



Issue in Brief

Prepared by the National Women's Business Council

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Trends in Minority 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 minority women-owned employer firms, consolidating and summarizing information from a series of four individual briefs that are being released simultaneously: African American, Asian American, Latina, and Native American Women-Owned Employer Establishments. These issues in brief look at establishments – or locations – in total, rather than focusing on individual businesses at the enterprise level.

Background¹

In 1997, minority women owned 923,403 non-farm businesses, generating \$84.7 billion in business revenues and accounting for 17% of all women-owned firms.² Fourteen percent (13.5%) of these business enterprises³ had at least one paid employee other than the owner, employing in total nearly 780,000 people. Fully 80% of the total receipts from minority women-owned firms were generated by these employer firms. In comparison, 15.6% of all women-owned 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.⁴ Comparisons are made to all establishments, which also include only those with at least one paid employee during 1997.

Business Establishment Survival

More than three-quarters (77%) of Asian American women-owned employer business locations in existence in 1997 were still in operation three years later, compared with 75% of Native American, 73% of Latina, and 68% of African American women-owned employer business locations. Among all women-owned employer establishments, 75% remained in business over the period.

There were enormous variations on a state-by-state basis, with some states showing strong survival across all minority groups, and some states showing weak survival across all minority groups. Most states, however, showed variations among these racial/ethnic groups. Eighteen states had fewer than 35 women-owned employer firms in one or more of the four minority groups, with **North**

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 Women-owned firms include only privately-held firms with 51% or more ownership by a woman or women. Minority 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 minority or minorities.

³ An enterprise is a business organization consisting of one or more domestic establishments (locations) that were specified under common ownership or control.

⁴ 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.

Dakota having fewer than 35 women-owned employer firms in all four minority groups.⁵

When the fifty states and the District of Columbia were ranked on survival within each minority group, **Michigan** appeared in the top 10 states among African American, Asian American, and Latina women-owned employer firms. Nine states (**Arizona, Connecticut, Hawaii, Kentucky, Maryland, Montana, Nebraska, New Jersey, and Washington**) each appeared in the top 10 states for two of the four minority groups based on survival. **Kentucky and New Jersey** both showed above-average survival among all four minority groups. **California**, while only appearing in the top 10 states among Native American women-owned employer firms, also showed average or above-average survival among all four minority groups.

Colorado and Iowa both appeared in the bottom 10 states based on survival among African American, Latina, and Native American women-owned employer firms. Six states (**Alaska, Massachusetts, Nevada, North Carolina, Oregon, and South Carolina**) each appeared in the bottom 10 states for two of the four minority groups based on survival.

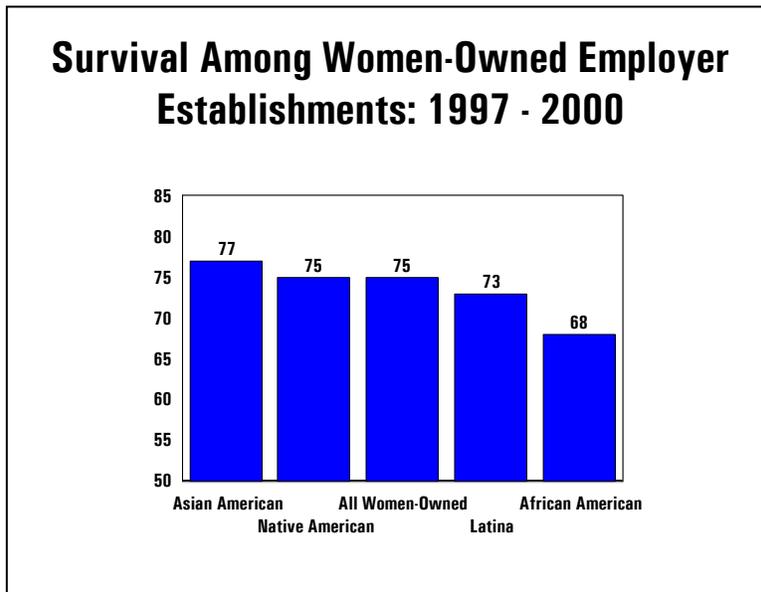
On an industry level, **Services** showed above-average survival for all four minority groups, compared to average survival among non-minority women-owned employer firms. **Agriculture/Forestry/Fishing and Transportation/ Communications/Utilities** each showed above-average survival for three of the four minority groups.

