

# The Annual Survey of Entrepreneurs: An Introduction

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# Overview

- The paper describes a new survey carried out by the Census Bureau, the Annual Survey of Entrepreneurs (ASE)
  - collected through a partnership of the Census Bureau with the Kauffman Foundation and the Minority Business Development Agency (MBDA).
- Why is there a need for a new survey?
- Design and sampling
- Special Modules

# The need for a survey of entrepreneurs

- To provide high-quality, timely, frequent information on the activities of one of the important drivers of economic growth: entrepreneurship.
  - Complements the quinquennial Survey of Business Owners (SBO)
- To provide information on one of the most dynamic parts of the U.S. economy, business startups
  - Important for job creation, innovation and productivity dynamics
- To understand firm owner demographics
  - Especially in terms of disadvantaged groups

# The existing surveys

- These include the SBO, data from administrative sources, the Longitudinal micro datasets and some occasional small sample surveys
- Also some surveys not collected by the Census Bureau but complementary
  - the Kauffman Firm Survey (KFS), the Panel Study of Entrepreneurial Dynamics (PSED) , and the Survey of Small Business Finances (SSBF).
- All of these datasets provide information on some aspects of entrepreneurship

# The existing surveys: Summary

<b>Name</b>	<b>Purpose</b>	<b>Years</b>
Survey of Business Owners (SBO)	Demographic characteristics of business owners	1992, 1997, 2002, 2007, 2012
Business Dynamics Statistics (BDS)	Firm and establishment dynamics	1976-2013
Admin sources (CBP, ZCBP, BITS)	Statistics of U.S. businesses by geography	1998-2013
Longitudinal (ILDB, LEHD, LBD)	nonemployers , workers, employer businesses	Various, start date 1976, annual
Nonemployer Statistics	Statistics on U.S. businesses without paid employees by geography	1997-2013
Quarterly Workforce Indicators (QWI)	Statistics of employment flows	varies by state
Statistics of U.S. Businesses	Statistics on employment and payroll	1988-2012

# The need for a new survey

- Need for more *frequent* and more *timely* data
  - Policymakers were interested, for example, in whether minority and female owned businesses were disproportionately impacted by the tightening credit associated with the Great Recession
  - National Academy of Sciences (NAS) Panel on “Understanding Business Dynamics” recommended that the Census Bureau develop an annual version of the SBO.
  - NAS panel recommendations that the resulting survey have a “longitudinal component” and “flexible, modular designs.”

# Sample and Collection

- The sample for the ASE is approximately 290,000 employer firms over the entire private non-agricultural U.S economy
- Young firms – just under half of firms selected have been in business less than 10 years
- ASE sample has a longitudinal component – it the majority of respondents kept from year to year , as well a number of births for the current survey year
  - important in understanding business transitions

# Sample and Collection

- Used multiple sources of information to estimate the probability that a business was minority- or women-owned.
  - SBO, admin sources, Decennial Census
- Stratified by metropolitan area, age of business, company size
- Electronic instrument to ensure timeliness

# Content of the Core Instrument

- Two main sections
  - Owner specific characteristics
  - Firm specific characteristics
- Owners
  - specific to up to four owners of the firm on their demographics (sex, age, educational attainment, citizenship, ethnicity, race, and veteran status)
- Business
  - the year the business was established and detailed questions on funding, workers, customers, digital presence (website, e-commerce), global presence, and other business operations questions

# Content of the Core Instrument

- Similar to SBO content
- a number of questions that appear on the ASE that are not on the SBO.
  - designed to collect information on the challenges and goals of entrepreneurs.
  - motivations/aspirations, financial challenges, and profitability

# Motivations and goals

- Designed to distinguish between “subsistence” and “transformational.” entrepreneurs
  - Subsistence - motivated as a form of employment and do not plan for growth
  - Transformational - motivated by an opportunity to innovate and plan for rapid growth of the business.
- Owner specific question on possible reasons for owning the business.
  - E.g. work-life balance , unable to find employment, wealth building, best avenue for ideas/goods/services)
- Business specific question
  - where would the owner(s) like this business to be in five years in terms of profits and sales relative to the current state

# Financial challenges

- Sources of capital funding
  - At start-up and in reference year
- New funding relationships
  - Funding from family, banks, venture capitalists etc.
- Challenges with obtaining funding.

# Profitability

- General question about whether the business had profits, losses, or broke even.
- Follow-up questions concerning potential reasons the profitability of the business was negatively impacted
  - e.g. Access to capital, finding qualified labour, changes or updates in technology

# Modular Approach

- ASE will have a module each year on a specific topic of interest
  - allows stability of having core content and the flexibility of adaptable modules
- First module is on Innovation and Research and Development Activity
  - questions concern process and product innovations over the last three years and current R&D activities
- Second module likely to be on management practices

# Dissemination and Future work

- Dissemination through tabulations and micro data access for qualified researchers
- Allows possibility of linking to other Census Bureau micro data
- Develop future modules
  - Likely topics include technological advances, Internet usage, business practices, export practices, and globalization

# Discussion

- Exciting initiative from the Census Bureau
- Frequent and timely data are crucial for research and policy
- Well designed questionnaire including important questions not available elsewhere
- Are there any similar surveys in other countries?