

Motivations for Entrepreneurship among Mexican Americans and White Americans

Rubén Martínez

Director

Julian Samora Research Institute
Michigan State University
East Lansing, MI 48824
United States of America

Bette Avila

Julian Samora Research Institute
Michigan State University
East Lansing, MI 48824
United States of America

Abstract

Using the 2003 and 2005 National Minority Business Owner Surveys (NMBOS), this analysis examines the association between individual psychological motivations for owning a business and perceived success of the business among Mexican American business owners and compares the results to White business owners. While our results show significant differences in the motivations for starting a new business between Mexican American and White business owners, there were no significant ethnic differences on perceived success. Policy implications are discussed.

Keywords: Mexican Americans, Latinos, Hispanics, business owners, entrepreneurs, business startup, business success

1. Introduction

Business ownership has long been exalted as a source of economic growth for U.S. society, as well as a pathway for upward mobility for individuals and their families (Shinnar, Cardon, Eisenman, Zuicker, & Lee, 2009; Masuo & Malroux, 2009). This is also true for members of ethno-racial minority groups. In fact, previous research suggests that business ownership within ethnic minority communities provides employment opportunities by creating entry-level jobs for members of those communities (Raijman & Tienda, 2000; Zarrugh, 2007), although to a lesser extent than dominant group member businesses (McManus, 2016). In addition, employment in a co-ethnic firm increases the likelihood that individuals will eventually begin their own business ventures by learning from their employers what is required to run a business successfully (Raijman & Tienda, 2000; Shinnar et al., 2009; Zarrugh, 2007).

A long history of exploring the “various personal characteristics, cognitions, and social conditions that influence an individual’s choice to pursue entrepreneurial activity” exists in the literature on new business formation (Carter, Gartner, Shaver, et al., 2003: 16).

Comparing the motivations for new business formation between ethno-racial minority groups and White Americans is especially relevant in light of the importance of business ownership for the upward mobility of ethno-racial minorities and the demographic shift that is occurring. However, there are few studies that examine differences between White Americans and Latino business owners in terms of their individual psychological motivations for starting new businesses.

It is also important to explore the potential effects of motivations for starting a business on perceived business success. Typically, business success has been conceptualized using a strictly material measure, such as business profitability (Reijonen & Komppula, 2007). Use of the concept has been criticized for failing to include subjective factors within myriad definitions of success (Simpson, Tuck, & Bellamy, 2004). Some scholars have argued that entrepreneurs' personal motivations and their perceptions of success in reaching their goals have a major effect on long-term decisions that directly impact the material measures of success, such as whether or not to enlarge a firm (Walker & Brown, 2004), as well as on direct outcomes of success such as profitability (Reijonen & Komppula, 2007). In this analysis we first examine the motivations of Mexican American entrepreneurs and compare them with the motivations of White entrepreneurs; then we test for an association between the motivations for entrepreneurship and perceived success by race/ethnicity.

2. Literature Review

This section highlights previous research on the motivations for business ownership among Latinos (including Mexican Americans) and compares and contrasts them with the motivations for White Americans. There is debate within the literature on entrepreneurship over the relative importance of structural versus psychological factors prompting individuals to start new businesses (Thorton, 1999). Generally, researchers are split into two camps; the "supply side" and the "demand side" of theories positing motivations for entrepreneurship. Supply side theories of motivation focus on the individual psychological reasons entrepreneurs have for starting their own businesses, while the demand side theories emphasize the structural factors that influence individual decisions toward entrepreneurship.

Several analyses have focused on the push and pull factors that prompt ethno-racial minorities to start their own businesses (Bates, Jackson, & Johnson, 2007; Shinnar & Young, 2008). Examples of push factors for Latinos to start their own businesses include racism in the primary labor market, poor work conditions at their place of employment, low educational attainment, and/or blocked upward mobility opportunities (Raijman & Tienda, 2000; Shinnar & Young, 2008; Zarrugh, 2007). In contrast, pull factors for Latinos to start their own businesses include the potential for higher income and flexibility to tend to family responsibilities (Shinnar & Young, 2008; Smith-Hunter & Boyd, 2009).

