WOMEN ENTREPRENEURS: STARTING A BUSINESS DURING THE COVID-19 PANDEMIC

A Survey of Women Entrepreneurs 40-Plus

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Key Findings

• **Want rather than need drives women’s decision to start a business.** A quarter of women entrepreneurs who we surveyed say they always wanted to start a business followed by a fifth who say they did it to follow their passion. Two-thirds (67%) say the COVID-19 pandemic had an impact on their decision.

• **Women entrepreneurs responding to the survey are aware of the challenges they face based on their gender.** Most agree that they face unique challenges that are different from men.
Key Findings (cont.)

- Despite these challenges, nearly all women entrepreneurs responding to the survey (98%) agree that they made the right decision starting their business. About two in five (39%) say that their business is doing much better or slightly better than expected.

- Most women entrepreneurs who participated in the survey relied on their own pocketbooks to support their business. About 7 in 10 women used their personal savings to initially fund their business.
Key Findings (cont.)

• As a result, some women entrepreneurs responding to the survey face financial challenges that begin at start-up and continue to present day. Over three in five (64%) faced financial challenges since starting their business. In fact, having credit available (35%) and securing funding (35%) were the most common obstacles.

• Funding for women-owned businesses is an untapped resource. Among those who were aware of this type of funding, only 13% of respondents said they had applied for funding specifically aimed at women-owned businesses.

• Information gaps exist for women entrepreneurs. Top three areas where they had difficulty finding information was getting customers (42%), marketing their business (39%), and financing their business (37%).
Key Findings (cont.)

• Support and training are needed for women entrepreneurs to manage and grow their business. In addition to financial support, they need resources on marketing (24%), recruiting and hiring staff (11%), and financing (10%). This is consistent with the top areas in which women entrepreneurs have taken training: marketing your business, building a business plan, and managing your business.

• Trust is key when it comes to questions about one's business. Over two in five women who were surveyed trust friends or family (61%), the Small Business Association (58%), and the Small Business Development Center (44%) to answer questions they have about their business.
Want rather than need is a driver for starting a business

Many respondents named a personal desire, like *always wanted to start a business* (26%) or *wanted to follow their passion* (19%).

Others mentioned financial motivation, like *wanting extra income* (15%), or an issue with a former employer, such as *job loss* (12%).

Q2. What led you to start your own business? (Select all that apply)
All respondents (n=608)

<table>
<thead>
<tr>
<th>Reason for Starting Business</th>
<th>Mentioned Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always wanted to start one</td>
<td>26%</td>
</tr>
<tr>
<td>Follow passion</td>
<td>19%</td>
</tr>
<tr>
<td>Extra income</td>
<td>15%</td>
</tr>
<tr>
<td>Flexible work options (e.g., WFH)</td>
<td>15%</td>
</tr>
<tr>
<td>Lost job or got fired</td>
<td>12%</td>
</tr>
<tr>
<td>Concerns about COVID-19</td>
<td>10%</td>
</tr>
<tr>
<td>Saw gap in the marketplace</td>
<td>9%</td>
</tr>
<tr>
<td>Wanted to make a difference</td>
<td>7%</td>
</tr>
<tr>
<td>Family encouraged pursuing dreams</td>
<td>4%</td>
</tr>
<tr>
<td>Working conditions were poor (e.g., unsafe)</td>
<td>4%</td>
</tr>
<tr>
<td>Got laid off</td>
<td>3%</td>
</tr>
<tr>
<td>No advancement or prof. devel. opps</td>
<td>3%</td>
</tr>
<tr>
<td>Priorities changed, job no longer as imp</td>
<td>2%</td>
</tr>
<tr>
<td>Retired</td>
<td>2%</td>
</tr>
<tr>
<td>Wanted to feel valued</td>
<td>2%</td>
</tr>
<tr>
<td>Provide care to child/grandchild</td>
<td>2%</td>
</tr>
</tbody>
</table>
COVID-19 was a motivating factor for starting their own business

Two-thirds (67%) of respondents said COVID-19 played a minor or major part in their decision to start their own business.

Q1. What level of impact, if any, has the COVID-19 pandemic played in your decision to start your own business?

All respondents

↑↓ indicates a significantly higher/lower percentage than both other categories
Motivators for starting a business may impact financial health.

Half (52%) who said their business’s financial health is ‘poor’ or ‘fair’ said COVID-19 was a major reason they decided to start their business in the first place.

COVID-19 played less of a role in the decision of those whose business is in better shape financially.

