Race and Entrepreneurial Success

Black-, Asian-, and White-Owned Businesses in the United States

Robert W. Fairlie and Alicia M. Robb

The MIT Press Cambridge, Massachusetts London, England

© 2008 Massachusetts Institute of Technology

All rights reserved. No part of this book may be reproduced in any form by any electronic or mechanical means (including photocopying, recording, or information storage and retrieval) without permission in writing from the publisher.

For information about special quantity discounts, please e-mail second second

This book was set in Palatino on 3B2 by Asco Typesetters, Hong Kong. Printed and bound in the United States of America.

Library of Congress Cataloging-in-Publication Data

Fairlie, Robert W.

Race and entrepreneurial success: Black-, Asian-, and white-owned businesses in the United States / Robert W. Fairlie and Alicia M. Robb.

p. cm.

Includes bibliographical references and index.

ISBN 978-0-262-06281-7 (hardcover : alk. paper)

1. Minority business enterprises—United States. 2. African American business enterprises. 3. Asian American business enterprises. 4. Entrepreneurship—United States. 5. Small business—United States. 6. Success in business—United States. I. Robb, Alicia M. II. Title.

HD2358.5.U6F35 2008

338.6'420890973—dc22

2008005535

10 9 8 7 6 5 4 3 2 1

Adarand Constructors Inc. v. Peña, 184 Affirmative action programs, 20, 26–27, 183–185	inheritance and, 105, 112–113, 125, 137 intergenerational pickup rate and, 104– 105
African Americans, 1, 8–9, 175	lending discrimination and, 98, 107-108,
affirmative action programs and, 20, 26-	113–114, 178
27, 183–185	marital status and, 102-103, 187-188
apprenticeships and, 105-106	median asset levels of, 109-111
average sales and, 33–37, 97, 175	migration and, 21
Blinder-Oaxaca technique and, 121–122,	net worth of, 108-109, 178
139–140	nonlinear decomposition method and,
business outcome patterns and, 1–7, 9–	121–122, 137–141
12, 121–125, 138–143	nonmarital birth and, 102
business success and, 62-66	number of employees and, 37
Characteristics of Business Owners (CBO) data and, 99–108, 112–120, 126, 132–	self-employment rates and, 16, 19, 21–22, 97, 104–105, 114–117, 175
133, 136–138	single-parent families and, 102–103
children and, 98, 112–113	slavery and, 4
closure probabilities and, 122	small business outcomes and, 137–138
college and, 99–100	social networks and, 133–136
consumer discrimination and, 26, 132–	startup capital and, 97–98, 111, 114–119,
133	130–132, 136, 178–179
credit cards and, 116-117	wealth and, 3, 22-23, 107-119, 136
Current Population Survey (CPS) and, 107	work experience and, 106–107, 124–125, 170
differential types of financing and, 114–	Alaskan natives, 155
117	Aldrich, H., 25, 147, 150
education and, 3, 21, 98-101, 122, 124,	Aleuts, 201
137–138, 149, 181, 185–186	Allen, W. D., 24–25, 135
family businesses and, 101–106, 136–137,	Altonji, J. G., 109, 111
180–181	Amato, P. R., 102
financial capital and, 107-119	American Indians, 155, 157, 201
gender issues and, 125–130	Annual Retail Trade Survey, 190
government jobs and, 26–27	Annual Survey of Manufacturers, 190
high school dropouts and, 99	Apprenticeships, 53, 105–106, 186–187
home ownership and, 109-112	Asian Americans
human capital and, 101–107	average sales and, 35–37
industry distribution and, 119-121, 130-	business outcome patterns and, 2-7, 10-
132	12, 146–147, 167–172

