industry	1929	X			X
Logging Industry	1890	X		X	X
Land Development	1986	X	X	X	X
<b>SUBTOTAL</b>		<b>7</b>	<b>2</b>	<b>7</b>	<b>5</b>
<b><u>Information/Technology</u></b> <b>Business Type (N = 8)</b>	<b>Year Started</b>	<b>Support Local Charities/Events</b>	<b>Give Product</b>	<b>Bring in Money</b>	<b>Employee Involvement</b>
Environmental Consulting	2000	X		X	X
Wireless Phone Equipment	1999			X	
Radios and Electronics	1976	X		X	
Environmental and Fisheries Consulting	1982			X	
International Information Analysis and Solutions (Media)	1995			X	
International Media Development	1979/ 1982			X	
Internet Broadcasting	2002				
Environmental Consulting	1995				X
<b>SUBTOTAL</b>		<b>2</b>	<b>0</b>	<b>6</b>	<b>2</b>
<b><u>Service</u></b> <b>Business Type (N = 8)</b>	<b>Year Started</b>	<b>Support Local Charities/Events</b>	<b>Give Product</b>	<b>Bring in Money</b>	<b>Employee Involvement</b>
Food Service/Cafe	1984	X			
Grocery Retail	1994	X	X		X
Real-estate, Mortgage, & Banking	1987	X		X	
Food Service/Restaurant	1985	X		X	
Food Service/Cafe	1980	X	X		X
Food & Beer Service/Restaurant	1990	X	X		
Imported Jewelry Sales	1983	X		X	X
Career/Life Planning	1985			X	
<b>SUBTOTAL</b>		<b>7</b>	<b>3</b>	<b>4</b>	<b>3</b>
<b>Total: N= 25</b>		<b>16</b>	<b>5</b>	<b>17</b>	<b>10</b>

## **Contributions to Larger Community**

When the informants were asked about how their businesses contribute to the larger community four themes arose (Table 8):

- **Support Local Charities/Community Organizations**
- **Give Product/Services** (to charitable/community organizations)
- **Bring money into the Community**
- **Encourage Employee Involvement in Community**

### *Support Local Charities/Community Events*

Sixty-eight percent of the 25 informants stated that they contribute to the local community through support of local charities and/or community events (Table 8). This is illustrated through one informant's statement that, "We support Kinetic Sculpture Race- we totally supported a whole machine, and we did the water safety for the race." Another informant discussed how his business contributes to the community: "We try to focus on charitable events, and we see as there are more national companies and companies merging or being bought out there are less companies that commit to local charitable events."

### *Give product/Services*

Twenty percent of the informants stated specifically, that they give product or offer their services to local charities/organizations (Table 8). For example, an informant said, "We give a lot of product to different organizations, non-profits; we run the gamut from daycare to museums and Rotary." Similarly another informant stated "I could go on for a week, we just built the HSU women's softball field, and we donated all of that...we do a ton of donation work."

### *Bring Money into Community*

Sixty-eight percent of the informants talked about how they bring money into the community (Table 8). The informants indicated they bring money into the community in two ways: 1) through creating jobs and 2) by bringing attention to the local area, which brings people into the community from the outside that spend their money here. For example, one informant stated, "We are good for the economic leakage problem Humboldt County has. This year we will import over 4million dollars from outside the County, and that turns over 7-9 times." Similarly another informant said, "Some have never heard about Humboldt County, so some of my New York Clients, my Denver clients, my Utah clients want to come



out to the Pacific North Coast. I also meet clients here, and bring them out so that's advantageous for the community."

### *Encourage Employee Involvement in Community*

Forty percent of the informants indicated that they contribute to the community through encouraging their employees to get involved in the community (Table 8). Encouraging employee involvement ranged from employees being involved in the donation work that the businesses do, to giving employees time off to do community service or simply supporting causes that impact their employee's lives. For example, one business owner said, "we give donations to charitable organizations, and all of the employees vote, so they are employee supported causes that directly affect the employees." Another informant said, "We offer our staff paid community service days, so if somebody wants to go help clean up the beach they can get paid for that." Finally another informant said, "If they [employees] are doing some kind of fundraising then the first contribution they can go after is from our company, we also give them time off from work to do things like that, as long as they don't get carried away."

