

Institutional Reform and Innovative Health Care Service Solutions via Microeconomic  
Intentional Community Business Development

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## **Abstract**

The process of fusing social capital with the principles of entrepreneurship into community development can be the premier solution to the growing gap in the capacity of national, state and local agencies in addressing increased societal needs with diminishing funds. Investments made with a community approach led by institutions who embrace this approach can become a more cost effective solution to address societal needs while providing economic opportunities in a service-oriented environment.

Significant areas of development include the increased need for alternative health care solutions for the increasing elderly population. As a result, a business plan called “Retire Eaze” was developed to address the transitioning needs of the aging population. Used as a preliminary model that focuses on elicitation of business development, the business plan advocates the creation of local health care and other required services as business solutions for under-serviced areas in the community.

The concept of microeconomic intentional community business development ( $\mu$ ICBD or micro ICBD) that addresses societal needs has the potential to produce recognizable and fiscally sustainable businesses that can optimize existing resources and generate bridges between various resource repositories at the local, state, national and international levels. The corporate actions of such activity can inspire community growth, provide required services, and develop internal institutional mechanisms that address human development needs where they are most needed.

## 1.0 Introduction

### *Public impact*

Multiple private, public and governmental organizations in the United States are faced with an economic downturn that has resulted in budget shortfalls, with a combined gap estimated at \$350 billion for the balance of 2009 and projected for the successive two years (McNichol & Lav, 2009). As a result, some forty-six states (Figure 1) are struggling to address sweeping budget cuts that threaten the most highly vulnerable members of the population across many areas: education, state workforces and health care services.



*Source: McNichol & Lav.*

### **Figure 1: National Impact of Global Shortfalls**

In particular, the elderly population of Florida is facing cuts and major decreases in health care services. Florida's growing population of more than 17 million, which consists of 18% elderly population (persons over 65), is almost 6% greater than the national average and translates into more than 3 million residents who are directly impacted (Florida Department of Health, 2007).

Contributing economic factors, such as the U.S. move to a post-industrial or service society (Fitzsimmons & Fitzsimmons, 2006) and what Acs and Szerb (2007) have confirmed as a

fundamental shift from managerial capitalism to entrepreneurial capitalism in the U.S. economic structure, have opened the door for the notion of microeconomic international community business development ( $\mu$ ICBD) through the venue of existing government institutional structures.

### *1.1 Problem statement and research questions*

The introduction of the  $\mu$ ICBD concept is an example of a flexible business model developed in recognition of the shifting economic structure and the growing disparity in the ability of existing institutional structures to adequately provide required services. As a result, a relevant problem statement emerges. “Can flexible business models generate nascent entrepreneurial development that increases the success rate based on the elicitation of business development derived from specific community service needs?” Evolving research questions include, “How can we improve the efficiency of small business development that effectively increases value to the community?” and “How can we improve the efficiency of public health services that effectively increase value to the community?”

### *1.2 Institutional evaluation and available alternatives*

The impetus for the progression of the  $\mu$ ICBD concept is based on the U.S. premise that social stability is derived from economic stability, as expressed by Alexander Hamilton in *The Federalist Papers*. These foundational benefits generate three specific considerations that drive the need for current government agencies to reassess their operational goals and standards. The first major consideration is acknowledging the inherent difference between traditional business development that has historically relied on large-scale manufacturing and the rapidly evolving entrepreneurial perspective that generates small scale services that are directed to a particular

audience. Second is the necessity to recognize the growing gap in the ability of various levels of government to support services to special needs groups that directly impact the human condition. A third consideration should include the willingness to create new operational imperatives that incorporate metrics to gauge expenditures and consider whether the population is receiving adequate treatment as evidenced by quality of life measures.

Without careful deliberation of these considerations, various levels of institutional agencies are faced with two options. The first option is to continue making decisions based on antiquated beliefs that have historically diffused funds into less cost effective options. The second option is to consider alternative institutional solutions that provide elicitation of services that are required by the community, for the community, and in the community.

### *1.3 The Small Business Administration*

For example, the Small Business Administration (SBA) was created by the passage of the Small Business Act in 1953 by the U.S. Congress. The SBA's fundamental mission is to provide services to American citizens that enable them to form new businesses, to maintain a free enterprise system, and to assist in the stability of the national economy. As a major resource for small business enterprise, they have provided more than 435,000 businesses with close to \$95 billion in loans in the most recent ten year period, according to the 1991-2000 SBA report. Despite this robust resource, it would seem that the goal to strengthen the overall national economy would include methods to appreciably increase business success. But at present, a significant number of small businesses do not achieve sustainable business success, as the U.S. Census Bureau reports that nearly 50% of businesses close within the first five years. This fact seems contradictory to the objectives of the institutional organization and is indicative of the

need for systemic solutions that proactively embrace development that is sustainable, flexible, and in tune with the contemporary entrepreneurial enterprise.

