



# Entrepreneurship 2000

America's Young Entrepreneurs  
Presented by Junior Achievement Inc.  
December 2000  
Number 10  
In the Interprise Poll Series

Executive Summary of the *Interprise Poll™* on Entrepreneurship

## A Risky Generation

The English word "entrepreneur" comes from the French word, *entreprendre*, meaning, "to undertake." According to Junior Achievement's latest *Interprise Poll™* on entrepreneurship in America, today's students are more than willing to undertake the risk and rigor of starting their own business.

### Nearly 8 Out of 10 Kids Want to Start a Business

Maybe it's because we are now three full generations removed from the economic hardships of the Great Depression. Or maybe it's the unprecedented economic prosperity they have experienced for eight straight years in this United States. Whatever the reason, today's students are more than willing to partake in the most American of traditions: risking it all to start their own enterprises. In fact, by a 4-to-1 margin, students say they would like to own their own business someday.

### Ingredients for Business Success

That's not all, either. Slightly more than a third of students surveyed (35 percent) say that "hard work and determination" are the most important ingredients for business success. A distant second was a "good product" (18 percent), followed closely by the third most popular ingredient for business success: "capital" (17 percent).

Students may be risk-tolerant, but they are seemingly realistic about such risks. A full 89 percent of all respondents said that starting a business is either "somewhat challenging" (45 percent) or "difficult but doable" (44 percent). Only eight percent of students described starting a business as "very easy" (two percent) or "easy" (six percent).

### Types of Businesses Students Want to Start

A 1997 survey by the U.S. Department of Labor estimated the median amount of allowance and cash for chores that youngsters age 12 to 16 received from parents and guardians was \$50 a week – a number that has undoubtedly risen in 2000. And kids spend this income freely – \$153 billion in 1999, estimates Teenage Research Unlimited.

Most youth typically spend this money on music goods, clothes, and gadgets – almost always in a retail setting.

While students are entrepreneurial, realistic, and risk-tolerant, they may not be terribly well informed when it comes to the most successful *types* of businesses to own. Research shows, for example, that the profit margin of a traditional retail business is slim, usually no more than 1 to 2 percent. So what kinds of businesses do students wish to someday start? Not surprisingly, retail businesses ranked as the number one response (at 31 percent), followed by a professional service such as accountant, lawyer, insurance agent, etc., (20 percent). Seventeen percent of students responded "other," but 12 percent identified a trade service such as plumber, auto mechanic, landscaping, etc. as the business of choice, while yet another 12 percent identified a restaurant or food-related business (12 percent).

### Paradoxes Remain

Location! Location! Location! Not with this group of students. Almost as an indication of the Internet Generation itself, a surprisingly low percentage of students (6 percent) believe that the location of a business is important. Further, when asked where to find the best resources to learn how to start a business, the most popular response was the Internet (31 percent), followed by government sources (23 percent – much of which is accessible online anyway). The least popular answer was friends, at 7 percent.

When asked which type of business they would like to someday own, only 8 percent said an "e-commerce or Internet-based business," the least popular response of 6 possible answers. In other words, students will turn to the Internet to learn how to start a business, but do not necessarily wish to start Internet-based businesses. This is especially puzzling considering the generally lower nature of entry costs in starting Internet-based businesses, coupled with the technically savvy disposition of most "Nexters," or Generation Y. The "burst bubble" of Initial Public Offerings (IPO's) for Internet-based businesses over the latter half of 2000 may be having an effect on student perceptions of the ease of entry in starting Web enterprises, but this has not been quantified. It should be noted that no specific questions were posed to students completing the survey surrounding this particular issue.

### **Why People Fail To Start A Business**

According to *Entrepreneur* magazine, the number one "secret" to start successful businesses is a willingness to take big risks. Conversely, students seem to recognize this by pointing to the "fear of failure" as the most common (39 percent) reason why people do not start a business. "Not enough money" was cited as the second most common reason (28 percent), followed by 14 percent of students who say that a "lack of drive to make it happen" is the primary reason why people fail to start their own businesses.

### **Male Students More Likely To Want to Own Their Own Businesses, Despite Recent National Trends**

Adult women currently own approximately 8 million small businesses in the U.S. and are starting them at twice the rate of their male counterparts, according to a 1997 report by the Small Business Administration. While no current data are yet available, the same report predicted that women now own 50 percent of all businesses in the United States. The national trend is a recent but powerful one: A study conducted for the U.S. Census Bureau and the National Foundation for Women Business Owners found that between 1987 and 1996, the number of women-owned firms grew by 78 percent.

