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## Entrepreneurial Programs: Which Contribute to Oklahoma Business Owners' Success?

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# Entrepreneurial Programs: Which Contribute to Oklahoma Business Owners' Success?

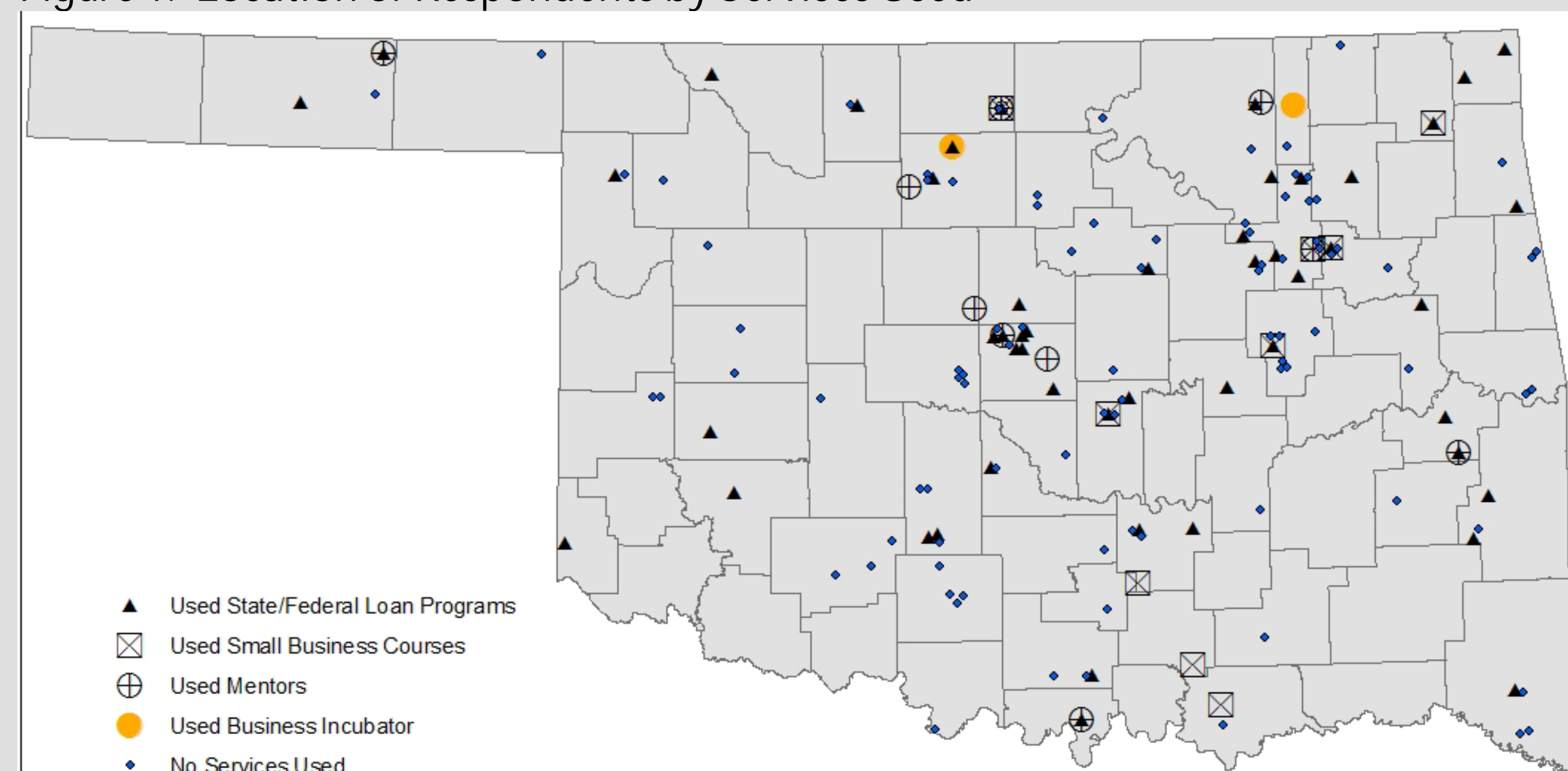
Many rural communities are adopting entrepreneurship and small business development services as components of their economic development programs. These programs can comprise several components, from small business management training to providing locally available financing or loan programs to incubation facilities. As rural communities face declining tax bases (due to out-migration) and recession-related fiscal stress, knowing which of these programs best utilizes scarce funds is critical. A partial answer to this question comes by understanding which services small business owners utilize and which contributed to their success.

Data were collected from a random sample of 1,200 Oklahoma households via a telephone survey. Respondents were asked whether they or anyone in the household ran a small business. After removing observations with missing data, 149 households remained (12.4% of the original sample).

