

Characteristics of U.S. Households Engaging in Entrepreneurship

Significance of Proposed Research

Entrepreneurship is a significant part of new jobs created in the United States and thus is important for the economic well-being of many individuals and households (Birch, 1979; Birley, 1986; Reynolds, 1987). According to the Global Entrepreneurship Monitor (2002), 25% of economic growth is explained by the rate of new firm creation. Many researchers have investigated the origin and function of entrepreneurs and the nature of entrepreneurship (Parker, 2009), considering entrepreneurship to be any activity in which individuals work for themselves, trading off risk and returns rather than participating in paid employment. Schumpeter (1934) was one of the first researchers to indicate that entrepreneurs are, as a group, distinct from business owners and managers and thus worthy of study.

Entrepreneurship is an increasingly important topic for researchers and policy makers to understand (Shane, 1996), particularly in regards to the relationship between entrepreneurship and economic well-being at the household level. Quadrini (2000) found that families that are not business owners tend to stay in or move to lower positions of wealth, while families that own businesses tend to stay in or move to higher positions. Thus, it is possible that encouraging entrepreneurship among low-income households is one way to improve their economic well-being.

Haynes and Avery (1996) pointed out that the use of household resources to fund business ventures and the resultant impacts on the household have received little attention in the literature. In addition, few recent studies have investigated the characteristics of entrepreneurs using a nationally representative sample. The purpose of the proposed research is thus to explore the impact of human capital, household, and business characteristics on the likelihood of entrepreneurship among households in the United States. In order to investigate ways to improve economic well-being through entrepreneurship, we first aim to advance our understanding of characteristics associated with entrepreneurship among households.

The results of this study can be used to inform educators, financial planners, and policymakers in the struggle to improve the economic well-being of individuals and families through business ownership. In addition, information on which types of households are less likely to engage in entrepreneurship can be used to develop programs that aim to increase business ownership among these groups.

Methodology

The 2010 Survey of Consumer Finances (SCF) will be used to examine entrepreneurship among American households. The SCF is sponsored by the Federal Reserve Board in cooperation with the Department of Treasury and provides detailed information on household assets, liabilities, and businesses ownership. The SCF includes five data sets to deal with the problem of missing responses (Kennickell, 1997), with multiple imputation techniques used to produce the five complete data sets referred to as “implicates” (Board of Governors of the

Federal Reserve System, 2009). A repeated imputation inference procedure (RII) will be used to combine the results from all imputates and adjust for between-imputate error (Montalto & Sung, 1996). The SCF sample does not follow an equal-probability design, so weights will also be used to interpret the survey data (Board of Governors of the Federal Reserve System, 2009).

In addition to basic descriptive statistics, logistic regression will be used to investigate the likelihood of a household engaging in entrepreneurship. The dependent variable will be whether the household owns a business that the respondent and/or spouse started. The independent variables will include human capital variables, household characteristics, and business characteristics. The results of the study will be submitted to a refereed journal such as the *Journal of Business Venturing* or *Small Business Economics*.

References

- Birch, D. L. (1979). *The job generation process*. Washington, D.C.: U.S. Department of Commerce.
- Birley, S. (1986). The role of new firm births, deaths, and job generation. *Strategic Management Journal*, 7, 361-376.
- Board of Governors of the Federal Reserve System. (2011). Codebook for 2010 Survey of Consumer Finances. Division of Research and Statistics.
- Kennickell, A. (1997). Multiple imputation and disclosure protection: The case of the 1995 Survey of Consumer Finances. Board of Governors of the Federal Reserve System, Washington, D.C.
- Montalto, C. P. & Sung, J. (1996). Multiple imputation in the 1992 Survey of Consumer Finances. *Financial Counseling and Planning*, 7, 133-146.
- Parker, S. C. (2009). *The economics of entrepreneurship*. Cambridge: Cambridge University Press.
- Quadrini, V. (2000). Entrepreneurship, saving, and social mobility. *Review of Economic Dynamics*, 3, 1-40.
- Reynolds, P. (1987). New firms: Societal contribution versus survival potential. *Journal of Business Venturing*, 2, 231-246.
- Schumpeter, J. A. (1934). *The theory of economic development*. Cambridge, MA: Harvard University Press.
- Shane, S. (1996). Explaining variation in rates of entrepreneurship in the United States: 1899-1998. *Journal of Management*, 22(5), 747-781.

