

STATE OF  
**ENTREPRENEURSHIP**  
**MINORITY**  **REPORT**

**MINORITY  
REPORT**

**IECE**  
INLAND EMPIRE  
Center for Entrepreneurship  
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

 CALIFORNIA STATE UNIVERSITY  
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School of Entrepreneurship

# ABOUT US



## WE SUPPORT AND CELEBRATE SMALL BUSINESS & ENTREPRENEURSHIP



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According to a 2019 nationwide survey by the American Institute of CPA's, "the entrepreneurial spirit in America is alive and well." That survey showed that most young adult job seekers desire the freedom of being their own boss, and more than half said that they would like to start their own business in the future. Sadly, that rosy picture is countered by the fact that about 20% of all business startups fail in the first year. When examining entrepreneurship and its trends from an objective data perspective, much of the available information comes from nationwide rather than region-specific samples. This report aims to examine entrepreneurship at the specific regional level – the Inland Empire.

Developed by a research team in the Inland Empire Center for Entrepreneurship (IECE) and School of Entrepreneurship at California State University San Bernardino (CSUSB) in collaboration with the Institute for Applied Research (IAR), the State of Entrepreneurship Report is a comprehensive examination of the key statistics, trends, perspectives, organizations, and programs that are currently supporting entrepreneurship in the Inland Empire. The final product of our efforts is two (2) specific reports – one focusing on all entrepreneurs in the region and one focusing specifically on minority entrepreneurs.

This report – highlighting the trends and perspectives of minority entrepreneurship, provides insight in two (2) key areas:

**Indicators of Entrepreneurship** – using high-quality, timely sources of data, we delineate key statistical indicators of minority entrepreneurship activity in the region, focusing on (1) the distribution of the minority-owned firms, (2) the historical trend for the percentage of minority-owned firms, (3) a comparison of minority entrepreneurship percentage between region, state, and national level, and (4) a sub-category (different groups of minority entrepreneurs) comparison of minority entrepreneurship percentage between region, state, and national level.

**Voice of the Entrepreneur** – this survey, developed by the research team, was deployed to more than 10,000 entrepreneurs throughout the region. The intent was to capture their unique perspective in a wide range of areas including the challenges they face, business trends, specific aspects of how they started the business and what drives them to be successful.



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## STATEMENT OF ACCURACY

This report is published by the Inland Empire Center for Entrepreneurship (IECE) at California State University, San Bernardino utilizing content and data sourced from multiple contributors. Every effort has been made to validate the accuracy of the information contained in this report and is believed to be correct as of the publication date. Nonetheless, this material is for informational purposes only.

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STATE OF  
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# INTRODUCTION

Minority entrepreneurs have become one of the key contributors to the entrepreneurship community in the United States in recent years. According to the U.S. Senate Committee on Small Business and Entrepreneurship, minority entrepreneurship contributes to more than half of the new venture creation in the United States and has created 4.7 million jobs in the past ten years . However, while the Senate reports that there is a disparity in the overall minority entrepreneurship ownership – 18% of the business population are owned by minorities, while the population consists of 32% minority citizens and residents – we have very little insight on the state of minority entrepreneurship at the regional level.

## OBJECTIVES

The objective of this report is to explore the current state of minority entrepreneurship of the Inland Empire region – San Bernardino and Riverside Counties – in comparison to the state and the national level. Our report consists of two (2) portions:

**Context.** In this section, we describe the existing composition of minority entrepreneurship and the developmental trend of various specific minority entrepreneurship groups in the past five (5) years.

**Challenges.** Here, we seek to understand the key challenges for minority entrepreneurs in the Inland Empire Region. Based on direct input from minority business owners, we explore: What led to them starting their business? What was their primary source of funding to start? If the business closed, why? What is/are the most significant challenge(s) the business faces right now? What is/are the most significant challenge(s) they personally face as an entrepreneur?

**Implications.** An initial set of implications of the findings, such that a wide range of stakeholders in the Inland Empire will better understand how to support minority entrepreneurs and encourage the creation of new minority-owned ventures.

<sup>1</sup><https://www.sbc.senate.gov/public/index.cfm/minorityentrepreneurs>





# INDICATORS OF MINORITY ENTREPRENEURSHIP

## FOCUS UNDERREPRESENTED MINORITY BUSINESS OWNERS (URM)

In this section, we present key data on the current statistics and trends in minority entrepreneurship in the Inland Empire using four (4) key matrices of Minority Entrepreneurship, including:

- 1. The distribution of the minority-owned firms.*
- 2. The historical trend for the percentage of minority-owned firms.*
- 3. A comparison of minority entrepreneurship percentage between region, state, and national level.*
- 4. A sub-category (different groups of minority entrepreneurs) comparison of minority entrepreneurship percentage between region, state, and national level.*

**The four (4) matrices are sourced and calculated by the research team from secondary data sources, including:**

- Current Population Survey (CPS)
- Bureau of Labor Statistics (monthly data)
- Annual Business Survey (2018)
- Reference Solutions Data Access  
(All Employer Establishments in the US, 2000-2021)

# INDICATORS OF MINORITY ENTREPRENEURSHIP

## DISTRIBUTION OF THE *MINORITY-* *OWNED* FIRMS

*Using the latest United States Census data, the Annual Business Survey (2018), we observed a total of 60,280 firms in the Inland Empire Region at the time of the survey. Among the firms, 21,261 (35%) were owned by minority entrepreneurs. Among all ethnicities present in the sample, Hispanic owners represent the largest distribution - 16% (9,395 firms) of the business firm population, while other ethnicities (i.e., African American, Native American, Asian Islander, and Asian Indians) represent 20% of the total firm ownership in the region.*

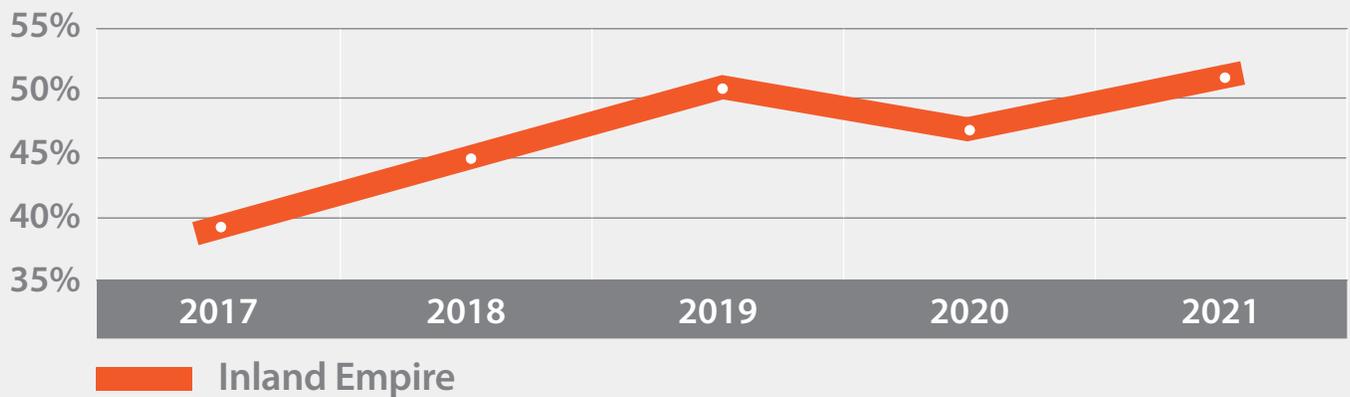


<b>Total Firms</b>	60,280	100%
<b>Total Minority</b>	21,261	35%
Others (i.e. Native, Asian Islander, Asian Indians)	11,185	19%
Hispanic	9,395	16%
Black	681	1%

## HISTORICAL TREND FOR THE PERCENTAGE OF MINORITY FIRMS

For historical trends of the percentage of minority firms, we use the monthly data in 2017 – 2021 retrieved from the Current Population Survey (CPS), a jointly sponsored dataset from the U.S. Census Bureau and the U.S. Bureau of Labor Statistics. In calculating the percentage, we use the annual number of total minority firms divided by the annual number of total firms in the

Inland Empire region. After consolidating the data, we observe a curvilinear trend (nonlinear) for the historical development in the minority entrepreneurship area. In the pre-pandemic phase (2017 – 2019), minority entrepreneurship has shown significant growth in business ownership; however, the trend declines significantly in the post-pandemic phase (2020 – 2021).

