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Economic Contributions of Women Business Owners Greater than Previously Reported

*New Study Reveals U.S. Women-Led Businesses Generated Over \$300
Billion in 2002*

Washington, DC – The economic impact of women business owners has long gone understated, according to a new two-part study released by the National Women's Business Council (NWBC) today. Based on custom datasets from the Census Bureau's 2002 Survey of Business Owners and Self-Employed Persons (SBO), the reports assess the economic impact of women-owned and women-led firms on the U.S. economy by examining their receipts, compensation, geography, industry, and ethnography. The 2002 SBO is the most current information available on the distribution and contribution of women-led businesses.

The Council believes that women-led firms make a substantial contribution to the American economy, but due to current definitions of women-owned firms, the omission of these enterprises from the dialogue understates the total economic impact of women business owners. Previously published data from the SBO only included information on firms that were at least 51% owned by women. For the first time, this report includes data on firms where a woman owns a percentage of the business at least equal to any other owner and where a woman or women managed day-to-day operations. According to the reports released today, there were over 1 million women-led businesses generating in excess of \$300 billion in revenues in 2002, or about 3% of the U.S. GDP. These firms employed 2.5 million employees and paid nearly \$56 billion in payroll. Combined, women-owned and women-led (WOWL) firms totaled over 7.5 million in 2002, employed 9.6 million people and generated nearly \$1,240 billion in revenues, or about 12% of the U.S. GDP.

“Based on the inclusion of this newly-reported data on women-led businesses, it is evident that the contributions of women business owners to the U.S. economy are far greater than traditionally measured and stated,” stated Tami Longaberger, Chair of the National Women's Business Council and Chair and CEO of The Longaberger Company. “The research and policy communities should incorporate the data on women-led businesses in the dialogue on women's business ownership in the U.S. to more accurately capture the true economic impact of women business owners.”

Some noteworthy statistics from the report include:

- A greater proportion of Women-Led firms (29%) had paid employees than Women-Owned firms (14%).
- Although 84% of all Women-Owned and Women-Led firms had no employees, 86% of all WOWL firm revenues were generated by the 16% of firms with employees.
- There was no dominant level of education among WOWL businesses. Business owners with bachelor's degrees had the highest rate (22%), while those without a high school degree had the lowest participation rate (5%).

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- Women-Led businesses were more concentrated in low revenue industries with retail trade having the highest number of Women-Led firms among all races/ethnicities.
- Wholesale and manufacturing had small percentages of Women-Led firms (3% and 3%), yet generated high levels of total receipts (16% and 10%).
- While Women-Led firms had higher receipts per firm than Women-Owned firms, they paid their employees less, on average, than Women-Owned firms on a national basis.

Some of the data in the reports raise concerns which the Council plans to investigate further. Specifically, the “why” behind many of the report’s findings is unclear and requires further inquiry. The Council suggests that the women’s business, policy and research communities combine the data from this report with more current and specific research in targeted areas to come up with answers to some of the questions raised by the report. At the same time, the report also may allow the Council to see what’s working well, offering the women’s business community information that will be useful in developing best practices and mentoring programs to further the success of women-owned and women-led firms across the country.

“The Council considers the release of this data as an opportunity to more accurately discuss the impact of women business owners and their enterprises. Through analysis of this rich dataset, we intend to set new priorities for the Council’s work in the coming years,” concluded Longaberger. “We hope the reports will spur conversation on a larger scale among the small business, research, and policy communities and lead to expanded programs and services targeted to all women business owners, including those owners of businesses classified as women-led. It is imperative that the dialogue on women’s business ownership be expanded to more accurately depict the economic impact of women business owners.”

Both reports may be found on the NWBC’s web site, www.nwbc.gov. Researchers interested in further study of the special tabulations data should contact Allison Gilmore at allison.gilmore@nwbc.gov or 202-205-6827.

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Methodology

This study was conducted for the NWBC by Concentrance Consulting Group, Inc. (Concentrance), a woman-owned business based in Washington, DC. Concentrance used two sources of data to produce the reports: Special Tabulations that the Census Bureau developed for NWBC, from the “2002 Survey of Business Owners and Self-Employed Persons” (SBO) and the Census’ published SBO database on Women-Owned firms.

In 2006, the Census Bureau finished its publication of data on women-owned firms from the 2002 SBO, but it published only a portion of the voluminous data that was originally collected. Data that were published included information about businesses that were at least 51% owned by women. Collected, but not published, were data on Women-Led businesses where a woman owned at least as much as any other owner and managed the day-to-day operations of the firms. For these reports, Concentrance subtracted the values for Women-Owned firms from values of Women-Owned & Led firms to calculate the values for Women-Led firms.

These reports were limited by the availability of data from our two sources: the SBO dataset and the Women-Owned & Led dataset. These limitations were largely due to the reporting constraints imposed by the Census Bureau, which would not publish data when the sample of firms was so low that the published data might reveal proprietary information about specific firms. Data were also suppressed when publication standards were not met. This was especially evident in the Women-Owned & Led dataset. In addition, data were only available for a single year, 2002. It was therefore impossible to evaluate how women’s businesses changed over time, or to compare that change to the fluctuation of the economy overall.

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. 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: info@nwbc.gov; Web site: www.nwbc.gov.