

ED 393 477

JC 960 136

AUTHOR Walstad, William B.
 TITLE Entrepreneurship and Small Business in the United States: A Gallup Survey Report on the Views of High School Students, the General Public, and Small Business Owners and Managers.
 INSTITUTION Gallup Organization, Inc., Princeton, N.J.; Nebraska Univ., Lincoln. National Center for Research in Economic Education.
 SPONS AGENCY Ewing Marion Kaufmann Foundation, Kansas City, MO. Center for Entrepreneurial Leadership.
 PUB DATE 94
 NOTE 76p.; Study conducted jointly by the National Center for Research in Economic Education and the Gallup Organization, Inc.
 PUB TYPE Reports - Research/Technical (143)
 EDRS PRICE MF01/PC04 Plus Postage.
 DESCRIPTORS Administrator Attitudes; *Business Administration; *Business Education; Career Education; Community Attitudes; Economic Opportunities; *Entrepreneurship; High Schools; High School Students; National Surveys; *Secondary School Curriculum; *Self Employment; *Small Businesses; Student Attitudes

ABSTRACT

In 1994, a national survey was conducted of high school students, the general public, and small business owners and managers to determine their attitudes regarding entrepreneurship. Telephone surveys were conducted with randomly generated samples of 600 members of the general public, 602 high school students, and 204 business owners and managers. Specifically, the survey sought to determine respondents' perceptions of small businesses compared to large corporations; reasons for, difficulties with, and interests in starting a new business; views regarding principles of free competition and government regulation of business; understanding of entrepreneurship and related educational experience; and opinions regarding the content of entrepreneurship education and its inclusion in high school curricula. Key findings from the survey include the following: (1) 69% of high school students and 50% of the general public expressed an interest in starting a business; (2) with respect to knowledge of entrepreneurship, the student respondents answered only 44% of the related questions correctly, indicating a gap in knowledge; (3) clear majorities in all three groups thought that entrepreneurship and small business education should be provided in high school; and (4) 59% of the students, 73% of the public, and 89% of the business managers expressed a preference for being a small business owner over a large corporation manager. (CELCEE, an adjunct ERIC Clearinghouse on Entrepreneurship Education) (TGI)

 * Reproductions supplied by EDRS are the best that can be made *
 * from the original document. *

ENTREPRENEURSHIP AND SMALL BUSINESS IN THE UNITED STATES

A GALLUP SURVEY REPORT
ON THE VIEWS OF
HIGH SCHOOL STUDENTS,
THE GENERAL PUBLIC, AND
SMALL BUSINESS OWNERS AND MANAGERS

BEST COPY AVAILABLE

A REPORT OF THE CENTER FOR ENTREPRENEURIAL LEADERSHIP INC.
OF THE EWING MARION KAUFFMAN FOUNDATION

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION
CENTER (ERIC)

This document has been reproduced as
received from the person or organization
originating it

Minor changes have been made to
improve reproduction quality

• Points of view or opinions stated in this
document do not necessarily represent
official OERI position or policy

PERMISSION TO REPRODUCE AND
DISSEMINATE THIS MATERIAL
HAS BEEN GRANTED BY

R. Strom

TO THE EDUCATIONAL RESOURCES
INFORMATION CENTER (ERIC)

ENTREPRENEURSHIP AND SMALL BUSINESS IN THE UNITED STATES

A GALLUP SURVEY REPORT
ON THE VIEWS OF
HIGH SCHOOL STUDENTS,
THE GENERAL PUBLIC, AND
SMALL BUSINESS OWNERS AND MANAGERS

1994

PREPARED FOR:
Institute for Entrepreneurship Education
Center for Entrepreneurial Leadership Inc.
Ewing Marion Kauffman Foundation
4900 Oak Street
Kansas City, MO 64112-2776

PREPARED BY:
William B. Walstad
University of Nebraska-Lincoln

This study was conducted jointly by the National Center for Research in Economic Education (University of Nebraska-Lincoln) and The Gallup Organization, Inc.

© 1994 Center for Entrepreneurial Leadership Inc. All rights reserved.

TABLE OF CONTENTS

SECTION	PAGE
CRITICAL RESULTS	1
I VIEWS OF SMALL BUSINESS	1
TABLES	
1 Like Most About American Small Business	2
2 Small Business Compared to Large Business Corporations	5
3 Small Business Owner or Manager in Large Corporation	8
4 Know a Person Who Runs a Small Business	9
5 Relationship to Person Who Runs a Small Business	10
II STARTING A BUSINESS	11
6 Reasons People Go Into Business	12
7 Challenges That Prove More Difficult Than Anticipated in Starting a New Business	15
8 Importance of Giving Something Back to the Community	17
9 Start Business of Own	18
10 Major Reason to Start a Business	19
11 Major Reason for Not Starting a Business	21
12 Advice to a Person Wanting to Start a Business	23
III COMPETITIVE MARKETS AND GOVERNMENT	25
13 Government Should Prohibit Price Increases	26
14 Manufacturer Should Be Allowed to Raise Prices	27
15 Government Regulation of Business	29
16 Business Taxes	30

IV ENTREPRENEURIAL KNOWLEDGE	31
17 Percentage of Correct Responses to Entrepreneurial Knowledge Questions	32
18 Description of Entrepreneur	33
19 Who Created Most New Jobs in Past 10 Years	34
20 Business Organization Subject to Double Taxation by Federal Government	35
21 Most Typical Way to Raise Capital to Start a New Business	37
22 Most Important Factor for Business Survival	38
23 Example of Franchise	39
24 Determination of Prices in a Competitive Market	40
25 Basic Purpose of Profits in Market Economy	41
26 Knowledge and Understanding of Starting and Managing a Business	42
 V ENTREPRENEURSHIP EDUCATION	 43
27 Nation's Schools Should Teach More About Entrepreneurship and Starting Businesses	44
28 Amount of Education on Subjects in School	45
29 Courses Taken in High School	46
30 Courses Taken in College	47
31 Importance to a High School Senior's Knowledge of Entrepreneurship	48
32 Importance of Skills to Prepare High School Seniors for Being Successful Entrepreneurs	49
33 Importance of Attitudes and Values to Prepare High School Seniors for Being Successful Entrepreneurs	50
 VI SAMPLE CHARACTERISTICS AND SURVEY METHODS	 51
34 Sample Characteristics	55
35 Expected Error Ranges for Different Sample Sizes	65

ENTREPRENEURSHIP AND SMALL BUSINESS IN THE UNITED STATES

A NATIONAL SURVEY

This study reports the findings from a national survey on entrepreneurship and small business in the United States. Three groups — high school students, the general public and small business owners and managers — were surveyed on their opinions about starting a business, knowledge of entrepreneurship and business, and views on education in entrepreneurship and business. The Center for Entrepreneurial Leadership Inc. of the Ewing Marion Kauffman Foundation in Kansas City, Mo., commissioned the study, which was conducted jointly by the National Center for Research in Economic Education at the University of Nebraska-Lincoln and The Gallup Organization, Inc.

The major findings are divided into five sections that follow the order of questions on the survey. Section I describes the perceptions of each group about small business and what they liked about small business compared to large corporations. Section II describes the thoughts of each group on starting a new business — the reasons, difficulties and interest. Section III examines the support for competitive markets and opinions about government regulation of business. Section IV offers an assessment of entrepreneurship understanding based on an analysis of responses to basic knowledge questions. Section V discusses entrepreneurship education and what content should be included in the high school curriculum.

High school students' interest in entrepreneurship and their desire for entrepreneurship education were among the most striking findings of this study, the first national Gallup survey on entrepreneurship education.

Seven out of 10 high school students (69 percent) want to start businesses of their own, according to the survey. Independence, as opposed to monetary gain, was the primary motivation given for wanting to start a business. Forty-three percent of students cited the opportunity "to be my own boss" as the major reason for wanting to start a business of their own; only 18 percent said money would be their primary motivation. The views of the general public mirrored those of high school students, with 51 percent of the general public citing independence as the key motivator.

While the students expressed a strong interest in being entrepreneurs, the survey indicates they do not have the knowledge to pursue that avenue. Multiple choice questions were included in the survey to assess basic knowledge about entrepreneurship and business. The questions covered a broad range of topics and were designed to be understood by all three surveyed groups. High school students averaged 44 percent correct, reflecting a substantial gap in their entrepreneurship knowledge.

The students were well aware of their knowledge deficit. In asking students to rate their entrepreneurship know-how, 86 percent rated themselves *very poor* to *fair*.