## Objectives:

1. Identify which locally provided services (mentoring, small business management training, locally-provided funds – including state and federal subsidized loans, incubator) small business owners in Oklahoma used;
2. Assess the coincidence between the use of services and the business owners' perceived overall business success and financial success.

Figure 1: Location of Respondents by Services Used



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Figure 2. Service Utilization by Respondents

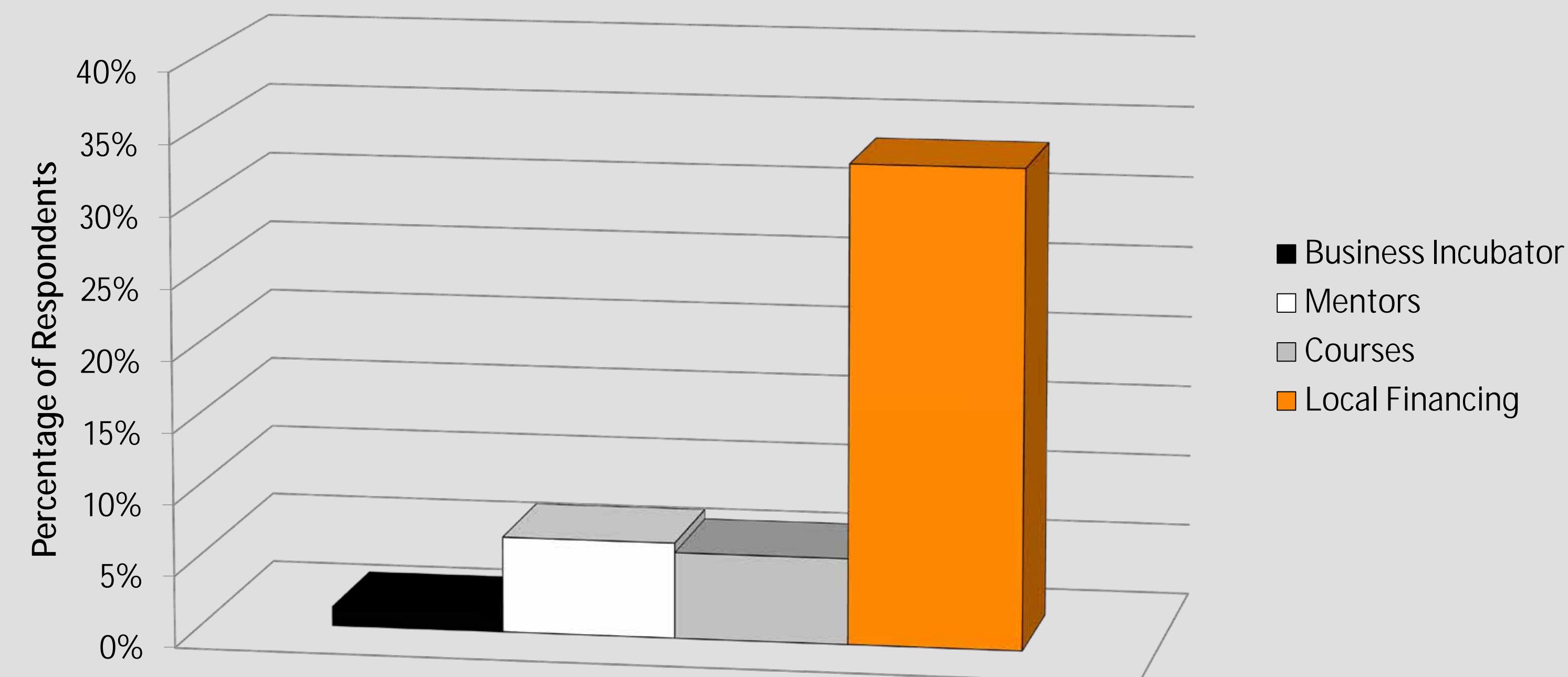


Figure 3. Service Use by Perceived Success

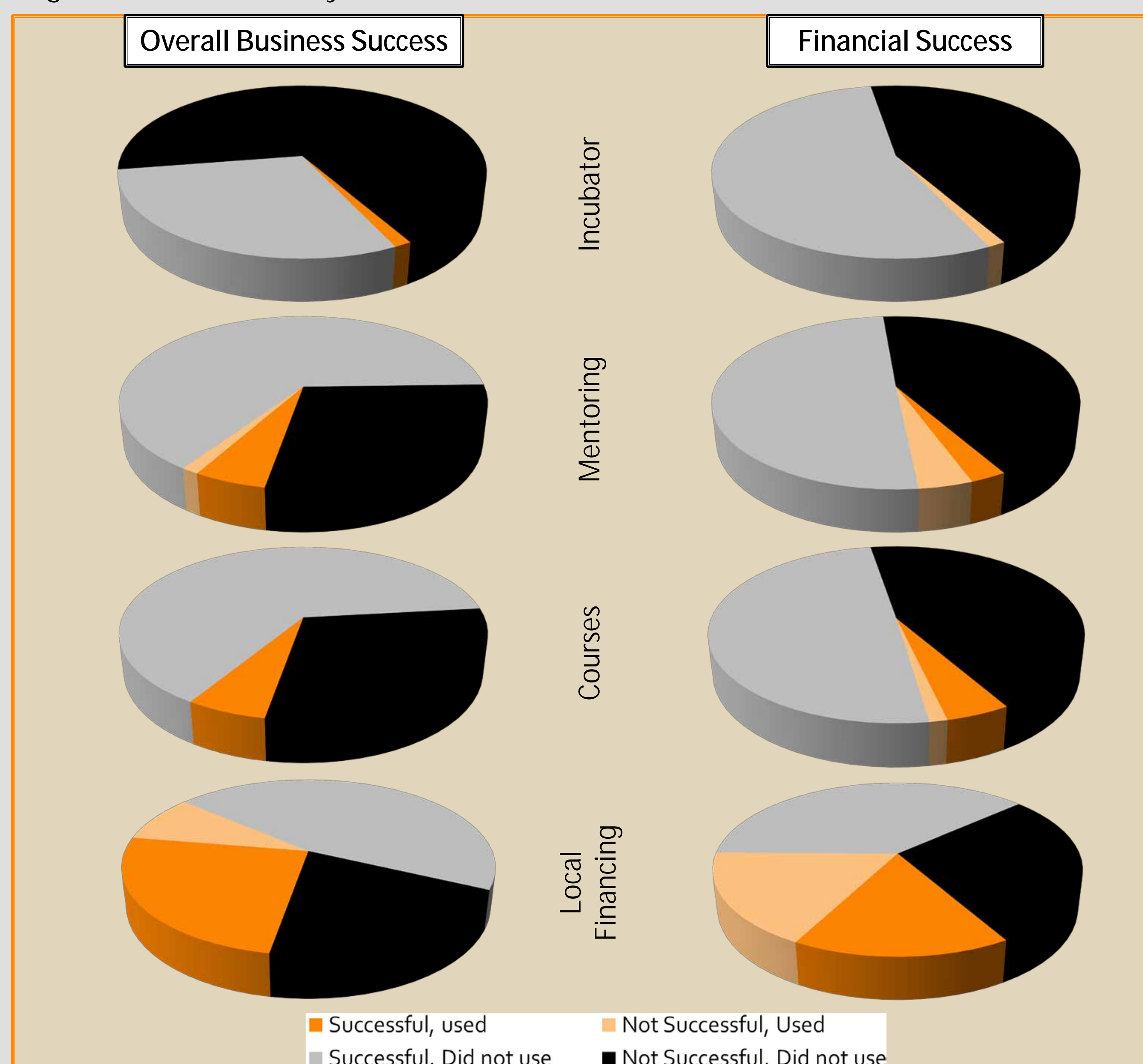
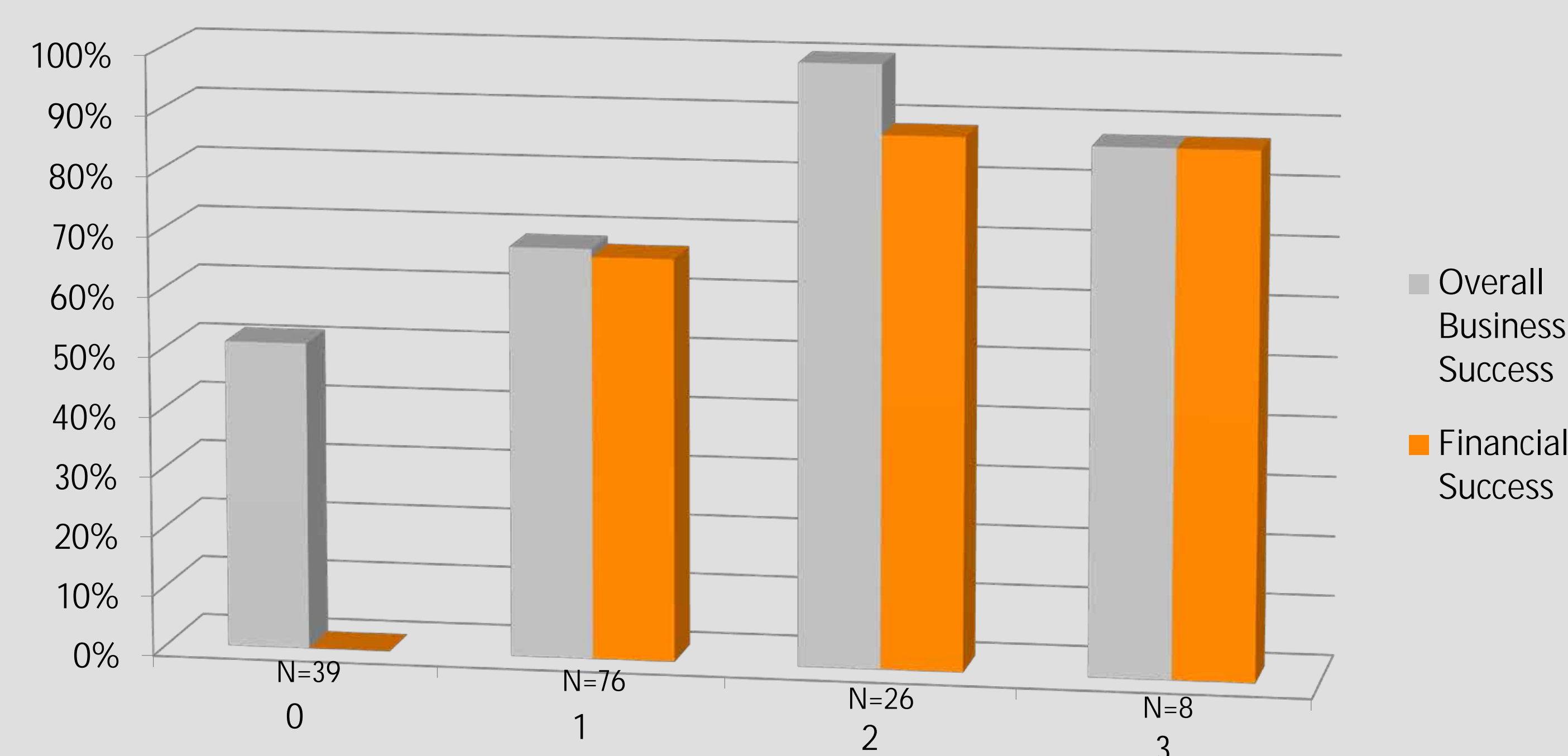


