Resource Acquisition among Black Entrepreneurs: The Role of Immigration and Human Capital

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Abstract

What factors help or hinder resource acquisition among Black founders? Despite extensive research on the challenges Black entrepreneurs face, including limited networks and difficulties raising capital, little is known about the specific factors that drive or impede their ability to secure resources for their startups. Using a novel and unique dataset of venture-backed Black entrepreneurs from 1990 to 2022, we investigate how human capital, team dynamics, and social identity shape resource acquisition outcomes. Our findings reveal that individuals who worked at a top firm and are of immigrant origin acquire significantly more resources than those who have not worked at a top firm and are not of immigrant origin. Conversely, women, individuals with experience in STEM, and those who do not disclose their funding rounds acquire significantly fewer resources than their counterparts. Notably, immigration status emerges as the most robust predictor of resource acquisition among Black founders. To further explore this finding, we examine interactions between immigration status and elite education, as well as immigration status and team size. We find significant effects for the former but not the latter. This research contributes to the literature on race, entrepreneurship, and immigration by illuminating the intricate relationships between human capital, team dynamics, and social identity in shaping resource allocation for Black entrepreneurs.

Introduction

Racism, the “large-scale and inescapable hierarchical system of US racial oppression devised and maintained by Whites and directed at people of color” (Feagin and Elias, 2013: 936) creates undue challenges for racially marginalized entrepreneurs to compete within the market. This is especially true for Black entrepreneurs. Relative to their non-Black peers, and their White peers more specifically, Black people are less likely to have high status and connected networks (Bates, Bradford and Jackson, 2018;) and reserves of wealth that they can leverage to fund their ventures (Fairlie, Robb and Robinson, 2022). These barriers mean that Black entrepreneurs struggle to secure resources for their ventures. For instance, just one percent of venture capital funding - the preferred method for high-growth and technologically based startups - goes to teams with at least one Black founder (Bruton et al., 2023). This funding disparity is particularly consequential. Those who raise money from venture capitalists are arguably better positioned than their counterparts. With financial capital, budding entrepreneurs can quickly iterate on their ideas, hire team members, weather the storms of entrepreneurship, keep pace with their competitors, and provide them with enough runway - or time - to develop product-market fit (Haltiwanger, Jarmin and Miranda, 2013; Lerner and Nanda, 2020). Without these resources, entrepreneurs have a higher likelihood of business failure.

Research has long covered the barriers that racially marginalized entrepreneurs encounter. But what factors help or hinder Black entrepreneurs from acquiring resources for their startups. Currently, we don’t have a good answer to this question. Most research on Black professionals centers on interracial disparities ((Blanchflower, Levine and Zimmerman, 2003; Hurtado and Sakong, 2022; Bates and Bradford, 1992) rather than who within the Black community is finding measures of success. Moreover, current research that does center on Black entrepreneurial experiences is qualitative in nature and generally focuses on how they understand, experience, and overcome racial barriers (Wingfield, 2008; Wingfield and Taylor, 2016; Sheares, 2024). We are thus missing those who within this community are finding resources for their startups.

To answer our research question, we rely on an original and unique dataset of venture-backed founders in the United States from 1992-2022. In the dataset, we compiled individual-level data regarding entrepreneurs' educational background and work history and company information regarding industry, team size, geographic location, and founding year. We test these factors on nine different outcomes related to resource acquisition, such as the total amount of funding raised, the odds of raising a million dollars or more, likelihood of a firm being active, closed, and acquired. Through our analysis, we find that social identity, human capital, and team dynamics have significant effects on the resource acquisition of Black entrepreneurs. More specifically, those who are of immigrant origin, have a graduate degree, and have worked for notable firms have significantly greater odds of acquiring resources for their startups. Conversely, women are significantly less likely to acquire as many resources as men.

This research makes several contributions to the academic literature. First, it combats a deficit narrative surrounding Black founders. Indeed, Black founders encounter various challenges relative to their White counterparts, but there are Black founders who are raising money from venture capitalists, hiring team members, finding product market fit, and launching and running successful companies. By highlighting the features of these companies, including the factors that are associated with higher levels of resource acquisition, we can begin to understand what competitive advantage looks like in the marketplace among members of racially marginalized groups. Second, while Black founders as a collective may face undue challenges relative to White people, this does not mean that all Black people are positioned similarly. By looking intra-racially, we can challenge the homogenous portrait of Black entrepreneurs that paints all members of this group as disadvantaged and instead highlight how various human capital, social identity, and team dynamics shape the resource acquisition process differently. Third, by knowing what "works" for members in marginalized communities, we can provide recommendations of how to increase representation in the sector, a crucial step in diversifying the industry and ensuring that everyone has equal access and opportunity to fair competition within the market.

Background and Theoretical Framework

Race, Racism, and Entrepreneurship

Within society, racism creates a racial hierarchy that positions White people at the top and Black people at the bottom (Bonilla-Silva, 1997; Masuoka and Junn, 2013). It's particularly pervasive because the distribution of material and social resources follows along similar lines, leading to racial disparities. For instance, White people and Black people have differential access to education, income, and wealth (Darity Jr. et al., 2018; Hsieh, Hurst, Jones and Klenow,2019). These racial gaps are particularly consequential for entrepreneurship in high-growth industries like the technology industry.

For instance, Black people are underrepresented in educational institutions that serve as feeders in the industry, such as Stanford, Harvard, and MIT. Consequently, this leads to their underrepresentation in prominent technological firms (Dean and Bhuiyan, 2020). Moreover, they tend to have smaller and lesser-resourced networks, meaning that they have fewer people who could introduce them to potential co-founders, customers, and investors (Hedegard, 2018; Sheares, 2024). Additionally, Black entrepreneurs often face stigma that they are not the right fit and do not possess the capabilities for entrepreneurship, meaning that they often get passed over on opportunities (Younkin and Kuppuswamy, 2018). This is particularly true as it relates to receiving resources like funding.

In 2018, Black founders received a mere fraction—less than 1%—of the staggering $147 billion invested by venture capitalists (Bruton et al., 2023). This disparity stems from deeply

rooted systemic biases that permeate both traditional banking and the VC world. The funding landscape is dominated by a homogeneous group: predominantly White, male decision-makers, often boasting elite educational credentials (Mohan, 2018). This lack of diversity among gatekeepers creates a self-perpetuating cycle, where successful founders mirror the same demographic profile, further concentrating wealth and opportunities. For Black entrepreneurs, this translates to formidable barriers. They face skepticism from banks regarding creditworthiness (Wingfield, 2008; Fairlie, Robb, and Robinson, 2022) and struggle to penetrate the often insular networks of VCs. The result is a startup ecosystem that, despite its claims of meritocracy, continues to marginalize talented Black professionals and entrepreneurs, stunting innovation and economic growth that could arise from a more inclusive approach. Altogether, these trends create undue barriers for Black entrepreneurs, particularly as they attempt to secure resources. Black people comprise thirteen percent of the population but represent just two percent of all business owners in the country (Donoghoe, Perry, and Stephens, 2004).

Due to these challenges, Black entrepreneurs are not resigned to their position. Instead, they deploy various strategies to further their positioning and acquire resources for their ventures. Research by Hikido (2018) revealed that Black women's bed and breakfast owners in Cape Town forged alliances with affluent White clientele to gain various forms of capital when confronted with marginalization. In a separate study, Avle and colleagues (2019) examined Black entrepreneurs in two cities: Accra and Detroit. They discovered that those in Detroit prioritized expanding local networks within the Black business community to foster growth. Conversely, their Accra counterparts focused on gaining global recognition through participation in tech-oriented events like innovation contests and coding marathons. Furthermore, in her research on Black tech entrepreneurs in Silicon Valley, Sheares (2024) found that her respondents sought elite credentials from reputable institutions in the sector to signal to investors that they were ready for investment.

A review of the literature shows that most studies focus on the challenges Black entrepreneurs encounter. There are fewer studies that examine how Black tech entrepreneurs actually go about acquiring resources for their startups. Those that do largely do so from qualitative perspectives that examine the lived experiences of Black entrepreneurs. Moreover, these programs cannot speak to the efficacy of these strategies. While Black founders may seek to acquire elite credentials or rely on White clientele for their business, we don’t know how effective these strategies are in the resource acquisition process. This is what this article seeks to explore.

Effects of Human Capital, Team Dynamics, and Social Identity on Resource Acquisition

Startup founders are driven by a vision to disrupt and revolutionize entire industries on a large scale, aiming to create scalable business models that can rapidly expand beyond local markets and capture significant market share across regions or even globally (Ferreira et al.,

2016). To do so, they introduce novel technologies, products, or services that challenge established industry norms, design their businesses for rapid growth and expansion, and leverage leveraging technology to reach a broader customer base. Those who find measures of success, whether that be achieving an Initial Public Offering (IPO) or having their company acquired by a larger firm, are often positioned to receive substantial compensation that can alter their economic trajectory as well as for early employees, investors, and the surrounding community (Chetty, Hendren, Jones and Porter, 2020). However, reaching this stage is no easy feat due in part to the inherent risks associated with entrepreneurship. Achieving success is unlikely. Nearly ten percent of new ventures fail within the first year. This rate increases in subsequent years, and within ten years, just ten percent of all ventures have survived (Patel, 2022).

To increase the likelihood of business survival, entrepreneurs need various resources, arguably the most important of which is financial capital. Raising this money from traditional lenders like banks is often impractical as these lenders often expect entrepreneurs to put up their own resources as collateral (Rawhouser*, Villanueva, and Newbert, 2017; Kotha, Shin, and Fisher, 2022). Instead, entrepreneurs in high-growth industries tend to raise capital from venture capitalists who provide large sums of capital in exchange for an equity stake within the company. Those who raise money from venture capitalists are arguably better positioned than their counterparts. With financial capital, budding entrepreneurs can quickly iterate on their ideas, hire team members, weather the storms of entrepreneurship, keep pace with their competitors, and provide them with enough runway - or time - to develop product-market fit (Khayesi and George, 2011).

Thus, acquiring economic resources from venture capitalists is paramount to offsetting some of the riskiness associated with entrepreneurship. However, acquiring resources from venture capitalists is no small feat. Venture capitalists want to invest in companies that have the potential for success but they cannot know for sure which companies will be successful and which ones won't, especially at the early stages. Consequently, they use a variety of factors, such as indicators of high human capital (Aldrich and Kim, 2007), team dynamics and quality (Eisenhardt and Schoonhoven, 1990), or even factors related to social identity (Younkin and Kuppuswamy, 2018) to inform their investment decisions.

For instance, investors may assess whether novice entrepreneurs possess sufficient amounts of "entrepreneurial human capital" or capital that signals they will likely be successful in high-growth entrepreneurship (Burton, Sørensen, and Beckman, 2002). Entrepreneurial capital encompasses a variety of components, including one's level of education (Hallen, 2008), managerial expertise(Rawhouser*, Villanueva, and Newbert, 2017), industry knowledge (Hsu, 2007), or prior entrepreneurial experience (Gompers et al., 2006).

