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## How Investing in Entrepreneurship in the Thirteen Southern Middle Tennessee Counties Can Promote Economic Development in the Region.

### **Executive Summary:**

This policy brief examines how leveraging entrepreneurship can serve as a catalyst for economic diversification and growth in regional economies, specifically within the Southern Middle Tennessee region (SMTN). It highlights the utility of the Youreconomy dashboard, developed by the University of Wisconsin, as a crucial instrument for identifying economic gaps at local, regional, and state levels.

Informed by pivotal research including Wills, Hughes, Boys, and Swindall's analysis of self-employed income determinants, as well as Lyons, Lyons, and Jolley's insights on entrepreneurial skill-building in rural ecosystems, this brief challenges the traditional notion that successful entrepreneurs are born with innate traits. Instead, it emphasizes the Entrepreneurial Skills-Building Framework (ESBF) and its potential to nurture entrepreneurial talent among diverse populations.

By integrating the ESBF with the resources offered by the Youreconomy dashboard, this brief argues for a comprehensive approach to fostering entrepreneurship that enhances individual success rates and addresses the systemic inequalities faced by underrepresented groups in entrepreneurship, including disparities based on race, gender, and rural versus urban environments.

In conclusion, the Youreconomy dashboard emerges as a powerful tool for driving economic growth in Tennessee, particularly when coupled with skills-based learning initiatives. This dual approach not only aims to empower aspiring entrepreneurs but also seeks to cultivate a more equitable economic landscape across the region.

## **Introduction**

### **What did I do?**

After attending an information seminar at the University of Tennessee Southern in Pulaski, Tennessee, I began familiarizing myself with the Youreconomy dashboard. In traditional data analysis, the goal is to take raw quantitative data and create models to identify trends. The Youreconomy dashboard presents this information using graphs such as histograms, bar charts, line charts, and pie charts. This process required me to work in reverse, extracting statistical information from the provided models, which can be done using basic Excel skills.

I compiled the information I gathered with the models to create 13 individual PowerPoint presentations for the 13 counties in the region. Of these counties, only three—Lincoln, Maury, and Coffee County—had experienced growth in the number of establishments employing 500 or more people. Among the other ten counties, five had no establishments with 500+ employees at any point in the last eleven years, while the remaining five showed no growth during this period. In contrast, establishments with fewer employees, particularly those in the 2-9 and 10-99 employee brackets, exhibited growth and contraction that generally aligned with expected economic trends over the eleven-year observation period.

### **Why is this important?**

States have historically focused on attracting large industries as the primary route of economic growth. However, investment in entrepreneurship may be a more cost-effective strategy. For entrepreneurs to be successful Willis et al. identify several barriers, discrepancies, and differing theories. Other contributing factors include infrastructure, race, gender, urban/rural status, and economic status. By using the economic dashboard to analyze the composition of the region's economies inferences can be made to identify underserved areas, markets experiencing growth, and correlations between industries and regions.

### **How did I come to these conclusions?**

Traditional approaches to entrepreneurship such as “attributes Theory” emphasized finding select individuals who naturally have the traits seen as important for success as an entrepreneur. Behaviorists (behavior Theory) insist traits are less important than the actions taken

to become an entrepreneur. “Cognitive Theory” contributed to the importance of how entrepreneurs process information and how “learning and development is part of the entrepreneurial process” (Lyons, Lyons & Jolley, 114). These theories cumulated into “skills theory” and the “Entrepreneurial Skills-building framework” (ESBF).

ESBF focuses on how people can identify their strengths and weaknesses and adapt their skill sets to become more successful entrepreneurs. I believe that ESBF along with Youreconomy dashboard can be used to promote economic growth in the Southern Middle Tennessee Region and potential future regions. To accomplish this the thirteen counties that make up SMTN should direct resources towards creating more equitable opportunities for all those interested in entrepreneurship. Resources should exist for all people to identify, build, and adapt their skills with the understanding that entrepreneurship is not right for everybody.

According to Willis et al., “economic development practices that enhance and support entrepreneurship are essential because they cultivate innovation that, in turn, creates new jobs, new wealth, and a better quality of life. However, the income of self-employed workers, as opposed to the number of self-employed, is a critical policy concern” An increase in income is just as important if not more important than the growth in the number of jobs within a region. It should be noted that full-time entrepreneurs earn on average 35% less than those working full-time salaried jobs (Willis, Hughes, Boys & Swindall, 77). However, there are reasons why people may choose this route such as autonomy over the work environment and flexibility with other responsibilities such as child rearing. Additionally, the earnings of entrepreneurs are not even across the board.

### **Academic Theory/Approach:**

Focusing on entrepreneurship as an alternative route for economic growth in a region is essential, especially considering the stagnation observed among large establishments employing between 100 and 499 employees, as well as those with 500 or more employees. Communities have historically aimed to attract large employers to stimulate their economies, but this approach can be extremely costly. Significant resources must be devoted to support these organizations. For example, large employers often require development sites, extensive highways, access to interstates, workforce housing, and water and sewer services, which rural communities may struggle to provide.

While having large-scale establishments can help establish an economic base and create a high number of jobs, data from SMTN indicates that these employers have shown little growth over the past decade. By viewing entrepreneurship as a cost-effective alternative, regional economies can invest in people and small businesses, which generally experience higher growth rates without necessitating extensive infrastructure investments.

