

Central Washington University, Business and Community Services

The Regional Contribution Continuum (RCC): A Strategic Framework for Economic Development in Non-Metro Regional Economies

White Paper: Version 1.0

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7/21/2025

Rethinking Economic Development in Distressed Regions

In regions such as ones found in non-metro areas across the United States, economic development has often been constrained by immediate challenges such as limited housing, labor market mismatches, and underfunded infrastructure. These issues consume much of the attention and capacity of local decision-makers. The dynamic of urgent problems displaces the capacity to perform the steps needed to align a community's activity with regional and national opportunities. This in turn prevents long-term strategic investment in competitiveness and reinforces a form of "path dependence."

Path dependence describes how historical development trajectories shape and limit current choices. Regions such as those which have grown around a single industry or sector, commonly agriculture, resource extraction, or warehousing regions, often lack the institutional infrastructure, workforce, and supplier base needed to pivot into new high-value industries. Without intervention, these constraints perpetuate underperformance, leading to further erosion of the community resources needed to change, and further entrench the community's efforts into historic pathways that prevent them from competitive positioning towards larger state and national market opportunities.

Conventional approaches for escaping regional underperformance involve new business recruitment, entrepreneurship, and growth of existing industry clusters. While valuable in established industrial ecosystems, these strategies offer little guidance for regions that lack high-wage industry clusters altogether. In such contexts, communities must not only attract and grow businesses, but must also inspire, select, and support the types of enterprises that can systematically improve community prosperity.

Beyond the just the existence of the significant wage and prosperity gaps found between these regions and metro regions, these gaps are widening. Moreover, many of the velocities of

the gap growth are accelerating. Recent research contends that the accelerating economic growth disparity is strongly driven by a lack of awareness of the dynamics of business/industry type and impact on a particular community's prosperity. To facilitate the awareness needed for planners to accommodate the needs of their region while guiding the development of more prosperous economic pathways, we are proposing a typology of private/public enterprise based on the impact on a community's strategic capacity to further adapt.

Defining Prosperity in Economic Ecosystems

In evaluating the full effect of a business' impact on a community, the multidimensional framework used by the Iowa State University Extension (Flora and Flora, 2006) of seven interdependent forms of capital captures long term factors that contribute to a region's prosperity is helpful:

- Financial
- Human
- Social
- Cultural
- Political
- Natural
- Built

In this analysis, we are defining "community" or "region" as the individuals who live in the area of discussion as well as the resources that those individuals directly control. A business that contributes to a community's long-term prosperity will strengthen one or more of these forms of capital without degrading the others. The relative value of each of the seven forms of capital varies between communities depending on the culture, history, economic, and geographic situations. However, the pathways to prosperity among all constellations of capital preferences follow a general trajectory. To maintain and advance a community, prosperity is not measured solely in job quantity or short-term revenue, but in a community's increasing capacity to shape its own economic future. This capability to shape and change is referred to in this paper as a community's "dynamic agency". In many non-metro regions, an effort involving intentional efforts to build and attract other enterprises that add to the dynamic agency of the community is the only means of building growth, as the challenge is not in growing industry clusters but rather building a high growth industry where there has been none before. In a typology of enterprise activity, this capability to intentionally create valuable capabilities would be at the top of the prosperity generation categories.

The types of enterprises and how they impact a region's ability to build its ability to shape its own future by controlling key resources, making independent decisions, and aligning local strengths with outside opportunities and threats are identifiable through using the Regional Contribution Continuum (RCC), as explained below.