Human capital and resource acquisition in entrepreneurship

Related to education, research demonstrates that entrepreneurship rates are highest for people with high or low levels of education (Poschke, 2013). This is because individuals who have low-levels of education may have trouble achieving upward mobility in the labor market and may find their efforts stymied. Entrepreneurship therefore presents an avenue to overcome these roadblocks. Alternatively, entrepreneurship in high-growth sectors are embedded within the knowledge economy, [description] which generally requires high-levels of education to compete in (Ibid). Importantly, 92% o fU.S.-born tech founders hold at least a bachelor's degree, and nearly 50% (47) percent have advanced degrees (Wadhwa, Freeman, and Rissing, 2008). Moreover, educational institutions provide additional benefits as well. Prospective entrepreneurs may come up with an idea or meet potential teammates while embedded within educational institutions.

However, simply attending college may not be enough to fund success within the industry. Instead, the type of school may also matter. For one, individuals who attend elite colleges are well-represented in the ranks of U.S.-based founders (Wadhwa, Freeman, and Rissing, 2008). Schools like Stanford, UC Berkeley, MIT, and Harvard consistently top the list and are schools that are frequently associated with high-growth entrepreneurshi. Moreover, nearly 20% of teams have a member who went to an Ivy League college or a school known for producing entrepreneurs (Wadhwa, Freeman, and Rissing, 2008). Finally, emerging research shows that attending an elite institution is correlated with larger funding amounts (Glaser and Strauss, 1967; Molinas, 2024), meaning that entrepreneurs who attend renowned schools for entrepreneurship often receive more resources which can be critical for weathering the storm of entrepreneurship.

While investors may take a close look at the educational backgrounds of entrepreneurs, they may also examine their work experiences. As Stinchcombe (1965) noted, creating a business requires the mobilization of both social and material resources. Entrepreneurs must not only develop innovative ideas but also overcome the skepticism of resource providers due to the inherent uncertainty associated with new services (Aldrich and Fiol, 1994). Given that most new ventures are founded by individuals with prior employment experience (Burton, Sørensen, and Beckman, 2002), work histories become important factors in a venture capitalist determining whether or not to provide an entrepreneur with resources. Some positive signals include possessing managerial experience (Hall and Hofer, 1993), having industry experience, technology experience, and working for prominent entrepreneurial firms (or firms that generate a sizable number of new ventures through employee exits) (Burton, Sørensen, and Beckman, 2002).

Ultimately, the possession of the rights types of human capital are important in that they not only enhance the likelihood of venture creation and survival but also enhances an entrepreneur's ability to identify opportunities, secure resources, and navigate uncertainties in dynamic markets (Dimov, 2017). Moreover, investors may use a founder's educational

background and work history to infer that they have positive entrepreneurial human capital and use this hunch to make decisions about whether or not to invest and if the venture will be successful (Hsu, 2007; Hallen and Eisenhardt, 2012).

Team dynamics and entrepreneurship

Conventional wisdom suggests that startups with multiple founders have an edge over solo ventures. This belief stems from the idea that a diverse skill set and resource pool are crucial for business success, which is more likely achieved through a team effort (Eisenhardt and Schoonhoven, 1990; Wasserman, 2012). Some studies have supported this notion, indicating that larger founding teams correlate with faster growth and higher valuations (Miloud, Aspelund, and Cabrol, 2012; Greenberg and Mollick, 2018).

However, recent research challenges this assumption. Other researchers argue that the complexities of team dynamics, particularly in high-pressure startup environments, can hinder progress. Decision-making processes become more complicated as founders must navigate disagreements and conflicts. Surprisingly, some evidence suggests that solo-founded ventures may outperform team-founded ones in terms of longevity and revenue generation, especially in crowdfunding contexts (Miloud, Aspelund, and Cabrol, 2012).

Social identity and entrepreneurship

In addition to objective measures like educational background and work experience, investors may also pay attention to social identity categories. Social identity is an "individual's knowledge that he belongs to certain social groups together with some emotional and value significance to him of this group membership" (Tajfel, 1974: 292). This social identity can be either positive or negative and is formed when individuals categorize themselves as members of specific social groups or categories, which then shape their self-perceptions and cognition (Tajfel and Billic, 1974). In simpler terms, social identity refers to "those aspects of an individual's self-image that derive from the social categories to which he/she belongs, as well as the emotional and evaluative consequences of this group membership" (Hornsey, 2008: 206).

Immigration status is one social identity that is salient in entrepreneurship. Immigrants are individuals who leave one country to start life in a new country for a long period of time. There are numerous ways that individuals can legally migrate to the United States, including declaring asylum and family reunification. However, the U.S. has increasingly prioritized high-skilled immigration. Indeed, the H1-B visa is the largest temporary work visa program in the United States. To qualify for an H1-B visa, one must be highly educated and skilled, having at least a bachelor's degree (or equivalent) and demonstrate that they possess skills that an employer cannot obtain from the U.S. workforce (Hart and Acs, 2011).

Consequently, immigrants coming to the United States are increasingly highly educated and skilled. Recently arrived immigrants tend to have greater levels of educational attainment than their U.S.-born peers and are more likely to have STEM degrees (Kerr and Kerr, 2020). The background of immigrants in the U.S. - many of whom are positively selected - means they have backgrounds particularly ripe for high-growth entrepreneurship. For instance, immigrants are more likely to account for U.S. patents (Bernstein, Dev, and Lerner, 2020), and pioneering work by Wadhwa (2008) and colleagues demonstrate that 25% of companies in Silicon Valley from 1995 to 2005 had at least one foreign-born founder. One reason that immigrants engage in higher rates in entrepreneurship is because both immigration and entrepreneurship require risk. Immigrants take a risk moving to a new country where they may have to learn a new language, form distinct and new networks, and create a new life. While immigrants may move to secure a better life, that outcome is not guaranteed. Similarly, engaging in entrepreneurship is incredibly risky, given the high failure rates. By moving from one place to another, immigrants may have a higher propensity for risk than their native counterparts. Moreover, this positive association for immigrants to engage in entrepreneurship may be transferable as evidence suggests that second-generation immigrants are also likely to partake in entrepreneurship, especially if their family origins are from a country with a strong entrepreneurial culture (Kleinhempel, Klasing, and Beugelsdijk, 2023).

Race is another important social identity factor in entrepreneurship, particularly in high-growth entrepreneurship. Despite comprising less than a third of the overall population, White men dominate the venture capital landscape. They account for nearly sixty percent of all VC investors and control an overwhelming majority—93 percent—of the total venture capital funds under management (Gupta, 2022). The flow of venture capital dollars follows a similar pattern. Nearly 77 percent of all venture capital funding goes to White founders (Ibid). Other research highlights how race matters in other fundraising settings. Studies further suggest that customers have strong preferences for goods and services from White entrepreneurs. Customers tend to show stronger backing and more positive assessments of offerings from these entrepreneurs compared to those from African American business owners, even when the products are the same and of similar quality (Younkin and Kuppuswamy, 2018; Bruton et al., 2023). Younkin & Kuppuswamy (2018) demonstrated that the disparity results from the stigma associated with blackness. Customers feared that the products offered by Black entrepreneurs would be of lower quality and counterfeit. The results show that even when Black entrepreneurs are qualified, whiteness continues to serve as a credential within the sector (Ray, 2019; Bruton et al., 2023).

Finally, gender is another salient social identity factor in entrepreneurship. While the industry is overrepresented by White people, it is also largely comprised of men. For instance, White women comprise nearly a third of the U.S. population, but they account for eleven percent of venture partners, meaning they control just three percent of the wealth (Gourani, 2021). Just three percent of all VC funding goes to all women teams (Shunina, 2023), while mix gendered

teams receive around twenty-three percent (Teare, 2024). Moreover, women tend to obtain credit under less favorable conditions than men (Wu and Chua, 2012). Together, this creates undue burdens for women founders compared to men, resulting in women-owned businesses having lower survival rates (De Bruin, Brush, and Welter, 2007).

Data, Methodology, and Analytical Framework

To conduct this study, the first author, along with a data collection team consisting of undergraduate research assistants and contracted workers, compiled a novel and proprietary dataset focusing on venture-backed Black founders. This effort leveraged a comprehensive approach that included publicly available resources, commercial databases, and manual coding to ensure accuracy and robustness. This dataset captures detailed information on entrepreneurial characteristics, educational and professional backgrounds, and key outcomes related to funding, company growth, and exit strategies, enabling a nuanced analysis of resource acquisition among Black entrepreneurs.

Data and Methodology

The creation of this dataset was an extensive and iterative process led by the first author, the data collection began by drawing from established sources such as the Black Founders Fund, Project Diane, Harlem Capital, Pitchbook, and Crunchbase. These sources provided critical initial insights into companies with at least one Black founder, forming the foundation of our dataset.

These initial lists provided information on companies with at least one Black founder. However, the lists were often incomplete regarding the racial or ethnic backgrounds of the founders, necessitating additional work to ensure the dataset's accuracy. To address this, the first author collaborated with the data collection team to manually code the race and ethnicity of each individual. This process involved rigorous examination and unanimous agreement among team members before including a founder in the dataset. In cases where disagreements arose, with some team members identifying a person as Black while others did not, an independent third party not affiliated with the project was consulted to make the final determination. This rigorous process ensured the accuracy and reliability of the dataset. Given that we wanted to assess the factors associated with greater resource accumulation among Black founders, we limited our sample to members of this demographic.

The dataset construction extended beyond demographic attributes to include additional variables capturing immigrant status, gender, education, and professional history. Immigrant backgrounds were coded by examining online news articles, media coverage, and public statements where founders discussed their personal or familial histories. Entrepreneurs who explicitly mentioned their immigrant roots or identified as children of immigrants were assigned

a code of 1. Conversely, those who did not publicly disclose any immigrant background were coded as 0, serving as the reference category in our analysis. Gender data were similarly coded using publicly available sources like Crunchbase, aligning labels with perceived identities and creating a binary variable (0=men, 1=women, with men as the reference category).

Educational attainment data were collected through a systematic review of public profiles, including LinkedIn and Crunchbase, as well as institutional websites. The dataset includes detailed information about the academic institutions attended, degrees earned, and fields of study. While most founders in the sample had undergraduate degrees, postgraduate education emerged as a key variable of interest. We give a value of 0 to individuals who have not completed graduate school, serving as our reference category. Conversely, a value of 1 was allocated to those who had successfully completed graduate-level studies. Moreover, previous studies have highlighted the disproportionate representation of elite college graduates among U.S. startup founders (Wadhwa, Freeman, & Rissing, 2010). To investigate this phenomenon, we relied on Pitchbook's Top 50 university rankings. We assigned a value of 1 to those who attended a top 10 school, while those who did not were coded as 0.

