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The 2024 Impact of Women-Owned Businesses

A focus on employer and nonemployer firms

This is the fourth in a series of demographic backgrounders from the inaugural *2024 Wells Fargo Impact of Women-Owned Businesses* that are being shared prior to the full release of the report in late November.

Employer and nonemployer firms are vital components of the U.S. economy, each making unique contributions.

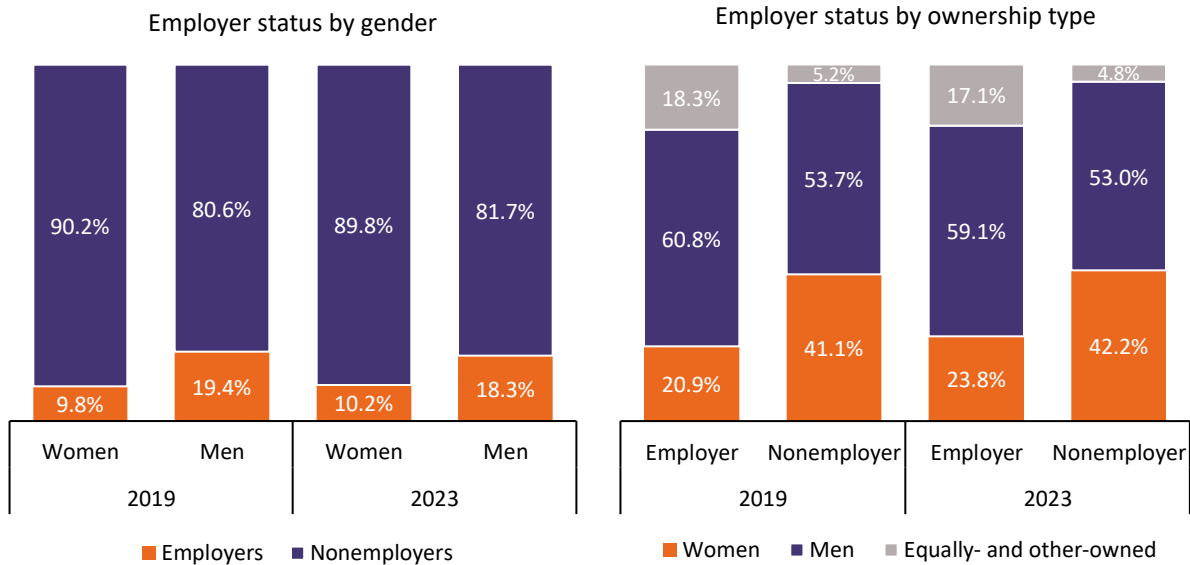
- **Employer firms** are the primary drivers of job creation, offering employment opportunities that provide workers with stable income, benefits, and career development. These firms often have the resources and infrastructure to support research, development, and innovation in products, services, and processes.
- **Nonemployer firms** foster a culture of entrepreneurship by providing a low-barrier entry point for individuals to start businesses. This culture spurs creativity, diversity of offerings, and economic dynamism. Some nonemployer firms will become employer firms.

Both types of firms contribute to local economies by generating revenue, purchasing supplies, and engaging in community activities. They contribute to the vibrancy of commercial districts and neighborhoods. A diverse mix of employer and nonemployer firms enhances economic resilience, creating different channels of economic activity.

The growing importance of women as employers and nonemployers

Typically, employer firms shrink and nonemployer firms grow during economic shocks. Necessity entrepreneurs—those who can't find jobs or need to supplement their income—are most likely to be nonemployers. The pandemic played out differently. Women-owned employers and nonemployers both increased in numbers at a faster rate than employers and nonemployers owned by men. The share of all women-owned employers grew from 9.8% in 2019 to 10.2% in 2023, while men's share decreased from 19.4% to 18.3%. Still, among all U.S. employers in 2023, women's share is only 23.8% compared to 59.1% for men-owned businesses. Women's share of all nonemployer firms grew from 41.1% in 2019 to 42.2% in 2023.

Trends in employer status by gender and ownership type



The impact of employer firms

Women-owned employer firms now number 1,424,000. They represent 23.8% of all employer firms, while 10.2% of all women-owned businesses are employer firms.

Women-owned employer businesses employ 12,164,000 workers. Their workforce share grew from 8.4% in 2019 to 9.2% in 2023.