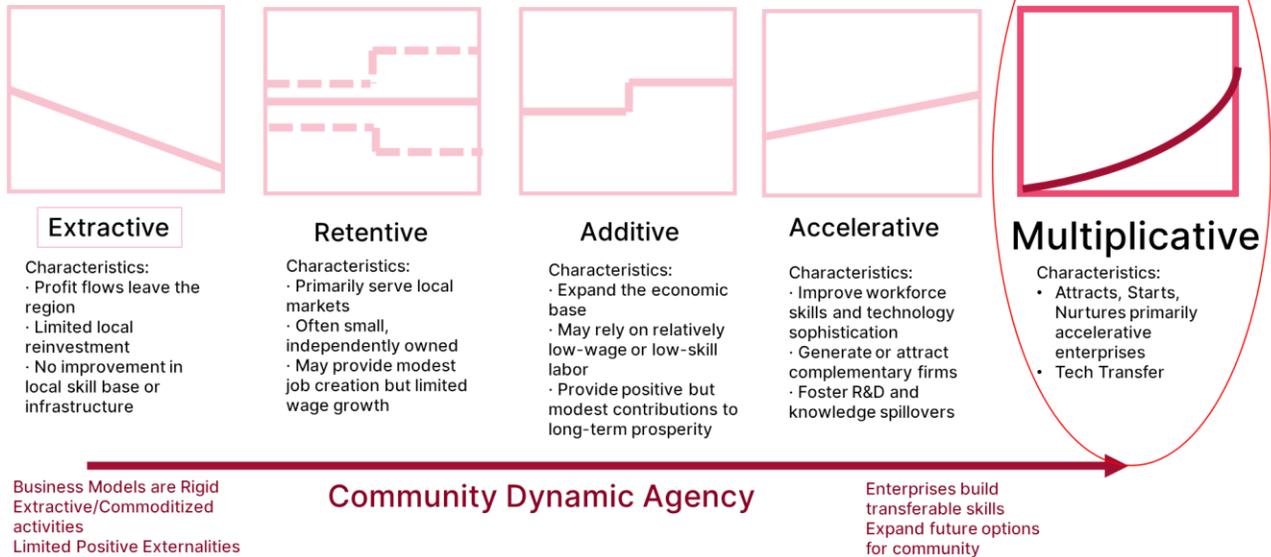
A Typology of Enterprise Contributions:

Not all businesses or industries contribute equally to a location's prosperity. When looking at a business' larger impact on a community's ecosystem on a continuum, it is helpful to use a typology of four enterprise types, each representing a different relationship between a firm and the community in which it operates.

The following models describe impact in terms of value to a local or regional community over time contributed by given type of enterprise. The RCC orders four categories on a continuum representing the calculus of wealth patterns an enterprise contributes as a part of a community's ecosystem over time. The aggregate effects of contributions, and often subtractions, of individual enterprise activity impacts a community's ability to mobilize out of the dependence of obsolete ecosystem pathways, in a process for this paper we call "dynamic agency". For the purposes of discussion, dynamic agency is a community or region's capacity to direct its own economic and social future through autonomous decision-making, control of key resources, and the strategic capability to adapt to changing external conditions.

The fifth category of the RCC, "Multiplicative", represents an often-requisite intervention into a regional economic ecosystem to introduce business activity that goes beyond just adding jobs to an ecosystem or even other businesses, but also creates an environment that brings other accelerative enterprises into the system. It is the enactment of dynamic agency.

Dynamic Agency



Extractive Enterprises

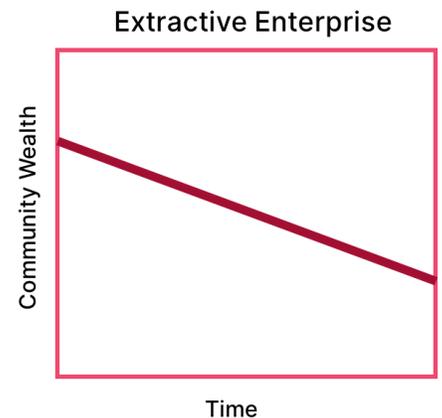
Definition: Extractive businesses reduce net community prosperity. They may use local labor, land, or tax incentives, but locate ownership, management, intellectual property, and/or high-skill employment elsewhere, using community resources and often depleting one or multiple of the seven capital factors in the process.

Characteristics:

- Profit/value flows leave the region
- Limited local reinvestment
- No improvement in local skill base or infrastructure

Examples:

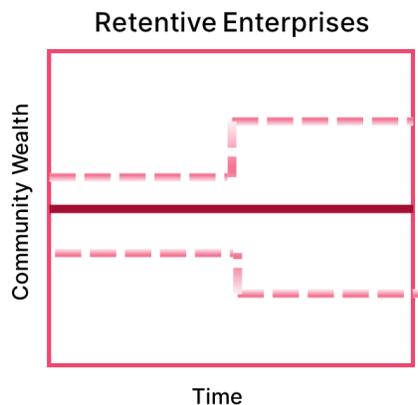
- Externally owned solar farms: use local land but employ few locals and export profits. Tax revenues are minimal.
- Absentee landlords: extract housing revenue without improving housing stock.



- Dark factories: fully automated facilities offering no local job base.
- Airbnb portfolios owned out-of-region: shift housing from residents to tourists, with revenue leakage.
- Externally owned casinos: target local customers without bringing outside revenue.
- Company Towns
- Enclave Industries

Retentive Enterprises

Definition: These firms replace imported goods and services with locally produced equivalents, increasing the capital of a community by retaining value for the community that would otherwise leave the region. To the extent a business serves as an import replacement to an economy, it is adding to the prosperity. In markets where the population or capacity of the enterprises in a retentive industry exceeds local demand, and there is no external demand, additional enterprises in the ecosystem reduce the profitability of the other competitors.



