

TRENDS in ENTREPRENEURSHIP SERIES

Reporting on data from a wide range of sources to measure, track, and compare trends related to entrepreneurship | 2020, No. 9

WHO IS THE ENTREPRENEUR? RACE AND ETHNICITY, AGE, AND IMMIGRATION TRENDS AMONG NEW ENTREPRENEURS IN THE UNITED STATES, 1996–2019

In this brief, we report on trends in race and ethnicity, age, and immigration among new entrepreneurs in the United States between 1996 and 2019.

The rate of new entrepreneurs captures the percentage of the adult, non-business owner population that starts a business each month. This is a yearly average, and it measures entrepreneurial activity broadly defined, capturing employers and non-employers and incorporated and unincorporated businesses. The rate of new entrepreneurs includes business owners regardless of business size, origin, growth potential, or intentions.



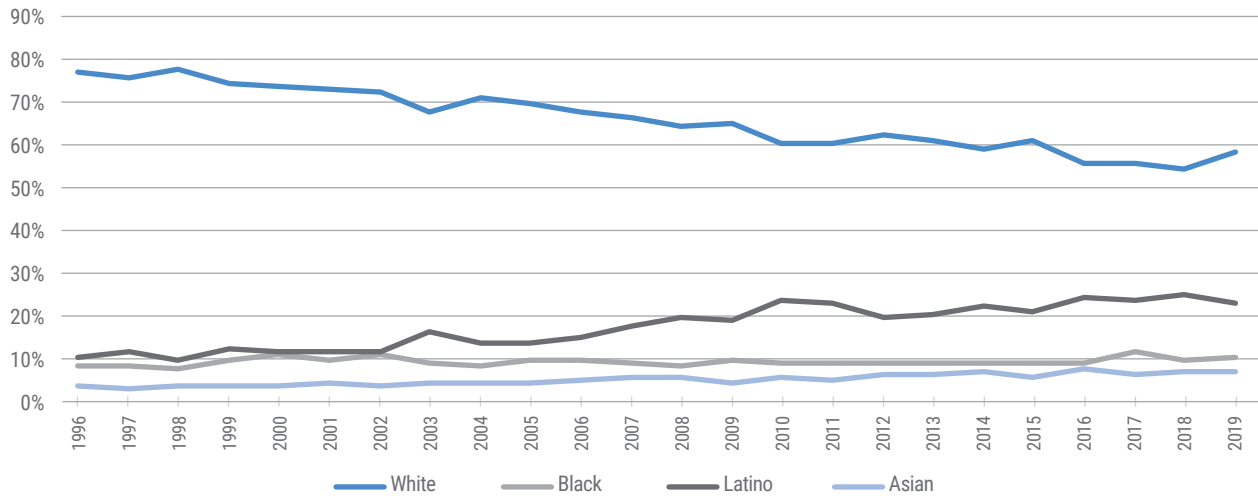
Highlights:

- The share of all new entrepreneurs who are Latino more than doubled between 1996 and 2019 while the share who are White decreased over the same time period.
- New entrepreneurs were largely young in 1996, and were more likely to represent all ages by 2019.
- In 2019, about 1 in 4 new entrepreneurs was an immigrant. This is close to twice the share of entrepreneurs that were immigrants in 1996.

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The share of new entrepreneurs refers to the percentage of new entrepreneurs who belong to a specific race and ethnicity. Race and ethnicity groups reported here are **Asian, Black, Latino, and White**.

FIGURE 1: Share of New Entrepreneurs by Race and Ethnicity (1996–2019)



The share of new entrepreneurs by race and ethnicity is reported in Table 1. Between 1996 and 2019, the Latino share increased from 10.0% to 22.8%, the Black share increased from 8.4% to 10.1%, the White share decreased from 77.1% to 58.0%, and the Asian share increased from 3.4% to 7.0%.

The share of all new entrepreneurs who are Latino nearly doubled over the time period. In 2009 and 2010, the White and Black shares of new entrepreneurs fell by 4.5 percentage points and 1 percentage point, respectively. In these years, the Latino and Asian shares increased by 4.7 and 1.2 percentage points.