The results were not surprising in that approximately eight in 10 high school students said they were taught *little* or *practically nothing* in school about how business or the economy works. Only 27 percent reported taking a course in entrepreneurship or business; 35 percent said they took a course in economics.

The findings of the survey are particularly useful in exploring the case for entrepreneurship education for youth. All three groups surveyed indicated the nation's schools should do more to teach about entrepreneurship and starting a business. More than 80 percent of each group considered entrepreneurship and starting a business to be *important* or *very important* to teach.

Other key findings of the survey:

- There was nearly unanimous agreement in each group that it was important for successful businesses to give something back to the community beyond providing jobs. Among high school students, 99 percent believed it is important for businesses to support their communities.
- All three groups surveyed expressed a preference for being a small business owner over working as a manager in a large corporation.

ABOUT THE SURVEY

Survey data were collected by The Gallup Organization from three national random samples: 600 members of the general public, 602 high school students, and 204 small business owners and managers. The respondents were interviewed by telephone from April 20 to May 17, 1994. The maximum margin of sampling error for the results was plus or minus (+/-) 4 percentage points for the general public and high school samples, and plus or minus (+/-) 6.9 percentage points for small business owners and managers.

The following five sections of the report present the survey data in detail.

SECTION I

VIEWS OF SMALL BUSINESS

"What do you LIKE MOST about American small business?"

Table 1
Like Most About American Small Business
(n=1,406)

Response	High School Students (n=602)	General Public (n=600)	SB Owners & Managers (n=204)
Customer and personal service	24%	33%	17%
Economic opportunity and freedom	8	13	50
Competition and competitiveness	3	8	2
Jobs and employee relations	11	10	5
Other	10	10	14
Total citing a positive feature	56%	74%	88%
Don't know	38	19	9
Nothing	5	6	3

- Three-fourths (74%) of the *general public* cited a positive feature of small business. One-third (33%) identified customer and personal service factors as what they liked most about American small business. Much smaller percentages of the general public identified other positive features such as economic opportunity and freedom (13%), competition and competitiveness (8%), or jobs and employee relations (10%). One-quarter of the general public either did not know (19%) or replied "nothing" (6%).
- Forty-three percent of *high school students* either did not know (38%) or replied "nothing" (5%) as their response to the question of what they liked about small business. This response was 18 percentage points more than for the general public. When a positive feature was given, it was most

likely to be a customer and personal service factor (23%) or jobs and employee relations (11%). Only 6 percent thought of economic opportunity and freedom and just 3 percent thought of competition and competitiveness. Another 10 percent gave other responses.

- Almost half (49%) of *small business owners and managers* cited economic opportunity and freedom as what they like about small business. This percentage was much greater than that found for the general public (13%) or high school students (6%) probably because of the different roles each plays in a market economy (business owners see the product market as producers and the general public and high school students experience product markets as consumers).
- Consideration of other positive factors by *small business owners and managers* was minor and scattered among different categories — customer and personal service (16%), competition and competitiveness (2%), jobs and employee relations (4%), or some other factor (14%). Only 12 percent did not know (9%) or gave a “nothing” (3%) response.
- It should be noted that this question was open-ended and generated many responses. Similar responses were grouped into one of four major categories as follows:

Customer and personal service: Customer service / more personal contact / friendlier / dealing with customers / better communication / it's small not big / easy to work with / like them / help community.

Economic opportunity and freedom: Economic opportunity / ability to make money / opportunity to start own business / easy to start / easy to run / freedom / independence / flexibility / own boss / no one can tell me what to do / do something you like / individual or privately owned / be creative / rewarding.

Competition and competitiveness: Competition and competitiveness / core of our free enterprise system / innovation and technological developments / quality / more choices / products are made in America.

Jobs and employee relations: Creates jobs / better employee relations / family-like business / treats employee better / benefits / better chance of promotion / easier to get job / not as many employees / less political.

**"Do you think that most American small businesses
 are BETTER (B), WORSE (W), or ABOUT THE SAME (S)
 as large business corporations at:"**

Table 2
Small Business Compared to
Large Business Corporations
 (n=1,406)

Response	Better	Worse	About Same	DK
A. Producing quality products at reasonable prices				
High School Students (n=602)	40%	19%	39%	2%
General Public (n=600)	44	18	34	4
SB Owners & Managers (n=204)	52	15	29	3
B. Providing services that meet customers' needs				
High School Students	59%	8%	31%	2%
General Public	66	7	24	3
SB Owners & Managers	86	4	9	0
C. Paying workers for what they accomplish				
High School Students	47%	18%	31%	3%
General Public	32	31	31	6
SB Owners & Managers	45	24	30	1
D. Providing jobs				
High School Students	24%	47%	28%	1%
General Public	31	32	31	6
SB Owners & Managers	50	27	22	2

-
- The *general public*, *high school students*, and *small business owners and managers* generally had more positive than negative opinions about small businesses when compared to large business corporations. These generally positive opinions, however, varied across these four issues.

Producing quality products at reasonable prices. More than four in 10 (44%) of the *general public* thought small businesses were better than large business corporations at producing quality products at reasonable prices. About two in 10 (18%) thought they were worse. Similar percentages were found for *high school students* (40% better versus 19% worse). *Small business owners and managers* were somewhat more positive, with more than half (52%) thinking small businesses were better and only 15 percent thinking they were worse on this issue.

Providing services that meet customers' needs. There was an overwhelmingly favorable view of small business by all three groups on this issue. Almost two-thirds of the *general public* (66%) and more than half (59%) of *high school students* thought small businesses were better than large business corporations in providing services that meet customers' needs. The view among *small business owners and managers* was substantially more positive, with almost nine in 10 (86%) considering small business to be better.

Paying workers for what they accomplish. The *general public* was split into thirds on whether small businesses were better (32%), worse (31%), or about the same (31%) than large businesses in paying workers for what they accomplish. *High schools students*, however, clearly thought small businesses were better (47%) than worse (18%). These opinions were very similar to those held by *small business owners and managers* (45% better and 24% worse).

Providing jobs. The *general public* was split into thirds on the issue of whether small businesses were better (31%), worse (32%), or about the same (31%) as large businesses in providing jobs. *High school students*, however, held more negative opinions

than the general public. Almost half (47%) of high school students thought American small businesses were worse and only 24 percent thought they were better than large business corporations. These percentages were essentially reversed for *small business owners and managers*: 50 percent better and 27 percent worse. Clearly, there was a perception gap on this issue between high school students (and perhaps the general public) and small business owners and managers.

"If you had the choice between being: (1) a small
 business owner; (2) a manager in a large corporation,
 which would you rather be?"

Table 3
**Small Business Owner or
 Manager in Large Corporation**
 (n=1,406)

Response	High School Students (n=602)	General Public (n=600)	SB Owners & Managers (n=204)
A small business owner	59%	73%	89%
A manager in a large corporation	40	23	9
Neither	0	3	0
Don't know	1	2	2

- When given a choice between being a small business owner or a manager in a large corporation, almost three-fourths (73%) of the *general public* wanted to be a small business owner while only about one-fourth (23%) wanted to be a corporate manager.
- *High school students* also preferred small business ownership over a corporate management position, but were less enthusiastic about small business ownership than the general public. Almost six in 10 (59%) high school students wanted to be a small business owner, but four in 10 (40%) preferred employment as a corporate manager.
- Most *small business owners and managers* were satisfied with their current occupation. If given the choice, almost nine in 10 (89%) would choose to be a small business owner rather than a manager in a large corporation (9%).

**"Do you personally know a person
who runs a small business?"**

Table 4
Knows a Person Who
Runs a Small Business
 (High school and general public only; n=1,202)

Response	High School Students (n=602)	General Public (n=600)
Yes	57%	77%
No	43	23
Don't know	0	1

- More than three-fourths (77%) of the *general public* knew a person who ran a small business. Fewer than one-fourth (23%) did not.
- More than one-half (57%) of *high school students* knew a person who ran a small business. Fewer than half (43%) did not.
- This question was asked only of the general public and high school students because all *small business owners and managers* were running a small business.

 "How would you describe your relationship to this person? Is this person a parent, a close relative, a distant relative, a friend, a neighbor, or someone else?"

Table 5
**Relationship to Person
 Who Runs a Small Business**
 (High school and general public only; n=1,202)

Response	High School Students (n=343)*	General Public (n=460)*
Friend	43%	47%
Relative	21	20
Boss/Employer	5	8
Parent	24	7
Myself	0	7
Neighbor	5	3
Someone else	2	7

*Only those who knew a person who ran a small business.

