

1-1-2014

## Economic Gardening: Capacity Building for Stronger Regions

Patrice Braun

*Federation University Australia*


Jessie Harman

*Federation University Australia*

Frank Paton

*Honeyman & Paton, Pty Ltd*

Follow this and additional works at: <http://epubs.scu.edu.au/jesp>

 Part of the [Adult and Continuing Education and Teaching Commons](#), [Business Administration, Management, and Operations Commons](#), [Entrepreneurial and Small Business Operations Commons](#), [Operations and Supply Chain Management Commons](#), [Regional Sociology Commons](#), [Strategic Management Policy Commons](#), and the [Technology and Innovation Commons](#)

---

### Recommended Citation

Braun, Patrice; Harman, Jessie; and Paton, Frank (2014) "Economic Gardening: Capacity Building for Stronger Regions," *Journal of Economic and Social Policy*: Vol. 16 : Iss. 1 , Article 8.

Available at: <http://epubs.scu.edu.au/jesp/vol16/iss1/8>

ePublications@SCU is an electronic repository administered by Southern Cross University Library. Its goal is to capture and preserve the intellectual output of Southern Cross University authors and researchers, and to increase visibility and impact through open access to researchers around the world. For further information please contact [epubs@scu.edu.au](mailto:epubs@scu.edu.au).

---

# Economic Gardening: Capacity Building for Stronger Regions

## **Abstract**

Economic stimulation on the local level is increasingly being recognised as the key to regional resilience. As such, regional capacity building initiatives have moved into endogenous development models that build on the local economic context, embedded competencies and social structures.

Illustrating an endogenous regional development initiative, this paper discusses a recent program in regional Victoria based on 'economic gardening' principles of infrastructure, information and connections and tailored to the specific needs of small-to-medium enterprises with high growth potential.

The program brought together three tiers of government and the regional university to increase innovative capacity and performance of manufacturers in the region. The paper discusses the program design and reports on its perceived value from various stakeholder perspectives. Taking a wider regional development focus, the paper concludes with a discussion on the evaluation and longer term impact of endogenous capacity building programs of this nature in terms of their contribution to regional development policy and program development.

## **Keywords**

Regional development, economic gardening, collaboration

## **Cover Page Footnote**

The authors acknowledge the Federal Government Department of Innovation, Enterprise Connect; the Victorian Department of State Development, Business and Innovation, and the City of Ballarat for their support throughout the program.

## **Introduction**

Economic stimulation on the local level is increasingly recognised as the key to regional resilience. In Castells' (2000) notion of a 'regionalised, global economy' government intervention, regional structures and networks play a significant role in the positioning of a region in the global economy. Regional-level interventions are those which allow actors within regions to shape their own development prospects and stimulate inter-organisational collaboration. Acknowledging that economic stimulation is accomplished by designing such regional-level interventions, efforts have for some time sought to roll out initiatives which are based on locally-embedded competencies and social structures (Braun, 2005). - This paper evaluates one such regional development initiative, or 'endogenous development'.

## **Endogenous Development**

In the Keynesian tradition, regional development policy used to be incentive and firm-centred rather than market-based whereby income, redistribution and welfare policies stimulate the less favoured regions (Amin, 1999). A common strategy was the development of industrial zones and business parks to provide incentives to attract business, increase employment and develop the local economy. Likened to creating a pond to attract migrant birds to lay golden eggs, such exogenous approaches work well as long as the birds stay in the pond, but quickly become ineffective when similar ponds are developed in neighbouring regions (Yamamoto, 2007).

In the past two decades, regional development policy has undergone a paradigm shift from an exogenous intervention focus to an endogenous, relational network one (Garcilazo, 2009; Storper, 1997). Historically, the focus of regional, capacity-building initiatives has been on supporting larger incumbent firms to stimulate employment and regional growth. Confronted with concerns over unemployment, job creation, economic growth and competitiveness in global markets, the focus has shifted to small and medium size enterprises (SME) and the building of local competencies and social structures (Garcilazo, 2009). Entrepreneurship in particular is considered a key tool for stimulating local growth and resilience (Fritsch, 2011).

Endogenous development can be described as an integrated process of economic growth and structural change. One dimension is economic, which is characterised by specific production systems or value chains that assist local entrepreneurs to optimise productive factors and reach productivity levels which make them competitive in the market. Another is an institutional dimension, where economic and social actors are integrated into local institutions forming complex systems of relationships. The institutional

dimension incorporates social and cultural values into the development process (Vázquez-Barquero, 2002). Adopting the prevailing western view, Vázquez-Barquero (2002) argues that endogenous development pursues the satisfaction of local needs, reflected in action-based strategies towards regional prosperity and well-being. While all endogenous development theories embrace similar concepts, eastern endogenous development theory adds a focus on key people in the local community who act as change agents (Yamamoto, 2007).

Today endogenous development is often referred to as a place-based approach designed around local needs with the active participation of the local community in development processes (Dabson, 2011). Place-based development is not simply a matter of improving the position of the local productive system, but rather a systems-thinking approach that considers all aspects of the local community. Thus, endogenous development strategies should not only improve the productive system (agricultural, industrial, services) but also social and cultural dimensions that affect the overall well-being of the region (Vázquez-Barquero, 2002). While there is no conflict between exogenous and endogenous interventions, and they continue to co-exist as complementary strategies, this is an important acknowledgment that innovation and growth only become embedded in a community or regional economy if the system embraces and supports change.

This paper adopts the view that regional development interventions should be placed within the local context and culture, considering prevailing economic and social conditions. Reflected by its entrepreneurs, networks and learning ability, a region's economic and social fabric can be a transformative force of endogenous development (Braun, 2005). Where weakened economic conditions prevail, opportunities exist to stimulate local firms to embrace learning and innovation to boost both their enterprise and regional resilience. This view is used as the lens to examine the benefits of a particular entrepreneurial approach to endogenous development, that of 'economic gardening'.

## **Economic Gardening**

As the economic inputs of the industrial age wane and economies seek to recover from the global financial crisis, entrepreneurship is believed to facilitate the diversification and synergy of local services, increase local incomes and wealth and connect the community to the larger global economy (Dabson, 2011). Small and medium sized enterprises (SME) in particular are seen to offer the best prospects for economic recovery, resilience and growth (Gregory and Lee, 2002).

Regional economies have been experimenting with an economic development approach known as Economic Gardening (EG) which aims to foster the growth of SME. Emphasising investment in local firms to develop the local economy, EG has its origins in Littleton, Colorado where it was developed in 1989 as an entrepreneurial stimulation model (Gibbons, 2007). The term 'gardening' refers to the contrast between this approach and exogenous 'hunting' methods traditionally employed to track down 'footloose' companies and attract them to regional areas. Adopting EG strategies generally reflects the intent to build high performance communities through entrepreneurship and innovation (Burgess, 1996).

