



Entrepreneurship 101 Part 2

Tessa Conroy

Assistant Professor and Economic Development Specialist

University of Wisconsin-Madison

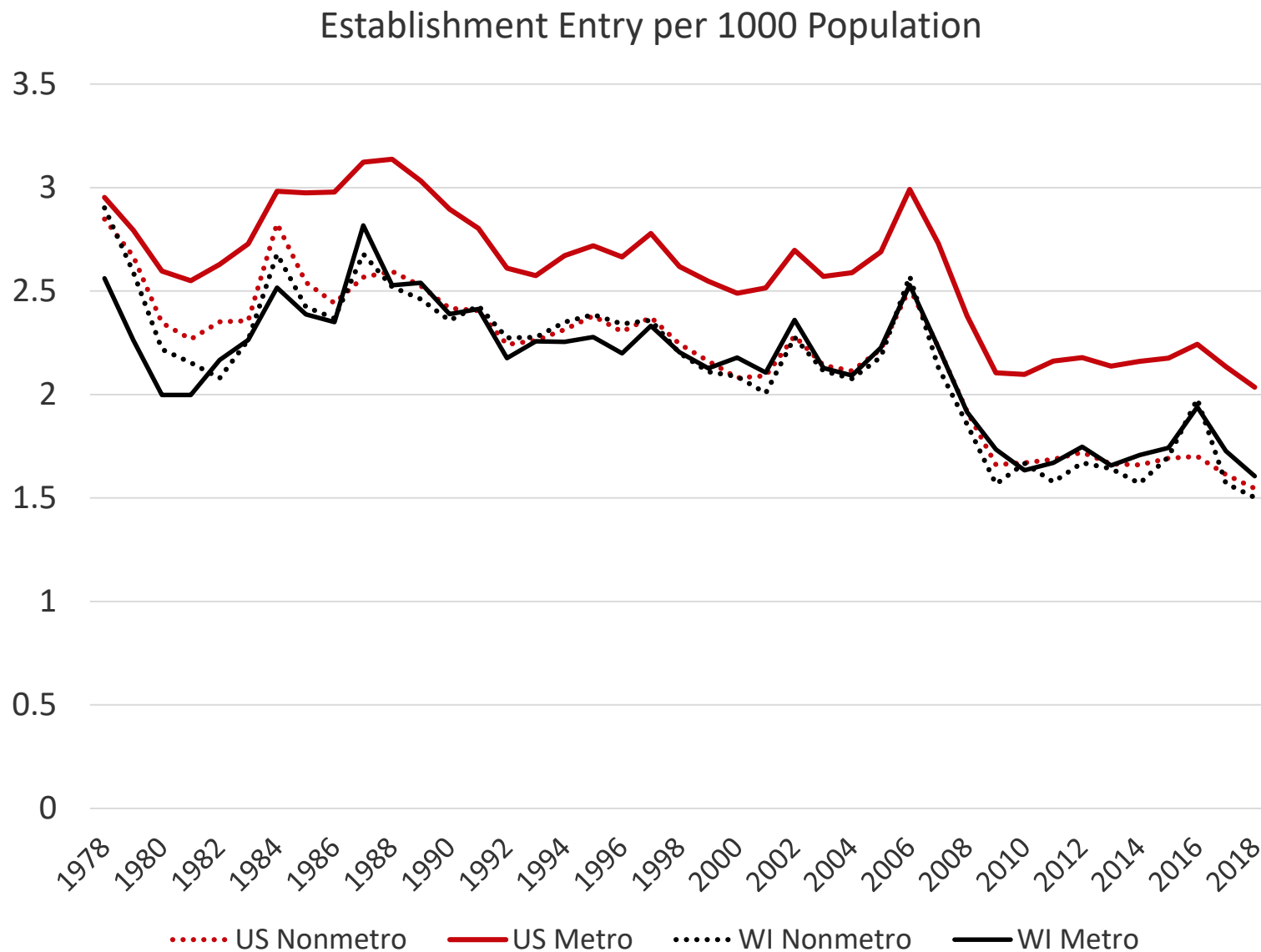




Entrepreneurship Trends



Birth rates of employer establishments have been falling for decades.



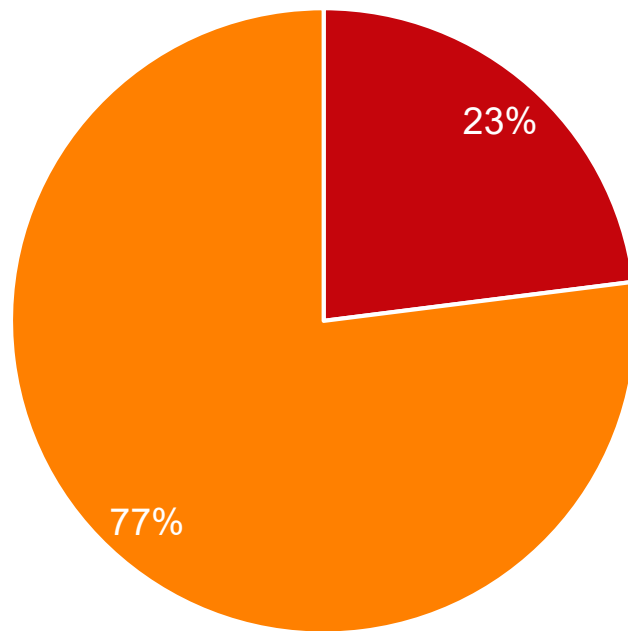


Start-up activity
and failure go
together.



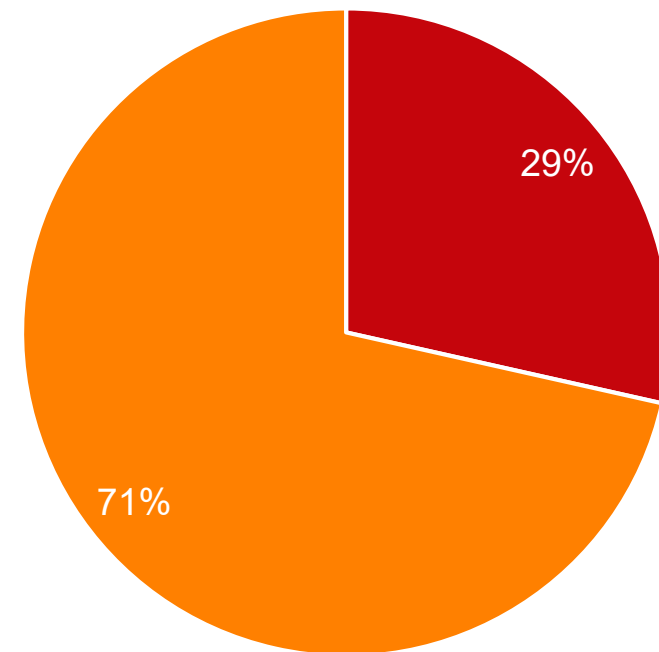
Most
businesses
don't have any
employees.

Employer and Nonemployer Businesses
U.S.



■ Employers 2018 ■ Nonemployers 2018

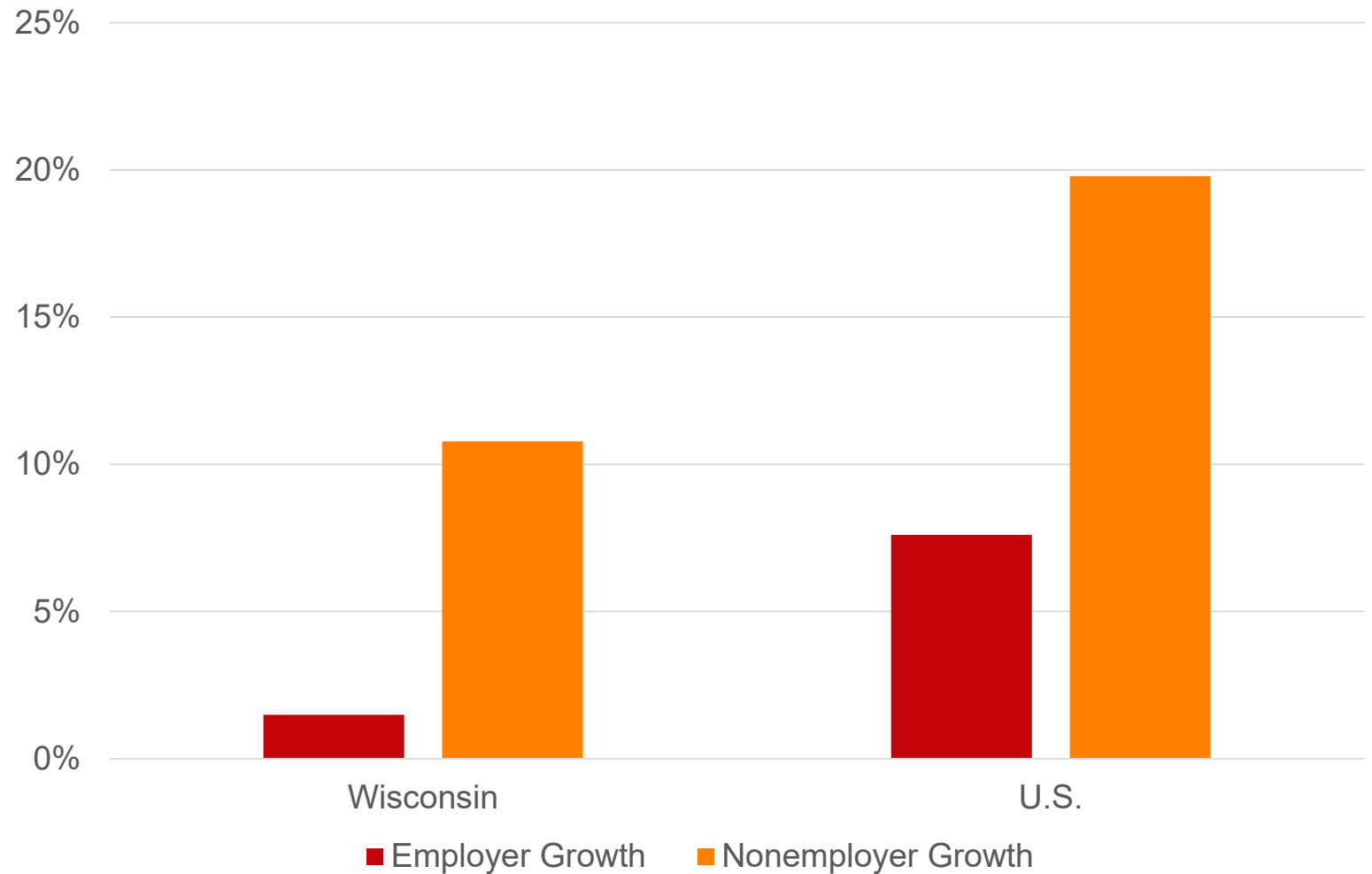
Employer and Nonemployer Businesses
Wisconsin



