Vocational schools are an excellent breeding ground for entrepreneurs. In addition to such programs as the Free Enterprise Project at the Auburn Career Center (Lake County, Ohio), some vocational schools, including Auburn, offer optional, short-term entrepreneurial programs. Entrepreneurship training in secondary educational institutions is becoming more widespread, reflecting the overall increase in self-employed individuals. In addition to educational and risk-taking characteristics, people who become entrepreneurs had early exposure to business ownership through family role models, were fired at least once, are customer-oriented, and feel that working hard is the key to success. The 1986 Tax Reform Act makes business ownership extremely attractive from a tax standpoint. Women entrepreneurs seek the opportunity to make more money than they might make working for someone else. They also go into business for the same basic reasons men do and have the same general characteristics and backgrounds as their male counterparts. Female-owned businesses sometimes have the advantage over businesses owned by white males, because they are considered a minority and get local and state assistance. Women business owners' support groups are found throughout Ohio. Management assistance is available from many governmental agencies in Ohio that long have been at the forefront in recognizing changes in employment and business. (Contact information is provided.) (YLB)
MONOGRAPH

ENTREPRENEURSHIP IN THE EIGHTIES

Lea Leever Oldham

Center for Sex Equity
The Ohio State University
College of Education
Instructional Materials Laboratory

Volume 3, Number 2, March 1988

“PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
Entrepreneurship in the Eighties

Published by the Center for Sex Equity, The Ohio State University, College of Education, Instructional Materials Laboratory, 842 West Goodale Boulevard, Columbus, OH 43212, through a grant from the Sex Equity Section, Division of Vocational and Career Education, Ohio Department of Education. Volume 3, Number 2, March 1988

INTRODUCTION

Entrepreneurs are people who plan, organize, finance, and operate their own small business. In the United States, men and women are starting businesses for themselves at record rates. Currently, there are on average one fourth of all businesses, but they are starting businesses at a rate of three to six times that of men. In the 1950s, 93,000 new businesses were being created each year; by the 1980s, more than 600,000 new businesses are being started each year. Most of this growth began in the late 1970s and there is no sign of its slowing down. Today, 9% of the country's working population is self-employed, compared to 7% in 1970. Demographers expect a rise to 15% by the middle of the 1990’s.

These figures do not include those who worked for corporations or those who work full-time elsewhere while owning their own business. Although no hard statistics are available, Carolyn Meeker, Small Business Management Instructor/Coordinator at Apollo Career Center, reports that approximately 35% of the employees at Lima’s Ford plant also own a small business.

Some people who start their own business are college graduates, however, 40% have high school diplomas or even less education. Although national statistics do not indicate how many entrepreneurs attended vocational schools, the 1986 Ohio Small Business Management Program Annual Report indicates that approximately 10% of the business owners surveyed had attended vocational schools.

VOCATIONAL PROGRAMS

Vocational schools are an excellent breeding ground for entrepreneurs. Skills acquired in vocational classes, such as cosmetology, building and construction, auto body and repair, welding, electronics, and data processing, are the types of skills needed to operate some businesses. Many skilled business owners say a lack of information and encouragement in their primary and secondary education caused a delay in their consideration of entrepreneurship as a career option, and most regret that they did not start their own business sooner.

Jim Richards, an instructor at Auburn Career Center, started a pilot Free Enterprise Project in 1985 working with him were Keith Miller, Auburn’s adult director at the time; Thomas Schultz, current adult director; and Peter Oberson, superintendent. The program was funded through the Lake County Employment and Training Administration, directed by Art Laxson, by the Private Industry Council of Lake County; and by the Lake County Commissioners.

The nine week summer program served approximately 20 disadvantaged students ages 14 and 15. The purpose was to provide these young people with practical training in the organization and operation of a small business, to promote skills in electronics and woodworking, and to encourage computer literacy and software skills. The program, designed to promote good working habits, simulated actual working situations. Auburn and Richards received the Summer Jobs Award from Governor Richard Celebrezze in 1986, a commendation from the Lake County Commissioners in 1986, and a citation for outstanding achievement from the Lake County Private Industry Council in 1987.