- About two-thirds of the *general public* (67%) was likely to think either of a friend (47%) or a relative (20%) when they thought of a person who runs a small business. All other responses were mentioned by 8 percent or fewer.
- About two-thirds of *high school students* (64%) identified either a friend (43%) or a relative (21%). However, 24 percent also thought of a parent as a person who runs a small business. This response may reflect a misperception on the part of some high school students about the occupation of a parent because it is unlikely that this high a percentage *runs* a small business.

SECTION II

STARTING A BUSINESS

"Using a five-point scale,
 where "5" means you strongly agree (SA),
 and "1" means you strongly disagree (SD),
 do you think people go into business:"

Table 6
 Reasons People Go Into Business
 (n=1,406)

Reasons	SA	A	U	D	SD*
A. To be their own boss					
High School Students (n=602)	49%	24%	18%	5%	4%
General Public (n=600)	74	14	8	1	3
SB Owners & Managers (n=204)	74	17	5	2	1
B. To use their skills and abilities					
High School Students	39%	29%	24%	4%	3%
General Public	58	22	15	2	2
SB Owners & Managers	49	29	19	2	1
C. To build something for their family					
High School Students	44%	29%	18%	6%	3%
General Public	58	20	15	4	2
SB Owners & Managers	55	28	13	2	1
D. To earn lots of money					
High School Students	41%	23%	22%	8%	6
General Public	35	19	32	8	7%
SB Owners & Managers	26	21	36	11	5
E. To overcome a challenge					
High School Students	21%	27%	30%	15%	7
General Public	31	24	26	8	7%
SB Owners & Managers	30	28	27	9	5

*Percentage of "Don't know" answers was minimal (0-3%) and was omitted from the table.

-
- People go into business for many reasons. Respondents were asked to evaluate five likely reasons.

To be their own boss. About nine in 10 of the *general public* (88%) and *small business owners and managers* (91%) either strongly agreed or agreed that people go into business to be their own boss. In fact, the general public was much more likely to strongly agree (74%) than simply agree with this reason. *High school students* were less certain than the general public or small business owners and managers. Seven in 10 either strongly agreed (49%) or agreed (24%).

To use their skills and abilities. About eight in 10 of the *general public* (80%) and *small business owners and managers* (78%) either strongly agreed or agreed that people go into business to use their skills and abilities. The general public and small business owners and managers were more likely to strongly agree (58% and 49%, respectively) than simply agree (22% and 29%, respectively). About seven in 10 *high school students* either strongly agreed (39%) or agreed (29%) with this reason, suggesting that high school students were slightly less sure about this reason.

To build something for the family. A large majority of the *general public* (78%) and *small business owners and managers* (83%) either strongly agreed or agreed that people go into business to build something for the family. The general public and small business owners and managers were more likely to strongly agree (58% and 55%, respectively) than simply agree (20% and 28%, respectively) with this reason. *High school students* were somewhat less likely (73%) to either strongly agree or agree.

To earn lots of money. Almost two-thirds of *high school students* (64%), but only about half of the *general public* (54%) or *small business owners and managers* (47%) thought that earning lots of money was a reason why people go into business. In fact, 41 percent of high school students strongly agreed with this reason

compared with 35 percent of the general public and 26 percent of small business owners and managers.

To overcome a challenge. More than half of the *general public* (55%) and *small business owners and managers* (58%), but fewer than half of *high school students* (48%) strongly agreed or agreed that overcoming a challenge was a reason for going into business. High school students were also more likely to simply agree (27%) than strongly agree (21%). In contrast, the general public and small business owners and managers were more likely to strongly agree (31% and 30%, respectively) than simply agree (24% and 28%, respectively).

**"Which of the following challenges do you think
 prove to be more difficult than initially anticipated
 by people who start a new business?"**

Table 7
**Challenges that Prove More Difficult
 Than Anticipated in Starting a New Business**
 (n=1,406)

Challenges	Yes	No	DK
A. Competing with other businesses			
High School Students (n=602)	85%	15%	0%
General Public (n=600)	78	21	1
SB Owners & Managers (n=204)	65	35	0
B. Obtaining loans and financing			
High School Students	76%	22%	1%
General Public	75	22	3
SB Owners & Managers	79	21	0
C. Developing sales			
High School Students	74%	24%	2%
General Public	76	21	3
SB Owners & Managers	65	35	0
D. Controlling costs			
High School Students	76%	23%	1%
General Public	77	20	3
SB Owners & Managers	73	27	0
E. Handling government regulation and red tape			
High School Students	64%	32%	3%
General Public	75	22	3
SB Owners & Managers	87	13	0

-
- New businesses face a number of challenges. Some differences were found in the perceptions of each group as to whether these challenges were more difficult than initially anticipated by people who start a business.

Competing with other businesses. Sizable percentages of each group considered this challenge to be more difficult than initially anticipated, but *small business owners and managers* were less inclined (65%) to think this way than were *high school students* (85%) or the *general public* (78%).

Obtaining loans and financing. About three-fourths of each group considered this challenge to be more difficult than initially anticipated. *Small business owners and managers* (79%) were somewhat more likely than the *general public* (75%) or *high school students* (76%) to think this way.

Developing sales. More of the *general public* (76%) and *high school students* (74%) thought the development of sales was a more difficult challenge than initially anticipated than did *small business owners and managers* (65%).

Controlling costs. About an equal percentage of each group (73% to 77%) thought that controlling costs was a more difficult challenge than initially anticipated.

Handling government regulation and red tape. Almost nine in 10 (87%) of *small business owners and managers* viewed this factor as a more difficult challenge than initially anticipated compared with three-fourths (75%) of the *general public* and fewer than two-thirds (64%) of *high school students*.

 "How important do you think it is for successful business owners or entrepreneurs to give something back to the community beyond providing jobs?

Table 8
Importance of Giving Something Back to the Community
 (n=1,406)

Response	High School Students (n=602)	General Public (n=600)	SB Owners & Managers (n=204)
Very important	68%	68%	59%
Somewhat important	31	28	37
Not at all important	1	3	3

- There was nearly unanimous agreement (96% to 99%) in each group that it was either *very important* or *somewhat important* for successful businesses to give something back to the community beyond providing jobs.

- A large percentage (59% to 68%) of each group thought it was very important rather than just somewhat important (28% to 37%) to give something back to the community. More than two-thirds (68%) of the *general public* and *high school students* thought it was very important that a successful business give something back to the community. A slightly smaller percentage of *small business owners and managers* (59%) held that view.

 "Do you think you would want to start a
 business of your own?"

Table 9
Start Business of Own
 (High school and general public only; n=1,202)

Response	High School Students (n=602)	General Public (n=600)
Yes	69%	50%
No	28	49
Don't know	3	1

- Almost seven in 10 (69%) *high school students* would like to start a business of their own.
- Only five in 10 (50%) of the *general public* were interested in starting a business.
- This question was not asked of *small business owners and managers* because they were already running small businesses of their own.

 "What is the MAJOR reason why you

 might want to start a business for yourself?"

Table 10
Major Reason to Start a Business*
 (High school and general public only; n=715)

Reasons	High School Students (n=415)	General Public (n=300)
A. To be my own boss	43%	51%
B. To earn lots of money	18	14
C. Help community/provide jobs	11	5
D. To use my skills and abilities	7	6
E. To build something for the family	6	7
F. To overcome a challenge	6	9
G. Other	7	7
H. Don't know	3	1

*For YES respondents on whether you'd want to start a business of your own (see Table 9).

-
- The major reason given for wanting to start a business by the *general public* and *high school students*, among the subsample who were interested in doing so, was the opportunity to “be my own boss” (51% general public and 43% high school).
 - Next in order of importance, but drawing much less interest, was the opportunity to earn lots of money (14% general public and 18% high school). About 11 percent of *high school students* thought a major reason they wanted to start a business was to help the community or provide jobs. All other responses — using my skills and abilities, building something for the family, overcoming a challenge, or other — drew less than 10 percent of each group.
 - This question was open-ended and generated many responses. Similar responses were grouped into one of seven categories:

To be my own boss: To be my own boss / doing it myself / do what I want to do / just to have my own business / independent / pride / job security / control / control my destiny / work out of home / freedom.

To earn lots of money: Earn lots of money.

Help community/provide jobs: Help community / give back to community / help people out / provide jobs for others / charge fair prices / provide a service / quality of service / work with people.

To use my skills and abilities: Use my skills and abilities / for fun / enjoy it.

To build something for the family: To build something for the family / follow in Dad’s footsteps.

