2021 COVID IMPACT ON WOMEN-OWNED BUSINESSES

KIM CENTER FOR SOCIAL BALANCE

SDGE A Sempra Energy utility

San Diego Regional Report

THE ISSUE

Women's participation in the workplace is critical to economic success, but **systemic inequity** prevents women entrepreneurs from fully contributing. Crisis exacerbates the consequences of inequity but we lack locally specific data to inform targeted solutions.

Female founders already do more with less

They receive
less than 1%
of all venture capital funding

but deliver **2X**
more revenue per dollar invested than men

San Diego is under-utilizing female enterprise

39%
of all businesses are women-owned

Only 10%
of annual revenue and hiring capacity comes from women-owned businesses

> "We cannot allow this pandemic to set back a generation of entrepreneurial women."
>
> - Suzanne Clark
> *President, U.S. Chamber of Commerce*

Barriers:

Limited access to resources

Limited access to originating capital

Consequences:

Women are one of the most vulnerable populations during crisis

COVID permanently shut down 26% of women-owned businesses nationally

San Diego industries that were hardest hit and have the slowest recovery also have a high proportion of women-owned businesses.

THE PROJECT

We surveyed San Diego business owners to identify how COVID exposed and exacerbated barriers to equitable success.

THE SAMPLE

490 PARTICIPANTS
Owners and executives

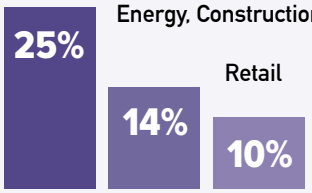
Gender identity:

49%
Cis female (female at birth)

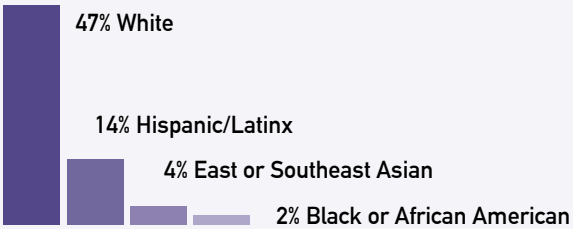
47%
Cis male (male at birth)

No participants identified as non-binary or transgender

Most common industries:



Most common races/ethnicities:



The sample closely represents the universe of San Diego firms

94%
For-profit

6%
Nonprofit

Mostly small companies of <5 employees

47%
of the represented businesses are owned by women

THE METHODS

- **Telephone and online surveys**
- Participants included project partner members, Kim Center partners, contacts from online sources
- Languages: English, Spanish, Korean
- May 20, 2021 through June 30, 2021
- Oversight from Kim Center's Research Advisory Committee

THE PARTNERSHIP

BID ALLIANCE

Central San Diego SDBCC Black Chamber of Commerce

RISE san diego

San Ysidro CHAMBER OF COMMERCE Established 1923

OUR FINDINGS

DISTRIBUTION OF RELIEF FUNDS

46% of women

VS.

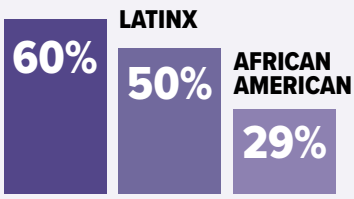
27% of men needed COVID relief programs

25% of women didn't apply because they didn't know if they qualified

Nationally, the initial round of the Paycheck Protection Program (PPP) discriminated against vulnerable business owners:

Only 5% of businesses that received financial assistance were women-owned

Large bank loan approvals by race/ethnicity:



IMPACT ON CAREGIVERS

Parents/caregivers depended on COVID relief programs more than non-parents/caregivers

More parents/caregivers transitioned to remote than nonparent/caregivers

50% of parents/caregivers spend 3-5+ hours during a typical workday caring for children or other dependents

Result: business owners with dependents were stretched thin during the pandemic

OUR FINDINGS

MEN-OWNED BUSINESSES HAVE BETTER ACCESS TO TOOLS AND RESOURCES FOR RESILIENCE

REVENUE LOSS & INDUSTRY SEGREGATION

The Energy, Construction, and Utilities sector saw the most increase in demand, and have the least number of women-owned businesses

9% of women's enterprises reported revenue increases

VS.

