

**Micro-Businesses in
Inland Southern California**

Creating Meaningful Jobs

A project of the Microenterprise
Collaborative of Inland Southern
California and the Inland Empire
Women's Business Center



**MicroEnterprise
Collaborative**
INLAND SOUTHERN CALIFORNIA



**WOMEN'S
BUSINESS
CENTERS**
INLAND EMPIRE &
COACHELLA VALLEY
INLAND EMPIRE CENTER
FOR ENTREPRENEURSHIP

MICRO-BUSINESS IN
INLAND SOUTHERN
CALIFORNIA: A SNAPSHOT

197

full-time
jobs created

117

part-time
jobs created

\$18

average
full-time wage

\$13

average
part-time wage

56%

live close to work

35%

offer one or
more benefit(s)

“Good jobs” are defined in the *Microbusinesses, Gainful Jobs*⁴ report as a job that enables a worker to have a basic level of economic stability – decent wages, consistent scheduling, benefits – AND provide opportunities to gain skills and relevant experience that will help them advance.



Executive Summary

Micro-businesses create jobs – good jobs – in the U.S. economy.

According to the Association for Enterprise Opportunity, the national association of micro-business development organizations, micro-businesses¹ in the United States employed almost 35 million people or about 22% of private sector employment². The field of micro-business development is devoted to providing business services such as training, counseling, and microloans to help these businesses launch and grow. The nonprofits and government agencies providing these services had been focused on helping the business owners, often low or moderate-income women or people of color, increase income and build assets. Recently, business development programs are exploring how to help these business owners take the leap to become employers and create quality jobs for the economy.

The work done by the Aspen Institute with the *Microbusinesses, Gainful Jobs initiative*³ looks deeper into the quality of those jobs created by microenterprises. This study is modeled on that work and takes a closer look at the jobs created by micro-businesses in the Inland Southern California region AND at the quality of those jobs. This information informed the development of special programs that focused on helping business owners gain skills to become employers and grow businesses to create jobs while expanding income and contributing to the local economy.

Surveys were sent to 1,238 clients of the Inland Empire Women’s Business Center and Coachella Valley Women’s Business Center. Responses were received from 103 micro-business owners. **This research report looks at the quality of jobs created by micro-businesses and the barriers that may prevent a business owner from becoming an employer.** The economic value of business to business transactions with local contractors who are micro-business owners themselves is also noted here.

This study has another point of interest. Responses were collected just prior to the onset of the COVID-19 pandemic in February of 2020, before the mandated business shutdowns that followed. This data can serve as a baseline for employer needs and behavior of micro-businesses in Inland Southern California and could be used as a comparative dataset to see how micro-businesses recover to pre-COVID-19 levels. This information also guides the business services development that supports the re-tooling of business models so employers can operate successfully within a changed environment and hire or re-hire to aid with the economic recovery.



CATHERINE MARSHALL
EXECUTIVE DIRECTOR

¹ Micro-businesses are those businesses with fewer than ten employees.

² Data compiled by Association for Enterprise Opportunity, *Bigger than You Think: The Economic Impact of Microbusiness in the United States*. <https://aeoworks.org/our-work/research/>

³ <http://www.gainfuljobs.org/>

⁴ *Microbusinesses, Gainful Jobs*. Aspen Institute, 2015. <http://www.gainfuljobs.org/>



Micro-Businesses Create Jobs

In 2019, the 103 microenterprises responding to the survey created 197 full-time jobs and 117 part-time jobs.

The average wage for full-time jobs was about \$18 per hour, while the average wage for part-time jobs was almost \$13 an hour.

The full-time wages are in line with pay scales for other small businesses in California. The average wage for small firms across California in 2017 was \$19.38 per hour.⁵

It appears that many micro-business owners would like to hire more employees, but do not have the sales to support additional staff. (Figure 1)

Most employees of the businesses surveyed fell into the 55-65 age bracket. This is slightly older than the average for small businesses across the state, where workers ages 25-54 account for about two-thirds of the workforce. (Figure 2)

⁵ Data taken from Quarterly Workforce Indicators. Small business defined as fewer than 20 employees.

