

Experiences with and Perspectives on Entrepreneurship in Indiana

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OVERVIEW

Drawing on a unique survey of Indiana residents and a series of focus groups, this brief discusses entrepreneurial experiences and perceptions in Indiana. Our research suggests a variety of challenges face current and potential entrepreneurs. Many report lacking business start-up training and support as well as start-up financing. Hoosiers not interested or engaged in entrepreneurship report they're not making moves towards self-employment or business ownership. These individuals report that they like

their current work arrangements or do not have the financial resources to pursue an entrepreneurial venture. Taken as a whole, these findings point to the fact that there is not a single most important challenge for entrepreneurs in Indiana, but rather a variety of factors to be addressed. Nonetheless, a lack of knowledge related to starting a business and obstacles in obtaining start-up capital appear to be important factors.



1 INTRODUCTION

A vibrant entrepreneurial landscape is a key source of economic development, and understanding the best supports to provide to potential entrepreneurs is an essential task for policymakers. This is doubly true in Indiana which is a unique setting with multiple large established industries and a relatively small share of young firms compared to the national average (Fikri et al. 2020, Muro et al. 2021). Given that

employer startups represent a substantial share of new job creation (Haltiwanger et al. 2013), this begs the question of what can be done to encourage and support entrepreneurship in the state of Indiana.

Despite concern from leaders and stakeholders in the state, what should be done to support entrepreneurship in Indiana remains unclear. The unspoken and largely uninvestigated assumption is there is a budding and untapped pool of entrepreneurs. But whether Hoosiers are generally inclined towards pursuing entrepreneurial endeavors and what could be done to better encourage individuals in entrepreneurial pursuits are still open questions. These questions are particularly challenging to answer as they require an understanding of not just the challenges facing current entrepreneurs, but also an investigation into the attitudes and experiences both of individuals considering opening a business and of the general public.

To this end, the Central Indiana Corporate Partnership worked with NORC at the University of Chicago to conduct the Entrepreneurship in the Population: Indiana (EPOP-IN) Project. The EPOP-IN includes a cross-sectional survey representative of the noninstitutionalized adult population in Indiana that was designed to provide insight into entrepreneurial activities and attitudes in Indiana. To supplement the survey results, we included a qualitative component to address the same aims of the survey using nine focus group discussions.

Using this new data resource, this brief analyzes the experiences of individuals engaged in entrepreneurial activities in Indiana to illuminate the key challenges facing Hoosiers in forming and sustaining businesses. We follow this analysis with a discussion of the perspectives on entrepreneurship among non-entrepreneurs in Indiana, including what non-entrepreneurs report as their reasons for not considering starting a business.

2 BACKGROUND

The EPOP-IN Project has two components – the EPOP-IN Survey and a qualitative data collection. The survey is designed to understand the scope of entrepreneurial activities from adults 18 years and older in Indiana and results in a variety of measures of entrepreneurial behavior including current and former business ownership, whether individuals are currently taking or have taken steps towards starting a business, the extent to which individuals engage in freelance work, and engagement with the “gig economy.” In addition to capturing the characteristic profile of the individuals involved in these various entrepreneurial activities in Indiana, the survey collects information on the behaviors, challenges, and resources available to individuals during the entrepreneurial process as well as a host of demographic characteristics.

The EPOP-IN Survey is an adjunct data collection to the first national EPOP Survey conducted in 2022 and leverages the survey instrument developed for the national project.¹ In addition to drawing a sample specific to the state to more precisely investigate patterns in entrepreneurship specific to Indiana, the

¹ The national EPOP Survey project is being conducted in five annual surveys from 2022 to 2026 and provides a variety of information on entrepreneurial activities and perceptions with funding from the Ewing Marion Kauffman Foundation.

EPOP-IN Survey also included questions to gather additional information on entrepreneurs’ industry and further detail about the experiences and perceptions related to entrepreneurship.

To further explore the experiences of entrepreneurs in Indiana and to better understand the motivations of Indiana citizens disinclined or uninterested in business ownership or self-employment, the EPOP-IN Project also conducted a series of nine focus groups. Focus group participants were recruited from the survey respondents. At the end of the EPOP-IN Survey, we asked respondents to identify whether they would like to be considered for joining a focus group and, if interested, were asked to provide contact information and availability. The sessions were grouped by participants’ shared experiences with entrepreneurship as reported in the EPOP-IN Survey, and participants were asked to provide further depth and detail to their experiences. Key questions spanned three topics broadly: (1) participants’ use of formal and informal supports, (2) planning and the early steps of getting a business up and running, and (3) financial aspects of business ownership. In total, 31 Indiana residents participated in the focus group discussion research.