Methods to improve the long term success rate of new business development give agencies like the SBA new operating objectives and provide an alternative solution to increase their capacity to assist citizens in a cost-effective capacity. As a result, development goals should consider how quality of life issues, a significant aspect of human development, can be improved even during economic downturns through new businesses that focus on critical needs that may improve success rates. Specifically, new businesses that use flexible  $\mu$ ICBD concepts capitalize on the structural, relational and cognitive aspects of Social Capital theory in conjunction with the interaction of nascent entrepreneurs to formulate local bonds and bridges at the microeconomic level. These actor-to-actor formations eventually produce social stability benefits of the historical macroeconomic model in the United States. The established U.S. macroeconomic theoretical framework can be simply stated as the recognized assumption that resources will find each other through a price system, or, as Allsopp (2005) stated, “[I]t is the task of macroeconomic policy to deliver price stability in the medium term.” Although price stability does, in fact, contribute to social stability, it does not readily translate into services or tangibly address societal issues such as health care for the elderly population that is at the heart of the quality of life issue. The macroeconomic market process is not specifically consumer driven, nor is the present approach optimal during economic downturns which result in reduced or removed services for the at-risk populations (e.g., elderly, children of single mothers, homeless).

Legislation that mandates priority to new business development that bridges urgent societal needs has the potential to promote a higher rate of business success and alleviate some of

the government health care burden at the national, state and local levels. The output of this proposition can be realized as health care and other required services for many at risk populations, such as the elderly population in Florida.

## **2.0 Theoretical Framework**

### *2.1 Fundamental definitions*

The roots of Entrepreneurial Theory were developed in Joseph Schumpeter's (1934) *The Theory of Economic Development*, which led to the first conceptualized definition of "entrepreneur" in 1950. Fundamentally, Schumpeter believed entrepreneurship to consist of the practice of identifying opportunities to create wealth under two conditions. The first condition consisted of the development of new business and the second reinvented aging institutions or organizations. (Windrum & Garcia-Goni, 2008, reintroduced this perspective to literature by effectively summarizing Schumpeter's contributions.) But it is the combination of these conditions that are salient to the formation of new businesses such as innovative health care services that can be concurrent with institutional reform.

Though entrepreneurial theory addresses the ultimate goal of improvement or new development, the mechanisms that support successful entrepreneurship are dependent on the acquisition of information necessary to recognize opportunities, access to funding, and access to other resources like labor through relationships formed during the development of social capital (Greene & Brown, 1997). Subsequently, it is the Social Capital theory that provides the best platform for opportunities that lead to development through the evolution of relationships that act as the avenue for information and resource exchange that facilitate the identification of opportunities (Granovetter, 1973). The more recognizable form of this pathway is the structural, relational, and cognitive dimensions of Social Capital that formulate relationship trust (Nahapiet,

1998; Tsai & Ghoshal, 1998).

Similar to Social Capital and Entrepreneurship but significantly less developed in literature is the formal conceptualization of Social Entrepreneurship as a recognized theory. Yet this concept melds the social interaction that formulates a trusting relationship of Social Capital with the entrepreneurial objectives with only a slight deviation. While Entrepreneurial theory has been considered a one-man operation for personal gain, Social Entrepreneurship generates opportunities and information necessary to recognize social problems, acquire resources, and formulate solutions through new business development to address needs in the community (Dees, 1998; Mari & Marti, 2006). In addition, Alvord (2004) and others indicate that the ultimate goal of a social entrepreneur is social change, as opposed to traditional outcomes that focus on wealth creation. Interestingly, Nahapiet & Ghoshal (1998) defined social capital in terms of enriched access to resources that also aid in the development of social action. This serves as an example of the similarities and symbiotic relationships involved in these complex relationships.

## *2.2 Critical determinants*

Increasingly, the act of engagement as demonstrated by the actor to actor social interaction, or the individual to organization interaction that is suggested by Aldrich (2001), is being recognized as a fundamental contribution to development and a method that concurrently addresses social needs. For example, current findings from the SBA's 2006 Annual Report used the term "necessity entrepreneurship" to explain the need for interaction to generate successful business ventures that address community service requirements. This is especially salient but not responsive to prevailing economic conditions where funding is limited and attention to the prospects of success is heightened in the decision-making process to engage in development.

Davidson & Honig (2003) suggest that efforts to engage in community involvement, such as being a member of a local Chamber of Commerce, were more strongly associated with the nascent entrepreneur's ability to report a first sale or profit, both of which are considered critical determinants of business success. In addition, other predictors of success (i.e., informal processes of internships, occupational experience, specific training, or peer to peer communication) that are typical in social capital interactions also suggest that these interactions increase the odds of business success.

It should be noted that although Davidson & Honig eliminated formal education as a predictor of successful pre-entrepreneurial activities in their study, the role of formal education in developing nations is a significant part of the entrepreneurial learning process and often coincides with the informal processes listed above. Goedhuys and Sleuwaegen (2000) reported this difference in the education determinant in their analysis of the manufacturing situation in Cote d'Ivoire. Their analysis also provided insight into the role of the entrepreneur in economic development, especially during the period of time referenced in their document when state-owned enterprises experienced a major rate of failure. In addition to the determinants that led to the decision between employment in existing facilities or self-employment in their study, they present a similar experience in the African nation as in the U.S. in terms of barriers. These included information shortages and risk associated with uncertainty, both elements that could be addressed with specific development of social capital. In addition, Goedhuys and Sleuwaegen expressed a relevant point in their conclusion regarding the fact that accurate information is pivotal to access capital and other resources. Without it, ventures are most likely to fail and may not even be able to formulate, since resource acquisitions are commonly accepted outcomes of social capital.

