



BLACK ENTREPRENEURSHIP IN THE UNITED STATES

Research Brief

WHAT THIS RESEARCH IS ABOUT

Entrepreneurship is the process of starting and running a business. An important driver of innovation, job creation, and economic growth in the US, entrepreneurship is also a pathway to financial stability for Black communities. However, Black individuals are still less likely to own businesses than their White counterparts, largely due to long-standing barriers (Harper-Anderson, 2019).

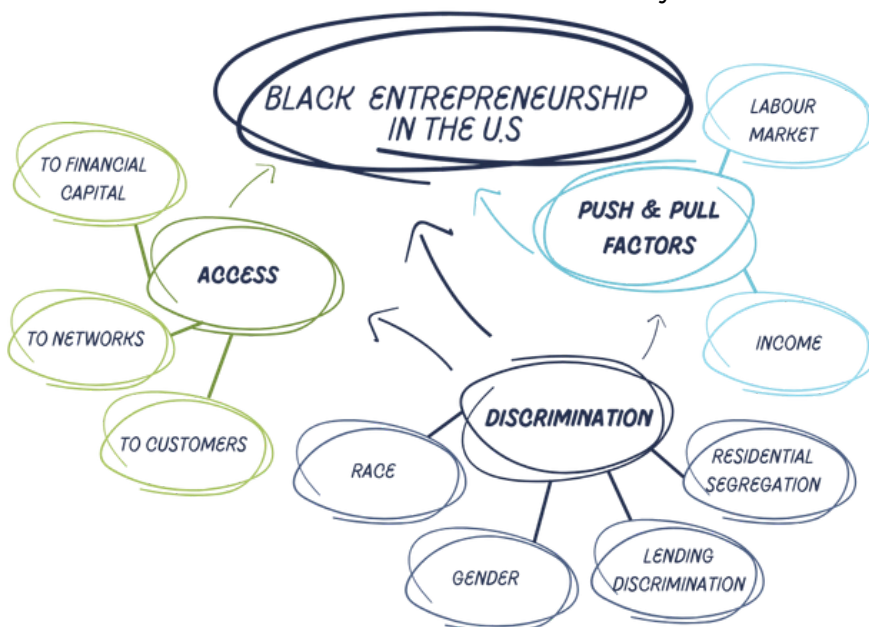
In the U.S., African-Americans and immigrants from the Global South encounter barriers to accessing and recognizing mainstream opportunities. Barriers to mainstream employment include limited resources and professional networks, job market discrimination, and limited employment mobility. Many turn to entrepreneurship not just as a choice, but as a practical way to earn a living and improve their quality of life (Malerba & Ferreira, 2021; Edmonson et al., 2024; Singh & Gibbs, 2013). While these barriers constrain choice, they also foster innovation, leading to the creation of businesses that address market gaps.

Historically, Black-owned businesses have played a vital role in supporting and strengthening their communities. Yet despite growing attention, there is still a lack of clear, detailed data on Black entrepreneurs. This lack makes it difficult to design policies and programs that properly meet their needs. Understanding the experiences of Black entrepreneurs is important for building a more inclusive and equitable business environment and a more vibrant economy.



WHAT YOU NEED TO KNOW

Black entrepreneurs in the U.S. face ongoing barriers that affect who can grow and start a business. Many start a business because of limited job opportunities or workplace discrimination, while others seek independence and financial growth. Factors tied to where people live, such as access to funding, networks, and resources, play a significant role. These challenges are often even greater for Black women who face both racial and gender-based barriers. These gaps limit business success and wealth building, highlighting the need for policies and programs that better support Black entrepreneurs and strengthen their communities.



Only **28%** of included studies were published after 2020.

WHAT THE RESEARCHERS DID



The researchers wanted to understand how structural inequities shape entry, experiences, and outcomes for Black entrepreneurs in the U.S. They examined existing research to answer three key questions:

1. **What does the existing research tell us about the experiences and contributions of Black entrepreneurs in the U.S.?**
2. **What insights does current research on Black American entrepreneurship convey about Western Black entrepreneurship in general?**
3. **How can our findings inform further research, policy, and practice to better support Black entrepreneurship in the Global North?**

They reviewed English-language articles published after 1980. Using the Arksey & O'Malley (2005) framework, they analyzed existing research to identify important trends, gaps, and insights about Black entrepreneurship. The team included a lead researcher, a research associate, a skilled librarian, and a research assistant. Of 5450 articles reviewed, 69 articles met the study criteria and were analyzed. This study identified important patterns, challenges, and opportunities for creating inclusive entrepreneurial ecosystems. It also highlighted gaps in the current literature.

LOOKING MORE CLOSELY

Entrepreneurship is driven by both necessity and opportunity

Many Black entrepreneurs start businesses because of limited opportunities or discrimination in the traditional job market. Others are motivated by independence, higher income, and personal fulfillment. Often, businesses are launched under constraint rather than purely by choice.