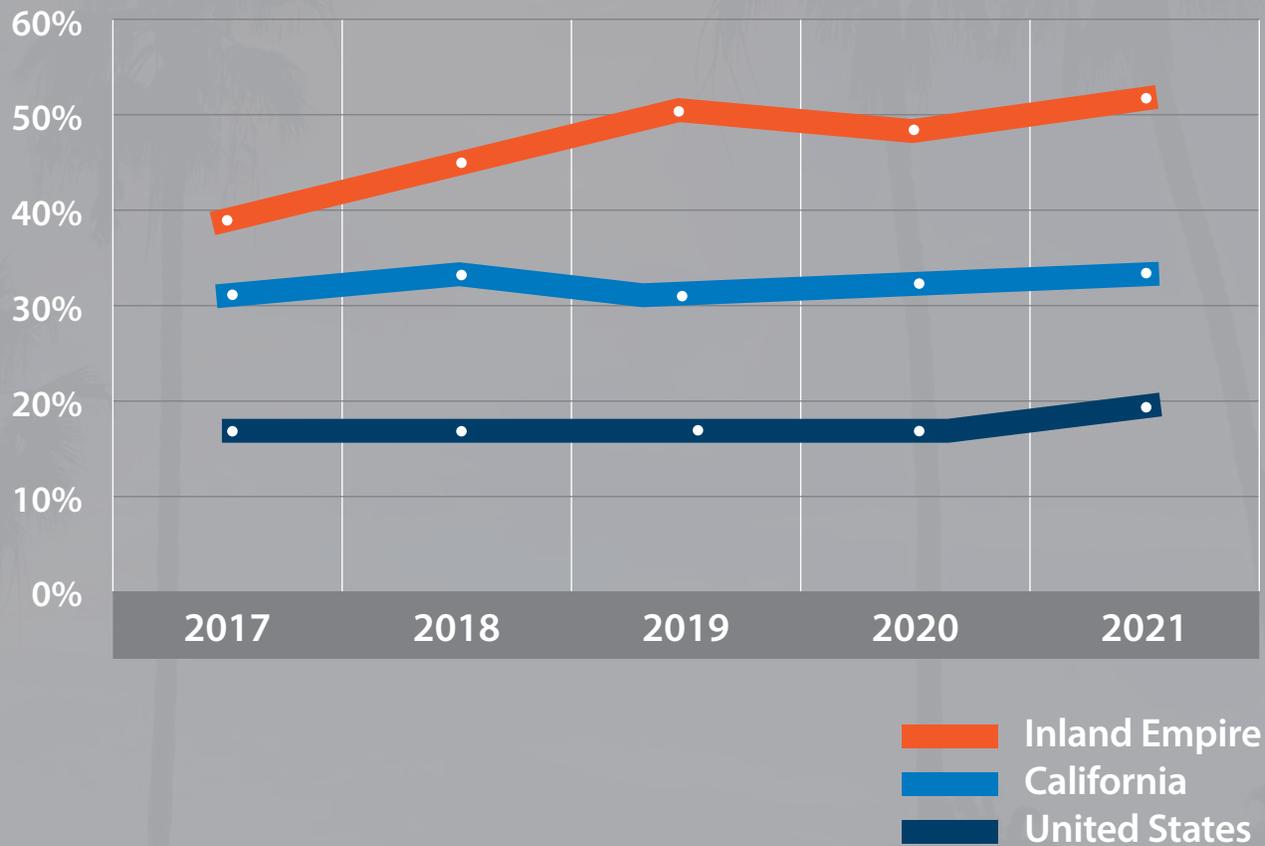


# INDICATORS OF MINORITY ENTREPRENEURSHIP

## COMPARISON BETWEEN REGION, STATE, AND NATIONAL LEVEL

Using the same dataset as the Historical Trend for Minority Firms in the Inland Empire, we compare the historical trend for minority-owned firms at the region, state, and national levels. Our analysis indicates that

the Inland Empire has a superior rate of minority entrepreneurship relative to the overall state and the national level trends.

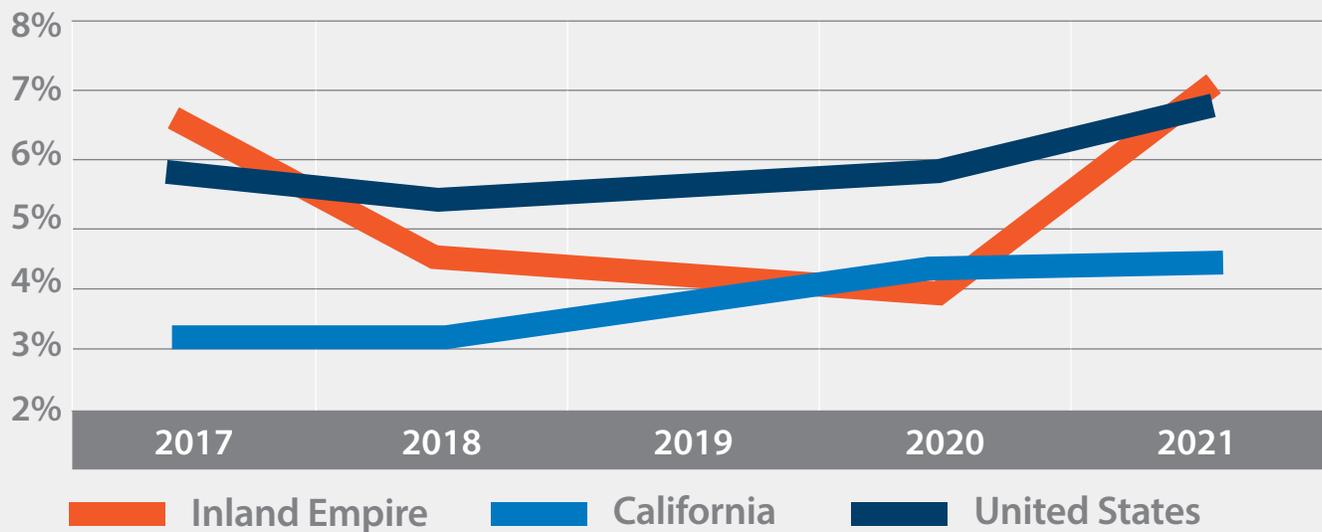


## SUB-CATEGORY COMPARISON IN THE REGION, STATE, AND NATIONAL LEVEL

While minority entrepreneurship is relatively robust in the Inland Empire region, when we look deeper at the data we observe that growth rates of firm ownership vary depending on the specific ethnicity/race. In particular, the percentage of Hispanic-owned firms has significantly grown over the past five years, despite the pandemic effect. At the same time, the percentage of firm ownership in African-American, Native-American, and Asian Indian groups has fallen significantly below the national level in the post-pandemic period, indicating significant firm failure/exit in these groups, respectively. Lastly, while there is a state-wide decline in the percentage of Asian Pacific owners, we observe strong revitalization trends for this group in the Inland Empire region compared to the

