



U.S. Small Business Administration  
Office of Advocacy

October 2001

# **Women in Business, 2001**

*A report on the ownership, formation, growth, management, financing and other social and economic characteristics of women in business, based upon data compiled from federal government sources by the Office of Economic Research of the U.S. Small Business Administration, Office of Advocacy.*

**Office of Advocacy  
U.S. Small Business Administration**

# **Women in Business, 2001**

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Washington, DC 20416**

## Foreword

Since its creation by the Congress in 1976, the U.S. Small Business Administration's Office of Advocacy has served as an independent voice for small business within the federal government. Essential to that effort is an understanding of women-owned businesses, which are smaller, on average, than those of their male counterparts, but have grown rapidly in numbers and size over the recent past.

Women's economic well-being in modern society is inextricably linked to their involvement in business activities. Business ownership by women has increased rapidly in recent years, and their participation has grown in other economic activities, including self-employment, business decision making, and the management of business operations. *Women in Business, 2001* examines available data reflecting women's participation in many of these business activities.

*Women in Business, 2001* is the first of two Office of Advocacy studies on the attributes of small business subgroups, to be followed by *Minorities in Business, 2001*. These reports are designed both to provide basic information and to stimulate discussion by academics and policymakers on such issues as the reasons for their rapid growth and the barriers to their success.

As mandated in its authorizing legislation, the Office of Advocacy continues its efforts to protect, strengthen, and effectively represent the interests of small, women-owned, and minority-owned businesses by conducting research, serving as an advocate in the regulatory process, and publishing the data necessary to increase public understanding of small business contributions and concerns. Your comments and suggestions are welcome.

For specific questions on women in business, contact Dr. Ying Lowrey at [ying.lowrey@sba.gov](mailto:ying.lowrey@sba.gov), write the Office of Advocacy, U.S. Small Business Administration, 409 Third Street, S.W., Washington, D.C. 20416, or call (202) 205-6533.

We appreciate your interest in and support for small business.

Susan M. Walthall  
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U.S. Small Business Administration

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# Executive Summary

Within the U.S. Small Business Administration's Office of Advocacy, the Office of Economic Research produces reports on small firm economic activity and assesses the impacts of regulation on small businesses. *Women in Business, 2001* reviews the most recent available statistical information on women's business activities and suggests that while women's participation is vital to the growth of the U.S. economy, significant gender issues continue to affect business practices. Among the findings of the report are the following:

## *Women's labor force participation and income*

- In 1999, women made up 46 percent of the labor force. The labor force participation rate of American women was the highest in the world.
- Large disparities remain between men and women in personal earnings and income. For example, 52 percent of female householders earned less than \$25,000, compared with 27 percent of male householders. Only 4 percent of female householders—but 11 percent of their male counterparts—earned as much as \$85,000.
- Business ownership has been one of the most effective means of improving women's economic well-being. In 1998, women-headed households with a business had an average income level 2.5 times that of those without a business; similarly, those with a business had average net worth nearly six times those without.

## *Women in management*

- In 1999, women made up 46 percent of total decision-making power: 9.4 million women were in executive, administrative, and managerial occupations. The smaller the business, the lower the percentage of women involved in decision making.
- Among executives, there were gender differentials along age lines. Most executives under the age of 35 were women, but male executives predominated overall.
- A large gender disparity remained between female and male executive earnings in 1999. Only 5 percent of women executives earned more than \$80,000, compared with 23 percent of men executives. Of the women, 26 percent earned less than \$20,000, compared with 13 percent of men.

## *Women-owned businesses*

- Various measures of the number of women-owned businesses exist, including measures of self-employment and business tax returns. The Bureau of the Census publishes figures on businesses, while the Bureau of Labor Statistics publishes figures on self-employment as a labor category. The Census Bureau reports that in 1997, women owned more than 50 percent of 5.4 million businesses.
- Women-owned business generated \$819 billion in revenues in 1997. Among all women-owned businesses, 847,000 had employees; they employed more than 7 million workers and had nearly \$150 billion in payroll in 1997.
- Women-owned businesses represented about one-quarter of all nonfarm businesses in the United States and accounted for almost one-third of sole proprietorships. More than four-fifths of all women-owned businesses were sole proprietorships in 1997.

- In 1998, of all U.S. sole proprietorships, 37 percent were operated by women. Women-operated businesses generated 18 percent of total business receipts and 22 percent of net income.
- Women-owned employer businesses were concentrated in the services and retail trade industries in 1997.
- Women's share of total self-employment increased from 22 percent in 1976 to 38 percent in 2000. In 1999, more than 88 percent of the self-employed women were white, 7 percent were African American, fewer than 1 percent were American Indian, Eskimo, or Aleut, and 4 percent were Asian or Pacific Islander.
- In 1999, 27 percent of self-employed men and 24 percent of self-employed women had \$95,000 or more in “family income.” In the same year, 19 percent of self-employed men and 20 percent of self-employed women had less than \$25,000 in family income.
- In 1999, 46 percent of self-employed women had “personal income” of less than \$15,000, compared with only 21 percent of self-employed men. Sixteen percent of self-employed men received \$95,000 or more in personal income compared with only 4 percent of self-employed women.

*Financing and government support for women-owned businesses*

- In 1998, women business owners were more likely than other demographic groups to have a savings account and to use personal credit for financing their businesses. Women business owners were 12 percent more likely than men to have a credit line.
- Women-owned businesses were granted \$4.6 billion in federal prime contracts in FY 2000, a mere 2.3 percent of total federal procurement.
- The total share of SBA 7(a) loans issued to women-owned businesses has fluctuated yearly from a low of 12.4 percent in 1991 to a high of 24 percent in 1995. Women-owned business' share dropped to 21 percent in 2000.

## Introduction

Women made up nearly 51 percent of the total U.S. population in 1999. The gap between men's and women's shares of work and ownership is closing: women represent 46 percent of the labor force and 37 percent of the self-employed. Women's incomes and business ventures remain smaller than those of men.

Evidence has shown that the ownership of a business is one of the most effective means of improving the financial well-being of women. While the number of women-owned businesses has increased considerably in recent years, women's share of business income remains relatively small. The level of women's involvement in business management and decision making is approaching that of men's, yet their personal earnings remain far below men's. A number of socioeconomic aspects of women in business have also been examined in this report.

Women first entered the labor force in greater numbers, then exercised increasing decision making in the business world, then started their own businesses in large numbers. The flow of this report traces that path to entrepreneurship.

## Demographics

Entering the labor force is often the first step toward economic independence. An understanding of women's entrepreneurship begins with a look at women's labor force participation, their household income, and the correlation between household income and business ownership.

### *Women in the Labor Force*

According to the World Bank's *2001 World Development Indicators*, American women are among the most active workers in the world. In 1999, 50.7 percent of the total American population was female, and the female labor force participation (LFP) ratio (calculated as female LFP divided by male LFP) was 0.8, the highest compared with that of other international communities (Table 1). Among all employed members of the labor force in 1998, 48.1 percent were women.<sup>1</sup>

This high labor force participation ratio has at least two implications. On one hand, proportionally more American women than women in other countries endure the higher pressures of working outside the home while continuing to bear responsibilities for housework, child-rearing, and caring for family obligations. On the other hand, more American women have the freedom to choose their lifestyle or workplace, can hire individuals to assist with domestic needs, and can on average enjoy a higher level of financial independence.

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<sup>1</sup>According to the U.S. Census Bureau's *Profile of General Demographic Characteristics, 2000*, women constituted 50.9 percent of the total population.

Table 1. International Comparison of Women's Economic Participation

Nations	Female Share of Population (Percent)	Life Expectancy at Birth (Years, 1999)		Total Labor Force (Millions)		Female Share of Labor Force (Percent)		Female-Male Labor Force Participation Ratio		Female Share of Ministerial-Level Decision-makers (Percent)	
	1999	Male	Female	1980	1999	1980	1999	1990	1999	1994	1998
United States	50.7	74	80	110	143	41.0	45.8	0.8	0.8	14	26
Low-Income Nations	49.4	58	60	709	1090	37.9	37.8	0.6	0.6	4	NA
Middle-Income Nations	49.5	67	72	969	1370	40.2	42.0	0.7	0.7	5	NA
High-Income Nations	50.4	75	81	358	435	38.4	43.1	0.7	0.8	12	16

NA= not available.  
Source: The World Bank, 2001 *World Development Indicators*.

Firms of various sizes had similar shares of women in their work forces. In firms with fewer than 10 employees, 46.8 percent of the labor force was female, compared with 45.3 percent in firms with fewer than 500 employees and 48.1 percent in firms with more than 500 employees.<sup>2</sup>

### *Household Income and Women's Business Ownership*

Of more than 105 million householders in the United States in 1999, 44 percent were women and 56 percent were men.<sup>3</sup> The labor force included 72 million householders, either employed at work, employed but absent, unemployed on layoff, or unemployed but looking for jobs.

Households headed by women tended to be poorer than those headed by men. In 1999, 15 percent of men-headed households had total incomes of less than \$25,000, compared with 28 percent of those headed by women (Table 2). Twenty-six percent of households headed by men and 17 percent of those headed by women were in the \$85,000 or more income bracket. There were similar patterns in personal income.

Business activities generate income and wealth. A recent study shows that households with businesses have higher incomes and accumulate more wealth than those without, a fact also true for women-headed households, although at lower average levels of income and wealth.<sup>4</sup> In 1998, the average income of women-headed households with a business was \$60,892, more than 2.5 times that of such households without a business (Table 3). Also in 1998, the average net worth of women-headed households with a business was \$739,600, nearly six times that without, and even higher than the net worth of all households with a business in 1992 (\$709,659 in 1998 dollars).

<sup>2</sup> Brian Headd, "The Characteristics of Small Business Employees," *Monthly Labor Review* (April 2000), 14–15.

<sup>3</sup> See the Current Population Survey, March 2000 Supplement. In most cases, the householder is the person or one of the people who owns or rents the home and is listed as Person #1 on the census questionnaire. If there is no such person in the household, any adult household member 15 years old or older could be designated as Person #1 (see U.S. Bureau of the Census, 2000 *Census of Population and Housing, Profile of General Demographic Characteristics, 2000*).

<sup>4</sup> Haynes, George W., Charles Ou and Anna Heidema, "Wealth and Income: How Did Businesses Fare from 1989 through 1998?" prepared under contract with staff consultation for the U.S. Small Business Administration, Office of Advocacy, 2001.



Table 2. Household Income and Personal Income Distribution of Householders in Labor Force by Gender, 1999

Income Category	Household Income (Percent)		Personal Income (Percent)	
	Male	Female	Male	Female
Less than \$15,000	6	13	11	28
\$15,000-\$24,999	9	15	16	24
\$25,000-\$34,999	11	14	17	19
\$35,000-\$44,999	12	12	16	12
\$45,000-\$54,999	11	10	12	7
\$55,000-\$64,999	10	8	8	4
\$65,000-\$74,999	8	6	5	2
\$75,000-\$84,999	7	5	4	2
\$85,000 & over	26	17	11	4
Total	100	100	100	100

Source: Data were compiled from the Current Population Survey, March Supplement, 2000.

