

March 2009



Kauffman Poll:
entrepreneurship

and economic recovery



America's views
on the best ways
to stimulate growth

KAUFFMAN

The Foundation of Entrepreneurship

Entrepreneurship and Economic Recovery

America's views on the best ways to stimulate growth

INTRODUCTION

With the United States in the midst of an economic crisis that is gripping the globe, the Ewing Marion Kauffman Foundation conducted a national survey of Americans to gauge their opinions about the roles of government and the private sector in achieving recovery. What follows are findings that reveal a stark and fundamental gap between the national policy agenda and the attitudes and beliefs of the American people. The responses point to a key and unrecognized reason as to why the public is increasingly uncomfortable with the stimulus package. Conducted by pollster Douglas Schoen and consisting of a random national sample of 2,000 Americans—300 of whom are entrepreneurs and 300 of whom are aspiring entrepreneurs—the survey reveals that the public feels strongly that the government should be doing more to encourage individuals to start businesses and create jobs, which is ultimately the long-term solution for the country's economic woes.

This survey provides the most detailed snapshot to-date of public sentiment about the stimulus bill and the sources of sustained economic recovery. The results also offer insights into the opinions of entrepreneurs and those who are contemplating becoming job creators.

KEY FINDINGS

- **By a margin of three to one (63 percent to 22 percent) Americans favor business creation policies** as opposed to government creating new public and private sector jobs. In fact, **79 percent of respondents say entrepreneurs are critically important to job creation**, ranking higher than big business, scientists, and government. (Slides: 15, 8)
- While Americans narrowly support the stimulus package, 51 percent to 44 percent, **only 33 percent of entrepreneurs support it**. (Slides: 17, 18)

- **Only 21 percent of all survey respondents say that the stimulus package supports entrepreneurial activity** and 33 percent believe it will retard entrepreneurship. (Slide: 20)
- **53 percent of Americans say that a better stimulus package that creates more jobs** could be crafted, while 25 percent say the current stimulus will create sustainable jobs. (Slide: 21)
- While 78 percent of survey respondents say innovation is important to the health of our economy, **only 3 percent say they believe the stimulus package will encourage innovation.** (Slides: 3, 19)
- Americans think the government does little to encourage entrepreneurship, despite its importance; **72 percent of respondents say the government should do more to encourage individuals to start businesses.** Almost half of respondents think the laws in America make it more difficult to start a business. (Slides: 22, 24)
- When asked **what would jump-start the recovery and end the recession, 37 percent of respondents say cutting payroll taxes,** 19 percent say to first pass the stimulus package, and 16 percent want to rescue the financial system through bank bailouts. (Slide: 14)
- **Two thirds of survey respondents favor less-costly alternatives to the stimulus package, such as reducing legal barriers and red tape** for new business development. (Slide: 12)
- Despite the collapse of Wall Street, **89 percent of Americans say that capitalism is still the best economic system for our country.** (Slide: 1)

KEY THEMES

Several key themes emerged from the findings, providing insight into the American psyche following the economic crash and resulting stimulus package. First, entrepreneurship is gaining recognition as more important than the stimulus package in creating long-term economic stability. Close to half of Americans say that an

entrepreneurship initiative is as important as the stimulus package in creating jobs, while only a quarter disagree (Slide: 25). Americans rank innovation and entrepreneurship above free trade, big business, and labor unions in terms of importance to the nation's economic health (Slides: 3, 4-7). They also see entrepreneurs as more important in creating jobs than big business, scientists, and the government (Slides: 8-11).

But Americans have their doubts that the stimulus package will spur the entrepreneurship that they hold as so important. In fact, a full third of Americans feel that the stimulus package will hurt entrepreneurial activity, while only 21 percent feel it will support entrepreneurs (Slide: 20). And 72 percent think that the government could do more to encourage entrepreneurs (Slide: 22).

There is a clear sense among Americans that the stimulus package in-and-of itself is not going to resolve the serious economic problems facing the country. When asked what would lead us out of the economic crisis, two-thirds favored an alternative, less-costly course of the action: reducing legal barriers and red tape for new business development (Slide: 12). Two-thirds say encouraging new business development and other entrepreneurial activity (Slide: 13). And 63 percent say that giving incentives to individuals is the way to improve the economy, as opposed to only 23 percent who think that allowing the government to create jobs is better (Slide: 16).

When asked what the government should do first to address the recession, cutting the payroll tax topped the agenda in relation to an economic stimulus or a rescue of the financial banks (Slide: 14). Is the government on the right track with its stimulus plan? The American people think not. Fifty-three percent say that a better stimulus package that would create more jobs could be crafted. Only 25 percent agree that the stimulus package will create sustainable jobs (Slide: 21), while 65 percent agree that more should be done for job development (Slide: 23).

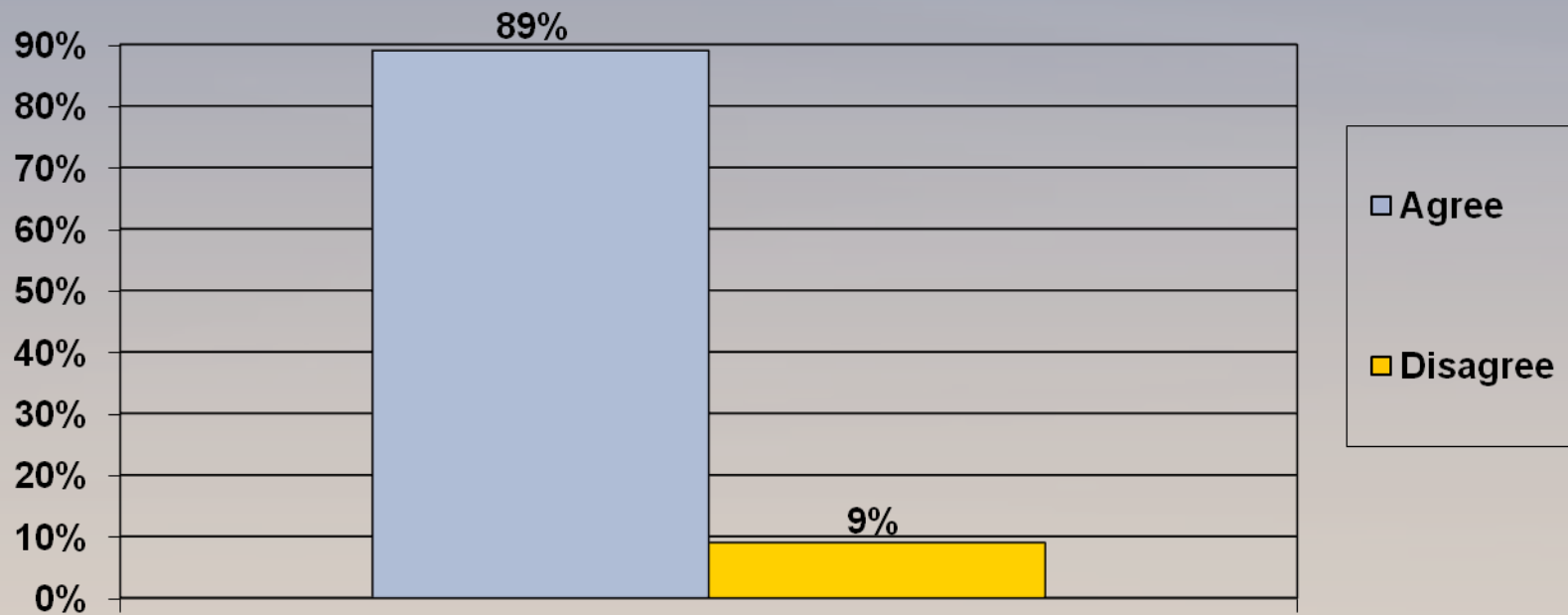
While 60 percent of Americans say they are more skeptical about the stability of our capitalist system following recent events, they have not abandoned their faith in entrepreneurs. Eighty-one percent of skeptics still believe in entrepreneurial capitalism (Slide: 2). And 89 percent say that capitalism is still the best economic system for the country despite the collapse on Wall Street (Slide: 1).

These findings collectively suggest that Americans are looking to entrepreneurs more than the government for the solutions that will lead us to sustainable economic recovery. The American people fully recognize that policies that encourage entrepreneurship are critical to creating lasting jobs and revitalizing the economy.

METHODOLOGY

The survey was conducted by pollster Douglas Schoen. The fieldwork took place on February 16, 2009. The survey was conducted with a representative sample of the national population with 2,000 interviews. Within the national sample, 300 entrepreneurs and 300 would-be entrepreneurs were interviewed. For purposes of this survey, an entrepreneur was defined as someone who has started a business and is running it. A would-be entrepreneur was defined as someone who would like to start a business.

