Entrepreneurship in the 21st Century

Conference Proceedings
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U.S. Small Business Administration
Office of Advocacy and
The Ewing Marion Kauffman Foundation
Just as it is valuable to reflect on the accomplishments and struggles of the past, it is important to look to the future so that appropriate strategies and resources can be anticipated. In spring 2004, the Office of Advocacy of the U.S. Small Business Administration and the Ewing Marion Kauffman Foundation, two organizations devoted to advancing small business and entrepreneurship, organized the forward-looking conference, “Entrepreneurship in the 21st Century.”

Over the recent past, Americans have seen many changes that have altered the economic and political environment, both nationally and globally. But one thing has not changed: the importance of entrepreneurs. Founders of new businesses play a vital role in creating employment and real output, and their innovations produce new ventures and jobs. So it is no surprise that many policymakers have looked to the small business community to “seed” the economic recovery.

The conference proceedings that follow illustrate some of the challenges that small firms and policymakers will face in the coming years: finding new opportunities for economic development through technology and innovation, integrating more women and minorities into the economic mainstream by encouraging them to become entrepreneurs, and accommodating the ways in which bank consolidations and new financing technologies have changed financing markets. As changes occur, quality research and data will drive smart public policy.

We want to thank the top-notch panelists from around the country who contributed their time and efforts to the success of this conference. The outstanding caliber of the presenters has been a hallmark of this event from the beginning. When the conference was announced, there was overwhelming demand to attend, and we immediately began to seek alternatives for those who would not be able to participate directly. These proceedings and videos of the presentations are designed to address that need.

The following compilation summarizes the discussions of the “Entrepreneurship in the 21st Century” conference and reflects the contributions of the economists within the Office of Advocacy. It is also the product of invaluable editorial assistance of the editor, Kathryn Tobias. The video of the conference was made possible by Ron Johnson from the U.S. Small Business Administration.

Thomas M. Sullivan  
Chief Counsel for Advocacy  
U.S. Small Business Administration

Robert Litan  
Vice President for Research and Public Policy  
The Ewing Marion Kauffman Foundation

Chad Moutray  
Chief Economist  
Office of Advocacy  
U.S. Small Business Administration
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Appendix A  Speaker Biographies

ZOLTAN J. ACS is the Doris and Robert McCurdy Distinguished Professor of Entrepreneurship and Innovation and director of the entrepreneurship program in the Robert G. Merrick School of Business, University of Baltimore. For two years he served as chief economic advisor in the Office of Advocacy. He has a Ph.D. in economics from the New School University in New York City. His primary research interest is the relationship between entrepreneurship, technological change, and economic development. He has published over 100 scholarly articles in leading journals. Dr. Acs is a leading advocate of the importance of entrepreneurship as an emerging engine of economic growth. He is the recipient of the 2001 Small Business and Entrepreneurship Research Award given by the Swedish Foundation for Small Business. His most recent publication is *Innovation and the Growth of Cities* (Edward Elgar Publishing, Ltd., 2002). He is the founder and editor of *Small Business Economics*, the leading international journal in entrepreneurship and small business research.

PAUL ALMEIDA is associate professor and dean’s research fellow at the McDonough School of Business at Georgetown University. Professor Almeida’s research focuses on the study of innovation and knowledge and its relationship to the competitiveness of firms, high technology regions, and countries. Articles published in 2003 include “Learning by Hiring: When is Mobility Useful?” and “Overcoming Local Search through Alliances and Mobility” both in *Management Science* and “External Knowledge and MNC Subsidiary Innovation” in the *Strategic Management Journal*. He is currently coauthoring a volume on *Managing Knowledge in the 21st Century*. He serves on the editorial board of the *International Journal of Networks and Virtual Organizations* and is a regular reviewer for more than 10 other scholarly journals. Professor Almeida is a member and active contributor to the Academy of Management, Academy of International Business, and Strategic Management Society. Professor Almeida has been awarded the Outstanding Teacher Award for the International Executive MBA program, the Joseph F. Le Moine Award for Graduate and Undergraduate Teaching Excellence, and the Best Professor Award for Executive Programs at Georgetown University.

