

REPORT
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Millennial Women: The Future of Entrepreneurship in America

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The statements, findings, conclusions, and recommendations found in this study are those of the authors and do not necessarily reflect the views of the National Women's Business Council, the United States Small Business Administration, or the United States Government.



Final Report

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1. Introduction and Background

The United States Census Bureau defines millennials as individuals that were born between 1982 and 2000 and according to 2015 Census Bureau data, there are 83.1 million millennials in the United States.¹ By the year 2025, millennials will comprise 75 percent of the American workforce,² and some will become entrepreneurs. However, a review of existing literature, surveys, and articles offers two contrasting opinions of the future of millennial entrepreneurship. The first viewpoint presents millennials as entrepreneurial champions, innovating like no prior generation has. Followers or advocates of this opinion describe millennials as digital natives with high interest and high involvement in entrepreneurship. In contrast to the optimistic opinion, others hypothesize a more pessimistic outcome where millennials could be the “lost generation” of entrepreneurs, burdened by debt and an uncertain economy. The data and anecdotal accounts in the media and current research present a dichotomy between the desire to start businesses and taking the steps necessary to make that desire a reality.

This report explores entrepreneurship among millennial women via multiple avenues. First, the report covers existing research on millennial entrepreneurship, including how the media portrays these entrepreneurs. This section highlights millennial women and identifies knowledge gaps, requiring additional study. Second, the report presents a data-based profile of millennial women entrepreneurs in America utilizing data from the American Community Survey and the Survey of Business Owners and Self-Employed Persons. Finally, the conclusion posits further research questions with an eye towards developing action-oriented policy initiatives to assist millennial women in starting and growing businesses.

The goal of this introductory research is to provide insights on both viewpoints surrounding millennial entrepreneurship to set the stage for qualitative analyses of entrepreneurship among millennial women. First, it is important to note that given the newness of the millennial generation to entrepreneurship, there is limited academic literature on the subject. Instead, the two competing viewpoints discussed in the opening paragraph are drawn primarily from a review of private surveys and anecdotal articles. Second, there is limited existing information available that specifically discusses the unique challenges, motivations, and experiences of millennial women entrepreneurs.

The review of existing literature and opinions on millennial entrepreneurship and their environment yields three core themes. In addition, this introduction and

¹ *Millennials Outnumber Baby Boomers and Are Far More Diverse*, Census Bureau Reports. United States Census Bureau. June 25, 2015. <https://www.census.gov/newsroom/press-releases/2015/cb15-113.html>

² Stewart, Matt. *How the Business Community Can Prepare Millennials for Entrepreneurship*. NY Daily News. March 5, 2016. <http://www.nydailynews.com/life-style/prepare-millennials-entrepreneurship-article-1.2553485>

background provides critical questions related to millennial women entrepreneurs drawn out of the literature and articles analyzed. While not entirely answered in this report, the questions outlined demonstrate that substantial work is required to develop a thorough and specific understanding of the unique challenges, motivations, and barriers facing millennial women, both current and prospective entrepreneurs. Subsequent sections in the report develop and present a profile of millennial women entrepreneurs, providing information essential to cultivating growth among the next generation of entrepreneurs and laying the groundwork for investigative research on the topic.

Theme 1: The millennial entrepreneur media message differs from reality.

According to Britt Hysen of *MILLENNIAL* magazine, “60 percent of Millennials consider themselves entrepreneurs, and 90 percent recognize entrepreneurship as a mentality.”³ While today’s young people lead the country in entrepreneurship as a mentality, they are not leaders in entrepreneurship as an occupation and activity.⁴ In actuality, while 66 percent of millennials surveyed by Bentley University want to start a business,⁵ less than 5 percent of American millennials are currently running a business.⁶ Furthermore, they start fewer businesses than older generations did at the same age.⁷ Since the 1980s, the percentage of individuals under age 30 who own a business has declined by 65 percent and, according to Bentley University analysis of Federal Reserve data, has reached an all-time low.⁸

Understanding the gap between the desire to pursue entrepreneurship and taking the plunge, as well as developing policies and programs to close it, is an important concern for the national economy and the future of entrepreneurship in America. The reasons for the decline in entrepreneurship among young people vary and likely include financial and personal factors. However, research is necessary to understand exactly *why* the United States is experiencing a decline in entrepreneurship among its youngest adults while the common and media perception is that the millennial generation is highly entrepreneurial.

In 2015 the Ewing Marion Kauffman Foundation released the results of its survey on millennial entrepreneurs, highlighting the potential for millennials to be the “lost” generation of American entrepreneurs.⁹ According to the report, the median net worth

³ Hysen, Britt. *The Power of Millennial Entrepreneurship*. Huffington Post. November 11, 2014.

http://www.huffingtonpost.com/britt-hysen/the-power-of-millennial-e_b_5801322.html

⁴ Simon, Ruth. *Endangered Species: Young U.S. Entrepreneurs*. The Wall Street Journal. January 2,

2015. <http://www.wsj.com/articles/endangered-species-young-u-s-entrepreneurs-1420246116>

⁵ *The Millennial Mind Goes to Work*. Bentley University. November 11, 2014.

⁶ American Community Survey 2010-2014 PUMS, US Census Bureau, PQC, Inc. analysis

⁷ Bentley University, *op. cit.*

⁸ Bentley University, *op. cit.*

⁹ *State of Entrepreneurship, 2015 Address*. Ewing Marion Kauffman Foundation. February 11, 2015.

http://www.kauffman.org/~media/kauffman_org/resources/2015/soe/2015_state_of_entrepreneurship_address.pdf and <http://www.kauffman.org/multimedia/infographics/2015/infographic-millennial-entrepreneurs-and-the-state-of-entrepreneurship>

for households aged under 35 declined 43 percent from 1995 to 2013. Coupled with rising levels of student debt and perpetual underemployment, the rate of new entrepreneurship among those aged 20 to 34 fell from 35 percent in 1996 to 23 percent in 2013. Research by the Small Business Administration (SBA) Office of Advocacy corroborates these results, indicating that the young people of prior generations participated in entrepreneurship at a higher rate than today's young people, millennials.¹⁰ Understanding the causes for the observed decline in entrepreneurship among young people as well as research directed at the development of policies to support these entrepreneurs is necessary to reverse the trend and spur continued economic growth via entrepreneurship.

Research by Dr. Daniel Wilmoth of the SBA Office of Advocacy paints a bleak picture for millennial entrepreneurship, noting that it is expected to “remain relatively low for decades.”¹¹ The research utilizes the United States Current Population Survey (CPS) to examine entrepreneurship rates for similarly aged individuals across generations, thereby comparing Baby Boomers at age 30 to Millennials at age 30, for example. The author notes that age is positively correlated with entrepreneurship in general, but that growth in entrepreneurship with age among millennials is slower than that of prior generations. When examining the most recent primary employment activity, less than 4 percent of 30 year old millennials reported self-employment compared to 5.5 percent of Generation X and 6.7 percent of Baby Boomers *at that same age*.¹² The decline in entrepreneurship by today's young adults is alarming given the importance of new businesses to job creation and economic growth as new establishments create nearly 20 percent of jobs in the United States.¹³

Key questions related to Theme 1 include:

- What programs or informational items or programs would take millennial women from “interested” to “entrepreneur”?
- What do millennial women perceive as the relative rewards and risks of entrepreneurship?

Theme 2: Student loan debt and the economic crisis of 2007 may impact the risk tolerance and business formation rates of millennials.

Multiple reasons exist for the decline in young adult entrepreneurship in the past twenty years, and today's young women face a different economic and social climate than prior generations. Many millennials came of age immediately following the housing

¹⁰ Wilmoth, Daniel. *The Missing Millennial Entrepreneurs*. US Small Business Administration, Office of Advocacy Economic Research Series. February 4, 2016.

¹¹ Ibid.

¹² Ibid. Generation X includes individuals born between the early 1960s and the mid-1970s. The Baby Boomer generation includes individuals born post World War II to the early 1960s.

¹³ Haltiwanger, J. Jarmin, R. Miranda, J. *Who Creates Jobs? Small Versus Large Versus Young*. The Review of Economics and Statistics. 2013.

crisis of 2007 and subsequent Great Recession.¹⁴ Post-recession unemployment has begun to abate, increasing employment among millennial Americans. However, wages have declined twice as fast for millennials as for the rest of the population.¹⁵ In addition, millennial women consistently earn less than their male counterparts. In light of this economic reality, it is expected that many millennials are turning to entrepreneurship as a way forward.¹⁶ However, as discussed in Theme 1, the data on millennial entrepreneurship, which will be explored more in the second half of this paper, do not support this claim.

