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Childhood Social Class Shapes Entrepreneurial Success in Adulthood

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Growing up privileged does make things easier, but entrepreneurs from less privileged backgrounds develop strengths that serve them well as business owners.

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The popular rags-to-riches narrative suggests that individuals can achieve upward social mobility through entrepreneurship, independent of their social class origins (i.e., early access to economic, social, and cultural resources). Many famous and wildly successful entrepreneurs come from humbling beginnings, including Starbucks Founder Howard Schultz and media maven Oprah Winfrey. However, we also know that resources during childhood are critical for entry and success as an entrepreneur—a notion that challenges the rags-to-riches narrative. Thus, it remains an open question as to *how exactly* social class origins shape the entrepreneurial process.

Our review of research on this topic revealed that social class does indeed underpin an entrepreneur's efforts to build a successful venture. The articles we reviewed generally showed that growing up in a higher social class conferred advantages that improved the likelihood of entrepreneurial success—a finding counter to the rags-to-riches narrative. However, we also found evidence that individuals who grew up in a lower social class can develop strengths that serve them well as business owners, especially when the right support is in place.

What We Studied

We reviewed all peer-reviewed studies published in reputable journals across the disciplines of economics, sociology, and psychology (in total, 1108 journals) that examined the consequences of social class origins in the entrepreneurial process. Starting with more than 6000 papers, the selection process yielded a final dataset of 219 articles published between 1965 and 2024. All articles examine the relationship between an individual's social class during childhood and their entrepreneurial activities in adulthood.

What We Found

We found three main mechanisms for how social class origins shape the entrepreneurial process, each related to particular types of resource access through birth family or during childhood:

- **Finance and skills transfer:** Financial resources, particularly those from parents (i.e., inheritance, family investments), ease the liquidity constraints faced by entrepreneurs. Further, being exposed to parental businesses or managerial tools during childhood transfers skills that foster entrepreneurial success in adulthood.
- **Habitus formation:** The cultural environments of childhood shape the habitus: the entrepreneurial values and norms that individuals carry throughout their lives, such as the tendency to operate independently or take risks. These values and norms change how entrepreneurs make decisions throughout the entrepreneurial process. As a specific example,

growing up in a family where money is tight strengthens the ability of entrepreneurs to overcome difficult times in their ventures. It impacts the resilience of entrepreneurs in persisting despite the obstacles they face, turning their origins into a real strength.

- **Network access and evaluations:** Entrepreneurs benefit from the social capital embedded in their family background. More wealthy families often support their relatives' access to critical stakeholders, such as investors. Furthermore, investors may evaluate entrepreneurs‘ lower social class origins as a deficit rather than a strength due to stereotypes of competence associated with them. As investors often have elite backgrounds themselves, they may also be more inclined to back entrepreneurs who come from similar higher-class origins.

Investigating the impact of social class origins on social mobility through entrepreneurship, we found that most studies reveal that the advantages and disadvantages of childhood tend to follow entrepreneurs into adulthood and shape the decisions they make as business owners. For example, through the interplay of these three mechanisms, individuals from lower social class origins are more likely to enter less growth-oriented forms of entrepreneurship, such as solo self-employment, informal entrepreneurship, and part-time entrepreneurship. The type of entry sets the path for the advancements, such as the profitability, growth, or survival of the venture. Thus, those with higher social class origins tend to advance the most through entrepreneurship.

However, a few exceptional studies show that entrepreneurs from lower social class origins can still experience upward mobility, for instance, by leveraging the tools and experiences derived from their childhood in the entrepreneurial process, or through institutional interventions, such as government programs, educational institutions, and other business groups and agencies.

Takeaways

Our integrative review sheds light on social class origins as a previously neglected dimension of diversity in entrepreneurship. It helps entrepreneurs, policymakers, educators, and investors to acknowledge the relevance of social class and upward mobility experiences.

For entrepreneurs, reflecting on the consequences of social class origins in entrepreneurship can help them understand that they may have certain advantages or disadvantages based on whether they were born into a higher or lower social class. Navigating adverse social class origins and experiencing initial social mobility (for instance, by achieving a higher educational degree than their parents, as first-generation students) can become a strength in entrepreneurship.

Entrepreneurs from lower social class origins may need additional financial support to overcome early liquidity constraints, which could be accessed through targeted startup support programs. To address the lack of early exposure to entrepreneurship, entrepreneurs from lower social class origins should have the opportunity to gain experience in existing startups or attend entrepreneurship education programs.

These programs should also involve role models from lower social class origins. Individuals should learn how to leverage their childhood experiences as a strength in the entrepreneurial process and access rightful support as they establish their own businesses.

Finally, entrepreneurial ecosystems should foster connections among founders from diverse social class backgrounds. Investors should reduce bias toward startups with founders from lower social class origins, educating themselves about the value entrepreneurs from across social class backgrounds bring to their ventures.

Explore the Research

Social class origin and entrepreneurship: An integrative review and research agenda (https://www.sciencedirect.com/science/article/pii/S088390262500031X?via%3Dihub) , *Journal of Business Venturing*, July 2025.

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