Unfortunately, research on motivations among minority entrepreneurs for starting a business have been largely limited to these structural level push and pull factors. There are few analyses that compare the individual-level motivations for starting a business between ethno-racial minorities and White Americans, especially those that include Latino business owners. However, one analysis by Shinnar, Cardon, Eisenman, et al. (2009) provides a useful comparison between immigrant and native-born Mexican Americans relative to motivational factors for starting a business. In general, they found that native-born Mexican Americans were more likely to cite individual financial reasons for starting a business, whereas immigrant Mexicans cited motivations to serve society or their ethnic group. These researchers attribute these differences between native-born and immigrant Mexicans to differential adaptation to U.S. culture, with Mexican Americans reflecting individualistic values oriented to (primarily) financial gain, while Mexican immigrants reflect a more collectivist-oriented culture concerned with serving society and the co-ethnic community.

By contrast, Cardon, Shinnar, Eisenman, & Rogoff (2008) warn against adopting such deterministic views of ethnic minority entrepreneurs and too quickly equating ethnicity with particular cultural characteristics. They found that African American, Mexican and Korean business owners were vastly heterogeneous in terms of their motivations for entering into new businesses and suggest that policymakers consider other factors besides ethnicity in developing educational or support initiatives to foster entrepreneurship.

Recent studies, such as that by Moon, Farmer, Abreo, et al. (2013), examine the linkages between human capital, capital attributes, educational aspirations, and motivations of recent Latino immigrants that have established small businesses in the United States. They distinguished between Latino entrepreneurs located in rural areas and those in urban areas.

In their study, they found that “coupled with language use and customer base the results suggested the formation of emerging ethnic enclaves within the urban areas of the study.” In addition, the study found that new Latino business owners do not perceive higher education as necessary for their success, although they were interested in workshops or training related to business operations. Their findings “strongly challenge the suggestion that these [Latino] immigrants opened a business as a result of discrimination or limited opportunity” (Moon et al., 2013: 379).

Canedo, Stone, Black, et al. (2014) developed a set of hypotheses from a review of the literature to frame future research studies on the factors affecting Latinos’ motivations to become entrepreneurs. Their hypotheses included emphases on perceived discrimination in organizations, 2) skill levels relating to entrepreneurship, 3) family and extended family members who are entrepreneurs, 4) Latinos living within predominantly Latino enclaves, and 5) relying on money borrowed from family members rather than from other sources. Barba-Sanchez and Atienza-Sahuquillo (2012) found, much like Canedo and associates argue, that motivational content for starting a business varies among entrepreneurs. A report by MassMutual Financial Group (2011) further found that among Latino entrepreneurs, business and family are closely linked, and the major motivations for starting their own businesses were to pursue the American Dream, to take control of their lives, and to support their families. Latino business owners were twice as likely to cite the pursuit of their dreams as a motivation than were business owners in general.

Further, Martinez and Avila (2011) held that “social capital factors have a greater impact on business survivability for some groups, but [that] startup capital has an impact on overall business survivability regardless of race/ethnicity of the owner” (p. 9). They also argue “that relying heavily on friends, family, or other personal contacts is problematic considering the limited financial resources that these sources are able to provide” (p. 9). Finally, Martinez, Avila, Santiago, and Buntin (2011) found that Latina-owned businesses are disproportionately located in low-technology sectors of the economy, and that while they may be able to open those types of businesses, they “may never have the resources to move into more lucrative industries (p. 13).

Overall, because a relative lack of research exists on individual-level, psychological factors that prompt ethno-racial minorities, particularly Latinos, to start their own businesses compared to White Americans, we focus on this aspect and its relationship to perceptions of business success in this analysis.

3. Methods

3.1 Data

To address our research questions we utilized selected variables from the datasets from the 2003 and 2005 National Minority Business Owner Surveys (NMBOS). The NMBOS dataset represent a multi-year data-collection project conducted by the Minority Business Research Group (NBRG) at the Lawrence N. Field Center for Entrepreneurship in conjunction with researchers from the Baruch College community, the City of New York University (CUNY) system at large, as well as other researchers nationwide. The NMBOS datasets allow us to explore minority entrepreneurship issues by examining the patterns of business ownership among White Americans, African Americans, Mexican Americans, and Korean-Americans. The survey instruments asked about issues specifically thought to impact business ownership, including individual-level (owner) characteristics such as gender, education, family structure, and home and family responsibilities, and business-level characteristics such as access to capital, perceived barriers to success of the business, the legal status of a business, as well as many other factors.

