



News Release

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Women-Owned Businesses More Resilient *Similar Survival Rates, Fewer Job Losses From 1997 - 2000*

Washington, DC – Between 1997 and 2000, women-owned employer establishments demonstrated amazing tenacity and proved to be more resilient than employer firms overall during the period, with a much lower 4.2% decline in employment among those firms in business in 1997 – compared to a 6.7% decline among all establishments. Further, women-owned employer establishments were just as likely to have remained in business over this period, with three-quarters (75.1%) still in existence after three years.

This new information is contained in an *Issue in Brief*, “Trends in Women-Owned Employer Establishments: 1997 to 2000” being published today by the National Women’s Business Council (NWBC). As the result of a ground-breaking agreement made with the Census Bureau, the NWBC is now producing the first-ever annual tabulations on trends in the number and employment of women-owned employer establishments by state and industry.¹ These are the only such data available annually between Census years, and will allow the NWBC to provide more detailed and timely intelligence on trends in women’s entrepreneurship. “Trends in Women-Owned Employer Establishments: 1997 to 2000” is the first of several reports to be published based on these new data, and focuses on two key measures: survival and changes in employment. The brief features detailed tables by state and industry.

In 1997, women were the majority owners of more than 5.4 million non-farm businesses, generating \$818.7 billion in business revenues. Sixteen percent (15.6%) of these businesses had at least one paid employee other than the owner, employing in total nearly 7.1 million people. The brief describes trends among just those enterprises with at least one paid employee at any point during 1997 and focuses on business establishments – or locations.²

“This new report provides powerful information to the women’s business community and to public policy makers,” said Marilyn Carlson Nelson, Chairman and CEO of Carlson Companies and Chair of the National Women’s Business Council. “It confirms that women-owned firms are a strong, vital force in the Nation’s economy – losing fewer employees and surviving at equal rates when compared to all businesses. It’s further testament to women’s business leadership.”

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Among the surviving employer firms – both women-owned and in total – establishments that expanded employment outnumbered those that shed jobs. Similar percentages of women-owned and all establishments increased employment between 1997 and 2000 (42% and 43%, respectively), while a greater percentage of women-owned establishments held their employee base (29%, compared to 26% of all businesses) and a smaller percentage of women-owned establishments saw a decrease in employment (29%, compared to 32% of all businesses). Overall, women-owned employer firms collectively saw a 4.2% decline in employment, compared to 6.7% among all businesses.³

Despite overall losses in employment among women-owned establishments, the Agribusiness and Construction industries – as well as sub-industries within the Services, Manufacturing and Retail Trade sectors – showed net employment gains from 1997 to 2000 among women-owned businesses. In nearly every industry – with the exceptions of Mining and Retail Trade – employment in women-owned establishments saw lower declines or greater gains than did all establishments. The industries with the greatest growth (or smallest decline) in employment from 1997 to 2000 among women-owned establishments were:

- Agriculture/Forestry/Fishing (7.4% growth in employment);
- Construction (6.4%);
- Services (-1.2%);
- Wholesale Trade (-2.9%); and
- Finance/Insurance/Real Estate (-5.5%).

Across the United States, employment change among women-owned employer establishments was strongest in the Northeast and Mid-Atlantic regions, with eight out of ten states experiencing the highest change in employment in these regions. From 1997 to 2000, five states (New Jersey, Maine, New York, Pennsylvania, and Rhode Island) saw growth in employment among women-owned establishments, while no states experienced growth in employment among all establishments. The ten states with the greatest growth (or smallest declines) in employment from 1997 to 2000 among women-owned establishments were:

- New Jersey (22.3% growth in employment);
- Maine (14.3%);
- New York (8.1%);
- Pennsylvania (4.2%);
- Rhode Island (2.9%);
- Virginia (-0.1%);
- Montana (-0.4%);
- Delaware (-0.4%);
- Wisconsin (-0.9%); and
- New Hampshire (-1.1%).

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Three of these states (Maine, Wisconsin and New Hampshire) also ranked in the top ten based on employment change among all establishments.

Women-owned employer establishments proved to be equally tenacious during this period, both overall and by industry and state, in terms of survival rates. Fully three-quarters (75.5%) of all employer business locations in existence in 1997 were still in operation three years later. Women-owned employer establishments were just as likely to have remained in business over the period (75.1% survived).

Survival rates between 1997 and 2000 were highest for women-owned employer establishments in these industries:

- Agriculture/Forestry/Fishing (78.7% survival);
- Wholesale Trade (78.5%);
- Manufacturing (78.2%);
- Finance/Insurance/Real Estate (77.7%); and
- Services (74.9%).