Yet female students trailed their male counterparts by 15 points when asked if they want to start their own businesses (71 percent to 86 percent, respectively). However, female students were more likely to say they want to start a professional business than males (25 percent to 17 percent, respectively). At the same time, 39 percent of females answering the same question said they preferred to start a retail business, compared to just 24 percent of male students interested in a retail business. Female students were also much less likely (3 percent) to want to start a trade service for a business compared to male students (19 percent).

### **Minority Business Owners of the Future See Economic Hope**

The entrepreneurial bug is alive and well in minority students, according to survey results. In fact, when compared by race, minority students\* are much more likely than white students to want to start a business. Eighty-seven percent of Hispanic students said they want to start a business, compared to only 71 percent of white students (representing the lowest response to this question among the varying ethnic groups). An equally large proportion of black students also say they want to start their own business (84 percent).

The entrepreneurial drive of today's minority students closely mirrors national trends among minority adults. According to a report released on April 15, 1999 by the Office of Advocacy of the U.S. Small Business Administration, Hispanic-owned businesses were the most numerous minority-owned enterprises in 1997, accounting for 1.4 million of the 3.25 million total, followed by Asian-owned businesses (1.1 million) and black-owned businesses (880,000). The report also indicated that minority-owned businesses are one of the fastest growing segments of the U.S. economy, with 3.25 million minority-owned businesses in 1997, generating \$495 billion in revenue and employing nearly 4 million workers (<http://www.sba.gov/ADVO/stats/min.pdf>). If the survey sample rings true, we may only conclude this trend will continue as students begin to make their way into the workforce.

The survey also found that white students were more likely than minority students to look to the Internet to find resources on how to start a business, but not by much. Thirty-four percent of all white students cited the Internet as the best resource for information on how to start a business, while 33 percent of black students responded in a similar manner.

\*One-hundred percent of students identifying themselves as Native American said they wanted to start their own business. However, the sample size (5 students) was too small to be considered statistically valid.

### **Compared to Previous Surveys, Students as Optimistic as Ever**

Results of the Junior Achievement *Interprise Poll*<sup>™</sup> on Entrepreneurs echoes data collected as part of an earlier survey conducted by Junior Achievement in 1999 entitled the *Interprise Poll*<sup>™</sup> on Kids and Careers. In that survey, three-in-five teens said they wanted to start their own company (compared to nearly four-in-five in 2000). This appears to suggest that students today are even more optimistic about their prospects to start a business in America.

Students see self-employment as a means to make more money, increase flexibility and freedom, ensure financial security

and make their own schedule. They are not discouraged by the risk factor. In 1999's Junior Achievement *Interprise Poll™* on Kids and Careers, kids said they expect to make \$24,000 per year more than people who are not self-employed--\$99,000 to \$75,000. This particular question was not asked in the latest survey, but it serves as a not-too-distant reminder that teen hopes for their own economic futures are high.

Just as in the latest survey on entrepreneurs, in 1999 boys were more likely to want to start their own businesses than girls were—65 percent to 49 percent—but not at the level of enthusiasm expressed now. In the most recent Junior Achievement *Interprise Poll™*, 86 percent of boys wish to someday start their own businesses. Girls are more likely to now want to start their own businesses (71 percent of all female respondents said so). And so it seems that in the span of a single year, a significant shift might be underway for the number of students, of either gender, who wish to start their own business. It is a positive and encouraging sign of an important bottom line: the future of entrepreneurship glows bright.

The Junior Achievement *Interprise Poll™* is conducted approximately six times per year to gauge teen views on key business, economic and leadership issues. The survey is administered directly to students in classrooms across the country. The Junior Achievement *Interprise Poll™* on Entrepreneurs was conducted in October and November 2000 to 635 students in Denver, Kingsport, TN, McAllen, TX, Quad Cities, IL-IA, San Antonio, TX, and Seattle. The margin of error for the sample is +/- 3.9%.

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#### **About Junior Achievement**

Junior Achievement is the world's largest and fastest growing organization dedicated to educating young people about business, economics and free enterprise. Through age-appropriate curricula, JA programs begin at the elementary school level, teaching children how they can impact the world around them as individuals, workers and consumers. JA programs continue through the middle and high school grades, preparing students for additional key economic and workforce issues they will face in the future. Today, JA reaches nearly four million students through 158 offices nationwide and over one million more students in 108 countries worldwide. For more information, visit [www.ja.org](http://www.ja.org).

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