Women-owned employers generated \$2.3 trillion, accounting for 5.1% of all U.S. employer firm revenue and 84.5% of women-owned business revenue.

The impact of women-owned employers

1.4 Million Employers	Employ 12.2 Million People	Generate \$2.3 Trillion
Women-owned employers makeup 23.8% of all U.S. employers and 10.2% of all women-owned businesses	This accounts for 6.9% of all women-owned business employees	This accounts for 5.1% of all employer revenue and 84.5% of all women-owned business revenue

Employer firms innovate and grow

Employer firms create jobs and are likelier than nonemployer firms to develop innovative products and services and increase productivity. These firms tend to be larger and more established than nonemployer firms, with the resources to invest in growth and weather economic storms.

Though employer firms are far fewer in numbers (1.4 million) than nonemployer firms (12.6 million), employer firms play an outsized role in the U.S. economy.

Number of employer firms: There are 2.5 times as many men-owned employers (3,533,000) as women-owned employers (1,424,000).

But the growth rate of women's businesses is notably higher than men's. Between 2019 and 2023, the number of women-owned employers grew by 17.8%. The number of men-owned employer firms, by comparison, increased by just 0.7%. From 2022 to 2023, the number of women-owned employers grew by 5.9% compared to 0.1% for men-owned employers.

Employment: Men-owned employers have nearly four times as many workers (47.2 million) as women-owned employers (12.2 million).

The workforces of women's businesses are also growing faster than men's. Between 2019 and 2023, the overall workforces of women-owned employers grew by 12.7%, while men-owned employers' workforces grew by 3.6%. From 2022 to 2023, women-owned employers' workforces grew by 4.9% compared to 1.0% for their men-owned counterparts.

On average, men's businesses employ 13.4 workers. That is 57.6% more than women's businesses, which employ 8.5 workers.

Revenue: Men-owned employers generate nearly six times the revenue (\$13.5 trillion) of women-owned employers (\$2.3 trillion).

Between 2019 and 2023, women-owned employers' revenue grew by 26.2%, while men-owned employers' revenue grew by 14.3%. From 2022 to 2023, women-owned employers' revenue increased by 4.4% compared to 3.1% for their men-owned counterparts.

Men's businesses generate \$3.5 million on average, more than twice as much as women's \$1.4 million.

Disparities for women of color are greatest for employer firms

Women are underrepresented as entrepreneurs: They account for more than half the U.S. population but only 23.8% of employer firms and 42.2% of nonemployer firms. Relative to the percentage Black/African American and Hispanic/Latino women represent of the women's population, they are the most underrepresented demographic segments among women-owned employers.

Black/African American and Hispanic/Latino women:

- Are less likely to have access to capital than men.¹
- Are more likely to have caregiving responsibilities than men and white women, making it more challenging to commit full-time to their businesses.²
- Often lack relationships that would allow them to break into government and corporate contracting.³

Yet, Black/African American women-owned employers have the highest average number of employees: 9.4 compared to the next highest category of 8.7 for white women-owned employers. Black/African American women-owned businesses are outpacing all women-owned businesses in employment growth rates. However, when Black/African American women seek financing for essentials, such as marketing and hiring, lenders are more likely to deny loans or charge higher interest rates, denying them the ability to achieve their full revenue potential.

During the pandemic and the transition to the post-pandemic period, Hispanic/Latino women-owned employers increased at a much higher rate than all women-owned employers. This trend was also true for employment and revenue.⁴

While Black/African American women-owned employers increased at rates similar to all women-owned employers, their employment and revenues increased more than for all women-owned employers.

