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ACCELERATED BUSINESS PLAN DEVELOPMENT: A PROCESS MODEL FOR UNIVERSITY SOCIAL ENTREPRENEURSHIP INITIATIVES

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ABSTRACT

As the topic of social entrepreneurship continues to grow in popularity, it is becoming increasingly important for universities to engage in social entrepreneurship education through specific initiatives that involve faculty and students. This paper provides a model universities can use to successfully engage in social entrepreneurship initiatives that help them make a positive impact in their local communities, promote the university, and provide students with experiential learning opportunities. More specifically, this paper provides an 11-step process model that faculty members can use at their respective universities to successfully engage in social entrepreneurship initiatives. It is a model best designed for partnerships between universities and non-profit organizations already engaged in community service projects. This is an important element in the "accelerated" model, because universities can become quickly involved in initiatives already underway. The topic of social entrepreneurship is discussed, the 11-step process model is presented, and example of successful implementation is provided.

ARE WE ON THE LOOKOUT FOR PLAGIARISM IN BUSINESS PLANS?

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ABSTRACT

Myriad instances of cheating, ethical breaches, plagiarism, and dishonesty in education, publishing, entertainment, and other venues have been widely publicized in the mass media. A 22-year-old Wal-Mart heiress has been accused of buying most of her college assignments, custom-made on her behalf – compliments of the services provided by her former roommate. Term paper mills offering either off-the-shelf or individualized products have blossomed. Names on the Internet where students congregate to shop for these services, such as Cheater.com and SchoolSucks.com, are indicative unto themselves of the lack of respect that these service providers, and the students who use them, show toward values associated with honesty or integrity. Most research on the subject of academic integrity and cheating has concentrated on student tendencies as a whole, or certain disciplines, including business students within various major, who do tend to be more inclined to commit acts of academic dishonesty. Despite the above described landscape, research on business plans and plagiarism (cheating, et al), is either limited or has not been aggressively pursued by entrepreneurship scholars, to date. This paper provides an overview of plagiarism and cheating issues as a prelude to future research and discourse among entrepreneurship teachers and researchers.

PLAGIARISM: JUST HOW BAD IS IT?

As a Harvard undergraduate student sat across from her in an interview on the *Today* show, a “skeptical” Katie Couric asked probing questions about the plagiarism allegations that had been lodged against the student (Finkelstein, 2006). According to *Publishers Weekly* and other sources, the student had reportedly received a \$500,000 advance for her book deal (while she was still in high school) from publisher Little, Brown & Company (Deahl & Milliot, 2006; Finkelstein, 2006). Meanwhile, the publisher of books from which the student was alleged to have plagiarized, Crown Publishing Group, identified over 40 instances where text passages bore questionable similarities (Finkelstein, 2006).

NBC recently severed its ties with a freelance “producer who plagiarized passages from” the popular television series, ‘The West Wing’ (Freelance Producer, 2006). The discovery of this instance was the result of an audience member’s email, which alerted the network to the plagiarized material. ABC News Primetime aired an investigative report suggesting “A Cheating Crisis in America’s Schools” (A Cheating Crisis, 2006). After Wal-Mart heiress Paige Laurie was accused by her former college roommate of buying custom papers and other work (while they both attended the University of Southern California; the roommate’s story was originally aired on ABC News’ 20/20), The University of Missouri removed the 22-year-old’s name from its new sports arena; Laurie’s parents’ donation provided the funding for that arena to be built (Isaacson, 2004).

Nitterhouse (2003) cited a series of previous studies which indicated several professional disciplines have reported plagiarism problems, including marketing, computer science, journalism, nursing, and science (p. 215). In the June 2006 issue of the Association for Computing Machinery’s journal, *Communications of the ACM*, published a plagiarism policy statement based (in part) on the following rationale (Boisvert & Irwin, 2006):

Incidents of plagiarism are escalating in computer science and engineering. While plagiarism cases were very rare during ACM's first 40 years in the publishing business, several cases have been uncovered annually in recent years. Most of these cases have been extreme, blatant violations of ethical practice. ACM has dealt with papers published in conference proceedings in which very little change was made in the copyrighted plagiarized article except for a new list of authors. We've seen other cases in which two articles differed completely in their wording, but placed side-by-side we discovered that corresponding sentences said exactly the same thing throughout the two articles.

In every context, be it among professions, on the Internet, in music and entertainment, and in academic writing -- on the part of students *and professors* -- (Bartlett & Smallwood, 2004), plagiarism and other forms of dishonesty have been observed to be on the rise by researchers.

REVIEW OF EXISTING LITERATURE ON PLAGIARISM AND BUSINESS PLANS

After conducting searches using the *ProQuest* database (set to return full text documents from scholarly journals), the author of this paper found that existing research, specifically as it pertains to plagiarism and business plans is lacking in the literature. Search term combinations (with the Boolean "and") included "entrepreneurship" and "plagiarism"; "business plan" and "plagiarism"; and "business plan" and "cheating" were all returned with zero results. Similar searches using the *Eric* database were also conducted, again with zero results. *Google* search efforts on the terms "business plan" and "plagiarism," returned (top page ranked) hits that were typically linked to entrepreneurship courses, and their corresponding syllabi and plagiarism policy statements. (Author's note: It is recognized that *Google* is not considered to be a reliable scholarly research tool.)

Widening the search to the topic of plagiarism more generally showed a clear consensus among researchers that plagiarism and cheating are rampant in the public sector as well as in the academic community at large (Chapman, Davis, Toy, & Wright, 2004; Crown & Spiller, 1998; Kleiner & Lord, 1999; Nitterhouse, 2003; Ogilby, 1995). A cover story article in *U.S. News and World Report* declared: "Academic fraud has never been easier. Students can tamper electronically with grade records, transmit quiz answers via pager or cell phone, and lift term papers from hundreds of Web sites" (Kleiner & Lord, 1999). Duke University's Center for Academic Integrity (CIA) has sponsored longitudinal research through an ongoing project which has surveyed approximately 50,000 students on "more than 60 campuses" (McCabe, 2005). Its most recent results, based on findings released in June 2005, indicated that "on most campuses, 70% of students admit to some cheating"; 40% admitted to Internet plagiarism; and (disturbing as it may be to the author of this paper on this particular topic) 44% of faculty "who were aware of student cheating in their course in the last three years, have never reported a student for cheating to the appropriate campus authority" (McCabe, 2005).

While the above described review does not exhaust every possible means of accessing existing research that is specific to plagiarism and business plans, the lack of returned search results clearly indicate that this present paper concerns an area which deserves additional attention on the part of entrepreneurship scholars. Further it is acknowledged that plagiarism at large is not necessarily generalizable to business plans. However, if one is willing to question the likelihood that a pervasive phenomenon in education and every facet of society at large either has already or will impact entrepreneurship education, the author of this paper would suggest that a serious research effort is deserved.

PLAGIARISM CASES AND BUSINESS PLANS AS AN IMPETUS FOR THIS PAPER

While the above overview is meant to provide a broader introduction to the enormity of the plagiarism problem at large, this paper's primary focus is plagiarism (a form of cheating commonly

identified in academic integrity policy statements) as it pertains to business plans. As an assignment, one might suggest that business plans are not extremely dissimilar when they are compared to term papers, or that business plans can be even more difficult. In either instance, business plans are generally viewed by students as well as members of the practitioner community to be challenging assignments, especially if they are approached with dedication and subjected to rigorous review (such as in business plan competitions, or when they are used to attract funding).

During the three semesters immediately preceding the development of this paper, its author observed apparent problems with plagiarism while delivering an entrepreneurship course at a public AACSB accredited university (which enrolls approximately 22,000 students). Although additional instances of suspected inappropriate behavior (academic dishonesty) were deemed to be uncertain based on an inability to obtain sufficient written evidence to document suspected plagiarists' sources -- and were therefore not submitted for review by the institution's Judicial Affairs office -- students were found to be responsible in a total of 18 successfully prosecuted plagiarism cases. In other words, there may have been more acts of plagiarism, but, cases that were not supported with sufficient evidence to suggest with near certainty that subsequent proceedings would result in a finding of "responsible" were not pursued (Frequently Asked, 2005).

PREVENTATIVE MEASURES

Perhaps one of the biggest questions one might ask is: how can cheating and plagiarism be mitigated or stopped (von Dran, Callahan, & Taylor, 2001)? It is generally assumed that individuals who are capable of cheating while they are in school, would be willing to commit additional ethical breaches once they have entered the business world (Crane, 2004; Lawson, 2004; Ogilby, 1995). There are some disappointing findings within the literature (primarily business ethics related research), which suggest that changing ethical behavior of values may be difficult (Kidwell, Wozniak, & Laurel, 2003).

Individual faculty who are determined to curtail plagiarism need to clearly express -- preferably during their opening remarks at the beginning of a course -- that they intend to detect and prosecute plagiarism). Academic integrity policies should also be distributed in written form: course syllabi, a faculty Website, and institutional brochures, statements, and the like (if available) are effective communication vehicles. Faculty should also make clear what the consequences will be: typically, course failure and/or at least no credit for the assignment are stated consequences (based on a review of syllabi and Websites from other faculty, as discussed above). In addition, to curtail the notion in advance that consequences are negotiable based on their impact on an individual student's academic career, this author delivers a statement along these lines: "The burden will be placed on the student to recognize that embarrassment, having to inform parents, loss of scholarships, or any other applicable consequences will not be considered relevant." It is also made clear that the only thing that matters is the official determination by the institution's Judicial Affairs authorities: "responsible" or "not responsible" (Frequently Asked, 2005; Judicial Affairs, 2005).

It should be made clear that even though some students may get away, a significant proportion of students who do cheat can and will be caught (and in the case of this author, summary statistics including the number of students who have been caught are discussed). Some of the literature reviewed while developing this paper showed that instances of plagiarism are sometimes detected after the fact (Bailey, 2006; Bartlett & Smallwood, 2004; Lesko, 2004), perhaps even years later.

