

# POLICY DIRECTIONS

*A publication of the Institute for  
Public Policy and Social Research*

May 2012

## REVIVING MICHIGAN'S ECONOMIC FUTURE

Assessing Michigan's Entrepreneurial Attitudes

**W**elcome to the first issue of Policy Directions, public policy and survey research publication of the Institute for Public Policy and Social Research within the College of Social Science at Michigan State University.

Policy Directions' papers explore compelling issues and suggest empowering new paths to solutions to some of the world's most challenging problems. They demonstrate yet again Michigan State Universities vast capabilities and powers to equip students to achieve success.

This issue's research was prepared using data generated by IPPSR'S State of the State Survey, a quarterly telephone survey reflecting the attitudes and opinions of Michigan residents.

You are always welcome to explore the data generated by IPPSR's State of the State Survey online at Data on Demand, found online at IPPSR's website, [www.ippsr.msu.edu](http://www.ippsr.msu.edu).



### **Overview of Findings: Strong Support for Entrepreneurship**

A statewide survey of Michigan residents explores attitudes towards entrepreneurship. In it, we find strong support for entrepreneurship. Respondents were asked five questions related to entrepreneurship. Among the five questions, respondents were most favorable towards including entrepreneurial

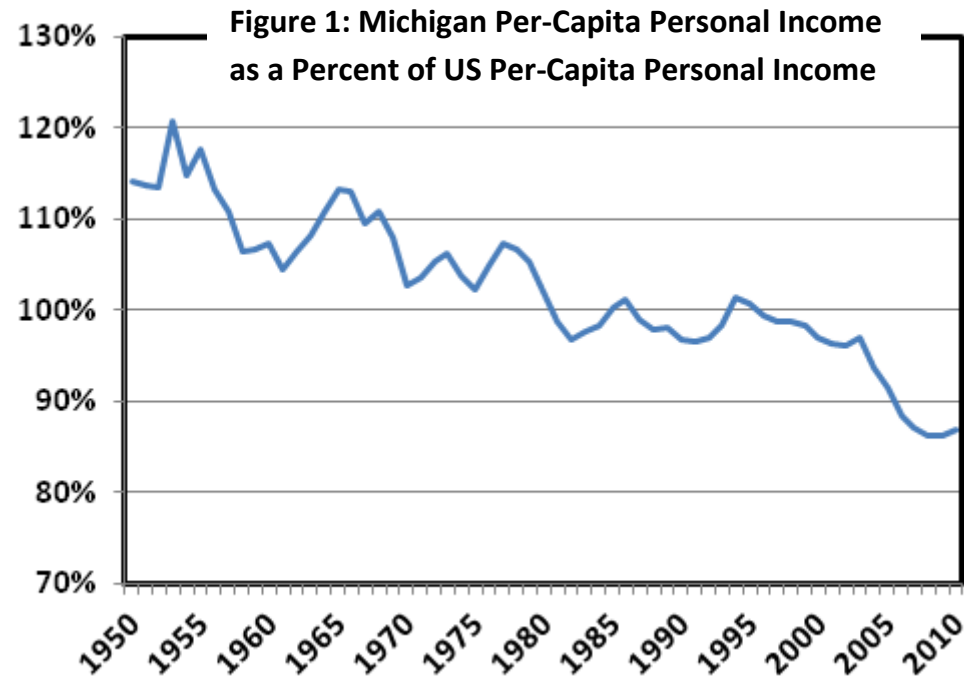
experiences in the high school curriculum. Agreement with a statement that large employers provided more secure occupations was the lowest among our five indicators. The results suggest that Michigianians generally view entrepreneurial development and lifestyle very favorably, but may lack the

knowledge necessary or awareness of resources available for those wishing to start their own business.

