

SPARKLIGHT
CREATIVE GROUP

State of Northern Kentucky Black Business

2023

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INTRODUCTION

Throughout U.S. history, from slavery to Reconstruction, to Jim Crow, to the present day, due to institutionalized racism, our economy has never worked fairly for Black Americans. Traditionally, U.S. policymakers have established racially tilted rules for the economy, prohibiting intergenerational wealth transfers among Black Americans.

The video of George Floyd's death, in the wake of the murders of Breonna Taylor and Ahmaud Arbery, ignited an ongoing call for justice, spearheaded by The Black Lives Matter movement, has sparked some major changes across policing, government, education, entertainment, and more. And while the growth of Black-owned businesses is undoubtedly one of the achievements to celebrate, Black business owners still face formidable challenges.



I never wanted to be a number nor a statistic. All I wanted was to be a business to serve as a family legacy.

- Sienna Conrad, Owner, For FamilyBy Family

TRADITIONALLY, BLACK BUSINESS OWNERSHIP HAS BEEN STIFLED, IF NOT DISCOURAGED DUE TO INSTITUTIONAL RACISM.

Examples include, but are not limited to the institution of slavery, and “Black Codes,” restrictive laws in the South that specifically targeted Black Americans following the abolition of slavery.



NATIONAL STATS

Over the last half-century, we've continued to witness systemic restrictions to Black entrepreneurship through redlining, restrictive financial lending practices and disproportionate incarceration rates in the Black community. Though combating the ill effects of institutional racism may be one reason entrepreneurship for Black Americans, there are many reasons why Black Americans go into business for themselves.

01

36% of Black small business owners opened a small business because they were ready to become their own boss, and 17% were disillusioned with corporate America.

02

42% of Black entrepreneurs report they are very happy as small business owners.

03

49% of small business loans from banks go to white-owned businesses, while only 3% of loans went to Black-owned businesses.

Recent US Census data shows that there are 3.12 million Black-owned businesses in the U. S., generating \$206 billion in annual revenue and supporting 3.56 million U.S. jobs. This is compared to a total number of 33,185,550 small businesses in the United States., employing 61.7 million Americans.

The pandemic affected Black business owners worse than other racial groups

Findings from the Federal Reserve System's 2021 Small Business Credit Survey (SBCS)—which was conducted in September and October 2020—provide qualitative insights into the pandemic's impact as well as the issues that must be addressed to increase the Black share of employer firms. The SBSC is an annual survey of businesses with fewer than 500 employees, which represent 99.7% of all employer firms in the U.S.

The SBCS reveals that the COVID-19 pandemic exacerbated the challenges that small businesses owned by people of color faced prior to the pandemic. Table 4 shows the percentage of small business owners by race that reported experiencing financial challenges in 2020. Most small business owners reported experiencing financial hardship during the pandemic, but the highest rate was reported by Black business owners: 92%, followed by 89% of Asian American-owned firms, 85% of Latino- or Hispanic-owned firms, and 79% of white-owned firms.

KENTUCKY STATS

01

There are a total of 364,200 businesses in the Commonwealth of Kentucky considered to be a small business; making up roughly 99% of all businesses in Kentucky.

02

Employment in the Commonwealth expanded at 22,033 establishments and contracted at 27,987.

03

Small businesses accounted for 11,033 openings and 10,100 closings.



What Northern Kentucky could gain with more Black-owned businesses

The number of Black-owned businesses are lower than average in Northern Kentucky. The disproportionally low ratio to majority-owned businesses in NKY display the opportunity for increased revenue, jobs, and wages that Northern Kentucky would gain if the percentage of employer firms that are Black-owned was on par with the area's Black population.

Black-owned businesses are prevalent in the larger populated cities but still far below the Black population share

Using the most recent US Census data, no city or municipality area in Northern Kentucky has a share of Black-owned employer firms that matches or exceeds the Black population in the area. Among 3 metro areas Covington/Newport, Erlanger/Elsmere and Florence/Hebron/Union, the highest proportion of Black-owned firms among employer businesses is in Covington/Newport area, at 60.9%, or 39 out of 64 Black-owned small businesses.

