PROMOTING ENTREPRENEURSHIP IN DISTRESSED RURAL COMMUNITIES: INTEGRATING PSYCHOLOGICAL AND SOCIOLOGICAL PERSPECTIVES

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Presentation Overview

- Overview of the Project
- Qualitative Analysis
- Quantitative Analysis
- The Work that Lies Ahead
OVERVIEW OF THE PROJECT
What are the individual and community factors that influence entrepreneurial intentions?

Push versus pull hypothesis
Rural versus urban differences
How does self-efficacy influence intentions and success?
How does community climate influence entrepreneurial intentions?
Urban vs. Rural Counties in Kentucky

- Urban counties – proprietors account for 17.8% of total employment in 2009.
- Rural counties – proprietors account for 24.8% of total employment in 2009.
Kentucky Counties by Economic Mode

Farming - 31.8% proprietors – Blue
Urban - 17.8% proprietors -- Red
Mining - 17.4% proprietors -- Green
Non-mining, non-farming - 18.8% proprietors -- White
Farming Counties by % Change in Proprietorship, 2004-2009
Qualitative Interviews

- Contacted Kentucky individuals who completed a 2006 survey related to entrepreneurial intentions

- Conducted 29 interviews

- Each interview lasted approximately 90 – 120 minutes

- Individuals were compensated for their time

- Results were used to better understand the individual and community factors that inhibit or encourage entrepreneurship
Preliminary Findings

- RESEARCH QUESTION #1: Is there evidence for the existence of an entrepreneurial culture in rural, farming counties? If so, what are some of its defining features?
  - Yes, some evidence. Respondents do offer structural explanations for the high rates of proprietorship, but they also emphasize less-noted aspects of the culture of an agricultural-based community. Need to bring together an understanding of the structural and cultural aspects of the community context.
Preliminary Findings

Some noteworthy features about the entrepreneurial culture of rural, farming counties:

- Overall, it does not appear to be driven primarily by top-down efforts, but rather more of a bottom-up, grassroots effort.
- While self-employment is generally valued, it is not particularly innovative; strong conservative streak.
- Those with innovative, out-of-the-box ideas face a lot of additional hurdles, but with a strong class background/family reputation, they can often push through & achieve success.
- Most self-employment is opportunistic; very different than in urban areas where people aren’t exposed, so aren’t ready to jump at any opportunity that comes along.
RESEARCH QUESTION #2: Can the entrepreneurial culture of a county or a region change over time? If so, what can we learn about this process & what drives it?

- Those who live in counties with high rates of change in proprietorship talk differently about the overall culture of the county and its values.
- There is no discernable difference in how respondents talk about the business support structure & the educational system in their counties, but those from high growth counties do talk very differently about the role of local government in supporting small business.
Preliminary Findings

- Suggests that perceptions of community values do seem to line up with actual actions more than might be expected. This is interesting because there could be some potential explanatory power here.

- The proprietorship figures are validated. Respondents in high growth counties note a changing entrepreneurial culture appears to be driven, in part, by the top-down efforts of local government officials.
Preliminary Findings

- **RESEARCH QUESTION #3**: What defines the entrepreneurial start-up process in rural, farming areas?
  - Need for mentoring & assistance when trying to implement an innovative idea; it is difficult to do so when there are no examples to draw from in your community.
  - Having a strong reputation is crucial for starting & succeeding at a new business in ANY context, but the process through which you build that reputation looks very different in rural & urban areas (note that one CAN build a strong reputation even if she or he starts off as an “outsider.”)
Quantitative Analysis: New Research Questions

- **Hypothesis 1**: A community based on a strong entrepreneurial culture is more likely to experience start-up driven economic growth.

- **Hypothesis 2**: Entrepreneurs face liquidity constraints due to unavailability of financial resources in the community.

- **Hypothesis 3**: Lack of business startups results from a mismatch between resources available in the community and entrepreneurs’ knowledge of available resources.

- **Hypothesis 4**: Individuals are born entrepreneurs based on their innate abilities to capitalize on their creativity and embrace risk.
Entrepreneurial Intentions

- HR Management
- Reputation
- Creativity
- Planning
- Leadership
- Managing Risk
- Financial Literacy
- Translating Ag into Entrepreneurial Activities
Community Influences

- Access to capital
- Presence of an active SBDC or other technical assistance providers
- Buy-in by local governments
- Local attitudes towards entrepreneurs
- Formal or informal networks
The Survey

- Contacting approximately 55 individuals from previous survey
- Mail survey to approximately 10,000 individuals in Kentucky
  - Half self-employed in blue collar/white collar occupations
  - Half representing other industries/other occupations
Sampling Strategy

- Urban versus rural
- Farming and mining
- Counties that have experienced high rates of growth in self-employed
- Counties that have stagnant rates of growth
Survey components

- Entrepreneurial intentions
- Self-efficacy questionnaire
- Evaluating community climate for entrepreneurship
- Demographic control variables
What’s to come...
The next 8 months...

- Self-efficacy pilot with student entrepreneurship club at UK
- Pilot with Kentucky Entrepreneurial Coaches Institute
- Mail surveys to approximately 10,000 households
- Compile data
- Test hypotheses
- Identify extension programs to address gaps
New Extension Programs

- Utilize SBDCs
- Marketing Training
- Training for Elected Officials
- Creation of networks
Long term prospects

- Longitudinal survey to follow entrepreneurial intentions through business start-ups, success, failure, etc.
- Consistent with the PSED survey through University of Michigan with oversampling of rural populations
Any Questions?

- Thanks!

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