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## **Special Report**

**Women Small Business Owners  
Will Create 5+ Million New Jobs by 2018,  
Transforming the Workplace  
for Millions of Americans**

**December 2009**

## **Executive Summary:**

The Guardian Life Small Business Research Institute projects that women small business owners will create 5 to 5.5 million new jobs across the U.S. by 2018, transforming the workplace of tomorrow into a far more inclusive, horizontally managed environment.

Based on The Institute's projection, women-owned small businesses will generate more than half of the 9.72 million new small business jobs expected to be created, and roughly one-third of the 15.3 million total new jobs anticipated by the Bureau of Labor Statistics by 2018. This projection is striking, given that women-owned businesses currently account for just 16 percent of total U.S. employment according to the Bureau of Labor Statistics.

Importantly, The Guardian Life Index: What Matters Most to America's Small Business Owners provides new insights about the professional management approach practiced by women small business owners – one that will significantly transform the workplace environment for millions of Americans in the coming years. According to The Guardian Life Index, women small business owners create their own businesses for a variety of reasons, but a common theme is their dissatisfaction with the corporate track, based on their desire to avoid worrying about office politics. As owners/managers, they are:

- More diligently engaged in strategic and tactical facets of their business
- More proactively customer-focused
- More likely to incorporate community and environment into their business plans
- More receptive to input and guidance from internal and external advisors
- More committed to creating opportunities for others

### ***Rationale for the Projection:***

The Institute's projection that women small business owners will create 5 to 5.5 million new jobs across the U.S. by 2018 is based on a rigorous analysis of converging factors, including the faster growth rate of women-owned businesses vs. male-owned; higher college graduation rates by women vs. men; and the predicted growth of industry sectors and occupations dominated by women. The projection also reflects the timely fact that women-owned businesses are more often self-funded than male-owned ones and are therefore less reliant on bank financing at a time when many say small business lending practices are more restricted. Below are the key statistics and sources from which the projection was derived:

<p>The foundational statistic comes from Bureau of Labor Statistics projections that an estimated 15.3 million jobs will be created by 2018. This figure is largely a function of projected population growth.</p> <p><a href="http://www.bls.gov/news.release/ecopro.nr0.htm">http://www.bls.gov/news.release/ecopro.nr0.htm</a></p>	<p>Projected jobs 2008-2018 15,300,000</p>
<p>The next key parameter in the equation is the projected share of this growth curve attributable to small businesses, based on historical norms (64%).</p> <p>Source: U.S. Small Business Administration <a href="http://www.sba.gov/advo/stats/sbfaq.pdf">http://www.sba.gov/advo/stats/sbfaq.pdf</a></p>	<p>Small business share of projected jobs 64%</p>
<p>64% of 15.3 million projected new jobs yields 9.7 million attributable to small business over the next decade.</p>	<p>New jobs attributable to small business 9,792,000</p>
<p>The next figure is a benchmark of the number of jobs currently accounted for by women-owned small businesses (23 million or approximately 16% of the total U.S. labor force).</p> <p>Source: Center for Women's Business Research <a href="http://www.wipp.org/resource/resmgr/issues/econimpactreport-final.pdf">http://www.wipp.org/resource/resmgr/issues/econimpactreport-final.pdf</a></p>	<p>Total jobs attributable to women-owned businesses 23,000,000</p>
<p>In the five-year period between 1997 and 2002, women-owned businesses grew by 20%, according to the latest data available.</p> <p>Source: U.S. Census Bureau <a href="http://www.census.gov/Press-Release/www/releases/archives/business_ownership/006351.html">http://www.census.gov/Press-Release/www/releases/archives/business_ownership/006351.html</a></p>	<p>Growth rate of women-owned businesses 20%</p>
<p>The projection of between 5 and 5.5 million new jobs created by women-owned businesses by 2018 is conservative, considering that the 20% growth rate cited above occurred over a five-year period, and the Guardian Life Research Institute's figure is projected to take place over the decade between 2008 and 2018.</p> <p>Additional support for an increase in the historical growth rate is presented below.</p>	<p>10-year growth projection of women-owned businesses 20% (conservative est.): 4,600,000</p> <p>25% (reasonable est.): 5,750,000</p>

Support for increasing the historical growth curve of women-owned businesses includes the following:

- Increasingly disproportionate number of women college graduates vs. males (a large wave of leading-edge women Millennials will also enter business-forming age during the decade)  
<http://thechoice.blogs.nytimes.com/2009/12/02/postscript-gender/>
- The U.S. Department of Labor projects that women-dominated job categories will grow by as much as 50% by 2016  
<http://womeninbusiness.about.com/od/wibtrendsandstatistics/a/grateoccupation.htm>
- Traditionally, the majority of women-owned small businesses have been single-person enterprises (approximately 80%). However, the ratio is being affected by the growth of larger women-owned small businesses. The fastest-growing segment of the job market is larger women-owned small business companies.  
[http://www.thefreelibrary.com/Women-owned+firms+demonstrate+power:+\(An+Advertising+Supplement\)-a087424310](http://www.thefreelibrary.com/Women-owned+firms+demonstrate+power:+(An+Advertising+Supplement)-a087424310)

The growth analysis is supplemented by new insights from The Guardian Life Index, <http://www.smallbizdom.com>. Deeper insights and data tables from The Guardian Life Index regarding gender differences between women and men small business owners are presented on the following pages.

