Women-Owned Businesses Have Less Access to Capital, Fewer Intellectual Property Rights, and Much Lower Revenues

JULY 24, 2018
PRESS RELEASE (HTTPS://IWPR.ORG/CATEGORY/NEWS/PRESS-RELEASE/)
FOR IMMEDIATE RELEASE
July 24, 2018
Contact: Jennifer Clark | 202-785-5100 | clark@iwpr.org (mailto:clark@iwpr.org)

Women-Owned Businesses Have Less Access to Capital, Fewer Intellectual Property Rights, and Much Lower Revenues

New reports explore gender gaps in innovation and entrepreneurship and strategies for progress

Washington, DC—Women-owned businesses with employees are less likely than businesses owned by men to hold intellectual property rights, such as patents, copyrights, and trademarks, according to a new analysis (https://iwpr.org/publications/innovation-intellectual-property-women-entrepreneurs/) by the Institute for Women’s Policy Research (IWPR). The
analysis, which relies on new data from the Annual Survey of Entrepreneurs, also finds that women-owned businesses have less access to capital and receive less than half the revenues of businesses owned by men.

In a separate first-of-its-kind report also released today, IWPR details promising practices for closing these gender gaps by profiling leading programs around the United States working to increase diversity in patenting, innovation, and entrepreneurship.

Women owned one in five (20.8 percent) businesses with employees in the United States in 2015, which reflects growth of 25 percent since 1997, when women owned only 16.8 percent of firms with employees. The number of women-owned businesses grew at nearly four times the rate of men-owned firms over the last two decades.

Women of color have been driving much of this growth. Since 2002, the number of firms owned by Hispanic women has increased by over 77 percent, and the number of firms owned by Black women has increased by over 40 percent. In the same period, the share of businesses owned by White women grew by 8.9 percent.

While women are less likely than men to hold intellectual property, they are more likely to engage in product innovations more broadly, including advances that improve or increase the usability of a good or service.

“Women are starting businesses and proving themselves as innovators in their fields at higher rates than ever before,” said IWPR Study Director Jessica Milli, Ph.D. “We should make sure that women have full access to opportunities to commercialize their ideas and start high-revenue ventures.”

Male entrepreneurs are twice as likely as women to receive at least $1 million in start-up funding. Men are more likely to receive start-up funding from venture capitalists, angel investors, and financial institutions, while women are more likely to use their own credit, take out home equity loans in their own names, or rely on family and friends. When they do seek out funds, women entrepreneurs are less likely than men to receive the full amount they requested.
Firms with high revenues are more likely than low-revenue firms to hold intellectual property. Women-owned businesses that have a patent pending have average revenues 16 times higher than firms without intellectual property and have the smallest revenue gaps when compared with men-owned firms. Higher revenue businesses are also more likely to conduct research and development activities than low-revenue firms.

IWPR also released a report on promising practices (https://iwpr.org/publications/gender-diversity-patenting-program-scan/) for closing the patent gaps among women inventors and entrepreneurs. The second report profiles seven programs around the United States working to increase gender diversity in patenting, innovation, and entrepreneurship in a variety of locations and settings. The report is the first attempt to describe promising efforts to educate women about commercializing their inventions and innovations; programs to build networks and connect women with sponsors, experts, and funders who can help women take ideas to market; and resources to help navigate the dynamics of male-dominated fields.

The report provides information that can help others develop programs to encourage women to invent, innovate, and patent.

“Several programs working to address the gender gap in innovation have promising approaches to improving women’s access to key networks and information,” said IWPR Senior Research Associate Elyse Shaw, an author of the report. “There is a vast untapped pool of innovators, and programs like these can help us apply their talent and ideas to solving the most pressing challenges facing society.”

The Institute for Women’s Policy Research (IWPR) (http://click.icptrack.com/icp/relay.php?r=&msgid=0&act=111111&c=1264441&destination=http%3A%2F%2Fwww.iwpr.org%2F) is a 501(c)(3) tax-exempt organization that conducts and communicates research to inspire public dialogue, shape policy, and improve the lives and opportunities of women of diverse backgrounds, circumstances, and experiences. IWPR also works in affiliation with the Program on Gender Analysis in Economics at American University.

-END-