In particular, EG is about providing strategic and networking tools for nimble, fast-growing companies, also referred to as *gazelles* – a term first coined in 1979 by MIT economist David Birch – so they may develop innovative products and achieve their innovation potential and capacity to export beyond the local region. Coupling the idea of a community growing its own jobs with research that shows job creation comes from small businesses that are beyond start-up (Birch, 1987), EG targets beyond start-up or 'second stage' businesses with the potential to increase employment in the region. Since gazelles generally represent only between three and five - percent of businesses in any one region, one of the benchmarks for second stage companies are those that employ between 10-99 people (Grace, 2011). In terms of investment in such enterprises, there is also the notion that home- grown companies may be less likely to pack up and leave when economic conditions change. What is made less explicit in the literature is that EG programs tend to focus on so-called traded sector companies – those that sell goods or services into markets for which national or international competition exists – vs. boosting the capabilities of non-traded sector enterprises such as local stores and restaurants, which are typically excluded from EG programs (Roberts et al., 2012).

The fundamental principle of EG is to augment the business base from the inside out by providing support in essential areas. The building blocks of the EG strategy include (a) information, (b) intellectual infrastructure, (c) connections, and (d) innovation. Growth-oriented SME in regional areas often lack individualised market information (or competitive intelligence) needed to identify and capitalise on niche markets. Intellectual infrastructure, considered vital to economies that are based on innovation, may take the form of universities, research centres and institutions that provide business education and training (Grace, 2011).

Connections are a key feature of the program, and more generally of the knowledge economy, as they stimulate interaction, collaboration and mutual learning (Braun, 2006). EG programs are expected to utilise and strengthen existing connections, as well as build new connections aimed at fostering

strategic thinking and innovation. The introduction of new products and/or processes pertaining to skills, training, human resources, workflows, organisational and management practices are all prospective areas of innovative activity and hence potential enhancement.

Recognising the value of EG as an economic development strategy, many local government organisations in America are delivering EG programs, often employing dedicated staff with specialised skills to deliver one-to-one services to business clients (Grace, 2011). According to Chris Gibbons, the father of economic gardening, EG processes can, however, be inherently chaotic, involving both experimentation and return-on-investment (ROI) risks (Gibbons, 2007). His later work acknowledges that an economic gardening approach is more difficult in rural areas, requiring a continuous process of examining the strengths and weaknesses of one's community, constant adaptation to market conditions, buy-in from councillors and strong collaboration between council and economic development staff. This may not suit communities under severe economic stress, where political pressure may lead to more traditional recruiting and deal-making (Gibbons and Wood, 2010).

While the economic gardening reputation remains intact, Roberts et al. (2012) describe both the theory and practice as being 'oversold', evidenced by a lack of literature to validate Birch's (1987) assertion that small business does in fact generate the majority of new jobs, gazelles have proven to be a rare species, and few EG impact studies could be located outside Littleton, Colorado where an inordinate amount of money was spent on staff implementing the strategy. Be that as it may, economic developers as far flung as Japan appear eager to adopt the concept (Yamamoto, 2007). Economic gardening has also reached Australian shores, where EG programs have been rolled out in the Illawarra region in New South Wales and the Central Highlands region in Victoria. This paper analyses the perceived value of the Victorian EG program and provides insights into the applicability of EG as a regional development strategy for Australian regions.

## **Victorian Economic Gardening Program**

Over the past several decades, industrial economies based on manufacturing have shifted to economies driven by services, electronic technologies and information. Australian manufacturing has been in decline due to factors such as quickening market cycles, out-dated business models, high transport and energy costs, high labour costs and a fluctuating dollar (Braun et al., 2012). The State of Victoria has historically had a strong manufacturing base and any decline in manufacturing is hence a concern for the Victorian government.

Manufacturing has underpinned the economy of the regional city of Ballarat for many decades and it is the largest sector in terms of output and value-added. Although only 17 percent of the Ballarat workforce is directly employed in manufacturing, in terms of added value, economic modelling suggests a multiplier of 3.5, which effectively means that any change in the level of manufacturing has a significant effect on the local economy. Although manufacturing still dominates the regional economy, the sector is expected to experience negative employment growth to 2018 (Braun et al., 2012). Decline in employment in the sector and forecasts of further decline has raised significant concerns for the viability of the manufacturing sector. These concerns are accompanied by calls to move away from a simple transformed manufacturing base towards more highly-skilled, value-added activities (BWEZ Report, 2011).

While over time a variety of government programs have been introduced to strengthen the manufacturing sector in Ballarat, a gap was identified in existing service delivery. Existing programs and services tended to focus primarily on assisting entrepreneurs establishing new businesses, and/or assisting struggling micro and small enterprises to become more sustainable. There were no programs to support established businesses with significant growth potential (e.g., second stage businesses) to plan for and achieve growth. Yet these businesses were most likely to drive future jobs growth and prosperity in the manufacturing sector and the region. Combining a growing awareness of EG by regional development officers with the need to help regional manufacturers achieve their growth potential, a Strategic Management for Profitable Growth (SMPG) program was designed based on aforementioned EG principles.

SMPG was set up as a partnership between three tiers of government, Federation University Australia (formerly the University of Ballarat) and local industry. The Federal government, through its Department of Innovation Enterprise Connect program, provided the bulk of program funding supplemented by contributions from the Victorian Government Department of Business and Innovation and the City of Ballarat economic development division. The University provided program management and in-kind research support. Industry feedback was provided via the Australian Industry Group. The development of the partnership was both a concerted effort to gain traction in industry and an explicit acknowledgment of the interdependence between government, academia and business, each facilitating the exchange and development of human capital and learning needed for regional development (Desplaces, Wegeles and McGuigan, 2009). Overseen by a representative steering committee, partners took an active role in program recruitment, design, monitoring and evaluation.

Anecdotal evidence suggested that manufacturers in the region were sceptical about any form of government assistance, which can translate to low level participation even in the best-intentioned programs. Due to the large number of players in the market, a traditional university-style course or business consultancy process was unlikely to gain the attention of the regional manufacturing community. Paying heed to the fact that EG is not a one-size-fits-all program or product that may be plucked off the shelf (Grace, 2011) SMPG was designed to fit regional business needs, as outlined below.

The American EG model uses a 'blitz' approach, providing individual enterprises with expertise in areas of need across the EG building blocks. Resource constraints prevented a one-to-one approach in regional Victoria. Group activities were deemed acceptable provided the program was designed entirely around enterprise learning needs and was facilitated by a person who had credibility in the manufacturing sector. As Grace (2011) points out, an economic gardening program is foremost about people and will not succeed if the program facilitator does not possess knowledge of the business culture, networks and connections in the region.

Once a program facilitator was secured, a series of interviews were conducted to identify manufacturers that would benefit most from EG assistance and could be expected to embrace learning and innovation to boost both their enterprise and regional resilience. Selection criteria for participation in the program included: the company was based in the catchment area, growth-oriented (employing a workforce), company owners/ managers portrayed a genuine interest in strategic assistance and valued collaboration and innovation. To determine knowledge gaps, a needs analysis tool was developed (Appendix A) and administered by the program facilitator during personal visits to prospective participants.

Tailored to participants' learning needs, the program design incorporated access to high level information delivered by subject experts via a series of workshops. The assistance needed to be practical in nature, thus the workshop was underpinned by experiential learning (Kolb, 1984), that was deemed to be a good pedagogical fit with entrepreneurship and innovation education (Desplaces et al., 2009). Offering a bridge between theory and practice, Kolb's cyclical learning model provided participating manufacturers the opportunity to learn, reflect and put new knowledge into immediate practice. Group learning was complemented by individual on-site mentoring by the program facilitator for in situ implementation.

