



# Research in Brief

Prepared by the National Women's Business Council

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## Women's Entrepreneurship in the 21<sup>st</sup> Century:

### *A Summary of Data from National and Regional Summits*

*In 2002, the U.S. Department of Labor and the U.S. Small Business Administration (SBA), in collaboration with The Public Forum Institute, hosted a national women's entrepreneurship summit entitled "Women Entrepreneurship in the 21<sup>st</sup> Century". The national gathering was followed by a series of regional summits. These conferences were designed to provide women business owners, women's business association leaders, and service providers the opportunity to discuss the issues and challenges facing the women's business community, as well as to learn more about government programs that exist to assist entrepreneurial development. Attendees were also able to voice their opinions via electronic surveys, providing real-time responses to survey questions. This research brief summarizes key findings from the electronic surveys of forum participants.*

#### **Issues Facing Women Business Owners**

Not surprisingly, access to capital and the current economy were top concerns for women business owners. Other key concerns include health insurance costs, the competitive business environment, taxes, and workforce issues. Health care reform, tax reform, and access to capital were seen as the most urgent priorities for the U.S. Congress to address.

##### **Access to Capital**

- More than half of the women surveyed found it difficult to secure the capital to start their business.
- The women surveyed were most likely to rely on personal savings as their primary source of capital, followed by reinvested business earnings, loan, or lines of credit.
- Friends and associates, the SBA, and private banks were considered to be the most helpful sources of information about business financing options.

##### **Health Insurance Issues**

- Fewer than half of those surveyed provide health care benefits to their employees, with costs cited as the biggest barrier to offering health insurance. The women surveyed overwhelmingly supported reforms – including the use of tax credits and combined bargaining power – that would make offering coverage more affordable.
- While some women business owners were able to absorb increased health care costs, many are either passing the increased costs along to their employees or are changing the coverage offered.

#### **Retirement Benefits**

- More than half of those surveyed did not provide any type of retirement plan to their employees, with inconsistent profits and plan costs cited as the most important challenges in offering retirement plans.

#### **Access to Government Contracts**

- Women business owners did not generally view the Federal government and its contracting systems as helpful or easy to navigate.
- Strong leadership was considered the best way to ensure that women-owned businesses are awarded the Congressionally mandated 5% of Federal contracts.

#### **Motivation and Process for Starting and Growing a Business**

- Making a profit and being their own boss were the primary reasons for becoming a business owner. Having an interest in a particular field and making more money were also common motivations cited by respondents.
- Increasing their client base and profits were top objectives for business growth.
- Personal networks and mentoring were named as the key factors to helping women start and grow businesses. Training and technical assistance programs, access to capital, and access to services such as day care or insurance were also named.

### Conference Participant Background

- The largest portion of conference participants were business owners, although government and corporate leaders and representatives of organizations that provide services to women business owners also took part.
- Among the women business owners who participated in the survey, most started their businesses themselves.
- There was a wide range of business ownership experience, from those in the process of starting a business to those who have owned a business for ten years or more.

### Recommendations for Additional Research

The data and analysis from this study point to several opportunities for future research:

- Survey participants identified access to capital as a critical concern, and the majority said that they found it difficult to raise capital. Additional research could identify the specific barriers related to accessing capital and determine the relationship of those barriers to demographics, geography, and type of business.
- It is also important to note that women business owners did not view the Federal government as helpful. There may, therefore, be an opportunity for additional research related to women business owners' views of the Federal government and the barriers that they perceive.
- There was also a great deal of support from women business owners for reforms – such as tax credits or purchasing pools – that would make health insurance more affordable. Research on business owners' experiences with these options for offering coverage may therefore be valuable to national level discussion about expanding coverage.

Future efforts to collect descriptive data on women business owners and the issues that they face could be improved by:

- Standardizing the survey methodology such that the same questions are asked of all participants so that answers can be compared and geographic comparisons can be made.
- Using opportunities with women business owners to collect data from business owners only so that results are not skewed by the opinions of participants who do not own businesses.
- Gathering such data in settings that include both women and men business owners to allow for gender comparisons.

This research was prepared for the National Women's Business Council by Synthesis Professional Services, a woman-owned consulting firm located in Rockville, MD. A copy of the report is available on the NWBC Web site.

The National Women's Business Council is a bi-partisan Federal government council created 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. 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>.