The dataset also documents professional histories, including job titles, company names, and start and end dates for each position held. These records were meticulously categorized into stages—before, during, or after the entrepreneur's most recent venture. Our analysis prioritizes "before" experiences, as these are most likely to influence entrepreneurial trajectories. Of particular interest were founders with prior experience at leading technology firms. To identify such individuals, the first author and the data collection team cross-referenced employment histories with a list of the top 100 technology companies ranked by market capitalization. Founders with prior experience at these firms were coded as 1, while those without such experience were coded as 0. To define this category, we utilized a list of the top 100 technology companies ranked by market capitalization (Companies Marketcap, n.d).

During the dataset construction process, the first author observed that certain individuals had a history of founding multiple venture-backed companies. These entrepreneurs were identified and noted as serial founders. This distinction is particularly relevant given that existing research indicates serial entrepreneurs often enjoy enhanced advantages and opportunities compared to their first-time counterparts in the startup ecosystem. Entrepreneurs who had founded only one venture-backed company were assigned a value of 0, serving as our reference category. Conversely, those with a track record of establishing multiple venture-backed enterprises were coded as 1.

Geographical factors were also incorporated to account for variations in entrepreneurial ecosystems and economic cycles. Entrepreneurial ecosystems across the United States exhibit significant variations in terms of available resources, knowledge dissemination, and overall support structures (Saxenian, 1996; Sorenson & Stuart, 2001). These disparities can substantially

influence a startup's growth potential and access to critical resources. Location-specific variables capture the influence of regional ecosystems on access to resources.

To enrich the dataset, the first author gathered information on team size as an additional variable of interest. This decision was informed by seminal research in the field of entrepreneurship, particularly Eisenhardt and Schoonhoven's (1990) influential study on semiconductor startups. Their findings demonstrated a positive correlation between team size and venture growth, underscoring the potential advantages of larger founding teams. The first author then gathered data from Crunchbase to construct the outcome variables. In our study of resource acquisition among Black founders, we examined several key outcomes related to their most recently affiliated companies. Financial metrics include total funding raised[1], with continuous measures and binary indicators for key funding thresholds ($1 million and $2.3 million, aligning with current average seed round benchmarks). Additional outcomes capture subsequent funding achievements, such as whether the most recently affiliated company secured a Series A round (0=no, 1=yes). Non-financial outcomes were also considered, including acquisition status (as an indicator of successful exits), operational status (active or closed), and team size (with a binary indicator for teams of 11 or more employees).

This dataset represents a rigorous effort to document and analyze the entrepreneurial journeys of Black founders, incorporating a broad range of variables that reflect their social identity, educational and professional backgrounds, and business outcomes. Each of these outcomes offers unique insights into the resource acquisition journey of Black founders. The acquisition status validates the company's market value, while operational status reflects sustainability beyond initial funding. Employee count serves as a proxy for growth and the founder's leadership capabilities. Collectively, these metrics paint a detailed picture of how Black entrepreneurs navigate the complex landscape of resource acquisition, from initial funding to sustainable operations and potential exits.. By addressing systemic gaps in existing data sources and employing an inclusive and methodologically robust approach, this dataset enables a nuanced examination of resource acquisition, systemic disparities, and entrepreneurial opportunities within venture-backed ecosystems.

Our dataset encompasses Black founders with multiple ventures, presenting a methodological challenge, particularly when analyzing company-level variables and outcomes.

For example, a founder might have established a company in Atlanta in 2018 that secured $1 million in funding, followed by another venture in New York City in 2022 that raised $10 million. This scenario complicates the application of consistent controls for factors such as

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[1] This continuous variable ranged from $1,000 to $1.9 billion, reflecting various aspects of the business and the entrepreneur's capabilities.

location and funding history. To address this complexity, we implemented a two-pronged approach. We incorporated the serial founder variable as an indicator variable in our analysis. Second, for company-level variables and outcome measures, we focused exclusively on each founder's most recent venture. This methodology allows us to maintain analytical rigor while accounting for the diverse entrepreneurial trajectories within our sample of Black founders, ensuring consistency in our analysis while acknowledging the founders' complete entrepreneurial history.

Analytical Framework

In this paper, we examine the factors that support or hinder resource acquisition among Black entrepreneurs. To analyze the total amount raised, we applied an OLS regression using a natural log-transformed version of this variable. This transformation helps mitigate skewness in the data, for a more robust examination of the relationships between total funding outcomes and explanatory factors.

Given the binary nature of many of our dependent variables, we employed a linear probability model (LPM) with fixed effects to estimate the role of immigration status on Black entrepreneurial success. The LPM was selected for its interpretability, particularly in estimating probabilities for binary outcomes such as whether a firm raised at least $1 million, achieved Series A, or reached 11+ employees. While logistic regression could also be used, LPMs provide coefficients that are easier to interpret directly as percentage-point changes in probabilities, which aligns with our research question. To account for unobserved heterogeneity, we included fixed effects for industry, location, and founding year.

Our focus is **immigrant status**, which captures whether a founder is an immigrant. We included several key indicator variables in our regression models to account for founder-level characteristics that could influence entrepreneurial success. Gender was incorporated to address disparities in entrepreneurship, ensuring that gender-related differences do not confound other effects, such as those associated with immigrant status. Graduate degree attainment reflects the advantages of advanced education, including access to professional networks, technical expertise, and increased legitimacy with investors.

STEM work experience was included for its potential to provide founders with technical expertise, industry-specific knowledge, and innovative problem-solving skills that enhance success. Business work experience captures strategic and operational skills gained through prior roles, which could influence outcomes like funding or growth.

We also accounted for prior work experience at a top firm, recognizing that such affiliations offer elite networks, reputational capital, and critical industry knowledge. These factors significantly enhance a founder's ability to secure resources and grow their business.

Serial founder status was another critical variable, reflecting the benefits of prior entrepreneurial experience, including reduced learning curves and established investor networks.

Additionally, we controlled for funding not disclosed to address potential biases introduced by founders who withhold funding amounts. Prior research suggests that startups raising smaller amounts may withhold details to avoid signaling weak investor confidence (O'Hear, 2013). In the dataset, 17% of founders (217) did not disclose funding amounts. Including this variable ensures that observed differences in outcomes are not driven by systematic underreporting among certain firms.

Finally, we incorporated fixed effects for industry, location, and founding year. Industry fixed effects capture sector-specific differences in funding patterns and growth potential, while location fixed effects control for geographic disparities in access to capital and startup ecosystems. Founding year fixed effects account for temporal variations in market conditions, such as economic cycles or changes in venture capital availability. Together, these controls ensure that our results are robust to unobserved heterogeneity across firms and founders. By incorporating these indicators, we aimed to robustly account for individual-level factors that could influence entrepreneurial outcomes, ensuring that the effects of immigrant status were not overstated or confounded by other founder-level characteristics.

Descriptive statistics

The descriptive statistics in Table 1A - 1D, supplemented by Figures 1-4, provide an overview of key characteristics among founders and firms, as well as the relationships between variables. The dataset includes 1,288 confirmed Black founders, with 22.9% of the dataset composed of Black immigrant founders. Of the 1,077 founders who disclosed the amount of capital raised for their firm, immigrant founders raised significantly more capital on average ($3.29M) compared to their non-immigrant counterparts ($13.97M), with 61.4% of immigrant-founded firms raising over $1 million compared to 51% of non-immigrant-founded firms.

Among the founders, 92% have a bachelor's degree, and 28.2% identified as women. Additionally, 45.3% of founders held graduate degrees, while 14.3% attended a top 10 undergraduate institution. Immigrant founders were more likely to have STEM degrees (41% vs. 32.1%) and work experience in the tech sector (50.5% vs. 43.8%). Non-immigrant founders, by contrast, were more likely to have experience in consulting (54% vs. 41%) and finance (48.8% vs. 32.1%), reflecting broader career paths. Approximately 34.2% of founders had STEM degrees overall, and 54.4% reported engineering experience, demonstrating a high prevalence of technical backgrounds within the sample. Furthermore, 6.4% of founders were serial entrepreneurs, indicating prior entrepreneurial experience.

Additionally, 28.8% of the sample had previously worked at a top 100 firm in finance, tech, consulting, or engineering. Immigrant founders were likelier to have such experience (31% vs. 25.4%). The average number of founders per startup was 2.23, suggesting that most startups were founded by teams rather than solo entrepreneurs. Firms raised an average of $1.947 million, and 53.3% of firms successfully raised at least $1 million. Additionally, 42.9% of firms achieved average seed funding of $2.3 million, while 14.2% reached Series A funding, this round of funding traditionally focuses on scaling startups through product development, operational improvement, and market expansion. Regarding firm outcomes, immigrant founders were more likely to employ 11 or more people (46.8% vs. 33.6%) and remain active (85.8% vs. 76.1%). Overall, 36.6% of founder firms in the dataset grew to employ 11 or more people, 78.3% remained active, 14.5% closed, and 6.1% were acquired.

Correlation Analysis

The correlation analysis further highlights the relationships between founder characteristics and key outcomes. Immigrant status positively correlates with the natural log amount raised ($r = 0.149$) and the likelihood of employing 11 or more people ($r = 0.152$), suggesting that immigrant founders are associated with scaling their startups. Similarly, graduate degrees show a modest positive correlation with funding metrics, including average seed funding ($r = 0.067$) and the natural log amount raised ($r = 0.066$). Experience working in tech positively correlates with firms being acquired ($r = 0.044$) and having 11 or more employees ($r = 0.044$).

The number of founders also plays a critical role, with a positive correlation to the natural log amount raised ($r = 0.158$) and reaching Series A ($r = 0.112$). However, gender negatively correlates with several outcomes, including reaching Series A ($r = -0.077$) and the likelihood of employing 11 or more people ($r = -0.087$).

Median Capital Raised

Table 2 provides an overview of the median capital raised across the entire sample, as well as by founder type (Black non-immigrant and Black immigrant founders). The median capital raised across the entire sample was $1.2 million, with notable differences between non-immigrant and immigrant founders. Black non-immigrant founders raised a median of $1 million, lower than the overall sample median, while Black immigrant founders raised a substantially higher median of $2.5 million. This disparity highlights a potential advantage for immigrant founders in securing greater capital. The dataset includes a total of 1,288 founders, with 993 non-immigrant founders and 295 immigrant founders contributing to this analysis.

Temporal Trends

Figure 1 illustrates temporal trends in firm founding activity, comparing immigrant and non-immigrant entrepreneurs over three distinct periods. The share of firm founding by

immigrant founders has remained relatively stable over time, as has the share of non-immigrant founders.

Geographic Distribution

Figure 2 highlights the geographic distribution of founders. Immigrant founders are more concentrated in established hubs like the Bay Area and New York, whereas non-immigrant founders exhibit greater geographic diversity, particularly in Atlanta and other emerging regions. This reflects the tendency of immigrant founders to gravitate toward regions with established entrepreneurial ecosystems and access to venture capital.

