

IV. CONCLUSION

When looking at recent trends in women-owned businesses in the United States there are both positive trends as well as stark differences between women-owned and men-owned businesses. On the one hand, women-owned businesses have grown rapidly in recent decades—faster than men-owned businesses—and account for over \$1 trillion in economic output. Employment at women-owned firms has been increasing over the last 10 years, whereas it has declined in firms owned by men. Business ownership has expanded particularly rapidly among minority women. On the other hand, there continue to be substantial disparities between women-owned and men-owned businesses. Women-owned businesses start smaller, have lower survival rates, do not grow as fast as, and have lower levels of revenue and employment than men-owned businesses. The earnings of female business owners are much less than those of male business owners. This suggests that there is substantial potential for future growth in women-owned businesses.

There are many factors underlying differences between women- and men-owned businesses. The financing arrangements for women-owned firms are different, as are the industries in which their businesses are located. Both of these factors help explain the smaller size of women-owned businesses and will continue to limit the growth of these businesses in the future. Female business owners tend to work fewer hours and are more concerned with work flexibility and family-work balance than male business owners. They obtain less outside financing and may expect less business growth than do men. On the other hand, self-employed men and women have very similar characteristics in terms of age, education and marital status. While self-employed women earn less than self-employed men, this is not because their current demographic characteristics are substantially different. None of this evidence conclusively resolves the question of whether women-owned businesses face greater discrimination; further research on that issue would be useful. For instance, differences in the choices of female business owners may reflect differences in treatment in financial markets, experiences of past discrimination, or the long history of constrained gender roles for women.

Steps can be taken to foster the development of more women-owned businesses and encourage women to consider self-employment. The evidence on business ownership suggests that persons who have family members or friends who have started businesses are more likely to do so themselves. Since women-owned businesses constitute only a small share of businesses currently, women are less likely to know other women business owners. This suggests that increasing the networks, mentoring, and information available to women may be important. These contacts could help them assess the risks and opportunities of self-employment and make effective decisions about financing and managing companies.

Making sure that women are aware of the availability of start-up financing and have full access to it on a non-discriminatory basis is critical. Furthermore, women-owned businesses are more likely to rely on government financing than are men-owned businesses, suggesting that women-owned firms may benefit from improved knowledge of and access to financing that is provided by or guaranteed by the government.

Finally, given women's greater concerns with work-life balance, it may be important to assure the availability of affordable and safe childcare. Particularly for the self-employed, for whom access to

good health insurance can often be difficult, assuring that all families have access to affordable and quality health insurance can be helpful in enabling women to take on more risks and start their own firms.

The strong growth of women-owned businesses in recent years, and their performance as job creators at a time when other businesses have been losing jobs, testifies to the importance of women-owned businesses to the economy. Women-owned businesses are an economic resource that has not yet been fully developed. Thus, more attention needs to be given to identifying opportunities to encourage and support women who wish to become entrepreneurs.