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

<table>
<thead>
<tr>
<th>Name</th>
<th>Purpose</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Dynamics Statistics (BDS)</td>
<td>Firm and establishment dynamics</td>
<td>1976-2013</td>
</tr>
<tr>
<td>Longitudinal (ILDB, LEHD, LBD)</td>
<td>nonemployers, workers, employer businesses</td>
<td>Various, start date 1976, annual</td>
</tr>
<tr>
<td>Nonemployer Statistics</td>
<td>Statistics on U.S. businesses without paid employees by geography</td>
<td>1997-2013</td>
</tr>
<tr>
<td>Quarterly Workforce Indicators (QWI)</td>
<td>Statistics of employment flows</td>
<td>varies by state</td>
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</table>
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?