In 2016, Young Invincibles and Small Business Majority released the results of a statistically representative survey of millennials and found that the largest barriers to entrepreneurship were immense levels of student debt and the lack of employer-sponsored retirement savings programs.¹⁷ The number of students borrowing for educational purposes rose 89 percent between 2004 and 2014, while average debt balances grew by 77 percent.¹⁸ Entrepreneurship typically does not offer financial stability at the outset and while some ventures result in high returns to the entrepreneur, approximately 50 percent of businesses fail before reaching five years in business.¹⁹ High levels of student debt coupled with the reality of the decline in entrepreneurship among young people, begs the question: *Are millennial women eschewing entrepreneurship because they believe that traditional employment provides a more reliable income source to pay down their debts?* Providing an answer requires additional research probing the relationship between debt and the decision to select either entrepreneurship or work-for-pay employment.

Financial risk is a significant consideration when starting and running a small business. In June 2016, Wells Fargo published the results of its survey of Millennial Small Business Owners.²⁰ The report focuses on the sources of capital used by millennials to start and grow their businesses and frames financial risk around the use of debt and credit to finance a business, which may or may not succeed. Millennial-owned businesses use a larger portion of personal capital than prior generations.²¹ In

¹⁴ Stewart (2016), *op. cit.*

¹⁵ Woodruff, Judy. John, David. Mishory, Jen. *Between Student Debt and Part-Time Work, What Millennials Should Do Now to Save for Retirement*. PBS Newshour. March 17, 2015.

<http://www.pbs.org/newshour/bb/student-debt-part-time-work-millennials-now-save-retirement/>

¹⁶ *Opinion Poll. Millennials Identify Student Debt, Retirement Savings as Barriers to Entrepreneurship*. Young Invincibles. Small Business Majority. January 27, 2016. <http://younginvincibles.org/wp-content/uploads/2016/01/012716-Millennial-Entrepreneurs-Poll-2.pdf>

¹⁷ Ibid

¹⁸ Andrew Haughwout, Donghoon Lee, Joelle Scally and Wilbert van der Klaauw. *Student Loan Borrowing and Repayment Trends, 2015*. The Federal Reserve Bank of New York. 2015.

¹⁹ *Frequently Asked Questions*. SBA Office of Advocacy. March 2014. https://www.sba.gov/sites/default/files/FAQ_March_2014_0.pdf

²⁰ *Millennial Small Business Owner Study*. Wells Fargo. June 2016. <https://wellsfargoworks.com/File/Index/-f3XT3jOf0uBSrt5cXUBkA>

²¹ Personal capital includes capital sources such as personal savings, personal credit cards, and personal loans. This contrasts external capital, such as business loans, government guaranteed loans, venture capital, and angel investments.

addition, the effect of heavy student debt is evident in the responses provided, particularly for millennial women. Over 75 percent of both men and women strongly or somewhat agree with the statement “I am extremely wary of taking on business debt,” consistent with existing personal debts and coming of age during the mortgage crisis and Great Recession. However, a key difference exists in terms of funding for men and women. Namely, the Wells Fargo study indicates that there are gender differences in terms of business debt and financing. First, while 54 percent of millennial women indicated that they strongly or somewhat agree with the statement “taking on some amount of business debt is necessary to grow a business,” 72 percent of millennial men responded that they strongly or somewhat agree. In addition, 55 percent of millennial women strongly or somewhat agreed with the statement “I am willing to take financial risks in order to grow my business,” compared to 77 percent of millennial men who strongly or somewhat agreed. This result has important ramifications for millennial women and the future of their endeavors and indicates that millennial women may face a business “credit crunch.” Further discovery should explore the rationale behind these positions on debt and growth to develop informed policies and programs designed to circumvent them, leading to business growth for millennial women.

In July 2015, a research team from the Federal Reserve Bank of Philadelphia released a study detailing the impact of student loan debt on small business formation rates.²² While not focused directly on women, the report indicates that there is a negative and statistically significant relationship between student debt and new businesses with between 1 and 4 employees when analyzing County Business Patterns data and data from the Federal Reserve Bank of New York Consumer Credit Panel/Equifax. The authors relate this finding to the difficulty of individuals with student loan debt to access capital, particularly debt, for their businesses. In 2000, student loans comprised only 2.9 percent of total consumer debt. By 2012, that figure reached 10 percent. Given the potential role of student debt on career decisions,²³ present student debt levels may be hampering millennials’ ability to start and grow their businesses by restricting capital access and decreasing risk tolerance due to large student loan payments, which require a steady income source. As discussed below, a topic for further research is the impact of this barrier on women, in particular.

A nationally representative survey conducted by Gallup and Purdue University indicates that of the 63 percent of millennials who graduated with student loan debt, 19 percent have delayed their entrepreneurial endeavors due to their debt.²⁴ For millennials with more than \$25,000 in student loan debt, the delay percentage increases to 25 percent. According to Brandon Busteed of Gallup, given the number of graduates,

²² Ambrose, Brent W. Cordell, Larry. Ma, Shuwei. *The Impact of Student Loan Debt on Small Business Formation*. The Federal Reserve Bank of Philadelphia. July 2015.

²³ For more information, please see: Rothstein, Jesse. Rouse, Cecilia Elena. *Constrained After College: Student Loans and Early-Career Occupational Choices*. Journal of Public Economics. Volume 95: 1-2. February 2011.

²⁴ *Great Jobs, Great Lives. The Relationship Between Student Debt, Experiences and Perceptions of College Worth*. Gallup-Purdue Index 2015 Report. September 2015.

student debt prevented over 2 million new businesses being formed between 2006 and 2015. Increased programs to assist new graduates with managing their student loan debt are necessary to foster entrepreneurship among the next generation, a cohort already experiencing a decline in such activity relative to prior generations at the same age.²⁵

Compounding the effects of student debt on business growth is the higher burden that millennial women face in terms of their student loans. Research by the American Association of University Women (AAUW)²⁶ using 2009 data²⁷ indicates that millennial women face a higher student loan debt burden²⁸ than their male counterparts due to lower personal income and similar student loan debt levels. Analysis of American Community Survey 2010-2014 data indicates that millennial women earn statistically significantly less annual income, even when controlling for the number of weeks worked per year.²⁹ The difference in income and potential ability to pay down student debt may impact access to capital for millennial women entrepreneurs. The authors of the AAUW study mention confounding variables, such as college major, occupation, and hours at work as contributors to the higher student debt burden for women. However, even when taking into account the factors mentioned above, the higher burden for women stemming from lower pay remains.³⁰ It is important to note that multiple factors influence the decision and financial ability to start a business and that additional work is required to establish a causal link between gendered income differences, student loan burdens, and entrepreneurship among millennials.

Key questions related to Theme 2 include:

- What differences exist among those millennials who decide to launch a venture versus those that *want to start a business* but do not?
- How does student loan debt factor into the decision to start a business for millennial women?
- How does the high level of student loan debt among millennial women impact the decision process in pursuing debt capital when starting or growing a business?
- Are millennial women starting businesses to guide their own professional and financial lives after experiencing the Great Recession?

²⁵ Wilmoth (2016), *op. cit.*

²⁶ Corbett, Christianne. Hill, Catherine. *Graduating to a Pay Gap*. American Association of University Women. October 2012. <http://www.aauw.org/files/2013/02/graduating-to-a-pay-gap-the-earnings-of-women-and-men-one-year-after-college-graduation.pdf>

²⁷ While informative, analysis as of 2009 does not fully capture the effects of the Great Recession on debt and wages.

²⁸ The Student Loan Debt Burden is the share of earnings needed to make monthly student debt payments.

²⁹ PQC, Inc. analysis of American Community Survey 2010-2014 PUMS data. For more information, please see Tables 2-3 and 2-4 of this report.

³⁰ Corbett (2012), *op. cit.*

- What programs related to debt management can be initiated to spur greater entrepreneurship among millennial women?

Theme 3: Millennials are propelled by different motivations and face different challenges than prior generations.

In 2016, Sage released the results of its global study of millennials, finding that the primary career drivers of this generation are independence, the desire to do social good, and a commitment to employee happiness.³¹ The survey received responses from 7,400 millennials from 16 countries and indicated that 65 percent of millennials believe that they will become entrepreneurs. Further, 34 percent of the sample wanted to start and grow their businesses within the next five years.³² Reasons for starting a business varied:

- 40 percent started a business to **be their own boss**
- 34 percent started a business to **be the master of own identity**
- 24 percent started a business to **make their ideas reality**
- 21 percent started a business to **make money**

According to Jon Steinberg, former president and Chief Operating Officer of BuzzFeed, “freedom and independence are the new status symbols.”³³ The Sage study referenced above also indicates that 66 percent of millennial entrepreneurs prioritize their personal lives over their businesses and that more than half are willing to sacrifice profits for the sake of their principles, values, and ethics.³⁴ A profile of successful millennial entrepreneurs in New York City notes that,

The goal of millennial entrepreneurs is to “build your own thing, do what you want to do, and create economic situations where you can do that.”³⁵

The motivation of taking control of your personal time and increased flexibility is common for both men and women entrepreneurs. However, in a survey of entrepreneurs, the Ewing Marion Kauffman Foundation noted that over twice as many women as men were motivated to start a business by the pressure to keep a traditional job.³⁶ The survey compares entrepreneurs to individuals engaged in traditional employment (i.e., non-entrepreneurs). For prior generations, much of the entrepreneurial motivation and desired outcome was financial. This contrasts

³¹ *Walk with Me. Meet the New Generation of Entrepreneurs.* Sage. July 5, 2016.

https://www.millennialbiz.me/static_uploads/pdf/BTE003-Sage-Business-of-our-time-Web-Res.pdf

³² Ibid.

