

Developments in Women-owned Business, 1997-2007

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Purpose

The years from 1997 to 2007 were a dynamic period in the U.S. economy. The strong growth early in this period was negatively affected by the recession of 2000-2001; strong economic growth resumed in 2002-2007. The data for this period reflect an economy moving out of a recession and ending on a high note in 2007, before the next recession. How did women and other small business owners fare during this 10-year period between 1997 and 2007?

The primary goal of this report is to place gender in a broader perspective. Business ownership no longer can be analyzed simply on the basis of the owner's gender; businesses owned by women and men more and more share the same general development patterns. Moreover, the strong growth of publicly held firms, which cannot be identified by the demographic characteristics of their many owners, has led to the need to focus on both privately owned and publicly held firms.

Overall Findings

Women's share of total U.S. firms increased from 26 percent in 1997 to almost 29 percent in 2007; men's share dropped from 55 percent to 51 percent. Businesses owned by both women and men had continuous declines in their shares of total U.S. business receipts over the three survey years. Publicly held firms expanded their shares of the number of businesses from 1.8 percent in 1997 to 3.0 percent in 2007, and of total business receipts from 54.8 percent in 1997 to 63.6 percent in 2007.

Highlights

- Businesses owned by men were the largest group and accounted for more than 51 percent

of the total number of U.S. businesses. Men-owned businesses' share of receipts was 28 percent. Women-owned businesses constituted the second largest ownership group (nearly 29 percent of the total number of businesses) but had less than 4 percent of total business receipts. Publicly held firms accounted for 3 percent of all 2007 U.S. firms, and had almost 64 percent of all business receipts.

- Small businesses dominate the population of employer firms: fewer than one percent of all women-owned firms and fewer than two percent of all men-owned firms had 100 or more employees in 2007.
- Compared with other groups, women-owned firms had the lowest share of employer businesses; more than 88 percent were nonemployer firms in 2007.
- Nearly 16 percent of women-owned firms were employer businesses in 1997; this share dropped to 14 percent in 2002 and to less than 12 percent in 2007. In fact, the employer share declined in all privately owned firms. From 1997 to 2007, the employer firm share declined by about 5 percentage points in both men-owned and equally owned firms.
- Nonemployer firms constituted more than 75 percent of U.S. businesses and generated less than 4 percent of total receipts in the 1997-2007 period. In firms owned by women, nonemployer firms generated 15 percent of total receipts in 2007.
- Retail trade, professional services, health care and social assistance, and accommodation were the top four sectors for women-owned employer firms in 2002, accounting, respectively, for 15.89 percent, 14.55 percent, 12.66 percent, and 9.50

percent of women-owned employer firms. In 2007, while the share of women-owned firms in retail trade dropped 2 percent and their share in accommodations fell by 0.7 percent, women's shares of health care and professional services increased by more than 1 percent.

- In 2002 and 2007, the top four revenue-generating industries were identical for businesses owned by women, men, and by women and men equally; they were construction, manufacturing, wholesale trade, and retail trade. The top four revenue-generating industries for publicly held employer firms were manufacturing, wholesale trade, finance and insurance, and retail trade.
- More than 5 million employer firms in the United States employed 118,616,072 people in 2007: publicly held firms were responsible for 51.7 percent of the total. Of the remainder, 35.0 percent were employed in firms owned by men, 6.9 percent in equally owned firms, and 6.4 percent in women-owned firms. More than 20 percent of the workers in publicly held firms and about 80 percent of those in privately owned firms were working for small businesses with fewer than 500 employees.
- In five states and the District of Columbia the number of women-owned businesses per 1,000 persons was higher than 30 in 2007: Colorado, Vermont, the District of Columbia, Florida, New York, and Maryland.

Scope and Methodology

This report is based on U.S firm information from the 1997, 2002, and 2007 Surveys of Business Owners (SBO), the latest three comprehensive datasets released by the U.S. Bureau of the Census. Business ownership categories include businesses owned by women, men, and equally by women and men, as well as publicly held firms and other firms not classifiable by the gender, ethnicity, race, and veteran status of their ownership. The SBO/BITS (Business Information Tracking Series) Special Tabulation provided by the Census Bureau is also used to capture business dynamics for 2002-2003, 2002-2004, 2002-2005, and 2002-2006.

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