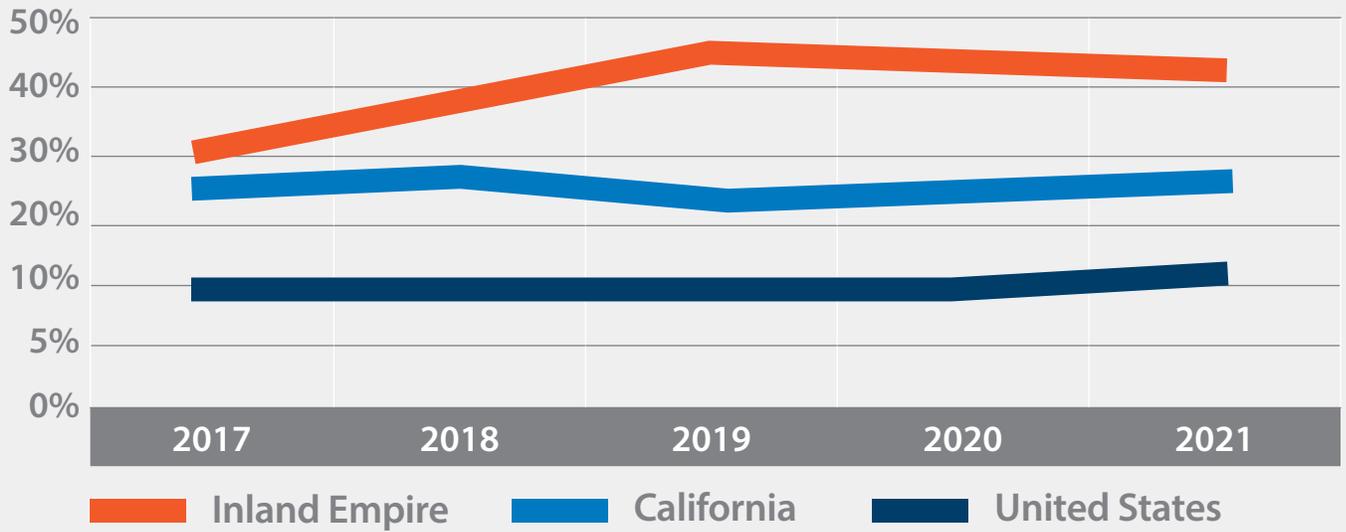
continuous declining trend in the State and National level. Overall, while we see this as an incredibly positive indicator for the region, of importance in our future data analysis will be determining the rate of opportunity versus necessity entrepreneurship in this growing segment of minority business owners. For the Inland Empire region overall the rate of new entrepreneurs outpaces the national level; but lags when it comes to new ventures being created by individuals out of choice rather than necessity. The latter – necessity ventures – tend to be those in which innovation and scalability are lacking and often do not have larger economic impacts such as extensive job creation and large multiplier effects throughout the supply chain.

### Percentage of African-American Owned Firms:

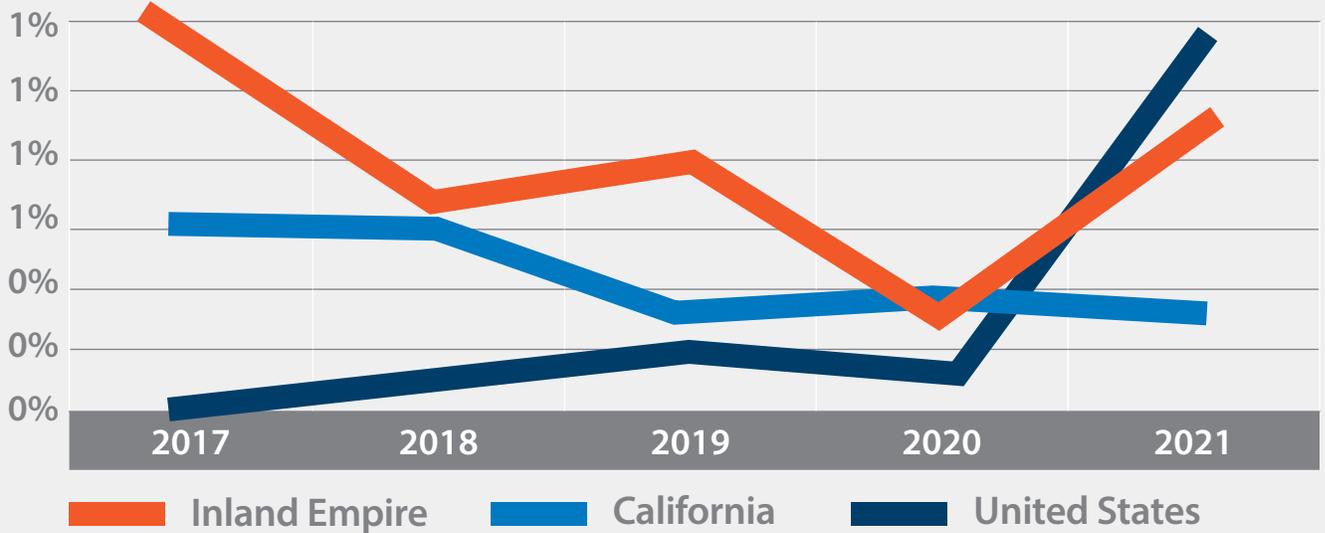


# INDICATORS OF MINORITY ENTREPRENEURSHIP

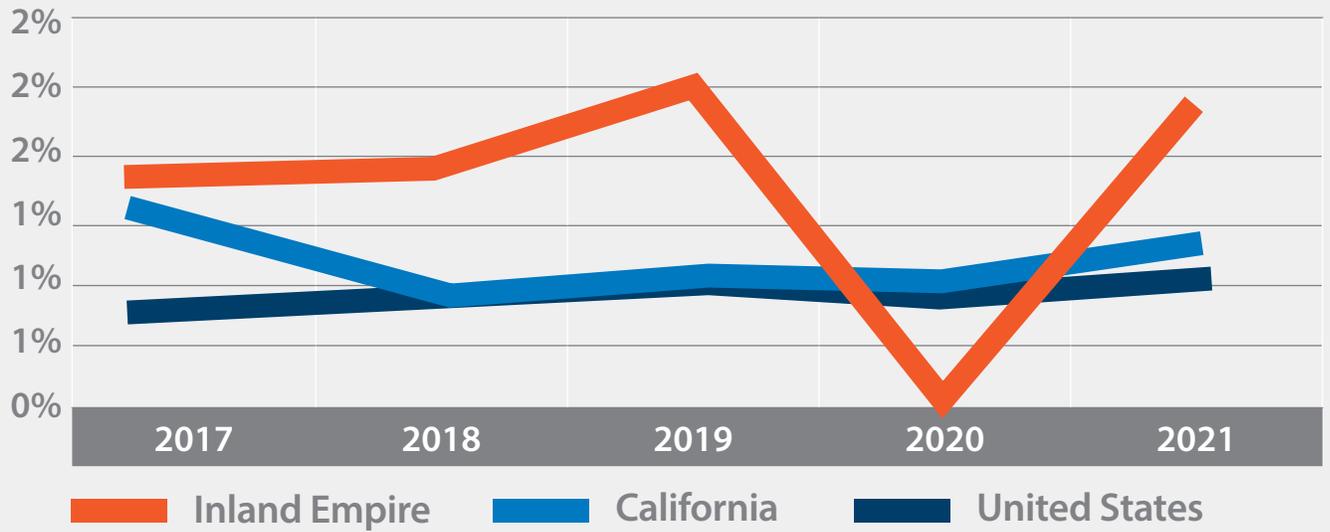
Percentage of Hispanic Owned Firms:



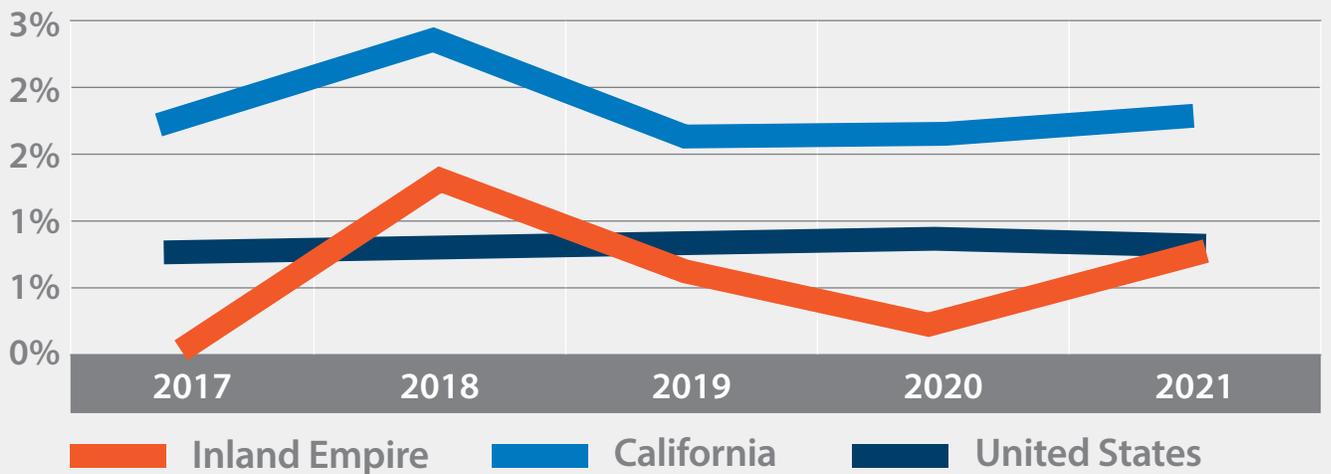
Percentage of Asian-Pacific Owned Firms:



## Percentage of Native-American Owned Firms:



## Percentage of Asian-Indian Owned Firms:





**VOICE OF THE MINORITY  
ENTREPRENEUR**

“

**THANK YOU  
FOR FINALLY  
ASKING!**



# VOICE OF THE ENTREPRENEUR 2021 SURVEY

## FOCUS THE VOICE OF UNDERREPRESENTED MINORITY (URM) ENTREPRENEURS

In an effort to best understand the experiences of Inland Empire entrepreneurs, we developed and delivered a comprehensive survey that explores the challenges and opportunities facing entrepreneurs in the region.

In this section report, the research team presents the methodology used to collect the data from 1,014 respondents and the findings of the closed-item survey questions (as well as some results of nationwide surveys for comparison purposes). This report focuses only on the 281 underrepresented minorities in the dataset, where “under-represented minority” (URM) is defined for purposes of this report as respondents who self-identified as Hispanic/Latinx, Black/African American, or Native American/American Indian (even if they also identified as White, Asian/Pacific Islander, or “Other”). The reader is encouraged to read the full report for extensive details of the methodology, overall findings, and comparisons with national statistics on entrepreneurship.

# URM FINDINGS

## PROFILE OF THE INLAND EMPIRE ENTREPRENEURS WHO RESPONDED TO THE SURVEY

Historically there have been more men than women starting businesses in the US. Male vs. female disparity in entrepreneurship has been declining over time, but still exists somewhat. In fact, among URM respondents in our survey, women predominate (56.6%).

The profile in the table to the right (FIG 1.0) shows that URM respondents are predominantly Hispanic/Latinx with a median age of 50. For the majority (61.9%) their business is their primary source of income (as opposed to a part-time effort to supplement other income), but this percentage is lower than the figure for the full sample of 1,014 respondents (69.4%). Over three-quarters of URM respondents (79.0%) are the founder of their company, and for almost half (45.9%), their current business is their first business they've owned.

**Description of Respondents /FIG 1.0**

		Full Sample	URM
GENDER	Male	<b>49.5%</b>	41.6%
	Female	48.1%	<b>56.6%</b>
ETHNICITY (MULTIPLE RESPONSE QUESTION)			
	White	53.7%	9.3%
	Hispanic/Latinx	21.7%	59.8%
	Black/African American	14.1%	38.8%
	Asian/Pacific Islander	6.5%	1.4%
	Native American/American Indian	2.5%	6.8%
	Other	3.8%	1.1%
MEDIAN AGE		<b>54 YEARS OLD</b>	<b>50 YEARS OLD</b>
	25 to 34 years old	6.1%	11.2%
	35 to 44 years old	19.4%	24.5%
	45 to 54 years old	23.7%	28.5%
	55 to 64 years old	29.9%	25.6%
	65 or older	21.0%	10.1%
EDUCATION			
	High School Degree/GED	9.8%	12.3%
	Some College	28.8%	30.7%
	College Degree	30.5%	28.2%
	Graduate Degree	30.9%	28.9%
PRIMARY SOURCE OF PERSONAL INCOME?			
	Yes	69.4%	9.3%
	No	30.6%	
AVERAGE (MEAN) # BUSINESSES OWNED (INCLUDING THE CURRENT BUSINESS)		<b>2.36 BUSINESSES</b>	<b>2.05 BUSINESSES</b>
	1	<b>39.5%</b>	<b>45.9%</b>
	2	29.0%	27.2%
	3	16.1%	16.3%
	4 or more	15.4%	10.5%
FOUNDER OF CURRENT BUSINESS?			
	Founder	<b>72.7%</b>	<b>79.0%</b>
	Co-founder	14.5%	11.0%
	Purchased the business	8.6%	6.8%
	Other	4.2%	3.2%



/FIG 2.0  
**URM  
Primary  
Business  
Category**

Survey responses came from URM entrepreneurs owning businesses in a variety of categories, with the highest number coming from the Professional/Scientific/Technical Services category (12.8% -- just under the 13.5% in the full sample). Retail Trade and Health Care/Health Care/Social Assistance were also represented in high numbers (both at 8.9% -- higher than the 8.4% in the full sample).

Businesses owned by URM respondents are significantly “younger” (i.e. less established) than those in the full sample, with 47.7% less than 5 years old (vs. only 33.0% in the full sample). They also have significantly fewer employees than those in the full sample of respondents. It is worth noting that URM respondents showed an average decrease of 5.07 (11.71 – 6.64) employees from pre-pandemic times to now, whereas the full sample only showed a decrease of 2.47 (20.42 – 17.95) employees. The gross revenue levels for 2020 were significantly lower in the URM group than in the group as a whole – 78.3% had revenues less than \$400,000, whereas in the full sample that figure was 62.4%.