3 A PROFILE OF ENTREPRENEURIAL ACTIVITIES IN INDIANA

Entrepreneurs in Indiana come from a diverse range of backgrounds. Results in Table 1 indicate similar rates of business ownership and freelancing for men in comparison with women. This finding contrasts with the national EPOP data (Brummet and Johnson 2022), which suggests that nationally men are more likely than women to be current business owners, but women are more likely to consider starting a business.

Similar to national estimates, rates of engagement with entrepreneurial activities vary by race and ethnicity. For Indiana, 19% of non-Hispanic Black individuals and 14% of Hispanic individuals report being a current business owner compared to only 10.5% of White individuals. Similarly, rates of entrepreneurship planning are highest among non-Hispanic Black individuals, with nearly one-third of non-Hispanic Black individuals in Indiana reporting that they are working to start a business. This is followed by 21% of Hispanic individuals and 11% of non-Hispanic White individuals.

TABLE 1: Entrepreneurial Activities in Indiana

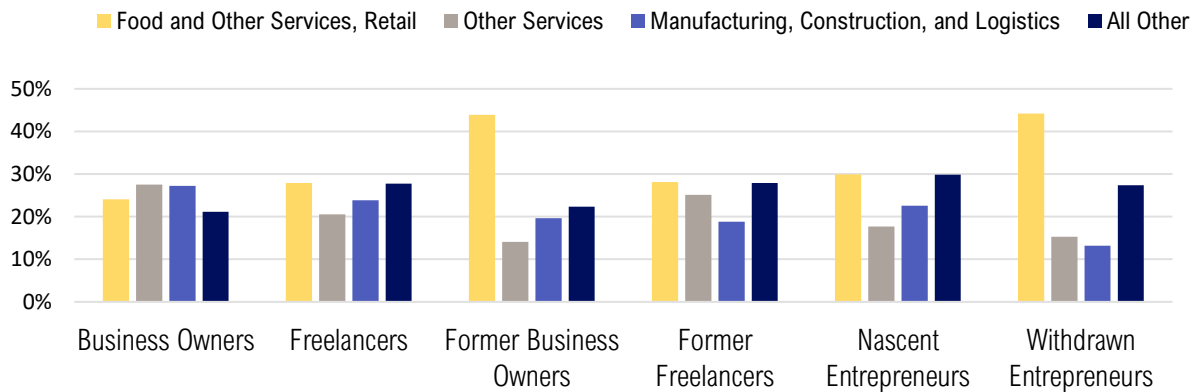
Characteristics	Reported Entrepreneurial Activity						
	Business Owners	Freelancers	Former Business Owners	Former Freelancers	Nascent Entrepreneurs	Withdrawn Entrepreneurs	Non-Entrepreneur
Overall	12.2	17.3	10.8	17.5	15.5	12.4	41.3
Men	11.9	19.3	14.4	19.3	17.3	12.8	35.6
Women	12.4	15.6	8.1	16.2	14.1	12.3	45.6
Hispanic, any race	13.9	18.9	5.1	11.7	20.6	15.0	45.1
White, non-Hispanic	10.5	15.2	11.5	18.8	11.3	12.1	42.9
Black, non-Hispanic	19.1	23.9	11.4	14.3	30.7	10.3	35.5
Other	22.0	28.6	5.3	11.4	25.8	18.0	29.4

Source: NORC, Entrepreneurship in the Population: Indiana Survey, 2023.

Note: Other racial group includes non-Hispanic multi-race and non-Hispanic other reported races.