As with employment rates, survival rates among women-owned businesses are strongest in the Northeast and Mid-Atlantic – six out of the ten states with the highest survival rates were in these regions. The ten states with the highest survival rates from 1997 to 2000 among women-owned employer establishments were:

- New York (80.8% survival);
- New Hampshire (80.0%);
- Connecticut (79.2%);
- Maryland (78.1%);
- New Jersey (77.9%);
- Illinois (77.8%);
- Oklahoma (77.6%);
- California (77.2%);
- Pennsylvania (77.0%); and
- Nebraska (76.9%).

Two of these states (Pennsylvania and Nebraska) also ranked in the top ten based on survival rates among all establishments. New Hampshire, New Jersey, New York and Pennsylvania ranked among the top ten states for women-owned establishments on both survival and employment change.

Future analysis of the data that have been provided to the NWBC by the Census Bureau will analyze such issues as ethnicity and establishment size to examine possible impact on survival and employment change. The next analysis, expected to be

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released in the spring of 2004, will examine whether there are differences in survival and employment change among employer firms owned by women of color. New firm creation (between Census years) among businesses with employees is an important barometer of the contribution women-owned businesses continue to make to the American economy. The NWBC recommends that more of this data be collected and made available for analysis, in order to provide an even richer understanding of establishment dynamics and sources of employment gains and losses.

The complete *Issue in Brief* may be found at the NWBC's web site, www.nwbc.gov.

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Methodology

The data used in this analysis was provided by the Census Bureau, utilizing data based on the 1997 SWOBE⁴ survey. Establishments owned by the enterprises reported in the 1997 SWOBE file were extracted and matched to the 1997 data on the Business Information Tracking Series (BITS), a database containing longitudinal data (annual data from 1989 through 2000) on virtually all non-farm U.S. business establishments with paid employees. Only those women-owned establishments with matching entries in the BITS are included in these tabulations. Using the BITS file, the Census Bureau was able to create longitudinal tabulations, which are tabulations that provide a study of business entities across a span of years.

The tabulations make no attempt to track changes in ownership for those businesses that were identified as women-owned in 1997. Thus, the tabulations may include some establishments that were women-owned in 1997 but have changed ownership or undergone reorganization since 1997. Likewise, the tabulations do not include any women-owned establishment births or existing establishments which became women-owned after 1997.

While the tabulations are at the establishment level, weights that were developed for the 1997 SWOBE survey were used. These weights were assigned at the enterprise level for the SWOBE; for this project, the enterprise weight was assigned to each of the establishments belonging to the enterprise.

The 1997 SWOBE estimates were derived from a sample survey that was subject to sampling error. The sample size (which includes both SWOBE and SMOBE – The Survey of Minority-Owned Business Enterprises) was 2,532,911.

This particular sample was one of a large number of all possible samples of the same size that could have been selected using the same sample design. Estimates derived from different samples would differ from each other. The relative standard error is a measure of the variability among the estimates from all possible samples.

All surveys and censuses are subject to non-sampling errors. Non-sampling errors are attributable to many sources, including coverage problems, imputation for missing data, and errors in data collection. Explicit measures of the effects of these non-sampling errors are not available for the 1997 SWOBE and therefore are unavailable for these tabulations.

We are extremely grateful to Ruth Runyan, Valerie Strang and Trey Cole at the Census Bureau for their assistance on this project.

The National Women's Business Council

The National Women's Business Council is a bi-partisan Federal government council created to serve as an independent source of advice and counsel to the President, Congress, and the U.S. Small Business Administration on economic issues of importance to women business owners. Members of the Council are prominent women business owners and leaders of women's business organizations. The National Women's Business Council is committed to conducting research on issues of importance to women business owners and their organizations; to communicating these findings widely; to connecting the women's business community to public policy makers; and to providing programs and platforms for change in order to expand and improve opportunities for women business owners and their enterprises. For more information about the Council, its mission and activities, contact: National Women's Business Council, 409 3rd Street, SW, Suite 210, Washington, DC 20024; phone: 202-205-3850; fax: 202-205-6825, e-mail: nwbc@sba.gov; web site: www.nwbc.gov.

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1. Establishments that were formed after 1997 are not included in these tabulations. Thus, references to changes in employment refer to changes from 1997 to 2000 among only those establishments in existence in 1997 and do not take into account new firm creation since that time. According to a new Census Bureau working paper, start-ups in the first two years of operation accounted for virtually all of the net new jobs in the economy. Factoring in new firm formation, overall employment grew by 5.3% between December 1997 and December 2000, according to the U.S. Department of Labor's Bureau of Labor Statistics.
2. An establishment is a single, physical location where business is conducted or where services or industrial operations are performed. In 1997, more than 97% of businesses with paid employees – both women-owned and in total – consisted of a single establishment. Single establishment firms accounted for 78% of employment among women-owned firms and 47% of employment among all firms in 1997.
3. References to changes in employment refer to changes from 1997 to 2000 among only those establishments in existence in 1997 and do not take into account new firm creation since that time.
4. The Survey of Women-Owned Business Enterprises (SWOBE) provides basic economic data on businesses owned by women.