U.S. Small Business Administration

Guide for Demonstrating Social Disadvantage

1. Purpose

To participate in the 8(a) Business Development Program (8(a) Program), a firm must be 51% owned and controlled by socially and economically disadvantaged individuals. The owner or owner(s) who are claiming social and economic disadvantage can demonstrate their individual social disadvantage through one of two options: by writing a narrative or by completing the fillable questionnaire in Certify.sba.gov.

This guide will provide insight into what elements to include in demonstrating social disadvantage.

1a. Definition

The definition of social disadvantage means that an individual has been subjected to racial, ethnic, or cultural bias within American society because of their identities as members of groups and without regard to their individual qualities. See [13 CFR 124.103(c).]

An individual only needs to establish social disadvantage once for the entirety of the program term.

1b. How SBA Determines Disadvantage

SBA must determine that the discrimination or bias experienced by an individual is chronic, substantial, and has occurred within American society (not within another country). Additionally, the discrimination must have negatively impacted your entry or advancement in the business world.

2. Key Elements of a Social Disadvantage Narrative

To demonstrate social disadvantage, business owner(s) should include the following elements:

a. An indication of which identity or identities is/are the basis of social disadvantage.

b. Descriptions of incidents in which bias or discrimination has occurred.

For business owner(s) who choose to write a narrative, generally a length of at least three pages is sufficient, but it may be more or less.

Business owner(s) who choose to complete the questionnaire can input a maximum of 1,000 characters per each fillable field. SBA can request additional information, if needed.

3. Indication of Identity

Clearly describing which identity or characteristics you possess which have been subject to discrimination helps SBA understand your experience and eligibility for the 8(a) Program.

Race, Religion, Ethnic Origin, Sex, Identifiable Disability, Isolation from American Society, and others are all categories of identities/characteristics which have formed the basis of successful social disadvantage submissions. It is important to specify the identities/characteristics within the category/categories which form the basis of your social disadvantage (e.g., Subcontinent Asian American Woman are specific identities within the Race and Sex categories).

One identity/characteristic is sufficient to establish social disadvantage, although individuals with multiple identities/characteristics may wish to specify more than one, as it is often difficult to determine which single characteristic is subjected to discrimination.

4. Descriptions of Incidents

An individual should typically provide two incidents of bias to establish chronic and substantial social disadvantage. One incident may be enough to establish social disadvantage if it is pervasive or recurring. SBA recommends limiting yourself to two examples to avoid unnecessary delays during the review process.

Experience(s) should be related to education, employment, and business history (including current or previously owned companies). Here are some broad types of experiences which may establish social disadvantage. Examples are included later in the document.

- Education – SBA considers factors such as: denial of equal access to institutions of higher education; exclusion from social and professional association with students or teachers; denial of education honors rightfully earned; and social patters or pressures which discouraged the individual from pursuing a professional or business education.
- Employment – SBA considers factors such as: unequal treatment in hiring; promotions and other aspects of professional advancement; pay and fringe benefits; other terms and conditions of employment; retaliatory or discriminatory behavior by an employer; and social patterns or pressures which have channeled the individual into nonprofessional or non-business fields.
- Business history – SBA considers factors such as: unequal access to credit or capital; acquisition of credit or capital under commercially unfavorable circumstances; unequal treatment in opportunities for government contracts or other work; unequal treatment by potential customers and business associates; and exclusion from business or professional organizations.

For each incident, please **describe who, what, where, why, when, and how** discrimination or bias occurred. Incidents are more readable if they provide information in the following order within a narrative:

- **When** – Explain when the discriminatory conduct occurred. Exact dates, where available, are preferred but are not necessary so long as the incident provides a specific time period. This discrimination can be from any period of your life; you do not need to be experiencing current discrimination to qualify.

- **Where** – Explain where the discriminatory conduct occurred. The incident must have occurred in American society.

- **Who** – Explain who committed the discriminatory action. This could include an individual, a group of individuals, or an institution. Individual names, where available, are preferred but not necessary so long as the incident provides a specific figure or organization.

- **What** – Explain the discriminatory conduct.
- **Why** – Explain the reason(s) that the conduct was more likely motivated by bias or discrimination than other non-discriminatory reasons. Without additional facts, a mere assertion that the action was the result of bias or discrimination will not be enough to support a claim of social disadvantage.
- **How** – Explain how each instance of discriminatory conduct impacted your entry into or advancement in the business world. Offensive comments or conduct, while reprehensible, will not support a claim of social disadvantage if there is no negative impact associated with the incident.