To overcome a challenge: Overcome a challenge / accomplish a goal / self satisfaction / be successful / do something after retirement.

Other: Other / no specific reason.

“What is the MAJOR reason you might NOT want to start a business for yourself?”

Table 11
**Major Reason for
 Not Starting a Business***
 (High school and general public only; n=487)

Reasons	High School Students (n=187)	General Public (n=300)
Age or family situation	1%	37%
Problems with managing the business	18	20
Not enough money/financial capital	6	8
It is too risky	18	10
Lack of energy/time/skills/ideas	26	14
Like my current situation	18	6
Other	9	4
Don't know	4	1

*No or don't know respondents on whether you want to start a business of your own (see Table 9).

- The major reasons given for not starting a business by the *general public*, for those who did not want to start a business, were age or family situation (37%) or anticipated problems with managing the business (20%). Another 14 percent cited a lack of energy, time, skills or ideas. Ten percent thought it was too risky.
- A wide variety of reasons were given for not starting a business by the subsample of *high school students* who lacked this interest. About one in four (26%) cited lack of energy, time, skills or ideas. About three in five were either worried about the problems of managing the business (18%),

the business risk (18%), or they liked their current situation (18%). Few cited age or family (1%) or the lack of money or financial capital (6%) as a reason for not starting a business.

- This was an open-ended question that generated many responses. Similar responses were grouped into one of six categories:

Age or family: Age / retired / kids.

Problems with managing the business: Problems with managing a business / government regulation / hassles and headaches / responsibility / rather work for someone else / taxes / stress / too much pressure.

Not enough money/financial capital: Not enough money/ financial capital.

It is too risky: Too risky / lose money and go bankrupt / might not be successful / competition / fear of failure / economy is bad / crime or robberies / job security.

Lack of energy/time/skills/ideas: Lack of energy or time / lack of knowledge or skills / too much work involved / too much time / no idea for business / hard to get started / too hard or difficult / too much trouble.

Like my current situation: Like current situation / not interested.

"What advice would you give to a person who wanted to start a business? Would you ENCOURAGE them to start a business now, tell them to WAIT a few years and get more work experience, or DISCOURAGE them from starting a business and work for someone else?"

Table 12
 Advice to a Person Wanting
 to Start a Business
 (n=1,406)

Response	High School Students (n=602)	General Public (n=600)	SB Owners & Managers (n=204)
Encourage	30%	61%	53%
Wait	65	28	28
Discourage	2	5	12
Don't know/Refused	2	5	7

- Six in 10 (61%) of the *general public* and about five in 10 (53%) *small business owners and managers* would encourage people if they wanted to start a business. However, only three in 10 (30%) *high school students* would offer encouraging advice. The more cautious advice from high school students may reflect their youth and a lack of business or work experience.
- About three in 10 (28%) of the *general public* or *small business owners and managers* would tell a person who wanted to start a business to wait. Almost two-thirds (65%) of *high school students* would tell the person to wait.

-
- Few among the *general public* (5%) or *high school students* (5%) would discourage a person who wanted to start a business, but 12 percent of *small business owners and managers* would do so.

SECTION III

COMPETITIVE MARKETS AND GOVERNMENT

 "If the supply of new houses was reduced by a shortage of lumber, do you think the government should prohibit construction companies from raising prices on new houses?"

Table 13
Government Should Prohibit Price Increases
 (n=1,406)

Response	High School Students (n=602)	General Public (n=600)	SB Owners & Managers (n=204)
Yes, prohibit	57%	49%	23%
No, do not prohibit	41	47	77
Don't know	2	4	0

- The *general public* was about evenly divided (49% yes and 47% no) over the issue of whether the government should prohibit construction companies from raising prices on new houses, if the supply of new houses was reduced by a lumber shortage.
- *High school students* wanted more government control over housing prices than the general public. More high school students thought the government should prohibit the price rise (57%) than not prohibit it (41%).
- Most *small business owners and managers* were opposed to government price intervention in the housing market. More than three-fourths (77%) thought government should not prohibit the price increases whereas only about one-quarter (23%) thought government should prohibit them.

 "A bicycle manufacturer raises the price of bikes because the demand increased even though the cost of producing bikes has not increased. Do you think the manufacturer should be allowed to raise prices?"

Table 14
Manufacturer Should be Allowed to Raise Prices
 (n=1,406)

Response	High School Students (n=602)	General Public (n=600)	SB Owners & Managers (n=204)
Yes, allowed to	34%	36%	66%
No, not allowed to	65	62	33
Don't know	1	2	0

- Only about one-third of the *general public* (36%) and *high school students* (34%) would allow a bike manufacturer to raise prices when demand, but not the production cost for bikes, increased. About two-thirds of the general public (62%) and high school students (65%) would oppose allowing a bike manufacturer to raise prices in this case.
- Just the opposite response came from *small business owners and managers*. Two-thirds (66%) of small business owners and managers thought a bike manufacturer should be allowed to raise prices whereas only one-third (33%) were opposed. There was much more support for free markets among small business owners and managers than either the general public or high school students.
- The responses to questions in Tables 13 and 14 offer interesting contrasts. All groups were much more willing to let prices rise (and were more opposed to government intervention) when the price rise occurred because of an increase in production costs (Table 13), perhaps because the price

increase seemed more justified. Each group was less likely to support a rise in prices when demand increased, but production costs did not (Table 14).

**“Thinking about government regulation
of business, do you think there is:”**

Table 15
Government Regulation of Business
(n=1,406)

Response	High School Students (n=602)	General Public (n=600)	SB Owners & Managers (n=204)
Too much government regulation	32%	60%	75%
Too little government regulation	15	10	2
About the right amount of government regulation	50	25	21
Don't know	5	3	1

- Six in 10 (60%) among the *general public* thought there was too much government regulation. Just one in 10 (10%) believed there was too little regulation. One-quarter (25%) of the general public held the view that there was the right amount of government regulation.
- About one-third (32%) of *high school students* felt there was too much government regulation whereas only 15 percent thought there was too little. One-half (50%) of high school students were of the opinion there was about the right amount of government regulation.
- Three-quarters (75%) of *small business owners and managers* believed there is too much government regulation while a scant 2 percent thought there is too little. About one in five (21%) felt there was the right amount of regulation.

"Thinking about taxes, do you think
that most businesses are:"

Table 16
Business Taxes
(n=1,406)

Response	High School Students (n=602)	General Public (n=600)	SB Owners & Managers (n=204)
Overtaxed	48%	48%	69%
Undertaxed	13	19	4
Taxed about the right amount	34	26	25
Don't know	5	7	1

- About one-half (48%) of the *general public* thought most businesses were overtaxed, but just 19 percent thought businesses were undertaxed. About one-quarter (26%) were of the opinion businesses were taxed the right amount.
- *High school students* held similar views to the general public. About one-half (48%) of high school students believed businesses were overtaxed, but only 13 percent thought they were undertaxed. One-third (34%) believed businesses were taxed the right amount.
- Almost seven in 10 (69%) *small business owners and managers* believed there is too much taxation of business. Just 4 percent felt there was too little. One-quarter (25%) believed businesses were taxed about the right amount.

SECTION IV

ENTREPRENEURIAL KNOWLEDGE

Table 17
Percentage of Correct Responses to
Entrepreneurial Knowledge Questions
 (n=1,406)

Score	High School Students (n=602)	General Public (n=600)	SB Owners & Managers (n=204)
1. Description of entrepreneur	70%	78%	89%
2. Small business and job creation	23	46	65
3. Double taxation of corporations	36	27	50
4. Typical way to raise capital	12	21	51
5. Business survival	49	54	90
6. Example of franchise	70	80	96
7. Supply and demand	60	59	86
8. Purpose of profits	25	33	62
Mean % correct	44%	50%	74%

- Eight multiple choice questions were included on the survey to assess basic knowledge about entrepreneurship and business. Table 17 shows the percentage of correct responses to each question and the mean percent correct for each group.
- The mean percent correct for the *general public* was 50 percent, indicating they got about four of the eight questions correct, on average.
- *High school students* scored 44 percent correct, or averaged about three to four questions right.
- *Small business owners and managers* had the highest percentage and score. They averaged 74 percent correct, and got six out of eight questions right, on average.

"Which of the following best describes
an entrepreneur?"

