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# The 2023 Impact of Women-Owned Businesses

A focus on the women-owned businesses' economic clout by state and city

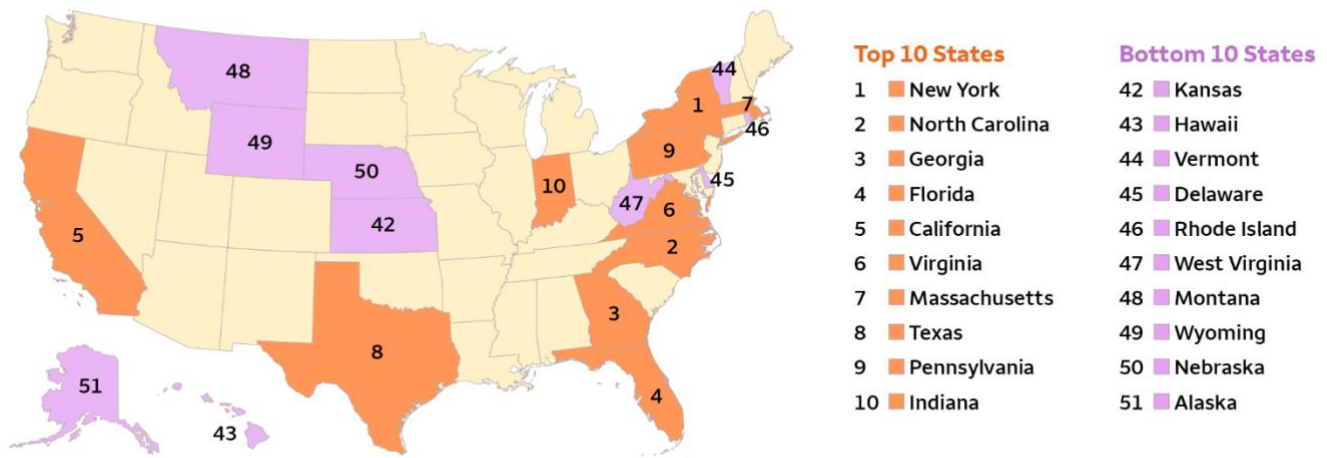
This is part of a series of demographic backgrounders from the inaugural *2023 Wells Fargo Impact of Women-Owned Businesses* that are being shared prior to the full release of the report in late November.

This report measures the economic clout of women-owned businesses and then ranks states and Washington D.C. and the top 50 Metropolitan Statistical Areas (MSAs). Economic clout ranks the combined growth in the number of firms and employment and average shares in firms, employment, and revenue of women-owned businesses from 2019 to 2023. This ranking aims to pinpoint where and why women-owned businesses flourished or faltered during the pandemic.

The impact of women-owned businesses diverges significantly across the U.S., influenced by varying economic conditions and programs that support their growth and success. These businesses, when successful, contribute to economic growth, job creation, and innovation.

