

Across the United States, survival rates among women-owned businesses appear to be strongest in the Northeast and Mid-Atlantic—six out of the ten states with the highest survival rates were in these regions.⁵

The ten states with the highest survival rates from 1997 to 2001 among women-owned employer establishments were:

- Connecticut (74.4% survival)
- New York (74.4%)
- Hawaii (73.2%)
- Illinois (71.8%)
- New Hampshire (71.7%)
- Maryland (71.6%)
- Nebraska (71.5%)
- Massachusetts (71.5%)
- Rhode Island (71.2%)
- California (71.2%)

Three of these states (Nebraska, Massachusetts, and Maryland) also ranked in the top ten based on survival rates among *all* establishments.

The ten states with the lowest survival rates from 1997 to 2001 among women-owned employer establishments were:

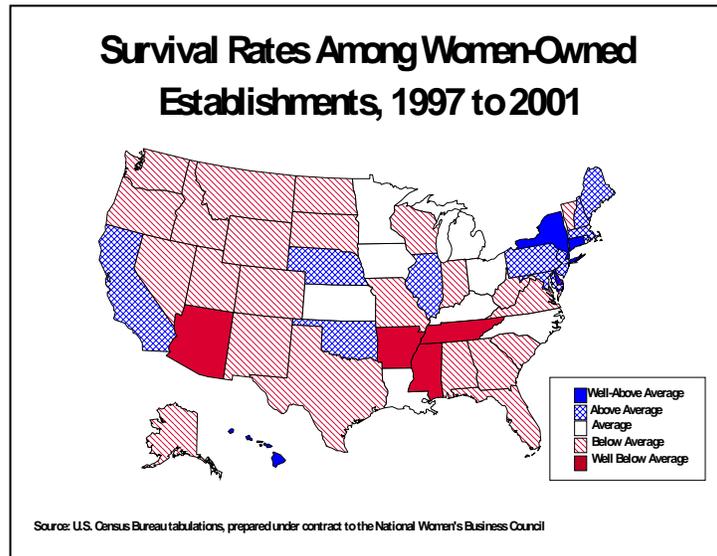
- Tennessee (60.5%)
- Arkansas (61.3%)
- Arizona (62.2%)
- Mississippi (62.4%)
- Nevada (63.4%)
- Utah (64.1%)
- Washington (64.2%)
- Alaska (64.2%)
- Oregon (64.3%)
- Delaware (64.3%)

⁵ It is interesting to note that the best-performing states do not necessarily correlate to the fastest-growing states for women-owned businesses, as discussed in recent research. The rankings discussed here are based on the stability and growth of *existing* businesses and locations, as opposed to *new* business growth. Additionally, this *Issue in Brief* examines only enterprises with employees.

Four of these states (Arizona, Nevada, Utah, and Washington) also ranked in the bottom ten based on survival rates among *all* establishments.

Survival rates between 1997 and 2001 were highest for women-owned employer establishments in these industries:

- Agriculture/Forestry/ Fishing (73.1% survival)
- Construction (72.2%)
- Retail Trade (72.1%)
- Finance/Insurance/Real Estate (69.4%)
- Manufacturing (68.9%)



Looking at more detailed industry categories, nine of the fifteen detailed industry categories with the highest survival rates for women-owned employer establishments are found in Manufacturing:

- Manufacturing—Petroleum/Coal Products (91.9%)
- Finance/Insurance/Real Estate—Depository Institutions (85.9%)
- Agriculture—Fishing, Hunting and Trapping (83.8%)
- Manufacturing—Chemicals (83.1%)
- Manufacturing—Paper (82.2%)
- Manufacturing—Tobacco (80.0%)
- Mining—Nonmetallic Minerals (79.7%)
- Manufacturing—Fabricated Metal (78.7%)
- Retail Trade—Building Materials & Garden Supplies (77.9%)
- Manufacturing—Instruments (76.3%)
- Retail—Automotive Dealers & Service Stations (75.9%)
- Manufacturing—Industrial Machinery and Equipment (75.7%)
- Manufacturing—Rubber (75.5%)
- Finance/Insurance/Real Estate—Security and Commodity Brokers (82.1%);
- TCPU—Transportation by Air (75.5%)
- Manufacturing—Lumber and Wood (75.4%)

Trends in Employment

In addition to examining survival, business health may also be measured by employment growth. Looking at those employer firms that were in business in 1997, there was a net loss of employment of 10.9 percent between 1997 and 2001.⁶ Women-owned employer firms proved to be more resilient over the period, with a 9.3 percent decline in employment among those firms in business in 1997. This is due in large part to job growth from women-owned establishments that expanded their employee base over this period. These findings are similar to those found in the 1997-2000 analysis, which saw a net job loss of 6.7% over the period among all employer establishments, compared with a lower 4.2% decline among women-owned employer firms.

