

Introduction

Entrepreneurship in the United States

In the graduate programme in book publishing that I lead at Portland State University, students enter the programme with a variety of aspirational endeavours: many of them want to be editors and dream of working for a large publishing house in New York City as an in-house editor with their own list of award-winning titles. There are still individuals who live this dream, but a ‘traditional’ path such as this in the book industry is far from traditional nowadays. Those who succeed best in the book industry exercise flexibility and agility through innovative entrepreneurship: starting their own publishing houses, freelancing, and carving out new roles and careers to fit changing industry needs and dynamics. Down (2006) has gone so far as to say that entrepreneurship is ‘a contemporary economic necessity’ in the twenty-first century for those establishing their careers and occupational identities.¹

According to the US Small Business Administration, in 2020 there were 31.7 million small businesses in the United States, which represent 99 per cent of all US businesses and employ 60.6 million people – 47.1 per cent of all US employees.² In other words, small businesses – upheld as a pinnacle of entrepreneurship – are the foundation of the US economy. It is estimated that for the creative industries (which includes the book industry), self-employment is even higher than for the average American: for example, artists are ‘highly entrepreneurial’ and 3.6 times more likely to be self-employed than the general US workforce.³ Thus, entrepreneurship (at least in the self-employment sense) is high in the United States, and even higher within the creative industries.

¹ S. Down, *Narratives of Enterprise: Crafting Entrepreneurial Self-Identity in a Small Firm* (Cheltenham/Northampton, MA: Elgar Publishing, 2006), p. 114.

² US Small Business Administration Office of Advocacy, ‘2020 Small Business Profile’, 2020, <https://cdn.advocacy.sba.gov/wp-content/uploads/2020/06/04144224/2020-Small-Business-Economic-Profile-US.pdf>

³ National Assembly of State Arts Agencies, ‘Facts and Figures on the Creative Economy’, 2020, https://nasaa-arts.org/nasaa_research/facts-figures-on-the-creative-economy/

Juxtaposed with this entrepreneurial environment is the current disruption of traditional employment, most recently because of the COVID-19 pandemic. Florida and Seman⁴ estimate that there were 252,820 job losses in the publishing industry from April to July 2020, representing 9.1 per cent of jobs in the industry. In terms of occupations within or adjacent to the book industry, Florida and Seman estimate that 176,416 jobs for writers/authors, 46,813 jobs for editors, 76,838 jobs for graphic designers, and 26,339 jobs for other designers were lost between April and July 2020 due to the pandemic. The loss of traditional book industry jobs drives workers towards other options, including entrepreneurship through self-employment in the industry. The book industry is still thriving – with strong book sales during the pandemic, up 8.2 per cent in 2020⁵ – but what occupations look like in the book industry continues to shift towards entrepreneurship and away from ‘traditional’ career paths.

Down (2006) argues that the individualization and privatization of Western society in the twentieth and twenty-first centuries have contributed to a general rise in entrepreneurship in the Western world:

Western society is more individualised and privatised; individuals choose or must accept more risk and responsibility in their lives. Even as consumers we are targeted individually. Work has become more transient and enterprising in orientation. We are expected to be more flexible, self-reliant and entrepreneurial at work. Our organizations are changing and becoming less interested in looking after us.⁶

Thus, the COVID-19 pandemic is only the most recent exacerbation of an already growing, entrepreneurially oriented system of employment in

⁴ R. Florida and M. Seman, ‘Lost Art: Measuring COVID-19’s Devastating Impact on America’s Creative Economy’ (2020), www.brookings.edu/wp-content/uploads/2020/08/20200810_Brookingsmetro_Covid19-and-creative-economy_Final.pdf.

⁵ J. Milliot, ‘Print Book Sales Rose 8.2% in 2020’, *Publishers Weekly* (7 January 2021).

