

## Trends in Asian American Women-Owned Employer Establishments: 1997 to 2000

*The NWBC has entered into a ground-breaking agreement with the Census Bureau to produce annual tabulations on trends in the number and employment of women-owned employer establishments by state and industry. These are the only data available annually between Census years, and allow us to provide a detailed, more up-to-date picture of trends in women's entrepreneurship. In January 2004, the NWBC published an issue in brief which examined changes between 1997 and 2000 among all women-owned employer firms, looking at two key measures: survival and changes in employment. These measures allow us to examine the stability and growth of existing businesses and their locations.*

*The current issue in brief examines the same measures among Asian American & Pacific Islander women-owned employer firms. It is one of a series of five briefs that are being released simultaneously and which examine patterns of survival and growth among minority women-owned establishments. The other briefs examine African American, Latina, and Native American Women-Owned Employer Establishments, as well as a minority summary report which consolidates the findings from each of these individual reports. These issues in brief look at establishments – or locations – in total, rather than focusing on individual businesses at the enterprise level.*

### Background<sup>1</sup>

In 1997, Asian American<sup>2</sup> women owned 247,966 non-farm businesses, generating \$38.1 billion in business revenues.<sup>3</sup> Nearly one-quarter (23.3%) of these business enterprises<sup>4</sup> had at least one paid employee other than the owner, employing in total more than 313,000 people. Fully 83% of the total receipts from Asian American women-owned firms were generated by these employer firms. In comparison, 15.6% of all women-owned firms had at least one paid employee other than the owner, with these firms

accounting for 88% of total receipts among women-owned firms.

This Issue in Brief describes trends among just those enterprises with at least one paid employee at any point during 1997 and focuses on business establishments – or locations.<sup>5</sup> Comparisons are made to all establishments, which also include only those with at least one paid employee during 1997.

### Business Establishment Survival

More than three-quarters (77%) of the Asian American women-owned employer business locations in existence in 1997 were still in operation three years later. Among all women-owned employer establishments, 75% remained in business over the period.

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<sup>1</sup> The Census Bureau's Economic Census is the major source of detailed information about the structure and functioning of the Nation's economy. Title 13 of the United States Code directs the Census Bureau to take the economic census every 5 years, covering years ending in 2 and 7. The most recently available statistics come from the 1997 Economic Census, published in 2001.

<sup>2</sup> Throughout this document, "Asian American" refers to Asian American and Pacific Islander.

<sup>3</sup> Women-owned firms include only privately-held firms with 51% or more ownership by a woman or women. African American women-owned firms include only privately-held firms with 51% or more ownership by a woman or women AND 51% or more ownership by an Asian American or Asian Americans.

<sup>4</sup> An enterprise is a business organization consisting of one or more domestic establishments (locations) that were specified under common ownership or control.

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<sup>5</sup> The following example illustrates the difference between establishments and enterprises: if a business consolidated multiple locations and employees into a single location, we would see a decrease in the number of establishments without a corresponding decrease in either enterprises or employment. This is important to consider, as an establishment "death" does not necessarily equate to a business enterprise closure.

The ten states<sup>6</sup> with the highest survival rates from 1997 to 2000 among Asian American women-owned employer establishments were:

- New Mexico (97% survival);
- Rhode Island (93%);
- New Hampshire (92%);
- Indiana (86%);
- Connecticut (85%);
- New Jersey (83%);
- Kentucky (82%);
- Michigan (82%);
- Hawaii (81%); and
- Massachusetts (81%).

Three of these states (New Hampshire, Connecticut, and New Jersey) also ranked in the top ten based on survival rates among all women-owned employer establishments.<sup>7</sup> Interestingly, New Mexico ranked number one from 1997 to 2000 among Asian American women-owned employer establishments based on survival rate, while it ranked in the bottom ten among all states based on survival among all women-owned employer establishments.

Two of the top ten states based on survival (New Jersey and Hawaii) are also among the most populous states for Asian American women-owned employer firms.