Using the SMPG as the case study, this paper evaluates the perceived value of the EG intervention for key stakeholders, including the perceptions of program participants, the program facilitator and funding partners.



## Study Design

To analyse the Victorian EG intervention and answer the broader research question ‘what is the perceived value of EG as a regional development strategy’, the study adopted a two-pronged research approach. The first component of the study focused on participants’ perceived value of the SMPG program by gauging satisfaction levels with the program itself. The second component focused on the value of the EG intervention as a company assistance cum regional development tool as perceived by the program facilitator and government funding bodies represented on the steering committee. All research was conducted during the 12 months funding period of the program (July 2012 - June 2013) and predominantly relied on feedback and reflection mechanisms, discussed in more detail below.

Program design (including both content and delivery) was the unit of analysis for the first research component. A short evaluation survey was formulated (Appendix B) to capture participants’ feedback after each program session, including the degree to which learning objectives were met and business insights were gained. Perceived value of the EG program was determined using the first two levels of Kirkpatrick’s (1994) seminal four-level training program evaluation framework. Level one captured participants’ direct reaction to the program, i.e. how relevant was program content to participants’ learning needs? Level two determined the extent to which learning had taken place, i.e. did workshop activities stimulate learning? Levels three and four of Kirkpatrick’s framework, which evaluate behavioural change and tangible impact of the program respectively, could not be included in this report since follow-up research to that effect is still to be conducted. Some anecdotal evidence pertaining to levels three and four was, however, generated through the second research component outlined below.

The perceived value of the EG intervention as a business assistance cum regional development strategy was determined based on the feedback and reflections of the program facilitator and committee members. This component was underpinned by a clinical inquiry (action research) process (Schein, 2001) designed as a learning pathway to establish the efficacy of the EG program for the region and potential for future program rollout.

Facilitator feedback was derived from monthly reports submitted to committee meetings, reflecting coal-face interaction with company representatives at program sessions and on site implementation support. Committee members’ feedback was derived from monthly meeting minutes and an extraordinary committee meeting conducted post completion of the EG program to capture stakeholder reflections. Reflections on perceived value of the program for participants were analysed using the same criteria adopted for company inclusion in the program: the company was regional and growth-oriented,

portrayed a genuine interest in assistance and valued collaboration and innovation. Committee members' perceptions of the value of the EG program as a regional development strategy was determined by their willingness to share program outcomes and/or fund future EG programs.

While program partners collaboratively examined their experiences through critical reflection, not everyone had the same practical involvement. Some stakeholders were funders; others were involved in the facilitation process and program management. The authors acknowledge the inherent subjectivity and potential bias of stakeholder reflections given the close involvement of the facilitator and committee members in the program. There was, for example, the danger of being overly reliant on monthly facilitator reports and in their dual role as business and regional development officers, funding body representatives brought their own regional development agendas and measures of success to the table. Potential partiality is duly recognised in the interpretation of results.

### **Perceived Value of EG Program - Participants**

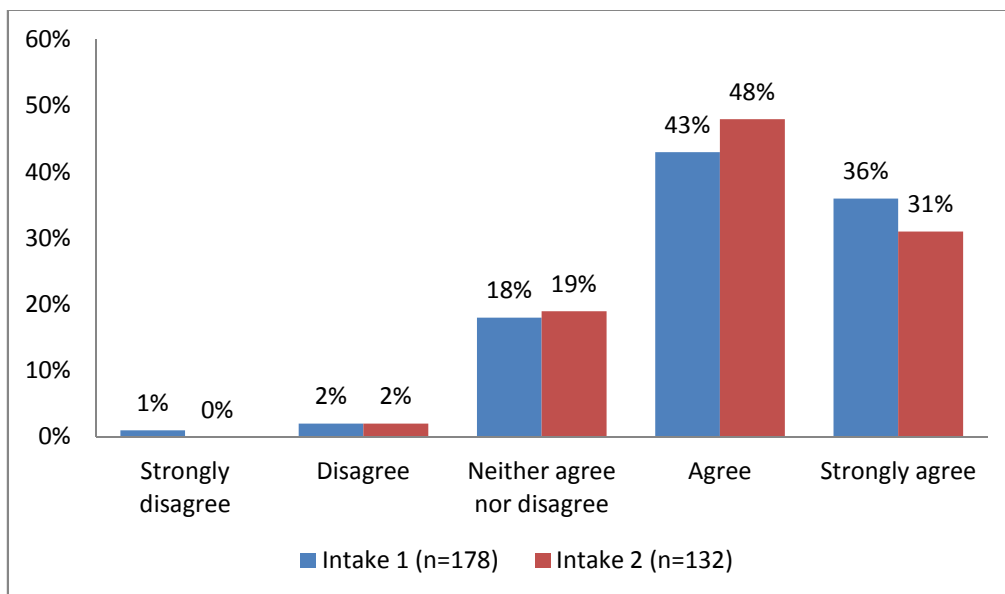
This section reports on participants' perceived value of the EG program.

The program had two intakes (July - October, 2012 and February - June, 2013) providing a total of 36 regional enterprises with in-depth business knowledge. Referrals from partner agencies, relevant industry associations and warm leads from businesses engaged in other programs, followed up by the program facilitator with personal visits and personalised emails, had a success rate of 65 percent securing expressions of interest. The conversion rate from expressions of interest to participation was 100 percent. Participants ranged from viticulture and food, spray equipment, foundries and joineries, to makers of windows and energy efficiency products. Intake 1 consisted of manufacturers only, whereas Intake 2 had a more diverse range of participants, including manufacturers, IT and service sector firms. Participation in the program was free but limited to two senior staff per enterprise.

The needs analyses conducted with participating CEOs/general managers in each intake identified that enterprises struggled in one or more disciplines. In particular, effective and efficient operating systems, marketing, strategy, financial management and cash flow came to the fore as areas of need. Surprisingly few businesses indicated information technology as an area in which they needed assistance. Intake 2 company needs were more focused on innovation and growth, networking, marketing, efficient manufacturing and business systems. While Intake 1 and Intake 2 programs had similarities, different components were included in each program based on intake needs. A series of 12 x 3.5 hour workshops including a factory visit were conducted in each intake spread over a four month period. Participants were eligible for up

to 4 hours on-site program implementation support by the program facilitator to help translate learning into workable business practice. Participants were also made aware of other government programs and over the duration of the program a number of enterprises were referred to additional capacity building opportunities.