### **Purpose and Objectives:**

The goal of analyzing these articles is to identify the universal commonalities that can be applied to the Southern Middle Tennessee (SMTN) region. In examining the economies of this area, I have noticed a consistent trend: establishments employing 100-499 and 500+ employees have remained stable or shown little growth over the past decade. In contrast, smaller companies with 2-9 and 10-99 employees tend to be more responsive to changes in the national, state, and local economies. Despite a significant economic setback in the years following the COVID-19 pandemic, the overall trend has been consistent growth in the small business sectors.

By focusing resources on Entrepreneurial Skill-Building (ESBF), SMTN counties can promote the development of skills that lead to increased incomes and resilience among small businesses in the region. The ESBF framework divides skills into four categories: entrepreneurial, technical, managerial, and personal.

- **Entrepreneurial skills** include qualities such as self-discipline and the willingness to take risks.
- **Technical skills** are related to operations specific to an industry.
- **Managerial skills** are essential for day-to-day business operations.
- **Personal skills** involve effective relationship-building with coworkers and employees.

It is not necessary for a potential entrepreneur to master all these categories. Access to resources, such as the Youreconomy dashboard, can greatly enhance technical skills, supporting entrepreneurs in their endeavors.

### **Implementation:**

I believe that the state of Tennessee should license the Youreconomy data from the University of Wisconsin for all 95 counties for the foreseeable future. The cost for the thirteen counties examined was only \$1,500, which implies obtaining a statewide view for every county in Tennessee would be approximately \$11,000. Additionally, this data should be accessible to anyone within the state who seeks it. Students, hobbyists, and entrepreneurs would be able to utilize this information to benefit their communities and gain a competitive advantage.

Furthermore, I think it is essential for at least one person within the local governments of the thirteen counties studied to be trained in navigating the Youreconomy dashboard. This training would enable them to conduct more in-depth analyses of their local circumstances. By leveraging the information from the Youreconomy dashboard and the tools identified above to support entrepreneurship, we can identify gaps in local economies, regional trends, and growth opportunities. This data can then be paired with the Entrepreneurial Skill-Building Framework to assist those interested in pursuing self-employment. Such an approach will empower potential entrepreneurs to recognize the needs of their communities, thereby enhancing their likelihood of success.

The South-Central Tennessee Development District (SCTDD) is responsible for the thirteen counties examined with the Youreconomy Dashboard to create individual county-level economic profiles. Combined with resources from the Department of Economic and Community Development, the University of Tennessee system, the USDA, and the TVA, this initiative can foster a culture that promotes skill-building entrepreneurship in the SMTN region. By implementing the Entrepreneurship Skill-Building Framework, the SMTN counties can increase the likelihood of success, income, and resilience for those who choose to become entrepreneurs.

## **Limits**

Entrepreneurship has significant limitations influenced by various factors, including age, gender, and home ownership. One major issue is the gender gap in income; for example, the average income for self-employed men is approximately \$69,343, nearly double that of self-employed women, who earn around \$35,394. Homeownership is another critical factor affecting the income of self-employed individuals. On average, homeowners or mortgage payers earn \$61,379 per year, while renters earn only \$35,178 annually.

Additionally, self-employment is positively correlated with access to capital, and entrepreneurs in metropolitan areas benefit from agglomeration economies that their rural counterparts do not have. Factors such as higher education, resource access, and, to a lesser extent, a more prosperous regional economy all contribute to self-employment income across various income levels (Willis et al.). These dynamics place women, minorities, individuals without college degrees, and rural communities at a significant disadvantage in the entrepreneurial landscape.

### **Conclusion:**

The economic challenges facing the southern middle Tennessee region necessitate bold and strategic policy interventions. The multifaceted impacts of the COVID-19 pandemic, coupled with the region's dependency on a few large industries, have underscored the urgent need for a more diversified economic landscape. My analysis has revealed a significant link between the vitality of small businesses and the overall economic well-being of the region, highlighting the potential for entrepreneurship as a driver of sustainable growth.

To address these challenges, I strongly urge the state of Tennessee to invest in the leasing of Youreconomy data for each county. This resource could provide invaluable insights into local economic conditions and opportunities for development. Moreover, fostering partnerships with graduate students from the University of Tennessee system can enhance research efforts, leading to actionable strategies for economic revitalization.

By leveraging existing tools such as the ESBF and the Youreconomy dashboard, we can empower aspiring business owners and create a more equitable economic environment. Together, these initiatives can pave the way for a vibrant, resilient, and diversified economy in southern middle Tennessee, setting a precedent for sustainable growth and prosperity for years to come.

### **Citations:**

Willis, D. B., Swindall, D. C., Boys, K. A., & Hughes, D. W. (2018, November 7). Economic growth through entrepreneurship: Determinants of self-employed income across regional economies. Retrieved 2024,.

Lyons, T. S., Lyons, J. S., & Jolley, G. J. (2019, September 12). Entrepreneurial skill-building in rural ecosystems: A framework for applying the Readiness Inventory for Successful Entrepreneurship (RISE). Retrieved October 18, 2024,.

*Youreconomy*. YourEconomy. (n.d.). <https://youreconomy.org/>