

## Trends in 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. This issue in brief looks at changes between 1997 and 2000, 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. Industry- and state-level changes are investigated to allow an understanding of not only the overall picture, but detailed trends. Future issues in brief based on these tabulations will be published in 2004, and will focus on such topics as survival and growth among minority women-owned establishments and changes by size of enterprise, based on number of employees. This issue in brief, as well as those to be published in the future, looks at establishments – or locations – in total, rather than focusing on individual businesses at the enterprise level.*

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

In 1997, women owned more than 5.4 million non-farm businesses, generating \$818.7 billion in business revenues.<sup>2</sup> Sixteen percent (15.6%) of these business enterprises<sup>3</sup> had a paid employee or employees other than the owner, employing in total nearly 7.1 million people.

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>4</sup> Comparisons are made to all establishments,

which also include only those with at least one paid employee during 1997.

In 1997, more than 97% of businesses with paid employees – both women-owned and in total – consisted of a single establishment. Among women-owned employer firms, those with a single location accounted for 78% of the employment and 69% of the revenues of all women-owned employer firms, while multiple-establishment firms accounted for 22% of employment and 31% of revenues of all women-owned employer firms. Among all employer firms, those with a single location accounted for 47% of the employment and 34% of the revenues of all employer firms, while multiple-establishment firms accounted for 53% of the employment at 66% of the revenues of all employer firms.

### Business Establishment Survival

Fully three-quarters (75.5%) of the employer business locations in existence in 1997 were still in operation three years later. Women-owned employer establishments were just as likely to have remained in business over the period (75.1% survived). Thus, women-owned businesses exhibit the same tenacity and survival rates as the average U.S. employer firm.

<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> Women-owned firms include only privately-held firms with 51% or more ownership by a woman or women.

<sup>3</sup> An enterprise is a business organization consisting of one or more domestic establishments (locations) that were specified under common ownership or control.

<sup>4</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.

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.<sup>5</sup>

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

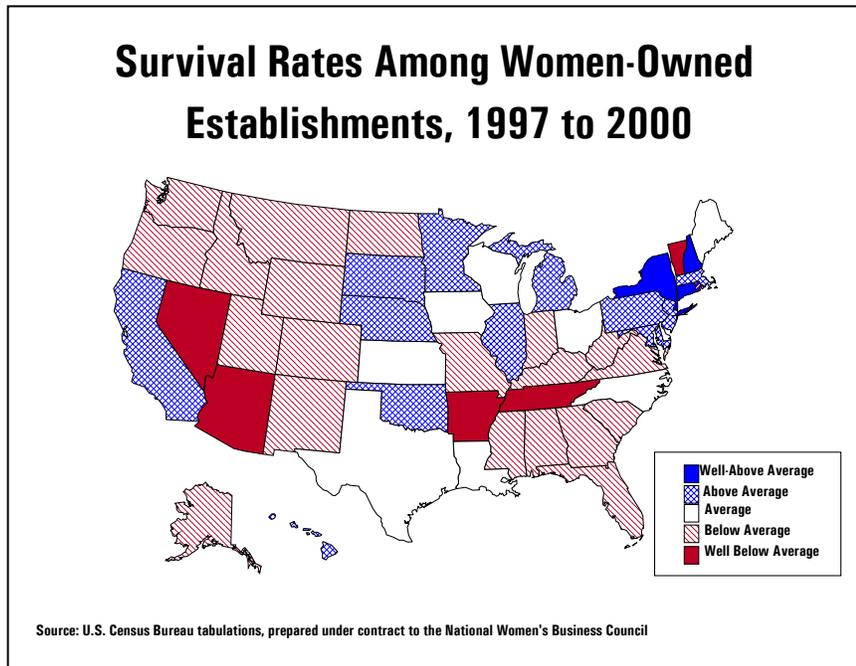
- New York (80.8% survival);
- New Hampshire (80.0%);
- Connecticut (79.2%);
- Maryland (78.1%);
- New Jersey (77.9%);
- Illinois (77.8%);
- Oklahoma (77.6%);
- California (77.2%);
- Pennsylvania (77.0%); and
- Nebraska (76.9%).

Two of these states (Pennsylvania and Nebraska) also ranked in the top ten based on survival rates among all establishments.

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

- Arizona (67.9%);
- Tennessee (68.0%);
- Arkansas (68.1%);

<sup>5</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.



- Vermont (69.0%);
- Nevada (69.0%);
- Delaware (69.3%);
- New Mexico (70.3%);
- Oregon (70.8%);
- Florida (71.0%); and
- Alaska (71.2%).

Five of these states (Arizona, Arkansas, Nevada, New Mexico, and Florida) also ranked in the bottom ten based on survival rates among all establishments.

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

- Agriculture/Forestry/Fishing (78.7% survival);
- Wholesale Trade (78.5%);
- Manufacturing (78.2%);
- Finance/Insurance/Real Estate (77.7%); and
- Services (74.9%).