Figure 1 shows how entrepreneurship activities vary across industries in Indiana. Current business owners and freelancers are evenly represented across the four industries. Rates of withdrawn and nascent entrepreneurship vary substantially across industries, however, as these activities are overrepresented in “Food and Other Services, Retail” and “All Other.” Nascent entrepreneurs are overrepresented in “Food and Other Services, Retail” and “All Other” industries (both at 30%) relative to “Other Services (18%). Differences across industry are even more pronounced among withdrawn entrepreneurs with 44% in “Food and Other Services, Retail,” 27% in “All Other,” and approximately 14% in “Other Services” and “Manufacturing, Construction, and Logistics.” Former business ownership also shows variation across industry with a high proportion formerly owning a “Food and Other Services, Retail” business compared to the other three industries, while former freelancing does not vary substantially across industry.

FIGURE 1: Entrepreneurial Activities by Industry



Source: NORC, Entrepreneurship in the Population: Indiana Survey, 2023.

Note: “Food and Other Services, Retail” includes Accommodation and Food Services, Retail, and Other Services industries. “Other Services” includes Finance and Insurance, Information, Real Estate, and Professional/Scientific/Technical Services industries. “Manufacturing, Construction, and Logistics” includes Construction, Manufacturing, Transportation, Warehousing, and Wholesale Trade industries. “All Other” includes Arts, Entertainment, and Recreation; Healthcare and Social Assistance; Educational Services; Administrative, Support, Waste Management, and Recreation; Agriculture, Forestry, Fishing, and Hunting; and utilities industries.

4 CHALLENGES FACING INDIANA ENTREPRENEURS

Below, we separately consider the challenges that face current and former entrepreneurs in Indiana as well as those individuals currently planning a business or who withdrew from entrepreneurship planning in the past.

4.1 CHALLENGES FACING CURRENT AND FORMER ENTREPRENEURS

While some challenges are consistent across both current and former entrepreneurs, others are particularly relevant for one group as opposed to the other. Figure 2 shows that for both current business owners and current freelancers in Indiana, finding customers is the most common challenge. Also notable, 34% of current business owners report that competing against other/larger businesses is a challenge. Former business owners and freelancers face a more varied set of challenges. In addition to economic and competition challenges, former business owners are particularly likely to report that

personal/family finance challenges and feelings of burn out are important challenges they faced when running their business.

Focus group discussions highlighted that the challenges listed in Figure 2 are often interconnected. For example, entrepreneurs often emphasized their struggles with personal finances while getting their businesses off the ground. They often worked other jobs to afford their living expenses, which resulted in work-family stress, not feeling like they had enough time in the day, feeling burnt out.

A former entrepreneur also discussed the struggle of scheduling when starting their business and working a second job to cover their personal expenses:

I have to work my other job tomorrow because [my business] is not making me any money yet. And it's like, okay, so the person that I need to talk to, to get my product into this facility is not here right now. And the time that they're going to be available, I can't come because I have to go work another job that's paying my bills. (Former Entrepreneur)

Current entrepreneurs also reported frustration with doing their taxes and working with accountants. One current entrepreneur describes the frustration with paying for an accountant:

...just wanting to have that authority and autonomy over the business is frustrating, because you don't know what task you're supposed to be delegating to someone that's an expert, and you also don't want to be ripped off. I don't want to be ripped off. And there are many ways to get ripped off, especially when people think that you don't know what you know. (Current Entrepreneur)

FIGURE 2: Challenges Facing Current and Former Entrepreneurs in Indiana

Reported Challenge	Entrepreneurial Pathway			
	Business Owner	Freelancer	Former Business Owner	Former Freelancer
Finding customers	37.9	33.3	42.2	25.7
Challenges personal/family finances	29.1	29.6	43.1	28.2
Feeling burnt out or losing motivation	33.1	24.9	40.5	26.1
Doing my taxes	26.2	27.5	29.8	28.9
Unfavorable economy	29.1	26.5	41.6	15.3
Not being able to access and/or afford health insurance	30.8	24.6	27.3	20.5
Balancing work and family	21.4	20.2	29.7	33.6
Competing against other/larger businesses	34.3	11.3	37.9	11.0
Increasing business or operational costs	30.9	16.5	27.0	11.1
Setting up/maintaining the business' online presence	25.4	21.9	16.4	9.4
Keeping existing customers	24.0	15.3	30.3	5.6

Source: NORC, Entrepreneurship in the Population: Indiana Survey, 2023.
 Note: Figure includes challenges reported by at least 20% of respondents.

