

*Minority and Women
Entrepreneurs:
Opportunities and Challenges*



SherRhonda R. Gibbs, Ph.D.

Wednesday, March 30, 2011

Agenda

- 1) Brief overview of minority and women entrepreneurs nationally, statewide, locally.
 - a. Federal agencies (MBDA, SBA);
 - b. State agencies (MDA);
 - c. Local organizations (ADP, MBEC)
- 2) Independent research
- 3) Continuing needs; Action for progress

National Overview – Minorities in Business

- Growth of minority firms outpaced nonminority firms (2002 – 2007)¹
 - Employment grew 27% versus .03% for nonminority firms
- 27 million firms in the U.S.¹
 - 5.8 million are minority-owned
 - 1.9 million African-American firms
 - 7.8 million are women-owned²
 - 1.5 million are owned by minority women
 - Minorities employ an average of 7 workers

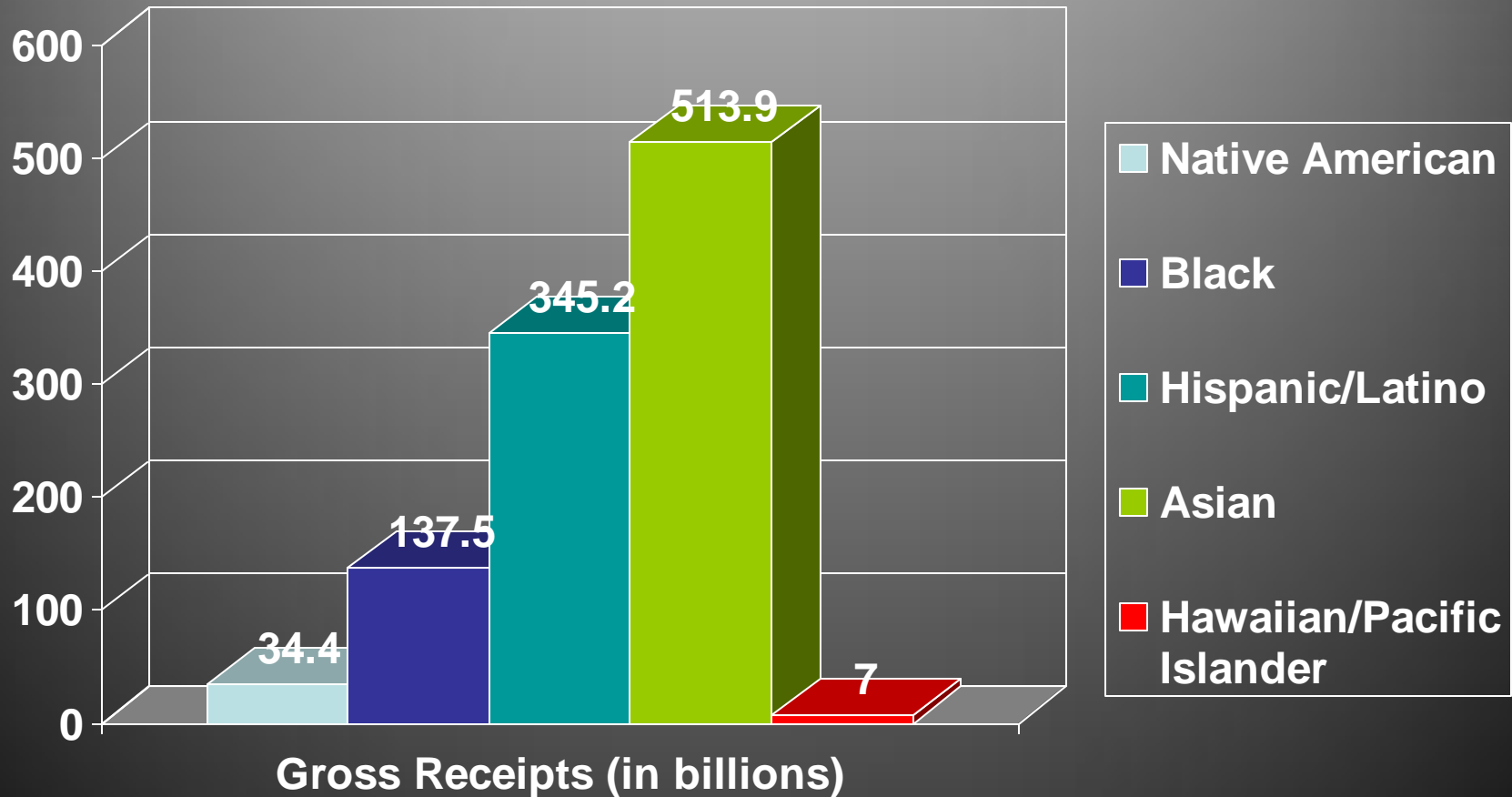
National Overview – Minorities in Business

