

Small Business Resources for Faculty, Students, and Researchers: Answers to Frequently Asked Questions

Why should small business issues receive more attention in classrooms?

- Two-thirds of college students intend to be entrepreneurs at some point in their careers; however, business school textbooks stress large rather than small firm examples, something that has frustrated many students after graduation.
- Individuals with more education are more likely to become entrepreneurs, and they are also more likely to open a business employing more people.
- Classrooms, both within and beyond schools of business, are filled with potential innovators. The key is to provide the necessary skills that will allow them to foster these talents and start new businesses.

Sources: Students in Free Enterprise; Advocacy Focus Groups.

How important are small businesses to the U.S. economy?

Small firms ...

- Total approximately 23 million in the United States, with roughly 75 percent of the firms having no employees.
- Represent 99.7 percent of all employer firms.
- Employ half of all private sector employees.
- Pay 44.3 percent of the total U.S. private payroll.
- Generate 60 to 80 percent of net new jobs annually.
- Create more than 50 percent of nonfarm, private gross domestic product (GDP).
- Are employers of 39 percent of high tech workers (such as scientists, engineers, and computer workers).
- Made up 97 percent of all identified exporters and produced 29 percent of the known export value in FY 2001.

Sources: U.S. Department of Commerce, Bureau of the Census; Advocacy-funded research by Joel Popkin and Company (Research Summary 211); U.S. Department of Labor, Bureau of Labor Statistics, Current Population Survey; U.S. Department of Commerce, International Trade Administration.

Is there a link between entrepreneurship and economic activity?

- There is a strong correlation between national economic growth and the level of national entrepreneurial activity in prior years, according to the Global Entrepreneurship Monitor (GEM).
- In GEM countries, 71 percent of nascent or would-be entrepreneurs expect to create 1 to 20 jobs, and 21 percent expect to create at least 20 jobs in their new ventures.

- Colleges and universities with high levels of R&D expenditures lead to increased firm formations in the surrounding metropolitan areas. Such R&D expenditures contribute to economic growth via these new firms.

Sources: Global Entrepreneurship Monitor; Advocacy-funded research by BJK Associates (Research Summary 222).

Who is publishing on the importance of small business and entrepreneurship?

The following publications are noteworthy and relevant for individuals to learn more about small business economic research for both the classroom and further analysis.

Selected Advocacy Resources (www.sba.gov/advo/stats)

- *The State of Small Business: A Report of the President (1982 - 2000)* and *The Small Business Economy: A Report to the President (Forthcoming, 2001 - Present)*
- *Small Business Economic Indicators (1995 - Present)*
- *Small Firm Lending Studies (1994 - Present)*
- *State Small Business Economic Profiles (1996 - Present)*
- *The Third Millennium: Small Business and Entrepreneurship in the 21st Century*
- *Women in Business and Minorities in Business*
- Advocacy's Working Paper Series - The Research Papers in Economics (RePEc) also links to our series and others: <http://econpapers.hhs.se/paper/sbawpaper/>

Selected Advocacy Conference Proceedings

- *Tax Policy and Small Business: New Firm Formation, Growth and Survival (2001)*: www.sba.gov/advo/tax_conf.pdf
- *The Changing Banking Structure and Its Impact on Small Business (2000)*: www.sba.gov/advo/b_cf00proc.pdf
- *The Invisible Part of the Iceberg: Research Issues in Industrial Organization and Small Business (2000)*: www.sba.gov/advo/io_conf.pdf
- Acs, Zoltan J., ed. *Are Small Firms Important? Their Role and Impact*. Boston: Kluwer Academic Publishers, 1999. (Proceedings from a 1997 Advocacy conference of the same name.)

Selected Professional Journals

- *Entrepreneurship Theory and Practice*
- *International Small Business Journal*
- *International Journal of Venture Capital*
- *Journal of Applied Management and Entrepreneurship*
- *Journal of Entrepreneurial Finance and Business Ventures*
- *Journal of Business Venturing*
- *Journal of Small Business Management*
- *Small Business Economics*

The SBA's Office of Advocacy was created by an act of Congress in 1976 to protect, strengthen, and effectively represent the nation's small businesses within the federal government. As part of this mandate, the office conducts policy studies and economic research on issues of concern to small business and publishes data on small business characteristics and contributions. For instant access to small business resources, statistics, and research, visit the Office of Advocacy's home page at <http://www.sba.gov/advo/>.