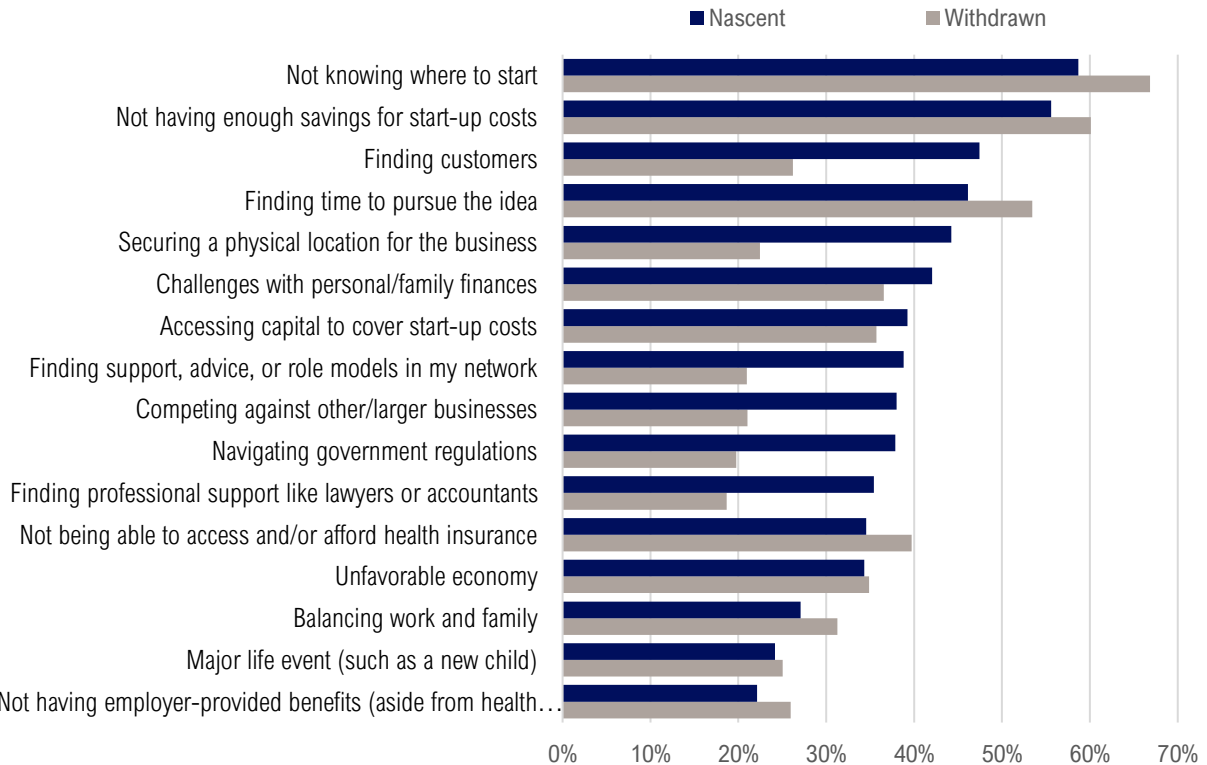
4.2 CHALLENGES FACING ENTREPRENEURSHIP PLANNERS

A unique value to the EPOP-IN Survey is its ability to understand the challenges facing not just individuals who have successfully started a business or freelance activity, but also those who are in the

process of entrepreneurship planning. These “nascent” entrepreneurs represent an important group, as they are the group of individuals currently working to start future businesses in Indiana. Figure 3 presents the challenges facing entrepreneurship planners in Indiana. The two sets of bars present results for both nascent entrepreneurs currently engaged in planning an entrepreneurial venture as well as “withdrawn” entrepreneurs, who at one point in the past were planning to open a business but ultimately withdrew from the business pursuit.

Both nascent and withdrawn entrepreneurs report the same top challenges: not knowing where to start, and not having enough savings for start-up costs. These two challenges reinforce the idea that both knowledge of the entrepreneurial process as well as access to start-up capital are important barriers facing prospective entrepreneurs. There are some noticeable differences between nascent and withdrawn entrepreneurs in their reported challenges, though. Nascent entrepreneurs are more likely to report finding customers, finding support, competing against other/larger businesses, securing a physical location, and navigating regulations as challenges when compared to withdrawn entrepreneurs.

