THE RELEVANCE OF VALUE INNOVATION TO THE EXPERIENCE OF AFRICAN AMERICAN GAZELLES (SUMMARY)

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SUMMARY

THE RELEVANCE OF VALUE INNOVATION TO THE EXPERIENCE OF AFRICAN AMERICAN GAZELLES

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Principal Topic

Research on African American-owned gazelles is virtually nonexistent. This paper attempts to fill this void by examining differences in growth rates among African American-owned businesses that have achieved high rates of growth and those that are stagnant or declining. The findings are based on a national survey of 350 African American CEOs who were randomly selected for phone interviews. Each firm had between 10 to 100 employees and the survey was conducted in November of 2007. Firms were classified as: Gazelles (20% or greater annual employment gain), moderate growth (1% to 19% annual employment growth) and no-growth companies (NGCs); less than 1% or negative employment growth.

Results and Implications

Earlier research by the author found very few statistically significant differences between gazelles and NCGs with regards to human capital attributes of owners and business characteristics. Those findings contradict research that attributes high growth to differences in owner human capital attributes, firm characteristics, access to external sources of capital and finance, and related factors. This research finds that strategies such as executing a growth plan, setting high growth targets, improving managerial efficiency, and working extraordinarily hard are more strongly correlated with gazelles than are differences in owner and firm characteristics. While product and service innovations are of the highest importance to achieving business performance goals, they could not explain why some firms are gazelles and others are not. For example, 76.2% of gazelle owners said product and service innovation are “very important” while 75.4% of NGCs owners indicated the same thing. We found that in comparison to NGCs, gazelles: have younger owners; have been operating for a shorter period; set much higher annual growth targets; are more likely to have access to corporate supply chains; are more likely to have executed a business growth plan; pay more attention to improving the company's management efficiency; spend less time focusing on competitors; and have owners who spend more hours each week working in their enterprises. In contrast, we did not find statistically significant differences in: the industry in which gazelles and NGCs operate; the gender of their owners; their education and experience; their risk tolerance; their optimism about the future; their allocation of time between managing and growing the enterprise; and their access to external financing and capital.

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