⁶ Down, *Narratives of Enterprise*, p. 5.

the United States in the twenty-first century. Entrepreneurship is important to consider in the US book publishing industry for several reasons: book publishing is rarely the focus of academic research into entrepreneurship, the rapid rate of change in the book industry necessitates entrepreneurship more so than in other industries, and the United States fosters a particularly strong entrepreneurial national narrative to foreground self-employment behaviour within its borders. This is the best place to begin, with one of the key narratives that contextualises and encourages entrepreneurship within United States culture: the American Dream.

Entrepreneurial Narratives in the United States: The American Dream

The American Dream is a pervasive national narrative, one that shapes national identity but also other identities – occupational identity and class identity among them. The national narrative of the American Dream centres entrepreneurship at its core. This narrative shapes the perception of entrepreneurs, acceptability of entrepreneurship, and motivations for entrepreneurship. In the cultural history of the American Dream, Samuel asserts that the entrepreneurial spirit is embedded in the American Dream, along with other ‘familiar tropes of the American idea and experience’, including that ‘tomorrow will be better than today’, and the emphasis on wealth, success, hope, and change in ‘the belief that anything is possible’.⁷ The American Dream is one of the key national narratives that has shaped American identity, culture, politics, and business practices.

Despite the promise of the American Dream to offer social mobility to anyone who works hard enough, the data tells a different story – for example, in terms of absolute economic mobility (whether or not children make more money than their parents). In a paper from the National Bureau of Economic Research, Chetty et al. compared children’s household income at age thirty to that of their parents at the same age. When tracked over time, this data reveals that while 90 per cent of children born in 1940 made more money than their parents, only 50 per cent of children born in 1980 made more money than their parents. In other words, absolute economic mobility has been steadily

⁷ L. R. Samuel, *The American Dream: A Cultural History* (Syracuse: Syracuse University Press, 2019), p. 5.

declining in the United States since the 1940s. The authors call this phenomenon ‘the fading American Dream’.⁸ Intergenerational economic mobility is particularly limited for BIPOC (Black, Indigenous, and People of Color) people in the United States, especially Black communities. Here is an example: In US counties ‘with a majority black population, a black child born to parents in the 25th income percentile only achieves a mean income rank of 32, barely any movement up the income ladder, while white children from the same counties achieve a mean income rank of 43’.⁹ Inequalities abound in the United States, regardless of how the American Dream presents the country as a place of equal opportunity.

However, the purpose of this discussion of the American Dream narrative is to consider it as simply that – a narrative. My purpose is not to prove or disprove this narrative, but to rather explore how it (and other narratives) influence entrepreneurship in the United States. Because of the centrality of the narrative of the American Dream to American national identity and American life, entrepreneurship – particularly as manifested through small business – is universally embraced by politicians across the political spectrum in the US.¹⁰ Being anti-small business or anti-entrepreneurship is simply something you do not see in US politics. This is illustrated simply and powerfully in US presidential speeches:

- In 1946, President Truman said, ‘It is obvious national policy to foster the sound development of small business.’
- In 1956, President Eisenhower said, ‘We shall continue to help small business concerns to obtain access to adequate financing and to competent counsel on management, production, and marketing problems.’

⁸ R. Chetty, D. Grusky, M. Hell, N. Hendren, R. Manduca, and J. Narang, ‘The Fading American Dream: Trends in Absolute Income Mobility Since 1940’, *National Bureau of Economic Research Working Paper Series* (2016), <https://opportunityinsights.org/paper/the-fading-american-dream/>

⁹ Equitable Growth, ‘Race and the Lack of Intergenerational Economic Mobility in the United States’, in *Vision 2020: Evidence for a Stronger Economy* (18 February 2020), www.equitablegrowth.org/race-and-the-lack-of-intergenerational-economic-mobility-in-the-united-states/

¹⁰ Samuel, *The American Dream*.

