

South Carolina Women Entrepreneurs

A Status Report



A brief report on the status of women-owned and operated firms in the state of South Carolina.

AN ARTHUR M. SPIRO
INSTITUTE FOR
ENTREPRENEURIAL
LEADERSHIP REPORT

John D. Mittelstaedt, Ph.D.
Caron St. John, Ph.D.
David M. Gras, M.S. '07

Phone: 864-656-7235
Fax: 864-656-7237
spiro@clemson.edu



DIRECTIONS OF INQUIRY AND SOURCES OF DATA COLLECTION

This report seeks to answer three questions: First, what is the current status of women-owned firms in South Carolina? Second, how does the current status of women-owned firms in South Carolina compare to other states? Finally, what contextual factors explain any observed differences?

In order to answer these questions, this study used three sources of data:

- The U.S. Bureau of

the Census' *Census of Business*

The census provides general statistics and information on both women-owned businesses, and contextual data throughout the United States.

- The U.S. Bureau of Labor Statistics' *Household Expenditure Survey*

The BLS provides characteristics of Women who own businesses in the United States.

and

- Dunn & Bradstreet's *Harris Infosource*

The Harris Infosource provides data on businesses with women in leadership roles.



“Women-owned firms in South Carolina are performing differently than women-owned firms in other states, excelling in some areas, and trailing in others”

HOW DO WOMEN-OWNED FIRMS IN SOUTH CAROLINA MEASURE UP?

According to the latest Census information, there are approximately 2,088,575 women in South Caro-

lina. These women own 76,831 businesses, of which 11,764 employer others. Both single pro-

priatorships and employment generating firms contribute to economic development in South Carolina, in

different ways. How does South Carolina stack up against other states? The news is mixed. Tables 1 and 2 summarize South Carolina’s comparative success. South

Carolina ranks 45th among states in its percentage of women-owned firms, but ranks 18th in the nation in regards to percentage of women-owned firms that em-

ploy others. So while the proportion of women who own businesses in South Carolina is comparatively low, those that create jobs is comparatively high.



Table 1

<u>State</u>	<u>% of Women that own firms</u>	<u>Rank</u>
Vermont	6.10%	1
Colorado	6.05%	2
Montana	5.43%	3
Wyoming	5.28%	4
South Carolina	3.68%	45
Arkansas	3.62%	46
Pennsylvania	3.61%	47
Alabama	3.56%	48
West Virginia	3.44%	49
Mississippi	3.21%	50
United States	4.44%	

Table 1 shows a partial ranking of percentage of women that own firms within each state. South Carolina ranks 45th out of 50 states, with 3.68%. Vermont has the highest proportion of women owning firms (6.10%), while Mississippi ranks lowest (3.21%).

Table 2

<u>State</u>	<u>% of W-O firms that have employees</u>	<u>Rank</u>
Wyoming	19.50%	1
Delaware	19.01%	2
Montana	18.90%	3
Rhode Island	15.44%	16
Oregon	15.37%	17
South Carolina	15.31%	18
Pennsylvania	15.30%	19
Mississippi	15.22%	20
New York	12.93%	48
Tennessee	12.07%	49
Utah	12.88%	50
United States	14.15%	

“South Carolina ranks 45th in regards to percentage of women-owned firms, yet ranks 18th in the nation in regards to percentage of women-owned firms that have employees”



Table 2 shows a partial ranking of percentage of women-owned firms that have employees. South Carolina ranks 18th out of 50 states, with 15.31%. Wyoming has the highest proportion (19.50%), while Utah has the lowest (12.88%).

