

Hispanic and Latina businesswomen in the United States

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Summary:

Businesses run by Hispanic women have grown at a higher rate than that of companies headed by men over the course of the past decade. Women-run businesses represent 28.2% of all companies in the United States. Of this total, 8.3% correspond to Hispanic and Latina women. It is interesting to observe that while the average annual growth rate (AAGR) of the number of companies in the United States was 3.4% during the 2002-2007 period, while the corresponding figure for women-owned businesses was slightly higher than 3.7%. The objective of this study is to pinpoint the characteristics of the companies headed by women and the changes that have emerged during the 2002-2007 period. It is important to consider, to begin with, the main geographical regions in which women-run business operate; secondly, the number of companies, the sector of economic activity, and the number of employees involved; and thirdly, average sales.

Introduction

According to several authors, businesswomen are an important part of the U.S. business community and one of its fastest growing segments, with their numbers continuing to increase. In addition, some authors have described this development as one of the most noteworthy trends in the U.S. labor market [Efrat, Rafael; 2010: 527 and Gibson, Amy; undated].

Businesspersons and their businesses in the United States

From 2002 to 2007, the number of companies in the United States increased from 22,974,655 to 27,110,059 (with an AAGR of 3.4%) and the states in which the largest number of businesses were concentrated were California, New York, Texas, Florida, Illinois, Pennsylvania, Ohio, Michigan, and Georgia, accounting for more than 50% of the total both in 2002 as well as in 2007. It is interesting to observe that New Jersey and North Carolina were tenth in importance in 2002 and 2007 respectively (See chart I.1).

In relation to employment by state from 2002 to 2007, considering the ten states with a large number of workers, eight of them continue occupying the first few places in the list although with some changes in their relative position. California continues to be the most important, and while in 2002, North Carolina and Massachusetts were within the first ten, by 2007 they had been replaced by Texas and Pennsylvania (See Chart I.1.1).

The sectors of economic activity that had the highest concentration of companies both in 2002 as well as in 2007 were professional scientific, and technical services; construction; other services (except public administration); retail trade; and real estate services and the rental of intangible goods and personal property. It should be emphasized, however, that the construction and real estate services sectors registered a rhythm of growth slightly higher than that of the rest of the sectors with more companies during the period (with an AAGR of 4%). It is also interesting to note that there were other sectors that even though they did not represent a significant number of companies, did, nevertheless, post important growth during the period. Such sectors include transportation and storage; business support; waste management and environmental cleanup services; educational services; and rest and relaxation, cultural, and sports businesses; and other recreational services (See Charts I.2, I.3).

In terms of the economic sectors that employed the highest percentages of workers during the period, there is an interesting change. Five sectors continue to be those that accounted for the largest number of employees (close to 60%); however, even in 2002 manufacturing was the sector with the highest percentage of such jobs, while health and social welfare services was in third place in importance. For 2007 the two sectors exchanged places (See Chart I.5).

Businesswomen in the United States

According to Lamolla, Laura [undated], until a short time ago (barely two decades), no one would have raised the possibility of studying businesswomen and their differences with their male counterparts, in part because up until that time “they were practically non-existent” and they remained invisible.

After observing the main characteristics of businesspersons and their businesses during the 2002-2007 period, an overview will be made for the specific case of women, making a comparison with the national total.

For the 2002 – 2007 period, the number of companies owned by women in the United States rose from 6,489,259 to 7,793,364. This represented an average annual growth rate of 3.7%, which, as has been mentioned, was slightly higher than the corresponding figure for all companies in the United States.

If the concentration of companies owned by women by state during the period in question is reviewed, it can be observed that it follows a similar trend to that of total companies in the country. Thus, the states that accounted for the highest number of women-run companies were California, New York, Texas, Florida, Illinois, Ohio, Pennsylvania, Michigan, Georgia, New Jersey, and North Carolina (See Charts II.1 and II.2).

Some data will now be offered that can provide an approximation of the importance of businesses owned by women in relation to the total number of companies in the United States. A first piece of data results from comparing the number of women-owned businesses by state to the total number of companies in that same state. The results indicate that there are several states which, in addition to concentrating an important percentage of the total number of companies, are above the national average (28.2% and 28.7% for 2002 and 2007, respectively). For both years, four of the five main states coincide (Washington, D.C., Maryland, New Mexico, and Hawaii). In fifth place were California (2002) and Georgia (2003) (See Charts II.1 and II.2).

A second element is to observe the evolution of the growth in the number of companies during the period, for the national total and for companies owned by women, since even though there are states that might not have a very important number of businesses, they have nevertheless registered a higher rate of growth. Based on this, the three states that posted a higher growth rate coincide in the national total and the total number of women-owned companies, namely, Georgia, Nevada, and Florida. In considering the figures, what is interesting is that in most of the cases, the growth rate of women-owned companies is higher.

The five economic activities in which most women-owned companies in the United States were involved during the period under study were health and social welfare services; other services except public administration; retail trade; professional, scientific and technical services; and business support, waste management, and environmental cleanup services, which accounted for almost 70% of the total number of companies.

Similarities and differences

As was mentioned previously, the geographical location of the women-owned companies follows a very similar behavior to that of all companies in the United States. However, in most of the cases, the companies owned by women grew at a more rapid rate and they concentrated a higher percentage of business in comparison with the national total.