Q1. What level of impact, if any, has the COVID-19 pandemic played in your decision to start your own business?

All respondents (n=608)

↑↓indicates a significantly higher/lower percentage than other categories

52%↑
20%
27%
Poor/fair (n=270)

38%
31%
Very good/excellent (n=131)

32%
24%

Major impact
Minor impact
No impact at all
Don’t know
Women face unique challenges that are different from men

Q10. Thinking about your experiences in trying to access capital for your business, how strongly do you agree or disagree that as a woman you face unique challenges that are different from men?

All respondents (n=608)

Agreement Regarding Gender-Based Challenges in Trying to Access Capital for Their Business

- Strongly agree: 40%
- Somewhat agree: 30%
- Somewhat disagree: 9%
- Strongly disagree: 11%
- Don't know/N/A: 10%
Despite challenges, almost all respondents think starting their business was the right decision

Q2a. Please rate how strongly you agree or disagree with the following statement: Based on the reason(s) for starting my business, I know I made the right decision.
All respondents (n=608)
STAGE OF DEVELOPMENT
Most say their business is currently in the ‘start-up’ or ‘growth’ stage.

Online businesses are more likely to be in the ‘start-up’ stage than local businesses.

Those who agree that women face unique challenges accessing capital are more likely to be in the ‘start-up’ stage than those who disagree.

S13. What stage of development is your business currently in?  
All respondents (n=608)  
↑ ↓ indicates a significantly higher/lower percentage compared to corresponding category
Stage varies greatly by the year a business was started

Businesses started this calendar year (i.e., 2022) are significantly more likely to be in the ‘start-up’ stage than businesses that started in 2020 and 2021.

The data suggests that after the first year or so, many businesses enter the ‘growth’ stage.

S13. What stage of development is your business currently in? All respondents (n=608)
↑↓ indicates a significantly higher/lower percentage compared to other categories

Businesses started this calendar year (i.e., 2022) are significantly more likely to be in the ‘start-up’ stage than businesses that started in 2020 and 2021.

The data suggests that after the first year or so, many businesses enter the ‘growth’ stage.

S13. What stage of development is your business currently in? All respondents (n=608)
↑↓ indicates a significantly higher/lower percentage compared to other categories
Local businesses have a more positive outlook on their finances than online businesses.

Perceived financial health of their business is better among local businesses than online businesses.

Despite revenue of <$10k for many, one-third (35%) of these consider their business to be in ‘good’ or better financial health.

Q7. How would you describe the financial health of your business?
All respondents (n=608)

↑↓ indicates a significantly higher/lower percentage compared to corresponding categories

*Note: Small base size. Please use caution when generalizing to the larger population.
Respondents are split on how their business is doing financially compared to original expectations

How Business is Doing Now

- Much better: 17%
- Slightly better: 22%
- As expected: 37%
- Slightly worse: 18%
- Much worse: 5%

Q11. Thinking about how your business is doing financially today, compared to when you first started, would you say that your business is doing…?
All respondents (n=608)
Online businesses may be struggling more than local businesses

Owners of online businesses are more likely to say their business is doing ‘worse’ compared to local businesses.

Q11. Thinking about how your business is doing financially today, compared to when you first started, would you say that your business is doing…?
All respondents (n=608)

*↑↓ indicates a significantly higher/lower percentage compared to corresponding category
Some started their business with low expectations

Some respondents are optimistic despite ‘poor’ or ‘fair’ financial health, with 21% of these saying their business is actually doing ‘better’ than expected.

Q11. Thinking about how your business is doing financially today, compared to when you first started, would you say that your business is doing…?

All respondents (n=608)

↑↓ indicates a significantly higher/lower percentage than other categories
Gender-based challenges may impact business growth

Agreement that women face unique challenges that are different from men is highest at the start-up stage; agreement is lower among respondents whose business is established or expanding.

Q10. Thinking about your experiences in trying to access capital for your business, how strongly do you agree or disagree that as a woman you face unique challenges that are different from men?

All respondents (n=608)

↑↓ indicates a significantly higher/lower percentage than all other categories

*Note: Small base size. Please use caution when generalizing to the larger population.
Confidence grows as the business grows

While about three-fourths (73%) of those in the start-up stage ‘strongly agree’ they made the right decision to start their business, the percentage increases in the growth (82%) and established/expanding (88%) stages.

Q2a. Please rate how strongly you agree or disagree with the following statement: Based on the reason(s) for starting my business, I know I made the right decision.

