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Motivation Isn't the Problem in Black Entrepreneurship

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The core issue isn't drive or talent. It's a recurring set of constraints—access, legitimacy, scaling friction, and fatigue—that repeatedly narrows the funnel for Black founders.

EDITOR'S NOTE: This article was produced in partnership with the Journal of Business Venturing, a leading journal in the field of entrepreneurship, as part of EIX's mission to bring research-proven insights and practical advice to our readers. A link to the complete research can be found at the end of this article.

Why do Black entrepreneurs, despite high motivation and interest in entrepreneurship, experience systematically lower rates of venture scaling, funding, and long-term business success?

Drawing on our research published in the *Journal of Business Venturing* (https://www.sciencedirect.com/science/article/abs/pii/S0883902625000758?via%3Dihub), this article introduces the concept of constrained agency and explains why systemic inequities shape entrepreneurial outcomes across every stage of the venture lifecycle.

In brief:

- Black Americans consistently report the highest interest in entrepreneurship, yet Black founders remain underrepresented among employer-led firms and high-growth ventures.
- The gap is not driven by a lack of motivation or talent, but by recurring structural barriers that limit Black entrepreneurs' ability to fully exercise their agency.
- We identify primary constraints across a seven-stage business venturing lifecycle, showing how challenges surface as early as the interest stages and persist throughout latter stages such as scaling and innovative renewal.
- Meaningful progress requires action not only by Black entrepreneurs themselves, but also by investors, policymakers, and institutions working to widen the funnel.

Introduction: The Paradox of Promise

Entrepreneurship is often described as one of society's "great equalizers," a level playing field where individuals who find a way to deliver better solutions faster or cheaper than the competition are rewarded by the marketplace. While it is well-known that a large percentage of new business ventures fail, it is equally undeniable that entrepreneurship holds a promise to turn ideas into opportunities, create wealth, and craft legacies. For many Black entrepreneurs in the United States, however, such a promise seems to be more of a paradox than a reality.

Without question, there are success stories that are inspiring and notable. Robert F. Smith, founder of Vista Equity Partners, created one of the world's largest private equity firms. Janice Bryant Howroyd, founder and CEO of ActOne Group, built her staffing agency into a multi-billion-dollar company, making her the first black woman to own a billion-dollar company. Daymond John, founder of FUBU and Shark Tank investor, grew a neighborhood clothing brand into a household name. And in the tech industry, Tristan Walker combined tech expertise with marketing expertise to create Walker &

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Company Brands (acquired by Procter & Gamble), which was a visionary, groundbreaking success.

These stories, and others like them, demonstrate not just individual brilliance, but also the extraordinary effort required to overcome formidable barriers confronting Black entrepreneurs. Despite making up 14% of the U.S. population, Black founders represent just 3% of employer firms and generate only 1% of total U.S. business revenue. These gaps don't come from a lack of interest in entrepreneurship. In fact, Black Americans consistently report the highest level of interest in business venturing of any racial or ethnic demographic. So why the gap? Why isn't this initial enthusiasm translating into more Black-owned businesses?

Instead, the disparities reflect something deeper: structural inequities that have constrained Black entrepreneurs' ability to translate agency—the human capacity to act and shape one's future—into realized business success.

Our research (https://www.sciencedirect.com/science/article/abs/pii/S0883902625000758?via%3Dihub) revealed this paradox. Black entrepreneurs exercise the same agency as other founders, but their actions unfold within a racialized environment that poses unique barriers at every stage of the entrepreneurial lifecycle. Understanding this phenomenon of constrained agency is essential for entrepreneurs, investors, and policymakers who want to unlock the full potential of Black-owned businesses.

What Do We Mean by 'Constrained Agency?'

Agency is the essence of entrepreneurship. Entrepreneurs imagine possibilities, test ideas, marshal resources, and bring ventures to life. In this sense, entrepreneurship is one of the most powerful ways people actively change their circumstances. But agency doesn't operate in a vacuum. For Black entrepreneurs, history and context matter. The legacy of slavery, redlining, discriminatory lending, segregated schools, and underfunded neighborhoods creates headwinds that persist across generations. These systemic inequities do not erase Black entrepreneurs' ability to act, but they constrain the scope and impact of that action.

Think of it like running a race: Black entrepreneurs are running as fast as anyone else – and are exerting as much, or more, effort – but the track they run on is uphill, the lanes are narrower, and the hurdles are higher. Achieving progress –much less winning the race – requires markedly more energy, resilience, and creativity than other marketplace participants. These inexorable frictions are the essence of constrained agency: the reality that every entrepreneur has the capacity to exercise agency, but that agency is constrained within, and against, a backdrop of persistent, non-ignorable challenges. Moreover, these constraints appear and reappear throughout the business venturing lifecycle.

Our research sought to illuminate the nature of the opportunities and constraints that figure prominently in Black entrepreneurship. Our aim was to develop a framework that explains why we have so few Black entrepreneurial success stories – why so many talented and determined Black men and women don't get further in pursuing their entrepreneurial ambitions.