Patulny & Svendsen (2007) have already noted the growing prevalence of Social Capital theory in economics and political science, expanding from its origins in sociology. In 2002, Anderson & Jack explored the role of social capital in entrepreneurship networks as capable of being both the bonding agent or “glue” that establishes the structure of the relationship, as well as the “lubricant” of the relational aspects. The latter factor enables interaction between participants to form functioning networks. However, it was the 1973 application by Granovetter that initially explained the transitional aspects of relational interactions that unified (bonded) small groups in what he termed “weak ties” that eventually were the basis of formation of “strong ties” between large groups. The cumulative efforts represent a balanced interaction that generates various opportunities which promote growth through social networks.

### *2.3 Common forms of social capital*

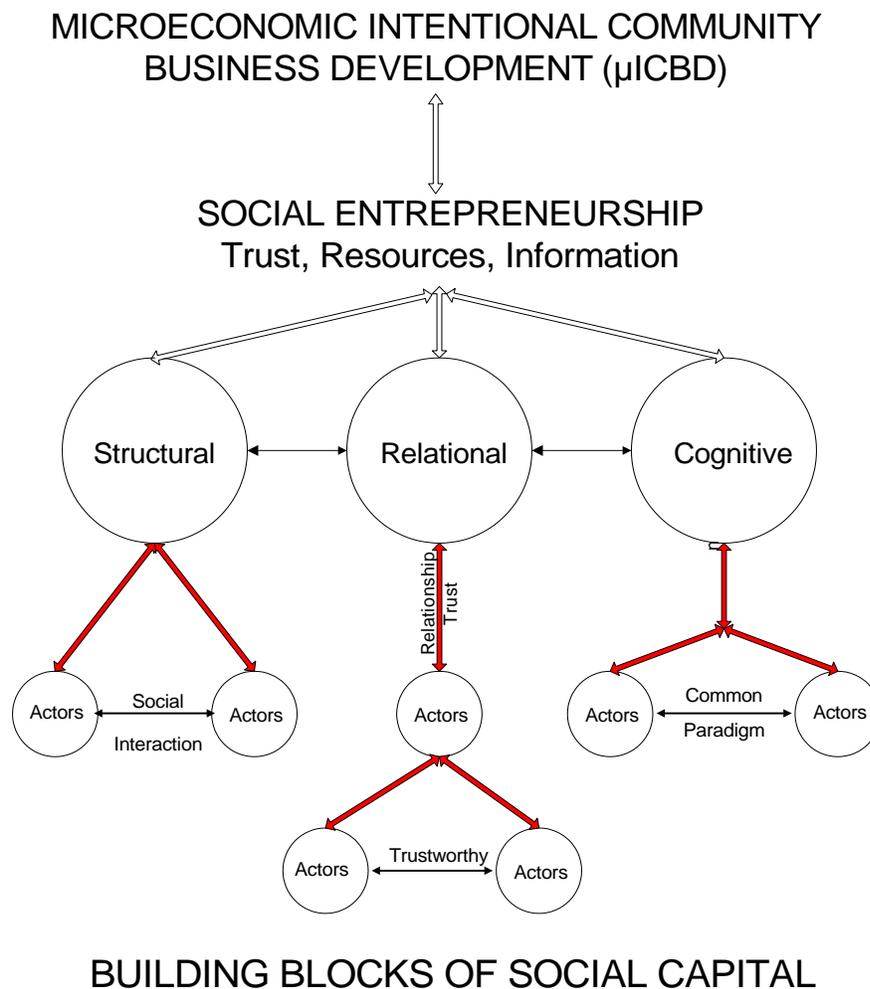
Bonding and bridging are two of the three most common forms of social capital in networks and are further distinguished by the characteristics of the actors (individuals). Kawachi, Kim, Coutts and Subramanian (2004) depict both bonding and bridging respectively as representative of horizontal relationships that are either forged because of relational trust between those who share similar backgrounds (gauged by such things as ethnic orientation), or through connections between actors who do not share similar characteristics. Szreter and Woolcock’s work in 2004 further defines Woolcock’s 1998 contribution of linking as the third form of social capital that represents the vertical level of power one actor (generally acknowledged as an individual or any type of group) may have over another actor. The linking form of social capital has gained momentum in the past decade because it provides an explanation of the interaction and formation of trust between even those who have no commonalities (Middleton, 2005).

It is the continuous levels of interaction that serve as mechanisms to increase growth opportunities that provide the impetus for development. These opportunities can be recognized first from activities that result from one-to-one relationships between actors with similar characteristics that represent bonding (i.e., family business start-up). Second, the capacity to increase the span of influence includes bridging the gap between seemingly disparate community elements (i.e., hiring locals to work in a new business who are not family but have their own established community bonds). Third, links develop across previous barriers and now expand their reach (i.e., the family business and their employees start to collect food and clothing for the homeless in conjunction with a local social services representative).

Up to this point, the previous example shows how a handful of individuals provided required services to others with provisions that they deemed necessary and that they had available through donations from supportive friends, families and customers. But as the result of personal interactions, awareness grew that many of the people needed help in areas that could not be resolved by food and clothing. Instead of limiting the scope of services to distributing only what you have, regardless of need, a proposed extension of the elements of bonding, bridging, and linking is the concept of Microeconomic Intentional Community Business Development ( $\mu$ ICBD). Specifically, members of the community that become aware of additional specific needs can become proactive in uncovering resources that address those unmet needs through socially responsible business start-ups that offer needed services. For example, addressing required community services can be as simple as recognizing that the community has clothing and asking, "Do they have access to a laundry facility?"