Table 3. Average Household Income and Net Worth of Women Headed Household (1998 Dollars)

	Income (Dollars)		Net Worth (Dollars)	
	1992	1998	1992	1998
Average (Total Sample)	45,576	53,121	208,480	278,876
Households without Business	38,077	43,999	125,164	171,904
Households with Business	90,682	115,629	709,659	1,011,924
Self-Employed	59,611	65,010	257,118	450,616
Owner Manager	100,693	123,718	822,627	1,063,989
Angel Investors	100,708	149,248	983,427	1,759,360
Other Angel Investors	202,437	423,793	2,495,442	4,172,997
Women-Headed Households (Total)	22,355	23,941	98,166	127,636
Women-Headed Households with Business	41,926	60,892	356,404	739,600

Notes:

Household income is the sum of wages and salaries, investments, government transfers and other sources.

Household net worth is the sum of financial and non-financial assets less liabilities.

A self-employed business is business owner and manager with one or fewer employees.

A small business manager is a business owner and manager with 1-499 employees.

Angel investors are business owners with no active management responsibilities.

Other angel investors are business owners that provide some management to other investments.

Source: George W. Haynes, Charles Ou and Anna Heidema (2001). The table was compiled from data in the Survey of Consumer Finances.

Self-employed family income, a measure of the family's total income, represents the economic well-being of the family. Self-employed personal income, a measure of the self-employed individual's income, captures working people's personal earnings and other income.

Whether the self-employed person is a man or a woman, self-employed family income is distributed similarly (Figure 1). The horizontal axes represent various family income brackets of self-employed individuals in 1999. Roughly 40 percent of self-employed individuals report family income between \$25,000 and \$65,000. The large "tail" toward the higher end of the income distribution curve reflects that a large proportion of self-employed—27 percent of men and 24 percent of women—had family income in the \$95,000+ bracket. About 20 percent of the self-employed—both men and women—had family income in the lowest three brackets below \$25,000.

However, the personal incomes of self-employed men and women have distinctly different distributions. Most had incomes below \$45,000, but this was much truer for women (83 percent) than for men (59 percent). Thirteen percent of both men and women who were self-employed had annual income between \$25,000 and \$35,000. At the personal income levels below \$25,000 were many more self-employed women than self-employed men. At the levels above \$35,000, the distribution curve of self-employed women was consistently below the curve of men. This clearly shows the personal income gap between individual self-employed men and women. More in-depth analysis would be necessary to explain the reasons for this gap.

## Women in Management

Women's involvement in decision making is an important indicator of modern civilization.<sup>5</sup> Owning businesses is a key step toward women's socioeconomic equality with men. At the same time, women's involvement in the decision-making aspect of business operations is the true empowerment.

Twenty-six percent of U.S. ministerial-level decisionmakers were women in 1998, almost double the 1994 share (Table 1). Even after this recent sharp improvement, American women are underrepresented in U.S. decision-making positions compared with women in nations such as Sweden and Denmark.<sup>6</sup> For example, in Sweden 30 percent of ministerial level decisionmakers were women in 1994, 43 percent in 1998. For Denmark it was 29 percent in 1994 and 41 percent in 1998.

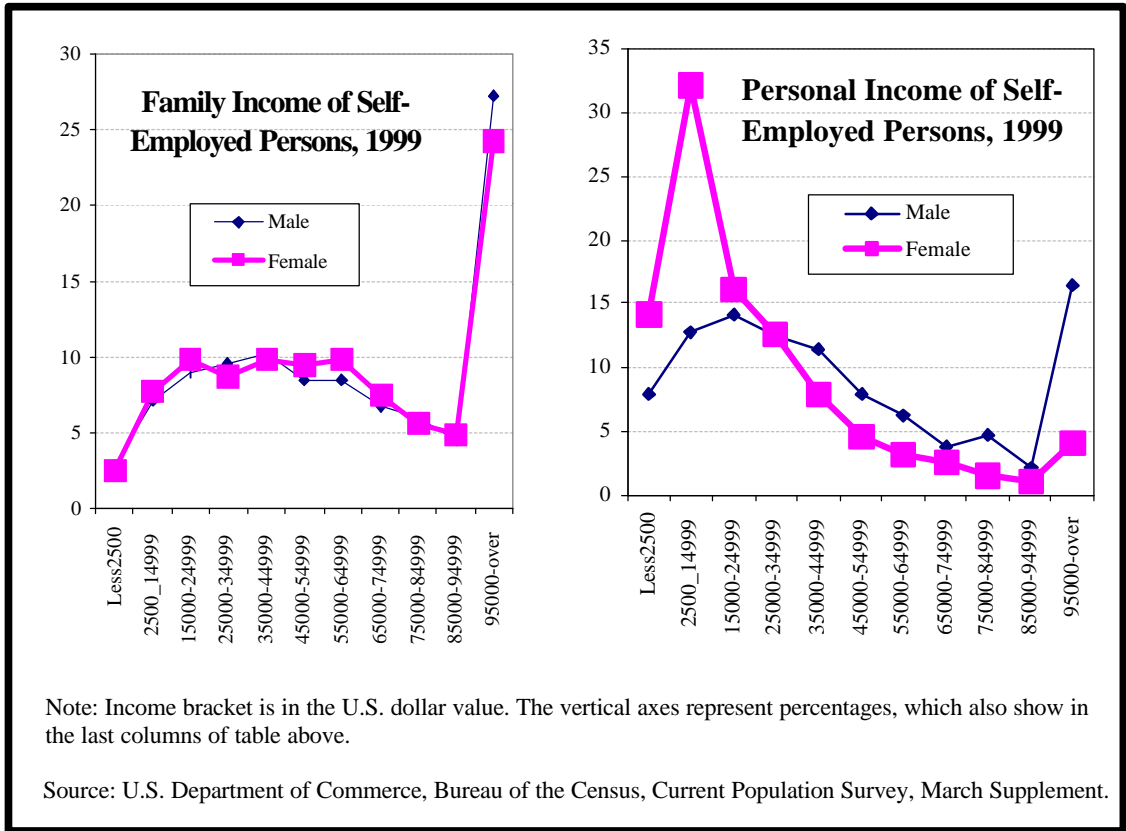
Of the 20.7 million people occupying executive, administrative, and managerial occupations in 1999 in the United States, 54 percent were men and 46 percent—more than 9.4 million—were

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<sup>5</sup> Unless explained otherwise in the context, the data on women in management here were compiled from detailed microdata in the March Supplement of the U.S. Census Bureau's annual Current Population Survey for 2000. Several variables can be used to study self-employment. The variable used here is WEMOCG = 01, i.e., the job occupation held longest during the previous year designated by major occupational group, for example, executive, administrative, and managerial. The data here may not match data from other sources or publications.

<sup>6</sup> Women in decision-making positions in this context are those in positions equivalent to ministerial positions in the government.

Figure 1. Family and Personal Annual Income Distribution of Self-Employed Persons, 1999



women.<sup>7</sup> Two variables in the Annual Demographic Survey describe women in business: the current job occupation during the survey time and—the variable used here—the longest job occupation held during the year 1999.

In 1999, about 13 percent of the U.S. highest position holders were serving in federal, state or local governments; the rest were working in the private sector (including the self-employed and those working without pay). Of total women in management in 1999, about 85 percent worked in the private sector; the remaining 15 percent worked in government. A small portion of women executives (just under 13,000) worked without pay. A higher share of women than of men were working in government at the state and local levels (Figure 2).

The largest proportion of both men and women executives were between 35 and 44 years of age in 1999 (Figure 3). On average, a larger share of women executives were in younger age categories compared with men, an indication that women are closing the gap somewhat in the younger age groups.

<sup>7</sup>See the March 2000 Annual Demographic Survey, a joint project of the U.S. Department of Labor, Bureau of Labor Statistics, and the U.S. Department of Commerce, Bureau of the Census.

Figure 2. Women in Management by Economic Sector, 1999

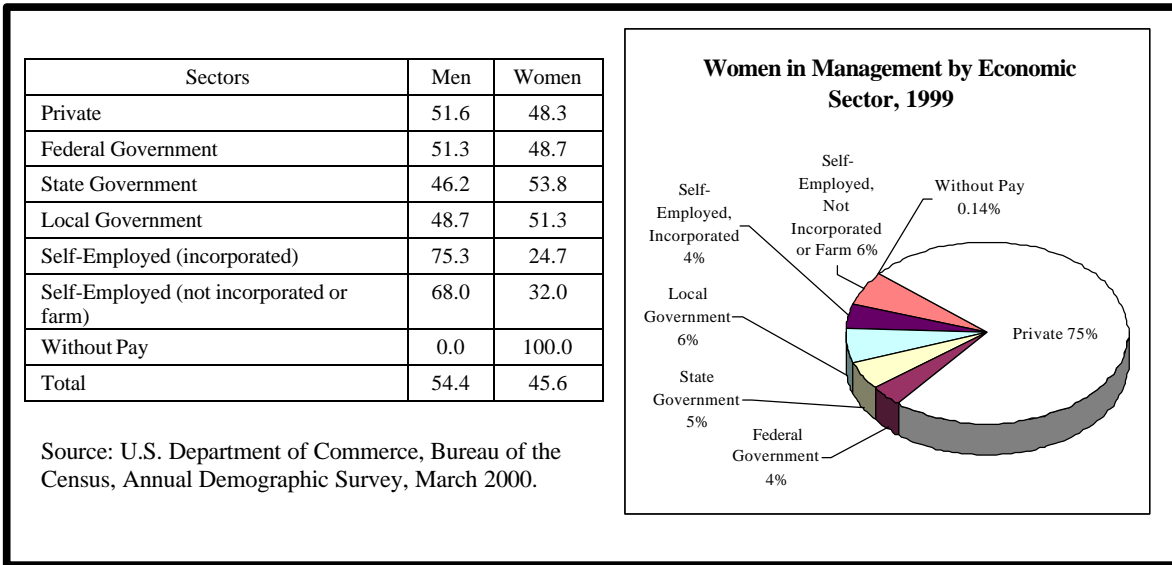
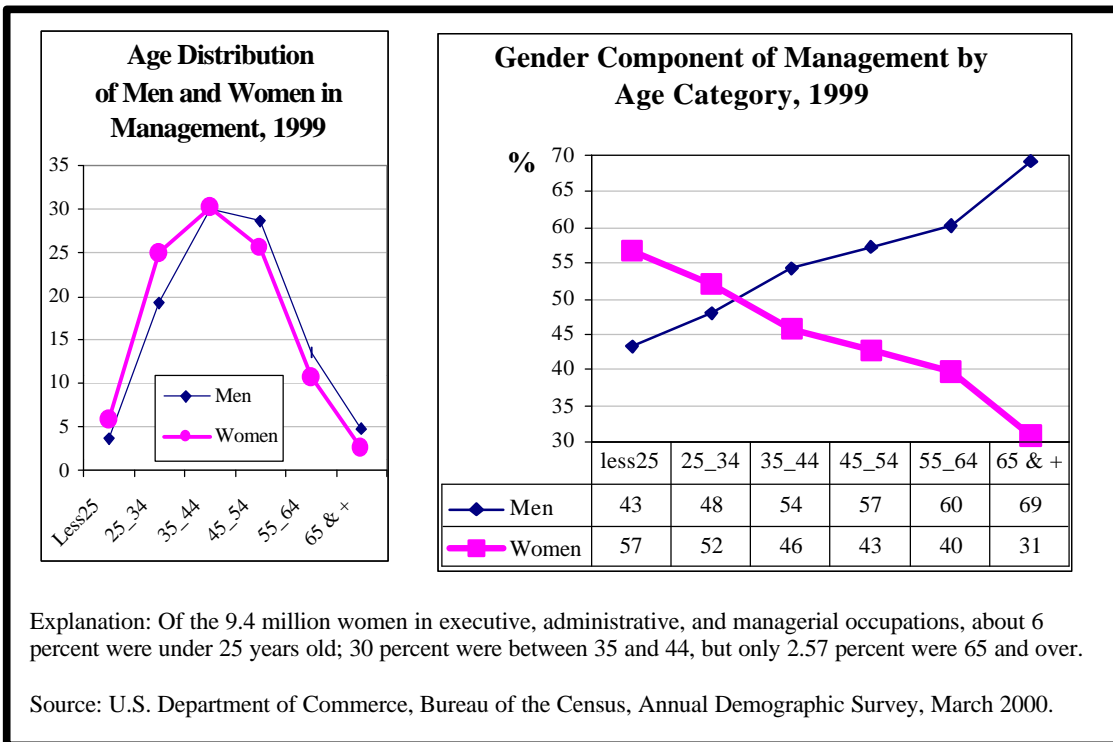


Figure 3. Age Distribution of Men and Women in Management, 1999



Potentially because women executives are younger on average, they are less likely than men to be married (Figure 4). However, women executives are also more likely to be divorced. The reasons for this pattern are unclear and would require more in-depth research.