- In 1962, President Kennedy said, ‘This administration has helped keep our economy competitive by widening the access of small business.’
- In 1973, President Nixon expressed his objective to ‘bolster small business.’
- In 1976, President Ford said, ‘Also, I ask, for the sake of future generations, that we preserve the family farm and family-owned small business. Both strengthen America and give stability to our economy.’
- In 1980, President Carter said, ‘I have often said that there is nothing small about small business in America.’
- In 1983, President Reagan said, ‘Too often, entrepreneurs are forgotten heroes. We rarely hear about them. But look into the heart of America, and you’ll see them.’
- In 2002, President George W. Bush said, ‘Help for small business means jobs for Americans.’
- In 2009, President Obama said, ‘All across America, even today on a Saturday, millions of Americans are hard at work. They’re running the mom-and-pop stores and neighbourhood restaurants we know and love. They’re building tiny start-ups with big ideas that could revolutionise an industry, maybe even transform our economy. They are the more than half of all Americans who work at a small business or own a small business. And they embody the spirit of possibility, the relentless work ethic, and the hope for something better that is at the heart of the American Dream.’

Baumol, Litan, and Schramm identify four types of capitalism: state-guided capitalism, oligarchic capitalism, big-firm capitalism, and entrepreneurial capitalism. These authors argue that the United States is a blend of big-firm capitalism and entrepreneurial capitalism. Some of the reasons why the United States reflects entrepreneurial capitalism is that the government places relatively few restrictions on those trying to start a business: ‘Successful entrepreneurial economies embrace and generally encourage change. They do not erect barriers that prevent money and people from shifting from slow-moving or dying sectors to dynamic industries. They do not wall off their existing producers from more efficient ones in foreign

countries.’¹¹ In this way, the United States supports entrepreneurs by remaining rather hands-off (i.e. not intentionally impeding growth or innovation).

However, in general, despite entrepreneurship’s foundational ties to the American Dream narrative, and despite the words of many US presidents, in the United States support for small business falls short when compared to many other countries. Baumol, Litan, and Schramm acknowledge that it is not enough for entrepreneurial economies to not erect barriers; these economies must also support entrepreneurship: ‘Because radical change is so disruptive, entrepreneurial economies can benefit from properly constructed safety nets that shield some of the victims of change from its harsh impacts (without at the same time destroying their initiative to get back on their feet).’¹² There are few safety nets for entrepreneurs in the United States, particularly in three important areas: healthcare, start-up funding, and institutional barriers.

One important shortcoming is in terms of healthcare. Unlike its northern neighbour, Canada, or many European countries (such as the UK), the United States does not provide its citizens with free, universal healthcare. Because of this, small businesses bear the burden of huge costs to pay for healthcare for themselves and their employees. Some entrepreneurs choose to go without healthcare for this reason, or rely on the healthcare benefits of a partner. Another shortcoming of small business support in the United States is government financial support for start-up funding. This is particularly true for the creative industries. While the Small Business Administration (established in 1953) offers some financial support to businesses, this is primarily in the form of training and informational materials rather than start-up funding. The nature of the book industry (and the creative industries as a whole) is such that margins are slim and cultural value is deemed important alongside economic value. These conditions do not attract wealthy venture capitalists.

¹¹ W. J. Baumol, R. E. Litan, and C. J. Schramm, *Good Capitalism, Bad Capitalism, and the Economics of Growth and Prosperity* (New Haven, CT: Yale University Press, 2007), p. 91.

¹² *Ibid.*

Because of the American Dream narrative, there is a perception in the United States that succeeding (usually only measured in terms of economic capital) as an entrepreneur is based solely on the merit and hard work of the entrepreneur. Such a view does not take into consideration factors of structural and institutional inequality that create barriers for certain entrepreneurs right from the start. While the government might not be intentionally erecting new barriers for entrepreneurial entry, the system itself is built upon policies and institutions that are racist, sexist, ableist, etc. Additionally, there are other ways to measure success beyond economic success, and this is especially important in the book industry.

