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### **Psychological Perspectives on the Under-Representation of African Americans and Females in Entrepreneurship: The Relationship between Perceptions of Fit and Intentions to Leave**

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PSYCHOLOGICAL PERSPECTIVES ON THE UNDER-REPRESENTATION OF AFRICAN  
AMERICANS AND FEMALES IN ENTREPRENEURSHIP: THE RELATIONSHIP  
BETWEEN PERCEPTIONS OF FIT AND INTENTIONS TO LEAVE

by

Rachel G. Pascall-Gonzalez

A dissertation submitted to the Graduate Faculty in Psychology in partial fulfillment of the requirements for the degree of Doctor of Philosophy, The City University of New York

2016

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Approval Page

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This manuscript has been read and accepted for the  
Graduate Faculty in Psychology to satisfy the dissertation  
requirement for the degree of Doctor of Philosophy.

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## Abstract

PSYCHOLOGICAL PERSPECTIVES ON THE UNDER-REPRESENTATION OF AFRICAN  
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Rachel Pascall-Gonzalez

Advisor: Professor Charles Scherbaum

Entrepreneurship is widely recognized as a vehicle for economic growth (Ireland & Webb, 2007), and recent years have shown growing multi-disciplinary interest among entrepreneurship scholars. The primary focus of this study was to identify psychological and contextual variables that explain African American and females' intent to quit entrepreneurship. Specifically, using Heilman's (1983) lack-of-fit model as a theoretical lens, it tested the proposal that the intent to quit entrepreneurship could be explained by the extent of African American and females' perceptions of fit and identification with the role. Data were collected via survey methodology from a sample of 201 existing African American and female entrepreneurs, operating businesses within several metropolitan cities across the United States. Predictions of race and gender differences in perceptions of fit and identification with entrepreneurship were not supported. While the proposed inverse relationship between perceptions of fit and intent to quit were supported by the data, no racial or gender differences were observed. To test the possible additive effects of negative stereotyping, it was proposed that compared to other gender-ethnic groups, African American females would report less fit and entrepreneurial self-efficacy, and a greater intent to quit. These predictions were also not supported. Finally, despite the absence of

race or gender differences, several predictors of fit, such as, business planning and, entrepreneurial self-efficacy were identified. Theoretical and practical implications of the findings, as well as considerations for future research, are discussed.

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## Chapter 1

### *Introduction*

Entrepreneurial activity is widely viewed as a major impetus of economic growth and advancement (Carter, Muara, Ram, Trehan & Jones, 2015; Ireland & Webb, 2007; Shane 2003), and has positive benefits at both the firm and societal level. At the firm level, it facilitates product and process innovations which lead to strategic growth, and ultimately, to the creation of value and wealth for customers and shareholders, respectively (Carter et al., 2015; Ireland & Webb, 2007). At the societal level, entrepreneurial activity spurs job creation (Baron, 2000; Ireland & Webb, 2007), technological advances, revitalization of economies and general economic sustainability (Baron, 2000; Zahra, 2005). The eclectic and pervasive nature of entrepreneurship has, in large part, led to the proliferation of interdisciplinary academic research interest (Frese & Gielnik, 2014; Ireland & Webb, 2007). Despite the burgeoning entrepreneurial research interest, a few limitations in our understanding of entrepreneurship remain.

For instance, a disproportionately large percentage of this research has focused on white male entrepreneurs. There has been considerably less research interest in African American entrepreneurship, and even less in female entrepreneurship. This is unfortunate since it is likely that research findings among predominantly white male entrepreneurs may not always generalize to African American or female entrepreneurs (Aldrich & Waldinger, 1990; Carter, Brush, Greene, Gatewood, & Hart, 2003; Fairlie & Robb 2010). Additionally, the disproportionate representation of African Americans and females in entrepreneurship (Carter et al., 2015; Fairlie & Robb, 2010; Robinson, 2007) remains a cause for concern and warrants further investigation.

In many ways, existing patterns of African American and female entrepreneurship mirror each other. Compared to men, female entrepreneurs are a minority (Butler, 2005) and as such,

are subject to some of the same challenges experienced by ethnic minorities (Carter et al., 2015; Godwyn, 2009). For example, both African American and female entrepreneurs have been shown to have less access to developmental and financial opportunities (Henry & Kennedy, 2003; Thébaud, 2010; Zajonc, 2003). This circumstance suggests that African American and female entrepreneurs may sometimes operate within a context that differs from that of their white male counterparts.

Although recent years have shown increased numbers of African Americans and females involved in entrepreneurship, compared to their white male peers, they continue to be under-represented. Between 1997 and 2002 there was an almost fifty percent surge in African American-owned businesses (SBA, 2007). In the same period, female entrepreneurship increased by twenty percent (Bureau of the Census, 2002). Despite these seemingly impressive statistics, the reality is that only about five percent of all U.S. businesses with greater than five employees are African American-owned (Fairlie & Robb, 2008) and moreover, African American-owned businesses have been shown to have the lowest four-year survival rate (38%) compared to a forty-eight percent average for all other businesses (Robb, 2002). Likewise, female entrepreneurs have been shown to have an average survival rate 12.9% lower than that of their male peers (Fairlie & Robb, 2009). It should be noted that these authors do not specify whether the reasons for the businesses' closure were voluntary or involuntary. In fact, very few research studies examining failure rates do. The terms *business failure* or *entrepreneurial exit* are often “catch-all” constructs for the various reasons (e.g., bankruptcy/financial hardship, entrepreneurial experience, personal motivations, etc.) that small businesses may shut their doors (De Tienne & Cardon, 2012; Wennberg & De Tienne, 2014).

Nonetheless, these data show very close parallels between the trajectory of female and African American entrepreneurship. Therefore, it is worth investigating whether African Americans and females may be susceptible to similar issues in their quest for entrepreneurial success. Research shows that entrepreneurship is stereotypically viewed as a white-male career choice (Gupta, Turban, Wasti, & Sikdar, 2009; Rosette, Leonardelli, & Phillips, 2008). Therefore, the central question examined in the current paper is whether or not a poor perception of fit with entrepreneurship might explain African Americans' and females' intent to quit. It is probable that some African American and female entrepreneurs, once engaged in business ownership, might begin to perceive a mismatch between their capabilities and the requirements of the role. This is likely to result in a desire to opt out. The rationale for this argument will be further outlined in a later chapter.

Another limitation of current entrepreneurial research, is that it has been examined primarily through the lens of sociological, management, and economic theories. There have been relatively fewer investigations of entrepreneurship within the field of psychology. In fact, a survey (Ireland & Webb, 2007) found less than thirty entrepreneurship-related articles published in top-tier psychology journals. Among these publications, with few exceptions (e.g., Baron, Markman, & Bollinger, 2006), a plurality focused on individual difference variables to explain entrepreneurial behavior. Ireland and Webb's survey results showed that the effects of personality on entrepreneurship (Miner & Raju, 2004; Stewart & Roth, 2001) were among the most commonly investigated lines of research. Although the representation of entrepreneurship research in top-tier psychology journals has likely not increased much beyond Ireland and Webb's findings in 2007, there has been a surge in alternative research publications taking a psychological approach to entrepreneurship research. For example, dimensions of the Big Five

have been linked to entrepreneurial performance (Zhao, Siebert, & Lumpkin, 2010); the effects of human and social capital factors on creation of small businesses (Martin, McNally, & Kay, 2013) and their performance (Stam, Arzlanian, & Elfring, 2014; Unger, Rauch, Frese, & Rosenbuch, 2011) have also been recently examined.

Psychologists have also begun to answer the call for more theory-based approaches to entrepreneurial research. For instance, there have been various applications of cognitive theory to better understand entrepreneurs' decision-making behaviors, and goal and leadership theories have been used to develop and test hypotheses regarding entrepreneurial venture growth (e.g., Baum, Bird, & Singh, 2011; Baum & Locke, 2004; Busenitz & Barney, 1997; Keh, Foo, & Lim, 2002; Kollinger, Minniti, & Schade, 2007). The progression towards greater reliance on theory, while gradual, represents movement in the right direction and certainly helps to quell criticisms of entrepreneurial research as being fragmented and lacking theoretical grounding (Shane & Venkataraman, 2000).

The current research relies heavily on psychological theory to develop and test hypotheses aimed at expanding our understanding of potential contributors to the under-representation of African American and female entrepreneurs in the U.S. economy. Specifically, it draws from Heilman's (1983) lack-of-fit model, elements of social identity theory (Tajfel, 1974; Tajfel & Turner, 1979), the double jeopardy hypothesis (Beale, 1970) and social learning theory - specifically, the concept of self-efficacy (Bandura, 1977) – to form the theoretical basis of a model which argues that perceptions of lack of fit with entrepreneurship ultimately results in the exodus of larger numbers of African American and female entrepreneurs, compared to their white male peers. The potential effect of developmental opportunities such as prior entrepreneurial experience, training, business planning, and mentoring on these relationships will

also be examined (see Figures 1-3 for the theoretical models). It should be noted that Heilman conceived the lack-of-fit model to explain how perceptions of women's lack of fit within male-typed occupations might negatively impact their career decisions and work experiences. According to this theory, expectations about how successful an individual will be within a particular role is determined by *others* or *one's own* perceptions of the degree of alignment between the requirements of the role and the individual's attributes. As described in detail in a later chapter, the current study focuses on how *self-perceptions* might impact the assessment of fit. It should also be noted that this study extends the lack-of-fit theory beyond women in the traditional job market, by considering how African American and females' *self-perceptions* might impact perceived alignment with the requirements of the entrepreneurial role. It will be argued that the theoretical propositions of the model are equally applicable to all groups that have been historically disadvantaged and the targets of negative social stereotypes (Heilman & Chen, 2003).

The contributions of this paper are twofold. First, it extends research on African-American and female entrepreneurship by conducting an empirical investigation of African American and female entrepreneurs' decision to remain in, or leave, the entrepreneurial role. To my knowledge, this is one of the first research studies to gather information from existing entrepreneurs about the reasons underlying their intentions to quit.

Second, it augments entrepreneurial research in psychology by utilizing psychological theories such as Heilman's (1983) lack-of-fit model, social identity theory (Tajfel, 1974; Tajfel & Turner, 1979) and Beale's (1970) double jeopardy hypothesis to theoretically support arguments for the under-representation of African-American and female entrepreneurs in the United States. Specifically, it tests the proposal that the desire to leave entrepreneurship could be explained, in

part, by the extent of African American and females' perceptions of fit, their identification with entrepreneurship and perceptions of their suitability for the role, as well as their developmental experiences. If supported, the results of these hypotheses could suggest interventions that would help retain African Americans and females in entrepreneurship.

All hypotheses were tested using data collected via a survey methodology from current African American and female entrepreneurs. The following chapter presents a review of the dominant themes in extant entrepreneurship literature. A more detailed discussion of the research gaps and how the current paper might reduce those gaps is also included.

## Chapter 2

### *Entrepreneurship*

Entrepreneurship is a complex phenomenon. It is highly evolutionary with a constantly changing pool of opportunities over time (Eckhardt & Ciuchta, 2008; Gartner, 1985) and the characteristics of entrepreneurs are likely to vary by industry (Cooper & Dunkelberg, 1981). This complexity is reflected in the variety of definitions of entrepreneurship that have been put forth. For example, in more process-oriented perspectives, entrepreneurship has been defined as a process through which persons recognize and exploit new business opportunities by founding new ventures (Shane & Venkataraman, 2000). It has also been defined as “acts of organizational creation, renewal, or innovation that occur within or outside an existing organization” (Sharma & Chrisman, 1999, p.17).

Other researchers have taken a more individual/personality-based approach and have sought to define entrepreneurship as a phenomenon stemming from the psychological characteristics of the individuals who spearhead new ventures. The main argument is that these individuals exhibit traits that are different from that of non-entrepreneurs. For example, they presumably have less risk-aversion, a higher need for achievement, and greater locus of control (Brockhaus, 1982; Sarasvathy, Simon, & Lave, 1998). The present paper adopts a more process-oriented perspective (e.g., Shane & Venkataraman, 2000), and for the purposes of this study, defines an entrepreneur as one who recognizes and exploits new business opportunities by creating a new small business.

Semantic differences in definitions notwithstanding, the fundamental tenets of entrepreneurship appear to be the recognition and pursuit of opportunities (Baron, 2006). In fact, one of the main themes of entrepreneurial research is the individual-opportunity nexus (Baron, 2006; Bygrave & Hofer, 1991; Shane, 2003). Within the context of entrepreneurial research,

opportunity has three central characteristics: potential economic value, that is, the capacity to generate profit; novelty; and perceived desirability. Recognition and pursuit of opportunities are considered germane to entrepreneurial success (Baron, 2006). The main precept of this line of research is that alertness leads to opportunity recognition which then leads to opportunity exploitation, and subsequently business success and growth. Entrepreneurs are believed to be either actively engaged in the pursuit of opportunities that they are able to discover through the development of sound business ideas over time (Sarason, Dean, & Dillard, 2006) or they can be engaged in a more passive search in which they are not actively seeking out opportunities, but are alert and uniquely prepared to recognize and exploit them should they appear (Baron, 2006; Gilad, Kaish, & Ronen, 1989).

Another dominant theme is entrepreneurial risks. Here the focus is on understanding entrepreneurs' assessment of risks and how these assessments influence their business decisions (Ireland & Webb, 2007). Findings are somewhat equivocal since some research has found risk-taking behavior to be positively related to entrepreneurial success, with entrepreneurs having greater risk-taking propensity than non-entrepreneurs (e.g., Stewart & Roth, 2001). In contrast, other research has found that entrepreneurs may engage in risk-averse behaviors when exploiting opportunities (e.g., Wu & Knott, 2006). Despite the equivocality of these findings there seems to be consensus that, by virtue of the nature of entrepreneurship, entrepreneurs bear greater financial, familial, reputational and career risks than typical wage earners (Ireland & Webb, 2007; Shane & Venkataraman, 2000; Wu & Knott, 2006). Entrepreneurs' ability to successfully navigate and mitigate those risks is likely a determinant of venture success or failure.

Another stream of entrepreneurial research focuses on an attempt to unearth the unique and enduring characteristics of the entrepreneur. Akin to the Great Man theory in the leadership literature (see Bass 1990 for a review), the results are inconclusive. The primary focus of this line of entrepreneurial research is the pursuit of surface-level variables to explain entrepreneurial behavior. However, as the current research proposes, the complexity of entrepreneurial behavior can best be understood by examining interactions between individual, social and environmental variables. Not surprisingly, there appears to be no definitive combination of personality/psychological traits unique to entrepreneurs. Attempts to discover the personality profile of entrepreneurs have been mostly futile (Brockhaus, 1982; Gartner, 1985). Although, need for achievement, locus of control and risk-taking propensity are among the psychological characteristics advanced as having some validity in differentiating entrepreneurs from non-entrepreneurs (Brockhaus, 1982).

More recently, researchers have begun to take a more multi-dimensional approach to the study of entrepreneurship. The significance of context in understanding entrepreneurship is increasingly underscored (Welter, 2011). Illustrative examples include research investigating the effects of social networks (Welter, 2011), education (Rogoff, Lee, & Heck, 1999), and acquisition of resources (Zhang, Soh, & Wong, 2010) on entrepreneurial activity. Context denotes external circumstances, conditions, situations or environments that function as accelerants or deterrents of entrepreneurial activity, and it is critical to entrepreneurial research since it provides a more comprehensive understanding of when, how, and why entrepreneurship occurs, and who is more likely to become involved (Welter 2011). Despite the move towards consideration of how contextual factors drive entrepreneurial behavior, white males continue to be the focus of a large majority of entrepreneurial research. This is troubling since, as discussed

below, there are likely to be distinct differences between the contexts within which white male entrepreneurs and their African American and female counterparts operate.

The almost exclusive focus of extant entrepreneurship literature on white male entrepreneurs suggests that research findings may not generalize to African Americans and females. Arguably, African American and female entrepreneurs are often confronted with external circumstances and conditions (i.e., context) that differ from that of their white male counterparts and these external situations may differentially affect their performance. Prevailing historical and social influences have been shown to adversely impact minority and female entrepreneurs' ability to access financial resources (Bates 2000; Moore & Buttner, 1997), develop strong social networks (Danes, Lee, Stafford, & Heck, 2008; Marlow, 2002), and exploit training and educational opportunities (Bates, 1985; Marlino & Wilson, 2003; Sullivan 2007). This has obvious implications for their performance and motivation to remain in entrepreneurship since the ability to access financial resources, having well-developed social networks, and training are among the factors thought to have the greatest impact on entrepreneurial performance (Rogoff et al., 1999; Welter, 2011; Zhang et al., 2010).

Research evidence suggests that an additional effect of existing historical and social conditions is to negatively influence perceptions of African American and female entrepreneurs' business acumen (Heilman & Chen, 2003; Zajonc, 2003). As will be discussed in greater detail below, one consequence of this may be that African American and female entrepreneurs develop unfavorable impressions of their fit with the entrepreneurial role. It is also argued that these negative perceptions of fit are likely to result in a greater desire to leave entrepreneurship.

The following chapter provides a general review of African American and female entrepreneurship research with a particular emphasis on social perceptions of their

entrepreneurial skill and the possible implications for their perceptions of fit with entrepreneurship.

### Chapter 3

#### *African American and Female Entrepreneurship*

Over the last several decades there has been a steady increase in the number of African Americans and females engaged in entrepreneurship (Fairlie & Robb, 2008; Kollinger & Minnitti, 2006). Recent data from the U.S. Census Bureau shows that 1.9 million businesses were African American-owned in 2007. This represents a sixty-percent increase from that of 2002. Within the same period, there was a twenty percent increase in female ownership with female-owned businesses totaling 7.8 million (Survey of Business Owners, 2010).

*Under-representation of African Americans and females in entrepreneurship.* Despite their increased participation in entrepreneurship, compared to Whites, African Americans continue to be under-represented. Numerous empirical studies utilizing a variety of data sources have examined the relationship between racial differences and participation in entrepreneurial activity (Bates, 2000; Borjas & Bronars, 1989; Fairlie, 1999; Fairlie & Robb, 2010; Hout & Rosen, 2000; Kollinger & Minnitti, 2006; Light & Rosenstein, 1995). Research findings have consistently evinced lower rates of entrepreneurship for African Americans compared to Whites. This pattern of findings has remained roughly constant for several decades (Fairlie & Meyer, 2000), and was also evident in recent census data. The U.S. census data found 1.9 million African American-owned businesses in operation in 2007. By comparison, 22.6 million businesses were white-owned (Survey of Business Owners, 2010). African Americans' involvement in entrepreneurship is by no means representative of their overall percentage of the American population (House, 2000).

Ironically, the data shows African Americans to be fifty percent more likely than Whites to engage in start-up activities (Kollinger & Minnitti, 2006). However, this seemingly

contradictory finding is easily understood when one considers the fact that African American start-ups, on balance, tend to be much smaller and less profitable than that of Whites (Edelman, Brush, Manolova, & Greene, 2010) and thus, are more likely to fail.

The circumstances are similar for female entrepreneurs. The data shows, on average, a fifty-percent difference in rates of business ownership between males and females, and that difference has also remained fairly constant over the years (Fairlie & Robb, 2008). The census estimate of 7.8 million female-owned businesses noted above, while impressive, is overshadowed by the fact that female business ownership continues to lag significantly behind that of males (13.9 million), and in many countries, including the United States, women remain “a largely untapped pool of entrepreneurial talent” (Baughn, Chua, & Neupert, 2006, p. 687).

Multiple arguments have been advanced to explain the disproportionate presence and performance of African American and female entrepreneurs in the U.S. labor market compared to that of their white male counterparts. Among the most commonly identified factors are unequal access to financial opportunities (Bates, 2000; Zhang et al., 2010), inadequate training and mentoring opportunities (Marlino & Wilson, 2003; Sullivan, 2007), and a tendency to engage in less profitable industries, which makes them more likely to fail (Du Reitz & Henrekson, 2000; Fairlie & Robb, 2008).

The current paper proposes perceptions of lack of fit, low levels of identification with entrepreneurship, and feelings of being ill-suited for the entrepreneurial role as alternate explanations. In addition, the following section provides a review of relevant theoretical and empirical work on African American and female entrepreneurship to support the argument that perceptions of poor fit and suitability, and lack of identification, are likely a result of persistent negative social perceptions of the entrepreneurial skill of African Americans and females. It will

also be argued that these negative social perceptions potentially impacts not only African American and females' participation in entrepreneurship, but also their desire to quit their entrepreneurial enterprises.

*Social perceptions of African Americans and females as entrepreneurs.* There is an abundance of research illustrating the far-reaching consequences of negative social attitudes towards African Americans and females in traditional organizations (Brief, Dietz, Cohen, Pugh, & Vaslow, 2000; Eagly & Karau, 2002; Heilman, 2001; Ziegert & Hanges, 2005). Although self-employment is often viewed by minorities and females as a means of escaping inequities within the traditional job market (Heilman & Chen, 2003), a growing body of research suggests that this idealized view of self-employment might be somewhat misguided. Several studies reveal that negative social perceptions of the competence and credibility of African Americans and females continue to adversely impact their ability *or* motivation to successfully enter and maintain entrepreneurial ventures (e.g., Godwyn, 2009; Henry & Kennedy, 2003; Light & Rosenstein, 1995; Thébaud, 2010; Woldie & Adersua, 2004; Zajonc, 2003). Stereotype-driven expectations regarding their business acumen are likely to result in disadvantageous circumstances for African American and female entrepreneurs in many areas, including access to credit, and the ability to acquire a client base (Heilman & Chen, 2003); all of which may ultimately impact the degree to which these entrepreneurs perceive themselves as being a fit with entrepreneurship.