CONCLUSION

Evidence suggests a disintegration of ethical and performance standards in both the practical and academic business communities. Research, as it pertains specifically to business plans and

plagiarism (cheating, et al), is either limited or has not been aggressively pursued by entrepreneurship scholars, to date. However, logical inference strongly infers that if indeed “‘Everyone’s doing it [cheating],’ from grade school to graduate school” (Kleiner & Lord, 1999); students in business related courses tend to cheat more (Chapman, Davis, Toy, & Wright, 2004); paper mills have blossomed (Groark, Oblinger, & Choa, 2001); and there is an there is “A Cheating Crisis in America’s Schools,” (A Cheating Crisis, 2006), then entrepreneurship educators should be on the lookout for plagiarism in business plans.

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DEVELOPING ENTREPRENEURIAL COMPETENCIES: A STUDENT ORGANIZATION BUSINESS

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ABSTRACT

Entrepreneurship training requires a non-traditional approach in which students must learn to embrace the challenges of operating in a business environment that favors creativity and risk-taking. Not only must students be exposed to a business education that emphasizes multi-disciplinary skills but they must participate in an “entrepreneurial experience”. This paper describes a student business organization’s project that provides for an “entrepreneurial experience”. The students applied course knowledge, exercised their analytical skills, learned to communicate effectively, utilized their negotiation skills, worked effectively in teams, complied with legal requirements, and utilized creative thought processes to solve business issues. The students experienced new business start-up issues such as writing marketing and business plans, obtaining a business loan, and applying for licenses and permits. The students experienced all aspects of business operations including writing a policy and procedures manual and human resource management. Through this “entrepreneurial experience” the students developed entrepreneurial competencies. The manuscript is of special interest to faculty that desire that their students have an actual “entrepreneurial experience”. The manuscript describes in detail the process of starting a student-run business and continued operations of the business.

INTRODUCTION

Entrepreneurship and small business has been acknowledged as a fundamental component of economic growth and health. In 2002, there were 22.9 million small businesses and they provided 75 percent of the net new jobs in the economy. Small business entrepreneurial endeavors represent 99.7 percent of all employers and 97 percent of all U. S. exporters (Small Business Administration, 2006). The recognition of small business entrepreneurial significance couple with widespread dissatisfaction in traditional business programs has spurred tremendous growth in entrepreneurship courses at all levels of post-secondary education (Solomon, Duggy & Tarabishy, 2002).

This article describes a student organization’s project which provides for the “entrepreneurial experience”. At the core of the start-up and subsequent operation of the business project resides the over-riding goal of developing entrepreneurial competencies. These business start-up activities and continued operations of the business provide the opportunity for students to develop the various competencies and hone their entrepreneurial skills set. The business project provides educational opportunities for the students to exercise, in a real-life environment, their communications, teamwork, analytical, creative, and negotiation competencies in a multi-disciplinary, process-oriented environment. By its very nature, the start-up and the subsequent operations of a business require the use of skills and knowledge from all functional areas of business, providing the multi-disciplinary nature of the project.

ENTREPRENEURSHIP EDUCATION

Entrepreneurship education is distinctive in that it requires a “generalists” approach versus the more traditional specialized business education programs (Hills, 1988). Plaschka and Welsh (1990) argue that entrepreneurship education should be “geared toward creativity, multi-disciplinary, process-oriented approaches, and theory-based practical application.” Historically, small business management courses were tailored towards post-start-up companies. Hence, traditional approaches focused on knowledge-based courses in areas such as management, accounting and finance. In sharp contrast, entrepreneurship education focuses on new growth ventures (Guglielmino and Klatt, 1993). This approach focuses more on skill-building courses.

The change in emphasis necessitates additional and more broad-based skills or competencies. Entrepreneurship courses or courses that have entrepreneurial components should develop skill building in the following areas: negotiation, new product development, technological innovation, opportunity recognition, market entry, the legal requirements of new businesses, and the ability to create a linkage from vision to action (McMullan and Long, 1987; Vesper and McMullan, 1987; Johannisson, 1991).

Because entrepreneurship education is outside traditional business disciplines and there is no dominant pedagogical model, curriculum experimentation is increasingly utilized. However, there are some common elements that have arisen over the past ten years. Solomon, Duffy, and Tarabishy (2002) state that, “Offering student opportunities to “experience” entrepreneurship and small business management is a theme among many entrepreneurial education programs.” Reality-based pedagogies such as student start-ups have been recommended by many educators (Hills, 1988; Porter and McKibbin, 1988; Truell et al., 1998). Students must have substantive hands-on experience working with community ventures to add value to real ventures (McMullan and Long, 1987).

LEARNING OBJECTIVES

The students achieved the following learning objectives:

- ◆ *Students applied knowledge obtained in core business courses to make decisions related to starting the business and subsequently operating the business.*
- ◆ *Students applied analytical skills by utilizing real business information and situations to solve problems and make decisions (e.g. analyzing the geographical environment to determine best operating facility).*
- ◆ *Students communicated (both orally and in writing) a marketing plan, a business plan and a policies and procedures’ manual.*
- ◆ *Students orally communicated to and persuaded potential stakeholders (e.g. discussions with University administrators, bank loan officers).*
- ◆ *Students utilized negotiation skills to obtain resources (e.g. loan from bank officers).*
- ◆ *Students effectively worked in teams to achieve results (e.g. writing the marketing and business plans; staffing the business during operating hours).*
- ◆ *Students sought and obtained information about and complied with legal requirements related to their business (e.g. permits and licenses).*
- ◆ *Students utilized creative thought processes to solve business issues (e.g. operating logistics).*

PRELIMINARY START-UP ACTIVITIES

The student organization, Students In Free Enterprise (SIFE), persevered through many of the start-up activities required of any other entrepreneur beginning their own business, with additional activities due to the nature of the business location – a university campus. These activities include marketing research, the development of both a marketing plan and a business plan, and finally the approval of university administrators.

MARKETING RESEARCH

Students conducted marketing research with a focus on providing food products on a business school campus at a mid-sized, southeastern United States university. The business school campus, geographically removed from the main University, provided no venue for food with the exception of snack machines.

Students conducted focus groups with follow-up survey questionnaires to their target market. The target market was business school faculty, staff, students, and administrators. The results of these efforts revealed the desire for a food service.

MARKETING PLAN

The development and writing of the marketing plan required the young entrepreneurs to perform situational and SWOT analyses. They performed an analysis of the environment, the industry, and the firm (i.e. the university's SIFE organization). Highlights of their analyses included the increase in consumer spending on fast food, the affect of increased oil prices on transportation, the level of students' disposable income, and the limited competition within walking distance of their campus.

The situational analysis provided the foundation for the SWOT analysis. The SIFE members determined their strengths included SIFE's strong on-campus reputation, strategically located facility, quick service, and lower prices. These strengths were matched with the opportunities to provide good service with a customer focus in a convenient location.

The marketing strategy contained action plans to meet the aforementioned goals and objectives. During this phase, the SIFE members named the business, "Business Bites," and decided on the menu and prices. In addition, they established their operating hours, the location, and the facility that would most effectively meet the needs of their target market. They would strategically position the kiosk between the two main buildings on the business school campus. Initial promotional materials included flyers, press releases, and video commercials as part of their advertising campaign. Finally, the marketing plan contained Business Bites' preliminary financial projections including sales forecasts, detailed cost estimates, and break-even analysis.

BUSINESS PLAN

The completed marketing plan became the basis for a comprehensive business plan. In addition to the marketing aspects, the business plan discussed the possible competition, management, and actual operational plans for running the business. The completed business plan was presented to the business school dean, university attorney and auxiliary services personnel and the university president and vice presidents. Approval from the administrators cleared the first major hurdle into turning Business Bites into a reality.

ADDITIONAL START-UP ACTIVITIES

Financing Business Bites became the next major hurdle. SIFE needed \$10,000 to put their plan into action. The SIFE members presented their business plan to the loan officers of a local bank. Subsequent to the presentation, a \$7,500 loan was approved with an agreement to make monthly payments for the duration of the loan. The local SIFE team provided the extra \$2,500.

The SIFE members faced many decision points prior to opening their kiosk windows. SIFE members purchased the kiosk and delivered it to the physical location. The university covered the cost of installing water, gas and electrical lines to the kiosk. They complied with health department requirements for serving food. Business Bites carries liability insurance including the required extended liability coverage for food.

Advertising commenced with the distribution of flyers focusing on the business school campus. Faculty received flyers to announce the grand opening in each of their classes. Video commercials appeared on a local television station and press releases went out to the university newspaper.

GRAND OPENING & SUBSEQUENT OPERATIONS

In April 2005, Business Bites became a reality. With the local news media and a huge gathering of Business Bites' soon-to-be customer base, the local Chamber of Commerce arrived with the Grand Opening ribbon-cutting scissors.

A paid SIFE-member manager and volunteer SIFE members operate Business Bites, with the SIFE Leadership Team of students serving as an oversight board. Responsibility for the overall operations, including but not limited to, staffing, purchasing food, ensuring adequate inventory and supplies, counting the daily cash receipts, and maintaining agreed-upon operating hours resides with the manager. SIFE members check inventory levels, ensure the cleanliness of the facility, and maintain responsibility for cash receipts.

CONCLUSION AND LEARNING OUTCOMES

Students demonstrated entrepreneurial competencies throughout the entire process, beginning with the broad vision of operating a business, experiencing the start-up activities and culminating in the day-to-day operating of a productive and profitable business. More specifically, several opportunities arose during the business start-up and subsequent operating of their business to exercise analytical, communication, negotiation, teamwork and creativity skills.

The students found that the entrepreneurial skills required to start the business extend into the operating activities of the business. For example, Business Bites' officers exercise analytical skills as they evaluated inventory and sales to determine re-order points and additional menu items. Staffing also provides an outlet for exercising analytical skills. This "entrepreneurial experience" provides for a continuing, on-going mechanism to enhance the entrepreneurial skill set in an academic environment.

