

Determinants of Successful Family Businesses among Black, Korean, Mexican, and White Entrepreneurs

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Abstract

The percentages of minority-owned businesses are rapidly growing and these businesses are becoming increasingly important contributors to the U.S. economy in the production of gross national product, employment, and development of communities. It is important to understand characteristics of successful family businesses with minority backgrounds. This study examined how the socio-economic environment (human, social, and financial capital) in which these businesses operate were different among ethnic groups and investigated the effects of ethnicity and socio-economic environment on business success and business goal achievement

This study utilized the 2003 and 2005 National Minority Business Surveys that were conducted by the Lawrence N. Field Center for Entrepreneurship at Baruch College between 2001 and 2005. Total sample included 803 small business owners and the sub-samples consisted of 193 Blacks, 210 Whites, 200 Koreans, and 200 Mexicans. Mexican owners were younger (47 years) and less educated (14 years) compared to other owners. Korean owners (15.1%) were less likely to speak English in the household and had been in the U.S. for less time (22 years), but were more highly educated (17 years) than the other three ethnic groups. Black owners were less likely to be married (67.4%). Mexican owners held a higher business gross income and higher net worth than the other three ethnic groups.

As the determinants of successful family business, the findings of this study suggest that 1) Business owners who were satisfied with community support reported higher levels of business success and business goal achievement; 2) Female owners were more likely to be successful than male owners in achieving business goals; 3) Married owners reported higher levels of business success and business goal achievement; and 4) Owners who started a new business reported higher levels of business success and goal achievement than those who purchased.

The findings of this study also suggest that there were significant differences in business success and business goal achievement between White and other minority groups. That is, while Black owners reported lower levels of business success than White owners, Korean, Black, and Mexican owners reported lower levels of business goal achievement than White owners. Programs targeting minority-owned family businesses can be developed for educational purposes in order to help them to be successful in business and in achieving business goals. It was also noted that when minority business owners placed family needs first over business needs, the level of business success decreased. Thus, providing family coping strategies for minority owners might help them to be successful in business.

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