■ Employers 2018 ■ Nonemployers 2018

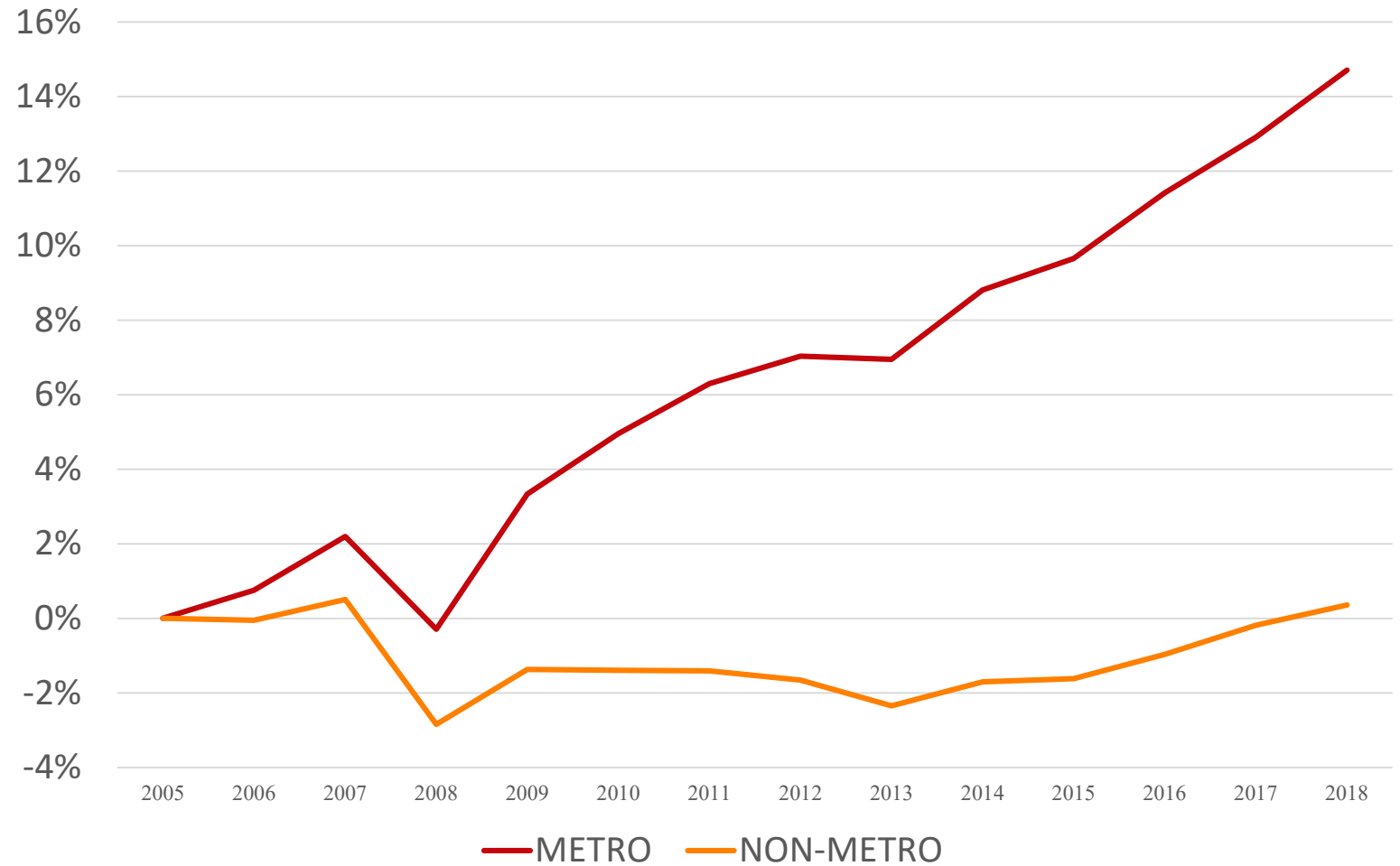
Nonemployer
business have
been growing
rapidly.

Employer and Nonemployer Growth
2010-2018



Urban areas
are driving
nonemployer
growth.

Nonemployer Growth
Metro and Nonmetro Wisconsin,
2010-2018





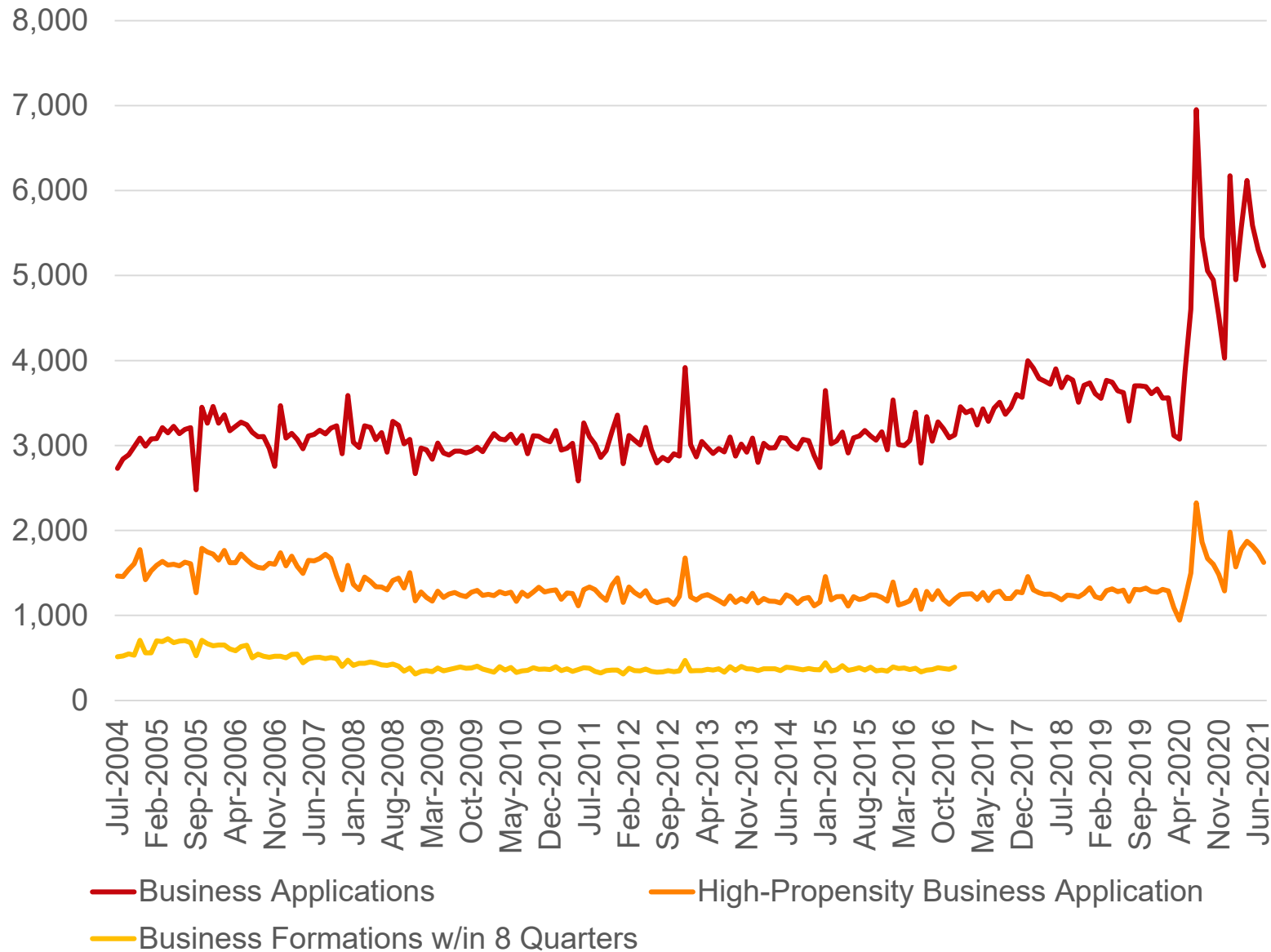
Entrepreneurship During the Pandemic



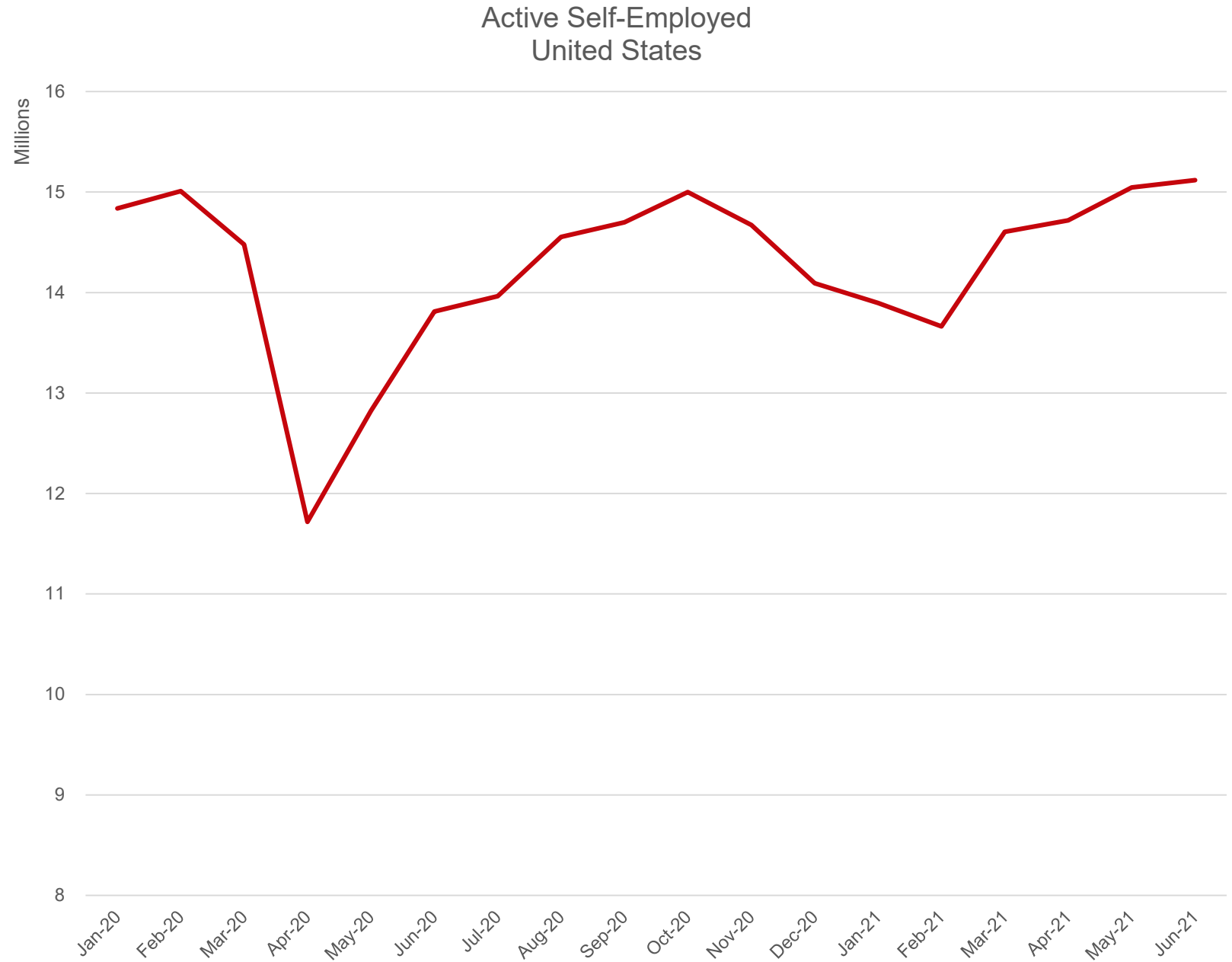


Start-up activity
may be
increasing.

