

Afro-Caribbean Women Entrepreneurs

Barriers to Self-Employment in Toronto

by Jacqueline L. Scott

L'auteure analyse les résultats d'une étude portant sur l'identification des barrières qui se présentent aux femmes afro-antillaises qui vivent à Toronto et qui travaillent à leur compte. Le manque de financement, les responsabilités

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familiales et le peu de confiance en soi sont quelques-unes des barrières identifiées par l'étude.

What are the barriers to self-employment for Afro-Caribbean women in Toronto? This question arose from my work as a trainer/consultant in the Small Business Training Program at the YMCA Enterprise Centre. The mandate of this federally-funded program is to provide training, consultancy, and support services to disadvantaged people who want to start their own business. This group includes those receiving social assistance, women, ethnic minorities, Natives, and people with disabilities. The mission of the YMCA Enterprise Centre was "self-sufficiency through self-employment." This study was undertaken in order to identify the factors which prevented 84 per cent of the participants from pursuing their entrepreneurial dream after attending the program.

While the participants represented a range of ethnic backgrounds and an even complement of females and males, it was immediately noted that young white men were the most likely to succeed. The next most likely to succeed were white females, then visible minority males. Visible minority females had the lowest success rate.

Canadian women of Afro-Caribbean descent were chosen as the research subjects for this study for three reasons. First, they were one of the largest groups of participants in the program. Second, it was noticeable that few of these women completed the program requirement of writing a business plan. Third, I have a personal interest in the area: I will shortly be resuming my adventures as an Afro-Caribbean woman entrepreneur.

Context of the study

Only two to three per cent of those who intend to start

a business actually do so, and little is known about those who are unable to proceed with the venture (Peacock). Given the federal government's promotion of entrepreneurial training as an aid to reducing unemployment and creating jobs, it is important to understand why most participants in these programs do not start businesses.

Afro-Caribbean women, like all females, are not prominent in studies of entrepreneurship. The studies are heavily biased towards the male entrepreneur. Even when women are studied, a male bias results from the use of male behaviour patterns as the norm for all entrepreneurs (Stevenson). This bias occurs when women entrepreneurs are being compared to men and when only women are the subjects of the study (Rhyne; Hisrich and Brush, 1986).

In the literature on female entrepreneurship, Afro-Caribbean women are rarely the central subjects of the study. They are either altogether absent or are treated as residual categories (Belcourt et al.; Goffee and Scase). Studies on Afro-Caribbean women entrepreneurs are so rare that even in Westwood and Bhachu's exemplary feminist study of ethnic minority women in business, Afro-Caribbeans are inappropriately included in a chapter that examines early motherhood among teenagers.

Successful women entrepreneurs are invariably drawn from the middle and upper classes (Belcourt et al.; Goffee and Scase). Unsuccessful ones are more likely to be from the working class (Peacock). However, class is not included as an analytical category in the entrepreneurial literature. Authors simply allude to class in passing, and do not treat it as a key variable.

The gender and ethnic biases in the entrepreneurial literature mean that Afro-Caribbean women are omitted or under-represented as research subjects. Authors often assume that Afro-Caribbean women's experiences can be inferred from studies of other groups. This inference occurs in two ways (Collins; Hooks; King). First, when ethnic entrepreneurs are the subjects, it is assumed that they are male, and when female entrepreneurs are the focus, it is assumed that they are white. Second, Afro-Caribbean women entrepreneurs' experiences are seen as synonymous with that of either white females or black males. While research on white female and black male entrepreneurs may illuminate the factors which affect self-employed Afro-Caribbean women, these studies cannot substitute for studying the women directly, noting that gender and ethnicity intersect in Afro-Caribbean women entrepreneurs.

Methodology

The 221 research subjects were a purposive sample

comprising all the women who entered the YMCA Enterprise Centre between April 1991 and April 1993, and who did not go on to start a business. The women were telephoned and asked to respond to a semi-structured questionnaire. The response rate was 29 per cent (64 women).

The questionnaire covered six topics which other researchers have identified as key reasons for not starting a business. These topics were: finance, family responsibilities, readiness and confidence, changes in education, and changes in employment status. The answers of the Afro-Caribbean, visible minority, and white women were then

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compared and contrasted. Note that the visible minority group does not include Afro-Caribbeans.

