

# African american women entrepreneurs



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In this paper I will explore the problem of African American Female Entrepreneurship. I will provide some statistic data on this problem, analyze a number of literature sources, review the main problems African American women face when starting their own business.

It was estimated that in 2004 African American women owned approximately 365, 110 firms, which constitutes more than 6 % of all female-owned firms. These firms created over \$ 14 billion in revenues and employed over 200, 000 people (J. Robinson, Blockson & S. Robinson, 2006).

There were several studies, which focused on the minority-owned firms. The results of these studies showed that firms owned by African American women are more prosperous than firms owned by African American men (Robb, 2002).

One more study, conducted by Fairlie's (2004) showed that the number of new firms owned by African American women is much higher than the number of new firms started by African American men. This is also particularly valuable finding for our research as it shows that African American female entrepreneurship is very important issue in the present day American economy.

Therefore, more attention should be paid to this problem and greater emphasis should be given to the promotion of the entrepreneurial initiatives of African American women.

However, while searching for the relevant literature I faced the problem of the lack of research concerning the topic of AAW entrepreneurship. Thus, I

can already point to one of the problems associated with African American female entrepreneurship – this is the lack of attention of the public and the government to the problem.

Thus, the first researches on women entrepreneurship, like the one conducted by Hisrich and Brush (1992) did not pay special attention to the group of African American women entrepreneurs and the study itself appeared to be not very broad.

Other studies like the ones by Brush (1992) and Baker, Aldrich and Liou (1997) pointed at the opportunities of women in the entrepreneurial sphere. However, again this had little to do with African American women.

Among the valuable studies of the AAW entrepreneurship I can name the one conducted by the Panel Study of Entrepreneurial Dynamics. This was among the first researchers including the data on the minority and female entrepreneurship, however, the data presented in the study are not sufficient for making any conclusion and drawing inferences (Reynolds, 2000; Reynolds, Shaver, Carter, & Gartner, 2004).

It should be mentioned, however, that Brush has also made a contribution to the investigation of the topic as she was among the first researchers, who focused on the female entrepreneurship but even she noticed the lack of the research on female entrepreneurship in general and minority women entrepreneurship in particular.

The same holds for other researchers like Aldrich and Waldinger (1990) and Bates (1997), Light and Rosenstein (1995) and Butler (1991), who did not put that much emphasis on African American female entrepreneurship.

### Individual and Firm Level

In the number of researches we can find some data on the African American women entrepreneurs. Thus, Fairlie and Meyer (1996) show that African American women constitute 2 % of all entrepreneurs, while African American men have a 4.4 %.

The other study conducted by Robb explores the peculiarities of the business associated with race and gender. This research shows that the survival rate of the firms owned by African American women is higher than that of the firms owned by African American men.

The research also explores other peculiarities of the businesses started by African American women such as its size, location, form of organization and other factors, which can be crucial for the survival of the business (Robb, 2002).

In the study of Inman we can find the information, proving the difference in forms and organization of businesses started by white and black women. The author explains that this is highly due to difference in experiences of these two groups of women (Inman, 1999).

It should be mentioned that considerable growth of firms owned by African American women appeared only some 20 years ago (Fairlie, 2004). Bates in his research “In Race, Self-Employment, and Upward Mobility” focusing on <https://assignbuster.com/african-american-women-entrepreneurs/>

African American women entrepreneurs in comparison with other entrepreneurial groups comes to the conclusion that there is no direct dependence between the race, gender and success of the firm (Bates, 1997).

However, this statement was highly argued by Butler in his “Entrepreneurship and Self Help among Black Americans”, who states that for quite a long time there were barriers to the success of African Americans in the sphere of entrepreneurship, greatly due to the existence of Jim Crow and other discriminatory laws, which restricted African American entrepreneurs to selling goods only to their ethnic group and prohibited selling them to whites and other groups (Butler, 1991).

In his research Rasheed showed that there exist definite barriers to the market penetration of the firms and capital access. He proved that ethnic minorities and women experience greater difficulties for starting and maintaining their business (Rasheed, 2004).

Many researchers like Fasci and Valdez (1998), Reynolds (1993) and Loscocco and Robinson (1989) claim in their researches that for the most part female-owned firms are less profitable than male-owned ones. Besides, there exists a number of studies, which prove that entrepreneurial identity is highly dependable on the race or ethnicity of the owner, which also has influence on the success of the business.

It should be mentioned that in several poles African American women entrepreneurs stated that they experience great pressure both as female entrepreneurs and as ethnic minority entrepreneurs. Eleanor Evansi, the

owner of the Construction company in Chicago comments on this issue in the following way:

“...people always thought that because we were Black and female we had a double advantage, when in fact it was a double disadvantage. you know, we were never allowed to participate for the twenty-five percent [government contracting set-asides for minority/women-owned Businesses].

That was for the white women, who were prized contractors. And we had to fight for that little five percent [of the set-asides]. One of the blurbs that Winnie [another African-American woman entrepreneur] sent Me was called, “ how do you know you’re gonna Make it?” Once I could bond...once i began to See that they stopped looking at me as a female Contractor and started looking at me as a Minority contractor...now that I am in the Twenty-five percent arena.

You know, but now I’ve got to fight the brothers. And I didn’t want to fight them. I wanted to Line myself with them, but they weren’t having that. You know, it ’s gotta be a fight. You know, why I gotta fight you? I have a Son! You know, I wanna Show him [that] black Man [and] black woman [can] work together” (Blockson, Robinson and Robinson, 2007).

One more aspect, which I’d like to discuss in this paper, is the attitude of African American women to the problem of business success. This is not only very interesting but also very important issue as it shows the attitude of the owner to his business and greatly determined the success of the enterprise in general.

Some women considered that the important factor for the success is the ability to develop and stabilize their business, while the others believe that the important constituent of the business success are far not only stability and growth. For majority of African American women business success cannot be defined only in economic terms.

Many African American women consider their business to be successful in case they are able to sustain their families financially and give more time and attention to their kids.

Some other women also mentioned that they consider their business successful if they are able to contribute to their communities and follow their spiritual calling. Still the others viewed company success as the ability to provide higher customer satisfaction.

Valerie Young, who is the owner of an Information technology firm in Washington, D. C., states that:

“ My goal each year is whatever the dollar value that was done or the biggest contract, dollar-wise, that we had, my goal would always be to try to double it. Okay, but also, the ultimate goal is, because the big companies aren't going to let you get to their status, they will buy you out first before you get there.

Now, let 's be honest here. So, I don't have a problem: buy me out, Signing off; and, I'm fine with that. So, if I get To a status where you're gonna buy me off at what I know I'm worth, you're not buying me cheap.

So, I have two options: either I position ourselves where one of the big prime companies Wants to buy us out...that 's no problem; I'd be Willing to sell. Or, I turn the running of the company to an individual that I feel could take it further" (Blockson, Robinson and Robinson, 2007).