FIGURE 3: Challenges with Entrepreneurship Planning in Indiana



Source: NORC, Entrepreneurship in the Population: Indiana Survey, 2023.
 Note: Figure includes challenges reported by at least 20% of respondents.

During focus groups, both nascent and withdrawn entrepreneurs reported not having a clear sense of where they should go to find the information, they needed to answer their business formation questions. Across all discussions, participants reported using Google searches most frequently to address their startup questions but felt that they were given too much information that they had difficulty navigating.

It's real tedious, and nothing is just right there in your face. You have to rely on different websites and resources just to get a gist of how to do things. (Withdrawn Entrepreneur)

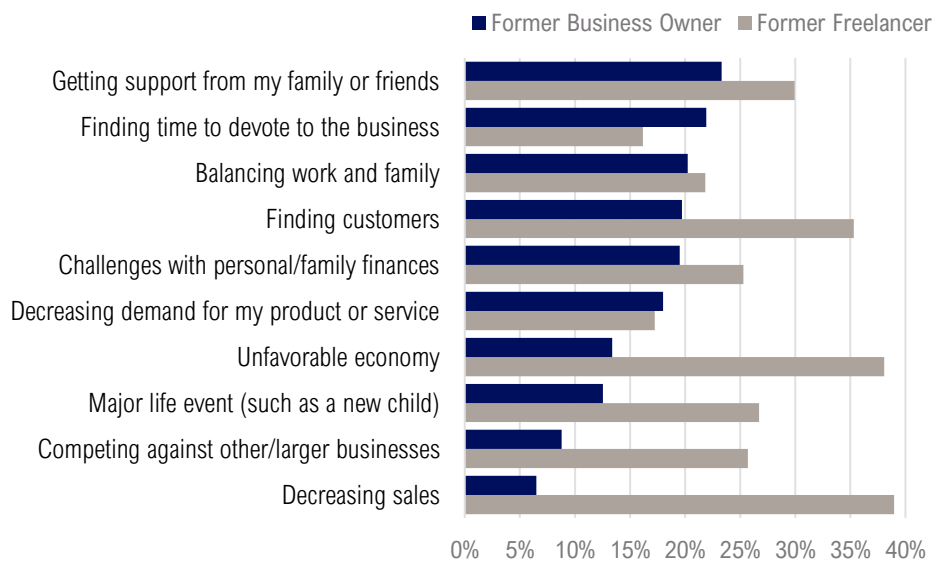
I didn't pursue the business because all these things like I don't even know like the clerical stuff or market research. (Nascent Entrepreneur)

5 REASONS FOR ENDING BUSINESS PURSUITS

To examine barriers to entrepreneurship in Indiana from another perspective, Figure 4 shows the most commonly reported reasons for ending business pursuits for former business owners and freelancers. In part, these results point to economic circumstances, such as finding customers, as important reasons why former business owners shut their businesses. However, it is noticeable that family factors are also a common reason. These include getting support from family and friends, challenges with personal or family finances, and balancing work and family.

Former freelancers were more likely to report factors such as declining sales, challenges finding customers, and an unfavorable economy compared to former business owners.

FIGURE 4: Reasons for Shutting Down Businesses and Freelance Activities



Source: NORC, Entrepreneurship in the Population: Indiana Survey, 2023.

Note: Figure includes challenges reported by at least 15% of respondents.

Figure 5 presents the primary reasons why withdrawn entrepreneurs ended their business pursuits. Deciding the business was too risky was the most commonly listed reason. But withdrawn entrepreneurs gave a variety of other reasons, including losing focus or burning out, a major life event, needing help, a lack of time, and a lack of financial resources. Together, these results portray a wide variety of reasons why individuals abandon their business pursuits. For at least some prospective business owners a lack of support and financial resources are key reasons.