26% of men's enterprises

10% of women needed to cancel or postpone a planned capital expenditure

VS.

0% of men

RETURN TO NORMAL OPERATIONS

Only 34% of women-owned businesses have returned to pre-pandemic levels

VS.

49% of men-owned businesses

13% of women vs 6% of men believe they will not return to pre-COVID levels

ABILITY TO EMPLOY / HIRE

Only 19% of female employers

VS.

33% of men-owned businesses have more employees now than before the pandemic

RESOURCES

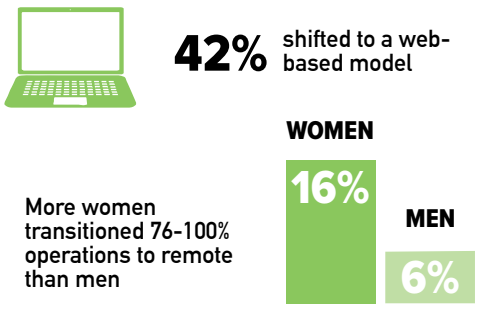
More than half of men had access to resources for providing necessary safety to their customers and employees vs just over a third of women

PERSEVERANCE IN ADVERSITY

Women found ways to weather the crisis:

42% shifted to a web-based model

More women transitioned 76-100% operations to remote than men



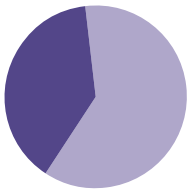
BUSINESS OWNERS FROM COMMUNITIES OF COLOR

21% saw an increased demand for their products or services vs 11% white-owned businesses

30% reported increased revenues vs 13% of white business owners

CONCLUSIONS

Crises like COVID particularly exacerbate systemic inequities that hamstring women entrepreneurs from fully innovating and growing. San Diego has a pivotal opportunity to electrify its business ecosystem and social prosperity by maximizing this valuable resource, establishing the region as an economic powerhouse on the national scale.



Women are **39%** of all businesses in the County

BENEFITS TO SAN DIEGO'S ECONOMY

- Women-owned firms are on the rise in San Diego, growing 83% between 2012-2019 vs 28% for all firms
- Gender equity could boost San Diego's GDP by at least 9% (McKinsey 2016)

BENEFITS TO THE BUSINESS ECOSYSTEM

- Small businesses enrich and invigorate market competitiveness with niche products, services and new methods of research and development.
- Investors reap new investment returns and opportunities for product/service innovations stagnating from dependence on homogenous networks of men-owned enterprises

BENEFITS TO SOCIAL PROSPERITY

We can finally break the cycle of inequity that reinforces discriminatory race- and gender-based gaps in wealth and upward social mobility, propelling San Diego to the national forefront of social prosperity.

OUR STUDY SHOWED

32% of women derive 76-100% of household income from their businesses vs 28% of men

This makes their families more vulnerable to losing health and education resources when crisis impacts their businesses' ability to thrive.

CALLS TO ACTION: JOIN THE LEAPS COALITION

The Kim Center and its partners are calling on key stakeholder groups to collaborate on LEAPS, a groundbreaking action plan to elevate the status and success of women in the workplace, using strategies for BOTH immediate and systemic change. Contact **Dr. Hei-ock Kim** at **heiock@kimcenter.org** to help change the course of history!

STAKEHOLDER GROUPS INCLUDE:

- GOVERNMENT
- INVESTORS
- LENDING INSTITUTIONS
- FOUNDATIONS
- ASSOCIATIONS

GOALS INCLUDE:

- Make sure women get fair consideration and approval for business loans
- Elevate the status and value of women's enterprise with investors
- Strengthen and diversify the industries women work in

About The Kim Center

KIM CENTER FOR SOCIAL BALANCE

The Kim Center is transforming San Diego into a trailblazing model of economic and social leadership that can be replicated in other regions throughout the nation. Collaborative local action informed by local data is essential to cultural transformation, so the Kim Center unites key stakeholders around its LEAPS initiative. LEAPS *accelerates* change through an academically rigorous Assessment, custom Playbook, and national Accreditation.

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Our Partners

BID ALLIANCE

RISE san diego

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Special thanks to the Kim Center's Research Advisory Committee