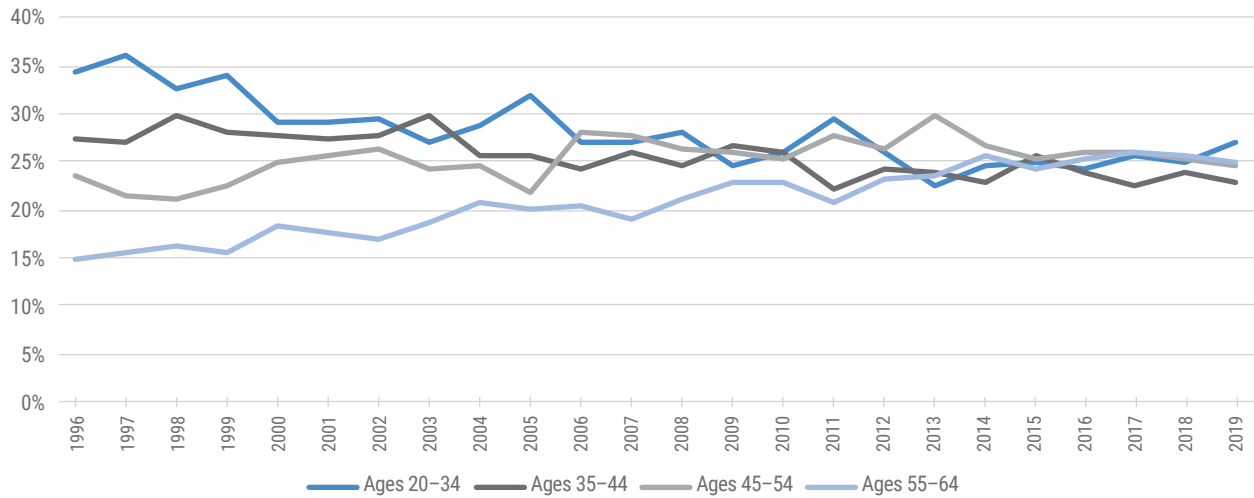
TABLE 1: Share of New Entrepreneurs by Race and Ethnicityⁱ

YEAR	WHITE	BLACK	LATINO	ASIAN
1996	77.1%	8.4%	10.0%	3.4%
1997	75.6%	8.5%	11.7%	3.1%
1998	77.5%	8.0%	9.8%	3.5%
1999	74.3%	9.6%	12.2%	3.6%
2000	73.3%	10.7%	11.6%	3.4%
2001	72.5%	9.9%	11.9%	4.7%
2002	72.2%	10.7%	11.9%	4.0%
2003	67.6%	9.1%	16.3%	4.5%
2004	70.9%	8.6%	14.0%	4.4%
2005	69.6%	9.8%	13.8%	4.3%
2006	67.2%	9.6%	15.0%	5.1%
2007	66.4%	8.8%	17.9%	5.5%
2008	64.3%	8.3%	19.6%	5.4%
2009	64.6%	9.7%	18.7%	4.6%
2010	60.1%	8.7%	23.4%	5.8%
2011	60.2%	9.1%	22.9%	5.3%
2012	62.4%	8.8%	19.5%	6.1%
2013	61.2%	8.8%	20.4%	6.1%
2014	59.1%	9.2%	22.1%	6.8%
2015	60.7%	8.9%	20.8%	5.7%
2016	55.6%	9.2%	24.1%	7.6%
2017	55.3%	11.8%	23.6%	6.5%
2018	54.4%	9.8%	24.9%	7.3%
2019	58.0%	10.1%	22.8%	7.0%

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The share of new entrepreneurs refers to the percentage of new entrepreneurs who belong to a specific age group. Age groups are **20–34, 35–44, 45–54, and 55–64**.

FIGURE 2: Share of New Entrepreneurs by Age Group (1996–2019)



The share of new entrepreneurs by age group is reported in Table 2. Between 1996 and 2019, the share of new entrepreneurs aged 20–34 decreased from 34.3% to 27.2%. Over the same time period, the share of new entrepreneurs aged 35–44 decreased from 27.4% to 22.9% and the share of new entrepreneurs aged 45–54 increased slightly from 23.5% to 24.8%. Those aged 55–64 represented about 1 in 4 new entrepreneurs in 2019 (25.1%), compared to 14.8% in 1996.

The composition of new entrepreneurs in the United States has been aging. By 2019, about half of new entrepreneurs were aged 20–44 and half were aged 45–64. Those aged 20–44 accounted for 61.7% of new entrepreneurs in 1996, compared to 50.1% in 2019, while those aged 45–64 accounted for 38.3% in 1996 and 49.9% in 2019. By 2019, new entrepreneurs were generally likely to be coming from all age groups, whereas in 1996, more than one third were between 20–34.