### **Economic Development Agency Efforts**

Businesses were asked what local economic development agencies can do to foster local entrepreneurial talents (Table 9). Though the informant's responses to this question were diverse three main themes emerged in the data:

- **New Business Start-up Money**
- **Partnerships with Educational Institutions**
- **Entrepreneur Programs**

#### *New Business Start-up Money*

The responses from the participants who fell into this category ranged from making it easier for new business owners to receive business loans to starting a venture capital fund. Twenty percent of the informants reported that local economic development agencies could make it easier for new businesses by offering some kind of start up money (Table 9). For example, one informant said, "establish an in-county venture capital fund, where entrepreneurs can go with ideas who need financing...it must support them long enough to build a revenue stream of their own." Similarly another participant responded, "it is difficult

for new businesses to get capital venture money in this area.” Another informant stated, “offer low amount high risk loans to new entrepreneurs.”

**Table 9: Local Economic Development Agency Efforts**

<b><u>Manufacturing</u> Business Type (N=9)</b>	<b>Year Started</b>	<b>Start-up Money</b>	<b>Educational Partnerships</b>	<b>Entrepreneur Programs</b>
Cheese	1984			X
Water Sports Clothing	1970			X
Glassware	1991		X	
Roof Racks	1979	X		
Boating Products	1996			
Flower Sales	1991			
Dairy Industry	1929			X
Logging Industry	1890	X		
Land Development	1986		X	
<b>SUBTOTAL</b>		<b>2</b>	<b>2</b>	<b>3</b>
<b><u>Information/Technology</u> Business Type (N = 8)</b>	<b>Year Started</b>	<b>Start-up Money</b>	<b>Educational Partnerships</b>	<b>Entrepreneur Programs</b>
Environmental Consulting	2000			
Wireless Phone Equipment	1999	X		
Radios and Electronics	1976	X		
Environmental and Fisheries Const	1982			X
International Information Analysis and Solutions (Media)	1995			X
International Media Development	1979/ 1982	X		
Internet Broadcasting	2002			
Environmental Consulting	1995		X	
<b>SUBTOTAL</b>		<b>3</b>	<b>1</b>	<b>2</b>
<b><u>Service</u> Business Type (N = 8)</b>	<b>Year Started</b>	<b>Start-up Money</b>	<b>Educational Partnerships</b>	<b>Entrepreneur Programs</b>
Food Service/Cafe	1984			X
Grocery Retail	1994	X		X
Real-estate, Mortgage, & Banking	1987			
Food Service/Restaurant	1985	X		
Food Service/Cafe	1980			X
Food & Beer Service/Restaurant	1990			
Imported Jewelry Sales	1983		X	
Career/Life Planning	1985			X
<b>SUBTOTAL</b>		<b>2</b>	<b>1</b>	<b>4</b>
<b>Total: N= 25</b>		<b>7</b>	<b>4</b>	<b>9</b>

### *Partnership with Educational Institutions*

Another theme that arose was to create partnerships with local educational institutions: This includes both HSU and CR. Sixteen percent of the participants reported that such partnerships could benefit local entrepreneurs (Table 9).

For example, one informant stated, “organize tours of local businesses to show school aged and college students local entrepreneurial talents- the students are the future of Arcata.” Similarly, another participant said, “they should support the University and CR; because those institutions are the best for creating industry...they are producing the brains.”

### *Entrepreneurship Programs*

The majority of the informants (36%) made the suggestion that there should be programs available to new business owners (Table 9); some examples include, but are not limited to, business mentoring programs, a database of business networks, a one-stop shop that offers an array of information for new business owners such as information on laws, loans, and taxes. A good illustration of this theme comes from one informant who stated, “Maybe offer a one-stop-shop, which offers information on what it takes to start a business.” Similarly, another informant stated, “create an organization that is a one source place where they can get information about starting a business”; and another participant stated, “offer mentoring programs for start-up businesses.” Finally one respondent suggested, “they can establish a better formal networking resource base- someone with specific skills for me and vice versa.”