The program is now in its third year at Auburn Career Center and in its second year at Willoughby Eastlake Technical Center, where it is under the leadership of Keith Miller, who is now the principal of that facility. The students learn entrepreneurial basics through lectures, demonstrations, work and group situations, films, guest speakers, and role-playing sessions. Students form, name, and operate companies; select, make, price, and sell products; and learn computer skills and safety practices. One of the program’s goals is to foster motivation and develop attitudes that will allow students to eventually experience their own business ownership. The program has been very successful in inspiring participants to consider entrepreneurship as a career option.

Some vocational schools, including Auburn, offer optional, short-term entrepreneurial programs during the school year. One of the textbooks used in such programs is The Risks and Rewards of Entrepreneurship. However, contrary to popular belief, most entrepreneurs are not risk-takers. Careful preparation usually precedes the development of a business. Many entrepreneurs begin in their spare time while still working full-time; many do not take unnecessary financial risks, but instead conduct thorough research and carefully build their business. Some people believe any career is a risk when a person is forced to take early retirement, becoming divorced or widowed, being buried, or struggling through a mid-life crisis.

Another text used by some vocational school instructors is Beyond a Dream: An Instructor’s Guide for Small Business Exploration. This organized, complete book was designed for displaced adults, but it is quite adaptable for vocational students. Early in the text, the author cites Albert Shapiro, Professor of Management and Human Resources and holder of the William H. Davis Chair in the American Free Enterprise System at The Ohio State University. Shapiro claimed that negative displacements were the leading motivators for starting a business. Negative displacements are life changes, such as being fired or forced to take early retirement, becoming divorced or widowed, being buried, or struggling through a mid-life crisis.

Shapiro’s findings indicate that, for some people, entrepreneurship is a reactive response rather than a proactive move. Occasionally, however, the reverse is true. The 1986 Ohio Small Business Management Program Annual Rep.”, examining the 908 business owners enrolled in Ohio long-term programs, found that only 10.5% reported being pushed from their previous position. Other surveys find a high number of entrepreneurs still married to their first spouse. There is some escalation in the divorce rate among female entrepreneurs, perhaps due to the self-confidence and financial independence that can result from having a successful business.

Entrepreneurship training in secondary educational institutions is becoming more widespread, reflecting the overall increase in self-employed individuals. As a result, some young people may start their own business sooner. Going into business at a young age has many advantages. Frequently young people do not have major responsibilities, and most are not married without children to support. They do not have new cars, big homes, gourmet appetites, or the desire for custom-tailored clothing. Many still live with their families and can depend on having their necessities provided, and they are young enough so that failure is not the end of the world. But even if a business fails, and many do, the odds are that 90% of those business owners will try another venture within five years.
CHARACTERISTICS OF ENTREPRENEURS

In addition to educational and risk-taking characteristics, several other important points are known about people who become entrepreneurs. First, the entrepeneuring adult was an entrepeneurial child — delivering papers, selling lemonade, baby-sitting, mowing lawns in summer and shoveling snow in winter; buying eggs from farmers and hatcheries and selling them to neighbors; promoting dances, rock concerts, and backyard carnivals; writing, editing, and selling neighborhood newspapers; and in almost any other way, making money creatively. One study showed that 49% of all entrepeneurs had started several businesses before age 20, and an additional 2% had many such enterprises.

Another significant characteristic of adult entrepeneurs is their early exposure to business ownership through family role models. One study pointed out that 50% of all adult entrepeneurs had a parent who owned his or her own business. Another study revealed that more than a third were raised in homes where at least one of the parents was self-employed for the majority of his or her working life, and another two-thirds came from homes in which a parent had tried to go into business at least once. This study also stated that only 34% of adult entrepeneurs were raised in homes in which neither parent was an entrepeneur. Other entrepeneurial characteristics were not a factor, aunts, uncles, and grandparents may have owned businesses. These statistics seem to indicate that entrepeneurship is a learned goal, and that significant role models play a major part in the decision to go it alone.

Another interesting fact is that about half of all entrepeneurs were first introduced to entrepeneurship at least one year before starting their own business, but this was not necessarily the reason they started their own business. This fact may parallel findings about entrepeneurs lack of formal education. Entrepreneurs are sometimes mavericks during their school years, simply wanting to get out and do their own thing as quickly as possible. In fact, Abraham Zaleznik, a psychoanalyst who teaches at Harvard Business School, says, "To understand the entrepeneur, you first have to understand the psychology of the juvenile delinquent." While that may sound facetious, the desire to control one's own future and to rebel against the norm is the driving force in both types of people.