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SEX DIFFERENCES IN BUSINESS FAILURE RATES

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ABSTRACT

Business failure rates can be difficult to analyze due to the variety of reasons a small business owner may terminate his or her business (retirement, sold business, bankruptcy, etc.). This study provides further insight into business failure rates by examining data from the U.S. Census Bureau, which investigated participants' business ownership over time. In particular, men's and women's rates for bankruptcy/business failure are compared. Chi-square analyses on the data show that men were more likely to have remained in their businesses. However, among those who had separated from their businesses, women were less likely to name bankruptcy or business failure as the reason for termination.

INTRODUCTION

Although many studies (Boden & Nucci, 2000; Du Rietz & Henrekson, 2000, Watson, 2003) have determined that women-owned businesses are more likely to be discontinued, others (Cooper, Gimeno-Gascon, & Woo, 1994; Kalleberg & Leicht, 1991) have not found significant sex-based differences in the failure rates. Business failures are an important aspect of the economy to study, yet are difficult to analyze due to varying definitions and the lack of comprehensive data. This study uses the U.S. Census Bureau's Survey of Income and Program Participation (SIPP) to further examine failure rates by comparing the rates at which women and men discontinue their businesses during a four-month period and the proportion of business owners whose business terminations resulted in bankruptcy. The following section briefly reviews the literature on business failures, especially in regard to women-owned businesses. The methodology, results and analysis are then presented.

BUSINESS FAILURE AND BANKRUPTCY

Business failure rates are difficult to study because of the variety of factors that influence business owners to discontinue their business operations. Further complicating the issue is the question of defining business failure (see Watson & Everett, 1993, 1996). While a business that ends in bankruptcy is no doubt a business failure, other unprofitable businesses may be terminated before bankruptcy, but would probably be best categorized as a failure. In contrast, if all businesses that do not continued with the same owner are counted among business failures, a highly profitable business that is sold may be counted among business failures as would business that stopped because the owner sold the business, retired, started school full time, etc.

Some studies (Boden & Nucci, 2000; Du Rietz & Henrekson, 2000, Watson, 2003) have determined that women-owned business have higher discontinuance rates. One suggested reason for this is based on the tendency for women tend to have a higher proportion of the businesses in industries with lower return rates, such as services and retailing (Watson, 2003). Another reason is that women tend to have younger businesses, and older, more established businesses tend to have lower termination rates (Rosa, Carter, & Hamilton, 1996). Multiple demands on many women's time reduce the time they can devote to business (Fasci & Valdez, 1998, Birley, 1989). Women may also, on average, be more risk averse (Anna, Chandler, Jansen & Mero, 1999; Cooper, 1993) and less concerned with financial gain (Rosa, Daphne, & Helen, 1994; Brush, 1992). In contrast, other

studies (Cooper, Gimeno-Gascon, & Woo, 1994; Kalleberg & Leicht, 1991) have found no sex differences in business survival rates.

This study further examines business failure rates by comparing the rates at which men and women stay in business during a given period, and the proportion of business terminations that are due to bankruptcy. For the purposes of this study, the fact that a person previously had, but no longer has, a given business shall be referred to as a business separation, termination or discontinuance. Only those businesses that ended in bankruptcy will be referred to as business failures.

METHODOLOGY, RESULTS AND ANALYSIS

This study used data from the US Census Bureau's 2001 Supplemental Income and Program Participation (SIPP) survey, which interviewed participants by phone or personal visit every four months from February 2001 to June 2003. Approximately 36,000 households were included in the study, with everyone over age 15 being interviewed each time. During each wave (round of interviews) respondents were asked a variety of questions pertaining only to the previous four month period, including "Do you still own your business?" which was asked of those who initially indicated they were business owners. Only people who owned a business sometime during the course of the survey were included in this study. Those who stated that they no longer owned their businesses were asked the reason for the separation from their businesses. An advantage of the SIPP is this ability to distinguish bankruptcies from businesses separations that were attributable to other causes. A limitation of this current study is that it does not link the nine waves and therefore cannot present data regarding the number of businesses that survived during the entire duration of the SIPP survey. Future research will address this issue. In addition, business size was not determined, but because 99% of all businesses are small, the study will refer to respondents as small business owners. Because the unit of analysis is the individual, a family business could count more than one time as each person who was involved in a business would be included in the sample.

In Table 1, the percentages of businesses that were discontinued during the four months of each wave are presented. Table 2 shows the percentage of those with discontinued businesses who experienced bankruptcy (bankruptcies divided by discontinued businesses). Chi-square analyses were conducted to determine if there was an association between sex and business separation or bankruptcy, and the Mann-Whitney U was calculated to compare the averages.

Wave	Total	Men	Women	Chi-sq/M-WU	Sig.
1	1.9%	1.7%	2.3%	8.37	.004
2	3.3%	2.3%	5.1%	100.63	.000
3	4.6%	3.8%	5.9%	44.18	.000
4	3.9%	3.2%	5.1%	39.51	.000
5	4.4%	3.5%	5.9%	54.82	.000
6	4.4%	3.3%	5.5%	54.72	.000
7	3.8%	3.6%	4.0%	1.32	.250
8	3.2%	2.6%	4.2%	8.34	.004

Wave	Total	Men	Women	Chi-sq/M-WU	Sig.
9	4.1%	3.4%	5.4%	42.25	.000
Ave.	3.7%	3.0%	5.0%	36.5	.000

Wave	Total	Men	Women	Chi-sq/M-WU	Sig.
1	6.2%	10.2%	0%	19.01	.000
2	6.0%	5.7%	6.2%	0.08	.779
3	8.5%	7.9%	9.2%	0.40	.528
4	10.3%	15.2%	4.8%	20.34	.000
5	11.2%	12.9%	9.5%	2.27	.132
6	7.2%	8.6%	5.7%	2.31	.128
7	9.7%	9.9%	9.5%	1.32	.250
8	9.4%	9.6%	9.1%	0.01	.920
9	8.5%	10.9%	5.9%	5.61	.018
Ave.	8.5%	10.6%	6.3%	89.0	.021

Analysis of the data clearly shows a difference in the rates at which men and women remain in their businesses. In 8 of the 9 waves, men had significantly lower rates of business separation, which also resulted in a lower average discontinuance rate. However, the men who terminated their businesses were significantly more likely to do so due to bankruptcy. Women's rates of bankruptcy were significantly lower in one-third of the waves, with the overall average also being significantly lower. Taken together, these results suggest that although women were less likely to continue on with their businesses, and their businesses were also less likely to end in bankruptcy.

One explanation for this phenomenon is that women, in general, tend to be more risk averse (Anna, Chandler, Jansen & Mero, 1999; Cooper, 1993). People who want to minimize risk are less likely to take on debt, which could logically lead to a reduced problem in repaying loans (i.e. bankruptcy). On the other hand, women may find it more difficult to obtain desired financing. In addition, if women start smaller businesses in industries that require little capital, they may be more likely to discontinue their businesses (Brush & Chaganti, 1999) given the fact that businesses requiring less capital have higher termination rates (Bruderl, Preisendorfer, & Ziegler, 1992; Hutchinson, Hutchinson, & Newcomer, 1938; Watson & Everett, 1996).

Another potential explanation comes from researchers (Rosa, Daphne, & Helen, 1994; Brush, 1992) who have found that many women are less concerned with financial gain than are their male counterparts. If women started their businesses for reasons that were not primarily financial, they may also terminate them for non-financial reasons. For example, a business could be profitable without fulfilling the owner's primary goals, thus influencing the owner to discontinue the business.

CONCLUSION

The results of this study confirm those of researchers (Boden & Nucci, 2000; Du Rietz & Henrekson, 2000, Watson, 2003) who determined that women were more likely to discontinue their businesses. However, the finding that women were less likely to discontinue their business because of bankruptcy or business failure is even more significant. Financial backers could be exposed to less risk when providing funds to women-owned businesses if they are more likely to pay off outstanding loans, although equity investing may be riskier due to a higher level of business termination. Organizations that provide assistance to business owners may find this information useful if they can tailor their services more to the market, namely, those with a high risk of business failure.

The reason a business is discontinued is vitally important not only to the business owner, but also to society. The overall proportion of businesses that ended in bankruptcy is relatively small, given that approximately 9 out of 10 businesses were discontinued for a reason other than business failure. Brush (1992) has suggested that women evaluate the performance of the businesses not only in financial terms, but also in social terms such as employee satisfaction, and social contribution. Future research should continue to investigate this issue by examining the reasons women terminate their business and seek to find ways to help them achieve their overall goals.

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ENTREPRENEURIAL PROFILING: A DECISION POLICY ANALYSIS OF THE INFLUENCE OF ENTREPRENEURIAL SELF-EFFICACY ON ENTREPRENEURIAL INTENT

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ABSTRACT

An unresolved issue in the study of entrepreneurs is what factors do individuals consider before attempting to establish new ventures? Also, which of these factors are most influential to a decision after deliberation is complete? Previous studies have examined similar questions by developing inquiries of entrepreneurial self-efficacy that are based solely on discrete business functions. However, not only are functional assessments too venture-specific for the general nature of most entrepreneurial self-efficacy research, they are usually operationalized with self-report direct surveys that are highly susceptible to social desirability response bias.

In this study, we apply a decision modeling methodology to empirically assess the influence of human competencies in the entrepreneurial self-efficacy assessment process. Decision modeling is a within-subjects analytical procedure that is resistant to external biases. A significant finding is that self-efficacy assessments utilizing entrepreneurial competencies are able to successfully discriminate individuals with strong entrepreneurial intentions from others. In fact, the resultant decision profile of those with high entrepreneurial intentions parallels that of actual entrepreneurs. Results, limitations, and implications for future research are presented.