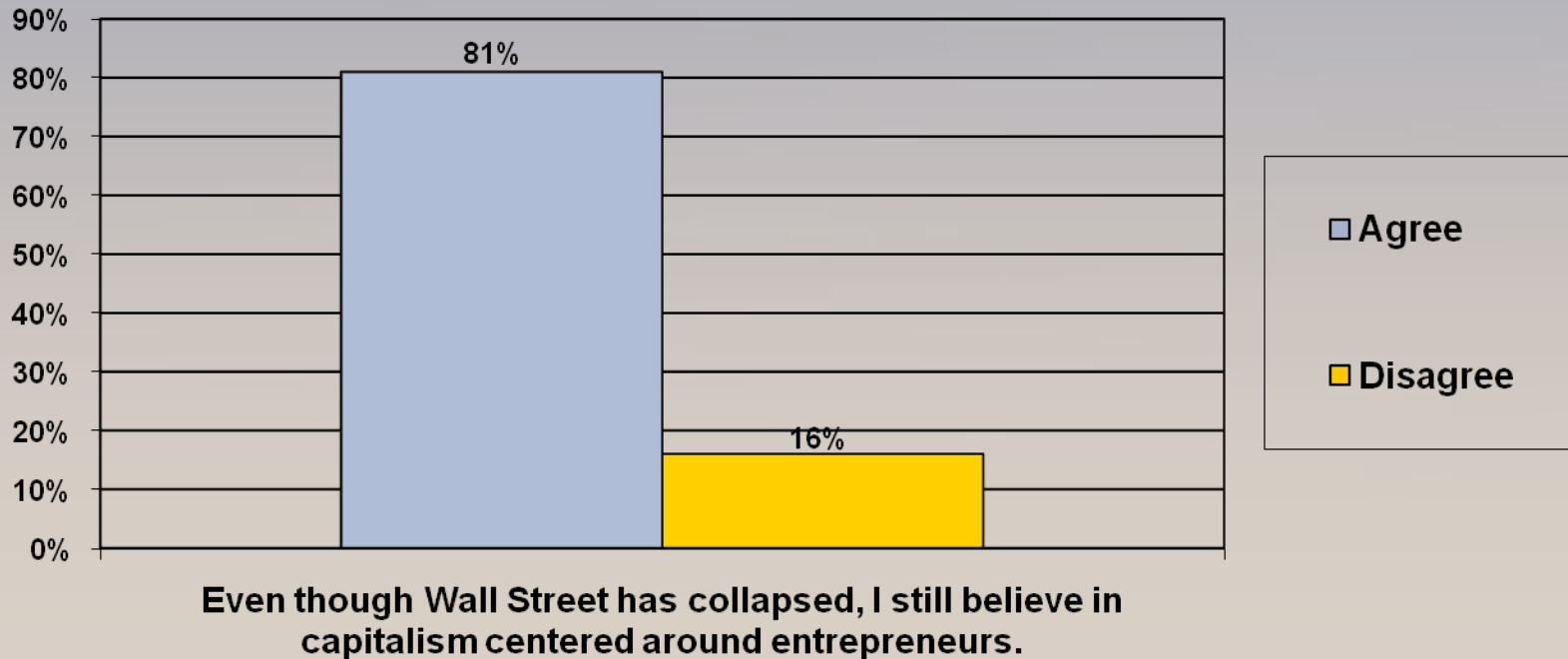
The Mood of the Economy – Agree/Disagree Statements



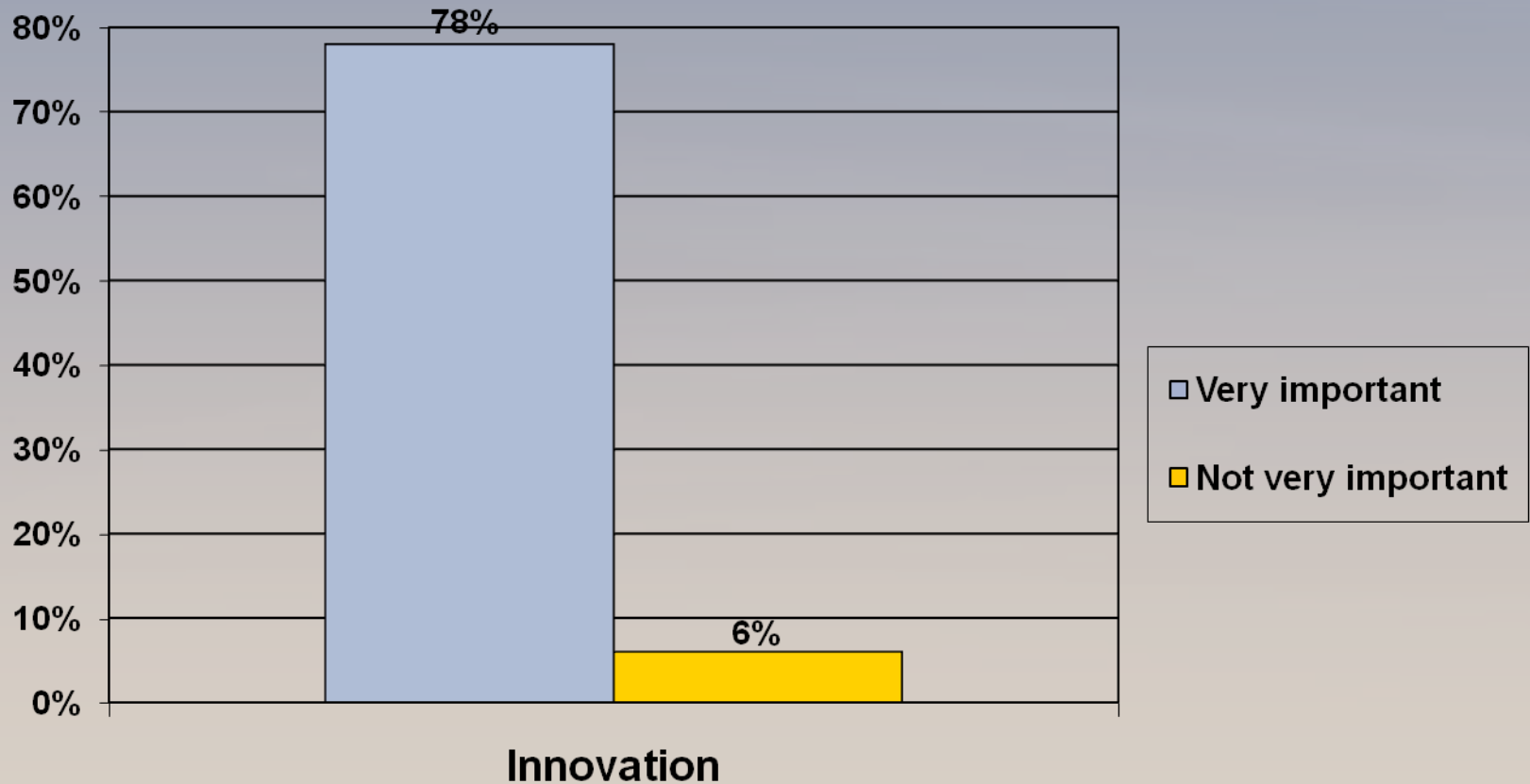
Despite the collapse of Wall Street, capitalism is still the best economic system for our country. It is not perfect, but it is better than the alternatives.