Focus group participants indicated that support from family and friends was often lacking among current and former entrepreneurs. Participants said family members voiced concern about their career

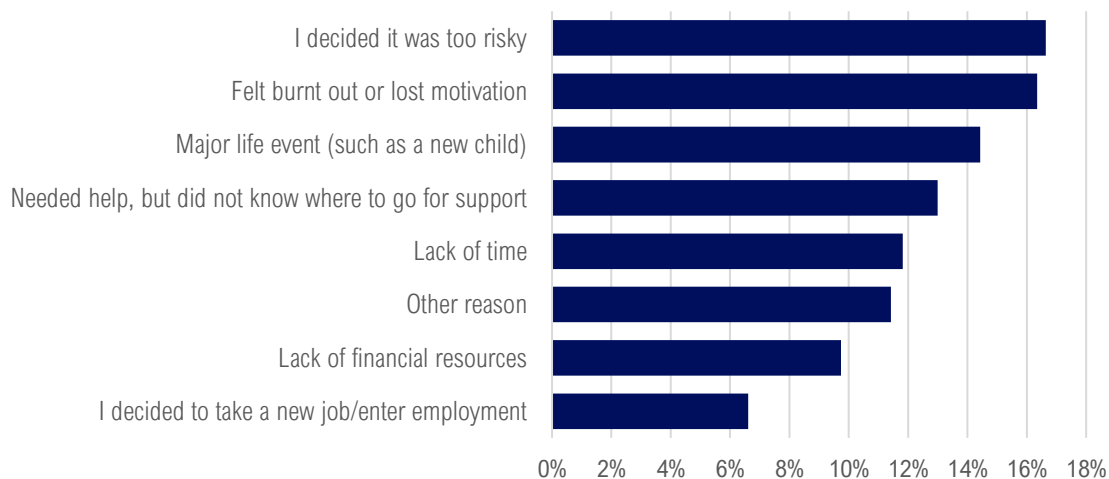
goals and encouraged them to be more realistic and to pursue conventional employment. This stemmed from both a fear that participants wouldn't be able to make a living and because of the time commitments involved in running a business. One business owner referenced difficulty maintaining the support of family through financial struggles with their business:

Hey, just give me two years and we can breathe. Just deal with this for two years, that's all I need, and we can breathe. (Current Entrepreneur)

However, when talking about the reasons for closing their business, focus group participants more often cited financial reasons or a significant life event, such as the birth of a child or serious medical emergency of a family member.

I got to a point where I realized I wasn't making the kind of money that I really needed to make in order to provide for my family, so I decided to switch careers at that time. It takes a long time to build a profitable business. (Former Entrepreneur)

FIGURE 5: Primary Reason Withdrawn Entrepreneurship Planners Ended Business Pursuits

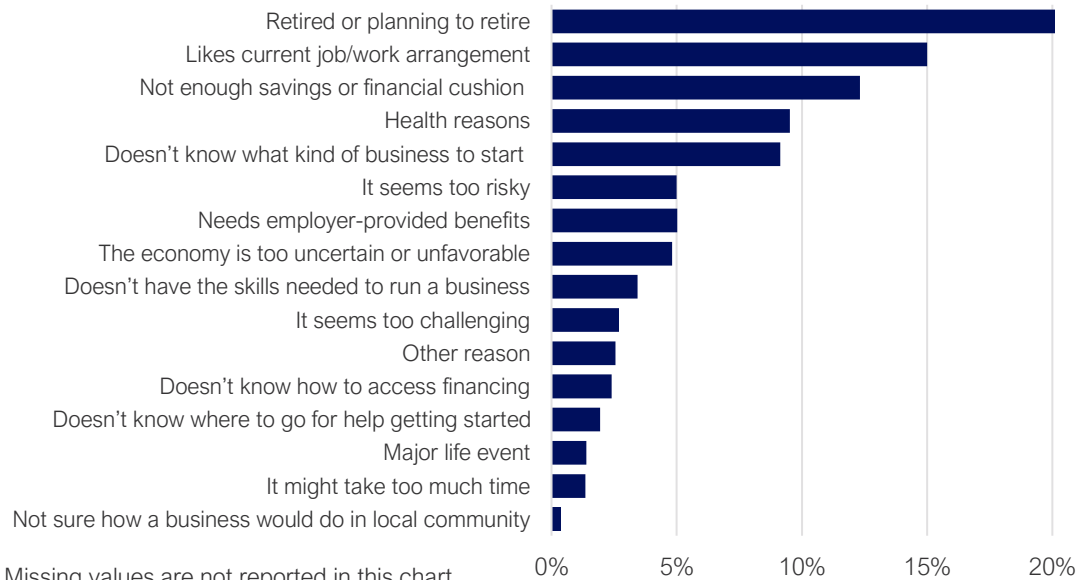


Source: NORC, Entrepreneurship in the Population: Indiana Survey, 2023.