WEBSITE WORKSHOPS FOR SMALL BUSINESS OWNERS USING STUDENT TEAMS

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PRIMARY OBJECTIVES

Our basic objectives were to: (1) provide small business owners with useful information on the internet, valuable websites, and software (2) to help participants use that information in their business and (3) and to utilize university students in helping set up websites and developing presentations on that business that would improve the bottom line of those businesses.

Dr. Dale and a team of eight SIFE students thought it would be most helpful if we developed a five-day credit seminar that focused on the numerous small businesses in the area that were minority- and female-owned, since they had a high failure rate. We planned our first workshop for Monday-Friday, January 22-27, 2004. We had 24 applicants within 7 days of sending out our initial flier and a waiting list of 42. We conducted a second workshop the week of March 10-15 to accommodate the overflow. The success of our first two workshops caused us to create another workshop in 2005 and a fourth one in 2006. We had a total of 94 participants in all four workshops representing 69 small Northeast Arkansas businesses. Our population of 94 participants consisted of 79 women and 15 men. The annual income of the representative businesses ranged from 0 (6 teams were planning on starting a business within the next one to 6 months) to \$555,325, with an average annual income of \$162,266 and a total group income of \$13,500,485 for the four workshops an average of \$143,622.18. The teams ranged from 1 to 3 individuals representing the 69 different businesses. These business included 50 female owned and operated businesses, 8 male owned businesses, with a spouse-helper and 11 jointly owned businesses. We had a fairly good mixed representation by race/national origin with 39 of the 69 businesses owned by African-Americans, 7 by Asian-Americans, 8 by Hispanic-Americans, 1 by a handicapped person, 1 by a native-American, and 21 by Caucasians. Fifty-four percent of the businesses were food-related services such as restaurants, coffee houses, and restaurant supply firms. Thirteen percent were small manufacturing firms. The remaining thirty three percent were retailers including hair car services, bookstores and gas stations. All had one thing in common; they wanted to find ways to make better use of their computers and through that technology, advance their business. We believe that we successfully fulfilled that dream. We discovered that after receiving our help the groups income increased to \$20,570,052.50, a difference of \$7,069,566.50 in 13 months.

DESCRIPTION OF THE WORKSHOP EXPERIENCE

SIFE students planned and executed the program in teams. A program flier detailed the schedule of events for the businesswomen.

Day One

The program began with a welcome and introduction of some dignitaries who were supporters and contributors to our program. After welcoming the participants to the event and introducing the SIFE Team, Barbara Holloway, MBA student and President of the 2004 SIFE Team, provided a spirited welcome on behalf of the students. We then gave a pre-service survey to help us evaluate our effectiveness.

Next came an ice breaker developed by the SIFE Team to get the businesswomen started thinking about technology and to promote networking, which got the workshop moving in a productive direction. Then we proceeded to introduce all of the participants. The staff included Dr. Dale, Sam Walton Fellow and Professor in the College of business and seven SIFE students.

Next, the SIFE Technology Coordinator developed a PowerPoint presentation introducing the businesswomen to the technology of E-Commerce. This half-hour presentation on the basics of e-commerce covered basic information.

Each participant was assigned to a group and given one of five different assignments, which they were to research and report back to the group, using the websites discussed. The information was available through the sites produced in our earlier presentation and through our handout "Websites for Small Business." Each member of the group was to explore the problem individually and then get back together and complete a final report with names of the websites and details about its usefulness. From 11:00 until 12 participants were given time to explore the net and complete their assignment. We also gave them an hour after lunch to continue the assignment.

During the lunch break a team of five SIFE members looked at the assignments and gave some help where needed. The workshop participants enjoyed lunch and a presentation by Mr. Mark Duckworth, President and CEO of Optus Telemation in Jonesboro. Optus Telemation is a private firm that buys used telecommunication equipment and then refinishes it for markets, especially to small businesses in a five-state area of the mid-South. He gave examples of ways that his firm used the Internet to obtain information, find clients, and advertise his product. Optus has grown from a local business with \$100,000 in assets to a five-million dollar company in less than 6 years. Mark is an ASU MBA graduate in Business who became successful in his own small manufacturing business. Questions and answers followed. The remainder of the afternoon was spent exploring and discussing each assignment.

Day Two

The second day began with an open discussion of additional websites and information related to the five questions, since students were asked to continue the assignment at home spending at least two hours on the Internet. We allowed each group to report their findings.

Beginning at 10:00 A.M., we had a presentation by SIFE team members on developing a website for your business. This began by presenting our guide to developing a PowerPoint presentation, produced and published by our SIFE Team especially for this course. These PowerPoint presentations could be used at sales conferences and for marketing expositions, or could be the basis for establishing a website. The publication was called the "Business Person's Guide to PowerPoint." Our students offered to set up a website for any business represented upon request. We had requests from 18 of the 25 businesses represented. An example of one PowerPoint presentation that became a website is included in the exhibits section of this report.

From 11:00 A.M. to 12:00 noon, we spent time developing a PowerPoint presentation on our workshop with the help of the class. We demonstrated the use of our Sony digital camera and promised to allow them use of the camera to take pictures and even short film clips of their business. Before lunch we gave each participant a list of questions they would want to answer in making their business presentation. These included the Who?, What?, When?, Where?, How? questions a journalist must ask to write a story. After lunch we helped the groups plan their presentation, by creating a storyboard that sequenced the information they wanted to present in their PowerPoint and what they might want to photograph to match the dialogue. That night our SIFE team put the finishing touches on the workshop presentation. The participants were loaned Sony digital cameras and the aid of a student, if requested, to photograph their store for the presentations.

Day Three

We continued the workshop presentation created on day two. Other uses of the PowerPoint program were used to add animation and cartoons, set up 18-second film clips, change colors on backgrounds and charts, and add photos in the program. From 10:00 A.M. to 11:00 A.M. we demonstrated ways of linking your website to daily specials offered on your site and information on how to make a purchase. All of those establishing websites wanted this capability.

After lunch we began helping individuals set up and create their PowerPoint. This was carried forward on Thursday as well, since we gave them two days to collect all of their pictures for the presentation. We planned to spend Friday presenting each of our presentations and to provide both verbal and written critiques of each others work.

On Friday we had presentations which we treated like a film festival. Each participant was allowed to show their presentation and discuss other things they wished to incorporate in their website. We gave 10 minutes for each participant to critique the presentation and offer suggestions for improvement. The grade was based on the quality of their presentation. The workshop lasted from 8:00 A.M. to 3:30 P.M. for a total of 37 contact hours, sufficient to award 3 hours of graduate credit to those who desired it. We ended with a post-test and exit survey to give us feedback on our effort.

UNIQUE ASPECTS AND FEATURES

One unique aspect of our innovative approach is the fact that we were able to give three hours of credit for the workshop, good toward the MBA Program. This course involved practical solutions to real problems along with credit toward a degree.

Another unique aspect is that we utilized college students to provide the individualized consulting. This provided the students with needed practical experience, while helping a struggling business with valued input. Both groups benefited from the experience. We made sure that students had a competent faculty consultant available for any help in establishing sites and PowerPoint. We wanted some assurance for both the student and businessperson that they were getting a quality service. This was ASU's first experiment in using students as mentors to area businesses and it was well received. Two ASU College of Business students ended up turning their service on this project into an internship, for which they earned 5 hours of credit.

SOURCES OF FUNDING

There is never a charge for our services. Participants did pay for a meal each day during the workshop since we had lunch each day from 12:00 noon to 1:00 P.M. Each participant was responsible for signing up for credit and paying tuition. It was not required, although 85% of the classes did take the class for credit. The total costs for the program was \$3,121.75. Dr. Dale was paid a regular salary for his efforts, as the instructor, by the University. The additional funds came from the ASU SIFE Team budget or the Center.

EVALUATION OF BENEFITS

Participants were asked in advance of the workshop to take a revised Test of Economic Literacy [TEL]. This revised nationally normed test was developed by the National Council on Economic Education. The pretest mean of 25.09 was below the national average of 40.55 while the post-test mean of 42.81 was well above the national average. We researched these details further and discovered that this difference was significant at the .01 level of testing using a Chi-square test of significance.

We also ran a standard regression analysis on the data using the following hypothesis to determine which factors contributed most to the success of the individual business. The independent y variable was change in profit after 14 months as reported in our follow-up survey as a percentage increase from the pre-workshop period. Our dependent x variables included:

X1= Gender	X2= Race	X3= Age
X4=Capitalization	X5=Workshop Attendance	X6= Website
X7= number of website hits	X8=Website Sales	X9=Store Sales
X10= Increase in Sales	X11=Hours Creating Website	X12=Dif of Mean
X13=Store Location	X14=Customers 14 mths	X15=Bus. Type
$Y = b_0 + x_1 + x_2 + x_3 + x_4 + x_5 + x_6 + x_7 + x_8 + x_9 + x_{10} + x_{11} + x_{12} + x_{13} + x_{14} + x_{15}$		

We conducted a follow-up self-reporting survey 14 months later that included all groups and a control group of 15 local businesses which were not part of our group. We sent a mail survey and had a 62% return. We went back to the remaining 38% with a telephone survey to determine the reasons for lack of cooperation on the original survey. Two individuals did not go through with the opening of their new business, one was going through a divorce and four had moved from the area. The other 8% did not take the original survey and gave us selected information, which we did not use in the survey because it was incomplete. We discovered that all of the dependent x variables were significant except for race, gender, age and Hours spent on developing the website.

Looking at the factors that proved significant at the .01 level of significance on a two-tailed t-test of significance we begin with capitalization. The estimated value of cash and property ranged from a low of \$123,665 to \$2.7 million. In general, the more assets held the greater the income and profit of the company. This came as no surprise.

Attendance at the workshop also proved significant with those participating doing significantly better than our control group. This demonstrated the real success of our workshop. The establishment and use of a website developed at the workshop also proved significant. This was measured by the number of hits over a 14-month period, which ranged from a high of 18,344 to a low of 122 and an average of 2,991. The more hits the better the chance of sales and the higher the income and profit. Store sales also proved significant.