Trends in number of firms, employment, and revenues for women-owned employers by race/ethnicity group

Race/Ethnicity	Number of employer firms			Share of all women-owned employers*	Share of population**
	2023 number of firms*	% chg 2019-2023	% chg 2022-2023		
Women-owned employers	1,424,080	17.8%	5.9%	100.0%	100.0%
Minority	386,848	24.0%	6.1%	27.2%	40.7%
Asian American	188,006	12.2%	4.1%	13.2%	6.3%
Black/African American	56,350	18.3%	5.0%	4.0%	13.9%
Hispanic/Latino	126,819	41.2%	9.7%	8.9%	18.5%
Native American/ Alaska Native***	11,631	35.0%	1.1%	0.8%	1.3%
Native Hawaiian/Other Pacific Islanders***	4,042	84.3%	19.5%	0.3%	0.3%
White	1,164,051	16.6%	6.2%	81.7%	59.2%

Trends in number of firms, employment, and revenues for women-owned employers by race/ethnicity group-continued

Employment					
Race/Ethnicity	2023 total employment	% chg 2019-2023	% chg 2022-2023	Share of all women-owned employers*	Avg # of employees*
Women-owned employers	12,163,517	12.7%	4.9%	100.0%	8.5
Minority	1,458,549	17.4%	6.4%	12.0%	3.8
Asian American	1,447,903	17.9%	6.8%	11.9%	7.7
Black/African American	528,424	17.8%	7.6%	4.3%	9.4
Hispanic/Latino	845,229	15.5%	5.5%	6.9%	6.7
Native American/ Alaska Native***	72,970	29.3%	3.2%	0.6%	6.3
Native Hawaiian/Other Pacific Islanders***	11,926	-14.1%	-5.6%	0.1%	3.0
White	10,102,295	10.6%	4.5%	83.1%	8.7

Revenue					
Race/Ethnicity	2023 total revenue (000)	% chg 2019-2023	% chg 2022-2023	Share of all women-owned employers*	Avg rev per firm (000)
Women-owned employers	\$2,282,116,200	26.2%	4.4%	100.0%	\$1,602.5
Minority	\$404,207,858	47.1%	26.1%	17.7%	\$1,044.9
Asian American	\$217,181,931	18.5%	3.1%	9.5%	\$1,155.2
Black/African American	\$ 58,487,248	60.0%	11.2%	2.6%	\$1,037.9
Hispanic/Latino	\$ 115,363,258	18.5%	4.1%	5.1%	\$909.7
Native American/ Alaska Native***	\$11,248,285	28.4%	2.3%	0.5%	\$967.1
Native Hawaiian/Other Pacific Islanders***	\$1,927,136	24.3%	1.3%	0.1%	\$476.8
White	\$1,989,746,493	25.1%	4.3%	87.2%	\$1,709.3

*Black/African American and white Hispanic/Latino business owners are counted in both race and ethnicity segments. Demographic segments will, therefore, add up to more than the total number of firms, employment, and revenue.

**Women of Color in the United States (Quick Take)," Catalyst, February 1, 2023. <https://www.catalyst.org/research/women-of-color-in-the-united-states/>.

***The small sample size and the lack of corroborating data points for nonemployer firms make the numbers more likely to fluctuate and less likely to be reliable.

The impact of nonemployer firms

Women-owned nonemployer firms now number 12,592,000. They represent 42.2% of all employer firms, while 89.8% of all women-owned businesses are employer firms.

Women-owned employers generated \$419.3 billion in revenue, accounting for 25.6% of all nonemployer U.S. revenue and 15.5% of women-owned business revenue.

The impact of women-owned nonemployers

<p>12.6 Million Nonemployees</p> <p>Women-owned nonemployers makeup 42.2% of all U.S. nonemployers and 89.8% of all women-owned businesses</p>	<p>Generate \$419.3 Billion</p> <p>Accounting for 25.6% of all women-owned businesses revenue</p>
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Nonemployer firms provide financial stability in uncertain times

Nonemployer firms have no paid employees. They can be individual gig economy workers, startups that will go on to hire, or established businesses that rely on contract workers. Examples include real estate agents, social media managers, tutors, and virtual assistants.

During the pandemic, the disproportionate effect of job losses on women and the need for flexibility around caregiving responsibilities led many to turn to entrepreneurship out of financial necessity or the need for flexibility. Necessity and flexibility entrepreneurs usually fall in the nonemployer category and may return to the workforce when the job market improves or the need for flexibility disappears.⁵ Nonemployer firms can be a primary or supplemental source of income for their founders.

Most small businesses are nonemployer firms. Both women's and men's share of nonemployer small businesses is rising. The reasons include:

- Online platforms, such as Uber, Etsy, and Fiverr, make starting and running businesses easier with minimal investment in traditional infrastructure, including office space.
- The growth of remote work enables people to launch their own businesses from anywhere in the world.
- Social media platforms, such as Facebook, Instagram, and TikTok, make connecting with potential customers and partners far easier.