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 greater 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).

⁶ 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 4.1% between December 1997 and December 2001, according to the U.S. Department of Labor's Bureau of Labor Statistics.

Stated another way, among the surviving women-owned employer establishments, those that expanded employment outnumbered those that shed jobs—fully 42 percent expanded their employment between 1997 and 2001, while 27 percent saw their employment remain the same, and 31

percent contracted, or decreased the number of employees.

Similarly, among the surviving establishments in total, 43 percent expanded their employment between 1997 and 2001, 24 percent saw their employment remain the same, and 33 percent contracted, or decreased the number of employees.

From 1997 to 2001, four states (New Jersey, Maine, Pennsylvania, and New York) saw growth in

employment among women-owned establishments, while no states experienced growth in employment among all establishments.

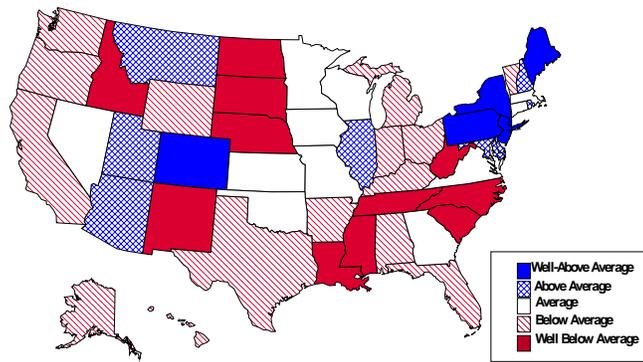
The ten states with the greatest growth (or smallest declines) in employment from 1997 to 2001 among women-owned establishments were:

- New Jersey (18.7% growth in employment)
- Maine (4.7%)
- Pennsylvania (3.2%)
- New York (2.3%)
- Colorado (-0.4%)
- Delaware (-4.4%)
- Illinois (-4.6%)
- Maryland (-4.7%)
- New Hampshire (-5.2%)
- Utah (-5.4%)

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

As with survival rates, employment change among women-owned businesses is strongest in the Northeast and Mid-Atlantic regions, with seven out of ten states with the

Employment Growth Among Women-Owned Establishments, 1997 to 2001



Source: U.S. Census Bureau tabulations, prepared under contract to the National Women's Business Council

highest change in employment in these regions. New York, Illinois, Maryland, and New Hampshire ranked among the top ten states for women-owned establishments on both survival and employment change.

The eleven states with the largest declines in employment from 1997 to 2001 among women-owned establishments were:

- New Mexico (-23.5%)
- South Dakota (-23.4%)
- North Dakota (-22.6%)
- Louisiana (-21.7%)
- Nebraska (-20.5%)
- Tennessee (-19.8%)
- Mississippi (-19.5%)
- West Virginia (-18.3%)
- District of Columbia (-18.1%)
- Idaho (-17.9%)
- North Carolina (-17.9%)

Five of these states (New Mexico, Louisiana, Tennessee, Mississippi, and West Virginia) also ranked in the bottom ten based on employment change among *all* establishments. Mississippi and Tennessee ranked among the bottom ten states for women-owned establishments on both survival and employment change.

From 1997 to 2001, two industries—Agriculture/Forestry/Fishing and Wholesale Trade—saw growth in employment among women-owned establishments, while no industries saw growth in employment among all establishments. Three out of five of the top industries based on survival rates among women-owned establishments were also the top industries in terms of employment growth. The industries with the greatest growth (or smallest decline) in employment from 1997 to 2001 among women-owned establishments were:

- Agriculture/Forestry/Fishing (6.1% growth in employment)
- Wholesale Trade (1.8%)
- Manufacturing (-5.5%)
- Finance/Insurance/Real Estate (-8.6%)
- Services (-11.6%)

Looking at more detailed industry categories, six of the fifteen strongest industry categories based on employment change are found in Services:

- Services—Not classified (23.1%)
- Services—Museums and Botanical & Zoological Gardens (15.7%)
- Finance/Insurance/Real Estate—Depository Institutions (11.7%)
- Agriculture/Forestry/Fishing—Agricultural Services (6.5%)
- Services—Engineering and Management Services (4.2%)
- Construction—Special Trade Contractors (2.9%)
- Construction—Heavy Construction excluding Building (2.6%)
- Manufacturing—Chemicals (0.5%)
- Retail—Building materials & garden supplies (0.3%)
- Manufacturing—Paper (0.0%)
- Services—Amusement and Recreation Services (-0.6%)
- Finance/Insurance/Real Estate—Insurance agents, brokers and services (-0.9%)
- Services—Business Services (-1.9%)
- Services—Social Services (-2.7%)
- Manufacturing—Electronic & Other Electric Equipment (-3.5%)

Conclusions and Recommendations

Women-owned employer establishments showed similar rates of survival as all establishments from 1997 to 2001, with more than two-thirds of establishments still in existence after four years. While variations in survival were seen across the U.S.—with the Northeast and Mid-Atlantic states outperforming other areas of the country—even the states with the lowest levels of survival saw at least six in ten women-owned employer establishments surviving from 1997 to 2001. Similarly, at least six in ten women-owned employer establishments in each industry survived over this time period, with some industries—Agribusiness, Construction and Retail—enjoying survival rates of more than 70%.

Employment among women-owned establishments that were in existence in 1997 decreased by 9.3 percent between 1997 and 2001, compared to 10.9 percent employment loss among all establishments. The growth in employment among women-owned establishments that expanded—that is, those establishments with more employees in 2001 than in 1997—helped to offset losses in employment from those establishments that either closed or contracted

(decreased employment between 1997 and 2001). Again, it is important to remember that a decrease in the number of establishments does not necessarily equate to the closure of a business enterprise, as consolidations and the like may explain establishment “deaths.”

Among those employer establishments that were still in business in 2001, similar percentages of women-owned and all establishments increased employment, while a greater percentage of women-owned establishments held their employee base and a smaller percentage of women-owned establishments saw a decrease in employment. Among the surviving employer firms—both women-owned and in total— establishments that expanded employment outnumbered those that shed jobs.

Despite overall losses in employment among women-owned establishments, Agribusiness and Wholesale Trade—as well as sub-industries within the Services, Finance/Insurance/Real Estate, Construction, Manufacturing, and Retail sectors—showed net employment gains from 1997 to 2001 among women-owned businesses. In a majority of industries—Agribusiness, Wholesale Trade, Manufacturing, Finance/Insurance/Real Estate, and Services— employment in women-owned establishments saw lower declines or greater gains than all establishments.

As with survival rates, the Northeast and Mid-Atlantic regions outperformed the rest of the U.S., with seven of the ten states with the highest growth rates in employment among women-owned establishments falling in these regions. In contrast, just four of the ten states with the highest employment growth among all establishments were in the Northeast or Mid-Atlantic regions. Thus, rather than attributing this growth to overall employment growth, there appear to be different factors at work for women-owned establishments. We recommend further investigation into these state and regional differences to uncover such factors.

We continue to emphasize that, in between Census years, there would be great benefit in examining new firm creation, even if only among businesses with employees. We recommend that this data be collected and made available for analysis, to provide an even richer understanding of establishment dynamics and sources of employment gains and losses.

Methodology

The data used in this analysis was provided by the Census Bureau, using data based on the 1997 SWOBE⁷ survey. Establishments⁸ 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 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.

⁷ The Survey of Women-Owned Business Enterprises (SWOBE) provides basic economic data on businesses owned by women.

⁸ An establishment is a single, physical location where business is conducted or where services or industrial operations are performed.

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 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 is a bi-partisan federal government body 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 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; email: info@nwbc.gov, Web site: <http://www.nwbc.gov>.

Two data tables follow.

Table 1: Survival Rates and Change in Employment for Employer Establishments By State