Time spent developing a website did not prove to be significant. We believe that is because there was very little difference between those who spent a great deal of time and those who did not with a high of 421 hours and a low of 82.

The author was pleased to discover that the difference between the pre and post experience mean was also significant. Those who learned more about entrepreneurship and economics increased their income more than those who did not. Knowledge is power.

The number of customers would be higher for those whose income increased the most.

We were not surprised to see that location was also a significant predictor of success. We assigned dummy variable with (1) representing those outside the large Jonesboro market; 2) Those within 5 miles of Jonesboro; 3) Downtown Jonesboro, 4) those on Caraway Entrance to the University). Those businesses closer to the university did better than those further away from the center of activity in Jonesboro, which is a town of over 50,000 with major medical and shopping facilities and a state university of 11,000.

Finally the type of business was also significant. Again we used a dummy variable. We were most please with the impact of our workshop and website services on the bottom-line of these businesses. Dummy variables were used with a 1- representing restaurants; 2-representing food services; 3- nonfood services, 4- franchise sales 5-manufacturing. Business selling food and food related services did not have as high an income or profit as manufacturing and retail services.

We also used the same statistics to check and see if performance on the test was related to income and discovered that the only factor that was a significant predictor of success on the test was attendance in the class. We were able to rule out sex, race, age, educational background or years of business experience as significant predictors. These people picked up some entrepreneurial and economic information because of the class. We also included 10 questions related to the technical details given in the course that were included in our findings.

When asked participants to rate the workshop on a scale of 1 to 10, with 10 being excellent and 1 poor, we got a range of ratings from 7–10 with a mean rating of 9.83, representing outstanding from the two workshops. The workshop evaluations were overly flattering. When asked if they would recommend the workshop to other business we got 38 affirmative responses from the combined workshops. We considered this pilot project a great success and plan to duplicate it two more times, possibly moving it around the state. We also used a pre-event and post-event survey to determine if our participants took what they had learned and profited from the experience. The results of this one-year-later survey were particularly rewarding. Participants were more willing to use the Internet to look for both customers and suppliers using the net to help their bottom line. We also found that all but two of our businesses participants eventually either established a website or utilized the PowerPoint presentation to increase sales and customers.

Table 1: Regression Statistics

Independent X variable	Coefficient estimate	Sign 2-tailed T test
X1= Gender F (1) m (20)	-43.50	.2050
X4=Race	6.54	.1815
X3= age	.1251	.036
*X4= assets	1.177	.0001
*X5=Workshop participation	.2373	.00009
*X6= Website established	.7142	.0001
*X7= Website Hits	1.063	.00098
*X8= Website Dollar Sales	1.507	.0001
*X9= Store Sales	2.221	.0001
*X10= Increase in Sales	3.301	.0001
X11= Hours Website	-50.33	.0672
*X12= Mean Difference	.3345	.0001
*X13= Location	.2215	.0001
X14= Customers	0	.0001
X15= Business type	0	.0091

OUTCOMES

We were able to help everyone who requested help on creating a website bringing the total with a website to 96%. A year later we returned with a post-event survey. These businesses reported a total net gain from in-store sales ranging from \$3,678 to \$37,402 with an average gain of \$14,325 that they gave credit to the workshop experience through the website. These businesses also believed that they received an increase in store purchases of an average of 13% due to our efforts. We believe that we helped struggling entrepreneurs in our area achieve great success. The results of our exit survey were:

Question	Pre-Event Response	Post-Event Response
How many of you have computers in your business?	96%	96%
How many of you use that computer for business applications?	80%	96%
How many of you have a website?	40%	96%
Rate the usefulness of the workshop for your business on a scale from 1 to 10 with 10 as excellent and 1 of no use	8.4	9.8
Score on technology test	33% mean	79.34% mean
I would recommend this class to a colleague		86%
I believe that the workshop will increase my profit?	14%	96%
I have used the internet to find customers.	16%	96%
I have used the internet to find suppliers.	10%	76%
I believe that this workshop has increased my profit		86%

We were particularly pleased that we were able to help thirteen struggling minority businesses increase their bottom line profit by 3.48% over the course of the next year. This included both increased store sales and Internet sales of \$3.24 per hit in over 4,000 purchases. The female-owned businesses also did very well with a profit increase estimated at 6.98% over the course of the next year. This also included increased store sales and Internet sales averaging \$3.88 per hit on a total of nearly 24,590 hits. The groups that performed the best were the couple-owned businesses, or joint partnerships, with a profit increase estimated at 7.11% over the course of the next year. This also included increased store sales and Internet sales averaging \$7.68 per hit on a total of nearly 43,240 hits. The businesses that had the most success were the manufacturing businesses and the non-food service related businesses. Overall this was a very successful experiment that brought college students in contact with small business and helped both groups gain experience and knowledge that led to success. The 96 businesses had a total of 179 employees whose lives were made better due to our help, since 32% reported that their renewed success made it possible to raise employee salaries. We estimate that the total increase in income from our service in all 96 businesses was over \$8 million or an average of \$117,391.30 per business and a range from a high of \$237,500 to a low of \$2,201. This boost in income will have a multiplier effect throughout our community.

Spastics	2004 Workshop1	2004 Workshop2	2005 Workshop	2006 Workshop
# of Teams	16	16	17	20
# of participants	22	25	23	24
Years in Business Range	0 to 7 Years	0 to 14 Years	.5 to 14 Years	1 to 18 Years
Mean Yrs, in Business	2.57 yrs	3.56 yrs	4.85 yrs	5.21 years
Pretest range	13 - 40	14- 49	11- 38	12 - 89
Pretest mean	23.06	31.32	24.89	21.12
Post test range	14-52	11-52	13-46	18-47
Post test mean	42.75	47.19	39.30	41.98
Restaurants	8	6	11	12
Retail	6	9	10	8
Manufacturing	2	1	2	4
Hits range	122-3,1442	247-4001	19-4521	321-7,545
Mean hits	1,254 105 per mnth	1,244 104 per mnth	2,111 195 per mnth	3,333 261 per mnth
Sales per Hits	\$13.11	\$8.85	\$7.81	\$22.31
1 yr Mean Sales Increase	7.51%	8.32%	19.12%	16.66%
Race White	9	10	8	12
African-American	3	5	9	8
Asian	1	1	3	2
Hispanic & Native American	0	3	3	2
Range Income	\$0-\$330,006	\$170,200- \$402,100	\$430,350- \$27,500	\$555,325- \$175,200
Mean Income after 12 months	\$162,266	\$174,625	\$237,110	\$421,360
Mean Sales increase from year	11.91%	7.7%	12.27%	17.22%
Total income after 12 months	\$2,209,921	\$2,794,200.50	\$5,453,531.00	\$10,112,400
Total Income prior to workshop	\$2,071,759	\$2,579,047	\$4,784. 383	\$8,371,296

AN EXAMINATION OF CHANGING NEEDS FOR SCORE/SBA SERVICES IN THE POST-KATRINA NEW ORLEANS/BATON ROUGE ENVIRONMENT

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INTRODUCTION

In the aftermath of Hurricane Katrina, the worst disaster to strike the United States in its history, there has been recognition of the need to examine what occurred and what has happened since the disaster to permit us to learn the lessons which history may have to teach us (Runyan, 2006). In this study, we use data collected by the Service Corps of Retired Executives (SCORE) to examine the issues surrounding the SCORE/Small Business Administration (SBA) alliance pre- and post-Katrina to see what lessons can be learned. This examination is especially important for New Orleans and the surrounding area, in that New Orleans has been described as a “small business city,” with a relatively large number of small, entrepreneurial firms. Moreover, minority-held businesses represent an important sub-component of this population (Runyan, 2006). Thus, fostering the recovery of these firms, as well as the development of additional small businesses, will be critical to the city’s re-birth.

THE TRADITIONAL ROLE OF THE SBA

An examination of the literature reveals at least four roles which the organization has performed and which may be relevant to the situation in the New Orleans/Baton Rouge environment. The first of these is the potential SBA role in providing capital for small businesses, especially in the form of loans and grants (Entrepreneurs’ Port in the Storm, 2005). While there have been continuing criticisms of the SBA’s work in this area (e.g., Cohn, 2006; Singer, 2005), it is clear that these services are badly-needed, especially as Runyan (2006) has recently noted, key recovery barriers for small business post-disaster include vulnerability to cash flow interruptions and lack of access to capital for recovery. Note that historically the SBA has not generally provided grants to small businesses; they have provided loan guarantees only, not direct loans. In the post-Katrina setting they have offered some grants and direct loans for people whose businesses were displaced or destroyed by Katrina.

An additional pair of closely-linked SBA roles involve providing specific expertise and mentoring to small business owners, often on a case-by-case basis. Especially notable have been the partnerships which have developed between the Service Corps of Retired Executives (SCORE) and the SBA (Brudney, 2002; O’Connor, 2000; Small Business Scores, 2004). At their best, these partnerships have been effective in providing low cost services in which a healthy dialogue between the retired executives and the small business owners results (Carter, 2004; O’Connor, 2000). Among the specific needs for expertise which have been cited are dealing with venture capital (Parmar, 2005), and information technology (IT), with special emphasis on use of this technology

for communication (Martin & Halstead, 2004). Note that the data examined in this study was collected from the subset of entrepreneurs participating in the array of SCORE services.

A final closely related and important SBA-SCORE role is in providing training for small business owners in common need areas. This area is critical to New Orleans since, as Papanikos (2004) notes, for small business to become an economic engine which creates jobs, sound business practices are vital. However, as Martin and Halstead (2004) point out, the entrepreneurial population, and especially the micro-entrepreneurs (for these authors, those firms with less than 10 employees) have traditionally been the most difficult to reach with training. Early intervention may be critical (Hatten & Ruhland, 1995). Again, both Brudney (2002) and O'Connor (2000) have pointed to the potential benefits of partnerships with SCORE to provide needed training.

