

Business fluctuations have marked the landscape for all entrepreneurs since 2019 with sharp drops, surprising growth and graceful pivots. The COVID-19 pandemic precipitated:

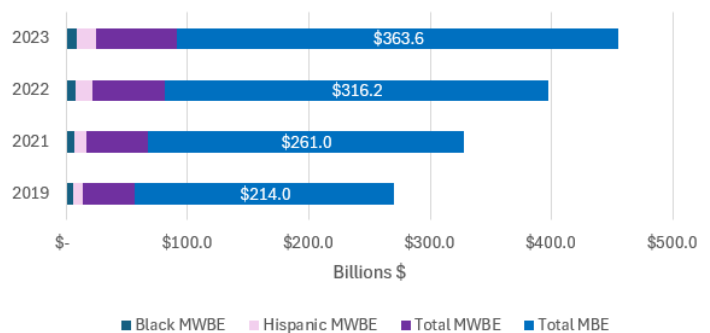
- **Crash:** The pandemic labor market caused massive layoffs, migration, and large numbers of workers quitting their jobs. Businesses owned by women and racial minorities experienced the largest losses in 2020 (41% African American, 32% Latinx, and 25% women).¹ Job losses were also higher for minority workers.² Consequently, in 2021, African-American (23%) and Hispanic (17%) women reported the highest rates of emergency financial measures, borrowing from family or friends and using food banks (21% and 19% respectively).³
- **Growth:** New market opportunities emerged with the changing nature of consumer demand, work and lifestyle, and financial conditions. New access to unexpected capital became available through stimulus programs and the Paycheck Protection Program (see PPP spotlight below). New business applications reached an all-time high in July 2020, surged again in 2021 and remained elevated through mid-2023.⁴
- **Pivot:** States with large surges in new businesses also had large surges in voluntary resignations during the 2020-23 period. Young and small firms had the highest rate of growth, with professional, scientific, and technical services leading the surge in establishment openings, and non-store retailers as the largest share of new business applications.⁴

Black Women and Latina Entrepreneurs' Resilience to grow and pivot in the post-pandemic environment has been dependent on their ability to access capital and generate value.

- **Financial capital:** Cash, investments, assets, external financing
- **Human capital:** Employees and personnel
- **Intellectual property:** Often in tech companies and publishers
- **Social capital:** A network of relationships, trust, connections, and shared norms, to provide access to information, advice, funding, and potential customers

Revenue is an essential indicator of business growth trajectories. In recent years, minority business revenue has been increasing, although Black women and Latina owned business have represented only a small percentage of minority business revenue (13% and 23% respectively in 2023)⁵. Almost half (49%) of the members of the National Association of Women Business Owners say they are in greater need of additional funding to support their businesses, 49% need help with hiring, and 15% need greater technology education.⁶

Figure 1: Annual Revenue In Minority Business Enterprises (MBE) 2019-2023



¹¹ <https://www.nber.org/reporter/2020number4/covid-19-small-business-owners-and-racial-inequality>

² <https://www.nber.org/papers/w27246>

³ <https://www.cnn.com/2021/02/25/black-women-bear-brunt-of-financial-pain-from-pandemic-cnn-acorns-survey.html>

⁴ <https://www.brookings.edu/articles/surging-business-formation-in-the-pandemic-causes-and-consequences/>

⁵ <https://nmsdc.org/about/economic-impact-reports/>

⁶ <https://quickbooks.intuit.com/r/small-business-data/nawbo-survey-2022/>

Sources of capital for Black women and Latina owned business are often challenging and less readily available to access due to systemic barriers and structural difference in how data are collected on profitability, credit scores, and other indicators of business health.