Trends in Employment

In addition to examining survival, business health may also be measured by employment growth. Native American

⁵ When looking at state-level information throughout this report, data are not reported if fewer than 35 women-owned employer firms of a particular race were in existence in a given state in 1997.

women-owned employer establishments saw a robust 36% increase in employment between 1997 and 2000, due in large part to enormous growth in Texas and California



(114% and 93% growth in employment, respectively).⁶ In comparison, Asian American women-owned employer establishments saw a 1.7% decline in employment over the period, Latina-owned employer firms saw a 4.6% decline, and African American women-owned employer firms saw a 21.8% decline in employment. Among all women-owned employer firms, the decline in employment was 4.2% over the period. Therefore, the overall decline in employment from 1997 to

2000 was much larger among African American women-owned employer firms than among other women-owned employer firms – minority and non-minority alike – and the growth in employment was much stronger among Native American women-owned employer firms.

Among those 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 or maintained jobs in all four minority groups. Forty-five percent (44.6%) of surviving Asian American, 42.3% of surviving African American, 42.4% of surviving Latina, and 38.3% of surviving Native American women-owned employer firms increased employment from 1997 to 2000. The net result is that, among the surviving women-owned employer establishments, there was 52.5% increase in employment among Native American women-owned employer establishments, a 17% increase among Latina-owned employer establishments, a 16.7% increase among Asian American women-owned employer establishments, and a

⁶ 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.

13.5% increase in employment among African American women-owned employer establishments. Among all surviving women-owned employer establishments, there was a 13.7% increase in employment. Thus, in three of the four minority groups, employment growth among surviving women-owned employer firms was greater than among surviving non-minority employer firms.

When the fifty states and the District of Columbia were ranked on employment growth within each minority group, **Iowa, Minnesota, Virginia, and Wisconsin** all appeared in the top 10 states among three of the four minority groups. Six states (**California, Delaware, Maryland, Nebraska, New Hampshire, and Washington**) each appeared in the top 10 states for two of the four minority groups based on employment growth. As with rankings based on survival, **California** showed above-average employment growth among all four minority groups.

Oregon appeared in the bottom 10 states among African American, Asian American, and Native American women-owned employer firms. Seven states (**Alaska, Florida, Kansas, Massachusetts, Michigan, Missouri, and Texas**) each appeared in the bottom 10 states for two of the four minority groups based on employment growth. On an industry level, **Agriculture/Forestry/Fishing, Construction, and Retail Trade** all showed above-average employment growth for all three of the four minority groups.

Conclusions and Recommendations

More than two-thirds of minority women-owned employer establishments that were operating in 1997 were still in existence three years later. Asian American women-owned employer establishments showed the strongest survival rates (77%), while African American women-owned employer establishments showed the lowest survival rates (68%) among the four minority groups studied. Among all women-owned employer establishments, 75% were still in existence after three years.

Native American women-owned employer establishments saw the strongest growth in employment (36%) between 1997 and 2000, while African American women-owned employer firms saw a 21.8% decline in employment over the period. Nonetheless, sixteen states saw growth in employment among African American women-owned establishments, while only five states experienced growth

in employment among all women-owned establishments. Among all women-owned employer firms, the decline in employment was 4.2% over the period.

