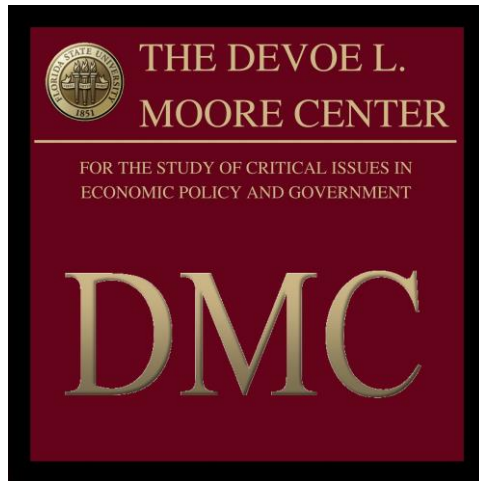




Entrepreneurship and Small Business in America

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The DeVoe L. Moore Center
Florida State University
Prepared for FSU Economics Club
March 13, 2019**



Small business, entrepreneurship, and economic growth

- **Small business create more jobs than their larger counterparts**
- **Small businesses create jobs for marginalized populations**
- **Start up companies are innovative...maybe**



Recent years suggest the US climate for entrepreneurship is improving

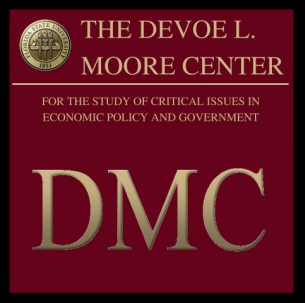
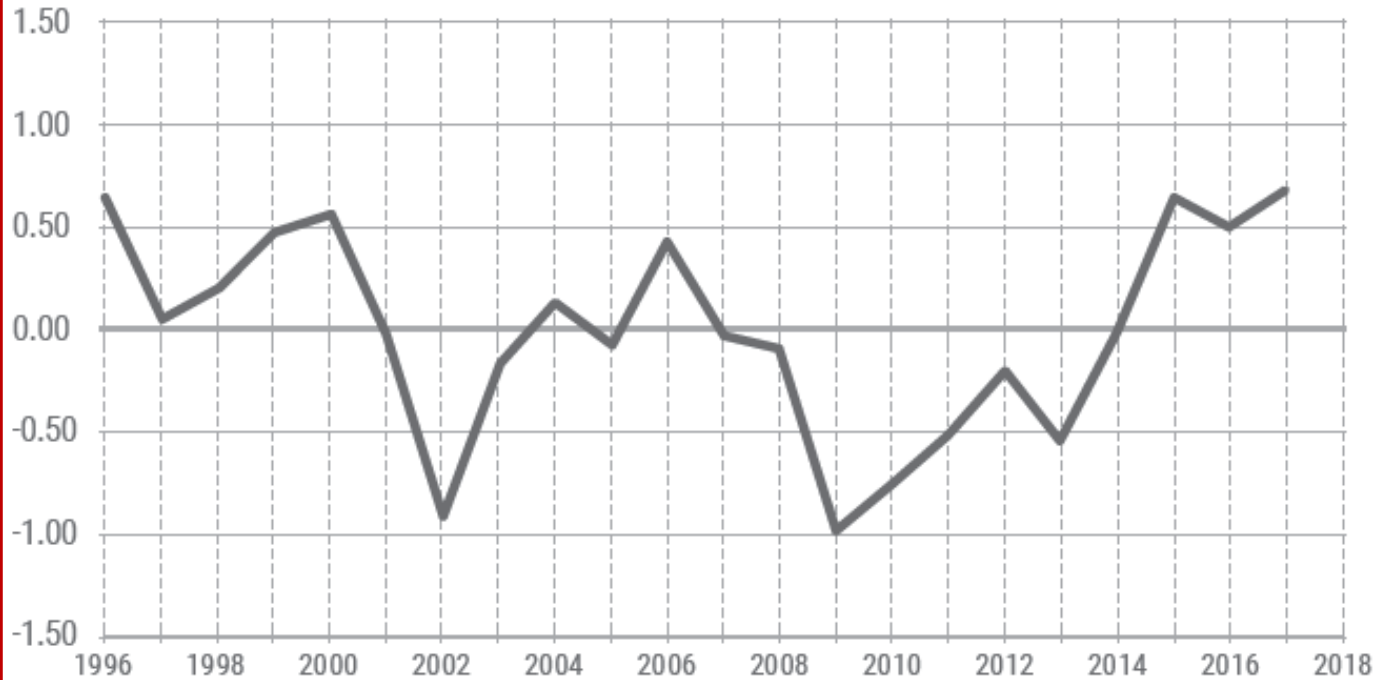
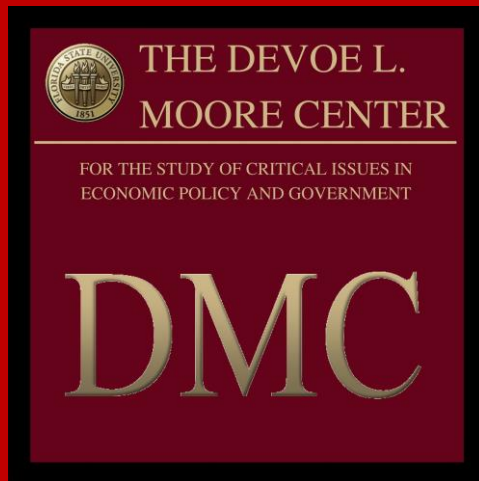


FIGURE 5 KAUFFMAN EARLY-STAGE ENTREPRENEURSHIP (KESE) INDEX (1996-2017)

