

August 2006

No. 280

## Women in Business A Demographic Review of Women's Business Ownership

Ying Lowrey, Office of Economic Research,  
Office of Advocacy, U.S. Small Business Administration  
2006. [48] pages.

The opinions and recommendations of the authors of this study do not necessarily reflect official policies of the U.S. Small Business Administration or other agencies of the U.S. government.

Focusing on the special characteristics of women-owned businesses and women's economic wellbeing, this report provides newly released information on women in the work force and women-owned businesses, including women's population statistics, their labor force participation, age, education, occupation, work schedules, average personal and household income, business ownership, and business dynamics.

### Highlights

- Women constituted more than 51 percent of the American population and nearly 47 percent of the labor force in 2004.
- Of women in the United States, 14.5 percent were in poverty in 2004. The poverty rate among unemployed women was more than double the rate among women overall, at 31.8 percent.
- Nearly one in four families, or more than 8.3 million, was headed by a single mother caring for her own children younger than 18. Families headed by single fathers numbered 2.3 million.
- In 2002, women owned 6.5 million or 28.2 percent of nonfarm U.S. firms. More than 14 percent of these women-owned firms were employers, with 7.1 million workers and \$173.7 billion in annual payroll.
- Women-owned firms accounted for 6.5 percent of total employment in U.S. firms in 2002 and 4.2 percent of total receipts.
- Compared with non-Hispanic white business owners, of whom 28 percent were women, minority groups in the United States had larger shares of women business owners, ranging from 31 percent of Asian American to 46 percent of African American business owners.
- Of all women business owners, 8.33 percent claimed Hispanic heritage, 85.95 White, 8.43 percent African American, 1.23 percent American Indian and Alaska Native, 5.25 percent Asian, and 0.18 percent Native Hawaiian and other Pacific Islander.
- Almost 80 percent of women-owned firms had receipts totaling less than \$50,000 in both 1997 and 2002. Total receipts for firms in this under-\$50,000 group constituted about 6 percent of total women-owned business receipts in both years.

- The 7,240 women-owned firms with 100 employees or more accounted for \$275.0 billion in gross receipts or 34.2 percent of the total receipts of women-owned employer firms in 2002.
- The largest shares of women-owned business receipts were in wholesale and retail trade and manufacturing in both 1997 and 2002.
- According to 2002 data, significant proportions of women-owned businesses were in professional, scientific, and technical services, and in health care and social assistance, but the share of receipts in these businesses was smaller than in the trades and manufacturing.
- Between 1997 and 2002, the numbers of women-owned firms overall increased by 19.8 percent and of women-owned employer firms, by 8.3 percent.
- Firms owned by women increased employment by 70,000; those owned by men lost 1 million employees; those owned jointly by men and women lost 2.6 million; and publicly held and other firms not identified by gender of ownership increased employment by 10.9 million between 1997 and 2002.
- Overall, neither women nor men saw the receipts and payroll of their firms increase as fast as those of large publicly held firms and other firms not classifiable by gender.
- The number of businesses owned by Native Hawaiian and other Pacific Island women grew 103 percent between 1997 and 2002, compared with an 80 percent increase in the number owned by men in this ethnic group. African American women added 75 percent more businesses. Businesses owned by Hispanic men increased by 38 percent.
- The number of businesses owned equally by men and women declined over the 1997–2002 period, except those owned by African Americans.

### **Scope and Methodology**

Data sources include, but are not limited to the Current Population Survey, the American Community Survey, the Economic Census, and the Survey of Business Owners. See the report's appendix for detail on data and its limitations.

This report was peer reviewed consistent with the Office of Advocacy's data quality guidelines. More information on this process can be obtained by contacting the director of economic research at [advocacy@sba.gov](mailto:advocacy@sba.gov).

### **Ordering Information**

The full text of this report and summaries of other studies performed under contract with the U.S. Small Business Administration's Office of Advocacy are available on the Internet at [www.sba.gov/advo/research](http://www.sba.gov/advo/research).