## **Women Small Business Owners are More Engaged Proprietors than Male Counterparts across a Range of Issues, from Customers to the Environment**

In describing what matters most in running their companies, women small business owners respond more intensely to a wide range of concerns regarding their customers and employees, as well as the future of their business, according to The Guardian Life Index.

The Index, which uses a proprietary 21-point positive/negative intensity scale (from +10 to -10), generated intensity scores for more than 150 small business issues. Differences of 0.5 in intensity between women and men small business owners are considered significant, according to the researcher who designed the methodology and conducted the study, John Krubski, a former Yankelovich research executive and futurist.

According to The Guardian Life Index, women are more intensely concerned about “keeping the customers they have” than men (6.3 women vs. 5.3 men), and they more intensely believe that “whatever matters most to my customers, matters to me” (5.4 women vs. 4.8 men). The 6.3 ranking for retaining customers represents the high-water mark regarding the differences between men and women small business owners.

### ***The Engaged Woman Owner***

The aspects of business ownership that are more intensely valued by women small business owners are “customers who appreciate what we do” (6.3 women vs. 5.6 men) and “creating a positive working environment for all” (5.0 women vs. 4.4 men). The theme of benefits for others is a strong and recurring one that underlies many of the core points of difference between male and female small business owners. Key perspectives include “being able to create opportunities for other people” (3.6 women vs. 2.9 men), “giving our employees reasons to feel better as part of our team” (4.8 women vs. 4.1 men), “being able to pay our employees better” (4.2 women vs. 3.4 men) and “being able to provide better healthcare for our employees” (2.5 women vs. 1.8 men).

### ***More Appreciative of the Benefits of Ownership***

Women are motivated by being able to manage their business on their terms – terms they might not achieve if they were intent on adapting to the expectations and requirements that go with the demands of high-level corporate positions. They relish earning the respect of others (3.6 women vs. 2.9 men); they also enjoy “not being subject to the successes or failings of other people” they might have worked for (3.5 women vs. 3.0 men); they enjoy “not worrying about office politics” (3.5 women vs. 2.9 men); and they aspire to “having something to sell when ready to retire” (2.8 women vs. 2.3 men).

### ***More Engaged Female Management Model***

Women entrepreneurs are diligent about managing their enterprises. They are more focused on “meaningful differentiation from competitors” (5.3 women vs. 4.7 men) and intent on

figuring out ways of “taking advantage of any economic conditions” (5.3 women vs. 4.4 men). They are focused on “knowing more about running a business” (3.4 women vs. 2.8 men).

### ***More Open to Learning from the Experiences of Others***

Women small business owners are significantly more willing to take advice and derive valuable information from a wide range of sources both free and paid. They value input from their employees more than men do (6.0 women vs. 5.3 men). They also are more likely to listen to their accountants (4.0 women vs. 3.1 men), their COO's (3.4 women vs. 2.6 men), their CFO's (2.9 women vs. 2.3 men) and their financial advisors (2.0 women vs. 1.3 men). They value the range of business information available to them more than men do, including information on the Internet (3.9 women vs. 3.3 men) and from professional associations (2.2 women vs. 1.3 men).

### ***More Interested in Other Businesses like Mine***

Women small business owners' elevated interests extend to understanding what other small businesses do to improve, succeed or fail. They are interested in “what other small businesses do to improve productivity” (3.8 women vs. 3.1 men) and “how they deal with declines in revenue or profitability” (3.3 women vs. 2.5 men). They are also more interested in knowing about other small businesses' profit margins (3.1 women vs. 2.2 men), how much income other owners take home (1.6 women vs. 0.9 men), how others balance work, leisure and family (1.5 women vs. 0.8 men) and whether other business owners work harder (1.2 women vs. 0.6 men).

### ***More Serious about the Future***

Women are more intensely focused on retirement planning (2.6 women vs. 2.1 men) and having a succession plan in place (2.5 women vs. 1.8 men). They also are more likely than males to value their personal insurance agent (1.6 women vs. 1.0 men). They look forward to the possibility of having something to sell at retirement (2.8 women vs. 2.3 men), and they are more intent on being able to add significantly to their retirement funds (3.2 women vs. 2.3 men).

