RACE, ETHNICITY, AND GENDER: AN INVESTIGATION OF NEW FIRM PERFORMANCE (SUMMARY)

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SUMMARY

RACE, ETHNICITY, AND GENDER: AN INVESTIGATION OF NEW FIRM PERFORMANCE

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Principal Topic

There are few longitudinal studies of firm outcomes that analyze the differences between racial and ethnic groups as well as between men and women. The dearth of empirical research is due in no small part to a lack of available data that contains information on both the firm and the business owner(s). The Kauffman Firm Survey (KFS) is a survey of new firms in the United States. These data contain detailed information on both the firm and up to ten business owners per firm. This dataset contains information on nearly 5000 firms that started in 2004 and tracks them over time. Detailed information on the firm includes financial capital (equity and debt) used at start-up and over time, industry, location, employment, strategies, patents, and more. Detailed information on the owner includes owner age, sex, race, ethnicity, education, work experience, previous startup experience, and more. Information is collected on up to 10 owners for each firm.

Broadly, the goal of the paper will be to first compare firm and owner characteristics across racial and ethnic groups, as well as by gender. Then, multivariate analysis will be used to investigate the determinants of firm outcomes (survival, profits, employment growth) and the Blinder-Oaxaca decomposition method will be used to measure the relative share of each explanatory factor. This research is currently in its early stage. However, there are significant differences across racial and ethnic groups as well as between men and women in firm and owner characteristics, as well as firm outcomes. This paper will be one of the first comprehensive examinations of firm outcomes using a large U.S. sample of new firms. The sample sizes for the main racial/ethnic groups allow detailed examinations of each. This research will expand our knowledge and understanding of the differences in business and owner characteristics across subgroups and also between men and women. It will also shed light on the differences in firm outcomes across these various subgroups and whether or not the determinants of business performance differ between the groups.

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