The ten states with the lowest survival rates from 1997 to 2000 among Asian American women-owned employer establishments were:

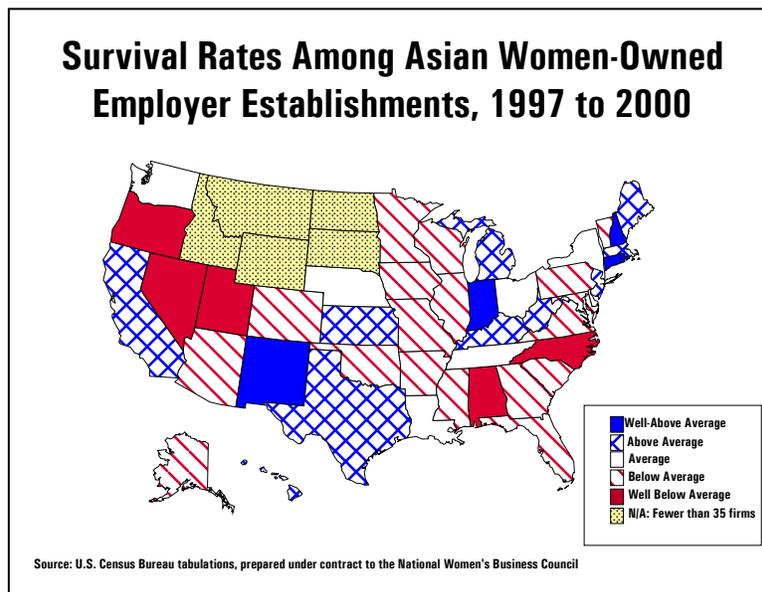
- Nevada (56%);
- Alabama (58%);
- Oregon (59%);
- Washington, DC (59%);
- North Carolina (60%);
- Utah (62%);
- Arizona (66%);
- South Carolina (67%);
- Minnesota (67%); and
- Pennsylvania (69%).

Three of these states (Nevada, Oregon, and Arizona) also ranked in the bottom ten based on survival rates among all women-owned establishments. While Pennsylvania ranked in the bottom ten among all states based on survival among Asian American women-owned employer firms, it was in the top ten based on the same measure among all women-owned employer firms.

Survival rates between 1997 and 2000 were highest for Asian American women-owned employer establishments in these industries:

- Agriculture/ Forestry/ Fishing (91% survival);
- Transportation/ Communications/ Utilities (84%);
- Services (79%);
- Retail (77%); and
- Construction (76%).

Among all women-owned employer establishments, survival rates were strongest in Agriculture/Forestry Fishing (79%), Wholesale Trade (79%), Manufacturing (78%), and Finance/ Insurance/Real Estate (78%).



<sup>6</sup> When looking at state-level information throughout this report, only those states with at least 35 Asian American women-owned firms were included.

<sup>7</sup> 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 brief examines only enterprises with employees.

### Trends in Employment

In addition to examining survival, business health may also be measured by employment growth. Looking at those Asian American women-owned employer firms that were in business in 1997, there was a net loss of employment of 1.7% between 1997 and 2000.<sup>8</sup> Among all women-owned employer firms, the decline in employment was 4.2% over the period. Therefore, the overall decline in employment from 1997 to 2000 was slightly lower among Asian American women-owned employer firms than among all women-owned employer firms.

Among those Asian American women-owned employer establishments that were still in business in 2000 (that is, those that “survived”), those that expanded employment greatly outnumbered those that shed jobs. Nearly half (45%) increased employment, while 29% saw a decrease in employment, and 26% of firms held their employee base. The net result is that, among the surviving Asian American women-owned employer establishments, there was a 16.7% increase in employment. This is slightly higher than the 13.7% increase in employment among all surviving women-owned employer firms.

From 1997 to 2000, nineteen states saw growth in employment among Asian American women-owned establishments, while only five states experienced growth in employment among all women-owned establishments.