Entrepreneurship researchers have conducted several theoretical and empirical analyses of the pernicious effects of negative social perceptions on African American and female entrepreneurship. For example, Zajonc (2003) postulates a link between persistent negative social perceptions and African American entrepreneurship. Zajonc utilized 1997 economic census data to conduct a study investigating the prevalence and magnitude of black-owned

enterprises across different regions of the United States. Findings confirmed that there were significant differences between Blacks' and Whites' engagement in entrepreneurship.

To explain these differences, Zajonc proposed a "legacy of slavery" hypothesis. He used the term to encapsulate the slave system and all racially oppressive institutions which were a by-product of that system. He argued that slavery directly and indirectly impacted black business ownership: a) directly – lack of land ownership, the inability to accumulate capital, and the limited educational opportunities that characterized the slave system can be connected through intergenerational linkages to existing levels of black entrepreneurship; b) indirectly – persistent discriminatory practices subsequent to the abolition of slavery prohibit African Americans from engaging in entrepreneurship and ultimately being successful.

Additional evidence of the impact of negative social attitudes towards African Americans as entrepreneurs is the finding that African Americans typically have greater difficulty in securing funding for their business ventures than do Whites (Bogan & Darity, 2008; Fairlie, 1999; Fairlie & Robb, 2010). The documented wealth gap between Blacks and Whites (Blau & Graham, 1990; Kaba, 2011) suggests that in the absence of large personal cash reserves, African Americans would need to have access to external sources of funding. However, securing such funding is rarely guaranteed. Chen and Cole (1988) conducted three studies aimed at examining issues faced by minority business owners when trying to acquire capital. Their results showed that Hispanics and Asians more closely approximated non-minority business owners in terms of their ability to acquire capital from a variety of sources at limited cost. In contrast, they found that compared to Whites, African Americans faced increased discrimination from lending institutions, except in instances where they applied to minority-owned lending institutions competing for black clientele.

Overall, Chen and Cole's findings showed that African American firms consistently had smaller amounts of capital at start-up, and that deficit was found to persist throughout their tenure in entrepreneurship. Converging evidence was seen in a study conducted by Blanchflower, Levine, and Zimmerman (1998). The authors found that African Americans were twice as likely as Whites to be denied credit from banking institutions. This difference remained even after controlling for credit-worthiness, which was operationalized as whether or not the business owner had filed for bankruptcy within the last seven years or had been delinquent on business obligations. A similar pattern of findings has also been evinced in more recent studies (e.g., Cavalluzzo, Cavalluzzo, & Wolken, 2002; Fairlie & Robb, 2010).

The research shows a similar pattern of findings for female entrepreneurship (e.g., Henry & Kennedy, 2003; Woldie & Adersua, 2004). Research evidence suggests that masculine stereotyping of entrepreneurship has the potential to negatively impact female entrepreneurial activity since it can distort the perceptions of members of the business community (e.g., customers, suppliers, creditors, etc.) upon whom female entrepreneurs rely to make their ventures successful (Baughn et al., 2006; Buttner & Rosen, 1988; Thébaud, 2010). To succeed, a business owner needs to be perceived as having a certain degree of legitimacy in the eyes of the business community. This potentially presents a problem for female entrepreneurs, since, to the extent that the business community subscribes to the notion that entrepreneurship is gendered masculine, female entrepreneurs would have "an additional burden of establishing legitimacy as viable entrepreneurs" (Blake, 2006, p. 188).

Additionally, women have cited lack of respect and perceptions of lower credibility as barriers to their involvement and success in the entrepreneurial process (Henry & Kennedy, 2003; Woldie & Adersua, 2004). One possible consequence of these negative perceptions of

female entrepreneurs' capability is a decreased ability to secure credit for their business ventures (Baughn et al., 2006; Coleman, 2000; Thébaud, 2010). It should be noted, however, that research evidence in this area is mixed. For instance, some studies (e.g., Blanchflower, Levine & Zimmerman, 2003) found that after accounting for borrower characteristics such as past credit history, gender differences in loan application denials and interest rates disappeared. Conversely, Coleman (2000) found that while there were no gender differences in credit availability, there were significant gender differences in the terms of loan contracts. Specifically, female entrepreneurs paid significantly higher interest rates and were more likely to put up collateral than males. Cavalluzzo and colleagues (2002) also found some evidence of higher loan application denial rates for female entrepreneurs, although, this difference was only observed in less competitive lending markets.

The equivocality of this line of research notwithstanding, there is enough evidence to suggest that negative social perceptions of African Americans and females can result in many challenges which may serve to make entrepreneurship seem to be a less appealing career choice for these groups of individuals. Much of the research reviewed above, however, have approached the issue of the under-representation of Africans and females in entrepreneurship from a financial perspective, and have primarily focused on the business. In other words, the focal argument is that African American and female-owned businesses encounter financial constraints which consequently result in business failure. There is very little focus on the business owner him/herself (Hessels, Grilo, Thurik, & van der Zwan, 2011). Left unanswered are questions such as, what impact do these constraints – financial or otherwise - have on the African American and female business owners' perceptions of entrepreneurship, and do these perceptions affect their decision to stay or leave entrepreneurship?

The current paper puts primary focus on the business owner and explores how existing negative social perceptions and the concordant constraints of African American and female entrepreneurship affect their perceptions of fit, identification, and suitability for the role.

This chapter touched briefly on some psychological constructs. However, in the following chapter, a more detailed review of the role of psychology in entrepreneurial research will be undertaken. First, entrepreneurship research conducted in three main areas of psychology will be briefly reviewed. Next, arguments for the role of fit (Heilman, 1983) in explaining the disproportionate presence of African American and female entrepreneurs in entrepreneurship will be outlined in greater detail. The role of African American and females' identification with entrepreneurship, perceptions of suitability for the role, entrepreneurial self-efficacy, and prior experience will also be discussed in greater detail.

## Chapter 4

### *Psychology and Entrepreneurial Research*

As noted in the introduction, to date, there has been very little entrepreneurship-related content published in top-tier psychology journals. Despite the void of entrepreneurial research in psychology journals however, psychology has gained some presence in entrepreneurship research. Entrepreneurship scholars have increasingly begun to seek out psychological theories and principles as a means of providing much needed clarity to the entrepreneurial process (Frese & Gielnik; 2014; Ireland & Webb, 2007). As the current research aims to demonstrate, psychology has great potential for providing theoretical grounding for scholarly work exploring African American and female entrepreneurial performance, and entrepreneurship in general.

*The utility of psychology in entrepreneurial research.* As Hisrich and colleagues (2007, p. 575) argue, psychologists are uniquely qualified to “help identify the factors that influence new venture creation and success and inform the construction of public policy to facilitate entrepreneurship”. One of the hallmarks of the entrepreneurship literature is being oversaturated with theoretical work (e.g., Aldrich & Waldinger, 1990; Baron, 2006; Ireland & Webb, 2007; Welter, 2011). While these theoretical treatments are certainly informative, they do not provide definitive answers to persistent questions plaguing entrepreneurship research since many of the theoretical conjectures are not empirically tested. Furthermore, a review of the methodology utilized in extant entrepreneurial research reveals a need for improvement of construct validity and reliability of measurement scales, and more longitudinal research aimed at studying the entrepreneurial process over time (Hisrich et al., 2007). According to Hisrich and colleagues, the theoretical sophistication and methodological rigor characteristic of the field of psychology could be potentially valuable in the attainment of a more comprehensive view of

entrepreneurship. The present research answers the call for more empirical investigations based on theory, and later in this chapter, draws from multiple psychological theories in order to develop and test hypotheses aimed at explaining the under representation of African American and females in entrepreneurship. In the following sections entrepreneurial research conducted within three main areas of psychology will be briefly reviewed.

*Cognitive psychology.* Cognition is unquestionably a significant component of entrepreneurship. Kreuger (2003) emphatically argues that a firm grasp of cognition is essential to truly understand the emergence and evolution of entrepreneurship. Moreover, he believes cognitive research to be one of the “most fertile grounds for future entrepreneurship research” (p. 107). Opportunity recognition, one of the cornerstones of successful entrepreneurship, could best be understood from a cognitive perspective. Entrepreneurs are believed to identify new business ventures by using cognitive frameworks acquired through their prior experiences to make connections between ostensibly unrelated events or trends in the environment (Baron, 2006).

Over the years, there has been growing interest in an alternative stream of research aimed at unveiling limitations in entrepreneurs’ decision-making ability (Bakker, Curseu, & Vermeulen, 2007). To this end, cognitive psychological theories have been utilized to examine the impact of cognitive biases on entrepreneurial decision-making. Here, the argument is that the complexity of the decisions encountered by entrepreneurs, coupled with the abridged timeframes within which these decisions must often be made, creates a breeding ground for cognitive heuristics and biases (Busenitz & Barney, 1997). Overall, this line of research has found entrepreneurs to be: prone to overconfidence (Cooper, Dunkelberg, & Woo, 1988; Kollinger et al., 2007), more likely than non-entrepreneurs to overemphasize the extent to which their skills

determine performance, and more likely to utilize limited numbers of informational inputs to inform their decisions and draw conclusions (Keh et al., 2002). These cognitive biases have all been found to negatively impact financial performance. Given the high failure rates of entrepreneurial ventures, this is a potentially impactful line of research.

*Social psychology.* Considerably less academic research has been done linking social psychological concepts to entrepreneurship. Of the research conducted, the focal concern has been to understand the effects of social behaviors on entrepreneurship. As an example, Baron (2008) theorized that because entrepreneurs operate in environments which are very fluid and unpredictable, their cognition and behavior may be particularly susceptible to the influences of affect. In this theoretical piece, Baron posits various ways in which positive and negative affect can potentially impact entrepreneurs' decision-making, stress tolerance, creativity, problem solving and development of social networks.

Several empirical investigations of the relationship between social skills and entrepreneurial behavior have also been conducted. For example, Baron and Tang (2009) investigated the effects of entrepreneurs' social perception, skill at self-promotion and expressiveness on financial performance. All three variables were positively correlated to the financial performance of entrepreneurs' business ventures. The effect of entrepreneurs' physical attractiveness on perceptions of their product ideas and financial success has also been investigated (Baron et al., 2006). Results indicated that the product ideas of more attractive entrepreneurs were rated more favorably by research participants. Baron and colleagues also found evidence of a positive correlation between entrepreneurs' attractiveness and financial success of their ventures. In general, research conducted in this area has supported the thesis that entrepreneurs' social behaviors can, and do, impact their ventures' performance.

*Industrial-Organizational psychology.* It is quite ironic that within industrial-organizational (I/O) psychology, the area of psychology exclusively dedicated to the scientific study of workplace behaviors, there has been even less research aimed at understanding entrepreneurship. For whatever reason, the foci of a plurality of extant I/O research are large, established organizations, and employees rather than founders (Baron, 2008). One of the main areas of investigation has been isolating the motivational influences of entrepreneurial activity. For instance, one study investigated the role of task motivation in the growth of entrepreneurial ventures and found task motivation to be positively correlated to firm growth (Miner, Smith, & Bracker, 1989). Task motivation was also found to differentiate between entrepreneurs and non-entrepreneurs. Specifically, entrepreneurs evinced higher levels than non-entrepreneurs. In a six-year longitudinal study of entrepreneurs in a single industry, Baum and Locke (2004) found evidence that entrepreneurs' goals, self-efficacy and communicated vision were predictive of their business ventures' growth. More recent studies have examined how values and motivation impact entrepreneurial intention, and ultimately, performance (Fayolle, Liñan, & Moriano, 2014; Rey-Martí, Porcar, & Mas-Tur, 2014; Sullivan & Meek, 2012).

The preceding review demonstrates that psychological theories have successfully been applied to the study of entrepreneurship in general. However, to my knowledge, they have never been utilized to explain African American or female entrepreneurship. In the following sections, various psychological theories and their application to both African American and female entrepreneurial activity will be discussed.

*Lack-of-fit model.* Heilman's (1983) lack-of-fit model proposes gender stereotypes as a primary component of the causal relationships that underlie discrimination in the workplace. According to Heilman, not only do the sexes have gender traits attributed to them, but jobs are

also classified along gender lines. She refers to the gender classification of jobs as “sex-typing” (p.276). Heilman argues that discrimination in the workplace occurs at the nexus of gender stereotypes and sex-typing of jobs. As such, “ expectations about how successful or unsuccessful an individual will be when working at a particular job are determined by the fit between the perception of an individual’s attributes and the perception of the job’s requirements in terms of skills and abilities” (p.278).

The main argument of the model is that there is a perceived incongruence between stereotypical characteristics and behaviors attributed to women, and the characteristics and behaviors needed for success at male-typed jobs (Lyness & Heilman, 2006). Ostensibly, greater incongruity between the perceptions of the job requirements and perceptions of women’s ability results in a greater magnitude of perceived lack of fit. One consequence of this perceived incongruity is that others engage in negative evaluations of women’s ability, and as a result, women are expected to perform less competently than their male peers. To the extent that these expectations are internalized, they inevitably serve as a filter for all information regarding women’s performance, and have been shown to influence critical decisions such as selection (Goldin & Rouse, 2000) and performance evaluations (Lyness & Heilman, 2006) in organizational settings.

An alternative consequence of the perceived misalignment between requisite skills and abilities of male-typed jobs and stereotypes associated with women, is a tendency for women to engage in, what Heilman dubs, “self-limiting behaviors” (p. 269). She proposes that women who perceive a lack of fit between their attributes and the requirements of a job, engage in a negative self-evaluation which results in self-limiting career options and career advancement. In other

words, women are believed to expect failure, resulting in self-fulfilling prophecies or avoidance of particular jobs (Morris, 2010).

Converging support for the lack-of-fit model has been demonstrated across multiple studies. For example, Pichler, Simpson and Stroh (2008) utilized the lack-of-fit model as a theoretical lens to test the proposition that compared to men, women would be more likely to occupy lower-level human resource management positions. Their findings provided support for this hypothesis. Similarly, Riach and Rich (2002) found that compared to men, there was a greater incidence of sex discrimination against women applying for more senior, higher status jobs usually dominated by men. Lyness and Heilman (2006) also tested and found support for the lack-of-fit model. The authors utilized archival data from upper-level managers to investigate how gender and type of position (line or staff) impacted performance evaluations. Concordant with the principles of lack of fit, the results showed that women in line jobs (male-typed positions) received lower performance ratings than did women in staff jobs (female-typed positions) or men occupying either line or staff jobs.

While most of the studies testing the lack-of-fit model have done so from the perspective of how negative evaluations from others can impact women's experience at work, there has also been support for the self-limiting component of Heilman's model. For example, Bosak and Sczesny (2008) provided recruitment advertisements for a fabricated leadership position to a sample of young professionals and asked them to rate their suitability for the position. The results showed that, compared to men, women consistently rated themselves as less suitable for the leadership position. Interestingly, this pattern of findings was evident even when the current leader was described as female. Bosak and Sczesny also conducted a mediation analysis to determine whether the gender differences in suitability ratings were accounted for by

participants' self-report of agentic traits. Findings confirmed their hypothesis. From this, the authors concluded that consistent with the proposition of the lack-of-fit model, women viewed themselves as less suited to the leadership role because they perceived themselves as possessing fewer of the agentic traits deemed to be requisite of that role.

Although the subjects of all of the previously reviewed research were employees within traditional work organizations, in the following section it will be argued that the propositions of the lack-of-fit model are also relevant and applicable to females and African Americans engaged in entrepreneurship.

*Lack-of-fit applied to female and African American entrepreneurship.* It is evident from the preceding review that Heilman's lack-of-fit model was initially conceived to explain the causal mechanisms underpinning gender discrimination against females in the workplace. Although a preponderance of scholarly work examining lack of fit specifically targets the exploration of incongruity between stereotypical female behaviors and the attributes needed for managerial success, the current paper's argument for the applicability of the lack-of-fit model to African American entrepreneurship is not unfounded, since, the tenets of the model are equally applicable to other social groups that have been historically discriminated against (Heilman & Chen, 2003; Holmes, 2011). As described below, entrepreneurship is conceived of as a white-male typed role (Gupta et al., 2009; Rosette et al., 2008). Consequently, the lack-of fit theory would suggest that to the extent that African American and female entrepreneurs internalize stereotypical beliefs about their respective group membership, the greater should be the perceived misalignment between their attributes and the requirements for the role.

Since Heilman's (1983) seminal work, in addition to the numerous explorations of fit influencing sex bias (e.g., Lyness & Heilman, 2006; Pichler et al., 2008; Riach & Rich, 2002)

there have been several empirical investigations of the relationship between fit and other forms of bias. For instance, the lack-of-fit model has been used to examine discrimination in terms of weight (Finkelstein, Frautschy, & Sweeney, 2007; Polinko & Popovich, 2001), attractiveness (Heilman & Stopeck, 1985), age (Macan, Detjen, & Dicky, 1994), sexual orientation (Pichler, Varma, & Bruce, 2010), and most recently, race (Holmes, 2011).

The commonality across these studies is that they have all explored how various biases impact the work life of employees in the mainstream labor market. None have explored the effects for individuals engaged in business ownership. This oversight may be attributed to the fact that minorities and females are often said to seek out business ownership as a means of escaping discrimination in the traditional job market. However, as was illustrated in previous chapters, the exodus into entrepreneurship is not necessarily an antidote to discriminatory practices. As Heilman and Chen (2003, p. 359) aptly put it, “the autonomy and control of being an entrepreneur, although it effectively precludes many concerns that are likely to preoccupy these individuals [in reference to ethnic minorities and females] when they are employees of an organization, does not provide immunity from stereotyping and the bias it produces”.

While gender discrimination in the mainstream labor market is well documented (e.g., Davison & Burke, 2000; Heilman, 1983) there is also growing evidence that similar patterns of gender segregation may be replicated in entrepreneurship (Godwyn, 2009; Thébaud, 2010). As will be discussed below, entrepreneurship is presumed to be gendered masculine (Gill & Ganesh, 2007; Gupta et al., 2009; Marlow, 2002). Consequently, this paper contends that the principles of the lack-of-fit model are both applicable and relevant to better understanding females’ entry and tenure within the entrepreneurial process.

Recall from previously discussed studies that sex-typing is an essential premise of the lack-of-fit model. Women are believed to be more suited to jobs requiring more communal qualities such as expressiveness, connectedness, kindness and supportiveness. Conversely, men are believed to be better suited to jobs that require more agentic qualities such as independence, aggressiveness, instrumentality and autonomy. Gender role systems create prescriptive behaviors that are stereotypically male or female, and this informs individuals' career choices as well as societal attitudes towards those choices (Baughn et al., 2006). In many circles, women continue to be viewed as primary care givers for children and dependent relatives irrespective of the number of hours worked outside of the home. The classification of jobs along gender lines is rooted in a traditionalist notion that "important" work is solely within the purview of males (Heilman, 1983). This results in a skewed perception of women's competence in tasks outside of the feminine mold. For instance, in male-typed roles such as entrepreneurship, compared to men, women are expected to be less competent (Thébaud, 2010).

Notably, these lower expectations of women's competence is not necessarily only held by men. Common stereotypes regarding certain groups are public knowledge held by all members of a particular society. An illustrative example of this is the literature examining the effects of stereotype threat on women's performance in math-related domains. This research shows that women's knowledge of the pervasive stereotype that they perform less well in mathematics than men, has the ability (in certain circumstances) to negatively impact their performance (Spencer, Steele, & Quinn, 1999). Stereotype threat is defined as the "experience of being in a situation where one faces judgment based on societal stereotypes about one's group" (Spencer et al., 1999, p. 5). The authors proposed that the increased pressure created in situations where there is a possibility of one's ability or aptitude being judged against a prevailing stereotype can have a

negative impact on performance. The authors conducted a series of experiments to test the effects of stereotype threat on women's math-performance and one of the main findings was the following: in an equally qualified sample of men and women, when the math test was described as one producing gender differences (high stereotype threat), women performed significantly worse than men. Similar findings have been demonstrated among African-American and Caucasian samples (e.g., Steele & Aronson, 1995). One inference that can be made based on these findings is that women (and African American) entrepreneurs' knowledge that they are being judged against a prevailing stereotype of what a successful entrepreneur looks like, is likely to negatively impact their perceptions of fit.

Historically, entrepreneurship has had a decidedly masculine silhouette (Gill & Ganesh, 2007; Gupta et al., 2009; Marlow, 2002). Definitions of entrepreneurship characterize it as a man's domain. For example, in one of the earlier treatments of the topic, Schumpeter (1934) describes the entrepreneur as a *man* of industry. Thirty years later Liebenstein (1968) proffers a characterization of the entrepreneur as a *hero* who perceives gaps and connects markets. Such overt biases are no longer highly visible in recent times but the entrepreneurial role continues to be defined in ways that are more masculine than feminine. Entrepreneurs are commonly described as bold, aggressive and calculative (Marlow, 2002). In a study of American, Indian and Turkish business students, Gupta and colleagues (2009) found stronger associations between entrepreneurship and masculine characteristics. Both male and female participants perceived entrepreneurship as having "predominantly masculine characteristics" (p. 4). Even in the popular press, women entrepreneurs are less likely to be featured than men. It is much more common to read about the exploits of Donald Trump, Bill Gates, etc., than it is to read about successful female entrepreneurs (De Bruin, Brush, & Welter, 2006). Given these findings, it is posited that:

H1a: Controlling for the effects of type of industry, female entrepreneurs will perceive less fit between themselves and entrepreneurship than would their male counterparts.