All respondents (n=608)
↑↓indicates a significantly higher/lower percentage than other categories
*Note: Small base size. Please use caution when generalizing to the larger population.
Confidence varies with financial health.

However, even two-thirds (65%) of respondents who said their business’s financial health is ‘fair’ or ‘poor’ strongly agree that starting their business was the right decision.

Q2a. Please rate how strongly you agree or disagree with the following statement: Based on the reason(s) for starting my business, I know I made the right decision.

All respondents (n=608)

↑↓ indicates a significantly higher/lower percentage than other categories

Strongly agree
Somewhat agree
Strongly/somewhat disagree
Don’t know yet
Key start-up challenges include finances and getting customers

Other mentions include obtaining equipment and supplies (both COVID and non-COVID related).

Challenges Encountered at Start-Up

- Finances, cash flow, grants: 33%
- Getting customers: 16%
- Equipment, supplies (not COVID-specific): 9%
- COVID-related (e.g., supply chain): 9%
- Advertising, marketing: 7%
- Regulations, certs., licenses, permits: 7%
- Hiring: 6%
- How to start: 5%
- Social media, website: 4%
- Everything: 2%
- Balancing work/home: 2%
- Other: 5%
- None: 7%

Q3. Thinking back to when you started your business, what kinds of challenges did you encounter? (Coded open-ended responses)

All respondents (n=608)
Customers are the driving force for meeting financial expectations.

Q11a. In 2 or 3 sentences, please explain why you said your business is doing [worse/better] than expected. Respondents answering in each category.
Most have faced challenges related to finances

**Having credit available** (35%) and **securing funding** (35%) are the most common obstacles.

Over one in three (36%) respondents said they have not experienced any financial challenges since starting their business.

Q6. Have you experienced any of the following challenges since you started your business? (Select all that apply)

All respondents (n=608)
Many respondents used personal savings to initially fund their business

Two-thirds (69%) of respondents used personal savings for initial funding, and 12% accessed funds through friends or family members.

Just 3% said they did not acquire any funding.

Q8. Thinking about when you first started your business, how did you initially fund it? (Select all that apply)
All respondents (n=608)
Financial challenges vary by age

Respondents age 60+ are the least likely to have faced financial challenges since starting their business.

Q6. Have you experienced any of the following challenges since you started your business? (Select all that apply)
All respondents (n=608)
↑↓indicates a significantly higher/lower percentage than other categories
*Note: Small base size. Please use caution when generalizing to the larger population.
Interestingly, few respondents have applied for funding aimed at women-owned businesses

Q9. Are you aware that there are organizations that specifically fund women-owned businesses? All respondents (n=608)
Q9a. Have you applied for this type of funding? Respondents aware of funding (n=253)

Awareness of Funding for Women-Owned Businesses

- **Yes**: 42%
- **No**: 52%
- **Don't know**: 6%

13% of these have applied (which is 6% of total respondents)
**Most don’t apply for funding because they don’t know enough about it or don’t know of specific organizations**

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Don't know enough</td>
<td>40%</td>
</tr>
<tr>
<td>Don't know of specific organizations that offer it</td>
<td>37%</td>
</tr>
<tr>
<td>Don't need it/ just don't want it*</td>
<td>25%</td>
</tr>
<tr>
<td>Application process is too complicated/don't know where to start</td>
<td>23%</td>
</tr>
<tr>
<td>No time</td>
<td>15%</td>
</tr>
<tr>
<td>Amount of funding is too small/not worth my time</td>
<td>5%</td>
</tr>
<tr>
<td>Other (specify)</td>
<td>9%</td>
</tr>
<tr>
<td>Don't know</td>
<td>4%</td>
</tr>
</tbody>
</table>

Q9b. What are your reasons for not applying for this type of funding? (Select all that apply) *Coded other-specified comments

Respondents who have not applied for funding for women-owned businesses (n=219)
Information needs are vast when starting a business

Over one in three respondents said they had difficulty finding information on how to get customers (42%), marketing (39%), and financing (37%).

Areas of Difficulty Finding Information

- Getting customers: 42%
- Marketing the business: 39%
- Financing the business: 37%
- Understanding the appropriate licensures: 29%
- Developing/maintaining a website: 26%
- Learning how to register the business: 22%
- Filing taxes: 20%
- Hiring staff to grow the business: 20%
- Managing accounting and bookkeeping: 19%
- Finding a manufacturer or supplier: 15%
- Finding a suitable location: 14%
- Handling payment (like credit cards): 13%
- Obtaining health insurance: 11%
- Dealing with discrimination (specify): 5%
- Other (specify): 1%
- None - no difficulties: 13%

Q4. Thinking about when you started your business, in what specific areas did you have difficulty finding information? (Select all that apply) All respondents (n=608)
Potential start-up resources are often underutilized

The internet (30%) and friends or family (28%) were most commonly used, followed distantly by business associates (12%) and industry networking groups (8%).