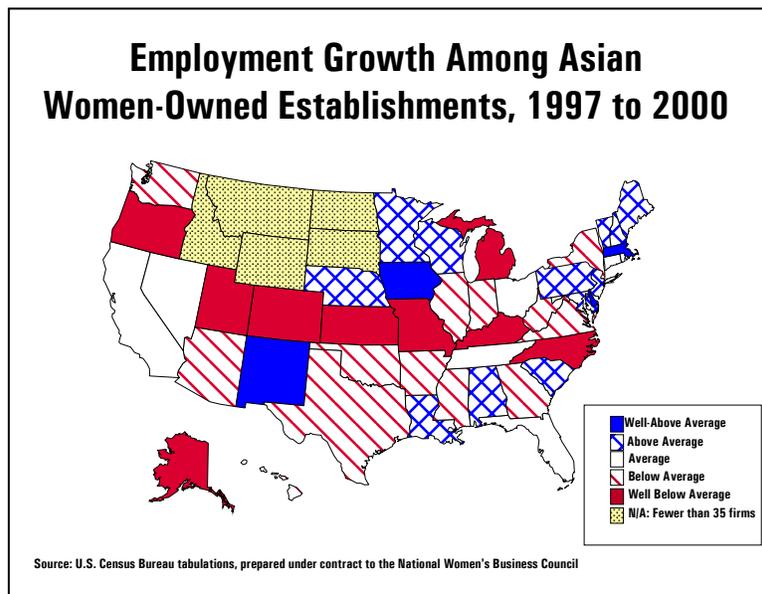
The ten states with the greatest growth in employment from 1997 to 2000 among Asian American women-owned establishments were:

- New Mexico (197.9% growth in employment);
- Delaware (130.0%);
- Iowa (86.5%);
- Massachusetts (58.5%);
- New Jersey (29.6%);
- Wisconsin (22.1%);
- New Hampshire (21.9%);
- Minnesota (20.8%);
- Maryland (20.6%); and
- Pennsylvania (19.1%).

Five of these states (Delaware, New Jersey, Wisconsin, New Hampshire, and Pennsylvania) also ranked in the top ten based on employment change among all women-owned employer establishments. New Mexico ranked first among all states from 1997 to 2000 among Asian American women-owned employer establishments based on employment growth, while it ranked among the bottom 10 states based on employment growth among all women-owned employer establishments.

Two of the top ten states based on employment growth (New Jersey and Maryland) are also among the most

populous states for Asian American women-owned employer firms. Four of the states that ranked in the top 10 based on employment growth among Asian American women-owned employer establishments also ranked in the top 10 based on survival rates (New Mexico, Massachusetts, New Jersey, and New Hampshire).



<sup>8</sup> Establishments that were formed after 1997 are not included in these tabulations. Thus, references to changes in employment refer to changes from 1997 to 2000 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.

The ten states with the largest declines in employment from 1997 to 2000 among Asian American women-owned establishments were:

- Oregon (-41.1%);
- Washington, DC (-31.3%);
- North Carolina (-28.9%);
- Utah (-26.4%);
- Michigan (-26.1%);
- Colorado (-25.3%);
- Kentucky (-22.0%);
- Missouri (-20.2%);
- Alaska (-19.8%); and
- Kansas (-19.7%).

Three of these states (Washington, DC, Michigan, and Alaska) also ranked in the bottom ten based on employment change among all women-owned employer establishments. Oregon, Washington, DC, North Carolina, and Utah all ranked among the bottom ten states for Asian American women-owned establishments on both survival and employment change.

From 1997 to 2000, three industries saw growth in employment among Asian American women-owned establishments and among all establishments: Transportation/Communications/Public Utilities, Construction, and Services. Transportation/Communications/Public Utilities and Services were ranked as the top industries based on both survival rates and employment growth among Asian American women-owned establishments.

The industries with the largest gains or smallest declines in employment from 1997 to 2000 among Asian American women-owned establishments were:

- Transportation/Communications/Public Utilities (16.4% growth in employment)
- Construction (14.6%)
- Services (6.3%); and
- Agriculture/Forestry/Fishing (no change).

### Conclusions and Recommendations

Asian American women-owned employer establishments showed stronger rates of survival than all women-owned employer establishments from 1997 to 2000, with more than three-quarters (77%) of Asian American women-owned establishments still in existence after three years, compared to 75% of all women-owned employer establishments. There are wide variations in survival across the country, ranging from a high of 97% survival in New Mexico to a low of 56% survival in Nevada. Similarly,

variations can be seen in survival of Asian American women-owned employer establishments by industry, from a high of 91% survival in Agriculture/Forestry/Fishing to a low of 67% survival in Manufacturing. Even so, at least two-thirds of Asian American women-owned employer firms survived in each industry between 1997 and 2000.