It should be noted that research findings show that African American and female entrepreneurship continues to be impacted by historical and social factors that have resulted in greater concentration in retail and services industries compared to their White male peers (Bates, 1985; Godwyn, 2009; Mayer, 2008). These are typically the areas to which they are likely to have had the most exposure – either through direct prior experience or having had a role model in the form of a parent or family member. This degree of familiarity has been shown to increase African Americans' and females' entrepreneurial intentions as well as expectations for success (Wilson, Kickul, Marlino, Barbosa, & Griffiths, 2009). It is also expected to impact their perceptions of fit, identification and suitability. Consequently, the effects of industry type will be statistically controlled for when testing Hypotheses 1, 2, 6 and 7.

The focus of the remainder of this section will be on the lack-of-fit model as it applies to African Americans. The key concern of research examining lack of fit from an African American perspective has been perceived suitability for managerial roles. For example, Chung-Herrera and Lankau (2005) tested the proposal that there would be greater fit between Whites and the perceived skills of successful managers compared to other racial groups. Consistent with their hypothesis, results showed that Whites were rated as highly congruent with the attributes of successful managers, while African Americans and Hispanics were rated as less congruent. Research consistently shows that the leadership skills of African Americans are considered inferior to that of their white counterparts (e.g., Ellis, Ilgen, & Hollenbeck, 2006; Hosada, Stone, & Stone-Romero, 2003; Landau, 1995). Leaders are often evaluated in terms of their prototypicality (Lord, Foti, & De Vader, 1984) and as the research shows, Caucasian ethnicity

remains the prototype for competent leadership (Holmes, 2011; Rosette et al., 2008). While the subjects of these research studies were all employed within traditional organizations, the findings can arguably be extrapolated to entrepreneurship, since, in essence, entrepreneurs are the *leaders* of their entrepreneurial ventures.

To date, with the exception of a theoretical piece by Heilman and Chen (2003), there have been no academic applications of lack of fit to African American entrepreneurship. This is surprising since universal perceptions of entrepreneurs depict them as bold, aggressive, intelligent and powerful (Liebenstein, 1968; Marlow, 2002) qualities which, according to stereotypical beliefs, African Americans do not possess (Devine, 1989). Inconsistencies between stereotypes of out-group members (e.g., ethnic minorities) and implicit leadership prototypes ultimately result in biases regarding the ability of out-group members to assume an effective leadership role (Lord & Maher, 1991). In a very real sense, “stereotypes can be powerful gatekeepers restricting access for people who do not fit the prevailing stereotypes” (Gupta, Turban, Wasti, & Sikdar, 2005, p. 2).

African Americans are commonly associated with negative social stereotypes such as laziness, ignorance, and incompetence (Burns & Gimpel, 2000; Devine & Elliot, 1995; Dixon & Rosenbaum, 2004), attributes which are antithetical to that of the prototypical entrepreneur. Furthermore, historically, Caucasian ethnicity has been ascribed to the prototype of the American entrepreneur (Rosette, et al., 2008). Whether by design or accidentally, white males serve as the point of comparison for what successful entrepreneurship *should* look like. Thus, to the extent that this presumption of the categorization of entrepreneurship holds, African Americans are less likely to be considered a match with the prototype of entrepreneurship. Based on the above findings, it is predicted that:

H1b: Controlling for the effects of type of industry, African American entrepreneurs will perceive less fit between themselves and entrepreneurship than would their white counterparts.

The remaining sections of this chapter will present research evidence to support the argument that African American and female entrepreneurs' perceptions of fit, or lack thereof, ultimately results in a desire to opt out of entrepreneurship. The role of African American and females' identification with entrepreneurship, perceptions of suitability for the role entrepreneurial, self-efficacy and prior entrepreneurial experience will also be discussed.

*Identification with entrepreneurship and perceptions of suitability.* Social identity theory (Tajfel & Turner, 1979) has increasingly been used to explain organizational behavior in a range of domains. One such domain is turnover intentions, which refers to individuals' intent to leave an organization or occupation (e.g., Van Dick et al., 2004). Briefly, social identity theory postulates that group membership is a function of social comparisons between *in-groups* and relevant *out-groups*. Self-categorization theory, which is a major component of the social identity approach, suggests the following: to the extent that individuals perceive themselves as being similar to their in-group, they will be more inclined to categorize themselves as belonging to that group, and as a result, are more likely to identify with that group. Group members are believed to develop a collective self-concept, aligned with in-group members but divergent from members of the out-group.

One consequence of the group categorization process is the development of group membership prototypes, which then become benchmarks for evaluation of group identity (Hogg & Terry, 2000). Earlier, it was argued that when comparing themselves to the *prototypical* entrepreneur, African American and female entrepreneurs would likely perceive a lack of fit with

entrepreneurship. Theorizing from the social identity approach suggests that this dissimilarity should result in reduced identification with entrepreneurship. Thus, controlling for the effects of industry type, the following are proposed:

H2a: African American entrepreneurs will report lower levels of identification with entrepreneurship than will their white peers.

H2b: Female entrepreneurs will report lower levels of identification with entrepreneurship than will their male peers.

As mentioned above, one of the major applications of identity theory is to turnover intentions (Van Dick et al., 2004). Exploration of identity-fit dynamics is a well-established line of organizational research (e.g., Schneider, 1987). While an in-depth review of this body of work is beyond the scope of this paper, it suffices to note that the main precept of this area of research is that congruence between individuals' attributes and that of their workplace (Ostroff, Shin, & Kinicki, 2005; Schneider, 1987) or occupation (Kristof-Brown, Zimmerman, & Johnson, 2005) is associated with positive outcomes. Specifically, high congruence is thought to increase propensity to join, experience satisfaction, and remain with, an organization or occupation (Peters, Ryan, Haslam, & Fernandes, 2012). From a social identity perspective, a negative social identity derived from comparisons with other members of a social group (e.g., an occupation) is thought to motivate that individual to achieve a more positive identity (Cameron, 2004). One way of achieving that positive identity is to leave the group.

Research shows that individuals' perceptions of similarity to a prototypical model of their occupation precipitates improved performance and increased motivation to remain within that occupation (Schneider, Smith, Taylor, & Fleenor, 1998). In other words, those individuals who perceive greater fit with an occupational identity are less likely to leave. This proposition was

tested most recently by Peters and colleagues (2012) using a sample of trainee surgeons. According to the authors, surgery is arguably, one of the most masculine medical specialties. Therefore, it provided an appropriate context to test the hypothesis that, compared to men, women would report greater lack of fit, reduced occupational identification, and greater intent to quit. The results of the study confirmed the hypothesis. Based on these findings, the following is hypothesized:

H3: Perceptions of fit with entrepreneurship will be negatively related to intentions to quit.

H4: Identification with entrepreneurship will be negatively related to intentions to quit.

To my knowledge, identity-fit has never been applied to entrepreneurship. However, the previously reviewed findings are consistent with this paper's argument that the continued underrepresentation of African Americans and females in entrepreneurship can potentially be explained by the interplay between perceptions of fit and identity. To the extent that African American and female entrepreneurs perceive themselves as poor fits with entrepreneurship, it is anticipated that they would feel greater disidentification, and consequently, an increased desire to exit entrepreneurship. While it is acknowledged that poor performance is not the sole motivator of entrepreneur exit (c.f., De Tienne & Cardon, 2012), it is not unreasonable to assume that, all else being equal, an entrepreneur's success might influence his/her intent to leave to some degree. On this basis, using business success as a control variable, it is hypothesized that:

H5a: African American entrepreneurs will report a greater desire to leave than will their white peers after controlling for business success.

H5b: Female entrepreneurs will report a greater desire to leave than will their male peers after controlling for business success.

Not only are perceptions of fit expected to influence entrepreneurial identification, but also perceptions of suitability for the role. Presently, although there is a substantial volume of research investigating how perceptions of fit, or lack thereof, can influence evaluations of the suitability of others for occupational roles (e.g., Eagly & Karau, 2002), there is relatively little investigating individuals' assessment of their own fit and suitability for roles. An illustrative example of the latter, is Bosak and Sczesny's (2008) empirical investigation of how women's self-views might affect their perceptions of suitability to managerial positions. Consistent with their hypothesis, compared to males, female participants judged themselves as less suitable candidates for the leadership positions. These findings underscore the presumption that the greater the degree of mismatch between oneself and what is deemed prototypical of a particular role, the less suited should one consider themselves for that role. Consequently, controlling for the effects of type of industry, the following hypotheses are proposed:

H6a: African American entrepreneurs will report lower perceptions of suitability than will their white peers.

H6b: Female entrepreneurs will report lower perceptions of suitability than will their male peers.

If in fact, as research findings suggest, perceptions of lack of fit ultimately result in increased desire to leave entrepreneurship, it is then imperative to identify factors which can promote greater perceptions of fit.

#### *Factors Impacting African American and Female Entrepreneurs' Perceptions of Fit*

The current research posits entrepreneurial self-efficacy, success, previous entrepreneurial experience, and other developmental opportunities as potential contributors to greater perceptions of fit. As will be discussed below, these variables have the potential to

increase the preparedness and competence of the entrepreneur and/or make entrepreneurship a more attractive, viable career choice.

*Entrepreneurial self-efficacy.* Failure to find personality variables that reliably predicted entrepreneurial behavior (Brockhaus, 1982; Gartner, 1985), in part, led researchers to focus efforts on examination of the role of self-efficacy (Chen, Green, & Crick, 1998). Self-efficacy refers to individuals', "capabilities to mobilize the motivation, cognitive resources, and courses of action needed to exercise control over events in their lives" (Wood & Bandura, 1989, p.364). Self-efficacy is thought to influence individuals' choices, in the sense that they are more apt to pursue situations in which a high degree of personal control is anticipated and avoid those in which it is not (Bandura, 1977). This aspect of efficacy theory precipitated research examining the role of self-efficacy in individuals' career choices (e.g., Betz & Hackett, 1986) and it was found that individuals' assessment of their capabilities directs them towards "occupations in which they feel efficacious but avoid occupations in which they feel a lack of competence" (Chen et al., 1998, p. 297).

Since entrepreneurship is often described as a particularly intentional career choice (Bird, 1988), research efforts eventually focused on the role of efficacy as an antecedent in entrepreneurial choice. This marked the introduction of the concept of entrepreneurial self-efficacy (ESE) into the entrepreneurship literature (Boyd & Vozikis, 1994). Entrepreneurial self-efficacy refers to an individual's belief in his or her capability to successfully perform the roles and tasks of entrepreneurship (Boyd & Vozikis, 1994; Chen et al., 1998). It is believed to be instrumental in determining individuals' entrepreneurial intent (Boyd & Vozikis, 1994; Zhao, Siebert, & Hills, 2005), and is considered one of the focal prerequisites for entrepreneurship (Krueger & Brazeal, 1994). In addition to investigating the role of ESE as an antecedent to

entrepreneurial choice (Chen et al., 1998; Zhao, et al., 2005), researchers have also sought to determine whether ESE reliably differentiates between entrepreneurs and non-entrepreneurs (e.g., Chen et al., 1998) and whether or not there are gender differences in ESE (e.g., Dyer, 1994; Scherer, Brodzinski, & Wiebe, 1990; Wilson, et al., 2007).

While ESE is considered a relatively stable characteristic of entrepreneurs, it not immutable (Chen et al., 1998) and is thought to develop over time, as it may be influenced by various factors such as one's upbringing, economic and social circumstances, and personal values (Cox, Mueller, & Moss, 2002). Research findings regarding gender and ethnic differences in ESE are mixed (e.g., Mueller & Dato-On, 2008; Scherer et al., 1990; Wilson et al. 2007). However, given the arguments regarding the role of economic and social factors in the development of ESE (Cox et al., 2002), it is expected that there will be ethnic and gender differences in ESE. As argued above, industry type was expected to impact these relationships and was controlled for in the analysis. Because it was also expected that an entrepreneurs' success might influence perceptions of his/her entrepreneurial skill, business success was also controlled for in these analyses:

H7a: African American entrepreneurs will report lower levels of ESE than will their white counterparts, after controlling for business success and type of industry.

H7b: Female entrepreneurs will report lower levels of ESE than will their male counterparts, after controlling for business success and type of industry.

Entrepreneurial self-efficacy is thought to affect entrepreneurial behavior in multiple ways. For example, it potentially influences individuals' interpretation of business environments, such that, those high in ESE perceive the environments as rife with opportunities, while those low in ESE may perceive the same environments as beset by costs and risks. Individuals high in

ESE are also said to be more competent in dealing with the risk and uncertainties inherent in entrepreneurship (Chen et al., 1998), and unlike those low in ESE, are more likely to associate challenging situations with positive outcomes (Hisrich & Brush, 1986).

In sum, the above findings suggest that ESE imbues individuals with a purposive sense of preparedness and competence to successfully accomplish the tasks and roles of entrepreneurship. Given these findings, it is expected that entrepreneurs with higher levels of ESE will be more likely to perceive alignment between their skills and the attributes of a prototypical entrepreneur, and have increased success. Therefore, the following is hypothesized:

H8: Entrepreneurial self-efficacy will be positively related to perceptions of fit with entrepreneurship.

H9: Entrepreneurial self-efficacy will be positively related to success.

Despite converging evidence supporting the claim that ESE determines entrepreneurial intent, it is certainly not the sole determining factor. There are a variety of contextual and individual factors that may motivate individuals' engagement in entrepreneurial activity (Chen et al., 1998; Mueller & Dato-On, 2008). Consequently, it is not improbable that some individuals, although engaged in entrepreneurship, may be quite low on ESE. In these instances, it is anticipated that such individuals will rely on stereotypical information to assess fit within entrepreneurship. Specifically, one's race/ethnicity or gender will be used as the point of comparison in determining the match between one's attributes and that of the prototypical entrepreneur. Thus, the following are hypothesized:

H10a: The relationship between perceptions of fit and entrepreneurs' race/ethnicity will be moderated by ESE, such that, there will be no significant differences in perceptions of fit between African American and White entrepreneurs high in ESE. However, Whites

lower in ESE will report significantly greater perceptions of fit than would their African American counterparts.

H10b: The relationship between perceptions of fit and entrepreneurs' gender will be moderated by ESE, such that, there will be no significant differences in perceptions of fit between female and male entrepreneurs high in ESE. However, males lower in ESE will report significantly greater perceptions of fit than would their female counterparts.

Overall, the preceding review suggests that ESE can have a positive effect on entrepreneurial performance and perceptions of fit. It was also noted that while ESE is considered a relatively stable attribute, it does have some malleability and can be cultivated over time (Chen et al., 1998). This suggests a likely opportunity to develop ESE in African American and female entrepreneurs, with the potential benefit of increasing their perceptions of fit.

*Prior entrepreneurial experience.* In the context of entrepreneurship, prior experience has been shown to be a key contributor to success (Baron, 2006; Bates, 1990; Davidsson & Honig, 2003). Given the previously discussed performance differentials among entrepreneurs of different race and gender (Fairlie & Robb, 2008; Kollinger & Minnitti, 2006), it is reasonable to assume that there may be race and gender differences in prior entrepreneurial experience. For example, in a study of the career interests of samples of high school and MBA students, Wilson and colleagues (2009) found evidence that females in both samples were significantly less likely than males to express interest in entrepreneurship as a career choice than were males. These findings, coupled with the challenges to female entrepreneurship outlined in a prior chapter, suggest that overall, female entrepreneurs would be much less likely than males to have had prior experience. This conjecture has been supported by empirical research. For instance, utilizing confidential microdata from the U.S. Census Bureau to conduct a comparative study of existing

male and female entrepreneurs, Fairlie and Robb (2009) found that female entrepreneurs had significantly less prior experience than did their male counterparts. This pattern of findings has also been seen in other empirical studies (Carter & Williams, 2003; Coleman, 2002). There is also research evidence to support race differences in prior entrepreneurial experience. One example is a study conducted by Fairlie and Robb (2005) using survey data acquired by the U.S. Census Bureau. Among the authors' findings was evidence that compared to white entrepreneurs, African Americans were significantly less likely to have had previous entrepreneurial experience. The data also showed that African American entrepreneurs' lack of prior experience was also predictive of their business outcomes. Specifically, compared to whites, African American entrepreneurs had less sales, fewer employees, and lower survival probabilities. According to Fairlie and Robb, African American entrepreneurs' lack of prior experience resulted in limited opportunities to acquire business human capital, and consequently, less success.

Research has consistently shown that prior entrepreneurial experience has the potential to increase entrepreneurs' knowledge of sound business strategy, customers' needs and how markets operate; and develop managerial prowess and social networks. It affords individuals the opportunity to get a sense of which actions would result in desired outcomes (Batjargal, Hitt, Webb, Arregle, & Miller, 2009; Hisrich & Brush, 1983; Tang & Murphy, 2012). It is also positively associated with the ability to identify and exploit more innovative business opportunities (Davidsson & Honig, 2003; Ucbasaran, Westhead, & Wright 2009).

In essence, prior entrepreneurial experience provides a medium through which individuals can develop mastery of the knowledge, skills and abilities necessary for successful entrepreneurship. Even in cases where that prior venture resulted in failure, useful skills and

performance strategies are undoubtedly acquired (Minniti & Bygrave, 2001). This presumably increases individuals' competence, preparedness, and capability for entrepreneurship. Therefore, it is hypothesized that:

H11: Prior entrepreneurial experience will be positively related to entrepreneurial self-efficacy.

Another potential benefit of previous entrepreneurial experience is exposure to other entrepreneurs. This may provide opportunities to observe and model qualities of successful entrepreneurship. On this basis, it is anticipated that prior experience will result in increased perceptions of fit with entrepreneurship. Moreover, it is expected that ESE will be the explanatory variable underlying this relationship. Formally stated:

H12a: Compared to those who have not, African American entrepreneurs who have had prior entrepreneurial experience will report greater perceptions of fit.

H12b: Compared to those who have not, female entrepreneurs who have had prior entrepreneurial experience will report greater perceptions of fit.

H13: The relationship between prior entrepreneurial experience and perceptions of fit will be mediated by entrepreneurial self-efficacy.

In the next section it will be argued that creating a business plan prior to start-up can also potentially impact African Americans' and females' perception of fit.

*Business planning.* There is some controversy in the entrepreneurship literature (see Allinson, Chell, & Hayes, 2000 for review) regarding the utility of business planning for entrepreneurs, and in general, owners of small businesses have been found to do little planning (Perry, 2001). Nonetheless, there is some evidence that business planning can have a positive impact for the growth of entrepreneurial ventures (Baum, Locke, & Smith, 2001; Frese et al.,

2007). Business planning has been shown to be particularly beneficial to entrepreneurs from socially disadvantaged groups. For instance, Frese and colleagues (2007) conducted a series of studies of small business owners in South Africa, Zimbabwe, and Namibia and found that there was a significant relationship between business planning and ultimate business performance. Specifically, they found that business owners who engaged in business planning were more likely to be successful (i.e., have higher profits, sales, and number of employees).

A good business plan creates a direct path between goals for the business and subsequent actions, increases persistence in dealing with complications, and keeps the business owner on track (Diefendorff & Lord, 2004; Gollwitzer, 1996; Van der Linden, Sonnentag, Frese, & Van Dyke, 2001). All of which are expected to create a sense of competence and preparedness that ultimately results in the entrepreneur perceiving a greater match between his/her skills and the requirements of the role. Thus, the following are proposed:

H14: Business planning will be positively related to ESE.

H15: The relationship between business planning and fit will be mediated by ESE.

H16a: African American entrepreneurs who created business plans prior to start-up would report greater perceptions of fit compared to those who did not.

H16b: Female entrepreneurs who created business plans prior to start-up would report greater perceptions of fit compared to those who did not.

In addition to business planning, entrepreneurship training is also expected to impact entrepreneurs' perceptions of fit. Relevant research to support this argument will be discussed in the following section.

*Training.* Entrepreneurship training is thought to provide practical skills needed by entrepreneurs to start and run their businesses (Henry, Hill, & Lietch 2003), and like business

planning, has also been linked to positive business outcomes (Wilson et al., 2009). There is, however, some research evidence of race and gender differences in entrepreneurship training (Coleman, 2002). In fact, lack of training is often cited as one of the reasons for the poor performance of African American and female entrepreneurs relative to their white male counterparts (Marlino & Wilson, 2003; Sullivan, 2007).

A recent study of 180 female entrepreneurs compared the performance of those who had a training intervention versus those who did not (Botha, Nieman, & Vuuren, 2006). The results showed significant increase in confidence, knowledge, productivity and profit among entrepreneurs who had participated in the training program. Similar to having a business plan, it is expected that completing a training program will create a sense of competence and preparedness that ultimately results in the entrepreneur perceiving a greater match between his/her skills and the requirements of the role. Therefore, the following are hypothesized:

H17: Training will be positively related to ESE.

H18: The relationship between training and fit will be mediated by ESE.

H19a: African American entrepreneurs who completed training programs would report greater perceptions of fit compared to those who did not.

H19b: Female entrepreneurs who completed training programs would report greater perceptions of fit compared to those who did not.

In the next section, research support for the argument that mentoring can increase perceptions of fit among African American and female entrepreneurs will be presented.

*Mentoring.* Mentorship has been studied at length within the context of organizational development and human resource management. However, research examining the effects of mentoring on entrepreneurship is relatively sparse (Bisk, 2002). Despite the lack of research,

emerging evidence suggests that mentoring may be another developmental medium through which the business management skills of novice entrepreneurs can be increased (Bisk, 2002; Sullivan, 2000). Unlike training programs which can sometimes be less targeted, mentoring is a direct and efficient way to transfer experience into learning (St. Jean & Audet, 2012). A few studies have conducted follow-up interviews with entrepreneurs who were part of mentoring programs (e.g., Bisk, 2002; McGregor & Tweed, 2002). According to these authors, entrepreneurs cited increased ability to manage business operations (Bisk, 2002), expanded social networks, and increased confidence and motivation (McGregor & Tweed, 2002), among the primary benefits of the mentoring relationships.