- Major industries of minority firms
 - Healthcare & social assistance (13%)
 - Admin Support, Waste Mgmt & Remediation (11%)
 - Professional, Scientific, & Technical Services (10%)
 - Construction
- 2.5% of minority firms, compared to 1.2% of nonminority firms export; primarily to Latin American countries
- 31% of U.S. population are minority, only 22% of firms are minority owned
 - Entrepreneurial parity not yet achieved

National Overview – Minorities in Business

Asians lead in gross receipts, average sales and # employees,

Black firms last in average sales, Hawaiians/Pacific Islanders last in # employees



National Overview – African-Americans firms

- Black firms outpaced nonminority firms³
 - Employment grew 22% versus .03% for nonminority firms grew
 - Number of firms grew 61%
 - Grew 62% in MS; 98% AL; 103% GA
 - Largest # African-American firms in NY, GA, FL, TX
 - Generate sales through exports
- African-American firms with over \$1 million in revenues³:
 - generate 57% of revenues; 61% employment
 - Fewer firms generating sales & employment growth
- 12% of population, own 7% U.S. firms

National Overview – Minority Women firms

- Women owned firms lag behind men owned firms
- Minority women lag behind minority men⁴:
 - Revenues generated, average sales, and # employees
- Lack entrepreneurial parity⁴
 - Firm ownership among minority women doesn't equal their % of U.S. population