- **Bank Loans:** Investment in women and minority-owned businesses (WMBEs) in the United States, are 80% lower than the median investment in businesses overall.⁷ WMBE pay higher interest rates and are more likely to require a cosigner. More expensive loans push entrepreneurs into less-capital intensive industries and limit economic growth.⁸
- **SBA Loans:** The U.S. Small Business Administration (SBA) sets guidelines for loans to reduce small business risk. Since 2020, there has been outsized growth in loans to Black-, Latino-, and women-owned businesses. From 2020 to 2024, the loan count tripled to Black-owned businesses, increased by 2.5% to Latino-owned businesses and doubled to women-owned businesses.⁹
- **Venture Capital:** In 2020, 2.6% of venture capital funding was raised by Black and Latinx founders. In Black and Latinx-founded companies, 36% have a female founder, much higher than the 21% of businesses overall.¹⁰
- **Community-Based Initiatives:** For many Black women and Latina business owners, their cultural and social identity and sense of place significantly impact the process of launching and operating their venture. Small and localized community-based and non-profit initiatives help provide a community and a network of allies who understand and help address their unique challenges and remove structural barriers.^{11,12} For example, programs such as Minority Business Development Agency’s Capital Readiness Program enrolled 6,326 entrepreneurs in workshops and seminars in 2024.¹³
- **Networking Opportunities:** Networks can provide access to potential investors as well as educational resources for funding and business development strategies.¹⁴ For WMBE these tend to be smaller and more regional opportunities. More than half of women leaders (53%) are less than fully satisfied with their access to networking opportunities.¹⁵
- **Crowdfunding:** The rise of equity crowdfunding has emerged as a potential alternative funding source to gain capital from a broader investor pool, reducing their reliance on traditional funding avenues.¹⁶ Successfully raising capital through crowdfunding has been shown to reduce the rate of business failure.¹⁷ A variety of WMBE-focused crowdfunding sites have emerged (e.g., The LendingClub, Funding Club, Women You Should Fund, IFundwomen, fundBLACKfounders, Seedinvest, MainVest, Pinkstart LGBTQ). However, women and minority led companies only represented 37% of all campaigns.

⁷ <https://www.forbes.com/sites/maggiagermano/2018/12/11/investors-think-they-are-fair-but-minority-owned-businesses-are-left-out/>

⁸ <https://www.marketplace.org/2024/12/20/loan-disparities-interest-rates-minority-owned-businesses-black-hispanic-women/>

⁹ https://www.sba.gov/sites/default/files/2024-10/Capital%20Impact%20Report%202024_Final_1.pdf

¹⁰ https://about.crunchbase.com/wp-content/uploads/2020/10/2020_crunchbase_diversity_report.pdf

¹¹ <https://themetropole.blog/2024/11/20/latinx-entrepreneurs-in-philadelphia-a-legacy-of-resilience-and-growth/>

¹² <https://www.urban.org/research/publication/black-entrepreneurship-and-education-training-and-workforce-development>

¹³ <https://www.mbda.gov/about-mbda/year-in-review/2024-year-in-review>

¹⁴ Jackson, T. M. (2021). We have to leverage those relationships: How Black women business owners respond to limited social capital. *Sociological Spectrum*, 41(2), 137–153.

¹⁵ <https://www.fastcompany.com/90928170/time-retire-stereotype-women-worse-networking-than-men>

¹⁶ Yasar, B. (2021). The new investment landscape: Equity crowdfunding. *Central Bank Review*, 21(1), 1–16

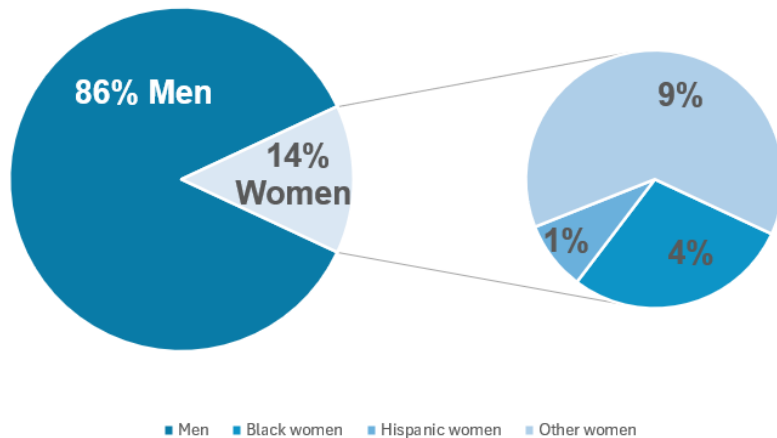
¹⁷ <https://www.sec.gov/files/oasb-women-minority-businesses-crowdfunding-report.pdf>

Spotlight on the Paycheck Protection Program (PPP)

The CARES Act, passed in March 2020, included the Paycheck Protection Program (PPP) which designated \$350-billion for small businesses in the United States to help keep their employees during the COVID-19 pandemic.