³³ Clehane, Diane. *Who are NYC’s Most Powerful Millennials?* Gotham Magazine. July 25, 2014.

<http://gotham-magazine.com/new-york-citys-most-powerful-millennials>

³⁴ Sage (2016), *op. cit.*

³⁵ Clehane (2014), *op. cit.*

³⁶ *The Anatomy of an Entrepreneur. Are Successful Women Entrepreneurs Different from Men?* Ewing Marion Kauffman Foundation. May 2010.

millennials, who are more inclined to positively impact society and create a healthy *balance* between their professional and personal lives. Given the millennial tendency to pursue entrepreneurship for increased flexibility as well as the propensity for women entrepreneurs to be motivated by traditional employment pressures as identified by the Ewing Marion Kauffman Foundation, millennial women may start their businesses for different reasons and with different desired outcomes than their male counterparts. One area for future exploration is the impact of societal gender norms and the role of family responsibilities in the decision to pursue entrepreneurship among millennial women.

In addition to the pursuit of personal and professional autonomy, key goals and outcomes for millennial entrepreneurs include the desire to support positive social change and economic growth.³⁷ Millennials are described as purpose-driven,³⁸ and the media indicates a bias towards sustainable, innovative businesses that positively impact society at large, such as environmental sustainability efforts. In 2016, Nicolas and Rubio³⁹ released a quantitative study of social entrepreneurship and found statistically significant differences in the entrepreneurial gender gap between social and commercial enterprises. The authors used data from the 2009 Global Entrepreneurship Monitor (GEM) survey to illustrate that women entrepreneurs had a higher formation rate for social enterprises than commercial enterprises when compared to men. Their results were consistent with prior research related to entrepreneurship activity between men and women,⁴⁰ which is supported by anecdotal evidence that women are drawn to mission-based initiatives.⁴¹

Research commissioned by the National Women's Business Council (NWBC) demonstrates that prior industry experience positively affects access to capital and business survival.⁴² In addition, this same research demonstrates that previous startup and industry experience positively affect overall firm survival. The average woman-business owner has over 11 years of industry experience at founding and over 42 percent had started a business previously.⁴³ However, mechanisms exist to bridge the experience gap such that entrepreneurs can access both necessary capital and achieve long-term survival. Despite their enthusiasm and desire to launch entrepreneurial

³⁷ *Who are the Millennial Entrepreneurs?* Global Entrepreneurship Program's Articles. July 19, 2016. <http://blog.msc-entrepreneurship.com/millennial-entrepreneurs/>

³⁸ Ibid.

³⁹ Nicolás, C. and A. Rubio. *Social enterprise: Gender gap and economic development*. *European Journal of Management and Business Economics*. 2016. <http://dx.doi.org/10.1016/j.redeen.2015.11.001>.

⁴⁰ Terjersen, S., et al. *Global Entrepreneurship Monitor 2009 Report on Social Entrepreneurship*. Global Entrepreneurship Monitor. 2011. <http://www.gemconsortium.org/report/48437>.

⁴¹ McCracken, K. et al. *Women's Entrepreneurship: closing the gender gap in access to financial and other services in social entrepreneurship*. 2015. http://www.europarl.europa.eu/RegData/etudes/STUD/2015/519230/IPOL_STU%282015%29519230_EN.pdf.

⁴² United States. National Women's Business Council. *Research on Undercapitalization as a Contributor to Business Failure for Women Entrepreneurs*. August 2015. By Lee O. Upton, III and Emma J. Broming. & United States. National Women's Business Council. *Access to Capital by High-Growth Women-Owned Businesses*. April 2014. By Susan Coleman and Alicia Robb.

⁴³ Coleman & Robb (2014), *op. cit.*

ventures, millennial entrepreneurs lack the professional and life experience that older generations bring to the table. Therefore, millennials may face additional challenges due to their lower experience levels. Some millennials have begun to fill the experience gap by seeking a mentor who acts as both an advocate and an advisor⁴⁴ and can assist with scaling businesses and handling obstacles.⁴⁵ While millennials are young and lack the same experience as older generations, millennials possess different and valuable skills. For example, both men and women millennials have developed social media skills and experience with technology that the older generations do not have. As such, leveraging technology may play an important role in millennial women overcoming entrepreneurial barriers and establishing their entrepreneurial identities.⁴⁶

Compounding the financial and experiential challenges, millennials face government and regulatory challenges that may stifle their endeavors, some of which are non-traditional and inventive. In February 2016, Jared Meyer of the Manhattan Institute for Public Policy testified before the House Judiciary Committee, Subcommittee on Regulatory Reform, Commercial and Antitrust Law regarding the stifling effects of current federal regulations on millennial entrepreneurs. He noted that current governmental policies and regulation “ignores the realities of a 21st century economy and continues to hold back millennials’ economic opportunity.”⁴⁷ For example, Department of Labor regulations related to the share economy⁴⁸ and the distinction between employees and independent contractors have applicability to millennial entrepreneurship. Department of Labor regulations require that employees, versus independent contractors, receive benefits and the Department of Labor Cost Index indicates a 30 percent increase in cost to the corporation for employees versus independent contractors. This increased cost can have negative consequences for the viability of a fledgling business.

Key questions related to Theme 3 include:

- Are women starting businesses to break the glass ceiling and circumvent the persistent gender wage gap?

⁴⁴ Utley, Tori. *What Millennial Entrepreneurs Need to Become Great Leaders – 4 Ways to Work with a Mentor*. Forbes. May 27, 2016. <http://www.forbes.com/sites/toriutley/2016/05/27/what-millennial-entrepreneurs-need-to-become-great-leaders-4-ways-to-work-with-a-mentor/#7847c7495b1f>

⁴⁵ Global Entrepreneurship Program’s Articles, *op. cit.*

⁴⁶ Goldman, Adria Y. Ford, VaNatta S. Harris, Alexa A. Howard, Natasha, R. (eds). *Black Women and Popular Culture: The Conversation Continues*. Rowan & Littlefield: Lexington Books. 2014.

⁴⁷ Meyer, Jared. *Congress Needs to Stand Up for Millennial Entrepreneurs*. E21 Economics Policies for the 21st Century at the Manhattan Institute. Testimony Submitted to the House Judiciary Committee, Subcommittee on Regulatory Reform, Commercial and Antitrust Law. February 24, 2016. <http://economics21.org/sites/e21/files/MeyerTestimony.pdf>

⁴⁸ Multiple definitions exist for the share economy. The share economy, an area in which millennial entrepreneurs operate, functions with a series of independent contractors that provide services via a corporation to customers. Per The Economist, the share economy includes renting of rooms, providing transportation, and peer-to-peer lending, among other services. For more information, please see <http://www.economist.com/news/leaders/21573104-internet-everything-hire-rise-sharing-economy>

- Do millennial women have trouble finding a willing mentor, particularly one in her industry? If so, how does this impact the decision to launch a business?
- Besides teaming up with a mentor, what can millennials do to bridge the experience gap and launch growth-oriented, sustainable businesses?

Concluding Introductory Remarks

As discussed above, the study of millennial entrepreneurship, particularly as it relates to women, is in its infancy and little research exists that discusses the unique challenges, motivations, and experiences of millennial women entrepreneurs. The changing dynamics of entrepreneurship and the fast pace of technology require research to understand what policies and actions can be taken to support millennial women entrepreneurs.

Despite the positivity surrounding millennial women entrepreneurs, work remains to understand who these entrepreneurs are and why they pursue entrepreneurship. In fact, testifying before the United States Senate, Committee on Small Business and Entrepreneurship in 2016, John Lettieri noted that *“Millennials are on track to be the least entrepreneurial generation in recent history.”*⁴⁹ The economy needs startups, which are essential to disseminating innovative technology and creating new jobs. The Atlantic notes that an economy that is dominated by older firms is less efficient than one continually infused with new, fresh ideas and products.⁵⁰

Developing an understanding of who millennial women entrepreneurs are, what drives them, and what challenges they face is germane to developing policies and regulatory changes that support growth. This report explores the fundamental questions:

- Who are millennial women entrepreneurs?
- What challenges do millennial women face in entrepreneurship?
- What can be learned to help stimulate and encourage entrepreneurship among millennial women?
- What resources do prospective millennial entrepreneurial women in the United States need in terms of education, support, and policy or regulatory change to increase the number of new businesses and the growth rates of existing businesses?