The development of new technologies, including artificial intelligence and machine learning, is making it easier for businesses to automate tasks and operate more efficiently.

Number of employer firms: The vast majority (89.8%) of women-owned businesses are nonemployer firms: 12,593,000. Yet, men still own 25.6% more nonemployer firms (15,804,000) than women.

Women nonemployers' growth rate was more than men's:

- For 2019 to 2023, it rose to 13.1% from 8.5%.
- For 2022 to 2023, it rose to 5.9% from 1.6%.

Revenue: Men-owned nonemployers generate 2.5 times the revenue (\$1.1 trillion) as women (\$419.4 billion).

Between 2019 and 2023, revenues for women-owned nonemployer firms increased by 33.7% and revenues for men-owned nonemployer firms increased by 24.7%. From 2022 to 2023, women-owned nonemployers' revenue will increase by 13.6%, and the increase for men-owned nonemployers will be 10.6%.

Men's average revenue (\$66,600) is twice as much as women's (\$33,300).

Women of color are increasingly turning to solopreneurship, but revenue gaps remain

Women of color are likely to represent a share of women-owned nonemployers similar to, if not higher than, their share of the women-owned employers. In fact, Black/African American and Asian women represent a higher fraction of women-owned nonemployers than their share of the overall population.

Based on average revenues, Black/African American women-owned employers have the smallest firms while Asian women have the largest. During the pandemic and transition periods, revenue growth was highest for Black/African American, Asian, and, most especially, Hispanic/Latino women-owned nonemployer firms.

Trends in number of firms and revenues for women-owned nonemployers by race/ethnicity group

Number of employer firms					
Race/Ethnicity	2023 number of firms*	% chg 2019-2023	% chg 2022-2023	Share of all women-owned nonemployers*	Share of population**
Women-owned employers	12,592,636	13.1%	5.9%	100.0%	100.0%
Minority	4,016,466	2.5%	6.0%	31.9%	40.7%
Asian American	1,125,673	13.6%	3.8%	8.9%	6.3%
Black/African American	2,022,893	12.6%	4.0%	16.1%	13.9%
Hispanic/Latino	1,882,597	5.8%	-0.7%	14.9%	18.5%
Native American/ Alaska Native***	81,908	-44.7%	1.5%	0.7%	1.3%
Native Hawaiian/Other Pacific Islanders***	29,068	-21.4%	6.4%	0.2%	0.3%
White	9,333,094	11.3%	6.6%	74.1%	59.2%

Revenue					
Race/Ethnicity	2023 total revenue (000)	% chg 2019-2023	% chg 2022-2023	Share of all women-owned nonemployers*	Avg rev per firm (000)
Women-owned employers	\$419,360,832	33.7%	13.6%	100.0%	\$33.3
Minority	\$102,639,337	39.1%	16.8%	24.5%	\$25.6
Asian American	\$48,040,240	40.0%	16.9%	11.5%	\$42.7
Black/African American	\$39,784,932	36.6%	16.2%	9.5%	\$19.7
Hispanic/Latino	\$59,830,844	43.2%	17.7%	14.3%	\$31.8
Native American/ Alaska Native***	\$2,112,407	-35.4%	4.7%	0.5%	\$25.8
Native Hawaiian/Other Pacific Islanders***	\$911,154	0.2%	16.4%	0.2%	\$31.3
White	\$330,525,568	31.6%	12.8%	78.8%	\$35.4

*Black/African American and white Hispanic/Latino business owners are counted in both race and ethnicity segments. Demographic segments will, therefore, add up to more than the total number of firms, employment, and revenue.

**Women of Color in the United States (Quick Take)," Catalyst, February 1, 2023. <https://www.catalyst.org/research/women-of-color-in-the-united-states/>.

***The small sample size and the lack of corroborating data points for nonemployer firms make the numbers more likely to fluctuate and less likely to be reliable.

Overcoming systemic barriers

Women are increasingly becoming business owners. But they are less likely to own employer firms. It's not ambition. Systemic issues such as the lack of quality and affordable childcare, having smaller networks resulting in fewer business development opportunities, and less access to capital to start and grow more businesses hinder women from becoming employer firms.