*The following table (FIG 2.2) includes further description of the businesses represented in the survey.*

**Description of Respondent's Current Business: /FIG 2.2**

	Full Sample	URM
<b>NUMBER OF YEARS OPERATING CURRENT BUSINESS</b>		
Just started through 5 years	33.0%	47.7%
> 5 years up to 10 years	19.2%	19.1%
More than 10 years	47.8%	33.2%
<b>CURRENT STRUCTURE OF BUSINESS</b>		
Sole proprietorship	34.9%	37.6%
S-Corporation	29.0%	21.9%
Limited Liability Company (LLC)	19.3%	24.0%
Corporation	13.4%	14.0%
Partnership or Limited Partnership	3.3%	2.5%
<b>PRIMARY LOCATION (HEADQUARTER)</b>		
Riverside County	47.6%	49.5%
San Bernardino County	49.8%	47.0%
Los Angeles County	2.6%	3.6%
<b>NUMBER OF EMPLOYEES (FT &amp; PT) <i>PRE-PANDEMIC</i></b>		
	MEAN = 20.42 MEDIAN = 3	MEAN = 11.71 MEDIAN = 2
0 employees	15.9%	18.4%
1 to 5	48.4%	58.7%
6 to 10	12.3%	10.5%
11 to 20	8.6%	6.8%
More than 20	14.7%	5.6%
<b>NUMBER OF EMPLOYEES (FT &amp; PT) <i>CURRENTLY</i></b>		
	MEAN = 20.42 MEDIAN = 3	MEAN = 6.64 MEDIAN = 3
0 employees	15.5%	16.5%
1 to 5	52.4%	62.9%
6 to 10	9.6%	8.1%
11 to 20	8.7%	7.7%
More than 20	13.9%	4.8%
<b>GROSS REVENUE LEVEL FOR 2020</b>		
Below \$400,000	62.4%	78.3%
\$400,000 - \$999,999	15.9%	11.4%
\$1 - \$4.99 million	12.4%	6.0%
\$5 million or more	9.3%	4.3%

## WHY DO PEOPLE START THEIR OWN BUSINESS?

The main motivations for Inland Empire URM entrepreneurs to start their own business were similar to those offered by the full sample of respondents. They indicated that they wanted “to have more freedom to control their lifestyle and schedule,” to create a business that would allow them to “be their own boss,” and take advantage of their talents in a specific skill or trade, and to make more money (i.e., “build real wealth”).

In a related question, respondents were asked “What is/are the most rewarding part(s) of owning your own business?” The graph (FIG 3.2) shows the results for the URM respondent group (which were quite similar to those in the full sample although the order of the factors differed slightly).

In the URM sample, “serving clients/customers” was still listed as the most-often mentioned “rewarding part” of owning the business (69% of URM vs. 64% in the full sample). “Flexibility” was #2 at 63% of the URM sample (59% overall), followed by “being my own boss” (57% of the URM sample vs 58% overall). “Ability to pursue my passion” came in as #4 (56% of URM vs. 52% overall). In addition, factors such as pride, challenge, ability to innovate, and the opportunity to share the rewards with others were also mentioned in large numbers. One interest difference was in terms of better work/life balance which was mentioned by 41% of URM respondents vs 36% of the full sample.

### What led you to start your own business?

Check all that apply. /FIG 3.0

	Full Sample Respondents	URM Respondents
Wanted to be my own boss and work on things that matter to me	48.6%	53.4%
Wanted to create a business that would allow me to take advantage of my talents in a specific skill or trade	47.4%	50.5%
Wanted more freedom to control my lifestyle and schedule	46.8%	50.9%
Wanted the potential to make more money and have financial independence	44.7%	50.5%
I recognized a great problem or need in the market and felt I could fill it	28.4%	31.5%
Was interested in creating a business from the ground up	20.7%	19.7%
I lost a job (or was laid off) and created a business to replace it	13.1%	12.9%
Wanted more job security	9.1%	9.7%
Other	9.9%	6.8%

NOTE: This is a multiple response question in which the respondent was able to indicate more than one response. “Percent of respondents who answered the question,” therefore, does not sum to 100%.



/FIG 3.2

**URM Most Rewarding part(s) of owning your own business**

## EFFECTS OF THE COVID LOCKDOWN

In the Inland Empire, the vast majority of our “Voice of the Entrepreneur” survey respondents (92.6% in the full sample and 92.4% in the URM sub-sample) indicated that they were able to keep operating during the pandemic (and are operating currently).

Even though most of the respondents were able to continue operating during the pandemic, the lockdown and “pandemic safety procedures” have been a challenge as they strove to find new customers and keep existing customers. Approximately 7 out of 10 respondents (72.9% in the full sample and 68.1% in the URM subsample) indicated that it has been “very difficult” or “somewhat difficult” to deal with the coronavirus pandemic (from a business perspective). Focusing on specific ethnicities, 71.4% of Hispanics/Latinx, 68.4% of Native American/American Indians, and 64.5% of Black/African Americans indicated that dealing with the pandemic has been “very” or “somewhat” difficult.

What are respondents’ plans for hiring or rehiring during the remainder of 2021 and for 2022? URM respondents had similar plans as the full sample for the remainder of 2021, however they were more likely than those in the full sample to increase the number of employees in 2022 (57.9% of URM subsample vs 50.8% of the full sample) -- assuming they are able to find the talent they need.

Finally, we asked entrepreneurs to compare their gross revenue levels for 2020 with a “typical year” for their business. Results for the full sample and URM sub-sample were similar, with slightly more than half of respondents (both the full sample and URM subsample) saying that revenue for 2020 was either slightly or significantly lower than a “typical year.” Another question probed respondents’ estimated projections of changes for 2021 when compared with 2020. Fortunately, only about 15% of the full sample and 19% of the URM subsample believe that 2021 will also turn out to be a difficult year revenue-wise when compared with 2020.

## SOURCES OF FUNDING TO LAUNCH THE BUSINESS

The vast majority of Inland Empire Voice of the Entrepreneur respondents (81.3% in the full sample and 82.5% of the URM subsample) said that they used personal funds as one of the primary sources of funding to finance their small business. How much financial investment was needed to start the business?

As noted in the table (FIG 5.0) on page 22, 54.6% of our full sample needed less than \$25,000 to start the business. The percentage of URM respondents needing only that “small” amount was higher – 62.8%. Further, there are differences based on ethnicity of the entrepreneur, with Hispanic/Latinx and Black/African American entrepreneurs needing less initial financial investment than entrepreneurs in other ethnic categories.

### For the remainder of 2021, what are your plans for hiring or rehiring? /FIG 4.0

	Plans for remainder of 2021		Plans for 2022	
	Full sample %	URM %	Full sample %	URM %
No new hires or rehires	34.4	29.0	19.2	14.7
Rehire furloughed employees	2.9	4.7	2.0	3.2
Increase number of employees	40.5	40.9	50.8	57.9
Decrease number of employees	1.3	0.4	0.6	0.4
Don't know yet	21.0	25.0	27.4	23.7
Total	100.0	100.0	100.0	100.0

### /FIG 4.2

	Revenue for 2020 compared with “typical year		Projected changes in 2021 revenue when compared with 2020	
	Full Sample %	URM %	Full Sample %	URM %
Significantly higher	7.8	10.6	23.0	24.0
Slightly higher	14.6	14.8	36.0	28.5
About the same	21.3	20.1	25.7	28.5
Slightly lower	19.0	16.7	8.1	10.9
Significantly lower	37.3	37.9	7.2	8.2
Total	100.0	100.0	100.0	100.0

Approximately 20% of respondents reported that they had not had to seek outside capital for their business. Of those who DID seek such capital, 61.7% of the full sample reported that it has been either “very difficult” or “somewhat difficult” to access the capital. That figure was significantly higher (68.6%) for our URM sub-sample. The figure for Black/African American URM entrepreneurs was the highest among the URM ethnic groups (indicating the most difficulty) at 73.9%.

### In total, approximately how much financial investment was needed to start the business? /FIG 5.0

	% of Total Sample Respondents	% for URM Sample Respondents
\$0 - \$24,999	54.6%	62.8%
\$25,000 - \$49,999	11.8%	12.3%
\$50,000 - \$99,999	11.5%	9.7%
\$100,000 - \$249,999	11.0%	9.4%
\$250,000 - \$499,999	4.7%	2.9%
\$500,000 - \$749,999	2.0%	0.4%
\$750,000 - \$999,999	0.9%	0.4%
\$1,000,000 and above	3.4%	2.2%
Total	100.0%	100.0%



/FIG 5.2  
% needing < \$25K to start the business

### CHALLENGES

Most of the entrepreneurs surveyed indicated that dealing with the pandemic has been a challenge. But the type of challenge(s) experienced by URM's differed significantly from those described by the full sample. Specifically, in the sample as a whole, the main challenge cited was “impacts of the Coronavirus pandemic.” In contrast, respondents in the URM subsample were equally challenged by the impacts of COVID and access to capital. They were also significantly more likely than the full sample to mention cash flow as an issue. And they were significantly less likely than the full sample to mention government regulation, finding talent, and supply chain disruptions and delays.