The Lifecycle Funnel

Despite extraordinarily high initial motivation to explore entrepreneurship, only a small fraction of Black aspirants pursue their entrepreneurial dreams, and far fewer find success in high-growth sectors, evidenced by the fact that Black founders secure less than 1% of all venture capital funding. This phenomenon suggests Black entrepreneurs, as a population, largely experience the business venturing lifecycle as a funnel. The wide top of the funnel represents the high interest in entrepreneurship, but then it narrows rapidly, allowing only a relatively small proportion of Black businesses to achieve a commanding presence in the marketplace.

We use a seven-stage model of the business venturing lifecycle, developed by Lerner, Hunt and Verheul in 2018, to understand how constrained agency plays out in practice. We use the model to explain how Black entrepreneurs are confronted with distinct challenges at the following stages of the lifecycle:

- Entrepreneurial Interest
- Opportunity Recognition
- Early Action (Nascent Behavior)
- Resource Mobilization
- Resource Coordination
- Value Capture
- Innovation & Renewal

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As all entrepreneurs know, the entrepreneurial journey is intensely difficult for anyone who embarks upon it, but individuals are spurred on by both financial and intrinsic rewards. As the scholar Saras Saravathy notes, "Entrepreneurship is risky, stressful, and exhausting. But it is also the most rewarding way to turn imagination into impact." For Black entrepreneurs, the same ambitions are richly apparent, but the risks, stress, and exhaustion are even more intense, due to systemic barriers that constrain their agency during their journeys.

Stage 1: Entrepreneurial Interest

Primary Constraint: Racialized Context

Black Americans report the strongest desire to start businesses, often motivated by community uplift, independence, and the pursuit of financial mobility. Yet this early interest forms within a racialized context. Structural inequalities—such as lower intergenerational wealth and limited exposure to entrepreneurial role models—signal that success is less attainable. Generations of inequality, financial precarity, and limited exposure to entrepreneurial role models often lead some to self-censor or abandon their aspirations early. Black entrepreneurs' progression to subsequent stages in the lifecycle requires actively resisting these structural messages to keep their entrepreneurial interest alive.

Stage 2: Opportunity Recognition

Primary Constraint: Entrepreneurial Self-Efficacy

The shift from "someone could do this" to "I can do this" is critical. This belief in one's own entrepreneurial capacity—self-efficacy—is shaped by both internal confidence and external validation. For Black entrepreneurs, systemic barriers create an extra layer of doubt. Even when skills and confidence are strong, external signals (who gets funded, who is celebrated as an entrepreneur, who is seen as "credible") can erode belief. Although Black Americans often report similar levels of confidence as their peers, continued discrimination and roadblocks, even at this early stage of the lifecycle, can erode that belief over time. In this way, the racialized context creates conditions that foster self-doubt, which can dampen Black entrepreneurs' overall assessments of opportunities.

Stage 3: Early Action (Nascent Behavior)

Primary Constraint: Access

At this stage, dreams become action—drafting plans, building teams, testing ideas. Research shows Black Americans are nearly twice as likely as whites to take these first entrepreneurial steps. Yet constrained agency surfaces through access: Networks, co-founders, and mentors are often shaped by racial segregation and historical exclusion from elite professional circles. Without access to resource-rich networks, early ventures lean heavily on same-race circles that provide support but limit long-term reach. Agency is exercised, but in smaller, more isolated arenas.

Stage 4: Mobilizing Resources

Primary Constraint: Legitimacy

This is the crucible stage where ideas need fuel. Capital, credit, and supplier relationships are the lifeblood of scaling. Yet Black entrepreneurs are denied loans more often than equally qualified peers, offered worse terms, and overlooked by investors. Here, agency runs directly into questions of legitimacy: Who is seen as credible? Whose ideas are deemed investable? For Black founders, bias—conscious and unconscious—creates a credibility gap that agency alone cannot overcome. The result: constrained ability to mobilize resources, often regardless of preparation.

Stage 5: Resource Coordination

Primary Constraint: Scaling

Once resources are acquired, they must be organized into systems that allow the venture to grow. Scaling—growing a business efficiently so it can serve more customers without dramatically increasing costs—is a major constraint for many Black entrepreneurs in the lifecycle. Black-owned firms often remain small, not because of lack of strategic foresight and ambitions to grow, but because the earlier constraints ripple forward—Limited capital, weaker networks, and fragile legitimacy make scaling extremely difficult. Agency here is about trying to formalize and systematize operations while constrained by external ceilings that keep many firms in enclave markets rather than broader, wealth-generating arenas.

Stage 6: Value Capture

Primary Constraint: Ambidexterity

Entrepreneurship is not just about creating value but capturing it—turning products and services into profits,

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at scale and through the ups and downs of business cycles. This need for ambidexterity— the ability to grow a business while also innovating and serving multiple markets —becomes a constraint for Black entrepreneurs as biased consumer choices, unfavorable supplier pricing, and lender skepticism eat into sales and margins. These persistent barriers make it harder to turn ingenuity into sustainable profits and build generational wealth, even when the business itself is sound.