Other resources, like affinity groups (4%) and the SBA (4%) were not commonly used.

Q12. When starting your business, where did you seek advice and information? (Select all that apply) *Coded other-specify comments
All respondents (n=608)
Marketing is particularly needed by those whose business is not growing (30%) or in the start-up stage (30%).

Support for recruiting and hiring staff is more commonly needed by businesses that are growing (13%) or established/expanding (17%).

Marketing is the most needed type of support overall

**Non-Financial Support Needed**

- Marketing the business: 24%
- Recruiting and hiring staff: 11%
- Financing the business: 10%
- Expanding the business to online: 6%
- Training/business expertise: 4%
- Managing the business: 4%
- Networking with other small biz owners: 3%
- Finding office space or brick and mortar: 3%
- Understanding finances: 3%
- Building a business plan: 3%
- Filing taxes: 2%
- Product development: 2%
- Creating a strategic plan: 1%
- Other (specify): 0%
- Do not need any support: 16%
- 28%

By stage:
- Not growing: 30%
- Start-up: 30%
- Growing: 21%
- Established/Expanding: 17%

Q13. What additional types of hands-on support beyond financial support do you need to manage and grow your business? (Select all that apply)

All respondents (n=608)
About half of respondents have taken some type of training

Marketing (26%), building a business plan (25%), and managing their business (25%) are the most common training topics.

Q15. Have you taken training in any of the following areas? (Select all that apply)
All respondents (n=608)
Online trainings are the most common platform used

<table>
<thead>
<tr>
<th>Training Platform</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online training platform (e.g., Coursera)</td>
<td>56%</td>
</tr>
<tr>
<td>4-year college or university</td>
<td>20%</td>
</tr>
<tr>
<td>Community college</td>
<td>18%</td>
</tr>
<tr>
<td>Trade school</td>
<td>12%</td>
</tr>
<tr>
<td>Some other organization or industry group (specify)</td>
<td>28%</td>
</tr>
<tr>
<td>Don't know/don't remember</td>
<td>3%</td>
</tr>
</tbody>
</table>

Q15a. Where did you take this training? (Select all that apply)  
Respondents who had taken some type of training (n=315)
Three in five respondents trust friends and family and the Small Business Association to answer questions about their business.

Q14. What sources do you trust when it comes to questions you have about your business? (Select all that apply)
All respondents (n=608)

- Friends and Family (61%)
- Small Business Association (58%)
- The Small Business Development Center (44%), the Chamber of Commerce (39%), and industry networking groups (38%) are viewed as trustworthy by more than half of respondents.
RESPONDENT BUSINESS CHARACTERISTICS
Women entrepreneurs surveyed represent a variety of circumstances

- 39% started their business at the beginning of the pandemic in 2020, 44% started in 2021, and 18% started in 2022.

- 80% own their business without a co-owner, and 20% with a co-owner.

- 60% are legally incorporated, and 39% that are not legally incorporated have an E-I-N number.

- 76% have a local business, 23% have an online business, and 1% have a franchise (that was once a standalone entity).
**Most respondents are heavily involved in their business, and 30% also work another job**

| 75% work full-time (35+ hours per week) for their business. |
| 30% work an additional job. (22% work full-time for their business and have a second job.) |
| 33% have no employees, 61% have 1-9 employees, and 6% have 10-49 employees. |
| 42% have a storefront, 39% operate out of their residence, 32% operate online, and 15% have a mobile location. |
Industry varies widely, with retail/shopping topping the list

Other commonly mentioned industries include *health and wellness* (10%) and *food and beverage* (10%).