These research findings show that like the previously mentioned developmental opportunities, mentoring has the potential to arm entrepreneurs with the practical skills and knowledge for running their business and this is likely to increase not only their competence in performing the role, but also their perceptions of being equally matched with the requirements of the role. Thus, the following are hypothesized:

H20: Mentoring will be positively related to ESE.

H21: The relationship between mentoring and fit will be mediated by ESE.

H22a: African American entrepreneurs who received mentoring would report greater perceptions of fit compared to those who did not.

H22b: Female entrepreneurs who received mentoring would report greater perceptions of fit compared to those who did not.

The mitigating effects of developmental experiences notwithstanding, many of the theoretical propositions outlined in earlier sections of this chapter suggest that stereotypes can potentially have nefarious effects on perceptions of fit and entrepreneurial performance among

African Americans and females. An interesting question is whether or not these effects would be magnified for entrepreneurs who happen to be members of both social groups. That is, for those who happen to be female *and* African American entrepreneurs.

*Double jeopardy for female African American entrepreneurs.* The notion that membership in multiple social groups associated with negative stereotypes could lead to even greater discrimination, was termed *double jeopardy* more than three decades ago (Beale, 1970). The premise is that the aggregated negative effects of membership in two stigmatized social groups are greater than if one has membership in only one stigmatized group (Chappell & Havens, 1980). Despite the intuitive appeal of the concept, there have been relatively few empirical tests of the hypothesis. And of the little research that has been done, there have been inconsistent findings (Kulik, Roberson, & Perry, 2007). Some studies (e.g., Barnum, Liden, & DiTomaso, 1995; Berdahl & Moore, 2006; Chappell & Havens, 1980) have found evidence confirming the existence of double jeopardy, while others (e.g., Levin, Sinclair, Veniegas, & Taylor, 2002), have found no support. One can speculate as to the reasons for the inconsistencies. For example, it may be related to the types of social groups being studied, or the contexts within which they are studied. Whatever the reason, there remains enough converging evidence to suggest that this may be a real phenomenon. There simply needs to be further research aimed at unearthing the circumstances under which double jeopardy will apply.

Berdahl and Moore (2006) assert that women and minorities are often subjected to “hostile receptions” (p. 426) in job situations that are traditionally male and or White dominated which serves to deter them from entering or maintaining a presence in these domains. According to the double jeopardy hypothesis, such hostile receptions will be compounded when directed at someone who is both female *and* an ethnic minority. Berdahl and Moore tested this hypothesis

by examining the combined effects of sex and ethnicity on incidence of sexual harassment in the workplace. Consistent with the double jeopardy hypothesis the results showed that, compared to majority men and women and minority men, minority women were most likely to be targets of harassment. The authors contend that minority women face “a double whammy of discrimination” (p. 427) since they are subject to both ethnic and gender prejudice. This pattern of findings is not limited to sexual harassment, as research evidence shows that African American and Latina women are among the lowest paid (Browne, 1999), and are most likely to occupy positions of lower authority within organizations (Browne, Hewitt, Tiggs, & Green, 2001). These findings clearly demonstrate that many minority women are economically and occupationally segregated into the least prestigious ranks of the workforce. Yet, the work experiences of minority women, and particularly African-American women, remain under-researched (Berdahl & Moore, 2006).

To my knowledge, there have been no investigations of minority women in entrepreneurship utilizing the double jeopardy hypothesis as a theoretical lens. In fact, research investigations of any kind involving black female entrepreneurs have been minimal (Dolinsky, Caputo, & Pasumarty, 1994). In an attempt to address the paucity of research in this area, the current paper places particular emphasis on the work experiences of African American female entrepreneurs, and argues that they are ideal candidates for testing the double jeopardy hypothesis. In earlier portions of this section arguments were advanced to support the notion that African American *and* female entrepreneurs (as two separate groups) would be the targets of negative stereotypes and biases which potentially mar perceptions of their competence and performance as entrepreneurs. The tenets of the double jeopardy hypothesis would suggest that

these concerns would be magnified for entrepreneurs who happen to be both female *and* African American. Therefore, the following are hypothesized:

H23: There will be an interaction between race and gender on perceptions of fit, such that female African American entrepreneurs will report greater perceptions of lack of fit with entrepreneurship than any other gender-ethnic group.

H24: There will be an interaction between race and gender on intent to leave entrepreneurship, such that female African American entrepreneurs will report greater desire to leave entrepreneurship than any other gender-ethnic group.

H25: There will be an interaction between race and gender on ESE, such that female African American entrepreneurs will report lower levels of ESE than any other gender-ethnic group.

H26: There will be an interaction between race and gender on prior entrepreneurial experience, such that, compared to other gender-ethnic groups, female African American entrepreneurs will be least likely to have had prior entrepreneurial experience.

*Summary.* The preceding chapters reviewed the entrepreneurship literature, identified research gaps, and presented arguments for how those gaps could be reduced. Theoretical perspectives on the pernicious effects of stereotypes and general social attitudes on perceptions of fit and entrepreneurial performance among African American and females were also discussed. Thus, underscoring the presumption that entrepreneurship is neither gender- nor ethnicity- neutral (Martin, 2000).

The case was made for the applicability of psychological theories to the identification of reasons for the continued under-representation of women and African Americans in entrepreneurship. Specifically, it was proposed that African-American and females' perceptions

of a lack of fit with entrepreneurship ultimately results in increased desire to opt of entrepreneurship. The roles of entrepreneurs' identification with entrepreneurship and their perceptions of suitability for entrepreneurship were also discussed. Propositions were also made regarding the role of entrepreneurial self-efficacy and other developmental experiences.

To test the proposed hypotheses, a non-experimental research design was used in which current entrepreneurs were surveyed on various measures including: perceptions of fit, ESE, entrepreneurial identity, and intentions to quit. Before data collection began, pilot interviews were conducted with a small sample of entrepreneurs. The responses provided were used to refine response options for specific survey questions. Additionally, all survey questions were pilot-tested before launching the main study.

A thorough discussion of the methodology used to test the hypotheses is provided in the next chapter. This includes detailed descriptions of the measures utilized, the procedure for recruiting participants to complete the survey, and a discussion of the statistical techniques that were employed to test the hypotheses.

## Chapter 5

### Method and Results from the Phone Interviews and Pilot Study

Phone interviews were conducted with a small group of entrepreneurs. The responses from these interviews were used to refine the survey questions and ensure that the correct questions were being asked in order to gather the data required for this study.

Once the interviews were conducted, the survey questions were edited (as described below) and uploaded into the survey platform to be pilot-tested. The primary goal of pilot testing the survey questions was to ensure that all the survey items and directions were clear and easily understood. Additionally, survey responses were reviewed to ensure that all directions were followed, that there were not excessive numbers of “Other” responses, and that there were no systematic patterns to skipped items.

The procedure and results of the phone interviews and pilot study is described below.

#### *Phone Interviews*

##### *Participants*

This study adopts a more process-oriented view (e.g., Shane & Venkataraman, 2000) and operationalizes entrepreneurship as the process through which one recognizes and exploits new business opportunities by creating a new small business venture. Therefore, participants in this study were individuals who are owners of small businesses. Since the proposed hypotheses concern differences between African American and Caucasian entrepreneurs, only these two ethnic groups were included in analyses. Additionally, entrepreneurs of both genders were targeted, with special emphasis on African American females.

The names and contact information for potential respondents in this study were retrieved from online directories of small businesses (Appendix A) across several geographical locations in the United States. These states were selected based on prior research findings in Zajonc’s

(2003) research. It should be noted that respondents solicited from Kentucky, Mississippi and Ohio were primarily female and/or ethnic minority, since the data was retrieved from Certified Minority Businesses database.

For the phone interviews, calls were made to twenty-three entrepreneurs to request interviews. However, only eight were available to participate. Seven of the respondents were African American females and one was a White male. Respondents' businesses were based in North Carolina, Ohio, Massachusetts, New York, and New Jersey.

### *Procedure*

Potential respondents were called on their business lines to solicit participation in a 20-minute phone interview (Appendix B). In most cases, the interview was conducted at that initial contact. All others were scheduled for a time more convenient for the respondent(s).

The interview questions were piloted with two of the eight respondents. The procedure was the same as outlined below. However, at the end of the formal interview questions, they were asked to provide feedback on the clarity of the questions. Based on their feedback, questions 1 and 3 were slightly revised from the original version. These changes are marked with an asterisk and included at the bottom of the interview guide discussed below.

Before beginning the interview, the informed consent form (Appendix C) was read to each respondent. Once they officially consented to participate, they were thanked, informed in further detail of the purpose of the interview, and their role as interviewees. They were then asked a series of questions about their experiences as an entrepreneur, and their perspectives on issues related to race and gender in entrepreneurship (see Appendix D). Interviews lasted 20 – 30 minutes. Once the interview was complete, participants were thanked and provided with contact information for the principal investigator should they have additional questions or concerns.

## *Results*

Overall, the results of the interviews confirmed that the questions included in the survey for the main study were on target. Responses to interview questions 2 and 5 were used to create the response options for survey questions related to *reasons for entering and leaving entrepreneurship*.

In response to the question regarding their motivation for entering entrepreneurship, three of the eight respondents indicated that their interest in business ownership was as a result of being laid off from various corporate jobs. Other responses included: the desire for a new challenge, wanting the flexibility to provide childcare, and wanting new opportunities beyond what was considered a “dead-end career”.

With the exception of one, all interviewees acknowledged that their expectations of what entrepreneurship would be were quite different from the reality. They all found it to be much more difficult than anticipated. Responses included the following: one interviewee likened entrepreneurship to “building the airplane as you fly”; others mentioned feeling that they had to be “jack of all trades”; that entrepreneurship was “much harder than working 9 to 5”; and that there is a constant feeling of having to be “on top of things” and “looking at the bottom line”. In general, responses suggested that irrespective of race or gender, entrepreneurship could be a daunting career choice if one is inadequately equipped.

Training and mentoring opportunities were mentioned as examples of preparatory tools for successful entrepreneurship. However, one of the interviewees claimed that there were few such opportunities available for African American and female entrepreneurs. The importance of having a business plan was consistently underscored. Without exception, interviewees viewed the business plan as one of the prime determinants of successful business performance. It was

described as a “bible” which needs to be revised on an ongoing basis. One entrepreneur admitted that she did not create a plan prior to starting her business because she did not think it was important. However, prompted by poor business performance, she enrolled in a training program, created a business plan, and has since seen improved results in her business.

Overall, responses supported the notion that African Americans and females are subjected to numerous challenges as they engage in entrepreneurship. Interestingly, this perspective was also shared by the non-minority interviewee. A re-occurring theme was the lack of financial resources available to African American and female entrepreneurs. For example, respondents mentioned having difficulty acquiring bank loans and other sources of credit, having difficulty in gaining new business, as well as various cash-flow issues. These were also cited as reasons why African Americans and females may want to leave entrepreneurship.

In addition to financial difficulties, respondents indicated that African Americans and females often battle issues related to their credibility as business owners. One respondent mentioned being perceived as “just a figure-head”; others mentioned feeling that they have to work “twice as hard” in order to be perceived as competent, and sometimes feel like “you don’t belong”. Yet another described her experience of “second-guessing” the decision to place her photograph on her company website because, at the time, she believed that it might have negative financial consequences for her business. Additionally, in accordance with the arguments outlined for the double-jeopardy hypothesis (Beale, 1970) in the previous chapter, one of the female African American respondents, without being prompted, stated that African American entrepreneurs who also happen to be female, face a “double whammy” since their competence is questioned from both a race and gender perspective.

It should be noted that despite the admitted challenges of entrepreneurship, none of the entrepreneurs interviewed indicated a desire to leave. However, one of them told the story of a female African American colleague who inherited a successful business from a relative but ultimately gave up the business because she felt business ownership was “not for her”. Additionally, although none of the entrepreneurs indicated feeling mismatched with entrepreneurship, they did suggest reasons why individuals (particularly African Americans and females) might experience such feelings. For example, it was mentioned that there appears to be a “double standard” where African American and female entrepreneurs are expected to work twice as hard as their majority counterparts. Thus, creating additional mental stress to what already is, by nature, a difficult task.

A related concern was that stereotypes about how African American and female entrepreneurs run their businesses might lead to constant “second-guessing” of business decisions. In reference to African American women, another respondent commented that historically, they have been largely operational in service industries. Consequently, those engaging in entrepreneurship in a different type of industry may feel out of their element, at least, initially. Lastly, a more practical concern for one of the respondents was the following: while employed within traditional organizations individual grow accustomed to regular pay-checks. However, as a business owner, the responsibility for generating income falls squarely on one’s shoulders. Therefore, structure and discipline are mandatory, and without those, feelings of misfit are likely to be magnified.

In sum, the responses to the phone interviews provided great insight into the inherent challenges of business ownership in general, and more specifically, into issues related to the interplay of race and gender in business ownership. The responses also revealed that many issues

identified by decades-old research that was reviewed in prior chapters of this paper, continue to be relevant for the 21st century African American and female entrepreneur.

The results of the pilot study will be discussed in the remaining sections of this chapter.

### *Pilot Study*

#### *Procedure & Results*

The survey questions were pilot-tested on six respondents, five of whom were African Americans (4 females, 1 male). The other was a white female. The procedure for the pilot was exactly as will be described in the procedure for the main study in the following chapter.

However, because the aim of the pilot was to ensure the clarity of the survey questions and directions, at the end of the survey respondents were asked to answer a few questions about their experience taking the survey. The questions are at the bottom of Appendix N, discussed below.

Based on the responses, all survey items were clear and easy to understand. None of the respondents indicated having any difficulties with the survey items or instructions. As mentioned above, the survey responses were also reviewed to ensure there were no systematic patterns to the omitted responses. No such issues were identified in the data. Given these results, the survey was used to begin data collection.

## Chapter 6

### Main Study

#### Method

##### *Participants*

Email requests for participation were sent out to the business addresses of 10,002 entrepreneurs across the United States. The names and contact information were retrieved from online directories of small businesses across several geographical locations in the United States (as indicated in Appendix A). Four hundred and fifty of these addresses were invalid or utilized spam-blocking software which rejected the email request. Of those who received the email request, three hundred and sixty started the survey. However, it was only completed by two hundred and nine, which represents a two percent response rate. Of the completed surveys, nine of the respondents were of races other than African American or White, and thus, were excluded from the analyses. Ultimately, there were 201 usable surveys. The sample was 59% female, with a large majority (86%) in the 35-64 age range. Fifty-nine percent self-identified as White/Caucasian, while 41% self-identified as African American. A little more than half (55%) of the sample had businesses in the North East region, 41 % were based in Southern states.

##### *Measures*

*Prior entrepreneurial experience.* Respondents were asked to indicate if they have had previous entrepreneurial experience (rated as Yes or No). To get a richer sense of the nature of respondents' prior experience, they were asked to indicate whether their prior experience was in an industry similar to or different from that which they are currently engaged in (rated as Yes or No). They were also asked to indicate the amount of opportunities they had to observe and learn from other entrepreneurs during their previous tenure of entrepreneurship. Responses to that item

was rated using a 4-point Likert scale anchored at 1 (no opportunities) to 4 (many opportunities). All data related to prior experience was collected via the questionnaire discussed below.

*Entrepreneurial self-efficacy.* Respondents' entrepreneurial self-efficacy was assessed using a 22-item measure (Chen et al., 1998) designed to gauge competence in five areas thought to be most representative of the entrepreneurial role: marketing, innovation, management, risk-taking, and financial control. Chen and colleagues demonstrated that total ESE score differentiated MBA students enrolled in entrepreneurship classes from those enrolled in management and psychology classes. ESE scores were also positively related to intent to set up a new business. The authors reported a Cronbach's alpha of .89 for the scores on this measure. In the current study, respondents were asked to rate their confidence in their ability to perform each of the 22 tasks described in the items using a 5-point Likert scale anchored at 1 (completely unsure) to 5 (completely sure). Items in this measure included the following: "Set and meet sales goals", "Seek out new markets and geographic territories", "Manage time by setting goals", "Make decisions under uncertainty and risk", and "Perform financial analysis". The composite score was computed by averaging the 22 items, with higher scores indicating greater entrepreneurial self-efficacy. The obtained Cronbach's alpha in the current sample was .92. See Appendix E for the complete measure.

*Perceptions of fit.* Respondents' perceptions of fit with entrepreneurship were assessed using an 8-item measure developed by Peters and colleagues (2012). The items were slightly revised to better reflect the targeted sample for this study. Sample items include, "I see a place for myself among entrepreneurs", and "I think that people like me have made it to the top of entrepreneurship". Items 3, 4, and 6 were reverse-coded. Items were rated on a 7-point Likert scale anchored at 1 (strongly disagree) to 7 (strongly agree), and responses were averaged to

form a composite score, with higher scores indicating greater perceptions of fit. The obtained Cronbach's alpha in the current sample was .80. See Appendix F for the complete measure.

*Perceived suitability for entrepreneurship.* Bosak and Sczesny's (2008) measure, with a reported Cronbach's alpha of .74, was used to assess respondents' perceptions of their suitability for the entrepreneurial role. The items in this measure were also slightly revised to better relate to the target sample of the current study. Sample items include, "I think that I am very well qualified to be an entrepreneur", and "Entrepreneurship is a good match for my skills and abilities". The complete measure appears in Appendix G. Respondents rated the items on a 5-point Likert scale anchored at 1 (strongly disagree) to 5 (strongly agree). Item 2 was reverse-scored, and responses were averaged to form a composite score. The obtained Cronbach's alpha in the current sample was .70.

*Entrepreneurship identification.* Cameron's (2004) 12-item measure, with a reported Cronbach's alpha of .76, was utilized to assess the extent of respondents' identification with entrepreneurship. The items were also slightly revised to reflect the group membership being considered in the current study. Sample items include, "I have a lot in common with other entrepreneurs", "I often regret that I am an entrepreneur" and "Overall, being an entrepreneur has very little to do with how I feel about myself". See Appendix H for the complete measure. The items were rated on a 7-point Likert scale anchored at 1 (strongly disagree) to 7 (strongly agree). Items 3, 4, 7, 9, 11 and 12 were reverse-scored. Responses were averaged to form a total score. In the current sample, the obtained Cronbach's alpha was .87.

*Intent to quit.* A 3-item measure adapted from Carmeli and Weisberg (2006) was used to assess respondents' intent to quit entrepreneurship. The authors reported a Cronbach's alpha of .90 for the scores on this measure. For the purposes of the current study, the items were reworded

to more accurately reflect the targeted sample. Sample items include, “I think a lot about quitting entrepreneurship” and “I am actively searching for alternative job opportunities outside of entrepreneurship”. Responses were rated on a 5-point Likert scale anchored at 1 (strongly disagree) to 5 (strongly agree), and were averaged to form a composite score. In the current sample, the obtained Cronbach’s alpha was .80. See Appendix I for the complete measure.

*Success*. Performance-related outcomes are usually considered the most salient indicators of entrepreneurial success (Walker & Brown, 2004). Accordingly, the present study included both subjective (Powell & Eddleston, 2013) and objective measures of performance. The subjective measure is a multi-item measure that asked respondents to make comparisons between their businesses and competitors on several indicators of business success. Such measures are believed to capture richer information than single item measures of business performance (Wiklund, Patzelt, & Shepherd, 2009), control for performance differences attributable to industry effects (Eddleston & Kellermanns, 2007), and have been shown to have convergent validity with objective measures of sales growth (Ling & Kellermanns, 2010).

Using a 7-point Likert scale anchored at 1 (much worse than competitors), to 7 (much better than competitors), respondents were asked to rate their businesses’ current performance in growth in sales, growth in profitability, return on equity, return on assets, profit margin on sales, and the ability to fund growth from profit. Scores on the six items were averaged to form a composite score, with higher scores indicating greater entrepreneurial success. Cronbach’s alpha of .95 was reported for the scores on this measure in previous research (Powell & Eddleston, 2013) and was also obtained in the current sample. See Appendix J for the complete measure.

To get an objective measure of business performance, respondents were asked to provide the total revenue for 2012 as well as an estimate of the same for 2013. This information was

gathered in the questionnaire described below. The exact wording of these items appears in Appendix K.

*Business and entrepreneur characteristics.* Respondents were asked to provide information related to the business domain, age of the business, and entrepreneurs' developmental experiences (i.e., mentoring, business planning, training, etc.). The data related to developmental opportunities was used to test hypotheses related to the potential impact of developmental opportunities on African American and female entrepreneurs' perceptions of fit. Additional data collected via this section of the survey were used to conduct various supplementary analyses. See Appendix K for a complete list of questions.

#### *Procedure*

Potential respondents for the survey were contacted via direct emails to their business addresses. It was considered to send separate communications tailored specifically towards each gender and ethnic group. However, the online directories for some states did not indicate the gender or ethnicity of the business owner. Consequently, it was determined that a more "general" solicitation request sent to all business owners would be more appropriate, in order to maintain standardization in the research procedure. See Appendix L for the text of the email. Included in the email, was a URL to an online survey platform where the survey was administered. When respondents first accessed the survey, they were presented with an informed consent form (Appendix M). They were then asked to click the "next" button at the bottom of the screen to proceed with the survey. By continuing to the next screen, they would have consented to participation in the study. On the next screen, respondents were reminded of the confidentiality of their responses, and encouraged to respond accurately and honestly to the survey items.

Next, the subscales of the survey were administered in the following order: perceptions of fit, entrepreneurial self-efficacy, entrepreneurship identification, perceived suitability for entrepreneurship, intent to quit, success (subjective measure), and finally, the entrepreneur characteristics and business performance questionnaire (Appendix K).

Each survey section included instructions and scales for rating the items, where appropriate. Once respondents completed the survey, they were presented with a debriefing form (Appendix N), thanked for their participation, and instructed to exit the online survey platform.

