



RESULTS AMERICA

Business & Entepreuership

Number of new businesses falling in all except four states



Results America has analyzed the key goals shared by all 50 states. One of these key goals is economic prosperity. Democrats, Republicans, and Independents all agree that a strong economy is desirable, even if they don't always agree on how to reach that goal. However, one thing that politicians always agree on is the importance of the small business owner. The entrepreneur is one of the iconic American figures, and so Results America asks, which state is the most entrepreneurial?

The data we relied on comes from the North American Industrial Classification Survey through the US Census Bureau from the most recent year of 2011. Since it is logical that the

HIGHLIGHTS

North Dakota, New York, Texas, and Wyoming are the only states in 2011 that added to the number of businesses.

Idaho, the lowest in this measure, lost 6.56 businesses for every 10,000 people in that state from 2010-2011.

Despite a bleak economic outlook in recent years, the number of new businesses is increasing.

Top 10 Most Entrepreneurial States

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| 1. North Dakota* | 6. California |
| 2. New York* | 7. Florida |
| 3. Texas* | 8. Utah |
| 4. Wyoming* | 9. Massachusetts |
| 5. Alaska | 10. Illinois |

most populace states would almost always have the highest number of entrepreneurs, we examined the per capita changes in number of businesses per state. Entirely new businesses are differentiated from franchises and additional branch establishments. We also assume that a single owner existed for each new business.

Among the top ten most entrepreneurial states, we see a variety of small and large states, many of which are world renown as places for business savvy citizens. Additionally, many of the top 10 states appeared in the top rankings for economic diversity and venture capital investment. North Dakota is at number one for much the same reason because it holds the top

position in economic diversity due to its recent economic boom in oil and natural gas extraction. New York and Texas are in top positions as well. New York has a long history of being a center for business and commerce and of course is the location of Wall Street and has begun a program to create special, tax-free economic zones. Texas, under Governor Rick Perry, boasted the largest amount of business incentives of any state in the union, according to the New York Times.

“Economic boom, culture, and financial incentives are major factors in the growth of new business in the top states.”

recovered as well as the states of New York and North Dakota have.

Economic boom, culture, and financial incentives are major factors in the growth of new business in the top states. Unlike venture capital or economic diversity, the measure of entrepreneurship is a volatile one. For example, if you had looked at the data from 2000, you would have found that Utah was the most entrepreneurial state. Many of these states in the top 10 also were the first and hardest hit by the recession of the last few years. The numbers here would indicate they were also the first to bounce back, raising public policy questions about what to do and not to do to encourage innovation in business when times are tough.

The overall state of the U.S. economy is particularly grim when you look at the list below. Those states marked with an asterisk are the only states during the period from 2010 to 2011 (the year of the most recent data) that had a positive growth in new businesses. North Dakota boasted 6.56 new businesses for every 10,000 citizens. The national average the same year was a loss of 2.19 businesses per 10,000.

Bottom 10 Least Entrepreneurial States	
41. Hawaii	46. South Carolina
42. Rhode Island	47. Kansas
43. Maine	48. Vermont
44. West Virginia	49. Missouri
45. New Hampshire	50. Idaho

Among states that are the least entrepreneurial, we see states that are not only less economically diverse, but also fall low on the list for venture capital investments. Idaho, Missouri, and Vermont land at the bottom of this list. Remember that this measure tracks the number of new businesses created in the year. Between 2010 and 2011, Idaho lost 6.17 businesses per 10,000 residents, nearly three times the losses of the national average. This is a major fall from their number one position in 2005, during which Idaho created almost 15 new businesses per 10,000.

Looking at the overall national trend, we see that the country as of the beginning of 2011 was not out of the woods. More updated reports from the Census Bureau and Bureau of Labor Statistics will shed light onto whether or not the U.S. has

References & Data Sources

U.S. Census Bureau
Bureau of Labor Statistics
New York Times. “Lines Blur as Texas Gives Industries a Bonanza.”
Start-UPNY.

Results America is a non-partisan, non-profit organization that exists to inspire and enable the spread of results-driven government. Its sole purpose is to demonstrate how focusing government on results is key to fulfilling the promise of America.

More information and measures data available at www.resultsamerica.org