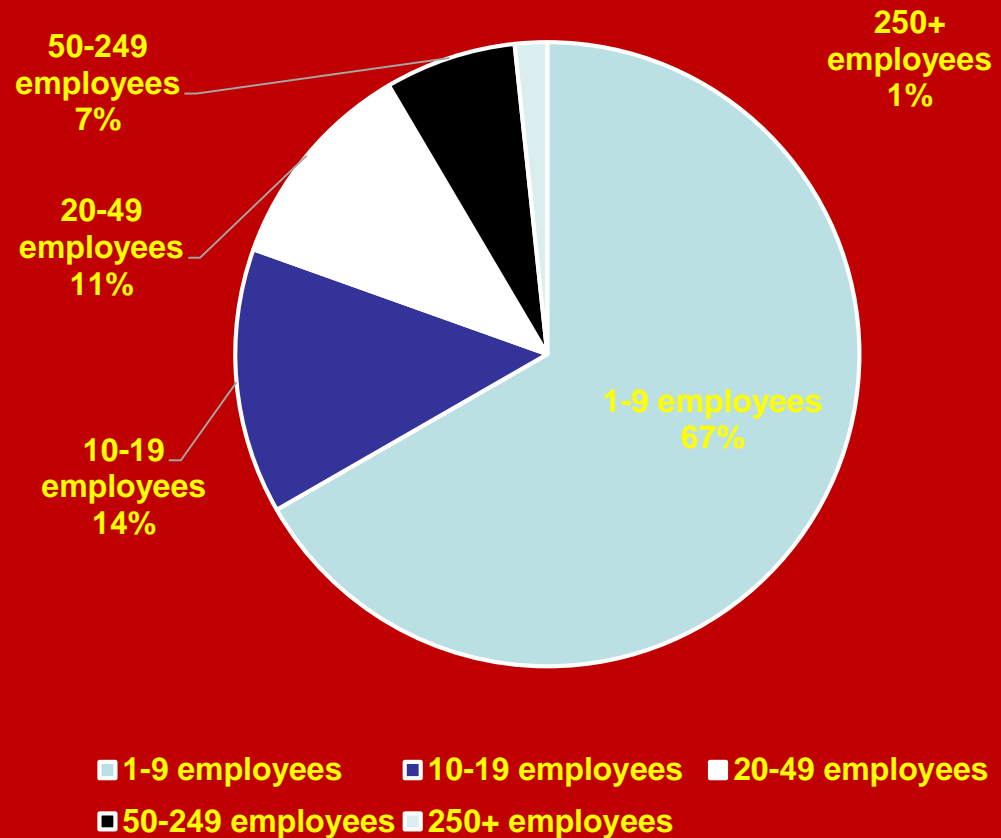


Source: Calculated from CPS and BED data.

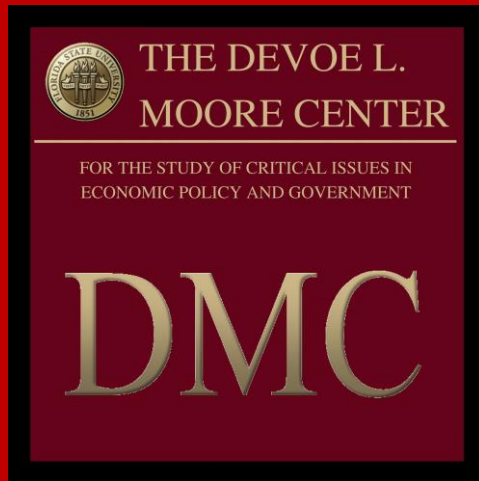
Most Businesses are small



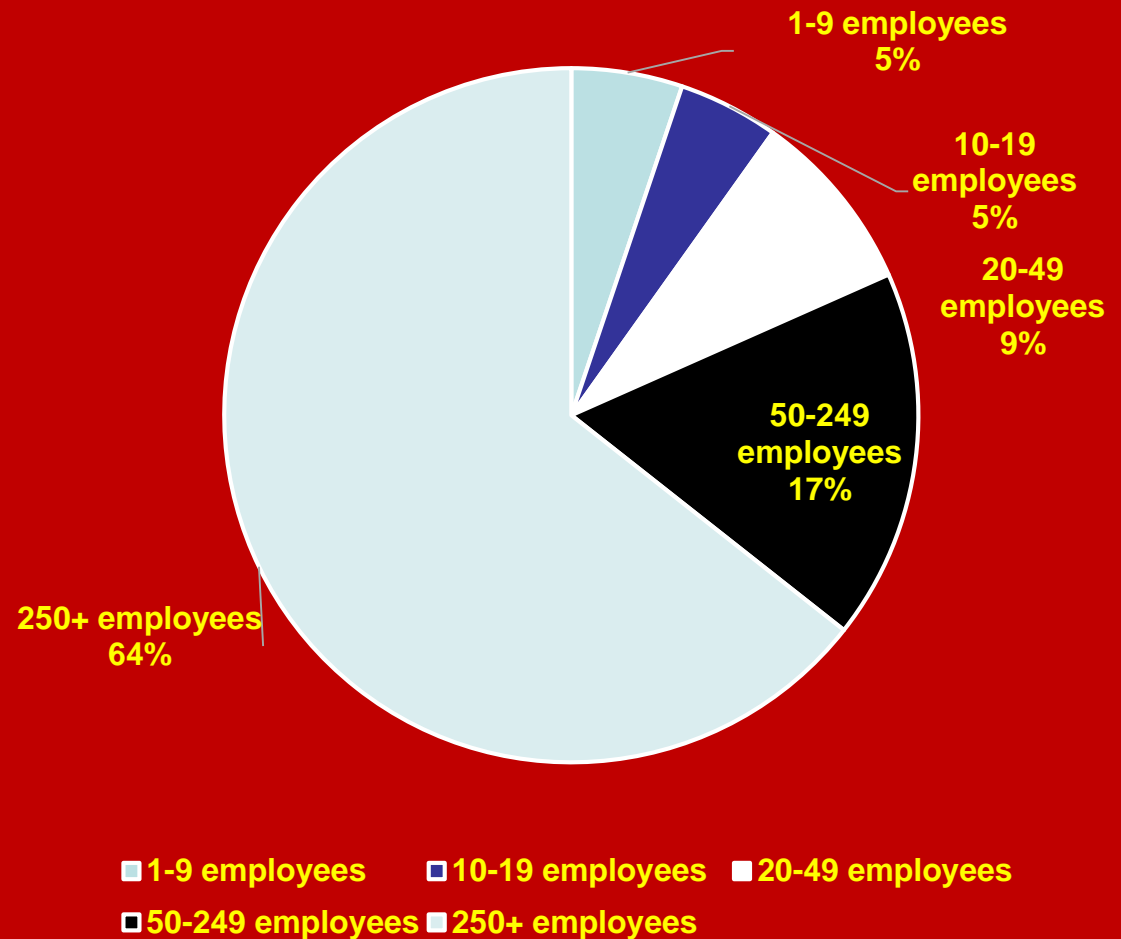
Distribution Businesses By Size



Most people work in big companies

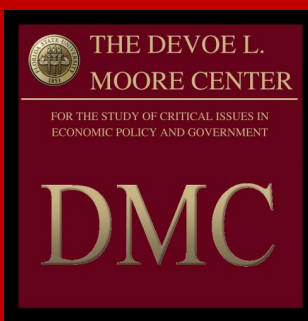


Employment by Business Size





Very few people are entrepreneurs...