Chapter 7  
Main Study  
Results

*Missing Data*

A total of 352 individuals attempted the survey. Of that number, 151 individuals responded to less than 50% of the questions. They were eliminated from all data analysis. A review of the omitted responses showed that more than 70% of these individuals exited out of the survey after completing the first scale (perceptions of fit). The next scale presented was the 22-item ESE scale. It is likely that those respondents viewed those 22 items as being “too much” and opted out of the survey. Average fit scores for those individuals were compared to the overall sample, no significant differences were found.

Of the 201 usable survey responses, there were a few instances where participants opted not to respond. However, there was no systematic pattern to omitted responses. Additionally, the “Exclude cases pairwise” option was utilized, where applicable, so that respondents were only excluded from analyses if the data required for that specific analysis was missing.

*Descriptive Analysis*

The scores on all of the scales demonstrated internal consistency values of at least .70. Descriptive statistics for continuous predictor and criterion variables are displayed in Table 1. Overall, perceptions of fit with entrepreneurship were fairly high ( $M = 5.14$ ) and responses indicated low intentions to quit ( $M = 1.84$ ). Approximately 65% of entrepreneurs reported total revenue for calendar year 2012 in excess of \$100,000.

Among the significant results of correlation analyses were the following: there were significant positive correlations between entrepreneurs’ perceptions of fit and ESE, identification, suitability and subjective success. There were also significant positive correlations

between the objective measure of success (i.e., revenue), ESE and perceptions of fit. It should also be noted that, consistent with prior research, (Ling & Kellermanns, 2010) the subjective and objective measures of success were positively correlated ( $r = .35$ ). Finally, as anticipated, there was a significant negative correlation between perceptions of fit and intent to quit. Correlation values are displayed in Table 2.

Tests for normality revealed that none of the scores on the measures were normally distributed (see Table 3). As is the case with most social science data, all variables exhibited some degree of skewness and kurtosis. For instance, perceptions of fit (skew =  $-.53$ ), ESE (skew =  $-1.21$ ), and suitability (skew =  $-.45$ ) were all negatively skewed. Respondents' intent to quit (skew =  $.96$ ). Four of the measures (intent to quit, suitability, ESE, and fit) were found to have a few outliers. However, examination of the 5% Trimmed Mean statistic for each of those measures revealed very little difference between that statistic and the mean values. It was therefore concluded that the outliers were not having a strong influence on the means. As a result, they were retained in the dataset.

Finally, despite the violations of normality indicated by the statistics provided in Table 3, no data transformations were conducted. There were only a few outliers (i.e., less than 6), and examination of the Normal Q-Q plots for each measure showed that most data points approximated a straight line. Additionally, according to Garson (2012) the acceptable range of skewness and kurtosis for assuming normality is  $+2$  to  $-2$ . Since skewness and kurtosis values for all measures fell within this range, normality was assumed for planned statistical analyses.

#### *Tests of Primary Hypotheses*

Hypotheses 1 and 2, and 5 through 7 were tested via a series of hierarchical regression analyses. All hypotheses were tested at .05 significance level. Results are displayed in Table 4.

The prediction made in hypothesis 1a that females would perceive less fit with entrepreneurship than males was not supported. Descriptive analyses revealed that male ( $M = 5.23$ ) and female ( $M = 5.10$ ) entrepreneurs in this sample demonstrated similar fairly high levels of fit. Hypothesis 1b predicted that African Americans would perceive less fit than their white peers. That prediction was also not supported by the data. Mean perceptions of fit between African Americans ( $M = 5.24$ ) and Whites ( $M = 5.09$ ) were also fairly similar. Although, counter to the predictions, mean fit among African Americans was higher than that of Whites. To formally test hypothesis 1a, *industry type* was entered into the regression equation at Step 1 as a control variable. As discussed above, research findings suggest that industry type can potentially impact African Americans' and females' perceptions of fit, identification and suitability. Therefore, industry was controlled in this, and all other analyses, examining race or gender differences in these variables. *Gender* was entered at Step 2. The results showed that *industry type* explained only 2.4% of the variance in perceptions of fit ( $R^2 = .024$ ). After entry of gender at Step 2 the total variance explained by the model as a whole was only 2.9% ( $R^2 = .029$ ), indicating little incremental variance (.5%) added by gender,  $F(1, 193) = .99, p = .32$ . In the final model, the only statistically significant predictor of fit was *industry type* ( $\beta = -.16, p = .03$ ). Thus, hypothesis 1a was not supported. To test hypothesis 1b, *industry type* was again entered into the regression model at Step 1 as a control variable, with *race* entered at Step 2. The results showed that *industry type* explained only 2.4% of the variance in perceptions of fit ( $R^2 = .024$ ). After entering race at Step 2, the total variance explained by the model was 3% ( $R^2 = .030$ ), indicating little incremental variance (.6%) added by race,  $F(1, 196) = 1.14, p = .29$ . In the final model, the only statistically significant predictor of fit was *industry type* ( $\beta = -.16, p = .02$ ). Thus, hypothesis 1b was not supported.

Additional hierarchical regressions were conducted to test the prediction that African Americans (H2a) and females (H2b) will report lower levels of identification with entrepreneurship than would their white male counterparts. To test hypothesis 2a, *industry type* was entered in the Step 1 of the regression model as a control variable, with *race* entered at Step 2. The results showed that *industry type* explained essentially none of the variance in identification with entrepreneurship ( $R^2 = .006$ ). After entry of *race* at Step 2, the total variance explained by the model increased to 4.9% ( $R^2 = .049$ ). The inclusion of race increased the variance explained by 4.3%,  $F(1, 196) = 8.87, p = .003$ . In the final model, the only statistically significant predictor of identification was race ( $\beta = .208, p < .05$ ). However, the results were in the opposite direction of the predictions, since descriptive analyses revealed that African Americans ( $M = 5.24$ ) reported greater identification with entrepreneurship than did Whites ( $M = 4.83$ ). Thus, hypothesis 2a was not supported. To test hypothesis 2b, *industry type* was again entered at Step 1 of the model as a control variable, with *gender* entered at Step 2. The results showed that *industry type* explained essentially none of the variance in identification with entrepreneurship ( $R^2 = .006$ ). After entry of *gender* at Step 2, the total variance explained by the model showed almost no increase ( $R^2 = .007$ ). The inclusion of gender only increased the variance explained by .1%,  $F(1, 193) = .27, p = .60$ . In the final model, there were no significant predictor of identification. Thus, failing to support hypothesis 2b.

To test the predictions that African Americans (H5a) would have a greater intent to quit entrepreneurship compared to Whites, *success* (i.e., revenue) was entered at Step 1 of the regression model with *race* entered at Step 2. Given earlier arguments that success potentially influences one's desire to exit entrepreneurship, as well as ESE, success was controlled for in hypotheses 5 and 7. In the test of hypothesis 5a, *success* explained only 3.1% of the variance in

intent to quit ( $R^2 = .031$ ). Entering *race* resulted in almost no incremental variance explained ( $R^2 = .037$ ),  $F(1, 178) = 1.15$ ,  $p = .29$ ). In the final model, the only significant predictor of intent to quit was the control variable ( $\beta = -.19$ ,  $p = .01$ ). Thus, hypotheses 5a was not supported. To test the prediction that females (H5b) would have a greater intent to quit entrepreneurship compared to males, *success* was again entered at Step 1 of the regression model, with *gender* entered at Step 2. *Success* explained only 3.1% of the variance in intent to quit ( $R^2 = .031$ ). Entering *gender* resulted in no incremental variance explained ( $R^2 = .031$ ),  $F(1, 176) = .04$ ,  $p = .85$ ). In the final model, the only significant predictor of intent to quit was success ( $\beta = -.18$ ,  $p = .02$ ). Thus, hypotheses 5b was also not supported.

To test predictions that African Americans (H6a) would report lower perceptions of suitability than their white peers, *industry type* was entered at Step 1 as a control variable, with *race* entered at Step 2. *Industry type* accounted for a negligible proportion of variance in perceptions of suitability ( $R^2 = .016$ ). The inclusion of *race* resulted in a statistically significant increase in the variance explained ( $R^2 = .078$ ),  $F(1, 196) = 13.19$ ,  $p < .05$ ). In the final model, both *industry type* ( $\beta = -.14$ ,  $p = .04$ ) and *race* ( $\beta = .25$ ,  $p = .00$ ) were significant predictors of suitability. However, despite the significant effect for race, hypothesis 6a was not supported since the effect for race was in the opposite direction of what was predicted. That is, African Americans in this sample ( $M = 4.06$ ) had greater perceptions of suitability than did their white peers ( $M = 3.73$ ). To test predictions that females (H6b) would report lower perceptions of suitability than their male peers, *industry type* was entered at Step 1 as a control variable, with *gender* entered at Step 2. *Industry type* accounted for a negligible proportion of variance in perceptions of suitability ( $R^2 = .016$ ). The inclusion of gender resulted in a 1% incremental

variance explained ( $R^2 = .026$ ),  $F(1, 193) = 2.02$ ,  $p = .16$ . Neither of the variables were significant predictors of perceptions of suitability. Thus, hypothesis 6b was not supported.

Another hierarchical regression was conducted to test the prediction that African Americans (H7a) would report lower levels of ESE than would their white peers. *Success* and *industry type* were entered at Step 1 as control variables, with *race* entered at Step 2. The control variables only explained 3.8% of the variance in ESE ( $R^2 = .038$ ). Entering *race* into the equation had little incremental effect on the percent of variance explained ( $R^2 = .041$ ),  $F(1, 177) = .54$ ,  $p = .46$ ). In the final model, *success* was the only significant predictor of ESE ( $\beta = -.19$ ,  $p = .01$ ), thus hypotheses 7a was not supported. The final hierarchical regression was conducted to test the prediction that compared to males, females would report lower levels of ESE. *Success* and *industry type* were again entered at Step 1 as control variables, with *gender* entered at Step 2. The control variables explained 3.8% of the variance in ESE ( $R^2 = .038$ ). Entering *gender* into the equation had no incremental effect on the percent of variance explained ( $R^2 = .038$ ),  $F(1, 175) = .01$ ,  $p = .91$ ). In the final model, *success* was the only significant predictor of ESE ( $\beta = -.18$ ,  $p = .02$ ), thus hypotheses 7b was also not supported.

Several independent samples t-tests were conducted to test predictions that development experiences would increase African Americans' and females' perceptions of fit. The data file was split first by race and then by gender and analyses were conducted separately for each group. Complete results are displayed in Table 5. Hypothesis 12a proposed that African Americans who had prior experience would report greater fit than those who had no prior experience. Results showed little difference between mean fit scores of the two groups. Thus, failing to support this hypothesis,  $t(73) = .125$ ,  $p = .90$ ,  $d = .03$ . Hypothesis 12b made a similar prediction for females. Again, very little difference was observed between the two groups of mean fit scores. Thus, this

hypothesis was also not supported,  $t(75) = 1.61, p = .11, d = .37$ ). Hypothesis 16a predicted that mean fit scores would be higher among African Americans who created a business plan ( $M = 5.51$ ) when compared to those who had not ( $M = 4.94$ ). This hypothesis was supported by the results,  $t(78) = 2.89, p = .01, d = .65$ . According to Cohen's (1988) guidelines, this represents a medium-sized effect.

While the mean fit scores trended in the predicted direction, the similar prediction made for females in hypothesis 16b failed to reach statistical significance,  $t(115) = 1.72, p = .09, d = .32$ ). In hypothesis 19 the prediction was made that African Americans (H19a) and females (H19b) who had completed training programs would report greater perceptions of fit compared to those who had not. Neither of those predictions were supported by the data. The obtained statistical results were  $t(57) = -.301, p = .76, d = -.08$  and  $t(65) = 1.14, p = .26, d = .28$ , respectively. Finally, hypothesis 22a predicted higher perceptions of fit among African Americans who had received mentoring compared to those who had not. This prediction was supported,  $t(79) = 2.58, p = .01, d = .58$ . The similar prediction made for females in hypothesis 22b, however, was not supported,  $t(116) = 1.78, p = .08, d = .33$ .

Preacher and Hayes' (2004) procedure for estimating indirect effects was employed to test for mediation. The authors present a more "statistically rigorous" (p.718) alternative to the popular approach of Baron and Kenny (1986). They propose an approach that directly tests the indirect relationship between a predictor (X) and criterion variable (Y) through a mediating variable (M). It should also be noted that this method makes it possible to test for indirect effects via a mediating variable in the absence of a direct causal relationship between the X and Y variables. The authors provide an SPSS macro that directly tests indirect effects using the following syntax:

$$\text{SOBEL } y = yvar/x = xvar/m = mvar/boot = z$$

where *yvar* is the name of the dependent variable, *xvar* is the name of the independent variable, *mvar* is the name of the proposed mediating variable, and *z* specifies the number of bootstrap resamples desired. According to Preacher and Hayes (2004), bootstrapping is a nonparametric approach to estimating effect sizes and testing hypotheses without making any assumptions about the sampling distributions of the variables being tested. In addition to an estimation of the indirect effect between *xvar* and *yvar* and its estimated standard error, the bootstrapping approach also provides confidence intervals for the “true” value of the indirect effect.

Hypothesis 15 predicted that the relationship between business planning and fit would be mediated by ESE. Since a significant relationship was observed between business planning and fit ( $r = .21, p < .05$ ) during preliminary analyses, tests for mediation were conducted as planned. In this analysis, there is evidence for mediation if the 95% CI does not contain zero. Mediation analysis based on 5000 bootstrapped samples with 95% CI showed that there was a significant indirect effect of business planning on fit since the true value of the indirect effect was estimated to lie between .1337 (LL) and .3880 (UL). Therefore, it was concluded that the relationship between business planning and fit is mediated by ESE. Thus, the hypothesis was supported.

In addition to the bootstrapping method described above, Preacher and Hayes also provide a Sobel test calculator for estimating indirect effects. Hypotheses 13, 18 and 21 were tested using Preacher and Hayes’ Sobel test calculator. Hypothesis 13’s prediction that the relationship between years of prior experience and fit would be mediated by ESE was not supported, (Sobel = 1.39,  $p = .16$ ). Similarly, predictions made in hypotheses 18 and 21 that ESE mediates the relationship between training and fit (Sobel = -1.07,  $p = .28$ ) and mentoring and fit (Sobel = -.06,  $p = .95$ ) were also not supported.

Two way ANOVAs were conducted to test hypotheses 10a and 10b. Complete results are displayed in Table 6. Hypothesis 10a predicted significant differences in perceptions of fit between African American ( $M = 4.83$ ) and Whites ( $M = 4.71$ ) low in ESE. The results failed to reach significance,  $F(1,197) = .32, p = .57$ , partial  $\eta^2 = .00$ . Hypothesis 10b made a similar prediction for females ( $M = 4.79$ ) versus males ( $M = 4.72$ ) low in ESE. This was also not supported,  $F(1,194) = 1.62, p = .20$ , partial  $\eta^2 = .00$ . Thus, neither hypothesis was supported.

A series of two-way ANOVAs were conducted to test three of the double jeopardy hypotheses (H23-26) which tested the predictions that African American females would experience significantly greater adverse circumstances than any other gender-ethnic group. The prediction made in hypothesis 23 that African American females would report greater lack of fit was not supported,  $F(1, 194) = .67, p = .41$ . Hypothesis 24 predicted that African American women would report a greater desire to leave entrepreneurship. This was also non-significant,  $F(1, 194) = .12, p = .73$ . Results for hypothesis 25 which stated that African American females would report lower levels of ESE were also non-significant,  $F(1, 194) = 2.08, p = .15$ . Thus, none of these hypotheses were supported. The mean scores for each ethnic-gender group are displayed in Table 7.

Finally, hypothesis 26 predicted that African American females would be less likely to have prior experience than other race-gender groups. Since the criterion variable was categorical, a factorial logistic regression was conducted to test this hypothesis. The results showed that the race *by* gender interaction term was not a significant predictor of prior experience,  $Wald \chi^2 = .001, df=1, p = .97, 95\% CI = .28 - 3.67$ . Therefore, hypothesis 26 was not supported.

Correlation analyses were conducted to test hypotheses 3, 4, 8, 9, 11, 14, 17, and 20. Hypothesis 3 predicted a negative correlation between perceptions of fit and intent to quit. This

prediction was supported by the data,  $r = -.39, p < .05$ . Hypothesis 4 predicted a negative correlation between identification with entrepreneurship and intent to quit. This was also supported,  $r = -.38, p < .05$ . Hypothesis 8's prediction of a positive relationship between ESE and perceptions of fit was also supported,  $r = .45, p < .05$ . Hypothesis 9 predicted a positive relationship between success and ESE. Correlations were conducted with both the objective (i.e., revenue) and subjective measures of success. The subjective success measure had a significant positive relationship with ESE  $r = .27, p < .05$ . Revenue was also positively correlated with ESE,  $r = .19, p = .01$ .

Hypothesis 11 predicted that prior entrepreneurial experience (yes/no) would be positively correlated with ESE. However, that correlation was not statistically significant, ( $r = .06, p = .38$ ). The number of years' experience was not correlated with ESE ( $r = .18, p = .15$ ). Hypothesis 14 predicted a positive correlation between business planning and ESE. This prediction was supported by the data ( $r = .30, p < .05$ ). Predictions of a positive correlation between training (H17), mentoring (H20) and ESE were not supported, ( $r = .15, p = .11$  and  $r = .03, p = .66$ , respectively).

### *Supplementary Analyses*

Several additional analyses were conducted to gain a richer understanding of the entrepreneurs who participated in this study. Table 8 provides comparisons by race and gender to responses gathered in the questionnaire. Overall, the results of chi-square analyses show little racial or gender differences among the group of entrepreneurs. For instance, with the exception of participation in training programs and business planning, there were no significant differences in developmental opportunities (i.e., training, prior experience, mentoring, business planning)

across race or gender. Furthermore, in instances where differences were observed, the effect sizes were, in most cases, small.

Results showed that African American entrepreneurs were significantly more likely to have participated in training programs than were Whites,  $\chi^2(1, n=199) = 16.27, p < .05, phi = .29$ . African Americans were also more likely to have created a business plan prior to start-up,  $\chi^2(1, n = 198) = 5.94, p = .01, phi = .17$ . Racial differences were also observed in revenue earned. Examination of the standardized residuals showed that African Americans were more likely to report total revenue of \$10,000 or less, while Whites were more likely to report total revenue in excess of \$1MM,  $\chi^2(3, n = 181) = 8.04, p = .05, Cramer's v = .21$ . It should be noted, however, that only a small number of white ( $n=7$ ) and African American ( $n=13$ ) entrepreneurs reported revenue within this range. In general, approximately 60% of entrepreneurs reported revenue in excess of \$100,000. There were also racial differences in duration of business ownership and age of business owners. Specifically, there were significantly more White than African American entrepreneurs who owned their current businesses for 21-25 years,  $\chi^2(6, n = 201) = 24.15, p < .05, Cramer's v = .35$ .

Racial differences were also observed in primary industry of businesses,  $\chi^2(4, n = 161) = 11.71, p = .02, Cramer's v = .27$ . Standardized residuals showed Whites to be significantly more involved in construction businesses, while African Americans were more likely to select the "Other Services" option as their primary area of business. Respondents were fairly evenly matched with regards to age and educational attainment, except, there were a significantly greater number of whites in the 55-64 age range than there were African Americans,  $\chi^2(4, n = 198) = 14.28, p = .01, Cramer's v = .27$ , and African Americans were more likely than Whites to have doctorate degrees,  $\chi^2(5, n = 200) = 15.24, p = .01, Cramer's v = .28$ .

The only gender differences observed in this sample was within areas of study and primary industry. The data showed females to be more likely than males to hold academic degrees in Arts and Humanities and Social Sciences,  $\chi^2(4, n = 150) = 13.85, p = .01$ , Cramer's  $v = .30$ , and they were also more likely than males to select "*Other Services*" as their primary industry,  $\chi^2(2, n = 134) = 11.48, p < .05$ , Cramer's  $v = .29$ . Finally, males were more than twice as likely to select "*Construction*" as their primary industry.

Table 9 provides information on race and gender differences in *reasons for becoming a business owner*. The only significant difference was between African Americans and Whites on item 5 ("*viewed entrepreneurship as a way of escaping inequities in the traditional workplace*"). African American entrepreneurs were more than twice as likely as Whites to choose this option,  $\chi^2(1, n = 199) = 21.96, p = .00, \phi = -.33$ . The data was also examined for evidence of race or gender differences in financing. Results are displayed in Table 10. The only significant differences were the following: compared to whites, African American entrepreneurs were significantly more likely to have financed their business utilizing proceeds from the sale of a previous business,  $\chi^2(1, n = 199) = 7.86, p = .01, \phi = -.20$ ; males were significantly more likely than their female counterparts to have utilized personal credit cards as a means of financing,  $\chi^2(1, n = 197) = 3.78, p = .05, \phi = -.14$ .

As indicated above, overall intent to quit among this sample was low ( $M = 1.84$ ) and there were no significant race or gender differences. However, there was a small number of entrepreneurs who indicated a desire to leave. This data was examined to determine if there were race or gender differences in the reasons behind the desire to opt out of entrepreneurship. Chi-squares analyses showed no significant race or gender differences in the reasons for wanting to quit.

Finally, given the lack of significant race or gender differences in perceptions of fit, additional analyses were conducted to explore what determines fit, irrespective of race or gender. Standard regression analysis was conducted to explore the predictive capability of ESE, suitability, and identity on perceptions of fit. This model explained 58% of the variance ( $R^2 = .576$ ). Identity was the strongest predictor, followed by suitability and ESE. Complete results are provided in Table 11.