The Mood of the Economy – Agree/Disagree Statements

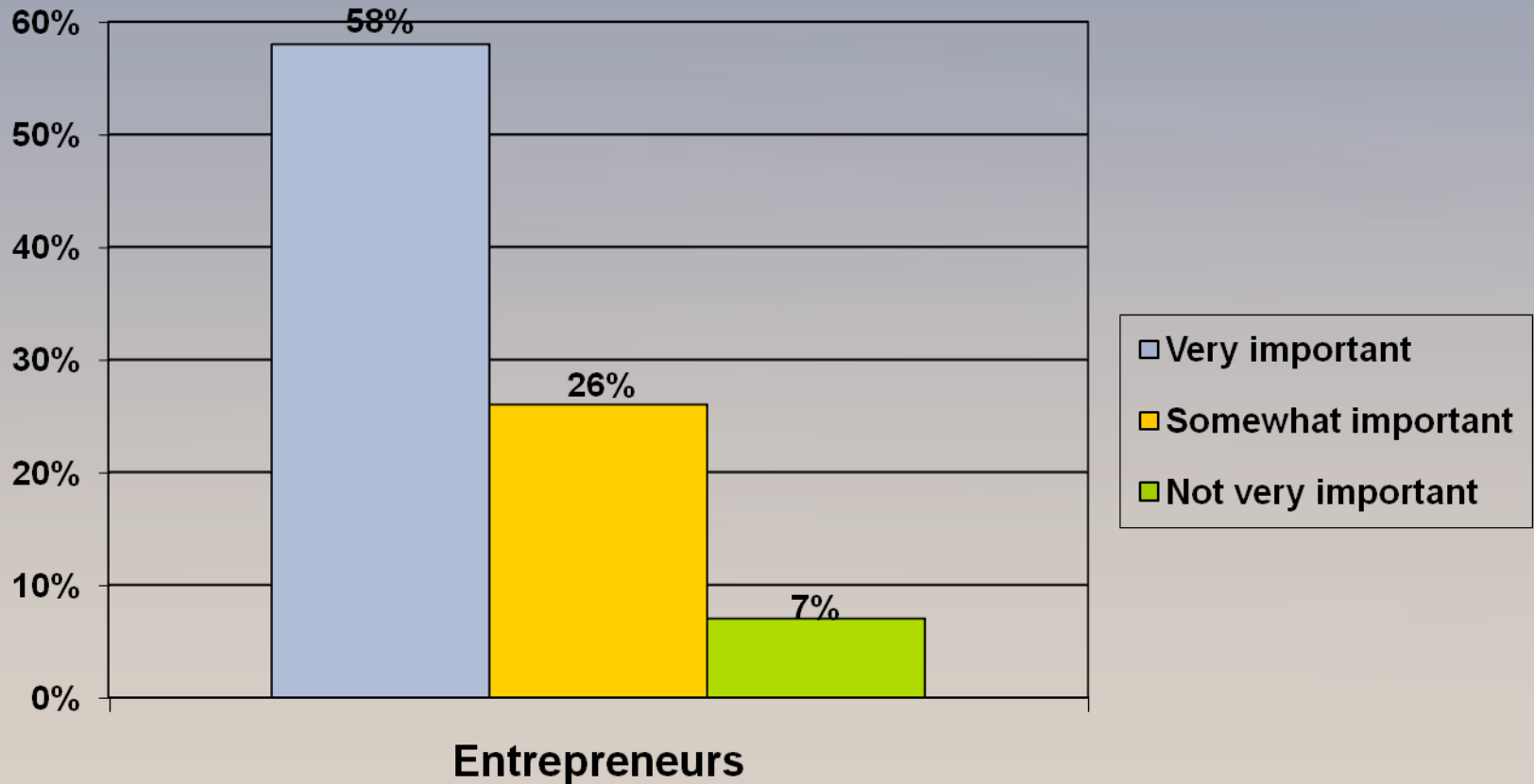
- Of those who are more skeptical of the capitalist economy, 81% still believe in capitalism centered around entrepreneurs.



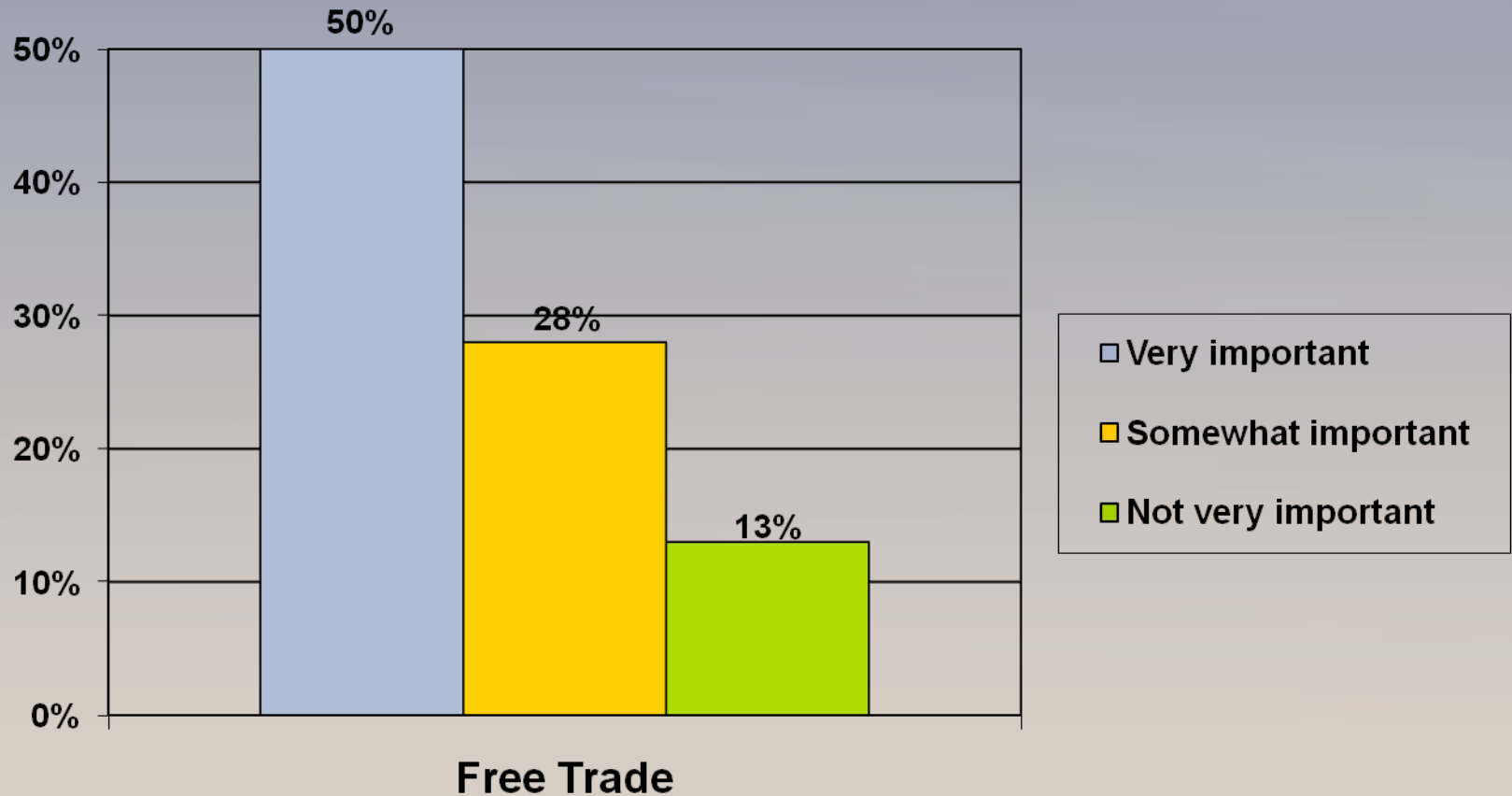
How Important is Each for the Health of the U.S. Economy?