DAVID B. AUDRETSCH is the Ameritech Chair of Economic Development and director of the Institute for Development Strategies at Indiana University, director of the Institute for West European Studies at Indiana University, and a research fellow of the Centre for Economic Policy Research in London. From 1989 to 1991 he served as acting director of the Wissenschaftszentrum fuer Sozialforschung, a think tank in Berlin, Germany, where he was from 1984 to 1997. Audretsch’s research has focused on the links between entrepreneurship, government policy, innovation, economic development, and global competitiveness. He has consulted with many international, national, and state organizations, governments, and private corporations, from the World Bank, to the National Academy of Sciences, to the General Accounting Office, to the Organization for Economic Cooperation and Development. His research has been published in more than 100 scholarly articles in leading academic journals, and in 32 books, including *Innovation and Industry Evolution* (MIT Press). He is founder and editor of *Small Business Economics: An International Journal*. He was awarded the 2001 International Award for Entrepreneurship and Small Business Research by the Swedish Foundation for Small Business Research.
ALLEN N. BERGER is senior economist at the Board of Governors of the Federal Reserve System and senior fellow at the Wharton Financial Institutions Center. He has served on the advisory board for the Journal of Money, Credit, and Banking since 2001 and was the journal’s editor or coeditor from 1994 to 2001; as well as serving as associate editor or editor of the Journal of Productivity Analysis, the Journal of Banking and Finance, and the Journal of Financial Services Research. He has co-organized research conferences at the Wharton School, New York University, the Board of Governors, and the Atlanta and New York Federal Reserve Banks. He has coedited six journal special issues on various topics and has published more than 90 professional economics and finance articles. His research covers topics related to financial institutions, including efficiency, productivity growth, and technological progress; small business finance; relationship lending; small business credit scoring; credit rationing, credit crunches, and the procyclicality of bank lending, among many others. He received a Ph.D. in economics from the University of California, Berkeley, in 1983.

DOUGLAS HOLTZ-EAKIN is on leave from Syracuse University, where he is trustee professor of economics at the Maxwell School, having served previously as chairman of the Department of Economics and associate director of the Center for Policy Research. Before joining the Congressional Budget Office, Dr. Holtz-Eakin served for 18 months as chief economist of the Council of Economic Advisers. He has been a faculty research fellow and research associate for the National Bureau of Economic Research, a member of the Economics Advisory Panel to the National Science Foundation, and a visiting scholar at the American Enterprise Institute. At the state level, he has served as a consultant for commissions and agencies in Arizona, New York, and New Jersey. Recent research has centered on the economics of fundamental tax reform; the effects of public infrastructure on productivity; income mobility in the United States; and the role of families, capital markets, health insurance, and tax policy in the success of business ventures. He has served as editor of the National Tax Journal and as an editorial board member for Economics and Politics, Small Business Economics, Journal of Sports Economics, Regional Science and Urban Economics, and Public Works Management and Policy. Dr. Holtz-Eakin received a Ph.D. in economics from Princeton University in 1985.

ROBERT W. FAIRLIE is associate professor of economics and director of the masters program in applied economics and finance at the University of California, Santa Cruz. He was a visiting fellow at Yale University and is a research affiliate of the Joint Center for Poverty Research at Northwestern University and the University of Chicago. His research interests include ethnic and racial patterns of self-employment, entrepreneurship, access to technology and the “digital divide,” the effects of immigration on U.S. labor markets, racial patterns in unemployment and job displacement, welfare reform, and education. He has published in numerous refereed journals, edited volumes, and has written a book titled Ethnic and Racial Entrepreneurship: A Study of Historical and Contemporary Differences. He has also received grants from the National Science Foundation, the William T. Grant Foundation, the Small Business Administration, the Russell Sage Foundation, the Spencer Foundation, and the Public Policy Institute of California. He has testified to the U.S. Department of the Treasury and the California State Assembly, Committee on Utilities and Commerce regarding the findings of his research. Dr. Fairlie holds a Ph.D. and M.A. in economics from Northwestern University.
MARYANN FELDMAN is professor of business economics and the Jeffrey S. Skoll Chair in Innovation and Entrepreneurship at the Joseph L. Rotman School of Management, University of Toronto. She is also a senior fellow at the Johns Hopkins University Institute for Information Security in Baltimore and was a research scientist at the Institute for Policy Studies at Johns Hopkins from 1995 to 2000. Previously she was a visiting assistant professor at the H.J. Heinz III School of Public Policy and Management at Carnegie Mellon University and assistant professor of management and economics at Goucher College. Her research and teaching focus on the areas of innovation and technological change. She is the author or coauthor of more than 50 academic articles and five books, including The Oxford Handbook of Economic Geography (Oxford University Press, 2001). Dr. Feldman received her Ph.D. in economics and management from Carnegie Mellon University.