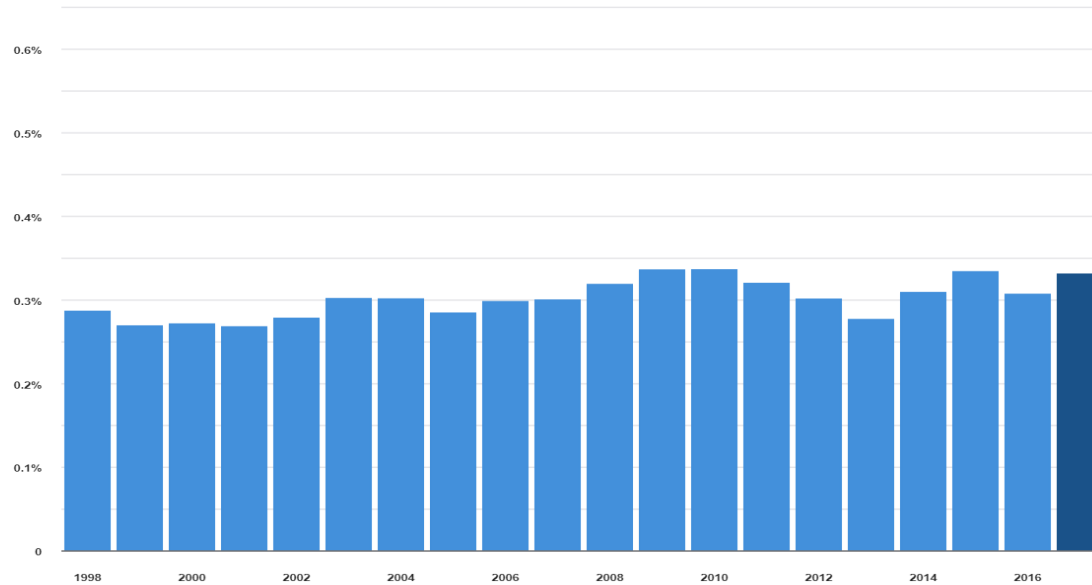


Rate of New Entrepreneurs

Percent of population that starts a new business

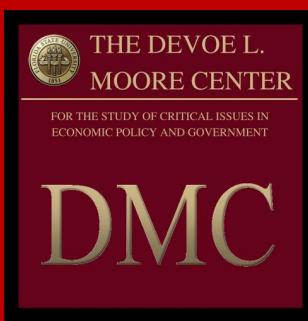
UNITED STATES, 1998-2017

Source: <https://indicators.kauffman.org/indicator/rate-of-new-entrepreneurs>





When businesses start up, they don't employ many people

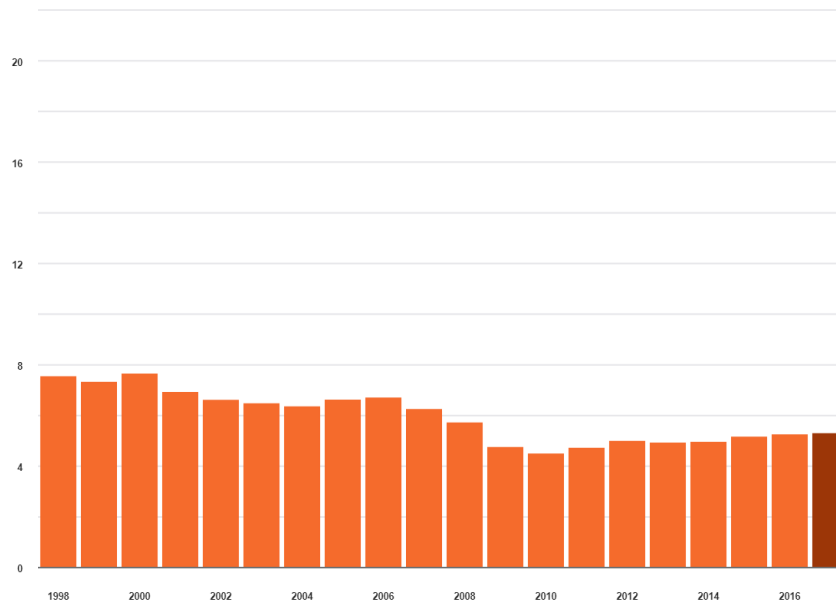


Startup Early Job Creation

Average number of jobs created by startups in their first year (normalized by population)

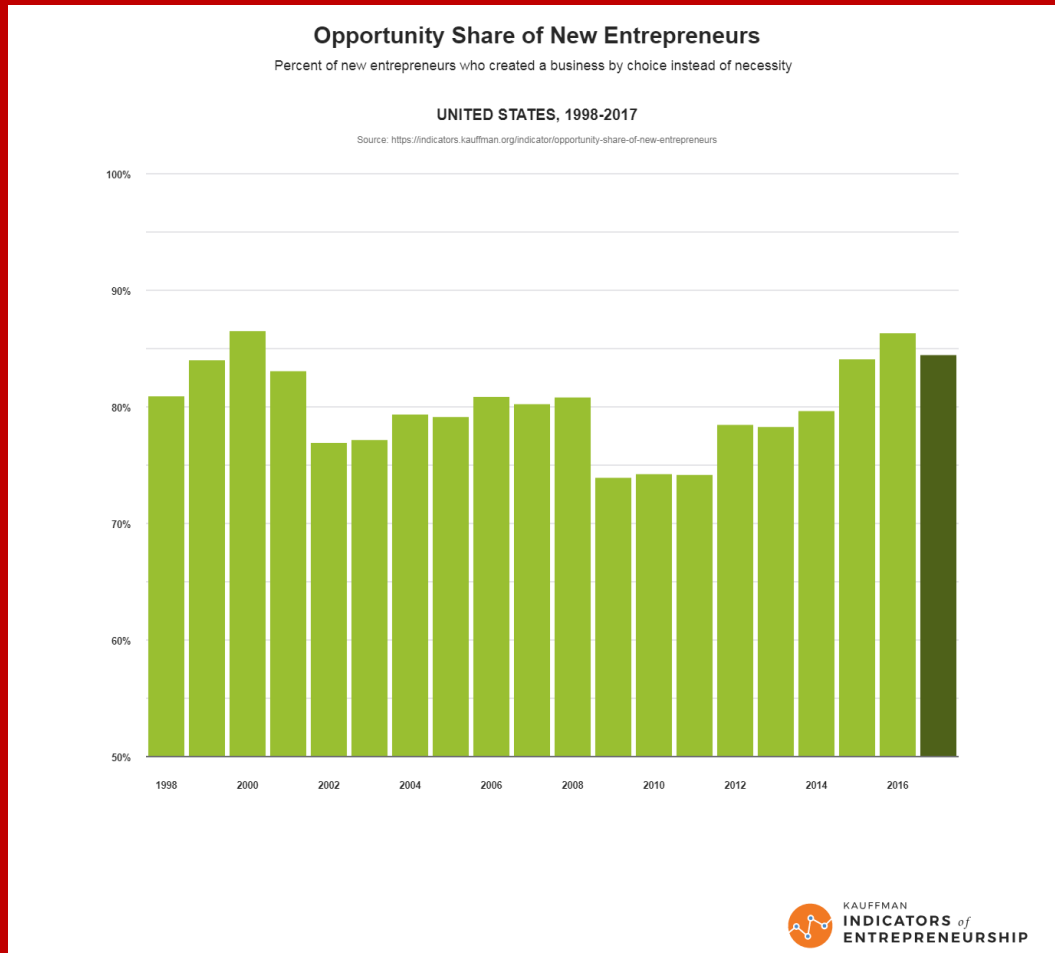
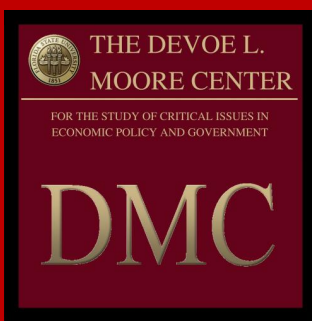
UNITED STATES, 1998-2017

