

Trends in Native 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 Native American & Alaska Native 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 Asian American, Latina, and African 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.

Background¹

In 1997, Native American² women owned 53,593 non-farm businesses, generating \$6.8 billion in business revenues.³ Sixteen percent (16.3%) of these business enterprises⁴ had at least one paid employee other than the owner, employing in total nearly 75,000 people. Fully 86% of the total receipts from Native American women-owned firms were generated by these employer firms. These figures are similar to all women-owned firms, in which 15.6% of the 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.⁵ Comparisons are made to all establishments, which also include only those with at least one paid employee during 1997.

Business Establishment Survival

Three-quarters (75%) of the Native American women-owned employer business locations in existence in 1997 were still in operation three years later, which is the same as the survival rate among all women-owned employer establishments.

¹ 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.

² Throughout this document, "Native American" refers to Native American and Alaska Native.

³ 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 a Native American or Native Americans.

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

⁵ 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 eleven states⁶ with the highest survival rates from 1997 to 2000 among Native American women-owned employer establishments were:

- Tennessee (95% survival);
- Minnesota (93%);
- Kansas (89%);
- Texas (89%);
- Arizona (86%);
- Montana (85%);
- Maine (84%);
- Georgia (83%);
- Alaska (82%);
- California (82%) and;
- New Jersey (82%).

Just two of these states – California and New Jersey – also ranked in the top ten based on survival rates among all women-owned employer establishments.⁷ Three states, however – Tennessee, Arizona, and Alaska – ranked in the top ten states from 1997 to 2000 among Native American women-owned employer establishments based on survival rate, while they ranked in the bottom ten based on survival among all women-owned employer establishments.

Five of the top ten states based on survival (Texas, Arizona, Georgia, Alaska, and California) are also among the most populous states for Native American women-owned employer firms.

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

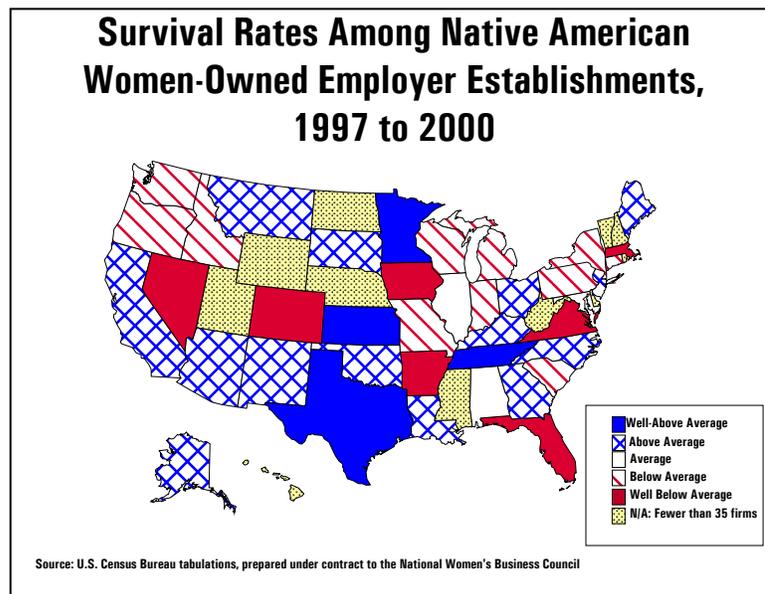
- Massachusetts (19%);
- Florida (39%);
- Colorado (48%);
- Nevada (51%);
- Iowa (52%);
- Virginia (53%);
- Arkansas (55%);
- Washington (57%);
- South Carolina (57%); and
- Indiana (59%).

Three of these states (Florida, Nevada, and Arkansas) also ranked in the bottom ten based on survival rates among all women-owned establishments.

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

- Transportation/ Communications/ Utilities (91% survival);
- Agriculture/ Forestry/ Fishing (85%);

- Manufacturing (84%);
- Mining (83%); and
- Finance/Insurance/ Real Estate (80%)



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%).

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

⁷ 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 Native American women-owned employer firms that were in business in 1997, there was a net gain in employment of 36.0% between 1997 and 2000.⁸ Among all women-owned employer firms, there was a 4.2% decline in employment over the period. Therefore, Native American women-owned employer firms showed strong employment growth from 1997 to 2000, even as women-owned employer firms overall faced declines.

Among those Native 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 four in ten establishments (38%) increased employment, while 29% saw a decrease in employment, and 33% of firms held their employee base. The net result is that, among the surviving Native American women-owned employer establishments, there was a healthy 53% increase in employment. Again, this is much stronger than the 13.7% increase in employment among all surviving women-owned employer establishments.