Access to funding is limited

Lower wealth, lending discrimination, or fear of rejection causes many to rely on personal savings. Underfunded businesses face higher risk of failure and limited growth potential.

Where you live matters

Residential segregation reduces business opportunities by limiting neighbourhood income, demand, networks, and role models. This makes it harder for entrepreneurs to succeed.



Discrimination both drives and blocks success

Racial bias can push individuals towards entrepreneurship, but it also creates barriers to entrepreneurial success. Barriers, like limited access to financing and business networks, make growth more challenging.

Education shapes outcomes

Higher education improves skills, decision-making, and business performance. It helps entrepreneurs recognize and develop stronger business ideas.

Black women face compounded barriers

Black women entrepreneurs experience both racial and gender-based challenges, including reduced access to funding and professional networks. While community support, education, and personal resilience help sustain businesses, structural disadvantages remain.



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KEY POINTS

Entrepreneurship reflects structural inequality

Many Black entrepreneurs start businesses due to limited job opportunities, but barriers like discrimination, lack of wealth, and restricted access to capital continue to limit success.

Shifting policy may reduce targeted support

New legal and policy changes are making entrepreneurship programs “race-neutral”. While this approach aims to increase access overall, it can make it harder to address barriers that specifically affect Black entrepreneurs and underserved groups like immigrants. It may also reduce the support they receive.

Policies must reflect diversity

Black entrepreneurs are not a uniform group. Differences in migration history, culture, and access to networks shape unique needs that one-size-fits-all approaches cannot address effectively.

Programs must address systemic barriers, not just skills

Programs that only offer training or mentorship are inadequate. Black entrepreneurs face significant challenges like limited access to funding and unfair lending. Effective targeted solutions are needed, including more financing options, fair lending rules, and long-term investment in underserved communities.

Education improves outcomes, but is not enough

Higher education enhances skills and the ability to spot opportunities. Yet, without funding or market access, even well-educated entrepreneurs face growth limits.



Intersectional barriers require targeted solutions

Black women, especially Black immigrant entrepreneurs, face overlapping racial, gender, and migration-related challenges. Tailored support is essential.

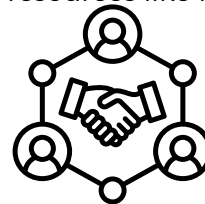
Only **19%** of studies reviewed focused on Black women.

Integrated support is most effective

Programs that combine culturally relevant, community-based support with access to broader markets, financing, and professional networks strengthen both business survival and long-term growth.

Community networks are important but limited

Social and community support can provide guidance and funding, but they can't fully replace formal resources like institutional access.



KEY TAKEAWAY:

Black entrepreneurship is largely shaped by structural inequality. The same forces that push individuals into starting businesses—such as discrimination and limited job opportunities—also constrain their ability to succeed.

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ACTION ITEMS

Track experiences over time

Follow Black entrepreneurs as they start and grow their businesses to see how barriers, such as funding gaps and discrimination, affect success.

Study how entrepreneurs adapt

Examine how business owners respond to changes in the economy, access to financing, and local opportunities.

Compare local conditions

Understand how differences in neighbourhoods, cities, or regions affect business opportunities and access to support.



Consider overlapping challenges

Look at how race, class, gender, and migration intersect to shape entrepreneurial experiences.

Test what works

Research which programs, such as mentorship, community-led initiatives, or integrated support actually help reduce barriers and improve success for Black entrepreneurs.

KEY TAKEAWAY:

One-size-fits-all or individual-focused solutions can't effectively support Black entrepreneurship. Meaningful progress requires policies that expand access to capital, strengthen market opportunities, and deliver targeted culturally responsive support for diverse groups within the Black entrepreneurial community.

WHAT THESE FINDINGS MEAN FOR CANADA

- As Canada lacks long-term research on Black entrepreneurship, the U.S. provides a deeper evidence base to consider common challenges and successful support mechanisms.
- Canada can draw and learn from the U.S. experience of Black entrepreneurship to implement practical and effective strategies adapted to the Canadian context.
- Common challenges include limited access to financing, uneven access to networks, and the impacts of where people live. Such challenges can slow business growth and make it harder to build long-term wealth, with Black women often facing even greater obstacles due to overlapping racial and gender barriers.
- Key lessons from the U.S. experience are that success in Black entrepreneurship requires improved access to capital and the design of stronger support systems to address systemic inequities.
 - Improvements include expanding access to affordable financing, building stronger mentorship and business networks, and ensuring support programs reach entrepreneurs in underserved communities. It also requires designing policies that recognize the unique barriers faced by Black women entrepreneurs.

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SOURCE

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ABOUT PRAN

PRAN is a partnership of universities, community-based organizations, and government organizations interested in the experiences of Sub-Saharan African immigrants and refugees (SSAIs) in Canada. PRAN members are posing new questions and approaches grounded in non-Western ways of knowing to develop valuable evidence-based resources to support SSAIs to thrive in Canada. PRAN is co-funded provided by SSHRC & PRAN partners. www.pran-network.ca