Source: <https://indicators.kauffman.org/indicator/startup-early-job-creation>



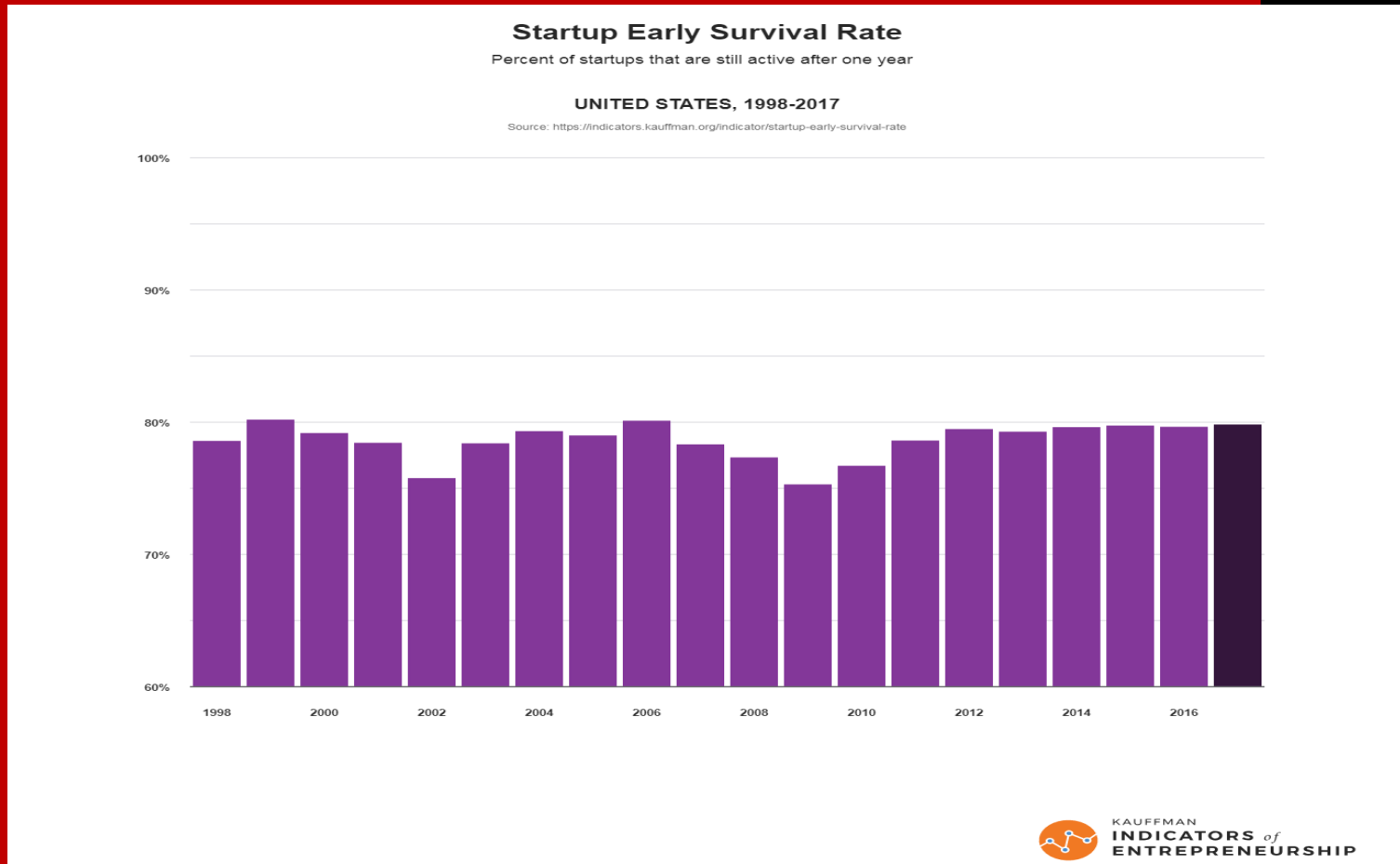
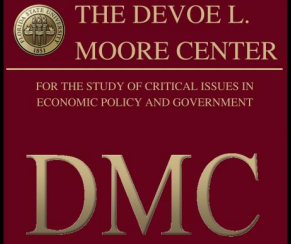


Most people start new businesses because they see new opportunities



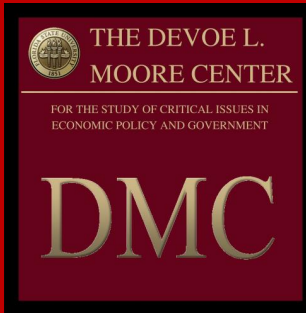


But it's survival of the fittest...





Latinos and other minorities are driving much of the entrepreneurial sector



RACE	1996	2017
White	77.1%	55.3%
Black	8.4%	11.8%
Latino	10.0%	23.6%
Asian	3.4%	6.5%
Other	1.0%	2.9%

Source: Estimates calculated from the Current Population Survey.