A related survey multiple response question focused on the challenges personally faced as an entrepreneur. In a word, the major issue verbalized by URM and non-URM respondents

### What is/are the most significant challenge(s) your company faces right now? Please check all that apply. /FIG 5.4

	Full Sample % of Respondents Who Answered	URM % of Respondents Who Answered
<b>Impacts of the Coronavirus pandemic</b>	45.2%	42.4%
Finding talent	41.2%	34.4%
Government regulation	34.9%	26.4%
Supply chain disruptions/delays	33.5%	21.4%
Controlling costs	29.2%	26.4%
<b>Access to capital</b>	28.9%	42.8%
<b>Cash flow</b>	28.4%	34.4%
Keeping up with technological changes	19.8%	22.8%
Competition	14.5%	15.2%
Other	17.4%	12.0%

NOTE: This is a multiple response question in which the respondent was able to indicate more than one response. “Percent of respondents who answered the question,” therefore, does not sum to 100%.

THINK LIKE AN OWNER!



# FACTS AT A GLANCE

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- /Master of Science in Entrepreneurship and Innovation (MSEI)
- /Master of Business Administration (MBA) *Entrepreneurship Focus Area*

**In addition, the School coordinates the following interdisciplinary programs in Entrepreneurship:**

- /BA – Liberal Studies *Entrepreneurship Concentration*
- /BA – Career & Technical Studies *Entrepreneurship Concentration*
- /Minor – Entrepreneurship in the Arts
- /Certificate – Arts & Entrepreneurship

**COMING FALL 2023**

/Minor – Entrepreneurship in the Sciences

		
<p><b>9<sup>th</sup> most popular @ CSUSB</b> out of 118 programs <b>The 2<sup>nd</sup> most popular @ JHBC</b> for Freshman applications (Fall 2022)</p>	<p><b>329 students</b> currently enrolled</p> <p><b>6 full-time and 12 part-time Faculty</b></p>	<p>Nearly <b>1,000</b> students representing</p> <p><b>35 degree</b> programs took Entrepreneurship courses last year</p>



**TOP 50 GRADUATE ENTREPRENEURSHIP PROGRAMS OF 2022**

**TOP 15 Graduate Program in the West!**

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alike is TIME – time management, working too many hours, managing stress, finding time for family and friends, and saying “no” (perhaps to find time for better work/life balance). The main difference between the sample as a whole and URMs is that URMs expressed more self-doubt than those in the full sample. It is possible that mentorship programs through universities or non-profits might provide education and networking to help URMs in that regard.

### PERCEPTIONS OF SUPPORT (OR LACK THEREOF) FROM GOVERNMENT

Representatives of the public sector (local, state, and federal government) often talk about supporting entrepreneurs with policies such as aid for R & D, help with commercialization and tech transfer, and creation of loan and grant programs to stimulate business activity. But do entrepreneurs see this as “just talk,” or do they believe that the talk gets translated into action?

Three survey questions focused on entrepreneurs’ perceptions of the attitude and supportive actions taken by the public sector towards entrepreneurs. Whereas, a plurality (42.2%) of the full sample of entrepreneurs disagreed or strongly disagreed that the public sector has a **favorable attitude** toward entrepreneurs, that was not the case in the URM subsample which showed more agreement (39.1%) than disagreement (30.8%). When asked about whether the **actions** of local, state, and federal government are supportive of them, a large proportion of respondents in the full sample and URM subsample disagree to some extent (although the URM subsample has a lower percentage of disagreement than the full sample, and an almost equal percent of those who agree). For the most part, respondents in the full sample and URM subsample agree or strongly agree that public sector actions are **consistent with attitudes**.

### What is/are the most significant challenge(s) you personally face right now? Please check all that apply. /FIG 6.0

	Full Sample % of Respondents Who Answered	URM % of Respondents Who Answered
<b>Time management</b>	43.6%	48.5%
Working more hours than "typical" businesspeople	42.9%	40.3%
Managing stress	40.6%	37.3%
Finding time for family and friends	28.5%	26.1%
Saying "no"	25.8%	25.7%
<b>Delegating tasks</b>	23.4%	26.5%
<b>Self-doubt</b>	22.9%	28.0%
Other	17.5%	15.3%

NOTE: This is a multiple response question in which the respondent was able to indicate more than one response. “Percent of respondents who answered the question,” therefore, does not sum to 100%.

/FIG 6.2

	Full Sample Respondents			URM Respondents		
	Disagree	Neither agree nor disagree	Agree	Neither agree nor disagree	Somewhat agree	Strongly Agree
“In my experience, those in the public sector (local, state and federal government) have a <b>favorable attitude</b> towards entrepreneurs.”	42.2%	25.8%	31.9%	30.8%	30.1%	39.1%
“In general, I believe that the <b>actions</b> taken by the public sector (local, state and federal government) are <b>supportive</b> of entrepreneurs.”	47.5%	23.0%	29.5%	39.1%	23.0%	38.0%
“In general, I believe that the <b>actions</b> taken by the public sector (local, state and federal government) are <b>consistent with their attitude</b> toward entrepreneurs.”	26.3%	29.3%	44.4%	23.2%	29.8%	47.0%

NOTE: The category “disagree” combines both “strongly” and “somewhat” disagree. Similarly, the category “agree” combines both “strongly” and “somewhat” agree.

## WOULD THEY DO IT AGAIN...ESPECIALLY IN CALIFORNIA?

Being an entrepreneur is not easy. It takes hard work, passion, belief in oneself, patience, persistence, commitment, financial backing, and the support and advice of family and friends. The entrepreneur must be ready for unanticipated “bumps in the road,” and frustrations can be high. Yet 91.8% of URM respondents to the Voice of the Entrepreneur survey (vs. 85.5% overall) said that they would start their business again, even knowing what they know now about the business climate. Another 5.4% of URM respondents said that they “might” start it again. The reader is encouraged to view the main report for verbatim comments regarding reasons entrepreneurs would not necessarily want to start their business again.

Respondents were also asked whether they would recommend to their friends or family that they start a business. Most URM respondents (61.6%) said “yes” and another 35.2% said “maybe.” For comparison purposes, note that in the full sample half (50.2%) said “yes” and another 44.7% said “maybe.”

Who do entrepreneurs turn to when they need feedback, advice, and guidance from someone who understands what they are going through? The results for the URM subsample are remarkably similar to those of the full sample. “Peer entrepreneur” was the most-often mentioned source of feedback/guidance, followed by spouse/significant other.

Sometimes the difficulties of running a business become so frustrating that entrepreneurs either close their business completely or move to what is perceived to be a more “business friendly” state. In fact, 44.5% of URM respondents (significantly lower than the 55.6% of respondents in the full sample) indicated that they have thought about moving their business outside of California.

A multiple response follow-up question asked those individuals for their reasons for considering moving outside of California. The data in the table below show that people are not being “pulled” from California, lured by incentives from other states. Rather they are being “pushed” – they are tired of dealing with the high cost of doing business, the tax rate, and the regulatory environment. And although some people come to sunny California for the enviable “California lifestyle,” 50.5% overall vs. 43.2% of URM respondents have considered moving due to “better lifestyle choices in other states.”

If feasible, would our respondents actually consider moving their business outside of California **in order to operate more competitively?** In the full sample, 36.3% of respondents said “yes” and another 22.9% said “maybe.” The figures for URM are 29.3% “yes” and 27.1% “maybe.” As noted in a Hoover Institute report just published in August 2021, rising business costs, tax policies, regulatory policies, etc. are causing an increasing exodus of companies from the state. The report states: “Unless policy reforms reverse this course, California will continue to lose businesses, both large established businesses, as well as young, rapidly growing businesses, some of which will become the transformational giants of tomorrow.”

