

Steering Our Economy to Health: Perspectives of Women in Business and Entrepreneurship in the USA

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1. Introduction: Perspectives adopted

Discussions of how any one country or group is faring under the present economic crisis instantly elicit tremendous reactions from all sectors and from all parts of the globe. This paper looks at of how small businesses are faring in the USA under the current economic crisis. In order to make a manageable presentation of data, analysis and key trends, I have approached the subject by delineating two phases of discussion. First the macro view, which looks at the state of the US economy, presents a profile of small business, and then looks at perspectives of entrepreneurs who contribute to the Gross National Product (GNP). The second phase is to examine perspectives of women-owned businesses, especially small businesses, provide a profile of contributions and successes of women in business and discuss their role as decision-makers. Finally, I conclude with the question of whether there is parity for women entrepreneurs.

2. Hit by the Recession: The USA on a Learning Curve

As far as the state of the US economy is concerned, our leaders in finance, banking and politics have messed up big time. Their decisions have affected every economy, industry, every company and every individual.

This recession has been the worst since the depression on the 1930's. Its global nature means that it will take some time for us to find our way out.

There are so many intricacies and controversial factors of cause and effect .We know that a combination of poor decision-making, mismanagement, irresponsibility and personal greed by our leaders contributed to the current crash. It is helpful and more productive to step back a little from causal analysis and examine emergent trends which may help extricate us from the results, step back a little and examine emergent trends.

Today the buzz phrase in Industry is the "changing defines of normal": everything we learnt as macro and micro economic theory and practice has changed. New trends are influencing the new world market place. Daily those in industry have to take account of developments and make swift adjustments.

Peter Navarro's analysis of how to evaluate trends states that we should have seen the recession coming through the housing market trends in 2006 -2007 and some start was made three years ago with to soften the impact through steps such as diversification of industry, product and markets streamlining operations, credit management, capital investment, production efficiencies and exports.

Reporting on rates of growth and trends of growth, Joseph Carson, an economist in New York, was quoted as saying, "What's going to change is how we generate growth, not how fast we can grow, agility and responsiveness to markets is the key."

2.1 Some positive emergent trends and growth areas

Manufacturing: This is an index of how well the economy is doing: one job in manufacturing creates 4 jobs in the economy. When manufacturing is curtailed, jobs are lost, resulting in a downward spiraling effect in the economy and community. Last year was particularly bad for manufacturers in US, where manufacturing has been largely pushed out, with only 12 % done in the State of California, the fifth largest economy in the world. Now there is a push to build it up. The stimulus money is supposed to help in supporting the creation of jobs over all. We saw small growth of 3 % in the first quarter of 2010.

Global Trade: 95 % of future markets are in another country so the growth of exports is an expansion area. Small business is harnessing this and governments are promoting it by providing opportunities and opening doors. We see this optimized very well by countries such as China and India

E - Commerce: This is and has been an opportunity for growth of trade and is expanding rapidly. E-commerce is particularly suitable for women, because of the ease of working from home. Of course women of generation Y are as comfortable as men with the technology.

IT is well-known to be the current and future emollient of all commerce and communication. Here again we see men and women in this field.

Alternative Energy: Another huge growth area with the growing awareness of conserving resources.

In each of these areas women entrepreneurs are playing a role in claiming market share.

3. The Importance of Small Business

Small Businesses Is Big Business: All businesses are not the same. Unfortunately when we speak of business we immediately conjure up the large faceless corporations and images of the bad things that have occurred. We seldom think of the small business.

Small Businesses are not faceless: they are mom and pop outfits, families and husband and wife teams. They are people who have invested all they have to work hard and long hours: doing extraordinary things for the economy. They believe in what they are doing. They are not about profit-mongering, although profit is essential because it leads to more investment in the business, which then creates more jobs!

Small businesses revitalize neighborhoods, create jobs, and encourage economic growth. They contribute in many ways: to schools, to girl scouts, to fundraising for cancer research and support for sports and music and other community events, to name a few. They are the quiet stalwarts who are the backbone of the economy, but even more important, they are special avenues for women to fulfill their dreams and follow their passions.

To define a Small Business: The majority of small businesses have less than 10 employees, with a significant number having fewer than fifty employees. Yet small businesses add up to big business, with a combined contribution that represents half the GDP.

A profile of small business in US in 2008 indicated that its 29.6 million small firms:

- Employed over 50 % of all private sector employees.
- Paid 44 % of total U.S. private payroll.
- Created over 50 % of the non farm GDP.
- Hired 40 % of scientists, engineers, IT.
- Made up 97.3 % of all identified exporters
- Produced 13 times more patents per employee than large patenting firms; these patents are twice as likely to be cited among the top1 %.

Of the 119.9 million jobs in the private sector in 2006:

- 59.7 million were employed by large firms.
- 60. 2 million were employed by small firms.
- 20.6 million were employed by firms with fewer than 20 employees.
- 64 % of net jobs were created by small businesses (14.5 m of 22.5 m).

