U.S. Panel Study of Entrepreneurial Dynamics: PSED Overview

Richard T. Curtin
University of Michigan
[curtin@umich.edu]

Paul D. Reynolds
George Mason University
[PaulDavidsonReynolds@gmail.com]

PSED I Stakeholders:

Entrepreneurial Research Consortium (34 member units, 120+ scholars)
Sponsors: Entrepreneurial Research Consortium, Kauffman Foundation, NSF (2)

PSED II Stakeholders:

16 person executive committee
Sponsors: Kauffman Foundation, NSF (2), Small Business Administration (2)

Data & Documentation: www.psed.isr.umich.edu

Data Sets and Documentation: PSED II

Website: www.psed.isr.umich.edu

Screener Data
(31,845 cases)

Nascents 2006

Other Cases

→

Detailed Interview Data
(1,214 cases)

Wave A 2006	Wave B 2007	Wave C 2008	Wave D 2009	Wave E 2010	Wave F 2011

Kauffman Foundation **National Science Foundation**

Data File Codebook

SPSS & SAS Data Sets

Same question variable Number:

Wave A=AQ1, Wave B=BQ1,
Wave C=CQ1, Wave D=DQ1,
Wave E=EQ1, Wave F=FQ1

Detailed Interview Modules: PSED II Wave A

- Opportunity recognition
- Idea/Action sequence
- New business sector, location
- Legal, organizational form
- Start-up activity inventory
- Funding, hiring, revenue
- Registry listings
- Competitive strategy
- Owners, founders, helpers listing
- Owner demographics
- Intra-startup team relationships
- Legal entity owners
- Non-owning founder demographics
- Helper demographics
- Entrepreneurial climate assessment
- Funding, financial support intro
- Funding support: not a legal entity
- Funding support: firm a legal entity
- Assets, net worth: legal entity firm
- Markets, competition assessment
- Future expectations for new firm
- Personal motivations, dispositional
- Personal motivations, contextual
- Current labor force activity
- Career experiences, human capital
- Personal self-assessment
- Residential tenure, migration
- Parental small business background
- Current household structure
- Household income, net worth
- Hawthorn effect item

Total items: 10 open ended, 479 fixed response.

