

# TRENDS in ENTREPRENEURSHIP SERIES

Reporting on data from a wide range of sources to measure, track, and compare trends related to entrepreneurship | April 2021

## WHO IS THE ENTREPRENEUR? THE CHANGING DIVERSITY OF NEW ENTREPRENEURS IN THE UNITED STATES, 1996–2020

*Is entrepreneurship becoming more diverse in the United States? This brief details trends in the **share of new entrepreneurs** by sex, race and ethnicity, age, and nativity in the United States between 1996 and 2020.*

*New entrepreneurs represent entrepreneurial activity broadly defined, capturing employers and non-employers and incorporated and unincorporated businesses. The **rate of new entrepreneurs** reflects the adult, non-business owner population that starts a business each month. It is a yearly average, and it measures business owners regardless of business size, origin, growth potential, or intentions.*



### Highlights:

- In 2020, about 4 in 10 new entrepreneurs were women, consistent with recent years but reflecting an overall larger gap since 1996.
- In 2020, more than half of new entrepreneurs were white and about 1 in 5 were Latino. Between 2019 and 2020, the share of new entrepreneurs who were Black increased slightly, and the share who were Asian, Latino, and white decreased slightly. The overall trend since 1996 has been a decline in the share of new entrepreneurs who are white, and an increase in the share who are Asian, Black, and Latino.
- New entrepreneurs were largely under 44 years old in 1996, and were more likely to represent all ages by 2020.
- More than 1 in 4 new entrepreneurs in 2020 were foreign-born, more than double the share in 1996.
- Many of the demographic trends in the share of new entrepreneurs coincide with broader changes in the composition of the national population in the United States. These include broader shifts in the racial and ethnic make-up of the population; a national population that is not only getting older and living longer, but also working at older ages; and overall immigration flows.

## The Share of New Entrepreneurs by Sex

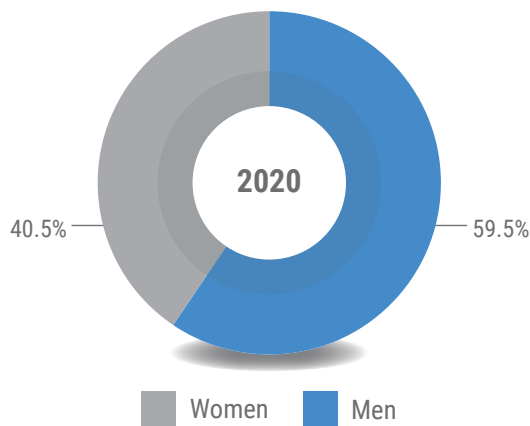
The share of new entrepreneurs by sex refers to the percentage of new entrepreneurs who are **men** and **women**.

The share of new entrepreneurs by sex is reported in Table 1. In 2020, around 4 in 10 new entrepreneurs were women (40.5%) and 6 in 10 were men (59.5%). This is largely consistent with previous years.

**TABLE 1: Share of New Entrepreneurs by Sex**

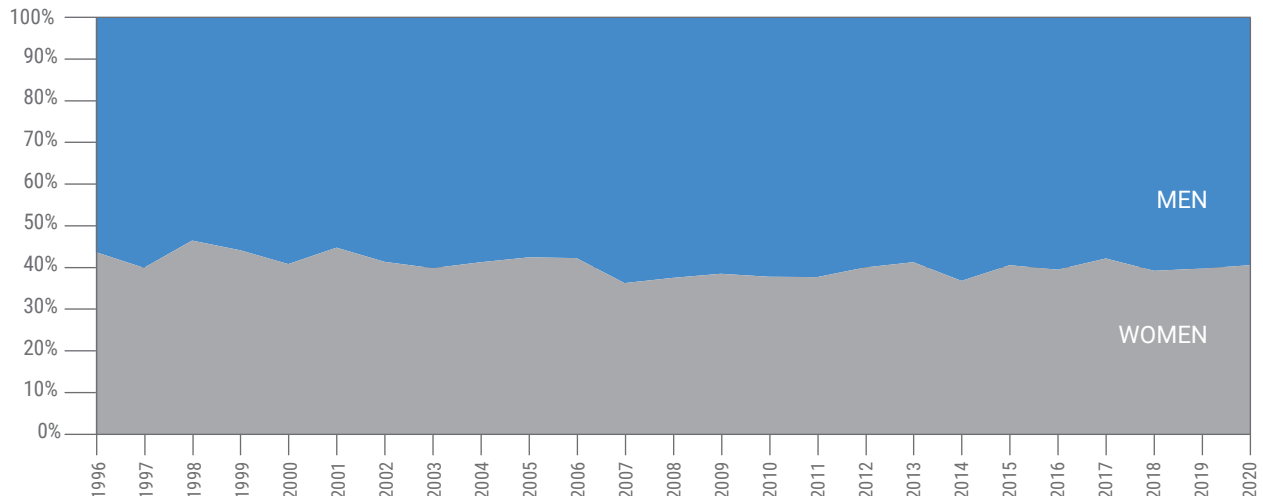
YEAR	MEN	WOMEN
1996	56.3%	43.7%
1997	60.1%	39.9%
1998	53.6%	46.4%
1999	55.9%	44.1%
2000	59.1%	40.9%
2001	55.3%	44.7%
2002	58.6%	41.4%
2003	60.2%	39.8%
2004	58.7%	41.3%
2005	57.6%	42.4%
2006	57.7%	42.3%
2007	63.7%	36.3%
2008	62.5%	37.5%
2009	61.5%	38.5%
2010	62.2%	37.8%
2011	62.3%	37.7%
2012	60.0%	40.0%
2013	58.7%	41.3%
2014	63.2%	36.8%
2015	59.4%	40.6%
2016	60.5%	39.5%
2017	57.8%	42.2%
2018	60.7%	39.3%
2019	60.2%	39.8%
2020	59.5%	40.5%