Results and discussions: general characteristics

Twenty-two women identified themselves as Afro-Caribbean. Of these, 95 per cent are immigrants, most arriving in Canada between 1979 and 1989. Eighty-five per cent of the 13 visible minority women are also immigrants. Ninety per cent of the 29 white women were Canadian-born, of British descent.

All but one woman wanted to start a business in the service and retail sectors, a choice which typifies the small business trend (MITT). These sectors are characterized by fast growth, low start-up costs, long hours, and low profits (Good and Levy). The most popular businesses among the women were fashion design, food services, import/export, graphic design, stores, and child care services. The Afro-Caribbean women (41 per cent) had more prior business experience than the white women (31 per cent) and visible minority women (23 per cent).

Access to start-up finance

Access to start-up capital is a major hurdle for all would-be entrepreneurs (Peacock). In this particular study, it is the most important reason cited by all the respondents for not starting their new business.

Fifty per cent of the Afro-Caribbean women needed between \$1,000 and \$5,000 to begin their business. Visible minority and white women tended to need more.

In Ontario, the average start-up cost for a small business is \$24,000. Personal savings, banks and other financial institutions, and family, are the main sources of start-up capital for small business (MITT). However, only 35 per

cent of Afro-Caribbean women mentioned personal savings as a source of finance, compared to 58 per cent of the visible minority women and 69 per cent of the white women. As two of the Afro-Caribbean women noted:

Black women are on the bottom scale of the earning dollars. They are less likely to go to the bank to get a loan.

It's still a man's world, no matter what they tell you. Men have more leeway for getting money. Men tend to skip out on family responsibilities more than women do. Men can't handle problems, they run and hide.

About 70 per cent of all three groups of women were relying on government loans to finance their business. The New and Youth Ventures Loans are the most accessible government loans for successful clients at the YMCA Enterprise Centre. However, the New Ventures Loan which can provide a maximum of \$15,000 was out of the reach of the women in this study as they could not meet its matching equity requirements. As one of the Afro-Caribbean respondents noted:

Why won't the government help people who want to get off welfare to start their own business? Why do these people have to match the funds? If we had the \$10,000 why would we need the \$10,000 to match it when we don't have the money in the first place?

The Youth Ventures Loan can provide a maximum of \$7,500 but the applicants must be between 18 and 29 years of age. The age range of the women in this sample was 38 to 42 years old and, as such, they did not qualify for the Youth Ventures Loan.

Some writers maintain that access to finance is influenced by gender, race, and/or class (Belcourt *et al.*; Rhyne; Stevenson), while others claim that there is little or no discrimination (Buttner and Rosen; Riding and Swift; Shagg *et al.*). In this study two-thirds of all the women felt that it was harder for them to obtain financing than it is for men. Furthermore, of the Afro-Caribbean women, 68 per cent felt that it was harder for them to get finance than it was for other women.

Institutions are not willing to lend money to black women, and in general, ethnic people in business. We hear a lot of rhetoric about this, but little see action.
(Afro-Caribbean woman)

The banks are against women. It is almost impossible for a woman to get a loan unless she has a husband to back her. (White woman)

The findings of this study reflect the perception that banks discriminate based on race and gender. Further empirical research is needed to test if the perception has basis in reality.

Family responsibilities

Afro-Caribbean women are most likely to cite lack of family support as a reason for not starting the business. This is mentioned by 31 per cent of these women, compared with eight per cent of the visible minority women and 17 per cent of the white women. Family support centres around child care and domestic work. Other studies have shown that the most successful entrepreneurs are childless even if married (Belcourt *et al.*; Cromie and Hayes; Goffee and Scase). In this study, the Afro-Caribbeans were more likely to be married and had the largest families (with an average of 2.7 children). A few of the women did not complete the small business seminars as they could not arrange adequate child care. As two Afro-Caribbean women indicated:

We are the only women having kids today. If we are looking after the family we can't start the business.

You don't have time to do the business if the kids are sick.