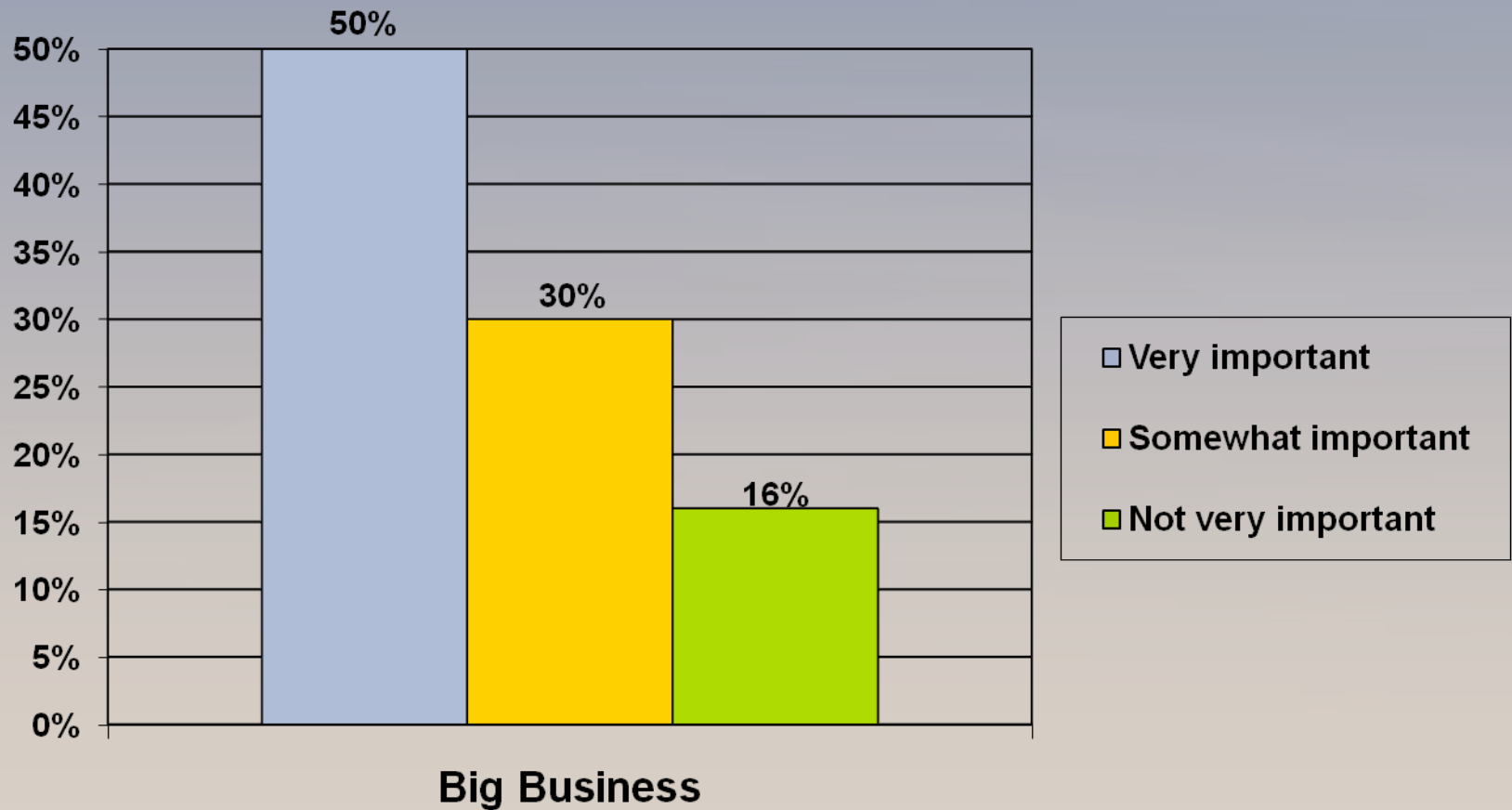
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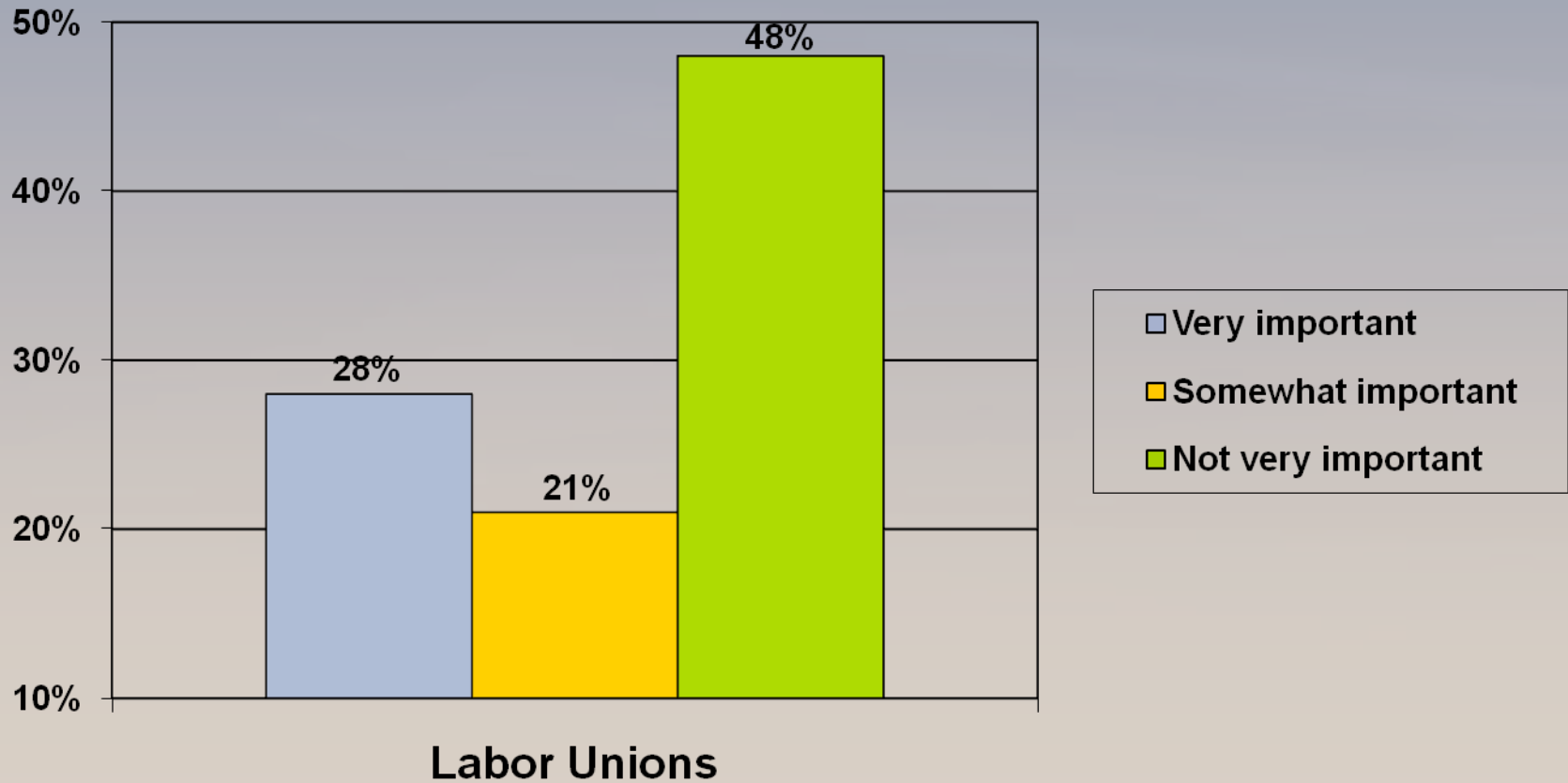
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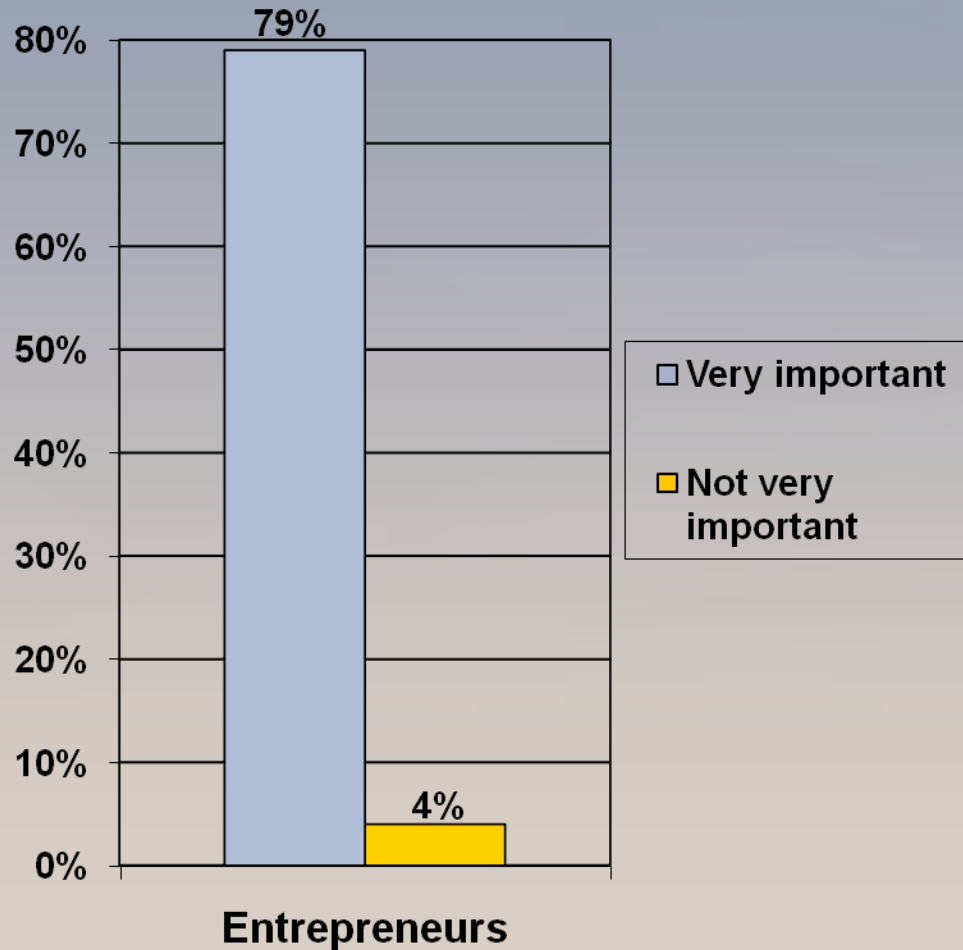
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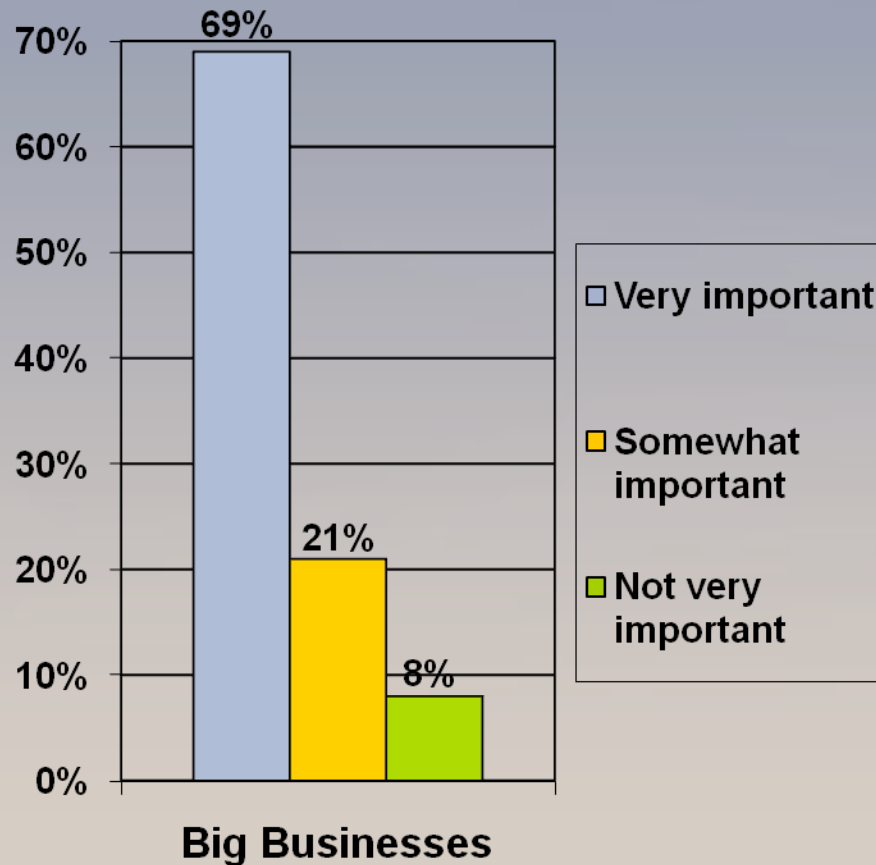