Asian Americans (cont.) Bates, T., 3, 183–184, 197, 199 Canada and, 145-146 African Americans and, 98, 112, 116, 118, Characteristics of Business Owners (CBO) 121, 133, 135 data and, 103, 137, 146, 149-165, 172-174 Asian Americans and, 146, 148–151, 155, Chinese, 145, 164–166 159-160, 164-166 class resources and, 149-154 ownership disparities and, 24-25, 44 success determinants and, 66, 68, 86closure probabilities and, 145 education and, 3, 101, 149-151, 164-165, 169–170, 181, 185–186 Becker, G., 113 English language and, 148, 150-151, 164-Bellotti, J., 182 165 Bernhardt, I., 66, 149 Bitler, M., 112, 157 ethnic resources and, 147-148 family businesses and, 151-153, 180-181 Bjelland, M., 202 Filipino, 164, 166 Blanchard, L., 26, 113 Blanchflower, D. G., 3, 22, 26, 98, 113, 125, hours worked by, 161–163, 165 human capital and, 146, 149 178, 182, 184 Indians, 164, 166 Blau, D. M., 109 industry differences and, 159-161 Blinder, A. S., 121, 167 Japanese, 145, 165–166 Blinder-Oaxaca decomposition technique, Korean, 145, 148, 164-166 121-122, 139-140 Latino group differences and, 45-47 Boden, R., 45, 65, 86, 121, 202 literature on, 145–146 Bonacich, E., 145, 148, 165 marital status and, 152, 167 Borjas, G., 2, 25–26, 132–133, 147, 160 net worth of, 155 Boston, T. D., 2, 20, 176, 184 niche markets and, 147-148 Boyd, R. W., 25-26, 101, 148-150, 166 nonmarital births and, 152 Bradford, W. D., 2, 176 number of employees and, 37 Bronars, S., 26, 132–133 Public Use Microdata Sample File Bruce, D., 65 (PUMS) and, 165 Bruderl, J., 68 regional differences and, 169 Brush, C., 64-65 retail trade and, 160 Bucks, B. K., 1, 176 rotating credit associations and, 157-158 Business Information Tracking Series self-employment rates and, 15, 22, 145-(BITS), 45, 67, 87, 118 146, 213n3 Business outcomes African Americans and, 1-7, 9-12, 121social networks and, 147-148, 155-158 startup capital and, 12, 157-159, 167, 170, 125, 138–143 172–173, 177, 179 age of business and, 90 subgroups and, 45-47, 163-166 Asian Americans and, 2-7, 10-12, 146success of, 6-7, 10-12, 62-66, 145-177 147, 167-172 Survey of Business Owners (SBO) and, 165 causes of black/white differences in, 121-Survey of Income and Program Participation (SIPP) and, 155 data sources for, 13-14 Survey of Small Business Finances (SSBF) education and, 10, 50-53, 66-67 (see also and, 157 Education) types of financing and, 155–158 industry sector and, 84-90 United Kingdom and, 145-146 policy implications for, 182–188 Vietnamese, 148, 166 racial patterns in, 1–12, 33–48 (see also wealth levels of, 3, 23, 155 Racial patterns) work experience and, 152-153, 169-170 regression analysis and, 61-66 Aspen Institute, 182–183 Business ownership, 1, 98, 175 Astebro, T., 66, 149 African Americans and, 97-143 (see also Avery, R. B., 111, 125 African Americans)