THE SBA AND MINORITY/SPECIAL NEEDS GROUPS

Attention to minority and other special-needs groups is important, especially to New Orleans, in that Waldinger (1993) has pointed out that entrepreneurship and small business represents one important way in which minorities can respond to the restructuring of societies – a “fact of life” for the present-day New Orleans/Baton Rouge environment. Yet the needs of these groups have remained relatively unstudied (Aldrich & Waldinger, 1990). The key racial minority group in New Orleans/Baton Rouge has historically been the African-American population, but a recent influx of Hispanics suggests that this group may become more important in the future (Ohlemacher, 2006). Moreover, Bates (1989) and Hogan and Robinson (1993) have suggested that these groups may have special needs for training in areas ranging from assertiveness to amassing capital. Other groups suggested as needing special attention are females (Merrett & Gruidl, 2000) and individuals with disabilities (Burkhalter & Curtis, 1989). Of concern, given the call to respond to these groups, there have been scattered reports of race-based discrimination in small business lending (Immergluck, 2002) and SBA misuse of minority set-asides (Bean, 2003).

THE POST-KATRINA LANDSCAPE IN NEW ORLEANS/BATON ROUGE

Given the research pointing to entrepreneurship as an economic engine (Papanikos, 2004) and given its importance to the New Orleans/Baton Rouge area especially, it is important to consider the issues confronting the SBA in the post-Katrina environment. The first of these issues centers on *whether* the SBA will have the capability to deliver needed services. Cohn (2006) has noted the distinct possibility that the SBA could run out of funds to support vitally needed disaster assistance loans. Moreover, there have been reports that SBA slowness, inflexibility, and bureaucracy have proved major barriers to the effective distribution of disaster recovery loans (Singer, 2005). The prospect of inflexibility and bureaucracy are of concern in the findings we report. In this study, we examine pre- and post-Katrina use of the SBA to consider whether the SBA is equipped to deal with the new realities of post-Katrina environment.

DISCUSSION AND CONCLUSIONS

Our preliminary findings suggest that the SCORE will be facing a changing environment in post-Katrina Louisiana. Note that, historically, the SCORE office, located in the state capital, Baton Rouge, has attracted a low percentage of requests for assistance from the New Orleans area. We suspect that several factors have led to this low representation. Pre-Katrina, a New Orleans-based SCORE office was available. Moreover, for the low income, and especially minority, segments of the New Orleans population, Baton Rouge has been seen as far away, difficult to get to by those relying on public transportation, and perhaps not a “minority-friendly” environment. Thus, while the largest metropolitan area in the state, New Orleans and its environs were not among the cities

making heavy use of the Baton Rouge SCORE. In the post-Katrina environment, the situation has shifted significantly and, even with the number of applications down, New Orleans and Metairie are now among the most highly-represented cities. Perhaps what is occurring is in part the result of the large number of the New Orleans population which evacuated to Baton Rouge, many of whom are still there but expecting to return “home” at some point. Perhaps these individuals are reluctant to plan home-based businesses given the uncertainties of their housing situations. Moreover, for those who have returned to New Orleans, Baton Rouge may still be a much more familiar place and they may be much more open to going – or e-mailing or calling - there for assistance.

What about the clients themselves and their needs? Again, our findings suggest changes. In terms of ethnicity, the post-Katrina population is more diverse, with a reduction in percentage applications by whites, applications by blacks remaining constant, and upturns in applications by Asians and Hispanics. The percentages of new cases and follow-up cases appear consistent, but there is an increase post-Katrina, in absolute numbers. We also see a higher percentage of follow-up cases outside the city, probably reflecting the lighter damage sustained in many of the suburbs and thus the relative ease of re-opening in those areas.

Interestingly, the needs for counseling reported post-Katrina are radically different. Far more needs for counseling are reported and a much higher percentage is from individuals contemplating a business start-up. What we may be seeing is the recognition by entrepreneurs that starting up and operating in the post-Katrina environment will be complex and difficult at best and that they will have need for significant support and expertise. If this is the case, the decrease in number of contact hours per case reported post-Katrina may be cause for concern unless they simply reflect a more sophisticated group which is making use of quicker-to-handle e-mail services.

Overall, our findings, while certainly early, preliminary, and incomplete, suggest that SCORE and the SBA may be facing significant challenges in the post-Katrina environment. More requests are coming from New Orleans and its suburbs, and the requests are from what appears to be a more diverse population with many more and more varied needs. Concerns about start-up businesses, especially, suggest that potential entrepreneurs are well aware of the complex and difficult business environment they face. Moreover, they are actively seeking support and guidance from the SBA. Providing that support is likely to require flexibility, innovation and willingness to “think outside the box” to find solutions in an unprecedented situation. Doing that will be the challenge.

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ESTABLISHING A CAMPUS-WIDE ENTREPRENEURIAL PROGRAM IN FIVE YEARS: A CASE STUDY

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ABSTRACT

Entrepreneurship and entrepreneurship education are widely recognized to have made tremendous progress in the U.S. over the past 20 years (Solomon, G.T., Duffy, S., & Tarabishy, A. 2002). In fact, some researchers suggest that the U.S. is far ahead of other regions in terms of entrepreneurship and entrepreneurial education. This paper uses a case study to analyze the efforts of an individual hired to develop a comprehensive new entrepreneurship program at a school with little or no history of entrepreneurship education.

Using a case study methodology, we describe the process used to build a comprehensive new program in entrepreneurship that will soon evolve reach 150 active entrepreneurial minors and the approval of a new major in entrepreneurship. We emphasize five issues that were central to the planning process that guided the creation of the program. These issues, described in the supporting literature were: what is taught, why it is taught, how it is taught, and how well it works (see Gorman and Hanlon, 1997; Vesper and Gartner, 1997; Solomon, Winslow and Tarabishy, 1998). To this list we add “leadership support.” This research provides a unique look into the process of creating a comprehensive, new program in entrepreneurship. Given the continued interest in entrepreneurship that exists, this study provides the reader with a template for creating and maintaining a comprehensive program in entrepreneurship. More importantly, given the lack of formally trained entrepreneurship educators, this study provides a detailed assessment of the foundation and creation of a program that has grown from literally nothing to a comprehensive academic program of study in five years. While the specific objectives and milestones of any academic program are unique to that institution, this study may be used as a benchmark for the efforts of others to create their own comprehensive entrepreneurship program for their university or college.

INTRODUCTION AND RELATED LITERATURE

In 1980, fewer than 20 universities and colleges offered courses in entrepreneurship, while today more than 1,600 universities have at least one course in entrepreneurship (Solomon, G.T., Duffy, S., & Tarabishy, A. 2002). In fact, the growth rate of entrepreneurship among colleges and universities in the U.S. is nothing short of phenomenal. Katz (2006) argues that the growth continues as we see entrepreneurship courses emerging in the arts, engineering, life sciences, and the liberal arts. Nonetheless, in spite of the fact that entrepreneurship is reaching a state of maturity (Katz, 2006), we continue to debate the definition of entrepreneurship (Fiet, 2001a and 2001b) and the place of entrepreneurship education within the academe (Kuratko, 2003; Katz, 2006). The continued debates suggest that entrepreneurship education is a maturing, yet highly fragmented field of study. In fact, Fiet (2001) argues that the literature on entrepreneurship education is still in a developmental stage. For this reason, we take the view that valuable lessons may be learned from the experiences of successful entrepreneurship programs.

Thus, the purpose of this study is to describe the efforts of one university to create and maintain a comprehensive¹ program in entrepreneurship at a school with little or no history in

entrepreneurship education. As entrepreneurship education is still in the exploratory stage (Gorman and Hanlon, 1997), our choice of a research design was influenced by the limited theoretical knowledge researchers have of entrepreneurial education (Fiet, 2001a and 2001b). In such a situation, it is appropriate to use a qualitative research method in order to gather the necessary information (Eisenhardt, 1989; Yin, 1994). By examining in depth a single program of development, factors and procedures can be identified that have more universal application and learning curves can be enhanced to increase the speed and effectiveness of entrepreneurial program development. The current research necessitated that observations be made of the process of starting a new entrepreneurship and small business center in great detail. Thus, a research method described by Audet and d'Amboise (1998) was adopted which was broad-minded and flexible. As in this study, the goal of this analysis is "to combine rigor, flexibility and structure without unduly restricting our research endeavor" (Audet and 'Amboise, 1998, p. 11 of 24).

We use a case study design (Yin, 1994) to describe the efforts of a regional, public university to develop and operate a comprehensive entrepreneurship program. The literature suggests that many models of entrepreneurial education are followed (Katz (2006); Kuratko (2003); Katz (2003); Fiet, 2001a, Solomon, et al., 2002, and Shepherd and Douglas, 1997), using a variety of pedagogies (Solomon, et al., 2002), in many American colleges and universities. Recent studies in entrepreneurship (St. John and Heriot, 1991; Abdel-Latif and Nugent, 1996; and Rialp-Criado, Urbano and Vaillant, 2003) have demonstrated that case research has a high exploratory power and allows dynamic, decision-making processes to be more deeply investigated (Audet and d'Amoise, 1998).

This study describes the process of creating this new program using a three-step approach. First, the extant literature is surveyed to sample the models for creating and operating an entrepreneurship program and small business or entrepreneurship center. Second, the current situation in the university at the time the charge was made to create an entrepreneurship program is evaluated. Next, the steps that were taken to build a program in entrepreneurship are systematically evaluated leading to the development of an entrepreneurial program. Lastly, we discuss the conclusions of this study.

The literature on entrepreneurship education is fragmented at best. Scholars continue to debate how entrepreneurship is defined (Fiet, 2001a) and how to best teach entrepreneurship (Solomon, et al, 2003; Fiet, 2001b). For this reason, Jim Fiet argues that entrepreneurship and entrepreneurship education is still in a developmental stage (Fiet, 2001b).

