

## **African American Female Entrepreneurs: What keeps them Successful?**

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*Female entrepreneurs contribute to society significantly. According to data gathered by National Association of Women Business Owners (2017), “More than 9.4 million firms are owned by women, employing nearly 7.9 million people, and generating \$1.5 trillion in sales as of 2015”. This increase is expected to continue in the United States more than half of the 9.72 million new jobs created in the Small and Medium Enterprises (SME) sector by 2018 will be created by women owned- SMEs. Among African American female entrepreneurs, according to National Association of Women Business Owners, “2.9 million firms are majority-owned by women of color in the U.S. and these firms employ 1.4 million people and generate \$226 billion in revenues annually.*

*It is therefore essential to understand the underpinning causes that encourage female entrepreneurship among African-Americans, but also those factors that are somehow limiting and restrictive of their growth. This review discusses the impact of factors such as spousal emotional support, faith, work life balance and mentorship on African American female entrepreneurship.*

### **INTRODUCTION**

President Trump supported female entrepreneurs by stating, “As President, I am committed to ensuring that women entrepreneurs have equal access to the capital, markets, and networks of support that they need, and I mean really need. And it’s going to happen. This is a priority for my Administration. I campaigned on helping women in the workforce, and we are going to deliver on that promise, believe me. (The White House).” President Trump has made women empowerment and entrepreneurship a priority by signing two laws that apply directly to women. The laws are: Canada-United States Council for Advancement of Women Entrepreneurs and Business Leaders and Inspiring the Next Space Pioneers and Innovators and Explorers Act.

In a meeting at the White House on February 13, 2017, President Trump and Prime Minister Trudeau creation of the Canada-United States Council for Advancement of Women Entrepreneurs and Business Leaders. President Trump asserted, “In order to create economic growth and lots of very good, well-paying jobs, we must ensure that our economy is a place where women can work and thrive.” He continued his support for female entrepreneurs by stating, “This initiative is more than just about dollars and cents. This is about ensuring that women have access to the same opportunities as men, and prioritizing the support and empowerment of women who are senior business leaders and entrepreneurs. In doing so, we’ll grow the Canadian and American economies, and help our businesses prosper” (White house, 2017 Retrieved March 12, 2017).

While these initiatives are helpful in aiding in the recognition of support of women and female entrepreneurs, there is still work to be done in recognizing female entrepreneur's contributions made to society.

## **SPOUSAL EMOTIONAL SUPPORT**

Several studies have been undertaken to evaluate the environmental factors and/or personal characteristics that are conducive to the growth and development of an entrepreneur. However, less research has been focused on studying inter-personal dynamics, especially related to family and spousal support and their impacts on entrepreneurship. For example, in a qualitative study conducted by Norma and Sequeira (2017), the researchers aimed to explore the environmental factors and resources that play a role in the success of female African-American entrepreneurship. The study highlighted several individual level factors, like personality of the entrepreneur, financial capital at hand, and social support in the terms of spousal and family support, also play a role in the success.

Other research has explored the impact of marital status from a financial (rather than emotional support) point of view. For example, according to Casserly (2013), African-American marriage rates are estimated at 40% (Grant, 2010), indicating the majority of women may be single parents, and therefore, implies a low income level or assets that could be input into their business ventures.

Social support has also been studied from the point of view of the ability (rather, lack of ability) of minority women to form cross-cultural, cross-gender, and cross-economic social relationships, that further hamper their success as entrepreneurs (Casserly, 2013). Research shows entrepreneurs who had support from their family, both in terms of financial, practical and emotional support, were more likely to succeed in their business (House, 2000). This research included 75 African-American small business owners from Cleveland (House, 2000), but did not target exclusively on female African-American entrepreneurs, but the results indicated that social support as well as supportive economic culture, enhanced the chances of success of the entrepreneur. A study conducted by CPS Current Population Survey, (CPS, 1994-2001) analyzed how marital status and presence of other earning adults impacted upon the employment vs entrepreneurship status of individuals. The researchers found a direct link between marriage and having other sources of household and positive impact on business success for both genders, and both African-Americans and White entrepreneurs.

In another study using 253 small and medium enterprises (SME) founders, where 10% respondents were African-American (however, the male to female ratio not mentioned by the researchers), the researchers found that female entrepreneurs were able to take greater advantage of family's financial and emotional support and translate it into business success, when compared with their male counterparts (Powell & Eddleston, 2013). The reason for this was that female entrepreneurs did not inherently possess financial or social capital and could benefit from family support, while men already possessed such support and could not take more advantage of family's contribution (Powell & Eddleston, 2013).

Though most available research has focused on family support in the context of financial, social capital or physical support, and almost no research found on impact of emotional support, it can be concluded that though the issue of social support has been discussed at the societal level little research has been focused on fully understanding the impact of spousal emotional support on the success of African-American female entrepreneurship.

