

# Seeking Inclusion through Local Entrepreneurship Training Initiatives in Low-Income Communities

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**Cite as:** Garcia, S.C. & Ustymchuck, N. (2020). Seeking Inclusion through Local Entrepreneurship Training Initiatives in Low-Income Communities. *Metropolitan Universities*, 31(2), 71-91. DOI: 10.18060/23810

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**Editor:** Valerie L. Holton, Ph.D.

## Abstract

Understanding the role of local resources in enabling or constraining the development of entrepreneurial activities in urban communities holds important implications for community placed-based initiatives led by urban universities. This article analyzes the societal and interpersonal factors that affect the outcomes of an entrepreneurship center created in 2016, in partnership with an urban university within a low-income community adjacent to campus. The center was created to address the needs of local residents wanting to launch new businesses, as well as supporting small business owners in the neighborhood who desire to grow their businesses and capitalize on the neighborhood's proximity to large city anchors. The study uses a mixed research design to understand, through the voice of residents and local business owners, the potential of the center as a catalyst for local entrepreneurship and inclusion, and proposes ways in which community resources can be used to bolster entrepreneurial success. Results reveal the need to strengthen local entrepreneurs' social capital and social competences in order to promote access to financial and business resources. Local businesses must be used as significant assets to build upon in order to strengthen entrepreneurial capacities and cultivate community attitudes towards entrepreneurship.

**Keywords:** entrepreneurship training, community resources, university-community partnerships

## Introduction

In 2014, a residential neighborhood within a Midwestern city was given a special designation as part of a local initiative to transform strategic urban locations into places where people choose to live and work. The development was linked to a larger vision aligned with the city's plan to develop urban villages. Aligned with the neighborhood's 2015 Quality of Life Plan, residents and neighborhood organizations were enthusiastic about creating a center to give residents access to entrepreneurship training and microloans and/or other lending programs for business start-ups, as well as provide local businesses with services and technical assistance.

To advance the community plans, in 2016 a local public university was awarded a grant and private funds to create a place-based entrepreneurship center. The university served as fiscal agent and provided staffing, planning expertise, and advice on partnerships, curricula, and services for the targeted population. The center hired a full-time manager and recruited the first group of program participants for the business accelerator program in fall 2016. University faculty, local businesses, and community leaders are members of the board of directors. The university builds relationships on behalf of the center, helps in the identification of funders for co-investment and collaboration, and contributes with business resources, training, as well as financial support to aspiring and existing business owners.

In an interview to 18 local business owners, Gramlich, Hurtubise, Lockard, and Santos (2018) identified five areas of needed support: networking with other business leaders, better communication with city officials and agencies, stronger sense of community, advocacy for merchants and small businesses, and neighbors' involvement with the retail community. These results added to previous findings by Bresnahan, Diaz, Hay, Smith, and Walden (2016) who observed low levels of interaction of local business owners with other businesses in the neighborhood. Both studies revealed the need to strengthen social capital.

This mixed methods research provides specific information about the observed needs. We collected data from center clients and staff, local residents, non-profits, and small business owners in the community to address two research questions:

1. What factors affect the entrepreneurial activity in the neighborhood?
2. How can the university and the entrepreneurship center leverage the community social and business resources to support entrepreneurial growth?

## Entrepreneurship training and inclusion

Entrepreneurship training programs run under the assumption that the development of entrepreneurial skills can help overcome barriers frequently posed by the lack of educational background required to access traditional jobs (Laney, 2013). Underlying training efforts, there is an assumption that important entrepreneurial skills that are not part of the individual's arsenal of inborn aptitudes can be developed (Henry, Hill & Leitch, 2005). The characteristics of entrepreneurship programs vary depending on training needs and expectations, context of application, and population served (O'Connor, 2012). In consequence, the wide variety of programs in existence have led to different forms of classification. Henry, et al. (2005) use the categorization developed by Jamieson (1984) to distinguish between three types of entrepreneurship training: education about enterprise, education for enterprise, and education in enterprise. Education about enterprise educates students on setting up and running a business, mostly from a theoretical perspective. Education for enterprise focuses on aspiring entrepreneurs for a career in self-employment, encouraging participants to set-up and run their own businesses. Education in enterprise, "deals mainly with management training for established entrepreneurs and focuses on ensuring the growth and future development of the business" (Henry, et al., 2005, p.102).

