

# Heritage, Hurdles, and Hustle: The Challenges Faced by Female Immigrant Entrepreneurs

Aniya Jain and Tynaje Thomas, MPH

## Abstract

There was a fourfold increase in entrepreneurship among female immigrants between 1980 and 2005. In an era when this number is only expected to increase, it becomes increasingly important to address the challenges that this demographic faces when attempting to become entrepreneurs. Migrant women are generally supported by their co-ethnic community, but they have difficulties transferring their human capital and are heavily influenced by the culture and needs of their host country. Past research on financial challenges, educational challenges, cultural challenges, and more is depicted.

## Introduction

The entrepreneur-focused reality television show, Shark Tank, represents the very definition of “The American Dream.” The show features entrepreneurs from across the nation and even the world pitching their businesses in hope of gaining an investment from one of the venture capitalists, or “sharks.” Millions of dollars have been invested into Shark Tank businesses, making many dreams come true. This is especially true for underrepresented groups including women and immigrants.

Coffee Meets Bagel, a dating app, was pitched on Shark Tank by a group of sisters in 2015. The three Kang sisters were born and raised in Korea and later moved to California with their parents. The sisters did not accept an investment offer on Shark Tank; however, with the publicity generated from the show and the sisters’ dedication, the app’s net worth is estimated to be around \$150 million as of 2023.<sup>1</sup> The number of female entrepreneurs on the show is growing, and female investors are becoming more common. Barbara Corcoran and Lori Greiner are two of the leading investors in this space. Anne Wojcicki, Candace Nelson, and Kendra Scott, all renowned and successful businesswomen, have also appeared as guests. It is important to note that all the women above are native-born Americans. Despite substantial growth in female representation in business, underrepresented female groups haven't been given as much attention as their counterparts. Seeing as most of the women named above are native-born American women, it is important to address the challenges that immigrant women face when seeking to become entrepreneurs.

This article will examine disparities between native-born and immigrant female entrepreneurs, identifying the additional hurdles associated with immigrant status when becoming an entrepreneur. Identifying these obstacles presents viable solutions to build greater equity.

## Prevalence of Female Immigrant Entrepreneurs

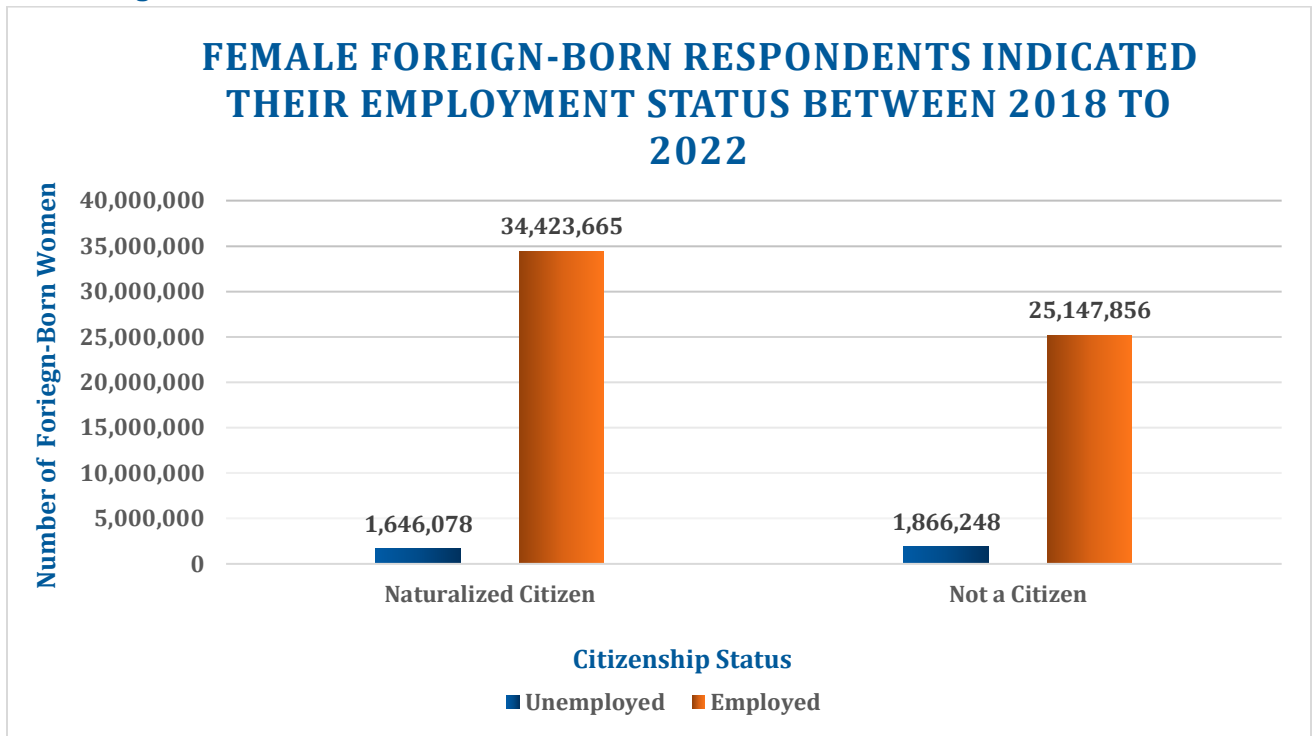
Between 1980 and 2005, the number of immigrant women business owners in the United States has increased 468 percentage points.<sup>2</sup> These women likely immigrated to the U.S. in the late 1960s through the Immigration and Nationality Act of 1965, which allowed more