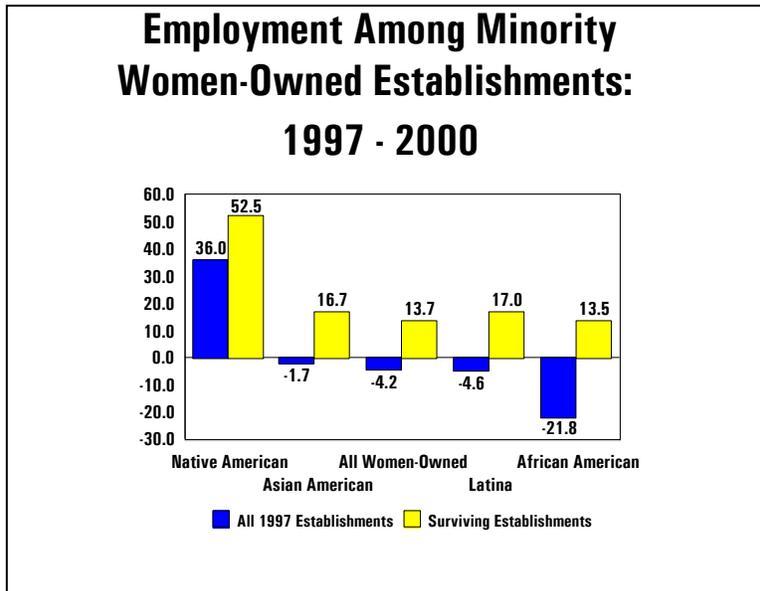
Among those women-owned employer establishments that survived from 1997 to 2000, those that expanded employment greatly outnumbered those that shed or maintained jobs in all four minority groups. Forty-five percent (44.6%) of surviving Asian American, 42.3% of

surviving African American, 42.4% of surviving Latina, and 38.3% of surviving Native American women-owned employer firms increased employment from 1997 to 2000.

There are few across-the-board “best” or “worst” states when it comes to the stability and growth of minority women-owned employer firms. Maryland, Nebraska, and Washington were the most likely to appear among the top 10 states across the four minority groups based on both survival and employment growth between 1997 and 2000. California showed average or above-average performance among all four minority groups on both survival and employment growth, while Kentucky and New Jersey both showed above-average survival rates among all four minority groups.

Alaska, Massachusetts, and Oregon were the most likely to appear among the bottom 10 states across the minority groups. Colorado, Illinois, Iowa, and Virginia all showed below-average survival rates across all four minority groups. Arizona had below-average employment growth across all four minority groups.

Among the other states, there was wide variation among the four minority groups and across the two measures, with no clear patterns emerging. The same holds true



across industries. Furthermore, performance of non-minorities was not a predictor of minority survival or employment growth.

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.

Additional details are available in the individual minority briefs.

Table 1: Survival Rates for Women-Owned Employer Establishments By State: 1997-2000

	African American	Asian American	Latina	Native American	White	Total Women
U.S.	68	77	73	75	75	75
Alabama	79	58	76	73	72	72
Alaska	46	70	49	82	71	71
Arizona	83	66	75	86	67	68
Arkansas	68	74	*	55	68	68
California	73	80	73	82	77	77
Colorado	28	75	62	48	73	73
Connecticut	60	85	98	71	79	79
Delaware	67	59	*	*	78	75
District of Columbia	51	76	86	*	69	69
Florida	69	71	73	39	71	71
Georgia	65	72	63	83	73	72
Hawaii	*	81	89	*	67	77
Idaho	*	*	70	66	71	71
Illinois	62	73	62	74	79	78
Indiana	73	86	79	59	73	73
Iowa	22	74	38	52	75	74
Kansas	53	80	85	89	76	76
Kentucky	75	82	91	78	73	74
Louisiana	62	78	69	80	77	76
Maine	*	80	*	84	76	76
Maryland	81	75	92	75	78	78
Massachusetts	44	81	86	19	77	77
Michigan	78	82	87	64	76	76
Minnesota	71	67	68	93	77	77
Mississippi	48	73	87	*	75	73
Missouri	71	73	68	62	73	73
Montana	*	*	91	85	71	72
Nebraska	81	78	95	*	77	77
Nevada	59	56	82	51	70	69
New Hampshire	*	92	*	*	79	80
New Jersey	76	83	79	82	77	78
New Mexico	*	97	67	79	70	70
New York	87	77	78	67	81	81
North Carolina	76	60	33	81	76	76
North Dakota	*	*	*	*	73	73
Ohio	65	77	77	81	75	75
Oklahoma	89	75	73	81	77	78