3.2 Study Sample

The 2003 NMBOS dataset includes a sample of White American and African American business owners and the 2005 dataset includes a sample of Mexican American and Korean business owners. Using nationwide samples, telephone interviews were conducted to collect information from the four race/ethnic groups of business owners that resulted in at least 200 responses per group. To qualify for the survey, owners had to own or manage a business that had been in operation for at least one year, worked at the business at least 320 hours during the year, were involved with the daily operations of the business, and lived with another family member who was also working for business (Purveyar, Rogoff, Lee, et al., 2008).

For purposes of this analysis, we requested selected variables for only the White American and Mexican American business owner samples from the NMBOS data managers. Overall, our sample included a total of 405 respondents, 209 were White American owners and 196 were Mexican American owners.

3.3 Variables

3.3.1 Dependent Variables

Perceived Firm Success. Our primary research focus concerned the success of firms from the owners' perspective, or perceived firm success. In order to measure perceived business success the NMBOS asked participants (business owners) to answer the question: "on a scale of 1 to 5, how successful has your business been up to date?" (1=very unsuccessful and 5=very successful). To measure perceived success in this analysis, we retained the variable in its original form. While much emphasis has been placed on the "actual" factors determining firm success, usually measured as profits or employee growth, other research suggests that objective factors of success have little relevance if business owners do not perceive themselves as successful (Reijonen & Komppula, 2007). Specifically, because small business owners are intricately involved with the day-to-day operations of their businesses, the attitudes and motives of the owner become the driving forces of the firm itself and thereby have a potentially significant impact on the actual success of the business (Simpson, Tuck, & Bellamy, 2004). Thus, as Reijonen & Komppula (2007) argue, the motivations that prompt business owners to begin new entrepreneurial ventures tend to have a direct impact on their perceived, and ultimately, their actual firm success.

Business success is a highly subjective term, with definitions ranging from rates of turnover and profit and business growth to the ability to balance work and family life, obtaining job satisfaction, and autonomy. Nevertheless, because of the omnipresence of the owner in the daily affairs of the business, the goals that the owner sets for the business are critical starting points for assessing success. This is the case because success determined from purely objective measures has little relevance if it does not also take into account the personal motivations and goals of the entrepreneur who has the power to make decisions that directly affect the more objective measures of success of a business (Reijonen & Komppula, 2007, p. 692). Although the analysis by Reijonen & Komppula (2007) is an example of research that investigates the relationship between perceived success and actual success, we are unaware of existing research that analyzes the potential relationship between motivations for starting a business and perceived success.

3.3.2 Independent variables

Motivations for entrepreneurship. Our primary predictor variables included the motivations for entrepreneurship. We employed exploratory factor analysis (EFA), which is "used as a means of exploring the underlying factor structure without prior specifications of a number of factors or components" (Kim & Mueller, 1978, p.77). For the EFA formulation, the individual questions for observed variables were included in the model as they were assessed originally in the NMBOS. Specifically, the NMBOS asked business owners to indicate how important the following five factors were in motivating them to own a business: 1) earning lots of money, 2) satisfaction of creating or building a business, 3) utilizing my skills and abilities, 4) building financial security for my family, and 5) living how/where I like. Each was measured using a Likert scale ranging from 1 to 5, where 1=least important and 5=most important:

Ultimately, the EFA identified two factors for types of motivation: one measuring self-realization motivations (satisfaction of creating or building a business, utilizing my skills and abilities) and the second measuring financial motivations (earning lots of money, building financial security for my family, and living how/where I like) (See Table 1). We also examined a scatter plot of the factor loadings to confirm that there were two distinctive factors. The items comprising the financial motivations factor had a Chronbach's Alpha of .67, and the items comprising the self-realization motivations factor had a Chronbach's Alpha of .68. These two scales are consistent with those of previous studies, where financial motivations are described as "reasons that describe an individual's intention to earn more money and achieve financial security," and where self realization motivations are described as "reasons involved with pursuing self-directed goals" (Carter et al., 2003, p. 14).