The distribution pattern by firm size was very similar for men and women (Figure 5). More than one-half of all executives, 58 percent of men and 53 percent of women, were working for small firms with fewer than 500 employees. About 47 percent of women in management were in large firms; 42 percent were in very large firms with 1,000 or more workers.

The gap between the male and female shares of the executive work force narrowed with increasing firm size (Figure 5). Of executives in very small firms, 60 percent were men, 40 percent women. In very large firms, 51 percent were men, 49 percent women.

The disparity between the earnings of male and female executives was large in 1999, perhaps in part because female executives were younger on average (Figure 6). Most did not earn as much as \$60,000 in 1999, but the gender differences were significant: 60 percent of men and 85 percent of women earned less than \$60,000. Only 5 percent of women executives earned more than \$80,000 compared with 23 percent of men executives.

Women constituted the larger proportion (62 percent) of executives in the lowest earning brackets (less than \$20,000), while 86 percent of the highest earning bracket (more than \$80,000) were men (Figure 6).

## **Women-Owned Businesses**

Three primary sources provide data on the number of women-owned businesses: the Bureau of the Census, which produces data every five years in years ending in 2 and 7, the Bureau of Labor Statistics (BLS) which produces data monthly (although annual figures offer more detail), and the Internal Revenue Service, which produces figures annually.<sup>8</sup>

According to the most recent data in the Census Bureau's Survey of Women-Owned Business Enterprises (SWOBE), women-owned businesses represented 26.0 percent of all 20.8 million nonfarm businesses in the United States in 1997. Women owned 5.4 million nonfarm businesses in 1997, of which 847,000 were employer firms, employing 7.1 million employees. Women-owned firms generated \$818.7 billion (4.4 percent) of business revenues. In addition to the 5.4 million businesses owned by women, there were 3.6 million firms owned equally by men and women that employed 8.3 million workers and generated \$943.9 billion in revenue.

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<sup>8</sup> The unit of analysis is different for each of the three sources. The Census Bureau uses a survey of tax returns as a base, BLS uses a labor force definition (self-designation of self-employment activities) and the IRS uses a survey of sole proprietors. (See Appendix B for more details.) A fourth, auxiliary data source, the Federal Reserve Board's Survey of Small Business Finances, provides valuable information on the financing of women-owned businesses.

Figure 4. Marital Status of Men and Women in Management, 1999

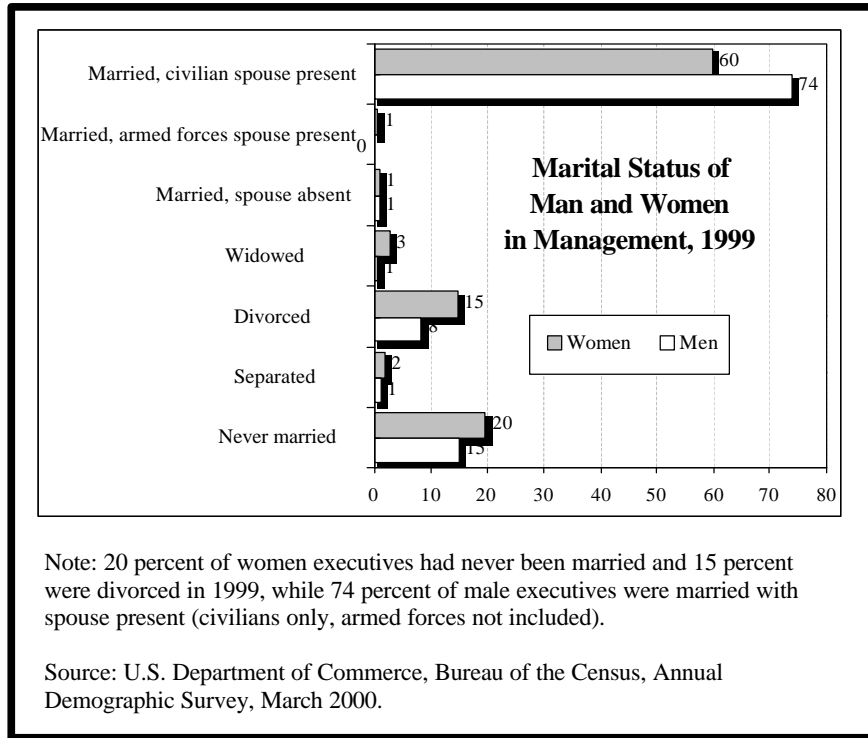


Figure 5. Firm Size Distribution of Management, 1999

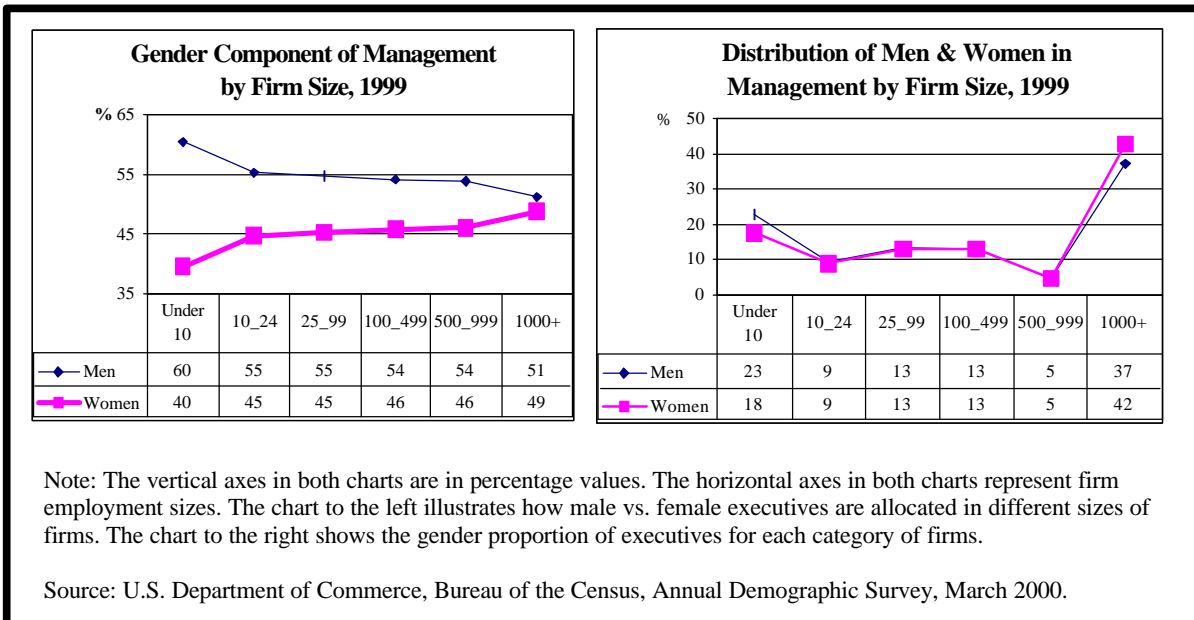
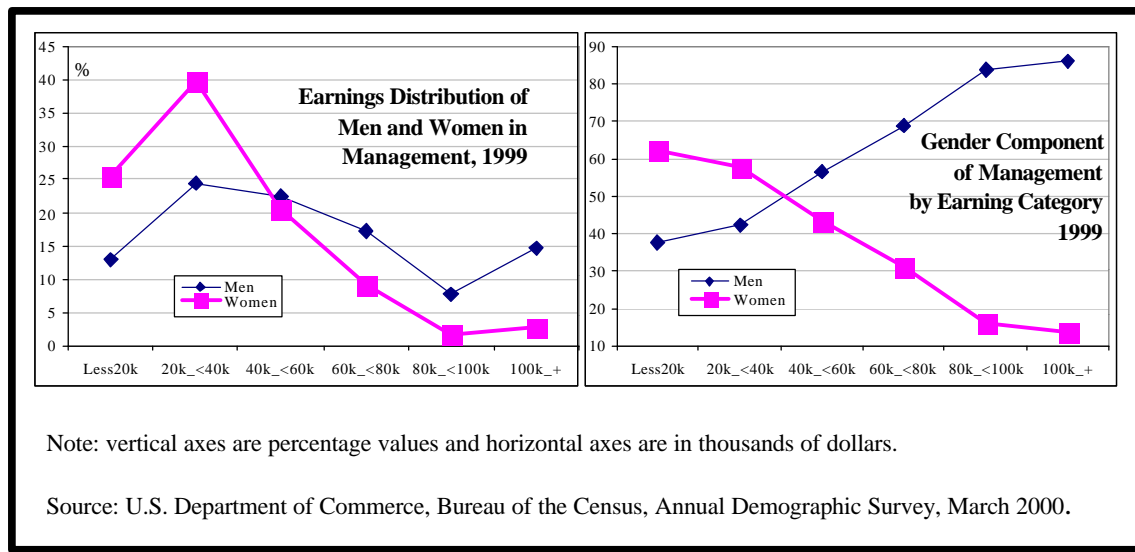


Figure 6. Earnings Distribution and Gender Component of Management, 1999



The most recent BLS figures show 3.8 million women listing self-employment as their primary occupation—37.9 percent of all the self-employed (Figure 7).<sup>9</sup> The most recent Internal Revenue Service figures show there were 6.8 million nonfarm sole proprietorship tax returns from women, or 35.3 percent of the total (Figure 8).

Although the three data sources show different levels of female participation in ownership, all are at a significant level and climbing, indicating women's increasing presence in the U.S. economy.

### *Characteristics of Women Business Owners<sup>10</sup>*

Age is a factor in many of the characteristics of self-employed men and women, including education, income, and marital status (Figure 9). Women are more represented on the younger side of the peak age for self-employment. However, it appears that more men than women past the age of 65 seek self-employment as a hobby or social security supplement.