Business Formation Statistics Wisconsin

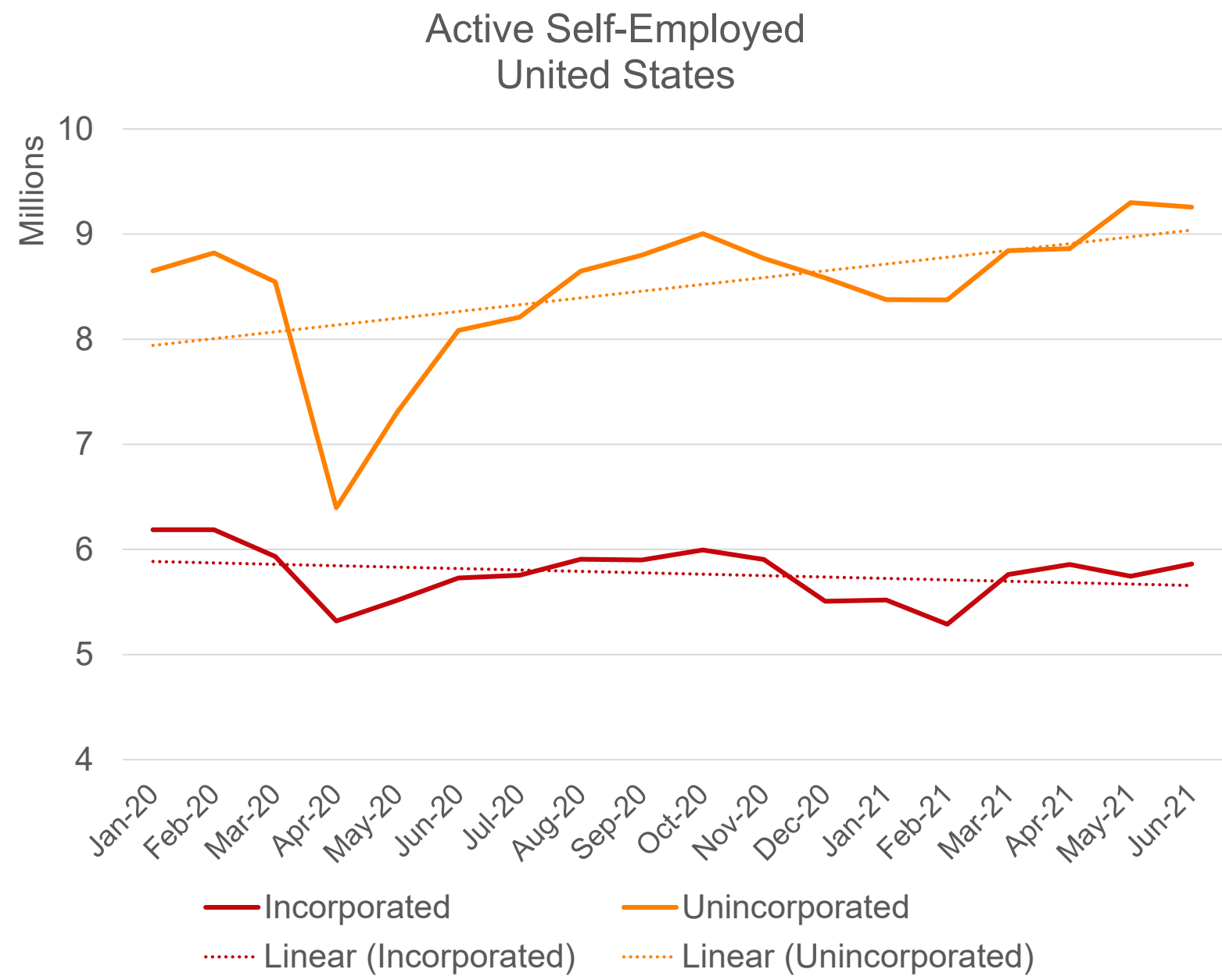


Active self-employment fell 22% from February to April 2020.



Source: CPS

The composition of self-employment is changing.

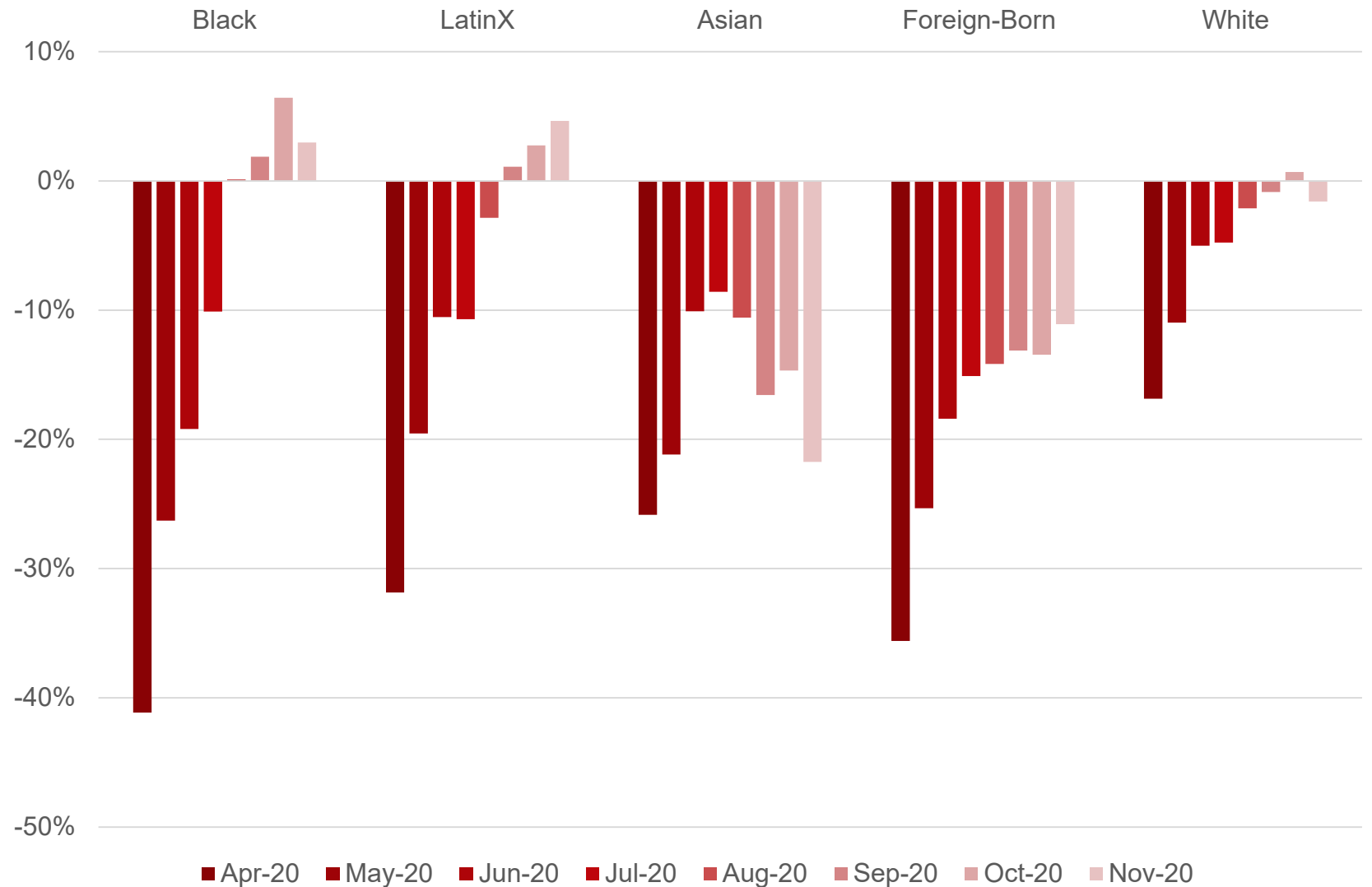


Source: CPS



Foreign-born and communities of color had the largest declines in self-employment.

Active Self-Employed Change from February 2020 By Race/Ethnicity/Citizenship U.S.

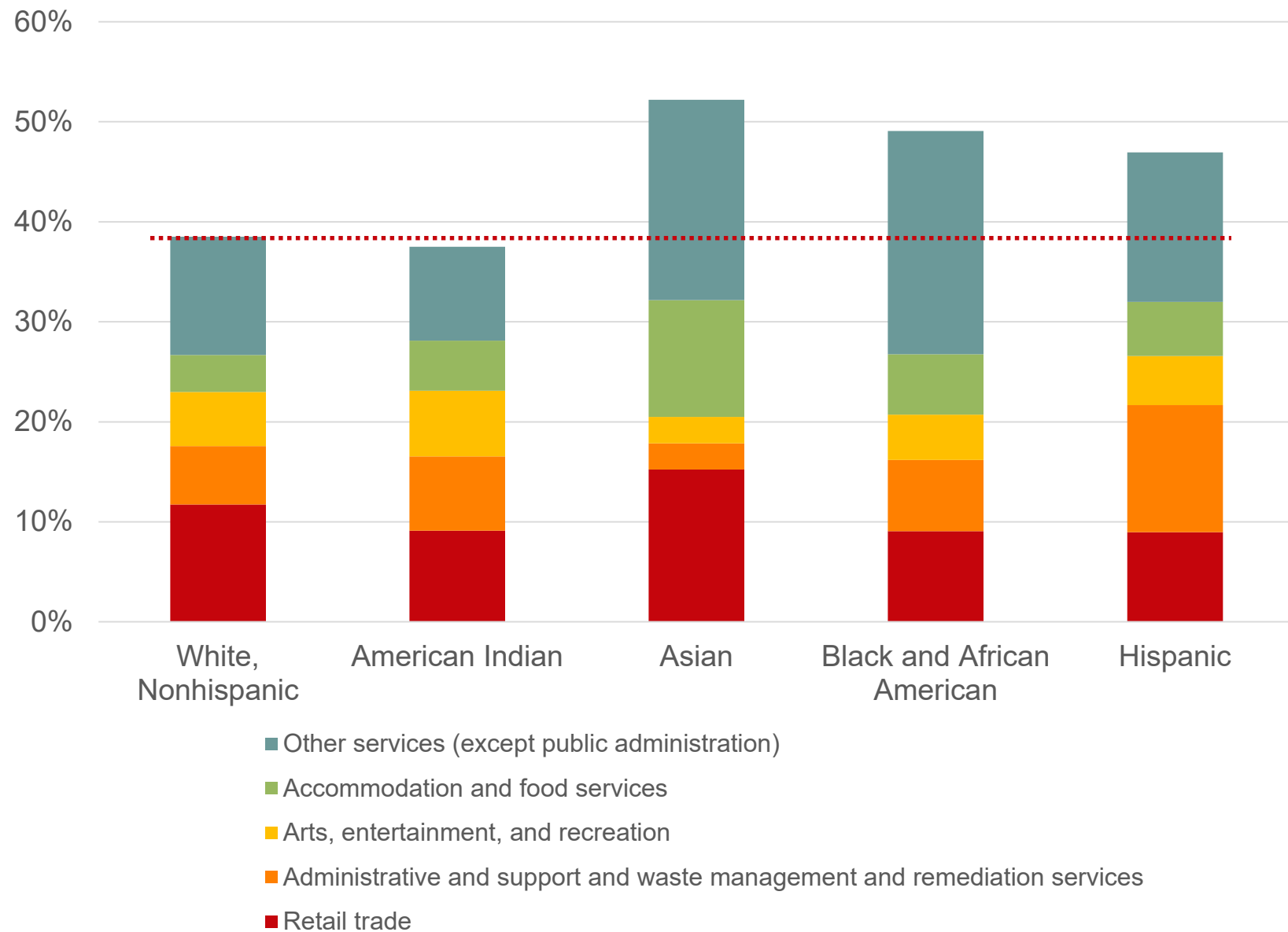


Source: CPS



Minority-owned businesses are concentrated in heavily impacted sectors.