Sectoral Distribution

Figure 3 illustrates the sectoral distribution of firms over time by founder status. Immigrant-founded firms have a stronger concentration in high-growth sectors such as ed-tech, e-commerce and fintech compared to their non-immigrant counterparts, who have a more diverse distribution across sectors. Over time, immigrant founders have increasingly entered the tech and health industries, whereas non-immigrant founders remain broadly represented across a wider range of sectors. Figure 4 provides further detail on the distribution of firms by sector over time. Both immigrant and non-immigrant founders exhibit growth in representation in biotech and fintech sectors over time. However, non-immigrant founders dominate human resources (HR) and media industries across all time periods, highlighting sectoral differences in entrepreneurial focus.

Results

The results provide strong evidence that Black immigrant founders outperform their non-immigrant peers. Table A1 demonstrates that immigrant-founded startups achieve better funding outcomes. In Model A1, startups with at least one immigrant founder raised 62.4% more capital on average than non-immigrant-founded startups ($p < 0.001$). Immigrant-founded startups were 7.8 percentage points more likely to raise at least $1 million ($p < 0.01$). Similarly, in Column 3 of Model A1, immigrant-led startups were 8.6 percentage points more likely to secure average seed funding of $2.3 million ($p < 0.01$). However, column 4 of Model A1 shows that the positive association between immigrant-founded startups and reaching Series A funding is not statistically significant, suggesting that the funding advantage diminishes as firms progress to later funding stages.

Table A2 evaluates business outcomes and highlights notable patterns. Immigrant-founded startups show no significant difference in the likelihood of being acquired (Model A5). However, they are 9 percentage points more likely to remain active (Model A6; $p <$

0.001) and 6.3 percentage points less likely to close (Model A7; $p < 0.01$). Additionally, immigrant-founded startups are 12.9 percentage points more likely to employ 11 or more people (Model A8; $p < 0.001$), indicating their ability to achieve key growth milestones.

The interaction effects explored in Tables B1 through B4 provide nuanced evidence on the roles of team size, STEM degrees, elite education, and MBA attainment in entrepreneurial success.

Table B1 underscores the importance of team size, as the number of founders is positively associated with key outcomes. Startups with four founders, for example, are 24.5 percentage points more likely to raise $1 million ($p < 0.001$; Model B1-2). Startups with five or more founders also demonstrate strong performance in reaching Series A funding (Model B1-4; $p < 0.01$), However, it shows that relative to non-immigrant founders immigrant founders are not more or less likely to reach significant milestones in funding and amount of capital raised for most with the same team size with the exception of 5 more founders. This underscores the importance of team size in amplifying entrepreneurial success.

Table B2 shows limited evidence regarding the effects of STEM degrees. While immigrant founders with STEM degrees exhibit a positive, albeit non-significant, trend in employee growth (Model B2-8), no significant amplification effects are observed for other outcomes, such as raising $1 million or reaching Series A funding.

Table B3 examines the role of attending a top 10 undergraduate institution for entrepreneurship. While attendance at a top 10 institution positively correlates with funding outcomes, the interaction terms with immigrant status are not statistically significant. For example, in Model B3-3, immigrant founders already have a 6.9 percentage point advantage in reaching average seed funding ($p < 0.05$), but this advantage is not amplified by attending a top-tier institution. Similar patterns emerge for other outcomes, such as remaining active or achieving employee growth, suggesting that elite education does not meaningfully enhance the advantages associated with immigrant status.

Table B4 evaluates the effects of having an MBA. Immigrant founders with an MBA show improved outcomes, such as being 14.7 percentage points more likely to employ at least 11 people (Model B4-8; $p < 0.001$). However, the interaction terms between immigrant status and having an MBA are not statistically significant, indicating that an MBA does not independently amplify the benefits of immigrant status.

In summary, the results show that immigrant founders achieve better outcomes across funding and growth metrics. However, the interaction effects provide mixed evidence.Team size, elite undergraduate education and MBA attainment do not meaningfully enhance the advantages

associated with immigrant status. These findings highlight the complex interplay of individual and contextual factors in shaping entrepreneurial success.

Robustness Checks

To further validate our findings and provide robustness to the results, we conducted an ordinal logit regression on the quartiles of the amount raised by startups. This approach examines the relationship between immigrant status and entrepreneurial outcomes by focusing on the relative distribution of funding rather than absolute measures. Startups were ranked into quartiles based on total funding raised, with higher quartiles representing greater fundraising success. This method helps control for outliers while emphasizing general trends.

$$\text{Logit}(P(Y_{it} \leq j)) = \beta_0 + \beta_1 \cdot \text{ImmigrationStatus}_{it} + \beta_2 \cdot \mathbf{X}_{it} + \alpha_{\text{Industry}_i} + \gamma_{\text{Location}_i} + \delta_{\text{Year}_t} + \epsilon_{it}$$

The results strongly reinforce the main findings. Immigrant founders are significantly more likely to fall into higher funding quartiles. Specifically, the odds of being in a higher quartile are 59% greater for immigrant founders compared to non-immigrants (odds ratio = 1.59, $p<0.001$), highlighting the funding advantage associated with immigrant status.

Gender disparities in funding outcomes are also evident in the analysis. Female founders are significantly less likely to achieve higher funding quartiles, as reflected by an odds ratio of 0.71 ($p<0.05$), indicating a 29% lower likelihood of reaching higher quartiles compared to male founders. This finding aligns with broader evidence of gender disparities in entrepreneurial funding, highlighting ongoing challenges faced by women entrepreneurs.

Education and work experience further influence funding quartiles. Graduate degree attainment has a positive and significant effect, with an odds ratio of 1.32 ($p<0.05$), suggesting that advanced education enhances access to higher funding levels. Business work experience shows a positive but non-significant trend (odds ratio = 1.21), while STEM work experience does not appear to significantly affect funding quartiles (odds ratio = 0.83). Interestingly, having worked at a top firm is positively associated with funding outcomes (odds ratio = 1.27), though this result does not reach statistical significance.

Sectoral and geographic variables also play a notable role. Startups in the media sector are significantly less likely to achieve higher funding quartiles, with an odds ratio of 0.39 ($p<0.01$). Additionally, startups based in Seattle ($p<0.01$) and Atlanta ($p<0.001$) face substantial disadvantages, with odds ratios of 0.27 and 0.33, respectively, compared to startups in other locations. These results emphasize the importance of geographic and sectoral context in shaping entrepreneurial success.

Time-based trends further illuminate the dynamics of funding outcomes. Startups founded more recently are significantly less likely to achieve higher funding quartiles, with odds

ratios of 0.65 ($p<0.01$) for the second founding year category and 0.37 ($p<0.001$) for the third category. This trend may reflect increased competition or shifting market dynamics over time.

The diagnostic analysis reinforces the findings from the main regression models, offering additional support by demonstrating the significant advantage of immigrant founders in accessing higher funding levels. It also highlights persistent gender disparities and the importance of education, experience, and geographic factors in shaping funding outcomes for Black-founded startups.

Discussion

Our research has shed light on the factors influencing resource acquisition among Black entrepreneurs, challenging prevailing narratives and providing nuanced insights into this diverse community. By examining an original dataset of venture-backed founders in the United States from 1992-2022, we have identified key elements that contribute to entrepreneurial success within the Black community.

Our findings reveal that social identity, human capital, and team dynamics significantly impact resource acquisition for Black entrepreneurs. Notably, those of immigrant origin, holders of graduate degrees, and individuals with experience at prominent firms demonstrate higher odds of securing resources for their startups. Conversely, we observed that women face greater challenges in resource acquisition compared to their male counterparts.

These results underscore the importance of entrepreneurship as a pathway for economic advancement and innovation within the Black community. Successful Black entrepreneurs not only create wealth for themselves but also generate employment opportunities, contribute to economic growth, and serve as role models for future generations. By identifying the factors associated with higher levels of resource acquisition, we provide valuable insights that can inform policies and practices aimed at fostering Black entrepreneurship.

However, it is crucial to acknowledge the limitations of our study. Our dataset lacks information on entrepreneurs' ages, which could be a significant factor in resource acquisition. Additionally, our immigration measure encompasses both first and second-generation immigrants, potentially obscuring nuances between these groups. Furthermore, we recognize that Black immigrants come from diverse contexts and may have experiences that differ from other immigrant groups. These limitations present opportunities for future research to delve deeper into these trends and provide more granular insights.

Moving forward, we encourage researchers to build upon this work by examining how age, specific immigrant experiences, and varied cultural contexts within the Black community influence entrepreneurial outcomes. Future studies could also explore the intersectionality of

these factors, providing a more comprehensive understanding of the Black entrepreneurial landscape.

In conclusion, this research makes significant contributions to the academic literature by combating deficit narratives, highlighting intra-racial differences, and identifying factors associated with success among Black entrepreneurs. By understanding what "works" for members of marginalized communities, we can develop targeted strategies to increase representation in the entrepreneurial sector, ultimately fostering a more diverse and equitable business environment.

Descriptive Statistics

Table 1A: Descriptive Statistics - Entire Sample

Variable	Obs	Mean	Std. Dev.	Min	Max
Immigrant	1288	.229	.42	0	1
Serial founder	1288	.064	.246	0	1
Gender	1268	.282	.45	0	1
Bachelor's Degree	1218	.92	.272	0	1
Graduate Degree	1218	.453	.498	0	1
Top 10 Undergrad Institution	1286	.143	.35	0	1
MBA	1288	.217	.413	0	1
STEM degree	1288	.342	.474	0	1
Work Exp. in Tech	1288	.501	.5	0	1
Work Exp. in Business	1288	.483	.5	0	1
Work Exp. in Tech	1288	.453	.498	0	1
Work Exp. in Finance	1282	.458	1.615	0	9
Work Exp. in Consulting	1288	.535	1.713	0	9
Work Exp. as Engineer	1288	.544	1.729	0	9
Work Exp. as Product Manager	1288	.43	1.728	0	9
Work Exp. as Consultant	1288	.503	1.73	0	9
Work Exp. as Investor	1288	.432	1.728	0	9
Work Exp. in Operations	1288	.44	1.729	0	9
Work Exp. in Sales	1288	.505	1.73	0	9
Work Exp. in Science	1288	.429	1.728	0	9
Work Exp. in Design	1288	.398	1.727	0	9
Executive experience	1288	.887	1.686	0	9
Worked at Top Firm	1288	.268	.443	0	1
Worked at Top Tech Firm	1288	.133	.339	0	1
Worked at Top Finance Firm	1240	.106	.308	0	1
Worked at Top Eng. Firm	1240	.138	.345	0	1
Worked at Top Cons. Firm	1240	.081	.274	0	1
Number of founders	1275	2.225	1	1	5
Log of amount raised	1077	.666	2.258	-6.908	7.55
Raised million or more	1288	.533	.499	0	1
Average Seed Funding of $2.3M	1288	.429	.495	0	1
Acquired	1288	.061	.24	0	1
Active	1288	.783	.412	0	1
Closed	1288	.145	.352	0	1
11+ employees	1288	.366	.482	0	1
Reached Series A	1288	.142	.349	0	1
Funding Not Disclosed	1288	.164	.37	0	1
Bay Area	1275	.194	.395	0	1
Seattle	1275	.011	.104	0	1
New York	1275	.149	.356	0	1
Boston	1275	.012	.108	0	1