⁴⁹ Lettieri, John W. *America Without Entrepreneurs: The Consequences of Dwindling Startup Activity*. Testimony before the Committee on Small Business and Entrepreneurship, United States Senate. June 29, 2016. https://www.sbc.senate.gov/public/?a=Files.Serve&File_id=0D8D1A51-EE1D-4F83-B740-515E46E861DC

⁵⁰ Thompson, Derek. *The Myth of the Millennial Entrepreneur*. The Atlantic. July 6, 2016. <http://www.theatlantic.com/business/archive/2016/07/the-myth-of-the-millennial-entrepreneur/490058/>

2. Data & Analysis: Profiling Millennial Women Entrepreneurs

Data Sources

The research design for developing a profile of millennial women entrepreneurs utilizing publicly available data includes univariate, cross-tabulation, and difference in means analyses. These analyses provide insight on critical issues related to entrepreneurship as well as lay the foundation for an in-depth qualitative study of the motivations underlying and challenges facing millennial women entrepreneurs. This section discusses the two data sets used in this research and their applicability to understanding the dynamics of young women entrepreneurs. With respect to the following data analysis, “millennials” include individuals that are 16 to 35 years old.

The American Community Survey (ACS)

The American Community Survey (ACS) is an annual survey of the American workforce sponsored by the United States Census Bureau. The ACS is nationally representative and offers reliable and generalizable data on labor force dynamics, including the prevalence of business ownership and self-employment activity.⁵¹ The ACS analyses in this section utilize the Public Use Microdata Sample (PUMS) data files aggregated for the 2010 through 2014 period.⁵² The ACS PUMS data permit analysis at the person and household levels and include important demographic and labor dynamics variables such as age, gender, relationship status, employment status, and educational attainment, among others. A key feature of the ACS is the inclusion of both entrepreneurs and non-entrepreneurs, which allows for valuable comparisons regarding career paths.

Defining a millennial entrepreneur is central to this research.⁵³ The ACS PUMS data include information on “Class of Worker,” which can provide information on entrepreneurial activity. Using this variable, entrepreneurs are individuals who identify one of the following categories as their primary employment activity:

- Self-employed in own not incorporated business, professional practice, or farm
- Self-employed in own incorporated business, professional practice, or farm

There are important differences between incorporated and unincorporated businesses, largely related to liability and structure. In incorporated businesses, the business is legally separate from the business owner. This contrasts unincorporated businesses, where the owner is personally responsible for the business results. Unincorporated

⁵¹ For more information about the ACS and the survey instrument, please see <http://www.census.gov/programs-surveys/acs/technical-documentation.html>

⁵² The ACS PUMS data are available for download at <http://www.census.gov/programs-surveys/acs/technical-documentation/pums.html>

⁵³ Within the ACS, millennials are any individual age 16 to 35 within the 2010 – 2014 single data file.

businesses are typically organized as sole proprietorships or partnerships, versus S corporations, C corporations, or Limited Liability Companies (LLC), which typify incorporated businesses. While self-employment is not a perfect proxy for entrepreneurial activity, it is suitable to gather information about the demographic and personal characteristics of the business owners and is used by other researchers as a proxy for entrepreneurship.⁵⁴

The Survey of Business Owners and Self-Employed Persons (SBO)

Every five years, the Census Bureau conducts the Survey of Business Owners and Self-Employed Persons (SBO). The SBO is the only regularly collected nationally representative survey on business ownership.⁵⁵ The survey includes data on demographic, funding, and operational characteristics of business owners of non-farm businesses with annual revenues over \$1,000. While PUMS data exist for 2007, many millennials were not of workforce age in 2007. As such, this research exclusively relies on the 2012 SBO results as presented in the tables on American Fact Finder. These tables are not microdata, and therefore, the analyses performed are limited to subsets and table combinations.⁵⁶

Developing a Profile of Millennial Women Entrepreneurs

This section presents information on the demographic, lifestyle and personal, and business characteristics of millennial women entrepreneurs. The analyses contained herein compare millennial women entrepreneurs to women entrepreneurs of prior generations as well as to millennial men entrepreneurs to develop insights and questions for further inquiry and research. In addition, to provide a foundation for investigation into *why* millennial women may or may not select entrepreneurship as opposed to traditional employment as well as the challenges they face in doing so, this section compares characteristics of millennial women entrepreneurs to those of millennial women non-entrepreneurs.

Demographic Profile

Figure 2-1 shows the distribution of the ACS class of worker variable for millennial women.⁵⁷ As shown, the vast majority of women aged 16 to 35 are employed at for-profit enterprises. Only 3 percent of millennial women are self-employed at

⁵⁴ See Wilmoth, Daniel. "The Missing Millennial Entrepreneurs." *Small Business Administration, Office of Advocacy, Economic Research Services*. February 4, 2016.

https://www.sba.gov/sites/default/files/advocacy/Millennial_IB.pdf

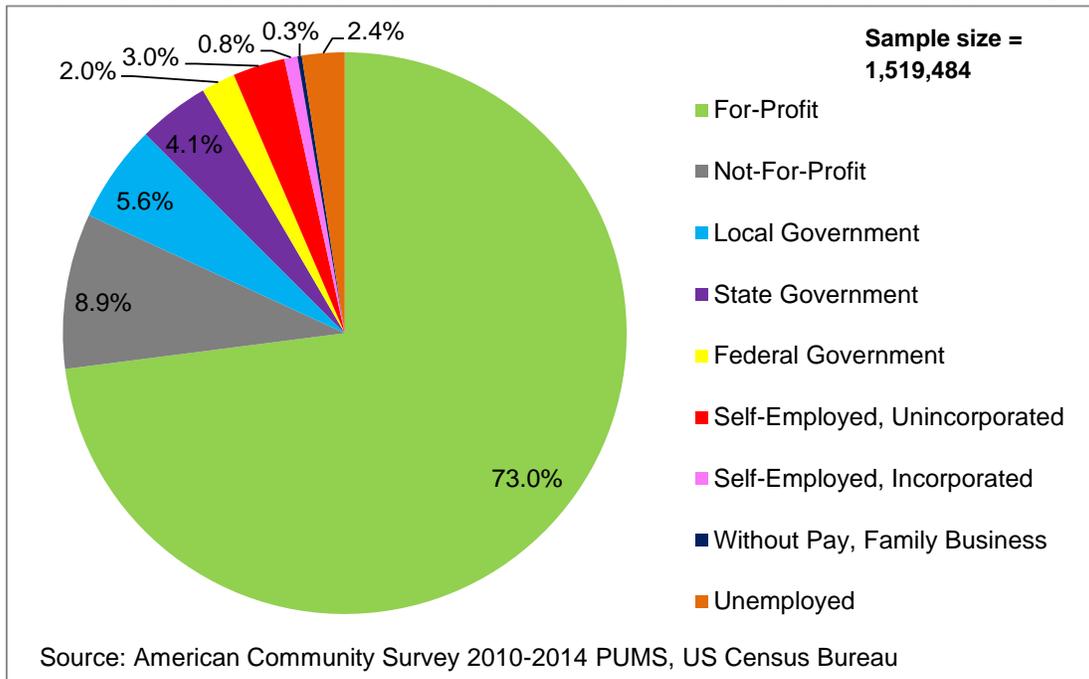
⁵⁵ For more information about the SBO, please see <http://www.census.gov/programs-surveys/sbo/about.html>

⁵⁶ As of the date of publication, the 2012 SBO PUMS data had not yet been released. All analyses contained herein that utilize the SBO data are derived from a set of public release tables.

⁵⁷ In the figures throughout this report, "n" refers to the sample size of respondents used in the analysis shown.

unincorporated businesses and 0.8 percent of millennial women are self-employed at incorporated businesses.⁵⁸ The following analyses using ACS data refer to this segment of women entrepreneurs.

Figure 2-1
Workforce Distribution for Millennial Women in the Labor Force⁵⁹ ACA



The racial and ethnic profile of women entrepreneurs has shifted with each generation to include a larger proportion of minority women entrepreneurs. Table 2-1 shows the percentage of entrepreneurs by age category, race, and ethnicity, as well as the racial and ethnic breakdown of firms with employees. The results indicate that Hispanic women are underrepresented among firms with paid employees. However, there is greater ethnic and racial diversity among business owners with employees for millennial women than observed for older generations, including Baby Boomers, where 22.1 percent of millennial women entrepreneurs are racial minorities, versus 7.8 percent of Baby Boomers.

⁵⁸ Within the ACS, incorporated businesses are those that are not organized as sole-proprietorships.