Minority-Owned Businesses in Vulnerable Sectors
Wisconsin, 2017



Source: ABS 2017, NES-D 2017



Business Owners of Color



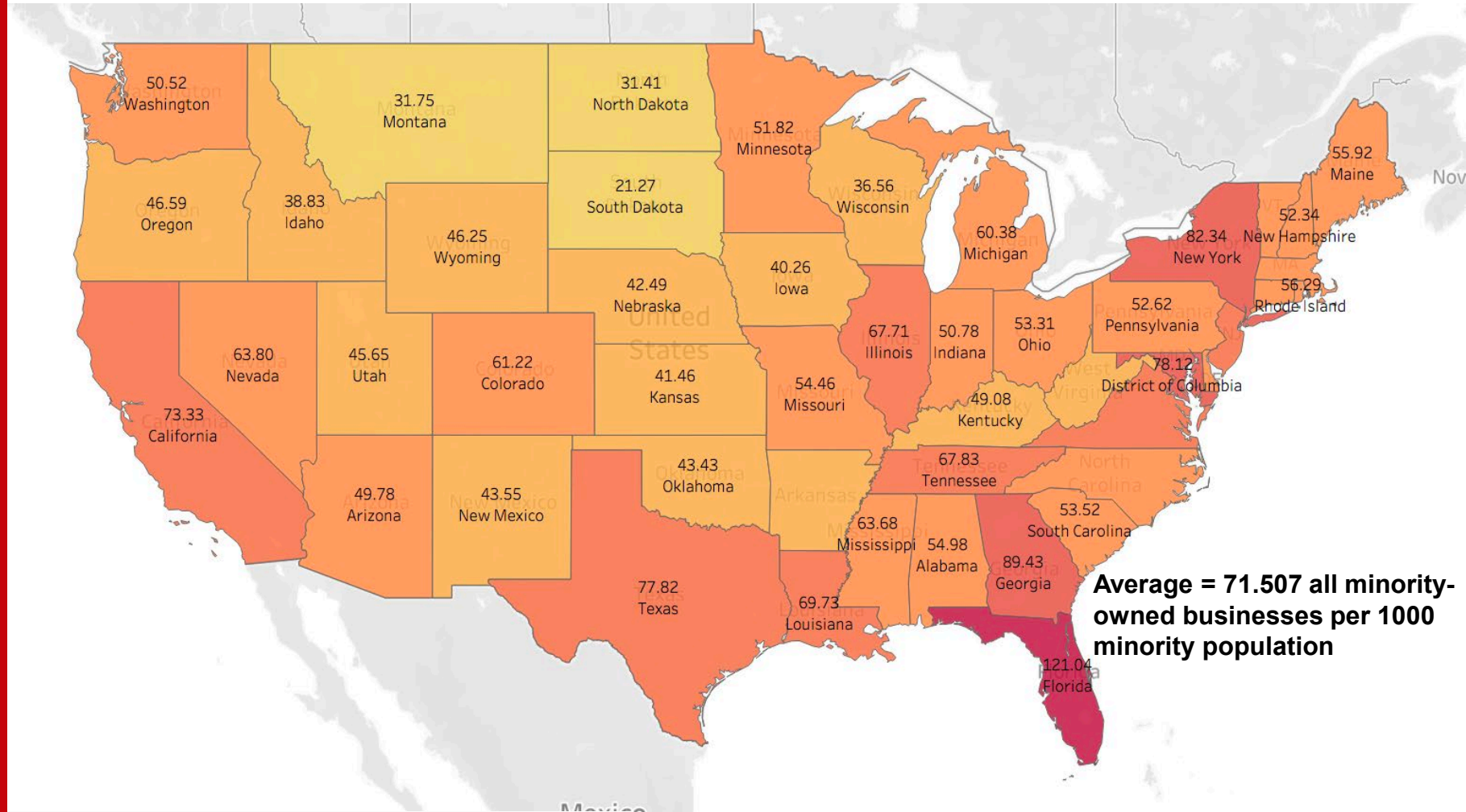
Minority-Owned Businesses

- From 2007 to 2012, the five years enveloping the economic recession, a net 2 million minority-owned businesses were created.
- During the same time period, a net 1 million nonminority owned businesses closed.
- Foreign-born individuals are more than twice as likely to start a business.



The highest rates of minority-owned businesses tend to be on the coasts.

Number of All Minority-Owned Businesses per 1000 Residents Classified as Minority, 2017



Average = 71.507 all minority-owned businesses per 1000 minority population

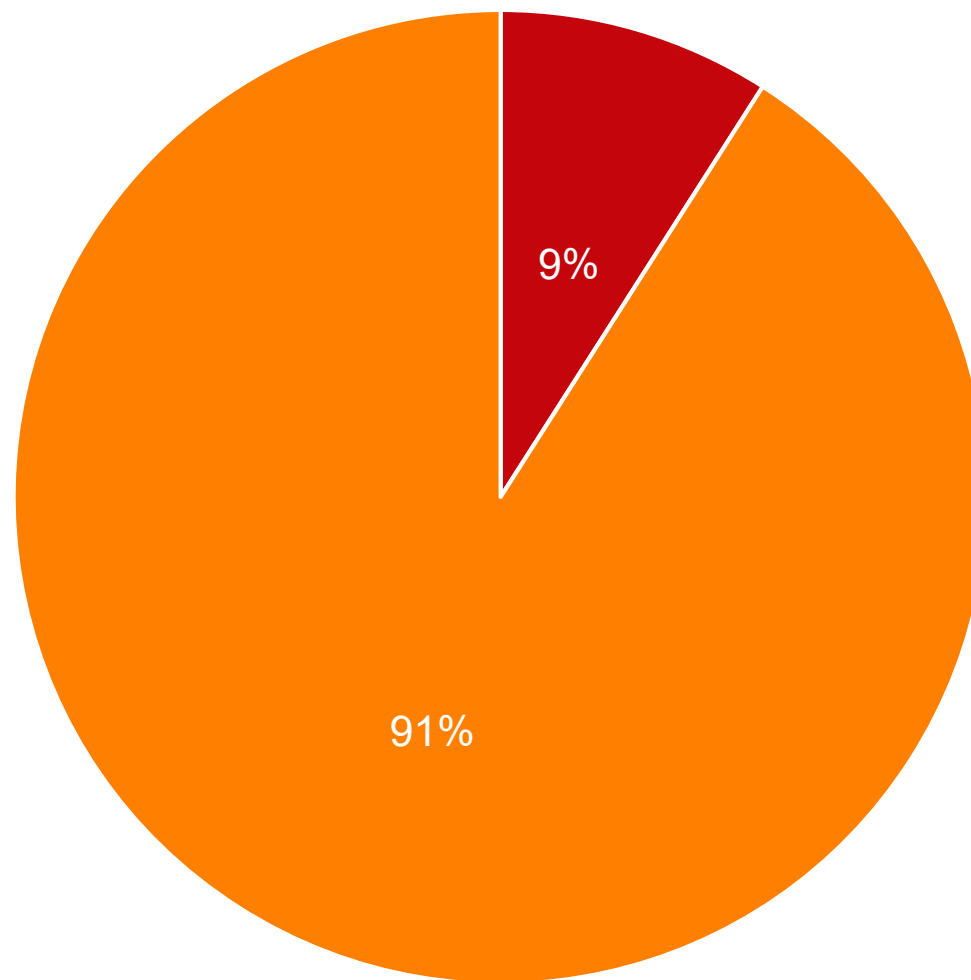
Rate of All Minority Business Ownership





In WI, 9% of businesses are minority-owned.

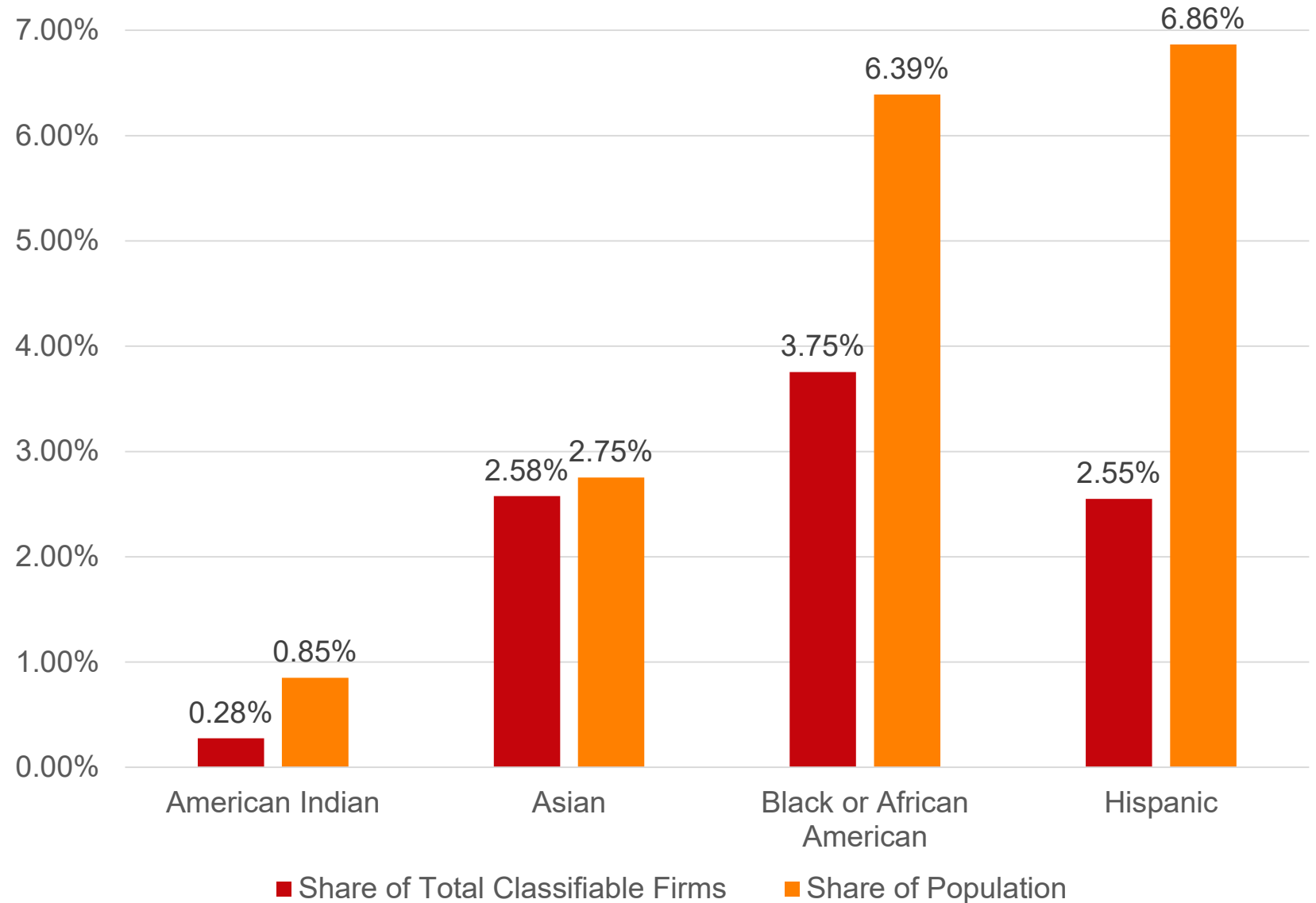
Figure 1: Minority and Nonminority Business Ownership Breakdown for All Firms Wisconsin 2017