Table 1: Survival Rates for Women-Owned Employer Establishments By State: 1997-2000

	African American	Asian American	Latina	Native American	White	Total Women
Oregon	45	59	75	60	72	71
Pennsylvania	77	69	79	65	77	77
Rhode Island	*	93	52	*	77	77
South Carolina	72	67	*	57	74	74
South Dakota	*	*	*	78	76	76
Tennessee	40	78	74	95	69	68
Texas	53	79	72	89	75	75
Utah	*	62	73	*	72	72
Vermont	*	74	27	*	70	69
Virginia	56	75	72	53	74	73
Washington	77	77	89	57	72	73
West Virginia	*	79	*	*	73	73
Wisconsin	78	71	67	72	75	75
Wyoming	*	*	79	*	73	73

* Fewer than 35 women-owned employer firms of indicated minority in these states

Table 2: Survival Rates for Women-Owned Employer Establishments By Industry: 1997-2000

	African American	Asian American	Latina	Native American	White	Total Women
Total, All Industries	68	77	73	75	75	75
Agriculture/Forestry/Fishing	72	91	69	85	79	79
Construction	63	76	79	66	74	74
Finance/Insurance/Real Estate	76	75	66	80	78	78
Manufacturing	57	67	75	84	79	78
Mining	*	*	*	83	67	67
Retail Trade	65	77	79	69	74	75
Services	69	79	75	78	75	75
Transportation/Communications/ Utilities	68	84	43	91	72	71
Wholesale Trade	74	72	80	56	79	79

* Fewer than 35 women-owned employer firms of indicated minority in this industry

