

Freedom of choice: When rejection and discrimination hinder minority entrepreneurs

June 25 2014

When it comes to The American Dream, freedom of choice is a central value for entrepreneurs. According to a new study in the *Journal of Consumer Research*, when a person's choices are limited due to rejection and discrimination, they are more likely to fail at business and in their personal lives.

"Not only does restricting a person's choices threaten the success of a new business, it also has swift and damaging effects on the individual's self-esteem and their personal sense of control and power in the world," write authors Sterling A. Bone (Utah State University), Glenn L. Christensen (Brigham Young University), and Jerome D. Williams (Rutgers University).

In their research, the authors studied the experiences of racial and ethnic minority entrepreneurs and compared them with white majority entrepreneurs. Results revealed that the experiences of ethnic minority [entrepreneurs](#) were often remarkably different and worse than those of their white counterparts.

In one field study, white, Hispanic, and African American participants were asked to apply for small business loans using identical application data and wearing the same clothes. While all applicants were otherwise identical in appearance and "on paper," the Hispanic and African American applicants were given different information than the white

applicants. They were also asked to provide more financial background information, were given significantly less encouragement, and were less likely to receive help in the loan application process.

The authors also examined how a person's self-esteem and sense of autonomy are threatened after rejection. Comparing the impact of being rejected for a student loan, results showed that minority respondents took a harder emotional hit than their white counterparts.

"For public policy stakeholders and consumer welfare activists, our research offers evidence against the general assumption in the United States that choice is equally distributed, democratized, and available to all," the authors conclude.

More information: Sterling A. Bone, Glenn L. Christensen, and Jerome D. Williams. "Rejected, Shackled, and Alone: The Impact of Systemic Restricted Choice on Minority Consumers' Construction of Self." *Journal of Consumer Research*: August 2014.

Provided by University of Chicago

Citation: Freedom of choice: When rejection and discrimination hinder minority entrepreneurs (2014, June 25) retrieved 27 April 2024 from <https://phys.org/news/2014-06-freedom-choice-discrimination-hinder-minority.html>

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