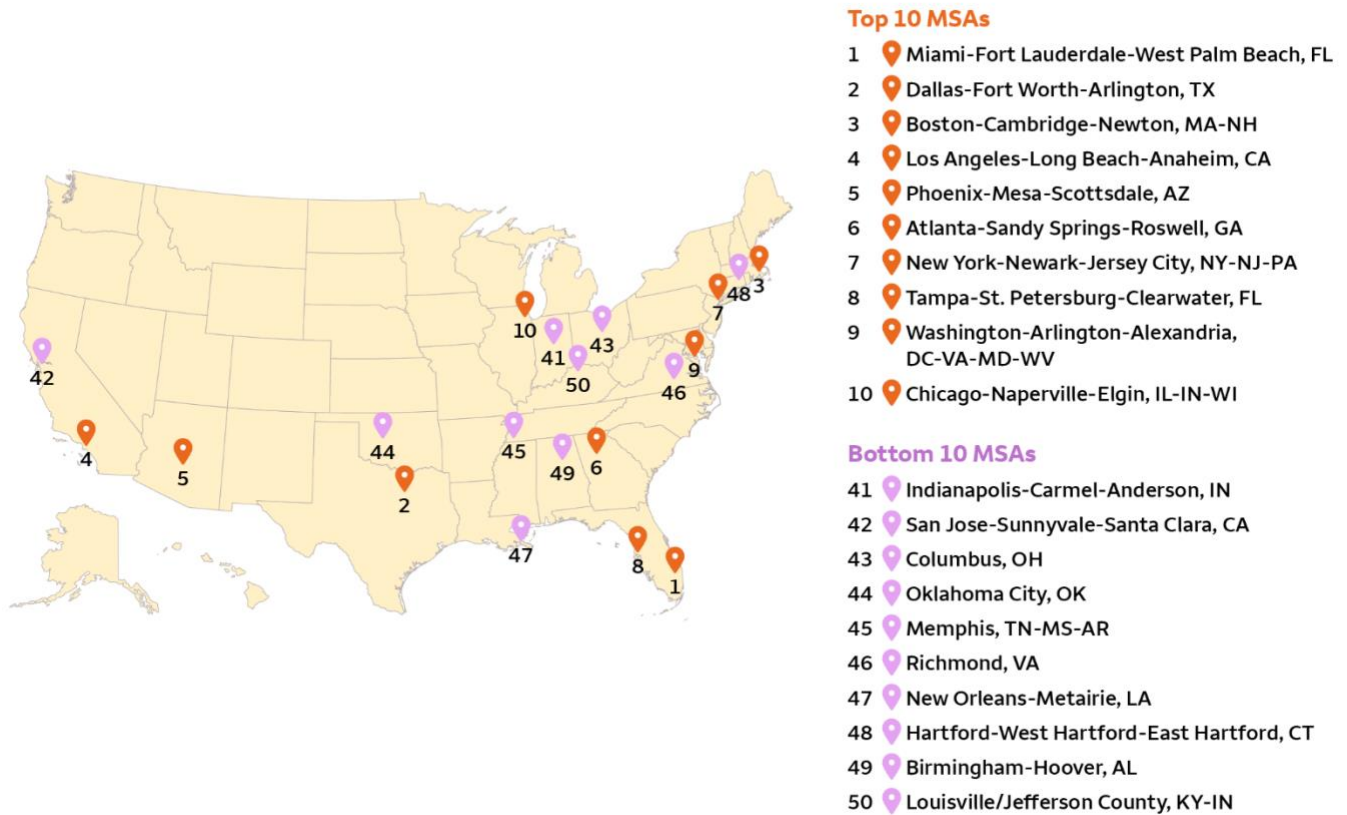
The research reveals distinct trends. States like California and New York distinguish themselves not merely by the quantity of women-owned businesses but also by the notable growth of these enterprises during the pandemic. Conversely, regions such as Wyoming and Alaska register lower performance metrics.

## Top and bottom 10 states for women-owned businesses



The research also highlights specific MSAs, such as Miami-Fort Lauderdale-West Palm Beach, FL, and Dallas-Fort Worth-Arlington, TX, for their advancement in both the number and growth of women-owned businesses. On the other hand, MSAs like Memphis, TN-MS-AR and New Orleans-Metairie, LA, exhibit limited growth. These insights identify areas that may serve as focal points for policymakers, investors, and stakeholders interested in strengthening the landscape for women entrepreneurs across the U.S.

## Top and bottom 10 MSAs for women-owned businesses



## The best states for women-owned businesses

Several states emerged as shining examples of how fostering conducive environments helps women-owned businesses thrive. These states have impressive growth rates and a significant share of employment and revenue. Mostly, these states have a strong economy with a growing population, a diverse workforce with many women, specific programs and services tailored to supporting women-owned businesses, a supportive business climate, and a network of business resources and support organizations.

The top states for women-owned businesses offer specific initiatives and infrastructure to support their growth and success. Training, counseling, and networking for women entrepreneurs are readily available. Financial assistance, including loans, grants, and tax credits, ensures women business owners can access the necessary capital and incentives. Several states offer mentorship, offering specialized programs to aid budding women entrepreneurs, including supplier diversity programs that provide business development opportunities to certified businesses at 51% owned by women or minorities.