## **FAITH**

Research on the role of faith on the success of entrepreneurship is rare (especially in the context of African-American female entrepreneurs), and mostly focuses on the statistics pertaining to protestant faith bringing forth more entrepreneurship than others owing to the inherent characteristics of the religion. For example, a study that focused on the African-Caribbean Pentecostals, found that faith enabled them to acquire entrepreneurial identities and values, and to exploit cultural and network resources that led to the success of the business ventures (Nwankwo and Gbadamosi, 2013). While this study was not about

African-Americans or female entrepreneurs, it does highlights the role played by spirituality and religion in the way entrepreneurs approach their businesses. In the same way, some research has been focused on assessing the impact of faith or spirituality on the decision related to taking up entrepreneurship. For example, a program for entrepreneurship development focusing on developing life skills and religious worldviews, was used to lead students to taking up new entrepreneurship. The OneLife program taught faith based elements and structured entrepreneurship around the idea that it is an opportunity to serve a higher purpose, and it was deemed to positively encourage students to take up entrepreneurship (Wentz, 2017)

Sims et al (2015) explored the mindsets of 20 African-American female entrepreneurs regarding their scope of success, and found that they felt ambiguity regarding success and were caught in conflicts and tensions related to their environment. The women were found to assess themselves positively in their own self-assessment, but they believed that outsiders and others viewed them in a more negative light due to their ethnicity and gender. The positive self-assessment by 10 of the 20 female entrepreneurs also included holding firm belief in God, having a strong faith, and regular practice of prayer and spirituality (Sims et al, 2015). It can therefore be concluded from this research that faith plays a strong role in giving motivation and confidence to female African-American entrepreneurs. There is however, research in the context of role played by faith in the work-life of African-American entrepreneurs. Some research is available from Ghana, where researchers found that female entrepreneurs invoked god and faith for their business-related challenges and also included hope and divine support for their future ventures (Reid, Roumpi and O'Leary-Kelly, 2015).

## **WORK-LIFE BALANCE**

Some of the reasons that women start their own ventures include glass ceilings at their existing corporate jobs, better time management and flexibility to care for children or parents, low cost of technology and overall low barriers to start up, and an economy that is opening up paths for innovative ideas and niche businesses (Credit Union National Association, Inc., 2006). However, research shows that most female-owned ventures are operated part time, run from home during night times or on weekends, and mostly employ no employees or only part time employees (Credit Union National Association, Inc., 2006). These facts suggest that the need to balance work and personal life is high and women tend to develop their ventures around their personal lives, rather than focus on them fully and consistently. Another study revealed that their participant subjects ,62 African-American female entrepreneurs, defined success as not just financial or economic growth, but as the ability to manage family, spend more time with family, and the ability to provide wealth to their family (Robinson, Blockson & Robinson, 2007).

## **MENTORING**

Several studies that shown that there is a need for training and providing advisory services to female entrepreneurs, especially in the context of female owned small firms (Carter, 2000). However, there appears to be a lack of literature discussing the availability of such support services, especially in the context of governmental policy as well as implementation. The research in the context of African-American female entrepreneurs and their needs for mentorship are even less explored in literature.

In an earlier study (Lownes-Jackson, 1999), the researchers aimed to determine the education and training needs of African-American entrepreneurs. The survey was conducted among 500 African-American female business owners, and found that in addition to the basic traditional business management training, the women indicated their need to acquire training on growth and expansion in a global world, developing marketing and operational strategies, procurement, computer aided management processes and human resource management. However, very few entrepreneurs indicated that they required training for diversity management or ethics or social responsibility (Lownes-Jackson, 1999). The researchers however, failed to incorporate mentoring as the need in their questionnaire, and as such, there

was no data regarding the entrepreneurs' opinion about mentoring. In another research, the participants developed and tested a 20-item Mentor Expectations Measure (MEM) and found that mentorship expectations did not change with their protégé's gender or race; instead the mentor's expectations were linked with their social dominance orientation or SDO – the higher the perceived social dominance of the mentor, the lesser he or she expected of the protégé. However, the researchers also acknowledged that the a culture of mentorship was essential for personal and organizational growth. This research involved race (African-American) as a factor, but could not establish any distinct differences between a mentor's approach toward any race. Also, the research was aimed at assessing organizational mentorship, rather than mentorship that could groom employees toward entrepreneurship (Martin and Bok, 2015). This research may imply that that there are no race or gender specific needs or factors that impact upon mentorship. However, other researchers have found several specific requirements for female entrepreneurs. For example, in a research that paired 52 female early stage entrepreneurs, with 52 experienced entrepreneurs, found that the female participants self-reported to be satisfied with the outcomes of the mentorship program. The mentees were able to learn new skills and knowledge and also transfer them to their personal and professional lives. They also gained in self-confidence and reported the training to have helped them in starting up their new entrepreneurship (Sarri, 2011). These findings signify that there is a need for entrepreneurship training and mentoring, the fulfillment of which needs to be incorporated in policy making decisions related to boosting female entrepreneurship in general. This research however was undertaken with a limited sample, and did not segregate findings related to race or mention the inclusion or impact of African-American women in the sample size. As seen in the above research, research with African-American entrepreneurs and their mentoring needs is rare. However, there is some research from other parts of the world, for example, Greece, that suggests the potential of e-mentoring – where the mentoring is done via online resources. This research provided evidence that mentees (Greek female entrepreneurs) positively benefited from the program in terms of developing innovative thinking, generating comfort with ambiguity, and enhancing flexibility of thought and approach. The mentees also had enhanced self-confidence that helped them develop and use better people skills (Kyrgidou and Petridou, 2013).

## CONCLUSION

The review of literature also revealed that there is little focus on studying impact of mentoring programs on the skills and abilities of African-American entrepreneurs. For example, while there is also some evidence of research on the impact of mentoring programs on African-American female doctoral students in educational leadership programs (Grant, 2012), on impact of mentoring on African-American research students and their outcomes in terms of productivity in research (Evans and Cokley, 2008) and impact of mentoring on African-American women's intention and ability to choose a career in higher education (Crawford, 2005) – there are hardly any studies that have exclusively focused on African-American female entrepreneurship from the mentoring perspective. This indicates a notable gap in literature, especially as there has been a noteworthy growth in the African-American female entrepreneurship in recent times.

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