Asian Americans and, 145-174 (see also Cayton, H. R., 4, 136 C corporations, 29, 33, 35, 191, 197 Asian Americans) family, 8, 24 (see also Family businesses) Census of Population, 6, 20, 145 gender issues and, 125-130 Census Research Data Center, 6, 199 inheritances and, 56-58 Center for Economic Studies (CES), 6, 199, labor-market discrimination and, 25 205 minority estimates of, 27-33 Chaganti, R., 148 racial difference in, 1-7, 14-15, 21-27 Chan, T., 184 recent trends in, 13-21, 27-29 Characteristics of Business Owners (CBO), SBO/SMOBE comparisons and, 29–32 5-8, 14, 204-205 transfers/gifts and, 57 African Americans and, 99-108, 112-120, 126, 132-133, 136-138 Business success age of business and, 90 Asian Americans and, 103, 137, 146, 149alternative sample definitions and, 77-81 165, 172–174 Asian Americans and, 175-177 (see also business outcomes and, 9-12, 41-45 Asian Americans) business success and, 50, 54-56, 61, 66-Characteristics of Business Owners (CBO) 67, 77-81, 87, 90-96 data and, 50, 54-56, 61, 66-67, 77-81, casual businesses and, 77 87, 90-96 closure probability and, 68 closure probabilities and, 68-69, 122, 145, consumer discrimination and, 26 177 - 178data sensitivity and, 77-78 data sensitivity and, 77-80 dataset description of, 197–199 education and, 50-53, 66-67, 100-101, family businesses and, 179-180 hours worked and, 161-163 English language and, 24, 148, 150-151, individual/business-level data and, 201-164 - 165industry estimates and, 87-89 family-business background and, 53–59, 67 - 69inheritances and, 56-58 gender issues and, 64-65, 71-76 intergenerational links and, 54–56, 58, 95 human capital and, 49, 59–60, 69–70, 93 multiple imputation and, 80 industry sectors and, 84-86 profit measurement and, 70-71 inheritances and, 56-58, 68-69 racial pattern data and, 41–45 intergenerational links and, 53-59, 68-69, regression analysis and, 65 small businesses and, 47-48, 85, 177 location and, 66, 124, 147-148, 169 startup capital and, 83-84 multiple imputation and, 80-81 work experience and, 59-60 optimal scale and, 182 Charles, K. K., 111 Chatterji, R., 19-20, 184 part-time data and, 77 personal services and, 85–86 Chay, K., 19–20, 184 profit measurement and, 70–71 Cheung, W., 147 Children racial patterns and, 62-66 regression analysis of, 61-69, 92 African Americans and, 98, 112-113 size and, 84-86 correlated preferences and, 53-54 startup capital and, 62, 81-84, 87-92 inheritances and, 56-58, 68-69, 74, 105, whites and, 1-12, 62-66 112-113, 125, 137, 210n14 work experience and, 56, 59-60, 68-70 intergenerational links and, 53-56, 58-59, (see also Work experience) 92 - 96marital status and, 187-188 Cain, G. C., 140 nonmarital births and, 102, 152 Canada, 145-146, 182 Christopher, J., 199 Clark, K., 146 Carr, D., 65 Cavalluzzo, K., 3, 26, 83, 98, 113-114, 178 Class resources, 149-154

Closure, 68–69, 122, 145, 177–178 college and, 99-100, 181 Coate, S., 25 Current Population Survey (CPS) and, Cobb-Clark, D. A., 22 Coleman, S., 26, 113 English language skills and, 24, 148, 150– College, 99–100, 181 151, 164–165 Conley, D., 111 gender and, 71 Construction industry, 160-161 graduate level, 67 Consumer discrimination, 26, 132–133 high school dropouts and, 52, 67, 99 industry distribution and, 121 Cooper, A. C., 65 Credit cards, 116-117 Latinos and, 19 Current Population Survey (CPS), 6-9, 47, marketing and, 51 107, 189, 204–205 mentoring programs and, 186-187 business ownership and, 21-26 policy implications for, 181, 185-186 consumer discrimination and, 26 work experience and, 56, 59–60, 68–70, 74, 106-107, 124-125, 152-153, 169-170 dataset description of, 199-201 education and, 23-24 Enchautegui, M. E., 184 individual/business-level data and, 201-English language, 24, 148, 150–151, 164– 203 165 microdata of, 13-14 Entrepreneurs minority estimates of, 27-33 apprenticeships and, 186-187 Outgoing Rotation Group Files and, 13business outcome patterns and, 1–7 14, 199-201 consumer discrimination and, 132-133 SBO/SMOBE comparisons and, 29–32 correlation of preferences and, 53-55 self-employment and, 14-15, 19 ethnic enclaves and, 147-148 family businesses and, 53-59, 92-96 Davidsson, P., 135 high-risk ventures and, 86 Dawkins, C. J., 25 inheritances and, 56-58 Devine, T. J., 65 minority clientele and, 148 perceived earnings and, 21-22 Disadvantaged-business-enterprise (DBE) programs, 184 policy implications for, 182–188 Doolittle, F., 182 standard model for, 4-5 Doraszelski, U., 109, 111 strong desire for, 182 Drake, S. C., 4, 136 Equations Drinkwater, S., 146 Blinder-Oaxaca, 139 Du Bois, W. E. B., 4, 136 intergenerational pickup rate, 94 Dunn, T. A., 4, 24, 102, 136 nonlinear decomposition, 139, 141 inheritances and, 58 self-employment probability, 94 intergenerational links and, 95 Eskimos, 201 success determinants and, 50, 53-54 Ethnic enclaves, 25, 147-148. See also Social work experience and, 56 networks Evans, D., 5, 21 Education, 8, 10, 91 accounting and, 51 Fairlie, Robert W., 2-4, 184, 201 African Americans and, 3, 21, 98–101, African Americans and, 97–98, 102, 113– 122, 124, 137–138, 149, 181, 185–186 114, 117, 119, 122, 135–136, 139 apprenticeships and, 53 Asian Americans and, 146, 169 Asian Americans and, 3, 101, 149–151, family businesses and, 53-54 164–165, 169–170, 181, 185–186 nonlinear decomposition, 122, 138-141, average sales and, 52 ownership disparities and, 19-24, 26 Blinder-Oaxaca decomposition technique