Table 1. Rotated Promax Component Matrix of Entrepreneurs' Motivations to Own a Business

Item	Self Realization	Financial
Earning lots of money	-.02	.66
Building financial security for my family	.13	.53
Satisfaction of creating or building a business	.64	.06
Utilizing my skills and abilities	.63	.04
Living how/where I like	.17	.46
Chronbach's alpha	.67	.68

We also controlled for several variables in our analysis at both the individual level (e.g., gender, holding a business degree or not, and age) and the business level (e.g., home-based business and family-owned business).

3.3.3 Individual level variables

Gender. The results of previous studies suggest that gender is an important factor in determining business success (Jones & Tullous, 2002; Robb & Coleman, 2009). Moreover, based on cultural differences between Mexican Americans and White Americans, previous analyses suggest that Latinas, especially those of Mexican origin, are less likely to own businesses, and also have different motivations for doing so compared to White American women. Specifically, Latinas cite a desire to contribute financially to the family, but also cite other reasons such as a desire to balance work and family. In contrast, Latinos (men) do not express specific work-family conflicts (Jones & Tullous, 2002). Overall, minority men are more likely to cite financial success and innovation as their primary motivators compared to minority women (Gibson, 2008). Gender was coded as 0=male and 1=female and was retained in its original form for the purposes of this analysis.

Educational attainment. To assess the educational attainment of respondents, the NMBOS asked business owners the following question: "Now I will ask you about any formal business training you've had beyond high school...do you have a business-related degree?" This variable was coded as 0=no and 1=yes. For purposes of this analysis, this variable was retained in its original form. In general, Mexican Americans have lower levels of education compared to White Americans (Raijman & Tienda, 2000). Previous research has linked this human capital deficit to lower levels of self-employment among Mexican Americans (Lofstrom & Wang, 2009). Furthermore, Mexican Americans have higher exit rates from self-employment statuses because their lower educational attainment limits their ability to enter into successful and sustainable businesses within less vulnerable and more human- and financial-capital intensive industries (Lofstrom & Wang, 2009; Martinez & Avila, 2011).

Age. Previous research on Latino entrepreneurship suggests that Latino business owners are younger than their White counterparts (Raijman & Tienda, 2000). Age was measured as a continuous variable that ranged from 18 to 99 years. We retained this variable in its original form.

3.3.4 Business level variables

Home-based business. Previous research on Latino-owned businesses has identified small "microenterprises" as a common entrepreneurial venture for new business owners (Robles, 2007). Due to barriers to accessing the mainstream business market, such as poor language proficiency, or structural issues, such as discriminatory lending practices, Latinos may occupy smaller niche markets that cater to co-ethnics and/or are located in ethnic enclaves (Grey, Rodriguez, & Conrad, 2004; Ramirez & Hondagneu-Sotelo, 2009; Robles & Cordero-Guzmán, 2007; Zhou, 2004). In order to assess home-based business status, the NMBOS asked respondents the following question: "Is this business based in or from your home?" This variable was coded as 0=yes and 1=no. We retained the variable in its original form for the purposes of this analysis.

Family-owned business. According to previous research, family context is important because it is a crucial component of culture. As Danes, Lee, Stafford, et al. (2008) argue, "the family, with its own interpersonal dynamics, acts as the crucible that mixes ethnicities, and creates culture, thereby serving as the 'mediating milieu' for the entrepreneurial experience" (p. 230).

Consequently, the family fosters cultural messages dominant in the larger ethnic context and has the potential to drive motivations for entrepreneurship and feelings of business success in achieving these initial goals. The NMBOS assessed whether or not a business was family-owned by asking respondents the following question: "Do you consider this business to be a family business?" This variable was coded as 1=yes and 0=no and was retained in its original form for the purposes of this analysis.

4. Analytical Strategy

The aims of this study were threefold: 1) compare entrepreneur characteristics (at the individual and business levels) and their potential association with perceived success among Mexican Americans and White Americans; 2) examine the motivations of Mexican American entrepreneurs and compare them to those of White entrepreneurs; and 3) test for an association between the motivations for entrepreneurship and perceived success by race/ethnicity.