Latino entrepreneurs are starting up businesses at a faster rate

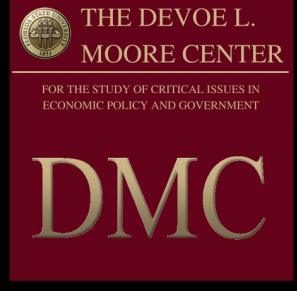
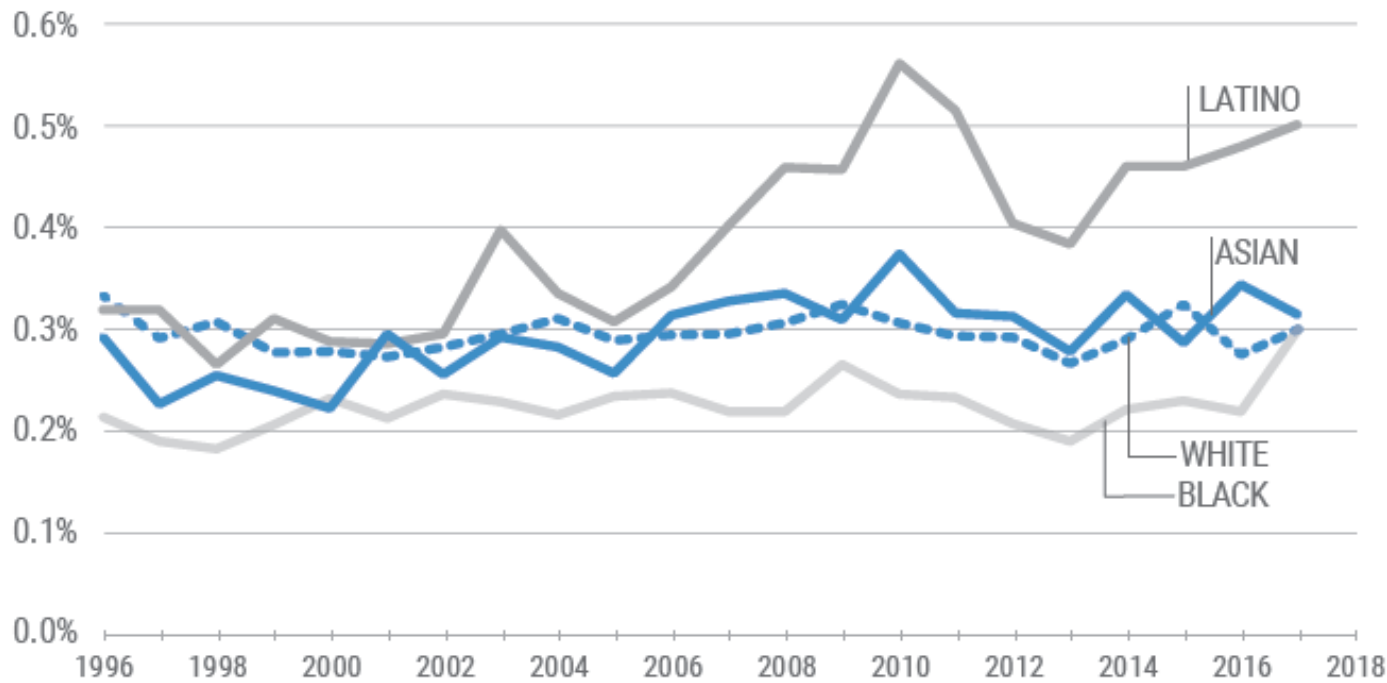


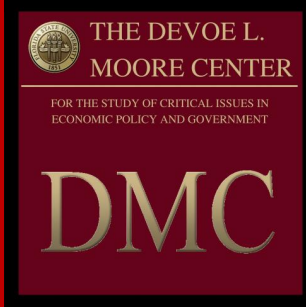
FIGURE 1.2 RATE OF NEW ENTREPRENEURS BY RACE AND ETHNICITY (1996-2017)



Source: Estimates calculated from the Current Population Survey.



Immigrants are also an important share of new start ups



NATIVITY	1996	2017
Native-Born	86.7%	70.7%
Immigrant	13.3%	29.3%

Source: Estimates calculated from the Current Population Survey.



Immigrants are becoming more important over time

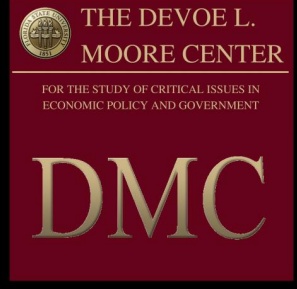
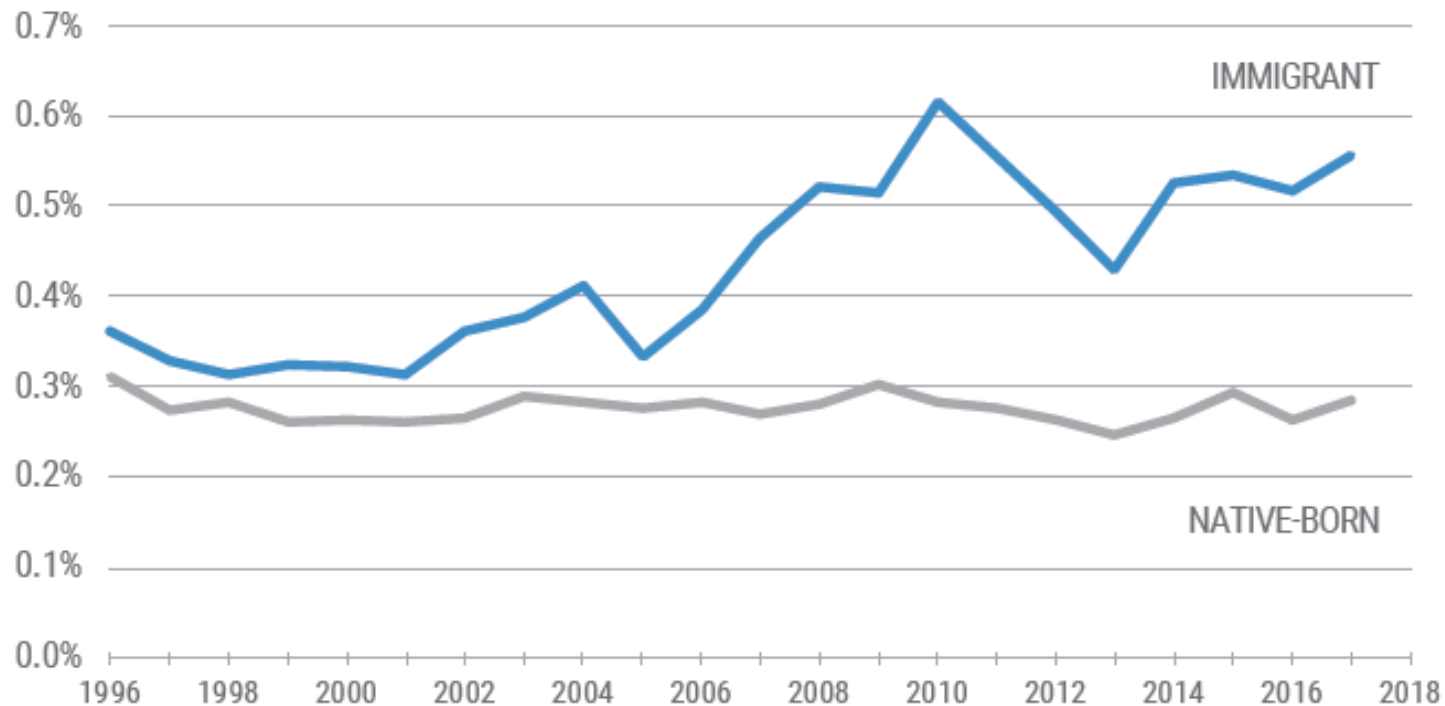


FIGURE 1.3 RATE OF NEW ENTREPRENEURS BY NATIVITY (1996–2017)



Source: Estimates calculated from the Current Population Survey.