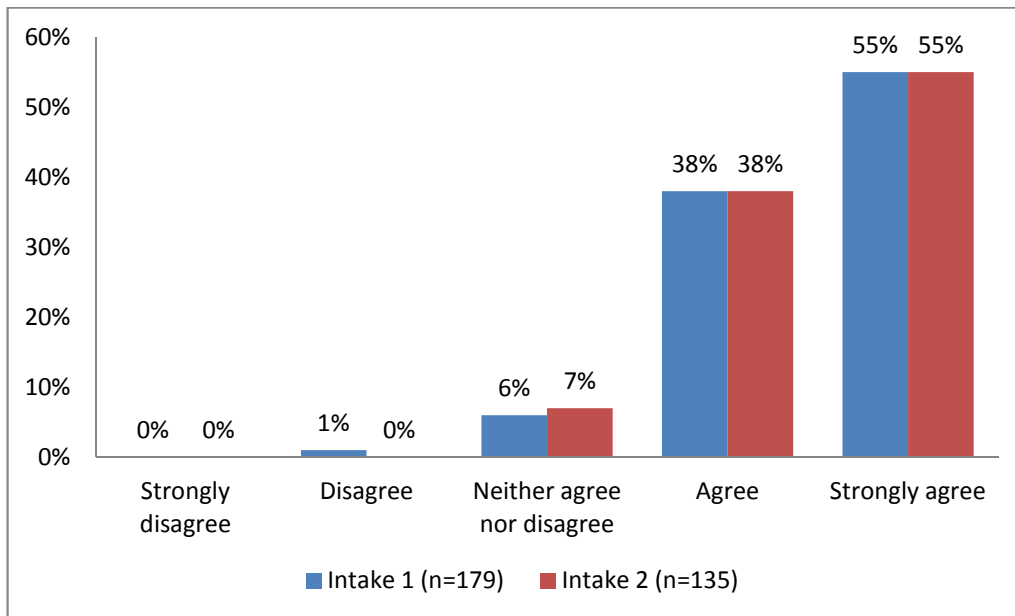
Salient participant feedback is reported below. Results are derived from data and open-ended responses collected via the brief workshop evaluation survey administered after each session. Evaluation data is supplemented by participant feedback collected via a state government evaluation form administered once per intake (as part of the funding requirement) and direct company feedback solicited after the completion of Intake 1 to attract Intake 2 participants. Not all companies attended all workshops and at times only one company person was in attendance. The variable number of answers (n=) displayed in below charts reflects companies' variable attendance record, actual number of answers recorded and aggregated by question across each intake.



**Figure 1:** I was well informed about the contents of the workshop

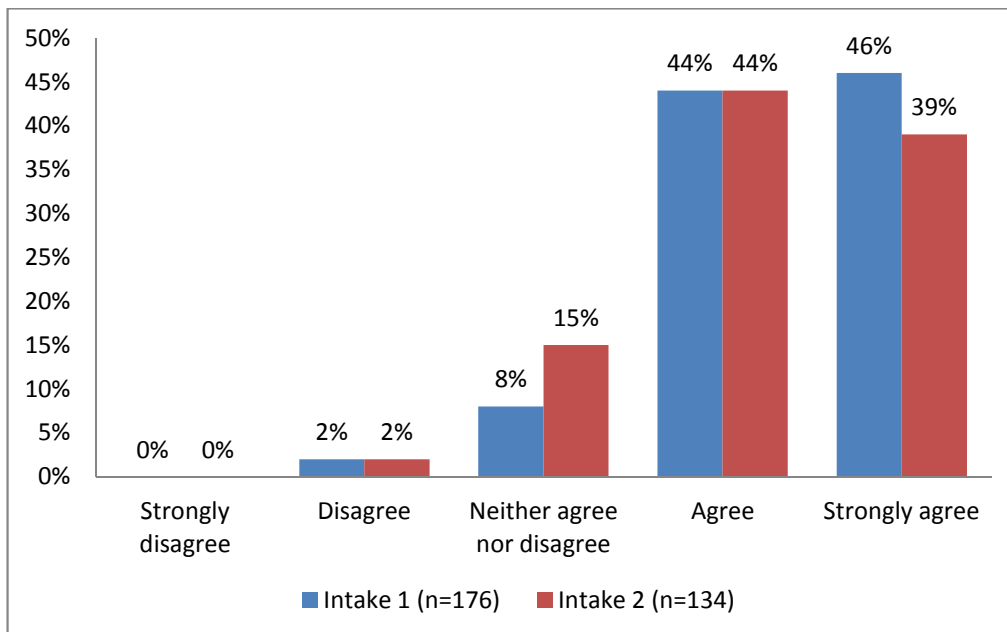
As reflected in Figure 1, the majority of Intake 1 and Intake 2 (79%) agreed that they were well informed about the content of workshops. A similar percentage of participants in both Intakes (18% vs. 19%) were undecided. Several participants indicated they would have liked to have had a more substantial briefing prior to the start of the program. Comments included:

It took time to get into the learning environment. Maybe a longer briefing of the whole program before getting into the first unit.



**Figure 2:** The workshop lived up to my expectations

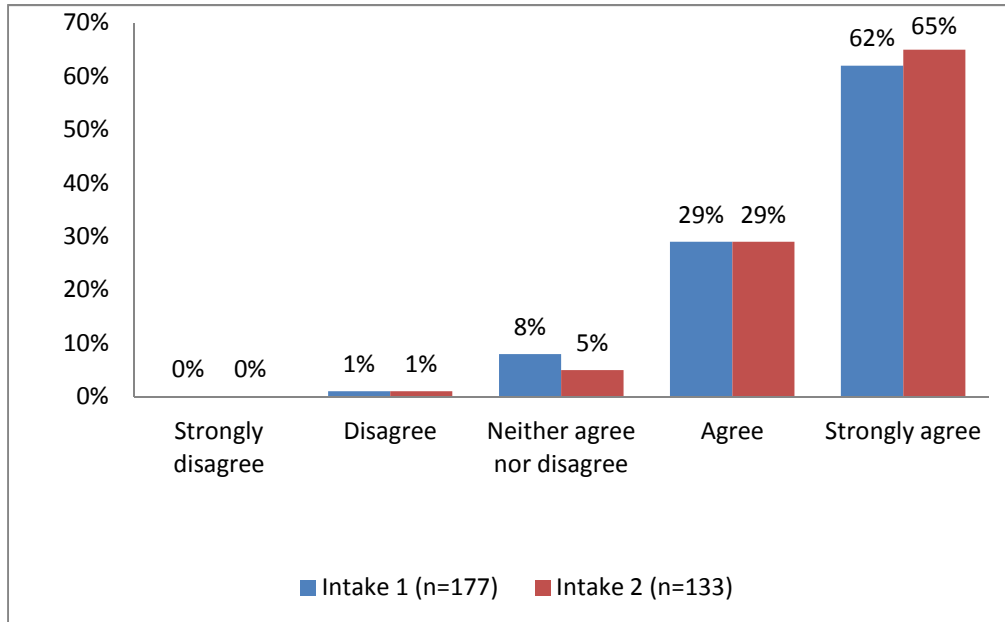
Both Intake 1 and Intake 2 (93%) agreed the program lived up to their expectations (Figure 2). A small number of participants in both Intakes (6% vs. 7%) were undecided.



**Figure 3:** The Workshop objectives were clear

As outlined in Figure 3, the majority of both Intake 1 (90%) and Intake 2 (83%) agreed workshop objectives were clear. A larger number of participants

in Intake 2 (15%) were undecided. This may be a reflection of the mixed group of participants in Intake 2.