Characteristics:

- Primarily serve local markets
- Typically non-base industries.
- May provide modest job creation but limited wage growth
- In positive cases, additional enterprises help a community retain revenues otherwise spent in other locations.
- In negative cases, additional enterprises reduce revenues spent in other enterprises in the local ecosystem by directly competing in a community's limited market.

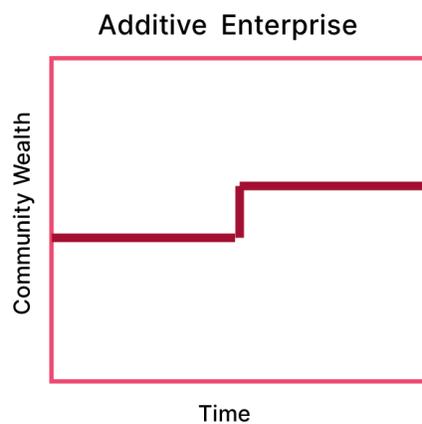
Examples:

- Locally owned restaurants: circulate money locally.
- Auto repair shops, pawn shops, personal care salons, and service-based microenterprises
- Local hotels and motels, if locally owned and managed
- Locally owned grocery stores.

While valuable for community resilience, these businesses typically do not expand the region's economic base unless they transition toward exporting goods/services.

Additive Enterprises

Definition: Additive firms generate external revenue by selling goods or services outside the region, bringing new financial capital into the community. Often labelled as “base industry” enterprises. Each additional enterprise serves to increase the in-flow of wealth to an economic ecosystem, provided they build or preserve capital along the seven facets of community capital.



Characteristics:

- Expand the economic base (bring revenues from outside markets).
- May rely on relatively low-wage or low-skill labor
- Provide positive but modest contributions to long-term prosperity

Examples:

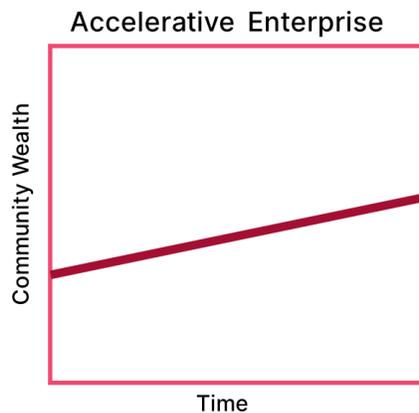
- Food processing plants: process locally grown products for national markets.

- Telemarketing centers: export service work with limited career progression.
- Low-skill manufacturing operations: bring jobs but rarely promote innovation or regional integration.

Additive enterprises increase total income in the community but rarely build upward mobility or innovation capacity.

Accelerative Enterprises

Definition: Accelerative firms not only add value to the local economy, they also increase the region's capacity to grow more high-value firms in the future. Accelerative firms are similar to additive firms in their positive impact on the seven capital types but are also integral in generating externalities that facilitate the growth and inspiration of new and existing accelerative enterprises. The presence of accelerative enterprises in an economy typically elevates the profitability of other types of categories in economic ecosystems.



Characteristics:

- Improve workforce skills and technology sophistication
- Generate or attract complementary firms that further increase the value that existing regional enterprises provide.
- Foster R&D and knowledge spillovers

Examples:

- Advanced manufacturing firms: introduce precision tools and processes that become regional capabilities.
- Health innovation centers: attract high-skill talent while improving services.

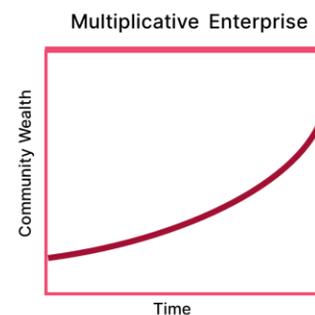
- High-tech service providers: connect to global supply chains and require skilled support ecosystems.
- University research spin-offs: leverage intellectual capital and federal grants for local enterprise formation.

Accelerative firms are critical to building robust, competitive industry clusters. However, they typically emerge in ecosystems that already have a minimal base of skilled labor, supplier networks, and research institutions.