Valerio, Parton and Robb (2014) distinguish between entrepreneurship education and entrepreneurship training programs. Entrepreneurship education comprises academic programs that target secondary and higher education students, while entrepreneurship training programs are non-formal options targeting a wide range of potential users. Entrepreneurship training can target "vulnerable, unemployed, inactive individuals, or necessity-driven potential entrepreneurs," "highly skilled, innovation-led, or opportunistic potential entrepreneurs," and "practicing entrepreneurs" including "individuals owning informal, micro and small enterprises all the way to high-growth potential enterprise owners" (p. 33). Training is expected to increase socio-emotional and technical skills associated with entrepreneurship as well as entrepreneurial activities and outcomes, such as employment rates and profits (Valerio, et al., 2014).

Several studies have evidenced positive relationships between training and entrepreneurial intentions (Dehghanpour, 2013), entrepreneurial skills (Dumas, 2001), entrepreneurial self-efficacy (Ehrlich, De Noble, Jung, & Pearson, 2000), and the need for achievement and internal locus of control (Hansemark, 1998). Findings also connect entrepreneurship training with business outcomes. Training improves small business performance and results (Bennett & Barkhuizen, 2014; Tambwe, 2015) and increases entrepreneurial activity (Cowling, 2009). Individuals who receive training have 1.5% more probability of starting a new business, and are 3% more likely to be owner-managers of small businesses (Cowling, 2009). However, the effects of training depreciate over time in reference to starting a business and business scaling-up and profitability (Fairlie, Karlan & Zinman, 2015) as well as in sales and profits (Berge, Bjorvatn, & Tungodden, 2015). Even though there is plenty of evidence of associations between training and

outcomes at the individual and business level, the effects of training on unlocking the potential of individuals and communities in improving their circumstances through active participation in the economy have been difficult to isolate and substantiate (Bettcher, & Mihaylov, 2015; O'Connor, 2012).

### **Factors affecting the effectiveness of entrepreneurship training**

The effects of entrepreneurship training on entrepreneurial activity depend on several moderating factors such as level of education (Nabi, Liñán, Ertuna & Gurel, 2011), prior work experience (Startiene & Remeikiene, 2009; Wiger, Chapman, Baxter, & DeJaeghere, 2015), and motivation (Sriram, Mersha, & Herron, 2007). Similarly, interpersonal skills (Baron & Markman, 2003) and timely access to resources such as capital, social networks, and policy (Isenberg, 2011) can booster the long-term effects of training. The following is the explanation of some of these interpersonal and societal factors.

#### **Interpersonal factors**

Starting and running a business is usually a risky adventure requiring a significant amount of effort and levels of social capital and investment that most nascent entrepreneurs in low-income communities may not possess. (Anderson & Miller, 2003). Entrepreneurs need social capital, including networks, status, personal ties, and referrals, to enhance their access to knowledge and cooperation and to foster their opportunities to receive funds (Baron & Markman, 2003; Grant and Baden-Fuller, 2004). Minority small business owners operating in low-income communities find particular hurdles connected with the lack of bridging and linking social capital (Williams, Huggins & Thompson, 2018). While bridging social capital connects people horizontally between socially heterogeneous groups, linking social capital vertically connects poor people with others who hold influential positions in formal organizations. Bridging and linking social capitals are important in low-income communities to reduce exclusion and increase trust in formal institutions (Middleton, Murie & Groves, 2005). However, as Williams et al. (2018) found, entrepreneurs in deprived communities mobilize resources primarily through socially homogenous groups, mainly with people who have similar characteristics and backgrounds and are inside their immediate circle of contacts. Consequently, they do not use bridging and linking forms of social capital to grow their businesses.

Social capital alone is not enough for entrepreneurial success; entrepreneurs need to build social competences that allow them to take advantage of the fact that they have access to social and business networks. Baron (2014) defines social competence as the “array of skills that assist individuals in interacting effectively with others” including “the ability to perceive others accurately, to express one’s own emotions and reactions clearly, to be persuasive, and to make a good first impression on others...” (Baron, 2014, p.26). While social capital helps entrepreneurs to gain access to other groups, social competence “plays an important role in determining the

outcomes of their experience” (Baron & Markman, 2003, p.44). Outcomes can translate into new funding, knowledge, partners, or buyers. The authors suggest that, “providing entrepreneurs with appropriate training in social skills might assist them in their efforts to exploit opportunities and launch new ventures” (p.58). Social competence is an antecedent of social capital (Lans, Blok & Gulikers, 2015); therefore, more attention must be given to increasing minority small business owners’ abilities to build relationships across heterogeneous groups and with formal institutions.