**FIGURE 1 | Share of New Entrepreneurs by Sex**



Between 1996 and 2020, the gap between men and women widened overall from about 13 percentage points to almost 20 percentage points, with some fluctuation in the years between. Representation of women entrepreneurs was highest in 1998, at just over 46.4%, and was relatively high again in 2001, at 44.7%.

**FIGURE 2 | Share of New Entrepreneurs by Sex (1996–2020)**



## The Share of New Entrepreneurs by Race and Ethnicity

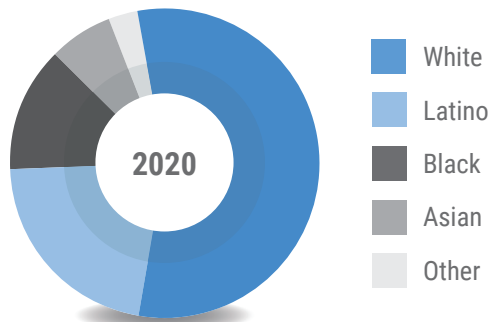
The share of new entrepreneurs by race and ethnicity refers to the percentage of new entrepreneurs who belong to a specific race and ethnicity. Race and ethnicity groups reported here are **Asian, Black, Latino, and white**.

The share of new entrepreneurs by race and ethnicity is reported in Table 2. In 2020, more than half of new entrepreneurs were white (55.6%) and about 1 in 5 were Latino (21.7%). Close to 1 in 6 were Black (13.1%), and about 1 in 15 were Asian (6.7%).

TABLE 2: Share of New Entrepreneurs by Race and Ethnicity

YEAR	ASIAN	BLACK	LATINO	WHITE
1996	3.4%	8.4%	10.0%	77.1%
1997	3.1%	8.5%	11.7%	75.6%
1998	3.5%	8.0%	9.8%	77.5%
1999	3.6%	9.6%	12.2%	74.3%
2000	3.4%	10.7%	11.6%	73.3%
2001	4.7%	9.9%	11.9%	72.5%
2002	4.0%	10.7%	11.9%	72.2%
2003	4.5%	9.1%	16.3%	67.6%
2004	4.4%	8.6%	14.0%	70.9%
2005	4.3%	9.8%	13.8%	69.6%
2006	5.1%	9.6%	15.0%	67.2%
2007	5.5%	8.8%	17.9%	66.4%
2008	5.4%	8.3%	19.6%	64.3%
2009	4.6%	9.7%	18.7%	64.6%
2010	5.8%	8.7%	23.4%	60.1%
2011	5.3%	9.1%	22.9%	60.2%
2012	6.1%	8.8%	19.5%	62.4%
2013	6.1%	8.8%	20.4%	61.2%
2014	6.8%	9.2%	22.1%	59.1%
2015	5.7%	8.9%	20.8%	60.7%
2016	7.6%	9.2%	24.1%	55.6%
2017	6.5%	11.8%	23.6%	55.3%
2018	7.3%	9.8%	24.9%	54.4%
2019	7.0%	10.1%	22.8%	58.0%
2020	6.7%	13.1%	21.7%	55.6%