Job Creation in the United States



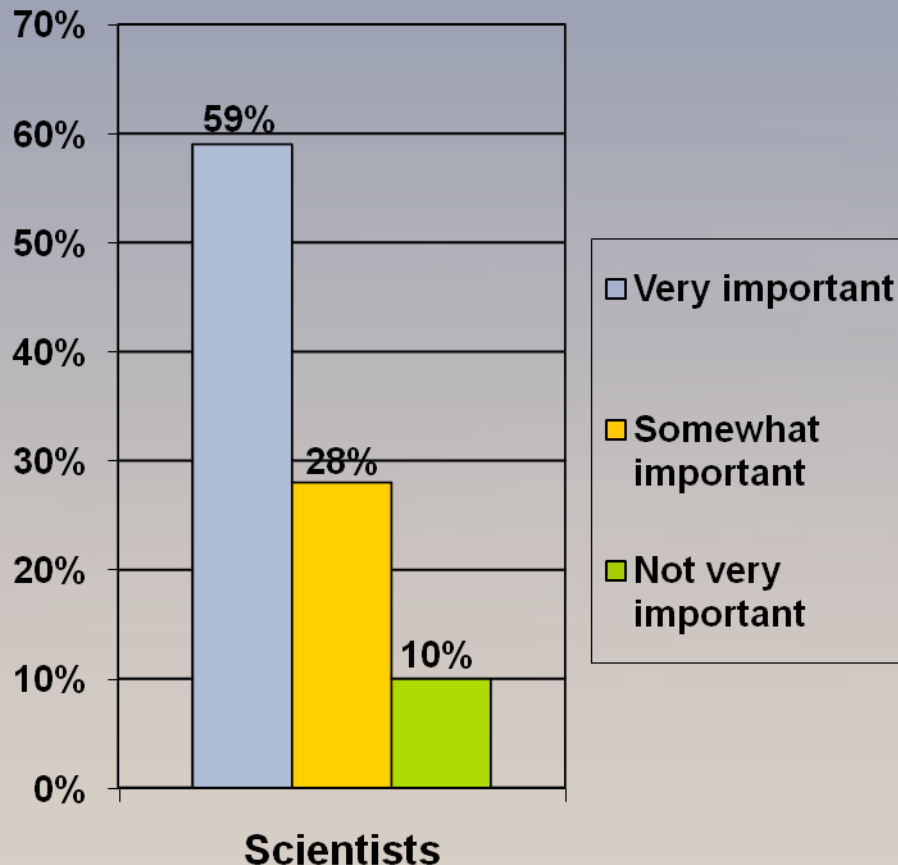
- 79% think that entrepreneurs are very or most important for creating jobs in the U.S.
- 4% think they are not very or not at all important.

Job Creation in the United States



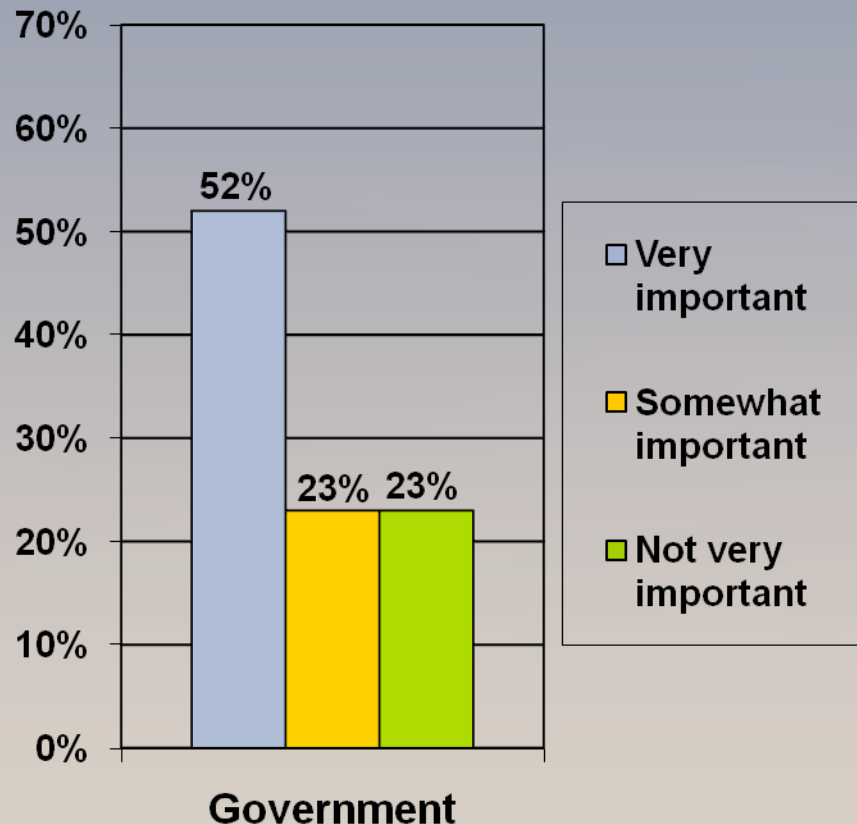
- 69% think big businesses are very or most important for creating jobs in the U.S.
- 21% think they are somewhat important.
- 8% think they are not very or not at all important.

Job Creation in the United States



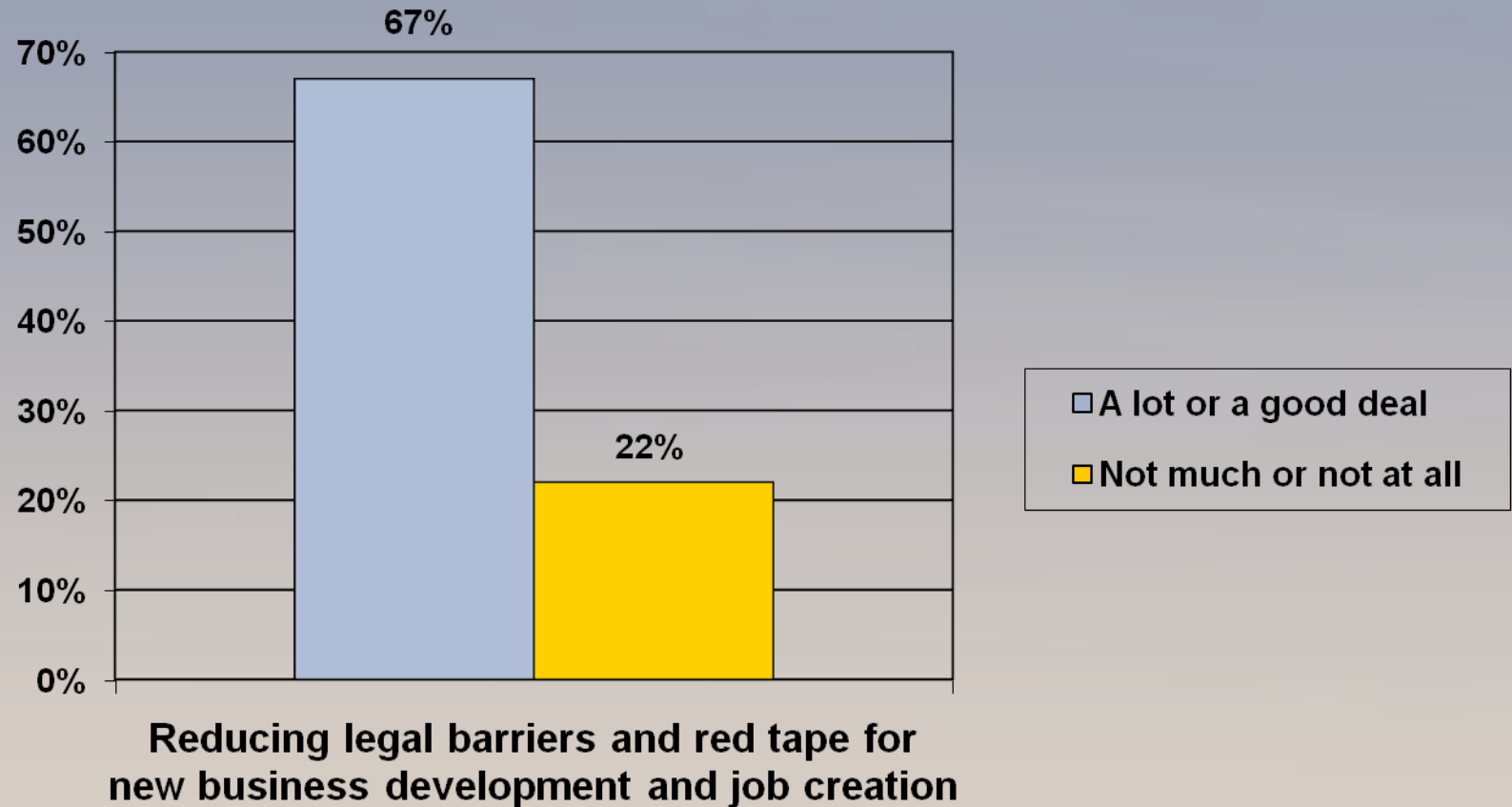
- 59% think scientists are very or most important for creating jobs in the U.S.
- 28% think they are somewhat important.
- 10% think they are not very or not at all important for creating jobs.