skilled workers to enter the country and gave preference to family members of American residents. As families moved to the United States, usually based on the merits of the father or husband, women had to find a way to establish themselves in American society and contribute to the household income. Entrepreneurship became a viable option. In 2000, 13.1% of all businesses were owned by female immigrants. More recently, in 2017, the number of female immigrant entrepreneurs was estimated to be 1.2 million in the United States.<sup>3</sup> According to the 2021 National Women's Business Council report, women constituted 38.6% of immigrant entrepreneurs.<sup>3</sup> The top location for female immigrant entrepreneurs is Los Angeles-Orange County.<sup>2</sup> The New York-New Jersey area follows with 11.9%.<sup>2</sup> Female immigrants have started businesses primarily in service industries, with the top three industries consisting of private households, child day care, and restaurants.<sup>2</sup> A majority of female immigrants start businesses in the service industry as it requires low levels of education and start-up capital.<sup>4</sup> Businesses owned by female immigrants have become increasingly important because they stimulate international trade, help alleviate poverty, and contribute to economic development. To enhance the benefits of female immigrant entrepreneurship, action must be taken to reduce the challenges that these entrepreneurs face when establishing their business.

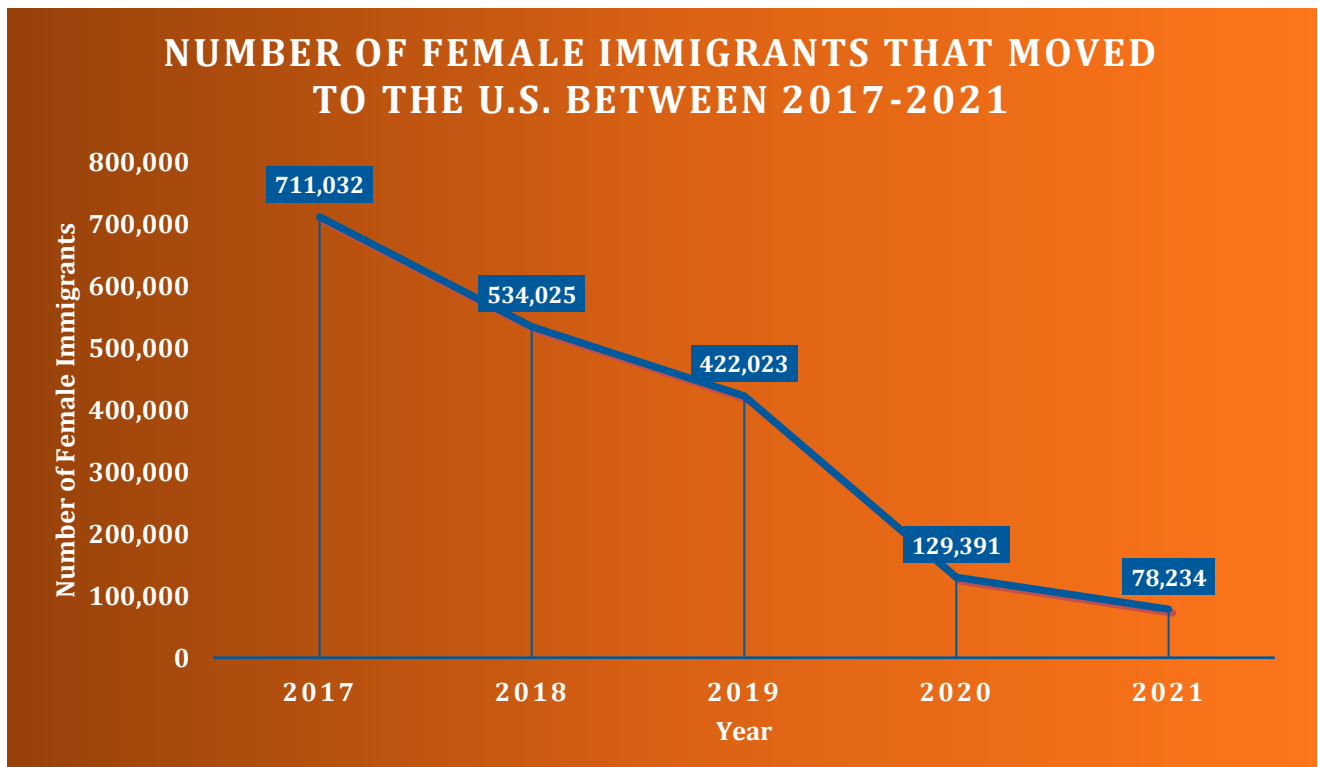
### **Push and Pull Factors**

Historically, entrepreneurship has been immensely important to the American system of capitalism because it promotes innovation, creates new jobs, and contributes to community development. Interestingly, immigrants are more likely to enter entrepreneurship compared to native-born Americans.<sup>5</sup> This trend of entrepreneurship can be explained by the concept of push and pull factors. While white men enter entrepreneurship when the prospect of advancement arises (pull factors), immigrants and women start businesses because of discouraging experiences in the labor market (push factors).<sup>2</sup> For female immigrants, such demoralizing experiences can entail discrimination, little opportunity for promotion, language and cultural barriers, and U.S. residency requirements. The theory of intersectionality, discussed in more detail later, says that every individual encounters different experiences based on the intersection of various social identities. Therefore, it is difficult to generalize the motivations behind a female immigrant's decision to become an entrepreneur as they vary by ethnic group, location, access to capital, and personal conditions. Still, entrepreneurship is considerably less difficult for American-born females because they usually do not encounter harmful stereotypes and likely have more experience, education, and support.