What we have, then, is a positive perception of entrepreneurship and pride in national culture for entrepreneurship, but a stunning lack of systems and institutions to support entrepreneurs. This clash comes through in the stories of individual entrepreneurs (highlighted in this book) who are influenced by but also react against these forces in various ways.

This conflicting picture of entrepreneurship in the United States can be contrasted with national perspectives, narratives, and attitudes towards entrepreneurship in other nations. For example, in their interviews with female small business owners in the UK, Cohen and Musson found that perceptions of entrepreneurship from these entrepreneurs were not always positive. Cohen and Musson found that some of their interviewees saw the ‘image of the entrepreneur as exploitative, associated in particular with the 1980s and Thatcher’s Britain’.¹³ Anderson et al., in their analysis of entrepreneurship in Stanton, New Zealand, note that ‘New Zealand is culturally distinctive in its perceptions of entrepreneurship, which seems likely to influence how entrepreneurship and entrepreneurial identity is perceived’, and is characterised by concepts such as ‘a laidback lifestyle culture, emphasizing life balance rather than capital accumulation’.¹⁴ These are broad generalizations of the entrepreneurship culture in the UK and New

¹³ L. Cohen and G. Musson, ‘Entrepreneurial Identities: Reflections from Two Case Studies’, *Organization*, 7 (2007), p. 42.

¹⁴ A. R. Anderson, L. Warren, and J. Bensemann, ‘Identity, Enactment, and Entrepreneurship Engagement in a Declining Place’, *Journal of Small Business Management*, 57 (2019), p. 1561.

Zealand, but they are broad and stereotypical in the same way that the American Dream is a broad stereotype of entrepreneurship culture in the USA, and they serve to illustrate the comparatively positive entrepreneurial perspective that the United States portrays.

Defining Entrepreneurship

As will be discussed further in the methodology section of this chapter, this book is built upon the data of entrepreneurial narratives (interviews) from thirty-nine entrepreneurs in the US book industry. Their perceptions of entrepreneurship were universally positive, which contrasts with the findings from scholars in other countries who encountered more negative perceptions of entrepreneurship from entrepreneurs. Even so, Cohen and Musson found that their interviewees did not necessarily identify with the term ‘entrepreneur’ regardless of whether they viewed the term as ‘good’ or ‘bad’: ‘these women, whilst embracing the enterprise culture, felt that they did not have the right to claim “entrepreneur” as an occupational identity.’¹⁵ Larson and Pearson similarly found that some participants used ‘entrepreneur’ to describe their occupational identities, but others focused on a particular profession or industry: ‘Regardless of preferred occupational label, though, the narratives of occupational identity conveyed by our participants drew from discursive resources associated with the celebrated entrepreneur in Western market capitalism.’¹⁶ Similarly, book industry entrepreneurs also often chose different terminology (outside of the term ‘entrepreneur’) to identify with, founded on why what they were doing in their own business work was beyond the constrained definition of entrepreneurship. This stems, in part, from the lack of a unified definition of entrepreneurship, both in academia and in the book industry. Even so, much like Larson and Pearson found, regardless of terminology, the occupational narratives were tied into a positive perception of entrepreneurial endeavours.

¹⁵ Cohen and Musson, ‘Entrepreneurial Identities’, p. 42.

¹⁶ G. S. Larson and A. R. Pearson, ‘Placing Identity: Place as a Discursive Resource for Occupational Identity Work Among High-Tech Entrepreneurs’, *Management Communication Quarterly*, 26 (2012), p. 250.

In their foundational publication on the field of entrepreneurship, Shane and Venkataraman define entrepreneurship as *the discovery, evaluation, and exploitation of opportunities to create goods and services*. Entrepreneurs are ‘the set of individuals who discover, evaluate, and exploit’ these opportunities.¹⁷ This is the definition that I will be using in my discussion of entrepreneurship in the US book industry.