Los Angeles	1275	.087	.282	0	1
Atlanta	1275	.077	.266	0	1
Other	1275	.471	.499	0	1

Table 1B: Descriptive Statistics - Immigrant Black Founders

Variable	Obs	Mean	Std. Dev.	Min	Max
Immigrant	295	1	0	1	1
Serial founder	295	.058	.233	0	1
Gender	292	.274	.447	0	1
Bachelor's Degree	281	.947	.225	0	1
Graduate Degree	281	.463	.499	0	1
Top 10 Undergrad Institution	295	.129	.336	0	1
MBA	295	.251	.434	0	1
STEM degree	295	.41	.493	0	1
Work Exp. in Tech	295	.549	.498	0	1
Work Exp. in Business	295	.471	.5	0	1
Work Exp. in Tech	295	.505	.501	0	1
Work Exp. in Finance	293	.355	1.209	0	9
Work Exp. in Consulting	295	.41	1.399	0	9
Work Exp. as Engineer	295	.444	1.401	0	9
Work Exp. as Product Manager	295	.308	1.389	0	9
Work Exp. as Consultant	295	.38	1.397	0	9
Work Exp. as Investor	295	.336	1.392	0	9
Work Exp. in Operations	295	.292	1.386	0	9
Work Exp. in Sales	295	.336	1.392	0	9
Work Exp. in Science	295	.325	1.391	0	9
Work Exp. in Design	295	.258	1.381	0	9
Executive experience	295	.719	1.385	0	9
Worked at Top Firm	295	.315	.465	0	1
Worked at Top Tech Firm	295	.156	.363	0	1
Worked at Top Finance Firm	288	.122	.327	0	1
Worked at Top Eng. Firm	288	.16	.367	0	1
Worked at Top Cons. Firm	288	.08	.272	0	1
Number of founders	291	2.361	1.032	1	5
Log of amount raised	254	1.194	2.386	-3.689	7.313
Raised million or more	295	.614	.488	0	1
Average Seed Funding of $2.3M	295	.522	.5	0	1
Acquired	295	.044	.206	0	1
Active	295	.858	.35	0	1
Closed	295	.085	.279	0	1
11+ employees	295	.468	.5	0	1
Reached Series A	295	.186	.39	0	1
Funding Not Disclosed	295	.139	.347	0	1
Bay Area	291	.237	.426	0	1
Seattle	291	.01	.101	0	1
New York	291	.165	.372	0	1
Boston	291	.003	.059	0	1
Los Angeles	291	.1	.3	0	1

Atlanta	291	.048	.214	0	1
Other	291	.436	.497	0	1

Table 1C: Descriptive Statistics - Black (Non-Immigrant) Founders

Variable	Obs	Mean	Std. Dev.	Min	Max
Black (Non - Immigrant)	993	.833	.373	0	1
Serial founder	993	.066	.249	0	1
Gender	976	.284	.451	0	1
Bachelor's Degree	937	.911	.284	0	1
Graduate Degree	937	.45	.498	0	1
Top 10 Undergraduate Institution	991	.147	.355	0	1
MBA	993	.207	.406	0	1
STEM degree	993	.321	.467	0	1
Work Exp. in Tech	993	.438	.496	0	1
Work Exp. in Business	993	.486	.5	0	1
Work Exp. in Finance	989	.488	1.717	0	9
Work Exp. in Consulting	993	.572	1.795	0	9
Work Exp. as Engineer	993	.574	1.815	0	9
Work Exp. as Product Manager	993	.466	1.816	0	9
Work Exp. as Consultant	993	.54	1.816	0	9
Work Exp. as Investor	993	.46	1.816	0	9
Work Exp. in Operations	993	.484	1.816	0	9
Work Exp. in Sales	993	.555	1.815	0	9
Work Exp. in Science	993	.46	1.816	0	9
Work Exp. in Design	993	.439	1.815	0	9
Executive experience	993	.937	1.763	0	9
Worked at Top Firm	993	.254	.435	0	1
Worked at Top Tech Firm	993	.126	.332	0	1
Worked at Top Finance Firm	952	.101	.301	0	1
Worked at Top Eng. Firm	952	.131	.338	0	1
Worked at Top Cons. Firm	952	.082	.274	0	1
Number of founders	984	2.185	.987	1	5
Log of amount raised	823	.503	2.192	-6.908	7.55
Raised million or more	993	.51	.5	0	1
Average Seed Funding of $2.3M	993	.402	.491	0	1
Acquired	993	.066	.249	0	1
Active	993	.761	.426	0	1
Closed	993	.163	.37	0	1
11+ employees	993	.336	.473	0	1
Reached Series A	993	.129	.335	0	1
Funding Not Disclosed	993	.171	.377	0	1
Bay Area	984	.181	.385	0	1
Seattle	984	.011	.105	0	1
New York	984	.144	.352	0	1
Boston	984	.014	.118	0	1
Los Angeles	984	.083	.277	0	1

Atlanta	984	.085	.28	0	1
Other	984	.481	.5	0	1

Table 1D: Correlation Matrix of Key Variables

Correlation Matrix	Log Amount Raised	Raised $1 Million	Average Seed Funding of $2.3 Million	Acquired	Active	Closed	11 or More Employees	Reached Series A
Serial Founder	0.0321	-0.0036	0.0287	-0.0087	0.0219	-0.0195	0.0091	0.0598
Immigrant	0.1490	0.1050	0.1114	-0.0585	0.1190	-0.0972	0.1524	0.0775
Gender	-0.0723	-0.0043	-0.0302	-0.0862	0.1298	-0.0892	-0.0871	-0.0769
Graduate School	0.0669	0.0319	0.0675	0.0253	0.0177	-0.0400	0.0544	0.0549
Top 10 Undergraduate Institution	0.1095	0.0885	0.0971	0.0629	-0.0066	-0.0395	0.0488	0.1258
MBA	0.0569	0.0732	0.0660	0.0371	0.0037	-0.0322	0.0568	0.0406
STEM Degree	0.0032	0.0012	-0.0069	0.0194	-0.0240	0.0138	-0.0187	-0.0241
Work Exp. In Tech	-0.0179	-0.0101	-0.0097	0.0447	0.0012	-0.0349	-0.0447	-0.0297
Work Exp. in STEM	-0.0264	-0.0095	-0.0265	0.0340	0.0143	-0.0426	-0.0596	-0.0423
Work Exp. In Business	0.0419	0.0481	0.0526	0.0315	0.0041	-0.0285	0.0286	0.0214
Work Exp. In Finance	0.0889	0.0740	0.0864	0.0503	0.0265	-0.0692	0.0543	0.0966
Work Exp. In Consulting	0.0126	0.0165	0.0255	0.0333	0.0232	-0.0525	0.0150	0.0368
Work Exp. In Engineering	-0.0224	-0.0353	-0.0253	-0.0056	0.0271	-0.0280	-0.0796	-0.0147
Work Exp. As Product Manager	0.0483	0.0600	0.0657	0.0773	-0.0129	-0.0428	0.0504	-0.0013

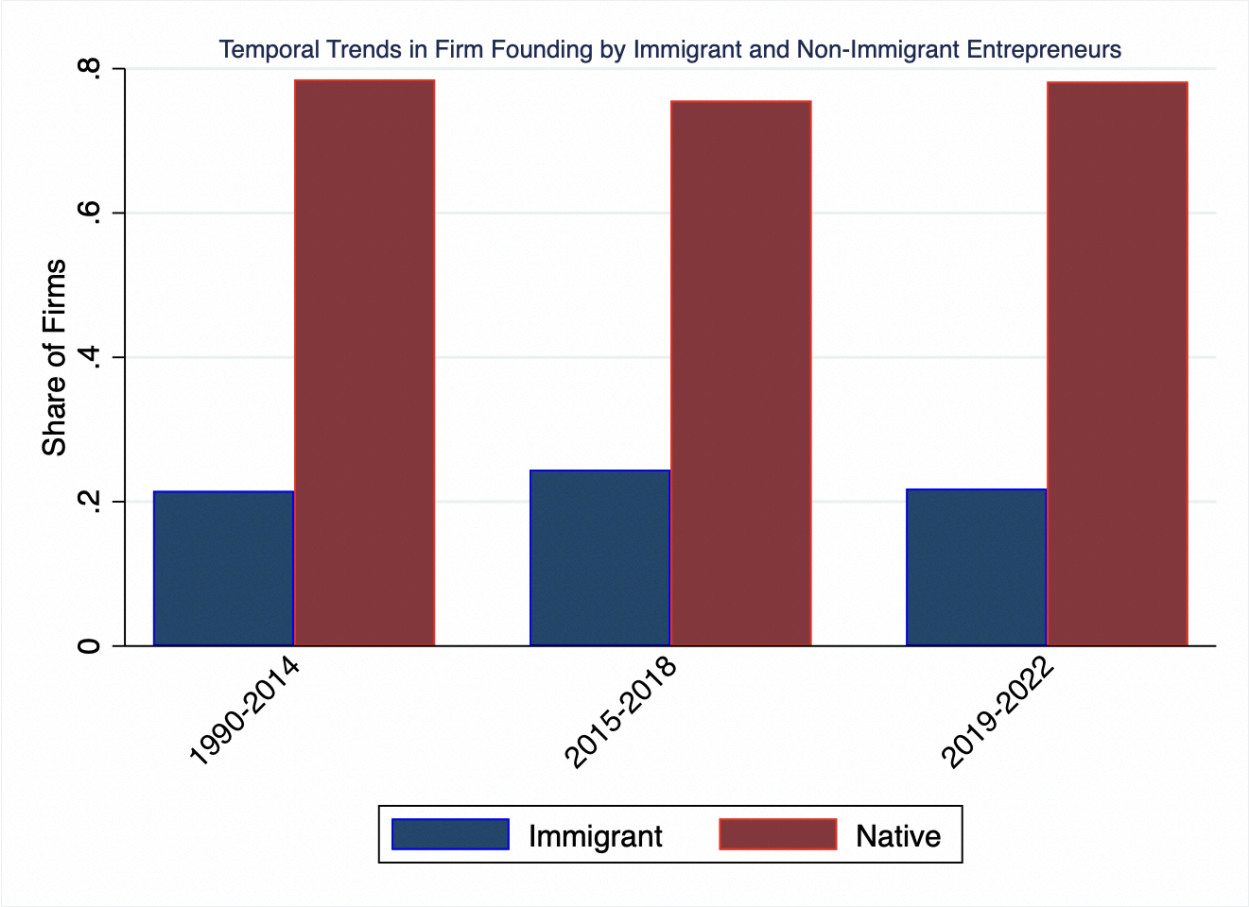
Correlation Matrix	Log Amount Raised	Raised $1 Million	Average Seed Funding of $2.3 Million	Acquired	Active	Closed	11 or More Employees	Reached Series A
Work Exp. As Investor	0.0458	0.0431	0.0463	0.0546	0.0065	-0.0487	0.0415	0.0617
Work Exp. In Operations	0.0553	0.0473	0.0172	-0.0038	0.0174	-0.0178	0.0120	0.0314
Work Exp. In Sales	-0.0143	-0.0035	-0.0071	0.0254	-0.0227	0.0078	-0.0269	0.0048
Work Exp. In Science	0.0288	0.0453	0.0195	-0.0218	0.0442	-0.0360	0.0131	-0.0060
Work Exp. In Design	-0.0547	-0.0612	-0.0382	-0.0285	0.0155	0.0030	-0.0576	-0.0485
Executive Experience	0.1106	0.0618	0.1217	0.0334	0.0455	-0.0791	0.0902	0.0813
Worked at Top Firm	0.0874	0.0643	0.1035	0.0512	0.0529	-0.1013	0.0195	0.1013
Worked at Top 100 Tech Firm	0.0069	-0.0012	0.0274	0.0593	0.0233	-0.0722	-0.0392	0.0101
Worked at Top 100 Finance Firm	0.1073	0.0941	0.1121	0.0130	0.0446	-0.0627	0.0575	0.1001
Workd at Top 100 Engineering Firm	0.0069	-0.0012	0.0274	0.0593	0.0233	-0.0722	-0.0392	0.0101
Worked at Top Consulting Firm	0.0461	0.0463	0.0472	0.0244	0.0240	-0.0468	0.0478	0.1045
Number of Founders	0.1582	0.1112	0.0985	0.0805	-0.0347	-0.0193	0.1640	0.1119
Log Amount Raised	1.0000	0.8146	0.8170	0.0899	0.1683	-0.2671	0.5536	0.5059