STEPHEN FRIEDMAN is assistant to the president for economic policy and director of the National Economic Council. He has an extensive background in American enterprise, finance, and public service. He joined the Brookings Institution board of trustees in 1990 and is the chairman emeritus of the executive committee. Steve spent 28 years with Goldman Sachs & Company where he served as cochairman from 1990 to 1992, and chairman and senior partner from 1992 to 1994. Before entering government service, he was senior principal at the investing firm, Marsh & McLennan Capital, Inc. He has served on the boards of directors of Goldman Sachs, Fannie Mae, and Wal-Mart Stores, Inc. Steve’s record of public service includes membership on the president’s Foreign Intelligence Advisory Board. He served on the Commission on the Roles and Capabilities of the U.S. Intelligence Community and was chosen to lead a task force on modernizing financial management at the Pentagon. Steve is chairman emeritus of the board of Columbia University; chairman of the Financial Committee of the Memorial Sloan-Kettering Cancer Center; and member of the Council on Foreign Relations. He has also been a board member of the National Bureau of Economic Research. Steve received his law degree from Columbia Law School.

JOHN D. GRAHAM heads the Office of Information and Regulatory Affairs in the Office of Management and Budget. Administrator Graham’s responsibilities include coordination of regulatory review, paperwork reduction, statistical policy, and information policy in the federal government. Prior to joining the Bush Administration, Dr. Graham founded and led the Harvard Center for Risk Analysis from 1990 to 2001 and is on leave from the faculty of the Harvard School of Public Health, where he taught graduate students the methods of risk analysis and cost-benefit analysis. Dr. Graham earned an M.A. from Duke University and a Ph.D. from Carnegie-Mellon University. He served as a pre-doctoral fellow at the Brookings Institution and as a post-doctoral fellow at the Harvard School of Public Health. Dr. Graham has written seven books and more than 100 scientific articles and is best known for his scholarship on automotive safety and environmental policy.

PATRICIA G. GREENE is dean of the undergraduate school at Babson College, ranked number one for entrepreneurship education by U.S. News and World Report. Previously, she held the Ewing Marion Kauffman/Missouri Chair in Entrepreneurial Leadership at the University of Missouri, Kansas City, and the New Jersey Chair of Small Business and Entrepreneurship at Rutgers University. Dr. Greene earned a Ph.D. from the University of Texas at Austin. She was a founding member of the Rutgers Center for Entrepreneurial Management and coordinator of the Rutgers entrepreneurship curriculum. At the University of Missouri, Kansas City, she helped found KC SourceLink, the Entrepreneurial Growth Resource Center, the iStrategy Studio, the Business and Information Development Group, the UMKC Students in Free Enterprise Program, the Kauffman Entrepreneurship Internship Program, the Entrepreneurial Effect, the Network for Entrepreneurship Educators and Researchers, and the annual regional Business Plan Competition. Dr. Greene’s research focuses on the identification, acquisition, and combination of entrepreneurial resources, particularly by women and minority entrepreneurs. She is a founding member of the Diana Project, a research group focusing on women and the venture capital industry. The Diana Project’s first book, Winning Ways Women Build New Businesses, is scheduled for release in spring 2004.