- The majority of loans made to small businesses were for up to \$150,000. However, the distribution and efficiency of the assistance was not equitable with only 1% loaned to Black women and 4% to Hispanic women owned businesses.¹⁸
- In 2020 and 2021, non-White-, Hispanic-, and female-owned small businesses received smaller PPP loans than their business counterparts of the same size,¹⁹ and yet on average, women-owned firms saved more jobs.²⁰ Small businesses in communities with higher levels of socioeconomic vulnerability, particularly those owned by Latinos and African Americans, were less likely to have received PPP loans.²¹ These lower rates of access to funding may have been influenced by the complex application process, a lack of established banking relationships, and systemic discrimination in lending practices.²²
- Approximately 5% of PPP loans up to \$150,000 were to Black women (414,811) and Latina women (126,430) owned business.
- The loan amounts ranged in size from \$102 to \$149,997. For Black women, the average loan amount was \$17641.34 and the median was \$20000; for Hispanic women, the average loan amount was \$21782.68 and the median amount was \$16519.
- The majority of these businesses were in urban areas, were more than 2 years old, and had between 1-5 employees (see Table 1).
- The types of business were distributed across a wide range of industries with Black women-owned business predominately in “Other Services” (31%) and retail (12%) and Hispanic women-owned businesses in “Other services (19%), healthcare (12%) and professional, scientific, and technical services (12%).

Figure 2: Gender Distribution of PPP Loans to up to \$150K
(N= 10499686 loans)
Detail to Black and Hispanic Women Owned Businesses



¹⁸ SBA, 2024 https://data.sba.gov/dataset/ppp-foia/resource/7e4f672f-d163-4735-a5ec-f23afa2835db?inner_span=True

¹⁹ Demko, I., & Sant'Anna, A. C. (2023). Impact of Race, Ethnicity, and Gender on the SBA Paycheck Protection Program (PPP) Loan Amounts. *Economic Development Quarterly*, 37(3).

²⁰ Kickul, J., Griffiths, M. D., Robb, C. C., & Gundry, L. (2021). All for one? The Paycheck Protection Program distribution disparity. *Journal of Entrepreneurship and Public Policy*, 10(3), 323–335.

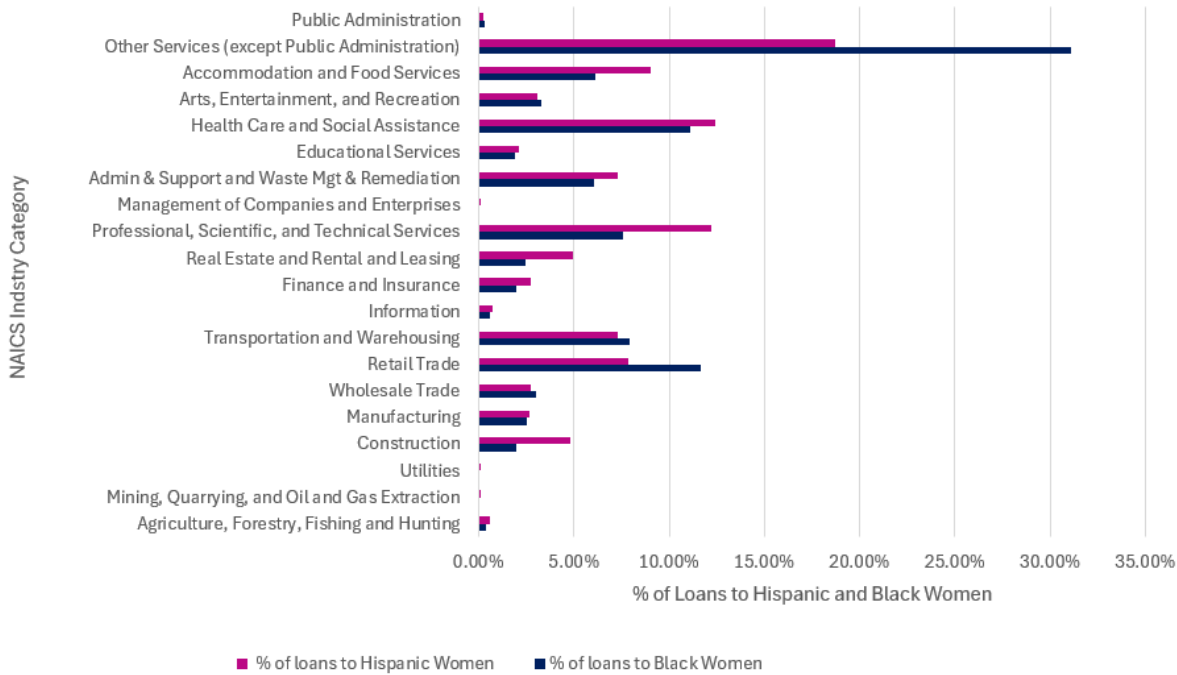
²¹ Wang, Q., & Kang, W. (2023). Small businesses and government assistance during COVID-19: Evidence from the paycheck protection program in the U.S. *Environment and Planning A: Economy and Space*, 55(8), 2147–2165.