IPUMS Figures

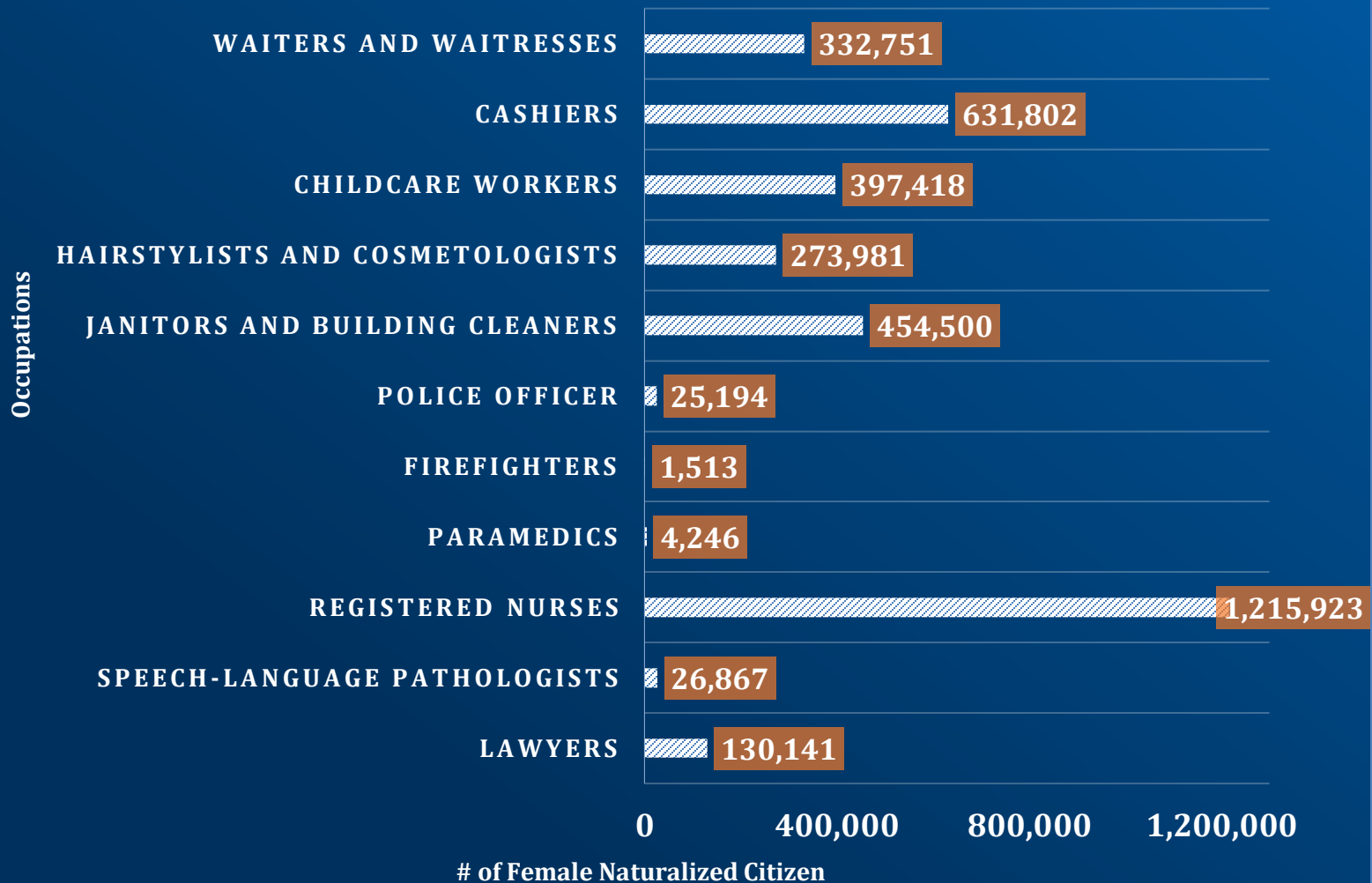


\*This figure is pulled together from IPUMS American Community Survey (ACS) (2001-2022) data\*  
Steven Ruggles, Sarah Flood, Matthew Sobek, Daniel Backman, Annie Chen, Grace Cooper, Stephanie Richards, Renae Rodgers, and Megan Schouweiler. IPUMS USA: Version 15.0 [dataset]. Minneapolis, MN: IPUMS, 2024.  
<https://doi.org/10.18128/D010.V15.0>



\*This figure is pulled together from IPUMS American Community Survey (ACS) 5-Year Sample Study 2017-2021\*  
Steven Ruggles, Sarah Flood, Matthew Sobek, Daniel Backman, Annie Chen, Grace Cooper, Stephanie Richards, Renae Rodgers, and Megan Schouweiler. IPUMS USA: Version 15.0 [dataset]. Minneapolis, MN: IPUMS, 2024.  
<https://doi.org/10.18128/D010.V15.0>

## BETWEEN 2020-2022, FEMALE NATURALIZED CITIZENS INDICATED THEIR MAIN JOB AS:



\*This figure is pulled together from IPUMS American Community Survey (ACS) (2001-2022) data\*  
Steven Ruggles, Sarah Flood, Matthew Sobek, Daniel Backman, Annie Chen, Grace Cooper, Stephanie Richards, Renae Rodgers, and Megan Schouweiler. IPUMS USA: Version 15.0 [dataset]. Minneapolis, MN: IPUMS, 2024.  
<https://doi.org/10.18128/D010.V15.0>

### Financial Challenges

The challenges faced by immigrant women in accessing start-up capital, including biases in loan approval processes and limited social integration, underscore the hurdles they encounter in becoming entrepreneurs. Immigrant women have more difficulty in accessing start-up capital and often have to work multiple jobs to have adequate money to start the business or

take loans from friends and family.<sup>2</sup> Banks may reject loan applications due to bias from the “double disadvantage” of their immigrant status and gender.<sup>6</sup> Because of this, female immigrants are less likely to obtain bank loans and would instead prefer to loan money from friends and family. Additionally, low social integration can lead to distrust between financiers and entrepreneurs, a lack of governmental support hinders access to financial resources, and the paucity of information about available financing opportunities discourages female immigrants from loaning money from external sources.<sup>7</sup> Past literature has also cited the theory of discouraged borrowers to explain the preference of receiving loans through personal connections. Clearly, discrimination in banks is a major obstacle for female immigrant entrepreneurs; while most overcome this obstacle by finding other sources for capital, those without connections or a supporting co-ethnic network in their host country struggle to raise startup capital. It is important to note that much of the literature focuses on comparing female immigrants of color to native-born white women. Because of this, the potential challenges that white immigrants and native-born women of color face aren't necessarily included. It may be true that immigrants of color avoid taking loans from financial institutions because they believe they will be discriminated against based on their race rather than their immigrant status. Further research into female immigrant entrepreneurship may be able to explain the endogeneity and determine whether white immigrants face similar challenges.