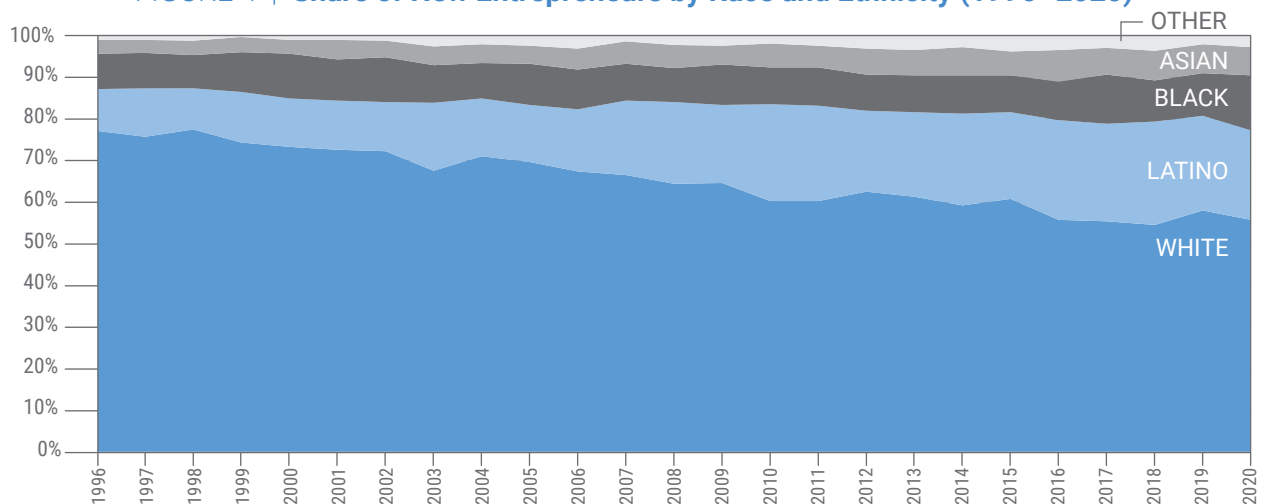
FIGURE 3 | Share of New Entrepreneurs by Race and Ethnicity



In 2020, the Asian, Latino, and white shares of new entrepreneurs fell slightly and the Black share of new entrepreneurs increased. These changes stayed within 1–3 percentage points for each group compared to 2019.

The overall trends between 1996 and 2020 are that the Latino share of new entrepreneurs more than doubled (from 10.0% to 21.7%), as did the Asian share (from 3.4% to 6.7%), and the Black share increased substantially (from 8.4% to 13.1%). The white share of new entrepreneurs declined (77.1% to 55.6%) between 1996 and 2020.

FIGURE 4 | Share of New Entrepreneurs by Race and Ethnicity (1996–2020)



## The Share of New Entrepreneurs by Age

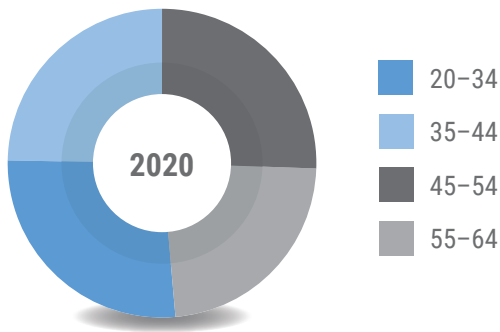
The share of new entrepreneurs by age refers to the percentage of new entrepreneurs who belong to a specific age group. Age groups reported here are: **20–34 years**, **35–44 years**, **45–54 years**, and **55–65 years**.

The share of new entrepreneurs by age is reported in Table 3. In 2020, the share of new entrepreneurs was generally distributed across all age groups: 26.7% of entrepreneurs were 45–54 years, 25.7% between 20–34 years, 24.5% between 55–64 years, and 23.0% between 35–44 years. There were relatively small changes (less than 2 percentage points) between 2019 and 2020.