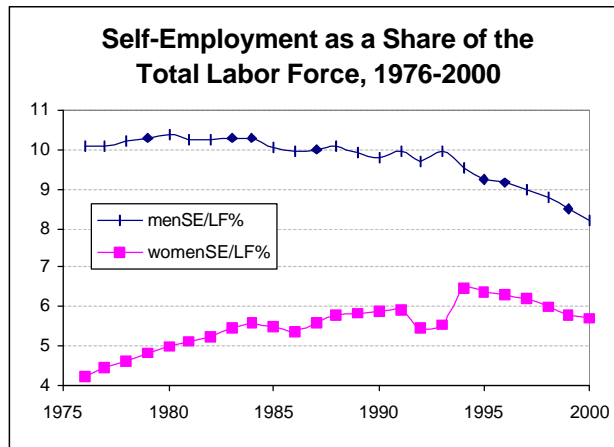
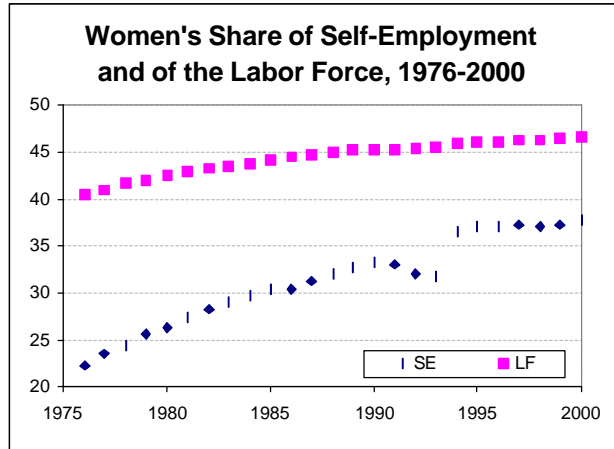
In the education distribution, self-employed women are proportionally more represented than men in the “some college” category, but less in the doctorate and professional degree categories (Figure 10). Self-employed women’s lower shares in the higher degree categories may help

<sup>9</sup>BLS figures are based on the Current Population Survey. The microdata from this survey are available to the public, so other definitions of self-employment can be created. For example, another definition of self-employment used in this report is individuals with any self-employment earnings during the year.

<sup>10</sup> Unless otherwise explained in the context, the data here were compiled from the March Supplement to the 2000 Annual Current Population Survey by the U.S. Bureau of Census. Several variables can be used for the study of self-employment. The variable used here is LJCW = 5 and 6, the incorporated self-employed job held longest in the previous year (5) and non-incorporated and farm self-employed (6). The data in this report may not match data from other sources because of differences in the variables included: this study includes all incorporated, non-incorporated and farm self-employed.

Figure 7. Women in the Labor Force and in Self-Employment, 1976-2000

Year	Total LF	Women LF	Total SE	Women SE
1976	96,157	38,983	7,428	1,662
1977	99,009	40,613	7,694	1,809
1978	102,251	42,631	8,047	1,969
1979	104,961	44,235	8,384	2,146
1980	106,940	45,487	8,642	2,280
1981	108,670	46,696	8,735	2,388
1982	110,205	47,755	8,898	2,512
1983	111,550	48,503	9,143	2,649
1984	113,544	49,709	9,338	2,770
1985	115,461	51,050	9,269	2,817
1986	117,835	52,413	9,327	2,829
1987	119,865	53,658	9,624	3,007
1988	121,669	54,742	9,917	3,179
1989	123,870	56,030	10,008	3,279
1990	125,840	56,829	10,098	3,349
1991	126,346	57,178	10,274	3,388
1992	128,105	58,141	9,961	3,184
1993	129,199	58,795	10,280	3,269
1994	131,056	60,239	10,647	3,891
1995	132,304	60,944	10,482	3,883
1996	133,944	61,857	10,490	3,900
1997	136,297	63,036	10,514	3,923
1998	137,673	63,714	10,303	3,818
1999	139,367	64,855	10,087	3,759
2000	140,863	65,616	9,907	3,753



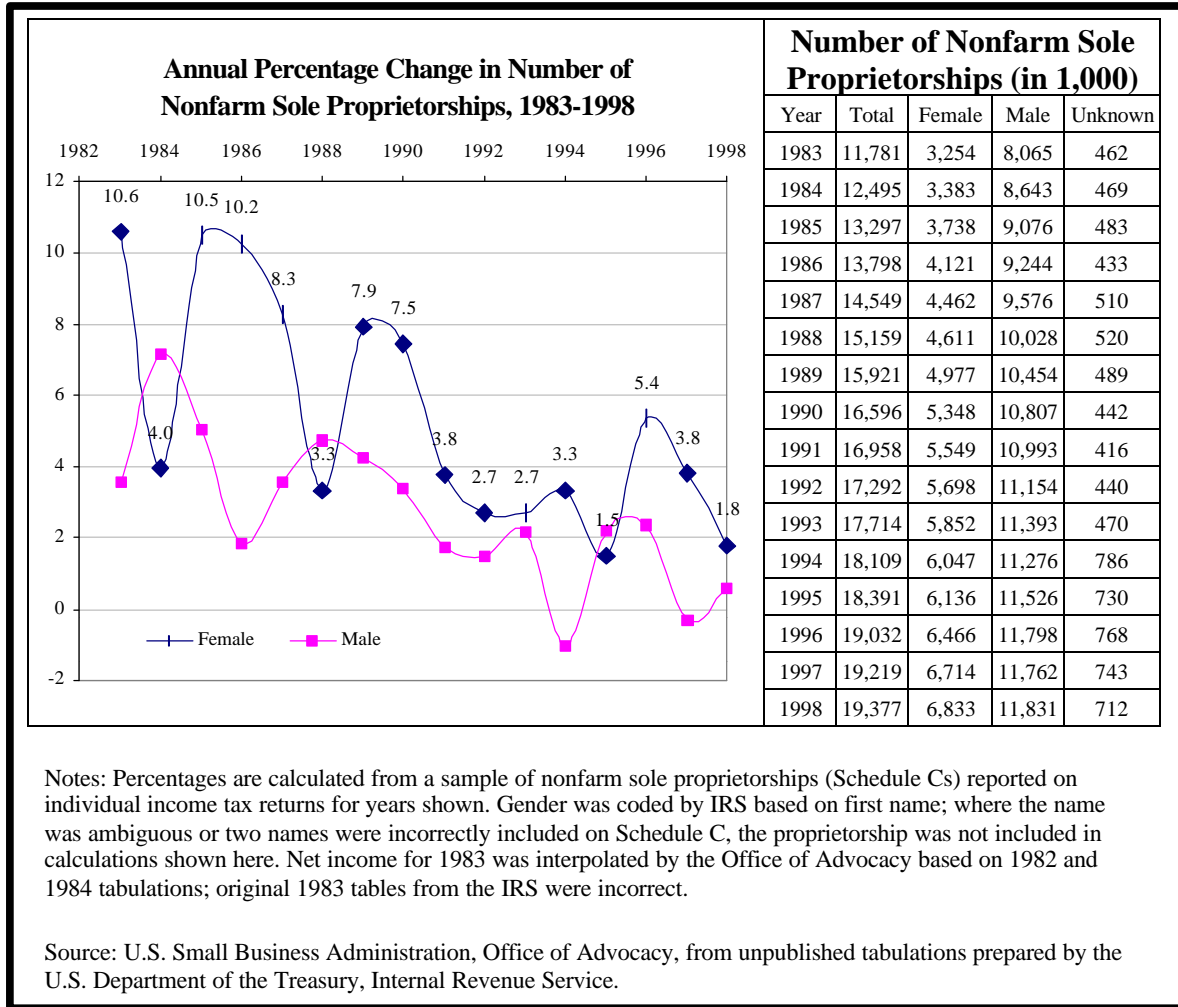
Notes:

1. Data in the table are in thousands. Data in graphs are in percentages. SE = self-employment; LF = labor force.
2. According to Bureau of Labor Statistics, there was a significant change of definition for self-employment during 1994 Current Population Survey. Various subsets of the self-employment data set are therefore not comparable; however, some subsets of the data, such as self-employment for 1976-1993 and for 1994-2000 are comparable.

Source: U.S. Small Business Administration, Office of Advocacy and U.S. Department of Labor, Bureau of Labor Statistics. Labor force statistics from the Current Population Survey.



Figure 8. Nonfarm Sole Proprietorships by Gender, 1983-1998



explain the lower self-employment incomes reported by women. The other education categories were similar across gender lines.

Of self employed women and men, about 90 percent were white, and about 10 percent were minorities in 1999 (Table 4). Within all groups, a much higher proportion of the self-employed were men than women, but the gender components varied by minority group. Women's share of black self-employment was 40.63 percent, 6.5 percentage points above that of white women, 5.5 percentage points above that of Asian or Pacific Islanders, and 2.3 percentage points higher than that of American Indian, Eskimo or Aleut women.