FIGURE 1
REASONS FOR NOT HIRING EMPLOYEES

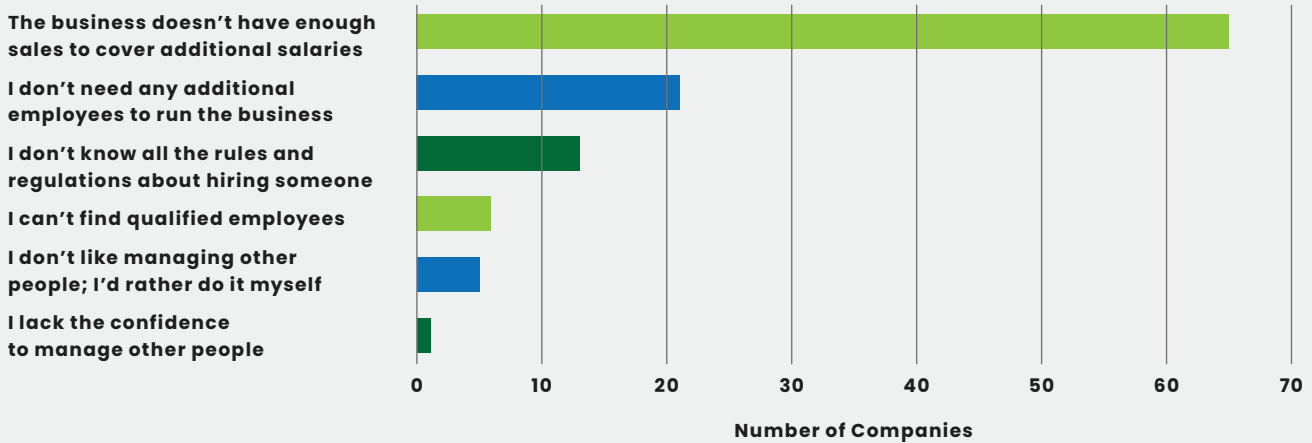
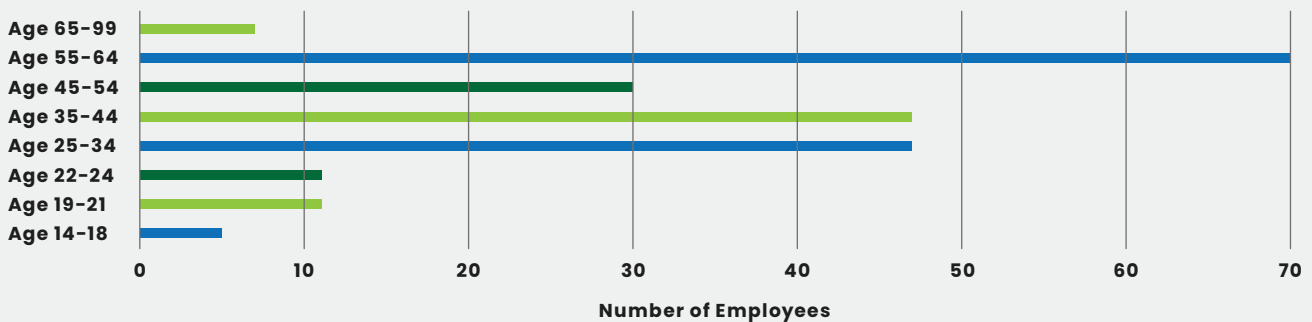


FIGURE 2
AGE OF EMPLOYEES



In addition to full and part time staff, these micro-businesses used contractors to provide goods and services to their customers. Most turned to local contractors, possibly other small businesses, for assistance. (Table 1)

TABLE 1
**CONTRACTORS USED
 BY MICRO-BUSINESSES**

Full-Time Local	14
Part-Time Local	71
Full-Time Non Local	15
Part-Time Non Local	25

The racial distribution of employees was fairly even: one-third Black/African American, one-third white and one-third all other races. (Figure 3)

The racial makeup of employees in this micro-enterprise cohort is significantly different than statewide data. For California small businesses in 2017, 71% of employees were white, 19% Asian, 5% African American and 5% other races.