Twenty years after Shane and Venkataraman’s groundbreaking paper and definition, *opportunities* are still central to the study of entrepreneurship.¹⁸ However, other aspects of entrepreneurship and alternative definitions include *value creation, innovation, and risk* as key components. Entrepreneurs have been defined as the individuals ‘responsible for the process of creating new value’¹⁹ and who ‘create and innovate to build something of recognised value around perceived opportunities’.²⁰ Value creation and innovation implies that entrepreneurship is exploiting, discovering, and evaluating opportunities in different or unique ways.

The concept of risk is also a key component of many definitions of entrepreneurship and, indeed, of the field and study of entrepreneurship. For example, Dollinger defines entrepreneurship as the creation of an organization intended to grow, but under particular ‘conditions of risk and uncertainty’.²¹ Similarly, Mokaya, Namusonge, and Sikalieh acknowledge that entrepreneurs not only seize opportunities but also undertake ‘to

¹⁷ S. Shane and S. Venkataraman, ‘The Promise of Entrepreneurship as a Field of Research’, *Academy of Management Review*, 25 (2000), p. 218.

¹⁸ S. Alvarez and J. B. Barney, ‘Has the Concept of Opportunities Been Fruitful In the Field of Entrepreneurship?’, *Academy of Management Perspectives*, 34 (2020), 300–10.

¹⁹ C. Bruyat and P. A. Julien, ‘Defining the Field of Research in Entrepreneurship’, *Journal of Business Venturing*, 16 (2001), 169.

²⁰ W. K. Bolton and J. L. Thompson, *Entrepreneurs: Talent, Tempérament, Technique* (Oxford: Butterworth Heinemann, 2000), p. 5.

²¹ M. Dollinger, *Entrepreneurship* (Lombard, IL: Marsh Publications, 2008), p. 9, 28.

organize, manage and assume the risks of business and realize the rewards'.²² In short, 'entrepreneurs assume business risks in uncertain environments'.²³

Dempster asserts that risk is important to entrepreneurship because 'business growth and value creation depends on the relationship between losses and failures'. Therefore, risk is 'a central part of the entrepreneurial function and ultimately critical in the creation of economic value and innovation'.²⁴ Entrepreneurship, an environment where the possibility of great growth is offset by the possibility of severe loss, has risk at its very centre. As will become clear in this Element, risk is also a key component in the narratives that publishing entrepreneurs construct and tell about themselves.

There are five types of risk that are useful for a discussion of entrepreneurship in the creative industries: financial, competitive, reputational, natural, and operational. Financial risk is the type of risk most readily identified with entrepreneurship: namely, monetary investment that risks being lost should the business fail.²⁵ Competitive risk is the unpredictability of competitor actions and the resultant consequences.²⁶ Reputational risk is the risk of something happening that impacts a company's/entrepreneur's reputation or brand negatively. Natural risk is serendipity or luck, recognizing that 'entrepreneurial decisions alone do not determine financial

²² D. Sikalieh, S. O. Mokaya, and M. Namusonge, 'The Concept of Entrepreneurship: In Pursuit of a Universally Acceptable Definition', *International Journal of Arts and Commerce*, 1 (2012), p. 30.

²³ M. Koudstaal, R. Sloof, and M. Van Praag, 'Risk, Uncertainty, and Entrepreneurship: Evidence from a Lab-in-the-Field Experiment', *Management Science*, 62 (2016), p. 2897.

²⁴ A. M. Dempster, 'An Operational Risk Framework for the Performing Arts and Creative Industries', *Creative Industries Journal*, 1 (2009), p. 152.

²⁵ M. J. Naude and N. Chiweshe, 'A Proposed Operational Risk Management Framework for Small and Medium Enterprises', *South African Journal of Economic and Management Sciences*, 20 (2017), 1–10.

²⁶ D. Di Gregorio, 'Re-Thinking Country Risk: Insights from Entrepreneurship Theory', *International Business Review*, 14 (2005), p. 210.