

Support for Women's Enterprise in the United States: Lessons Learned

"Never doubt that that a small group of thoughtful, committed people can change the world. Indeed, it's the only thing that ever has." Margaret Mead, anthropologist

Support for women business owners and their enterprises in the United States, while frequently considered a role model for other nations, is a relatively recent phenomenon. Only over the past decade have several disparate elements of activity coalesced into what some may call a movement, but what is, in reality, a loose confederation of public and private sector efforts that have resulted in:

- 1) increased public awareness of the contributions and challenges of women business owners and their enterprises;
- 2) significantly greater public and private sector support for women's enterprise development;
- 3) a proliferation of non-governmental organizations supporting women's enterprises, and
- 4) growth in the number, diversity and impact of women's business associations.

Planting the Seeds

Women have started, owned and inherited businesses in the United States since the founding of the country, yet official recognition and support for women's enterprise development has been in existence only for the past 25 years. The groundswell that seems to have begun in the mid to late 1970's may have been sparked by a number of concurrent events: the women's movement for equal rights in the late 1960's and early 1970's; the Equal Credit Opportunity Act of 1974, which forbade credit discrimination on the basis of gender; the formation of the National Association of Women Business Owners in 1975; and the expansion of government business census programs to include an analysis of gender, which occurred first in the 1977 census.

The first Federal government program to assist women's business enterprises came as the direct result of lobbying from women business owners. Due to their efforts not only in lobbying the Federal government but in urging the appointment of women in key agency positions, an interagency government task force was created, and a

research study was conducted to review the status of women-owned firms in the U.S. The resulting report, "The Bottom Line: Unequal Enterprise in America," documented some of the barriers that women faced in starting and growing their businesses. In response to the report, President Jimmy Carter issued an executive order in 1979 establishing an Office of Women's Business Ownership within the U.S. Small Business Administration.

Shortly thereafter, a pilot loan program was established, the office began working with Federal procurement officials to get more women-owned businesses involved in selling goods and services to the government, and began reaching out to the women's business community through speeches, conferences, and news releases.

Moving Forward

Although the establishment of a Federal office for women's business enterprise was an important first step, women business owners felt that more action was needed. As a result of their continued efforts, the U.S. Congress passed the Women's Business Ownership Act of 1988 (also known as House Resolution 5050), which gave the Office of Women's Business Ownership programmatic responsibilities – most notably the "Women's Demonstration Project," which has burgeoned into support for over 80 women's business centers around the country as of 2002.

This landmark legislation also established the National Women's Business Council, a public policy advisory body comprised of women business owners and women's business association representatives. Its mission is to promote initiatives, policies and programs designed to support women's business enterprises at all stages of development, and 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. The Council thus

serves a needed role as the public policy voice for women business owners in the Federal government.

At this same time, a private sector organization was formed which has also played a critical role in women's enterprise development in the U.S. Established in 1989, the National Foundation for Women Business Owners – now known as the Center for Women's Business Research – has amassed an unparalleled body of research-based knowledge about women business owners and their enterprises. Through its efforts, the Center has raised public awareness of important trends in women's business ownership, highlighted the challenges being faced, and provided facts and figures for use in public education and advocacy efforts.

What We Know Now

The current state of women's business ownership in the United States is very strong. The number of women-owned businesses continues to grow at twice the rate of all U.S. firms, and these firms are increasing in economic clout. Between 1997 and 2002, the number of women-owned firms grew by 14%, the number of firms with employees grew by 37%, the number of those employed in women-owned firms increased by 30%, and firm revenues rose by 40%. There are now 6.2 million majority-owned, privately held women-owned firms in the U.S., accounting for 28% of all businesses, employing 9.2 million workers and generating nearly \$1.2 trillion USD in revenues. If jointly-owned and publicly-traded firms are included in the population, the numbers are even more impressive: 9.1 million women-owned firms, accounting for 38% of all businesses, employing 27.5 million workers and generating \$3.6 trillion in revenues.

Women-owned businesses are also becoming increasingly diverse. As strong as the growth of women-owned firms is overall, the number and growth of firms owned by women of color is even stronger – twice the rate of all women-owned firms and four times the rate of all U.S. firms. Further, women are expanding into non-traditional industries, such as construction, manufacturing, agribusiness, and transportation.

Despite this impressive growth, we still know that women in business continue to face challenges. Primary among them are: access to capital, access to markets, access to training and technical assistance, access to networks, and the need for legitimacy – to be taken seriously as business owners, employers, and contributors to economic growth. Research has shown these to be key challenges for women business owners around the world.

To address these challenges, the United States is blessed with a wide range of public and private sector groups that are working to increase economic opportunities for women. There are a growing number of women's business associations organized by geography, industry, and level of achievement. Corporations have

substantially increased their efforts to market to and purchase from women-owned businesses. Foundations focused on entrepreneurship support are becoming more visible and active. And there are many state and local government initiatives in the area of women's business development in addition to the Federal efforts summarized here.

Lessons Learned

What lessons can be learned from the U.S. experience? I would suggest that there are three important universal truths to share:

- 1) Ideally, the impetus for action and implementation should come from the women business owner community. Neither public sector agencies nor non-governmental supporting organizations have the drive, the enthusiasm, or the sustained commitment necessary to persist through changes in political leadership.
- 2) Sustainable support for women's business development, however, can only be achieved if there is active involvement not only from women business owners and their organizations but from government AND from non-governmental organizations supporting enterprise development. These key groups form a "three-legged stool" of support for women's business development; the absence of any one of them will significantly lessen the ability to achieve sustained change.
- 3) Having accurate, reliable and timely research-based information is a critical component in making the case for policy action and for monitoring progress (or lack thereof). Gender disaggregated government business information is extremely important, as is survey research information on the characteristics and challenges of women (and men) business owners. Research is a vitally important tool for both program development and public policy action.

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The National Women's Business Council is a bi-partisan Federal advisory council created to serve as an independent source of advice and policy recommendations to the President, Congress, and the U.S. Small Business Administration on economic matters of importance to women business owners.

The Council is committed to conducting research on issues of importance to women business owners; communicating these findings widely; connecting the women's business community to public policy makers; and instigating change to expand and improve opportunities for women business owners.