**TABLE 3: Share of New Entrepreneurs by Age Group**

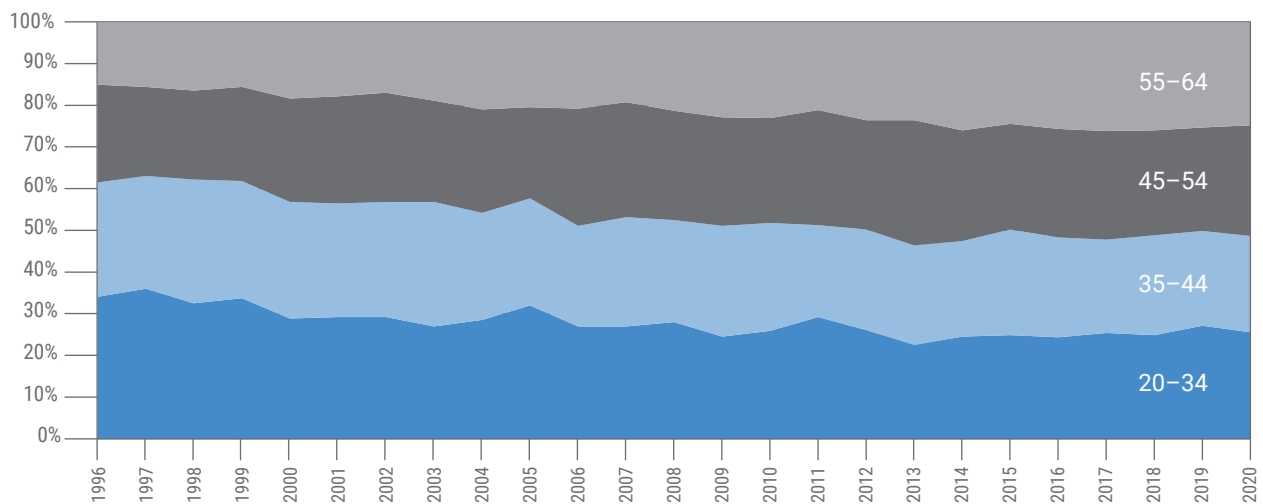
YEAR	AGES 20-34	AGES 35-44	AGES 45-54	AGES 55-64
1996	34.3%	27.4%	23.5%	14.8%
1997	36.2%	27.1%	21.3%	15.4%
1998	32.7%	29.8%	21.3%	16.3%
1999	33.9%	28.2%	22.5%	15.4%
2000	29.0%	27.9%	24.9%	18.2%
2001	29.3%	27.4%	25.7%	17.6%
2002	29.4%	27.6%	26.2%	16.8%
2003	27.1%	29.9%	24.3%	18.7%
2004	28.7%	25.7%	24.7%	20.8%
2005	32.1%	25.7%	21.9%	20.2%
2006	27.1%	24.2%	28.1%	20.6%
2007	27.2%	26.1%	27.7%	19.1%
2008	28.1%	24.5%	26.2%	21.2%
2009	24.7%	26.6%	26.0%	22.7%
2010	26.0%	26.0%	25.2%	22.9%
2011	29.4%	22.0%	27.7%	20.9%
2012	26.2%	24.2%	26.3%	23.4%
2013	22.7%	24.0%	30.0%	23.4%
2014	24.7%	22.9%	26.6%	25.8%
2015	25.0%	25.5%	25.3%	24.3%
2016	24.4%	24.0%	26.1%	25.5%
2017	25.5%	22.5%	26.0%	26.0%
2018	25.0%	24.0%	25.3%	25.8%
2019	27.2%	22.9%	24.8%	25.1%
2020	25.7%	23.0%	26.7%	24.5%

**FIGURE 5 Share of New Entrepreneurs by Age**



The trend in age of entrepreneurs over the past 25 years represents a substantial shift towards more participation of older entrepreneurs: in 1996, 14.8% of entrepreneurs were 55-64 years old and by 2020, 24.5% were 55-64 years old.

**FIGURE 6 | Share of New Entrepreneurs by Age (1996–2020)**



### The Share of New Entrepreneurs by Nativity

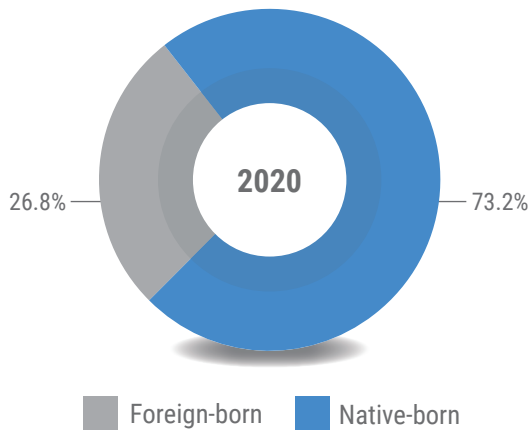
The share of new entrepreneurs by nativity refers to the percentage of new entrepreneurs who are either **foreign born** or **U.S. born**.

The share of new entrepreneurs by nativity is reported in Table 4. In 2020, 73.2% of new entrepreneurs were native-born and 26.8% were foreign-born. This is consistent with the trend since about 2007.