### Study Objectives: Do Attitudes Vary?

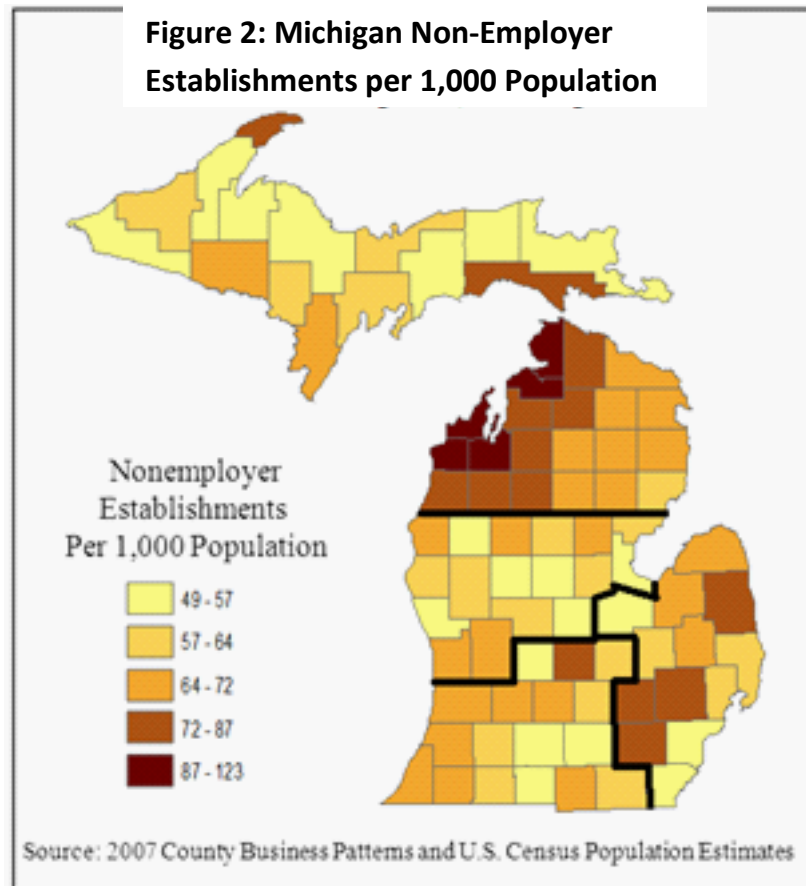
According to 2011 U.S. Department of Commerce statistics, Michigan's per-capita income has moved from being consistently above the national average to being consistently below the national average (Figure 1). A greater policy focus on entrepreneurship could be a way to reverse the state's long-term relative decline in performance.

The number of non-employer establishments per capita is a conventional measure of local



entrepreneurship. Given the presence of small businesses shown in Figure 2, this study used the State of the State Survey to explore attitudes towards entrepreneurship and how they vary across regions of the state.

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### Survey Questions

This study relied on the State of the State Survey to examine residents' attitudes related to entrepreneurship (see text box for more information about survey design). We asked five questions about attitudes:

**Q1** *How important is it for Michigan high schools to encourage young people to explore careers that involve starting a business?*

**Q2** *Locally owned businesses contribute more to the overall welfare of a community than nationally and internationally owned businesses.*

**Q3** *I would encourage a young*

*person to be self-employed or start their own business instead of working for somebody else.*

**Q4** *People who work for large employers are less likely to lose their source of income than people who work for small employers or are self-employed.*

**Q5** *People who own their own business or who are self-employed can make just as good of a living as people who work for someone else.*

Each of the statements was followed with a question asking the respondent to rate the statement on a five-point scale. Scoring was between 1 and 5, with higher scores in our analysis indicating more favorable perceptions about entrepreneurship or small businesses. More than 1,000 randomly selected adult Michigan residents answered the survey. Responses were tabulated for Michigan as a whole as well as by region (regional boundaries are delineated with bold black lines in Figure 2). A sixth question asked about where the respondent would go for information about starting a small business.

### Results

Our basic results are presented in Table 1. While the statewide average was above the scale midpoint of three for four of the five questions, only a very small proportion of respondents thought that it is anything but "very important" for Michigan high schools to encourage young people to explore starting a business. Question 5, asking about wheth-