Tailor access to capital to the different needs of employer and nonemployer firms: Both types of businesses may need financing, but the appropriate options differ. Employers typically require more substantial financial resources for hiring employees, expanding operations, and scaling up.

As a result, employer firms are more likely to seek traditional loans, SBA-guaranteed loans, manufacturing and purchase order financing, revenue-based financing, investment and rewards-based crowdfunding, and angel and venture capital. Nonemployers are more likely to rely on microloans of less than \$50,000 from Community Development Financial Institutions (CDFIs), Merchant Cash Advances, and rewards-based crowdfunding.

Improve market access: For employer firms, certification opens business development opportunities to local, state, and federal government agencies and corporations with supplier-diversity programs. While businesses are not required to hire employees, meeting large-scale organizational needs may likely require teams.

For nonemployer firms, training programs may encourage women-owned nonemployer firms to leverage online marketplaces and digital platforms to reach a broader customer base. Using e-commerce and digital marketing may be essential.

Women may also want to expand beyond the U.S. and require support and connections for export opportunities.

Methodology

This report is based on data from the United States Census Bureau, with projections built on data from 2002 to 2020.

Projections include number of firms, number of employees, and total revenue from 2021 to 2023 for employer firms and from 2020 to 2023 for nonemployer firms. These projections account for gender, race, and ethnicity, firm size, industry, and geography.

Employer firms' estimations used 2017 to 2020 data from the Annual Business Survey (ABS) and 2014 to 2016 data from the Annual Survey of Entrepreneurs (ASE); Nonemployer firms' estimations used 2017 to 2019 data from the Nonemployer Statistics by Demographics Survey (NES-D) and 2002, 2007, and 2012 data from the Survey of Business Owners (SBO). Additional macroeconomic data from the Bureau of Economic Analysis, the Bureau of Labor Statistics, and the Federal Reserve System were used.⁶

Several econometric models were used to calculate projections. For employer firms, these models incorporated real data trends and variables such as nominal GDP and national consumer spending.

For nonemployer firms' revenue, the level of national consumer spending was also used to project revenue. For the number of firms, the yearly nominal GDP and the female labor force rate were used to project the number of women-owned firms, and the annual real GDP and the male unemployment rate were used to project the number of men-owned firms. When there were gaps in historical data, data imputation was applied.⁷

Endnotes

¹ Fairlie, Robert W., Alicia M. Robb. “Disparities in Capital Access between Minority and Non-Minority-Owned Businesses: The Troubling Reality of Capital Limitations Faced by MBEs,” U.S. Department of Commerce, Minority Business Development Agency, January 2010.

² “Caregiver Statistics: Demographics,” Family Caregiver Alliance. <https://www.caregiver.org/resource/caregiver-statistics-demographics/>.

³ “Why are women-owned businesses overall smaller than men-owned businesses?,” Office on the Economic Status of Women, August 2016. <https://www.oesw.mn.gov/PDFdocs/Why%20do%20women%20start%20disproportionately%20fewer%20businesses%20than%20men%20.pdf>

⁴ Fairlie, Robert W., Alicia M. Robb. “Disparities in Capital Access between Minority and Non-Minority-Owned Businesses: The Troubling Reality of Capital Limitations Faced by MBEs,” U.S. Department of Commerce, Minority Business Development Agency, January 2010. <https://www.mbda.gov/sites/default/files/migrated/files-attachments/DisparitiesinCapitalAccessReport.pdf>.

⁵ “Necessity as a Driver of Women’s Entrepreneurship: Her Stories,” National Women’s Business Council, October 2017, <https://www.nwbc.gov/2017/10/11/necessity-as-a-driver-of-womens-entrepreneurship-her-stories/>.

⁶ The data was used from February 15, 2023 for employer firms and size of business projections. For nonemployer firms’ projections we used the latest data available as of May 18, 2023 (national and state information) and June 06, 2023 (metropolitan statistical areas (MSA) information).

⁷ Data imputation was made on the following projections: revenues and number of firms for employer firms by race and gender; employment, revenues and number of firms by gender and industry; number of firms and employment by gender and state; number of firms and employment by gender and MSA.



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The WIPP Education Institute is a national organization on a mission to accelerate the capacity and economic growth of women-owned businesses.