Table 1 - A Comparison of Black-Owned and Majority-Owned NKY Businesses

CITY	NUMBER OF BUSINESSES	NUMBER OF BLACK-OWNED BUSINESSES	% OF BLACK POPULATION	RATIO OF BLACK BUSINESS
ALEXANDRIA	85	1	0.6%	0.01%
BELLEVUE	105	1	0.1%	0.009%
COVINGTON	775	28	10.4%	0.03%
EDGEWOOD	217	1	1.6%	0.004%
ELSEMERE	94	1	4.9%	0.01%
ERLANGER	393	3	4.6%	0.007%
FLORENCE	1,059	8	6.5%	0.007%
HEBRON	216	2	0.2%	0.009%
LUDLOW	242	1	1.0%	0.004%
NEWPORT	600**	11	7.6%	0.01%
UNION	129	5	0.0%*	0.03%
WILDER	145	2	0.0%*	0.01%

* No US Census Data available

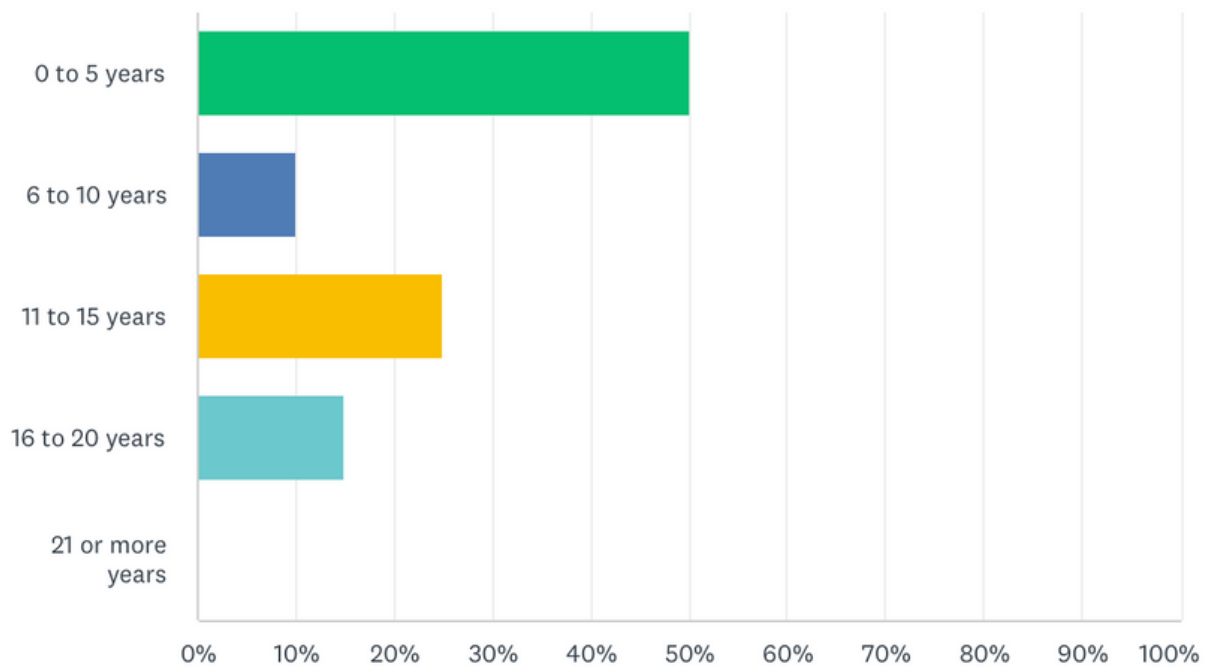
** Data obtained from city website

SURVEY RESULTS

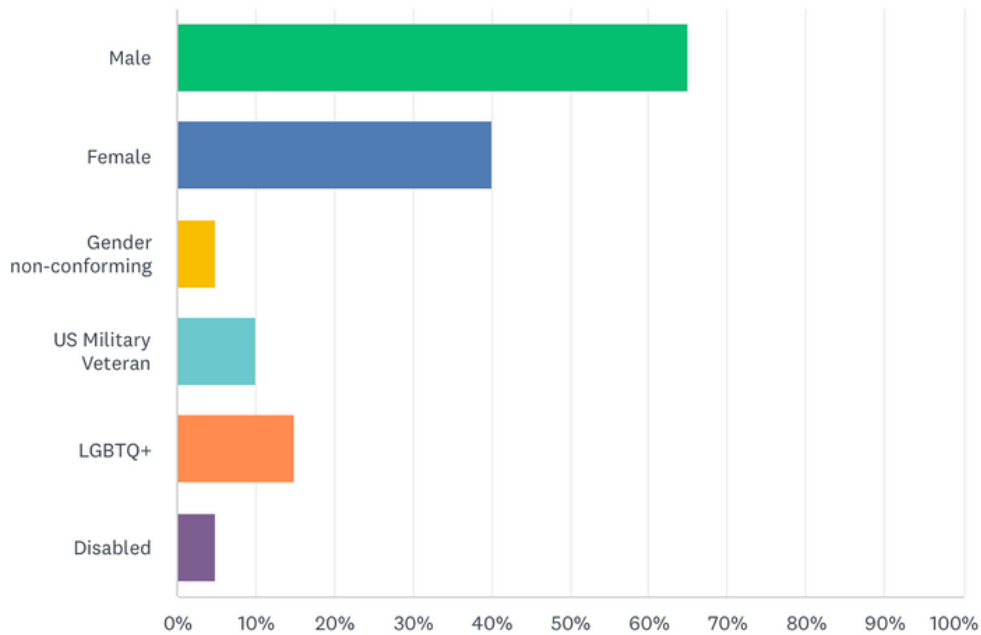
64 *Black-owned businesses in Northern Kentucky (Boone, Kenton and Campbell Counties).*