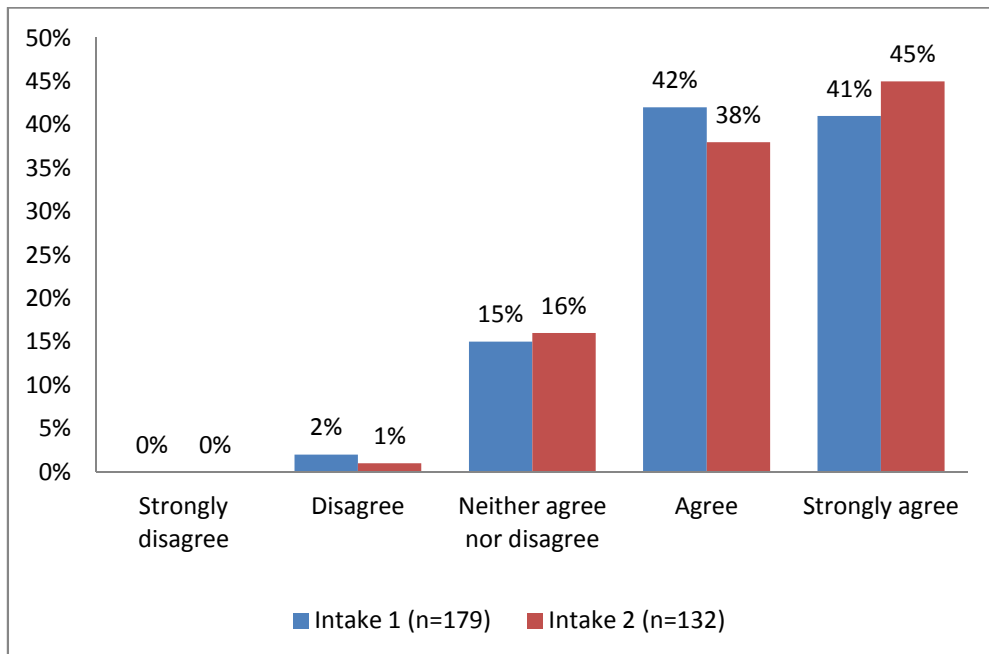
**Figure 4:** The workshop activities stimulated my learning

The majority of enterprises in both Intake 1 (91%) and Intake 2 (94%) agreed the workshops stimulated their learning (Figure 4). Comments included:

Fantastic. Inspiring and very practical.

A slightly larger percentage of participants in Intake 1 (8% vs. 5%) was undecided. As one participant reflected:

Because our business is smaller than others, it's harder to implement but it's great to have them in mind for my longer-term goals.



**Figure 5:** The activities in this workshop gave me sufficient practice and feedback

Both Intake 1 and Intake 2 (83%) agreed that workshops provided enough practice and feedback. Comments included:

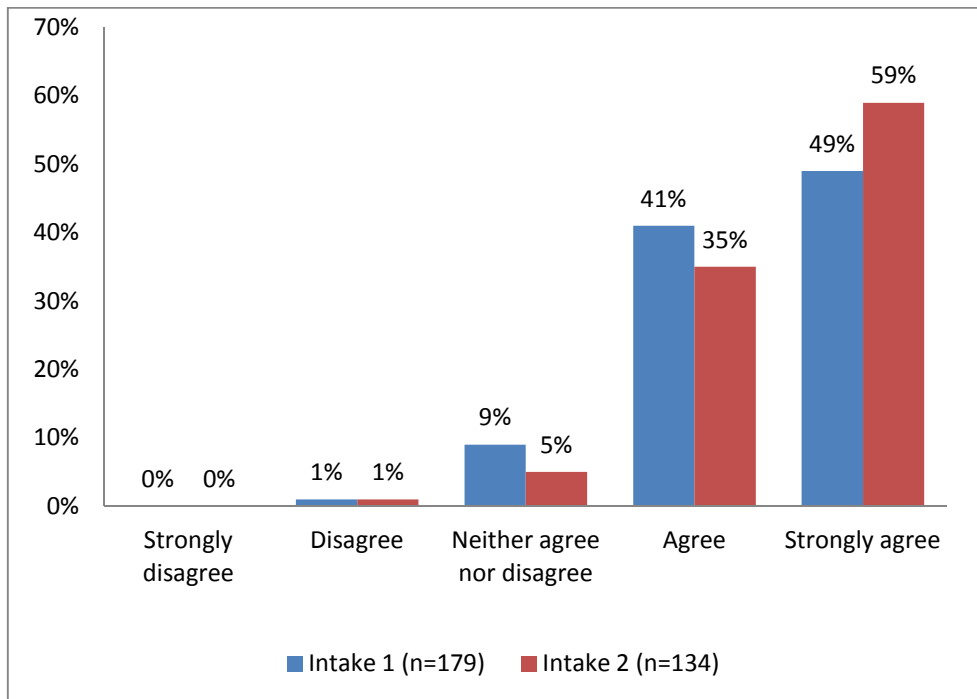
Practical, hands-on approach. Most effective. I Involving and stimulating.

A relatively large percentage of participants in both Intakes (15% vs. 16%) were, however, undecided as illustrated by the comment:

Activities were great. Though when it was being discussed with the group, I felt at times the point of the exercises were (sic) overlooked/missed.

One company's representatives remarked they:

Would have liked more opportunity to workshop content on our own companies rather than case studies.



**Figure 6:** The program was relevant to my business needs

As illustrated in Figure 6, the majority of both Intake 1 (90%) and Intake 2 (94%) indicated the workshops were relevant to their business needs with only a small percentage of participants in both Intakes (9% vs. 5%) unsure about the relevance. Comments included:

The course was easy to follow and a lot of what I have seen and learnt will be implemented in our company.  
We have applied ideas and information into our business.

Other feedback (not illustrated by figures) pertaining to content and delivery indicates that Intake 1 (84%) and Intake 2 (96%) agreed the level of difficulty of workshops and subject matters was appropriate, although a larger number of participants in Intake 1 (13% vs. 4%) were unsure about the level of difficulty. An Intake 1 participant indicated to have:

Felt lost in first section for the day - not sufficiently knowledgeable to make the most of the learnings.

The vast majority of both Intake 1 (95%) and Intake 2 (97%) agreed presenters were well prepared, helpful (97% vs. 98%), and knowledgeable about the subject matter (98% vs. 99%). As one participant commented:

Excellent presentation and validity of current workplace needs. This is the level of presentation I expect across all topics - skill, engagement, pace.

The state government evaluation form included questions on the expected impact of the program on business networks/contacts and collaboration. While the impact of any program is difficult to define without explicit data, participants generally valued the opportunity to collaborate and network with fellow participants and presenters during the course.

The sharing of ideas between the presenters and each other, the application of thoughts of others, and the discussion between the participants both from the course and within our company will lead to change.