Those with less education are becoming entrepreneurs

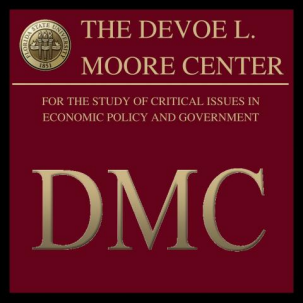
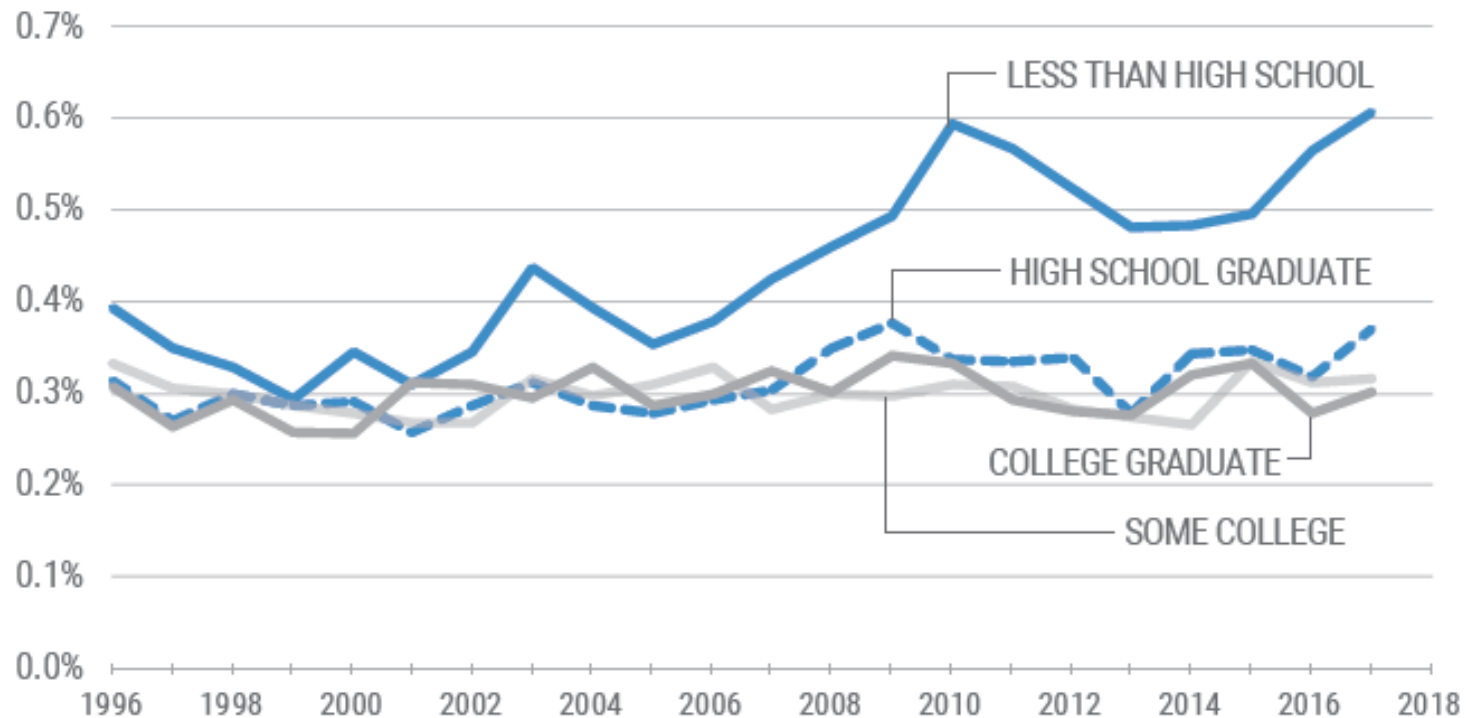


FIGURE 1.5 RATE OF NEW ENTREPRENEURS BY EDUCATION(1996-2017)



Source: Estimates calculated from the Current Population Survey.



Where are the Millennials?

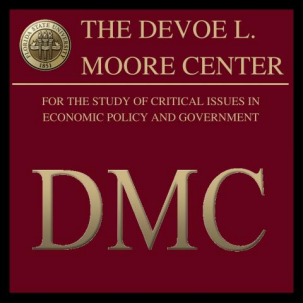
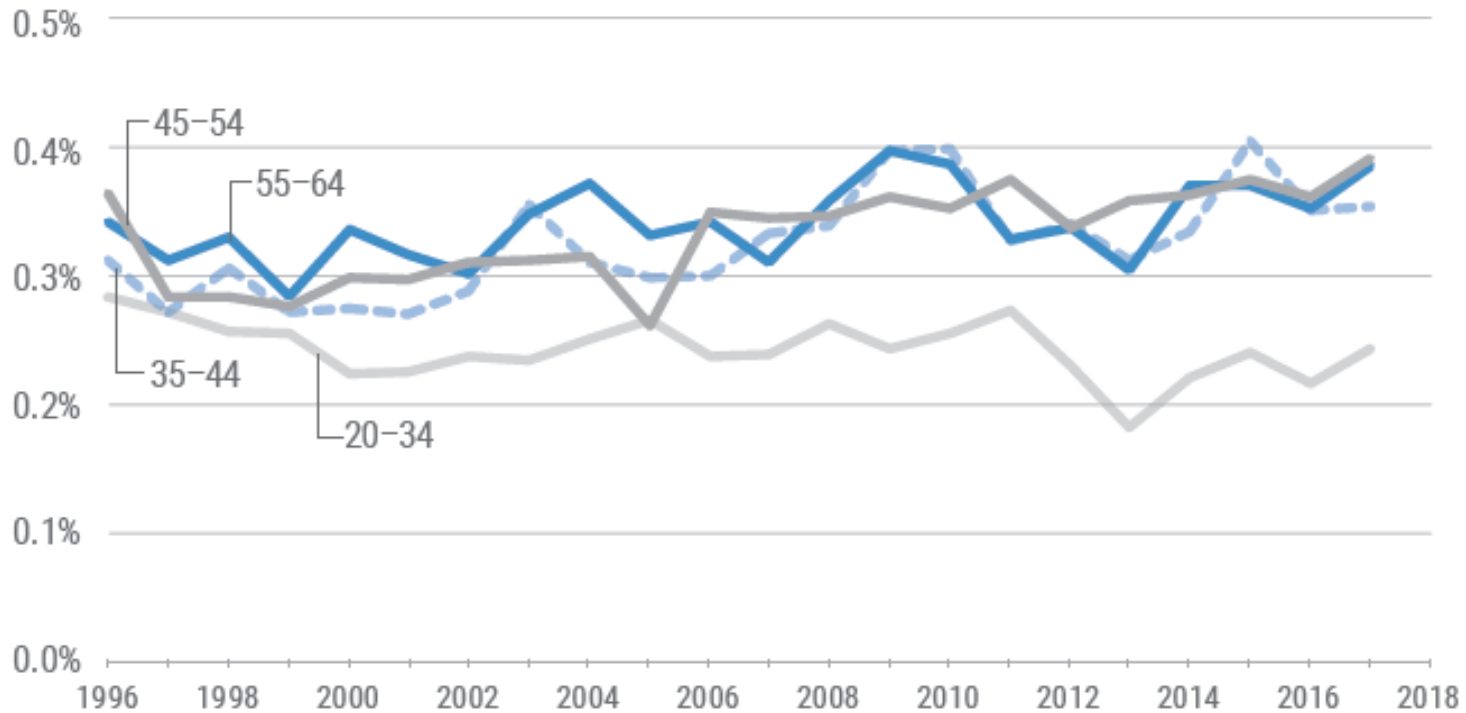