## **1. New York**

New York supports women entrepreneurs through preferences for women-owned businesses when awarding state contracts. It has the highest minority and women-owned business (MWBE) utilization rate in the country.<sup>1</sup> The state offers technical assistance, training, networking opportunities, and access to capital. With an employment growth rate of 42.8%, the state's women-owned businesses workforce shows remarkable expansion. New York also ranked in the top five for having a high share of firms and is in the top ten for employment and revenue, indicating their substantial influence on New York's economy.

## **2. North Carolina**

North Carolina provides various services, including access to financing, training, and marketing support. The state shows a solid upward trend in the growth of firms. Its employment and revenue share rank it in the top 10 women-owned businesses, significantly contributing to North Carolina's economy.

## **3. Georgia**

Georgia provides strong support for women entrepreneurs, boasting a significant share of women-owned and is the fifth state with the most women-owned firms. These firms also show a remarkable growth rate of 18.3%. Georgia is also the seventh in highest revenue share, meaning women-owned businesses make a meaningful contribution to the state's economy.

## **4. Florida**

Florida supports women entrepreneurs by providing access to capital, networking opportunities, mentorship, and government contracting opportunities. With a growth rate of 9.6% for women-owned businesses, the state shows potential. Additionally, women-owned firms contribute significantly to the economy, ranking second in the number of women-owned firms' share, fourth in employment share, and fourth in revenue share, demonstrating their essential role in Florida's economy.

## **5. California**

California commits to boosting women's entrepreneurial success by providing training, counseling, and networking opportunities. Even though the growth rate for new women-owned firms stands at 7.3%, and employment growth is at -0.6%, established women-owned businesses significantly contribute to the state's economy. California leads the nation in the share of women-owned businesses' number, employment, and revenue, holding the first position across all three metrics.

## **6. Virginia**

Virginia offers comprehensive support for women entrepreneurs, including training, counseling, and networking. With a firm growth rate of 11.7% and an employment growth rate of 12.4%, Virginia displays a stable pace of business expansion. Women-owned businesses are essential contributors to Virginia's economy, ranking twelfth for firm number, employment, and revenue.

## **7. Massachusetts**

Massachusetts empowers women entrepreneurs with tailored training, counseling, networking opportunities, and financial support like loans, grants, and tax credits. Although the state's growth rate for women-owned firms is 10.0%, it shows a robust employment growth rate of 15.7%. The state maintains a consistent mid-tier position, ranking thirteenth across the board for women-owned businesses' number, employment, and revenue shares.

## **8. Texas**

Texas fosters a favorable environment for women entrepreneurs through proactive support. While the growth rate for new firms stands at 3.1% and employment growth is at -1.9%, the state's women-owned businesses significantly influence the

economy. Ranking third in share of number of women-owned firms, second in employment, and second in revenue share, the state highlights the vast presence and significant impact of women-owned businesses.

## 9. Pennsylvania

Pennsylvania provides diverse support services, including a robust supplier diversity program. The state sees a firm growth rate of 12.5% but faces a decline in employment growth at 12.2%. Despite this, women-owned businesses contribute significantly to the development of the state's economy, ranking seventh in number of firms, sixth in employment, and eighth in revenue.

## 10. Indiana

Indiana focuses on nurturing women entrepreneurs through dedicated business resources. The state has a solid growth rate of 13.6% and an employment growth rate of 12.6%. However, regarding share metrics, the state lies further down the list, holding twenty-first position for firm number and employment and twentieth for revenue. This suggests that while women-owned businesses are growing, they have room to become a more significant part of Indiana's broader economic landscape.

# States that have room for improvement

While many states excel in bolstering women-owned businesses, some don't yet recognize the benefit. Analyzing their performance offers an opportunity to identify gaps, stimulate growth, and elevate the contributions of women in their state economies.

One of the challenges is the limited access to financing or funding. Women-owned businesses often encounter more obstacles in securing funding than their male counterparts. This could be due to experiences of discrimination, insufficient collateral, or low or no credit scores.