Figure 9. Age Distribution of Self-Employed Men and Women, 1999

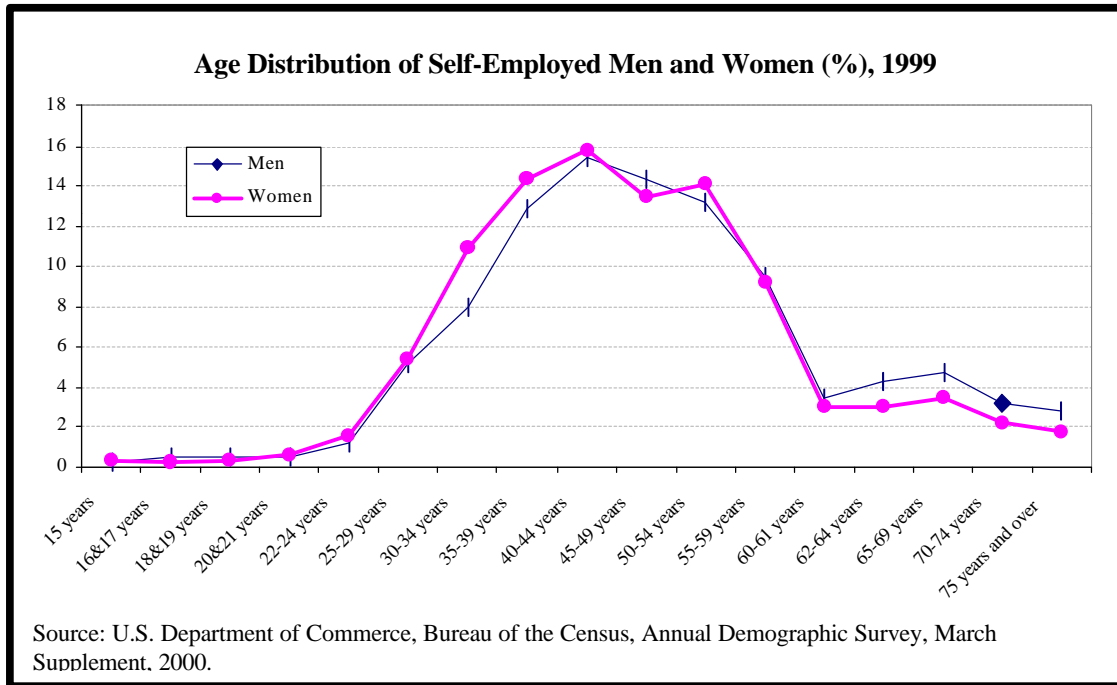


Figure 10. Educational Distribution of Self-Employed Men and Women, 1999

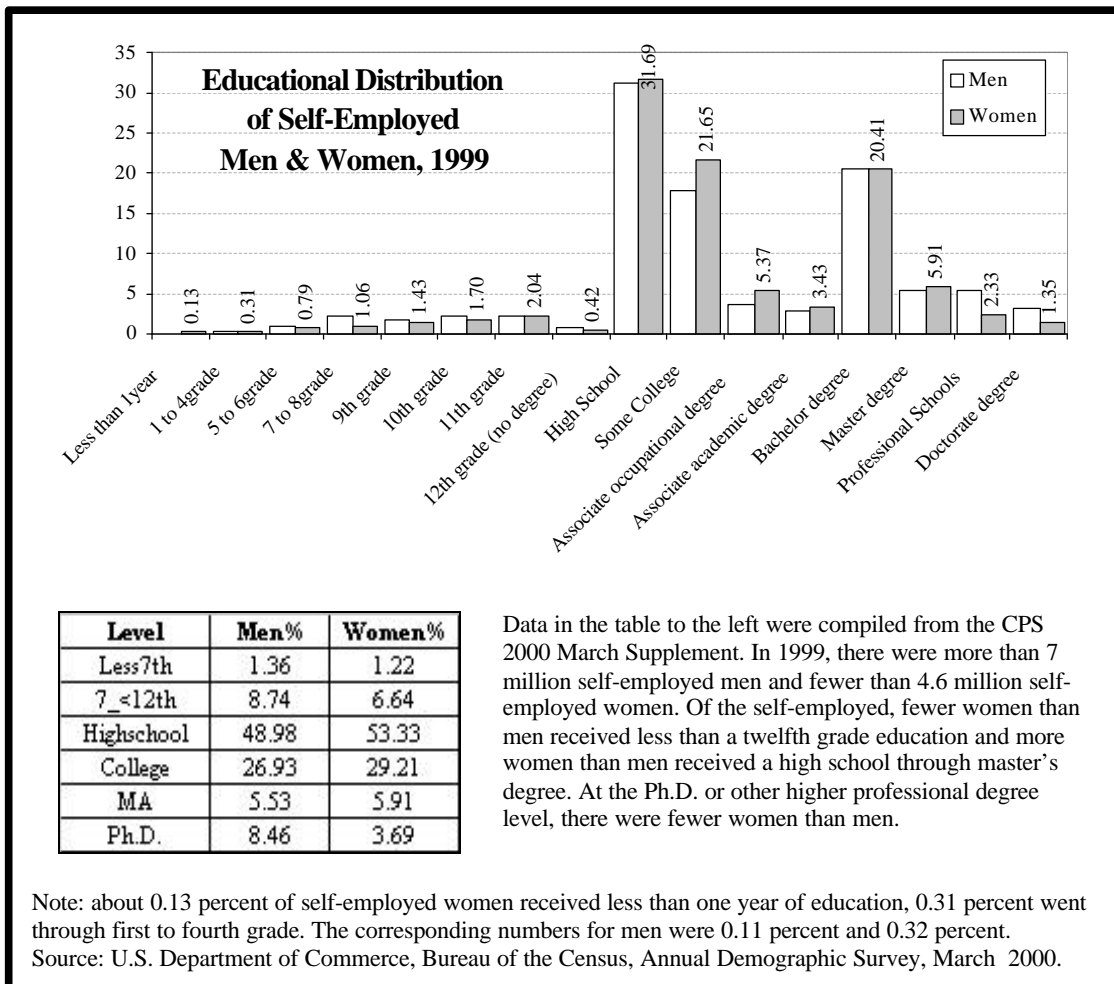


Table 4. Racial & Gender Component of Self-Employed Persons, 1999

Race	Percent within Race		Percent within Gender	
	Male	Female	Male	Female
White	65.9	34.1	90.4	88.7
Black	59.4	40.6	5.3	6.8
Amer. Indian, Eskimo or Aleut	61.7	38.3	0.5	0.5
Asian or Pacific Islander	64.9	35.1	3.9	4.0
Total	65.5	34.5	100.0	100.0

Source: Current Population Survey, March Supplement, 2000, The U.S. Census Bureau.

There were no radical differences between self-employed men and women in terms of marital status and the number of their own children under 18 years of age (Table 5).<sup>11</sup> It is noticeable, however, that although proportionally more of the older self-employed were men, about two-thirds of widowed self-employed individuals were women, perhaps because women live longer, on average, than men.

### *Legal Forms of Ownership*

In 1997, businesses were operated as C corporations, subchapter S corporations, sole proprietorships, and partnerships.<sup>12</sup> The Census data indicate that in 1997 there were 7.5 million women-owned businesses (excluding C corporations) that generated \$1.6 billion in revenues, and employed 14.6 million employees.<sup>13</sup> The form of ownership used most by women (and men) business owners was the sole proprietorship, which represented 84.8 percent or 4.6 million of the businesses owned by women. C corporations generated 45.0 percent of total revenues and accounted for 5.8 percent of all businesses owned by women. Subchapter S corporations, partnerships, and other forms accounted for 6.2 percent, 3.1 percent, and 0.1 percent respectively. Women owned a total of 4.6 million sole proprietorships and 847,000 employer firms.

Using tax return records, the IRS Statistics of Income (SOI) division has over the years prepared data for the Office of Advocacy to analyze women-owned sole proprietorships. However recent discussions with SOI brought to light some issues with the data, and a new data set has been provided to the Office of Advocacy. The new estimates can be used to study where women-owned businesses stand, not only in terms of the number of businesses owned by women but also in terms of business performance as measured by total sales (receipts) and net income. Sole proprietorships are categorized in three groups: those operated by men (61 percent of the total), women (37 percent), and men and women together (2 percent) (Figure 11). Those operated by men were the source of 80 percent of total receipts and 77 percent of total net

<sup>11</sup> In "Flexible Working Hours, Family Responsibilities, and Female Self-Employment," *The American Journal of Economics and Sociology* (January 1999), vol. 58, no. 1, Dr. Richard Boden argues that women – especially women with young children – are more likely than men to cite flexibility of schedule and family-related reasons for becoming self-employed.

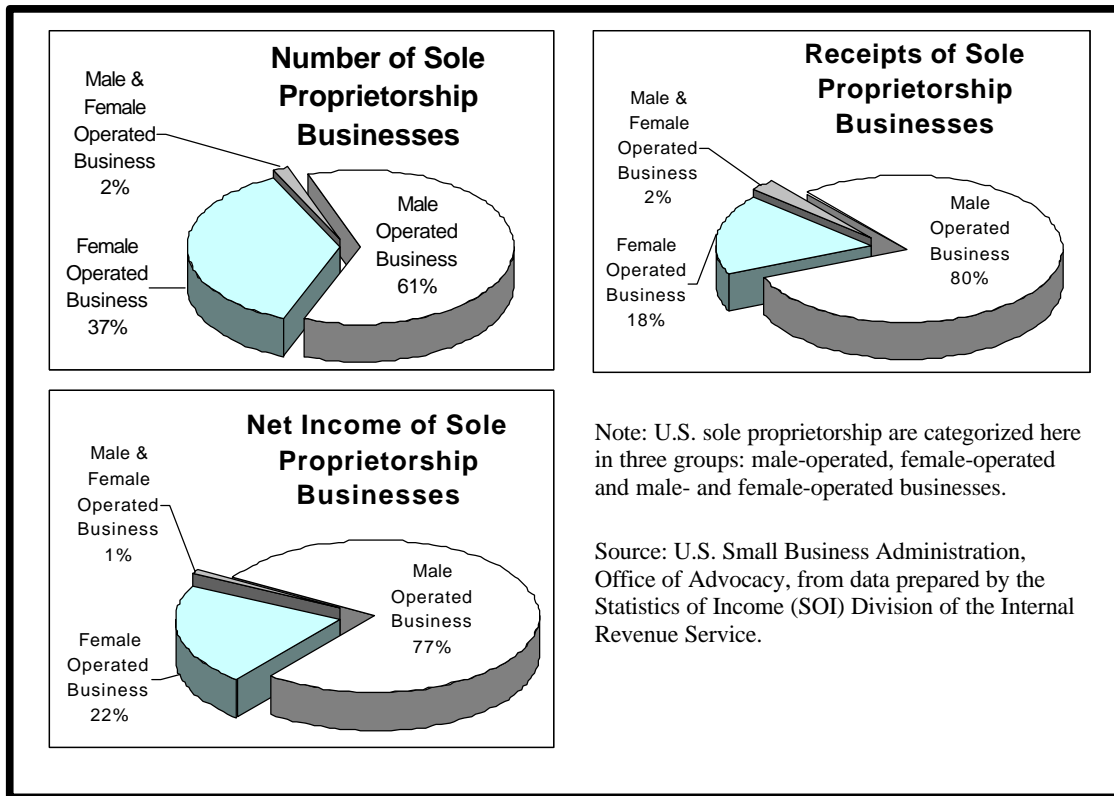
<sup>12</sup> C corporations were counted not by ownership, but by who controlled the business.

<sup>13</sup> The 1997 SMOBE figures released by the Census Bureau on women-owned businesses used a new, 51-percent ownership criterion, which includes C corporations, rather than the previous 50-percent ownership criterion that excluded C corporations.

Table 5. Other Socioeconomic Factors Relating to Self-Employed Individuals by Gender, 1999 (Percent)

<i>Marital Status</i>	<i>Men</i>	<i>Women</i>
Married, spouse present	74	75
Married, spouse absent	1	1
Widowed	1	4
Divorced	10	10
Separated	1	2
Never married	13	9
Total	100	100
<i>Number of Own Children under 18 Years Old</i>		
None	61	57
1 Child	15	16
2 Children	15	17
3 - 4 Children	9	10
5+ Children	0	1
Total	100	100
Source: U.S. Department of Commerce, Bureau of the Census, Current Population Survey, March Supplement, 2000.		

Figure 11. Performance of Sole Proprietorships Operated by Men and Women, 1998



income produced by sole proprietorships in 1998. Female-operated sole proprietorships generated a proportionately smaller share of receipts (18 percent) and net income (22 percent). Jointly operated sole proprietorships made up the remaining 1 percent of receipts and 2 percent of net income.

### *Size of Firms*

Of the 5.4 million women-owned businesses, only 15.6 percent were employer firms in 1997, compared with 25.4 percent of all firms. Very small businesses with fewer than 5 employees represented more than 60.0 percent of women-owned firms with paid employees, but generated only 16.5 percent of the revenues, and employed 13.0 percent of the labor force.

As measured by receipts, women-owned businesses were also mostly very small ventures. About 1.6 million women-owned businesses—30 percent of the women-owned businesses—had less than \$5,000 in revenues and contributed less than 1 percent of total women-owned business receipts. Some 98,870 women-owned firms (1.8 percent) had receipts of more than \$1 million; they accounted for 68.3 percent of total women-owned business revenues.