In addition, South Carolina ranked 11th among all states in receipts for women-owned grew nationally, they fell in South Carolina during the same period of time. Carolina does a comparatively good job of growing the number of women-owned businesses. Regrettably, growth in growth receipts did not keep pace. While

Table 3

<u>State</u>	<u>Rate of Growth in Number of Firms%</u>	<u>Rank</u>
Nevada	43.1%	1
Georgia	34.8%	2
Florida	29.5%	3
New York	28.2%	4
North Carolina	24.3%	5
California	24.3%	6
Arizona	23.6%	7
Louisiana	23.1%	8
Mississippi	22.9%	9
Texas	22.9%	10
South Carolina	19.6%	11
Maine	6.3%	48
West Virginia	3.5%	49
Alaska	-1.9%	50
United States	19.8%	

Table 3 shows a partial ranking of the growth rate in number of women-owned firms. South Carolina ranks 11th out of 50 states, with women-owned firms growing 19.6% between 1997 and 2002. Table 4 shows a partial ranking of real receipts growth rate of women-owned firms by each state. This measure shows that although the percent of women-owned firms increased in South Carolina, the real receipts of women-owned firms in South Carolina declined.



Table 4

<u>State</u>	<u>Real Receipts Growth Rate %</u>	<u>Rank</u>
New Hampshire	37.2%	1
Nevada	32.4%	2
Hawaii	28.4%	3
South Carolina	-6.2%	43
Maine	-6.5%	44
Texas	-7.4%	45
Kansas	-8.2%	46
West Virginia	-9.7%	47
Arkansas	-10.6%	48
Kentucky	-12.4%	49
Iowa	-16.3%	50
United States	5.2%	

Combined, these results indicate that while South Carolina does not produce as many women-owned firms as other states,

and that they are not growing as fast as national averages, South Carolina is a better environment for fostering women-

owned firms that create jobs, or others, and is creating women-owned businesses better than other states.

WHAT CONTEXTUAL FACTORS INFLUENCE ENTREPRENEURSHIP?

Tables 5-8 detail the demographic status of women entrepreneurs. Comparatively speaking, women are less likely to own their own businesses than men, and among those who do, they are less likely

to be married than men. Further, they tend to fall in lower income brackets than their male counterparts. Combined the following results suggest that male entrepreneurs are success-

ful in part because they can rely on a family network to succeed, while female entrepreneurs are more likely to “go it alone.” Success for women entrepreneurs may require different support networks.

“Although the percent of women-owned firms increased in South Carolina, the real receipts of women-owned firms in South Carolina declined”



Table 5: Employment Patterns Vary by Gender

Sex of reference person * Employer from which reference person received the most earnings in past 12 months Crosstabulation

Count		Employer from which reference person received the most earnings in past 12 months						Total
		Private company, business or individual	Federal government	State government	Local government	Self-employed in own business, professional practice or farm	Family business or farm, working without pay	
Sex of reference person	Male	2140	127	160	175	302	2	2906
	Female	1922	80	196	235	166	0	2599
Total		4062	207	356	410	468	2	5505

Table 5 cross-tabulates employment with gender. The table breaks down employment into six categories, yet we are primarily interested in the last two, which we can combine and categorize as entrepreneurs. As is evident, this category has the largest discrepancy between males and females (there are nearly twice as many male entrepreneur respondents as female), which shows that entrepreneurship varies by gender. In general, men are more likely to engage in self-employment than women.

“There are nearly twice as many male entrepreneur respondents as female, which is strong evidence that employment patterns do in fact matter with regards to gender, and more importantly, entrepreneurship varies by gender”

Table 6: Marital Status Matters, and Varies by Gender

Sex of reference person * Marital status of reference person * Employer from which reference person received the most earnings in past 12 months Crosstabulation

Count			Marital status of reference person					Total
			Married	Widowed	Divorced	Separated	Never married	
Private company, business or individual	Sex of reference person	Male	1297	36	252	49	506	2140
		Female	847	112	419	68	476	1922
	Total		2144	148	671	117	982	4062
Federal government	Sex of reference person	Male	88	1	13	3	22	127
		Female	38	4	16	2	20	80
	Total		126	5	29	5	42	207
State government	Sex of reference person	Male	98	4	14	3	41	160
		Female	93	9	54	5	35	196
	Total		191	13	68	8	76	356
Local government	Sex of reference person	Male	113	3	19	6	34	175
		Female	113	9	59	5	49	235
	Total		226	12	78	11	83	410
Self-employed in own business, professional practice or farm	Sex of reference person	Male	208	17	38	2	38	303
		Female	92	23	28	6	18	167
	Total		300	40	66	8	56	470
Family business or farm, working without pay	Sex of reference person	Male		1	1			2
	Total			1	1			2

Table 6 cross-tabulates employment, gender and marital status. The table breaks down employment into the same six categories and breaks down marital status into five categories. We find that there are significantly more married male entrepreneurs than female entrepreneurs.

