

Poll on Entrepreneurship

A new poll, commissioned by the Ewing Marion Kauffman Foundation and conducted by Douglas E. Schoen, LLC, finds that entrepreneurs and prospective entrepreneurs—the primary job creators in our economy—are by and large not playing the role we need them to play to get our economy moving again.

These people are pessimistic in the short-term about the economy, but optimistic about the prospects for their business. Prospective entrepreneurs are more optimistic about their personal economic situation and about our country's economic future, as they hope to start a business, than are actual entrepreneurs, who are on the front lines and struggling in this current economy. But there is a clear consensus in both groups about what needs to be done to create jobs: tax credits for investing in research and development, payroll tax cuts, expanding lending and access to credit, and removing red tape.

Many entrepreneurs are sitting on the sidelines. They are worried about economic prospects, reluctant to hire and spend, watching their own businesses shrink, and believe that many policies either currently enacted or expected to be enacted will make conditions worse.

Potential entrepreneurs—people who would like to start a business—are not prepared to take that risk at this time, for most of the same reasons. Both groups reported that their own personal economic situation was one key cause of their reluctance to hire and invest, but potential entrepreneurs were more confident in their own finances than active entrepreneurs.

More specifically, 61 percent of entrepreneurs say that the economy is on the “wrong track.” A solid majority say that the recession is not over, and will not end for at least another year. Two-thirds or more report that their own businesses have shrunk, that profitability is down, and that they don't expect to hire in the coming year. More than one-third say that they have had to lay off employees in the past twelve months.

Current entrepreneurs' assessment of the economic problem facing the country that worries them most varies. They site adverse policies, from bailouts to deficits, but also broad external events such as the financial crisis. None is cited with anything close to a clear majority, with the fiscal crisis—in the number one position—being mentioned by just 17 percent of this group. However, 42 percent of potential entrepreneurs—the highest response for any category by either group—say that the ability to generate jobs is the country's most worrisome economic problem.

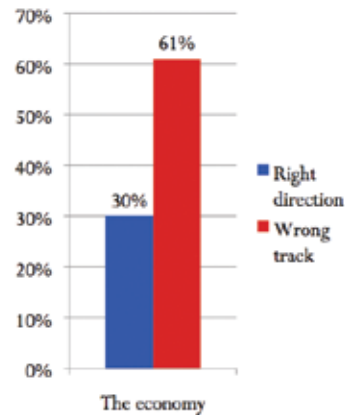
Entrepreneurs are clearer about what they believe needs to be done. Above all, they believe that real tax relief would help jumpstart the ailing economy. Three-quarters want to see more tax credits for research and development and an elimination of the payroll tax, a move that would greatly spur hiring. Additionally, two-thirds said they would like to see more lending from the Small Business Administration, and state aid to help prevent layoffs. Potential entrepreneurs responded even more favorably to these ideas, supporting them in some cases by more than 80 percent.

Both active and potential entrepreneurs remain optimistic about the near-term prospects for the American economy, but are more troubled about the long term. Eighty-five percent say that now is a great time to start a business, but only two-thirds believe that will still be true in ten years, a figure that shrinks to 62 percent when asked about the prospects for business two decades from now.

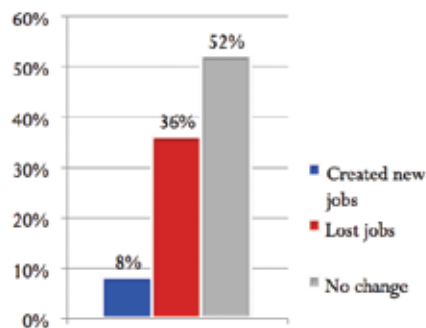
The poll was conducted between January 4 and January 8, 2010. A representative sample of 1,200 Americans was interviewed, among which about 350 entrepreneurs and 215 potential entrepreneurs were identified.

Entrepreneurs – Mood of the Country

- There is a clear sense that the economy is heading in the wrong direction.
- 61% of entrepreneurs say that the economy is on the wrong track.
- 30% say it is headed in the right direction.