The 1998 Survey of Small Business Finances (SSBF), which has a representative sample of 5.3 million U.S. small firms with fewer than 500 employees, indicates that compared with businesses owned by men, women-owned businesses are more likely to be small and under five years old. The SSBF shows that in 1998, 71 percent of women-owned businesses were very small, with fewer than 5 employees, compared with 61.0 percent of those owned by men. Also, 27 percent of women-owned businesses produced less than \$25,000 in receipts, compared with only 13 percent of male owned businesses (Appendix Table A.1).

Self-employed women were either owners of various-sized firms or spent most of their time in 1999 as individual self-employed contractors. Nearly 90 percent of self-employed women were in firms with fewer than 10 employees (Figure 12). Fewer than 2 percent of self-employed women worked in large businesses with more than 500 employees.

### *Industry Characteristics*

In 1997, women-owned businesses operated in all industries. Fifty-five percent were in the service sector, 17.0 percent in retail trade, and nearly 9.0 percent in finance, insurance, and real estate. The construction industry accounted for almost 3.0 percent of women-owned businesses, while another 8.0 percent fell into the “unclassified industry” category. Women-owned firms in the wholesale and retail trade and services industries generated a total of 64.3 percent of women’s total revenues. Employment was concentrated in the services, retail, and manufacturing sectors (Table 6). Compared with men, women have lower shares of firms in construction and in finance, insurance and real estate, but a higher share in the service industries.

Figure 12. Firm Size and Self-Employed Women, 1999

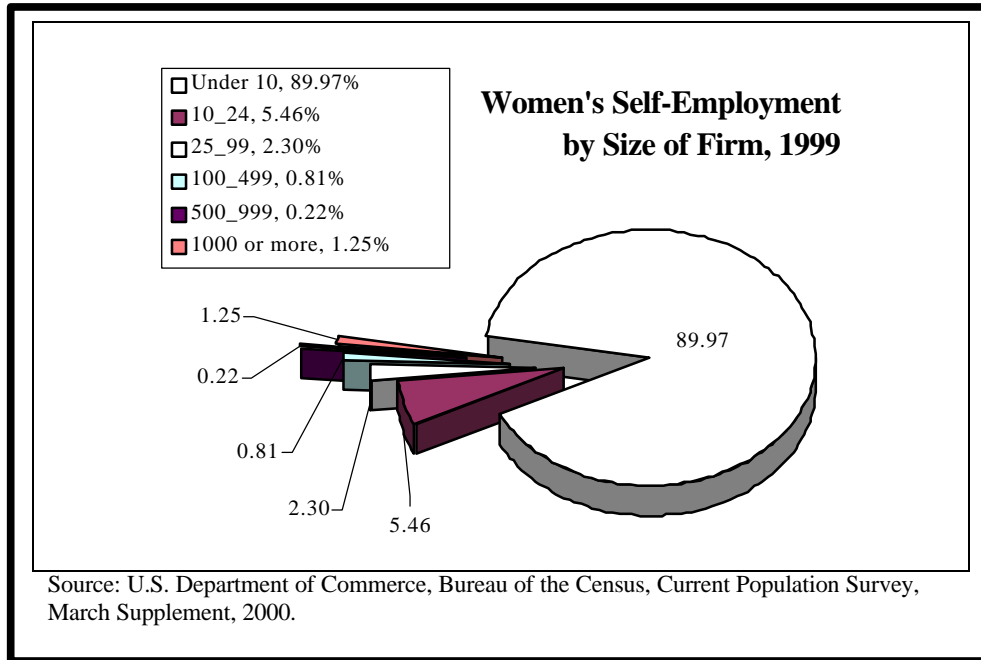


Table 6. Number of Firms, Employment and Receipts of Women-Businesses by Industry, 1997

<i>Major Industry</i>	<i>Number of Firms</i>	<i>Percent of Firms</i>	<i>Number of Employees</i>	<i>Receipts (Billions of Dollars)</i>	<i>Percent of Receipts</i>
All industries	5,417,034	100	7,076,081	818.7	100
Agricultural services, forestry and fishing	74,444	1.4	77,370	5.9	0.7
Mining	20,030	0.4	25,982	7.2	0.9
Construction	157,173	2.9	518,142	67.6	8.3
Manufacturing	121,108	2.2	901,434	113.7	13.9
Transportation, communications, and utilities	128,999	2.4	321,759	32.9	4.0
Wholesale trade	125,645	2.3	468,276	188.5	23.0
Retail trade	919,990	17.0	1,574,747	152.0	18.6
Finance, insurance, and real estate	479,469	8.9	276,045	56.0	6.8
Services	2,981,266	55.0	2,908,080	186.2	22.7

Source: Survey of Women-Owned Business Enterprises (SWOBE), 1997, U.S. Department of Commerce, Bureau of the Census.

### *Geographic Characteristics*

Not surprisingly, the large states of California, New York and Texas accounted for 27.2 percent of all women-owned businesses. Combined, they had a total of 1.5 million women-owned firms,

and produced \$245.7 billion in revenue. The states with the fewest women-owned businesses were Wyoming, North Dakota, and Delaware; combined, they accounted for 37,227 businesses or less than one percent of women-owned businesses in the United States (Appendix Table A.2).

The top three counties, metropolitan areas, and cities, based on the number of women-owned firms located in them, were all in three states: California, New York, and Illinois. Not surprisingly, the largest number of women-owned businesses in a metropolitan area was in New York; these businesses also produced the most in revenues (Table 7).

### *The Growth of Women-Owned Businesses*

The various sources of information on women-owned businesses all agree that the numbers of both women-owned businesses and women business owners have been increasing. Because the definition of women-owned businesses used by the Bureau of the Census has changed over the years, figures from 1982 to 1997 are not directly comparable. However, for the 1992 to 1997 period, Census attempted to create comparable figures, enabling growth to be calculated.

Between 1992 and 1997, the number of women-owned businesses rose by 16 percent, compared with a 6 percent increase in the number of all U.S. firms. Women-owned business revenues increased by 33 percent compared with an increase of 24 percent for all firms, and employment rose by 28 percent compared with 8 percent for all firms (Table 8). The number of C corporations owned by women increased slightly compared with the number of sole proprietorships, partnerships and Subchapter S corporations owned by women. While the number of C corporations increased very little, these firms generated most of the total revenue.

While Census definitions have changed, definitions used in self-employment data have remained relatively consistent over the years. There were a total of 141 million Americans in the labor force, nearly 10 million of which were self-employed in 2000 (Figure 7). Women's shares of the labor force and of self-employment increased from 40.54 percent and 22.37 percent in 1976 to 46.38 percent and 37.88 percent in 2000, respectively. While the number of women in the labor force increased 69 percent during those 25 years, the number of self-employed women increased 126 percent, an indication that growth in self-employment was significant.

The share of self-employed men in the male labor force was steady, at around 10 percent before 1989, but it began declining subsequently, hitting its lowest level, 8.2 percent, in 2000. The self-employed share of the female labor force increased significantly from 1976 to 1995, when it reached its highest point of 6.4 percent, then began declining, although at a slower pace than men's self-employment share. Between 1995 and 2000, the self-employment shares of both the male and female labor forces declined slightly, but the declines were greater for men.

Over the 1983-1998 period, the number of nonfarm sole proprietorships grew more than 64 percent, and the number of female-operated sole proprietorships more than doubled (Figure 8). The average annual growth rate for male-operated businesses was 2.67 percent; for those operated by women, it was 5.45 percent. Thus, the total women-operated shares increased over the period, from 28 percent in 1983 to 35 percent in 1998.

Table 7. The Five Counties, Metropolitan Areas, Cities and States with the Largest Numbers of Women-Owned Businesses, 1997

<i>Rank</i>	<i>County</i>	<i>Metropolitan Area</i>	<i>City</i>	<i>State</i>
1	Los Angeles, CA	New York, NY	New York, NY	California
2	Cook, IL	Los Angeles-Long Beach, CA	Los Angeles, CA	New York
3	New York, NY	Chicago, IL	Chicago, IL	Texas
4	Harris, TX	Washington, DC-MD-WA-WV	Houston, TX	Florida
5	Orange, CA	Atlanta, GA	San Diego, CA	Illinois

Source: Survey of Women-Owned Business Enterprises (SWOBE), 1997, U.S. Department of Commerce, Bureau of the Census.

Table 8. Growth in Women-Owned Businesses (Thousands, except as noted), 1992-1997

	1997	1992	Absolute Change	Percent Change
Firms	7,452	6,403	1,049	16.4
Employer Firms	1,684	1,233	451	36.6
Receipts (Billions of Dollars)	1.6	1.2	0.4	33.3
Employees	14,591	11,411	3,180	27.9

## Financing of Women-Owned Businesses

The Survey of Small Business Finances—the most comprehensive source of information about small and women-owned business financial patterns—indicates that small business use of commercial banks declined by about 1 percent in 1997.<sup>14</sup> According to the survey, women business owners were less likely to use commercial banks as their suppliers of credit, but were more likely to use thrift institutions (credit unions) for this purpose (Appendix Table A.3). In 1997, almost all small businesses (96 percent) with fewer than 500 employees used at least one financial service compared with 92 percent of women-owned firms. Women business owners were more likely to have a savings account, and less likely to use a checking account.

The use of small business credit lines increased from 26 percent in 1992 to 28 percent in 1997. Small businesses owned by women were less likely to have a line of credit compared with male-

<sup>14</sup>The Survey of Small Business Finances was conducted in 1993 and 1998 based on information for the end of 1992 and 1997. The statistical significance of the 1 percent decline in small business use of commercial banks is unknown. The U.S. Bureau of the Census' Characteristics of Business Owners (CBO) survey was a valuable source for understanding many characteristics of small firms, including the financing of women and minority-owned firms, but it has been discontinued. The most recent available CBO data are from 1992.



owned businesses. (In 1997, 18.4 percent of women business owners in the United States had a credit line.)

Also, the use of personal credit and business credit cards by small businesses increased about 4.5 percent respectively between 1992 and 1997. Women-owned businesses were more likely than their male counterparts to use personal credit cards and less likely to use business credit cards to finance their businesses (Appendix A.4). Also credit use increases with firm size and women-owned businesses, which are smaller, use less credit.

SBA-guaranteed loans are one mechanism women do use to obtain bank financing for their businesses, particularly start-ups. Data from SBA's Office of Financial Assistance show that in the last 11 years, the dollar amount of (7a) loans approved for women-owned businesses has increased fairly steadily, although the number of approved loans to these businesses declined in four of the five years from 1996 through 2000. The women-owned business share of SBA loans has fluctuated on a yearly basis, from a low of 12.4 percent in 1991 to a high of 24.3 percent in 1998. The share dropped to 21 percent in 2000 (Table 9).

## Government Procurement

Women's share of federal procurement award dollars declined in fiscal year 2000. Women received only 2.3 percent of total federal prime contracts in fiscal year 2000, compared with 2.5 percent the previous year, a 0.2 percentage point decrease. The overall small business share declined even more, by 0.5 percentage points from the previous fiscal year's level (Appendix Table A.5).

Women's share of procurement subcontracting increased as a percentage of total business and small business subcontracting, but the dollar value plummeted by more than 50 percent in FY 2000. Women-owned businesses received 5.7 percent of total subcontracting dollars in FY 2000, an increase over FY 1999.

