If We Offer it Will They Come?

Determinants of County-Level Demand for Community-Based Entrepreneurship Programming

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Dr. Scott Loveridge
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Entrepreneur?

- “marriage broker between what is desirable from an economic point of view and what is possible from a technological point of view” (Klein)

- Opportunity and innovation

- “goal is to create or capitalize on new economic opportunities through innovation – by finding new solutions to existing problems, or by connecting existing solutions to unmet needs or new opportunities” (Lichtenstein and Lyons)

Entrepreneurial Community?

• “possesses a critical mass of entrepreneurs who are actively engaged in capturing new market opportunities”

• exists “a group of entrepreneurs that constitute a distinct and recognizable community within the community”

• “community as a whole is entrepreneurial, not just some of its parts”

(Lichtenstein, Lyons and Kutzhanova)
Program Background

• Three year initiative launched by Land Policy Institute at Michigan State University

• First round of the program was launched in 2008 – 9 Michigan counties participated

• Second round launched in 2010 – 12 more Michigan counties participated
Community Supported Entrepreneurship

- No one best model exists for a community development model

- Most successful community initiatives targeted youth, arts and culture, diversity and effective policy

- Has been shown to lead to creation of dynamic ecosystems
  - Comprised of organizations, people and resources that work in conjunction to support development of entrepreneurship
Program Overview

• First year – focus on building a strong community foundation
  • Review support systems for entrepreneurs and gain a better understanding of their entrepreneurial pipeline

• Second year – focus on program development

• Third year – focus on implementing programs

• Program includes a networking component
Four Essential Components for Creating Entrepreneurial Communities

- Social Networks
- Assets and Resources
- Entrepreneurial Culture
- Policy

http://www.landpolicy.msu.edu/modules.php?name=Pages&sp_id=484
41 Key Questions

- Community Systems and Networks

- Finance and Regulations

- Training and Mentoring Systems

Steps to Creating an Entrepreneurial Community

• Attend conference

• Application to program

• Assessment

• Energizing Entrepreneurs Institute

• Community coaching support

• Entrepreneurial community assessment
Question

• What kind of counties are more likely to participate in this type of program?
Map of Participating Counties

Michigan Counties

Program Participation

<table>
<thead>
<tr>
<th>No</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcona</td>
<td>Lapeer</td>
</tr>
<tr>
<td>Alpena</td>
<td>Mackinac</td>
</tr>
<tr>
<td>Barry</td>
<td>Manistee</td>
</tr>
<tr>
<td>Benzie</td>
<td>Mason</td>
</tr>
<tr>
<td>Charlevoix</td>
<td>Newaygo</td>
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<tr>
<td>Clinton</td>
<td>Oscoda</td>
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<tr>
<td>Crawford</td>
<td>Presque Isle</td>
</tr>
<tr>
<td>Delta</td>
<td>St. Clair</td>
</tr>
<tr>
<td>Ingham</td>
<td>St. Joseph</td>
</tr>
<tr>
<td>Ionia</td>
<td>Van Buren</td>
</tr>
</tbody>
</table>

Counties with Program Participation:
What is included in social capital index?

• Developed by Stephan Goetz and Anil Rupasingha (Northeast Regional Center for Rural Development)

• County level measures
  • Bowling centers, civic and social associations, public golf courses, religious organizations, political and professional organizations
  • Census response rates
  • Voter participation
Social Capital Index 2005

Michigan Counties
Social_Capital_Index_05

-1.4 - -0.6
-0.5 - -0.1
0.0 - 0.4
0.5 - 1.0
1.1 - 1.9
What is included in the innovation index?

• Five components:
  • Human Capital 30%
    • Educational attainment, technology-based knowledge occupations
  • Economic Dynamics 30%
    • Broadband density and penetration, establishment sizes
  • Productivity and Employment 30%
    • Job growth, GDP per worker, average patents per 1000 workers
  • Economic Well-Being 10%
    • Average poverty rate, average unemployment rate 3 year average 2007-2009, compensation
Population Density

Michigan Counties

- 1 Dot = 50
- Population_Density
Voting Patterns

Michigan Counties
Democrat Voting Patterns

- 0
- 1
- 2
<table>
<thead>
<tr>
<th>Variable (All)</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
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</thead>
<tbody>
<tr>
<td>Social Capital Index 05</td>
<td>0.2</td>
<td>0.67</td>
<td>-1.4</td>
<td>1.88</td>
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<tr>
<td>Population Density</td>
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<td>428.7</td>
<td>4.11</td>
<td>3221.49</td>
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<tr>
<td>Foreign Born Percent</td>
<td>2.64</td>
<td>2.16</td>
<td>0.5</td>
<td>11.3</td>
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<tr>
<td>Innovation Index</td>
<td>79.31</td>
<td>9.69</td>
<td>65.8</td>
<td>113.9</td>
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<tr>
<td>Democrat</td>
<td>1.22</td>
<td>0.87</td>
<td>0.0</td>
<td>2.0</td>
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</tbody>
</table>
## Comparison

<table>
<thead>
<tr>
<th>Variable (Participated)</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
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</thead>
<tbody>
<tr>
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<tr>
<td>Foreign Born Percent</td>
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<td>1.54</td>
<td>1.3</td>
<td>7.8</td>
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<tr>
<td>Innovation Index</td>
<td>76.22</td>
<td>5.53</td>
<td>68.1</td>
<td>87.9</td>
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<tr>
<td>Democrat</td>
<td>1.19</td>
<td>0.87</td>
<td>0</td>
<td>2</td>
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</table>

<table>
<thead>
<tr>
<th>Variable (Didn't Participate)</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Capital Index 05</td>
<td>0.16</td>
<td>0.66</td>
<td>-1.39</td>
<td>1.88</td>
</tr>
<tr>
<td>Population Density</td>
<td>224.23</td>
<td>488.71</td>
<td>4.11</td>
<td>3221.49</td>
</tr>
<tr>
<td>Foreign Born Percent</td>
<td>2.69</td>
<td>2.35</td>
<td>0.5</td>
<td>11.3</td>
</tr>
<tr>
<td>Innovation Index</td>
<td>80.35</td>
<td>10.57</td>
<td>65.8</td>
<td>113.9</td>
</tr>
<tr>
<td>Democrat</td>
<td>1.23</td>
<td>0.88</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>
## Output

| Participation in Program       | Odds Ratio | Std. Error | z     | P>|z|   | [95% Conf. Interval] |
|-------------------------------|------------|------------|-------|-------|---------------------|
| Social Capital Index 05       | 1.38       | 0.55       | 0.81  | 0.42  | [.63, 3.00]         |
| Population Density            | 0.99       | 0.002      | -1.14 | 0.25  | [.99, 1.00]         |
| Foreign Born Percent*         | 1.53       | 0.36       | 1.8   | 0.07  | [.96, 2.42]         |
| Innovation Index*             | 0.93       | 0.04       | -1.67 | 0.09  | [.85, 1.01]         |
| Democrat                      | 0.96       | 0.3        | -0.13 | 0.9   | [.52, 1.77]         |

- **No. of obs**: 83
- **LR chi2(5)**: 8.04
- **prob>chi2**: 0.15

**Log Likelihood**: -42.93

**pseudo R2**: 0.0856
• Currently, I am working on a revision of this – adding more explanatory variables.

• If you have any questions or comments, please feel free to contact me at Ajka.Suljevic@gmail.com