### Societal factors

The conditions under which the entrepreneur operates, societal factors, such as regulatory, economic, and social conditions, also affect the entrepreneur’s success (Wiger et al., 2015; Baron, 2014). Societal factors allude to six domains of the entrepreneurship ecosystem: markets, human capital, supports, culture, and finance and policy. These factors interact in highly complex and specific ways to shape the entrepreneurial ecosystem (Isenberg, 2011). Entrepreneurial ecosystems are shaped by the geographic context and the social construction of entrepreneurship that co-evolves with the dynamic of each community (Malecki, 2018; McKeever, Jack, & Anderson, 2014). These ecosystems are not geographically bounded; instead, they are defined by a relational nature that incorporates the entrepreneur’s network of organizations and individuals, locally and globally (Clarysse, Wright, Bruneel, & Mahajan, 2014). Consequently, it is difficult to develop a unique understanding of the sequence of events that make the ecosystem operate in a way that favors entrepreneurship (Malecki, 2018). There may be regions where certain elements of entrepreneurial ecosystems are precarious and still operate satisfactorily.

A recently published study in the United States (Kugler, Michaelides, Nanda, & Adbayani, 2017) found that there are proportionately fewer businesses operating in low-income areas, and lower levels of business investments. In general, small low-income communities tend to have less robust human capital, market limitations, less developed infrastructure, smaller networks, less developed or inexistent structures of support, and lower financial resources than large urban centers with established ecosystems. Therefore, small communities must “rely on other components and engage in strategies that allow them bolster their deficiencies” (Roundy, 2017, p.252) leveraging tangible and intangible assets to overcome existing limitations. Some of the existing elements of the ecosystem such as community resources (i.e. community values and loyalty, social bonds, positive role models), local institutional support (i.e. local university, funders, investors, government, and service providers) and training opportunities can be used as advantage to bolster entrepreneurial success and overcome physical and financial limitations. This study identifies some of these resources in a local context.

## Methodology

### Program Context

The entrepreneurial center is located in a working-class, residential neighborhood with more than twelve thousand residents. The median population age is 31; 26% of the population are African Americans and 30% are Latinx. Poverty rate is 39%, and more than half of the households have income below \$25,000. During the last few years, development financial institutions, funding organizations, local investors, local government, and anchor institutions have collaborated in the revitalization and connectivity of the neighborhood to downtown (LISC, 2020). On the northwestern edge of downtown, between the neighborhood and the campus, the university, together with global corporations, and research institutes are creating an innovation district, planting future economic growth for the city (16 Tech Community Corporation, 2020). The neighborhood has also witnessed the growth of an organic art district, perceived by community leaders as positive for business. The neighborhood ranks 31/99 in the number of jobs among all neighborhoods in the city (SAVI, 2020) and has in operation more than 144 small businesses, mainly in construction, social services, including health and education, arts, entertainment, and food services (Gramlich, et al., 2018).

### Design

The study uses a sequential mixed methods approach (Creswell, 2014) that employs quantitative followed by qualitative data collection methods and multilevel sampling (Onwuegbuzie & Collins, 2007). Quantitative (close-ended) and qualitative (open-ended) data were integrated during analysis, interpretation, and discussion.

### Data collection methods

**Online Survey:** An online survey was used to collect primary data. Invitations to take the survey were distributed via Qualtrics. The purpose of the survey was to get first-hand information of the reach and effects of entrepreneurship training on clients' capabilities, status, and performance after receiving services. The survey was content-validated by the center staff and included 36 questions that collected information about business characteristics (location, number of employees, and kind), business networks, entrepreneurial intentions, services received at the center, self-perceived change in entrepreneurship skills, business outcomes, perceived barriers to entrepreneurship, and areas of needed support. The skills listed in the survey to measure self-perceived change in entrepreneurship skills were extracted from the description of the center training activities. Survey data was analyzed using SPSS for frequencies, cross tabulations, and median comparisons.