20 *Black-owned NKY Business Surveyed*

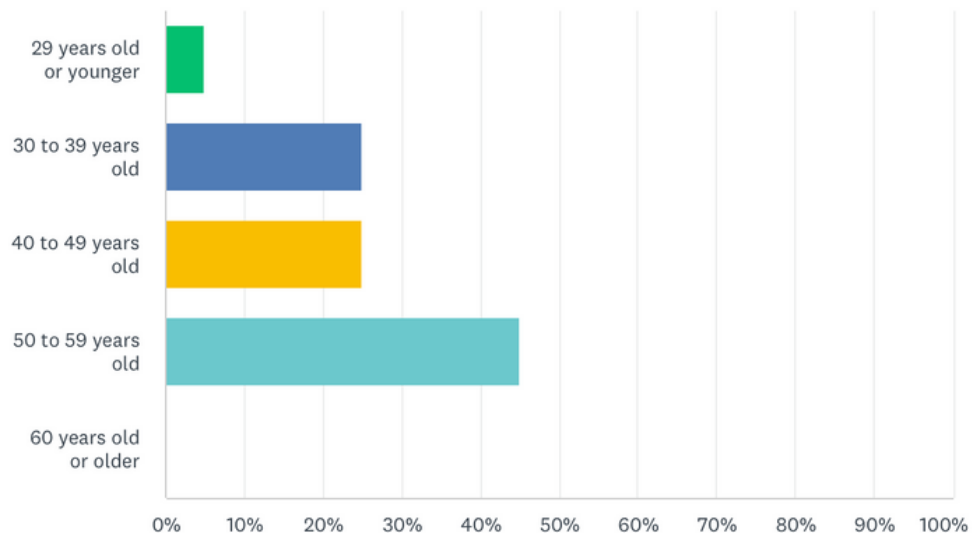
of years in business



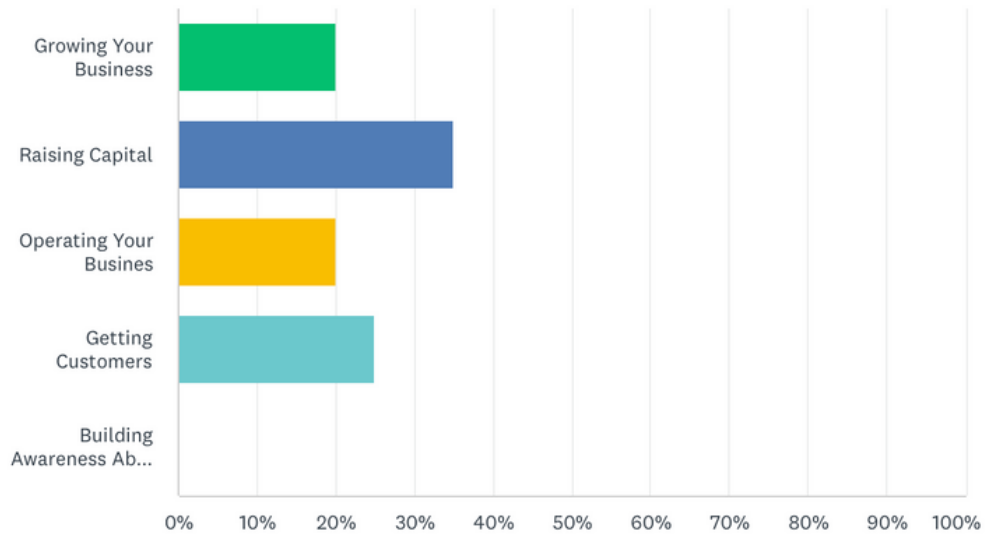
business owner demographics



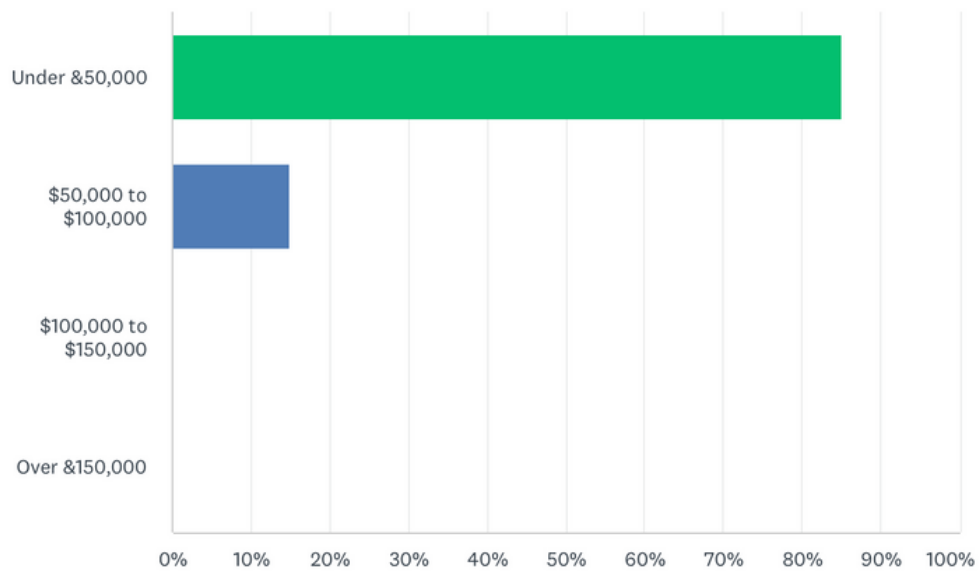
age of business owner



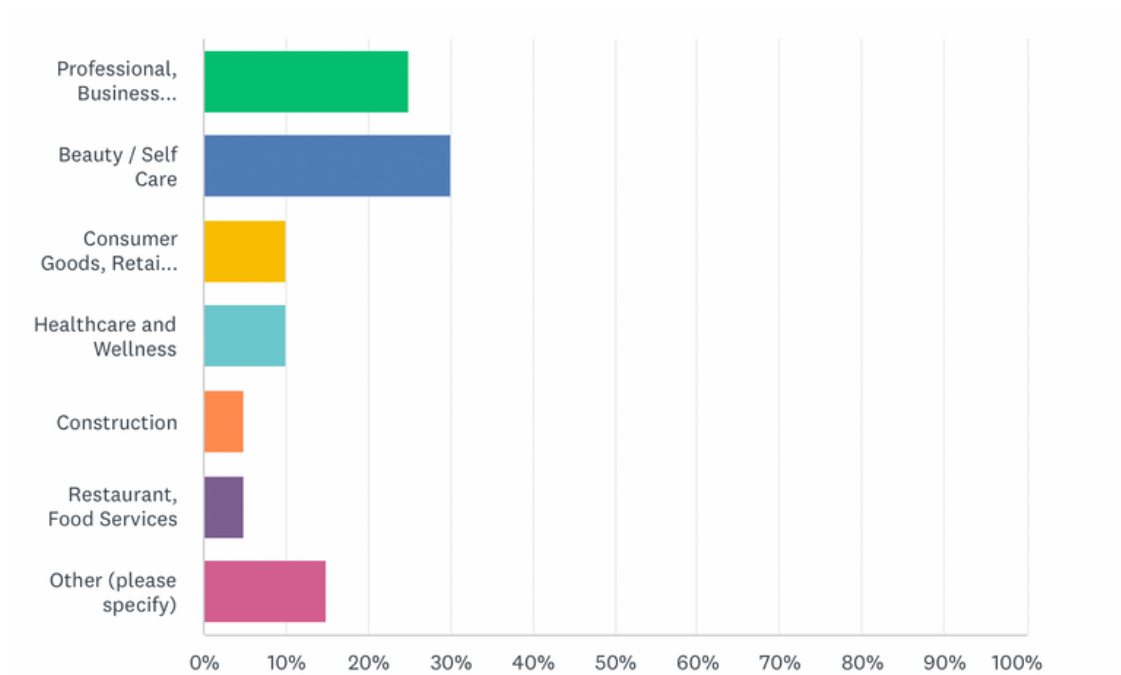
largest business hurdle



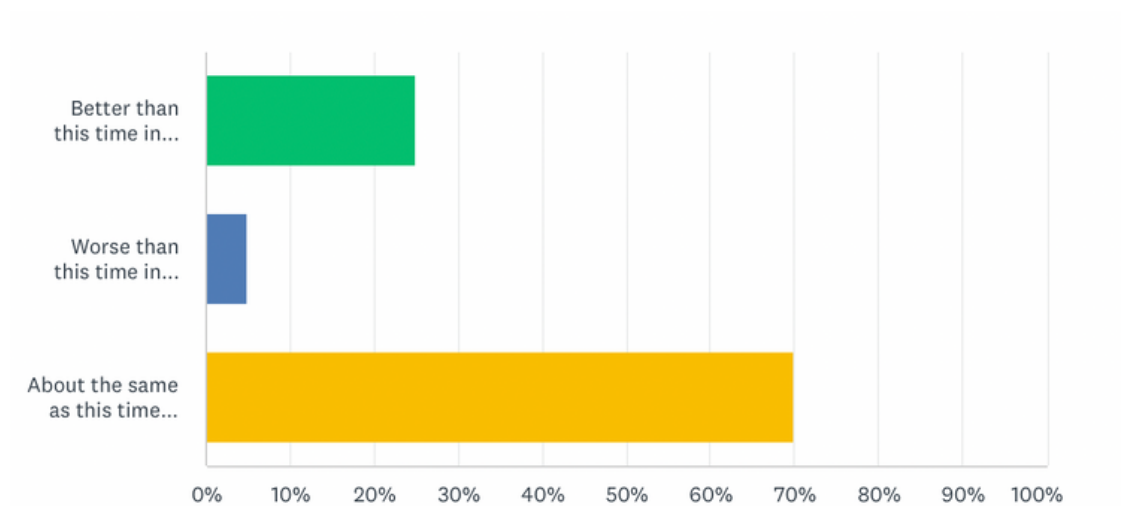
2022 gross earnings



black owned business by type



business growth progress



RECOMMENDATIONS

While increasing Black business ownership would certainly have a positive economic impact on Black households and communities, renewed fiscal support from federal, state, and local governments is needed to mitigate the racial wealth gap.

Data and research show that on average, Black people have higher unemployment rates, lower earnings, lower rates of homeownership, and pay more for credit and banking services—all factors that result from a history of structural racism and contribute to vast disparities in wealth creation and accumulation between Black households and white households.

ACKNOWLEDGEMENTS

In support of recent efforts of The City of Covington, the Greater Cincinnati African American Chamber, the Northern Kentucky Chamber and the Covington Business Council, which endeavors to grow the percentage of Black-owned employer firms, SparkLight Creative Group has published “The State of Black Business: Northern Kentucky” a report that used recently published data to calculate the local and national proportion of Black businesses The report also calculates the businesses, jobs, and revenue the local region would gain if the percentage of Black-owned employer firms equaled the proportion of Black people in the country’s population. Additionally, we explore policy solutions recommending structural changes that will enable the economy to work for entrepreneurs of all races.



We thank you for your continued support in our efforts to contribute to the personal and professional development of the Northern Kentucky region.

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