BLACK WOMEN BUSINESS OWNERS


Similar to firms owned by all women, those owned by Black women (82 percent) are more likely to be in services (53 percent) and retail trade (29 percent). The 6 States with the highest share of firms owned by Black women are California (14 percent), Texas (9 percent), New York (9 percent), Maryland (6 percent), Illinois (5 percent), and Ohio (5 percent).

Further, according to the Ando report, among sole proprietorships owned by Black women:

-- Sixty percent were home-based, about the same as among all women-owned sole proprietorships (61 percent).

-- About 96 percent had no employees and 3 percent had one to four employees. Women were employed in 3 percent of the firms and minorities were employed in 4 percent.

-- More than 93 percent did not export any of their goods or services.

-- In 1982, 57 percent of the firms had less than $5,000 in sales and 34 percent had between $5,000 and $24,999 in sales.
-- Most showed some profits. About one-fourth suffered a net loss. Of firms owned by Black women, 46 percent had 1982 profits of less than $5,000; 21 percent had profits between $5,000 and $19,999; and 24 percent had a net loss of less than $5,000. Among all women-owned sole proprietorships, 40 percent had profits below $5,000 and 15 percent had a net loss of less than $5,000.

-- About 27 percent reported none of their income originated with the firm. On the other hand, 18 percent reported that 100 percent of their 1982 income came from their businesses.

-- About 43 percent had no initial capital and an additional 44 percent began with less than $5,000.

-- Seventy-three percent of Black women reported their firms had no equity capital. Of those with equity capital, the dominant source (12 percent of firms) was family.

-- With respect to the firm's initial debt ratio, about 71 percent had no debt. However, 9 percent had between 91 and 100 percent debt. Three debt sources dominate in the case of firms owned by Black women--banks (50 percent), family (27 percent), and friends (14 percent).

-- About half of firms owned by Black women in 1982 survived until 1986. The two chief reasons given by those that discontinued operations were insufficient profit (41 percent) and personal (47 percent).

Black women business owners are likely:

- to be between the ages of 25 and 54 (71 percent).
- to be married (55 percent).
- to have at least 1 year of college (51 percent).
- to have been business owners for less than 7 years (72 percent). About 29 percent had been in business for less than 1 year.
- to have been founders of the firm covered in this report (72 percent). About 8 percent had previously owned another business.
- to have had previous paid employment (82 percent). Although 63 percent had had no managerial experience in paid employment, 65 percent had attended business courses or seminars.
- to have had few role models. Only 22 percent of Black women business owners had close relatives who owned a business. Of those with a role model, 29 percent reported they had worked for the relative. About 39 percent of all women sole proprietors had a role model.
Opportunities for Black and other women business owners should be enhanced by the Women’s Business Ownership Act of 1988 which authorizes $10 million over a 3-year period for private organizations to provide financial, management, marketing, and technical assistance to women business owners. Information about programs funded under this Act may be obtained from the Office of Women’s Business Ownership in the U.S. Small Business Administration at (202) 653-8000.

The Office of Women’s Business Ownership in the U.S. Small Business Administration recently announced a program to foster long-term mentoring relationships between successful women-owned businesses and fledgling women-owned businesses of 1 to 3 years. Additional information about this program, Women’s Network for Entrepreneurial Training (WNET), may be obtained from the Office of Women’s Business Ownership at (202) 653-8000.