We first generated descriptive statistics for the individual-level (owner) and business characteristics for the study sample. We conducted bivariate analyses to test for differences between groups using *t*-test and Chi-square as appropriate, using White American in the study sample as the reference group.

To achieve the second aim of the study we conducted *t*-tests comparing the mean responses on each Likert scale for the five questions pertaining to motivations for owning a business using White Americans as the reference group. To achieve the third aim of our analysis, we conducted linear regression to explore the effects of the two types of motivations derived from our EFA, as well as the business and owner characteristics, on the perceived success of businesses. For the purposes of this analysis, we recoded owner responses recorded as "n/a" or "no response" as missing. In this analysis, we stress precision of the study estimates with a focus on 95% confidence intervals.

5. Results

5.1 Descriptive Statistics

Table 2 presents descriptive statistics for owners and firms by race/ethnicity. A significantly larger percentage of Mexican American business owners in the sample are female (49.0% compared to 37.8% among White Americans), own a significantly smaller percentage of home-based businesses (29.6% compared to 75.1%), own a larger percentage of family-owned businesses (88.3% compared to 80.7%), and are younger, on average, compared to White Americans (46.8 years old compared to 54.7 years old).

Table 2. Descriptive Statistics for Owner and Firm Characteristics by Race/Ethnicity.

Variables	Population	White Americans	Mexican Americans
	Percent	Percent	Percent
Owner characteristics			
Gender ¹	43.21	37.8	49.0*
Business degree ²	29.35	33.5	25.0
Business characteristics			
Home based business ³	53.1	75.1	29.6***
Family business ⁴	84.4	80.7	88.3*
Mean age	51.0	54.7	46.8***

Significant race differences using *t*-test or Chi-square test; *** $p < .001$; ** $p < .01$; * $p < .05$; Standard deviations reported in parenthesis

¹ 0=male; 1=female

² 0=no business degree; 1=holds a business degree

³ 0=not a home-based business; 1=home-based business

⁴ 0=not a family-owned business; 1=family-owned business

5.2 Motivations for Owning a Business

The results of the t-tests comparing the means of the motivations for owning a business for the two groups are presented in Table 3, which shows that Mexican Americans had a higher mean than White Americans on the Likert scale for every item. Specifically, Mexican Americans were significantly more likely to cite earning money, gaining financial security for their family, living how/like they want, gaining the satisfaction of owning a business, and utilizing their skills and abilities as significantly more important in the decision to open a business. The two motivation items on which Mexican Americans ranked highest were gaining financial security for their family and utilizing their skills and abilities. By comparison, White Americans ranked gaining the satisfaction of owning a business and utilizing their skills and abilities as the top two motivations for owning a business.

Table 3. T-tests for Mean Responses on Motivation Scale Items for White Americans and Mexican Americans (n=405)

Motivations	White Americans	Mexican Americans
Financial Items		
Earn money	3.2 (.08)	3.9 (.08)***
Gain financial security for my family	4.0 (.08)	4.6 (.06)***
Self realization items		
Live how/like I want to	4.0 (.08)	4.5 (.06)***
Gain the satisfaction of creating a business	4.2 (.08)	4.5 (.06)***
Utilize my skills and abilities	4.3 (.06)	4.6 (.06)**

Standard errors reported in parenthesis; *** p<.001; ** p<.01; * p<.05

5.3 Linear Regression

The results of the linear regression shown in Table 4 suggest that there were not any race/ethnic differences between White Americans and Mexican Americans in terms of the effects of motivations for owning a business on perceived business success. In the base model there were race/ethnic differences, with Mexican American entrepreneurs citing higher perceived business success compared to White Americans. Specifically, if a respondent was Mexican American, then perceived business success increased by .19 units on a scale from 1 to 5 with 5=very successful. However, in the second model incorporating the motivations for entrepreneurship and controlling for individual and business characteristics, the effects of race/ethnicity on perceived business success disappeared. Self-realization motivations were significantly associated with perceived business success for the sample, where every one unit increase on the scale for self-realization motivations was associated with a .01 unit increase in perceived success. Similarly, every one year increase in the age of a business owner was associated with a .40 increase in perceived business success for the sample.

