Research Abstract

Questions about racial disparities in entrepreneurship have garnered major attention in the literature. Past research has primarily focused on independently-owned ventures, but individuals can also engage in startup activities via intrapreneurship – by launching and operating new ventures inside established organizations. We propose that these internal routes of new venture formation offer a more inclusive pathway for racial minorities than external routes. Specifically, focusing on African-Americans, we argue that minorities will disproportionately sort into intrapreneurship due to both demand-side processes with regard to discrimination and the supply-side processes concerning self-selection. Analyzing a longitudinal dataset that tracks a representative sample of American entrepreneurs from 2005 to 2011, we find evidence that blacks, relative to whites, are more likely to become intrapreneurs than entrepreneurs and that such tendencies are amplified when discrimination against minorities increases or when opportunities to launch independent startups become more limited. Overall, we offer evidence that organizations increase the inclusion of racial minorities in entrepreneurial ecosystems.

Key Words

Social Psychology < Entrepreneurship, Diversity in Organizations < Organizational Behavior, Demography < Organization and Management Theory