social networks and, 25

startup capital and, 83, 97

success determinants and, 50

and, 122

101, 149-151

business success and, 50-53, 66-67, 100-

Family businesses, 107 Government jobs, 26–27 African Americans and, 101-106, 136-Graham, D., 109 137, 180-181 Greeks, 2 apprenticeships and, 53, 105-106 Greene, P., 148 Asian Americans and, 151–153, 180–181 Growth. See also Business success background effects and, 53-54, 58-59, barriers to, 2-3 minority estimates of, 27-33 business outcome effects and, 67–69 population, 28-29 Characteristics of Business Owners (CBO) Guy, C., 182 data and, 179-180 children and, 53-54 Handy, J., 191, 197 closure probability and, 68 Hao, L., 23, 155 correlation of abilities and, 53-54 Hartmann, W. R., 147 correlation of preferences and, 53–55 Headd, B., 45, 87, 149, 197, 202 data sensitivity and, 78 High school dropouts, 52, 67, 99 gender and, 71, 74 Hildebrand, V., 22 human capital and, 53, 151-154 Holtz-Eakin, D., 2, 4, 24 inheritances and, 56-58, 68-69, 74, 105, African Americans and, 102, 112, 125, 136 112-113, 125, 137, 210n14 inheritances and, 58 intergenerational links and, 53-59, 68-69, intergenerational links and, 95 startup capital and, 83 policy implications for, 179-181 success determinants and, 50, 53-54 racial patterns in, 103-106 work experience and, 56 regression analysis of, 61-66 Home ownership, 83-84, 109, 111-112 single-parent families and, 102-103 Honig, B., 135 startup capital and, 89-90 Hout, M., 3-4 study conclusions for, 179-181 African Americans and, 98, 102-105, 136 work experience and, 56, 179-180 Asian Americans and, 145 Farber, H. S., 169 ownership disparities and, 24 Feagin, J. R., 25, 86, 121, 135 success determinants and, 53 Fernandez, M., 145, 150 Howell, D., 25, 86, 121, 135 Finance, insurance, and real estate (FIRE) Human capital, 97, 188 industries, 151 African Americans and, 101–107 Fink, B., 182 apprenticeships and, 53 Fratoe, F., 135, 148 Asian Americans and, 146, 149, 151-154 Frazier, E. F., 4, 136 business success and, 59-60, 69-70, 93 education and, 66-67, 149-151 (see also Gazelles, 176 Education) Gender issues, 207n3 family-business background and, 53-59, African Americans and, 125-130 67-69, 179-180 business success and, 64-65, 71-76 general business, 53, 105 education and, 71 intergenerational links and, 53-59, 92inheritance and, 74 social networks and, 64-65 policy implications for, 181 spouse influence and, 65–66 racial patterns in, 106–107 Survey of Minority- and Women-Owned regression analysis of, 61-66 Business Enterprises (SMOBE/SWOBE) social networks and, 147-148 (see also and, 190-197 Social networks) work experience and, 74 specific business and, 53, 105 standard model of, 4-5 Germany, 68, 182 Gil, R., 147 study conclusions for, 181 Gittleman, M., 111, 125 work experience and, 56, 59-60, 68-70, Glazer, N., 103 74, 106–107, 124–125