⁵⁹ Unemployment in this figure is calculated using the ACS variable "class of worker." Under this definition, individuals who identify as "unemployed and last worked 5 years ago or earlier or never worked" are listed as unemployed in this figure. This figure does not include individuals that are less than 16 years old, not in the labor force, or who last worked more than 5 years ago or never worked. For more information, please see http://www2.census.gov/programs-surveys/acs/tech_docs/pums/data_dict/PUMS_Data_Dictionary_2010-2014.pdf

**Table 2-1
Racial and Ethnic Distribution of Women Entrepreneurs by Age**

	Millennials	Age 35 to 44	Age 45 to 54	Age 55 to 64	Age 65 or over
Total Firms					
Hispanic	11.3%	10.2%	8.0%	5.2%	3.3%
<i>Ethnicity Count</i>	1,343,554	1,713,563	2,290,610	2,074,244	1,132,051
White	77.9%	78.5%	83.9%	87.4%	92.2%
Black	9.1%	7.0%	5.1%	4.3%	3.1%
Native American or Alaskan	1.2%	0.9%	1.0%	0.8%	0.7%
Asian	8.2%	10.5%	7.7%	6.0%	3.4%
Hawaiian or Pacific Islander	0.3%	0.2%	0.2%	0.1%	0.1%
Other Race	3.2%	2.9%	2.2%	1.3%	0.6%
Racial Minority	22.1%	21.5%	16.1%	12.6%	7.8%
<i>Race Count</i>	1,387,717	1,749,396	2,323,512	2,097,143	1,141,370
Employer Firms					
Hispanic	8.4%	7.6%	5.9%	4.1%	2.9%
<i>Ethnicity Count</i>	120,005	313,896	509,604	456,823	232,147
White	78.2%	78.4%	84.8%	88.9%	92.5%
Black	2.5%	2.9%	2.5%	1.8%	1.7%
Native American or Alaskan	1.2%	0.7%	0.7%	0.6%	0.6%
Asian	15.5%	15.7%	10.2%	7.7%	4.5%
Hawaiian or Pacific Islander	0.3%	0.2%	0.2%	0.1%	0.1%
Other Race	2.4%	2.1%	1.6%	0.9%	0.5%
Racial Minority	21.8%	21.6%	15.2%	11.1%	7.5%
<i>Race Count</i>	122,661	318,630	515,491	460,658	233,625

Source: 2012 Survey of Business Owners and Self-Employed Persons, US Census Bureau

Note: The SBO captures Hispanic as an ethnicity. As such, the Hispanic category includes individuals that identify in the racial categories presented. The other categories all refer to race and the racial percentages add to 100% for each category. The Hispanic percentage refers to the number of individuals marked Hispanic as a percentage of the total marked Hispanic and Non-Hispanic. The "Racial Minority" category refers to individuals that are not White.

Figure 2-2 provides a comparison of the general population and the business owner population for women, by age category. The green bars indicate the percentage of the overall population in each age grouping that identifies as a racial minority. The gray bars indicate the percentage of business owners in each age grouping that identifies as a racial minority. The ratio above the bars indicates the degree of business ownership representation compared to the overall population. A ratio under 1 indicates overrepresentation of white women entrepreneurs in that age category. As shown, for millennials, overrepresentation of White women is less than that of women entrepreneurs age 55 and over and similar to that for ages 35 to 54. **This demonstrates a move towards racial parity in business ownership for younger generations of entrepreneurs, consistent with changing demographics in the**

United States.⁶⁰ However, it is important to note that despite progress, racial parity in entrepreneurship has not yet been achieved. Combined, these facts indicate that younger minority women are embracing entrepreneurship more than prior generations.

**Figure 2-2
Racial Representation and Business Ownership – Women**

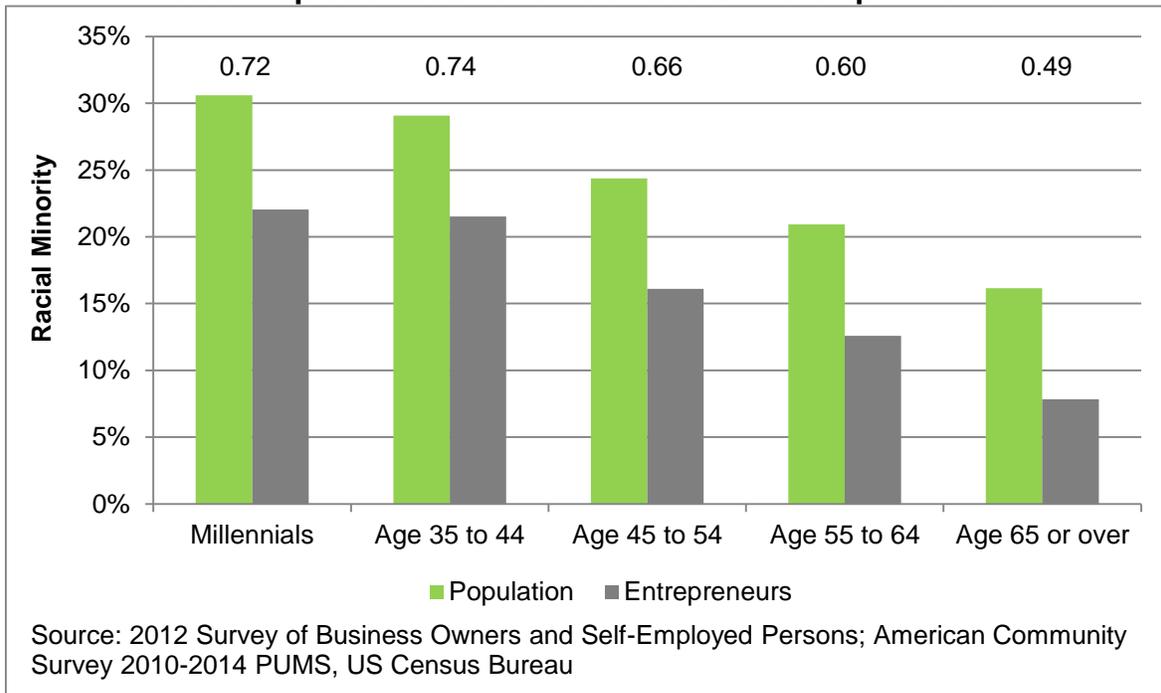


Table 2-2 on the next page indicates that among millennials, educational attainment varies. The results show that individuals without a high school diploma or GED are more likely to be entrepreneurs than non-entrepreneurs. This result raises important questions about the motivations for starting a business. These include the desire to improve socio-economic status and the lack of labor force alternatives sufficient to meet economic needs. Do women without a high school diploma or GED start businesses to circumvent the labor force challenges and low wages associated with lack of education? In all other education categories, there is little difference in educational attainment for millennial women entrepreneurs versus non-entrepreneurs. This is an interesting point in light of the level of education among millennials in general. The literature indicates that the millennial generation, and women in particular, are the most educated generation to date and that entrepreneurship courses are expanding significantly on college campuses.⁶¹ This is not surprising given the lower opportunity cost for school vis-à-vis prior generations as well as the need to compete in today's

⁶⁰ Another point to consider is the role of survivorship bias given varying business survival rates by race.

⁶¹ *Fast Facts: Degrees Conferred by Sex and Race*. National Center for Education Statistics. United States Department of Education. <https://nces.ed.gov/fastfacts/display.asp?id=72>

competitive labor market.⁶² However, the education distribution observed here suggests that education level is not a strong causal factor in the decision to pursue entrepreneurship for millennial women who have received a high school diploma/GED or higher.

Table 2-2
Educational Attainment for Millennial Women and Men

Education Level	Women		Men	
	Entrepreneurs	Non-Entrepreneurs	Entrepreneurs	Non-Entrepreneurs
Did Not Complete High School	14.4%	11.7%	19.0%	15.9%
High School Diploma/GED	21.8%	21.2%	28.3%	28.5%
Some College	27.5%	30.8%	24.2%	28.3%
Associate's Degree	8.0%	8.3%	6.5%	6.4%
Bachelor's Degree	20.6%	20.1%	16.9%	15.7%
Master's, Professional, or Doctorate Degree	7.8%	7.9%	5.2%	5.3%
Total	100.0%	100.0%	100.0%	100.0%
<i>Count</i>	<i>59,905</i>	<i>1,459,579</i>	<i>83,493</i>	<i>1,500,338</i>