■ Minority-Owned Businesses - 39,817 ■ Nonminority-Owned Businesses - 400,255

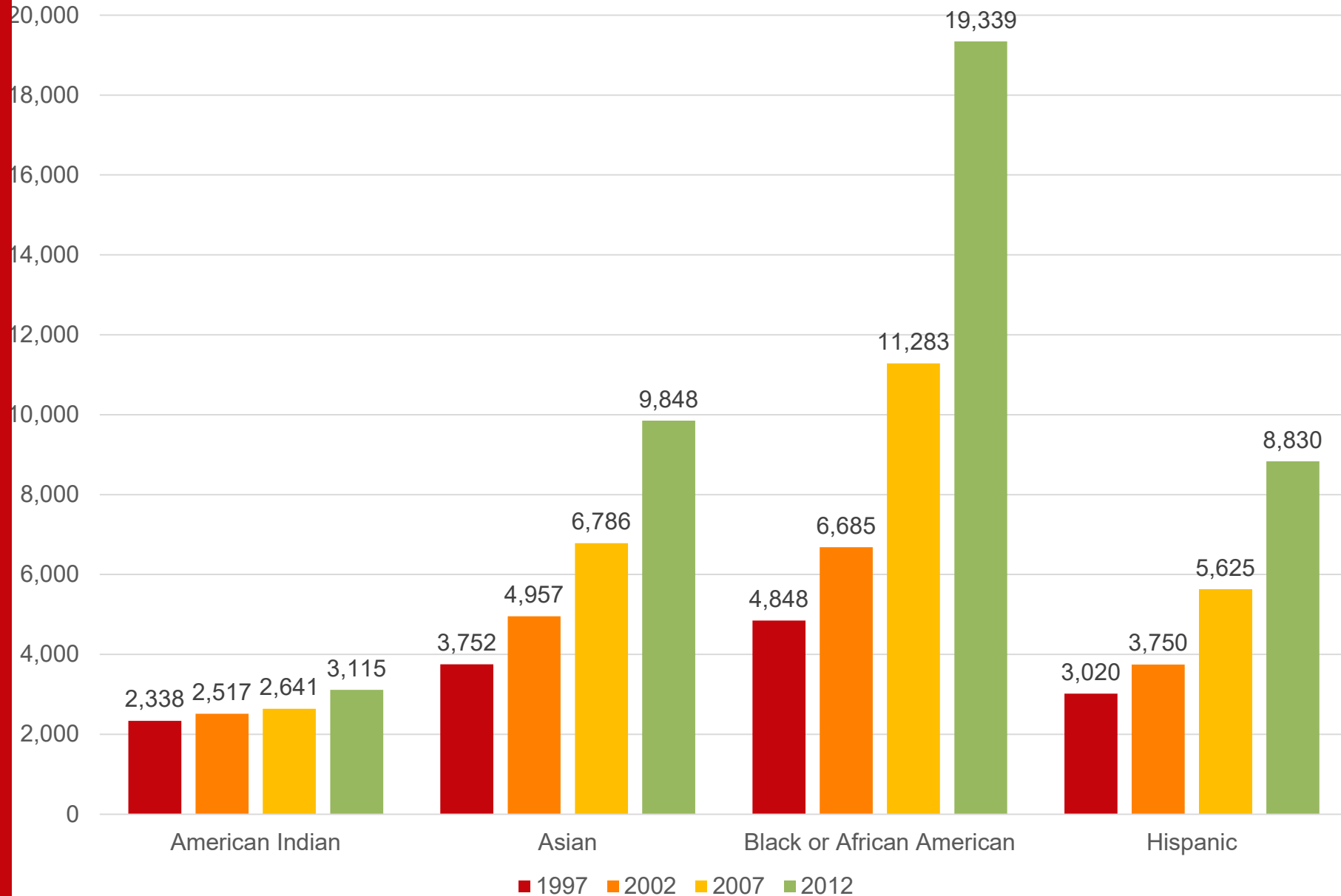
The largest business ownership disparities are for American Indian and Hispanic populations.

Difference in Total Business Ownership and Share of Population
Wisconsin 2017



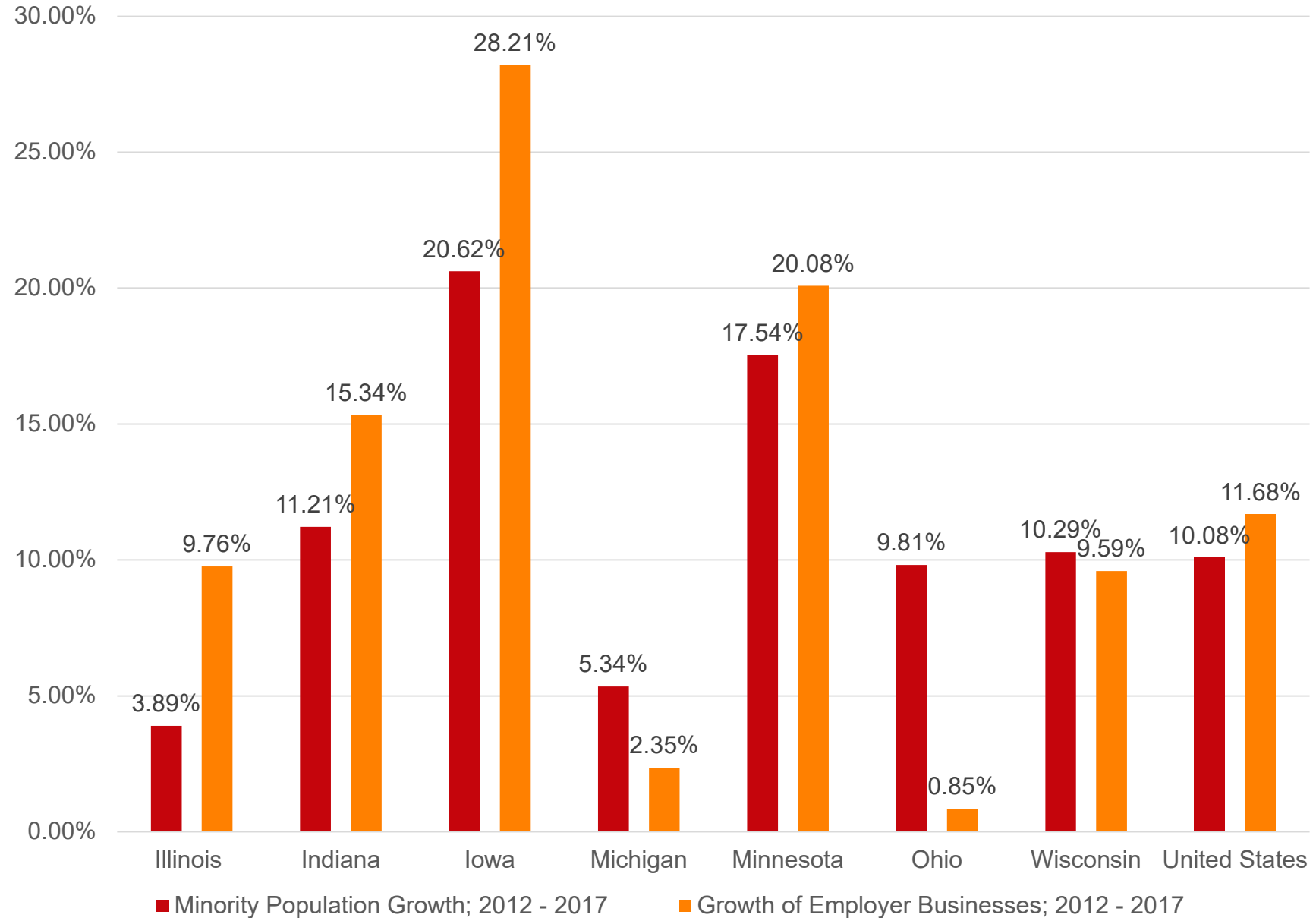
Growth of minority-owned businesses had been substantial.