## **Discussion**

The themes that emerged during this study of North Coast entrepreneurship relate to human capital, social capital, and community. In this study, both human capital (skills that contribute to the community) and social capital (social networks) were found to be key to successful entrepreneurship. Our study examined how the creation and expansion of social networks goes hand in hand with the generation of skills that contribute to building the community. The following discussion reviews how local businesses build: 1) human capital 2) social capital, and 3) community.

### ***Local Business and Human Capital***

Earlier in this study we defined human capital as both public and private human knowledge, human skills (and the longevity they possess), health, and values that give one the ability to make a living, contribute to the community, and self-improvement (Flora & Flora 2004; Piazza-Georgi 2002; Putnam 2000). Four themes emerged in the data that specifically relate to the building of human capital:

- **Employee Training and Mentorship**
- **Support for Families of Employees**
- **Mentor to Other Businesses**
- **Encourage Employee Involvement in the Community**

The majority of the informants (96%) provide some kind of training/mentorship to their employees (Table 5). This allows employees to increase both their on-the-job skills as well as their general business knowledge. Further, one-third (32%) of the informants encourage their employees to be involved in some other type of training and/or education- that is not necessarily job related. This allows employees to build their personal human capital (skills), beyond what is needed within the workplace, and can benefit other aspects of employees' lives. Additionally, all of the businesses with employees (96%) offer at least some kind of support to their employee's families; for example, flexibility or benefits (Table 6). Though the level of support differs with each individual business, the family support offered to the employees allows them the ability to maintain family relationships while earning a living, and possibly taking off some of the added stress that comes from trying to balance both the public and private spheres.

Further, one-fourth (24%) of the participants reported that they have acted as a mentor to other businesses (Table 7). The process of mentoring new business owners is two-fold. It increases the new business owner's human capital (skills and knowledge), while simultaneously creating another social linkage within the business community (social capital). It also falls in the realm of contributing to the community, because these new businesses have a potential for creating jobs and filling a niche within the local community.

Finally, 10 of the 25 (40%) informants reported that they encourage employee involvement within the larger community (Table 8). This builds employee human capital through allowing the employees to network with other community members, through fostering the value that giving back to the community is important. For example, one informant said that they give their

employees a paid day off for community service; and therefore reinforces the notion that 1) the employer acknowledges their employees need to be a part of the larger community and 2) the employer sees the value in giving back to the community.

### ***Local Business and Social Capital Building***

We previously defined social capital as: an interactive process that consists of internal and external social linkages and social networks that enable productivity (Baron & Markman 2000; Flora & Flora 2004; Lyons 2002; Piazza-Georgi 2002; Putnam 2000; Woolcock 1998). In simple terms, social capital can be thought of as social networks. Social capital has both a cost and benefit relationship with production, because the maintenance of social capital requires fulfilling the expectations and mutual obligations of social relationships, which forms the trust that enables economic productivity (Putnam 2000).

The themes, which arose from the data that relate to social capital:

- **Business Networking**
- **Contributing to the Larger Community**

#### ***Business Networking***

Ninety-two percent of the respondents reported that they are involved in some kind of business networking; for example, business forums, use of local vendors, informal business relationships, or acting as a mentor to other businesses (Table 7). Through these networks the informants have the ability to share their knowledge and skills (human capital) and learn from each other's successful failures, thereby increasing their own business productivity. For example, one informant said, "we work with several other businesses on projects, because we share our expertise." Similarly another stated, "We share trials and tribulations, and we talk about how to solve problems."

#### ***Contributions to the Larger Community***

Another way that the participants build social capital is through contributing to the larger community. Four major themes were found related to contributions: 1) support for local charities/events 2) donation of a product 3) bringing money into the community and 4) encouraging employee involvement in the community. Almost all of the participants (96%), reported contributing to the community in at least one of those ways (Table 8).