The personal assessment instrument Expand Horizons by Understanding Self and Others, which defines basic personality styles as Driver, Enthusiast, Amiable, and Perfectionist, has been given to several thousand entrepeneurs and aspiring entrepeneurs, in addition to thousands of individuals who work in upper and middle management positions, and to business and industrial workers. Those women and men who are already in business for themselves, or who are planning to start their own business, fall into the Driver style to a much greater degree than those who work for big business. The Driver, as the name suggests, is an extrovert with high self-confidence, a decision maker who makes things happen, an action-oriented person, and a problem solver. In short, the Driver is a mover and a shaker. This person is a leader who does not easily fit into a large corporation or into any job in which he or she has little or no responsibility or authority. Because such an individual desires to avoid wasting time and working with detailed assignments, he or she is also sometimes rather difficult to handle in a classroom situation. This person is, however, proactive instead of reactive, very goal-oriented, and a workaholic, willing to work the many hours required to be successful in his or her own business.

The majority of those tested who work in large corporations at all levels are Amiables. They are team players who are patient, loyal, peaceful, and shy, but friendly. The exceptions to this are those working in outside sales, who score highest as Enthusiasts, and people working in accounting, bookkeeping and computing, who score highest as Perfectionists. Amiables and Perfectionists are introverts and are much more manageable in corporations and in classrooms.

Statistics show that over three-fourths of the entrepeneurs surveyed worked for firms with under 50 employees, and 62% worked for firms with under 100 employees. Fifty-nine percent of these entrepeneurs worked for firms that had under 100 employees. Fifty-nine percent were the oldest worker in the firm, and 5% were the youngest worker in the firm. An additional 47% believed that they were the most important person in the firm. Seventy percent of these entrepeneurs worked for firms with under 500 employees, and 62% worked for firms with under 1000 employees. Fifty-nine percent were the oldest worker in the firm, and 5% were the youngest worker in the firm. An additional 47% believed that they were the most important person in the firm.

There are many tax advantages for those who own their own business. Although the 1980 Tax Reform Act (which will affect 1987 income tax returns), eliminated some individual tax deductions and loopholes, it also made it easier for entrepreneurs to be protected from personal liability on the standpoints of small businesses. Must small businesses start out as sole proprietors or partnerships, and do not incorporate until later, if at all. A sole proprietorship is the least expensive and the simplest business to set up. To be a sole proprietor, a person needs only to decide to go into business and start business.

A person who wants to work as a subcontractor (e.g., in construction as a plumber or an electrician, in the computer field, in construction, or in any other specialized field) must also operate as a business. The 1986 Tax Reform Act further tightens the rules on subcontracting, particularly in technical fields. To qualify as a subcontractor, one must (1) operate a business and have other business, and (2) use owned tools or equipment, or rent them from the "firm" for which the work is being performed. Additionally, the contractor (the company they work for) cannot control the hours or the place of work. In total, there are 20 exemptions that must be qualified to be a subcontractor rather than as employees. People deciding to become subcontractors should obtain the pertinent information from an accountant who works with small businesses or with the Internal Revenue Service.

The danger to the contractor in hiring an unqualified subcontractor is great. If a firm pays a person as a subcontractor who in actuality is an employee, the contractor is liable for all the withholding tax that should have been withheld, plus a penalty and interest. This situation has made many companies more cautious about hiring subcontractors, and this trend is certain to continue because the 1986 Tax Reform Act is aimed at taking business ownership tax advantages away from taxpayers who do not qualify for them.

Many people start partnerships because they believe the partnership provides a built-in support system that allows them to share the work with a partner. Unfortunately, small business partnerships have a higher mortality rate than marriages. The person who selects this route should conduct a strong evaluation about the advantages and disadvantages, seek advice from others who have tried it, and then make sure a partnership agreement is drawn up and signed, covering all the potential problems.