	African American	Asian American	Latina	Native American	White	Total Women
U.S.	-21.8	-1.7	-4.6	36.0	-4.2	-4.2
Alabama	15.5	10.9	0.0	-12.9	-6.2	-5.3
Alaska	-37.2	-19.8	0.0	-7.1	-11.7	-11.8
Arizona	-37.2	-9.2	-9.5	3.4	-2.0	-2.8
Arkansas	-12.4	-3.7	*	0.0	-8.4	-8.4
California	17.9	-0.4	-2.3	93.1	-12.1	-6.9
Colorado	-17.3	-25.3	2.2	-22.3	-5.5	-6.0
Connecticut	-0.6	0.6	23.7	-35.7	-4.9	-4.6
Delaware	12.1	130.0	*	*	-3.5	-0.4
District of Columbia	0.7	-31.3	-9.3	*	-14.8	-13.9
Florida	-27.2	-2.7	-1.0	-33.4	-8.0	-8.0
Georgia	-13.6	-16.6	0.7	-19.4	-6.2	-6.8
Hawaii	*	-11.3	55.3	*	-16.8	-12.7
Idaho	*	*	-11.5	-24.6	-12.9	-13.0
Illinois	-60.3	-13.9	8.1	23.9	-0.3	-2.2
Indiana	-28.4	-13.9	10.9	34.9	-5.4	-5.8
Iowa	9.8	86.5	37.5	-42.0	-2.5	-1.9
Kansas	-40.9	-19.7	-4.4	-9.9	-2.4	-3.4
Kentucky	3.0	-22.0	47.9	-7.8	-8.2	-7.8
Louisiana	-25.5	14.8	17.1	0.0	-17.5	-16.8
Maine	*	11.2	*	-24.3	14.6	14.3
Maryland	0.5	20.6	-13.4	4.4	-6.8	-4.1
Massachusetts	-29.2	58.5	-14.8	0.0	-3.8	-2.4
Michigan	30.4	-26.1	10.0	-36.9	-12.1	-11.3
Minnesota	74.7	20.8	4.0	17.9	-6.0	-5.2
Mississippi	-22.7	-13.4	-12.9	*	-4.5	-5.1
Missouri	-15.5	-20.2	-33.7	-5.1	-3.6	-4.4
Montana	*	*	13.4	-23.3	0.1	-0.4
Nebraska	46.1	15.5	33.4	*	-13.0	-10.8
Nevada	-34.3	-0.3	27.2	-22.6	-6.3	-4.9
New Hampshire	*	21.9	*	*	-4.5	-1.1
New Jersey	5.5	29.6	0.8	-69.1	22.9	22.3
New Mexico	*	197.9	-28.6	-12.4	-16.2	-13.4
New York	-8.2	-11.6	-2.0	54.1	9.4	8.1
North Carolina	0.7	-28.9	10.2	-9.9	-10.0	-9.7
North Dakota	*	*	*	*	-15.9	-16.3
Ohio	-11.2	0.7	107.2	-51.1	-6.1	-5.8
Oklahoma	24.5	-16.4	-17.6	-5.9	-6.1	-6.0
Oregon	-33.7	-41.1	15.6	-31.4	-9.0	-10.1
Pennsylvania	9.3	19.1	7.7	-34.8	3.9	4.2
Rhode Island	*	-15.2	13.7	*	3.4	2.9
South Carolina	-22.0	16.2	*	-25.8	-9.2	-9.5
South Dakota	*	*	*	-43.2	-10.6	-10.7
Tennessee	-12.0	0.4	-31.8	-28.5	-13.9	-13.9
Texas	-73.3	-4.5	-21.5	113.8	-0.3	-6.2
Utah	*	-26.4	7.9	*	-3.7	-3.8

	African American	Asian American	Latina	Native American	White	Total Women
Vermont	*	6.2	0.0	*	-13.7	-12.8
Virginia	11.0	-13.1	27.5	37.7	-0.8	-0.1
Washington	-21.5	-4.4	20.3	19.0	-6.6	-5.5
West Virginia	*	-11.6	*	*	-10.5	-10.4
Wisconsin	34.9	22.1	-13.1	4.8	-1.7	-0.9
Wyoming	*	*	5.5	*	-7.0	-8.1

* Fewer than 35 women-owned employer firms of indicated minority in these states

	African American	Asian American	Latina	Native American	White	Total Women
Total, All Industries	-21.8	-1.7	-4.6	36.0	-4.2	-4.2
Agriculture/Forestry/Fishing	-3.8	0.0	20.7	0.0	7.0	7.4
Construction	-4.1	14.6	5.4	-21.9	7.0	6.4
Finance/Insurance/Real Estate	-21.1	-22.4	-5.8	24.2	-5.0	-5.5
Manufacturing	-3.0	-18.7	-24.2	17.2	-6.7	-7.6
Mining	*	*	*	*	-26.1	-26.0
Retail Trade	-14.6	-4.5	1.1	29.6	-12.2	-11.1
Services	-21.8	6.3	-4.8	61.7	-1.3	-1.2
Transportation/Communications/Utilities	-63.5	16.4	-10.5	-13.6	-6.1	-7.8
Wholesale Trade	-18.6	-5.6	-1.1	-18.9	-2.7	-2.9

* Fewer than 35 women-owned employer firms of indicated minority in this industry

Methodology

The data used in this analysis was provided by the Census Bureau, utilizing data based on the 1997 SWOBE⁷ survey. Establishments⁸ 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>.

⁷ The Survey of Women-Owned Business Enterprises (SWOBE) provides basic economic data on businesses owned by women.

⁸ An establishment is a single, physical location where business is conducted or where services or industrial operations are performed.