



## **Economic Impact Study - Highlights**

For the first time, the Center for Women's Business Research, has utilized a methodology to measure the economic impact of the 8 million U.S. businesses currently majority women-owned. Today, women-owned firms have an economic impact of \$3 trillion that translates into the creation and/or maintenance of 23 million jobs, 16 percent of all U.S. jobs. These jobs not only sustain the individual worker, but contribute to the economic security of their families, the economic vitality of their communities and the nation.

Here are the items of interest and opportunities that I see coming out of this research study:

**The Center for Women's Business Research** was founded on a belief that women business owners were not being recognized for their contribution to creating and maintaining a healthy and nimble national economy. The Center's first major piece of research was to document the existence of – and thereby legitimize – larger businesses owned and run by women (previously Census did not collect "C Corp" data by gender. Most of the legislation, programming and women-business-owner advocacy organizations use the work of the Center for Women's Business Research to provide the rationale for recommendations for programs and policies that support women-owned businesses. It is extremely gratifying to see the Center for Women's Business Research again at the leading edge of producing data and knowledge that continues to make the world aware of the importance and value-add of women-owned firms.

**This is brand new knowledge.** We've never had information that reflected the overall economic impact of women-owned firms. By default, we used total annual revenues which were available from Census. Previously, the Center, using a proprietary forecasting model, projected these revenues every couple of years.

**The significance of the total amount** of economic impact – \$2.86 trillion – once again proves that women-owned firms are not a small, niche market but are a major contributor and player in the overall economy.

**It reveals again the magnitude of importance that small business plays in the overall economy.** According to SBA's Office of Advocacy, 99.7 percent of all employer firms are classified as "small businesses (less than 500 employees);" small businesses employ 51% of all people; have generated nearly two-thirds (64%) of net new jobs over the past decade and a half; and produce 13 times more patents per employee than large patenting firms. From 1997-

2002, women-owned firms were growing at twice the rate of all other groups and while the current economic woes have dampened business growth for all segments, women continue to keep pace. **However**, in most public conversations and in most people's minds, the important player in the economy is the large corporations – which only account for .03 percent of all firms and employ fewer people than small businesses do in total. This research illuminates the economic reality and calls for changing the conversation at a policy level and in the public sphere.

**What happens if women-owned firms were not in the economy** and generating this \$2.8 Trillion in economic impact? An additional 16 percent of our labor force would be jobless – that's 23 million people!

**The data illustrate the desperate need for new thinking and new programming** to support women who seek to grow their businesses. Most of the programming now offered through the public sector and much of the private sector is dated and focused on individuals who want to start a business. While these programs are important and meet a need, there are few solid programs that actually generate information and knowledge and engage entrepreneurs – especially women and minorities – to grow their businesses. The programs that do exist have little, if any, evaluative research behind their claims.

**This research highlights the lack of knowledge** currently available on how to grow a business from point A to point B, becoming an employer firm, and moving from being the technical expert to the business leader. Over the past several years, funds for research from public and private sources have been limited and spread across a growing number of scholars and applied researchers. The Center for Women's Business Research is taking the lead in 2010 by creating an Academic Council of Scholars (ACS) who conduct research in the area of women entrepreneurship and business ownership. The goal of this collaborative effort between the Center and ACS is to build knowledge that can be used directly by women business owners and organizations who support them. This historic initiative demands a public/private infusion of funding.

**The data reveal the untapped potential** of women business owners. If the great majority of women-owned firms were employer firms as opposed to what we have today (80% non-employer, 20% employer), the overall economic impact would be exponentially greater than it is today – perhaps 3 to 4 times greater, possibly exceeding \$10 trillion!

This research when communicated effectively and widely can be the **impetus for young women to pursue business ownership**. Currently women in the U.S. have reached parity with men in education and, in fact, surpass men in number receiving baccalaureate and master's degrees. The rub exists in the gap in career opportunities and salaries received throughout their work life. The gap

exists in average annual revenues for small businesses with men surpassing women in all race/ethnic groups.

**The data indicate a continuing social and cultural shift for work and for women.** Full or part time entrepreneurship is a well-established trend. From 1997 to 2002, the Census data report that nearly all growth in small businesses came in the non-employer segment and women had the largest growth compared to other groups. The overarching shift reflects the education, experience and characteristics of women at different stages of their lives. It also reflects the lack of opportunities and flexibility in major corporations.

### **Data Nuggets**

- Women-owned firms produce employment for more than 23 million people in the United States, or 16% of our 2008 workforce.<sup>1</sup>
- Approximately 8% of the total labor force work directly for a woman-owned firm.
- There are 175 countries with less population than the number women-owned firms employ (directly and indirectly); there are 150 countries with less population than the number of people women-owned firms employ directly!<sup>2</sup>
- If U.S.-based women-owned businesses were their own country, they would have the 5<sup>th</sup> largest GDP in the world, trailing closely behind Germany, and ahead of countries including France, United Kingdom and Italy.
- If U.S.-based women-owned businesses were their own country, they would have a greater GDP than Canada, India and Vietnam combined.<sup>3</sup>
- ***Bottom line: Women-owned businesses have an economic impact of nearly \$3 trillion.***

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<sup>1</sup> U.S. Department of Labor, November 2008 national employment figures.

<sup>2</sup> World Bank Population Tables, 2007.

<sup>3</sup> International Monetary Fund, 2008 Countries of the World Gross Domestic Product list.