The 1986 Tax Reform Act disallows the use of passive activity loss (PAL) deductions to offset ordinary income for all partnerships and certain regular corporations. These entities can, however, still use PAL deductions to offset passive income. PAL is defined as any trade or business income in which the taxpayer does not materially participate. This change eliminates the tax advantage for a person who was not working in a business, was investing money, and then was able to deduct losses from ordinary income. In the past, this technique was one good way to attract working capital.

The corporate form of business is more complicated and expensive to establish and to maintain, and has very few advantages, especially under the 1986 Tax Reform Act. Some people mistakenly think that incorporation is the best way to protect their personal assets, such as savings, real estate, and other "digs." However, the best way to protect these assets, and the best way is by having adequate insurance. The person who does incorporate the business is still liable for his or her own acts. Of the 114,938 female-owned businesses in Ohio in 1982, less than 1,000 — 1,218 — had employees. Incorporation does protect a business owner from liability for actions of a partner or an employee. In many cases, a company car on company business and hit another vehicle. The employee is then liable and the corporation is also liable.
In the workplace, women have been closing the wage gap—from 61 cents for every dollar a man made in 1983 to 68 cents for every dollar a man makes in 1987. And although the glass ceiling that keeps women from rising to the top in corporations shows some small cracks, women still are a distinct minority in high-paying, high-powered jobs. The glass ceiling is the term used to describe the barrier women face in trying to get promoted from low and mid management positions to top-management spots. The term describes how the barrier—although it may seem invisible—stops the upward mobility of females in many large companies. Such barriers, coupled with the traditional Great American Dream of owning a business, have caused many women to start their own business. As previously mentioned, women have been starting businesses at a rate of three to six times that of men. There has been a 45% increase in female-owned businesses in the past decade, according to L. Bell, regional advocate for the United States Small Business Administration. That is the good news. The bad news is that these female-owned businesses only account for about 10% of the total small-business income.

In addition to seeking the opportunity to make more money than they might make working for someone else, women go into business for the same basic reasons men do, and have the same general characteristics and backgrounds as their male counterparts. Women are also rediscovering what their grandmothers and great-grandmothers knew—that being in control of their own lives is very important. Until World War II, many women were entrepreneurs. A large number were in the farm business with their husbands, and frequently women ran retail farm stands where they also sold their own creations, such as preserves, jellies, and similar products. Other women were seamstresses and hat designers, some were beauticians, many owned and operated small retail businesses, many started and operated telephone systems, and the last could go on.

Women are not starting something new; they are going back in history to a time when women were allowed to partners in family businesses or as business owners themselves. Owning her own business gives a woman flexible working conditions and hours. There is no question that the work is hard, but the satisfaction of working for oneself is a real bonus. Many women start out in the home, and some stay there. This adds to the flexibility of business ownership. Having her own business enables a woman to integrate the essential priorities of her life: work, family, and self. Also, women wanting to earn money know that money is power, and money is easier to earn while working for oneself instead of for someone else.

Many entrepreneurs do not have college degrees. Although women have caught up with men in college enrollment rates, only 13% of women 25 years and older had completed four or more years of college in 1987, compared to 20% for men. It is likely that college-educated women might have a better chance than their less educated sisters in obtaining good-paying jobs in industry. Interviews with large corporation executives indicate that high pay and good fringe benefits make these people less likely than the general public to try entrepreneurship. One woman says, We have too much to lose.

Even if a woman has been trained as a nurse, teacher, beautician, or secretary, she may decide she does not wish to use her particular skill due to burnout or a desire for a change in her life and career. Some women start a business because they have found it difficult or impossible to find a specific product or service in their area of expertise. This phenomenon is known as finding a niche and filling it.

ADVANTAGES OF ENTREPRENEURSHIP FOR WOMEN

Many experts recommend getting into a new business slowly, perhaps part-time, to make sure that the idea is viable and the entrepreneur is happy in that business. The man or woman with a working spouse to pay for the necessities has a distinct advantage, since it sometimes takes up to two or three years, or even more, before a business can yield a good profit.