Growth of all Minority-Owned Businesses Wisconsin 1997 - 2012



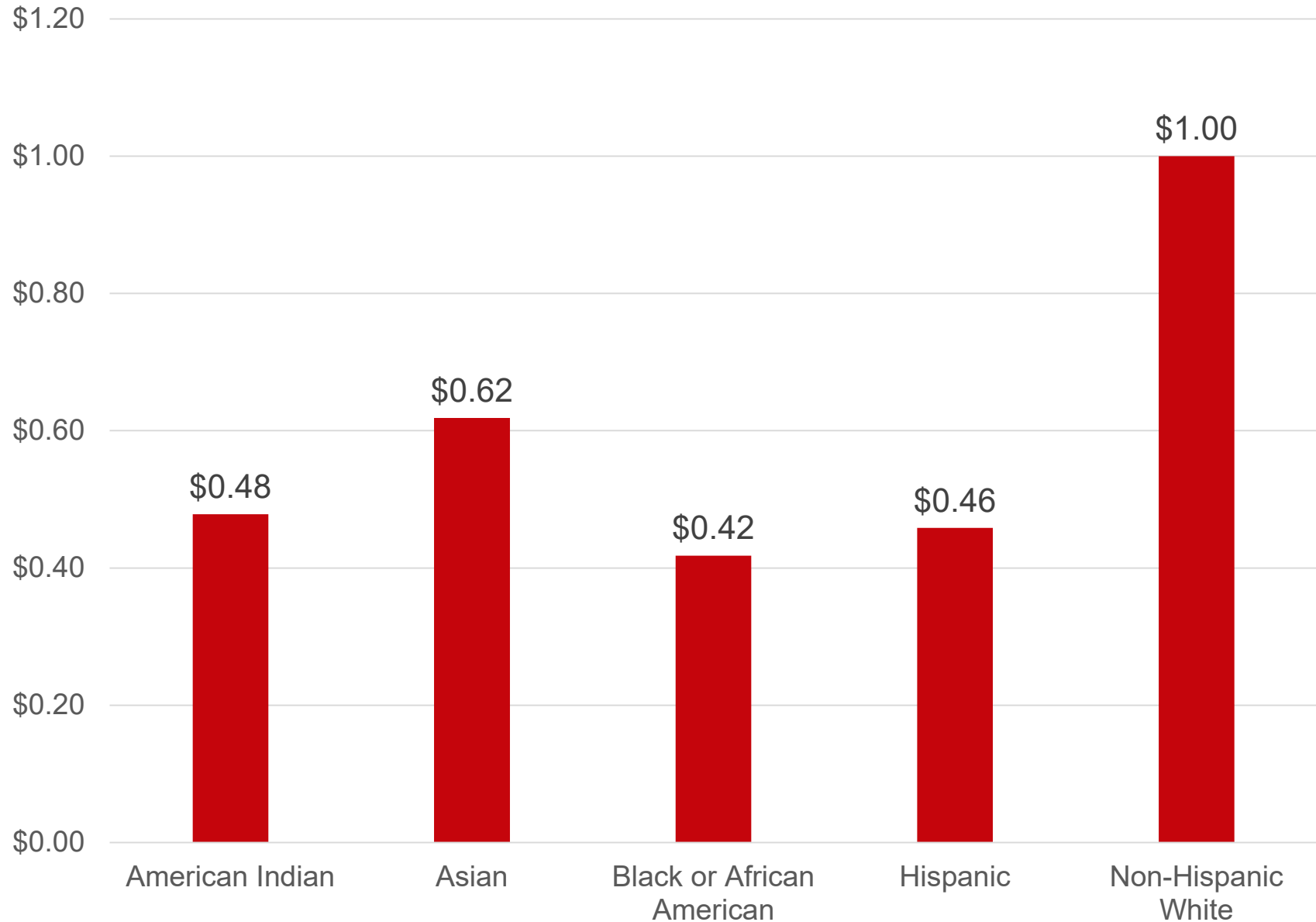
Growth of minority-owned businesses had been substantial.

Comparison of Minority Population Growth and Growth of Minority-Owned Employer Businesses
2012 - 2017



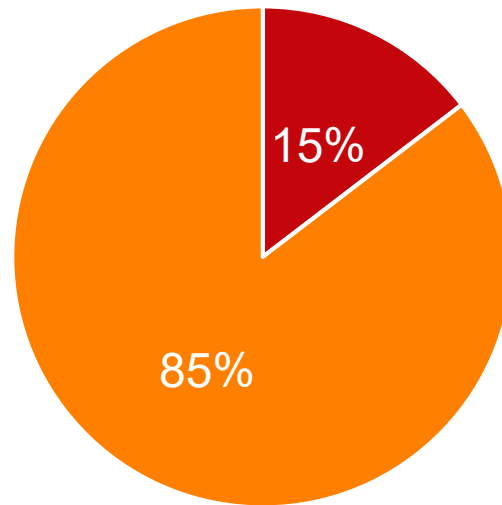
Minority-owned businesses earn less than two-thirds of non-minority-owned businesses.

Ratio of Average Sales between Minority-Owned Employers and Non-Hispanic White-Owned Employers
Wisconsin 2017



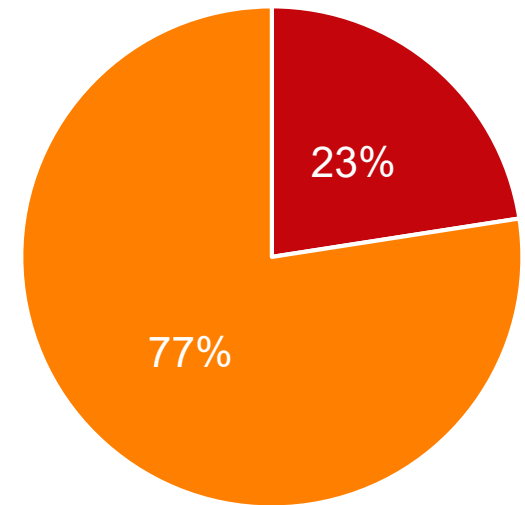
Minority-owned businesses earn less than two-thirds of non-minority-owned businesses.

Employer – Nonemployer
Breakdown of Minority-Owned
Businesses
Wisconsin 2017



- Employer Businesses - 5,817
- Nonemployer Businesses - 34,000

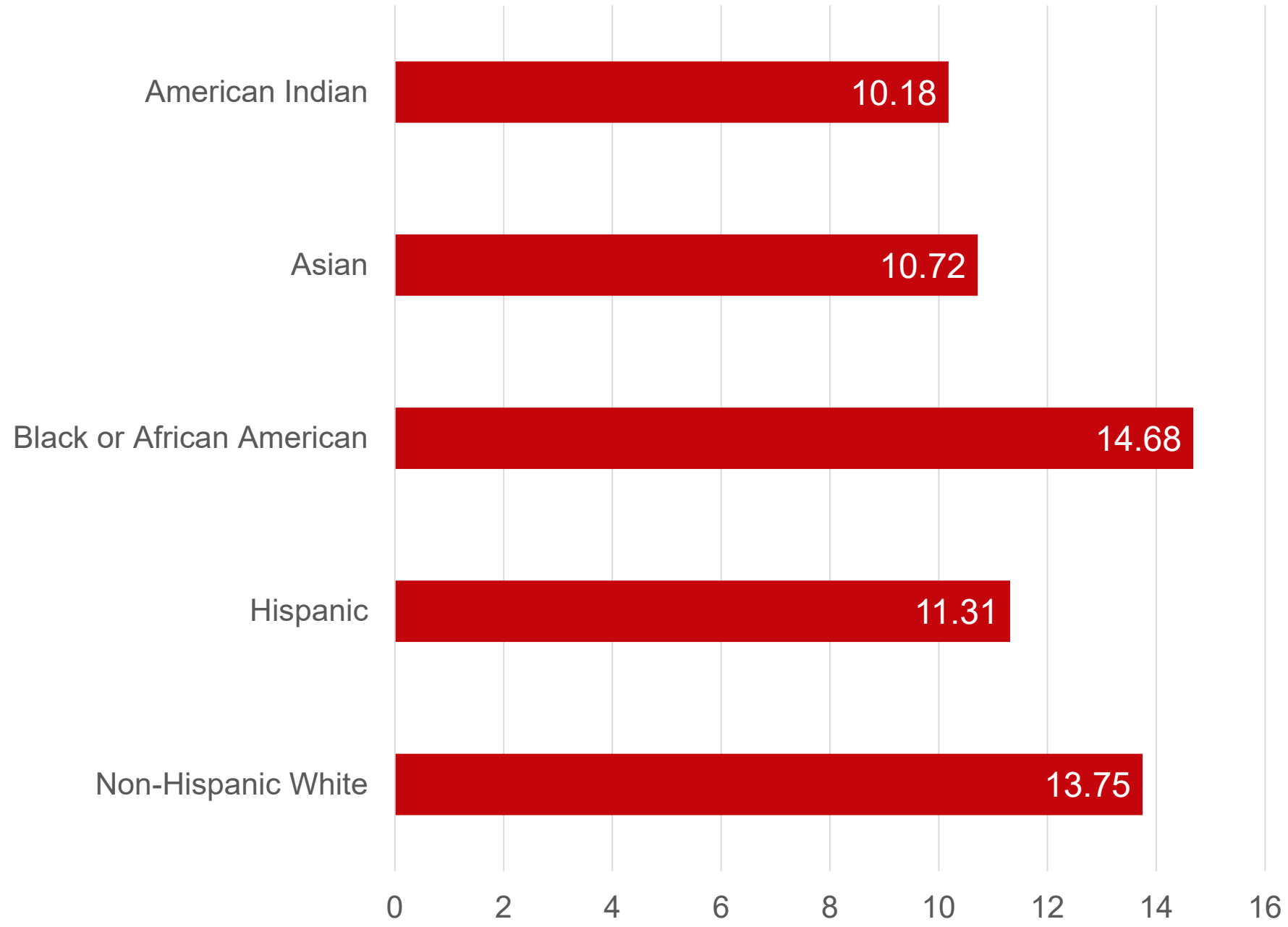
Employer – Nonemployer
Breakdown of Nonminority-Owned
Businesses
Wisconsin 2017



- Employer Businesses - 90,255
- Nonemployer Businesses - 310,000

Employment size is more comparable than sales across categories.