In five industries (Agriculture, Transportation/Communications/Public Utilities, Services, Retail, and Construction), Asian American women-owned employer establishments had higher survival rates than did women-owned employer establishments overall. Only in Finance/Insurance/Real Estate, Wholesale Trade and Manufacturing did Asian American women-owned employer establishments have lower rates of survival as compared to women-owned employer establishments overall.

On the state level, 25 states showed stronger survival rates among Asian American women than among all women-owned employer establishments. Therefore, while on average Asian American women-owned employer firms have higher rates of survival than do all women-owned employer firms, strong survival overall is no guarantee of strong survival among Asian American women-owned firms. There are some states that are clearly outperforming others in terms of survival, and it would be a worthwhile exercise to determine what is making the difference in those states.

Employment among Asian American women-owned establishments that were in existence in 1997 decreased by just 1.7% between 1997 and 2000, compared to a loss of 4.2% among all women-owned establishments. The growth in employment among women-owned establishments that expanded – that is, those establishments with more employees in 2000 than in 1997 – almost fully offset losses in employment from those establishments that either closed or contracted (decreased employment between 1997 and 2000). Among surviving Asian American women-owned employer establishments, there was a 16.7% increase in employment, slightly higher than the 13.7% increase in employment among all surviving women-owned employer firms.

Fully 25 states saw either greater employment gains or lower employment losses among Asian American women-owned employer firms than among all women-owned employer firms. 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 2000, slightly higher levels of Asian American women-owned employer firms increased employment, compared to all women-owned employer establishments. Among the surviving employer firms – both Asian American women and all women-owned– establishments that expanded employment outnumbered those that shed jobs.

We continue to recommend 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, in order to provide an even richer understanding of establishment dynamics and sources of employment gains and losses.

Future analysis of the data that have been provided to us by the Census Bureau will delve into such issues as establishment size to examine potential impacts on survival and employment change. The next analysis, expected to be released in the Fall of 2004, will examine whether there are differences in survival and employment change among employer firms of different sizes.

### **Methodology**

The data used in this analysis was provided by the Census Bureau, utilizing data based on the 1997 SWOBE<sup>9</sup> survey. Establishments<sup>10</sup> 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 2000) 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.

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, Valerie Strang and Trey Cole at the Census Bureau for their assistance on this project.

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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 3<sup>rd</sup> Street, SW, Suite 210, Washington, DC 20024; phone: 202-205-3850; fax: 202-205-6825; e-mail: [nwbc@sba.gov](mailto:nwbc@sba.gov), web site: <http://www.nwbc.gov>.

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<sup>9</sup> The Survey of Women-Owned Business Enterprises (SWOBE) provides basic economic data on businesses owned by women.

<sup>10</sup> An establishment is a single, physical location where business is conducted or where services or industrial operations are performed.