Qualitative data collection: Focus groups, semi-structured interviews, and an open-ended questionnaire were used to deepen understanding on survey results about capacity building, business outcomes, barriers to entrepreneurship, and business networks. The principal investigator and research assistant conducted four 45-minute semi-structured interviews with four center staff members. Community leaders and members of the neighborhood association responded to a short-e-mailed questionnaire containing five open-ended questions about business opportunities in the neighborhood, changes in local economic activities, and the potential for participation of local entrepreneurs in these changes. The interim director of the center invited a purposive sampling of community business owners and non-profit directors to four focus groups. One focus group was attended by non-profit directors, and three were attended by business owners. Focus groups were conducted by an independent investigator and observed by the research team.

Interviews and focus groups were recorded and transcribed verbatim. The results of the interviews, focus groups, and open-ended questionnaires were analyzed using thematic analysis (Guest, MacQueen, & Namey, 2011). The qualitative analysis software NVivo was used by the investigators to code and aggregate the data into categories and themes. Data coding and interpretation was a collaborative process, involving the principal investigator and research assistant.

#### Participating population

The survey targeted 100% of clients in the center database by October 2018. 356 current and prior clients received online invitations to complete the survey. Only 40 individuals (11%) finished the survey. 50% of survey respondents were neighborhood residents. 64% (27) identified themselves as female, and 25% (10) as male. Among local residents, nine (9) were female and seven (7) were male. 55% of the respondents were between 30 and 49 years old and 76% had college education (55% were college graduates). 50% had a household income over \$40,000. Twenty-nine respondents (72%) were business owners; of them, 23 were business owners when they used the center services for the first time. The number of non-resident business owners (16) was higher than the number of resident business owners (13). The center offers the following services: 10-week business accelerator program, free business workshops, presentations and seminars, one-on-one business coaching, networking opportunities (through meetups, round tables, conversations), and brief assistance to target specific business needs (i.e. vetting a business idea). The three most used services by survey respondents were free business workshops/presentations/seminars (19); business coaching (17); and the 10-weeks accelerator program (11).

In total, 12 local business owners and four non-profit directors participated in the focus groups. Five community leaders responded to the open-ended questionnaire. The instructor of the 10-

week business accelerator program, two business coaches, and the former program director of the center participated in semi-structured interviews.

## Findings

Findings combine qualitative and quantitative data into seven main themes. The first two themes denote the effectiveness of the center in building entrepreneurship skills and business creation. The next four themes summarize the main barriers and areas of needed support reported by participants: business networking, social competence, financial support, and community trust and support. The last theme, roots in the community, emerged as a community asset.

### Capacity building

The survey measured perceived changes in skills since the first occasion clients received service/support at the center. Using post-then-pre questions (Rockwell & Kohn, 1989), we asked respondents to report perceived changes in entrepreneurial skills. Wilcoxon signed ranks tests were used to compare pre and post ranks. Results in Table 1 indicate statically significant pre and post differences (significance level = .01) for “come up with a new business idea” ( $Z = -2.673$ ,  $p = 0.008$ ); “clearly explain my business idea to others” ( $Z = -3.234$ ,  $p = 0.001$ ); “networking” ( $Z = -2.887$ ,  $p = 0.004$ ); “estimate the amount of start-up funds/capital” ( $Z = -3.755$ ,  $p = 0.001$ ); “estimate consumer demand” ( $Z = -4.000$ ,  $p = 0.001$ ); “determine a competitive price for your product/service” ( $Z = -3.051$ ,  $p = 0.002$ ); and “design an effective marketing campaign” ( $Z = -3.419$ ,  $p = 0.001$ ). Differences between pre and post media ranks in the skills “identify the need for a new product or service” and “fund my business start-up/growth” were not statistically significant at .01 significance level. Test results show that survey participants perceive improved performance in seven of the nine skills listed in the survey.