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 (93.8%);
- Manufacturing - Primary Metal industries (92.8%);
- Finance/Insurance/Real Estate - Depository Institutions (92.0%);
- Manufacturing - Chemicals (88.1%);
- Manufacturing - Paper (87.9%);
- Manufacturing - Fabricated Metal (84.2%);
- Manufacturing - Industrial Machinery and Equipment (83.6%);
- Retail Trade - Building Materials & Garden Supplies (83.4%);
- Finance/Insurance/Real Estate - Security and Commodity Brokers (82.1%);
- Retail - Automotive Dealers & Service Stations (82.0%);



As with survival rates, employment change among women-owned businesses is strongest in the Northeast and Mid-Atlantic regions, with eight out of ten states with the highest change in employment in these regions. New Hampshire, New Jersey, New York and Pennsylvania ranked among the top ten states for women-owned establishments on both survival and employment change.

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

- Louisiana (-16.8%);
- North Dakota (-16.3%);
- District of Columbia (-13.9%);
- Tennessee (-13.9%);
- New Mexico (-13.4%);
- Idaho (-13.0%);
- Vermont (-12.8%);
- Hawaii (-12.7%);
- Alaska (-11.8%); and
- Michigan (-11.3%).

Five of these states (Louisiana, Tennessee, New Mexico, Hawaii and Michigan) also ranked in the bottom ten based on employment change among all establishments. Interestingly, Vermont ranked in the bottom ten states from 1997 to 2000 among women-owned establishments based on both survival rates and employment change, while it ranked in the top ten states for both measures among all establishments. Alaska, New Mexico, Tennessee and Vermont all ranked among the bottom ten states for women-owned establishments on both survival and employment change.

From 1997 to 2000, two industries – Agriculture/Forestry/Fishing and Construction – saw growth in employment among women-owned establishments and among all establishments. Four 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 2000 among women-owned establishments were:

- Agriculture/Forestry/Fishing (7.4% growth in employment);
- Construction (6.4%);
- Services (-1.2%);
- Wholesale Trade (-2.9%); and
- Finance/Insurance/Real Estate (-5.5%).

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

- Services - Museums and Botanical & Zoological Gardens (13.4%);
- Agriculture/Forestry/Fishing - Agricultural Services (7.7%);
- Finance/Insurance/Real Estate - Depository Institutions (7.7%);
- Construction - Heavy Construction excluding Building (7.3%);
- Construction - Special Trade Contractors (6.8%);
- Manufacturing - Transportation Equipment (5.4%);
- Retail – Building materials & garden supplies (5.0%);
- Services - Engineering and Management Services (4.6%);
- Finance/Insurance/Real Estate - Security and Commodity Brokers (4.3%);
- Services - Business Services (3.8%);
- Construction - General Building Contractors (3.6%);
- Finance/Insurance/Real Estate - Insurance agents, brokers and services (2.4%);
- Manufacturing - Furniture and Fixtures (2.1%);
- Services - Social Services (1.9%);
- Services - Health Services (1.3%); and
- Manufacturing – Paper (1.3%).

### Conclusions and Recommendations

Women-owned employer establishments showed similar rates of survival as all establishments from 1997 to 2000, with three-quarters of establishments still in existence after three 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 more than two-thirds of women-owned employer establishments surviving from 1997 to 2000. Similarly, at least two-thirds of women-owned employer establishments in each industry survived over this time period, with some industries – Agribusiness and Wholesale Trade – enjoying nearly 80% survival rates.

Employment among women-owned establishments that were in existence in 1997 decreased by just 4.2% between 1997 and 2000, compared to 6.7% employment loss among all establishments. The growth in employment among women-owned establishments that expanded – that

is, those establishments with more employees in 2000 than in 1997 – almost completely offset losses in employment from those establishments that either closed or contracted (decreased employment between 1997 and 2000). 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, 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 Construction – as well as sub-industries within the Services, Manufacturing and Retail Trade sectors – showed net employment gains from 1997 to 2000 among women-owned businesses. In nearly every industry – excluding Mining and Retail – 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 eight of the ten states with the highest growth rates in employment among women-owned establishments falling in these regions. In contrast, just three of the ten states with the highest employment growth among all establishments were in the Northeast, with none in the Mid-Atlantic region. 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 also believe 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 race and establishment size to examine potential impacts on survival and employment change. The next analysis, expected to be released in the spring of 2004, will examine whether there are differences in survival and employment change among employer firms owned by women of color.