Average Number of Employees by Race and Ethnicity Wisconsin 2017





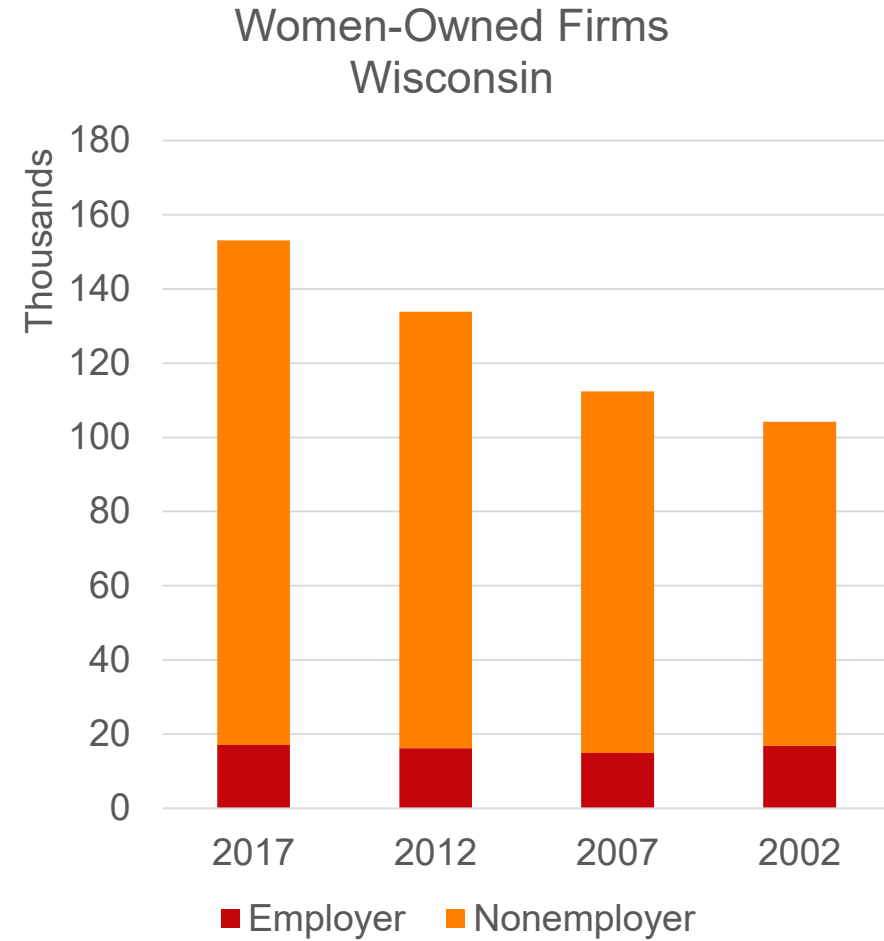
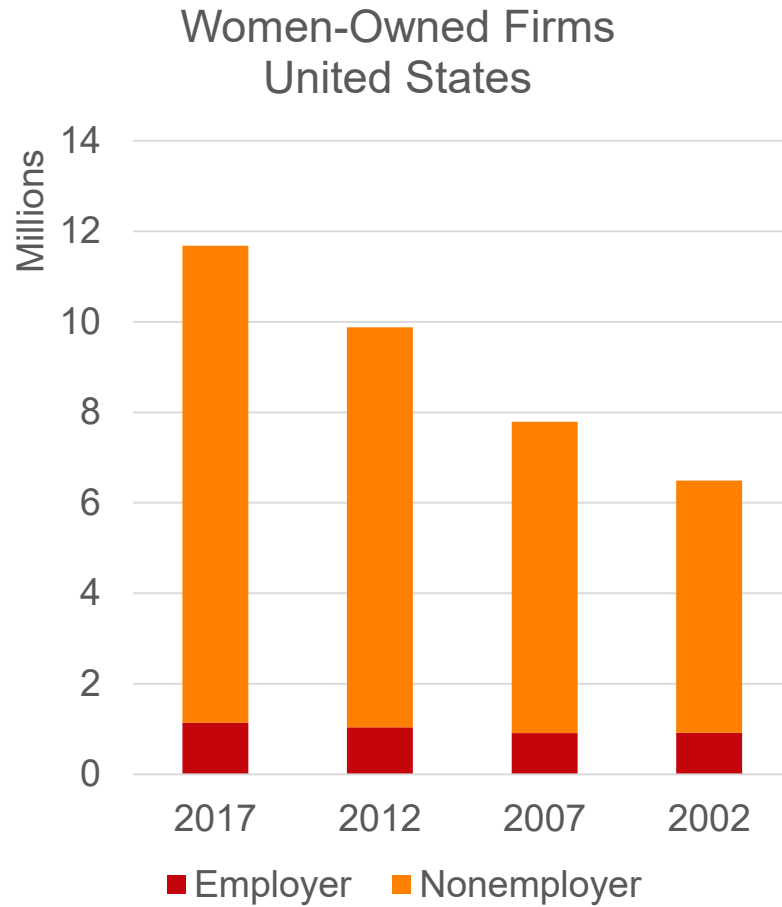
Women-owned business



Women-owned Businesses

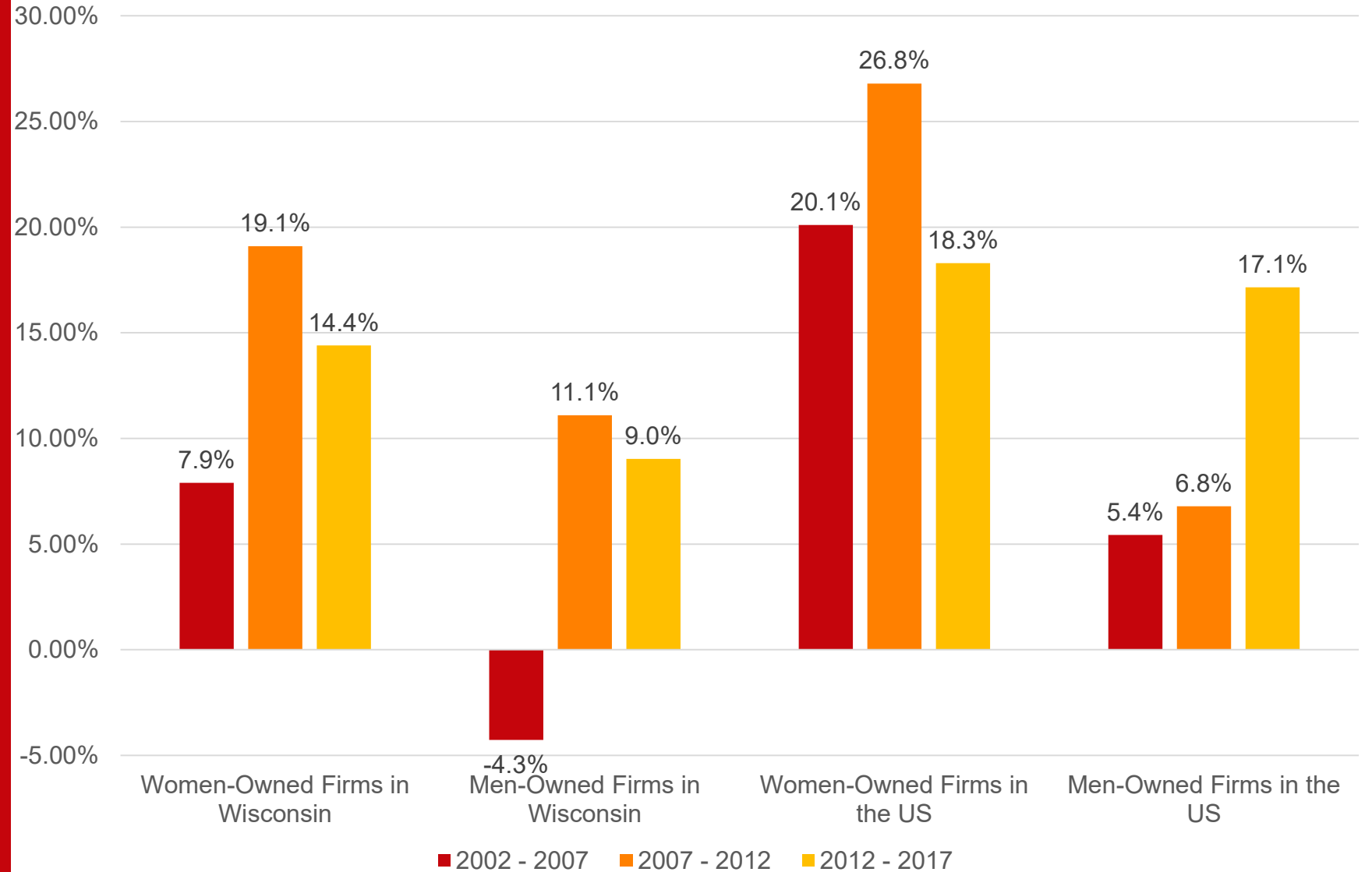
- Women-owned businesses, specifically, added roughly 500,000 employees in the decade preceding the recession.
- At the same time, male- and coed-owned businesses lost nearly 2 million jobs (U.S. Department of Commerce, 2010).

Women-owned businesses have been growing consistently.



Women-owned businesses have grown faster than male-owned.

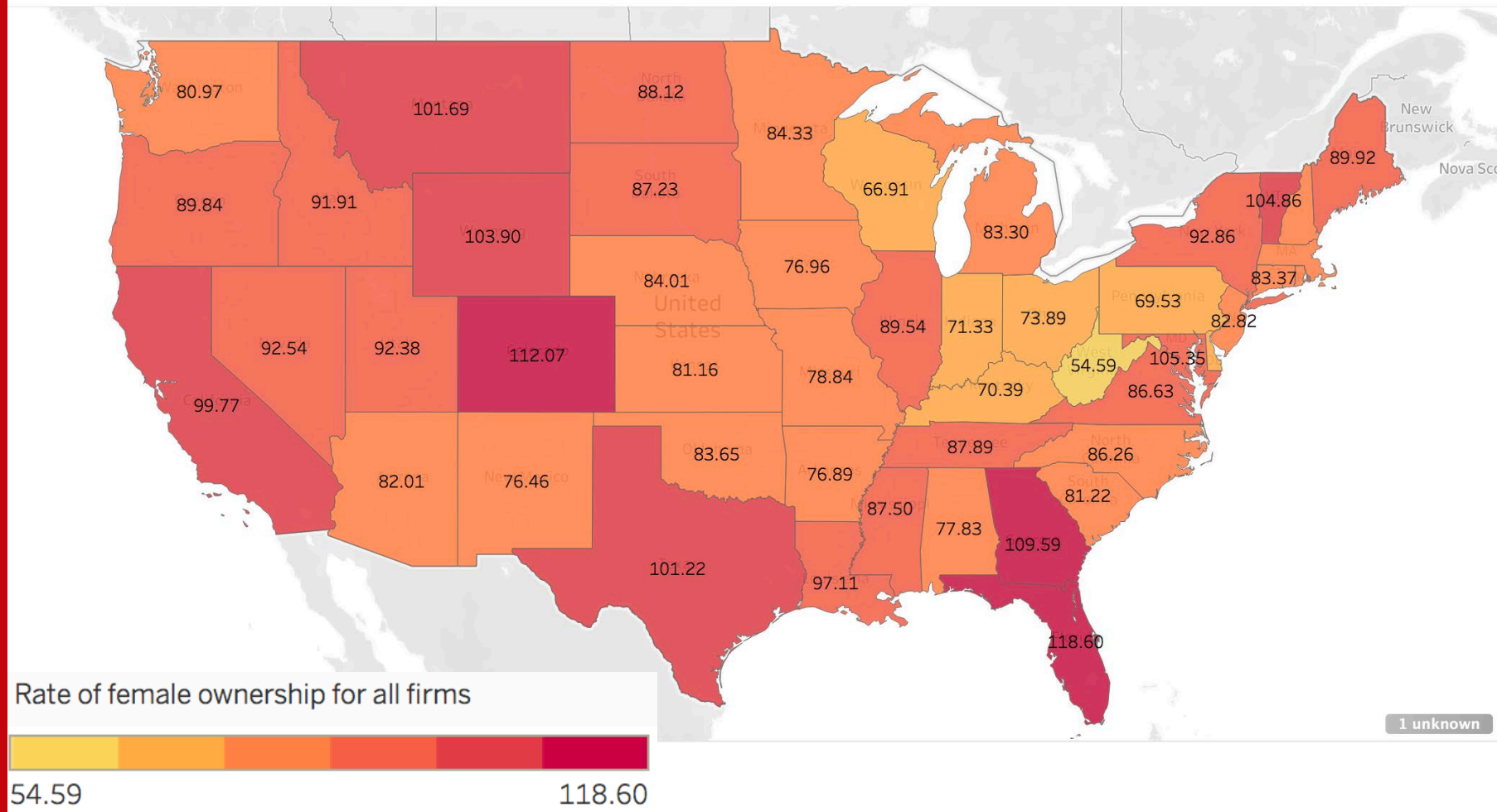
Growth Rate of Business Ownership by Gender
2002 - 2017



Rates of women-owned businesses are generally lower in the Rust Belt.