**Table 1:** Entrepreneurial skills. Post-then-pre results

Entrepreneurial Skills	Median pre	Median post	Z	p-value
Come up with a new business idea	2.00	3.00	-2.673	0.008
Clearly explain my business idea to others	2.00	3.00	-3.234	0.001
Identify the need for a new product or service	2.00	3.00	-2.496	0.013
Networking - make contact and/or exchange valuable information with others	2.00	3.00	-2.887	0.004
Estimate the amount of start-up funds/capital	2.00	2.00	-3.755	0.001
Estimate consumer demand	2.00	2.00	-4.000	0.001
Determine a competitive price for your product/service	2.00	2.00	-3.051	0.002
Fund my business start-up/growth	1.00	2.00	-2.556	0.011
Design an effective marketing campaign	2.00	2.00	-3.419	0.001



Further Wilcoxon signed ranks tests were conducted to compare results between college graduate clients (22) and clients with some college, higher education, or less (18). We also compared business owners (29) with non-business owners (11). College graduates perceived improvement in four skills: “come up with a new business idea” ( $Z = -2.741, p = 0.007$ ); “estimate consumer demand” ( $Z = -3.000, p = 0.003$ ); “determine a competitive price for your product/service” ( $Z = -3.051, p = 0.002$ ); and “estimate the amount of start-up funds/capital” ( $Z = -2.810, p = 0.003$ ). Clients with some college education, high school or less did not report significant improvements in any skill after receiving services. Business owners perceived improvements in four skills: “clearly explain my business idea to others” ( $Z = -2.673, p = 0.008$ ); “estimate the amount of start-up funds/capital” ( $Z = -2.919, p = 0.004$ ); “estimate consumer demand” ( $Z = -3.317, p = 0.001$ ); and “design an effective marketing campaign” ( $Z = -2.640, p = 0.008$ ). Non-owners did not perceive improvement in any of the skills.

### Business start-ups

The survey inquired about the number of new businesses created by clients since the first year of operation of the center. Eleven new businesses were established after 2016. Three of the new business owners graduated from the 10-week business accelerator program, received business coaching services, and mentoring. One of them received seed money for start-up. The other eight received business coaching (5) or attended networking events (3). Neighborhood residents owned eight of the newly established businesses and only one was located in the neighborhood. The survey also inquired about intentions to create a new business within the next two years. Seven of the 11 respondents who, by the time of the survey, did not own a business, expressed intention to open a new venture within a year time, and two said that they would be starting a new business after one year.

### Business networking

The need to build business networks was mentioned several times during interviews, focus groups, and in the survey. In the survey, we asked clients about the main barriers to entrepreneurship in the neighborhood. To the question about needed areas of support, respondents expressed that they needed opportunities to connect with investors (60%), with established entrepreneurs (50%), and with clients (45%).

In a focus group, one participant said “I want to be a part of the financial ecosystem of minority communities. Because I think one of the issues minority business owners have with staying in business is access to consumer markets, to successfully sell their stuff” (Participant 3, Focus Group 2). Small business owners expressed that the structures to promote and facilitate collaboration and networking are scarce, leading to missed opportunities to participate in larger

ventures. During the fourth focus group, participants conveyed in the idea of a “glass ceiling” that does not allow them to grow their businesses. They agreed that they would not be able to push “their way up” if they do not collaborate. One of the participants who said to have been “underneath the glass and above it” expressed the need for spaces to collaborate:

...if I was in this room before I had a conversation with [bidder] about letting that contract go, and we had tagged that level of conversation, I’d tell you, you could knock down the framing, you take over cleaning, we could have done some major things, but I turned the contract down. Yeah, I turned the contract down, I actually won that contract. (Participant 5, Focus group 4)

Having a strong network is key to survival especially during rough times, as voiced by this participant who said that she had the help of the landlord, who “waived [her] rent while the roads were closed for constructions.” She added “the economic development person in the [area], sends people into my business, talks about my business and buys whenever they have an event. I also got a grant from them. [I have] Friends that help me with extra work at fairs” (Participant 1, Focus group 3).

### Social competence

Participants shared the need to develop social competence skills. Coaches shared that clients are not getting practical training in how to network although networking is an important part of the conversation. The instructor mentioned:

[in trainings] we don’t really do an exercise, we don’t provide that opportunity to have that experience... we don’t take them to a networking event, or we don’t create a networking event... I do show a video to them that teaches them strategies for networking, which is what everyone finds very helpful, but ... I don’t challenge them to go out and utilize the formula and then come back and report to the group. Or we don’t do a field trip where they have to go out and network and utilize what they observed or took from the video and apply it to practice. So, I think ... they don’t have that experience... (Instructor)

Focus group participants communicated that in order to take their businesses to next level they need to be able to see the results of networking and to recognize the opportunities to transform casual contacts into partnerships and profitable business opportunities. One of the participants expressed to have her calendar “booked out with networking,” but she needs to have “strategic meetings about the way business works, and what needs to happen.” She expressed that it is a question of “strategy versus networking.” As she stated, strategy allows you to move from just shaking hands to “win business...successfully complete the business and leverage that contract to the next contract” (Participant 2, Focus group 4).