Table 1: Survival Rates and Change in Employment for 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	
	Women- Owned	All	Women- Owned	All	Women- Owned	All	Women- Owned	All
U.S.	75.1	75.5	-4.2	-6.7				
Alabama	71.9	74.8	-5.3	-9.0	39	23	35	46
Alaska	71.2	74.4	-11.8	-7.3	42	43	40	32
Arizona	67.9	72.0	-2.8	-7.6	51	14	49	38
Arkansas	68.1	73.9	-8.4	-6.3	49	35	43	21
California	77.2	74.4	-6.9	-5.5	8	31	41	13
Colorado	72.5	73.7	-6.0	-5.6	35	28	45	14
Connecticut	79.2	77.5	-4.6	-7.5	3	19	13	33
Delaware	69.3	74.9	-0.4	-10.5	46	8	34	49
District of Columbia	74.6	77.3	-13.9	-5.9	23	49	16	16
Florida	71.0	70.3	-8.0	-7.8	43	33	51	40
Georgia	72.2	73.0	-6.8	-6.8	37	30	47	26
Hawaii	76.6	76.3	-12.7	-10.6	12	44	23	50
Idaho	71.4	74.4	-13.0	-7.5	41	46	39	37
Illinois	77.8	77.4	-2.2	-4.9	6	12	15	10
Indiana	73.4	77.1	-5.8	-4.8	29	25	18	9
Iowa	74.2	79.1	-1.9	-3.6	25	11	1	5
Kansas	76.0	76.6	-3.4	-7.3	19	15	20	30
Kentucky	73.8	76.5	-7.8	-7.5	27	32	21	34
Louisiana	76.1	75.7	-16.8	-10.1	17	51	27	48
Maine	76.1	77.6	14.3	-2.3	18	2	12	3
Maryland	78.1	75.6	-4.1	-7.5	4	17	30	35
Massachusetts	76.5	78.1	-2.4	-6.3	14	13	9	20
Michigan	76.4	77.0	-11.3	-8.2	15	42	19	43
Minnesota	76.8	78.8	-5.2	-4.0	11	22	5	6
Mississippi	73.4	75.1	-5.1	-7.5	28	21	33	36
Missouri	72.7	75.9	-4.4	-8.1	32	18	25	42
Montana	71.6	75.8	-0.4	-5.9	40	7	26	17
Nebraska	76.9	78.8	-10.8	-5.1	10	41	4	11
Nevada	69.0	70.5	-4.9	-4.1	47	20	50	7
New Hampshire	80.0	77.7	-1.1	-1.6	2	10	11	1
New Jersey	77.9	75.5	22.3	-7.3	5	1	31	31
New Mexico	70.3	74.0	-13.4	-11.8	45	47	42	51
New York	80.8	76.3	8.1	-6.5	1	3	22	23
North Carolina	75.5	75.7	-9.7	-7.1	20	37	29	28
North Dakota	72.6	79.1	-16.3	-5.9	33	50	2	15
Ohio	75.2	78.3	-5.8	-6.0	21	26	8	19
Oklahoma	77.6	74.5	-6.0	-8.0	7	27	38	41
Oregon	70.8	74.6	-10.1	-9.9	44	38	37	47
Pennsylvania	77.0	78.6	4.2	-7.1	9	4	6	27
Rhode Island	76.5	77.7	2.9	-6.8	13	5	10	25
South Carolina	74.0	75.3	-9.5	-5.9	26	36	32	18

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	Women- Owned	All	Women- Owned	All	Women- Owned	All	Women- Owned	All
	<b>South Dakota</b>	76.2	77.5	-10.7	-3.1	16	40	14
<b>Tennessee</b>	68.0	74.6	-13.9	-8.3	50	48	36	44
<b>Texas</b>	74.5	73.4	-6.2	-7.7	24	29	46	39
<b>Utah</b>	71.9	72.7	-3.8	-7.1	38	16	48	29
<b>Vermont</b>	69.0	78.5	-12.8	-2.2	48	45	7	2
<b>Virginia</b>	72.9	75.9	-0.1	-5.1	31	6	24	12
<b>Washington</b>	72.6	73.8	-5.5	-6.5	34	24	44	24
<b>West Virginia</b>	73.2	77.2	-10.4	-8.8	30	39	17	45
<b>Wisconsin</b>	74.8	79.1	-0.9	-4.8	22	9	3	8
<b>Wyoming</b>	72.5	75.7	-8.1	-6.4	36	34	28	22

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

	Survival Rate 1997-2000		% Change in Employment 1997-2000	
	Women-Owned	All	Women-Owned	All
<b>Total, All Industries</b>	75.1	75.5	-4.2	-6.7
<b>Agriculture/Forestry/Fishing</b>	78.7	75.2	7.4	0.6
<b>Construction</b>	74.3	73.7	6.4	4.0
<b>Finance/Insurance/Real Estate</b>	77.7	73.8	-5.5	-14.6
<b>Manufacturing</b>	78.2	78.8	-7.6	-7.8
<b>Mining</b>	66.6	72.7	-26.0	-19.9
<b>Retail Trade</b>	74.5	74.6	-11.1	-10.8
<b>Services</b>	74.9	77.2	-1.2	-3.4
<b>Transportation/Communications/Utilities</b>	70.7	71.1	-7.8	-8.3
<b>Wholesale Trade</b>	78.5	76.9	-2.9	-6.1

## Methodology

The data used in this analysis was provided by the Census Bureau, utilizing data based on the 1997 SWOBE<sup>7</sup> survey. Establishments<sup>8</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>7</sup> The Survey of Women-Owned Business Enterprises (SWOBE) provides basic economic data on businesses owned by women.

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