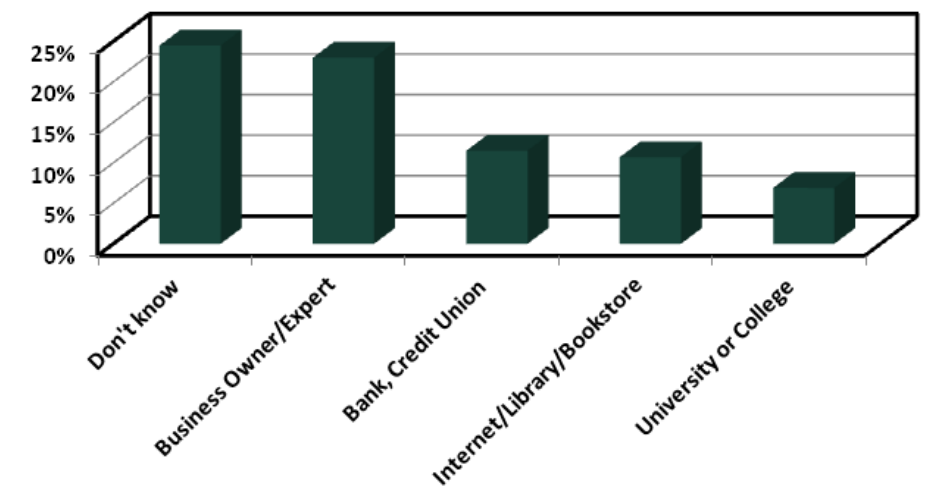
**Table 1:  
Respondent Support for  
Entrepreneurship or Small Business**  
(5-point scale - higher is more support)

	Q1	Q2	Q3	Q4	Q5
<b>Upper Peninsula</b>	4.38	4.48	3.44	2.75	3.94
<b>Northern Lower</b>	4.36	4.30	3.79	2.55	4.07
<b>Central</b>	4.35	4.24	3.49	3.09	4.08
<b>Southwest</b>	4.30	4.18	3.49	2.95	4.06
<b>Southeast</b>	4.31	4.23	3.60	3.01	4.15
<b>City of Detroit</b>	4.75	3.86	4.21	2.89	4.07
<b>Statewide</b>	4.39	4.19	3.65	2.94	4.08

er one could make a good living as an entrepreneur, also enjoyed strong support statewide.

Only on Question 4, designed to gauge respondent perception of income risk in working for small versus large businesses, were respondents on average very close to neutral statewide. None of the questions yielded an average response on the

highly negative side of the scale (<2). Table 1 also reports averages by region. We used a statistical test to judge the strength of regional differences. All but Question 5 tested positive for regional differences across all six regions, but when the city of Detroit was dropped as its own region, only Q4 was statistically different across the remaining regions.



**Figure 3: Top Five Responses to a Question about Where Michigan Residents Would Seek Advice in Starting a Business**

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**For more information about IPPSR and the State of the State Survey, see [www.ippsr.msu.edu](http://www.ippsr.msu.edu) or call 517-355-6672.**

When asked about where they would go for advice about starting a business, nearly a quarter of respondents did not know (Figure 3). Responses were aggregated into seven agency or non-profit agencies. The top four responses are shown in Figure 3. The findings indicated a limited public awareness of these resources available for individuals wishing to start a business.

### Policy Implications

Our results show that the public generally views entrepreneurial development and lifestyle very favorably, with some regional differences in attitudes. However, residents may lack “know how” of starting and running such a business. Michiganders don’t need an “attitude adjustment” to make an entrepreneurial development policy work. Given our results, policy maker initiatives to strengthen entrepreneurship components of the high school curriculum would seem to enjoy extremely high popular support. Such initiatives need not detract from learning of core material found in national standardized tests. A top-to-bottom review of ways of meeting state educational objectives by integrating

business concepts into basic reading, writing, and math high school lesson plans could be a starting point.

Agencies and non-profits providing business counseling or start-up assistance should work to promote their services through mechanisms where the public is likely to seek assistance: namely in the business community, through sponsored internet links, or advertisements in libraries and bookstores.

### Reference

US Department of Commerce, Bureau of Economic Analysis. 2011. Downloaded at [www.bea.gov](http://www.bea.gov).

#### Note on Survey Design

This report summarizes data collected in a telephone survey of 1,001 randomly selected Michigan adult residents between January 28 and March 25, 2009. Conducted by IPPSR’s Office for Survey Research at Michigan State University, this survey was part of the larger State of the State Survey (SOSS). Details of the methods are posted at <http://ippsr.msu.edu/SOSS/SOSS.HTM>. The margin of error is  $\pm 3.1\%$  at a 95% confidence interval. Support from MSU Extension helped fund the survey.

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#### END NOTE

<sup>1</sup>*Analysis of variance test  $F(5,918)$ . For the six-region test, the  $p$ -values were 0.00 for Q1 through Q3 and the Q4  $p$ -value was 0.05. For the five-region test (omitting City of Detroit),  $F(4,807)$  the  $p$ -value for Q4 was 0.02.*