

Race and Entrepreneurial Success

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

Robert W. Fairlie and Alicia M. Robb

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Preface

Interest in entrepreneurship is growing around the world. Although our understanding of what leads to entrepreneurial success has improved, we know less about why some racial groups succeed in business while others struggle. In writing this book, we were interested in figuring out why Asian American-owned businesses perform relatively well on average and the businesses owned by African Americans typically do not perform as well. An important concern is whether these racial patterns in business performance are both a symptom and cause of broader racial inequalities in the United States. Along the way, we also became very interested in exploring the more general question of why some small businesses succeed and others fail and how success is related to the human-capital, financial-capital, and family-business background of the entrepreneur.

The main goal of the book is to provide a comprehensive comparative analysis of the performance of African American-, Asian American-, and white-owned businesses in the United States. We hope that it will serve as a useful informational source for policymakers and business leaders as well as a valuable research and instructional tool for professors and students. In researching the book, we were surprised to learn that there were no studies or reports in the literature that provided thorough information on recent trends in minority-business ownership rates and outcomes. We present a new compilation of data on minority entrepreneurship over the past few decades as well as a detailed analysis of confidential data from the U.S. Census Bureau. We hope that anyone interested in learning more about racial trends in business ownership and outcomes, the determinants of successful entrepreneurship, and the causes of racial disparities in business performance will find what they need in this book.

We started this research project many years ago when we applied to the Center for Economic Studies to use the confidential and restricted-access Characteristics of Business Owners data. Given a project of this length, there are many people to thank for providing comments, suggestions, and criticisms. We thank Timothy Bates, Ken Brevoort, Anthony Caruso, Ken Couch, Mark Doms, Tom Dunn, Lingxin Hao, Brian Headd, James Jarzabkowski, Leora Klapper, Lori Kletzer, Rebecca London, Ying Lowrey, Justin Marion, Kevin Moore, Richard Moore, Chad Moutray, Charles Ou, Robert Strom, Valerie Strang, Kathryn Tobias, John Wolken, and Donald Wittman.

We also thank participants at the numerous conferences, workshops, and seminars at which we presented the research discussed in this book. They include the American Economic Association Meetings; Baruch College; Board of Governors of the Federal Reserve System; California State University Moss Landing Marine Laboratory; Consulate General of Sweden at the University of Southern California; Dartmouth College; Federal Reserve System's Community Affairs Research Conference; Harvard University; National Academy of Sciences Panel on Measuring Business Formation, Dynamics, and Performance; National Bureau of Economic Research Workshop on Entrepreneurship; United States Association for Small Business and Entrepreneurship Meetings; RAND; United States Small Business Administration; SBA and the Kauffmann Foundation Conference on Entrepreneurship in the Twenty-first Century; University of Amsterdam Entrepreneurship and Human Capital Conference; University of California at Santa Barbara; University of California at Santa Cruz; University of Maryland; University of North Carolina Minority Entrepreneurship Boot Camp; University of North Carolina Research Conference on Entrepreneurship among Minorities and Women; University of Washington Business Diversity Conference; Urban Institute; Yale University.

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