There's a noticeable gap in the availability of training, mentorship, networking opportunities, and supplier diversity programs. The business environment could be friendlier to small businesses. These states may have high taxes, stringent regulatory frameworks, and a lack of workforce diversity.

## 47. West Virginia

In West Virginia, the growth of women-owned firms stands at 1.3%, and employment in these firms is expanding at 2.3%. The state's presence and impact on women-owned businesses still need to be improved.

## 48. Montana

In Montana, women-owned firms grow at a rate of 10.0%, and employment in these firms grows at 8.8%. Despite these figures, women-owned businesses have yet to significantly impact the state's economy, as share metrics are all in the early 40s.

## 49. Wyoming

Wyoming rankings are mixed. The state sees a 13.8% growth in the number of women-owned firms but shows a decrease of 4.2% in employment within these firms. While new women-owned firms are emerging, their overall contribution to Wyoming's economy remains minimal, and the state ranks last in all share metrics.

## 50. Nebraska

In Nebraska, women-owned firms grow at a slow rate of 3.7%, and employment within these firms decreases sharply by 23.6%. The modest presence of these businesses suggests room for future growth and impact on the state's economy.

## 51. Alaska

Alaska shows a decline in the growth of women-owned firms by 1.4%, and employment in these firms decreases slightly by 0.9%. Despite this moderate expansion in employment, women-owned businesses have a minimal influence and presence in Alaska's economy.

## Metropolitan areas leading the charge

These metropolitan areas feature a high concentration of women-owned firms and demonstrate strong growth metrics. Across the leading MSAs, there is a distinct pattern of support structures and incentives fostering growth for women-owned businesses. Several also have specialized mentoring programs tailored for women entrepreneurs, bolstering the appeal for companies to diversify their workforce.

### 1. Miami-Fort Lauderdale-West Palm Beach, FL

Miami's tri-county area blends new firm growth with established business growth. This MSA ranks third in the share of the number of women-owned firms and is within the top five MSAs for revenue share of women-owned firms.

### 2. Dallas-Fort Worth-Arlington, TX

Dallas-Fort Worth in Texas showcases a balanced growth profile for women-owned businesses. The eleventh rank in growth of women-owned firms coupled with top-five positions in employment growth and number of women-owned businesses share suggests the region is a hub for women-owned firms.

### 3. Boston-Cambridge-Newton, MA-NH

Boston's metropolitan area experiences rapid employment growth among women-owned firms at 62.1%. While the growth in new firms is steady (ranked 14th) at 10.8%, the already established businesses are growing much faster.

### 4. Los Angeles-Long Beach-Anaheim, CA

The LA metro area, despite a modest firm growth rate of 7.1%, has women-owned businesses contributing significantly. Holding 2nd positions in number, employment, and revenue shares for women-owned businesses, it's evident that women-owned firms have a significant footprint in the region.

### 5. Phoenix-Mesa-Scottsdale, AZ

Phoenix offers a promising growth environment for women-owned businesses with a 13.7% firm growth rate. Sectors like real estate, tourism, and manufacturing provide diverse opportunities for these businesses.

### 6. Atlanta-Sandy Springs-Roswell, GA

Atlanta's region shows a firm growth rate of 13.0%, and its women-owned businesses make it the sixth MSA with the highest share of women-owned firms, playing a significant role in the local economy.

### 7. New York-Newark-Jersey City, NY-NJ-PA

While having a lower growth rate, New York's metropolitan area dominates the share metrics, ranking 1st in the number and employment of women-owned businesses, emphasizing their pivotal role.

### 8. Tampa-St. Petersburg-Clearwater, FL

Tampa leads in firm growth with an 18% rate, indicating a boom in new women-owned ventures. Although these businesses currently contribute less in employment and revenue, they show promise for future impact.

## **9. Washington-Arlington-Alexandria, DC-VA-MD-WV**

The Washington metro area has a moderate firm growth rate of 9.6%, but its women-owned businesses contribute notably to employment, strengthening the region's economy.

## **10. Chicago-Naperville-Elgin, IL-IN-WI**

Despite lower growth metrics, Chicago has a well-established base of women-owned businesses that significantly contribute to the local economy, both in terms of employment and revenue.