Job Creation in the United States

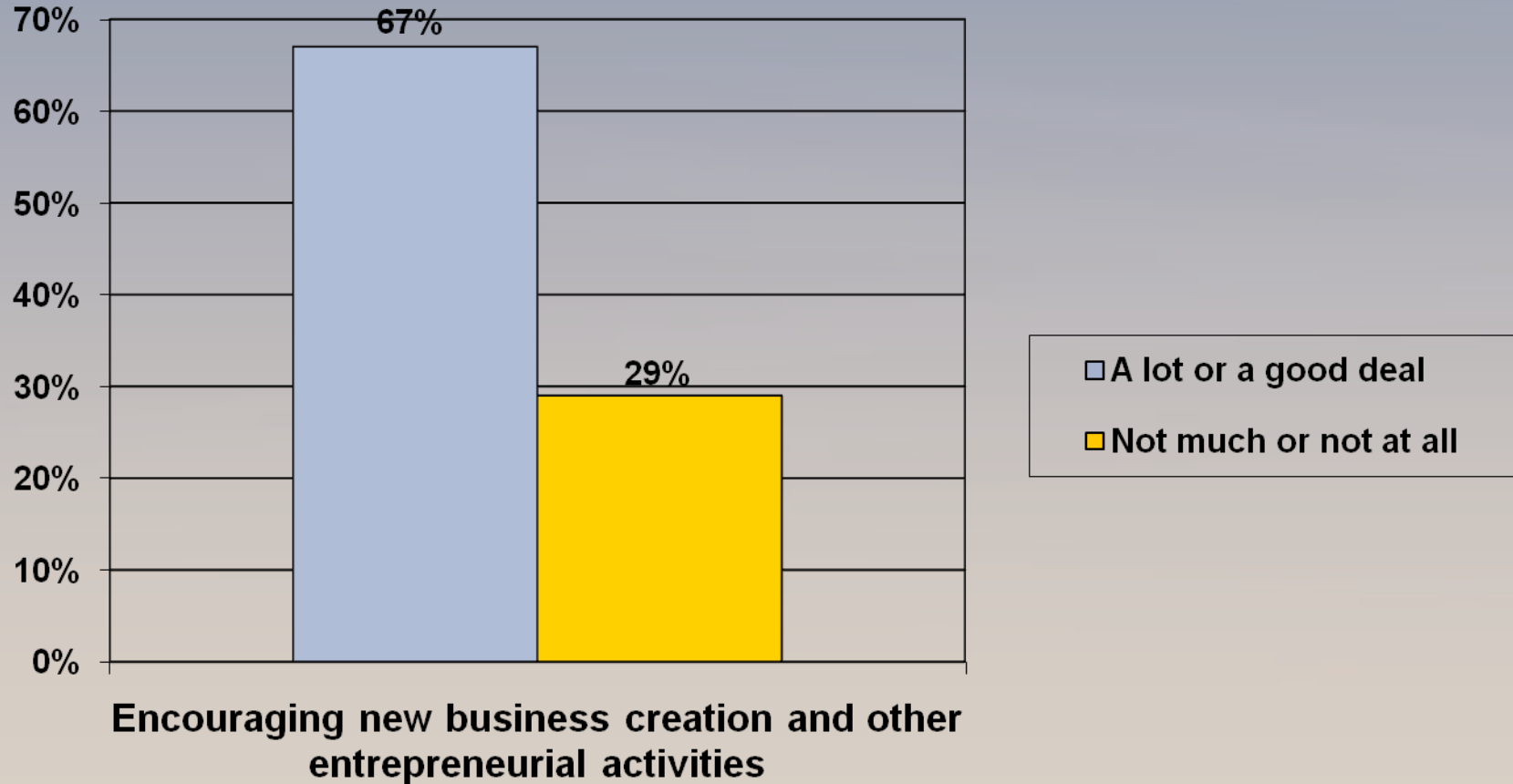


- 52% think government is very or most important for creating jobs in the U.S.
- 23% think it is somewhat important.
- 23% think it is not very or not at all important for creating jobs.

Leading Us Out of the Economic Crisis

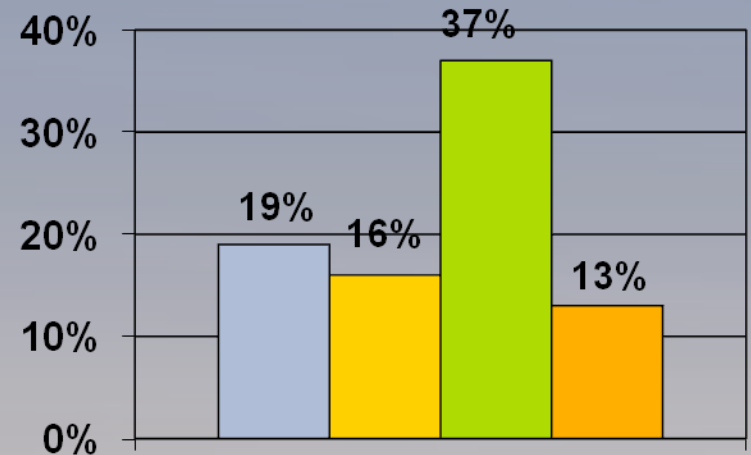


Leading Us Out of the Economic Crisis



Leading Us Out of the Economic Crisis

- 37% think the government should cut tax rates on payrolls and businesses first to address the economic recession.
- 19% think the government should pass a fiscal stimulus.
- 16% want to rescue the financial system.
- 13% do nothing that increases government deficits and debt.



What should the government do first in addressing the economic recession?

- Fiscal stimulus to increase government and consumer spending
- Financial rescue to keep the banking and credit systems working
- Cut tax rates on payrolls and businesses
- Do nothing that increases government deficits and debt

Leading Us Out of the Economic Crisis

- 63% think we need to encourage the creation of new business for long-term jobs and economic growth...
- Compared to 22% who think government should create new jobs in the public and private sector.

Which statement comes closer to your view?	
Given the current economic crisis our country is facing, the government should create new jobs in the public and private sector.	22%
Given the current economic crisis our country is facing, we need to encourage the creation of new businesses, which will create sustainable, long-term employment opportunities and economic growth.	63%