## Conclusion

*Women in Business, 2001* and its sister publication *Minorities in Business, 2001*, are data reports. They are not academic research or policy studies that might address issues such as why women own their businesses or how to promote women's involvement in business. The goal of these reports is to collect, compile, and publicize data from the available resources. The report is also intended to stimulate serious studies in academia, trade associations and governments on women's entrepreneurship, business ownership, and other aspects of women's continuing progress toward equal participation in the American economy.

What this report has shown is that no single data source covering women-owned businesses exists. However, various data sources taken together can portray women's role in the U.S. economy. The picture they present is of women making great strides toward economic equality,

in large part because of their entrepreneurial endeavors. The picture also shows, however, that women have some distance to go to reach equality in the share, number, and size of businesses they own, and in the economic returns to their businesses.

Table 9. Women's Share of the Number and Dollar Amount of SBA (7a) Loans, 1990-2000

<i>Fiscal Year</i>	<i>Number of SBA Loans</i>	<i>Approved Gross Amount (Dollars) of SBA Loans</i>	<i>Number of SBA Loans to Women-Owned Businesses</i>	<i>Approved Dollar Amount to Women-Owned Businesses</i>	<i>Women's Share of the Number of SBA Loans</i>	<i>Women's Share of the Amount of SBA Loans</i>
2000	43,817	10,614,457,568	9,206	1,736,294,000	21.0	16.4
1999	43,683	10,247,473,899	9,470	1,649,496,000	21.7	16.1
1998	42,340	9,118,743,684	10,271	1,574,114,602	24.3	17.3
1997	45,380	9,586,537,920	10,077	1,484,350,033	22.2	15.5
1996	45,991	7,791,660,804	10,470	1,298,095,351	22.8	16.7
1995	55,804	8,336,379,160	13,396	1,457,106,486	24.0	17.5
1994	36,438	8,261,784,143	7,125	1,181,952,084	19.6	14.3
1993	26,754	6,810,279,527	3,799	725,795,075	14.2	10.7
1992	24,211	5,983,393,433	3,279	579,748,303	13.5	9.7
1991	19,467	4,444,589,919	2,422	424,842,360	12.4	9.6
1990	19,128	4,208,046,742	2,530	453,688,003	13.2	10.8

Source: U.S. Small Business Administration, Office of Financial Assistance.

Women have been moving forward with great momentum into business ownership, and the Office of Advocacy will continue to pursue its part in the U.S. Small Business Administration's mission to facilitate women's movement into the economic mainstream.

## **Appendix A**

### **Tables**

- A.1. Characteristics of Small Firms by Gender, 1997
- A.2. Women-Owned Businesses by State, 1997
- A.3. Small Women-Owned Businesses Using Selected Suppliers of Financial Services, 1992-1997
- A.4. Types of Credit Used by Women-Owned Businesses, 1992-1997
- A.5. Women's Share of U.S. Government Prime Contracts and Subcontracts, 1997-2000
- A.6. SBA (7a) Loans to Women-Owned Businesses 1990-2000

### A.1 Characteristics of Small Firms by Gender, 1997 (Percent)

Category	All Firms	Female	Male
All Firms	100.00	100.00	100.00
<i>Number of Employees</i>			
0-1	21.86	27.34	20.13
2 – 4	41.78	44.12	41.04
5 – 9	19.78	17.31	20.6
10 – 19	8.39	6.62	8.89
20 – 49	5.47	3.01	6.27
50 – 99	1.55	1.13	1.66
100 – 499	1.17	0.46	1.39
<i>Fiscal Year Sales (Thousands of Dollars)</i>			
Less than 25	16.34	26.85	12.98
25 – 49	9.48	12.97	8.38
50 – 99	14.22	14.40	14.16
100 – 249	21.72	18.99	22.85
250 – 499	13.29	10.56	14.19
500 – 999	10.27	8.04	11.00
1,000 – 2,499	7.83	4.74	8.83
2,500 – 4,999	3.28	1.62	3.77
5,000 – 9,999	1.56	0.55	1.89
10,000+	1.79	0.74	2.11
<i>Form of Organization</i>			
Proprietorship	49.35	57.53	46.8
Partnership	6.95	6.48	7.11
S Corporation	23.87	19.75	25.15
C Corporation	19.83	16.25	20.91
<i>Industrial Classification</i>			
Construction and Mining	11.87	5.41	13.98
Primary Manufacturing	3.66	4.11	3.51
Other Manufacturing	4.68	2.88	5.27
Transportation	3.72	3.47	3.8
Wholesale Trade	7.15	3.98	8.13
Retail Trade	18.95	23.40	17.51
Insurance Agents and Real Estate	6.48	5.57	6.78
Business Services	24.83	30.40	23.02
Professional Services	18.46	20.12	17.95
<i>Years under Current Ownership</i>			
0 – 4	22.37	28.46	20.36
5 – 9	22.79	26.34	21.68
10 – 14	19.14	18.74	19.3
15 – 19	13.05	11.98	13.42
20 – 24	8.72	5.99	9.60
25+	13.75	8.48	15.45

Source: U.S. Small Business Administration, Office of Advocacy, with data from the 1998 National Survey of Small Business Finances.

## A.2 Women-Owned Businesses by State, 1997

<b>State</b>	<b>Firms</b>	<b>Employees</b>
United States	5,417,000	7,076,081
Alabama	69,500	97,966
Alaska	16,600	16,520
Arizona	88,800	101,601
Arkansas	42,600	64,379
California	700,500	932,462
Colorado	114,800	132,506
Connecticut	72,400	78,598
Delaware	13,700	19,192
District of Columbia	14,000	17,320
Florida	337,800	371,412
Georgia	145,600	190,577
Hawaii	25,800	30,138
Idaho	25,800	25,873
Illinois	239,700	392,569
Indiana	107,100	131,778
Iowa	57,500	71,724
Kansas	54,500	58,497
Kentucky	66,000	95,453
Louisiana	70,600	116,063
Maine	30,600	28,263
Maryland	115,800	139,616
Massachusetts	142,700	155,191
Michigan	184,600	288,132
Minnesota	180,400	124,616
Mississippi	38,300	54,183
Missouri	103,600	134,301
Montana	22,400	22,240
Nebraska	33,500	42,044
Nevada	33,300	49,477
New Hampshire	27,300	33,911
New Jersey	155,300	247,040
New Mexico	38,700	48,236
New York	394,000	461,127
North Carolina	139,900	221,973
North Dakota	12,400	13,482
Ohio	205,000	291,361
Oklahoma	67,500	82,531
Oregon	80,500	91,379
Pennsylvania	203,000	257,841
Rhode Island	19,900	28,678
South Carolina	64,200	100,284
South Dakota	14,100	14,323
Tennessee	99,800	142,080
Texas	381,500	548,756
Utah	42,000	54,135
Vermont	17,000	13,524
Virginia	132,200	172,227
Washington	123,000	139,032
West Virginia	30,200	33,724
Wisconsin	89,300	146,450
Wyoming	11,100	11,296

Source: Bureau of the Census, Survey of Women-Owned Business Enterprises, 1997.

### A.3 Small Women-Owned Businesses Using Selected Suppliers of Financial Services, 1992-1997 (Percent)

Category	Any Supplier	Financial Institution														
		Any	Depository										Nonfinancial Supplier			
			Any	Commercial Bank	Thrift			Nondepository Financial Institution				Any	Family / Other			
					Any	Savings Institution	Credit Union	Finance Company	Brokerage	Leasing Company	Other		Friends	Businesses	Government	
All Firms																
Year 1997	96.18	95.74	94.98	88.86	12.06	6.29	5.90	32.65	14.47	10.88	7.48	7.17	12.46	6.14	5.95	1.04
Year 1992	97.03	96.84	96.48	89.72	15.37	11.8	4.04	30.8	13.82	10.2	8.56	3.59	15.61	8.9	7.43	0.64
199.7																
Female	91.85	91.34	90.72	82	13.67	5.78	8.15	29.18	12.05	9.71	6.43	7.37	12.29	6.07	5.36	1.22*
Male	97.53	97.09	96.31	90.99	11.44	6.34	5.2	33.55	15.06	11.43	7.54	7.07	12.56	6.06	6.26	1.01
Equally owned	98.34	98.34	97.00	92.11	13.91	8.82*	5.10*	36.48	18.08	8.06	12.47	7.77*	9.81	6.12*	4.07*	.56*

\* Fewer than 15 firms in this category reported using this service, too small a number on which to base a reliable statistic.

Source: U.S. Small Business Administration, Office of Advocacy, with data from the 1998 Survey of Small Business Finances.

#### A.4 Types of Credit Used by Women-Owned Businesses, 1992-1997 (Percent)

Gender/ Category	Any Credit	Liquid Asset Accounts			Credit Lines, Loans, and Capital Lines							Other Credit		
		Any	Checking	Saving	Any	Credit Line	Mortgage	Vehicle	Equipment	Capital Lease	Other	Owner Loan	Credit Card	
												Personal	Business	
All Firms, 1997	96.18	94.43	94.04	22.20	55.09	27.71	13.29	20.55	10.18	10.59	9.92	28.12	45.18	33.31
All Firms, 1992	97.03	96.21	95.81	24.35	59.13	25.71	7.83	25.28	14.84	10.25	12.74	30.91	40.72	28.83
1998														
Female	91.85	90.32	89.92	23.57	46.13	18.42	12.76	13.56	6.41	8.07	9.72	30.39	46.71	28.21
Male	97.53	85.63	95.23	21.68	57.39	30.33	12.94	22.61	11.04	11.43	9.84	27.41	44.77	34.64
Equally Owned	98.34	98.02	98.02	23.15	68.42	38.4	22.63	25.9	10.37	11.16	12.99	28.69	42.21	41.12

\* Fewer than 15 firms in this category reported using this service, too small a number on which to base a reliable statistic.

Source: U.S. Small Business Administration, Office of Advocacy, with data from the 1998 Survey of Small Business Finances.