Though this was a simplified illustration, the concept of proliferation of business development which focuses on the actual needs of a client base or community population

(instead of perceived service needs or based on “what we have to give”), is a step toward Schumpeter’s expected improvements in our “aging institutions and organizations” and “nascent businesses.” Expectations of the  $\mu$ ICBD approach include a higher potential for operational success and increased capacity of institutional quality that is more capable of addressing community needs based on community interaction by actual members of the community. In addition, recognized gaps in existing products or social services can be filled and operational efficiencies increased as there will be reduced spending on redundant and/or unnecessary services that can be shifted to areas of unmet needs.



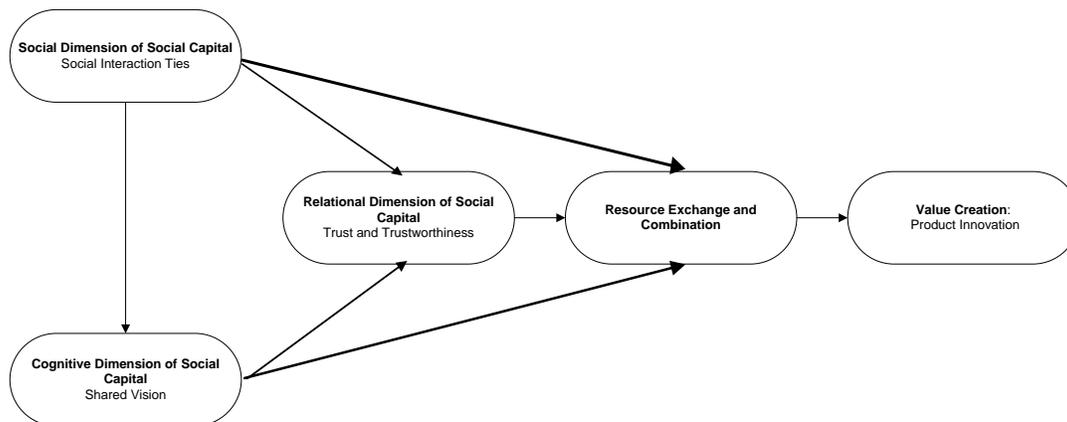
*Source: Adapted from Tsai, W. & Ghoshal, S.*

**Figure 2: Theoretical Progression of Microeconomic Intentional Community Business Development.**

## 2.4 Fundamentals of $\mu$ ICBD

As Figure 2 illustrates, the development of social capital and entrepreneurship in consideration of social needs is the fundamental basis for Microeconomic Intentional Community Business Development ( $\mu$ ICBD). In turn, the expected outcome of  $\mu$ ICBD is economic impact that can be expected to germinate first at the microeconomic level (where weak ties in the community form local development), followed by the formation of subsequent strong ties (which can have far-reaching national or macroeconomic effects).

Cumulatively, the bonding, bridging, and linking elements of Social Capital theory can combine to support the Entrepreneurial theory aspects of wealth creation that focus on required social needs that can effectively promote  $\mu$ ICBD. This concept has the potential to proliferate both microeconomic and macroeconomic benefits in the form of community business development and social stability, respectively (Granovetter, 1973). Further, the cost-effectiveness of addressing actual social needs in your community presents an optimum perspective. The interrelationship provides a path for resource focus that facilitates new business creation through awareness of community needs.



*Source: Tsai, W. & Ghoshal, S.(1998).*

**Figure 3: An Output Model of Social Capital and Value Creation**

Specifically, Tsai formulated a model of social capital and value creation (Figure 3) that graphically depicts how social interaction and shared visions within any community can formulate trustworthy relationships that enhance the potential for product innovations (that translate into new business or in this scenario, new products), through the combined efforts and/or resource exchange of participants that add value to any potential proposition.

Tsai's empirical studies in 1998 emphasized the ability of the associations between the three dimensions of social capital to create value specifically in relation to intra-firm networks. Though his study is most relevant in the context of large scale business development, the ability to gain value or obtain desired outputs is not limited to the context of the organization or based solely on net capital gains. For example, Putnam's book *Bowling Alone*, published in 2000, was an examination of regional locations that had marked improvements because of renewed community involvement, resulting in a reduction in crime. This provides another example of value added outcomes beyond monetary gains that are typical in most entrepreneurial enterprises. The concept of economic development in existing communities as businesses replace decaying structures should also exhibit the benefits of such less immediately tangible factors as increased quality of life to the entire community, in addition to the obvious benefits to those who receive direct services from newly formed businesses.

Hence, the interaction of actors at the community level in the formulation of even one health service has an even greater potential to develop into a direct application of the convergence between Entrepreneurship and Social Capital that address societal needs that capitalize on microeconomic development at the community level. This interaction can generate long-term, sustainable business that positively impacts the stability of the macroeconomic environment of a community as well as having the immediate benefit of addressing urgently

needed health care services at the individual service level of need (microeconomic). A potential solution to the current economic downturn and reduced services is thus the development of community businesses that address determined social needs.

The structural, relational and cognitive aspects of social capital form the basis of the concept of Microeconomic Intentional Community Business Development ( $\mu$ ICBD), whose expressed goal is to fill the void in the continuum of health care for the elderly and other services for at-risk populations generated by economic downturns. Coupled with an influx of the economic principles that drive entrepreneurship, let us consider how Kawachi (2000) and Costa-Font & Mladovsky (2008) have already utilized the Social Capital theory to illustrate how community relationships can increase population health, a fundamental factor of human development. They concur that increasing direct social contact promotes and relays information about access to care that contributes to the reduction of differences in health care typically characterized by lower socioeconomic standing. In the same way, social contact tied to services within a community can create the avenue for recognition of specific social needs that can be addressed by economic development that generates added value in two areas: 1) increased revenue within a community and 2) specialized service providers.