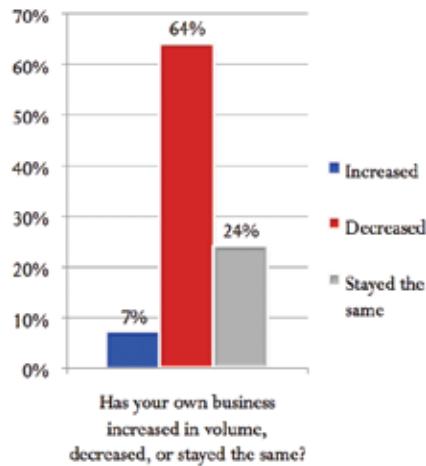
Entrepreneurs – Job Creation



As entrepreneurs, have you created new jobs in the past year, lost jobs within your business, or has there been no change?

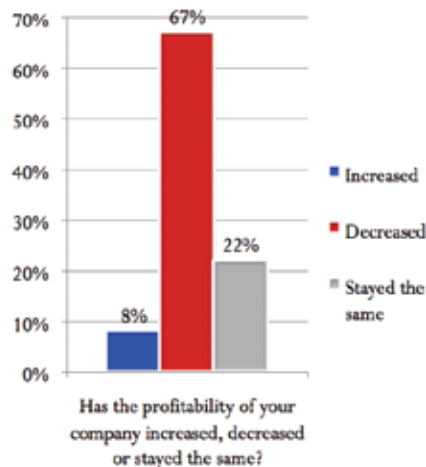
- 36% of entrepreneurs say that they have lost jobs within their business in the past year.
- 8% say that they have created jobs in the past year.
- 52% say there has been no change.

Entrepreneurs – Size of Business



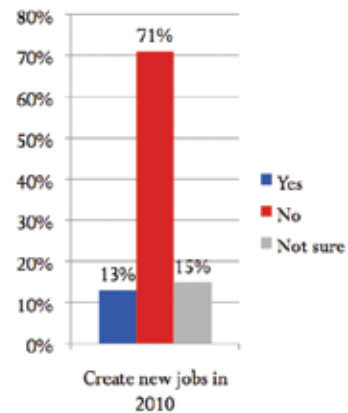
- 64% of entrepreneurs say that their own business has decreased in volume.
- 7% say it has increased in volume.
- 24% say it has stayed the same.

Entrepreneurs – Profitability of Business



- Two-thirds of entrepreneurs say that the profitability of their company has decreased.
- 8% say it has increased.
- 22% say it has stayed the same.

Entrepreneurs – Create New Jobs in 2010



- 71% do not expect to create new jobs in 2010.
- 13% of entrepreneurs say that they expect to create new jobs in 2010.
- 15% are not sure.

Entrepreneurs – Create New Jobs in 2010

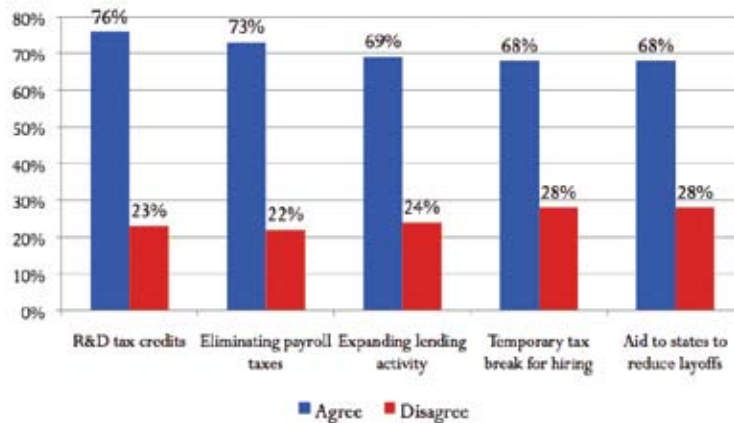
Among entrepreneurs who say that they do not expect to create jobs in 2010, over one-third say it is because the economy has taken a toll on their business.

Why don't you expect to create new jobs in 2010?	Percentage
The economy has taken a toll on my business	34%
My business is not growing	20%
I don't need more employees	17%
I don't have the revenue to pay for more employees	12%
Some other reason	14%