Small businesses are indeed half the economy.

4. Significance of Women Entrepreneurs

Within this context, women constitute some very impressive numbers:

- 10.1 million firms are woman-owned, representing 34 % of all firms.
- 13 million people are employed by women, representing 21 % of jobs.
- \$1.9 trillion sales are generated by women entrepreneurs, representing 14 % of all sales.

Of all women-owned businesses:

- 75 % of women-owned businesses are majority 51 % or more owned.
- 7.2 million Firms generate \$1.1 trillion in sales.
- Women-owned firms account for 40% of all privately held firms.

Businesses Owned by Women of Color

- 1.9 million Firms are majority-owned by women of color.
- They employ 1.2 million people and generate \$165 billion in revenues annually.
- Between 2002 and 2008, these firms grew faster than all privately held firms.

Million Dollar Businesses:

- One in five firms with revenue of \$1 million or more is woman-owned.
- 3% of women-owned firms have revenues of \$1 M+ compared with 6% of men-owned firms.

These are numbers to be proud of and a good healthy step in the right direction.

5. Small Business Perspective: Steering the Economy

So what are small businesses saying about the economy?

Recently President Obama invited key leaders from business, industry banking, education, housing and health to assemble and speak our minds and tell him our ideas and objectives for economic recovery. We were asked how we could grow our business, create jobs and build back the community and to describe obstacles in our way.

Picture a room of angry entrepreneurs who have invested all their assets and their lives in providing jobs and products and services to community and country, leaders who are proud bastions of business, who take serious responsibility for their employees and families

Most placed the responsibility for the current economic crash fairly and squarely on poor government policies and lack of foresight and inaction. All sent a resounding message demanding the creation of a "positive business environment".

The message to government was to:

- Allow businesses to do what they do best without government interference. Free enterprise will return markets to normal.
- Reduce red tape, legal restriction and control as costing 45 % more to small businesses and often inapplicable.
- Tax initiatives : cut payroll tax for employees and provide tax incentives for small businesses so that they invest and can grow faster
- Increase funding, for example make good bank loans available so business can invest.

The message from Industry was to:

- Attract more people into business . . . manufacturing creates jobs.
- Enable small business to do business with large companies through matchmaking.
- Open public sector to do business with smaller business
- Encourage new Technology and encourage Green Jobs

Overall there is a required change of mindset from all sectors:

- Recognize and celebrate the success of small private enterprise
- Reinvent yourself in products, services, markets and methods

6. Moving Women into Decision-Making

6.1 Profile of women entrepreneurs:

Let us first acknowledge and respect the traditional model of a woman entrepreneur: She is the woman in a village in India or Africa, the micro business woman who walks in the heat of the sun to the market place carrying a basket of bananas to earn a living for her family: complete with a child in tow!

Many of today's entrepreneurs are no different. We all start in a small way. I am fortunate to have had an education and resources and drove to work although I too had a baby on the hip and four-year-old in tow. I remember my challenge was to get to work without any baby stains on my blouse. I too knew little of business and learnt from the ground up in a male dominated environment.

6.2 Why do we go into business?

Women are naturally creative and innovative. Right from get-go we have to make things work. We make something out of nothing and keep everyone happy while we do so. We have tireless energy to do whatever is needed and more. So why do individuals go into business? The foremost reason remains the desire to follow their passion and be in charge of their destiny. It is also a pioneering spirit. Some may have hit the glass ceiling in the corporate world and shifted their sphere of operation – although there is a glass ceiling in business as well. For some, it is a wish to balance work, family and home – the technology of today makes this possible. Notably more and more of the Gen X and Gen Y see this as the only way to go.

6.3 Obstacles to Entering the World of Business

- Restricted access to funding/ capital, often due to stereotyping of women as not good investment risks.
- Lack of knowledge about and experience in business.
- Inexperience in use of technology: applies more to women of an older generation, not so much to Gen X and Y who are way ahead in their use of social media technology.
- Need to function in a man's way of doing business; exclusion from male networking.
- Credibility and issues of confidence – a gender bias as to whether women can produce results when it comes to competing for contracts.
- Time commitment is enormous – working 24-7 at least in the early years.
- Family opposition – because it is a non-traditional field and risk is involved.
- Financial uncertainty – weighing a steady paycheck against unknown income.

6.4 Women Entrepreneurs as Decision-Makers

Women are good decision-makers. The world of business and entrepreneurship requires making decisions on both macro and micro level on a daily basis.

Sink or swim: Decision-making and leadership is based on a swim or sink model: there is no wiggle room. Wrong decisions lead to sudden death, with instant loss of all assets and credibility. 10% of firms with employees and 30 % of single proprietorships fail in first year and about half survive five years.

Learning curve: There really isn't one because you have to act as though from knowledge. Customers, vendors and employees rely on you to make good decisions. The buck stops with you: you are ultimately responsible for employees, accountable to customer's vendors, investors, bank, the legal compliance marketing, sales and human resources and the community and government. It is the all-encompassing solemn role that most small business takes seriously.