When men start a business, they often rely on the frequently unpaid and undervalued services performed by their wives; these services are a hidden subsidy to the business. Hisrich and Brush imply that this help is reciprocated when wives start a business (1988). However, other authors maintain that this support is minimal and rarely extends to the domestic realm (Belcourt *et al.*). The women in this survey echoed Belcourt's view:

Black men don't support us enough... they always talk... too much talk and no action. (Afro-Caribbean woman)

Husbands may give one hundred percent support in the business, but they still don't do the dishes. They tend to drag their feet. (White woman)

A few Afro-Caribbean women said that an additional reason for not pursuing the business was that they could not rely on much financial help from their partners due to the men's low income.

Also, some Afro-Caribbean women mentioned they are hampered because they are isolated in Toronto. The extended family is in the Caribbean, and therefore cannot help with the child care or housework (Steinborn). In fact, the extended family was seen as another financial burden as the women have to send money to support them.

Readiness and confidence to start the business

Those who do not start their business seem significantly less ready and less confident to operate the venture than the starters (Peacock). Shagg *et al.* report that the sole barrier to female entrepreneurship, which is gender-based, is the limited confidence of the women. The readiness issues identified in this study focused on the perceived

need for more experience, for more knowledge, for better timing, or a change of mind. The white women (31 per cent) were more likely to cite lack of readiness as the main reason for not starting the business, compared to 23 per cent of the Afro-Caribbean women and 13 per cent of the visible minority women. Only 27 to 31 per cent of the women felt lack of readiness was more prone to hamper females than males. There were no significant ethnic differences on this score.

Confidence issues were identified as: the business appearing too risky, concern about having the time to run the business, and worry about the business failing. Twenty-three per cent of the Afro-Caribbeans, 21 per cent of the white women and 8 per cent of the visible minority women gave lack of confidence as the main reason for not proceeding with the business. Although all the women felt that lack of confidence affected females more than males, the Afro-Caribbeans (62 per cent) felt this more keenly than the white women (55 per cent) or the visible minority women (36 per cent).

Black women don't start businesses because they don't have the confidence in themselves. They talk themselves out of it. Men have more confidence and it's easier for them to get the money. (Afro-Caribbean woman)

People don't expect to be self-employed. Black people are maybe more afraid because they have a family to support. (Afro-Caribbean woman)

Afro-Caribbean women were the most ready to run a business perhaps because some had had a prior part-time business before joining the YMCA Enterprise Centre. However, they were also the group most likely to cite lack of confidence as a barrier. It will take further research to resolve this paradox.

Changes in education and employment status

Twenty-three per cent of the Afro-Caribbean women did not start the business because they went back to school. The figures are markedly lower for visible minority women (13 per cent) and white women (10 per cent). Afro-Caribbean women had the lowest level of education: 45 per cent had only a high school certificate and 14 per cent had attended university. Half of the Afro-Caribbean women who took part in the study were enrolled in private institutions (DeVry and Toronto School of Business). They were the only group to mention these establishments. The courses at these places are more expensive and shorter than those offered at a community college. The private institutions were favoured by Afro-Caribbean women as they did not have the pre-requisite grade 12 or 13 certificate to enroll in a community college.

Afro-Caribbean women were the least likely to be receiving social assistance on entering the YMCA Enterprise Centre. Two years later, the number of them receiving this

benefit had increased substantially while that of the visible minority and white women had either remained the same or fallen. The large number of Afro-Caribbean women on welfare may be an indicator that their unemployment rate was higher than that of other groups of women and/or that they remained unemployed longer than the other women and thus had run out of unemployment benefits.

Conclusion

This study aimed to identify the barriers to self-employment for Afro-Caribbean women in Toronto and to fill an important gap in the academic literature in two areas. First, it attempted to identify why Afro-Caribbean women who wanted to start their own business were unable to fulfill this dream. Second, it aimed to significantly increase the amount of information available on Afro-Caribbean women entrepreneurs as a group for whom both gender and ethnic bias are problematic.

The study concluded that the chief barriers to entrepreneurship for Afro-Caribbean women are lack of finance, family responsibilities, and lack of confidence. These items affected all the women, but their impact was greater on Afro-Caribbean women. Further research is necessary to determine how to address the barriers experienced by these women.

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