When we asked community leaders if local entrepreneurs were prepared to become active participants in economic changes, one of them wrote in the questionnaire, “a fair number of [neighborhood] entrepreneurs started a business without understanding how to avoid pitfalls and what is necessary to run a successful business.” From another leader’s perspective, a way to address this gap is by “providing current local businesses with the opportunity for soft skills training, cultural understanding, professionalism attributes, and understanding of community engagement.”

### Financial support

In the survey, respondents identified lack of support from government (35%) and lack of funding (35%) as primary barriers to entrepreneurial success. Low access to business resources (23%) was also considered among the five main barriers. When asked about the stage of development of their businesses, 10 out of 28 survey respondents (36%) expressed that they “still struggle to generate enough cash flow and get enough customers to stay in business.” Eight (29%) responded that their businesses have enough clients but still cannot generate enough cash flow to finance growth. Only two respondents (7%) described their current businesses as profitable with sufficient size and product-market penetration. The businesses reporting to be in good shape were created before 2014. Most of the struggling businesses were created in 2016 or after.

In the focus groups, business owners revealed that part of their struggles is their limited access to funding opportunities, particularly because there is a tendency to favor applicants with better credit history or better connections. A participant stated:

I have been on the inside of some of those grant funding things, and they seemed to go, to be awarded to the people that are connected. ... it’s the people who don’t really need it, it’s like well-healed, well-off connected to government white people are getting grants... You know they’ve got bank accounts, big ones. So, I would love to see some programs come through that are more about grit, determination, inspiration, fortitude, and aid to the community not a detriment to the community. (Participant 1, Focus group 3)

One business owner said that she would like to have “more access to grant programming for small businesses...”. She continued “...being able to find out about them is very difficult and then there are requirements that you may or may not be able to provide especially for people like me who don’t like to do the paperwork and stuff. ... [I need] Someone to walk me through it”. This was confirmed during interviews with coaches who noted that most incoming clients lack information about the requirements to access public and private funding. One coach shared “[clients] want someone to give them the funds, and they don't understand what a true investor is and how those relationships and contracts are structured”. In addition, aspiring business owners do not always have the required conditions to have access to traditional credits for not having a strong credit history or the financial stability they need in their businesses and households, which increases the costs of repayment.

## Community trust and support

In the survey, clients were asked to judge whether starting a business in the neighborhood was worthwhile/worthless; rewarding/disappointing; without risk/risky; exciting/unstimulating; and easy/challenging. More than 60 percent of the respondents described starting and running a business in the neighborhood as worthwhile (65%), exciting (65%), and rewarding (61%). However, respondents also expressed that starting a local business was somehow challenging (38%) and not without its own risk (31%). We compared the responses given by residents and non-residents using the Chi-Square test of independence and found that residents were significantly more likely ( $p < .05$ ) to find opening a business in the neighborhood “worthless”, “risky” and “challenging”.

Focus group participants also talked about community support. When asked what motivated her to continue to work, one of the participants in the second focus group said “if I would have a community behind me, I think that would motivate me to keep going.” Business owners think that the community’s lack of trust on their competencies affects their capacity to find investors and gain access to consumer markets. During the fourth focus groups, one business owner expressed “there’s trust issues. Our whole community at large has trust issues”. One participant of the second focus group said “black people don’t like to support black businesses because they expect us to disappoint them” ... She continued, “A lot of times, and this is really unfortunate, but like they expect for yours to not be of quality if it’s a black business...” She then added, “it’s just, it’s really a whole layer of... It’s just a cultural nuance... to like not to support each other for systematic oppression...we’ve been taught to not support each other and work together on purpose...and it comes into everything” (Participant 3, Focus group 2).

Focus group participants agreed on the need to build trust in order to create a strong business environment. Without community support, small businesses will find it difficult to take advantage of the opportunities that present to them.

I just bid on [name of bidding] and actually won. I won a contract for 1.2 million dollars... and I had to turn it down for a couple of reasons. One reason was, is that we left out some stuff. But, even at 1.2 million dollars, with our community we can figure it out. But I didn’t have enough community support if you will, to be able to confirm and be confident that I was good (Participant 3, Focus group 4).