# **MSAs with potential for growth**

While some metropolitan areas lead the way, others signal room for development in championing women-owned enterprises. Although not at the forefront of the current rankings, these areas possess unique attributes that can be harnessed to enhance their standings. A deep dive into the data can reveal the potential of these MSAs, emphasizing the value of strategic initiatives to propel the rise of women entrepreneurs at the city level. These are the bottom five MSAs for women-owned businesses.

## **46. Richmond, VA**

In Richmond, women-owned businesses are growing modestly at 8.3%, but they hold a lower share in the broader business environment. Existing primarily in finance, law, and government sectors, these women entrepreneurs could explore untapped industries to increase their influence.

## **47. New Orleans-Metairie, LA**

In New Orleans, women-owned businesses face significant challenges, growing only at 3.2% and experiencing a steep employment decline of 31.2%. The city's reliance on tourism and events, which are cyclical, could be hindering these businesses. To thrive, they may need to diversify into other sectors.

## **48. Hartford-West Hartford-East Hartford, CT**

In Hartford, women-owned businesses are not showing strong growth or making a significant impact. Most metrics rank in the lower third. This lack of momentum suggests that high entry barriers exist in established industries or that women entrepreneurs need a more supportive ecosystem.

## **49. Birmingham-Hoover, AL**

In Birmingham, women-owned businesses are not growing quickly or significantly influencing the local economy. The state is positioned in the mid-thirties to forties across most metrics. Although the city's economy has diversified, there still may be sectors that lack a strong presence of women entrepreneurs.

## **50. Louisville/Jefferson County, KY-IN**

The growth of women-owned businesses in Louisville/Jefferson County, is near the bottom of the rankings, positioned at 43rd for the number of women-owned firms' growth. This trend continues with employment growth in women-owned firms, which stands at 45th. Moreover, women-owned firms have a limited presence in the region, holding the 47th position for both the number and employment share metrics. The revenue share is slightly lower, landing at the 45th spot.

## Key takeaways and recommendations

Geographic divergences reveal how to increase the impact of women-owned businesses through tailored economic policies and initiatives. The analysis underscores the significant influence of women entrepreneurs across the United States. Some states and MSAs have witnessed rapid advancements in women-owned businesses, while others highlight areas ripe for enhanced support. The rankings' differences illustrate women's varying impact on the economy, influenced by local conditions, policies, and opportunities. For state and local governments, it's crucial to acknowledge and bolster the contributions of women in business. Their accomplishments shape their immediate communities and set the tone for broader economic growth and stability.

To make the environment more inclusive, states and MSAs can increase access to funding, including loans, grants, and financial incentives. They can also introduce or improve support programs that offer government supplier diversity programs, training, counseling, and networking. States can ease tax burdens and actively promote workforce diversity to simplify the business climate. Public campaigns can challenge stereotypes and help women entrepreneurs thrive. These actions are crucial for the bottom five states and MSAs for women-owned businesses.

## Methodology

Data for both states and MSAs was collected using the US Census Bureau, focusing on metrics such as the number of firms, employment figures, and revenue for the years 2019 and 2023.

To assess progress over the four-year span, growth rates were calculated by comparing figures from 2019 to those of 2023. This analysis encompassed both the number of firms and employment metrics, providing insight into the evolving landscape of women-owned businesses.

For a more contextual understanding, the study also utilized share metrics. The share of each state or MSA in metrics like the number of firms, employment, and revenue was determined as a fraction of the national total for both years. This approach offered a snapshot of the relative significance of women-owned businesses in various locations.

Based on the observed growth rates and average shares, the states and MSAs were ranked. They generated a composite ranking by combining two distinct sets of ranks: one from growth metrics and another from average shares. This composite ranking aimed to provide a comprehensive assessment of the status of women-owned businesses across states and MSAs.

## Endnotes

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<sup>1</sup> "Division of Minority and Women's Business Development (DMWBD)," the Official Website of New York State. <https://esd.ny.gov/doing-business-ny/mwbe>.





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