Table 4. Linear Regression of Motivations for Owning a Business on Perceived Success (n=405)

	Model I	Model II	Model III
Race/ethnicity¹	.19 (.10)*	.01 (.11)	.07 (.33)
Motivations			
<i>Financial</i>	----	.02 (.01)	.02 (.01)*
<i>Self realization</i>	----	.01 (.00)***	.00 (.00)***
Individual characteristics			
<i>Gender²</i>	----	-.08 (.10)	-.09 (.10)
<i>Age</i>	----	.40 (.20)*	.40 (.20)*
<i>Business degree³</i>	----	.08 (.10)	.07 (.10)
Business characteristics			
<i>Home-based business⁴</i>	----	-.12 (.10)	-.12 (.11)
<i>Family business⁵</i>	----	.08 (.13)	.08 (.13)
Interaction Terms			
<i>Latino*financial motivations</i>	----	----	-.02 (.02)
<i>Latino*self realization motivations</i>	----	----	.00 (.00)

Standard errors reported in parenthesis; *** p<.001; ** p<.01; * p<.05

¹ 0=White American; 1=Mexican American

² 0=male; 1=female

³ 0=does not hold business degree; 1=holds business degree

⁴ 0=not a home-based business; 1=home-based business

⁵ 0=not a family business; 1=family business

Finally, in the third model incorporating motivations for owning a business and the interaction of race/ethnicity and motivation orientation, and controlling for individual and business characteristics, the effects of race/ethnicity were still insignificant on perceived business success. However, both self-realization motivations and financial motivations were significantly associated with perceived success. Specifically, every one unit increase on the scale for financial motivations was associated with a .02 increase in perceived success for the sample. Similarly, every one unit increase on the scale for self-realization motivations was associated with a marginal increase in perceived success of .00 (.005) units. Age was also associated with an increase in perceived success of the sample; every one year increase in age was associated with a .40 increase in perceived success.

6. Discussion

This study contributes to our understanding of Mexican American business owners and their motivations for starting a business by comparing them to White Americans. It begins to question simple socio-cultural explanations behind ethno-racial minorities' motivations for owning their own businesses. As described in this analysis, previous authors have utilized socio-cultural arguments to frame ethno-racial minorities' motivations for starting their own businesses. Specifically, the family and the co-ethnic community have been posited as the two primary networks that support ethno-racial minority entrepreneurship, and that these networks help minorities overcome the effects of racism, as well as providing a source of labor. Cultural factors, such as the emphasis on family and the co-ethnic community, as well as the structural problems that minorities face, tend to be viewed as the principal motivating forces for ethnic minority business owners (Johnson, 2000).

However, this analysis provides several interesting findings that add to these other findings. First, Mexican business owners appear to differ from White Americans in terms of their motivations for starting new businesses on each of the items comprising the self-realization and financial motivation scales. Mexican business owners ranked one financial motivation item (gaining financial security for my family) and one self-realization motivation item (utilizing my skills and abilities) as their top two motivations for starting a business. By comparison, White business owners ranked two self-realization motivation items as their top two motivations for starting a business (gaining the satisfaction of owning a business and utilizing my skills and abilities).

These results add to the previous findings by highlighting the extent to which Mexican American business owners differ in their motivations relative to White Americans when it comes to individualistic motivations to maximize financial gain through business ownership. At the same time, some of the items that comprise the scales may lend support to previous findings about Mexican American culture, such as that on family, rather than simply reflecting financial or self-realization goals.

Previous research has emphasized the family as the primary reference on which Mexican Americans center their intentions for business ownership. Because the family is viewed as an important, if not the most important, aspect of life, Mexican Americans tend to develop their businesses to support the family (Masuo & Malroutou, 2009). Indeed, one of the items comprising the financial motivation scale and the one that Mexican Americans ranked as one of the top motivations for starting a business was “gaining financial security for my family”. Although this was categorized as a financial motivation according to the EFA, this may be more indicative of the fact that Mexican Americans are more likely to consider the family than are White Americans when making the decision to start their own business. This is not to suggest that Mexican American culture is overly defined by overgeneralizations or preexisting stereotypes, but rather is an affirmation of the importance of family to Mexican Americans.