Hurh, W. M., 145, 150 Kennickell, A. B., 1, 176 Hurst, E., 22, 111 Kihlstrom, R., 21 Kijakazi, K., 199 Imani, N., 25, 86, 121, 135 Kim, K., 145, 150 Income. See also Business success Knight, F., 149 personal wealth importance and, 22-23 Kosanovich, W. T., 182 self-employment earnings and, 21-22 Kourilsky, M. L., 22, 182 wage discrimination and, 25 Krashinsky, H. A., 66, 83, 169 Individual development accounts (IDAs), Kwuon, I. J., 158 186 Industry Laband, D., 4, 24, 50, 53, 55, 102, 105, African Americans and, 119-121, 130-136 Laffont, J.-J., 21 Asian Americans and, 159-161 Langlois, A., 25 business success and, 84–87 Latinos, 176, 190 construction, 160-161 average sales and, 33-37 high-risk, 86 business outcome patterns and, 1-12 education and, 19 personal services, 85-86, 120, 160 retail, 160 median asset levels of, 110 skilled labor and, 121 number of employees and, 37 startup capital and, 87-90, 130-132 ownership rates and, 15 survival rates and, 84-87 personal wealth importance and, 22–23 transportation, communications, and self-employment rates and, 19, 21–22 public utilities, 120 social networks and, 25 Inheritances, 210n4 subgroups, 45-47 African Americans and, 105, 112-113, success rates and, 62-66 125, 137 Legal issues, 184, 186 gender and, 74 Lentz, B., 4, 24, 53, 55, 60, 102, 105, 136 Levine, K., 3, 26, 98, 109, 111, 113, 178 success determinants and, 56-58, 68-69 Initiative 200, 184 Light, I., 25, 145, 147, 158, 165 Intergenerational links Liquidity, 2, 182 African Americans and, 104-105 African Americans and, 107 business success and, 53-59, 68-69, 92personal wealth importance and, 22–23 startup capital and, 81-84 closure probability and, 68-69 Loan Program, 183 estimation of, 93-96 Loans pickup rate and, 94 African Americans and, 178 Internal Revenue Service (IRS), 6 Asian Americans and, 155-160 Italians, 2, 182 discrimination in, 26, 98, 107-108, 113-114, 178 Jews, 2 entry barrier reduction and, 184-185 Jianakoplos, N. A., 111, 125 rotating credit associations and, 157-158 Joint Center for Political and Economic social networks and, 147, 155-158 Studies, 2 Survey of Small Business Finances (SSBF) Jones, F. L., 140 and, 157 Joulfaian, D., 83, 112, 125 Loewen, J. W., 145 Jovanovic, B., 5, 21, 149 Lofstrom, M., 23–24 Logit regressions, 139, 210nn9,10, 212n10 Lohmann, H., 65 Kalnins, A., 147 Kassoudji, S., 24, 150, 160 Lombard, K. V., 65 Kauffman Firm Survey (KFS), 203 Lucas, R., 149 Kawaguchi, D., 26, 133 Lusardi, A., 22