Correlation Matrix	Log Amount Raised	Raised $1 Million	Average Seed Funding of $2.3 Million	Acquired	Active	Closed	11 or More Employees	Reached Series A
Raised $1 Million	0.8146	1.0000	0.7801	0.1095	0.1324	-0.2394	0.4310	0.3303
Average Seed Funding of $2.3 Million	0.8170	0.7801	1.0000	0.0730	0.1255	-0.2037	0.5000	0.3891
Acquired	0.0899	0.1095	0.0730	1.0000	-0.5450	-0.1052	0.0305	0.1004
Active	0.1683	0.1324	0.1255	-0.5450	1.0000	-0.7764	0.0422	0.0249
Closed	-0.2671	-0.2394	-0.2037	-0.1052	-0.7764	1.0000	-0.0730	-0.1050
11 or more Employees	0.5536	0.4310	0.5000	0.0305	0.0422	-0.0730	1.0000	0.3924
Reached Series A	0.5059	0.3303	0.3891	0.1004	0.0249	-0.1050	0.3924	1.0000
Worked at Top 100 Tech Firm	0.0069	-0.0012	0.0274	0.0593	0.0233	-0.0722	-0.0392	0.0101

Table 2: Median Capital Raised

	Entire Sample	Black (Non-Immigrant)	Immigrant
Median	$1.2 Million	$1 Million	$2.5 Million
N	1,288	993	295

Figure 1: Firms Founded Over Time



Note. This figure illustrates the distribution of firm founding periods, categorized by immigrant and non-immigrant identity.

Figure 2: Location and Firm Type

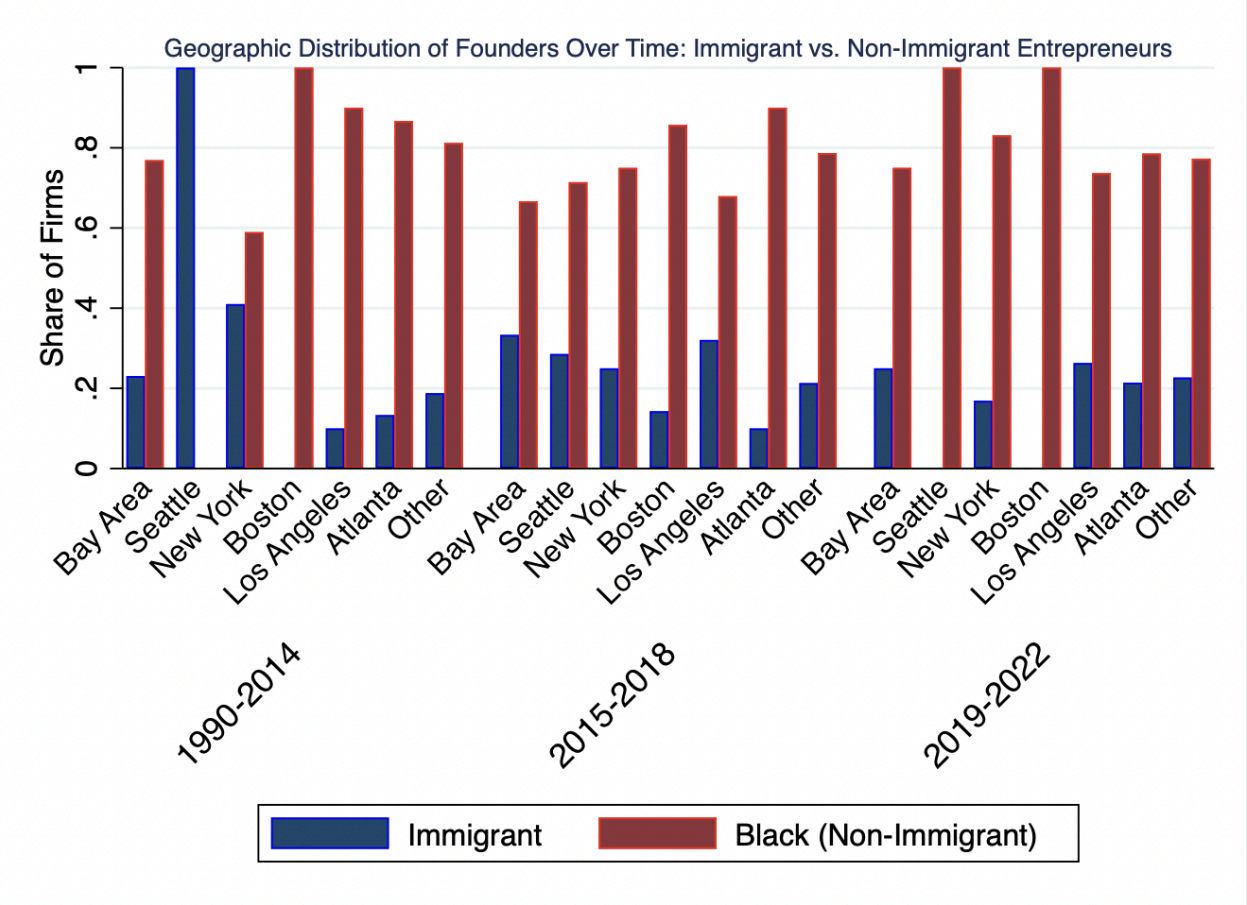
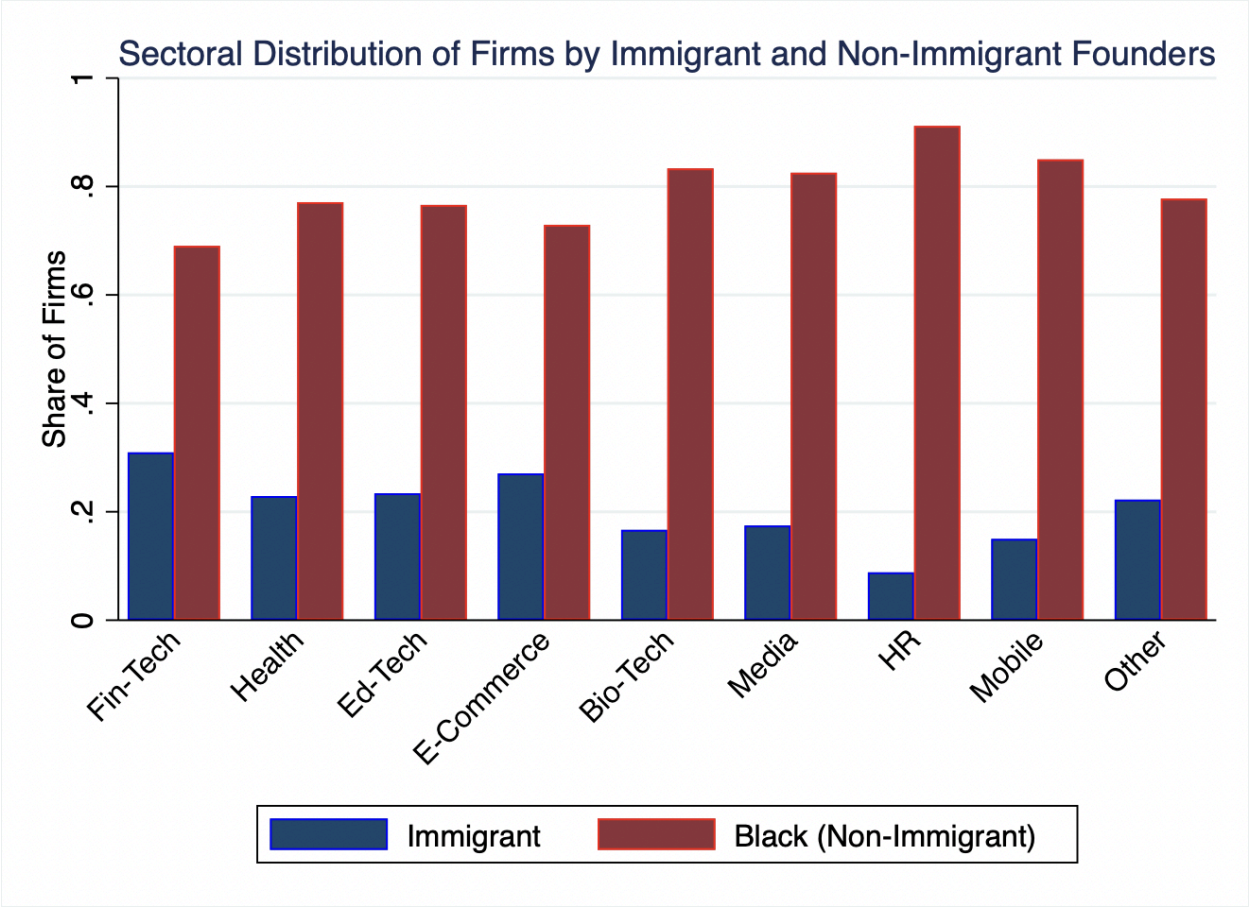
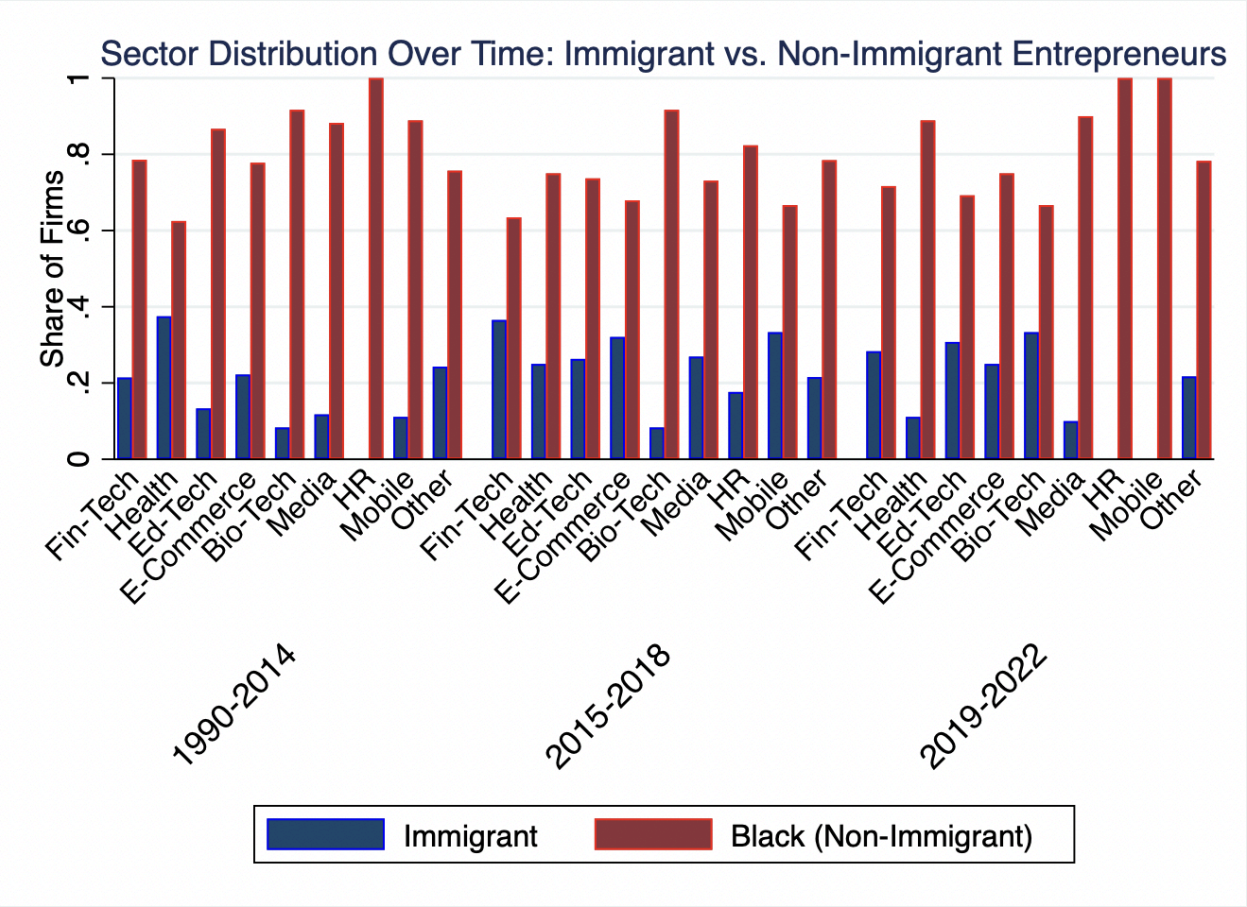