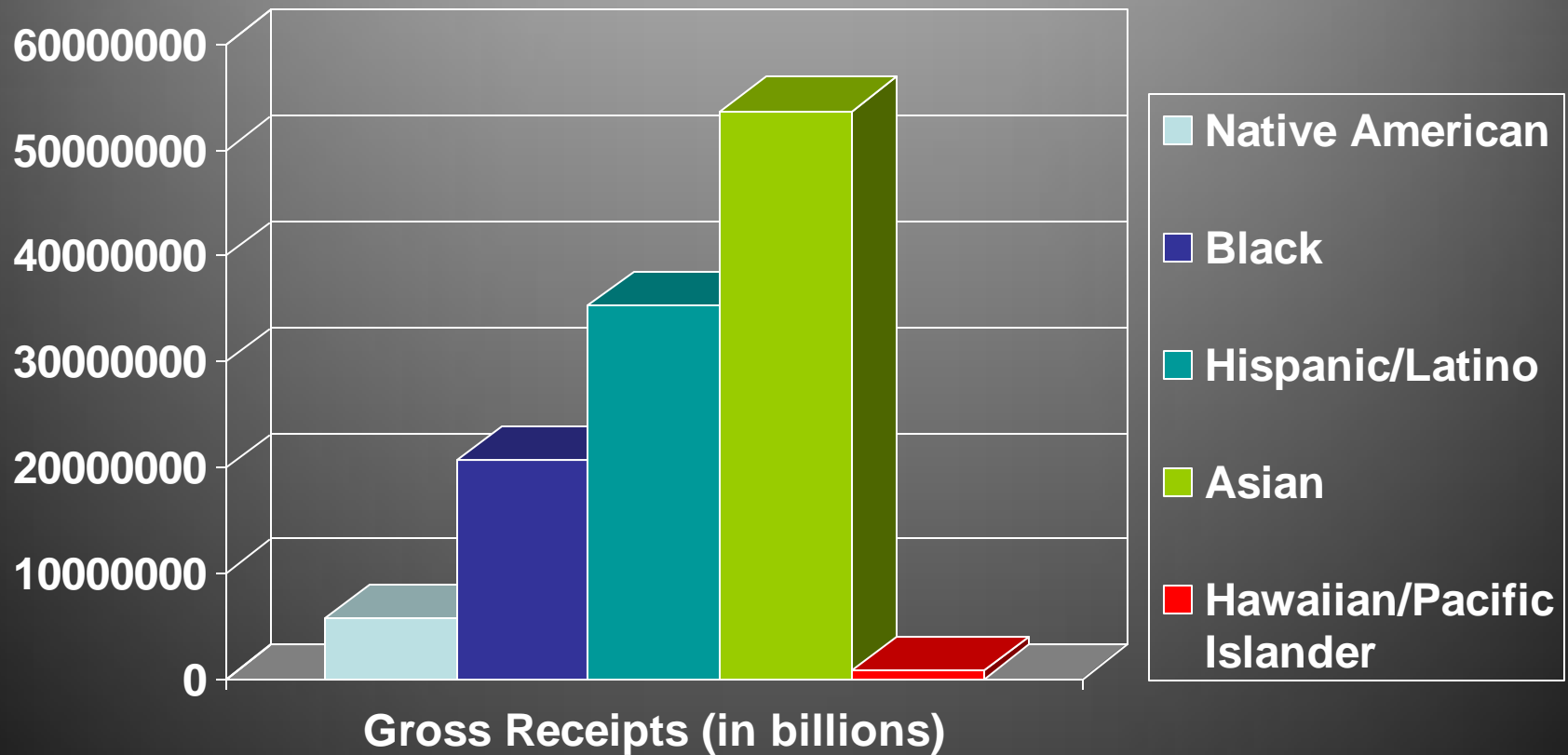


National Overview – Minority Women firms

- Gross receipts & employment:
 - For women (including nonminority) gross receipts are \$1.2 trillion, average sales \$145K¹⁰
 - Asian women lead in all categories⁶
 - \$53 billion in gross receipts; average sales: \$158K, employ 425K
 - Black women last in average sales, third in receipts and # employees⁵
 - Hawaiian/Pacific Islander & Native American women last in gross receipts, # employees^{7 & 9}

National Overview – Minority Women in Business

Asian women lead minority women in gross receipts, average sales and # employees, Black firms last in average sales, Hawaiians/Pacific Islanders last in # employees



State Overview – Minorities in Business¹¹

Minority-owned businesses in MS: ≈30,000

- **African-American firms (25K)**

- Gross receipts: \$1.3 billion
- % Population: 37.1%
- % Firms: 13.7%

- **Asian firms (3K)**

- Gross receipts: \$1.2 billion
- % Population: 0.7%
- % Firms: 1.6%

- **Native American firms (684)**

- Gross receipts: \$63 million
- % Population: 0.7%
- % Firms: 0.4%

- **Hawaiian/Pacific Islander firms (126)**

- Gross receipts: \$6 million
- % Population: 0.1%
- % Firms: 0.1%

- **Hispanic firms (1.3K)**

- Gross receipts: \$231 million
- % Population: 1.5%
- % Firms: 0.7%

State Overview – Minorities in Business¹¹

- Firms w/\$500K + revenues generated 61% of all receipts.
- Minority firms concentrated in:
 - Other Services, Health care & Social Assistance, Retail, Construction, and Admin. Support, Waste Mgmt & Remediation Service.



Hattiesburg – Minority & Women firms

- Census Quick Facts (2002)
 - Number of firms in Hattiesburg: 3702
 - African American owned firms: 8.4%¹³
 - In 2010, African American population (Hattiesburg): 50%¹²
 - Women-owned firms: 23.8%¹³
 - In 2010, Women population (Hattiesburg): 53.1%¹²

MBDA & SBA Programs

Women Owned
Small Business
Federal Contract
Program

National Advisory
Council on Minority
Business

Minority Business
Enterprise Centers
(MBECs)

Global Export
Initiatives
B2B Matchmaking

Small Business
Development
Centers (SBDCs)

Mississippi Development Authority Programs

Minority
Business
Enterprise
Loans

Minority &
women
certification
programs

Minority
Business
Directory

Statewide Entrepreneurial Organizations & Initiatives for Minorities & Women

Arkansas Mississippi
Minority Supplier
Development Council

Jackson, MS

Mississippi Minority
Business Enterprise
Center

Biloxi, MS

Mississippi Development
Authority Entrepreneur Training
Program

Holly Springs & Tylertown

USM's Minority
Entrepreneurship Center*

Hattiesburg, MS

State-based Funding Initiatives for Minorities & Women (Subset)

Hattiesburg MSA
SEMCIC (ADP)

Statewide
SBDCs
Planning &
Development
Districts (PDD)

Delta
Corporation
of the Delta

Jackson MSA
MinCap
West Jackson CDC
Jackson Urban
League

Southern MS
Pearl River Valley
Opportunity, Inc.

Independent Research – Minority Entrepreneurs

- Blacks score higher:
 - recognizing business opportunities than other minorities
 - In Entrepreneurial & Creative Self-efficacy
- Blacks ranked significantly lower:
 - Company revenue & Firm performance
- Blacks more likely to report having mentors than other minorities.