**TABLE 4: Share of New Entrepreneurs by Nativity**

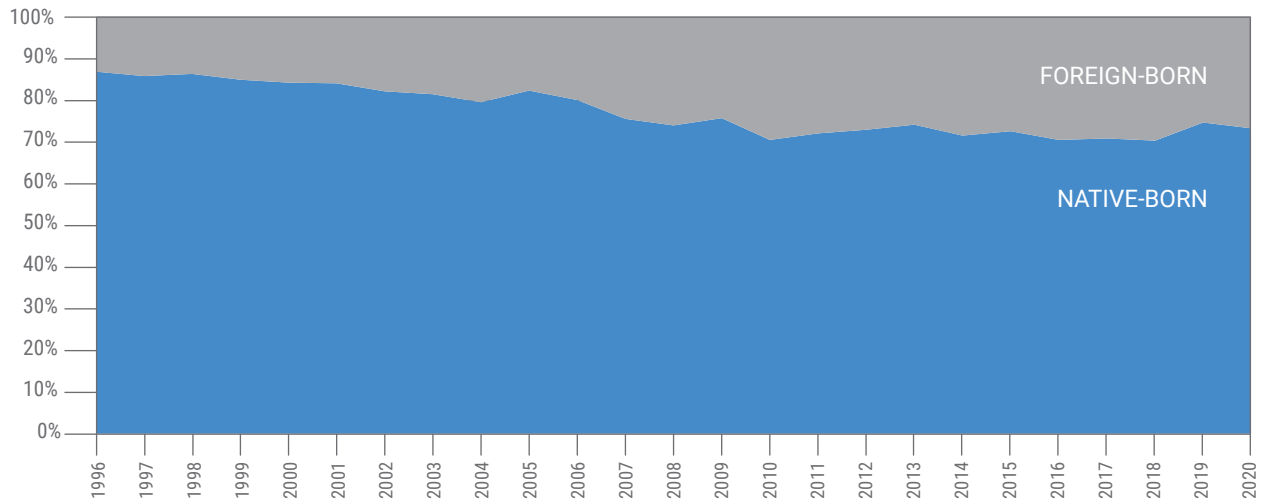
YEAR	FOREIGN-BORN	NATIVE-BORN
1996	13.3%	86.7%
1997	14.2%	85.8%
1998	13.7%	86.3%
1999	15.2%	84.8%
2000	15.9%	84.1%
2001	16.0%	84.0%
2002	17.9%	82.1%
2003	18.7%	81.3%
2004	20.6%	79.4%
2005	17.8%	82.2%
2006	20.1%	79.9%
2007	24.6%	75.4%
2008	26.1%	73.9%
2009	24.3%	75.7%
2010	29.5%	70.5%
2011	28.0%	72.0%
2012	27.1%	72.9%
2013	25.9%	74.1%
2014	28.5%	71.5%
2015	27.5%	72.5%
2016	29.5%	70.5%
2017	29.3%	70.7%
2018	29.8%	70.2%
2019	25.4%	74.6%
2020	26.8%	73.2%

**FIGURE 7**  
**Share of New Entrepreneurs by Nativity**



The share of new entrepreneurs who are foreign-born has more than doubled since 1996 (13.3%). Conversely, the native-born share of new entrepreneurs fell by about 13 percentage points between 1996 and 2020.

**FIGURE 8 | Share of New Entrepreneurs by Nativity (1996–2020)**



## About the Data

The **share of new entrepreneurs** reflects the share of individuals engaged in new entrepreneurial activity who belong to a particular demographic group; here, sex, race and ethnicity, age, and nativity are reported. The data is compiled by Robert Fairlie using a special panel of the Current Population Survey. New entrepreneurs represent 1 of 4 indicators tracking early-stage entrepreneurship, reflect individuals who engaged in new business activity in a given month, regardless of business size, origin, growth potential, or intentions (see the *rate of new entrepreneurs* at [indicators.kauffman.org](http://indicators.kauffman.org) and Fairlie and Desai, 2021).

**Note:** Demographic categories that do not sum to 100% are subject to small rounding errors.

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**Sources:** Colby, S. and Ortman, J. (2015) Projections of the Size and Composition of the US Population: 2014 to 2060; Fairlie, R. and Desai, S. (2021) National Report on Early-stage Entrepreneurship in the United States: 2020, Ewing Marion Kauffman Foundation: Kansas City. Hurd, M. and Rohwedder, S. (2016) Living Longer, Working Longer, Commentary, RAND, August 25.

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