Table 1: Survival Rates and Change in Employment for Women-Owned Employer Establishments By State								
	Survival Rate 1997-2000		% Change in Employment 1997-2000		Rank in Survival Rate By State		Rank in % Change in Employment By State	
	Asian American	All	Asian American	All	Asian American	All	Asian American	All
U.S.	77	75	-1.7	-4.2				
Alabama	58	72	10.9	-5.3	45	38	15	23
Alaska	70	71	-19.8	-11.8	36	42	38	43
Arizona	66	68	-9.2	-2.8	40	51	26	14
Arkansas	74	68	-3.7	-8.4	27	49	23	35
California	80	77	-0.4	-6.9	11	8	21	31
Colorado	75	73	-25.3	-6.0	23	35	41	28
Connecticut	85	79	0.6	-4.6	5	3	18	19
Delaware	76	69	130.0	-0.4	22	46	2	8
District of Columbia	59	75	-31.3	-13.9	43	23	45	48
Florida	71	71	-2.7	-8.0	34	43	22	33
Georgia	72	72	-16.6	-6.8	33	37	36	30
Hawaii	81	77	-11.3	-12.7	9	12	27	44
Idaho	*	71	*	-13.0	*	41	*	46
Illinois	73	78	-13.9	-2.2	30	6	32	12
Indiana	86	73	-13.9	-5.8	4	28	32	26
Iowa	74	74	86.5	-1.9	27	25	3	11
Kansas	80	76	-19.7	-3.4	11	19	37	15
Kentucky	82	74	-22.0	-7.8	7	27	40	32
Louisiana	78	76	14.8	-16.8	16	17	13	51
Maine	80	76	11.2	14.3	11	18	14	2
Maryland	75	78	20.6	-4.1	23	4	9	17
Massachusetts	81	77	58.5	-2.4	9	13	4	13
Michigan	82	76	-26.1	-11.3	7	15	42	42
Minnesota	67	77	20.8	-5.2	38	11	8	22
Mississippi	73	73	-13.4	-5.1	30	29	31	21
Missouri	73	73	-20.2	-4.4	30	32	39	18
Montana	*	72	*	-0.4	*	40	*	7
Nebraska	78	77	15.5	-10.8	16	10	12	41
Nevada	56	69	-0.3	-4.9	46	47	20	20
New Hampshire	92	80	21.9	-1.1	3	2	7	10
New Jersey	83	78	29.6	22.3	6	5	5	1
New Mexico	97	70	197.9	-13.4	1	45	1	47
New York	77	81	-11.6	8.1	19	1	28	3
North Carolina	60	76	-28.9	-9.7	42	20	44	37
North Dakota	*	73	*	-16.3	*	33	*	50
Ohio	77	75	0.7	-5.8	19	21	17	25
Oklahoma	75	78	-16.4	-6.0	23	7	35	27
Oregon	59	71	-41.1	-10.1	43	44	46	38
Pennsylvania	69	77	19.1	4.2	37	9	10	4

	Survival Rate 1997–2000		% Change in Employment 1997-2000		Rank in Survival Rate By State		Rank in % Change in Employment By State	
	Asian American	All	Asian American	All	Asian American	All	Asian American	All
	<b>Rhode Island</b>	93	77	-15.2	2.9	2	14	34
<b>South Carolina</b>	67	74	16.2	-9.5	38	26	11	36
<b>South Dakota</b>	*	76	*	-10.7	*	16	*	40
<b>Tennessee</b>	78	68	0.4	-13.9	16	50	19	49
<b>Texas</b>	79	75	-4.5	-6.2	14	24	25	29
<b>Utah</b>	62	72	-26.4	-3.8	41	39	43	16
<b>Vermont</b>	74	69	6.2	-12.8	27	48	16	45
<b>Virginia</b>	75	73	-13.1	-0.1	23	31	30	6
<b>Washington</b>	77	73	-4.4	-5.5	19	34	24	24
<b>West Virginia</b>	79	73	-11.6	-10.4	14	30	28	39
<b>Wisconsin</b>	71	75	22.1	-0.9	34	22	6	9
<b>Wyoming</b>	*	73	*	-8.1	*	36	*	34

\* Fewer than 35 Asian American women-owned employer firms in these states

	Survival Rate 1997–2000		% Change in Employment 1997-2000	
	Asian American	All	Asian American	All
<b>Total, All Industries</b>	77	75	-1.7	-4.2
<b>Agriculture/Forestry/Fishing</b>	91	79	0.0	7.4
<b>Construction</b>	76	74	14.6	6.4
<b>Finance/Insurance/Real Estate</b>	75	78	-22.4	-5.5
<b>Manufacturing</b>	67	78	-18.7	-7.6
<b>Mining</b>	100	67	*	-26.0
<b>Retail Trade</b>	77	75	-4.5	-11.1
<b>Services</b>	79	75	6.3	-1.2
<b>Transportation/Communications/Utilities</b>	84	71	16.4	-7.8
<b>Wholesale Trade</b>	72	79	-5.6	-2.9

\* Fewer than 35 Asian American women-owned employer firms in this industry