Stage 7: Innovation & Renewal

Primary Constraint: Fatigue

In the innovation and renewal stage, entrepreneurs focus on staying competitive by developing new products, improving processes, and adapting to changing market demands. For Black entrepreneurs, few make it this far in the lifecycle because many are filtered out by earlier barriers. The relentless need to prove legitimacy, build networks, and fight for access leaves many exhausted. Agency here is exercised by the able and innovative Black entrepreneurs make it this part of the funnel, but the agency is constrained by depletion. Even successful entrepreneurs may hesitate to start new ventures, slowing the cycle of innovation and reducing the pipeline of seasoned serial entrepreneurs.

Frequently Asked Questions (FAQ): What This Means for Black Entrepreneurs and Stakeholders

1. What is “constrained agency” in Black entrepreneurship?(#constrained-agency-black-entrepreneurship)

2. What are the primary constraints at each stage of business venturing lifecycle?(#lifecycle-funnel)

3. What can Black entrepreneurs do to navigate these challenges?(#recommendations-for-black-entrepreneurs)

4. What can investors, policymakers, and institutions do differently?(#recommendations-for-policymakers-and-investors)

Takeaways

If constrained agency represents a disadvantageously narrow funnel, then steps need to be taken to alter the conditions and circumstances in order to increase the flow through more resources and stronger support. Where does this enhanced flow come from? Unfortunately, there is no one, single “cure,” just as there is no one, single challenge. Rather, individuals, communities, markets, and institutions each play a role. Some of the most critical levers of change involve:

- **Process Skills** – Knowing what actions to take, when, and with whom is critical. For Black entrepreneurs, honing these skills helps maximize limited resources.
- **Mentorship** – Experienced mentors (both Black and non-Black) offer more than advice. They open doors, validate credibility, and share social capital.
- **Networks** – Expanding beyond homogenous circles into diverse, resource-rich networks gives access to opportunities otherwise out of reach.
- **Programs and Institutions** – Incubators, accelerators, and community organizations act like launchpads, connecting founders with funding, training, and visibility.
- Each of these has the potential to contribute to the resources and support Black entrepreneurs need in order to advance, in far greater numbers, from the top of the funnel to the bottom, where there is significant wealth creation and game-changing marketplace impact.

Recommendations for Black Entrepreneurs

- Seek diverse mentors and allies. Cross-racial and cross-industry guidance broadens perspective and opportunity.
- Build legitimacy intentionally. Develop strategic partnerships and acquire professional certifications that signal credibility to investors and customers.
- Guard against fatigue. Prioritize sustainability—personally and professionally—so that success at one stage fuels future ventures.

Recommendations for Policymakers and Investors

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- Where possible, level the capital playing field. Reform lending practices and increase investment in Black-led funds and businesses.
- Invest in support infrastructure. Fund incubators, accelerators, and community-based organizations that specifically address structural inequities.
- Rethink evaluation criteria. Adjust funding and procurement practices to better recognize the legitimacy and potential of Black-owned firms.

Conclusion: From Constrained Agency to Collective Possibility

Black entrepreneurs embody the spirit of entrepreneurship: turning vision into reality through determined action. Yet their journeys illustrate how agency can be constrained—not absent, but certainly limited—by systemic barriers at every stage of the business lifecycle.

The challenge is not whether Black entrepreneurs are motivated to unleash their ideas into the marketplace. They do, and in great numbers. The challenge is whether society provides the conditions for that drive to translate into scaled businesses, captured value, and renewed innovation. By acknowledging constrained agency, we shift the conversation from individual blame to structural understanding. And by investing in mentorship, networks, and institutional support, we create the conditions where Black entrepreneurs can achieve escape velocity—breaking through gravity, not just for themselves, but for their communities and for the broader economy.

Explore the Research

Black entrepreneurship: A multilevel process model of constrained agency across the business venturing lifecycle (https://www.sciencedirect.com/science/article/abs/pii/S0883902625000758?via%3Dihub) . Journal of Business Venturing, January 2026

HUMAN AUTHORS' NOTE: Once the initial draft of this article was developed for submission, we leveraged ChatGPT in our revision process in order to improve the quality of our delivery for both scholarly and practitioner audiences that comprise the readership of Entrepreneur & Innovation Exchange (EIX). The development and revision of this article resembled the following: initial development of the manuscript by human authorship team ïÂ? revision by ChatGPT using the prompt below.

Technical Note: ChatGPT-5 Prompt: Based on the attached, current draft of this manuscript, revise this document to make it more appropriate for an expanded audience of both scholars and practitioners, in line with the norms of Entrepreneur & Innovation Exchange (EIX). The manuscript should limit excessive use of academic jargon to better accommodate an expanded audience of practitioners and should be no longer than its current length.

*Adapted from Lerner, Hunt & Verheul (2018)

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