### **3.0 Theory Gap**

Fitzsimmons *et al.* (2006) remind us that little, if any, innovation criteria exists in literature in regard to the service industry. In effect, we are still building new enterprises on old premises, even as entrepreneurial education is growing (Fiet, 2000). But the issue of how to improve the success rate of sustainable businesses has basically gone unanswered.

Another notable gap in literature exists in the established macroeconomic framework that insists that only large enterprise development that is price-based can have significant impact on social stability. This article considers that a microeconomic approach can produce direct incremental gains and social benefits that transcend traditional ways of defining business success. For example, the World Bank Group has embraced the measureable dimensions of social capital in five discernible categories and has created metrics that can be operationalized to determine success beyond accounting for net capital gains (an aspect, however, that is still relevant). The five categories of groups and networks--trust, collective action, social inclusion and information and communication, are listed in Table 1 with their key characteristics. Further, development objectives that specifically address health care essential services often enjoy a recession-resistant nature (Fitzsimmons *et al.*, 2006). An influx of community businesses that focuses on areas where there are shortfalls or non-existent government assistance will also aid in closing the disparity in health care services and emphasizing the consumer role in directing service development.

**Table 1: Key Characteristics of Social Capital**

<b>Social Capital Dimension</b>	<b>Key Characteristics</b>
Groups and Networks	Density and diversity of membership, degree of democratic operations, degree or number of connection to other groups and organizations.
Trust	Number of relationship formations within and outside of the group, methods of dispute resolution
Collective Action	Number of social issues resolved, number of people who have benefitted or who were provided with a specific service.
Social Inclusion	Number of stakeholders and representation of their respective positions, comparative number of underrepresented or excluded.
Information and Communication	Standard method of information transfer, extent of internal and external communication, translation of information that leads to solutions.

Source: Adapted from The World Bank Group.

Intentional developments such as those in the health care personal services sector have the potential to increase the success rate of new business while establishing standardized measurement criteria that will help to fill the void in the continuum of care for the elderly population. Therefore, the concept of entrepreneurship must be seen in context of the needs and services in a community that foster the significance of relations as a “resource for social action” (Nahapiet & Goshal, 1998). The additional relevance of economic growth in this sector “...lies in the way that its benefits are distributed between people, and the extent to which growth supports public health services” (from the results of Ravallion & Huppi, 1991, as cited in Anand & Ravallion, 1993).

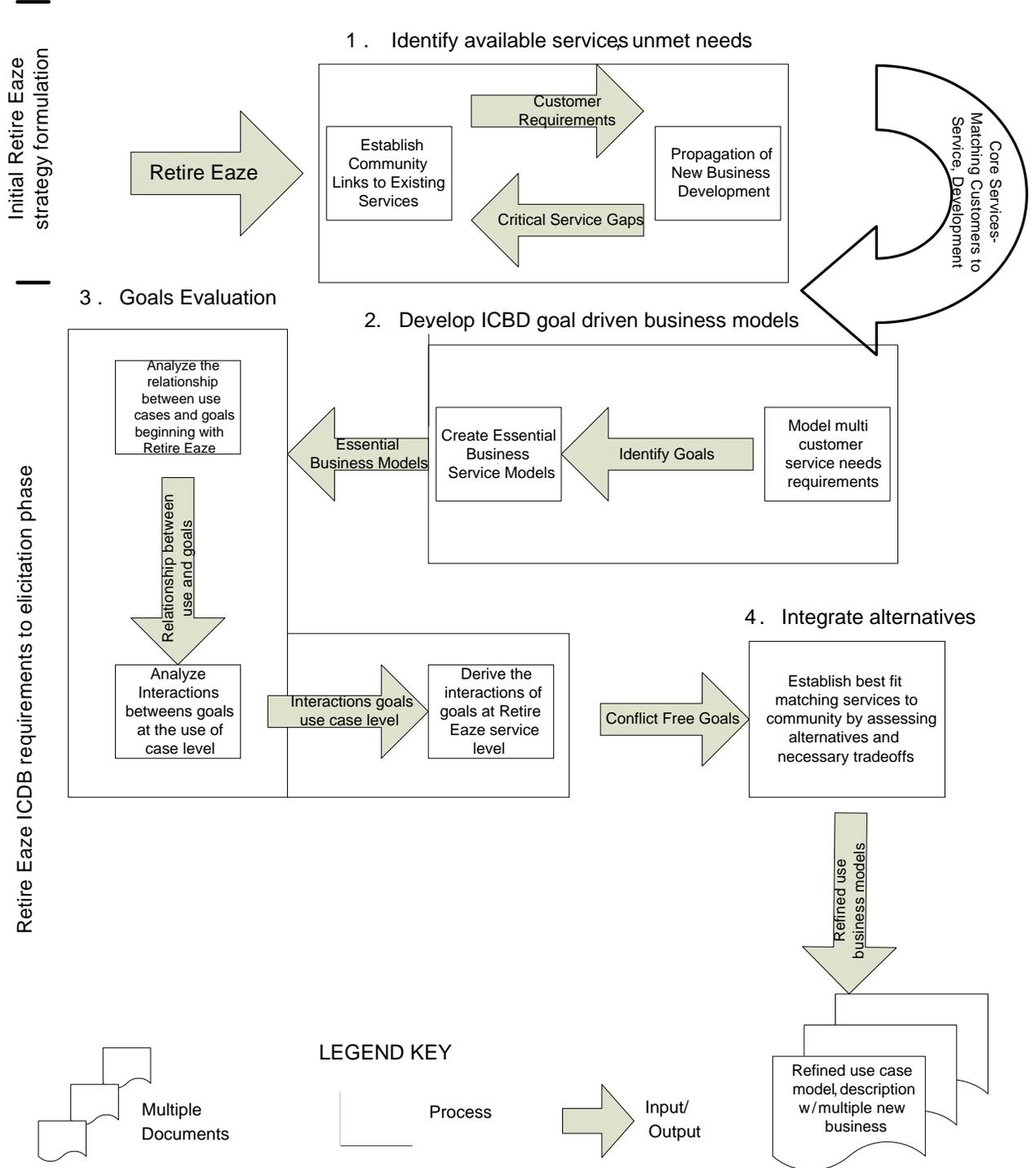
Lin & Wan (2003) provide a modern illustration of this social dynamic in the establishment of partnership opportunities in public health services through Taiwan’s Primary Community Care Network (PCCN). The PCCN partnerships represent a community of service perspectives that assist in the development of health care network management’s ability to balance the burgeoning cost constraints against appropriate levels of efficiency for patient care and services. But even the introduction of the element of this international establishment with a divergent economic base and high technology does not depart from the basic premise that is formulating as a solution at all stages of economic development: that building local capacity (Alvord, Brown & Letts, 2004) to reduce health care issues is a premier consideration that addresses an element that pure social capital, pure entrepreneurialism, or pure social entrepreneurialism alone cannot. This brings us to the entry of  $\mu$ ICBD, based on the elements that corporately provide the foundation and the logical progression of social capital, entrepreneurship and social entrepreneurial spirit that lead us to an enhanced method of building local capacity in the form of service-driven business development.