Table 7: Income Matters, and Varies by Gender

Count			ALIC status based on income			Total
Employer from which reference person received the most			Lower income	ALIC (\$20,000 - \$45,000)	Higher income	
Private company, business or individual	Sex of reference person	Male	295	602	1243	2140
		Female	378	596	948	1922
	Total		673	1198	2191	4062
Federal government	Sex of reference person	Male	7	20	100	127
		Female	7	21	52	80
	Total		14	41	152	207
State government	Sex of reference person	Male	18	45	96	159
		Female	34	67	95	196
	Total		52	112	191	355
Local government	Sex of reference person	Male	14	39	121	174
		Female	30	68	137	235
	Total		44	107	258	409
Self-employed in own business, professional practice or farm	Sex of reference person	Male	26	67	209	302
		Female	29	51	85	165
	Total		55	118	294	467
Family business or farm, working without pay	Sex of reference person	Male	2			2
	Total		2			2

Table 7 cross-tabulates employment, gender and income. The table breaks down employment into the same six categories and breaks down income into lower, middle and higher income brackets. We find that there are significantly more male entrepreneurs in the higher income bracket (and only the higher income bracket) than females. This may be caused by one of two factors (or a combination or the two): 1) Males who started their own business had a higher income than females before opening their business, and maintained this income; or 2) Males business owners have a higher income from their start-up. The latter may offer an opportunity to learn from to increase women-owned business income.

Table 8: Educational Difference for Non-Entrepreneurs, but Not Entrepreneurs

Sex of reference person * Education of reference person * entrep Crosstabulation

Count		Education of reference person									Total
entrep	Sex of reference person	Never attended school	First through eighth grade	Ninth through twelfth grade (no H.S. diploma)	High school graduate	Some college, less than college graduate	Associate's degree (occupational/ vocational or academic)	Bachelor's degree	Master's degree	Professional /Doctorate degree	
.00	Male	7	202	259	933	758	273	657	262	121	3472
	Female	8	229	392	1011	861	384	650	237	64	3836
	Total	15	431	651	1944	1619	657	1307	499	185	7308
1.00	Male	0	12	20	65	27	60	26	27	302	
	Female	1	5	8	40	40	20	30	14	167	
	Total	1	17	28	105	105	47	90	40	469	

Table 8 cross-tabulates education level, gender and entrepreneurship (the top row indicates the respondent is not an entrepreneur, the bottom row indicates the respondent is an entrepreneur). Interestingly, we see here that contrary to highly publicized anecdotal evidence, education level has little impact on whether or not the respondent is an entrepreneur. This information may aid in evaluating possible public policy decisions in the future.



WOMEN IN DECISION-MAKING POSITIONS IN SOUTH CAROLINA

Finally, we looked at the distribution of women in business leadership roles in South Carolina. Here the news is promising. Tables 9-13 indicate that women play im-

portant leadership roles in a majority of South Carolina manufacturing firms, though their influence varies by firm size and industry. These results suggest that the training

ground for future women business leaders is among medium and large sized firms. This is valuable for matching future women entrepreneurs with opportunities.



Table 9: Chief Executive Officers by Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	261	5.6	74.8	74.8
	female	88	1.9	25.2	100.0
	Total	349	7.5	100.0	
Missing	System	4287	92.5		
Total		4636	100.0		

Table 9 is a frequency distribution of respondents who indicated the gender of their organization's CEO. Of the 349 cases in South Carolina, approximately 75% of CEOs are male and 25% of CEOs are female.