From 1997 to 2000, eleven states saw growth in employment among Native 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 Native American women-owned establishments were:

⁸ 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.

- Texas (113.8% growth in employment);
- California (93.1%);
- New York (54.1%);
- Virginia (37.7%);
- Indiana (34.9%);
- Illinois (23.9%);
- Washington (19.0%);
- Minnesota (17.9%);
- Wisconsin (4.8%); and
- Maryland (4.4%).

Three of these states (New York, Virginia, and Wisconsin) also ranked in the top ten based on employment change among all women-owned employer establishments.

Two states – Texas and California – ranked in the top 10

based on both employment growth and survival among Native American women-owned employer establishments.

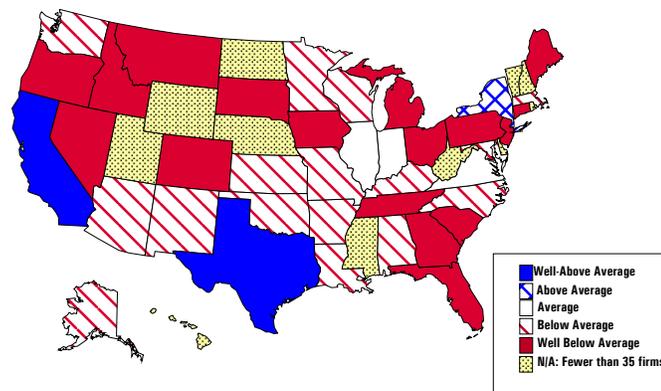
Five of the top ten states based on employment growth (Texas, California, Washington, Wisconsin, and Arizona) are also among the most populous states for Native American women-owned employer firms.

The ten states with the largest declines in employment from 1997 to 2000 among Native

American women-owned establishments were:

- New Jersey (-69.1%);
- Ohio (-51.1%);
- South Dakota (-43.2%);
- Iowa (-42.0%);
- North Dakota (-38.7%);
- Michigan (-36.9%);
- Connecticut (-35.7%);
- Pennsylvania (-34.8%);
- Florida (-33.4%); and
- Oregon (-31.4%).

Employment Growth Among Native American Women-Owned Establishments, 1997 to 2000



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

Only two of these states – North Dakota and Michigan – also ranked in the bottom ten based on employment change among all women-owned employer establishments. Colorado and Florida ranked among the bottom ten states for Native American women-owned establishments on both survival and employment change.

From 1997 to 2000, four industries saw growth in employment among Native American women-owned establishments. Three out of five of the top industries based on survival rates among Native American women-owned establishments were also the top industries in terms of employment growth. The industries with the greatest growth in employment from 1997 to 2000 among Native American women-owned establishments were:

- Services (61.7% growth in employment);
- Retail (29.6%);
- Finance/Insurance/Real Estate (24.2%);
- Manufacturing (17.2%); and
- Agriculture/Forestry/Fishing (no change).

Conclusions and Recommendations

Native American women-owned employer establishments showed the same rates of survival as all women-owned employer establishments from 1997 to 2000, with three-quarters (75%) of Native American and all women-owned establishments still in existence after three years. There are wide variations in survival across the country, ranging from a high of 95% survival in Tennessee to a low of just 19% survival in Massachusetts. Similarly, variations can be seen in survival of Native American women-owned employer establishments by industry, from a high of 91% survival in Transportation/Communications/Public Utilities to a low of 56% survival in Wholesale Trade.

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

On the state level, 19 states showed stronger survival rates among Native American women than among all women-owned employer establishments. Therefore, while on average Native American women-owned employer firms exhibit the same rates of survival as do all women-owned employer firms, there are clearly variations across the

country – and strong survival among all women-owned establishments within a given state is no guarantee of strong survival among Native American women-owned establishments within that state. In fact, only two states ranked in the top ten based on survival among both Native American and all women-owned employer establishments. There are some states that are clearly outperforming others in terms of survival among Native American women-owned employer establishments, and it would be a worthwhile exercise to determine what is making the difference in those states.

Employment among Native American women-owned establishments that were in existence in 1997 increased by a strong 36.0% 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 – more than offset losses in employment from those establishments that either closed or contracted (decreased employment between 1997 and 2000). A similar pattern can be seen when examining changes in employment among just those firms that survived from 1997 to 2000 – Native American women-owned employer firms grew by 53%, compared to growth of 14% among all women-owned employer firms.

Seventeen (17) states saw either greater employment gains or lower employment losses among Native 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, similar percentages of Native American women-owned and all women-owned employer establishments increased employment. Among the surviving employer firms – both Native American 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 SWOBE⁹ survey. Establishments¹⁰ 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.