Female-owned businesses sometimes have the advantage over businesses owned by white males. Several Ohio cities, including Columbus, Cincinnati, and Cleveland, have special offices and directories listing female business enterprises. Many owners conduct seminars on how to do business with governmental agencies. In Cleveland, a law was passed in August 1984 requiring five major city contract award categories to be female-owned business-utilization goals, as follows:

- Construction: 10%
- Service: 16%

Other municipalities, including Akron, Cincinnati, Dayton, Lima, Lorain, Mansfield, Springfield, Toledo, and the state of Ohio, have similar goals. Information on these programs is included in the Ohio Business Assistance Resource Guide. Private corporations sometimes have the same purpose, particularly firms that do business with governmental agencies.

Even though there are more women than men, women are considered a minority because of the low percentage of income that female-owned businesses produce. Because of this, many local agencies assist minorities and women in the same office. Female-owned businesses have other advantages, including the Minority Development Loan Program, which provides fixed-asset financing to qualified, minority-owned enterprises by charging up to 40% of the total cost for expansion projects. The program awarded $2.8 million to Ohio companies in 1985.

Local and state government are not alone in offering to assist women who own their own business. In 1982, President Ronald Reagan initiated Women Business Owners conferences in 22 cities across the country. The Small Business Administration provided coordination teams and hotel space for these conferences. The net profit was to be used as seed money for future educational events for women business owners. The first Ohio Women Business Owners conference was held in Cleveland in April 1983. The fourth annual conference was held in April 1987. Some of the other nonprofit coordinating groups have long since spent their money on other educational ventures before disbancing. The Cleveland-based group is the only one that has held more than 10 conferences.

PROFILE OF FEMALE-OWNED BUSINESSES

Nationally, there were 2.9 million female-owned businesses in 1982, and Bell says that figure is at least 3.5 million today. The majority of these firms provided selected services and retail trade. These categories comprised 73.8% of all female-owned firms and 63.2% of gross receipts. The ten specific industry groups accounting for the largest dollar volume of receipts for female-owned businesses are listed in the following chart.

<table>
<thead>
<tr>
<th>INDUSTRY GROUP</th>
<th>NUMBER OF FIRMS</th>
<th>RECEIPTS (millions of dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional service</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>Concessions</td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>

Ohio counties with the most female-owned businesses are Cuyahoga, with 13,672, Franklin, with 11,222, and Hamilton, with 10,215. Sev-

Selected services
Retail trades
Finance, insurance, and real estate
Unclassified industries
Construction
Transportation and public utilities
Agricultural services, forestry, fishing, and mining
Manufacturing
Wholesale trades

The chart below reflects the gross income of these businesses.
WOMEN BUSINESS OWNERS' SUPPORT GROUPS

There are many groups that provide educational, social, and networking opportunities for women business owners throughout the state. Areas supporting these groups include Cincinnati, Cleveland, northeast Ohio, Toledo, Columbus, Knox County, Fremont, and others. There are also special interest groups, such as the National Association of Women in Construction, the National Alliance of Home Based Business Women, and the American Society of Women Accountants. Many of these special interest groups, along with other organizations and resources for both male and female entrepreneurs, are listed in Ohio's Business in 1986 Women should not limit their membership to only women's groups. Most successful businesses depend on customers of both sexes; and of course, women can learn much from both successful, professional males and successful, professional females.

MANAGEMENT ASSISTANCE FOR ENTREPRENEURS

An entrepreneur can find help from many sources. The Ohio Department of Education's Small Business Management Program has over 40 Small Business Management instructors, coordinators, and personnel, most of them based in vocational schools and local school districts. The Small Business Management Program provides an organized series of classes in small business management, marketing, and financial management to all businesses enrolled in the program. The class material is directed toward businesses involved in the marketing and distribution of goods and services. The formal classes at the school and individualized sessions at the owner's business may include other family members and key employees. During the 1985-1986 fiscal year, owners of 909 Ohio small businesses were enrolled as long-term clients. They attended classes and seminars and received one-on-one, on-site business instructional visits. An additional 9,062 individuals attended short-term classes, seminars, and individualized counseling sessions and received additional business information. For more information about these programs, contact the Small Business Office at your local vocational or public school, or contact Carl Kemery, Adult Business Education and Marketing Education Supervisor, Division of Vocational and Career Education, Ohio Department of Education, 65 South Front Street, Room 909, Columbus, OH 43266-0308, 614/466-3494.

