

## An Investigation of Women Business Owners, Industry Concentration, and Family Composition

By Premier Quantitative Consulting, Inc., Orlando, FL. 83 pages.  
 Under contract number SBAHQ-17-M-0111.

March 2020.

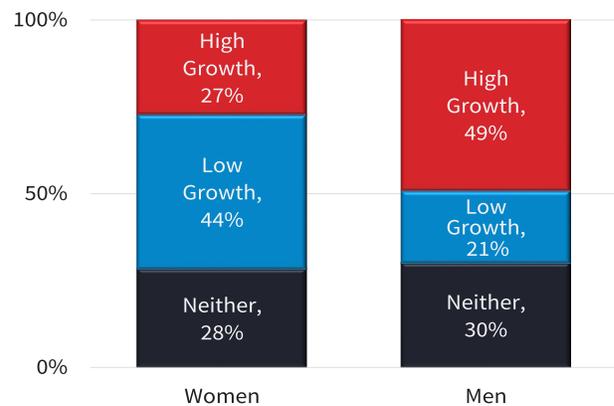
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Women and men start businesses in different industries, which has implications for their business size and growth. Data illustrate that women are more likely to be in low income industries than men. Additionally, family and household responsibilities affect women and men business owners differently. This study adds to existing literature by evaluating the personal factors and industry choices of women and men business owners which may disproportionately constrain women business owners from taking advantage of high growth entrepreneurship.

This report was prepared for the Office of Advocacy by Premier Quantitative Consulting, Inc., under contract number SBAHQ-17-M-0111.

The underlying summary data illustrate the distribution of women- and men-owned businesses in high- and low-growth industries. Women-owned firms are overrepresented in industries related to domestic services which tend to have low growth potential. Chart 1 shows that the majority of women-owners (44 percent) operate in low-growth industries. Chart 2 shows the top and bottom five industries in terms of growth, where the number of businesses and employment per firm is decreasing, with the slowest growing one being private household (private chefs/house cleaning services). Chart 3 shows the industries with the highest concentration of women-owned firms, which are predominantly domestic-related low-growth sectors.

**Chart 1: Women-Owners Are Concentrated In Low Growth Industries**



### Key Findings

Marital status and the presence of children were associated with differences in the industries in which women and men business owners operate.

- Single women business owners lean toward women-concentrated industries.
- Women with children own more businesses in women-concentrated and low growth industries. For men, the presence and number of children had little impact on industry choice.
- Women without children spent more time on their businesses than those with children across all industry categories. The opposite was true for men business owners.

### Chart 2: Industries By Growth

Low Growth Industries (Firms and Employment Decreasing)	High Growth Industries (Firms and Employment Increasing)
Private Household (Cooks/Maids)	Construction
Child Day Care Services	Landscaping Services
Beauty Salons	Building Services
Restaurants/Food Services	Truck Transportation
Legal Services	Accounting/Bookkeeping

Source: *An Investigation of Women Business Owners, Industry Concentration, and Family Composition*, by Premier Quantitative Consulting, Inc. U.S. Small Business Administration, Office of Advocacy, 2020.

### Chart 3: Women Lean Toward Lower Growth Industries

Women-concentrated Industries	% Women-owned	Men-concentrated Industries	% Men-owned
Child Day Care Services	96.5	Logging	93.9
Private Households	93.0	Construction (and Cleaning)	93.4
Beauty Salons	90.0	Commercial/Industrial Equip. Repair & Maint.	93.2
Knitting Fabric/Apparel	87.4	Automobile Repair & Maintenance	92.1
Home Healthcare Services	86.0	Electronic/Precision Equip. Repair & Maint.	92.0

Note: Not including industries with fewer than 200 records. Source: *An Investigation of Women Business Owners, Industry Concentration, and Family Composition*, by Premier Quantitative Consulting, Inc. U.S. Small Business Administration, Office of Advocacy, 2020.

- Women are more likely than men to run home-based businesses, and women with children were more likely to have a home-based business. Men with children were less likely to operate their businesses from home.
- Women with children at home were less likely to operate in high growth industries, while the opposite was true for men.
- Women with college degrees were more likely to be in high growth industries. Men in high growth industries had proportionately fewer college degrees.
- Racial minorities own more businesses in women-concentrated industries.

### Policy Implications

Examining the industries in which women business owners operate helps researchers and policymakers better understand discrepancies in business size and growth between women- and men-owned firms,

and informs policies aimed at removing barriers to economic growth.

The findings suggest that greater access to childcare could be one way to make high growth entrepreneurship more feasible for women if family responsibilities are partly driving them into certain low growth industries. Continued research on alleviating family and household demands of women business owners is needed so women can more freely enter growing industries and improve the productivity and growth of the economy.

### Data and Methodology

The study uses the U.S. Census Bureau's annual population survey, the American Community Survey Public Use Microdata Sample (PUMS) from 2011 through 2015. The self-employment status via the class of worker questions were used to determine whether individuals were business owners.

Tabulations were created to compare the industry distribution of business owners by gender. 267 industries were used. In addition, groups for women-concentrated industries and industry growth levels were created to make the analysis more succinct.

Building upon the tabulations, hypotheses were tested using econometric techniques controlling for certain variables to determine why the tabulation differences existed. While the report examines the statistical relationships of business owner characteristics and industry categories, establishing causality was beyond the scope of this research. No causal inferences can be made.

This report was peer reviewed consistent with Advocacy's data quality guidelines. More information on this process can be obtained by contacting the director of economic research at [advocacy@sba.gov](mailto:advocacy@sba.gov) or (202) 205-6533.

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