Source: American Community Survey 2010-2014 PUMS, US Census Bureau

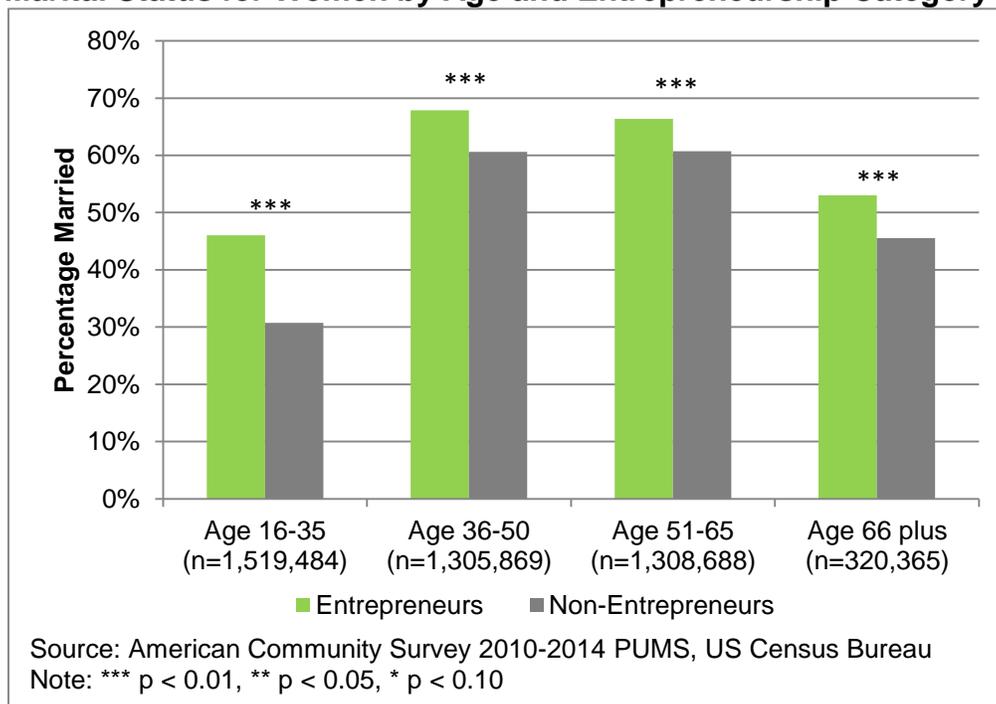
Lifestyle and Personal Profile

Figures 2-3 and 2-4 detail the distribution of marital status by gender for entrepreneurs and non-entrepreneurs. Women entrepreneurs are more likely than women non-entrepreneurs to be married, regardless of age. This raises several questions regarding the decision to pursue entrepreneurship (i.e. motivations) and its relationship to personal goals. Immediate questions with respect to these figures include:

- Understanding that starting a business carries the potential for financial losses in the form of investment and salary, does a dual income among married or partnered couples increase the odds of a millennial woman starting a business?
- Do millennial women engage in entrepreneurship as an alternative to traditional employment in an effort to achieve personal goals, such as spending more time at home, pursuing alternative interests, or starting a family?

⁶² The Council of Economic Advisers. *15 Economic Facts About Millennials*. The White House. October 2014. https://www.whitehouse.gov/sites/default/files/docs/millennials_report.pdf

Figure 2-3
Marital Status for Women by Age and Entrepreneurship Category⁶³



Recognizing that attitudes towards marriage may differ across the country, Figure 2-4 presents a comparison in marriage rates for women entrepreneurs and non-entrepreneurs by geographic region.⁶⁴ As shown, marriage rates differ by geography. In the West North Central and Mountain regions, a larger proportion of women overall are married, compared to New England, the Middle Atlantic, and the Pacific regions. However, despite differences between regions in millennial women’s marriage rates, entrepreneurs are statistically more likely than their non-entrepreneur counterparts to be married.⁶⁵

⁶³ Throughout the remainder of this report, *** refers to statistical significance at the 1 percent level, ** refers to statistical significance at the 5 percent level, and * refers to statistical significance at the 10 percent level.

⁶⁴ A breakdown of which states comprise each region is available at https://www2.census.gov/geo/pdfs/maps-data/maps/reference/us_regdiv.pdf

⁶⁵ This analysis utilized statistical difference in means testing (t-test), which tests whether the average of a single variable for two groups is statistically different. For example, the analysis compares the average rate of marriage for one subgroup to another. Throughout the following analyses, three asterisks (***) indicates a significant difference at the 1 percent level, two asterisks (**) indicates a significant difference at the 5 percent level, and one asterisk (*) indicates a significant difference at the 10 percent level.

Figure 2-4
Marital Status for Millennial Women Entrepreneurs and Non-Entrepreneurs by Geographic Region

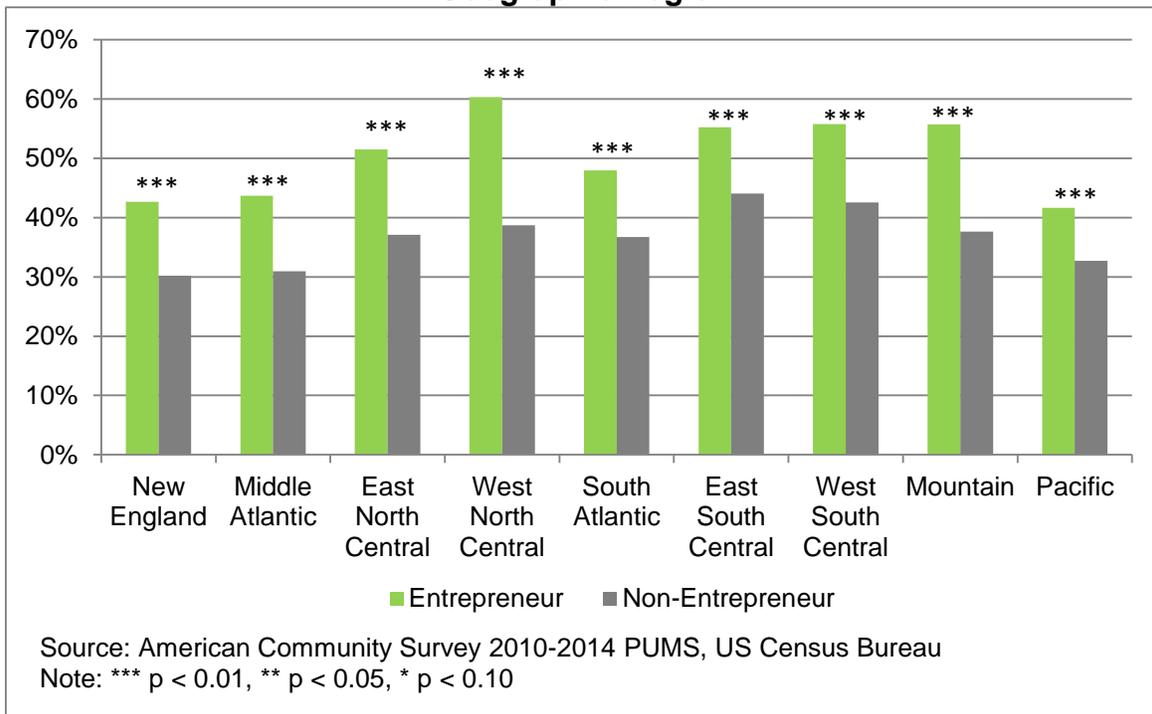
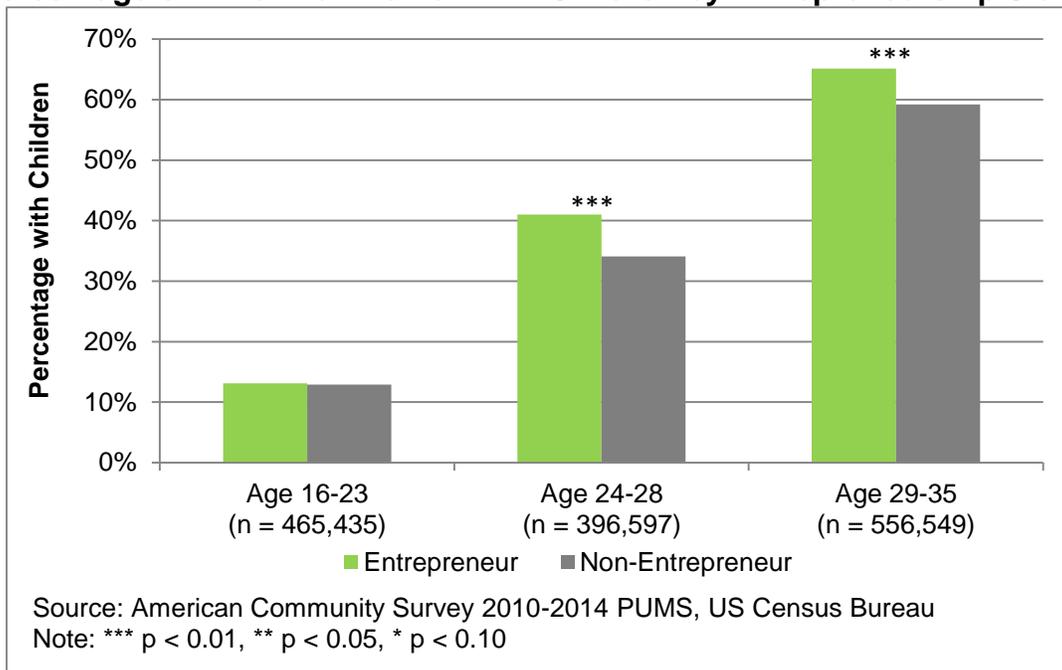


Figure 2-5 on the next page shows the distribution of women with children for millennials, segmented by age category and entrepreneurial status. Millennial women entrepreneurs are more likely to have children than millennial women non-entrepreneurs. Across all generations, women entrepreneurs are more likely than non-entrepreneurs to have children. However, this trend is more pronounced for the millennial generation. In addition, 9.7 percent of millennial entrepreneurs gave birth within the past 12 months, compared to 8.2 percent of non-entrepreneurial millennial women. This raises several questions with policy implications requiring further research and analysis:

- How does the presence of children influence a woman’s decisions regarding work schedule, autonomy, entrepreneurship, and work-life balance?
- To what extent do restrictive work policies with respect to childcare, leave, and autonomy influence a millennial woman’s decision to engage in entrepreneurship, if at all?