6 PERCEPTIONS OF ENTREPRENEURSHIP AMONG NON-ENTREPRENEURS IN INDIANA

Roughly 40% of Indiana residents have never engaged in any entrepreneurial activity. To better understand this sizeable group's perceptions of entrepreneurship, Figure 6 shows the primary reasons these individuals report for not having engaged in entrepreneurship. While a large group are retired or planning to retire, in general there are a variety of reasons that non-entrepreneurs have not pursued a business venture. Perhaps most notable, over 15% of non-entrepreneurs report liking their current job as a reason for not pursuing entrepreneurship. In addition, not having enough savings or a financial cushion is a highly cited reason for not pursuing entrepreneurship, again suggesting the importance of start-up capital for entrepreneurial ventures.

FIGURE 6: Primary Reason for Non-Entrepreneurs not Engaging in Entrepreneurial Activities

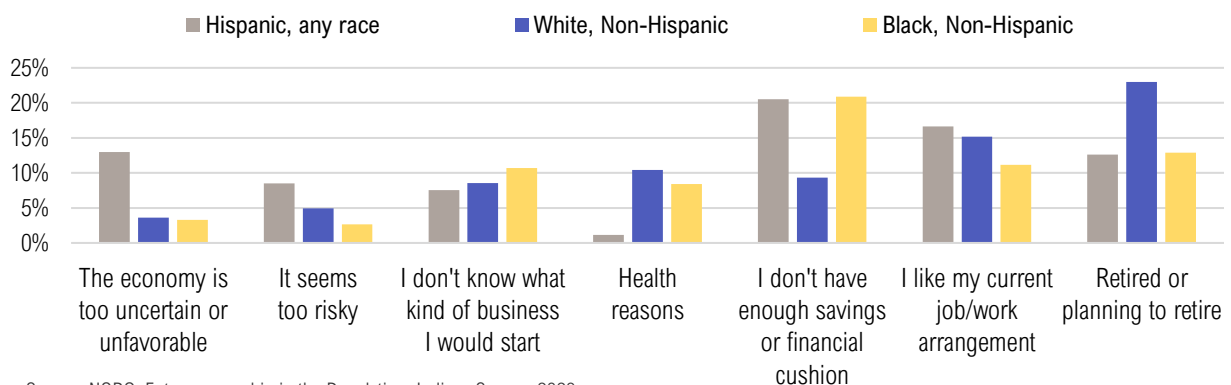


Note: Missing values are not reported in this chart.

Source: NORC, Entrepreneurship in the Population: Indiana Survey, 2023.

The primary reasons for not pursuing entrepreneurship differed across racial groups as shown in Figure 7. Non-entrepreneurs who identified as Hispanic or non-Hispanic Black reported not having enough savings or financial cushion as the primary reason for never pursuing entrepreneurship. This reason was reported by 21% of Hispanic and non-Hispanic Black respondents compared to 9% of non-Hispanic White non-entrepreneurs. Hispanic respondents also reported higher anxiety around the economy, with 13% of respondents saying they did not pursue entrepreneurship because “the economy is too uncertain or unfavorable” compared to only 4% of non-Hispanic White respondents and 3% of non-Hispanic Black respondents. Overall, 9% of respondents reported that “health reasons” were the primary reason for not pursuing entrepreneurship, but this was relatively rarely reported among Hispanic respondents. Only 1% of Hispanic respondents reported “Health reasons” as why they never considered business ownership or freelancing.

FIGURE 7: Primary Reason for Non-Entrepreneurs not Engaging in Entrepreneurial Activities by Race/Ethnicity



Source: NORC, Entrepreneurship in the Population: Indiana Survey, 2023.

Note: Missing values are not reported in this chart.

7 CONCLUSIONS

These results suggest that there are a variety of factors to be addressed to stimulate entrepreneurship in the Hoosier State. Some of these factors, such as work-family balance and entrepreneurs finding the time to devote to their business, are difficult for policymakers to address. Nonetheless, many entrepreneurs report challenges that could be addressed through entrepreneurial support, including obtaining knowledge related to how to start a business, acquiring start-up capital, and preparing their taxes. Individuals engaged in the planning of a business for the first time are particularly likely to report that they do not know where to start with finding the information they need to start a business.