## Rooted in the community

We asked survey respondents what motivated them to become business owners. Most of them (55%) have an internal motivation (always wanted to be an entrepreneur) and do not seem to be strongly driven by external circumstances like retirement. Through the focus groups, we also learned that local entrepreneurs are motivated by giving back to the community. Connecting with the community, contributing to community wellness, equity, and inclusion underpins their

entrepreneurial success and is part of their mission as entrepreneurs. One focus group participant stated, “I want to have a space that reminds people that we’re all better together, and then use the different tools to uplift voices of those who have been silenced. ....And then the last thing is to show other women of color that these spaces are for us and if they’re not then we can create them” (Participant 2, Focus group 2).

Business owners revealed wanting “to keep our dollars in our community so that our businesses can grow.” As a participant in the second focus group said, “I want my business to be the foundation to help me build into myself, my family, my legacy, and create more business, to create for my community.” They propose investing in the community by hiring people to help them and sustain that growth. One participant commented, “you know it’s that cyclical effect ... it goes around... I’m trying to set up something better for my son and the generations that come behind him”. New entrepreneurs want to create opportunities for the underserved, “keeping it in house and ...feeding the community, giving folks jobs” (Participant 2, Focus group 4).

## Discussion

The entrepreneurship center was created as a local initiative supported by the university to incentivize new local entrepreneurial ventures that would contribute to social and economic development. Study results suggest that the services provided at the center effectively develop key entrepreneurial skills. However, college graduates reported greater skill gains, which may suggest that services are targeting audiences with higher education levels, defeating the whole purpose of inclusion behind training initiatives in low-income communities (Anderson & Miller, 2003; Kugler, et al., 2017). This could also be used as a reminder of the moderating effects of higher education (Nabi, et al., 2011). The survey revealed reasonable levels of entrepreneurial intentions (seven out of 11 potential business owners reported intentions to open a business within the next two years) and business creation (11 new businesses after 2016). However, only one of the eleven new businesses were located in the neighborhood. This may be an indicative that the focus of the center is still at the micro-level, on individuals’ skills and actions, but disconnected from expected community outcomes.

Connecting entrepreneurs to markets, service providers, other entrepreneurs, local lenders, and investors should be a common practice of community-placed entrepreneurship training programs (Knox, 2017; Korsching & Allen, 2004). Results show a disconnect between local small business owners and the resources they need to grow, partly due to lack of socialization of local entrepreneurs among them and with the larger entrepreneurial and financial organizations. This was previously found by Bresnahan, et al., (2016) and Gramlich et al., (2018), leading to efforts to create a merchant association. While the merchant association is a step forward, connecting the association with umbrella and government organizations will be crucial in building linking social capital (Williams, et al., 2018), promoting inclusion, and increasing trust in formal

institutions (Middleton, et al., 2005). Contributing to build social capital should come with the intention to develop social competences (Baron & Markman, 2003). In this sense, training must include the development of skills that increase the entrepreneurs' ability to build effective relationships across heterogeneous groups and with formal institutions (Lans, et al., 2015), gaining access to resources and exposure to entrepreneurial models otherwise not available to them.

Findings also suggest that entrepreneurs need improved access to funding opportunities adapted to their needs and circumstances, as well as increased knowledge of the requirements and mechanisms to pursue funding. Currently, the center facilitates cash awards to trainees and information of microfinance options available to small businesses. Some of the information currently provided comes from the Small Business Administration and the Chamber of Commerce. Based on the results of this study, these efforts are not enough. Together with skill training, the center should increase opportunities for financial support, which has proved to be a promising practice to promote self-employment in low-income contexts (Berge, et al., 2015; Blattman & Ralston, 2015). For early start-up businesses, grants (cash or in-kind) and awards are more appropriate than loans due to lack of collateral, perceived risk, and high interest rates (McKenzie & Woodruff, 2013). Accessible information from lending and grant programs and help throughout the submission process is also needed. Another needed strategy is to advocate on behalf of local aspiring and existing business owners who are underrepresented, ensuring equal access to funding opportunities.

