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Promoting Success of Women of Color Entrepreneurs in the United States

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EXTENDED ABSTRACT

There are an estimated 31 million SMEs entrepreneurs across the US. Among the 13.1 million women entrepreneurs, nearly half are Women of Color (WoC) (Motley Fool, 2021). WoC entrepreneurs face significant barriers given their dual and intersecting targeted identity traits which afford them less access to the resources, social and financial capital, and social support required for their success than their white male counterparts. The System Dynamics (SD) model developed simulates the systematic challenges impacting the success of women of color (WoC) entrepreneurs in the United States.

The model was implemented in Vensim™ and illustrates WoC entrepreneurs' navigation through the start-up and maturation of small and medium-sized enterprises (SMEs). Time-series data on small businesses obtained from the US Bureau of Labor Statistics were used to validate and calibrate the SD model.

This model is the first ever SD model of the successes and failures of WoC who pursue owning and operating their own small businesses. Most SMEs do not succeed in the long term (beyond 5 years of existence). In the model, the greatest impact for increasing successful WoC SMEs is attained by the reduction of failure rates for businesses less than five years old rather than increasing success rates no matter the age of a business. Also explored was the impact of shocks to the system including the global financial crisis that began in 2008 and the global COVID-19

pandemic that began in 2020. In addition to simulating the behavior of the US SME system, the model has the potential to inform effective educational, policy-making, and programmatic approaches to support the success of WoC entrepreneurs in the United States.

The current model does not consider the possibility that the WoC entrepreneur learned from the previous failure and would therefore be more likely to succeed in the future. Also, it does not include female-born gender non-binary entrepreneurs, LGBTQIA+ entrepreneurs, or persons with invisible and/or visible disabilities.

Keywords: Women of Color; Minority; System Dynamics; Small Business; SME; Entrepreneurship; Success; Failure; Simulation; Computational Modeling; Diversity; Equity; Inclusion.

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