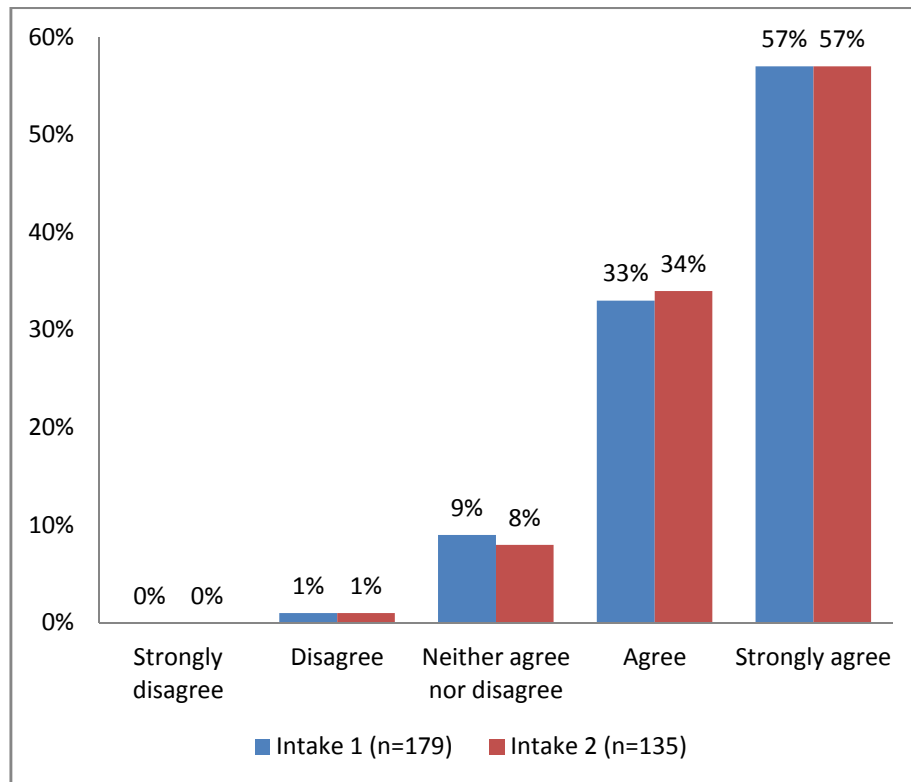
During Intake 1 a number of participating businesses took advantage of the on-site mentoring component of the program. As illustrated by the comments below, this proved to be a useful component for participants.

The facilitator visited our factory and has given me extra information to help bring our business to the next level.

The icing on the cake has been the individual coaching, adding to the workshop experience, allowing you to tailor and implement the tools and strategies you are learning throughout the program.

While the same structure was on offer for Intake 2 participants, requests for on-site mentoring were considerably less, which may be attributable to the delivery time and heterogeneous make-up of Intake 2, discussed in more detail in the next section.





**Figure 7:** Overall program satisfaction

As reflected in Figure 7, aggregate evaluation results of workshops show an overall program satisfaction level of more than 90 percent for both intakes. Feedback in response to the open-ended question ‘How could we improve this module?’ was generally positive. Participants appreciated the program structure and choice of expert presenters, as reflected in below comments.

The workshops have been very comprehensive, covering the major pillars of business management. The presenters have showed a great depth of knowledge, yet delivered the workshops in an accessible manner, in a very supportive atmosphere.

The workshops have been brilliant, such a good stimulation to get my thoughts on to paper and then to begin enacting them as cash flow permits.

The world of manufacturing has changed, and we tend to become immersed in our own issues and methodology. The exposure to this program is a crash course in manufacture with enough time and practice to let the ideas sink in and be applied.

This section has reported on participants' perceived value of the EG program. The next section reports on the perceived value of the program from the point of view of other key stakeholders, in particular the program facilitator and members of the steering committee.

### **Perceived Value of EG Program – Other Key Stakeholders**

This section reports on the perceived value of the EG intervention as a company assistance cum regional development tool based on program facilitator reports and reflections of the steering committee.

In discussing the program as a tool to increase the business knowledge of high growth firms, there was overall consensus that from an EG perspective, program design had been on-the-mark in terms of its building blocks, generating the comment from one government representative in regular touch with participants that the program had:

tremendously enabled businesses to actually get new information and knowledge and more importantly, learn from what other businesses are doing. There is great value in talking to one another and the connections they took away. Some are still collaborating, not in full partnerships, but still contacting and communicating with one another. Companies have a brighter outlook from having participated in the program. There is economic gain in that.

Having a facilitator who came from industry to help implement ideas and who understood industry needs proved vital to the success of the program. The on-site support built faith in the program and conveyed the message that manufacturers' needs were taken seriously. As one committee member commented:

The choice of facilitator with close ties to industry produced positive results. It built credibility and trust. Industry credibility and [his] capacity to be flexible were both very important.

From the facilitator's perspective the experiential learning model adopted for the program was a good fit with manufacturers as it offered 'the best of both worlds'. It brought high level subject experts to the region and learning was followed up by mentoring and 'doing, not just listening'. Stressing the importance of keeping on companies until they realised the benefits of their learning, the facilitator labelled the program as having produced 'serious outcomes' as recorded in follow up visits with participants. One company reported a reduction in unit cost from \$29 to \$14 as a direct result of the

program. Others revised strategic plans, engaged new marketing people, found new platforms for export, changed workflows, exited from certain markets and targeted new ones. While generally pleased with the reported behaviour change and impact of the EG program on companies, the facilitator remarked that:

most companies selected for the program are on a growth-track. Everyone was doing something to improve their business. Two companies realised they couldn't grow as their business model was based on false premises. The program helped them exit the marketplace in a dignified manner.

Despite these largely positive results, the facilitator's reports suggest that participating firms generally lacked the tools and knowledge surrounding decision making processes and evaluation of different strategies. They also lacked systematic innovation pathways in terms of generating and implementing ideas. While the program was able to contribute to innovation and attract CEOs to high profile speaker sessions, larger companies tended to send middle management representation to other, equally important, workshops. Where senior management attended, notable company progress and augmented personal skills were observed by the facilitator. Where key decision makers did not attend, companies were not in a 'collaborative' space and "real progress and change will take much longer", according to the facilitator.

A perceived shortfall of the program was the lack of a comprehensive overview prior to commencement. Although participants received weekly notifications of upcoming speakers and topics, program marketing efforts fell short of conveying the integrated design of the program. Moreover, program attendance was subsidised by local government and free for participants. Several committee members cited experiences of free programs being less valued by the business community. While the program attracted a solid number of attendees across workshops, which may be a reflection of the pressure manufacturers are under, companies were found to 'cherry-pick' sessions. This reduced the impact of the program with "some companies continuing to rely solely on 'cost down' approaches as a way of remaining competitive", according to the facilitator. One committee member reflected that "SME are time-poor", which may have added to attendance issues, especially in the second intake, which contained an Easter break. The loss of momentum and diversity of Intake 2 companies may have contributed to a decrease in demand for on-site mentoring. Committee members concurred a fee structure and somewhat altered delivery mode would enhance future EG programs.

In terms of government interest in future EG initiatives, the Federal Department of Innovation elected to make a video featuring the SMPG program to showcase EG gardening as a strategy to foster innovation in enterprises and regions. Recognising both the achievements of the SMPG program and manufacturers' ongoing need for continuous improvement and innovation, local and state government (with possible Federal government involvement at a later stage) support the creation of a Ballarat Industry Innovation Group. Convened and mentored by the EG program facilitator, the program will continue to augment the business base of local manufacturers by providing support in the essential building blocks of EG: information, intellectual infrastructure, connections and innovation. The next program will offer shorter breakfast sessions and more in-situ mentoring in an effort to continue the innovation pipeline for manufacturers. The innovation component of the next program differentiates itself from the SMPG program in that it will focus on the assessment of disruptive technologies (for example 3-D printing) as a game changer and expanding manufacturers' R&D capability through partnerships with research institutions and international connections.