Table 10: Distribution of Women in Decision-Making Roles

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	2102	45.3	46.6	46.6
	1	1593	34.4	35.3	81.9
	2	558	12.0	12.4	94.3
	3	164	3.5	3.6	97.9
	4	57	1.2	1.3	99.2
	5	19	.4	.4	99.6
	6	8	.2	.2	99.8
	7	4	.1	.1	99.9
	9	3	.1	.1	99.9
	10	1	.0	.0	100.0
	11	1	.0	.0	100.0
	12	1	.0	.0	100.0
	Total		4511	97.3	100.0
Missing	System	125	2.7		
Total		4636	100.0		

Table 10 is a frequency distribution indicating the number of women each organization has in decision-making roles. For example, 2102 organizations (46.6%) indicated they have no women in decision making roles, and 1593 (35.3%) indicated they have one female in a decision making role.

Table 11: Indicated Chief Executive Officer Gender: Firm Size Matters

Exec * FrmSize Crosstabulation

Count		FrmSize				Total
		micro	small	medium	large	
Exec	male	44	49	46	121	260
	female	25	20	14	28	87
Total		69	69	60	149	347

Table 11 is a cross-tabulation of gender and firm size; firm size is divided into micro, small, medium, and large . This table indicates that while the distribution of female chief executive officers across firm sizes has little variation, the discrepancy between number of male and female CEOs varies greatly. Further research is needed to investigate the causes.

Table 12: Women Decision Makers: Firm Size Matters

WinL * FrmSize Crosstabulation

Count		FrmSize				Total
		micro	small	medium	large	
WinL	0	1395	296	161	248	2100
	1	930	296	150	215	1591
	2	189	154	76	138	557
	3	35	47	29	52	163
	4	5	13	13	26	57
	5	5	2	5	7	19
	6	0	1	0	7	8
	7	0	0	2	2	4
	9	1	0	1	1	3
	10	0	0	0	1	1
	11	0	0	0	1	1
	12	0	0	0	1	1
	Total		2560	809	437	699

Table 12 is a frequency distribution indicating the number of women each organization has in decision-making roles (similar to table 10) differentiated by firm size. This table infers that the size of the firm does make a difference in the number of women in decision-making rolls.

Table 13: Significant Differences in Foreign Trade for Women

		FTrade		Total
		does not import or export	imports and/or exports	
WmExec	0	1734	368	2102
	1	1688	721	2409
Total		3422	1089	4511

Table 13 is a cross-tabulation between women executives and foreign trade. Those that indicated a 0 for WmExec do not have a female executive, and those that indicated 1 for WmExec have a female executive. Among other inferences that can be drawn from this table, we see that among organizations which engage in foreign trade, those which have female executives outnumber those that do not at approximately 2-1.



KEY FINDINGS, AND NEXT STEPS FOR SOUTH CAROLINA

Several key findings emerge from this project. First, women entrepreneurs appear to fall into three distinct categories: sole proprietorships, women owning businesses that employ others; and women business leaders that move from the corporate world to their own firms. Each has different patterns of success, and rely on different private and public support. Second, women entrepreneurs differ from non-entrepreneurs, and from male entrepreneurs in important ways. Knowing and understanding these differences is important to good public policy, as well as training and networking.

Finally, South Carolina has a number of successful business women in key decision roles. Identifying and developing the talents of these women is critical to the success of women-led entrepreneurship in South Carolina.

To date we know who succeeds among women entrepreneurs. The next step is to understand why. Additional investigation is needed on each of the three groups of women entrepreneurs. We can learn more by comparing South Carolina to other states with high rates of success among women entrepreneurs. By surveying women

entrepreneurs across the country, and learning their stories, we can begin to answer questions of when and why women succeed in starting and growing businesses. Further, we believe it is possible to take these findings to build models that will identify women and women-owned firms with the greatest likelihood of future growth. Identifying and nurturing women entrepreneurs ripe for success will help all South Carolinians succeed.



*“The next step is clear—
with this exploration as a
basis, the important
questions must be
formulated.”*