Figure 4. Percent of Successful Businesses by the Number of Services Used



## Results:

Figure 1 shows the location of respondents and the particular services each utilized; it is not surprising to find that business owners using one of the featured services (incubators, mentoring, training or financing) tend to be clustered in the metropolitan areas of the state, Oklahoma City in the center of the state, and Tulsa in the northeast where these programs are more accessible.

Figure 2 shows that the most highly utilized service was financing provided at the local level (this includes federal and state loan subsidy programs provided through local financial institutions). Over 30% of business owners responding to our survey took advantage of locally-provided financing for their business. In comparison, participation in mentoring, training classes and incubators was less than 5% of respondents for each program.

Figure 3 presents the perceived success of business owners, measured in terms of overall business success (left column) and financial success (right column). The results are further broken down by entrepreneurial program to identify which program(s) are associated with higher perceived success. Consider the following observations:

- With the exception of incubators, more respondents perceived their business to be successful overall than financially successful.
- Those that utilized incubators and mentoring considered their business overall a success, but not financially successful.
- Participating in training courses seemed to provide both overall business success and financial success.
- Locally available financing assistance seems to be more helpful in achieving overall business success, though local finance recipients seemed to be as likely to perceive their business as financially successful as unsuccessful.

Figure 4 demonstrates the importance of using a combination of entrepreneurial programs to encourage success among business owners. Of those business owners that did not use any programs, none were financially successful and only 50% experienced overall success. As business owners participated in more programs, the proportion of business owners experiencing financial success increased significantly, with about 65% of business owners participating in one program to 88% of business owners participating in two or three services experiencing financial success. Overall business success also increased with the number of programs in which business owners participated, though the percentage of business owners experiencing success peaked at two programs.

## Conclusions:

The survey results indicate that while communities in Oklahoma do offer a variety of services there is no guarantee that they will be used by small business owners. There are also mixed results of the impact that these services have on the financial success and overall business success of communities. Specifically, local financing was the most commonly used program, but training courses had the largest impact on overall and financial success of those that participated. It also appears that business owners evaluate their business' success by non-financial means (e.g., greater control over ones schedule, desire to be ones own boss), given the disparity between perceived overall success and financial success. Lastly, a community can increase business owner success by providing one or more programs, though use of multiple programs by business owners appears to provide the highest perception of success.