

A summary of a research project in partnership with Equitable Development Action and the University of Minnesota Twin Cities' Center for Urban and Regional Affairs:

Towards Equity – The Struggles and Successes of BIPOC- and Immigrant-Owned Small Businesses

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Overview

Equitable Development Action (EDA) aims to promote equity and economic inclusion in underserved communities in Minneapolis' northwest suburbs. Their efforts focus on practical initiatives supporting underserved businesses. This report provides information and research on disparities relevant to EDA's work, including nationwide and local data. The report aims to expedite the research process for future researchers and provide suggested road maps to assist EDA in their work.

Data and Research on Disparities Relevant to Underserved Businesses

The disparities between underserved businesses across racial and ethnic lines is crucial for understanding and addressing systemic barriers faced by Black, Minority, and Indigenous (BIPOC) and immigrant business owners in the United States. Disparities in access to financial capital, such as lower leverage ratios and funding levels, are significant barriers for

minority-owned firms. The COVID-19 pandemic has exacerbated these challenges, with Black business owners experiencing a 41% decrease in the early months. Discriminatory lending practices, such as redlining, have further exacerbated these disparities. Unequal access to business education and professional networks has also posed significant barriers for BIPOC entrepreneurs. Disparities in grant funding and support significantly impact the performance and sustainability of BIPOC- and immigrant-owned businesses. Initiatives aimed at increasing the availability and accessibility of grant funding, coupled with targeted mentoring and networking opportunities, can significantly level the playing field and enhance the performance and sustainability of BIPOC- and immigrant-owned businesses. DEED has several programs aimed at supporting underserved businesses and entrepreneurs, but business assistance from DEED is reported to be minimal.

Conclusion

The project aimed to analyze a single DEED grant program in the northwest suburbs of Minneapolis, but found that there

was insufficient data for meaningful statistical analysis. To address the issues EDA is concerned with, a broader scope was needed, including disparities between white-owned and BIPOC-owned businesses and DEED's available support for underserved businesses. A survey of BIPOC and immigrant business owners in the northwest suburbs of Minneapolis could be developed, as DEED has no explicit focus on immigrants and does not provide summary data for the cities they care about. A database suitable for equity analysis could be built out, focusing on all programs and variables relevant to the issues highlighted by the survey. Expanding the research focus to understand the full spectrum of financial assistance utilized by underserved businesses could be more fruitful for EDA than focusing exclusively on DEED. Working with those who provide support for small businesses in the six cities EDA is focused on, at Hennepin County, or organizations like the Minneapolis Foundation, which support underserved businesses through philanthropy, could also be beneficial.