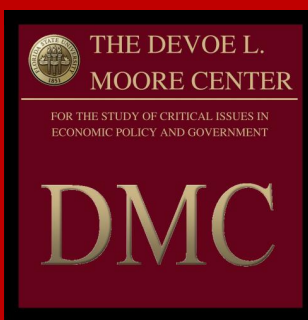
FIGURE 1.4 RATE OF NEW ENTREPRENEURS BY AGE (1996-2017)



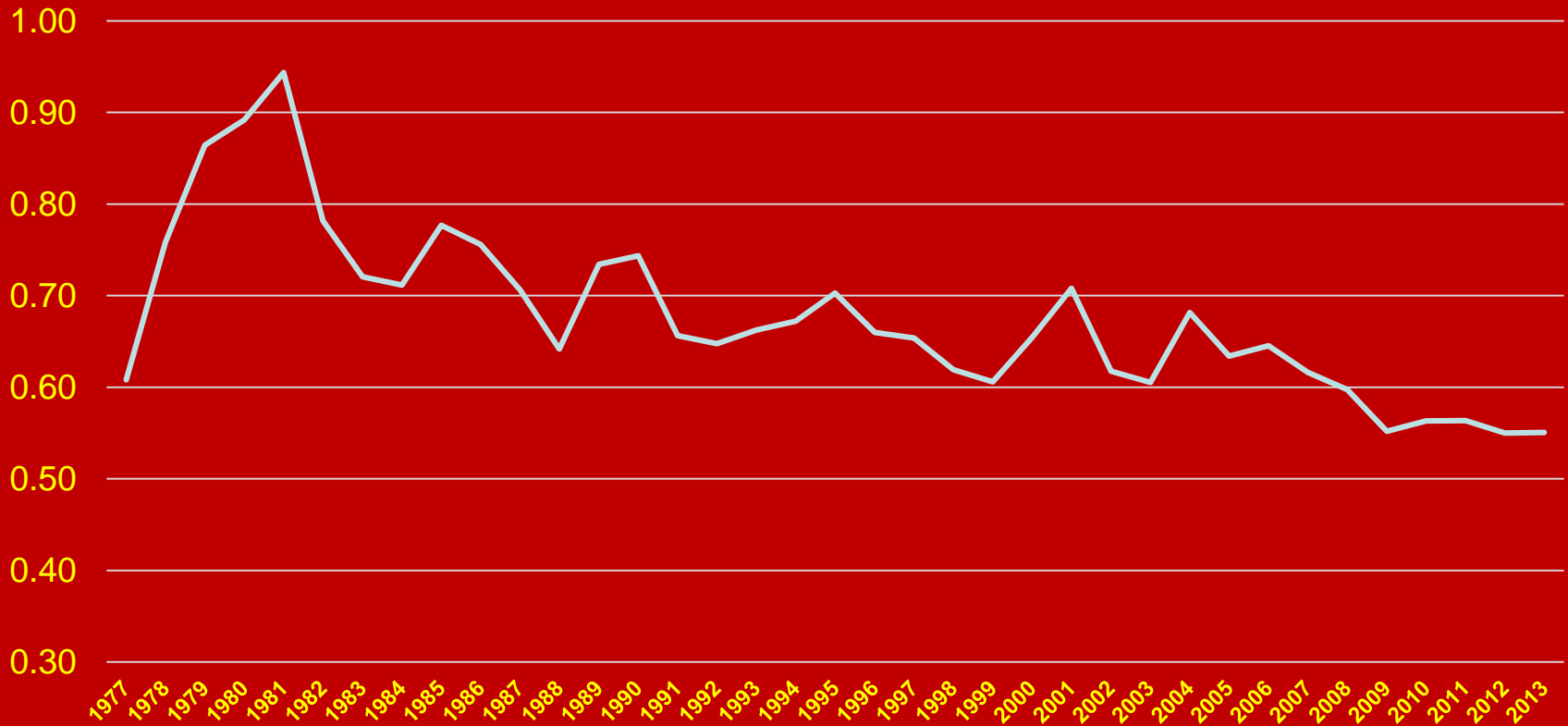
Source: Estimates calculated from the Current Population Survey.