4a. Examples of When

The following are examples that **would** satisfy the level of detailed required by SBA:	The following are examples that **would not** provide the level of detail required by SBA:
• Example 1 (Education): Spring semester of my second year in college • Example 2 (Employment): November 25, 2020 • Example 3 (Business History): Fall of 2012	• Example 1 (Education): In college • Example 2 (Employment): In my mid-20s • Example 3 (Business History): Within the first few years of starting my business

4b. Examples of Where

The following are examples that **would** provide the level of detailed required by SBA:	The following are examples that **would not** provide the level of detail required by SBA:
• Example 1 (Education): University of ABC in [City. State] • Example 2 (Employment): ABC Corporation in [City, State] • Example 3 (Business History): ABC Bank in [City, State]	• Example 1 (Education): At college • Example 2 (Employment): My first job • Example 3 (Business History): The bank

4c. Examples of Who

The following are examples that **would** satisfy the level of detailed required by SBA:	The following are examples that **would not** provide the level of detail required by SBA:
• Example 1 (Education): My faculty advisor, (whose name I do not recall); and Dr. John Doe, the Director the University of ABC School of Health Sciences • Example 2 (Employment): Jane Smith, VP for Human Resources, ABC Corporation • Example 3 (Business History): ABC Bank's Senior Loan Officer	• Example 1 (Education): My professors • Example 2 (Employment): One of the company executives • Example 3 (Business History): A bank employee

4d. Examples of What

The following are examples that **would** satisfy the level of detailed required by SBA:	The following are examples that **would not** provide the level of detail required by SBA:
• Example 1 (Education): After attending three semesters in the nursing program, I decided to pursue a degree in business. Under university policies, selecting a new major outside the School of Health Sciences would have required approval from my faculty advisor. My faculty advisor declined my request to change my major from nursing to business administration. • Example 2 (Employment): I had been working for ABC Corporation for three years when a site manager position became available. I applied but my co-worker, Emily, got the job. • Example 3 (Business History): I applied for a $50k business line of credit with ABC Bank. My application was tentatively approved so the bank Senior Loan Officer asked me to come in-person to sign the final application documents. Without explanation, the application was denied the following week based on concerns related to my company's ability to re-pay.	• Example 1 (Education): My faculty advisor, Dr. Doe, refused to approve my request to change my major. • Example 2 (Employment): I applied for an internal promotion opportunity and didn't get it. • Example 3 (Business History): The bank denied my company's business line of credit application.

4e. Examples of Why

The following are examples that **would** satisfy the level of detail required by SBA:	The following are examples that **would not** provide the level of detail required by SBA:
• Example 1 (Education): I had completed the necessary pre-requisite classes and was otherwise eligible to declare a business administration major. During a meeting with my faculty advisor and Dr. Doe, Dr. Doe explained that I would have more career options as a woman in healthcare. I later learned that several male nursing students in my class were given approval to declare majors outside the School of Health Sciences. For these reasons, I believe my request was denied based on Sex bias. • Example 2 (Employment): I requested a debrief with Jane because I had more experience and a higher trade certification than Emily. Jane stated that the company needed someone who could inspect active and/or dangerous jobsites. I reiterated, just as I had during my interview, that I was capable of performing all aspects of the site manager role to include on-site inspections. Emily does not have a physical disability like I do. For these reasons, I believe Emily was selected over me due to unfounded stereotypes associated with my physical disability. • Example 3 (Business History): The line of credit was tentatively approved because my business met the minimal revenue and capital requirements for approval. Additionally, I had an excellent credit score of 790. Only after I met the loan officer in person did concerns arise over my ability to repay. A white former colleague, who started a business after I did, applied for the same	• Example 1 (Education): My faculty advisor declined my request because he agreed with the Director that I would be better off seeking employment in a predominantly female profession. • Example 2 (Employment): It was clear that they saw my physical disability as a limitation and moved on to the next candidate despite demonstrating that I could perform the tasks required for the position. • Example 3 (Business History): Plenty of other white business owners were able to obtain lines of credit from ABC Bank. Thus, the bank and its employees must have arbitrarily set higher standards for business owners and borrowers of color

line of credit with a lower credit score than I had and was successful. For these reasons, I believe my application was denied due to bias toward my race.	

4f. Examples of How

The following are examples that **would** satisfy the level of detailed required by SBA:	The following are examples that **would not** provide the level of detail required by SBA:
• Example 1 (Education): Because my business major was not approved, I did not graduate with the education and experience necessary for an entry-level career in marketing. I spent the next 5 years completing my marketing degree as a part-time student, which delayed my entry into the marketing field. • Example 2 (Employment): Had I received the site manager promotion, I would have earned an additional $20,000 a year. This extra income would have allowed me to accumulate capital faster and start my business three years earlier than I did. • Example 3 (Business History): Because my line of credit application was declined, I was not able to purchase an additional truck to increase our company's capacity. As a result, we bid on but lost a contract opportunity with the municipal government for facilities maintenance.	• Example 1 (Education): The treatment towards me was upsetting and I oftentimes think of where I would be today had I not experienced this form of bias. • Example 2 (Employment): Being passed over for the promotion was demoralizing. It made me question why I should continue to work so hard if people would not be able to see beyond my disability. For this reason, I did not apply for several other promotion opportunities in the company. • Example 3 (Business History): The line of credit would have positioned my company to compete for larger contracts.