Independent Research – Women Entrepreneurs

- Women scored significantly lower than men:
 - In recognizing business opportunities
 - On Entrepreneurial & creative Self-efficacy
- For company revenue:
 - women is significantly lower than men, while business performance is marginally lower
- Firm age for minority women-owned firms lower than minority men
- Black females performing worse than black males

What I know for sure...

- Minority businesses not keeping pace with percentage rates of population growth
- Blacks, Native Americans, Hawaiian/Pacific Islanders lag behind other minorities in firm performance
- Black & Native American women lag behind other minority women in firm performance
- Minority firms are more likely to hire minority employees
- We need more, successful minority businesses!

Why the Urgency for Minority Entrepreneurship? ...Job creation

General Population
unemployment rate: 8.9%
Blacks: 15.3%

Displaced Workers



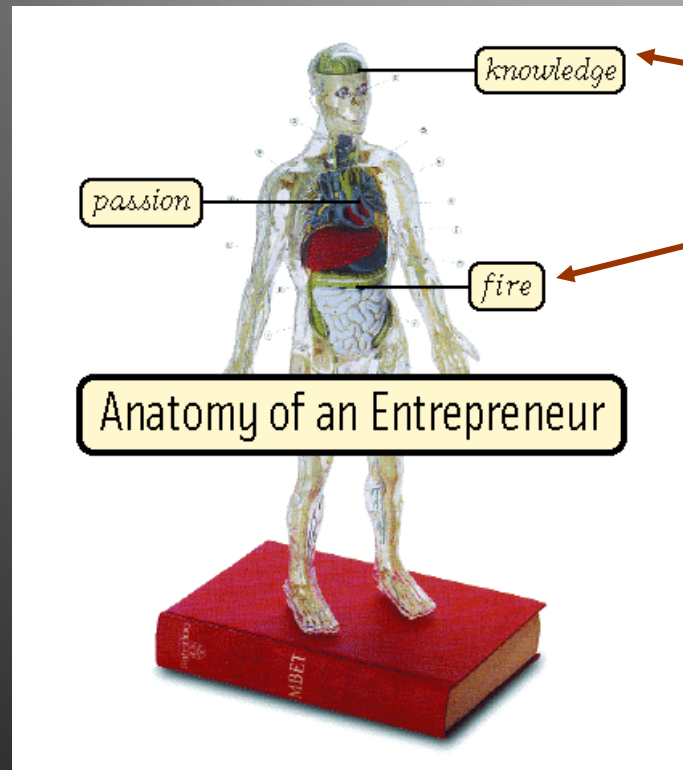
Hattiesburg: 11.2%¹⁴
Forrest County 9.6%



Mississippi unemp rate:
10.2% (2/2011)¹⁴



How can the situation be improved?



