

Preface

This research program began in 1993. The idea of developing representative samples of those active in the business creation process, now called nascent entrepreneurs, developed from the success of using regional characteristics to predict variations in new firm birth rates in six countries.¹ The initial purpose was to determine those external factors that encouraged individuals to initiate the business creation process and become, as they are now called, nascent entrepreneurs. The research procedures, mainly the critical aspects of the screening procedures, were developed with the Survey Research Laboratory at the University of Wisconsin in Madison to complete the Wisconsin Entrepreneurial Climate Study.² Support for an initial test with a national sample was provided by the Institute for Social Research at the University of Michigan. Richard Curtin became involved with the incorporation of the screening module as part of the Survey of Consumers in October and November in 1993.³

The success of these efforts in providing a detailed description of the entrepreneurial process based on representative samples led to substantial interest among entrepreneurial scholars. A founding team of Nancy Carter, William Gartner, and Paul Reynolds was able to organize the Entrepreneurial Research Consortium (ERC), a collaborative network of 34 research units that shared the financial cost and sweat equity required to implement the first national project, PSED I. The effort was guided by an elected executive committee;⁴ by 2002 there were 118 individuals involved,⁵ and additional funding was provided by two NSF grants, one to expand the sample of women and the other to expand the sample of minorities.⁶ Funding for the transfer of the data sets to the University of Michigan's Institute for Social Research and the third and fourth waves of the PSED I data collection, under the supervision of Richard Curtin, was provided by the Ewing Marion Kauffman Foundation.

A number of panel studies using the same protocol were implemented in other countries; the initial results suggested that harmonized screening procedures could provide useful national comparisons. This led to the adoption of the PSED screening procedures as the core component of the Global Entrepreneurship Monitor (GEM) research protocol, designed to provide cross-national comparisons of participation in business creation. During the first 6 years of the annual GEM national surveys, an enhanced version of the screening procedure

that was more efficient and effective at locating nascent entrepreneurs was developed.⁷ It was the basis for the PSED II screening procedure.

The second project, PSED II, was initiated in 2005 with substantial funding from the Ewing Marion Kauffman Foundation and supplemental support from the Office of Advocacy of the U.S. Small Business Administration. With Richard Curtin and Paul Reynolds serving as co-principal investigators, the design was developed with substantial input from a 16-person advisory committee, many with substantial experience with the PSED I data set.⁸ Support for the fourth wave of data collection, the 36-month follow-up, was provided by the National Science Foundation.⁹ A harmonized project has been implemented in Australia with Per Davidsson as the coordinating principal investigator; and a detailed comparison of the initial Australian and U.S. results is provided in Chapter 13.

There has been substantial use of the data from the PSED I project, including nine other books and monographs, 13 dissertations and theses, over 70 peer-review journal publications, eight book chapters and over five dozen conference proceedings. This does not include the hundreds of reports and multitude of scholarly writings based on the GEM data. An overview of the substantive findings, prepared in 2006 and based on panel studies in various countries, makes clear the value of the PSED paradigm for providing new and unique information about the entrepreneurial process.¹⁰

Because of the complexity and level of detail in the PSED II interview schedule, it takes some time after the interviews are completed before the fully documented, consolidated data set is ready for analysis. A preliminary assessment of the PSED II data was prepared as soon as the majority of the Wave B (first 12-month follow-up) data was available.¹¹ This review emphasized the most general features of the nascent entrepreneurs and the business creation process. This volume is designed to allow those familiar with the project and the interview schedules—the advisory committee—to pursue specific specialized topics with more depth. These analyses are preliminary in two senses. First, some may be modified as data from additional follow-ups, the third and fourth waves of data collection, become available. This is of particular relevance to any analysis related to the outcome of the start-up process, when nascent enterprises become new businesses or are deactivated. Second, the chapter teams may elect to refine and enhance their analyses for submission to peer-review academic journals. They have been encouraged to do so as long as they acknowledge initial publication in this volume.

Given that all data sets and documentation from the PSED I and II projects are available at no charge on a public website (www.psed.isr.umich.edu) it is hoped that these preliminary results will encourage others to pursue further analyses. There is much work to be done to fully understand the entrepreneurial process—a complex and important phenomenon.

Richard T. Curtin
Ann Arbor, Michigan

Paul D. Reynolds
Steamboat Springs, Colorado

Notes

1. Reynolds, P. D., Storey, D. J., & Westhead, P. (1994). Cross-national comparisons of the variation in new firm formation rates. *Regional Studies*, 28(4), 443–456.
2. Palit, C., & Reynolds, P. D. (1993). A network sampling procedure for estimating the prevalence of nascent entrepreneurs. In *Proceedings of the International Conference on Establishment Surveys* (pp. 667–661), Alexandria, Virginia: American Statistical Association.
3. Reynolds, P. D., & White, S. (1993). *Wisconsin's entrepreneurial climate study*. Milwaukee, WI: Marquette University, Center for the Study of Entrepreneurship. Submitted to the Wisconsin Housing and Economic Development Authority, June.
4. Curtin, R. (1982). Indicators of consumer behavior: The University of Michigan surveys of consumers. *Public Opinion Quarterly*, 46, 340–362.
5. Candida Brush, Nancy M. Carter, William B. Gartner, Patricia Greene, Paul Reynolds, Kelly G. Shaver, and Mary Williams.
6. More details on the history of the project and a listing of the participating scholars are provided in Gartner, W. B., Shaver, K. G., Carter, N. M., & Reynolds, P. D. (Eds). (2004). *Handbook of entrepreneurial dynamics: The process of business creation* (pp. xiv–xx). Thousand Oaks, CA: Sage.
7. NSF Grant SBR-9809841 to Nancy Carter, Principal Investigator, for the oversample of women. NSF Grant SBR 9905255 to Patricia Green, Principal Investigator, for the oversample of minorities.
8. Reynolds, P., Bosma, N., Autio, E., Hunt, S., De Bono, N., Servais, I., Lopez-Garcia, P., and Chin, N. (2005). Global entrepreneurship monitor: data collection design and implementation: 1998–2003. *Small Business Economics*, 24, 205–231.
9. 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 Reuf, Claudia Bird Schoonhoven, Scott Shane, Kelly Shaver, and Per Stromberg.
10. NSF Grant SES 0818366 to Richard T. Curtin for Panel Study of Entrepreneurial Dynamics: 36 Month Follow-up.
11. Davidsson, P. (2006). Nascent entrepreneurship: Empirical studies and developments. *Foundations and Trends in Entrepreneurship*, 2(1).
12. Reynolds, P. D., & Curtin, R. T. (2008). Business creation in the United States: Panel Study of Entrepreneurial Dynamics II initial assessment. *Foundations and Trends in Entrepreneurship*, 4(3), 155–307.