McLanahan, S., 102 educational, 185-186 Mar, D., 145, 160 entrepreneurship promotion and, 182 entry barrier reduction and, 184-185 Marion, J., 184 Initiative 200, 184 Menchik, P. L., 111, 125 Mentoring, 186–187 mentoring programs and, 186-187 Mentor-Protégé Program, 186 minority programs and, 183-185 Mexican Americans. See Latinos new ideas and, 185-188 Meyer, B., 4, 21, 24-26, 133, 135 Proposition 209, 184 Miller, S. M., 201 racial patterns and, 182-188 Min, P., 2, 24, 145, 148, 150, 165 set-aside programs and, 183-184 Minority Business Enterprise Legal U.S. Small Business Administration and, Defense and Education Fund, 183 182 - 183Polivika, A. E., 201 Mitchell, K., 114 Mitchell-Kernan, C., 102 Porter, M., 148 Modell, J., 145, 165 Portes, A., 163 Moore, R. L., 1, 25, 176 Preisendorfer, P., 68 Moynihan, D. P., 103 Proposition 209, 184 Myers, S. L., Jr., 183-184 Protected-market hypothesis, 147-148 Myrdal, G., 4, 136 Public Use Microdata Sample File (PUMS), 165, 204

National Center for Health Statistics, 102, 152
National Federation of Independent Business (NFIB), 55, 57, 65
National Longitudinal Surveys (NLS), 54, 204
National Survey of Small Business Finances (NSSBF), 113
Native Americans, 155, 157, 201
Nonlinear decomposition method, 121– 122, 137–141, 167
North American Industry Classification System (NAICS), 200–201
Nucci, A. R., 65, 86, 121, 202

Oaxaca, R., 121, 140, 167 Oliver, M. L., 109 Oswald, A. J., 22, 125, 182 Outgoing Rotation Group Files, 13–14, 199–201

Pacific Islanders, 155, 157, 201
Panel Study of Income Dynamics (PSID), 204
African Americans and, 103, 107, 119, 124
ownership disparities and, 23–24
success determinants and, 68
Pearce, D. K., 114
Personal services, 85–86, 120, 160
Policy
affirmative action and, 20, 26–27, 183–185
contracting programs and, 185

Racial patterns, 49 affirmative action and, 20, 26-27, 183average sales and, 33-37 Blinder-Oaxaca decomposition technique and, 121–122 blocked mobility and, 150-151 broader economic inequality and, 176 business outcome patterns and, 1-7, 33-40 (see also Business outcomes) C corporations and, 33 Characteristics of Business Owners (CBO) data and, 41-45, 197-199 Current Population Survey (CPS) and, 13 - 15data sources for, 6-9 education and, 3, 99-101 (see also Education) employment distributions and, 40 family businesses and, 101-106 financial capital and, 107-119 human capital and, 106-107 lending discrimination and, 98, 107-108, 113–114, 178 policy implications for, 182-188 regression analysis and, 62-66 set-aside programs and, 183-184 startup capital and, 117-119 subgroups and, 45-47, 163-166 Survey of Business Owners (SBO) and, 190 - 197