#### **4.0 Solution Model**

Figure 4 demonstrates the conceptualized flexible model derived from the establishment of an original business model/plan entitled “Retire Eaze...Transitioning the elderly community with dignity”. The Retire Eaze model was first developed as a business plan and later updated to incorporate Hsia, Wu & Li’s (2008) e-commerce value matrix. Their model was selected because it contained the essential element of embedding consumer requirements into their business model in order to drive their business goals. In effect, the adaptable quality of the model allows economic sustainability and self-perpetuation, as business requirements change, that can be applied to community needs and subsequent institutional social services change.

This model represents a pilot program that would be an agent or “actor” that would identify existing services as well as unmet individual consumer needs through the social interaction of community service. The business model becomes a mechanism of social capital that engages the community to facilitate the exchange of opinions, resources, and information that formulates a common cognitive foundation from which consensus for internal and external action is derived. These actions include identification of gaps in points of service internal to Retire Eaze and the external proliferation of sustainable businesses derived from actual service needs discovered through the same mechanism. As a result, goals can be evaluated against actual case service usage, and Retire Eaze will be able to divest itself from any internal conflicts. More importantly, Retire Eaze will also be in a strong position to present service options for new business development where there is a recognizable need.

# Microeconomic Intentional Community Business Development ( $\mu$ ICBD)



Source: Adapted from Hsia, *et al.* (2008).

**Figure 4: Microeconomic Intentional Community Business Development Model ( $\mu$ ICBD)**

This business model harmonizes the influence of social capital, entrepreneurial spirit, and community engagement to corporately address the relational, monetary and social aspects necessary to produce innovative healthcare solutions via Microeconomic Intentional Community Business Development. The process begins with the “seed” of a business enterprise like Retire Eaze and will continue to perpetuate throughout the community.

Evaluation criteria measuring the success of the pilot project can be taken from The World Bank Group’s five measurable categories of social capital, shown earlier in Table 1. For example, the social capital dimension of social inclusion may result in a network analysis of the resources available through Retire Eaze with respect to the number of stakeholders and their demographic representation compared to those who still remain underrepresented or even excluded (Table 2). Or the same method can be applied to institutions like the SBA who provide funding to small businesses in order to determine if they have increased their capacity to promote relevant business by increasing the density and diversity of their resources (a social capital dimension of groups and networks). Additional metrics for measuring success could be gauged on more recognizable methods such as calculating the numbers of new businesses generated, people served, or needs met through mechanisms promoted through social capital.

**Table 2: Social Capital Metrics**

<b>Social Capital Dimension</b>	<b>Example of Key Measurable Metrics</b>
Groups and Networks	Tracked occurrence of events where interaction resulted in new business or service provided.
Trust	Number of instruments created to resolve disputes.
Collective Action	Generation of policy issues that have been mandated or put into law.
Social Inclusion	Comparative demographic of population served to measure if facility addresses previously underrepresented or excluded populations.
Information and Communication	Documentation of communication standards between members that have led to resources.

Source: Adapted from The World Bank Group.