Table 18
Description of Entrepreneur
(n=1,406)

Response	High School Students (n=602)	General Public (n=600)	SB Owners & Managers (n=204)
A person who owns a small business*	70%	78%	89%
A manager of a large corporation	15	8	5
A government official running a regulatory agency	9	6	1
Some/combination/all	0	1	3
Don't know	5	6	1

*Correct Response

- Most of the *general public* (78%) selected the correct definition of an entrepreneur (a person who owns a small business) from among the choices given. However, 8 percent thought an entrepreneur was a manager of a large corporation, 6 percent thought it was a government official running a regulatory agency, and 6 percent did not know.
- *High school students* were slightly less knowledgeable than the general public, with 70 percent selecting the correct answer. The most appealing incorrect alternative, a manager of a large corporation, drew 15 percent of the students. Nine percent (9%) thought it was a government official and 5 percent (5%) did not know.
- Almost nine in 10 (89%) *small business owners and managers* selected the correct description. A few entrepreneurs surveyed (11%), however, thought the term applied to a corporate manager (5%), a government official (1%), or they gave a combined response (3%).

"Over the last 10 years, which of the following groups
has created the most new jobs in the economy?"

Table 19
Who Created Most New Jobs
in Past 10 Years
(n=1,406)

Response	High School Students (n=602)	General Public (n=600)	SB Owners & Managers (n=204)
Small businesses*	28%	46%	65%
Large businesses	45	26	13
The federal government	24	20	20
Some/combination/all	0	1	1
None	0	1	0
Don't know	2	6	1

*Correct Response

- Small business has been largely responsible for creating most of the new jobs in the economy during the last 10 years (see Dennis, 1993, pp. 16-17).
- Almost half (46%) of the *general public* knew about the important role of small business in jobs creation. Nevertheless, about one-fourth (26%) believed that large businesses had created more jobs, and one-fifth (20%) thought it was the federal government.
- *High school students* were much less likely (only 28%) than the general public (46%) to think of small businesses as the major source of new jobs creation in the economy. They were more likely to give the credit to large businesses (45%) or the federal government (24%).
- *Most small business owners and managers* (65%) knew small business was responsible for the most jobs creation. However, 13 percent thought it was large businesses and 20 percent thought the federal government was responsible.

"For which type of business organization is the owner, or are the owners, subject to DOUBLE taxation by the federal government?"

Table 20
**Business Organization Subject to
 Double Taxation by Federal Government**
 (n=1,406)

Response	High School Students (n=602)	General Public (n=600)	SB Owners & Managers (n=204)
Corporations*	36%	27%	50%
Partnerships	26	19	12
Sole proprietorships	11	11	16
Cooperatives	16	9	3
Some/combination/all	1	9	4
None	0	2	0
Don't know	9	23	14

*Correct Response

- Owners of corporations are subject to double taxation because corporate income paid out as dividends is taxed first as part of corporate profits and second as part of the personal income of owners or stockholders.
- Only 27 percent of the *general public* knew the correct answer to this question. Most either did not know (23%) or gave other incorrect responses.
- *High school students* were more likely (36%) than the general public to give a correct reply. However, partnerships (26%) was a compelling incorrect alternative.

-
- Half (50%) of the *small business owners and managers* knew the correct answer, but 12 percent thought it was partnerships, 16 percent sole proprietorships, 14 percent did not know and the rest (7%) gave other responses.

 "Considering the methods of raising capital to start a new business, which of the following is the most typical?"

Table 21
Most Typical Way to Raise Capital to Start a New Business
 (n=1,406)

Response	High School Students (n=602)	General Public (n=600)	SB Owners & Managers (n=204)
Using personal money or borrowing money from friends or relatives*	12%	21%	51%
Borrowing money from a bank	58	55	38
Borrowing money from the government	17	11	2
Issuing company stock or bonds to the general public	10	6	3
Some/combination/all	1	4	4
Don't know	2	2	1

*Correct Response

- The most typical way financial capital is raised to start a business is by using personal money or borrowing money from friends and relatives (see Cooper, et al., 1990, pp. 6-7).
- Only 21 percent of the *general public* and 12 percent of *high school students* gave the correct response. More than half of these groups (55% and 58%, respectively) thought the best answer was borrowing money from a bank.
- More than half (51%) of *small business owners and managers* recognized the correct response perhaps because of personal experience. However, 38 percent also thought borrowing from a bank was most typical.

"Which factor is most important
for business survival?"

Table 22
Most Important Factor
for Business Survival
(n=1,406)

Response	High School Students (n=602)	General Public (n=600)	SB Owners & Managers (n=204)
The company's cash flow*	49%	54%	90%
The value of the company's common stock	21	15	2
Having a low depreciation rate	13	12	2
Having a board of directors	14	10	1
Some/combination/all	0	1	1
None	0	0	1
Don't know	3	8	2

*Correct Response

- About half the *general public* (54%) and *high school students* (49%), but 90 percent of *small business owners and managers*, knew that the company's cash flow was the most important factor for business survival.
- Some among the *general public* and *high school students* incorrectly thought that business survival was most influenced by the value of the company's common stock (15% and 21%, respectively), having a low depreciation rate (12% and 13%), or having a board of directors (10% and 14%).

"Which one of three businesses is the best example of a franchise?"

Table 23
Example of Franchise
(n=1,406)

Response	High School Students (n=602)	General Public (n=600)	SB Owners & Managers (n=204)
A McDonald's restaurant*	70%	80%	96%
A General Motors-Oldsmobile plant	13	10	1
The IBM Corporation	15	7	2
Don't know	2	3	1

*Correct Response

- Eight in 10 (80%) of the *general public* and seven in 10 (70%) *high school students* correctly identified an example of a franchise. Almost all (96%) *small business owners and managers* gave a correct response.
- Thirty percent (30%) of *high school students* were attracted by the incorrect options of a General Motors-Oldsmobile plant (13%), the IBM Corporation (15%), or they did not know (2%). Twenty percent (20%) of the *general public* selected one of these three options.

 "To the best of your knowledge, the prices of most products in a competitive market, like the United States', are determined by the:"

Table 24
**Determination of Prices
 in a Competitive Market**
 (n=1,406)

Response	High School Students (n=602)	General Public (n=600)	SB Owners & Managers (n=204)
Supply and demand for products*	60%	59%	86%
The Consumer Price Index	17	20	7
Local, state, or federal government	13	9	1
Monetary policy of the Federal Reserve	4	2	2
Some/combination/all	0	2	1
Don't know	6	8	2

*Correct Response

- About six in 10 of the *general public* (59%) and *high school students* (60%) knew prices of most products in a competitive market, like the United States', were determined by the supply and demand for products. However, almost all (86%) *small business owners and managers* knew this to be true.
- About two in 10 of the *general public* (20%) and *high school students* (17%) thought market prices were determined by the Consumer Price Index.
- About one in 10 of the *general public* (9%) and *high school students* (13%) believed most product prices were determined by the local, state, or federal government.

 "Which of the following do you think is the basic purpose of profits in our market economy?"

Table 25
Basic Purpose of Profits in Market Economy
 (n=1,406)

Response	High School Students (n=602)	General Public (n=600)	SB Owners & Managers (n=204)
Reward businesses for producing what consumers want*	25%	33%	62%
Pay for the wages and salaries of workers	56	40	28
Transfer income to the wealthy	15	19	5
None	0	1	2
Don't know	3	6	2

*Correct Response

- Only 33 percent of the *general public* and 25 percent of *high school students*, but 62 percent of *small business owners and managers*, knew the basic purpose of profits in a market economy — to reward businesses for producing what consumers want.
- The *general public* (40%) and *high school students* (56%) were more likely to think the purpose was to pay for the wages and salaries of workers. Only 28 percent of *small business owners and managers* thought this was true.
- There was also some belief by 19 percent of the *general public* and 15 percent of *high school students* that the purpose was to transfer income to the wealthy.

 "Using a five-point scale, where "5" is excellent (E),
 and "1" is very poor (VP), how would you describe
 your knowledge and understanding of starting
 and managing a business?"

Table 26
**Knowledge and Understanding of
 Starting and Managing a Business**
 (High school and general public only; n=1,202)

Response	High School Students (n=602)	General Public (n=600)
5 (Excellent)	4%	11%
4 (Good)	9	14
3 (Fair)	42	34
2 (Poor)	30	19
1 (Very poor)	14	21
Don't know	1	0

- Among the *general public*, one-quarter (25%) rated their knowledge and understanding of starting and managing a business as excellent [5] (11%) or good [4] (14%). About three-quarters (74%) rated their knowledge and understanding as fair [3] (34%), poor [2] (19%), or very poor [1] (21%).
- Among the *high school students*, 13 percent rated their knowledge and understanding of starting and managing a business as excellent [5] (4%) or good [4] (9%). Eighty-six percent (86%) rated their knowledge and understanding as fair [3] (42%), poor [2] (30%), or very poor [1] (14%).
- This question was asked only of the general public and high school students.