Figure 2-5
Percentage of Millennial Women with Children by Entrepreneurship Status



Business Profile

Table 2-3 shows the average total income by entrepreneurship status, gender, and age and examines differences in income for entrepreneurs and non-entrepreneurs. The gender wage/earnings difference persists for millennials. In addition, entrepreneurs do not fare particularly well as among millennial women, entrepreneurs earn less than non-entrepreneurs. This difference is statistically significant at the 1 percent level and directly contrasts men, where in the age 16 to 23 and 24 to 28 categories, entrepreneurs slightly out-earn non-entrepreneurs. Even in the men age 29 to 35 category, the difference in income between entrepreneurs and non-entrepreneurs is much smaller than the difference observed for women. For women, non-entrepreneurs earn 31.8 percent more than entrepreneurs in the 16 to 23 age category, 29.1 percent more in the 24 to 28 age category, and 25.6 percent more in the 29 to 35 age category.

Table 2-3
Average Total Income by Entrepreneurship Status, Gender, and Age

Total Income	Age 16-23	Age 24-28	Age 29-35
Women			
Non-Entrepreneur	\$ 9,375	\$25,492	\$ 34,814
Entrepreneur	\$ 7,112	\$19,751	\$27,729
Difference	\$ 2,262 ***	\$ 5,741 ***	\$ 7,085 ***
Count	491,304	366,813	512,505
Men			
Non-Entrepreneur	\$11,556	\$ 30,255	\$45,021
Entrepreneur	\$12,038	\$30,971	\$46,559
Difference	\$ (482) *	\$ (716) *	\$ (1,539) ***
Count	505,240	387,294	560,264
Source: American Community Survey 2010-2014 PUMS, US Census Bureau			
Note: *** p < 0.01, ** p < 0.05, * p < 0.10			

The earnings differences identified in Table 2-3 raise an important question about pay and the number of weeks worked. *Specifically, is the gender earnings difference attributable to potential gender differences in the number of weeks worked per year?* Table 2-4 contains the difference in mean total income for women and men millennial entrepreneurs by weeks worked per year. As shown, when controlling for the number of weeks worked per year, women entrepreneurs earn less than their male counterparts. The difference in earnings is statistically significant for all weeks worked ranges and for all age groupings. The difference in earnings despite equal time spent among millennial women entrepreneurs and non-entrepreneurs as well as millennial women men, regardless of entrepreneurial status is striking and requires additional analysis to understand the causes of the observed differences.

Table 2-4
Average Total Income by Gender and Weeks Worked, Millennial Entrepreneurs

	Age 16-23	Age 24-28	Age 29-35
50-52 Weeks per Year			
Women	\$14,860	\$26,051	\$35,045
Men	\$23,638	\$38,941	\$55,487
Difference	\$8,779 ***	\$12,889 ***	\$20,443 ***
Count	7,822	18,523	49,171
48-49 Weeks per Year			
Women	\$11,019	\$22,825	\$33,595
Men	\$19,707	\$31,861	\$51,905
Difference	\$8,688 ***	\$9,036 ***	\$18,310 ***
Count	520	1,041	2,253
40-47 Weeks per Year			
Women	\$10,233	\$19,258	\$27,029
Men	\$14,563	\$27,520	\$34,133
Difference	\$4,330 ***	\$8,261 ***	\$7,104 ***
Count	1,710	2,669	5,813
27-39 Weeks per Year			
Women	\$6,860	\$13,298	\$17,414
Men	\$10,737	\$17,589	\$22,169
Difference	\$3,877 ***	\$4,291 ***	\$4,755 ***
Count	2,662	2,902	5,796
14-26 Weeks per Year			
Women	\$3,924	\$8,901	\$10,941
Men	\$5,721	\$12,304	\$15,115
Difference	\$1,797 ***	\$3,404 ***	\$4,174 ***
Count	3,674	2,226	4,037
13 Weeks or Less per Year			
Women	\$1,792	\$4,674	\$6,599
Men	\$2,428	\$5,981	\$8,814
Difference	\$636 ***	\$1,307 **	\$2,215 ***
Count	10,467	3,133	5,388
Source: American Community Survey 2010-2014 PUMS, US Census Bureau			
Note: *** p < 0.01, ** p < 0.05, * p < 0.10			

Economists focus on firms with paid employees besides the owner because these firms create jobs and positively contribute to economic growth. Gathering information to inform policies designed to grow entrepreneurship and job creation among millennial women is therefore germane. Figure 2-6 presents the percentage of millennial-owned firms with paid employees by age and gender using data from the SBO. **Millennial men are over twice as likely as millennial women to have paid employees.** This trend also exists for older generations. Figure 2-6 raises important questions regarding access to resources, reasons for starting the business, and why

differences exist by gender. It is possible that millennial women start their businesses for different reasons than men, such as family or personal requirements, including fertility. However, it is also possible that millennial women face barriers in terms of access to capital that impact their ability to hire employees and scale their businesses.

Figure 2-6
Percentage of Firms with Employees by Age and Gender



In addition to examining ownership differences between millennial women and men for firms with employees, differences exist among women business owners across generations. Table 2-5 on the next page shows the percentage of women-owned and men-owned employer firms by age category using SBO data. Millennial women-owned firms are less likely to have paid employees than firms owned by older women, where the percentage of firms with paid employees peaks in the 45 to 64 age category. While the difference in employment by age may be related to experience and time in business, Table 2-5 makes a case for continued research of millennial women entrepreneurs. In addition, in all age categories, men-owned firms are more likely than women-owned firms to have paid employees.

Table 2-5
Percentage of Employer Firms by Age Category, Women Entrepreneurs

Age Category	Percentage Employer	
	Women	Men
Millennials	15.3%	28.4%
Age 35 to 44	22.4%	37.8%
Age 45 to 54	28.6%	47.4%
Age 55 to 64	28.2%	46.3%
Age 65 or over	25.8%	38.0%

Source: 2012 Survey of Business Owners and Self-Employed Persons, US Census Bureau

Table 2-6 on the next page presents the top five industries for women entrepreneurs by age category. The top industries in which women operate their firms remain relatively static across generations and include: Professional, Scientific, and Technical Services; Health Care and Social Assistance; and Retail Trade. In addition, millennial women start their firms in different industries than their male counterparts. Previous research without a generational focus indicates that women tend to focus in industries with low barriers to entry, such as retail sales. Millennial women have had a much greater exposure to science, technology, engineering, and mathematics (STEM) than prior generations of women. To that end, it is interesting to see that the firms started by millennial women have not shifted towards more high-tech industries.

Table 2-6
Top 5 Industries for Women Entrepreneurs by Age Category⁶⁶

Millennials	Count 1,344,363
Other Services	18.4%
Professional, Scientific, and Technical Services	14.5%
Health Care and Social Assistance	13.8%
Retail Trade	11.3%
Administrative and Support	8.4%
Age 35 to 44	Count 1,715,205
Professional, Scientific, and Technical Services	16.3%
Other Services	15.1%
Health Care and Social Assistance	13.8%
Retail Trade	11.6%
Administrative and Support	8.1%
Age 45 to 54	Count 2,294,087
Professional, Scientific, and Technical Services	15.8%
Other Services	13.5%
Real Estate	13.4%
Retail Trade	11.3%
Health Care and Social Assistance	11.1%
Age 55 to 64	Count 2,077,955
Real Estate	16.0%
Professional, Scientific, and Technical Services	14.8%
Retail Trade	11.8%
Other Services	11.6%
Health Care and Social Assistance	11.1%
Age 65 or over	Count 1,135,597
Real Estate	22.1%
Retail Trade	13.3%
Professional, Scientific, and Technical Services	12.8%
Other Services	9.6%
Health Care and Social Assistance	8.1%
Source: 2012 Survey of Business Owners and Self-Employed Persons, US Census Bureau	

⁶⁶ Other services as defined by the US Census Bureau includes repair and maintenance; personal and laundry services; religious, grant making, civil, professional, and similar organizations; and private households. For more information, please see <http://www.census.gov/eos/www/naics/>

Table 2-7 demonstrates that among millennial entrepreneurs, women and men operate in different industries. While several of the top five industries overlap, there are large differences in terms of gender representation in Health Care and Social Assistance (NAICS⁶⁷ 62), Other Services (NAICS 81), and Construction (NAICS 23). These fields are highlighted in Table 2-7 and correspond with trends observed for older generations where differences exist for men and women, indicating continued industry gender silos. Potential causes of the difference in industry by gender might vary, but possibilities include gender stereotyping, general subject and industry interest, and self-limiting perceptions. Understanding trends related to the industries in which millennial women start their businesses vis-à-vis millennial men is of importance as the industry in which an entrepreneur starts their business affects both earnings and growth potential.

