

Growth is Key Focus for All Women Entrepreneurs, Regardless of Ethnic Background

Research from The Center for Women's Business Research

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Successful women entrepreneurs come from all ethnic and racial backgrounds. Further, the similarities among all ethnic groups on key business issues far exceed any differences.

These findings are from a new study conducted by Center for Women's Business Research, and underwritten by Wells Fargo. "Women Business Owners of Color: New Accomplishments, Continuing Challenges," explores the status of women business owners of color in 2002 and updates the Center's 1998 study, 'Women Business Owners of Color: Challenges and Accomplishments.'

"Growth is the key focus for all women entrepreneurs regardless of race or ethnic background. More than half of the women business owners in this study report that their businesses have grown over the past three years and business growth is a primary goal for the vast majority (86% African American, 71% Asian, 80% Caucasian, 84% Latina)," said Dr. Myra M. Hart, Chair, Center for Women's Business Research. "Further, issues related to business growth –capital and cash flow and attracting and retaining employees -are among the top concerns for the future."

"A majority of women business owners started their businesses from scratch, as opposed to purchasing, inheriting, or acquiring them. This is one of the most significant findings of the study, said Rebecca Maciera-Kautmann, Wells Fargo Executive Vice President of Business Direct Lines and Loans, Small Business Cash Management and Small Business Marketing. "It's exciting to see women are leading the way, which inspires us to work even harder to help all women entrepreneurs achieve their business dreams."

"Twenty percent of all women business owners are women of color according to Center for Women's Business Research estimates published last year," said Hart. "Further, businesses owned by women of color are growing four times faster than the economy in general."

Women entrepreneurs meet their current needs for capital through a variety of sources. Business earnings are by far the top source of current business capital for all groups (56% African-American, 45% Asian, 50% Caucasian and 43% Latina).

Business credit cards are the next most frequently used source of current operating capital (20% African-American, 30% Asian, 29% Caucasian, and 32% Latina).

Most women business owners indicate that their future business growth is the most pressing issue for them at this point in time. Fully 32% of African American women business owners, 25% of Caucasian women business owners, 24% of Latina business owners and 23% of Asian women business owners cite it as their top issue concern in an open-ended question.

“As business growth is one of the top concerns among Latina business owners, our 10-year, \$3 billion lending goal to Latino small business owners will continue acting as a vital component for their continued success,” said Tim Rios, Wells Fargo National Spokesperson for the Latino Business Services Program. “.Almost halfway through our 10-year goal, we have already surpassed \$1.6 billion in loans, placing us on target to achieve 115 percent of our lending objective. To put these numbers into perspective, in just under five years, we have lent to more than 40,000 Latino-owned businesses!”

Only about one-fourth of women entrepreneurs report encountering obstacles to obtaining financing, with the exception of African American women business owners (47% African American compared to 22% Asian, 28% Caucasian, 27% Latina). African American women business owners also are most likely to say they will need additional financing for their businesses within the next year (38% African American, 28% Latina, 23% Caucasian, 18% Asian).

Across ethnic groups, the majority of women business owners report feeling that they are generally accorded respect by other business owners. However, the level of respect felt drops when they are asked about how men in their ethnic group or industry perceive them.

“In other studies by Center for Women’s Business Research, women business owners have told us that their greatest challenge is being taken seriously. This study reinforces that finding, especially for Latina and Asian women business owners,” said Hart. “While 58% of Asian women business owners and 57% of Latina business owners believe that they are respected most of the time within their ethnic communities or industries, only about 47% of both groups believe they are respected most of the time by men business owners within their ethnic communities or industries.

Most women business owners have a senior management team, and Asian women business owners are especially likely to have one (85%), followed by 77% of African American women business owners, 74% Latina business owners, and 71% of Caucasian women business owners.

The study also looked at business start-up patterns. The vast majority of women business owners from all ethnic groups started or acquired their businesses by themselves. This is a growing trend among all women business owners since 1998. Women business owners are also more likely to have sole ownership of their company today as compared to 1998.

Across ethnic groups the amount of capital used by women entrepreneurs to start a firm is very similar. Eleven percent (11%) of Asian, 6% of Latina and 5% of both African American and Caucasian women entrepreneurs used \$100,000 or more in start-up capital. Likewise, approximately half of Latina (52%), African American (49%), Caucasian (49%) and Asian (47%) women entrepreneurs used less than \$25,000 in start-up capital.

“This study shows that regardless of ethnicity, entrepreneurship holds the same rewards and challenges for women and that women of all backgrounds are making a substantial contribution to our nation’s economy,” concluded Hart.

Other findings from this study include:

- The majority of women entrepreneurs surveyed have employees in their businesses, averaging between seven and twelve employees per firm.
- Across ethnic groups, women entrepreneurs average over a decade of business ownership experience (13.6 years Caucasian; 12.7 years Latina; 11.6 years Asian; 11.2 years African-American),
- Regardless of ethnicity, most women business owners report receiving satisfaction from business ownership (91% of Caucasians, 90% of African-Americans, 89% of Latinas, and 86% of Asians).
- Three of the top obstacles cited by those who say they have encountered obstacles in seeking financing are a personal sense of risk associated with taking out a loan, gender discrimination, and a weakening economy causing investors to hesitate.
- Regardless of ethnicity, women business owners consult a wide variety of sources for business management information, with the top sources being employees and key managers, family, and fellow business owners. Compared to 1998, there has been an increase in the percent of women turning to churches and community groups for business information.

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