	Survival Rate 1997–2001		% Change in Employment 1997–2001		Rank in Survival Rate By State		Rank in % Change in Employment By State	
	Women- Owned	All	Women- Owned	All	Women- Owned	All	Women- Owned	All
U.S.	68.5	69.8	-9.3	-10.9				
Alabama	64.8	68.8	-11.4	-15.5	38	36	26	50
Alaska	64.2	68.7	-13.9	-8.6	44	37	35	8
Arizona	62.2	65.7	-6.5	-12.5	49	49	13	38
Arkansas	61.3	68.4	-11.9	-10.3	50	41	29	22
California	71.2	68.5	-14.5	-8.5	10	40	36	7
Colorado	65.8	67.7	-0.4	-8.8	31	45	5	10
Connecticut	74.4	72.1	-7.1	-11.5	1	14	15	30
Delaware	64.3	69.4	-4.4	-14.0	42	32	6	46
District of Columbia	66.7	72.3	-18.1	-9.7	28	12	43	17
Florida	65.1	64.1	-13.7	-12.7	35	50	34	40
Georgia	65.5	67.0	-10.1	-12.5	34	47	22	39
Hawaii	73.2	71.6	-16.1	-12.7	3	17	39	41
Idaho	65.1	68.1	-17.9	-10.7	36	42	42	25
Illinois	71.8	71.8	-4.6	-9.9	4	16	7	19
Indiana	66.4	71.5	-12.0	-10.5	30	19	30	23
Iowa	67.6	73.8	-7.7	-7.8	21	3	17	4
Kansas	67.3	71.1	-10.6	-12.2	22	21	24	34
Kentucky	68.1	71.1	-13.5	-12.3	19	22	33	37
Louisiana	69.3	70.0	-21.7	-14.2	18	27	48	47
Maine	70.5	72.4	4.7	-6.0	13	11	2	3
Maryland	71.6	70.0	-4.7	-10.8	6	28	8	27
Massachusetts	71.5	72.8	-7.9	-9.0	8	9	18	13
Michigan	69.4	71.5	-11.2	-13.2	16	18	25	42
Minnesota	69.5	73.6	-10.0	-7.9	15	5	21	5
Mississippi	62.4	69.2	-19.5	-14.8	48	34	45	49
Missouri	65.6	70.3	-9.1	-12.3	32	25	19	36
Montana	64.8	70.3	-6.4	-8.7	37	26	12	9
Nebraska	71.5	73.6	-20.5	-9.8	7	6	47	18
Nevada	63.4	63.6	-9.8	-9.4	47	51	20	16
New Hampshire	71.7	72.1	-5.2	-3.5	5	15	9	2
New Jersey	71.0	69.8	18.7	-10.8	11	31	1	26
New Mexico	64.6	68.0	-23.5	-16.5	40	43	51	51
New York	74.4	70.8	2.3	-10.2	2	23	4	21
North Carolina	69.3	69.9	-17.9	-11.2	17	30	41	29
North Dakota	66.7	74.2	-22.6	-8.9	26	1	49	12
Ohio	68.0	73.1	-11.6	-11.5	20	8	28	31
Oklahoma	70.5	69.1	-10.5	-12.2	14	35	23	33
Oregon	64.3	68.6	-14.7	-13.8	43	38	37	45
Pennsylvania	71.0	73.3	3.2	-11.1	12	7	3	28
Rhode Island	71.2	72.5	-6.2	-10.5	9	10	11	24
South Carolina	67.0	69.3	-17.5	-11.7	24	33	40	32
South Dakota	64.8	72.3	-23.4	-8.5	39	13	50	6
Tennessee	60.5	68.6	-19.8	-13.5	51	39	46	44

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	Survival Rate 1997–2001		% Change in Employment 1997-2001		Rank in Survival Rate By State		Rank in % Change in Employment By State	
	Women- Owned	All	Women- Owned	All	Women- Owned	All	Women- Owned	All
	Texas	67.0	67.4	-12.3	-12.2	23	46	31
Utah	64.1	66.4	-5.4	-14.6	46	48	10	48
Vermont	64.4	73.7	-12.7	-2.5	41	4	32	1
Virginia	65.5	70.4	-6.8	-9.2	33	24	14	15
Washington	64.2	67.8	-11.5	-10.0	45	44	27	20
West Virginia	66.7	71.4	-18.3	-13.2	29	20	44	43
Wisconsin	66.7	74.0	-7.5	-8.9	27	2	16	11
Wyoming	66.8	69.9	-15.8	-9.2	25	29	38	14

Table 2: Survival Rates and Change in Employment for Employer Establishments By Industry

	Survival Rate 1997–2001		% Change in Employment 1997-2001	
	Women-Owned	All	Women-Owned	All
	Total, All Industries	68.5	69.8	-9.3
Agriculture/Forestry/Fishing	73.1	70.1	6.1	-1.9
Construction	72.2	71.1	-12.1	-10.5
Finance/Insurance/Real Estate	69.4	67.3	-8.6	-18.5
Manufacturing	68.9	71.9	-5.5	-6.6
Mining	62.5	67.6	-27.5	-20.2
Retail Trade	72.1	73.5	-13.6	-12.9
Services	63.3	64.6	-11.6	-13.9
Transportation/Communications/Utilities	67.2	68.8	-16.8	-16.1
Wholesale Trade	67.8	68.1	1.8	-0.1