## **Future Directions**

Using the SMPG as the case study, this paper has evaluated the perceived value of the EG intervention for key stakeholders, including the perceptions of program participants, the program facilitator and funding partners.

The findings presented in this paper suggest that the Victorian EG program was generally perceived to be of value to stakeholders. Stakeholder feedback indicates program design delivered the EG building blocks, providing companies with valuable market intelligence, connections, innovation ideas and tools that were directly applicable to their business environment. Stakeholder feedback suggests experiential learning supplemented by in-situ mentoring is an effective delivery model. Stakeholder feedback further suggests group learning works best when participating companies are at similar stages of growth. The second intake of the Victorian program with its mix of industries, competency levels and development needs proved too diverse. When lack of homogeneity is an issue, the American individual company assistance model may be more suitable.

Can the Victorian EG program be considered a valuable regional development strategy? While the study has generated useful stakeholder data pertaining to Levels 1 and 2 of Kirkpatrick's (1994) evaluation model, stakeholder reflections pertaining to Level 3 (behaviour change) and Level 4 (program impact) only delivered (potentially partial) anecdotal evidence at this stage of the research. This not only points to the need for longitudinal research, it also begs the question what metrics should determine the value of EG as a regional development strategy.

Traditionally, the ROI on regional development programs has been measured by job creation. Determining how many jobs are attributable to any economic development effort is notoriously difficult and there is little evidence in the literature that job creation and economic growth are the direct result of EG interventions. From all accounts, this program has led to leaner production systems and even market exit, which suggests too limited a yardstick may be applied to economic stimulation programs concerned with global competitiveness and innovation. As Roberts et al. (2012) report, multiple factors contribute to a community's economic change, but EG most likely has a positive influence as it supports an entrepreneurial culture.

Given the global economic climate and ongoing pressures on manufacturers in Victoria, it is not surprising government is continuing its support for manufacturers. Any EG strategy is likely to improve the performance of local enterprises as businesses will feel nurtured and valued, which in turn will improve the regional business climate (Roberts et al., 2012). Continuing the program, albeit in a somewhat new format, also supports Gibbons and Woods (2010) point that economic gardening is not a quick fix. From a research perspective, the new program provides an opportunity to substantiate Levels 3 and 4 of Kirkpatrick's (1994) evaluation model and generate longitudinal data supported by comprehensive metrics that reflect the EG building blocks. This will facilitate data collection on the impact of the program in areas such as company behaviour, strategic change, connections and collaborations stimulated by the program.

While EG cannot be expected to be a magic bullet for any region, there is mounting interest in this endogenous development model in other regions and industries (Grace, 2011). Given Australia's high diversity of regions, an EG strategy will not suit all regions and there is little point in emulating a strategy that is ill-suited. Provided a region has sufficient buy-in and resources, questions to pose are not only whether an EG strategy is appropriate for the region, but how to adapt it for the local context and at what cost. This is not to say regions should abandon exogenous development altogether as there is no guarantee that innovation and growth will become embedded in the regional economy if the system does not embrace and support change (Vázquez-Barquero, 2002). As Roberts et al. (2012, p. iv) conclude: "While the theory and practice of economic gardening may have been oversold, it retains merit for most regions as part of a balanced, comprehensive regional development strategy". Ironically even Littleton Colorado, where EG has its roots, has changed its regional development focus to a "proactive approach to recruiting new businesses, retaining existing businesses and helping businesses who wish to expand" (Roberts et al., 2012, p. iv). What (combination of) strategies best underpin regional development interventions will continue to be of research interest.

The research agenda around EG can also be broadened in other directions. Regional policy initiatives have for some time sought to stimulate clusters and networks based on embedded competencies and social structures (Braun, 2005). One objective of the new Ballarat program is to take the EG building blocks to an active 'doing' stage involving both individual company and group projects with the aim to create, for example, transport and other supply chain efficiencies. Another objective of the new program is to become self-sufficient as an industry group and develop a strong local industry network and advocacy voice. Barrios and Barrios (2004) suggest that EG encourages cluster development through geographic network concentration, shared suppliers, distributors and other infrastructure. With clusters back on the agenda, what is the potential of EG as a clustering strategy?

Lastly, the Victorian EG initiative represents a significant effort in voluntary collaboration for regional development between three tiers of the public sector and the regional research institution. Making use of myriad formal and informal, internal and external networks helped define local competencies and needs; having regular input from the funding bodies and industry helped to keep programs on track. While the pooling of resources across all levels of government is laudable for SME capacity building on the regional level, evaluation requirements associated with such funding programs remain superficial at best and the lack of longitudinal follow-up creates a gap in knowledge pertaining to benefits of multi-stakeholder collaborations of this nature. Since collaborative funding approaches have become more commonplace, it is increasingly important that we understand how multi-agency initiatives work and whether they are more effective than single-agency interventions (Brown, Keast and Mandell, 2007). To date few attempts have been made to evaluate endogenous development programs on a collaborative or program governance level. Reducing the burden of reporting obligations imposed by various agencies and adopting place-based program metrics will significantly augment our knowledge on EG and similar business assistance programs in terms of impact on both firms and regions as a whole. It also enables clear identification of opportunities and/or signs of inefficiencies that require ongoing support.

With regional policies embedded in practices towards the development of business and community skills, the time has come to underpin endogenous development initiatives with integrated perspectives and collaborative evaluation approaches. By embracing an integrated regional approach, government, industry and academia have the opportunity to jointly move forward towards an evidence-based endogenous development agenda in which economic gardening may well play an active role.

## References

- Amin, A. (1999). An institutionalist perspective on regional economic development. *International Journal of Urban & Regional Research*, 23(2), 365–379.
- Barrios, S. & Barrios, D. (2004). Reconsidering Economic Development: The Prospects for Economic Gardening. *Public Administration Quarterly*, 28(1), 70-101.
- Birch, D. (1979). *The Job Generation Process*, Boston: MIT.
- Birch, D. (1987). *Job Creation in America: How our smallest companies put the most people to work*. New York: The Free Press.
- Braun, P., Lynch, D., Ollerenshaw, A. & Carter, F. (2012). *Workforce Development in the Grampians Region, RDA Grampians*. Accessed July 15, 2013 from [www.rdv.vic.gov.au/data/assets/pdf\\_file/0016/105370/Workforce-Development-in-the-Grampians-Region-Final-Report.pdf](http://www.rdv.vic.gov.au/data/assets/pdf_file/0016/105370/Workforce-Development-in-the-Grampians-Region-Final-Report.pdf)
- Braun, P. (2006). Connecting Small Business Networks: Linking Communities of Practice with Innovation. In E.Coakes & S. Clark (Eds.) *Encyclopedia of Information and Knowledge Management* (348-354), Hershey, PA: Idea Group Reference
- Braun, P. (2005). Looking for a C-Change: Factors Contributing to Regional Development. In R. Eversole and J. Martin (Eds.), *Participation and Governance in Regional Development* (79-94), Burlington, VT: Ashgate Publishing Co.
- Burgess, P. (1996). *The High Performance Community As An Economic Development Model*, Draft Paper, Center for the New West, Denver, February.
- Castells, M. (2000). *The Rise of the Network Society*. Oxford: Blackwell.
- Dabson, B. (2011). Rural Regional Innovation: A Response to Metropolitan-Framed Place-Based Thinking in the United States. *Australasian Journal of Regional Studies*, 17(1), 7-21.
- Desplaces, D., Wegeles, F. & McGuigan, P. (2009). Economic Gardening through Entrepreneurship Education. A service-learning approach, *Industry & Higher Education*, 23(6), 1-12.
- Fritsch, M. (Ed) (2011). *Handbook on Entrepreneurship and Regional Development*. Cheltenham, UK: Edward Elgar.
- Garcilazo, J.E. (2009). *How Regions Grow: Trends and Analysis*. Paris: Organisation of Economic Cooperation and Development (OECD).
- Gibbons, C. (2007). Economic Gardening: Using Information to Help Your Entrepreneurs Grow. Accessed October 3, 2013 [www.iedconline.org/EDAmerica/Spring2007/Economic\\_Gardening.html](http://www.iedconline.org/EDAmerica/Spring2007/Economic_Gardening.html)
- Gibbons, C. (2010). Economic Gardening: An Entrepreneurial Alternative to Traditional Economic Development Strategies,” *The IEDC Economic Development Journal*, 9(3), 5-9.
- Gibbons, C. & Woods, J. (2010). Economic Gardening: Is it right for your community? *Public Management*, October, 6-9.
- Grace, J. (2011). Economic Gardening User Guide for Regional Australia.
- Gregory, G. & Lee, H. (Eds.) (2002). *The Role of SMEs in National Economies in East Asia*, Cheltenham, UK: Edgar Elgar.