SECTION V

ENTREPRENEURSHIP EDUCATION

"Using a five-point scale, where "5" is very important
 (VI), and "1" is not at all important (NAI),
 how important is it for our nation's schools
 to teach students about entrepreneurship
 and starting a business?"

Table 27
 Nation's Schools Should Teach More
 About Entrepreneurship and Starting Businesses
 (n=1,406)

Response	High School Students (n=602)	General Public (n=600)	SB Owners & Managers (n=204)
5 (Very important)	48%	60%	61%
4	36	22	20
3	14	13	16
2	1	2	3
1 (Not at all important)	1	3	0
Don't know	0	1	0

- All three groups thought the nation's schools should teach students more about entrepreneurship and starting a business. More than eight in 10 of the *general public* (82%), *high school students* (84%), and *small business owners and managers* (81%) gave these topics ratings of either "5" or "4," where a "5" is *very important*.
- The response receiving the largest percentage from each group was the "5" rating of *very important*: 60 percent for the *general public*; 48 percent for *high school students*; and 61 percent for *small business owners and managers*.

"For each subject, is it something you are taught
 A LOT ABOUT IN SCHOOL (LOT),
 taught A LITTLE ABOUT (LIT),
 or taught PRACTICALLY NOTHING ABOUT (NOT)?"

Table 28
 Amount of Education on Subjects in School
 (High school students only; n=602)

Subject	A LOT	LITTLE	NOTHING
A. Mathematics	94%	5%	0%
B. English or American literature	91	8	1
C. Science	82	17	1
D. United States history	75	22	3
E. How the federal government works	27	59	14
F. How the economy works	22	63	14
G. How business works	14	63	22

- One reason why most *high school students* thought their knowledge and understanding of starting and managing a business was only fair or poor, and why they wanted the nation's schools to teach more about entrepreneurship and starting a business, was they felt they received so little instruction in business and economics in high school.
- Eighty-five percent (85%) of *high school students* reported they were taught only "a little about" or "practically nothing about" how business works. Seventy-seven percent (77%) thought they are taught only "a little about" or "practically nothing about" how the economy works.

“In HIGH SCHOOL, did you take a course in:”

Table 29
Courses Taken in High School
 (n=1,406)

Response	High School Students (n=602)	General Public (n=600)	SB Owners & Managers (n=204)
A. Business or Entrepreneurship	27%	25%	26%
B. Economics	35	39	38
C. Personal Finance or Consumer Economics	21	23	21

- Another reason why the *high school students* or the *general public* lacked confidence in their knowledge and understanding of starting and managing a business, and why they wanted the nation’s schools to teach more about entrepreneurship and starting a business, was that few had taken courses in business, entrepreneurship or economics while in high school.
- Only about a quarter of the *general public* (25%), *high school students* (27%), and *small business owners and managers* (26%) reported taking a course in business or entrepreneurship in high school. Less than 40 percent of each group took an economics course in high school.

“In COLLEGE, did you take a course in:”

Table 30
Courses Taken in College
 (General public and SB owners and managers only; n=804)

Response	General Public (n=272)*	SB Owners & Managers (n=164)*
A. Small business or Entrepreneurship	24%	37%
B. Economics	47	68
C. Other business courses (such as accounting, business law, finance, management, marketing)	51	72

*College attendees only

- About a quarter (24%) of the *general public* who attended college took a course in small business or entrepreneurship, whereas 37 percent of *small business owners and managers* did so.
- About five in 10 among the *general public* who attended college took a course in economics (47%) or courses in business (51%), but about seven in 10 *small business owners and managers* took an economics course (68%) or business course (72%).

 "Using a five-point scale, where "5" is very important (VI), and "1" is not at all important (NAI), please indicate how important each category is to a high school senior's KNOWLEDGE of entrepreneurship."

Table 31
Importance to a High School Senior's
Knowledge of Entrepreneurship
 (Small business owners and managers only; n=204)

Response	NAI				VI
	1	2	3	4	5
A. Financial management	0%	0%	7%	23%	69%
B. Marketing, sales and advertising	1	1	13	32	52
C. Product costing and pricing	2	2	18	32	45
D. Basic business law	2	11	29	24	35

- The importance of different topics for a high school senior's knowledge of entrepreneurship varied by topic in the opinion of *small business owners and managers*.
- Financial management was considered very important by a large majority (69%) of *small business owners and managers*, but only about half (52%) thought the same for marketing, sales and advertising. Fewer than half of the group rated *very important* product costing and pricing (45%) or basic business law (35%).
- The same relative ranking was produced when categories "5" (*very important*) and "4" (*important*) were combined: financial management (92%); marketing, sales, and advertising (84%); product costing and pricing (77%); and basic business law (59%).

 "Using a five-point scale, where "5" is very important (VI), and "1" is not at all important (NAI), please rate the importance of teaching the following skills to prepare high school seniors for being successful entrepreneurs."

Table 32
Importance of Skills to Prepare High School Seniors for Being Successful Entrepreneurs
 (Small business owners and managers only; n=204)

Response	NAI				VI
	1	2	3	4	5
A. Developing a business plan	0%	2%	6%	25%	66%
B. Motivating and managing people	1	1	7	20	71
C. Assessing market opportunities	1	0	14	34	50
D. Accounting and record keeping	2	1	18	24	55
E. Analyzing a financial statement	2	4	18	30	46

- The importance attached to skills to prepare high school seniors for being successful entrepreneurs also varied according to *small business owners and managers*.
- Motivating and managing people and developing a business plan were considered *very important* by sizeable majorities (71% and 66%) of *small business owners and managers*. About half thought that assessing market opportunities (50%) and accounting and record keeping (55%) were *very important*. Fewer than half (46%) thought analyzing a financial statement was *very important*.
- The same basic rankings were produced when categories "5" (*very important*) and "4" (*important*) were combined: developing a plan (91%); motivating people (91%); market opportunities (84%); accounting (79%); and financial statements (76%).

 "Using a five-point scale, where "5" is very important (VI), and "1" is not at all important (NAI), please rate the importance of teaching the following ATTITUDES and VALUES to prepare high school seniors for being successful entrepreneurs."

Table 33
Importance of Attitudes and Values to Prepare High School Seniors for Being Successful Entrepreneurs
 (Small business owners and managers only; n=204)

Response	NAI				VI
	1	2	3	4	5
A. Leadership	0%	1%	3%	25%	70%
B. Teamwork	0	0	8	25	67
C. Persistence	0	2	8	23	66
D. Business ethics	0	0	12	20	68
E. Risk-taking	0	2	22	31	45

- The importance given to the teaching of attitudes and values to prepare high school seniors for being successful entrepreneurs varied slightly in the view of *small business owners and managers*.
- About two-thirds of *small business owners and managers* considered leadership (70%), teamwork (67%), persistence (66%), and business ethics (68%) to be *very important*. Fewer than half (45%) of small business owners and managers thought risk-taking was a *very important* attitude or value to teach.
- The same rank-order was produced when categories "5" (*very important*) and "4" (*important*) were combined: leadership (95%); teamwork (92%); persistence (89%); business ethics (88%); and risk-taking (76%).

SECTION VI

SAMPLE CHARACTERISTICS AND SURVEY METHODS

SAMPLE CHARACTERISTICS

This section of the report describes the characteristics of each sample and presents comparisons across selected characteristics. This section also explains the survey design method used to draw the three samples and discusses the margins of error for the samples. A table for estimating sampling error is presented.

The demographic information about the three samples is reported in Table 36. What follows are some major characteristics of the weighted general public sample (N=600), the high school sample (N=602), and the small business owners and managers sample (N=204) that were used to prepare the report.

- The average age of the *general public* sample was 44 years. *High school students* had an average age of 16. The average age of *small business owners and managers* was 47.
- The *general public* sample was 85 percent white. African-Americans accounted for 10 percent of the general public sample. The *high school* sample was 74 percent white and 13 percent African-American. The *small business owners and managers* sample was 92 percent white and only 1 percent African-American.
- Three percent of the *general public* reported they were of Hispanic origin. Hispanics represented 11 percent of the *high school* sample and 2 percent of the *small business owners and managers* sample.
- The *general public* sample comprised 47 percent males and 53 percent females.
- The largest regional group of the *general public* came from the South Central region (34%) of the United States. A quarter came from the North Central. The Northeast and West each accounted for about one-

fifth of the sample. Among *high school students*, 31 percent were from the South Central, 30 percent from the North Central, 22 percent from the West, and 18 percent from the Northeast. *Small business owners and managers* were drawn from the South Central (35%), the North Central (22%), the West (21%), and the Northeast (22%).

