



News Release

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Women Employer Firms Continue to Show Strength *Similar Survival Rates, Fewer Job Losses From 1997–2001*

Washington, DC—Between 1997 and 2001, women-owned employer establishments were just as likely as all employer establishments to have remained in business, and exhibited more employment resiliency than average. This information is contained in a new *Issue in Brief*, “Trends in Women-Owned Employer Establishments: 1997 to 2001” being published today by the National Women’s Business Council (NWBC). As the result of an unprecedented agreement made with the Census Bureau, the NWBC is now publishing information on trends in the number and employment of women-owned employer establishments by state and industry.¹ This is the only such data available annually between Census years, allowing the NWBC to provide more detailed and timely intelligence on trends in women’s entrepreneurship. “Trends in Women-Owned Employer Establishments: 1997 to 2001” focuses on two key measures: survival and changes in employment. The brief features detailed tables by state and industry.

More than two-thirds (69.8%) of the employer business locations in existence in 1997 were still in operation four years later in 2001. Women-owned employer establishments were nearly as likely to have remained in business over the period (68.5% survived). Women-owned employer firms proved to be more resilient than employer firms overall during the period, reporting a 9.3% decline in employment among those firms in business in 1997—compared to a 10.9% decline among all establishments. Among those employer establishments that were still in business in 2001, similar percentages of women-owned and all establishments increased employment (42% and 43% respectively), while a great percentage of women-owned establishments held their employee base (27% compared to 24% of all businesses), and a smaller percentage of women-owned establishments saw a decrease in employment (31% compared to 33% of all businesses).

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“With this new report, the NWBC continues to serve the women’s business community and key policy makers by providing them with information that further demonstrates the economic contribution of women-owned enterprises,” said Marilyn Carlson Nelson, Chairman and CEO of Carlson Companies and Chair of the National Women’s Business Council. “This analysis shows 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.”

As expected, four-year survival rates are somewhat lower than the three-year rates shown in a similar analysis published one year ago. In our previous *Issue in Brief* analyzing changes over the 1997–2000 period (published in January 2004), three-quarters (75.1%) of women-owned employer establishments in existence in 1997 were still in operation as of 2000, as were 75.5% of all employer establishments. Then—as now—women-owned businesses exhibit the same tenacity and survival rates as the average U.S. employer firm.

The complete *Issue in Brief* includes detailed information on trends over the 1997 to 2001 period in establishment survival and employment change by industry and by state. It may be found at the NWBC’s Web site at <http://www.nwbc.gov/ResearchPublications/issuesBrief.html>.

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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 2001) 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.

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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, Lee Wentela, 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, communicating these findings widely, connecting the women's business community to public policy makers and providing programs and platforms for change 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: info@nwbc.gov; Web site: www.nwbc.gov.

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1. Sixteen percent (15.6%) of women-owned firms in 1997 were employer businesses. This *Issue in Brief* describes trends among those enterprises with at least one paid employee other than the owner in 1997 and focuses on business establishments, or locations. Establishments that were formed after 1997 are not included in these tabulations. Thus, references to changes in employment refer to changes from 1997 to 2001 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 2001 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.