Itemized Budget

Following is an itemized budget for the expenses required.

Research Assistant (Fall 2014 and Spring 2015)	\$12,000.00
Conference Travel	<u>\$3,000.00</u>
TOTAL:	\$15,000.00

Patti J. Fisher
209 Wallace Hall, Blacksburg, VA 24061
(540) 231-7218
pafisher@vt.edu

RELATED EMPLOYMENT

Associate Professor	June 2013 to present
Assistant Professor	August 2007 to present
Virginia Tech	Blacksburg, Virginia
Department of Apparel, Housing, and Resource Management	Consumer Studies
Freelance Editor	January 2006 to present
Lecturer	Spring 2006
The Ohio State University	Columbus, Ohio
Department of Consumer Sciences	
Graduate Research Assistant	Summer 2002/Fall 2005
The Ohio State University	Columbus, Ohio
Department of Consumer Sciences	
Graduate Teaching Assistant	September 2001 – June 2005
The Ohio State University	Columbus, Ohio
Department of Consumer Sciences	

EDUCATION

Doctor of Philosophy, Family Resource Management	August 2006
The Ohio State University, Columbus, Ohio	
<i>Specializations:</i> Finance; Educational Policy & Leadership	
<i>Minor:</i> Social Psychology	
<i>Dissertation Title:</i> Saving Behavior of U.S. Households: A Prospect Theory Approach	
Master of Science, Family Resource Management	August 2003
The Ohio State University, Columbus, Ohio	
<i>Thesis:</i> Evaluating Financial Education: History, Theory & Application	
Bachelor of Science, Consumer Economics (summa cum laude)	December 2000
Indiana University of Pennsylvania, Indiana, Pennsylvania	

HONORS & AWARDS

Virginia Tech Scholar of the Week, Office of the Vice President for Research, April 18, 2011
Exemplary Advising Award (Apparel, Housing, & Resource Management Department), 2007
Scholarship for Academic Excellence, The Ohio State University, 2006
Arthur Schlesinger, Jr. Tuition Fellowship, The Ohio State University, 2005
Student Travel Award, American Council on Consumer Interests, 2004

RESEARCH

Refereed Journal Articles

- Loibl, C., & Fisher, P.J. (2013). Academic discipline and personal finance instruction in high school. *Journal of Financial Counseling and Planning*, 24(1), 15-33.
- Anong, S., & Fisher, P.J. (2013). Future orientation and saving for medium-term expenses. *Family and Consumer Sciences Research Journal*, 41(4), 393-412.
- Fisher, P.J., & Anong, S. (2013). Health status and household saving behaviour. *International Journal of Home Economics*, 5(2), 167-177.
- Fisher, P.J. (2012). Is there evidence of loss aversion in saving behaviors in Spain? *Journal of Family and Economic Issues*, 34(1), 41-51. DOI: 10.1007/s10834-012-9290-7.
- Fisher, P., & Anong, S. (2012). The relationship of saving motives to saving habits. *Journal of Financial Counseling & Planning*, 23(1), 79-95.
- Fisher, P.J., & Hsu, C. (2012). Differences in household saving between White non-Hispanic and Hispanic households. *Hispanic Journal of Behavioral Sciences*, 34, 137-159.
- Fisher, P.J., & Montalto, C. P. (2011). Loss aversion and saving behavior: Evidence from the 2007 Survey of Consumer Finances. *Journal of Family and Economic Issues*, 32(1), 4-14.
- Fisher, P.J. (2010). Black-White differences in saving behaviors. *Financial Services Review*, 19(1), 1-16.
- Fisher, P.J. (2010). Gender differences in saving behaviors. *Journal of Financial Counseling and Planning*, 21(1), 9-19.
- Fisher, P.J. (2010). Uncertainty and household saving in the U.S. *Family and Consumer Sciences Research Journal*, 39(1), 57-74.
- Fisher, P.J., & Montalto, C. P. (2010). Effect of saving motives and horizon on saving behaviors. *Journal of Economic Psychology*, 31(1), 92-105.