- Various levels of education were found in each sample. Of the *general public* sample, 34 percent reported having high school educations only; 20 percent did not graduate from high school; 20 percent replied having some college, including those who completed degrees at two-year colleges. Four-year college graduates and those with postgraduate work accounted for 20 percent of the general public sample.

High school students were either in the ninth (30%), 10th (25%), 11th (26%), or 12th (20%) grades during the 1993-1994 school year.

Some 17 percent of *small business owners and managers* were high school graduates; 22 percent completed some college work. Among small business owners and managers, 58 percent held degrees from four-year colleges (40%) or had taken postgraduate work (18%).

- Two-thirds (66%) of the *general public* sample was employed and one-third (34%) was not employed. The type of work cited most often was professional employee (20%) and skilled craftsman (20%). Being a manager, a clerical worker, an operative, or a service worker each accounted for about one in 10 (10-11%) of those working. Small business proprietors were 8 percent and sales workers were 6 percent of the sample.

Thirty-four percent of the *high school* sample were employed in part-time jobs (4% were working fewer than 10 hours a week; 29% were working more than 10 hours a week).

All *small business owners and managers* either owned (70%) or managed (30%) a small business with fewer than 200 employees. Five in 10 (50%) of these businesses had 10 or fewer employees, and about two in 10 (21%) had 11 to 20 employees.

The types of businesses for *small business owners and managers* were: retail trade (25%); wholesale trade (16%); the services (25%); or manufacturing (13%). About one-third (35%) of the firms reported sales of less than half a million dollars, another third (32%) half a million to \$2 million, and another third (33%) more than \$2 million. Forty-four percent (44%) of the businesses were started since 1980.

- The political affiliations of the *general public* sample varied: 39 percent Democrat; 29 percent Republican; and 25 percent independent. The *small business owners and managers* sample was 23 percent Democrat, 47 percent Republican and 23 percent independent.
- A conservative (36%) or moderate (38%) political philosophy was held by almost three-fourths of the *general public*. Another 22 percent classified themselves as liberal. Half (50%) of the *small business owners and managers* considered themselves to be conservatives, 36 percent moderates and only 12 percent liberals.

Table 34
Sample Characteristics

Characteristics	High School Students	General Public		SB Owners & Managers
	(n=602)	Unweighted (n=600)	Weighted (n=600)	(n=204)
Age				
14	8%	—	—	—
15	26	—	—	—
16	24	—	—	—
17	24	—	—	—
18	14	—	—	—
19+	3	—	—	—
18-24	—	11%	13%	2%
25-34	—	18	22	14
35-44	—	24	21	29
45-54	—	16	14	26
55-64	—	13	11	23
65+	—	16	17	5
Refused	—	2	2	0
Mean age	16	45	44	47
Median age	16	43	40	45
Race				
White	74%	83%	85%	92%
African-American/Black	13	8	10	1
Hispanic	9	4	2	1
Other	4	3	1	5
Don't know/Refused	0	2	2	0

Table 34
Sample Characteristics (Continued)

Characteristics	High School Students	General Public		SB Owners & Managers
	(n=602)	Unweighted (n=600)	Weighted (n=600)	(n=204)
Hispanic Origin				
Yes	11%	5%	3%	2%
No	89	94	96	98
Refused	0	1	1	0
Gender				
Male	—	50%	47%	—
Female	—	51	53	—
Respondent Location				
Northeast	18%	20%	21%	22%
South Central	31	34	34	35
North Central	30	26	25	22
West	22	20	20	21
Education				
9th grade (Freshman)	30%	—	—	—
10th grade (Sophomore)	25	—	—	—
11th grade (Junior)	26	—	—	—
12th grade (Senior)	20	—	—	—
No formal schooling	—	0%	0%	0%
Grades 1- 7	—	2	3	0
8th grade	—	1	3	0
Some high school	—	6	14	2
High school graduate	—	29	34	17
Some college	—	23	14	16
Two-year college grad	—	10	6	6
Four-year college grad	—	16	13	40
Postgraduate	—	10	7	18
Vocational training (post high school)	—	4	5	0

Table 34
Sample Characteristics (Continued)

Characteristics	High School Students	General Public		SB Owners & Managers
	(n=602)	Unweighted (n=600)	Weighted (n=600)	(n=204)
Employment Status				
Employed	34%	68%	66%	100%
Not employed	66	31	34	0
Hours of Work/Week				
< 10 hours	4%	—	—	—
10+ hours	29	—	—	—
Type of Work				
		(N=409)	(N=393)	
Professional	—	24%	20%	—
Manager, official	—	12	11	—
Proprietor (small business)	—	8	8	—
Clerical worker	—	9	10	—
Sales worker	—	6	6	—
Skilled craftsman, foreman	—	19	20	—
Operative, unskilled, laborer (except farm)	—	9	11	—
Service worker	—	9	11	—
Farmer, farm manager, farm laborer	—	1	1	—
Military service	—	1	1	—
Refused	—	1	1	—

Table 34
Sample Characteristics (Continued)

Characteristics	High School Students	General Public		SB Owners & Managers
	(n=602)	Unweighted (n=600)	Weighted (n=600)	(n=204)
Income				
Under \$10,000	—	6%	8%	—
\$10,000 to \$14,999	—	8	9	—
\$15,000 to \$24,999	—	16	17	—
\$25,000 to \$34,999	—	19	19	—
\$35,000 to \$49,999	—	20	19	—
\$50,000 to \$74,999	—	14	11	—
\$75,000 to \$99,999	—	6	5	—
\$100,000 to \$124,999	—	3	2	—
\$125,000 or more	—	2	1	—
Don't know	—	2	3	—
Refused	—	4	5	—
Political Affiliation				
Republican	—	31%	29%	47%
Democrat	—	38	39	23
Independent	—	25	25	23
Other	—	3	3	6
Don't know	—	1	2	1
Refused	—	2	2	0
Political Philosophy				
Conservative	—	37%	36%	50%
Moderate	—	37	38	36
Liberal	—	22	22	12
Other	—	0	0	2
Don't know	—	1	2	0
Refused	—	2	2	0

Table 34
Sample Characteristics *(Continued)*

Characteristics	SB Owners & Managers (n=204)
Own Business	
Owner	70%
Manager	30
Business Type (SIC code)	
Agriculture, Forestry and Fishing	1%
Mining and Oil/Gas	1
Construction	5
Manufacturing	13
Transportation, Communications	4
Wholesale Trade	16
Retail Trade	25
Finance, Insurance	9
Services	25
Year Business Started	
1960 or earlier	11%
1961-1970	10
1971-1980	29
1981-1990	36
1991-1993	8
No answer	6
Number of Employees	
0 - 10	50%
11 - 20	21
21 - 30	9
31 - 40	5
41 - 200	15

Table 34
Sample Characteristics *(Continued)*

Characteristics	SB Owners & Managers (n=204)
Sales	
< \$250 K	15%
\$250 K — < \$500 K	20
\$500 K — < \$1 M	17
\$1 M — < \$2 M	15
\$2 M — < \$3 M	9
\$3 M — < \$4 M	5
\$4 M +	19

SURVEY METHODS

The Gallup Organization selected the samples and conducted the interviews with each group. The following explains the sampling and data collection procedures used by Gallup.

SAMPLING DESIGN

The Gallup Organization's standard national telephone samples are unclustered, directory-assisted random digit samples, and are based on a proportionate stratified sampling design. The random digit aspect of the sample is used to avoid "listing" bias. According to the most recent estimates from the Bureau of the Census, there are more than 93 million households in the United States, and approximately 93.3 percent of them contain one or more telephones. Telephone directories only list about 70 percent of such "telephone households," and numerous studies have shown that households with unlisted telephone numbers are different in several important ways from listed households. Moreover, nearly 15 percent of listed telephone numbers are "discontinued" due to household mobility and directory publishing lag, and it is reasonable to assume that a roughly equal number are working residential numbers too new to be found in directories.

To avoid these various sources of bias, a random digit procedure designed to provide representation of both listed and unlisted (including not-yet-listed) numbers was used. The design of the sample ensured this representation by random generation of the last two digits of telephone numbers selected on the basis of their area code, telephone exchange (the first three digits of a seven-digit telephone number), and bank number (the fourth and fifth digits).