Entrepreneurship education has been evaluated from a variety of perspectives including what is taught, why it is taught, how it is taught, and how well it works (see Gorman and Hanlon, 1997; Vesper and Gartner, 1997; Solomon, Winslow, and Tarabishy, 1998). Solomon, et al. (2003), discuss the results of a twenty-year investigation of teaching entrepreneurial education and small business management in the U.S. Their data is based upon six national surveys. They believe a trend exists toward greater integration of practical applications and technology. They note that new venture creation, small business management, and small business consulting remain the most popular courses in the field.

In their research, Vesper and Gartner (1997) present the survey results of ranked university entrepreneurship programs. The top seven criteria for ranking these programs were courses offered, faculty publications, impact on community, alumni exploits, innovations, alumni start-ups, and outreach to scholars. While some American universities may wish to focus on these criteria as they develop a new entrepreneurship program, it remains to be seen if these criteria are meaningful or affordable for all universities. Issues such as accreditation, program funding, faculty, goals, and current programs clearly will impact the importance of these criteria for anyone wanting to create a new, comprehensive program in entrepreneurship.

RESEARCH METHOD

As noted earlier, this research adopts a qualitative research design in keeping with the desire to show a single program development strategy with implications for benchmarking by others. While it is understood resources and goals widely vary among different types of universities, much can be learned from the successful development of an entrepreneurial program that would have implications for the creation of applications in other locations in the U.S.

In a large, public university in the south, an Endowed Professor in Entrepreneurship was hired to “develop the spirit of entrepreneurship.” Prior to joining the university, the new endowed chair served as the Director of a Small Business Institute program for 30 years and as a professor of entrepreneurship at a regional western university. The university was a comprehensive university with a student body of approximately 17,000 students at the time the endowed chair was hired. The university has programs of study in Education and Behavioral Science, Health and Human Services, Business, Arts, Humanities, and Social Sciences, and Science and Engineering. Table 1 below shows the significant milestones that have occurred since the program was begun in 2001. Space restrictions prevent us from describing fully these efforts to create a new, comprehensive program at entrepreneurship. Nonetheless, the table demonstrates the depth and breadth of activities that were undertaken between August 2001 and the Present Day.

Table 1. Summary of Milestones for a Comprehensive New Program in Entrepreneurship		
Milestone	Date	Comment
Assessment of Situation	Fall 2001 to Fall 2002	Continuous Strategic Process
Development of Penetration Strategy	Fall 2001 to Fall 2002	AACSB Continuous Improvement Efforts are Used
Create Entrepreneurship Class	Fall 2001	Offered each fall and spring since August 2001
Establish Small Business Institute Capstone Course	Spring 2002	Very popular among all business students
Create Faculty and Departmental Incentives	Fall 2002	Ongoing
Get Other Departments Involved	Spring 2003	Evolving Process as non-business departments are contacted
Establish Financial Support	Spring 2003	Ongoing
Gain Political and Organizational Support	Fall 2001 through Spring 2003	Pervasive
Add Entrepreneurship Faculty Position	Spring 2003	Stable as of Fall 2006
Encourage Interdepartmental E-ship courses	Spring 2003	Continues as Needed
Build a Critical Mass of E-ship Courses	Fall 2004 to Spring 2005	Ongoing as a new major is being proposed
Establish Cross Disciplinary E-ship Minor	Fall 2003 to Spring 2005	Continuous Process; currently have 127 students in minor
Create Entrepreneurial Expo	Spring 2004	Held each spring since 2004
Develop Flexible E-ship Major	Fall 2005 to Spring 2006	Ongoing

Table 1. Summary of Milestones for a Comprehensive New Program in Entrepreneurship		
Milestone	Date	Comment
Create Entrepreneurship Center and Get Funding	April 2004; April 2005	Continuous; more money is always a need

DISCUSSION

In order to assess all that has been discussed in this case study, we have chosen to emphasize five issues that were central to the process of creating and sustaining the program in entrepreneurship. These issues are consistent with how other researchers have evaluated entrepreneurship education in the extant literature: what is taught, why it is taught, how it is taught, and how well it works (see Gorman and Hanlon, 1997; Vesper and Gartner, 1997; Solomon, Winslow and Tarabishy, 1998). The literature on organizational change emphasizes the importance of leadership. (NEED citation here). Thus, to this list we add “leadership support.”

Leadership Support

Leadership support is not specifically discussed in the entrepreneurship education literature. However, the management literature emphasizes the importance of leadership support when pursuing any new initiative. Thus, this important issue is considered.

It would not have been possible to create a comprehensive program in entrepreneurship without the support and encouragement of the President, and, subsequently, the Provost of the university. Both of these individuals supported almost all of the new initiatives in entrepreneurship. Their support in the strategic management process was critical to new initiatives being approved and funded. Without their support, the efforts of the endowed faculty member would most likely have been limited to the creation of new courses in entrepreneurship rather than a comprehensive program that also included service, experiential learning, outreach, and research activities.

What Is Taught

The program in entrepreneurship started with a whimper rather than a bang. The reason for such a less than stellar start was simply the reality that the program started from scratch with only one faculty member assigned to entrepreneurship. Thus, the program did not have the capability to offer multiple classes. Successive courses were developed as new faculty resources were added. As the program was developed, the program used feedback from students, faculty, and practicing entrepreneurs to identify gaps, deficiencies, and difficulties in specific courses. The plethora of courses that are offered in universities in the U.S. and Europe suggest that a large variety of topics will elicit interest. It would appear that new venture creation and small business management are among the most popular courses with students, and perhaps small business counseling as well. It is probably premature to offer this course without considerable preparation by the faculty. While student-based counseling is very popular in the US, the U.S. also has a 26-year tradition in the Small Business Institute program as well as other outreach programs.

Why It Is Taught

The introductory course, MGT 312, Entrepreneurship is the fundamental course in the overall academic program. However, the College of Business has wisely been offering an Introduction to Business and Entrepreneurship course that is required of all freshmen enrolled in

business. This course attracts a number of non-business students as well as students that have not declared a major. Hence, the course serves as a natural vehicle to recruit more students to the entrepreneurship program.

How It Is Taught

Pedagogical issues are among the most debated in the entrepreneurship education literature. A variety of techniques are used in entrepreneurship and small business management courses. These techniques include, but are not limited to, case studies, lectures, experiential exercises, business plans, consulting projects, and guest speakers. Just as entrepreneurship itself is often associated with creativity and innovation (see, e.g., Kuratko and Hodgetts, 2001), teaching entrepreneurship has similar associations. The faculty should feel free to use any technique they believe will enhance the learning environment. As Schaper (1999) argues, numerous techniques are a wiser choice than only one or two regular techniques.

The program at this university uses a broad approach with state-of-the-art entrepreneurship education and pedagogies. Ranging from stage-wise development of ideas, feasibility studies, business plans, and business analyses to hands on applied business application, students are taught to be effective in the entrepreneurial world.

How Well It Works

The program can be evaluated using a variety of benchmarks. As noted, Vesper and Gartner's research (1997) indicate that highly ranked programs are evaluated based upon course offerings, faculty publications, community impact, alumni exploits, innovations, alumni start-ups, and outreach to scholars. These categories reflect a set of standards that are the cumulative result of over 20 years of teaching entrepreneurship. Applying these grandiose standards to a new program would not be valid. Thus, in our assessment, we have selected three or four standards which may or may not reflect the larger American experience.

These standards include course offerings and students enrolled in the Minor and Major including breadth and organization of course design, flexibility and utility of the minor and major. Qualifications of faculty, availability of a Center for Entrepreneurship, and financial resources available to the entrepreneurial program contribute to the standards. Successful involvement of students in both the Small Business Institute competitions and SIFE competitions address the issue of student engagement and contribute to standards of excellence. Finally, degree of administrative support, popularity among students, and university-wide impact should be considered in the standard.

IMPLICATIONS

As noted previously, we understand that the observations and detailed description of the steps that were followed at this public university may not be generalized to other situations. However, we believe that this study makes a contribution to the literature and to the practical efforts of individuals seeking to create a new entrepreneurship program or to expand their existing program.

Theory and Method

This case study generally affirms the findings of Solomon and his colleagues (2003). Nonetheless, the reader is able to obtain a more detailed view of the actions of one university. Such a perspective is simply not possible as a field of study moves from an stage of theory development to a stage of theory testing that entails traditional quantitative survey research.

This study demonstrates the value of the case method as a means of evaluating a phenomena in great detail. While survey designs, especially as a discipline grows and matures, give us insight into the aggregate efforts of a large group of individuals or organizations, a qualitative study offers a detailed perspective which may uncover issues that are lost in the process of aggregating the quantitative results of a study involving numerous participants.

This research used a case-study method as a highly valuable qualitative research strategy. The choice of a case study method was theoretically driven. Recent studies of the activities of small firms (St. John and Heriot, 1991; Abdel-Latif and Nugent, 1996; and Rialp-Criado, Urbano and Vaillant, 2003) have demonstrated that case research has a high exploratory power and allows dynamic, decision-making processes to be more deeply investigated (Audet and d'Amoise, 1998). In particular, the case-based methodology is applicable to the discovery of process issues such as the creation of a new program in entrepreneurship. We believe it overcomes some methodological limitations associated with previous research as noted by Aldrich and Martinez (2001). Thus, the case methodology we used may also be well suited to other situations in which researchers are pressed to use traditional empirical methods.

Benchmarking

Perhaps the most important implication this study may have is to serve as a template or benchmark for individuals that would like to create a comprehensive program in entrepreneurship or to take their existing program beyond a simple academic emphasis. More importantly, given the lack of formally trained entrepreneurship educators, this study provides a detailed assessment of the foundation and creation of a program that has grown from literally nothing to a comprehensive academic program of study in five years. While the specific objectives and milestones of any academic program are unique to that institution, this study may be used as a benchmark for the efforts of others to create their own comprehensive entrepreneurship program for their university or college.

