

PANEL STUDY OF ENTREPRENEURIAL DYNAMICS

History of the Research Paradigm

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The effort to develop reliable empirical descriptions of the business creation process began in 1993 with an initial survey of Wisconsin adults with financial support from the Wisconsin Housing and Economic Development Authority. The basic design—screening representative samples of adults to locate those active in business creation, obtaining detailed information about the start-up effort, and follow-up interviews to determine the outcomes—was established in this first project. The data collection for this first effort was completed by the University of Wisconsin Survey Research Laboratory; Associate Director Charles Palit played a major role in the design.

Based on the success of this initial effort, this methodology was replicated with a representative sample of U.S. households conducted by the Survey Research Center at the University of Michigan in 1996. The feasibility of the research design was confirmed and led to the formation of the Entrepreneurial Research Consortium. This group, composed of over 120 scholars from 34 entrepreneurial research centers provided financial support to implement the first Panel Study of Entrepreneurial Dynamics (PSED I) in 1998. The project was guided by the elected executive committee, which consisted of Candida Brush, Nancy Carter, Per Davidsson, William Gartner, Patricia Greene, Paul Reynolds, and Kelly Shaver. Once the interview procedure was designed, national screenings were conducted by Market Facts (now Synovate) and the initial detailed interviews and the follow-up were completed by the University of Wisconsin facility. Additional support was provided by two National Science Foundation Grants, one for an over-sample of women [Dr. Nancy Carter, Principal Investigator, Grant SBR-9809841] and the other for an over-sample of minorities [Dr. Patricia Green, Principal Investigator, Grant SBR-9905255]. Midway through the project the University of Wisconsin Survey Laboratory was closed. Fortunately, and with major support from the Ewing Marion Kauffman Foundation, the data collection responsibilities were transferred to the University of Michigan's Institute for Social Research, where the second and third follow-ups were completed and the complete data set was harmonized, documented, and placed in the public domain under the supervision of Dr. Richard Curtin.

This research protocol was adopted for parallel studies undertaken at the same time in Argentina, Canada, Greece, the Netherlands, Norway, and Sweden. It became the basis for the design of the extensive cross national comparisons implemented by the GEM consortium, where additional improvements were made to the screening procedure. From 1988 through 2007 this program has involved hundreds of surveys in almost 50 countries and over three-quarters of a million individual interviews.

Substantial improvements in the data collection procedures and the value of identifying a cohort in a different type of economic activity led to the development of the second project, PSED II. With major supported by from the Ewing Marion Kauffman Foundation with supplemental funding from the U.S. Small Business Administration, the project was implemented in 2004 with design assistance from a 16 person advisory committee [Howard Aldrich, Diane Burton, Nancy Carter, Per Davidsson, William Gartner, John Haltiwanger, Benson Honig, James Johnson, Philip Kim, Charles Matthews, Michael Meeks, Simon Parker, Martin Ruef, Claudia Schoonhoven, Scott Shane, Kelly Shaver, and Per Stromberg]. Improvements in the screening procedure allowed the identification of 1,214 nascent entrepreneurs following a screening of 34 thousand in fall 2005 and early winter 2006. The original research design included two follow-ups at 12 month intervals. The first or 12 month follow-up was completed during the fall of 2006 and winter of 2007. The second or 24 month follow-up was initiated in the fall of 2007 and should be completed in early winter 2008.

There has been an impressive amount of scholarly research and publications based on this research paradigm: at least seven books, 45 peer reviewed journal articles, eight book chapters, nine dissertations and one thesis, 63 professional presentations, and six research reports. This does not count the extensive material based on the Global Entrepreneurship Monitor initiative and data sets which is based on the PSED research procedures. The bibliography is available on the University of Michigan website.

There is little doubt that efforts to locate and track representative samples of business creation activities has been heavily utilized by scholars interested in new firm creation.

Full documentation and all data from both PSED I and PSED II are in the public domain, available at www.psed.isr.umich.edu. Researchers and scholars from a wide range of backgrounds should find this comprehensive description of new firm creation a rich source of material for developing and refining theories.

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