

## **Economic Impact of Women-Owned Businesses Frequently Asked Questions**

### **What is Economic Impact Research? What will this report tell us?**

The economic impact analysis explains the direct, indirect, and induced economic impact of women-owned businesses nationwide. Moving well beyond the traditional number of women-owned firms, industries, and revenue levels, this research takes things to the next level by analyzing the economic ripple effect of the women-owned business community, i.e. what their direct spending is in addition to subsequent spending by their suppliers and employees.

The report draws on data compiled on the revenues and employment of women-owned businesses to provide increased understanding of the flow of business activity which emanates directly and indirectly from businesses owned by women. In addition to the whole picture, the report provides industry specific data that can be used for programming and public policy. It provides data that can drive private and public investments and, it provides data that can illuminate the true production capacity of women-owned firms.

The total economic impact of women-owned business is a combination of: **Direct** - results from spending; **Indirect** - follows subsequent purchases of the businesses of goods and services from suppliers and from the suppliers to other suppliers; **Induced** - spending by all employees of these businesses on their household needs and discretionary spending.

### **Why is the National Women's Business Council supporting this research?**

The Council supports research into the economic contributions of women entrepreneurs in order to adequately address their impact in its counsel to the President, Congress, and the Small Business Administration. This type of current data is essential to the Council's ability to make immediate policy recommendations to support the women's business community and encourage further growth.

The objective of this economic impact research, to broadly quantify the economic contributions of women-owned firms, is innovative and unprecedented in the area of women's business ownership. This is the first time that this type of analysis has been undertaken for women-owned businesses in the nation as a whole and the results will have significant and wide-ranging impact for policymaking, economic development, and private investment focused on women business owners and their communities.

### **What are the key results of the research?**

- Women-owned firms have a total economic impact of \$3 trillion, including creating and/or maintaining 23 million jobs, 16% of the total workforce.
- If women-owned businesses were their own country, they would have the 5<sup>th</sup> largest GDP in the world, ahead of countries including France, the United Kingdom, and Italy.
- If women-owned businesses were their own country, they would have a greater GDP than Canada, India and Vietnam COMBINED.
- Industries where women-owned businesses have the highest revenues include Professional, scientific, technical services; Retail, wholesale; Business services; Communication, media; and Administrative, support, waste remediation.
- More than 80% of women-owned businesses are non-employer firms.

### **Why is this research important? What are the policy implications?**

Women-owned businesses' contributions to the economy through revenue and employment are well known. For the first time, this research paints a much more comprehensive picture of the total economic impact of women-owned firms, including the impact of the businesses' purchases AND the purchasing power of their employees and suppliers. By including direct, indirect and induced spending in these calculations, it becomes clear that the true economic impact of women-owned firms is MUCH bigger than previously understood.

This is brand new knowledge and the results will have significant and wide-ranging impact for policymaking, economic development, and private investment focused on women business owners and their communities. Women-owned firms, which are growing at twice the rate of all businesses, have enormous untapped potential to provide jobs and create vital communities in the future. It makes good business sense for government and local communities to support these firms by providing knowledge, skills and tools for their growth.

Public and private efforts to support the growth of women-owned firms into employer firms could increase this sector's overall economic impact exponentially. Policymakers and communities seeking to increase the economic power of women-owned firms should focus on developing the next generation of programming, educating and supporting women entrepreneurs on how to grow their firms.