Education & Training

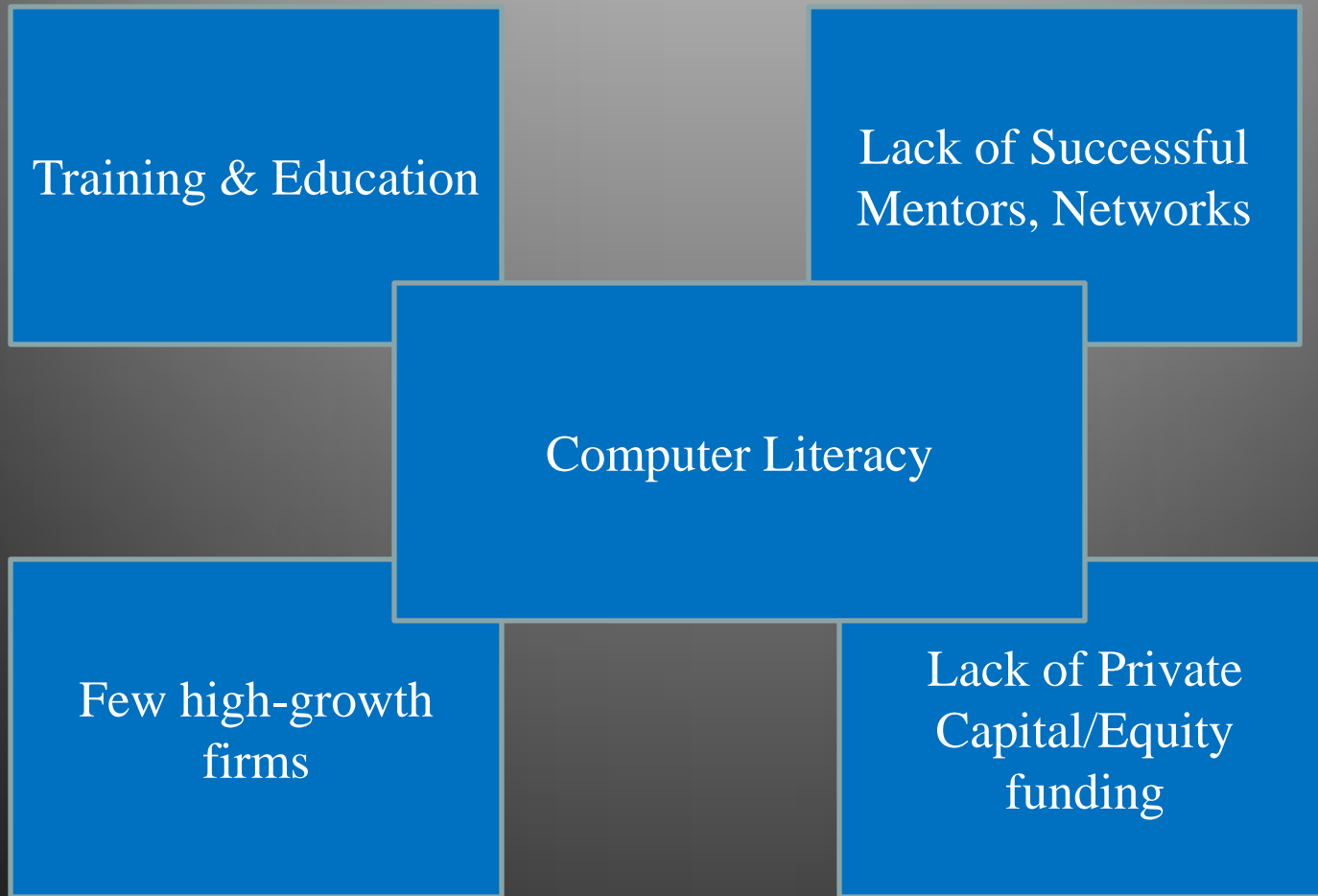
Apprenticeship
Opportunities

Networking/Mentoring

Collaboration between
Centers and Programs

Shadow successful
centers/models

Continued Challenges



Opportunities

- Exporting
- Manufacturing sectors
 - Make the products!
- High-growth/Technology/Innovation-based firms
- Mississippi can lead in black entrepreneurship
- Find the problems, not the symptoms

Recommendations

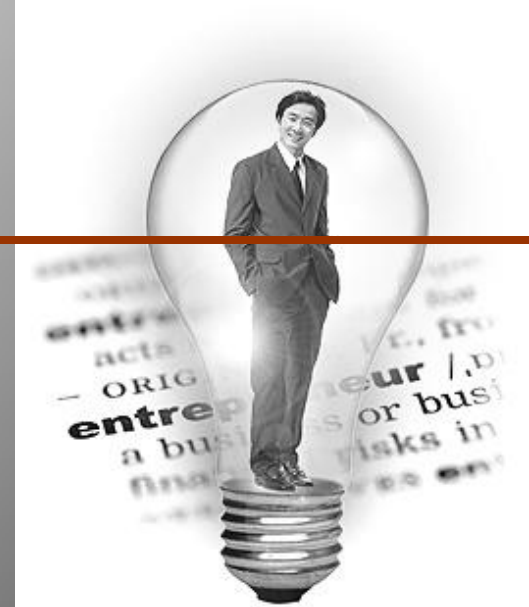
Capacity Building for
growth-oriented
minority firms

State/Local Seed
Fund (Grants)

Establish Minority
Mentoring
Networks/Alliances

Prepare for Digital Age* (MS
Office, Quickbooks, Internet,
Social Media)

Training*:
Opportunity Recognition
Market Analysis, Positioning
Personal & Business Finance



Resources

- www.mbda.gov
- www.sba.gov
- www.mississippi.org
- entrepreneurcenter.mississippi.org
- www.mybiz.am
- www.census.gov
- www.bls.gov
- www.msmbec.org
- Gibbs, S. R. (2009) A Social Cognitive Approach to Opportunity Recognition: Moderating Effect of Entrepreneur Type, Unpublished Doctoral Dissertation, Jackson State University.