### **Human Capital - Education and Language Challenges**

Undoubtedly, having relevant past experience and education is highly advantageous to an aspiring entrepreneur. Unfortunately, immigrant women often do not have access to such human capital, putting them at a disadvantage when pursuing entrepreneurship.

Human capital, the skills acquired through education and/or work experience, is essential in developing a successful business. Furthermore, it has a positive correlation to entrepreneurial activity.<sup>3</sup> For female immigrant entrepreneurs, human capital may be difficult to gain access to because of a lack of business-focused education and experience, or the inability to “transfer” the education and experience to the host country. The relationship between human capital and entrepreneurship has not been thoroughly explored, but it is plausible to assume that easier access to human capital will increase entrepreneurship in female immigrants.

Past literature has not shown a connection between education levels and self-employment in female immigrants.<sup>6</sup> However, it has been hypothesized that low levels of education in female immigrants discourage entrepreneurship because of a lack of necessary skills.<sup>8</sup> Female immigrants with high levels of education, on the other hand, may feel more prepared to compete in the labor market and therefore do not become entrepreneurs.<sup>8</sup> Since the middle and upper classes have greater access to education, a class-based advantage may also be present.<sup>3</sup> Regardless of education, female immigrants have been successful and have been able to build transnational businesses by capitalizing on relationships in the countries of origin and by building a community in the host country. Past experience in entrepreneurship can also influence a woman's career decision, especially for women from developing countries.<sup>8</sup>

The lack of English fluency or a foreign accent can hinder a business's growth and access to resources.<sup>6</sup> Because 80% of immigrant women work in the service sector, fluency in the host country's language is vital for the success of the business (Pérez-Varela and Cárdenas-Rodríguez).<sup>8</sup>

## **Human Capital - Cultural, Societal, and Familial Challenges**

Cultural, societal, and familial challenges highlight the multifaceted scope of the hustle behind female immigrant entrepreneurship. Some immigrant women feel the need to conform to the gender roles of their country of origin. The persistence of source-country gender roles stems from the focus on family stability after immigration. For immigrant families, stability may look like a reinforcement of cultural gender roles. Generally speaking, the source-country gender roles would follow the male-breadwinner and female-caregiver pattern. To overcome the stereotype, female immigrants look to entrepreneurship as a way to provide extra income for the family while also filling the conventional role of a wife/mother. Still, women that come from male-dominated cultures feel conflicted in their role and struggle to gain the support of their co-ethnic community.<sup>6</sup> Because of disapproval from relatives and the community, some female immigrants choose to stay unemployed and prioritize household and familial responsibilities. While following the traditional gender role of homemakers and caregivers is important to many female immigrants, those in need of more income look to entrepreneurship to be able to balance work and family, regardless of their community's support.

Clearly, family needs play a major role in a female immigrant's career decision. A study based in Australia shows that women married to native-born men encountered fewer challenges than women married to other migrants.<sup>8</sup> This difference may be explained by greater social support for women married to native-born men. A pre-established community may serve as an immense benefit in this case. Precarious social status is another factor that can encourage a female migrant to become an entrepreneur.<sup>8</sup>

Migrant women with access to a co-ethnic support network face fewer challenges when starting their business, including raising capital and building their clientele.<sup>8</sup> For newly arrived migrants without strong relationships in the host country, the lack of a support network can quickly become a vulnerability. Family capital is also an important factor in the success of a small business. The ability of a female immigrant to utilize her family's money and time greatly increases the chance of a successful business venture.<sup>3</sup>

Lastly, female immigrants tend to have more soft capital (emotional support) rather than hard capital (business contacts, coaching, etc.). This difference can make it more difficult for immigrant women to gain the business-specific knowledge and community attention needed to start a business.

## **Possible Solutions**

Just like the founders of Coffee Meets Bagel created a unique online dating community, female immigrants have so much to contribute to society. Outlined below are possible solutions to address the challenges faced by female immigrant entrepreneurs.

- Mentorship has proven to be beneficial in providing women with the skills and information necessary to kickstart their career.<sup>9</sup> Immigrant women are not only able to guide others through the journey of entrepreneurship, they also inspire women with similar backgrounds to start something of their own. Local communities can create initiatives to match business mentors with aspiring entrepreneurs.