Figure 3: Sector Composition



Note. This figure illustrates the distribution of sectors in which the founders' firms operate. The data was sourced from Crunchbase and PitchBook.

Figure 4: Share of Industries Over Time



Note. The data was sourced from Crunchbase and PitchBook.

Regressions

Model A1 - Regression Estimates for Black Entrepreneurial Funding Milestones by Immigration Status

	(1) Log Amt. Raised	(2) Raised $1M or more	(3) Reached Avg. Seed Funding	(4) Reached Series A
Immigrant	0.624***	0.078**	0.086**	0.048
	(0.160)	(0.029)	(0.031)	(0.025)
Gender	-0.435**	-0.019	-0.045	-0.071**
	(0.150)	(0.029)	(0.030)	(0.021)
Graduate Degree	0.265	0.019	0.040	0.029
	(0.142)	(0.026)	(0.027)	(0.021)
STEM Work	-0.253	-0.022	-0.044	-0.053*
Experience	(0.141)	(0.026)	(0.027)	(0.021)
Business Work	0.166	0.038	0.029	-0.005
Experience	(0.148)	(0.028)	(0.029)	(0.022)
Worked at Top	0.302	0.040	0.086**	0.074**
Firm	(0.172)	(0.032)	(0.033)	(0.027)
Serial founder	0.069	-0.018	0.032	0.057
	(0.287)	(0.053)	(0.054)	(0.048)
Funding Not	0.000	-0.621***	-0.500***	-0.152***
Disclosed	(.)	(0.018)	(0.019)	(0.015)
Industry Fixed Effect	Yes	Yes	Yes	Yes
Location Fixed Effect	Yes	Yes	Yes	Yes
Founding Year Category	Yes	Yes	Yes	Yes
Observations	1,007	1,185	1,185	1,185
R-squared	0.139	0.269	0.222	0.112
Mean of Dep. Var.	0.703	0.546	0.442	0.149

Note. Estimation is by OLS with robust standard errors. Dependent variables are binary indicators except for column 1. Standard errors in parentheses * p<.05, ** p<.01, *** p<.001

Model A2 - Regression Estimates for Entrepreneurial Business Outcomes

	(1) Acquired	(2) Active	(3) Closed	(4) At least 11 Employees
Immigrant	-0.026	0.090***	-0.063**	0.129***
	(0.015)	(0.024)	(0.021)	(0.032)
Gender	-0.047***	0.068**	-0.022	-0.105***
	(0.013)	(0.025)	(0.022)	(0.030)
Graduate Degree	0.012	-0.015	0.003	0.053
	(0.014)	(0.024)	(0.021)	(0.028)
STEM Work	0.016	-0.018	0.002	-0.041
Experience	(0.015)	(0.025)	(0.022)	(0.028)
Business Work	0.016	-0.027	0.011	0.046
Experience	(0.014)	(0.025)	(0.022)	(0.029)
Worked at Top	0.017	0.055	-0.072**	0.018
Firm	(0.019)	(0.029)	(0.024)	(0.034)
Serial founder	-0.014	0.022	-0.009	-0.013
	(0.027)	(0.042)	(0.039)	(0.052)
Funding Not	-0.021	-0.075*	0.096**	-0.162***
Disclosed	(0.018)	(0.035)	(0.032)	(0.035)
Industry Fixed Effect	Yes	Yes	Yes	Yes
Location Fixed Effect	Yes	Yes	Yes	Yes
Founding Year Category	Yes	Yes	Yes	Yes
Observations	1,185	1,185	1,185	1,185
R-squared	0.096	0.095	0.062	0.115
Mean of Dep. Var	0.064	0.792	0.144	0.376

Note. Estimation is by OLS with robust standard errors. Dependent variables are binary indicators. Standard errors in parentheses * p<.05, ** p<.01, *** p<.001

Model B1 - Interaction Effects of Number of Founders Outcomes

	(1) Log Amt. Raised	(2) Raised $1M or more	(3) Reached Avg. Seed Funding	(4) Reached Series A	(5) Acquired	(6) Active	(7) Closed	(8) At least 11 Employees
Immigrant	0.436	0.062	0.018	-0.025	-0.020	0.154***	-0.133***	0.032
	(0.361)	(0.061)	(0.062)	(0.040)	(0.027)	(0.045)	(0.040)	(0.063)
2 Founders	0.219	0.065	0.055	-0.011	-0.003	0.039	-0.036	-0.004
	(0.189)	(0.037)	(0.038)	(0.025)	(0.018)	(0.035)	(0.032)	(0.038)
3 Founders	0.399	0.063	0.012	0.062	0.033	0.049	-0.082*	0.021
	(0.219)	(0.042)	(0.042)	(0.033)	(0.023)	(0.039)	(0.034)	(0.044)
4 Founders	1.270***	0.245***	0.248***	0.109*	0.024	0.070	-0.094*	0.173**
	(0.343)	(0.058)	(0.060)	(0.055)	(0.038)	(0.059)	(0.048)	(0.067)
5+ Founders	0.582	0.034	0.027	-0.087	0.219*	-0.103	-0.116	0.166
	(0.544)	(0.093)	(0.087)	(0.057)	(0.086)	(0.102)	(0.068)	(0.111)
Immigrant x	0.426	0.043	0.106	0.119*	0.049	-0.106	0.057	0.064
2 Founders	(0.444)	(0.077)	(0.079)	(0.058)	(0.040)	(0.062)	(0.052)	(0.082)
Immigrant x	-0.231	0.009	0.075	0.018	-0.039	-0.095	0.135*	0.090
3 Founders	(0.457)	(0.082)	(0.086)	(0.066)	(0.040)	(0.066)	(0.057)	(0.090)
Immigrant x	-0.192	-0.128	-0.017	0.051	-0.053	-0.074	0.127	0.288**
4 Founder	(0.634)	(0.109)	(0.111)	(0.094)	(0.045)	(0.091)	(0.081)	(0.110)
Immigrant x	1.402	0.062	0.055	0.489**	-0.306**	0.145	0.162	0.106
5 Founders	(1.301)	(0.177)	(0.165)	(0.177)	(0.095)	(0.163)	(0.149)	(0.230)
Gender	-0.343*	-0.003	-0.033	-0.061**	-0.043**	0.074**	-0.031	-0.095**
	(0.152)	(0.029)	(0.030)	(0.022)	(0.014)	(0.025)	(0.023)	(0.030)
Graduate	0.250	0.018	0.041	0.033	0.007	-0.013	0.007	0.057*
Degree	(0.141)	(0.026)	(0.027)	(0.021)	(0.014)	(0.024)	(0.021)	(0.028)
STEM	-0.239	-0.020	-0.042	-0.050*	0.016	-0.018	0.002	-0.038
Work	(0.140)	(0.026)	(0.027)	(0.021)	(0.015)	(0.025)	(0.022)	(0.028)
Experience								
Business	0.171	0.039	0.029	-0.003	0.015	-0.027	0.011	0.043
Work	(0.146)	(0.028)	(0.028)	(0.021)	(0.014)	(0.025)	(0.022)	(0.029)
Experience								
Worked at	0.289	0.037	0.081*	0.069**	0.022	0.053	-0.075**	0.016
Top Firm	(0.169)	(0.032)	(0.033)	(0.026)	(0.019)	(0.029)	(0.024)	(0.034)
Serial	0.127	-0.012	0.034	0.059	-0.015	0.031	-0.016	-0.006
founder	(0.286)	(0.053)	(0.054)	(0.049)	(0.026)	(0.042)	(0.039)	(0.051)
Funding	0.000	-0.614***	-0.492***	-0.144***	-0.020	-0.077*	0.097**	-0.154***
Not	(.)	(0.019)	(0.020)	(0.015)	(0.017)	(0.035)	(0.032)	(0.034)
Disclosed								
Industry	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fixed Effect								