Introducing the “Multiplicative” Enterprise”

Multiplicative enterprises are intentional, sustained efforts towards building dynamic agency components in an economic ecosystem. By their nature, populations of accelerative enterprises can build and sustain themselves and other typologies without a larger agentic effort towards building an ecosystem with awareness and control to act strategically as an ecosystem. However, undeveloped ecosystems with few or no accelerative businesses lack a critical mass for populations of accelerative businesses to grow naturally. In such environments, a deliberate effort is required to shape ecosystem environments towards fostering accelerative populations, and to attract and inspire accelerative business development.

Many ecosystems build infrastructure such as incubators and maker spaces and hold business plan competitions. To serve as a multiplicative enterprise, such efforts would need to focus on serving as a strategic infrastructure platform to support accelerative enterprise formation. The critical difference between multiplicative and accelerative is the intention behind multiplicative enterprises is to create an on-ramp for local businesses to become accelerative and/or a landing pad for accelerative enterprises to establish the locality as its point of operation.



Multiplicative enterprises could possibly:

- Act as a facilitator for apprehending infrastructure for other high-value businesses
- Integrate R&D, higher education faculty and student resources, production, and workforce development
- Create new markets or standards that anchor future firms
- House operational functions of accelerative businesses while they establish footholds in the region.

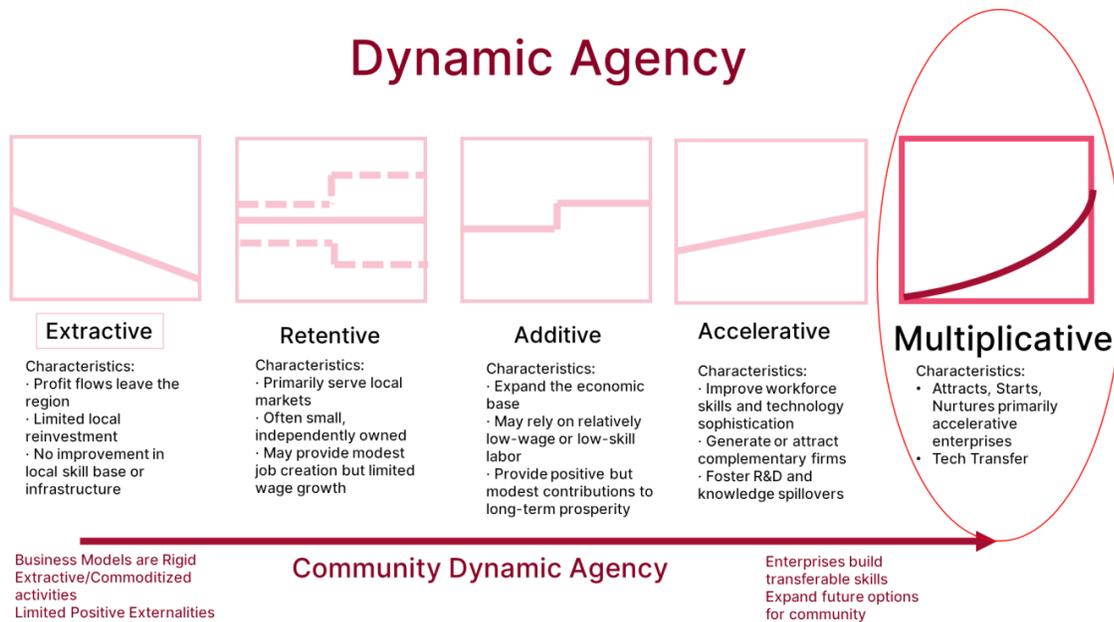
Examples:

- Drone manufacturing platforms: enabling multiple applications in ag-tech, logistics, and public safety
- AI-enabled labor-intensive services: creating demand for new skills, applications, and functional/legal frameworks
- Advanced manufacturing production: foundational inputs for aerospace, biotech, and energy firms
- Health device manufacturing: linking bioengineering, diagnostics, and data systems into scalable platforms
- Public or Non-Profit organizations that build the accelerative capacities of local businesses in competitive technologies.

Such firms offer regional leverage, not just incremental jobs or revenue. They form the connective tissue for ecosystems to emerge in places where none existed before.

Summary:

The Regional Contribution Continuum offers an opportunity to apply a deliberate, structured, and research-informed approach to economic development. Rather than accepting any growth as good growth, this model enables community leaders to differentiate between business activity that merely occupies space and activity that builds prosperity over time.



By serving as a funnel for attracting and building accelerative firms, communities can build multiplicative programs and enterprises so that they can begin to generate the industrial dynamics, traditionally found only in large metro areas, for regional communities on their own terms and in alignment with their unique values.