The State Of Black Women Entrepreneurs during COVID-19
COVID-19 has completely turned the world upside down. Businesses have been forced to pivot and figure out how to stay afloat. Many are struggling but, as recent data has revealed, Black Americans are disproportionately impacted by the pandemic. While the long-term impact of the pandemic on Black Americans won’t be clear for some time, the emotional, psychological, and economic toll is already being felt by millions across the country.

In response to these troubling trends, digitalundivided set out to gain a more holistic understanding of the short and long-term implications of COVID-19 on Black women entrepreneurs; a group long overlooked in research, but central to the social, cultural, and economic sustainability of the Black community. Through existing research and proprietary data collection, we found that:

- **98%** report that their business has been directly impacted by COVID-19
- **82%** report that they have experienced “decrease/loss of revenue”
- **Only 12%** expressed an ability to pay themselves a sustainable wage
- **51%** report that their businesses will sustain themselves for “less than one month”

Now is the time to advocate for concrete policy and targeted initiatives that support the immediate investment in communities of color. Black women need immediate and long-term financial support to weather this pandemic and to stay in the entrepreneurship arena for the long haul.
As the nation approaches its fifth month of tackling the coronavirus pandemic, the glaring disparities between racial and ethnic groups in America has become even more apparent. Data out of Milwaukee released at the beginning of April provided the first indicator that Black Americans are being disproportionately impacted by the pandemic, both in the number of hospitalizations and deaths. At the time, Black Americans accounted for almost half of Milwaukee county’s 945 cases and 81% of its 27 deaths, despite being just 26% of the total population.[1]

In New York City, the area hardest hit by the pandemic, Black Americans are dying at twice the rate of their white counterparts. In Chicago, Black Americans account for roughly half of all cases and 70% of all deaths, while they comprise just 30% of the cities’ population.[2]

Similar trends are being reported across all states and municipalities that have published COVID-19 data segmented by racial/ethnic groups. While the long-term impact of the pandemic on Black Americans won’t be clear for some time, the emotional, psychological, and economic toll is already being felt by millions across the country.

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At digitalundivided, we are committed to collecting and analyzing data that unpacks the unique experiences of Black and Latinx women entrepreneurs. This focus is of critical importance, especially today, as the racial divide of the COVID-19 pandemic becomes more apparent.

Alongside significantly higher rates of infection, recent data indicates that Black & Latinx communities are also experiencing widespread economic fatalities. Black and Latinx Americans are more susceptible to layoffs [3], and women of color are significantly more likely to occupy jobs deemed as essential, putting them disproportionately on the frontlines of this deadly virus.[4].

At the same time, data from the Covid Loan Tracker indicates that federal loans intended to provide support to small businesses via the Paycheck Protection Program have been heavily skewed toward larger businesses with pre-existing lending relationships with banks — a trend that systemically ignores cash-strapped Black & Latinx entrepreneurs who are traditionally locked out of these funding opportunities.

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On April 5th, DID launched the **Doonie Fund**, an initiative created by our CEO Kathryn Finney to make micro investments in Black women entrepreneurs impacted by the crisis. Below is a snapshot of the experiences of 1,157 Black women who have applied to the fund, thus far.

Building on our initial report of COVID-19’s impact on women of color entrepreneurs, we asked applicants a series of questions about how COVID-19 and corresponding shelter-in-place orders have impacted their businesses and finances, more broadly. Before the global crisis took hold, 77% of those surveyed were working for their companies full-time, and the other 23% part-time.

Of those surveyed, **98% report that their business has been directly impacted by COVID-19.**

As seen in Figure 2, 82% of entrepreneurs surveyed report that they have experienced “decrease/loss of revenue,” as a direct result of the pandemic, while 67% report “decrease/loss of customers,” as one of the most immediate impacts on their business. Another 21% have experienced a “decrease/loss of staff” as a result of the pandemic, a figure that is consistent with the reports of widespread layoffs and record unemployment.[5]
When asked if they are currently able to pay themselves a sustainable wage, only 12% expressed an ability to do so (see Figure 3). Of those who are able to continue to support themselves, their main sources of income include alternative full-time employment (41%) and savings (41%), followed by part-time employment (20%) and family support (17%).

Additionally, when asked how long they believe their businesses will be sustained given current revenue and access to funds, the majority report that their businesses will sustain themselves for “less than one month” followed by 39% able to sustain their businesses for “3–6 months” (see Figure 4).

Open-ended responses provide even more insights into the current experiences of Black women entrepreneurs. We asked respondents to provide specific examples of the pandemic’s impact on their lives and businesses. Some of the most prominent responses include illness and hospitalization (of themselves and/or their relatives), the loss of valuable networks, and serious economic hardship including the inability to pay rent and buy food.
One respondent recounts her experience losing a major contract as a result of the crisis, stating;

“I had just secured a contract with a university to create a black business accelerator - the largest contract I’ve had thus far. However, the university is now closed and has more important tasks to tend to, and corporate funders are redirecting funds. So the project is dead, indefinitely.”

Another respondent, whose company is a digital platform that helps women of color find and book hair appointments, wrote about the heightened impact on Black women owned businesses deemed non-essential;

Her comment reflects a critical finding - the impact of COVID-19 on industries traditionally occupied by Black business owners; companies geared toward haircare, beauty, and health.

“Beauty salons are not considered essential businesses, so have been closed by orders of each state. As such, our primary source of revenue has been discontinued until beauty salon professionals are able to return to work. This has impacted our core revenue stream, and in March we saw a nearly 70% decline in gross revenue. We champion small, minority-owned businesses and have been deeply impacted by COVID-19. We want to weather this storm so we can continue to help support local ecosystems through our platform.”
Based on 2019 data from the Guidant Financials' survey of over 3,000 business owners, roughly 9% of Black owned businesses are in the health, beauty, and fitness industry, with another 18% in food and restaurant, and/or retail — industries that have been deemed non-essential in the US, and have been significantly impacted by statewide shelter-in-place orders (See, Figure 5).*

*At the time this research was conducted, food & restaurants were deemed non-essential.

TOP FIVE SMALL BUSINESS INDUSTRIES

1. BUSINESS SERVICES - 20%

2. HEALTH, BEAUTY, AND FITNESS SERVICES - 9%

3. FOOD AND RESTAURANT - 9%

4. RETAIL - 9%

5. CONSTRUCTION AND CONTRACTING - 8%

Figure 5: 2020 Trends for Black Entrepreneurs: Small Businesses Survey: Guidant Financials
Our survey results echo these findings. As seen in Figure 6, of the over 400 respondents we collected industry data for, 28% are in the e-commerce/retail/food and beverage industries including beauty and cosmetics.

While more data collection on COVID-19’s impact is needed, our preliminary research suggests that there is a significant and disproportionate burden faced by Black communities and particularly by Black women entrepreneurs in the US.

Organizations like digitalundivided that are committed to catalyzing economic growth in Black & Latinx communities are supporting not only with data and research, but also with immediate action. Since April 5th, our COVID-19 relief initiatives, like the BIG Alumni Relief Fund and The Doonie Fund, have made micro investments in over 1,000 Black women entrepreneurs who needed financial support to combat this global pandemic. With our fund’s waitlist in the thousands, there is an abundantly clear need for less talk and more action to support Black & Latinx women entrepreneurs.

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Citations.