Status of Start-up Efforts by Survey Wave for PSEDII

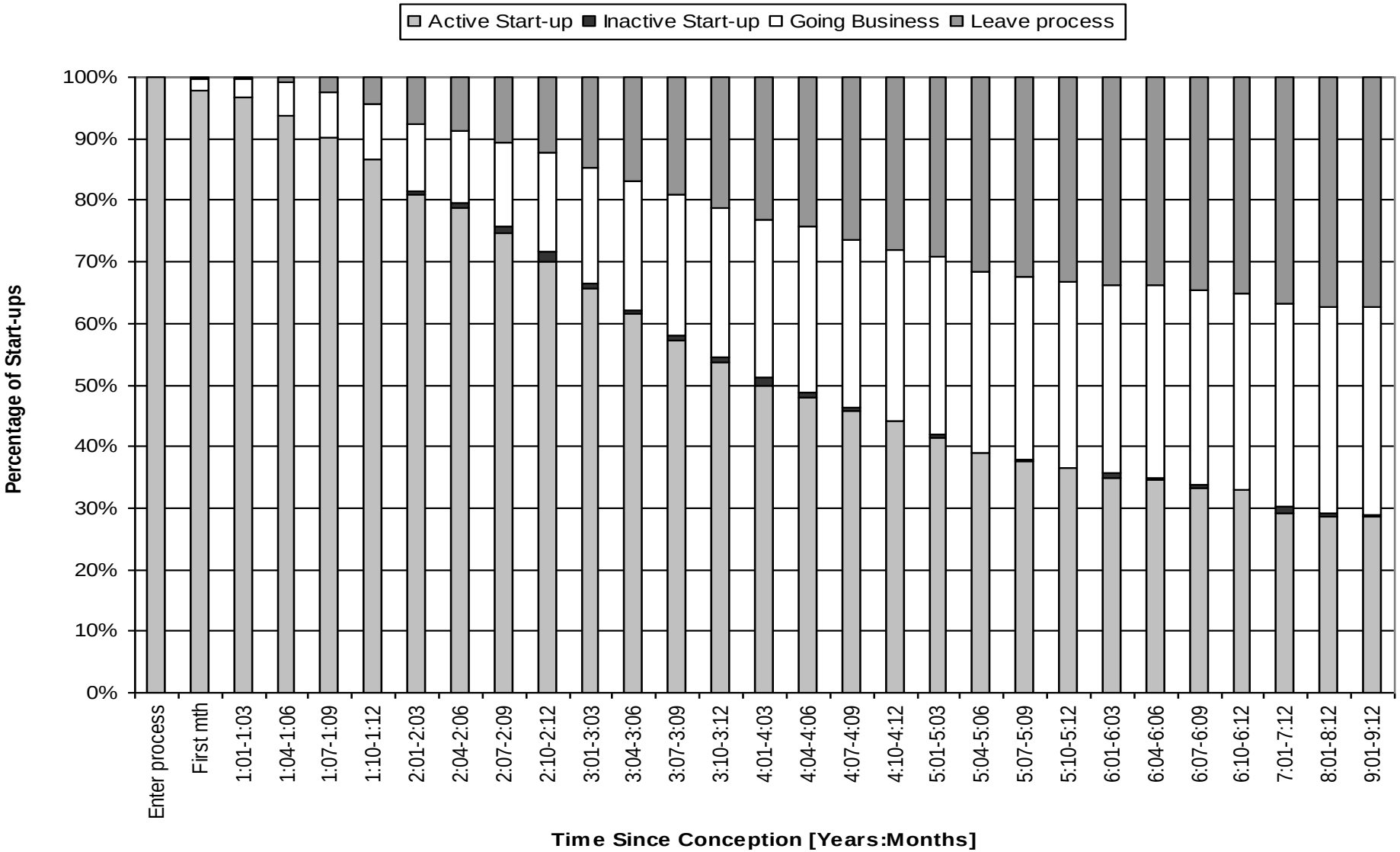
	Wave A	Wave B	Wave C	Wave D
Established new firm*		128	164	214
Quit all efforts		231	422	490
Total Final Outcome		359	586	704
Still in start-up process	1,214	613	472	381
Unknown status		242	156	129
Total Cases		1,214	1,214	1,214
Percent Final Outcome Known		26.9%	48.3%	57.9%

*Reporting an initial period of profitability.

Computation of Case Weights

- Screener Weights
  - Data weighted to represent all U.S. households
    - Sample of RDD landlines in 48 states plus DC
    - Correct for coverage errors and differential non-response
    - All weights based Current Population Survey data
- Entrepreneurs: Interview waves A,B,C, & D
  - Data weighted to represent all nascent entrepreneurs
    - Not all identified entrepreneurs agreed to be contacted
    - Not all those that agreed actually completed the interview
    - Weights correct for non coverage, non response, and panel attrition
- All analysis should used appropriate weight
  - Accurate tests of statistical significance require the sum of the weights to equal to sum of the cases in the analysis

Outcome Transitions over Time: US PSED I



Selected Results

- 12 million are involved in 7 million start-ups
- Age, gender, ethnic background affects entry into process
- HH income, wealth not a major factor affecting entry into the process
- 20-30% become profitable new firms
- Half reach resolution in 24 months, half take longer
- Half of start-ups are team efforts, teams changes increase socio-demographic homogeneity
- Non family team start-ups more growth oriented
- What is done in start-up much more important than socio-demographic background to creating a new firm
- Majority of start-up team time, informal financial investments go into start-ups that don’t become new firms

Analysis Opportunity: Impact of U.S. Financial Crisis and Economic Downturn on Entrepreneurship

- Natural experiment:
  - Observations on a random sample of startup firms before, during, and after financial crisis
- Ability to distinguish between two impact channels:
  - Impact of availability of credit and startup funding
  - Impact on demand for product or service
- Can determine direct, indirect and interaction effects on causal channels
  - Does impact vary by business type, product/service, location, present/absence of team, degree of personal funding and assets, experience, etc.