For all races, in terms of ethnicity⁶, employees were split about 50/50, with 52% non-Hispanic or non-Latinx and 48% Hispanic or Latinx. (Figure 4)

⁶ Ethnicity and race are different ways to describe diversity. People of different races can be identified as Hispanic/Latinx.

FIGURE 3
RACE OF EMPLOYEES

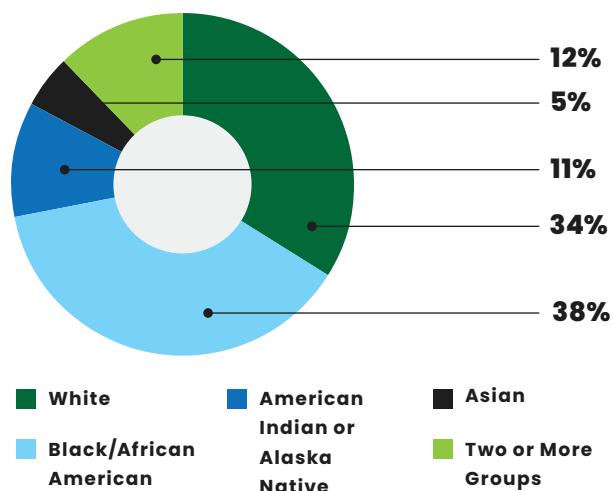
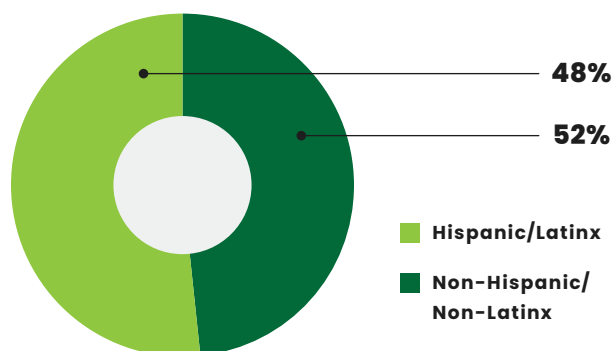


FIGURE 4
ETHNICITY OF EMPLOYEES



When I started my business in 2009 I had zero knowledge on starting a business. I attended a workshop and participated in monthly business consulting offered by the Inland Empire Women’s Business Center. Now SocializeLA has helped over 1,000 companies through our services, workshops, events and online courses. Over the past 12 years we have created about 20 jobs and I’m proud to share that two of my six team members have been with me for almost 5 years.

Margaret Rodriguez Brown, CEO + Founder, SocializeLA



Quality of Jobs

One of the objectives of this study was to determine the quality of the jobs created by microenterprises in the region.

Almost 52% of the responding companies with full or part-time employees offered one or more benefit(s) to those employees.

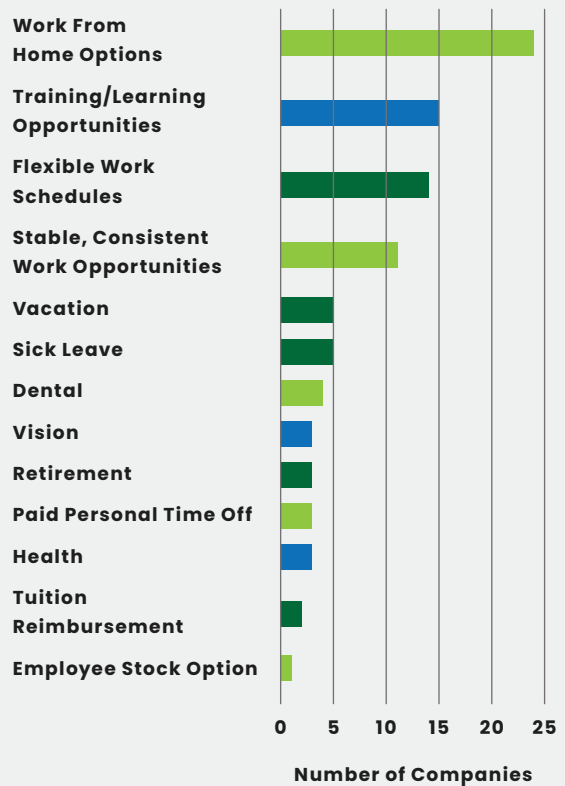
The study looked specifically at some of the factors defined in the *Microbusinesses, Gainful Jobs* report as indicators of quality jobs. Work from home was the most often cited benefit, followed by training/learning opportunities and flexible work schedule. A few reported offering more traditional benefits such as vacation, dental, health and retirement. (Figure 5)