## 5.0 Discussion

There are a variety of solutions in literature that tackle the growing human development issue in relation to solutions that either dwell on economics (Entrepreneurial theory), or insist that the business of addressing social need takes precedence (Social Entrepreneurship). But in my opinion, it is necessary to include both aspects, with a foundation of community engagement propagated through social capital in order to properly address quality of life issues that are derivatives of poverty or near-poverty socioeconomic status. Since poverty is an economic indicator that results in a lack of access to healthcare or reduced healthcare services, innovative healthcare solutions must consider economic solutions in cohort with the community at large. Further, solutions that were not inclusive for consideration for economic gain in conjunction with quality of life would miss the important connection between how small changes impact systemic issues that is underscored by Alvord et al. (2004) through building local capacity that leads to national impact. Consider also that social stability, a recognized factor derived from the health, welfare, and safety of a nation (Hamilton), is fundamentally linked to economic stability and requires that solutions must consider break-even or moderate economic gains in any model that addresses social issues. The concept of  $\mu$ ICBD may indeed prove to be the required mechanism that addresses the local needs which ultimately contribute to our national, and ultimately our international interests of social stability in answer to debilitating downturns.

Although the focus of this document is the reinvigoration of the U.S. mechanisms for nascent business development through the elicitation of  $\mu$ ICBD, international applications also apply. Two examples cited in this composition expressed similar determinants of success. Specifically, for African nations that were in early development stages (when compared to U.S. nascent business development), and on the other end of the spectrum, in Taiwanese hospitals

who were investing in social capital methods to increase efficiencies through exchange of information and resource sharing. This, however, presents an interesting perspective on future development strategies as the United States moves away from manufacturing to specialized, small services, even as large enterprise systems begin to flourish in developing nations.

Future researchers may find the complex relationships that exist in global entrepreneurship an added dimension to the current development issues as expressed by the three levels presented herein. First, the Cote d'Ivoire represents pure nascent development in a manufacturing arena. Second, Taiwan represents the height of manufacturing and technology. Third, the new service orientation of the United States perhaps hints at where nations like Taiwan will be at their next stage of development. All are experiencing "birthing pains" as each walks a unique path particular to their needs.

As America has moved from manufacturing to a service orientation across a wide variety of industries, the reemergence of the need for customized services becomes increasingly relevant in a country long-dominated by industry "institutions" that were slow to change. The time may be ideal for a flexible business model that develops potential entrepreneurs in environments where information leads to opportunities through optimizing social capital. Though uncertainties and risk will always exist, the constant pattern of new business development must go hand-in-hand with institutional directives that facilitate it at the greatest level of probability for success.

## **6.0 Conclusions**

Indirect government interaction that engages community involvement through social capital offers a tangible way to diffuse government funds into economic development that addresses specific community public health needs that may differ dramatically from the national perception of needs. This approach has the value-added outcome component of social capital in

that increased social stability is likely to be derived from the community interaction in terms of economic opportunity and met public health and service needs. A direct application of the process can be applied to the Small Business Administration as follows.

Since proposed changes to the SBA fall under the dominion of the Regulatory Flexibility Act (RFA) of 1980, costs incurred from regulatory changes that would support the promotion of  $\mu$ ICBD are estimated at approximately \$3.5-\$4 million dollars, with allowances for the current value of the U.S. dollar. In particular, the Colorado Department of Revenue introduced RFA changes in 2005, with an estimated cost in the range of \$1.8-\$3.3 million. The impact of reducing the amount of businesses that fail has the opportunity to offset losses in the billions upon consideration of the 81.09% of business closures in 2005 (SBA, 2006). Given this fact, it is reasonable to assume that a majority of these funds are going into the creation of new businesses that fail, but few, if any, funds have been provided in an effort to promote business ventures that have the potential to increase sustainability.

Redirecting funds into communities specifically earmarked for training and development to promote  $\mu$ ICBD by using the Retire Eaze model and business plan (Appendix 1), could effectively decrease the need to fund future businesses that historically fail and instead focus on the establishment of businesses that provide required services. An immediate benefit of this method is the estimated savings to the national SBA budget. More importantly, the economic and societal benefits of this progressive microeconomic intentional community business development approach can have lasting economic gains and value to U.S. communities.

**Table 3: Value Matrix**

	<b>Immediate Benefit</b>	<b>Cost Savings*</b>	<b>Long Term Benefits</b>
Mandate for Small Business Administration Funds	More efficient allocation of resources; defer to urgent healthcare; stable economy and tax base	\$69.02 <sup>+</sup> Billion	Economic and social stability, national security, increased quality of life

Note\*: 2008 U.S. Dollars.

Note+: Does not include additional tax base from sustainable businesses.

A specific example of this approach in action uses the SBA's 1991-2000 actual \$95 billion distribution to over 435,000 business start-ups and makes the assumption that we can at minimum, reduce the number of business failures by 50% as illustrated in Table 3, and we can have a significant savings of \$47.5 billion (\$69.02 billion in 2008 U.S. Dollars). The  $\mu$ ICBD model anticipates that the new businesses will have sustainable operations and also provide a significant community tax base to the extent that community involvement is developed through social capital.

In addition, global implications exist, as similar policies can be applied to regulatory bodies that provide funding resources in other nations. Apart from some minor considerations (i.e., formal education in developing nations), the universal aspects of established and developing theoretical frameworks that generate the  $\mu$ ICBD option will consistently have a global impact. Further, because the theoretical framework takes into consideration the unique situations involved in every opportunity, regardless of location, there are inherent global applications that transcend cultural boundaries.

In summary, the opportunity to establish pilot programs can provide the necessary basis of information, personal experience, and specific opportunities for future development that result in actions that address the need for specific products and services in a profitable and sustainable manner.