²² Evans, A. (2021). The mistreatment of Black-owned businesses during the first and second rounds of the paycheck protection program. *Rutgers Bus. LJ*, 17, 107.

Table 1: Characteristics of PP

Recipient	Number of loans	Urban location	Business Age			Jobs at business			
			Existing Business	New Business	Startup	1-5	6-25	26-100	101-500
Black Women	414811	368089	401319	6257	8	400774	13021	934	80
		88.737%	96.7%	1.51%	0.002%	96.62%	3.14%	0.23%	0.02%
Hispanic Women	126430	110758	116188	6643	26	105970	19090	1247	123
		87.60%	91.90%	5.25%	0.02%	83.82%	15.10%	0.99%	0.09%

Figure 3: Distribution of PPP Loans to Hispanic and Black Women by Industry



Facilitators to capital have emerged in unanticipated ways during the post-pandemic period (2019-2024). Building on the success and innovation of these opportunities can strengthen and continue this growth for Black women and Latina entrepreneurs (see Table 2 for details).

Table 2. Facilitators to Accessing Capital

Capital Type	Barrier
Financial Capital	Latina and Black women entrepreneurs tend to be younger and create smaller business enterprises which are more likely to be innovative and nimble and require less start-up capital.
	Pandemic stimulus payments provided an influx of capital and the timing of payments mirrored the new business registrations, particularly in Black communities.
Social Capital	A large number of potential entrepreneurs had more information to plan and start serious businesses by 2021 and this continued through 2023.
	The pandemic changed many work attitudes, including the feasibility of remote work and the benefits of being your own boss.
	There has been a likely surge in individuals as sole proprietors who have added business activities as supplemental to wage and salary income.
	Social media influencers appear to be creating new opportunities to create and develop social capital.

Barriers to capital still exist and negatively impact venture creation for Black women and Latina entrepreneurs (see Table 3 for details). The multitude of federal small business programs and policies have not kept pace with the exceptional technological, economic, financial, business, and demographic changes in recent years. New approaches are needed to address the substantive gaps in support for minority and women-owned businesses, such as technical assistance on loan readiness, advanced tax, legal, or marketing supports.²³

Table 3. Barriers to Accessing Capital

Capital Type	Barrier
Financial Capital	Latina and Black women entrepreneurs tend to receive disproportionately less venture capital and bank loans compared to their male counterparts and white entrepreneurs, exacerbating financial disparities from the business inception stage.
	Women, especially those with intersectional identities, are more likely to be viewed through biased lenses, leading to lower chances of receiving adequate funding.
	Discriminatory lending practices, higher interest rates, and inadequate representation within venture capital firms, where biases against women and minority entrepreneurs lead to a lack of investment opportunities
	COVID-19 pandemic significantly affected overall business operations for Black and Latina entrepreneurs, increasing operational challenges and further worsening access to capital
Social Capital	Limited or non-existent professional networks often hinder their business growth and fundraising capabilities.
	Encountering racial and gender stereotypes can discourage Latina and Black women entrepreneurs. Negative preconceptions not only affect their interactions with potential investors but also impact their self-perception and confidence in seeking support

²³ <https://www.urban.org/research/publication/federal-small-business-supports>