Racial patterns (cont.)	Sandefur, G., 102
Survey of Minority-Owned Business	Saxenian, A., 147
Enterprises (SMOBE) and, 190-197	Scholz, J. K., 109, 111
twentieth-century trends and, 20-21	Schumpeter, J. A., 149
Ransom, M., 140	S corporations, 197
Rauch, J. E., 135	Self-employment, 4. See also Business
Razin, E., 25	ownership
Rees, H., 22	African Americans and, 16, 19, 21–22, 97,
Regression analysis, 10	104–105, 114–117, 175
age of business and, 90	Asian Americans and, 15, 22, 145–146,
black/white outcome differences and,	213n3
138–143	asset levels and, 23
Blinder-Oaxaca technique and, 121–122,	business success and, 49–96 (see also
139–140	Business success)
business success and, 61-66, 92	C corporations and, 29, 33
data sensitivity and, 77–80	closure probabilities and, 68-69, 122, 145,
gender and, 71–76	177–178
industry estimates and, 87-90	consumer discrimination and, 26
inheritances and, 68–69	Current Population Survey (CPS) and,
intergenerational links and, 93–96	14–15
logit, 139, 210nn9,10, 212n10	definition of, 14–15
marital status and, 65-66	demographics of, 1
multiple imputation and, 80–81	education and, 23-24 (see also Education)
nonlinear decomposition method and,	employment distributions and, 40
121–122, 138–141	family businesses and, 53-59, 92-96
part-time employment and, 62	federal government and, 182–188
startup capital and, 62, 87–90	gender and, 64-65, 125-130
work experience and, 69-70	inheritances and, 56–58, 68–69
Rendall, M. S., 111, 125	intergenerational links and, 54-56, 58-59,
Retail trade, 190	92–96
African Americans and, 119, 135	limited English ability and, 24, 148, 150–
Asian Americans and, 150–151, 159–160	151, 164–165
success determinants and, 84-89	loan discrimination and, 26, 98, 107-108,
Reynolds, P., 2, 84, 119	113–114, 178
Rice, M. F., 183	perceived earnings and, 21-22
Richmond v. J. A. Croson Co., 184	personal wealth importance and, 22-
Robb, Alicia M., 191, 197, 199	23
African Americans and, 98, 112-114,	policy implications for, 182–188
117–119, 121–122, 132	preference for, 182
Asian Americans and, 146, 149, 151,	pushed/pulled into, 150–151
157	regression analysis of, 61–66
industry sector and, 86	S corporations and, 197
ownership disparities and, 26	single-parent families and, 102-103
success determinants and, 65-66, 84, 87	social networks and, 24–25, 133–136
Rosen, H., 2–4	spouse influence and, 65-66
African Americans and, 98, 102–105, 112,	standard economic model and, 21-22
125, 136	twentieth century trends and, 20-21
Asian Americans and, 145	type of work and, 22
ownership disparities and, 24	wage discrimination and, 25
success determinants and, 53	wealth and, 1
startup capital and, 83	welfare rolls and, 182
Rotating credit associations, 157–158	Seltzer, J., 102

Service Corps of Retired Executives	business success and, 62, 81-84, 87-92
(SCORE), 186	closure probabilities and, 177–178
Servon, L. J., 183	credit cards and, 116–117
Shah, A., 22	data sensitivity and, 78
Shapiro, T. M., 109	equity issues and, 116
Single-parent families, 102–103	family businesses and, 89-90
Slavery, 4	industry distribution and, 87-90, 130-132
Small Business Act, 186	lending discrimination and, 26, 98, 107-
Small businesses, 137	108, 113–114, 178
causes of black/white outcome	liquidity and, 81–84
differences and, 121-125	owner wealth and, 83–84
Characteristics of Business Owners (CBO)	regression analysis and, 62
data and, 47–48, 85, 177	study conclusions for, 177-179
closure probability and, 68-69, 122, 145,	Stutzer, A., 182
177–178	Survey of Business Owners (SBO), 6–7, 9–
consumer discrimination and, 132-133	10, 200, 204–205, 213n6
correlation of preferences and, 53-55	Asian Americans and, 46, 165
data sensitivity and, 77–80	average sales and, 36–37
family businesses and, 53-59, 92-96 (see	casual businesses and, 77
also Family businesses)	Current Population Survey (CPS)
intergenerational links and, 53–56, 68–69,	estimates and, 29-32
92–96	dataset description of, 189–197
lending discrimination and, 26, 98, 107-	individual/business-level data and, 201-
108, 113–114, 178	203
Survey of Small Business Finances (SSBF)	Latinos and, 46
and, 157	minority estimates of, 27-33
U.S. Small Business Administration and,	ownership disparities and, 14, 41, 45, 47-
29, 182–183, 186	48
Small disadvantaged businesses (SDBs),	racial pattern data and, 41–45
183	Survey of Consumer Finances (SCF), 57, 83
Social networks, 24–25	Survey of Income and Program
African Americans and, 133–136	Participation (SIPP), 22–23, 109, 155, 204
Asian Americans and, 147–148, 155–158	Survey of Minority- and Women-Owned
English language and, 148	Business Enterprises (SMOBE/SWOBE),
ethnic resources and, 147–148	190
gender and, 64–65	Survey of Minority-Owned Business
as information source, 147–148	Enterprises (SMOBE), 7, 9–10, 200, 204–
loans and, 147, 155–158	205
market access and, 147–148	average sales and, 37
protected-market hypothesis and, 147–	casual businesses and, 77
148	C corporations and, 29, 33
Sowell, T., 25	Current Population Survey (CPS)
Srinivasan, R., 65	estimates and, 29–32
Standard Metropolitan Statistical Areas	dataset description of, 189–197
(SMSAs), 25	individual/business-level data and, 201–
Startup capital	203
African Americans and, 97–98, 111, 114–	industry sector and, 85
119, 130–132, 136, 178–179	minority estimates of, 27–33
age of business and, 90–92	ownership disparities and, 14, 41, 45, 47–
alternative sources for, 114, 116–117	48
Asian Americans and, 12, 157–159, 167,	racial pattern data and, 41–45
170, 172–173, 177, 179	regression analysis and, 65