Refereed Conference Proceedings

- Fisher, P.J., & Anong, S. (2012). Health status and household saving. Proceedings of the International Federation of Home Economics Global Congress.
- Fisher, P.J. (2011). Loss aversion and household saving in the U.S. and Spain. Proceedings of the 8th Biennial Asian Consumer and Family Economics Association Conference.
- Fisher, P.J., Fox, J., & Bartholomae, S. (2003). Measuring the impact of financial education: Challenges and pitfalls. *Consumer Interests Annual*, 49.
- Hanna, S. D., Gutter, M. S., & Fisher, P.J. (2003). Risk aversion and the elasticity of marginal utility with respect to consumption. *Consumer Interests Annual*, 49.

Refereed Encyclopedia Entries

- Fisher, P.J. (in press). Medicaid. In W. Reiboldt & M. Horn Maller (Eds.), *Encyclopedia of Consumer Safety and Protection*. ABC-CLIO Publishers.
- Fisher, P.J. (2009). Estate Planning. In C.D. Bryant & D.L. Peck (Eds.), *Encyclopedia of Death and the Human Experience*. Sage Publications.
- Fisher, P.J. (2009). Estate Taxes. In C.D. Bryant & D.L. Peck (Eds.), *Encyclopedia of Death and the Human Experience*. Sage Publications.
- Fisher, P.J. (2009). Food Poisoning and Contamination. In C.D. Bryant & D.L. Peck (Eds.), *Encyclopedia of Death and the Human Experience*. Sage Publications.

Fisher, P.J. (2009). Life Insurance Fraud. In C.D. Bryant & D.L. Peck (Eds.), *Encyclopedia of Death and the Human Experience*. Sage Publications.

Presentations

Fisher, P.J., & Yeo, J. (2013, April). The adoption and use of mobile financial services and the impacts on consumers' financial capability in the United States. Paper presented at American Council on Consumer Interests, Portland, OR.

Fisher, P.J. (2012, July). Health status and household saving. International Federation of Home Economics Global Congress, Melbourne, Australia.

Fisher, P.J. (2011, July). Loss aversion and household saving: A comparison of the U.S. and Spain. Asian Consumer and Family Economics Association Conference, Seoul, Korea.

Devaney, S., **Fisher, P.J., & Anong, S.** (2010, March). 10 things you should know about teaching online. Presented at the Eastern Family Economics and Resource Management Association (EFERMA) Conference, Chattanooga, Tennessee.

Fisher, P.J., & Fox, J. (2005, June). Evaluating financial education. Presented at Ohio Extension In-Service Training, The Ohio State University, Columbus, Ohio.

Fisher, P.J., & Fox, J. (2004, February). Evaluating evaluation: A tool for financial educators. Poster presented at the Eastern Family Economics and Resource Management Association Conference, Tampa, Florida.

Fisher, P.J., Fox, J., & Bartholomae, S. (2003, April). Measuring the impact of financial education: Challenges and pitfalls. Working paper presented at the 49th American Council of Consumer Interests Conference, Atlanta, Georgia.

Hanna, S.D., Gutter, M.S., & **Fisher, P.J.** (2003, April). Risk aversion and the elasticity of marginal utility with respect to consumption. Paper presented at the 49th American Council of Consumer Interests Conference, Atlanta, Georgia.

Grants Received

Fisher, P.J. (2012). *Entrepreneurship among U.S. households*. Jerome Niles Dean's Faculty Research Grant. Awarded \$4,000 for one course release.

Fisher, P.J. (2011). *Summer Institute on the Demography, Economics, Psychology, and Epidemiology of Aging*. RAND Corporation. Received funding to attend the two-day workshop in Los Angeles.

Fisher, P.J. (2010). *Strategic course buyout grant*. Office of the Vice President for Research/CLAHS. Virginia Tech. Awarded \$5,000 in conjunction with departmental matching funds for two course buyouts in Spring 2011.

Fisher, P.J. (2009). *Exploratory data mining with the Survey of Consumer Finances*. Jerome Niles Dean's Faculty Research Grant. Awarded \$3,000 to attend a 2009 APA Advanced Training Institute Workshop.

Fisher, P.J. (2004). American Council on Consumer Interests Travel Grant. Awarded \$1,000 to attend the 2004 ACCI Conference.

PROFESSIONAL AFFILIATIONS

American Council of Consumer Interests
Association for Financial Counseling, Planning, and Education
Eastern Family Economics and Resource Management Association
Phi Kappa Phi