In relation to the type of economic activities carried out by the women-owned businesses in comparison with the national total, in both cases, other services, retail trade, and professional services were among the five more important in terms of the number of companies. However, there is also an important difference. While for total companies in the United States, the other two important activities are construction and real estate services, in the case of the women-owned businesses, the other two economic activities with the greatest number of companies involved are business support and health and social welfare services, with the latter occupying first place in importance (with 16% of the total number of women-run business) and an activity that has been considered to be traditionally female (See Chart III.1).

In relation to the number of workers employed in companies owned by women in 2002, the same trend is at play as in the case of all companies in the United States. The sectors that absorbed the most workers were business support services and waste management and environmental cleanup; health and social welfare services; restaurants and hotels; retail trade; and manufacturing. However, an important difference is that while for the national total the sectors employing the most workers were manufacturing and wholesale trade, the women-run companies had more employees in the general services sectors (business support, health and social welfare, and restaurants and

hotels), which also had a higher concentration of workers in comparison with the national total (See Charts II.4.1 and II.4.2).

Characteristics of companies owned by women of Hispanic origin in the United States

We will now describe some of the main characteristics of companies owned by women of Hispanic or Latino origin during the period (2002-2007). However, it should be mentioned that detailed data that relates the characteristics of the companies with the ethnic origin of their owners is still not available for 2007. Therefore, first we will describe the characteristics of the business run by Hispanic or Latina women in 2002 and subsequently we will attempt to offer an approximation of the characteristics of these companies in 2007, using the available information.

During 2002, 6,489,259 women-owned companies were registered in the United States, of which 540,745 (8.3%) belonged to Hispanic or Latina women and they employed a total of 282,683 workers, which represented 4% of total employment in that country's women-owned companies. This could indicate that in general terms, companies owned by Hispanic or Latina women are of smaller size in comparison with the rest of women-owned companies (See Chart III.1).

The greatest number of companies owned by Hispanic women were involved in five economic activities, namely, health and social welfare services; other services except public administration; business support services, waste management, and environmental cleanup services; retail trade; and professional, scientific, and technical services, sectors that accounted for 77.2% of all Hispanic or Latina women-run business in that country (See chart III.1). If these results are compared with the rest of women-owned businesses in the United States, it can be observed that these are also the economic activities in which the greatest number of companies are involved and that also represent a considerable percentage of the total number of companies, higher than 50%. However, this concentration is much more pronounced in the case of companies owned by Hispanic or Latina women than in the rest of women-owned businesses (69.3% and 77.2% for the total number of women-owned companies and Hispanic or Latina women-owned companies, respectively).

If we consider the importance of Latina-owned companies in comparison with the total number of women-owned businesses in the United States, in terms of the number of business according to sector of economic activity, the five most important activities in 2002 were business support services, waste management and environmental cleanup services; health and social welfare services; transportation and storage; other services except public administration; and restaurants and hotels, which accounted for 57.6% of these establishments (See chart III.2).

Finally, in 2002, employment in businesses owned by Hispanic or Latina women presented several interesting characteristics. The five sectors that concentrated the greatest number of workers were precisely the same ones for the case of the companies belonging to their male counterparts, although with some differences in each of their relative positions. Thus, while for the total Latino-owned companies, employment was concentrated -in order of importance- in environmental cleanup services, restaurants and hotels, and manufacturing, followed by retail trade and health and social welfare services, in the case of the businesses run by Hispanic women, there is a considerably higher concentration of workers in the environmental cleanup and health and social welfare sectors and restaurants and hotels, which, once again, are among the activities considered to be traditionally carried out by women (See Charts II.4 and II.4.1).

Some conclusions

According to the Survey of Business Owners (SBO), in 2002 the total number of companies in the United States was 22,974, 655, of which 6,489,259 (28.2%) were owned by women and of them, 540,745 belonged to Hispanic or Latina women (8.3%). For 2007, the preliminary information from this survey indicates that the total number of companies was 27,110,059, and of them, 7,793,364 belonged to Hispanic or Latina women. In reviewing this information it is interesting to observe that while the average annual growth rate of companies in the United States was 3.4%, for businesses owned by women the increase was slightly higher (3.7%).

In comparing the percentage share represented by Hispanic or Latina businesswomen as part of the category of women business owners in

the United States, it can be observed that the economic activity sectors in which these companies are concentrated and that even exceed the national average (8.3%) are business support, waste management, and environmental cleanup services (15.7%); health and social welfare services (12.1%); transportation, mail, and storage (10.9%); and restaurants and hotels, and other services with close to 10% each. At the same time it is interesting to note that in comparing the number of employees in these companies with the total for women-owned companies in the country, the percentage share is much lower (close to 4%), which could indicate that, in general, we are dealing with small companies.

If only the figures for the total number of companies owned by Hispanic or Latina women according to the economic activity sector in which they operate are considered, we continue to observe that an important number are concentrated in the other services sector; health and social welfare sectors; and business support services, waste management, and environmental cleanup services, but here there is an important participation of companies in the retail trade and professional, scientific, and technical services sectors.

It is interesting to observe that in general terms, women-owned companies follow the same trend in terms of geographical location as the rest of the businesses in the United States, but they tend to be more concentrated than in the case of the national total and to have higher growth rates.

Companies owned by women of Hispanic or Latino origin in general present characteristics and behavior similar to that of Hispanic-run businesses as a whole (geographical location, main economic activities, etc.), but at the same time, they share other common characteristics with women-owned companies (higher growth rate, greater concentration of companies or employees in the main economic activities, greater concentration in activities “traditionally carried out by women”, among others.

Bibliography

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