Survey of Small Business Finances (SSBF), self-employment and, 1 startup capital and, 81-84 African Americans and, 105, 112-113, 117 whites and, 3, 108-112, 155 Asian Americans and, 157 Weathers, R., 2 ownership disparities and, 26 White, S., 84, 119 success determinants and, 57, 83 Whites, 175 Swinton, D., 191, 197 Asian business outcome comparison and, 167 - 172Tennyson, S., 25 average net worth of, 108–109 Transportation, communications, and business success and, 1-12, 62-66 public utilities, 120 credit cards and, 117 Tucker, M., 102 education and, 19, 181 employment distributions and, 40 United Kingdom, 145-146 home ownership and, 109, 111 U.S. Bureau of Labor Statistics (BLS), 13hours worked by, 161-163 14, 108, 176, 199 industry distribution and, 119-121 U.S. Census Bureau, 1, 3, 5-6, 202 marital status and, 102, 152 Asian Americans and, 152, 155, 159, 166 median asset levels of, 109-111 CBO and, 197-199 (see also Characterisnonmarital births and, 102 tics of Business Owners [CBO]) personal services and, 120 CPS and, 199-201 (see also Current self-employment rates of, 15-16, 19, 21-Population Survey [CPS]) 22, 97, 104-105 minority estimates of, 27-33 startup capital and, 114-117 nonmarital birth and, 102 Survey of Income and Program ownership issues and, 13, 23, 26 Participation (SIPP) and, 155 success determinants and, 50, 78 wealth levels of, 3, 108–112, 155 Williams, D., 184 U.S. Department of Labor, 182 U.S. Federal Reserve System, 203 Wilson, W. J., 102 U.S. Small Business Administration (SBA), Wolff, E. N., 22, 111, 125 29, 182–183, 186 Wolken, J., 3, 26, 83, 98, 112–114, 157, 178 U.S. Supreme Court, 184 Woo, C., 65 Woodruff, C., 23-25 van der Sluis, J., 67 Work experience, 69–70, 178 van Praag, M., 67 African Americans and, 106-107, 124-Vijverberg, W., 67 125, 170 Vroman, W., 182 apprenticeships and, 53, 105-106, 186-Wainwright, J., 184 Asian Americans and, 152–153, 169–170 Waldinger, R., 25, 147-148, 150 closure probability and, 68 Walstad, W. B., 22, 182 family businesses and, 56, 179-180 Wang, C., 23–24 gender and, 74 Ward, R., 147, 150 mentoring programs and, 186-187 Wealth, 176 African Americans and, 3, 22–23, 107– Yinger, J., 26, 113 119, 136 Yoon, I.-J., 148, 158, 165 Asian Americans and, 155 Zhao, B., 26, 113 black/white differences in, 108–112 business outcome patterns and, 1-7 Zhong, D., 158 family, 112-113 Zhou, M., 147, 163 home ownership and, 83–84, 109, 111– Zimmerman, D., 3, 26, 98, 113, 178

importance of personal, 22-23