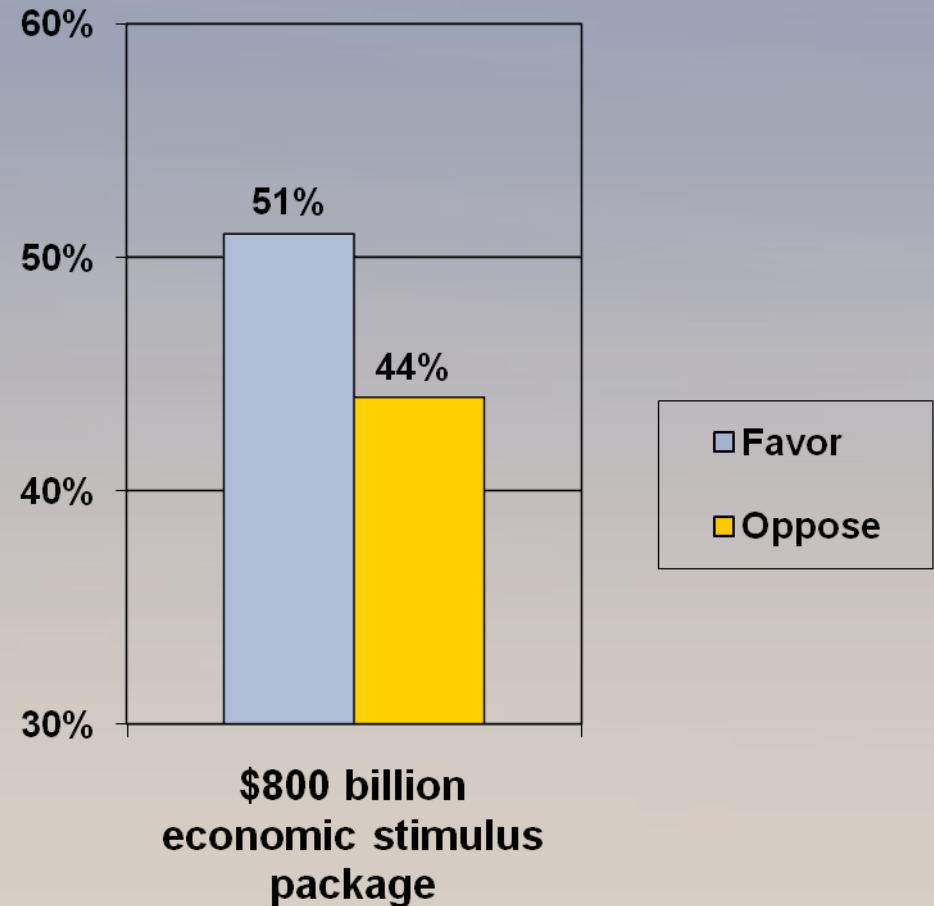
Leading Us Out of the Economic Crisis

- And 63% think giving incentives to individuals are a better way to improve the economy.
- 23% think allowing the government to create new jobs is better.

What do you think is better in order to improve the economy?	
Giving individuals incentives so they can start their own businesses.	63%
Allow the government to directly or through big corporations create new jobs.	23%

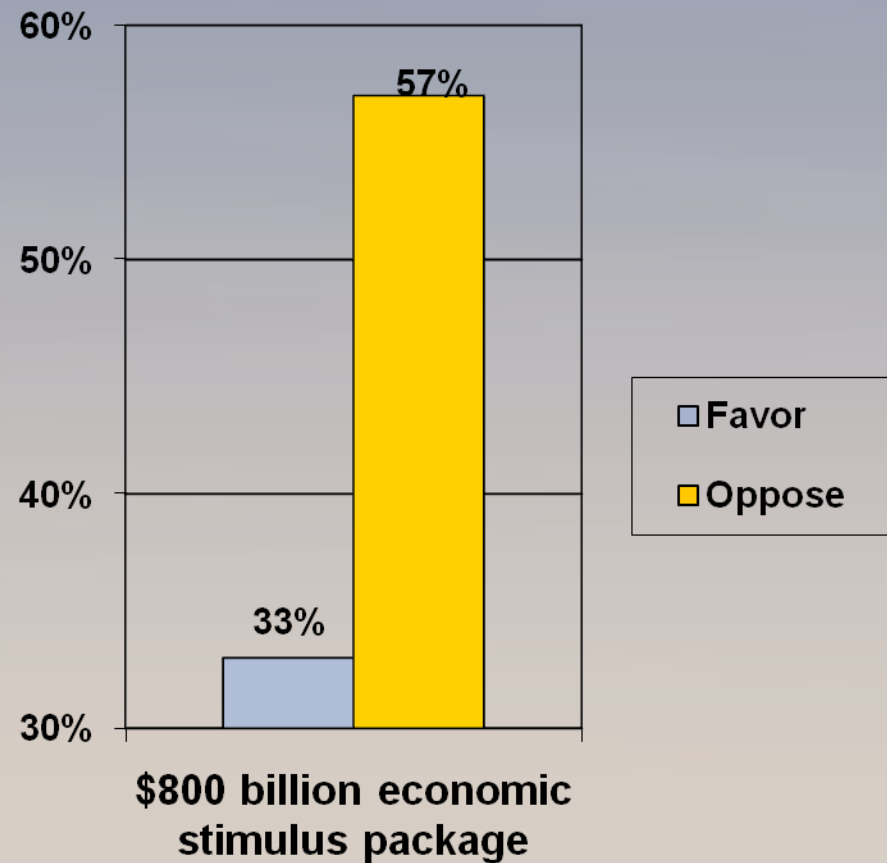
The Stimulus Package

- 51% of Americans favor the \$800 billion economic stimulus package that was just passed.
- 44% oppose it.



The Stimulus Package – Entrepreneurs

- Only one-third of entrepreneurs favor the \$800 billion economic stimulus package that was just passed.
- 57% oppose it.

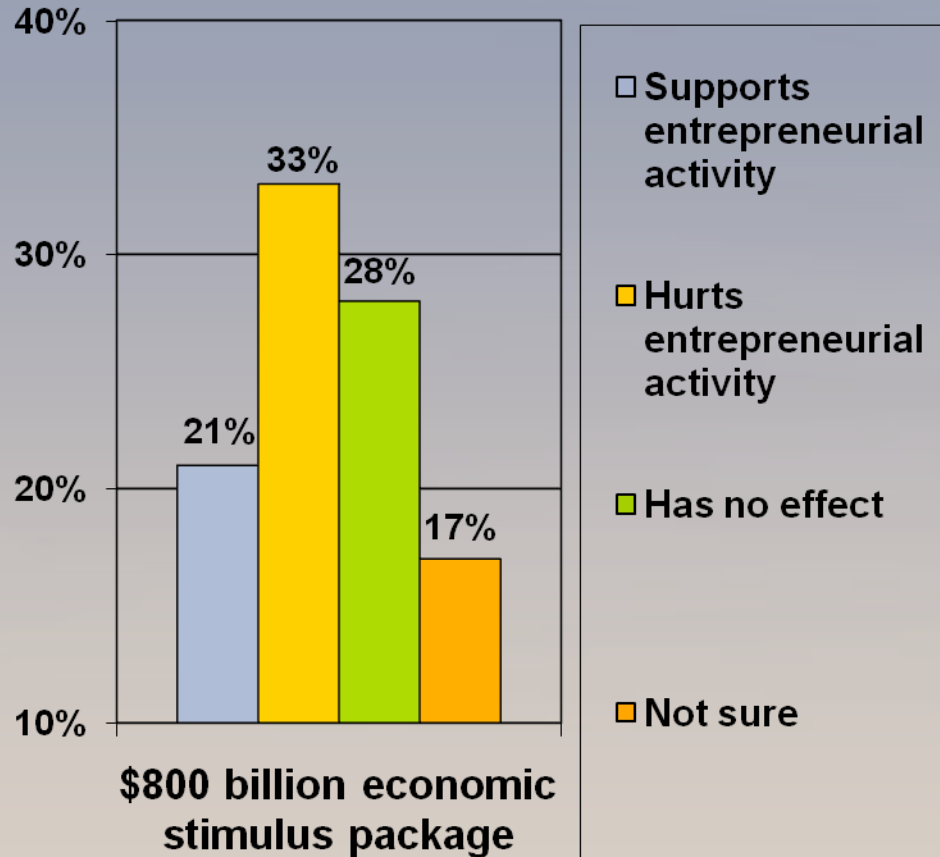


The Stimulus Package

- 26% favor it because it will create jobs.
- 19% say it will bring a much-needed boost to our economy.

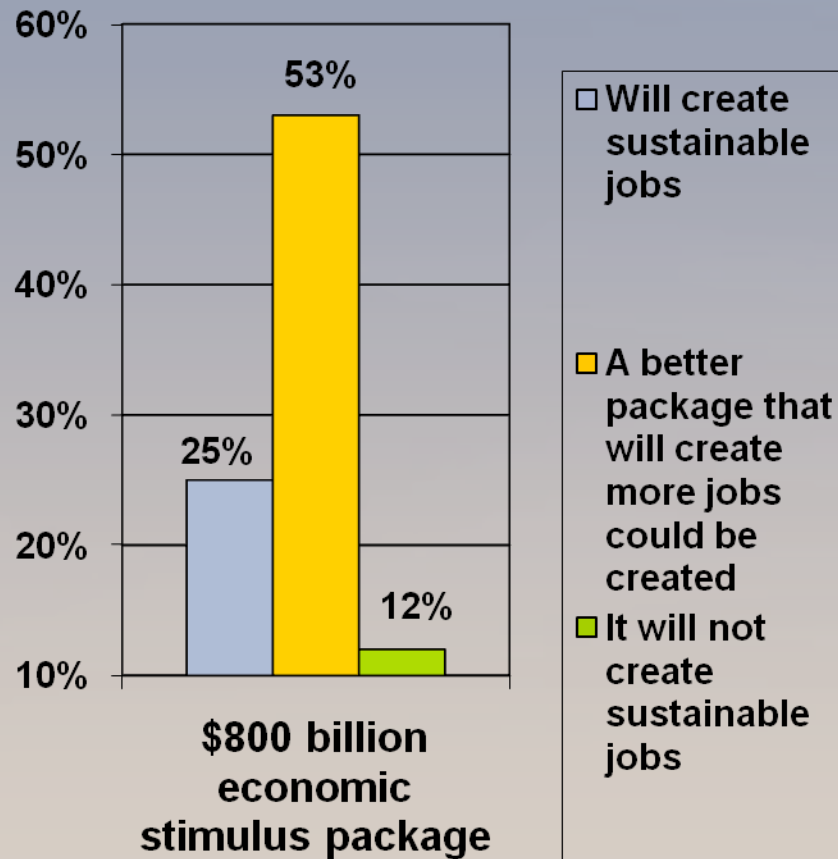
What is the most important reason that you favor it?	
It will create jobs	26%
It will bring a much-needed boost to our economy	19%
It will improve America's infrastructure	9%
It will give me a tax rebate	5%
It will put money into developing more efficient and environmentally sound projects	5%
It will encourage innovation	3%
Other	9%
Not sure	23%

The Stimulus Package



- One-third of respondents say that the stimulus package hurts entrepreneurial activity.
- 28% say it has no effect.
- 21% say it supports entrepreneurial activity.