The selection procedure produces a sample that is superior to random selection from a frame of listed telephone households. The superiority is greater to the degree that the assignment of telephone numbers to households is made independently of their publication status in the directory. That is, if unlisted numbers tend to be found in the same telephone banks as listed numbers and if, in general, banks containing relatively few listed numbers also contain relatively few unlisted numbers, then the sample that results from the procedure described below will represent unlisted telephone households fully as well as listed households. Random number selection within banks ensures that all

numbers within a particular bank (listed or unlisted) have the same likelihood of inclusion in the sample, and that the sample so generated will represent listed and unlisted telephone households in the appropriate proportions.

A database of listed telephone numbers for the continental United States was first stratified into four regions of the country and, within region, telephone numbers were further stratified into three size-of-community strata: (a) incorporated cities of population 1,000,000 and over; (b) incorporated cities of population 250,000 to 999,999; and, (c) the remainder of the continental United States. Separate samples were drawn from each of the resulting 12 region size-of-community strata. The first eight digits of the sample telephone numbers (area code, telephone exchange, and bank number) were then selected after further geographic prestratification of this database so that within each region and size-of-community stratum state, county, and telephone exchange within county were all represented in their appropriate proportions. That is, the number of telephone numbers randomly sampled from within a given exchange was proportional to that exchange's share of households in the set of exchanges from which the sample was drawn.

Only working banks of numbers were selected. A working bank is defined as 100 contiguous telephone numbers containing three or more residential telephone listings. By eliminating non-working banks of numbers from the sample, the likelihood that any sampled telephone number will be associated with a residence increases from only 20 percent (where all banks of numbers are sampled) to between 60 and 70 percent. The sample of telephone numbers produced by this method is thus designed to produce a representative sampling of telephone households in the continental United States.

Quotas for completed interviews within each of the twelve strata were set proportionate to the distribution of households in the 12 areas, and the sample release procedures were designed to ensure the interviews were spread evenly over weekend and weekday periods, and more generally, over the entire field period.

GENERAL PUBLIC SAMPLE

The sampling design procedures described above were used to select each household to interview. Within each contacted household, an interview was sought with the youngest man 18 years or older who was at home. If no man was at home, an interview was sought with the oldest woman at home. In addition, a quota was set so 50 percent of completed interviews in each of the

12 areas was male and 50 percent was female. This method of respondent selection within households produces an age distribution by sex that closely approximated the age by sex distribution of the total population.

Up to five calls were made to each selected telephone number in order to complete an interview. The time of day and the day of the week for callbacks were varied to maximize the chances of finding a respondent at home. All interviews were conducted on weekends or weekday evenings so potential respondents who worked full-time could be contacted. Only one complete interview per household was obtained. Interviewing started April 20 and ended May 17, 1994.

The final sample was weighted so the region by age by sex by education distribution and the region by sex by race distribution of the sample matched current estimates derived from the U.S. Census Bureau's Current Population Survey (CPS) for the adult population living in telephone households in the continental U.S.

HIGH SCHOOL SAMPLE

Gallup's sampling design procedures described above were used to select each household to an interview. Within each contacted household, an interview was sought with a high school student with the most recent birthday. To qualify, a student must have been a ninth, 10th, 11th or 12th grade student during the 1993-1994 school year. This method of respondent selection within households produces an age distribution that closely approximates the age distribution of the total population.

Up to five calls were made to each selected telephone number in order to complete an interview. The time of day and the day of the week for callbacks were varied to maximize the chances of finding a respondent at home. All interviews were conducted on weekends or weekday evenings so high school students would be contacted. Only one complete interview per household was obtained. Interviewing started April 20 and ended May 15, 1994.

SMALL BUSINESS OWNERS AND MANAGERS SAMPLE

A sample of small businesses was randomly drawn by Dun & Bradstreet Information Services. The small businesses were listed in its database of privately and publicly owned companies, excluding government and educa-

tional entities, throughout the United States. The companies had to have 200 or fewer employees to be eligible for the survey.

Only the owner or the manager of the small business was surveyed. Up to five calls were made to each telephone number in order to complete an interview. The time of day and day of the week for callbacks were varied to maximize the chances of contacting the small business owner or manager. Interviewing started April 20 and ended May 15, 1994.

DATA COLLECTION AND PROCESSING

The surveys were administered by trained and experienced telephone interviewers employed by Gallup. Prior to full-field implementation, interviewers were briefed specifically for this study. As part of standard operating procedures, 10 percent of the interviews were validated with supervisory callbacks.

The survey responses were entered into the computer at the time of survey administration. Open-ended survey questions were coded and edited by Gallup personnel who specialize in this phase of telephone survey research. The telephone data were summarized by computer processing by Gallup personnel using Gallup equipment.

MARGIN OF SAMPLING ERROR

At the 95 percent level of confidence, the maximum expected range of the sampling error for a sample of 600 respondents is plus or minus (+ / -) 4.0 percentage points. This statement means that if 100 different samples of 600 persons were randomly chosen from a given population, then 95 times out of 100 the sample results obtained would vary no more than (+ / -) 4.0 percentage points from the results that would be obtained if the entire population were surveyed.

The maximum margin of sampling error for a sample of 200 is plus or minus (+/-) 6.9 percentage points at the 95 percent level of confidence. For a survey response, you can be 95 percent confident that the interval formed by adding or subtracting 6.9 percentage points to the sample percentage result will contain the population percentage for that item.

It should be noted that in any survey there are other possible sources of error besides sampling. These include question order and wording, interview bias, and non-response, among others. The bias arising from these sources is difficult, if not impossible, to estimate.

Table 35
Expected Error Ranges
for Different Sample Sizes

A Sample of 600 Respondents*										
Results about:	10%	20%	30%	40%	50%	60%	70%	80%	90%	
Error Ranges:	2.4	3.2	3.7	3.9	4.0	3.9	3.7	3.2	2.4	

A Sample of 200 Respondents*										
Results about:	10%	20%	30%	40%	50%	60%	70%	80%	90%	
Error Ranges:	4.2	5.5	6.4	6.8	6.9	6.8	6.4	5.5	4.2	

SURVEY DEVELOPMENT

The National Center for Research in Economic Education (University of Nebraska-Lincoln), in partnership with the Center for Entrepreneurial Leadership Inc., prepared the questions for each of the three surveys, one for each sample. This work involved the specification of content, writing and ordering questions, and extensive review and revision. At least five drafts of each survey were prepared. The last two drafts were field tested. The questions were ordered and structured into formal survey instruments by the National Center and The Gallup Organization.

The Gallup Organization was responsible for field testing all survey questions and offered suggestions for changes to ensure they were technically correct and without bias for telephone interviewing. Todd Jensen, Max Larsen and Kent Wolfe from Gallup were very helpful with this work. Useful comments on the survey instruments were obtained in formal reviews from a national panel of experts on entrepreneurship, business and education.

REFERENCES

- Cooper, Arnold C., William C. Dunkelberg, Carolyn Y. Woo, and William J. Dennis. *New Business in America: The Firms and Their Owners*. Washington, D.C.: The National Federation of Independent Business Foundation, 1990.
- Dennis, William J. *A Small Business Primer*. Washington, D.C.: The National Federation of Independent Business Foundation, 1993.
- U.S. Department of Commerce. *Statistical Abstract of the United States*. Washington, D.C.: U.S. Government Printing Office, 1993.

Center for Entrepreneurial Leadership Inc. Ewing Marion Kauffman Foundation

The Ewing Marion Kauffman Foundation is an operating and grantmaking foundation that works toward the vision of self-sufficient people in healthy communities. The Kauffman Foundation, located in Kansas City, Mo., was established by one of the country's most recognized entrepreneurs, the late Ewing M. Kauffman, founder of Marion Laboratories, former chairman of Marion Merrell Dow Inc. and owner of the Kansas City Royals baseball team. The Foundation's work is focused in two areas: youth development and entrepreneurial leadership.

The Center for Entrepreneurial Leadership Inc. contributes to the vision of healthy economic communities by encouraging entrepreneurial leadership among adults and youth through educational and other support activities.

By conducting applied research, developing innovative learning curricula for entrepreneurs, working through alliances and nurturing the spirit of entrepreneurship in young people, the Center seeks to understand, support and accelerate entrepreneurship in America.

CENTER
FOR
ENTREPRENEURIAL
LEADERSHIP INC.

E W I N G M A R I O N
KAUFFMAN FOUNDATION

4900 Oak Street
Kansas City, MO 64112-2776