- Keast, R., Brown, K. & Mandell, M. (2007): Getting The Right Mix: Unpacking Integration Meanings and Strategies, *International Public Management Journal*, 10(1), 9-33.
- Kolb, D. (1984). *Experiential Learning*. Englewood Cliffs, NJ: Prentice Hall.
- Kirkpatrick, D. (1998). *Evaluating Training Programs*. San Francisco: Berrett-Koehler Publishers.
- Roberts, J., Hudspeth, P., Lay, C. & Ruiz, M. (2012). The Suitability and Opportunity for An Economic Gardening Program for Rural Lane County, Report for Lane County, US.
- Schein, E. H. (2001). Clinical inquiry/research. In P. Reason & H. Bradbury (Eds.), *Handbook of Action Research* (pp. 228–237). London: Sage.
- Storper, M. (1997). *The Regional World*. London: Guilford Press.
- Vázquez-Barquero, A. (2002) *Endogenous Development*, London: Routledge.
- Yamamoto, T. (2007). East Meets West in an Entrepreneurial Farming Village in Japan: Endogenous Development Theories and Economic Gardening Practices. *Business and Economic History*, 5(on-line). Accessed October 3, 2013 from [www.thebhc.org](http://www.thebhc.org)



## Appendix A -- Needs Analysis Tool

### Introduction and Organisational Structure

1. Organisational structure and executive/directors roles and responsibilities
2. How do you measure success in your business?
3. Is there anything that is currently making it difficult for you or the business to grow or be successful?
4. If you participate in the program, what is your preferred method of delivery and should the program be delivered during working hours or after hours?

### Finance

5. What is your average debt?
6. On average, when do you pay your creditors?
7. Do you have problems with cash flow?
8. Are you able to obtain loans when you need them, if not have you considered other financial products?
9. Do you use financial ratios to measure your performance?
10. Do you have financial KPIs, if so what are they?

### HR, Attraction/Retention, Workcover

11. Are you able to attract the right people for your business?
12. Do you measure your labour turnover?
13. How many employees does the business have and what is the average age of your workforce?
14. Do you have (m)any work cover claims?
15. Does the workforce understand the company direction, i.e. company vision, rationale behind any proposal, anything put in place to understand employees' position, is HR involved?
16. Is there a recognition /reward system in place (non-monetary)?
17. Is there a promotions system in place? Is it related to leadership style and behaviour?
18. Is there a framework for communication in place which reinforces the company vision?
19. Is there a code of conduct in place?
20. Does any of your staff, need or receive formal mentoring?

### Marketing

21. Do you have a formal marketing strategy /how often is it reviewed?
22. Who are your customers?
23. What is your market segment?
24. How much do you know about your competitors?
25. Do you have a website?
26. Can I buy your products over the internet?
27. Do you use social media such as Facebook or twitter to advertise /sell your products?
28. Have you ever worked with a design consultant to review your approach to marketing?
29. Does the message on your stationery match your website?
30. Is your value proposition clearly articulated?

### **Creativity & Innovation**

31. Does the business work with a university or others to create and develop new ideas?
32. Does the business systematically create new ideas?
33. Tell me about innovation in the business.
34. Can you put a dollar value on your innovation pipeline?

### **Operations and IT**

35. Do you have a policy handbook, operating manuals and standard operating procedures?
36. Are all procedures visual, are they used?
37. What systems are in place to measure or maintain best practice?
38. If you have a problem, do you have systems in place to get to the root cause?
39. Do you use IT throughout the value stream - for example accounting and banking, including payments to suppliers, payroll, production planning, production control, quality control, document and product specifications, standard operating procedures, inventory management, internal/external communication, sales and marketing functions including capturing and analysing data, business reviews and what if scenarios?
40. Is your system propriety or customised?
41. Will the NBN make any difference to your business?
42. Do you have a formal quality system?

### **Strategy**

43. How often do you review your business model?
44. Do you have risk management policies/procedures and how often are they reviewed?
45. How often do you review your supply chain (dock to dock)?
46. Do you use a formal method for decision making for example, analysing, evaluating and selecting projects?
47. Does the workforce understand the organisation's direction and/or the rationale behind proposals for change? Is there anything in place to understand employees' perspectives? Is HR actively involved in organisational change?
48. Do you and/or your team understand their management style and the effect on others? Leadership styles in senior positions, autonomous, consultative, etc. Have you had the various styles confirmed by external sources?
49. Strategy, drivers, systems/measures historically in place to drive initiatives, i.e. balanced scorecard, etc.

### **General**

50. Have you heard of or undertaken thinking training?
51. Has the business conducted an energy audit, and if so have you acted on any of the results?
52. Have you had a free assessment of your business by Enterprise Connect? And if so, have you acted on any of the recommendations?

## Appendix B – Workshop Evaluation

Name (optional):	
Workshop attended:	
Date:	

**Please circle the number that most appropriately corresponds to each statement**  
**Workshop Content (1=Strongly Disagree, 5=Strongly Agree)**

I was well informed about the contents of the workshop.	1	2	3	4	5
The workshop lived up to my expectations.	1	2	3	4	5
The workshop objectives were clear to me.	1	2	3	4	5
The workshop activities stimulated my learning.	1	2	3	4	5
The activities in this workshop gave me sufficient practice and feedback.	1	2	3	4	5
The workshop material was relevant to my business needs	1	2	3	4	5
The difficulty level of the workshop was appropriate.	1	2	3	4	5

**Workshop Facilitator (1=Strongly Disagree, 5= Strongly Agree)**

The facilitator was well prepared.	1	2	3	4	5
The facilitator was helpful.	1	2	3	4	5
The facilitator was knowledgeable on the topic.	1	2	3	4	5

**How could we improve this module?**

---

Thank you for your input.