Results show that local entrepreneurs need a favorable business environment with higher levels of trust from residents, entrepreneurs, and investors. Roundy (2016) advises that community narratives and values are important contributors in shaping the entrepreneurial ecosystem. Negative community beliefs and attitudes towards new entrepreneurs can act as deterrents for business enterprise creation. As reported in this study, non-residents seem to understand more clearly the economic potential of the neighborhood than local residents, which may affect how residents take advantage of the current investment boom. The university and the center have an important role in supporting entrepreneurs by ensuring that neighborhood residents understand and support entrepreneurship (Roundy, 2017). The university, along with community leaders and community organizations, can collaborate in building better relationships between residents and local businesses by using strategies that bring people together, such as community conversations (Born, 2012) or other community-building practices. Such practices open spaces for listening to residents, local businesses, and state institutions, providing opportunities for greater and deeper participation in decision-making and social capital building. Likewise, the university will hear local perspectives on business development in the neighborhood and adapt center programming to better suit local needs while developing awareness and fostering trust (Gavazzi, 2015). Inclusive community activities like these will lead the way to strengthen social bonds and reinforce the social assets that will be used to overcome existing limitations (Roundy, 2017).

A remarkable finding was the sense of social responsibility expressed by business owners in their desire to support the community while and after growing their businesses. This relates to the concept of embeddedness discussed by McKeever et al., (2014) and Moriggi (2019). Embeddedness views entrepreneurship as a socialized relational process in which the entrepreneur is part of the social context and their actions are partly motivated by the desire to respond to the needs of this context. Together with social capital, embeddedness is an important mechanism for identifying opportunities and local resources, and generating strategic options. Embeddedness is a community asset that must be leveraged by the center to involve business owners in the implementation of strategies to strengthen local entrepreneurship (McKeever et al., 2014). Co-developing and co-implementing training services and strategies with the local entrepreneurial community, paying attention to local information, needs, and skills will increase community impact and labor market outcomes (Betcherman, Dar, & Olivas, 2004; Brooks, Donovan & Johnson, 2017). By being intentional in incorporating local businesses in the identification of training gaps and implementation of a wide diversity of meaningful learning experiences, the university and the center will help reduce the relational and social barriers that hinder resident participation in training experiences.

## Conclusion

Urban universities have a leading role in promoting economic and social inclusion for vulnerable populations (Conway-Turner, 2019). In accomplishing this role, universities need to be responsive to communities through community-based initiatives that value the power of community-university partnerships as an influential strategy not only to enhance responsiveness to local needs, but also to increase stakeholders' commitment to results (Cantor, Englot, & Higgins, 2013).

Study results show that the entrepreneurship center created by the university in 2016, to date has had a limited impact on community outcomes and in promoting social and economic inclusion. The study revealed the need to strengthening entrepreneurs' social capital (networks, status, personal ties, and referrals) in and outside the community, and social competences (skills that assist individuals in interacting effectively with others) to promote access to local and external resources and entrepreneurial knowledge. Additionally, it was found that business owners perceive lack of trust in the community which affects their access to local markets. Results also confirm that local small business owners need better and more equal access to financial, business, and community support to grow their businesses.

We identified strategies that the university and the center can leverage for and with local residents and institutions to provide more opportunities for entrepreneurial success and economic inclusion. The university should focus more on the social assets of the community and further

connectedness among organizations and individuals that currently work in isolation towards common goals. Well-established partnerships with local community organizations and local businesses will allow the university and the center to better understand the needs of the community and establish strategies that cut across individual and organizational efforts to remove the existing barriers.

### Limitations

One of the limitations of the study is the low response rate to the survey, which may have created significant nonresponse bias. Another limitation was the use in the survey of "post-then-pre" (Rockwell & Kohn, 1989) questions that utilize retrospective self-reporting. Limitations include the emergence of satisficing (Lam & Bengo, 2003) and the use of cognitive strategies to provide socially desirable responses instead of exerting the substantial efforts necessary to optimally answer a survey question. Additionally, Hill & Betz (2005) mention validity concerns such as recall bias or degradation or distortion of memory.

### Implications for future research

Efforts to break the barriers to entrepreneurship in low-income areas must start by identifying the enabling and constraining factors to entrepreneurship and developing mechanisms of support. The article provides enhanced understanding of the factors that drive and hinder entrepreneurship in this particular neighborhood, and suggests ways in which the university can contribute to build a favorable entrepreneurial environment through stronger community-university relationships. Further studies must be focused on deepening understanding about what practices can be enacted by urban universities in different contexts to promote entrepreneurial success.



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