Location Fixed Effect	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Founding Year Category	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,007	1,185	1,185	1,185	1,185	1,185	1,185	1,185
R-squared	0.161	0.281	0.237	0.131	0.116	0.100	0.070	0.141
Mean of Dep. Var.	0.703	0.546	0.442	0.149	0.064	0.792	0.144	0.376

Note. Estimation is by OLS with robust standard errors. Dependent variables are binary indicators except for column 1. Standard errors in parentheses * p<.05, ** p<.01, *** p<.001

Model B2 - Interaction Effects of STEM Degree Entrepreneurial Outcomes

	(1) Log Amt. Raised	(2) Raised $1M or more	(3) Reached Avg. Seed Funding	(4) Reached Series A	(5) Acquired	(6) Active	(7) Closed	(8) At least 11 Employees
Immigrant	0.612**	0.103**	0.069	0.030	-0.015	0.083**	-0.068**	0.098*
	(0.213)	(0.037)	(0.040)	(0.032)	(0.018)	(0.030)	(0.026)	(0.042)
STEM Degree	-0.015	0.020	0.001	-0.010	-0.021	-0.036	0.057	-0.003
	(0.221)	(0.043)	(0.043)	(0.030)	(0.025)	(0.038)	(0.032)	(0.044)
Immigrant x STEM Degree	0.031	-0.061	0.041	0.045	-0.024	0.020	0.005	0.072
	(0.328)	(0.059)	(0.062)	(0.051)	(0.030)	(0.050)	(0.043)	(0.066)
Gender	-0.435**	-0.020	-0.043	-0.070**	-0.049***	0.067**	-0.019	-0.102***
	(0.151)	(0.029)	(0.030)	(0.022)	(0.014)	(0.025)	(0.022)	(0.030)
Graduate Degree	0.265	0.018	0.040	0.029	0.013	-0.014	0.001	0.052
	(0.143)	(0.027)	(0.027)	(0.021)	(0.014)	(0.024)	(0.021)	(0.028)
STEM Work Experience	-0.248	-0.026	-0.052	-0.054	0.035	0.005	-0.040	-0.052
	(0.211)	(0.039)	(0.039)	(0.029)	(0.022)	(0.034)	(0.028)	(0.040)
Business Work Experience	0.165	0.040	0.028	-0.005	0.016	-0.028	0.013	0.045
	(0.149)	(0.028)	(0.029)	(0.022)	(0.014)	(0.025)	(0.022)	(0.029)
Worked at Top Firm	0.302	0.041	0.087**	0.074**	0.014	0.052	-0.065**	0.020
	(0.172)	(0.032)	(0.033)	(0.027)	(0.019)	(0.029)	(0.024)	(0.034)
Serial founder	0.069	-0.019	0.032	0.058	-0.013	0.023	-0.010	-0.012
	(0.288)	(0.053)	(0.054)	(0.048)	(0.027)	(0.042)	(0.039)	(0.052)
Funding Not Disclosed	0.000	-0.620***	-0.500***	-0.153***	-0.022	-0.076*	0.098**	-0.162***
	(.)	(0.018)	(0.019)	(0.015)	(0.017)	(0.035)	(0.032)	(0.035)
Industry Fixed Effect	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Location Fixed Effect	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Founding Year Category	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,007	1,185	1,185	1,185	1,185	1,185	1,185	1,185
R-squared	0.139	0.270	0.222	0.112	0.097	0.096	0.064	0.116
Mean of Dep. Var.	0.703	0.546	0.442	0.149	0.064	0.792	0.144	0.376

Note. Estimation is by OLS with robust standard errors. Dependent variables are binary indicators except for column 1. Standard errors in parentheses * p<.05, ** p<.01, *** p<.001

Model B3 - Interaction Effects of Top 10 Undergrad Outcomes

	(1) Log Amt. Raised	(2) Raised $1M or more	(3) Reached Avg. Seed Funding	(4) Reached Series A	(5) Acquired	(6) Active	(7) Closed	(8) At least 11 Employees
Immigrant	0.637***	0.072*	0.086*	0.037	-0.026	0.095***	-0.069**	0.117***
	(0.177)	(0.032)	(0.033)	(0.025)	(0.015)	(0.026)	(0.024)	(0.035)
Top 10 Undergrad	0.453*	0.057	0.071	0.056	0.035	0.018	-0.054	0.014
	(0.211)	(0.039)	(0.042)	(0.036)	(0.028)	(0.039)	(0.031)	(0.044)
Immigrant x Top 10 Undergrad	-0.003	0.053	0.022	0.098	0.014	-0.041	0.027	0.079
	(0.426)	(0.076)	(0.084)	(0.086)	(0.059)	(0.070)	(0.049)	(0.088)
Gender	-0.439**	-0.019	-0.044	-0.070**	-0.045***	0.067**	-0.022	-0.106***
	(0.150)	(0.029)	(0.030)	(0.022)	(0.013)	(0.025)	(0.022)	(0.030)
Graduate Degree	0.247	0.016	0.037	0.026	0.008	-0.014	0.005	0.053
	(0.142)	(0.026)	(0.027)	(0.021)	(0.014)	(0.024)	(0.021)	(0.028)
STEM Work Experience	-0.245	-0.019	-0.042	-0.049*	0.019	-0.021	0.002	-0.040
	(0.142)	(0.027)	(0.027)	(0.021)	(0.015)	(0.025)	(0.022)	(0.028)
Business Work Experience	0.168	0.039	0.029	-0.004	0.016	-0.026	0.011	0.046
	(0.147)	(0.028)	(0.029)	(0.021)	(0.014)	(0.025)	(0.022)	(0.029)
Worked at Top Firm	0.267	0.033	0.079*	0.064*	0.011	0.059*	-0.070**	0.015
	(0.173)	(0.032)	(0.033)	(0.026)	(0.019)	(0.029)	(0.024)	(0.034)
Serial founder	0.103	-0.013	0.036	0.064	-0.010	0.020	-0.010	-0.010
	(0.288)	(0.053)	(0.054)	(0.048)	(0.027)	(0.042)	(0.038)	(0.052)
Funding Not Disclosed	0.000	-0.618***	-0.497***	-0.148***	-0.018	-0.076*	0.094**	-0.161***
	(.)	(0.018)	(0.019)	(0.015)	(0.018)	(0.035)	(0.032)	(0.035)
Industry Fixed Effect	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Location Fixed Effect	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Founding Year Category	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,006	1,184	1,184	1,184	1,184	1,184	1,184	1,184
R-squared	0.144	0.272	0.224	0.118	0.100	0.096	0.064	0.116
Mean-Dependent-Var.	0.702	0.546	0.442	0.148	0.063	0.792	0.144	0.377

Note. Estimation is by OLS with robust standard errors. Dependent variables are binary indicators except for column 1. Standard errors in parentheses * p<.05, ** p<.01, *** p<.001

Model B4 - Interaction Effects of MBA Graduates on Entrepreneurial Outcomes

	(1) Log Amt. Raised	(2) Raised $1M or more	(3) Reached Avg. Seed Funding	(4) Reached Series A	(5) Acquired	(6) Active	(7) Closed	(8) At least 11 Employees
Immigrant	0.515**	0.058	0.069	0.026	-0.036*	0.111***	-0.075**	0.147***
	(0.185)	(0.034)	(0.036)	(0.028)	(0.017)	(0.028)	(0.024)	(0.038)
MBA	-0.082	0.029	-0.010	-0.040	0.001	0.011	-0.012	0.018
	(0.223)	(0.042)	(0.044)	(0.033)	(0.025)	(0.038)	(0.032)	(0.047)
Immigrant x MBA	0.425	0.073	0.067	0.088	0.038	-0.081	0.043	-0.070
	(0.372)	(0.062)	(0.066)	(0.059)	(0.036)	(0.058)	(0.050)	(0.073)
Gender	-0.435**	-0.019	-0.044	-0.070**	-0.047***	0.068**	-0.021	-0.105***
	(0.150)	(0.029)	(0.030)	(0.021)	(0.013)	(0.025)	(0.022)	(0.030)
Graduate Degree	0.251	-0.003	0.037	0.037	0.007	-0.010	0.004	0.053
	(0.176)	(0.032)	(0.033)	(0.025)	(0.018)	(0.028)	(0.024)	(0.034)
STEM Work Experience	-0.246	-0.018	-0.043	-0.053*	0.017	-0.019	0.002	-0.041
	(0.141)	(0.027)	(0.027)	(0.021)	(0.014)	(0.025)	(0.022)	(0.028)
Business Work Experience	0.159	0.032	0.028	-0.002	0.014	-0.026	0.011	0.045
	(0.153)	(0.028)	(0.029)	(0.022)	(0.015)	(0.025)	(0.023)	(0.030)
Worked at Top Firm	0.307	0.037	0.086**	0.076**	0.017	0.055	-0.072**	0.017
	(0.172)	(0.032)	(0.033)	(0.027)	(0.019)	(0.029)	(0.024)	(0.034)
Serial founder	0.082	-0.018	0.034	0.061	-0.013	0.020	-0.007	-0.015
	(0.288)	(0.053)	(0.054)	(0.048)	(0.027)	(0.042)	(0.039)	(0.052)
Funding Not Disclosed	0.000	-0.622***	-0.502***	-0.155***	-0.022	-0.073*	0.095**	-0.160***
	(.)	(0.018)	(0.019)	(0.015)	(0.018)	(0.035)	(0.032)	(0.035)
Industry Fixed Effect	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Location Fixed Effect	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Founding Year Category	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,007	1,185	1,185	1,185	1,185	1,185	1,185	1,185
R-squared	0.140	0.271	0.222	0.114	0.097	0.096	0.062	0.116
Mean of Dep. Var.	0.703	0.546	0.442	0.149	0.064	0.792	0.144	0.376

Note. Estimation is by OLS with robust standard errors. Dependent variables are binary indicators except for column 1. Standard errors in parentheses * p<.05, ** p<.01, *** p<.001

Model C1 - Odds Ratio Amount Quartile Raised

Variable	Odds Ratio	Standard Error
Confirmed Immigrant	1.59***	(0.14)
Gender (Female)	0.71*	(0.13)
Graduate Degree	1.32*	(0.12)
STEM Work Experience	0.83	(0.12)
Business Work Experience	1.21	(0.13)
Worked at Top Firm	1.27	(0.15)
Serial Founder	0.99	(0.24)
Health	1.20	(0.30)
Ed-Tech	0.51	(0.37)
Media	0.39**	(0.35)
Seattle	0.27**	(0.48)
Atlanta	0.33***	(0.27)
Founded in 2015 - 2018	0.65**	(0.15)
Founded in 2019 - 2022	0.37***	(0.16)

Note: Odds ratios above 1 indicate a positive relationship with higher funding quartiles, while values below 1 indicate a negative relationship. Significance levels: *p < 0.05, **p < 0.01, ***p < 0.001. Standard errors are in parentheses.

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