The study also looked at how microenterprises in the region contribute to employment in their own neighborhoods. More than half of employees (56%) traveled less than 5 miles to work. (Figure 6)

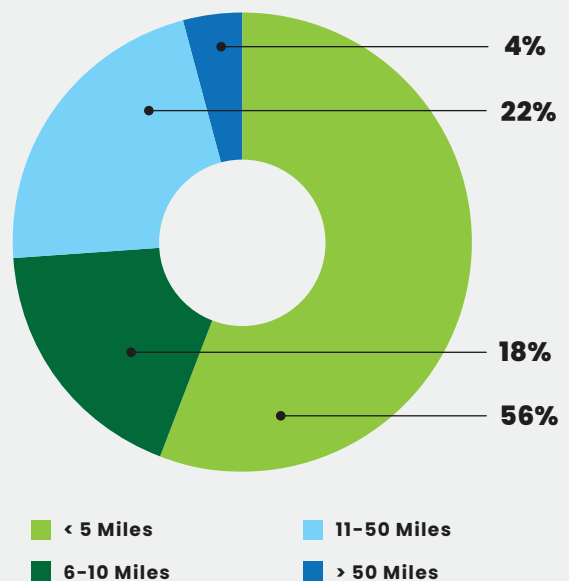
Working at a restaurant may be a stepping stone on a career path. We at Beola's Southern Cuisine understand this and support our staff with very flexible hours, opportunities to grow into higher level jobs, support of outside jobs and commitments, and support of our staff's entrepreneurial ventures. We are proud that we support the "whole" person and their future dreams regardless of where they have been and currently are in life.

*Elizabeth McSwain,
Beola's Southern Cuisine*

**FIGURE 5
BENEFITS OFFERED TO EMPLOYEES**



**FIGURE 6
LENGTH OF TRAVEL TO WORK**



Company Data

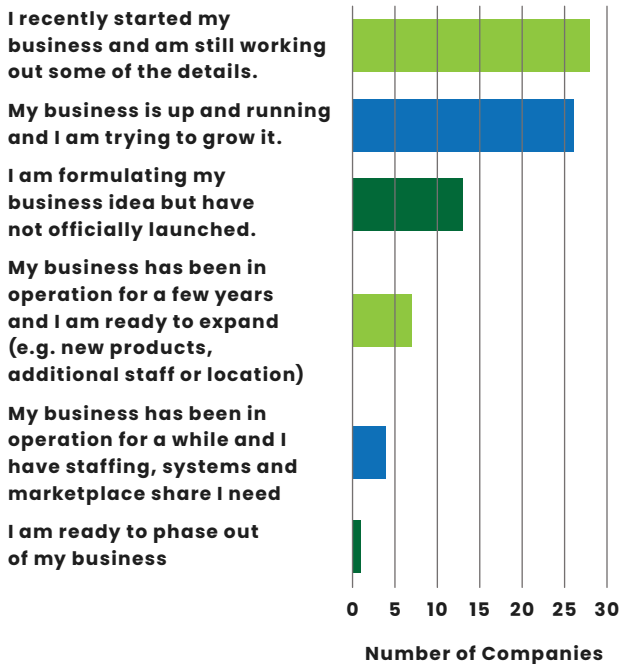
Most of the companies surveyed were more than a year old. The largest segment of companies was 2-5 years old, however, almost 40% had been in business a year or less. Eight percent had been in business more than 10 years. (Table 2)

