Growth in Minority Women-Owned Businesses

Aisha Al-Muslim
The number of businesses owned by minority women is rapidly growing on Long Island, mirroring a national trend that is strengthening the economy and generating jobs, business experts and entrepreneurs say.

New U.S. Census Bureau data on business ownership underscores the increasing number of firms in the United States that are owned by women who are in minority groups.

The census findings show that from 2007 to 2012 the percentage of firms owned by minority women climbed sharply — counting U.S. firms with at least $1,000 in annual receipts, and with or without employees. There were 1.52 million black-women-owned businesses nationally in 2012, an increase of 66.9 percent since 2007. There were 1.47 million Hispanic-women-owned businesses in 2012, an increase of 86.6 percent since 2007. And there were 749,197 Asian-women-owned businesses, an increase of 43.3 percent since 2007.

The growth in firms owned by minority women outstrips the increase nationally in firms owned by minority men. And the percentage of firms owned by non-minorities actually declined more than 5 percent in the same period.

For Nassau and Suffolk counties, the census survey doesn’t provide race distinctions by gender. But broadly speaking, the number of women-owned firms and firms owned by male...
Taking charge

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and female minorities on Long Island grew from 2007 to 2012, while the number of white-owned and men-owned firms has decreased.

Experts say they see the national trend of more minority women starting businesses on Long Island as well.

“We are seeing more minority women taking the lead as business owners,” said Karen Bomzer, co-chair of the Long Island-based Independent Business Women’s Circle. “They are the ones who have the confidence to start their own businesses. Many minority women do not understand or fit into the corporate culture, so they go off on their own.”

Like generations of entrepreneurs before them, these new business owners say their endeavors are worth all the hard work because they have control over their own career path, work schedule, finances and legacy.

“Doing everything on your own to start a business is a task itself, but I love it,” said Vietnam-born Tiana Le, 49, of Melville, founder of Le Fusion, an Asian fusion food specialty company selling baked spring rolls and buns. She left her full-time job as an account executive for an IT staffing company to start her business in 2014 because she felt it was the perfect time to pursue her love of cooking and wanted to control her own economic destiny, she said.

Changing demographics

The rising number of minority women-owned firms may reflect the changing demographics on Long Island, experts said. The number and percentage of non-Hispanic whites on the Island have been declining for several years, while those numbers have increased for minorities.

“Some of it has to do with the population change that happened between 2007 and 2012,” said Elena Volovelsky, an analyst in the state labor department’s Manhattan office. “The population has become in general less white.”

The trend has been occurring for almost two decades. From 1997 to 2015, the number of women-owned businesses in the United States grew by 74 percent, according to the recently published “2015 State of Women-Owned Businesses Report” commissioned by American Express OPEN, a unit of the company focused on small business. Women now own 30 percent of all businesses, with African-American women controlling 14 percent of these companies, the report found.

“There is definitely some momentum building for women-owned businesses,” said Julie Weeks, research adviser to American Express OPEN. “That same momentum is also building for minority-owned businesses. I think five years from now the trend will be more positive than it is today.”

Out of ‘informal economy’

To some extent, the growing count of these businesses reflects their emergence from what economists call the informal economy.

“We have always been in businesses, but it has been all undercover,” said Charlene Thompson, minority- and women-owned business enterprises (MWBE) committee chair of the Long Island African American Chamber of Commerce and president and CEO of Baldwin-based Thompson Economic Development Services. “We may have run it out of our home kitchens. Historically, we have always been entrepreneurs. Because of government incentives and structured programs, we have been legitimizing those businesses so we can qualify for those contracting opportunities.”

Experts also say that, as in the nation, minority women on Long Island frequently create firms in fields such as health care, social assistance, educational services, and personal services.

Entrepeneurship is on the rise, particularly among minority women, because of easier access to information online about how to start a business. They also start their own businesses because they do not see themselves rising through the ranks of the traditional workforce, they can’t find work or they want to commercialize their talents, experts say.

“We see many cases of necessity entrepreneurship,” said Amanda Brown, executive director of the National Women’s Business Council, a federal advisory council based in Washington, D.C. “At the end of the day, you need to make money and provide for your family. They are choosing entrepreneurship to control their schedule and what they are going to be doing.”

That was the case for Vivian Jarrett, owner of Tainos, who turned a hobby of making Puerto Rican-inspired all-natural sofrito, mojos and adobos, which are seasonings used as cooking bases, into a full-time job. Jarrett, 35, of Port Jefferson, runs her specialty food business out of a commercial kitchen space in

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Source: U.S. Census Bureau; The National Women’s Business Council
VIVIAN JARRETT is the owner of Tainos, which makes sofrito, adobos and mojos, Puerto Rican-inspired cooking ingredients.

Despite the increase in minority-women-owned businesses, they continue to lack access to capital necessary to launch and grow their businesses because many have no credit history or low credit scores, Brown said.

For them, getting a bank loan from a large financial institution might not be the best option. Better alternatives may be getting a loan from community banks, peer-to-peer lending, hybrid loans that use credit card payment history and consider other nontypical collateral, and crowdfunding, often conducted via the Internet.

“The capital challenges can be more complex for minorities, and specifically minority women, who are dealing with different credit history and wealth generation,” said Brown, adding that minority-women-owned businesses make significantly less in revenue than women-owned businesses on average.

‘Old-boy network’

Minority-women entrepreneurs can also face challenges navigating male-dominated industries as they seek business opportunities that rely on networking, Thompson said.

“The ‘old-boy network’ remains an issue,” said Thompson, an attorney who started her community and small-business development consulting services in 2011. “As a black woman, how can we be seen as assertive without being deemed aggressive or angry as we work to grow our businesses?”

Thompson’s company has been certified as a minority- and woman-owned, small, disadvantaged business by Nassau County and New York State since 2012. Through the Long Island African American Chamber of Commerce she has been leading workshops in which she trains more business owners to seek similar state certification. For-profit businesses at least a year old and at least 51 percent owned by a woman or a minority are eligible to apply for certification.

Such certification can be valuable. To boost the participation of minority- and women-owned businesses, Gov. Andrew M. Cuomo in October 2014 set a state goal to award 30 percent of government contracts to them. At the time, the state’s MWBE utilization had reached 25 percent of contracts, surpassing the original 20 percent commitment Cuomo made in 2011.

There are 7,184 certified MWBE firms in the state, of which 860 are on Long Island, according to a state directory.

In October, Nassau County Comptroller George Maragos introduced the first MWBE Advisory Committee to assist the county in doubling the participation in contracts by minorities above the current level of less than 8 percent.

“We should make an effort to be more inclusive and make the participation much higher than we are achieving,” Maragos said. “Once some firms start seeing the success, then it is going to spread within the community, and other firms may want to register and achieve similar successes.”

Phil Andrews, president of the Long Island African American Chamber of Commerce, said the minority community is starting to take interest in starting businesses because of available government funding and contracts.

“We have come a long way in the area of MWBE development, but we have a long way to go,” Andrews said. “The money is being spent, but the numbers of businesses need to increase.”