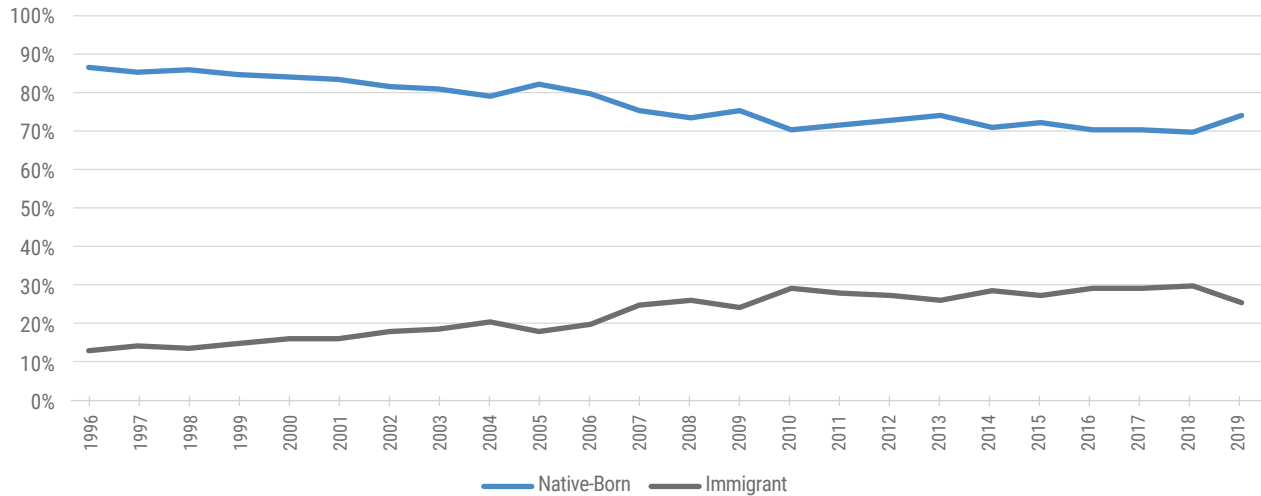
TABLE 2: Share of New Entrepreneurs by Age Groupⁱ

YEAR	AGES 20–34	AGES 35–44	AGES 45–54	AGES 55–64
1996	34.3%	27.4%	23.5%	14.8%
1997	36.2%	27.1%	21.3%	15.4%
1998	32.7%	29.8%	21.3%	16.3%
1999	33.9%	28.2%	22.5%	15.4%
2000	29.0%	27.9%	24.9%	18.2%
2001	29.3%	27.4%	25.7%	17.6%
2002	29.4%	27.6%	26.2%	16.8%
2003	27.1%	29.9%	24.3%	18.7%
2004	28.7%	25.7%	24.7%	20.8%
2005	32.1%	25.7%	21.9%	20.2%
2006	27.1%	24.2%	28.1%	20.6%
2007	27.2%	26.1%	27.7%	19.1%
2008	28.1%	24.5%	26.2%	21.2%
2009	24.7%	26.6%	26.0%	22.7%
2010	26.0%	26.0%	25.2%	22.9%
2011	29.4%	22.0%	27.7%	20.9%
2012	26.2%	24.2%	26.3%	23.4%
2013	22.7%	24.0%	30.0%	23.4%
2014	24.7%	22.9%	26.6%	25.8%
2015	25.0%	25.5%	25.3%	24.3%
2016	24.4%	24.0%	26.1%	25.5%
2017	25.5%	22.5%	26.0%	26.0%
2018	25.0%	24.0%	25.3%	25.8%
2019	27.2%	22.9%	24.8%	25.1%

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The share of new entrepreneurs refers to the percentage of new entrepreneurs who are either **immigrants** or **native-born**.

FIGURE 3: Share of New Entrepreneurs by Nativity (1996–2019)



The share of new entrepreneurs by nativity is reported in Table 3. Immigrants account for 25.4% of all new entrepreneurs in 2019, which represents nearly twice the share of new entrepreneurs in 1996 (13.3%). Over this time period, the share of new entrepreneurs who were native-born decreased from 86.7% to 74.6%.

TABLE 3: Share of New Entrepreneurs by Nativityⁱ

YEAR	NATIVE-BORN	IMMIGRANT	YEAR	NATIVE-BORN	IMMIGRANT
1996	86.7%	13.3%	2008	73.9%	26.1%
1997	85.8%	14.2%	2009	75.7%	24.3%
1998	86.3%	13.7%	2010	70.5%	29.5%
1999	84.8%	15.2%	2011	72.0%	28.0%
2000	84.1%	15.9%	2012	72.9%	27.1%
2001	84.0%	16.0%	2013	74.1%	25.9%
2002	82.1%	17.9%	2014	71.5%	28.5%
2003	81.3%	18.7%	2015	72.5%	27.5%
2004	79.4%	20.6%	2016	70.5%	29.5%
2005	82.2%	17.8%	2017	70.7%	29.3%
2006	79.9%	20.1%	2018	70.2%	29.8%
2007	75.4%	24.6%	2019	74.6%	25.4%

About the Data

Data for the *rate of new entrepreneurs* is one of the four indicators in the Kauffman Indicators of Early-Stage Entrepreneurship Series. Since 1996, it has been compiled by Robert Fairlie using a monthly panel dataset of the Current Population Survey (CPS). See indicators.kauffman.org.

Note: (i) Demographic categories that do not sum to 100% are subject to small rounding errors, and (ii) categories are reported using US Census classifications for race and ethnicity, age bands, and nativity.

Acknowledgements:

Sameeksha Desai, Robert Fairlie,
Hayden Murray

Please cite as: Ewing Marion Kauffman Foundation (2020) "Who is the Entrepreneur? Race and Ethnicity, Age, and Immigration Trends among New Entrepreneurs in the United States, 1996–2019" *Trends in Entrepreneurship*, No. 9, Kansas City, Missouri.

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