TABLE 2
LENGTH OF TIME IN BUSINESS

< 1 Year	6	8%
1 Year	22	31%
2-5 Years	26	37%
6-10 Years	11	16%
> 10 Years	6	8%

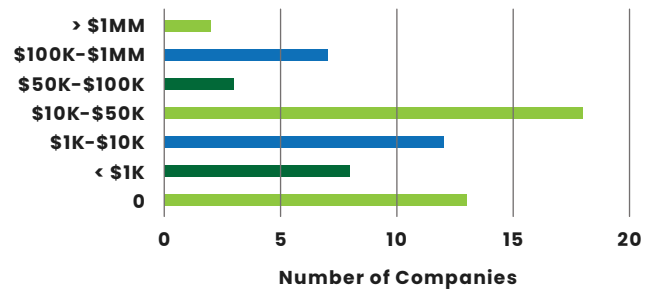
In addition to asking age of business, the survey also solicited information about business stage (Figure 7). Most noted they were in the early stages of startup.

FIGURE 7
STAGE OF BUSINESS



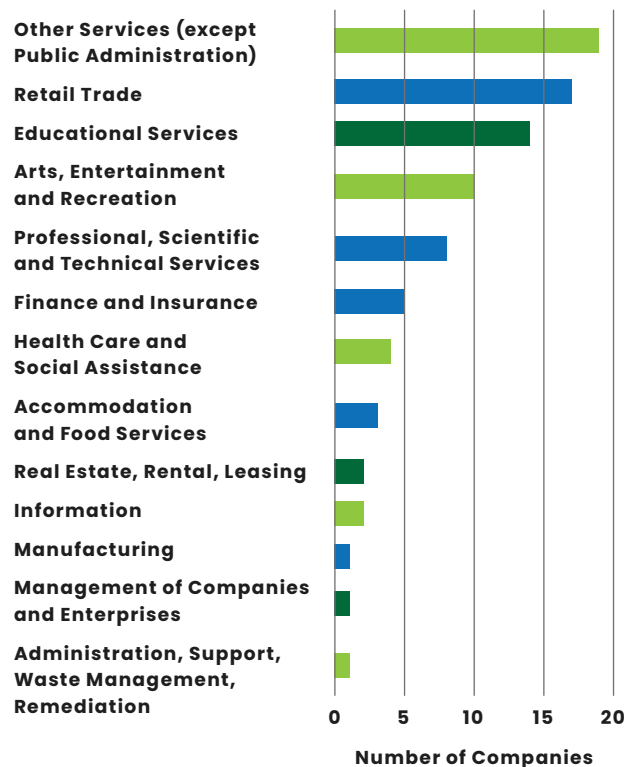
The most frequently noted annual sales range was \$10,000 to \$50,000. Thirteen of the companies listed no revenue at all. (Figure 8)

FIGURE 8
ANNUAL SALES REVENUE



The companies surveyed represent a broad range of industries, with most providing services or in retail. (Figure 9)

FIGURE 9
INDUSTRIES



Owner/Founder Data

In addition to collecting information about the companies themselves, this research project also collected information about the owner/founder. 94% of the owners/founders work in the business.

Almost all had some college or a degree, with more than 67% attaining a four-year degree, a professional degree or a doctorate. (Table 3)

The education levels of the respondents were higher than rates for San Bernardino and Riverside counties. Almost all of the respondents (99%) earned a high school degree or GED compared to 80% in San Bernardino County and 82% in Riverside County. Similarly, 67% of respondents had a bachelor's degree or better, compared to 20% in San Bernardino County and 22% in Riverside County.

TABLE 3
EDUCATION LEVEL OF OWNER/FOUNDER

Less than High School	1	1%
High School or GED	1	1%
2 Year Degree	5	6%
Some College	21	25%
4 Year Degree	28	33%
Professional Degree	22	26%
Doctorate	7	8%

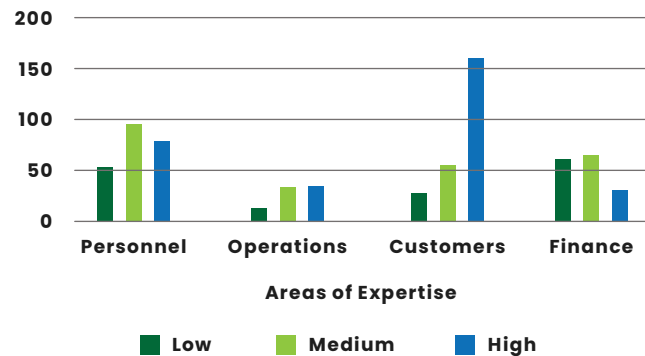
67% of the respondents said their business was minority owned

93% of the respondents said their business was women owned

The Inland Empire and Coachella Valley Women's Business Centers have a stated mission to reach underserved communities, and it appears their efforts have been successful.