### Industry: Top Mentions

- Retail, shopping, ecommerce: 29%
- Health care, medicine, wellness: 10%
- Restaurant, food and beverage: 10%
- Beauty, hair, nails, personal services: 5%
- Cleaning, housekeeping, laundry: 5%
- Construction, plumbing, electrical: 4%
- Business, consulting: 4%
- Art, crafts: 4%
- Transportation: 3%
- Finance, insurance: 3%
- Real estate: 2%
- Communication and entertainment: 2%
- Animals, pets: 2%
- Manufacturing: 2%
- Hotel, lodging, hospitality: 2%
- Education (academic or the arts): 2%
- Childcare: 2%

S12. What type of business or industry is your company? *Coded other-say specify comments

All respondents (n=608)
Women entrepreneurs surveyed represent a mix of annual revenue amounts

Business Revenue

- Less than $0 (negative): 15%
- $10k-$50k: 27%
- $50k-$100k: 15%
- $100k+: 12%
- Don't know/refused: 5%

D8. Please stop me when I get to the category that includes your business revenue in 2021.
All respondents (n=608)
RESPONDENT DEMOGRAPHICS
Respondent Demographics

**Education**
- HS or less: 18%
- Some college: 31%
- Associate's degree: 16%
- Bachelor's degree: 19%
- Master's or above: 14%
- Refused: 1%

**Marital Status**
- Married: 49%
- Single, never married: 19%
- Living with a partner: 13%
- Divorced/separated: 19%
- Widowed: 5%
- Refused: 1%

*All respondents (n=608)*
Respondent Demographics (cont.)

<table>
<thead>
<tr>
<th>Hispanic/Latino</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes 10%</td>
</tr>
<tr>
<td>Don't know/refused 2%</td>
</tr>
<tr>
<td>No 88%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Race(s)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>80%</td>
</tr>
<tr>
<td>Black</td>
<td>10%</td>
</tr>
<tr>
<td>African American</td>
<td>7%</td>
</tr>
<tr>
<td>Some other race</td>
<td>5%</td>
</tr>
<tr>
<td>American Indian</td>
<td>4%</td>
</tr>
<tr>
<td>Asian</td>
<td>3%</td>
</tr>
<tr>
<td>Native Hawaiian</td>
<td>1%</td>
</tr>
<tr>
<td>Other Pacific Islander</td>
<td>0%</td>
</tr>
<tr>
<td>Alaska Native</td>
<td>0%</td>
</tr>
<tr>
<td>Refused</td>
<td>1%</td>
</tr>
</tbody>
</table>

All respondents (n=608)
Respondent Demographics (cont.)

4% LGBTQ

3% Veteran

62% Caregiver

Caregiving Responsibilities

- Child or grandchild: 45%
- Spouse or partner: 17%
- Parent or in-law: 12%
- Another adult relative: 5%
- A friend: 4%
- None: 38%

All respondents (n=608)
Implications

- Women entrepreneurs 40-plus are optimistic despite financial hurdles and widespread agreement that women face unique challenges compared to men. Publicizing steps for fighting back against gender-based obstacles shows support for women entrepreneurs who encounter this among financial institutions, customers, and other business owners.

- Resources, including funding specifically for woman-owned businesses, are grossly underutilized. In fact, fewer than half of respondents (42%) were aware that there are organizations that specifically fund women-owned businesses. Increasing awareness of this funding and the organizations providing it will help financially-challenged women entrepreneurs at various stages of their business.

- Beginning to expand business supports that are available for women entrepreneurs may increase trustworthiness. These may include articles, tips, fact sheets, and a compiled lists of resources.

- The data suggest that online resources and training opportunities are most likely to be utilized – with the added benefit that they may be appealing to online businesses, in particular (which have greater support needs than local businesses).
Methodology

- **Objectives**: Identifying the challenges women entrepreneurs have faced in the last two-plus years since the onset of the COVID-19 pandemic as well as their needs related to funding, support, and training.
- **Methodology**: Phone and online sampling; online sample provided by Fulcrum, Unidos US, and the DC Small Business Development Center Network; B2B listed phone sample provided by Data Axle.
- **Qualifications**: Women ages 40-plus who started a business with 0-100 employees in January 2020 or later
- **Sample**: n=608
- **Interviewing Dates**: June 6, 2022 to July 19, 2022
- **Weighting**: All data are unweighted
- **Questionnaire length**: 21.6 minutes by phone; 15.1 minutes online
About AARP

AARP is the nation’s largest nonprofit, nonpartisan organization dedicated to empowering Americans 50 and older to choose how they live as they age. With nearly 38 million members and offices in every state, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, AARP works to strengthen communities and advocate for what matters most to families with a focus on health security, financial stability and personal fulfillment. AARP also works for individuals in the marketplace by sparking new solutions and allowing carefully chosen, high-quality products and services to carry the AARP name. As a trusted source for news and information, AARP produces the nation's largest circulation publications, AARP The Magazine and AARP Bulletin. To learn more, visit www.aarp.org or follow @AARP and @AARPadvocates on social media.

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This research was designed and executed by AARP Research