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Kauffman: Entrepreneurial activity hits highest mark in 14 years

Kansas City Business Journal

Rather than dampening the nation's entrepreneurial spirit, the recession seems to have prompted would-be entrepreneurs to take the plunge, pushing 2009 business startup numbers to the highest level in 14 years.

The Kauffman Index of Entrepreneurial Activity, a leading indicator of U.S. new-business creation, shows that the number of new businesses formed from 2007 to 2009 increased each year. The recession officially started in December 2007.

In 2009, 340 out of 100,000 adults started a business each month, up 4 percent from 2008. That made for 27,000 more businesses formed a month than in 2008, and 60,000 more a month than in 2007, the Kansas City-based **Ewing Marion Kauffman Foundation** said in a release.

“Challenging economic times can serve as a motivational boost to individuals who have been laid-off to become their own employers and future job creators,” foundation CEO Carl Schramm, said in the release. “Because entrepreneurs drive the economy, the growth in 2009 business startups is encouraging and hopefully points to a hopeful trend in terms of our economic recovery.”

The index measures new businesses in their first month of significant business activity, using data from the U.S. Bureau of the Census and Bureau of Labor Statistics' monthly Current Population Survey.

Entrepreneurial activity increased for both men and women from 2008 to 2009, though the increase was greater for men. Earlier this month, Kauffman released a study about the relative scarcity of **women entrepreneurs**.

By race, African-Americans showed the biggest jump in entrepreneurial activity from 2008 to 2009, though the rate remained below other groups. Latinos and Asians both saw drops in entrepreneurial activity rates.

By age, the greatest increase was for those age 35 to 44.

The Midwest has some of the lowest rates of entrepreneurial activity, though the area experienced an increase in business-creation rates, the study showed.

[See the complete entrepreneurial activity report here.](#)

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