The results of the linear regression of motivation orientation on perceived success suggest that motivation orientation has an effect on perceived business success, but not by race/ethnicity as might be anticipated. Specifically, motivation orientation was not significantly associated with perceived business success when examining the interaction effects of Mexican American ethnicity with motivation orientation. These findings lend support to the importance of moving beyond socio-cultural explanations to understand the motivations of Mexican American and other ethnic minority groups’ toward business startup and ownership. Similarly, it is also important to consider definitions of success. Because the NMBOS data do not provide a description of how perceived success was conceptualized and instead asked respondents a broad question to capture perceived success (e.g. “on a scale of 1 to 5 how successful has your business been to date?”), we cannot determine which factors owners took into account when answering this question. In other words, it could be profits or balancing work and family life.

7. Conclusion

Commonly, researchers have attributed psychological differences between White Americans and minority race/ethnic groups to cultural factors unique to each group that dictate the ways by which individuals think. An example of this type of thinking is the assumption that Mexican American business owners have strictly different motivations for owning businesses compared to White Americans. Adopting the view of Cardon, Stone, Black, et al. (2008), we find this way of thinking problematic, especially when one considers the fact that ethno-racial minority groups are heterogeneous and have a multitude of motivations for starting new businesses. Mexican Americans, like other ethno-racial minorities, confront structural inequalities that often “push” some of them into business ownership as a way to circumvent racial discrimination, low wages or other barriers to earning a living in the mainstream labor market. Even when Mexican American (and Latino) business owners make the decision to open a business, they are faced with barriers to sustaining their businesses such as a lack of access to financial capital (Martinez, Avila, Santiago, & Buntin, 2011). However, our effort to disentangle the individual psychological motivations from socio-cultural and structural barriers to starting a business shows that White American and Mexican American business owners have similar motivations for entering into business ownership, and that they may not be so different after all in terms of their personal motivations and its impact on perceived business success.

7.1 Limitations

Although this study makes several important contributions to our understanding of the motivations of Mexican American business owners, there were also some limitations. Primarily, our outcome variable of interest, perceived success, was measured using only a 5-point Likert scale. Because we used an existing dataset, we were unsure of the coding of this variable as only the value labels for 1 (very unsuccessful) and 5 (very successful) were provided in the codebook. Rather than guess the value labels for 2, 3, and 4 we opted to treat this variable as ordinal and use linear regression. Although linear regression provided some important results, it may not have been the best method.

But its use was dictated by the fact that we also attempted conducting probit and logit analyses and found that we violated the proportional hazards assumption, rendering these methods useless for our purposes. In an attempt to remedy this situation, we also tried using generalized ordered logit but found that our models contained too many negative estimated probabilities. As McCallugh & Nelder (1989) explain: “The usefulness of non-parallel regression models is limited to some extent by the fact that the lines must eventually intersect. Negative fitted values are then unavoidable for some values of $x...$ ” (p. 155). Ultimately, we opted to use linear regression so as to avoid these problems.

We were also unable to use some variables noted as important to motivations for opening a business and for success in the literature. For example, we were unable to use industry and legal status because these variables contained too few cases. We were also unable to use the total employee variables because of collinearity with perceived success. Finally, we were unable to use the immigrant status variable because of the small number of cases for White Americans.

Still, the NMBOS dataset is useful because it provides data on a number of factors for the business owners, the businesses, their family, and the community—a unique contribution that many other datasets on this topic fail to include.

7.2 Policy Implications

Similar to Cardon et al. (2008), we suggest that researchers cease to view ethno-racial minority entrepreneurs as a homogenous group. White entrepreneurs are not viewed in this same manner, so it makes little sense to posit ethnic minority business ownership with such a narrow focus. Taking heterogeneity into account may be a better approach to creating policies to further business creation among ethnic subgroups. Clearly, Mexican Americans and members of other ethnic minority groups are motivated to establish their own businesses. However, their status as minorities implies that they face structural challenges that limit their human and financial capitals. Similarly, Latinas (and other groups of women) face structural barriers that are unique to their position in society which limit them from accessing the necessary human and financial capital to successfully run their businesses, although they may have equal desire to do so compared to men (Martinez & Avila, 2011). Structuring policies and tailoring programs around the specific needs of subgroups relative to the barriers that they face to create and sustain successful businesses may prove fruitful in further integrating them into the nation's economy.

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