Table 2-7
Distribution of Industry for Women and Men Millennial Entrepreneurs

NAICS Description	Women	Men
11 Agriculture, forestry, fishing and hunting	0.6%	1.7%
21 Mining, quarrying, and oil and gas extraction	0.2%	0.6%
22 Utilities	0.0%	0.1%
23 Construction	3.4%	15.2%
31-33 Manufacturing	1.5%	1.9%
42 Wholesale Trade	1.6%	2.2%
44-45 Retail Trade	11.3%	7.8%
48-49 Transportation and Warehousing	1.4%	5.0%
51 Information	1.6%	2.8%
52 Finance and Insurance	2.1%	3.7%
53 Real Estate	6.2%	8.3%
54 Professional, Scientific, and Technical Services	14.5%	16.0%
55 Management of Companies and Enterprises	0.0%	0.1%
56 Administrative and support and waste management and remediation services	8.4%	7.9%
61 Educational Services	4.9%	2.5%
62 Health Care and Social Assistance	13.8%	3.4%
71 Arts, Entertainment, and Recreation	7.7%	8.4%
72 Accommodation and Food Services	2.4%	2.7%
81 Other Services	18.4%	9.7%
Unclassified Industry	0.0%	0.0%
Count	1,344,363	1,677,597

Source: 2012 Survey of Business Owners and Self-Employed Persons, US Census Bureau

Figure 2-7 presents the average self-employment income for millennial entrepreneurs by industry for women and men. All differences shown are statistically

⁶⁷ NAICS stands for North American Industrial Classification System. For more information, please see <http://www.census.gov/eos/www/naics/>

significant at the 1 percent level and indicate that regardless of industry, millennial men entrepreneurs earn more than their female counterparts. While certain industries have higher overall average income regardless of gender, millennial women entrepreneurs exhibit lower average self-employment income than millennial men entrepreneurs, even in popular industries with greater women representation, such as Health Care and Social Assistance.

Figure 2-7
Average Self-Employment Income by Industry, Millennial Entrepreneurs



NAICS 62 provides an example of differences in occupation driving entrepreneurial earnings differences among men and within the same broad industry. Key differences within the Health Care and Social Assistance industry include:

- Over 40 percent of both men and women entrepreneurs do not detail their occupation.

- The most popular occupation among women entrepreneurs is Childcare Worker, with 38.4 percent of respondents selecting this choice. This contrasts men entrepreneurs, where only 12.0 percent selected this choice. The average self-employment income for women in this category is \$12,762 compared to \$27,989 for men.
- The three largest categories for male millennial entrepreneurs besides childcare workers are dentists, chiropractors, and physicians and surgeons. In each of these groups, men are approximately 12 times, 17 times, and 9 times more likely than women entrepreneurs to work in this category. This indicates a substantial difference in the occupations that men and women entrepreneurs undertake that underlie their self-employment earnings.

3. Key Takeaways and Next Steps

The introduction and background information contained herein presents two contrasting opinions on the future of millennial women's entrepreneurship. One portrays young people as entrepreneurial champions, driving innovation and high growth ventures, transforming the economy and spurring employment. The second hypothesizes that the United States is experiencing a decline in entrepreneurship among this generation of young people, raising the potential for millennials to be the "lost" generation of entrepreneurs. Specifically, the media and current research present a dichotomy between the desire to start a business and action by millennials to establish, run, and grow entrepreneurial endeavors. This study provides a review of the current media and academic picture of millennial entrepreneurs. The work focuses on women with an eye towards developing policies to reverse the declining trend in entrepreneurship and launch millennial women to the forefront of their generation as entrepreneurs. The data analyses presented create a profile of millennial women entrepreneurs, offering comparisons vis-à-vis millennial men and women entrepreneurs of prior generations.

The goal of this report is to inform and begin an important dialogue about the potential motivations and challenges that millennial women face in starting and running their businesses. The work will serve as a springboard for additional work to inform and develop policies and programs to foster entrepreneurship among the next generation of women entrepreneurs. In developing a profile of millennial women entrepreneurs, this research utilized the 2010-2014 American Community Survey (ACS) and the 2012 Survey of Business Owners and Self-Employed Persons (SBO) to understand the demographic, social, and financial characteristics of millennial women, identifying those who are entrepreneurs already and providing comparisons to men and women of prior generations. Key findings include:

- Millennial women are less likely than millennial men to be entrepreneurs. Only 3.8 percent of millennial women, compared to 5.0 percent of millennial men, indicate entrepreneurship as their primary occupation.
- Millennial women are more racially and ethnically diverse than entrepreneurial women of prior generations. Specifically, the percentage of millennial minority entrepreneurs is moving closer to parity with the percentage of millennial minorities in the population, indicating a move towards racial and ethnic parity in business ownership.
- Millennial women entrepreneurs are more likely to be married than their non-entrepreneur counterparts.
- Among millennial women, entrepreneurs are significantly more likely to have children, regardless of age. The trend that entrepreneurs are more likely to have children compared to non-entrepreneurs exists across all generations.

- Millennial women entrepreneurs earn over 25 percent less than their millennial women labor force counterparts. This contrasts millennial men entrepreneurs, who earn more than their labor force counterparts. This represents an issue for millennial women and may dis-incentivize entrepreneurship.
- Regardless of industry, millennial women entrepreneurs earn less than their male counterparts. While certain industries demonstrate continued concentration of women business owners, such as Health Care and Social Assistance, women's entrepreneurial earnings within these industries trail those of millennial men operating in the same industry.
- Jobs are the engine of the economy and are a key contribution of small businesses. Millennial men entrepreneurs are more than twice as likely as millennial women entrepreneurs to have paid employees.

Many of these demographic and personal characteristic findings *raise*, rather than *answer*, questions germane to supporting and developing the next generation of women entrepreneurs. Policymakers, women business owners, and stakeholders require a greater understanding of the motivations and challenges that millennial women face when starting and running their businesses. This information is essential to encouraging entrepreneurship, job creation, and overall economic growth. Given the newness of millennial entrepreneurs, multiple topics and questions exist for further inquiry by researchers. These include:

Questions Related to Motivation

- How did the Great Recession influence millennial women with respect to starting their own businesses? How does this intersect with the desire of millennial women to control their professional and financial lives?
- Understanding that starting a business carries the potential for financial losses in the form of investment and salary, does a dual income among married couples increase the odds of a millennial woman starting a business? What role does marriage or partnership play in starting a business for millennial women?
- Are millennial women engaging in entrepreneurship motivated by the desire to achieve personal goals, such as spending more time at home, pursuing alternative interests, or starting a family?
- Does having children increase the chance that women elect to pursue entrepreneurship in order to enjoy a more flexible work schedule and the work autonomy it provides?

Questions Related to Challenges

- What barriers prevent prospective millennial women from “taking the plunge” and launching entrepreneurial endeavors? What do current millennial women entrepreneurs perceive as the major economic, social, and regulatory barriers to starting their businesses?
- Why are minority-owned firms owned by millennial women underrepresented among firms with paid employees? What specific factors contribute to the disparity in the number of employees?
- What is the role of access to capital in launching, running, and growing a firm for millennial women entrepreneurs? How do age, gender, and experience influence the ability to obtain capital and other necessary resources? What programs or policies would reduce this burden?

The profile of millennial women entrepreneurs presented herein is a first step towards understanding the motivations, challenges, and goals of millennial women entrepreneurs. Work to understand entrepreneurial dynamics for this segment of women entrepreneurs is of paramount importance given the changing economy, the income disparities observed, and ballooning student loan debt, all of which have a significant impact on young women. This study explores entrepreneurship as an economic empowerment avenue for millennial women, analyzing differences in demographics and lifestyle that may affect the decision to pursue entrepreneurship and the level of success had once a business is launched. Answering the questions outlined above will provide insight into how millennial women can create economic growth by leveling the playing field and spurring entrepreneurship. This information will serve as a springboard for policymakers and advocacy organizations to develop pointed action items to increase the success and parity of the next great generation of women entrepreneurs.