RECOMMENDATIONS

Upon reading the literature on entrepreneurship education and observing the current situation at the university, one of the few definitive conclusions one can reach is that the university has made an ambitious move to create a comprehensive program in entrepreneurship. The program includes a mixture of teaching, outreach, experiential learning, community service, and applied research. The biggest challenge to the program will be to manage the momentum. Rapid expansion leads to complex issues of resource allocation, choices regarding direction, and infrastructure challenges.

The university must be prepared to make adjustments to accommodate increasing numbers of non-business students in the Minor In Entrepreneurship. The key to doing so will be to internally recruit faculty who are prepared to teach elective courses and sections of entrepreneurship courses that include students without the traditional prerequisite courses associated with most upper level business classes. Unique and creative course designs in fields such as accounting will challenge the academic community to step out of their comfort zones. Traditional departmental "silos" that protect program SCH measures must give way to interdepartmental and cross-campus cooperation. But with these challenges, there is also tremendous opportunity for a new creative way to educate the entrepreneurs of tomorrow!

REFERENCES

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ENDNOTE

1. We define a *comprehensive* program in entrepreneurship as a program with more than simply an academic interest. A comprehensive program goes beyond simply adding some courses to the curriculum. A comprehensive program also emphasizes service, outreach and research objectives.

THE LEARNING ZONE: A PRACTICAL FRAMEWORK FOR THE CONTINUOUS ADVANCEMENT OF ENTREPRENEURSHIP EDUCATION

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ABSTRACT

As the business environment becomes more and more complex due to rapid globalization, increasing competition, and advancing technologies, universities are under more pressure to respond by providing students with experiential learning opportunities that mirror reality. In this paper, we provide a framework from a student learning perspective that improves our capability to determine what the goals and objectives should be for entrepreneurship education and how they could be modified or adjusted to maximize student learning experiences.

Specifically, we identify three distinct types of "zones" - the comfort zone, the learning zone, and the panic zone to help identify appropriate activities to include in specific courses. It is a framework other universities can easily use to better understand and improve upon specific entrepreneurship course and program offerings to help maximize student learning. In essence, for any type of activity to reach its full potential for learning, the students must occupy the learning zone and the professor must occupy the comfort zone. Explicit examples are provide, one that illustrate a "best-case scenario" and one that achieved far less success. The level of success in each scenario is based upon the learning zone framework provided in this paper.

RETIRING BABY BOOMERS IMPACT ON ENTREPRENEURSHIP AND SMALL BUSINESS JOB CREATION

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ABSTRACT

Opportunities are endless with the "coming of age" of baby boomers. This generation has played such a significant role in the reshaping of the culture and economy in America. Allowing them to fade into the darkness of retirement is imprudent and irresponsible. Boomers have so much to offer younger generations by way of business experience and knowledge. Planning and preparation must begin now, and take place at all levels to address the unprecedented down shift in the labor population, and up shift in the elderly dependent. With the right plan and execution, many will benefit from this demographic shift.

DISASTER LOANS: DOES PREPAREDNESS MATTER?

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ABSTRACT

It is generally accepted that being prepared for a disaster is simply good business practice and essential for reestablishing the business after an interruption. This research addresses the question of whether being prepared with backup operating and financial records materially impacts the ability of small businesses to receive state or federally-backed disaster recovery loans to reopen their establishments. We conclude that obtaining disaster recovery loans and the time from application to funding was more a function of the policies and procedures of the state and federal governments, than the preparedness of the affected small businesses. The use of a consultative approach by the lending agency was much more effective than a traditional loan officer approach.

"WHO IS AN ENTREPRENEUR?" IS IT STILL THE WRONG QUESTION?

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ABSTRACT

William Gartner's 1988 article "Who is an Entrepreneur?" Is the Wrong Question suggested that more productive research into entrepreneurship could result from shifting the unit of analysis from the individual level to the functional level. Eighteen years later, it does not appear that the research resulting from this shift has produced agreement on the most appropriate definition of entrepreneurship.

The paper reviews the literature defining the domain of entrepreneurship. It compares three definitions of entrepreneurship currently being discussed by scholars and offers a fourth definition, which brings the unit of analysis back to the level of the individual.

Multiple scenario analysis is a useful heuristic for examining fundamental uncertainties and thus to gain understanding of the limitations imposed by each of the domain statements. The paper develops a number of scenarios and tests each scenario against competing domain statements. These results provide evidence that the proposed definition is more encompassing than the Gartner (1988) domain, the Venkataraman (1997) domain or the Entrepreneurship Division (2002) domain.

Further testing is recommended to confirm this initial finding, and to determine the boundaries of this definition. This paper concludes that the time has come to re-visit the individual as entrepreneur.

IS SMALL BUSINESS FORMATION A CATALYST FOR ECONOMIC DEVELOPMENT?

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ABSTRACT

The paper examines the hypothesis that states which have higher percentage of business formation tend to experience higher rate of GSP growth rate. The state data set from the 50 states is used to test the validity of the hypothesis. The methodology suggested by Learner (1983) and Levine et al (1991) is used to test the small business formation coefficient estimate by specifying and altering a set of other conditioning variables which explain GSP growth rate. The study finds support for the hypothesis that small business formation is significant factor in economic development of the 50 states.

INTRODUCTION

The break-up of Soviet Union and transition of Eastern Europe from centralized to market economies have renewed interest in small business formation. The interest in small businesses has been further galvanized by globalization which has resulted in some cases, mass scale closing of factories and plants. Many small communities are devastated because the closed factories were the major and, in some cases, their only source of employment. Outsourcing has further taken its toll even in some many mid-size towns. More and more communities and states are pinning their hopes on the small business formation to invigorate the communities affected by international competition so much so they are willing to dole out millions of dollars to create an environment that is friendly to entrepreneurial activities.

The contributions of the small businesses to economic development are chronicled by several studies. Headd (2000), for example, claims that small businesses hire individuals who might otherwise remain unemployed because they are too young or too old or lack experience, education or skills to be employed by the large or medium size firms. Considering the nature of jobs created by the small businesses, many policy makers view the creation of small size businesses as an important development strategy to move welfare recipients to work (Headd, 1997). According to McDowell (2004) study small business formation accounts for more than half of gross domestic product and approximately sixty to eighty percent of the new jobs created in this country. Robbins (2001) notes that high rates of gross state product and productivity growth are directly related to the size and extent of business formations. Small business formation also tends to have a favorable effect on the inflation and unemployment trends. Small businesses also contribute disproportionately to the pool of inventions and innovations (Small Business Administration's office of Advocacy Group report, 2001). Small businesses have successfully changed the market structure which was dominated by large size oligopolistic companies.. Further, the small business' flexible techniques of production have enabled many communities to absorb the shocks the vicissitudes of demand fluctuations (Small Business Research Bulletin, 2001-2002). Small businesses also provide a ready

market for business loans for most banks (Lamb, 1994) Reuters (2005) claims that small business also are responsible for increased capital spending and higher employment retention.

These studies cited above point to various paths through which small business formation may affect the process of economic development. There is, however, no systematic econometric study which identifies the overall contribution of small business formation to GSP growth rate controlling for other contributory factors..

The paper examines the hypothesis that those states which have higher rates of business formations experience higher GSP growth rates controlling for the effects of other variables.

METHODS

In what follows, we use the methodology suggested by Learner (1983) and Levine et al (1991) to test the robustness of small business formation coefficient by specifying and altering a set of other conditioning variables which explain GSP growth rate. It is assumed that the small business formation coefficient is statistically robust if it's a priori sign and statistical significance are insensitive to alternations in the conditioning set of variables.

The initial regression model includes the following:

$$1. \quad G_i = a + b_1 Pop_i + b_2 Inc_i + b_3 Lab_i + b_4 Edu_i + SB_i + E_i$$

Where G_i is the GSP average growth rate between 1985-2000, Pop_i is the percentage growth rate of population in each state, Inc_i is the per capita income in 1980 for each state, Lab_i is the percentage change in labor force in each state, Edu_i is the percentage change in number of persons with college degree in each state i , SB_i is the percentage change in small business formation in each state and E_i is error term.

Next, the robustness of the small business formation coefficient was tested by adding and altering a set of generally accepted variables in state growth literature. Equation 2 represents a general model that includes the following:

$$2 \quad G_i = a S + b_1 I + b_2 P + E$$

Where G_i is the GSP average growth rate between 1985-2000 ; S stands for a set of variables, which are generally included in most empirical studies on the determinant of GSP growth rate. These variables include all the variables mentioned in equation 1 except for the small business formation which is represents the variable of tinerest "I" and "P" represents a pool of other potential variables, which are identified by researchers on GSP growth rate. The list of "P" variables include ratio of manufacturing sector to total GSP for each state, taxes as a proportion of GSP for each state , ratio of net exports in GSP for each state, government savings as a percentage of GSP and "E" represents the error term.

The cross- section data from 50 states within United States was used to test the hypothesis that the differences in GSP rates of growth of different states can be explained by the differences in rate rates of increase in businesses established in different states.

The cross-section data for 50 states are derived from the Bureau of Economic Research and Census Bureau. The data for small business formation is taken from Small Business Administration, office of Advocacy (2005).

Preliminary results show that all the variables included in the model (except education) are statically significant at 0.05 level. R-square of .511 indicates that the model explains 51 percent of variation in GSP growth rate. The R-square is within the acceptable range considering it is a

cross-section study. The small business formation coefficient is not only statistically significant at 0.05 level, but it also the largest, 3.87 (see below).

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3.137	10.788		-.291	.773
	Change In Population	-.458	.189	-.266	-2.432	.019
	Percent Education	.003	.154	.003	.020	.984
	Percent Labor 2000	.012	.006	.259	1.990	.053
	Per Capita Income 1980	.001	.001	.260	1.915	.062
	PerSmallBus	3.837	1.371	.376	2.799	.008

a. Dependent Variable: GSP Rate of Growth

The small business formation coefficient, however, needs further testing to determine its robustness. We plan to add a combination of conditioning variable to ascertain whether or not the sign and magnitude of small business formation coefficient will change.

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