### ***More Concern for Others and for the Environment***

Women devote themselves more intensely to the community and the environment. They value “creating a positive working environment for all” (5.0 women vs. 4.4 men), “walking the walk and talking the talk” in contributing to the community (3.6 women vs. 2.8 men), “doing everything they can to ensure their business is environmentally friendly” (1.7 women vs. 1.1 men) and “being able to manage and control the way they use energy in their businesses” (1.8 women vs. 0.8 men). They are also more concerned about making enough money to pay their family's personal expenses (2.8 women vs. 2.2 men) and being able to cover payroll expenses (2.1 women vs. 1.6 men).

### ***The Intensity Index***

In analyzing the 21-point positive/negative scale, experience with more than 25,000 respondents shows that a 0.5 intensity difference between groups is significant. Intensity Index rankings are provided in the following tables for key data points quoted above.

Overall issues that matter more intensely to women entrepreneurs than to their male counterparts:

What matters most to you in business?	Male	Female	Difference
Keeping the customers we have from leaving	5.3	6.3	1.0
Whatever matters most to our customers is what matters most to us	4.8	5.4	0.6
Finding some way to be noticeably different from our competitors	4.7	5.3	0.6
Figuring out ways to take advantage of any economic conditions; whether up or down	4.4	5.3	0.9
Giving our employees reasons to feel better about being part of our team	4.1	4.8	0.7
Getting governments to reduce the burdens of taxes and paperwork so we can pay more attention to doing business	4.0	4.7	0.7
Being able to pay our employees better	3.4	4.2	0.8
The overall state of the economy	3.2	3.7	0.5
Knowing more about running a business	2.8	3.4	0.6
Being able to add significantly to my retirement funds	2.3	3.2	0.9
Hoping that the government understands how much it can influence my company's success or failure	2.0	2.9	0.9
Making enough money to pay my family's personal expenses	2.2	2.8	0.6
Being able to provide better healthcare for our employees	1.8	2.5	0.7
Making the same sales as last year	1.8	2.4	0.6
Making enough sales to cover payroll expenses	1.6	2.1	0.5
Being better able to manage and control the way we use energy in our business	0.8	1.8	1.0
Thinking about giving up the business	-2.1	-1.5	0.6

Women Small Business Owners find their greatest rewards from engaging with customers, employees and the community at large:

What are the most rewarding and most frustrating things about owning your own business?	Male	Female	Difference
Customers who appreciate what we do	5.6	6.3	0.7
Creating a positive working environment for all	4.4	5.0	0.6

Please describe the way your company runs things.	Male	Female	Difference
We walk the walk and talk the talk when it comes to making contributions to our community	2.8	3.6	0.8
We do everything we can to make sure that our company is environmentally-friendly	1.1	1.7	0.6
We devote a lot of focus and attention to our energy costs	-0.3	0.2	0.5

Employees, aides, and advisors matter significantly more to women small business owners:

How does each of the following matter to your business?	Male	Female	Difference
My employees	5.3	6.0	0.7
My accountant	3.1	4.0	0.9
My chief operating officer	2.6	3.4	0.8
My sales manager	2.3	2.9	0.6
My chief financial officer	2.3	2.9	0.6
Retirement planning	2.1	2.6	0.5
Having a succession plan in place	1.8	2.5	0.7
My financial advisor	1.3	2.0	0.7
My human resources/personnel manager	1.4	2.0	0.6
Insurance agent for my family's personal needs	1.0	1.6	0.6

Women Small Business owners have found their way around the corporate "glass ceiling:"

How much value would the following information about other small businesses be to you?	Male	Female	Difference
What do they do to improve productivity?	3.1	3.8	0.7
How they deal with a decline in revenue or profitability	2.5	3.3	0.8
What are their profit margins?	2.2	3.1	0.9
How much do other business owners take home?	0.9	1.6	0.7
How do they balance working with leisure and family?	0.8	1.5	0.7
How hard they work compared to me?	0.6	1.2	0.6

Women small business owners are more open to communication and value business-relevant information:

Below is a list of reasons that may or may not have led you to owning or running your company. How are these things changing for you? Better/Worse?	Male	Female	Difference
Going to work in a place where everyone respects me	2.9	3.6	0.7
Being able to create opportunities for other people	2.9	3.6	0.7
Not being subject to the successes or failings of people I might have worked for	3.0	3.5	0.5
Not having to worry about office politics	2.9	3.5	0.6
The possibility of having something to sell when I'm ready to retire	2.3	2.8	0.5

Women Small Business owners have found their way around the corporate "glass ceiling:"

Which of the tools and resources listed below matter the most to your business?	Male	Female	Difference
Email	6.1	7.4	1.3
Telephone service	5.6	6.9	1.3
Cell phone service	5.3	6.1	0.8
Fax machine	2.9	5.0	2.1
Business information on the internet	3.3	3.9	0.6
Business information from my industry association	1.4	2.2	0.8
Professional Associations	1.3	2.2	0.9
Business information on the radio	-1.4	-0.8	0.6

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