Contributing to the community demonstrates the cost benefit relationship social capital has with production. As stated previously, building social capital involves satisfying the expectations

and shared obligations of social relationships that forms the trust and enables economic productivity (Putnam 2000). Therefore, when a business contributes to the larger community it is demonstrating to community members that they care about the community, while at the same time producing community trust in their business; and therefore, generating the economic support that businesses need to survive and be successful.

### ***Community in Business***

All of the research participants with employees (96%), reported that creating a “sense of community” within the workplace was important to them (Table 6). We found that while businesses employed different strategies to create this sense of community there were some commonalities that emerged. The overall pattern observed in the data was that successful businesses created a sense of unity, or a shared sense of identity within their business. This echoes the ideas regarding community proposed by Flora & Flora (2004). According to Flora & Flora (2004) communities, in general, involve the notion of a shared sense of identity, which the informants stated was incredibly important to create within their businesses.

The various strategies used by businesses to create a sense of community are reminiscent of Stewart’s (1999) notion of *communities of practice*, which involves people who work together, and use one another as a sounding board, as well as teach each other and explore new ideas together. Stewart (1999) suggests that *communities of practice* are communities in which human capital is built and maintained. In our study we found four major themes related to creating this sense of community in the workplace: 1) communication 2) work functions 3) teams and 4) support for families. All four of these major themes serve to strengthen the social networks that are such an integral part of successful entrepreneurship.

Our study found that the businesses that employ communication and the notion of teams are strengthening their degree of social capital. This social capital in turn facilitates the expansion and further strengthening of human capital (skills). Communities of practice emerge in a setting where communication and idea-sharing are emphasized. Therefore, our study has found that the North Coast possesses a healthy dose of communities of practice.

These communities of practice encourage the development of human capital through relying on existing social networks, or social capital. This overall mechanism contributes to creating a healthier business community.

As stated in an earlier section, communities of practice not only benefit the employees, but they also benefit employers that are dependent on the development of employee human capital.

### ***Observations Regarding Local Skills and Resources***

A review of the data suggests some interesting findings regarding local skills and resources (Table 3). About one-half of the entrepreneurs interviewed (14 or 56%) reported drawing upon local resources specific to the area as a part of their business (Table 3). Surprisingly, only one-fourth (24%) of the respondents reported that they draw on local skills specific to the area as a part of their business success. In fact, several respondents stated that they could potentially be successful anywhere, but they decided to start their businesses here to stay in the local area. This finding speaks to the unique appeal of the North Coast region and how that can be used as an advantage in economic and community development arenas.

Our study also found that many of the smaller North Coast businesses share a certain degree of interdependency. Approximately one-third (32%) of the business owners surveyed reported that they draw upon business resources (i.e. local vendors) as opposed to educational or natural resources. This suggests that the local businesses fill an important niche for one another.

### **Policy Recommendations**

The following policy recommendations are based on our analysis of the data collected as a part of this study. Specifically, these recommendations focus on what local economic development agencies can do to help foster local entrepreneurial talents.

The major themes that arose from the data regarding such efforts included: Start-up money for new/potential businesses, educational partnerships, and entrepreneurial programs (Table 9).

#### ***A "New Business" Fund***

Twenty eight percent (7) of the participant's reported that there needs to be money available for new businesses (Table 9). Therefore, in-line with one response, perhaps a venture capital fund could be created for new businesses, as well as making it easier for new businesses to receive small business loans. Local banks could partner with economic development agencies to make this possible.

### *An “Entrepreneur Resource Center”*

Thirty-six percent of the informants reported that there need to be more resources available to new business owners (Table 9). Therefore, the creation of an “Entrepreneur Resource Center” could be a viable solution to this issue- as one participant put it “a one-stop-shop.” This center could be a place where businesses could get information on taxation, business law, building permits, loans, etc. It could also be a place for local businesses to network; each business that is involved in the center would be entered into a database, which could make them available to other businesses. The center could also be a meeting place to hold entrepreneurial conferences and/or meetings to discuss issues that businesses are being faced with. In addition, the center could put out a monthly newsletter to discuss business news and/or provide narratives of local successful businesses and their personal story (both their failures and successes). The center could also provide a means for local educational institutions to connect with local businesses. Finally, the center could provide a mentor-matching program, where new/potential business owners would be matched with more seasoned owners.