Analysis of variance was also conducted to explore the effect of entrepreneurs' age on their perceptions of fit. The results showed a significant effect of age,  $F(4,193) = 2.57, p = .04$ , eta squared = .05. Entrepreneurs in the 65-75 age range reported greatest fit ( $M = 5.5, SD = .76$ ). However, post-hoc analyses revealed that their mean fit scores were only statistically different from that of entrepreneurs in the 45-54 age range ( $M = 4.88, SD = 1.10$ ).

## Chapter 8

### Discussion

Entrepreneurship has long been viewed as a mechanism for equalizing social and economic differences between majority and minority social groups (Edelman et al., 2010). Yet, although the statistics have shown an increase in African American and female business ownership over the years, the rates of ownership continue to be disproportionate to that of White males (Carter et al., 2015; Fairlie & Robb, 2008; Kollinger & Minnitti, 2006). This trend has been evident for several decades, and there have been no major shifts in recent history despite substantial gains in education and earning potential of Africans Americans and females (Fairlie & Robb, 2005; 2010).

Race and gender differences in entrepreneurial activity are well-documented (e.g., Fairlie & Robb, 2008; Kollinger & Minnitti, 2006). Furthermore, several arguments have been offered to explain the disproportionate presence and performance of African Americans and females in entrepreneurship. However, a majority of these arguments have focused on external factors related to the business. Among the most often cited, are financing (Bogan & Darity, 2008; Coleman, 2002) and type of business (Du Rietz & Henrekson, 2000). The current paper presented an alternate view by shifting the focus to the business owner, exploring how negative social perceptions of the business acumen of African Americans and females potentially affects their perceptions of fit with entrepreneurship. In the following sections, findings for major hypotheses will be reviewed, theoretical and practical implications of the findings will be discussed, and finally, a few suggestions for future research will be proposed.

#### *Summary of Findings*

Given research findings that suggest entrepreneurship to be a white male-typed occupation (Gill & Ganesh, 2007; Zajonc, 2003), a central argument of this paper was that there

would be race and gender differences in perceptions of fit with entrepreneurship. Specifically, it was expected that African Americans and females would report lower perceptions of fit than would their white male peers. This argument was not supported by the data. In fact, overall, perceptions of fit were relatively high across the entire research sample ( $M = 5.14$ ), which suggests an issue of range restriction. Although non-significant, an unanticipated finding was that African Americans ( $M = 5.24$ ) in this sample reported higher mean fit scores than did Whites ( $M = 5.09$ ). It is difficult to definitively determine what this may be attributable to. It is likely that African Americans in this sample, for personal or professional reasons, happened to be comfortable with the realities of business ownership.

Another point to consider is the following: the premise of Heilman's (1983) lack-of-fit model is that individuals internalize stereotypical notions regarding their social groups, which then results in negative self-evaluations and self-limiting behaviors. It is possible that the African Americans and females in this sample have not internalized stereotypes about their particular group membership, and therefore perceive less incongruity between their professional/personal attributes and that required for being a successful entrepreneur. To test this assumption, although there were no mean race or gender differences in overall fit scores, the data was further examined to determine if there were item-level differences. A significant race difference was found for fit item #8 (*"I think that people like me have made it to the top of entrepreneurship"*). African Americans ( $M = 5.16$ ) in the current sample were significantly more likely than their white peers ( $M = 4.63$ ) to agree with this statement. This finding is counter to what would have been expected based on prior research, and appears to support the argument above that African Americans sampled in this study did not perceive much incongruity between their attributes and that required for successful entrepreneurship. No item-level gender differences were found.

The prediction that African Americans and females would be less identified with entrepreneurship was also not supported by the data. Interestingly enough, although a significant race difference was observed, it was in the opposite direction of that which was proposed. Specifically, African American ( $M = 5.24$ ) entrepreneurs in this sample reported significantly greater identification with entrepreneurship than did Whites ( $M = 4.83$ ). Again, it is difficult to conclusively explain this finding. Perhaps African Americans in this sample were, for whatever reason, very motivated to succeed and as such, are highly identified with entrepreneurship. Oyserman, Fryberg and Yoder's (2007) theory of *identity-based motivation* is potentially relevant here. While a detailed discussion of this theory is beyond the scope of this paper, one of the main precepts of this theory is that individuals interpret situations in ways congruent with their active identities. This element of the theory potentially explains the unexpected findings mentioned above. It is possible that business ownership is a significant component of the identity of the African Americans in this sample. Thus, they are motivated to interpret the inherent challenges of entrepreneurship as important step towards success, subscribing to the notion of "no pain, no gain".

It was also argued that perceptions of fit would be inversely related to intentions to quit. This argument was supported. However, as noted above with perceptions of fit, the data showed no race or gender differences in intent to quit. African American and female entrepreneurs were no more likely to report greater intentions to quit than were White male entrepreneurs. In fact, the data showed relatively low intent to quit among the entire sample ( $M = 1.84$ ). Again, this suggests that range restriction might be influencing the pattern of findings. As a whole, this sample of entrepreneurs were well-educated (82% reported having a Bachelor's degree or higher,

while 50% had degrees in Business Management); and fairly successful (65% reported revenue in excess of \$100K).

Given the current paper's argument that reduced perceptions of fit with entrepreneurship ultimately result in a greater desire to exit, one question posed was; what factors could potentially increase one's perception of fit? The role of ESE and various developmental opportunities were explored. Since the introduction of the term entrepreneurial self-efficacy into the entrepreneurship literature (Boyd & Vozikis, 1994), there have been several studies investigating the role of ESE as an antecedent to entrepreneurial choice (e.g., Chen, et al., 1998; Zhao et al., 2005). As mentioned above, ESE refers to one's belief in their capability to be a successful entrepreneur and is considered one of the focal prerequisites for entrepreneurship (Kreuger & Brazeal, 1994).

It was argued, in this paper, that ESE would be positively related to perceptions of fit. This argument was supported by the data. In light of research findings that show African Americans and females to be disadvantaged in terms of access to social networks, financial resources, etc., (Danes et al., 2008; Fairlie & Robb 2010; Welter, 2011) it was also proposed that there would be race and gender differences in reported ESE. In particular, it was expected that African American and female entrepreneurs would report lower ESE compared to White males. The issue of gender and race differences in ESE is, to date, unresolved in the entrepreneurship literature (Mueller & Dato-On, 2008; Wilson et al., 2007). The findings of this study, unfortunately, do not clarify these differences.

As indicated above, entrepreneurs' developmental opportunities were also expected to be positively related to fit. The main opportunities investigated in this study were *business planning, mentoring* and *training*. It was proposed that the relationships between each of these

variables and fit would be mediated by ESE. The results showed business planning to be the only developmental variable positively related to fit, and as proposed, that relationship was also shown to be mediated through ESE. The results of this study also showed mean fit scores among African Americans who had created a business plan to be significantly higher than that of those who had not created a business plan. These findings are consistent with prior research that identify business planning as a critical, competence-building preparatory tool (e.g., Frese et al., 2007). The findings also suggest business planning as a viable intervention for increasing perceptions of fit with entrepreneurship.

The absence of a significant relationship between *training* and *fit* was unexpected. Prior research which outlines the efficacy of training in increasing entrepreneurs' skills and competence (Henry et al., 2003) seemed to support the notion that this developmental opportunity would also positively impact one's perception of fit with entrepreneurship. However, it should be noted that "not all training programs are created equal". A common critique of entrepreneurship training programs is that they can sometimes be insufficiently targeted, thus making them less effective (St. Jean & Audet, 2012). Since there is no way to determine the quality of the training programs attended by the entrepreneurs in this study, it is not possible to draw definitive conclusions about the relationship between training and fit, from the results of this study.

The absence of a significant relationship between mentoring and fit was similarly, unexpected. As with training, prior research seemed supportive of the position that entrepreneurs engaged in mentoring relationships would be better prepared, more competent, and therefore perceive themselves to be a better fit with entrepreneurship. However, only about one-third of entrepreneurs in this study indicated having been a part of a mentoring relationship. This

suggests the possibility of low statistical power to detect an existing effect of mentoring. Another point to consider is that there is no available data to evaluate the quality of mentoring received. It is possible that some of the entrepreneurs may have been involved in poor mentoring relationships. In which case, there would be no expectations of enhanced preparedness or competence, and consequently, no impact on perceptions of fit.

The final major question explored in this research was whether there would be an additive effect of negative stereotyping for entrepreneurs who happened to belong to two stigmatized social groups – in this instance, *female* and *African American*. Based on the theoretical tenets of the double jeopardy hypothesis (Beale, 1970) it was proposed that compared to other gender-ethnic groups African American females would report less fit and ESE, and a greater desire to exit. This was not supported by the results of the study. Again, these results are likely due to the overall lack of variability in the outcome measures (i.e., range restriction).

The results of the supplementary analyses conducted in this study further underscored the issue of restriction of range in this sample. Overall, the data showed minimal race or gender differences among participants. In the few instances where significant differences were found, the effect sizes were often small. It was interesting to note that despite the many similarities between African American and white business owners on most outcome measures, there were distinct differences in reported revenue. Specifically, African American business owners were significantly more likely to report revenue of ten thousand dollars or less, while Whites were more likely to report revenue in excess of one million dollars. However, these participants represented only a small portion of the sample, since over seventy percent of White *and* African American business owners reported revenue within the \$25K to \$1MM range.

*Theoretical and Practical Implications*

A contribution of the current study is that it explored issues of race and gender disparities in entrepreneurship utilizing a sample of existing small business owners. This is in sharp contrast to a large majority of existing research in this area, where the data is often archival, and the research questions are therefore bound by the comprehensiveness of the existing data. One benefit of the method of data collection employed in the current study was the ability to hear directly from existing small business owners, the reasons behind their intentions to leave entrepreneurship.

Another benefit was the ability to highlight the *business owner* and explore the impact of multiple psychological processes on the decision to quit or remain in entrepreneurship. It expands existing research, where primary explanations for poor business performance focus on factors inherent to the *business*— often financial constraints (e.g., Bates, 2000; Edelman et al., 2010). The current study, while acknowledging these constraints, took the argument a step further, and explored how these constraints might impact business owners' perceptions of entrepreneurship.

Given prior research findings, the similarities between entrepreneurs of different races and gender in this study was unanticipated. Much of prior research exploring issues of race and gender in business ownership highlight disparities, such as differential survival rates and human capital, unequal capital access, and inadequate social networks (Fairlie & Robb, 2010; Welter 2011; Zhang et al., 2010). In contrast, this study, most likely because of sampling limitations discussed below, presented a rare glimpse of what successful African American and female entrepreneurship looks like – a topic not often explored in the literature. In many ways, minority participants in the current sample appear to depart from their usual portrayal in the literature. For example, differences in educational attainment (in favor of Whites) is commonly cited as a

reason for the performance differentials between white and African American business owners (Marlino & Wilson, 2003; Sullivan 2007). However, in this sample, twenty percent of African Americans reported having doctoral degrees compared to five percent Whites. Additionally, contrary to prior research findings African Americans in this sample were significantly more likely than Whites to have participated in a training program and also to have created a business plan. This evidence suggests that the sample of African American and female entrepreneurs in this study was quite unique in terms of their performance and success. This may also be attributable to various individual-level traits. Although not directly measured in this study, the qualitative and quantitative results suggest that respondents may have, among other attributes, high levels of intrinsic motivation, persistence and resilience that allowed them to master the inherent challenges of business ownership.

Another contribution is the following: despite the absence of proposed racial and gender differences in perceptions of fit, this study did identify several factors that predict an individual's fit with entrepreneurship. An exploratory analysis conducted to test the predictive capability of ESE, suitability and identity on perceptions of fit irrespective of race or gender, found identity to be the strongest predictor. The entire model accounted for 58% of the variance in perceptions of fit. To my knowledge, this is the first study to identify variables intrinsic to the business owner that might explain the degree of fit with entrepreneurship.

Again, although the proposed race and gender effects were unsupported in the data, the overall pattern of findings were in support of the general arguments of this paper. For instance, an overarching argument was that there would be an inverse relationship between perceptions of fit and intent to quit. This was supported by the data. Similarly, the overall presumption that variables such as identification with entrepreneurship and ESE would be positively related to fit,

was also supported by the data. The results of this study also identified fit and ESE as important predictors of entrepreneurial success (both objective and subjective measures).

From a practical perspective, these findings suggest potential interventions for increasing fit with entrepreneurship, and ultimately, business performance. A common strategy employed by government agencies to assist struggling small businesses has historically been to provide them with financial incentives. However, the long-term impact of such a strategy remains questionable, since such initiatives have been shown to be successful to the extent that business owners possess higher levels of human capital (Bates, 1985). In other words, access to financial capital is unlikely to have meaningful impact if the owner does not possess the necessary skills for running a successful business. The results of this study suggests that one potentially more practical solution for policy makers might be to provide more opportunities for promoting and enhancing business planning among small business owners.

### *Limitations*

Despite the outlined theoretical and practical implications, this study is not without limitations. First, the use of a convenience sampling method may have resulted in the observed range restriction in the main outcome measures. Recall, business owners were randomly emailed from publicly available lists of small business owners to solicit participation. In retrospect, it seems possible that there may have been some degree of self-selection bias which resulted in a research sample that may have been different from the target population. York (1998) defines selection bias as “any characteristic of a sample that is believed to make it differ from the study population in some important way” (p.239).

There were likely significant differences between the entrepreneurs who chose to respond to the survey request and those who did not. For example, it is highly probable that less

successful entrepreneurs may have been less inclined to respond to the request. The data shows that respondents were all relatively successful (65% of the sample reported annual revenue in excess of \$100,000); well-educated (82% reported having a Bachelor's degree or other advanced degree); and had been running their businesses for some time (4 years average ownership). This resulted in a remarkably high degree of similarity between entrepreneurs of different race and gender. A circumstance which runs counter to prior research findings (c.f. Fairlie & Robb, 2010; Zajonc, 2003).

Given the low response rate observed in this study, non-participation was obviously an issue. Non-participation is rarely random (Cuddeback, Wilson, Orme, & Combs-Orme, 2004). Therefore, the potential threat to the external validity of the results should be noted. Because of the possibility that less successful entrepreneurs refused participation in this study, the conclusions drawn from the results are likely not generalizable to that group of entrepreneurs.

Although rarely used in social science research, sample selection models can be useful for detecting and correcting selection bias (Cuddeback et al., 2004). These methods usually involve the simultaneous estimation of two regression models. One model estimates probabilities associated with the variables/research questions of interest, while the other is used to detect and correct for selection bias. The use of these models, however, require some knowledge of non-participants' characteristics. Unfortunately, due to the nature of data collection in the current study, it is not possible to determine the characteristics of non-participants. Consequently, these correction methods could not be employed.

A related concern, and a second limitation resulting from the sampling method employed in this study, is that the sample was primarily comprised of more "established" entrepreneurs. Kollinger and Minnitti (2006) describe business owners as "established" if they have owned all or

part of their business for a period exceeding 42 months. On average, entrepreneurs in this sample reported that they had been business owners for more than ten years. Additionally, more than half of the sample, across race and gender, were owners of their current business for more than five years. A relevant point of reference here is that the average survival rate for African American and female businesses, as cited by prior research, is *four* years (Fairlie & Robb, 2009). This again suggests that the African American and female entrepreneurs in this study are qualitatively different from the targeted population, as they have most likely successfully navigated the challenges of business ownership, and are now operating fairly successful businesses. One implication of this is that the results of this study may not be generalizable to entrepreneurs at earlier stages of the business life cycle or to those operating less successful ventures.

A third limitation of the study is the heavy reliance on self-report measures. Self-report measures are often criticized for being susceptible to various biases such as common method variance and response sets – the most common of which are acquiescence and socially desirable responding (Podsakoff & Organ, 1986). While the potential drawbacks of self-reports are acknowledged, because the research questions posed in this study required phenomenological data, this data was unobtainable via any other method of data collection.

With the constraints of self-report in mind, all efforts were made to assure participants of the anonymity of their data. Furthermore, a “Prefer not to answer” response option was included for questions which could have been construed as requesting sensitive information. In the end, while it is not possible to conclusively determine the veracity of participants’ responses, every effort was made to encourage honest responses.

A fourth limitation of the study is the existing ambiguity in the literature in terms of

how entrepreneurship is defined. In this study, an entrepreneur was defined as one who recognizes and exploits new business opportunities by founding new ventures (Shane & Venkataraman, 2000). However, entrepreneurship has also been defined from an individual/personality-based approach (Brockhaus, 1982; Sarasvathy et al., 1998), as well as with more focus on renewal or innovation (Sharma & Chrisman, 1999). The definition used in this study is admittedly broad. It is possible that this breadth, coupled with the employed convenience sampling method, may have resulted in a sample of individuals for whom, depending on the nature of their business, some of the items measured in the survey might have been less relevant. Therefore, this potential challenge in terms of how the obtained results are interpreted, should be noted. Since data was collected on the nature of respondents' businesses, a potential solution might have been to parse the data to determine if there were response differences that corresponded to the various ways that entrepreneurship could be defined. Unfortunately, the business categories were quite general, and not sufficiently nuanced to get at these differences.

#### *Future Research Considerations*

A major premise of Heilman's (2003) lack-of-fit model, as applied in the current research, was that minority group members engage in "self-limiting" behaviors as a result of having internalized stereotypical information regarding their group membership. As illustrated in earlier sections of this paper, there is empirical support to show that people's perceptions of fit with a profession is proportionate to their perceptions of the degree to which they "match" the characteristics of the prototypical person within such professions (Peters et al., 2012). This principle of perceived misalignment between stereotypes associated with one's group membership and requisite skills for particular jobs formed the theoretical basis for the current

study's predictions that African American and females would perceive themselves as having less fit with entrepreneurship than would their white male peers. Given that the results of this study failed to support these predictions, one consideration for future research might be to include some measure of the extent to which respondents subscribe to stereotypical beliefs regarding their group membership.

As noted in an earlier section, research findings show prototypical characteristics associated with entrepreneurship to be in direct contrast to characteristics stereotypically assigned to minority groups such as African American and females. However, it is likely that participants in the current study have not internalized stereotypical beliefs regarding their group membership. Alternatively, over time, they may have adapted the more agentic traits associated with entrepreneurship. Unlike one's phenotypical traits, one's self-concept is alterable and dynamic (Bosak & Sczesny, 2008). With this in mind, a measure of participants' perception of the extent to which they fit group stereotypes might be helpful as a baseline for interpreting future research findings related to perceptions of fit.

Another consideration for future research would be to test the relationships proposed in this study with samples of entrepreneurs with wider ranges of success. Given current research findings that show success (objective and subjective measures) to be positively related to perceptions of fit and negatively related to intent to quit, it would be interesting to see whether race or gender differences would emerge among less successful small business owners. From an empirical perspective, conducting research on businesses with differing levels of success would also help to clarify the relationship between success and perceptions of fit. That is, are entrepreneurs with higher perceptions of fit more likely to have successful businesses or does having a successful businesses create a greater sense of fit?

A related consideration for future research is whether the proposed race and gender differences in perceptions of fit and intent to quit might be a function of the business' life cycle. A possibility is that differences in perceptions of fit may be more evident for businesses in the initial stages of the life cycle. Research shows that African American and female businesses are more likely to fail in the initial stages (Fairlie & Robb, 2009; Kollinger & Minniti, 2006). During the initial stage of a business' life, challenges related to acquisition of the requisite financial, human, and social capital are a primary concern. This is particularly true for African American and female entrepreneurs (Fairlie & Robb, 2009).

A question for future research is whether negative issues related to fit and identity may be more relevant and/or salient during the earlier stages of entrepreneurship, while the business owner is trying to get the business "off the ground". The difficulties associated with starting the business may amplify feelings of lack of fit. Similarly, business owners at the later stage of the life cycle may also perceive less fit with entrepreneurship for a number of reasons (e.g., burnout, a desire to move on, etc.). Given that, on average, business owners in the current sample owned their business for more than 10 years, it may be worthwhile to explore the proposed relationships with small businesses at other stages of entrepreneurial activity. It may also be worthwhile to take a longitudinal, rather than cross-sectional approach, where business owners are surveyed at different points in time, coinciding with critical points of the businesses' life cycle.

### *Conclusion*

To conclude, this study offers alternative perspectives on the reasons for the disproportionate presence of African American and females in entrepreneurship, by shifting the focus to the business owner and exploring the impact of negative social perceptions of the business acumen of African American and females on their perceptions of fit. Although the

results of the study failed to support the predictions, this was the first study to examine reasons for intent to leave from existing entrepreneurs. Additionally, several predictors of fit were identified, which on a practical level, suggests potential interventions for increasing fit with entrepreneurship.