### Who do you talk to most frequently about your business that understands what you are going through and can provide feedback/guidance? /FIG 7.0

	Full Sample % of Respondents Who Answered	URM % of Respondents Who Answered
Peer entrepreneur	57.2%	55.8%
Spouse or significant other	50.6%	46.0%
Accountant	24.5%	19.2%
Business coach	22.5%	26.1%
Attorney	7.9%	6.5%
Banker	6.5%	5.8%
Other	25.3%	23.9%

*NOTE: This is a multiple response question in which the respondent was able to indicate more than one response. “Percent of respondents who answered the question,” therefore, does not sum to 100%.*

### Reasons for considering moving outside of California /FIG 7.2

	Full Sample % of Respondents Who Answered	URM % of Respondents Who Answered
Cost of doing business	83.1%	77.6%
Taxes	76.7%	65.6%
Regulatory environment	62.6%	48.0%
Better lifestyle choices in other states	50.5%	43.2%
Business climate	37.1%	30.4%
Incentives from other states	29.9%	30.4%
Lack of skilled labor	13.2%	11.2%
Other	13.4%	19.2%

*NOTE: This is a multiple response question in which the respondent was able to indicate more than one response. “Percent of respondents who answered the question,” therefore, does not sum to 100%.*

# BRIEF IMPLICATIONS OF THE REPORT

## Summary of findings for the minority entrepreneurship report:

**Minority entrepreneurship is thriving in the Inland Empire region, outpacing both State and National trends for entrepreneurship**

**Hispanic-owned firms are the primary drivers of minority entrepreneurship in the region, and have continued to grow in spite of the pandemic**

**In the Inland Empire, Asian-Pacific business owners are similar to the Hispanic group, outpacing the State and National trends for entrepreneurship**

**The firms in the URM sample are mostly younger businesses compared to the greater pool of responses (less than 5 years in business)**

**URM firms were more affected by the pandemic than their peers – they reported losing more employees than the greater sample**

**Most of these URM firms were funded by personal investment, less than \$25K**

**URM businesses tend to be smaller in size – gross revenues for this group are mostly less than \$400K, and the URM firms have generally 1-5 employees**

**Most URM firms plan to add employees in 2022**

In terms of the biggest challenge they face, most noted that dealing with the impacts of the coronavirus pandemic, access to capital and cash flow as their most pressing issues. Based on an analysis of the open-ended survey questions, URM firms noted their greatest wish/goal for the immediate future is better access to capital, increased cash flow, the ability to hire needed employees, and growing the business (increased sales from additional clients, government and private

contracts) and profit. A common theme was that they faced significant challenges with time management and self-doubt about their abilities as a business owner. When they needed to talk about their business challenges with someone else, overwhelmingly they preferred it to be a peer entrepreneur (someone who would understand what they were going through). Lastly, many of them cited excessive regulation that impeded their ability to do business.

## IMPLICATIONS

Due to their size and relative maturity (age of the business), access to capital and cash flow are still relatively pressing issues for URM firms. They want to grow their firms – many cited they wanted to add new clients, explore getting government contracts, etc. – but are constrained by a lack of easily accessible capital and often are not sure of the best way to approach growth and expansion. They rely on peers

for advice and guidance, but we question how extensive and experienced their peer group is; thus, is the advice and guidance they are receiving valuable enough to make a significant difference in how they operate the business and deal with challenges? Like many of their peers, URM firms are having challenges hiring needed employees, which clearly presents a key challenge to implementing plans to meet their growth aspirations.

# IECE RESULTING DEVELOPMENTS

Like many entrepreneurs, the Inland Empire Center for Entrepreneurship (IECE) pursued this project to solve a pressing problem. As the largest and most comprehensive provider of services to aspiring and existing entrepreneurs and small business owners in the region, our community partners have increasingly approached us with requests for entrepreneurship data to help guide decision-making and policy development. This report addresses that need, providing the region with key insight and data regarding entrepreneurship.

Taking into account data at the national, regional and local levels – including primary data from our focused

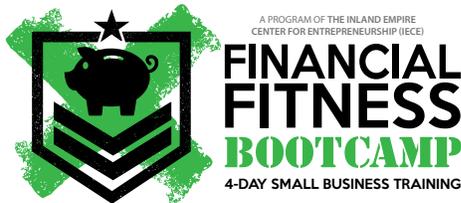
Voice of the Entrepreneur survey of Inland Empire business owners – we aimed to provide a better understanding of how the region is performing in the critical area of new venture creation and growth among Underrepresented Minorities (URM).

By better understanding the current data trends of venture creation as well as the state of mind of our local minority entrepreneurs, we are in a position to better-informed supporters of entrepreneurship. In particular, this report can inform policymakers and entrepreneurial support organizations to develop more effective programs and policies for business startup and growth.

## HOW WE USED THE REPORT

As a result of evaluating the data, the Inland Empire Center for Entrepreneurship (IECE) is developing or has implemented a number of new programs that we believe will provide greater support to minority entrepreneurs and will help address key issues they face as business owners.

## IMPLEMENTED OR COMING SOON IN 2022:



**Fin Fit Boot Camp** - A financial acumen program (cash flow management, financial reporting, helping them gain better understanding of what it takes to get traditional funding since most were self-funded, introducing them early in the cycle to sources of financing)



**IECE Catapult Program** - Growth academy program (focus on the key strategies and approaches for growing the business, including hiring effectively) and Peer mentoring/support program (creates a formal program and network for them to leverage others experience and expertise, coupled with targeted education to increase their business knowledge/competencies)

**PROCUREMENT CENTER** – introduce companies to the process of contracting (government, private, prime, sub, etc.) and introduce processes for certification, building networks to access contracting opportunities, etc.

Continued support and specialized programs for Hispanic-owned firms, which are driving the growth of URM businesses in the region.

## UNDER DEVELOPMENT:

- Entrepreneurial Resource Center (ERC)
- Micro loan and/or seed grant program
- Food Entrepreneurship HUB



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**Inland Empire Center for Entrepreneurship (IECE) is one of the largest university-based Centers for Entrepreneurship in the world and the most experienced and comprehensive provider of business counseling, mentoring and training programs for entrepreneurs in the Inland Empire. We exist solely to support and celebrate entrepreneurship through innovative programs and educational resources so that entrepreneurship thrives in the region. We are Entrepreneurship!**

## Why is IECE Unique?

IECE is a largely self-sustaining venture, run by entrepreneurial faculty and staff. To fund its various programs and operations, IECE has raised more than \$39 million in grants, contracts, gifts and sponsorships.

It is the only Center for Entrepreneurship in the Inland Empire, and has provided assistance to more than 150,000 individuals and entrepreneurs over the last 18 years, resulting in more than

17,000 jobs created/retained and nearly \$400 million in economic impact from investments in new ventures and expansion of existing firms. It is a nationally recognized program, receiving a wide variety of top tier awards over the years, including: honored in 2017 by AACSB International as a Top 35 Global Business School for Fostering Entrepreneurship; given the prestigious National Excellence in Entrepreneurship Education Award by the *United States Association for Small Business and Entrepreneurship* (USASBE) in 2010; and top rankings from *The Princeton Review*, *Entrepreneur* magazine and *EntrePrep* as one of the leading entrepreneurship programs in the US.