### **Conclusion**

This study has examined 25 businesses in Humboldt County in the Manufacturing, Information/Technology, and Service clusters. Our goal was to examine successful patterns of local entrepreneurship. Our study identified four major strategies that the 25 businesses employ to help build human capital amongst themselves and their employees: 1) Employee Training and Mentorship 2) Support for families of employees 3) Mentor to other businesses 4) Encourage employee involvement in the community.

Additionally, we found that the 25 businesses build their social capital through: 1) Social networking and 2) Contributions to the larger community. We also found that many of the participants foster an environment within the workplace that encourages the creation of *Communities of Practice* (Stewart 1999), which not only allow for the employees to feel a shared identity, but also facilitate the creation of human and social capital.

Finally, policy recommendations were created to help further foster local entrepreneurial talents. These recommendations included: 1) Venture Capital Fund and 2) Entrepreneurial Resource Center. These recommendations can assist newer businesses as they move closer to becoming successful North Coast businesses. An important finding of this study is that the success



of business necessitates contributing to the larger community, through the sharing of knowledge, resources and information. The North Coast is a very special location where the notions of community and business are inextricably linked. The scope and depth of successful North Coast entrepreneurship is quite extensive. Through this study, successful North Coast entrepreneurs have illustrated the ability to think not only outside of the box, but also outside of the Redwood Curtain. Local entrepreneurs are committed to building not only financially successful businesses but also maintain a strong civic orientation and commitment to the large community.

Businesses located on the North Coast have made significant impacts at the local, national and sometimes international levels. We applaud North Coast entrepreneurs for their creativity, tenacity innovation and mentorship.

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## Appendix A: Written Interview Questions

- |           |     |           |
|-----------|-----|-----------|
| 1. Gender | Age | Ethnicity |
|-----------|-----|-----------|
2. How long have you lived in the area?
  3. What is the name of your business?
  4. When did you first start your business?
  5. What does your business sell?
  6. Does your business have a specialty, something it is known specifically for?
  7. Are you the sole owner? If not, who are your business partners?
  8. Do you only sell your products/services locally?
  9. Do you import any products?
  10. Approximately how many employees do you have?  
How many did you start with?
  11. Do you expect your business to expand in the future (how) (i.e. hiring more employees another location, etc.)?
  12. Does your business work with any other local businesses (i.e. idea sharing, business strategies, business loans, etc.
  13. Have you had any business mentors?  
If so, who? How did they help you?
  14. Does technology play any role in running your business? If so, please explain.
  15. Have you ever experienced a lesson learned in your business that you applied to future business strategies?
  16. Does your business draw upon skills that are specific to the local area?
  17. Does your business draw upon resources that are specific to the local area?
  18. What can local economic development organizations do to help foster local entrepreneurial talents?
  19. Why did you initially start your business?
  20. Does your original vision match what your business is today?
  21. What makes your business successful in this particular community?
  22. How, if at all, are you connected to other businesses in the community?
  23. What are some reasons that people come to work for you, besides money?
  24. Do you offer trainings, or mentorship to your employees?
  25. Does your business offer support to the families of your employees? If so, how?
  26. What are some of the strategies you use to keep your employees happy (i.e. business parties, sick leave, insurance, childcare, etc.)?

## **Appendix B: Recorded Interview Questions**

1. Is developing a sense of community, in the work place, important to you as a business owner?
2. How do you develop a sense of community among your employees?
3. What qualities does your business possess that has made it successful in our community?
4. What do you feel that your business contributes to the local community?

Can you suggest any businesses that are in the communication/technology, manufacturing, or tourism/arts & culture industries?