## Appendix A

### Internet Sources for Small Businesses' Contact Information

U.S. Locations	Websites
Kentucky	<a href="http://mwbe.ky.gov/Pages/default.aspx">http://mwbe.ky.gov/Pages/default.aspx</a> <a href="http://www.thinkkentucky.com/kyedc/pdfs/smwvbe.pdf">http://www.thinkkentucky.com/kyedc/pdfs/smwvbe.pdf</a>
Massachusetts	<a href="https://www.sdo.osd.state.ma.us/BusinessDirectory/BusinessDirectory.aspx">https://www.sdo.osd.state.ma.us/BusinessDirectory/BusinessDirectory.aspx</a>
Mississippi	<a href="http://secure.mississippi.org/CertifiedMinorityBusinessReports/">http://secure.mississippi.org/CertifiedMinorityBusinessReports/</a> <a href="http://business.greaterjacksonpartnership.com/list/searchalpha/a?o=alpha&amp;start=0">http://business.greaterjacksonpartnership.com/list/searchalpha/a?o=alpha&amp;start=0</a>
New Jersey	<a href="http://www.state.nj.us/transportation/business/civilrights/dbe.shtm#directories">http://www.state.nj.us/transportation/business/civilrights/dbe.shtm#directories</a>
New York	<a href="http://mtprawvwsbswtp1-1.nyc.gov/">http://mtprawvwsbswtp1-1.nyc.gov/</a>
North Carolina	<a href="https://www.ips.state.nc.us/vendor/searchvendor.aspx?t=h">https://www.ips.state.nc.us/vendor/searchvendor.aspx?t=h</a>
Ohio	<a href="http://eodreporting.oit.ohio.gov/MBESearchResults.aspx">http://eodreporting.oit.ohio.gov/MBESearchResults.aspx</a>
South Carolina	<a href="http://osmba.sc.gov/documents/rptwebsite.pdf">http://osmba.sc.gov/documents/rptwebsite.pdf</a>
Tennessee	<a href="http://dsbs.sba.gov/dsbs/search/dsp_profilelist.cfm?RequestTimeout=180">http://dsbs.sba.gov/dsbs/search/dsp_profilelist.cfm?RequestTimeout=180</a>

**Appendix B**  
Request for Participation in Phone Interview

Hello (PARTICIPANT NAME),

My name is Rachel Pascall-Gonzalez and I am a Ph.D. candidate in the Industrial-Organizational Psychology program at the City University of New York. I am conducting a dissertation research project that examines how perceptions of fit might influence African Americans and females' intentions to enter into or quit entrepreneurship.

I would like to conduct a 30 minute interview with you. The information you provide will be critical in helping to guide the refinement of a survey to be used in my research project.

Would you be willing to participate?

**Appendix C**  
Consent Form

**CITY UNIVERSITY OF NEW YORK**

*Baruch College*

*Department of Psychology*

**CONSENT TO PARTICIPATE IN A RESEARCH PROJECT**

**Project Title:** Entrepreneurship

**Principal Investigator:** Rachel Pascall-Gonzalez  
Graduate Student  
Baruch College  
One Bernard Baruch Way  
New York, New York 10010  
347-200-8869

**Faculty Advisor:** Dr. Charles Scherbaum  
Associate Professor  
Baruch College  
Box B 8-215, One Bernard Baruch Way  
New York, NY, 10010  
646-312-3807

**Site where study is to be conducted:** *Phone Interview*

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**Introduction/Purpose:** You are invited to participate in a phone interview. This interview is part of a larger study conducted under the direction of Rachel Pascall-Gonzalez, a graduate student at Baruch College, City University of New York. The purpose of the research study is to examine how perceptions of fit might influence African Americans and females' intentions to enter into or quit entrepreneurship. Your participation in this interview will help guide the development of survey items to be used in the research study.

**Procedures:** Approximately 10 individuals are expected to participate in these phone interviews. The time commitment of each participant is expected to be approximately 30 minutes.

**Possible Discomforts and Risks:** Participation in this interview poses no greater social or psychological risks than you would experience in normal daily activities. You will be asked to provide some information about your experience as an entrepreneur and your perspective on issues related to race and gender in entrepreneurship. The information you provide is being used

purely for academic purposes, and will only be used in the aggregate. The data collected from today's interviews will be kept in a locked filing cabinet in the office of the principal investigator and will be accessible only to the principal investigator and faculty advisor. Therefore, your data will remain confidential throughout the data collection process.

**Benefits:** There are no direct benefits to participation in this interview. However, your responses will help refine the survey items to be used in the later research study, the results of which will help increase general knowledge of potential solutions to retain African American and female small business owners' presence in entrepreneurship.

**Voluntary Participation:** Your participation in this interview is voluntary, and you may decide not to participate without prejudice, penalty, or loss of benefits to which you are otherwise entitled.

**Confidentiality:** The collected responses will be accessible only to the principal investigator and faculty advisor. We are not interested in individual information; therefore your name will not be associated with any of your responses. All responses gathered from the interviews will be combined and analyzed in the aggregate.

**Contact Questions/Persons:** If you have any questions about the research now or in the future, you should contact the Principal Investigator, Rachel Pascall-Gonzalez, at (347) 200-8869 or (rpascall@gc.cuny.edu). If you have any questions concerning your rights as a participant in this study, you may contact the coordinator of the Human Research Protection Program at Baruch College, Keisha Peterson, at (646) 312-2217.

**Statement of Consent:**

"I have heard the above description of this research and I understand it. I have been informed of the risks and benefits involved, and all my questions have been answered to my satisfaction. Furthermore, I have been assured that any future questions that I may have will also be answered by the principal investigator of the research study. I voluntarily agree to participate in this study.

By consenting to participate I have not waived any of my legal rights to which I would otherwise be entitled."

## Appendix D

### Phone Interview Guide

Thank you for taking the time to speak with me. As I mentioned, the information you provide will be critical in helping to guide the development of a survey for my dissertation research project that will examine how perceptions of fit might influence African Americans and females' intentions to enter into or quit entrepreneurship. Your responses are being used purely for academic research purposes, so please be as honest as possible. Your name will not be associated with any of the responses provided during this interview. The results will be combined with the responses from the other interviews that I am conducting. Before we get started, do you have any questions?

As I mentioned, this interview is about how perceptions of fit might influence African American and female entrepreneurs' intentions to enter or quit entrepreneurship. I will be asking you several questions about your experience as an entrepreneur and your perspective on issues related to race and gender in entrepreneurship.

1. \*Now that you have been running your business for some time, would you say that your expectations about what entrepreneurship would be like are similar to or different from your actual experiences?
  - In what ways were there similarities?
  - What did you find to be different or unexpected?
  
2. What would you say are some of the factors that motivated you to go into business ownership?
  - Do you think the motivating factors are different for individuals of different races? For example, are there factors that may be specifically relevant to African American individuals?
    - What would those be?
  - How about gender differences? Do you think that there may be factors that motivate females to enter business ownership that may not be relevant for males?
    - What would those be?
  
3. \*Given your experiences as an entrepreneur, can you imagine a situation where an individual, once they have entered entrepreneurship, might feel that they are not a good match with that career choice?
  - (IF YES): What do you think might be some of the reasons for that feeling of misfit?
    - Do you think an individual's race might have any influence on feelings of misfit?
      - Why? *or* Why not?
    - Do you think an individual's gender might have any influence?

- Why? *or* Why not?
    - (IF NO): Could you explain why you think that is an unlikely possibility?
- 4. (IF RESPONDENT ANSWERED YES TO QUESTION 3): What do you think might reduce the possibility of entrepreneurs feeling mismatched with their career choice?
- 5. What are some of the reasons why an individual might decide to leave entrepreneurship?
  - Do you think accessibility to credit might play a role?
    - How so?
  - Do you think that the decision to quit entrepreneurship might be more/less prevalent among entrepreneurs of particular ethnicities?
    - Could you please explain?
  - How about gender? Do you think that entrepreneurs of a particular gender are more/ less prone to making the decision to quit?
    - Could you please explain?
  - If someone decided to leave entrepreneurship, how easy/difficult would it be to do so?
    - What are some of the factors that would need to be considered?
- 6. What would you say are the factors that contribute to successful entrepreneurship?
  - Are any of these more critical than others?
- 7. In your opinion, how significant is a business plan to the development of a business?
  - What does the typical business plan for a small business owner look like?
    - Would you describe it as a formal blueprint on paper, or more of a mental guide?
    - Is it done primarily before start-up, or is it an ongoing process?
  - What would you say determines the quality of a good business plan?
- 8. Is there anything you would like to add about the issue of entrepreneurship among females and African Americans?

This concludes the interview. Thank you for your time and thoughtful responses. If you have any additional questions or concerns I can be contacted at [rpascall@gc.cuny.edu](mailto:rpascall@gc.cuny.edu) or (347) 200-8869.

Revised Questions:

\*1: Would you say that your expectations about what business ownership would be like are a match with your actual experiences?

\*3: Do you think it is possible for an individual to feel they are not a good match with business ownership?

## Appendix E

### Entrepreneurial Self-Efficacy

**Instructions:** Using the answer choices below, please rate your level of confidence in your ability to perform each of the following roles/tasks.

Completely Unsure	Somewhat Unsure	Neither Sure nor Unsure	Somewhat Sure	Completely Sure
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1. Set and meet market share goals.
2. Set and meet sales goals.
3. Set and attain profit goals.
4. Establish your position in a product market.
5. Conduct market analysis.
6. Expand your business.
7. Seek out new venturing and new ideas.
8. Seek out new products and services.
9. Seek out new markets and geographic territories.
10. Seek out new methods of production, marketing and management.
11. Reduce risk and uncertainty.
12. Strategic planning and development of information systems.
13. Manage time by setting goals.
14. Establish and achieve goals and objectives.
15. Define organizational roles, responsibilities, and policies.
16. Take calculated risks.
17. Make decisions under uncertainty and risk.
18. Take responsibility for ideas and decisions.
19. Work under pressure and conflict.
20. Perform financial analysis.
21. Develop financial system and internal controls.
22. Control cost.

**Appendix F**  
Perceptions of Fit

**Instructions:** Indicate the extent to which you agree or disagree with each of the following statements using the answer choices provided.

Strongly Disagree	Disagree	Somewhat Disagree	Neither agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
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1. Generally, I really “fit in” with other entrepreneurs.
2. I see a place for myself among entrepreneurs.
3. When I think of entrepreneurs, I get a sense that I don’t belong.
4. My unique talents are not likely to be appreciated by other entrepreneurs.
5. I think that my skills complement those of most entrepreneurs.
6. I see myself as quite different from other entrepreneurs.
7. When I look at successful entrepreneurs, I have a lot in common with them.
8. I think that people like me have made it to the top of entrepreneurship.

**Appendix G**  
Perceived Suitability for Entrepreneurship

**Instructions:** Indicate the extent to which you agree or disagree with each of the following using the answer choices provided.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
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1. I think that I am very well qualified to be an entrepreneur.
2. It is difficult for me to fulfill the requirements of being an entrepreneur.
3. I fit the profile of the typical entrepreneur.
4. Entrepreneurship is a good match for my skills and abilities.

## Appendix H

### Entrepreneurship Identification

**Instructions:** Use the answer choices provided to indicate the extent to which you agree or disagree with each of the following.

Strongly disagree	Disagree	Somewhat Disagree	Neither agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
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1. I have a lot in common with other entrepreneurs.
2. I feel strong ties to other entrepreneurs.
3. I find it difficult to form a bond with other entrepreneurs.
4. I don't feel a sense of being "connected" with other entrepreneurs.
5. I often think about the fact that I am an entrepreneur.
6. Generally, I feel good when I think about myself as an entrepreneur.
7. Overall, being an entrepreneur has very little to do with how I feel about myself.
8. In general, being an entrepreneur is an important part of my self-image.
9. The fact that I am an entrepreneur rarely enters my mind.
10. In general, I'm glad to be an entrepreneur.
11. I often regret that I am an entrepreneur.
12. I don't feel good about being an entrepreneur.

**Appendix I**  
Desire to Quit

**Instructions:** Please rate the extent to which you agree or disagree with each of the following statements.

Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
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1. I think a lot about quitting entrepreneurship.
2. I am actively searching for alternative job opportunities outside of entrepreneurship.
3. As soon as it is possible, I will quit this entrepreneurial venture.

If you agreed with the statements above regarding your intent to leave entrepreneurship, please choose your reason (s) for wanting to leave from the provided options:

1. Financial difficulties (e.g. lack of funding, inadequate profits, etc.)
2. Feeling that business ownership is too difficult
3. Feeling unprepared for the task of business ownership
4. Feeling that “I don’t belong in business ownership”
5. Other: -----

**Appendix J**  
Success

**Instructions:** Compared to your competitors, how would you rate your business' current performance in each of the following? Use the provided answer choices to respond.

Much Worse than Competitor s	Worse than Competitor s	Somewhat Worse than Competitor s	Neither Worse nor Better than Competitor s	Somewhat Better than Competitor s	Better than Competitor s	Much Better than Competitor s
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1. growth in sales
2. growth in profitability
3. return on equity
4. return on assets
5. profit margin on sales
6. ability to fund growth from profits

**Appendix K**  
Demographics Questionnaire

1. What is your race/ethnicity?
  - African American/Black
  - Asian
  - Hispanic/Latino
  - Native American/Pacific Islander
  - White/Caucasian
  - Other -----
  
2. What is your gender?
  - Female
  - Male
  
3. Please indicate your age:
  - 18-24
  - 25-34
  - 35-44
  - 45-54
  - 55-64
  - 65-74
  - 75 or older
  - Prefer not to answer
  
4. Education
  - High School
  - Some College
  - Professional Degree or Certificate
  - Bachelors Degree

- Masters Degree
  - Doctorate Degree
  - Prefer not to answer
5. What was your area(s) of study?
- Arts & Humanities
  - Business/Management
  - Natural Sciences
  - Professional/Applied Sciences
  - Social Sciences
  - Other -----
6. Please indicate your reasons for becoming a business owner (Please select all that apply):
- Wanted the challenge of doing something different
  - Wanted to “be my own boss”
  - Wanted the freedom/flexibility to care for my children
  - Inherited the business from a family member
  - Viewed entrepreneurship as a way of escaping inequities in the traditional workplace
  - Other -----
7. Did you have a business plan prior to starting your business?
- Yes
  - No
8. Did you create a business plan at any point after starting your business?
- Yes
  - No
9. How often do you revise and revisit your business plan?
- Very Often
  - Often
  - Sometimes
  - Rarely
  - Never

10. Have you participated in any training programs specifically geared towards improving your performance as an entrepreneur?

- Yes
- No

11. Have you completed this program?

- Yes
- No

12. If yes, approximately how many **hours** of training did you receive?

-----

13. Before starting your business, did you receive any mentoring on how to be a successful entrepreneur?

- Yes
- No

14. If yes, who served as your mentor?

- Another entrepreneur
- An expert in the industry in which your business is based
- Former employer
- Someone that you know who had a successful business
- Someone that you know who had a failed business
- Other -----

15. How influential has that mentor been in your professional development as an entrepreneur?

Very Influential	Somewhat influential	Slightly Influential	Not influential
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16. How long have you been the owner of your **CURRENT** business?

- less than 1 year

- 1 to 5 years
- 6 to 10 years
- 10 to 15 years
- 16 to 20 years
- 21 to 25 years
- 26 or more years

17. Did you have any experience as an entrepreneur prior to your current business?

- Yes
- No

18. If yes, how many years' experience?

- -----

19. How many other businesses have you started?

- -----
- Not applicable

20. Was your previous entrepreneurial experience in a similar industry to your current business?

- Yes
- No
- Not applicable

21. **If you are currently involved in your FIRST business venture please skip this question and move to the next.** Using the following scale, please indicate the number of opportunities you have had to observe and learn from other entrepreneurs during your previous entrepreneurial venture.

No Opportunities	Few Opportunities	Some Opportunities	Many Opportunities
------------------	-------------------	--------------------	--------------------

22. Approximately how many employees are currently employed in your business?

- 1-9
- 10-24
- 25-49
- 50 or more
- Prefer not to answer

23. In what state is your business based?

- 

24. Which of the following BEST describes the primary industry of your business?

- Agriculture, Forestry, Fishing and Hunting
- Mining, Quarrying, and Oil and Gas Extraction
- Utilities
- Construction
- Manufacturing
- Wholesale Trade
- Retail Trade
- Transportation and Warehousing
- Information
- Finance and Insurance
- Real Estate and Rental and Leasing
- Professional, Scientific, and Technical Services
- Management of Companies and Enterprises

- Administrative and Support and Waste Management and Remediation Services
- Educational Services
- Health Care and Social Assistance
- Arts, Entertainment, and Recreation
- Accommodation and Food Services
- Other Services (except Public Administration)
- Public Administration

25. What was the total revenue of your business for the calendar year 2012?

- \$500 or less
- \$501 to \$1,000
- \$1,001 to \$3,000
- \$3,001 to \$5,000
- \$5,001 to \$10,000
- \$10,001 to \$25,000
- \$25,001 to \$100,000
- \$100,001 to \$1,000,000
- \$1,000,001 or more
- Prefer not to answer

26. What is your estimate of the total revenue of your business for calendar year 2013?

- \$500 or less
- \$501 to \$1,000
- \$1,001 to \$3,000

- \$3,001 to \$5,000
- \$5,001 to \$10,000
- \$10,001 to \$25,000
- \$25,001 to \$100,000
- \$100,001 to \$1,000,000
- \$1,000,001 or more
- Prefer not to answer

27. Which of the following describes how your business is financed? Choose all that apply:

- Business loan(s)/line of credit from banks or other financial institutions
- Loan(s) from government agencies
- Personal loan(s) from banks or other financial institutions
- Personal loan(s) from family or friends
- Personal credit cards
- Proceeds from the sale of a previous business
- Personal assets
- Other -----
- Prefer not to answer

**Please answer the following questions about your experience while responding to the survey (Included at the end of the pilot survey):**

- Overall, did you find the survey clear and easy to understand? -----  
----
- Were any words or questions confusing or unclear? If so, which ones? -----  
-
- How long did it take you to complete the survey? -----
- How do you feel about the length of the survey? -----
- Did you have any problems understanding any of the directions? Which ones? -----  
-----

## Appendix L

### Email Request for Participation in Online Survey

#### ASSISTANCE WITH DISSERTATION RESEARCH: 15 MINUTE ONLINE SURVEY

Dear Business *Owner*:

Thank you again for sharing your expertise on small business ownership during our phone interview a few weeks ago. I may have mentioned that I would be conducting a second phase of this research, and would greatly appreciate your further assistance.

As mentioned in our phone conversation, my name is Rachel Pascall-Gonzalez and I am a Ph.D. student in the Industrial-Organizational Psychology program at the City University of New York. For my dissertation, I am conducting a study examining the experiences of owners of small businesses in the United States. Therefore, I am inviting you to participate in this research study by clicking on the internet link included below.

The survey will require only about **15 minutes** of your time. There are minimal risks to participation in this research study. In order to ensure the anonymity and confidentiality of your responses, **please do not attach your name to any of the responses.**

If you choose to participate in this project, please complete the survey by **Monday, November 18<sup>th</sup>, 2013.**

Thank you for taking the time to assist me with this research. The data collected will provide useful information regarding the experiences of U.S. small business owners.

To complete the survey, simply click on the following link:

[https://baruch.az1.qualtrics.com/SE/?SID=SV\\_eFAZk66Hhll4aDX](https://baruch.az1.qualtrics.com/SE/?SID=SV_eFAZk66Hhll4aDX)

I would be extremely grateful if you would forward the survey link to colleagues who may wish to participate in this research. **To be eligible to participate, individuals should be African American/Black or White small business owners.**

If you require additional information or have any questions, please contact me at the email address listed below.

Sincerely,  
Rachel Pascall-Gonzalez

Email: [rpascall@gc.cuny.edu](mailto:rpascall@gc.cuny.edu)

**Appendix M**  
Consent Form

**CITY UNIVERSITY OF NEW YORK**

*Baruch College*

*Department of Psychology*

**CONSENT TO PARTICIPATE IN A RESEARCH PROJECT**

**Project Title:** Entrepreneurship

**Principal Investigator:** Rachel Pascall-Gonzalez  
Graduate Student  
Baruch College  
One Bernard Baruch Way  
New York, New York 10010  
347-200-8869

**Faculty Advisor:** Dr. Charles Scherbaum  
Associate Professor  
Baruch College  
Box B 8-215, One Bernard Baruch Way  
New York, NY, 10010  
646-312-3807

**Site where study is to be conducted:** *Online survey via Qualtrics*

---

**Introduction/Purpose:** You are invited to participate in a research study. The study is conducted under the direction of Rachel Pascall-Gonzalez, a graduate student at Baruch College, City University of New York. The purpose of this research study is to better understand the experiences of small business owners in the United States.

**Procedures:** Approximately 210 individuals are expected to participate in this study. Each participant will participate in an online survey. The time commitment of each participant is expected to be approximately 15 minutes.

**Possible Discomforts and Risks:** Participation in this study poses no greater social or psychological risks than you would experience in normal daily activities. You will be asked to provide some information about the performance of your business. With all data collected via the internet, there is the potential risk of invasion of privacy and breach of confidentiality. However, the data collected in this study will be stored on a secure internet server of a survey platform

(Qualtrics) which ensures the confidentiality and privacy of academic research data. Additionally, the data you provide will be accessible only to the principal investigator and faculty advisor. Therefore, your data will remain confidential throughout the data collection process.

**Benefits:** There are no direct benefits to research participation. However, the results of this study will help increase general knowledge of potential solutions to retain small business owners' presence in entrepreneurship.

**Voluntary Participation:** Your participation in this study is voluntary, and you may decide not to participate without prejudice, penalty, or loss of benefits to which you are otherwise entitled. If you decide to leave the study, please contact the principal investigator Rachel Pascall-Gonzalez to inform her of your decision.

**Confidentiality:** The data obtained from you will be collected via an online survey. The collected data will be accessible only to the principal investigator and faculty advisor. To protect your confidentiality, you will not be required to attach your name to any of the data collection materials. The collected data will be stored on a secure internet server, and will be used in the aggregate, strictly for academic research purposes.

**Contact Questions/Persons:** If you have any questions about the research now or in the future, you should contact the Principal Investigator, Rachel Pascall-Gonzalez, at (347) 200-8869 or (rpascall@gc.cuny.edu). If you have any questions concerning your rights as a participant in this study, you may contact the coordinator of the Human Research Protection Program at Baruch College, Keisha Peterson, at (646) 312-2217.

**Statement of Consent:**

“I have read the above description of this research and I understand it. I have been informed of the risks and benefits involved, and all my questions have been answered to my satisfaction. Furthermore, I have been assured that any future questions that I may have will also be answered by the principal investigator of the research study. I voluntarily agree to participate in this study.