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## Appendix



**Retire Eaze**  
**Serving the transition elderly community with dignity...**

### **EXECUTIVE SUMMARY**

**Mission Statement:** To serve senior citizens in a respectful manner during the difficult task of downsizing their living conditions due to health needs, loss of spouse, and/or retirement.

**Business Opportunity:** Provide personal services in the area of organization, packing, will planning, appraisal, and subsequent estate or auction assistance, guidance and support through the decision-making processes and aid as needed in regard to the new housing situation.

**Financial Projections:** Retire Eaze will provide income to the proprietor and opportunities for new business development.

### **INDUSTRY OVERVIEW**

**Overview of the Industry:** Demographics indicate a growing percentage of retirement age clients who are facing the need to sell their long held property and personal possessions in order to accommodate changes in living arrangements as a result of illness or retirement that force

downsizing. The population is ill-prepared for these market changes and/or the amount of time and physical labor involved in preparing for and actually performing the task of downsizing.

These tasks are not limited to just preparation for sale of property, but call for comfort, understanding and guidance for decisions regarding personal possessions that might be unnecessary in their new circumstances.

**Future Position:** The retiring Baby Boomers are a massive growth industry that will continue to require specialized attention.

**Potential Customers:** Early retirees, senior citizens.

**Direct Competitors:** Real Estate offices and other categories of businesses such as services that offer to organize your household are a part of the marketing field. However, the perspective of this business plan is to spend one-on-one time with individuals on an hourly basis with the understanding that these clients may need long term assistance after the loss of their spouse or the onset of a debilitating disease requires them to downsize.

## **MARKETING**

**Business Opportunity:** Address the need to supply emotional support while addressing the practical procedures that must occur to help motivate senior citizens who must face downsizing.

**Company Impact:** Meet the needs of our retiring elderly in a professional and honorable fashion.

**Company Strategy:** Utilize existing and create new local contacts sensitive to the needs of the seniors in real estate, estate planning, hospitals, community centers, and similar areas in order to stimulate early interest in the move to retirement or the time required to promote recovery from losses before an individual is faced with the reality that they must seek alternate housing

solutions.

**Benefits:** Retirement in an honorable fashion is a gift that we can provide our elderly community and a method that benefits the individuals by honoring their memories, the community, and the nation as a whole. The ability to learn from the direct needs of this special community also promotes future research and resolution opportunities. Volunteers who are interested in occupational skills that drive opportunities for new business will also benefit.

## **OPERATIONS**

**Organizational Structure:** Retire Eaze will be a sole proprietorship and provide personal care and attention to its client base as needed.

**Capital Requirements:** Retire Eaze will require \$5,000 for start-up.

**Core Operations:** Will encompass the aid of community activists for the elderly to bring the service to their attention through brochures and other easily readable materials that are suitable to the elderly population.

## **FINANCIAL PROJECTIONS**

The company will operate under sole proprietorship and will enlist the aid of local banks for start-up amount of \$5,000 to cover immediate marketing costs and dedicated communication systems. Contributions and grants by federal, state and local interests will also be sought for additional capital. When company solvency is assured, expected profits can be used to assist in the establishment of other small business launches from information acquired through active involvement of Retire Eaze owner and volunteers. See Retire Eaze Five Year Business Plan Table 1A.

**Table 1A: Retire Eaze Five Year Plan**

**RetireEaze Five Year Plan, Profit and Loss Projections**

**Year-by-year profit and loss assumptions**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Annual cumulative price (revenue) increase	-	3.80%	3.80%	3.80%	3.80%
Annual cumulative inflation (expense) increase	-	3.00%	3.00%	3.00%	3.00%
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Revenue</b>					
Gross revenue	\$100,000	\$150,000	\$300,000	\$500,000	\$750,000
Cost of goods sold	0	0	0	0	0
<b>Gross margin</b>	\$100,000	\$150,000	\$300,000	\$500,000	\$750,000
Other revenue (Consulting)	\$50,000	\$60,000	\$70,000	\$80,000	\$100,000
Interest income (3.5% Interest Rate)	\$1,750	\$2,100	\$2,450	\$2,800	\$3,500
<b>Total revenue</b>	\$151,750	\$212,100	\$372,450	\$582,800	\$853,500
<b>Operating expenses</b>					
Sales and marketing	\$10,000	\$15,000	\$20,000	\$25,000	\$30,000
Payroll and payroll taxes	\$75,000	\$100,000	\$150,000	\$200,000	\$300,000
Insurance	\$6,000	\$6,180	\$6,365	\$6,556	\$6,753
Utilities	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628
Administrative fees	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628
Other	\$10,000	\$20,000	\$30,000	\$40,000	\$50,000
<b>Total operating expenses</b>	\$111,000	\$151,480	\$216,974	\$282,484	\$398,008
<b>Operating income</b>	\$40,750	\$60,620	\$155,476	\$300,316	\$455,492
Interest expense on long-term debt	224	166	136	86	34
<b>Operating income before other items</b>	\$40,526	\$60,454	\$155,340	\$300,230	\$455,458
Loss (gain) on sale of assets	\$0	\$0	\$0	\$0	\$0
Other unusual expenses (income)	\$0	\$0	\$0	\$0	\$0
<b>Earnings before taxes</b>	\$40,526	\$60,454	\$155,340	\$300,230	\$455,458
<b>Taxes on income</b> 30%	12,158	18,136	46,602	90,069	136,637
<b>Net income (loss)</b>	\$28,368	\$42,318	\$108,738	\$210,161	\$318,821