### STUDENT OPPORTUNITIES

Cultivating the entrepreneurial passion, applying the discipline and defining direction from experiential learning and a real-world approach



### PROGRAMS & MENTORS

Select programs cultivated at IECE offer unique ways to get involved and engage in applied learning opportunities



### PROFESSIONAL COMMUNITY

We establish real connections to the professional community to enrich the growth of regional entrepreneurship

# WELCOME TO A WORLD OF OPPORTUNITY!

Supporting the efforts of more than 150,000 aspiring entrepreneurs, small business owners, and students within the Inland Empire, We are dedicated to the growth of entrepreneurship both on campus and in the community through our major service segments...



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COACHELLA VALLEY



ORANGE COUNTY INLAND EMPIRE NETWORK

**California STEP**  
SMALL BUSINESS EXPORT PROGRAM

## School of Entrepreneurship

### DEGREE-BASED PROGRAMS IN ENTREPRENEURSHIP

(BA and MBA) Students learn what it takes to be a successful entrepreneur through course work, innovative experiential learning and engaging connective events and programs.

### MASTER OF SCIENCE IN ENTREPRENEURSHIP & INNOVATION (MSEI)

Designed to offer students with business, technical or other non-business degrees a comprehensive education that prepares them to launch entrepreneurial ventures or new business ventures in large organizations.

## What Does IECE Do?

IECE focuses on encouraging the development of entrepreneurial ventures and fostering the entrepreneurial mindset through:



### THE CATALYST BUSINESS ACCELERATOR

Student startups are supported and nurtured with office space, mentoring and seed funding. Overseen by our engaged Entrepreneur-in-Residence, Steve Abbott who also provides direct mentorship and coaching for students developing their businesses.



### THE GARNER HOLT STUDENT FAST PITCH COMPETITION

Students with viable startup ideas are given the opportunity to pitch their concept to local angel and venture investors for the chance to win cash prizes to further their startup ideas.



### THE CSUSB INNOVATION CHALLENGE

CSUSB students, faculty and staff with viable startup ideas are given the opportunity to team up with multiple departments and colleges to deliver their concept for the chance to win \$20,000 in cash prizes.



### THE UPSTARTERS DISCOVERY CAMP

High school students visit CSUSB to get an in-depth preview of college life and the fundamentals of entrepreneurship. Students participate in class and engaging events. A true glimpse into the experiential learning environment!



### BUSINESS ASSISTANCE PROGRAMS

Where local entrepreneurs and small business can gain assistance with business consulting, training, workshops, programs and mentoring services through the Small Business Development Center (SBDC), Women's Business Center (WBC) programs.



### INTERNATIONAL TRADE INITIATIVE

Through our newly established California Small Business Export Program (STEP), local Southern California businesses can gain assistance in breaking into international markets through export promotion activities serving multiple sectors.

# METHODOLOGY

To create the State of Entrepreneurship Minority report, our research team followed a specific methodology for each of the two (2) key components. The following delineates the methodology.

## MINORITY ENTREPRENEURSHIP MATRICES

Key matrices of Minority Entrepreneurship – all four (4) matrices of entrepreneurship are sourced and calculated by the research team from secondary data sources, including:

- Current Population Survey (CPS)
- Bureau of Labor Statistics (monthly data)
- Annual Business Survey (2018)
- Reference Solutions Data Access (All Employer Establishments in the US, 2000-2021)

### Distribution of the Minority-Owned Firms

This is defined as the percent of firm ownership distributed between minority entrepreneurs, including Hispanic, African American, and others (Native, Asian Islander, and Asian Indians), and Caucasian entrepreneurs. To observe the distribution of Minority-owned firms, we use the 2018 Census Annual Business Survey, which provides key demographic information, such as sex, ethnicity, race on business, and business owners. The ethnicity of individual owners is estimated based on the Social Security Administrative data, archival data from magazines, internet, or interest groups, company name word strings, industry and zip code racial distributions based on 2012 Census Annual Business Survey responses, and prior owner response to a previous Survey of Business Owners, Annual Survey of Entrepreneurs, the American Community Survey, or the 2010 Decennial Census data. This dataset is available at <https://www.census.gov/data/developers/data-sets/abs.2018.html>

### Historical Trend for the Percentage of Minority Firms

For historical trends of the percentage of minority firms, we use the monthly data in 2017 – 2021 retrieved from the Current Population Survey, a jointly sponsored dataset from the U.S census and the U.S Bureau of Labor Statistics. In calculating the percentage, we use the annual number of total minority firms divided by the annual number of total firms in the Inland Empire Region and report the average percentage of minority firms by year. The CPS datasets are available at <https://www.census.gov/programs-surveys/cps.html>

### Comparison between Region, State, and National level

Using the same dataset as matrice 2, we compare the historical trend for minority-owned firms on the region, state, and national levels. The region is defined as the percentage of minority ownership in the Inland Empire Region, including San Bernardino and Riverside Country. This comparison was made between the average minority ownership percentage in California and the United States.

### Sub-category Comparison at the Region, State, and National level

To further dive into the sub-categories of minority entrepreneurship (African American, Hispanic, Native American, Asian Pacific, and Asian Indian), we compare the historical trend for each ethnicity in the firm ownership between 2017 – 2021 with the regional, state, and national level trends using Current Population Survey.

## VOICE OF THE ENTREPRENEUR SURVEY

In order to assess the current condition of local businesses and gain insight into the direct experience of entrepreneurs, the research team constructed an original questionnaire that could capture the “story” of entrepreneurship in the region. The process began with three (3) specific tasks:

1. The research team developed an initial set of key questions that would capture timely and important data about the experience of being an entrepreneur;
2. Requesting questions from key regional leaders that are currently involved in developing/supporting entrepreneurship alone or as part of a greater economic development strategy/initiative;
3. Through various interactions and conversations with a wide range of local entrepreneurs, we sought their input on what they felt was important to share about their experience as an entrepreneur.

After several iterations of developing the questionnaire, a pool of nearly 100 questions was under consideration. In order to deliver a reasonable length survey that took on average 10-15 minutes to complete, the research team narrowed down the questions to a more manageable number (45). As a final step before deployment, the survey was delivered to 25 entrepreneurs as part of a pre-test, where they were instructed to complete the survey and provide comments back to the research team in terms of the overall experience. Because of that feedback, the questionnaire was revised. The revised questionnaire was then translated into Spanish and pretested in both languages with a randomly selected group of local entrepreneurs.

The questionnaire was disseminated from June 4 to September 30, 2021. Several distribution methods were employed to maximize response rate. Survey links were distributed to a list of entrepreneurs known to the IECE and the School of Entrepreneurship, and *LinkedIn* connections were added. In addition, the research team reached out to local public sector organizations (e.g., city government, county offices of economic development, chambers of commerce) requesting their help in circulating the survey link. Lastly, the IECE used a wide range of social media announcements and promotions to highlight the survey and help drive responses. These methods, used together, provided the broadest opportunity for Inland Empire entrepreneurs to respond to the online survey.

The survey included two (2) types of questions: Open-ended and Closed-ended. Open-ended questions are questions that allow someone to give a free-form answer. Closed-ended questions can be answered with “Yes” or “No,” or they have a limited set of possible answers (such as A, B, C, or All of the above). Closed-ended data was analyzed in SPSS (a statistical software platform commonly used in research) with the generation of descriptive statistics. For Open-ended questions, the research team using an Open Coding process, which focuses on developing substantial codes to describe, name or classify the insights provided so that specific themes emerge.

Respondents to the survey were allowed to skip any questions they did not wish to answer or felt were not applicable.

The survey received 1,401 responses. After a complete evaluation of the responses, there were 1,014 surveys with usable data (substantive enough to include for overall analysis). Of the 1,014 usable responses, 281 were from URM where “under-represented minority” (URM) is defined for purposes of this report as respondents who self-identified as Hispanic/Latinx, Black/African American, or Native American/American Indian (even if they also identified as White, Asian/Pacific Islander, or “Other”).



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