Owners/founders were asked to rate their competency on a range of leadership/management activities. Most ranked themselves high in terms of customer service and low on raising capital. (Figure 10)

FIGURE 10
RATING OF BUSINESS COMPETENCY



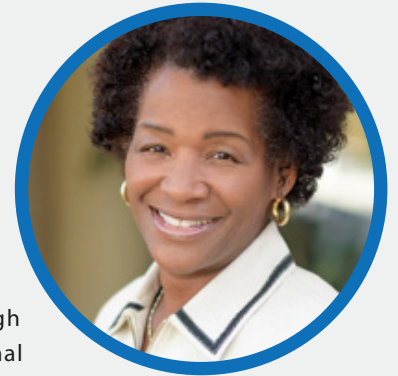
I began working with IEWBC in 2005 while in the process of establishing an Express Employment Professionals franchise.

I have returned to IEWBC consistently over the years for assistance and consider the organization a valued and trusted advisor! Today, I own a building and have achieved success despite the recession and COVID. I am proud to share that we have provided over 16,000 jobs in the region and thus contributed to the direct growth of the companies we serve.

Palbinder Badesha, Owner, Express Employment Professionals

Bethany Smith came to Coachella Valley Women's Business Center in 2014 to take part in the "It's Your Time" Program after seeing an article in the local paper. She says, "it was a direct answer to prayer" to find a program that addressed the specific needs of female entrepreneurs. After writing a business plan and graduating from the program, she took LEAP (Local Entrepreneurs Attaining Prosperity) and Ignite, business expansion programs. The center provided her with support, focus, and resources to assist in her growth and development. Lift Your Table® manufactures a product that lifts folding tables from seated height to counter height or higher; a product developed out of a need uncovered in their catering business where folding tables were simply too low

to work from in a standing position. Since founding B Team Solutions, Bethany has shattered goals every year: she has more than doubled her previous year's sales each year she has been in business. The company is certified through WBENC and through National Minority Supplier Development Council. To date, the company has created nine jobs and with the assistance of an EIDL loan, was able to increase her business in profits and in units sold during the COVID 19 pandemic.



2019 REPORT

MICRO-BUSINESSES IN INLAND SOUTHERN CALIFORNIA: CREATING MEANINGFUL JOBS



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INLAND SOUTHERN CALIFORNIA

The purpose of the Microenterprise Collaborative of Inland Southern California is to create and sustain businesses and jobs through micro-business development. It serves a region in Southern California that includes Riverside and San Bernardino counties and Eastern Los Angeles County. The Collaborative is composed of over 700 hundred Partners who are committed to helping small businesses thrive.

website: www.microbizinsocal.org

email: the Executive Director at catherine@microbizinsocal.org



WOMEN'S
BUSINESS
CENTERS
INLAND EMPIRE &
COACHELLA VALLEY
INLAND EMPIRE CENTER
FOR ENTREPRENEURSHIP

The mission of the Inland Empire and Coachella Valley Women's Business Centers is to counsel, teach, encourage and inspire women business owners at every state of development and expansion.

The IEWBC is a non-profit organization formed by the Inland Empire Center for Entrepreneurship (IECE) located at the Jack H. Brown College of Business at California State University, San Bernardino. The IEWBC is funded in part through a Cooperative Agreement with the U.S. Small Business Administration. IEWBC's programs and services are provided on a nondiscriminatory basis. All opinions, conclusions, and/or recommendations expressed herein are those of the authors(s) and do not necessarily reflect the views of the SBA.

website: www.iewbc.org

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The opinions expressed in this report are those of the authors and do not necessarily reflect the views of The James Irvine Foundation.