The Ohio Department of Education recently launched a new program called Ventures in Business Ownership (VBO). VBO is designed to offer self-employment as a real option for single parents and homemakers to manage their own lives. These individuals' special needs put them at a disadvantage compared to other entrepreneurs. These needs may include a lack of networking opportunities with other business owners, a gap in educational training, a lack of self-confidence because of being out of the professional mainstream for a number of years, and a lack of community support because of the old perception that men become independent business owners, not women. The Division of Vocational and Career Education has initiated the VBO program as a viable alternative to joining the labor market as an employee. VBO programs are operating this year at Akron City Schools; Belmont-Harmon JVS; Columbiana County JVS; Greene County JVS; Upper Valley JVS; and Wayne County JVS. The sites were selected from Adult Full-Service Centers, which also have small business management programs. After participants have paid an application fee of $15.00, they are selected on the basis of financial need. Others may participate on a tuition basis if space is available.

Each Vocational Education Planning District (VEPD) is eligible to submit proposals for funding to the Ohio Department of Education, which is making $75,000 available for entrepreneurial demonstration projects varying in nature, not to exceed an aggregate total of $3,000 per VEPD. Programs offered last year through these grant monies were so successful that the Division of Vocational and Career Education has continued this funding this year. Proposals are subject to funding during October 1, 1987, through April 15, 1988. Grant options include teacher in service workshops for infusion strategies, a young entrepreneurs' conference with leading local or state entrepreneurs; an entrepreneurship fair to be held on a regional basis, and a community-based promotional program featuring entrepreneurial activities of local vocational education districts. For more information about proposal submission, contact Sandra Price, Associate Director, Division of Vocational and Career Education, Ohio Department of Education, 65 South Front Street, Room 907, Columbus, OH 43266-0308, 614/466-3490.

Governmental agencies in Ohio have long been in the forefront in granting the changes that are taking place in vocational education in general. These programs are examples of this pioneering spirit. Other resources include the Ohio Department of Development's One Stop Business Permit Center, which will send a free business start-up kit to anyone who calls 1, 800, 239-6040. The kit is designed to provide some basic information about the specific business the caller is interested in. The kit also includes some resources for entrepreneurs. Ohio also has 31 Small Business Development and Enterprise Centers located across the state, which - free of charge for small businesses - coordinate and identify financial, managerial, and technical resources at the local, state, and federal levels. Advice, materials, and resources are available in specific areas like Ohio business owners and for those wishing to start their own business Write to the Ohio Department of Development and Small Business Development Division, 30 East Broad Street, Columbus, OH 43266-0101, or call 1, 800, 282-1055 or 614/466-4945. Also, the United States Commerce Department publishes a booklet titled Ask Us, offering advice and listing programs to aid women business owners. In addition, the free booklet lists women business representatives in the various federal departments.

CONCLUSION

Many Ohio vocational schools, local school districts and community colleges operate small business seminars and ongoing classes on entrepreneurship. Entrepreneurship education is becoming an increasingly important dimension in Ohio's vocational education curriculum. Approximately 40% of Ohio's work force is employed in small businesses, and experts predict that this figure will rise. The employees who understand small business management practices, decisions, and goals will have a greater likelihood of finding employment in a variety of class types. Students prepared for self-employment and business ownership will have a great chance for success if they decide to pursue this goal.

As the United States of America becomes a more informational society and a less industrial society, new businesses will continue to start, and some will flourish. Every educational institution will be drawn in more and more to assist in this evolution.

REFERENCES

Alicia N, & Olliams, L L (1985) Expand horizons by understanding self and others Mentor, OH News
Blevins, B. (1973/1974) The venture's guide to success In a home business White Hall, VA Betterway
Jenkins, M D, & Szeklyi, R (1985) Starting and operating a business in Ohio. Cincinnati, OH Jane Worth Luxenberg
Office of the Secretary. (1984, February) Ask us In Washington, DC, U.S. Department of Commerce
Office of Women's Business Ownership (1987) Woman's handbook on how to start a women's business administration, and help you gain into business Washington, DC U.S. Small Business Administration
Richardson, J. (1987) Program Manual For Auburn Career Center Free Enterprise Program Archive Available from Auburn Career Center, 834 West Street Road, Panama City, FL 32407