By consenting to participate I have not waived any of my legal rights to which I would otherwise be entitled.”

## Appendix N

### Debriefing Form

The primary purpose of the study is to examine how perceptions of fit with entrepreneurship as a career choice might influence who enters into entrepreneurship and who ultimately quits. The focus of this research was specifically on African Americans and females since research shows that entrepreneurship is stereotypically thought of as a “white-male” occupation. Based on these findings, this study proposed that African American and female entrepreneurs who conform to these stereotypical beliefs are more likely to view themselves as a lesser fit with entrepreneurship. Consequently, they will be more likely to quit.

A secondary purpose of the study is to test a concept in psychology called the “double-jeopardy hypothesis”. This theory proposes that individuals who have membership in two social groups that are targets of negative stereotypes and biases are likely to experience a magnified degree of negative consequences. As a result, it is expected that entrepreneurs who happen to be both African American and female will have a greater degree of negative experiences (e.g. increased likelihood to quit, greater experience of discrimination, etc.) during their tenure of entrepreneurship.

If you have any questions or would like to know more about this research, please contact Rachel Pascall- Gonzalez ([rpascall@gc.cuny.edu](mailto:rpascall@gc.cuny.edu)).

If you have any questions regarding your rights as a research participant, please contact Keisha Peterson, the coordinator of the Human Research Protection Program, at (646) 312-2217.

Thank you for taking the time to participate in this research.

Table 1

*Descriptive Statistics for Continuous Predictor and Criterion Variables*


---

	N	Min	Max	M	SD	$\alpha$
Entrepreneurial self-efficacy	201	1.36	5.00	4.24	.60	.92
Perceptions of fit	201	2.38	7.00	5.14	.94	.80
Perceived suitability for entrepreneurship	201	1.75	5.00	3.87	.69	.70
Entrepreneurship identification	201	2.67	7.00	4.99	1.00	.87
Intent to quit	201	1.00	5.00	1.84	.88	.80
Success <sup>a</sup>	200	1.00	7.00	4.06	1.25	.95

---

Note. a. These are entrepreneurs' subjective ratings of their performance relative to competitors.

Table 2  
*Intercorrelations of Predictor and Criterion Variables*

	1	2	3	4	5	6	7	8	9
1. Prior Experience (Yes/No)									
2. Entrepreneurial self-efficacy	.06								
3. Perceptions of fit	.07	<b>.45**</b>							
4. Perceived suitability for entrepreneurship	<b>.18*</b>	<b>.48**</b>	<b>.67**</b>						
5. Entrepreneurship identification	<b>.15*</b>	<b>.28**</b>	<b>.68**</b>	<b>.67**</b>					
6. Intent to quit	-.12	<b>-.27**</b>	<b>-.39**</b>	<b>-.34**</b>	<b>-.38**</b>				
7. Success <sup>a</sup>	-.00	<b>.27**</b>	<b>.24**</b>	<b>.16*</b>	<b>.12</b>	<b>-.38**</b>			
8. Business Plan Creation (Yes/No)	<b>.27**</b>	<b>.30**</b>	<b>.21**</b>	<b>.33**</b>	<b>.22**</b>	-.13	.04		
9. Training Completion (Yes/No)	.14	.15	.00	.00	-.01	-.07	<b>.25**</b>	.16	
10. Mentoring (Yes/No)	.06	.03	.11	.07	.03	-.04	.05	.09	-.10

Note: a. These are entrepreneurs' subjective ratings of their performance relative to competitors. Bold numbers indicate statistically significant correlations.

\* $p < .05$ , two-tailed. \*\* $p < .01$ , two-tailed.

Table 3

*Tests of Normality for Predictor and Criterion Variables*

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Entrepreneurial self-efficacy	.101	201	.000	.916	201	.000
Perceptions of fit	.094	201	.000	.973	201	.001
Perceived suitability for entrepreneurship	.099	201	.000	.967	201	.000
Entrepreneurship identification	.064	201	.042	.985	201	.028
Desire to quit	.191	201	.000	.860	201	.000
Success <sup>b</sup>	.154	200	.000	.970	200	.000

Note. a. Lilliefors Significance Correction. b. These are entrepreneurs' subjective ratings of their performance relative to competitors.

Table 4

*Hierarchical Regression Models Testing Hypotheses 1-2, and 5-7*

<u>Variables</u>	<u>B</u>	<u>SE B</u>	<u><math>\beta</math></u>	<u><i>t</i></u>	<u><i>p</i></u>	<u><math>R^2</math></u>	<u><math>R^2</math> change</u>
<i>Hypothesis 1a</i>							
<i>Step 1</i>							
Industry type	-.04	.02	-.16	-2.29	.02	.024	
<i>Step 2</i>							
Gender	-.14	.14	-.07	-.99	.32	.029	.005
<i>Hypothesis 1b</i>							
<i>Step 1</i>							
Industry type	-.04	.02	-.16	-2.14	.03	.024	
<i>Step 2</i>							
Race	.14	.13	.08	1.07	.28	.030	.006
<i>Hypotheses 2a</i>							
<i>Step 1</i>							
Industry type	-.02	.02	-.09	-1.28	.20	.006	
<i>Step 2</i>							
Race	.42	.14	.21	2.98	.00	.049	.043
<i>Hypotheses 2b</i>							
<i>Step 1</i>							
Industry type	-.02	.02	-.08	-1.06	.29	.006	
<i>Step 2</i>							
Gender	-.08	.15	-.04	-.52	.60	.007	.001
<i>Hypotheses 5a</i>							
<i>Step 1</i>							
Success	-.17	.07	-.19	-2.52	.01	.031	
<i>Step 2</i>							
Race	-.14	.13	-.08	-1.07	.29	.037	.006

*Hypotheses 5b**Step 1*

Success	-0.16	.07	-.18	-2.36	.02	.031	
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*Step 2*

Gender	-.03	.14	-.01	-.19	.85	.031	.000
--------	------	-----	------	------	-----	------	------

*Hypotheses 6a**Step 1*

Industry type	-.02	.01	-.14	-2.06	.04	.016	
---------------	------	-----	------	-------	-----	------	--

*Step 2*

Race	.34	.10	.24	3.49	.00	.078	.062
------	-----	-----	-----	------	-----	------	------

*Hypotheses 6b**Step 1*

Industry type	-.02	.01	-.13	-1.79	.08	.016	
---------------	------	-----	------	-------	-----	------	--

*Step 2*

Gender	-.14	.10	-.10	-1.42	.16	.026	.010
--------	------	-----	------	-------	-----	------	------

*Hypotheses 7a**Step 1*

Success	.12	.05	.19	2.56	.01		
Industry type	-.01	.01	-.07	-.91	.37	.038	

*Step 2*

Race	.07	.09	.06	.74	.46	.041	.003
------	-----	-----	-----	-----	-----	------	------

*Hypotheses 7b**Step 1*

Success	.12	.05	.18	2.44	.02		
Industry type	-.09	.01	-.06	-.86	.39	.038	

*Step 2*

Gender	.01	.09	.01	.12	.91	.038	.000
--------	-----	-----	-----	-----	-----	------	------

Table 5

*Independent Samples T-Test: Relationship between Developmental Experiences and Perceptions of Fit*

Hypotheses	IV	DV: Fit	<i>t</i>	<i>df</i>	<i>p</i>	<i>d</i>
H12a	AAs w/experience	<i>M</i> = 5.29 <i>SD</i> = .91 N = 28	.125	73	.901	.03
	AAs w/o experience	<i>M</i> = 5.26 <i>SD</i> = .96 N = 47				
H16a	AAs w/Bus. plan	<i>M</i> = 5.51 <i>SD</i> = .85 N = 41	2.89	78	.005	.65
	AAs w/o Bus. plan	<i>M</i> = 4.94 <i>SD</i> = .92 N = 39				
H19a	AAs w/Training	<i>M</i> = 5.30 <i>SD</i> = .91 N = 49	-.301	57	.764	-.08
	AAs w/o Training	<i>M</i> = 5.20 <i>SD</i> = 1.09 N = 10				
H22a	AAs w/Mentor	<i>M</i> = 5.59 <i>SD</i> = .61 N = 28	2.58	79	.012	.58
	AAs w/o Mentor	<i>M</i> = 5.05 <i>SD</i> = .99 N = 53				

Table 5 (Continued)

Hypotheses	IV	DV: Fit	<i>t</i>	<i>df</i>	<i>p</i>	<i>d</i>
H12b	Females w/exp	M = 5.09 SD = .75 N = 33	0.37	112	.971	.37
	Females w/o exp	M = 5.08 SD = 1.04 N = 81				
H16b	Females w/Bus. plan	M = 5.27 SD = .89 N = 49	1.72	115	.089	.32
	Females w/o plan	M = 4.97 SD = .99 N = 68				
H19b	Females w/Training	M = 5.19 SD = .88 N = 56	1.14	65	.259	.28
	Females w/o Training	M = 5.51 SD = .79 N = 11				
H22b	F w/Mentor	M = 5.31 SD = .81 N = 39	1.78	116	.078	.33
	No Mentor	M = 4.99 SD = .99 N = 79				

Table 6

*Two-Way ANOVAs: Interaction between Race and ESE on Perceptions of Fit*

<i>Hypothesis</i>	<i>IV</i>	<i>DV</i>	<i>SS<sub>b</sub></i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>p</i>	<i>Partial <math>\eta^2</math></i>
H10a	Race*ESE	Fit	.24	1	.24	.32	.57	.00
H10b	Gender*ESE	Fit	1.22	1	1.22	1.62	.20	.00

Table 7: *Tests of Double Jeopardy Hypotheses*

Ethnic-Gender groups	(H23)	(H24)	(H25)
	Fit	Intent to quit	ESE
African American females	5.24	1.80	4.31
African American males	5.23	1.83	4.19
White females	5.00	1.89	4.17
White males	5.22	1.83	4.30

Table 8  
*Characteristics of Survey Respondents*

Variables	Race		Gender	
	<u>African American</u>	<u>White</u>	<u>Male</u>	<u>Female</u>
Age:				
25-34	6%	2%	4%	3%
35-44	31%	20%	26%	24%
45-54	37%	26%	27%	31%
55-64	<b>21%</b>	<b>41%<sup>c</sup></b>	33%	33%
65-75	6%	12%	10%	9%
Education:				
High School	1%	5%	6%	2%
Some College	4%	9%	5%	8%
Professional Degree	6%	9%	10%	7%
Bachelor's Degree	35%	29%	33%	30%
Master's Degree	34%	43%	36%	43%
Doctorate degree	<b>20%</b>	<b>5%</b>	10%	11%
Area of Study:				
Arts & Humanities	17%	15%	<b>06%</b>	<b>20%</b>
Business Management	36%	32%	42%	30%
Natural Sciences	----	05%	06%	02%
Prof/Applied Science	28%	37%	42%	30%
Social Sciences	19%	11%	06%	19%
Business Plan (Prior):				
Yes	<b>51%</b>	<b>34%</b>	39%	42%
No	<b>49%</b>	<b>66%</b>	61%	58%

Table 8 (continued)

## Training (Participation):

Yes	<b>75%</b>	<b>47%</b>	54%	61%
No	<b>25%</b>	<b>53%</b>	46%	39%

## Training (Completion):

Yes	80%	82%	86%	78%
No	16%	13%	14%	15%
Currently Enrolled	03%	06%	-----	7%

## Mentoring:

Yes	35%	32%	32%	33%
No	65%	68%	68%	67%

## Duration of Ownership:

Less than 1 year	1%	3%	03%	01%
1 to 5 years	36%	24%	25%	31%
6 to 10 years	31%	17%	19%	26%
10 to 15 years	18%	19%	20%	18%
16 to 20 years	8%	8%	10%	07%
21 to 25 years	<b>1%</b>	<b>17%</b>	10%	10%
26 or more years	4%	14%	14%	07%

## Prior Experience:

Yes	37%	25%	31%	29%
No	63%	75%	69%	71%

## Number of Employees:

1 to 9	73%	69%	64%	75%
10 to 24	12%	19%	15%	17%

25 to 49	8%	6%	10%	4%
50 or more	8%	6%	10%	4%
Revenue <sup>a</sup> :				
\$10,000 or less	<b>17%</b>	<b>7%</b>	10%	12%
\$10,001 to \$100,000	23%	26%	19%	28%
\$100,001 to \$1,000,000	41%	36%	36%	40%
\$1,000,001 or more	<b>19%</b>	<b>32%</b>	36%	20%
Primary Industry <sup>b</sup> :				
Construction	<b>07%</b>	<b>19%</b>	<b>22%</b>	<b>09%</b>
Educational Services	06%	10%	--	---
Health Care/Social Assist	06%	04%	--	--
Other Services	<b>22%</b>	<b>10%</b>	<b>06%</b>	<b>21%</b>
Professional/Scientific...	33%	44%	43%	37%

Note. a. Data was collapsed into fewer categories to eliminate cell counts with less than 5 respondents

b. Data is only presented for industry categories in which there were at least 5 respondents, since this cell count is required for conducting accurate chi-square analyses c. Bolded data points denote statistically significant differences

Table 9

*Race and Gender Differences in Reasons for Becoming a Business Owner*

Reasons	Race		Gender	
	AA <sup>a</sup>	White	Male	Female
Challenge of doing something different	34%	40%	39%	35%
To “be my own boss”	56%	63%	65%	56%
Freedom/flexibility to care for children	24%	30%	21%	31%
Inherited business from family member	05%	13%	09%	10%
Escape inequities in traditional workplace	<b>54%</b>	<b>22%<sup>b</sup></b>	38%	33%

Note. a. African American

b. Statistically significant difference

Table 10

*Race and Gender Differences in Financing (Percentages)*

Type of Financing	Race		Gender	
	AA <sup>a</sup>	White	Male	Female
Business loans from banks/financial institutions	31%	40%	39%	34%
Loans from government agencies	00	04%	00	04%
Personal loans from banks/financial institutions	15%	09%	14%	08%
Personal loans from family or friends	15%	12%	18%	09%
Personal credit cards	21%	11%	<b>21%</b>	<b>11%</b> <sup>b</sup>
Proceeds from the sale of a previous business	<b>16%</b>	<b>04%</b> <sup>b</sup>	11%	07%
Personal assets	59%	48%	48%	55%

Note. a. African American b. Bolded data denotes statistically significant difference

Table 11

*Regression Model: Relationship between ESE, Suitability, Identity, and Fit*

<i>Variables</i>	<i>B</i>	<i>SE B</i>	<i>β</i>	<i>t</i>	<i>p</i>
ESE	.31	.08	.20	3.70	.00
Identity	.41	.06	.43	6.88	.00
Suitability	.39	.10	.29	4.12	.00

Figure 1

Relationships tested in Hypotheses 1-10

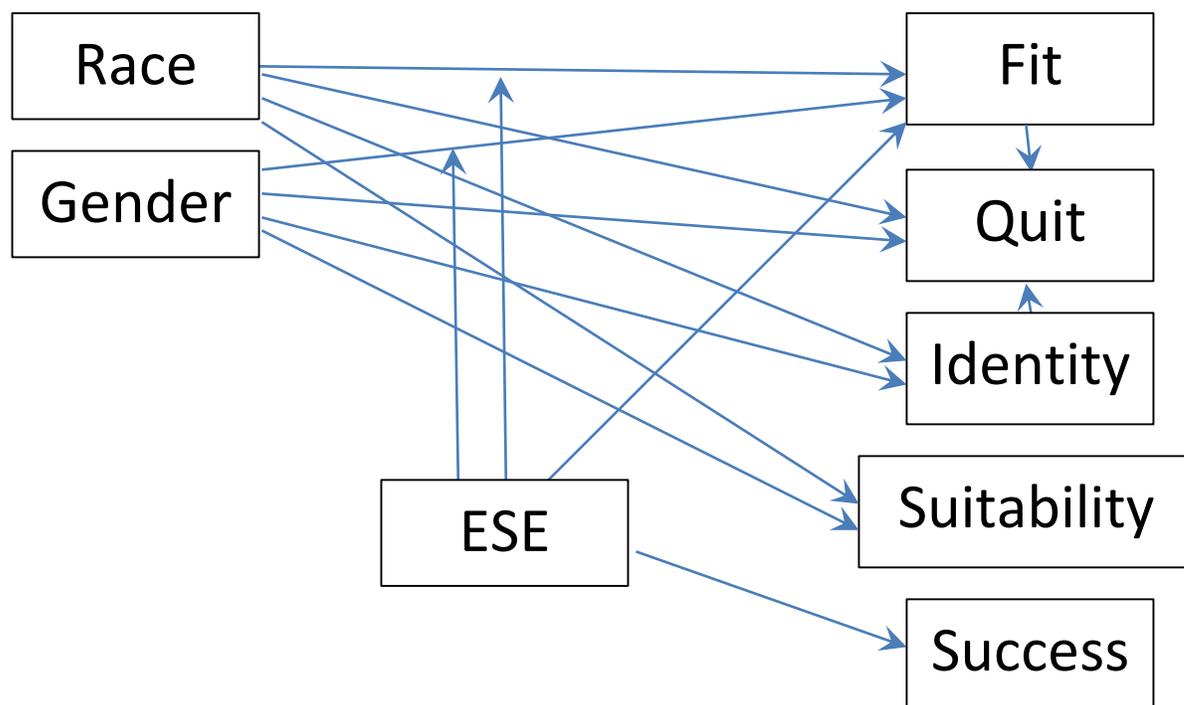


Figure 2

Relationships tested in Hypotheses 11-22

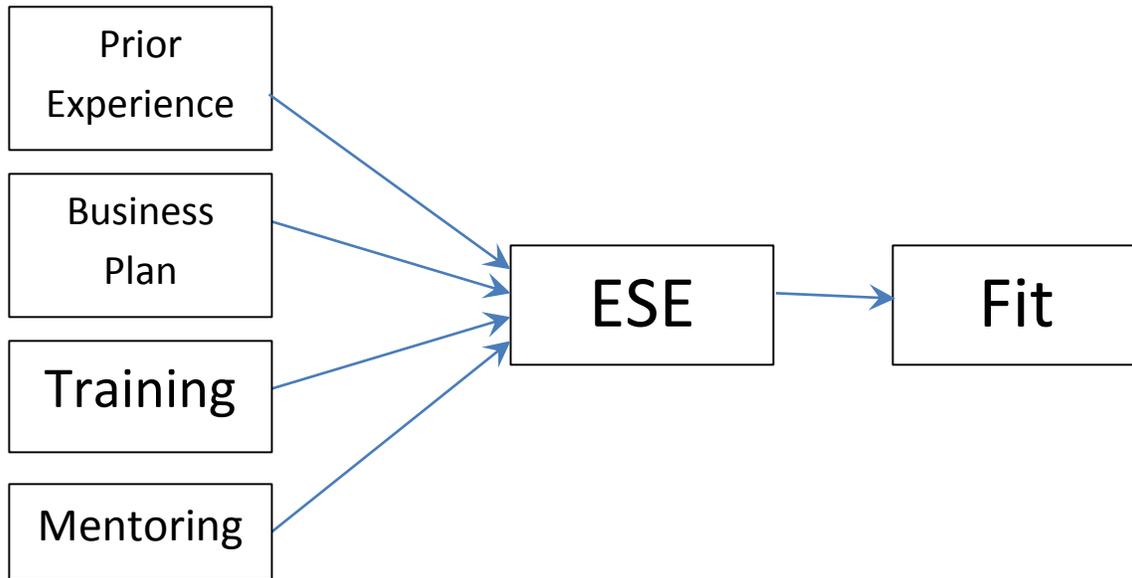
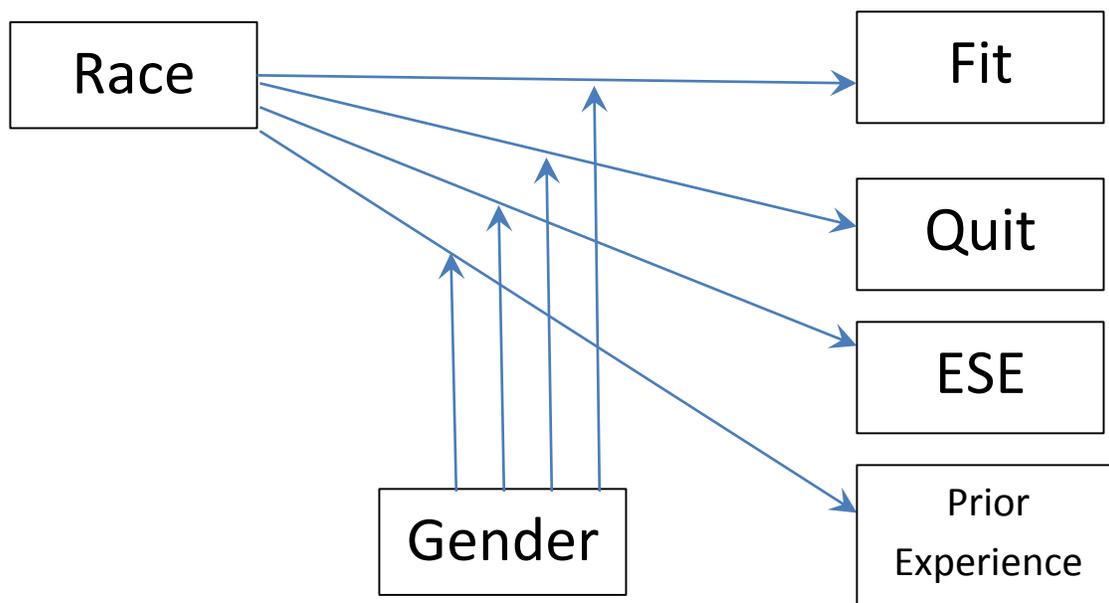


Figure 3

Relationships tested in Hypotheses 23-26



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