Selected Publications

- Acs, Zoltan J. and David B. Audretsch. *The Handbook on Entrepreneurial Research*. Boston: Kluwer Publishers, 2003.
- Acs, Zoltan J. and David B. Audretsch. "Innovation in Small and Large Firms: An Empirical Analysis." *American Economic Review*. 78(4), 1988. 678-90.
- Brock, William and David Evans. "Small Business Economics." *Small Business Economics*. 1(1), 1989, 7-20.
- *Frontiers of Entrepreneurial Research*. Proceedings from the Babson-Kauffman Entrepreneurial Research Conferences, 1981 to Present. (Online database: www.babson.edu/entrep/fer/)
- Hart, David M., ed. *The Emergence of Entrepreneurship Policy: Governance, Start-Ups, and Growth in the U.S. Knowledge Economy*. Cambridge University Press, 2003.
- Holtz-Eakin, Douglas and Harvey S. Rosen, eds. *Public Policy and the Economics of Entrepreneurship*. Cambridge, Massachusetts: MIT Press, 2004.
- Katz, Jerome A., ed. *Databases for the Study of Entrepreneurship*. New York: JAI/Elsevier Science, 2000.
- Jovanovic, Boyan. "Selection and the Evolution of Industry." *Econometrica*. 50(3), 1982. 649-70.
- Lucas, Robert E. Jr., "On the Size Distribution of Business Firms." *Bell Journal of Economics*. 9(2), 1978. 508-523.
- Schumpeter, Joseph A. *The Theory of Economic Development*, Cambridge: Harvard University Press, 1934.
- Sexton, Donald L. and John D. Kasarda, eds. *The State of the Art in Entrepreneurship*. Boston: PWS/Kent Publishing, 1992.
- Sexton, Donald L. and Raymond W. Smilor, eds. *Entrepreneurship 2000*. Chicago: Upstart Publishing, 1997.

What are the sources of data for researching small business and entrepreneurship?

See these data sources for small business economic research.

U.S. Department of Commerce, Bureau of the Census

- 1997 Economic Census: www.census.gov/epcd/www/econ97.html
- 2002 Economic Census (Survey of Business Owners): www.census.gov/epcd/www/econ2002.html
- Center for Economic Studies (CES) Data and Working Papers www.ces.census.gov - CES Data is available at Research Data Centers for approved research proposals.
- Survey of Women- and Minority-Owned Enterprises: www.census.gov/csd/mwb/
- Statistics of U.S. Businesses (partially funded by Advocacy): www.census.gov/csd/susb/susb.htm
- County Business Patterns: www.census.gov/epcd/cbp/view/cbpview.html
- Survey of Income and Program Participation: www.sipp.census.gov/sipp/sipp.htm

U.S. Department of Labor, Bureau of Labor Statistics

- Business Employment Dynamics: www.bls.gov/bdm/home.htm
- Current Population Survey: www.bls.gov/cps/home.htm and <http://dataferrett.census.gov/TheDataWeb/index.html>

Federal Reserve Board of Governors

- Federal Reserve Bulletin: www.federalreserve.gov/pubs/bulletin/default.htm

- Survey of Small Business Finances: www.federalreserve.gov/pubs/oss/oss3/nssbftoc.htm
- Survey of Consumer Finances: www.federalreserve.gov/pubs/oss/oss2/scfindex.html
- Senior Loan Officer Survey on Bank Lending Practices: www.federalreserve.gov/boarddocs/SnLoanSurvey/

Internal Revenue Service

- Statistics of Income Division: www.irs.gov/taxstats/

National Federation of Independent Business (www.nfib.com)

- Small Business Economic Trends
- Small Business Polls

Other Longitudinal Databases

- Global Entrepreneurship Monitor: www.gemconsortium.org
- Panel Study on Entrepreneurial Dynamics: <http://projects.isr.umich.edu/psed/index.cfm>

If I want to conduct small business economic research, what funding is available?

Traditional funding sources include the National Science Foundation (<http://www.nsf.gov/sbe/ses/>) and many colleges and universities that fund small business research. Subscription-based services provide information on grant opportunities.

The Office of Advocacy contracts with external researchers for many studies. These are set aside for small businesses, rather than colleges and universities. However, individual professors and students can submit proposals as consultants with their own firms. Potential contractors should consult FedBizOpps (<http://www1.epa.gov/spg/index.html>). Sign up on Advocacy's research listserv to receive e-mail notification of the Requests for Quotations (RFQ) or Requests for Proposals (RFP).

The Ewing Marion Kauffman Foundation (www.kauffman.org) and other organizations also fund small business research. Academic conferences often promote best-paper competitions that reward quality research, and internship opportunities allow students to gain practical experience while also researching small business issues.

If I want to start a business, where would I find more information?

Visit www.sba.gov and www.businesslaw.gov for detailed information about business opportunities and starting, financing, and managing a small business. These sites offer information on SBA training, local counseling partners, and legal issues.

Where can I get more information?

Receive Advocacy information by signing up with our listserv at <http://web.sba.gov/list>

- ADVOCACY COMMUNICATIONS**
- ADVOCACY NEWSLETTER**
- ADVOCACY PRESS**
- ADVOCACY RESEARCH**