

Profile of Millennial Women: The Future of Entrepreneurship in America

Millennial women, those born between 1982 and 2000, represent the future of entrepreneurship in America. 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 many will become entrepreneurs.

At the National Women's Business Council (NWBC), we recognize the importance and necessity of empowering the next generation of women entrepreneurs. Entrepreneurship is vital to the U.S. economy. As of 2012, there were 10 million women-owned firms in the U.S., and **1,343,554 millennials women entrepreneurs.**

Millennials are widely considered entrepreneurial in nature. The media portrays millennials as transforming the economy and spurning traditional forms of employment. However, upon closer review, studies show that millennial entrepreneurship is on the decline. While 66 percent of millennials surveyed by Bentley University want to start a business,³ less than 5 percent of American millennials are currently running a business.⁴ Only 3.8 percent of millennial women, compared to 5.0 percent of millennial men, indicate entrepreneurship as their primary occupation. Millennials are starting fewer businesses than older generations did at the same age.⁵ 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*.⁶ Since the 1980s, the percentage of individuals under age 30 who own a business has declined by 65 percent.

A Diverse Generation

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.⁷ 22.1 percent of millennial women-owned firms are considered minority-owned compared to 12.6 percent of women business owners 66 to 64 and 7.8 percent of women business owners 65 or over.

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>

³ *The Millennial Mind Goes to Work*. Bentley University. November 11, 2014.

⁴ American Community Survey 2010-2014 PUMS, US Census Bureau, PQC, Inc. analysis

⁵ Bentley University, *op. cit.*

⁶ *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.

⁷ American Community Survey 2010-2014 PUMS; 2012 Survey of Business Owners and Self-Employed Persons US Census Bureau, PQC, Inc. analysis.

Educated Entrepreneurs

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.⁸ 36.4 percent of millennial women entrepreneurs have received an Associate Degree or higher. This is also significantly higher than male entrepreneurs - 28.6 percent have attained an Associate Degree or higher. Millennial women are the most likely generation of women to hold a degree in a science, technology, engineering, or mathematics (STEM) field.⁹

The Family Factor

Women entrepreneurs are more likely to be married than their non-entrepreneur counterparts.¹⁰ This trend exists regardless of age but is more pronounced for millennials. Among women entrepreneurs aged 16-35, over 45 percent are married compared to 30 percent of women non-entrepreneurs of the same age group. 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.¹¹ Millennial women entrepreneurs are also significantly more likely to have children. The trend exists across all generations but is more apparent for the millennial generation, as 9.7 percent of millennial entrepreneurs gave birth within the past 12 months, compared to 8.2 percent of non-entrepreneurial millennial women.

Industry Breakdown

The top five industries for millennial women entrepreneurs are: other services (which includes repair and maintenance; personal and household; deathcare, religious, grantmaking, civil, professional, etc.); professional, scientific, and technical services; health care and social assistance; retail trade; and administrative support.¹² These five industries account for 66 percent of all millennial women-owned businesses. Despite millennial women receiving more degrees in STEM, there has been no notable shift of millennial women starting firms in more high-tech industries.

Earning Less Annual Income

Millennial women entrepreneurs earn statistically less annual income, even when controlled for number of weeks worked per year, than their male counterparts. Millennial women entrepreneurs also earn more than 25 percent *less* than their millennial women labor force counterparts.¹³ This contrasts with millennial men entrepreneurs, who earn *more* than millennial men in the labor force.

⁸ *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>

⁹ For more information, please see <https://www.usnews.com/news/articles/2015/01/27/moreour-Diver-students-earning-degrees-in-stem-fields-report-shows>

¹⁰ American Community Survey 2010-2014 PUMS, US Census Bureau.

¹¹ A breakdown of which states comprise each region is available at https://www2.census.gov/geo/pdfs/maps-data/maps/reference/us_regdiv.pdf

¹² 2012 Survey of Business Owners and Self-Employed Persons, US Census Bureau.

¹³ American Community Survey 2010-2014 PUMS, US Census Bureau.

Majority Non-Employer Firms

Millennial men are also over twice as likely as millennial women to have paid employees. 20.5 percent of millennial male entrepreneurs compared to only 11.2 percent of millennial women entrepreneurs have firms with employees.¹⁴ This trend exists for older generations as well.