- Microlending is a process in which organizations loan up to \$50,000 for a few years to small businesses. They typically have lower interest rates and fewer eligibility requirements, making it accessible to female immigrant entrepreneurs. Local and state governments can extend support to microlending non-profits and even create larger governmental organizations to provide microloans. Of course, information on microlending opportunities would have to be readily available. Universities, libraries, places of worship, and other community centers must be utilized to spread this information.

### **Conclusion and Guide for Future Research**

Immigrant women usually start businesses in response to difficult experiences in wage-and-salary jobs. When starting their business, they often look to their family and co-ethnic community for financial support due to inherent bias in traditional financing institutions. Secondly, female immigrants have trouble transferring human capital, such as industry knowledge and educational degrees, to the host country. Lastly, source-country gender roles still persist in many immigrant households, disrupting female potential.

In the future, researchers could apply the theory of intersectionality when studying female immigrant entrepreneurs. It is important to understand the various roles an immigrant woman plays in her household, such as a mother, wife, caregiver, and entrepreneur. All of these responsibilities interact to create a unique situation for every female immigrant entrepreneur. Additionally, studies should differentiate between biases based on immigration status and race; white immigrants and native-born women of color should be studied to understand where these biases stem from. Future research on female entrepreneurship can include data on informal business practices, such as street vendors, caretakers, and housekeeping. Despite its low social benefits and lack of labor protection, this sector experiences a high rate of female involvement due to lower barriers to entry and increased flexibility. Finally, while past literature observes the effects of source country cultural norms and gender traditions on first generation immigrants, it fails to acknowledge the effects on second and third generation immigrants.

Female immigrant entrepreneurship will only continue to grow; to fully benefit from these innovative and capable women, the financial, cultural, and educational challenges must be considered in entrepreneurship-focused policy initiatives and further research will be required to gain a better understanding of female immigrant entrepreneurs.

## Works Cited

---

<sup>1</sup>Natividad, Angela. "The Coffee Meets Bagel Story: From Rejecting the Biggest Shark Tank Offer to Becoming A \$150 Million Company." *TheRichest*, 6 Jan. 2023, <https://www.therichest.com/powerful/the-coffee-meets-bagel-story-from-rejecting-the-biggest-shark-tank-offer-to-becoming-a-150-million-company/>.

<sup>2</sup> Pearce, Susan. "Today's Immigrant Woman Entrepreneur." *Immigration Policy Center*, Jan. 2005, <https://www.americanimmigrationcouncil.org/sites/default/files/research/Immigrant%20Women%20Entrepreneurs.pdf>

<sup>3</sup> Gomez, Claudia, et al. "The Distinct Nature of U.S. Based Female Immigrant Entrepreneurs." *Entrepreneurship & Regional Development*, vol. 36, no. 3–4, Oct. 2023, pp. 312–40, doi:10.1080/08985626.2023.2264803

<sup>4</sup> De Vita, Luisa, et al. "Women Entrepreneurs in and from Developing Countries: Evidences from the Literature." *European Management Journal*, vol. 32, no. 3, June 2014, pp. 451–60, doi:10.1016/j.emj.2013.07.009

<sup>5</sup> Mindes, Samuel C. H., and Paul Lewin. "Intersectional Dimensions of Entrepreneurship among Immigrant Hispanic Women." *Journal of Small Business Management*, May 2023, pp. 1–30, doi:10.1080/00472778.2023.2208629.

<sup>6</sup> Chreim, Samia, et al. "Review of Female Immigrant Entrepreneurship Research: Past Findings, Gaps and Ways Forward." *European Management Journal*, vol. 36, no. 2, Apr. 2018, pp. 210–22, doi:10.1016/j.emj.2018.02.001.

<sup>7</sup> Malki, Bryan, et al. "The Entrepreneurial Financing of the Immigrant Entrepreneurs: A Literature Review." *Small Business Economics*, vol. 58, no. 3, Dec. 2020, pp. 1337–65, doi:10.1007/s11187-020-00444-7.

<sup>8</sup> Pérez-Varela, Yolanda, and Rocío Cárdenas-Rodríguez. "Education and Other Factors Influencing Women Migrants' Employability and Entrepreneurship." *Social Sciences*, vol. 13, no. 1, Jan. 2024, p. 60, doi:10.3390/socsci13010060

<sup>9</sup> Dushi, Enriketa, and Karen Lior. *Reframing Success: Immigrant Women as "Entrepreneurs."* Toronto Training Board, Mar. 2006.