**A.5 Women's Shares of U.S. Government Prime Contracts and Subcontracts, FY 1997- FY 2000**

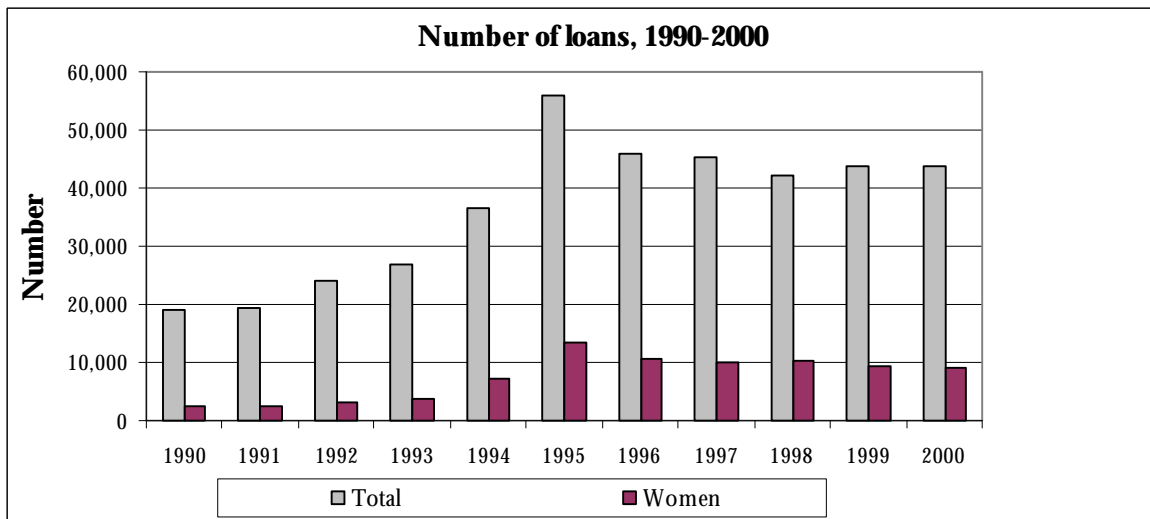
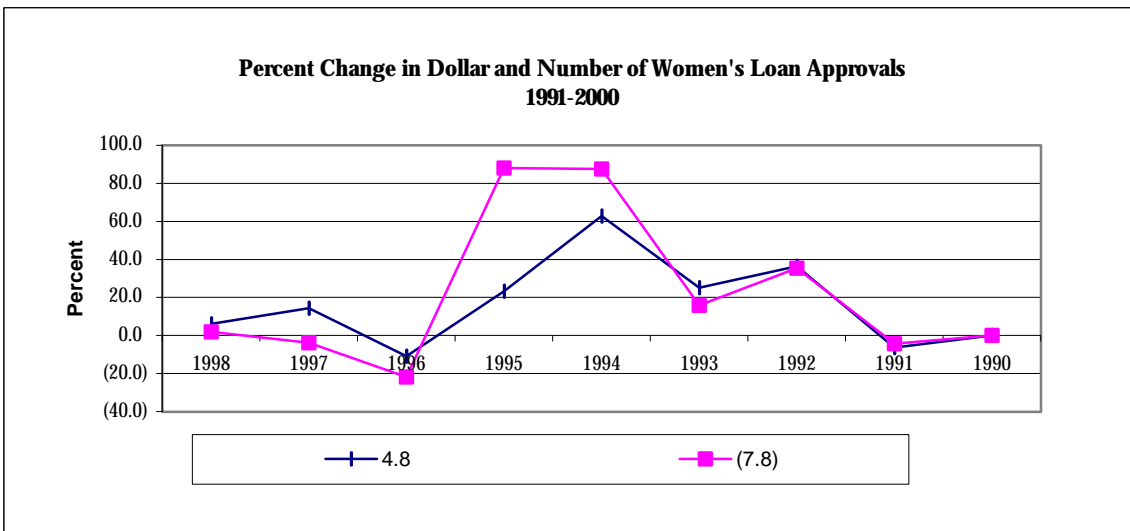
	FY	Billions of Dollars			Percentages		
		Total	Small Business	Women-Owned Business	Women's vs. Small Firm Share	Women's Share of Total	Change from Previous Year
Prime Contract Dollars							
	1997	177.5	40.0	3.3	8.3	1.9	-
	1998	181.8	42.5	4.0	9.4	2.2	20.5
	1999	185.8	43.0	4.6	10.7	2.5	14.4
	2000	200.9	44.7	4.6	10.2	2.3	(0.4)
Subcontract Dollars							
	1997	109.2	450.5	4.3	0.9	3.9	-
	1998	67.8	27.4	3.1	11.3	4.6	(27.4)
	1999	69.0	27.9	3.0	10.7	4.3	(3.3)
	2000	22.3	9.1	1.3	13.9	5.7	(57.7)

Source: U.S. Small Business Administration, Office of Advocacy, from data provided by the Federal Procurement Data Center, 2000.



### A.6 SBA (7a) Loans to Women-Owned Businesses

FY	Women's Share of Total		Percent Change (Women's)	
	Amount of Loans	Number of Loans	Amount of Loans	Number of Loans
2000	16.4	21.0	5.3	(2.8)
1999	16.1	21.7	4.8	(7.8)
1998	17.3	24.3	6.0	1.9
1997	15.5	22.2	14.3	(3.8)
1996	16.7	22.8	(10.9)	(21.8)
1995	17.5	24.0	23.3	88.0
1994	14.3	19.6	62.8	87.5
1993	10.7	14.2	25.2	15.9
1992	9.7	13.5	36.5	35.4
1991	9.6	12.4	(6.4)	(4.3)
1990	10.8	13.2		



Source: U.S. Small Business Administration, Office of Advocacy, from data provided by SBA's Office of Financial Assistance.

## Appendix B

### Sources of Data on Women’s Business Ownership

The data sources used to determine the number of women-owned businesses in the United States are the Survey of Women-Owned Business Enterprise (SWOBE), Statistics of Income (SOI) and Bureau of Labor Statistics (BLS). Each of these databases uses different measures to identify the number and size of women-owned businesses, and each provides unique information on the developments, trends, and status of businesses owned by women. It is important to note that none of these sources of data provides a complete portrait of women-owned businesses in the United States.

SWOBE is the most comprehensive database used to measure women-owned businesses in the United States. It can be used to determine the number and firm size of businesses owned by women, based on numbers of firms and paid employees, gross revenues, and annual payroll. The major weakness of this database is that it provides data on women-owned businesses only every five years and often with a lag of a few years.

The SOI database uses business receipts and net income as an annual measure of the number of women-owned businesses that are sole proprietorships. These data are available with a time lag of a few years.

BLS uses the Current Population Survey as a source to produce information on the number of self-employed individuals monthly with little time lag. The downside to this data source is that it focuses on individuals rather than businesses.

Terms used to describe business owners in these sources—“business owner,” “entrepreneur,” and “self-employed worker”—are too often used interchangeably. While the descriptors are not necessarily mutually exclusive, they are not synonymous. Unfortunately, the process of defining business owner, entrepreneur, or self-employment is somewhat subjective, and the distinctions are not precise. For example, is a college professor who does some part-time consulting and files a 1040 C with \$10,000 in gross receipts really a business owner? Is she self-employed? Might she be a budding entrepreneur? That said, a variety of sources provide data on women who generated at least some self-employment earnings in a given time period. Some of these data are cross-sectional and some are longitudinal. Some are collected from household-based surveys, while others are collected from business-based surveys.

Cross-sectional data series include the monthly household-based Current Population Survey (CPS) and the decennial Census of the Population. A notable business-based survey is the quinquennial Survey of Women-Owned Business Enterprises (SWOBE).<sup>15</sup> All three of these data series are products of the U.S. Bureau of the Census. The CPS and decennial Census of the Population include individuals’ class of worker and a variety of other personal characteristics (such as age, education, gender, and marital status), but have only limited information about the nature of any self-employment activity. For example, neither of these household surveys has

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<sup>15</sup> The CPS is a monthly survey of some 60,000 households and 100,000 corresponding household members.

information on the receipts, payroll, or employment associated with self-employment activity. By contrast, the business-based SWOBE has these data, but much more limited demographic information.<sup>16</sup> Also, in the household-based surveys, the unit of analysis is the individual person, whereas in the SWOBE, the unit of analysis is the individual business—or, more precisely, the individual business tax return.

The unit of analysis in the SWOBE is fairly straightforward.<sup>17</sup> Defining what constitutes a self-employed worker using the CPS is considerably less simple. Every monthly CPS contains, where applicable, individuals' respective class of worker for their reference-week job. Every March, however, the CPS also includes a special income supplement, and the resulting files are commonly known as the Annual Demographic Files (ADFs). The ADFs include detailed information on individuals' earnings and respective jobs of longest duration in the previous year. So a self-employed woman can be defined in a number of ways using the March CPS. She might be categorized as self-employed based upon her primary reference-week class of worker. She can be termed to be self-employed according to the class of worker associated with her job of longest duration in the previous year. Finally, she might be counted as self-employed if she had *any* self-employment earnings in the previous year.<sup>18</sup>

Another source of cross-sectional data on women's self-employment activity is from special tabulations of the U.S. Internal Revenue Service's Statistics of Income (SOI) division. These tabulations—which are funded by the SBA's Office of Advocacy—pertain exclusively to sole proprietorships. They contain information on the number of sole proprietorships by gender of sole proprietor, as well as associated receipts and net income.

Longitudinal data on women's self-employment activity can also be found in both household- and business-based surveys. Notable household surveys include the University of Michigan's Panel Study of Income Dynamics (PSID) and the U.S. Bureau of the Census' Survey of Income and Program Participation (SIPP). In fact, the CPS can also be matched (for up to 50 percent of individuals) between adjacent years to form a two-year panel data series.<sup>19</sup> But, as is the case with the cross-sectional household-based data, the PSID, the SIPP, and the matched CPS data have minimal information on “business” characteristics associated with self-employed individuals. The ambiguities regarding self-employment classification criteria apply to these data as well.

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<sup>16</sup> Generally speaking, household-based surveys and business-based surveys each contain useful data, but they are complementary. The so-called Characteristics of Business Owners (CBO) surveys attempted to resolve this problem by uniting business and owner characteristics. CBO surveys were conducted for the reference years of 1982, 1987, and 1992, but the survey has since been abandoned.

<sup>17</sup>This is especially true for sole proprietorships. For partnerships and corporations owned by more than one owner, the U.S. Bureau of the Census considers a firm women-owned if 51 percent or more of its ownership are women. (This criterion was adopted for the 1997 SWOBE. The previous criterion was 50 percent or more.)

<sup>18</sup>This latter criterion results in a unit of analysis that more closely matches business-based surveys, since business-based surveys regard any tax return with receipts above some nominal threshold as a business. See Boden and Nucci (1995) for more details on comparing data on self-employment activity from the two different types of sources of data.

<sup>19</sup> See, for example, Boden (2000).

Two business-based, longitudinal data sources allow intertemporal analyses of women's self-employment/business activity. In summary, the following sources are available:

**The Survey of Women-Owned Business Enterprises (SMOBE)** is provided from the information collected by the Census Bureau as part of its quinquennial Economic Censuses that were conducted in 1982, 1987, 1992, and 1997. The most recent (1997) data were released in 2001. The 1997 figures released by the Census Bureau on women-owned businesses from SMOBE used a new 51-percent ownership criterion. Previously, a business was classified as women-owned if 50 percent or more of its owners were identified as women. Also, C corporations were included for the first time, and sole proprietors were given the choice of reporting their gender of ownership as male, female, or equally owned. As a result, direct comparisons cannot be made between the 1992 and 1997 data. Comparable data for this period have been developed only at the national level.

**The Current Population Survey (CPS)** is a joint project between the Bureau of Labor Statistics and the Bureau of the Census. It is a monthly survey of about 50,000 households that provides data on the nation's labor force. This survey provides most commonly used and reliable estimates for academics and research institutions. The reports on self-employed women and women in management are based on the estimates from the Annual Demographic Survey, that is, the March 2000 Supplement of the CPS.

**The Survey of Small Business Finances (SSBF)** from the Federal Reserve Board provides data on financial patterns of businesses owned by women, compared with all other small businesses. Dollar values for the most current year of data are not available at this time of this report.

**Procurement information** is from the Federal Procurement Data System, a reporting system on federal procurement that is produced by the U.S. General Services Administration for each fiscal year.

**Statistics of Income (SOI)** is a tax return statistics division within the Internal Revenue Service. The SOI provides reliable data on women's sole proprietorships.