NWBC Survey Results

In 2017, NWBC conducted a total of 9 focus groups located in Los Angeles, California, Denver, Colorado, and Boston, Massachusetts to identify *how* student debt influences technology-based entrepreneurship among millennial entrepreneurs, as well as *what* additional challenges and barriers exist. Each location had one group comprised of millennial women entrepreneurs with student debt, millennial women entrepreneurs without student debt, and millennial men entrepreneurs with mixed debt and no debt. All of these individuals were participating in technology-based entrepreneurship. Key findings from the focus group analysis include:

- Millennial entrepreneurs, regardless of gender, have different perceptions of “entrepreneurial” and “entrepreneur” than what existing empirical data analysis captures. Specifically, focus groups respondents discussed challenges in defining and differentiating entrepreneurship versus entrepreneurial attitudes.
- Financial and economic circumstances influenced millennial perceptions about entrepreneurship, where millennial women discussed, to a greater extent than millennial men, the negative influence of the Great Recession¹⁵ on engaging in entrepreneurship. However, these women also discussed the role of the Great Recession in encouraging independent earning power and self-determination.
- Women participants with student debt were more likely than male participants to express a desire to pay off student debt prior to starting their business.
- The “side hustle” was a topic of discussion amongst the focus groups and was particularly prevalent among those with student debt. While not the primary focus of the research, it opens discussion about what activity qualifies as “entrepreneurial” versus “entrepreneurship” for millennials. Many considered themselves entrepreneurial while retaining traditional forms of employment, but also engaging in a “side hustle.”
- Both women and men noted that gender differences in access to capital (i.e., higher barriers for women) existed, and this was particularly true when it came to more informal networks as a means through which funding and opportunities were facilitated. Several men and women expressed the need for a cultural shift in how external funding is secured.

To read the NWBC Survey results in its entirety, please visit www.NWBC.gov/Research.

In summary, the millennial woman entrepreneur is:

- More likely than previous generations to be college educated and racially or ethnically diverse.
- More likely than her non-entrepreneur counterparts to be married and/or a mother.

¹⁴ 2012 Survey of Business Owners and Self-Employed Persons, US Census Bureau.

¹⁵ The Great Recession refers to the “contraction in global economic activity that occurred in 2008 and 2009, in the wake of the collapse of several large financial institutions.”

- Likely to have a business in: other services; professional, scientific, and technical services; health care and social assistance; retail trade; and administrative support.
- Still likely to face challenges surrounding access to capital and navigating the traditional barriers to external funding, possibly due to an increased student loan burden.
- Possibly engaged in a “side hustle” business, perhaps encouraged by financial freedom and a desire to be rid of her student loan burden.
- Likely driven to entrepreneurial success by economic independence and work-family conflicts.

Based on NWBC’s profile of a millennial woman entrepreneur and ongoing discourse with the women’s business community, NWBC makes the following public policy recommendations:

Family Leave Alternatives

Millennial women entrepreneurs are more likely to have children than millennial women non-entrepreneurs. Research has demonstrated that compared to men, women are more inclined to start a business to resolve work-family conflicts, such as childcare.¹⁶ Additionally, women who are employed full-time are likely to reduce work hours or transfer to part-time employment due to an increased demand for unpaid work. Some of these women even “opt out” of the traditional labor force to meet this increased demand.¹⁷ Family leave alternatives would afford women greater ability to approach entrepreneurship as an aspirational pursuit rather than a fallback mechanism to resolve work-family conflict. The former tends to result in more growth-oriented business ventures. Taking all of this into account, the National Women’s Business Council encourages employers and policymakers at the federal and state levels to consider the profile of millennial women entrepreneurs when developing family leave policies. A solution that offers millennial women entrepreneurs greater freedom and flexibility would spur much-needed entrepreneurial growth from this group.

Mentorship Among Established Entrepreneurs & Millennial Women

The profile of millennial women entrepreneurs reveals great potential for growth and indicates that millennial women would fare better with mentorship from their entrepreneurial predecessors. As revealed by the National Women’s Business Council’s survey results, women in technology-based industries specifically still face challenges with leveraging informal networks as a means to facilitate funding and other financial opportunities. Given the diverse demographics of millennial women entrepreneurs, the National Women’s Business Council also recognizes a need to further develop mentorship among varying populations of entrepreneurs. Specifically, the National Women’s Business Council recommends that the SCORE Association, a nonprofit association supported by SBA, comprised of thousands of volunteer business counselors throughout the country, increase their recruitment of female volunteer business counselors, and their outreach and engagement with millennial women entrepreneurs.

¹⁶ Thébaud, S (2016). Passing Up the Job: The Role of Gendered Organizations and Families in the Entrepreneurial Career Process. *Entrepreneurship Theory and Practice*, March, 269-287.

¹⁷ Ibid.