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; e-mail: nwbc@sba.gov, web site: <http://www.nwbc.gov>.

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

¹⁰ 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	
	Native American	All	Native American	All	Native American	All	Native American	All
U.S.	75	75	36.0	-4.2				
Alabama	73	72	-12.9	-5.3	21	38	22	23
Alaska	82	71	-7.1	-11.8	9	42	17	43
Arizona	86	68	3.4	-2.8	5	51	11	14
Arkansas	55	68	0.0	-8.4	33	49	12	35
California	82	77	93.1	-6.9	9	8	2	31
Colorado	48	73	-22.3	-6.0	37	35	24	28
Connecticut	71	79	-35.7	-4.6	23	3	34	19
Delaware	*	69	*	-0.4	*	46	*	8
District of Columbia	*	75	*	-13.9	*	23	*	48
Florida	39	71	-33.4	-8.0	38	43	32	33
Georgia	83	72	-19.4	-6.8	8	37	23	30
Hawaii	*	77	*	-12.7	*	12	*	44
Idaho	66	71	-24.6	-13.0	25	41	28	46
Illinois	74	78	23.9	-2.2	20	6	6	12
Indiana	59	73	34.9	-5.8	30	28	5	26
Iowa	52	74	-42.0	-1.9	35	25	36	11
Kansas	89	76	-9.9	-3.4	3	19	19	15
Kentucky	78	74	-7.8	-7.8	17	27	18	32
Louisiana	80	76	0.0	-16.8	15	17	12	51
Maine	84	76	-24.3	14.3	7	18	27	2
Maryland	75	78	4.4	-4.1	19	4	10	17
Massachusetts	19	77	0.0	-2.4	39	13	12	13
Michigan	64	76	-36.9	-11.3	27	15	35	42
Minnesota	93	77	17.9	-5.2	2	11	8	22
Mississippi	*	73	*	-5.1	*	29	*	21
Missouri	62	73	-5.1	-4.4	28	32	15	18
Montana	85	72	-23.3	-0.4	6	40	26	7
Nebraska	*	77	*	-10.8	*	10	*	41
Nevada	51	69	-22.6	-4.9	36	47	25	20
New Hampshire	*	80	*	-1.1	*	2	*	10
New Jersey	82	78	-69.1	22.3	9	5	39	1
New Mexico	79	70	-12.4	-13.4	16	45	21	47
New York	67	81	54.1	8.1	24	1	3	3
North Carolina	81	76	-9.9	-9.7	12	20	19	37
North Dakota	*	73	*	-16.3	*	33	*	50
Ohio	81	75	-51.1	-5.8	12	21	38	25
Oklahoma	81	78	-5.9	-6.0	12	7	16	27
Oregon	60	71	-31.4	-10.1	29	44	31	38
Pennsylvania	65	77	-34.8	4.2	26	9	33	4
Rhode Island	*	77	*	2.9	*	14	*	5

	Survival Rate 1997-2000		% Change in Employment 1997-2000		Rank in Survival Rate By State		Rank in % Change in Employment By State	
	Native American	All	Native American	All	Native American	All	Native American	All
South Carolina	57	74	-25.8	-9.5	31	26	29	36
South Dakota	78	76	-43.2	-10.7	17	16	37	40
Tennessee	95	68	-28.5	-13.9	1	50	30	49
Texas	89	75	113.8	-6.2	3	24	1	29
Utah	*	72	*	-3.8	*	39	*	16
Vermont	*	69	*	-12.8	*	48	*	45
Virginia	53	73	37.7	-0.1	34	31	4	6
Washington	57	73	19.0	-5.5	31	34	7	24
West Virginia	*	73	*	-10.4	*	30	*	39
Wisconsin	72	75	4.8	-0.9	22	22	9	9
Wyoming	*	73	*	-8.1	*	36	*	34

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

	Survival Rate 1997-2000		% Change in Employment 1997-2000	
	Native American	All	Native American	All
Total, All Industries	75	75	36.0	-4.2
Agriculture/Forestry/Fishing	85	79	0.0	7.4
Construction	66	74	-21.9	6.4
Finance/Insurance/Real Estate	80	78	24.2	-5.5
Manufacturing	84	78	17.2	-7.6
Mining	83	67	-29.2	-26.0
Retail Trade	69	75	29.6	-11.1
Services	78	75	61.7	-1.2
Transportation/Communications/Utilities	91	71	-13.6	-7.8
Wholesale Trade	56	79	-18.9	-2.9