Direct and personal: Our decisions are direct and personal so there is no refuge in corporate anonymity. We affect our employees and their families whom we see daily.

Models of Leadership: In recent decades women were leaning on a male model of leadership. But in recent years women have become more comfortable in developing their own styles which are more intuitive and harmonious. It is interesting to note that members of Generation Y are particularly comfortable with their own style and men of this generation are much more accepting of female leadership.

6.5 Women's Contributions to Rebuilding the Economy

Women in business are significant contributors to the GNP of their nations. They are key influencers and decision-makers in their own right. Their potential is far greater than currently recognized.

They are working alongside men, taking a shared responsibility – creating a shift in business culture. We now expect to see women in leadership as CEO's and as senior management in private public companies. They are an indelible part of the GNP. So again:

10.1 M firms are women-owned, representing 34 % of all firms.

13 M people are employed by women, representing 21 % of jobs.

\$1.9 trillion sales are generated by women entrepreneurs, representing 14 % of all sales.

As more recent entrants into the business world, women have to be more strategic in their advancement. They have to catch up and then surge forward. So we see women doing a number of things to strengthen the economy and help each other.

First, women are no longer content with working for someone; they are aggressively opening their own businesses in all fields, including manufacturing, consulting marketing, medicine, law and finance and accounting. Coupled with this we are seeing that women entrepreneurs are providing jobs for women – they are creating pathways and models of success and enabling economic independence for other women and men. They are also opening new Global opportunities – women are now going on Trade missions such as the first all-women trade mission to Brussels and the Netherlands in 2007.

Secondly, women have understood the need to redefine the core architecture of doing business. Hence, they have become very active in public policy and advocacy, legislative processes and politics. For example, in California I have recently worked on legislation that requires governments to consult small businesses on all matters that pertain to them. Currently we are pushing for a universal woman-owned business certification in the State of California and I was part of the Testimonial hearings in Sacramento.

Thirdly, women are strengthening their negotiating power and influence by forming strong organizations such as NAWBO and Women Business Owners – strong business based groups that are now powerful enough to be heard when we speak with one voice. So we have a platform to negotiating from strength and thus gain more visibility and open doors.

Fourthly, as owner to owner, women are mentoring women through a formal program. As Madeleine Albright once said “there is a special place in hell for women who don't help each other”.

Fifthly, women are aggressively using technology to succeed. They are using social media to organize, educate and market themselves and improve public relations and gain visibility. They are using the

technology of social media. They are entering markets that are now only accessible through the internet and cyberspace. If you want to do business with the conglomerates, this is the only window of access.

Lastly, women have recognized the value of their contributions and have been swift in converting hitherto informal businesses into formal ones such as child care, elder care, coaching, mentoring, catering, event planning, housekeeping etc . These are whole new industries that have sprung up in the last few decades.

7. Opportunities for Women Entrepreneurs: Measuring Equality

“Entrepreneurs are in their own category. “

We cannot apply the income parity test to measure equality with male counterparts. Although women’s contributions to the GNP are proof of strong visibility and are growing in their impact. Instead let us look at the changes and special opportunities open to women only.

1. Changes in business culture: Women entrepreneurs not only expect to be part of the programs, they are expected to be present at all business and economic platforms, regardless of whether they are bidding for contracts or at discussions on economic councils or as key managers in corporations.
2. Many business opportunities are being provided exclusively for women in the form of bidding opportunities for contracts with large corporations and government. Women-owned businesses have access to special pricing as well.
3. A legal frame work of opportunity has been structured so that large companies are required to do business with small and woman-owned businesses, and that women have access to business funding through existing programs particularly aimed at specific groups.
4. In terms of equal opportunity and legal framework we have clear laws against discrimination in hiring practices. We also have in place a complex legal framework for maternity leave and family leave and pay and accesses to higher level positions.
5. Special programs give access to President Obama’s stimulus money.

Does it make any difference if you are a woman? Yes it does . . . Sometimes for the better!

7.1 Conclusion– Moving from strength to strength

The way forward, both nationally and globally, is through closing divisive gaps and building strong partnerships.

- We need to close, or at least narrow, the gender gap in decision-making manifest in the fact that the percentage of women CEOs of public companies has remained unchanged at 15.2 % for the last 2 years;
- We need to build co-operative intergenerational relationships so that experience and skills are transmitted in a two-way benefit;
- We need to break down the mental barrier between volunteerism and work, recognizing that leadership and skills learnt in volunteering can be transferred into the paid economy;
- We need to encourage partnerships between public and private companies and also between large and small companies to strengthen the business environment.

I am delighted to report the strengthening dialogue and partnership over recent years between the public and private sector and civil society. We are seeing large companies participating more and more in civil society and providing resources and leadership to humanitarian causes.

Together we can create partnerships to achieve goals of gender equality. Protecting the future is a combined effort of diverse perspectives.

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