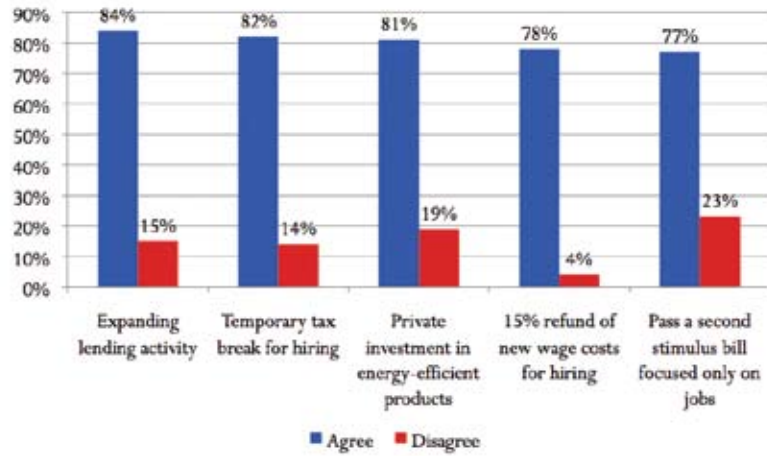
Economic Problems Facing the Country

What economic problem facing the country worries you most?	Entrepreneurs	Potential entrepreneurs
Another financial crisis	17%	9%
The ability to generate jobs	15%	42%
Too many bailouts	14%	7%
The deficit	13%	18%
Affordable health care	10%	17%
Unemployment	9%	2%
Inflation	7%	4%
Taxes increasing	7%	2%
Environmental problems	7%	0%

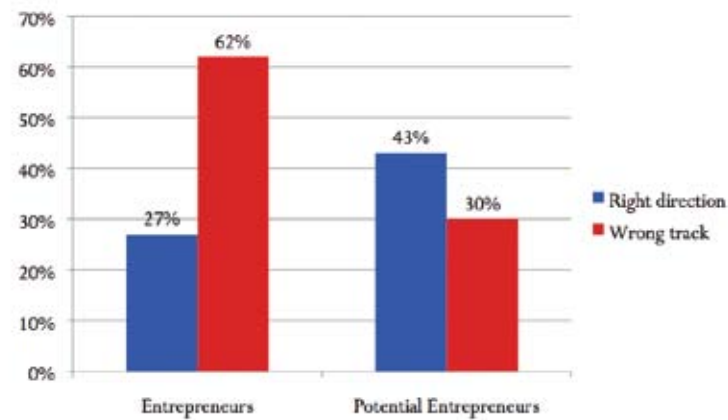
Job Creation Policies



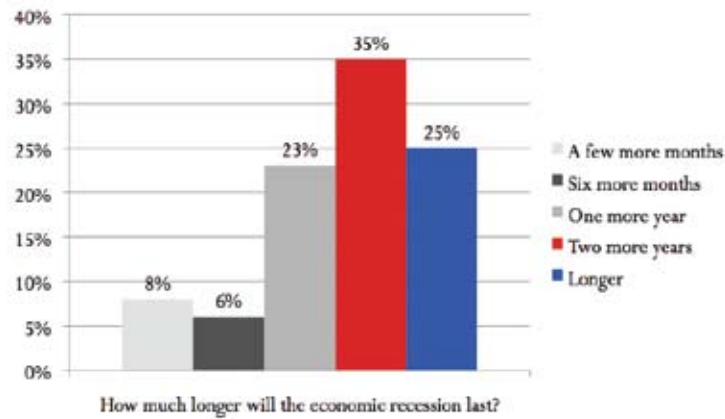
Job Creation Policies



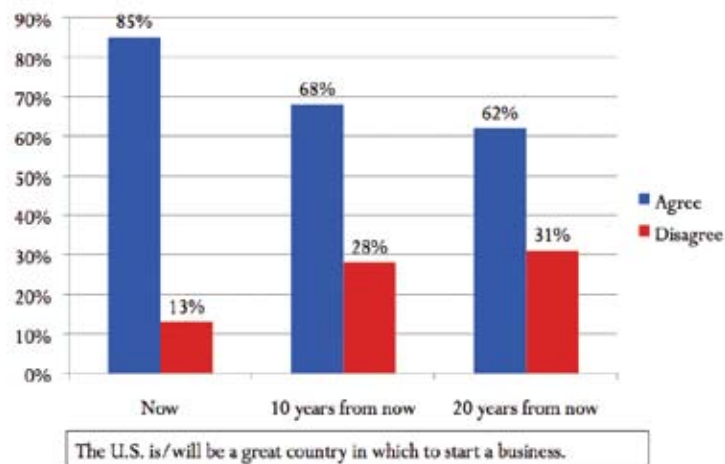
Personal Economic Situation



Entrepreneurs – Length of Economic Recession



Starting a Business in the U.S.



KAUFFMAN
The Foundation of Entrepreneurship

4801 ROCKHILL ROAD
KANSAS CITY, MISSOURI 64110
816-932-1000
www.kauffman.org