Further analysis of the EPOP-IN Survey data file may enable additional observations of opportunities to encourage and to support entrepreneurship. Additionally, responses from the EPOP-IN Survey can be compared with the national EPOP Survey, allowing researchers to compare Indiana findings within the national context.

A public use data file for the EPOP-IN Survey is available for further analysis.

ABOUT THE EPOP-IN PROJECT

EPOP-IN Project Overview

The goal of the EPOP-IN Project is to better understand perceptions of entrepreneurship in Indiana and barriers to success business owners face. The project has two components – the EPOP-IN Survey and a qualitative data collection. The survey is designed to understand the scope of entrepreneurial activities from adults 18 years and older in Indiana and results in a variety of measures of entrepreneurial behavior including current and former business ownership, whether individuals are currently taking or have in the past taken steps towards starting a business, the extent to which individuals engage in freelance work, and engagement with the “gig economy.” In addition to capturing the characteristic profile of the individuals involved in these various entrepreneurial activities in Indiana, the survey collects information on the behaviors, challenges, and resources available to individuals during the entrepreneurial process. The EPOP-IN Survey provides insight into how entrepreneurial experiences vary by race, gender, and economic status.

The qualitative research component augments the findings of the EPOP-IN Survey and includes findings from a series of focus groups and in-depth interviews with entrepreneurship experts in Indiana.

Survey Design and Methodology

Target Population. All non-institutionalized adults 18 years or older in Indiana.

Sample design and frame. The study sample is selected from three frame sources: (1) NORC’s AmeriSpeak® Panel, (2) an addressed-based sample (ABS) frame built from the U.S. Postal Service Delivery Sequence (DSF) file; and (3) a sample from an opt-in panel. Samples selected from the

AmeriSpeak® Panel and the ABS frame are probability samples with explicit stratification and known sample selection probabilities, while the sample selected from the opt-in panel is a nonprobability sample with unknown frame coverage and unknown selection probabilities.

Data collection. EPOP-IN Survey data collection began on August 18, 2022 and continued through November 21, 2022. Data were primarily collected via an online survey; computer-assisted telephone interviewing was a secondary mode and available upon request. The survey was available in both English and Spanish. All participants were compensated for their participation.

Data processing. The raw data file was reviewed and compared to the programmed survey specifications to identify data irregularities and develop any necessary code to transform raw data for consistency. Complete and partial survey records were reviewed for data integrity (e.g., to identify respondents who completed the survey too quickly to have read question text and respondents who straight-lined responses); those in violation were discarded. The small number of cases where the data could not be repaired were discarded. Similarly, cases were evaluated for item nonresponse. Those with high item nonresponse or missing critical pathway information were dropped from the final data set.

Estimation. Complete surveys from the three sample sources were combined using NORC's TrueNorth® weighting method to generate a set of combined sample weights to support estimation.

About NORC at the University of Chicago



The EPOP Survey Project is designed and conducted by NORC at the University of Chicago. NORC is an independent research institution that delivers reliable data and rigorous analysis to guide critical programmatic, business, and policy decisions. NORC conducts objective, non-partisan research to help inform people in government, nonprofits, and businesses making decisions on key issues of the day. Our research addresses important issues like employment, education, and health care. Since 1941, NORC has conducted groundbreaking studies, created and applied innovative methods and tools, and advanced principles of scientific integrity and collaboration. Today, government, corporate, and nonprofit clients around the world partner with NORC to transform increasingly complex information into useful knowledge. For more information, visit [NORC.org](https://www.norc.uchicago.edu) and connect with us at twitter.com/norcnews and facebook.com/NORCatUofC.

About the Central Indiana Corporate Partnership



The Central Indiana Corporate Partnership (CICP) was formed in 1999 to bring together the chief executives of Central Indiana's prominent corporations, foundations and universities in a strategic and collaborative effort dedicated to the region's continued prosperity and growth.

To advance this mission, CICP sponsors five key talent and industry sector initiatives, AgriNovus Indiana, Ascend Indiana, BioCrossroads, Conexus Indiana, and TechPoint, each of which addresses challenges and opportunities unique to its respective area: agbiosciences, talent and workforce development, life sciences, advanced manufacturing and logistics, and technology. For more information, visit the CICP website at <https://www.cicpindiana.com>.

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