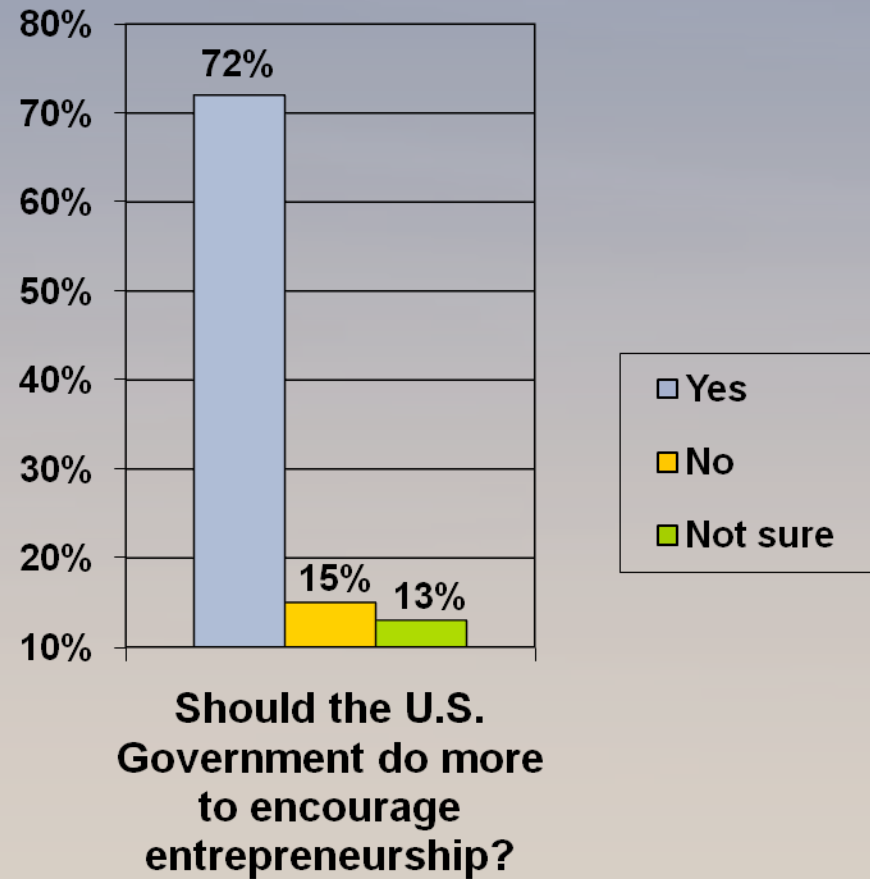
The Stimulus Package



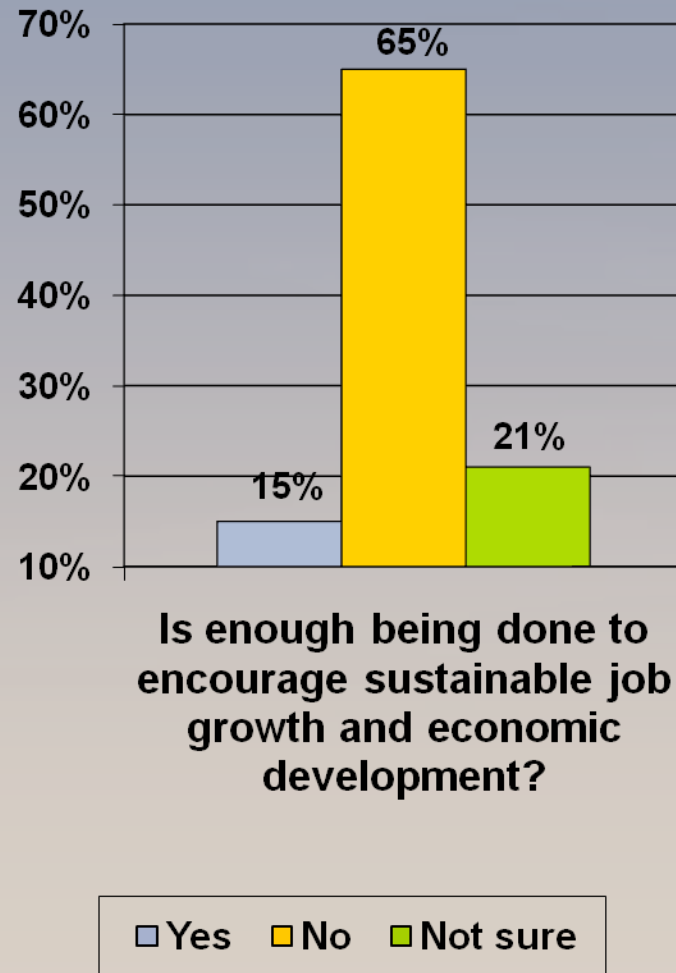
- 53% say that a better stimulus package that will create more jobs could be crafted.
- One-quarter say that the stimulus package will create sustainable jobs.
- 12% say it will not create sustainable jobs.

U.S. Government and Entrepreneurship

- Almost three-quarters of respondents think the government should do more to encourage entrepreneurship.
- 15% say the government should not.



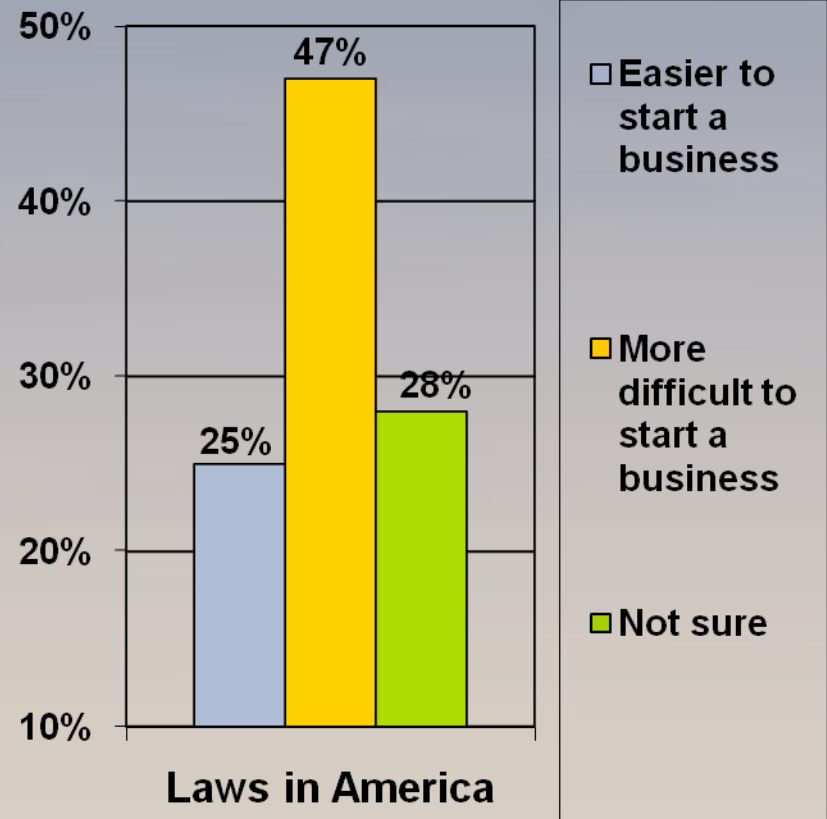
U.S. Government and Entrepreneurship



- Almost two-thirds of respondents do not think that enough is being done to encourage sustainable job growth and economic development.
- 15% think enough is being done.
- 21% are not sure.

U.S. Government and Entrepreneurship

- Almost half think that the laws in America make it more difficult to start a business.
- One-quarter think the laws make it easier to start a business.
- 28% are not sure.



Entrepreneurship Campaign