New firm births are a smaller part of job creation

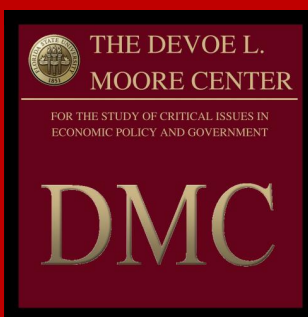


Ratio of Jobs Created by New Firm Births to Continuing Firms

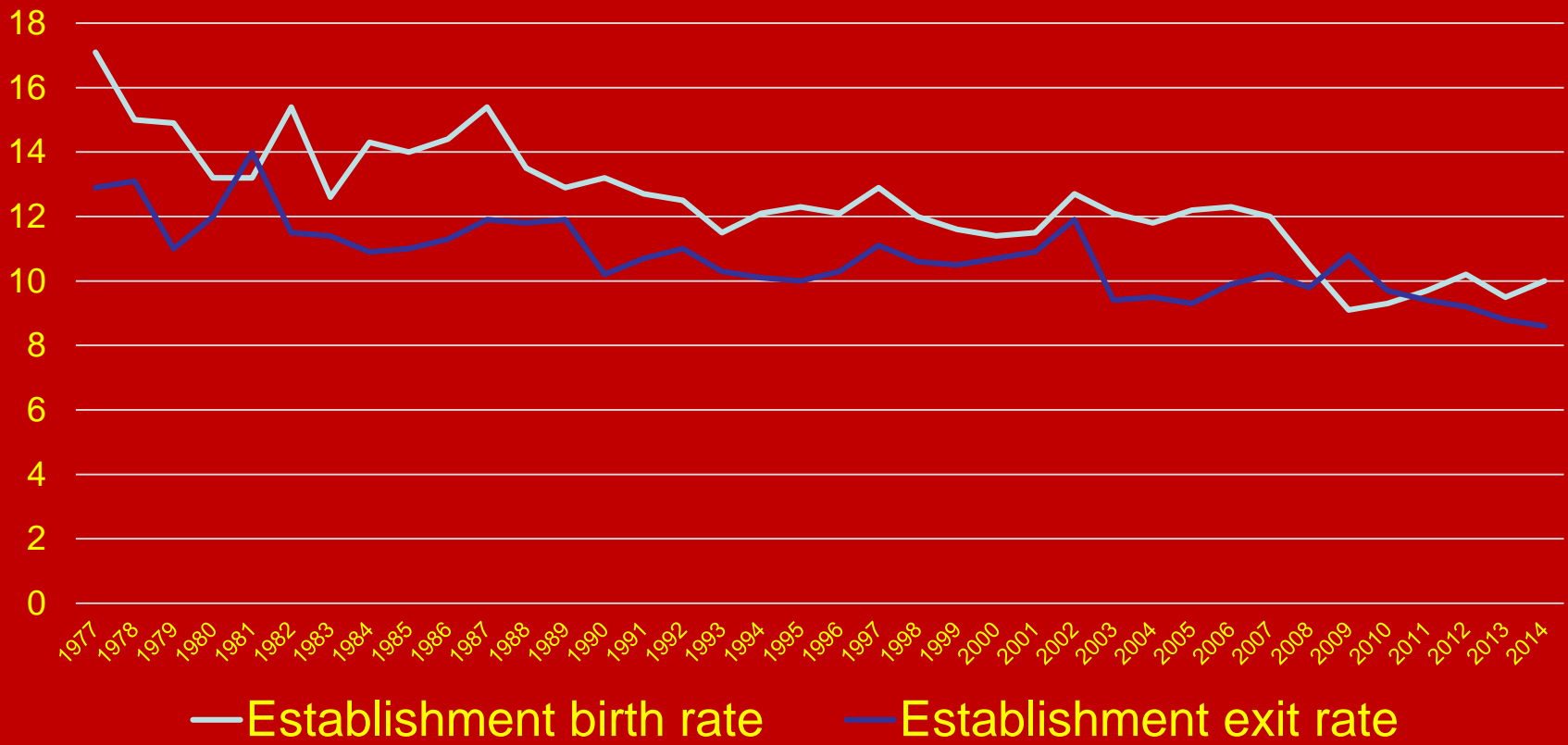


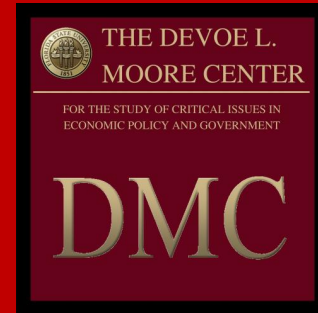


Start up companies are becoming less prevalent



Firm Birth Rates Versus Exit Rates



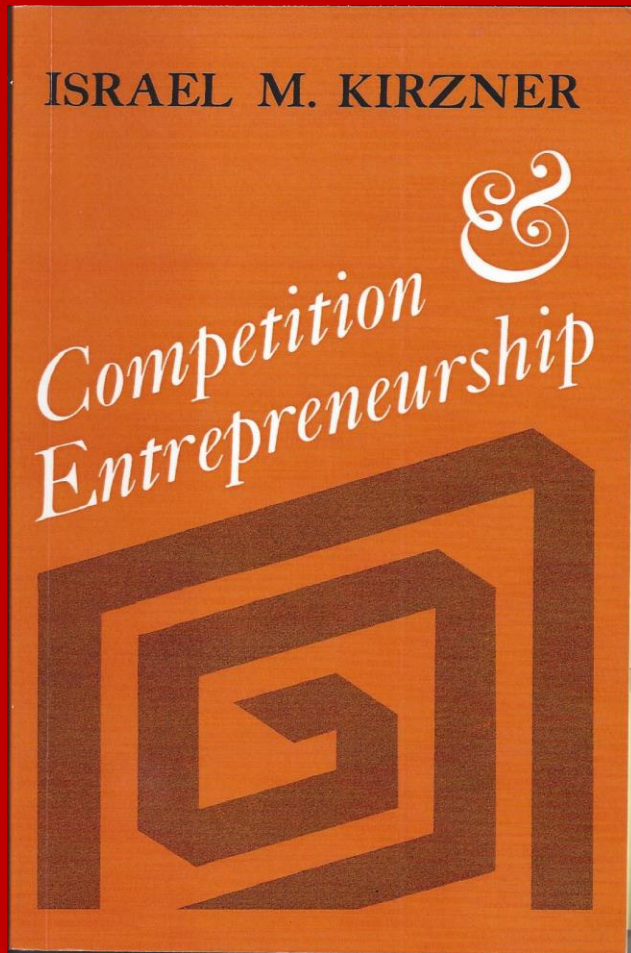
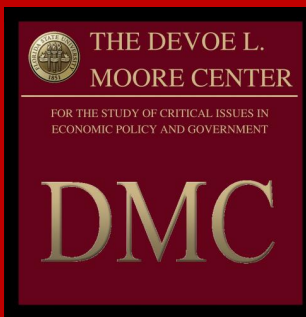


The future?

- **Decline in new business start ups is troubling**
 - Millennials seem to gravitate toward established companies
 - Economic growth will depend more on *Intrat*preneurship
- **Change agents gravitate toward social entrepreneurship**
- ***Trans*innovation vs. *infra*innovation**



A few important questions



- Can *Intrat*preneurs fuel value creation?
- Can large companies create new value?
- What new sources of monetization will fuel value creation?