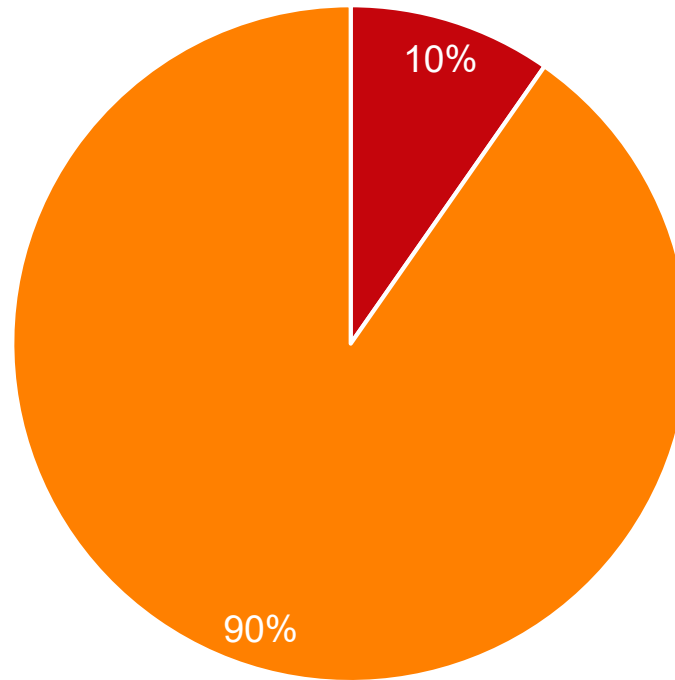
Rate of Female Ownership for All Firms

Number of employer and nonemployer businesses owned solely by women per 1000 women in each state



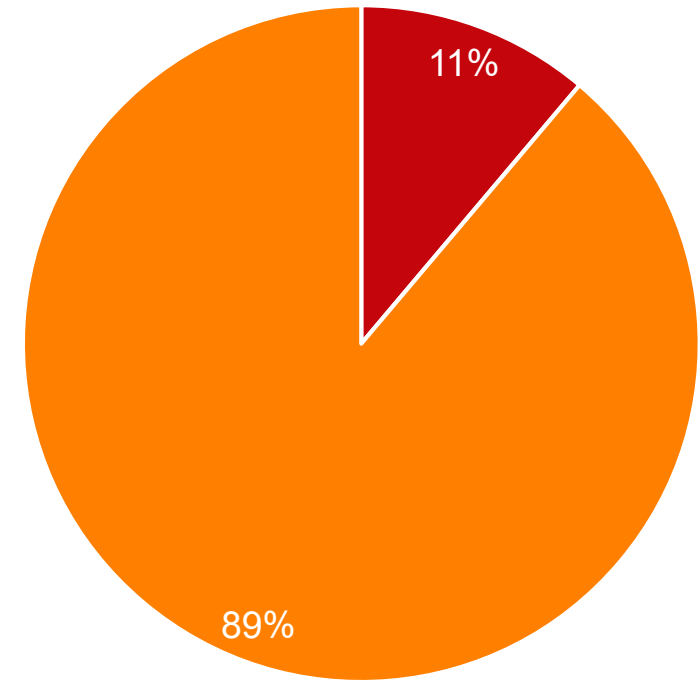
Women-owned businesses are more likely to be non-employers.

Women-Owned Employer and Nonemployer Firms United States, 2017



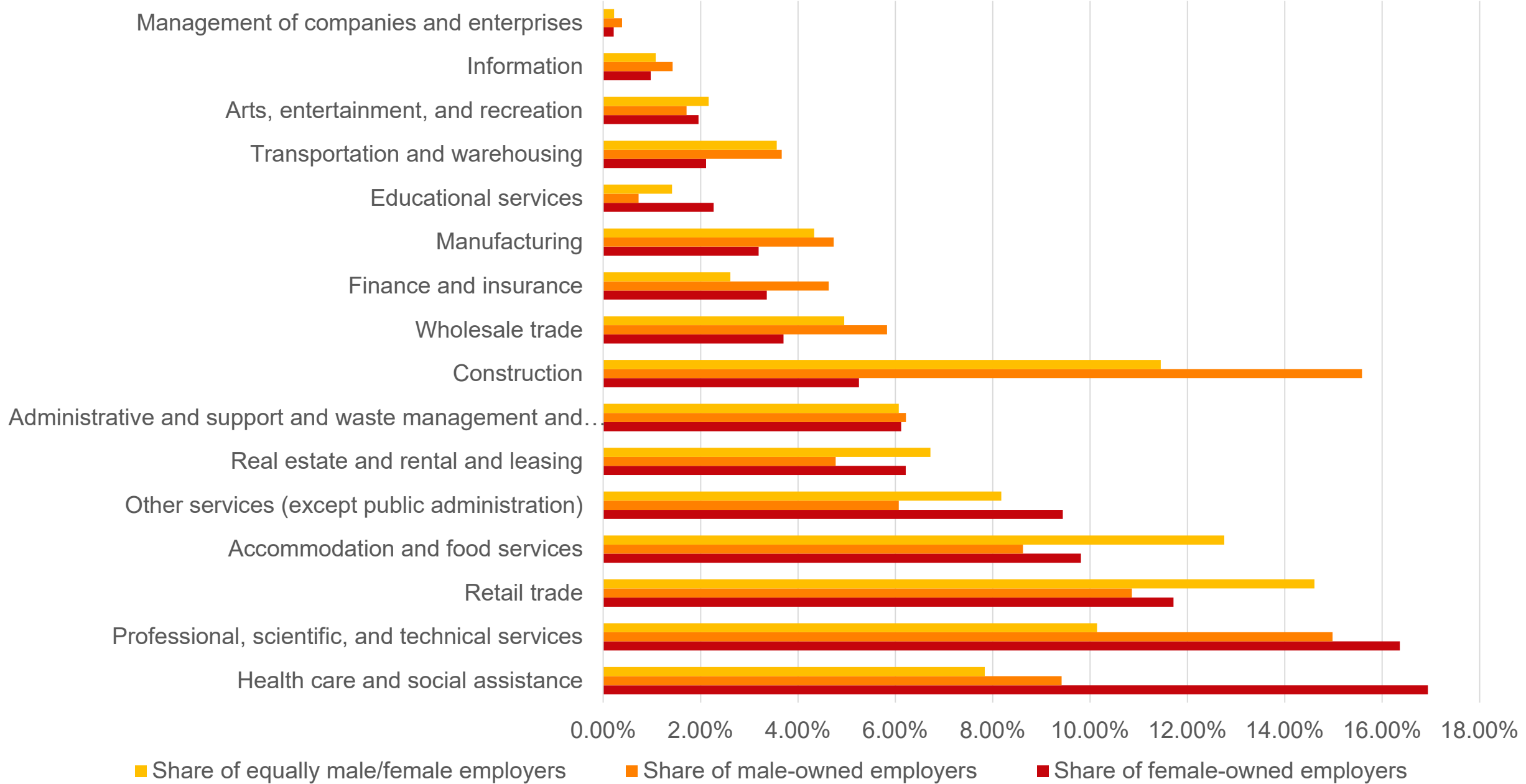
■ Employer ■ Nonemployer

Women-Owned Employer and Nonemployer Firms Wisconsin, 2017



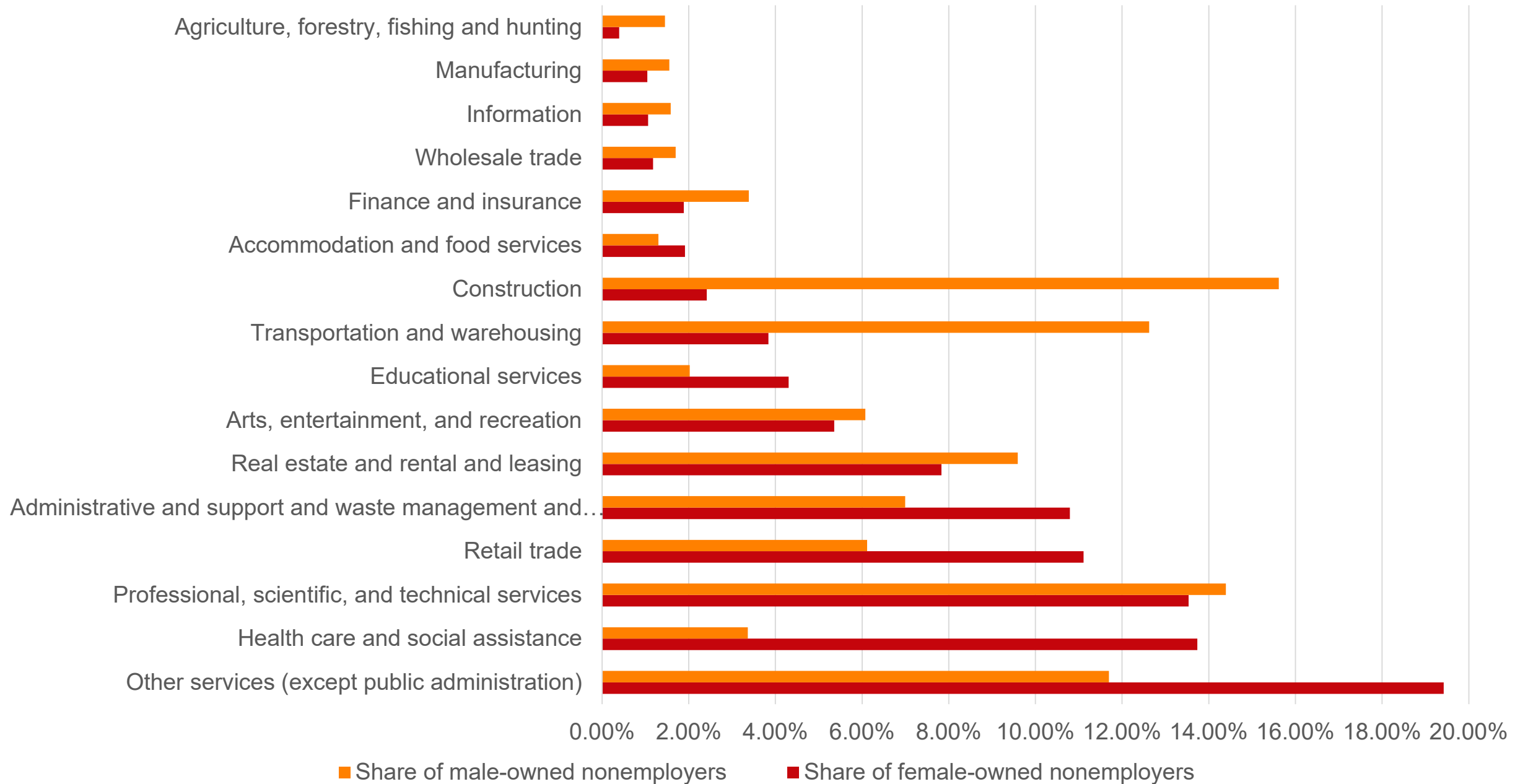
■ Employer ■ Nonemployer

Sector Breakdown of US Employer Establishments by Gender United States 2017

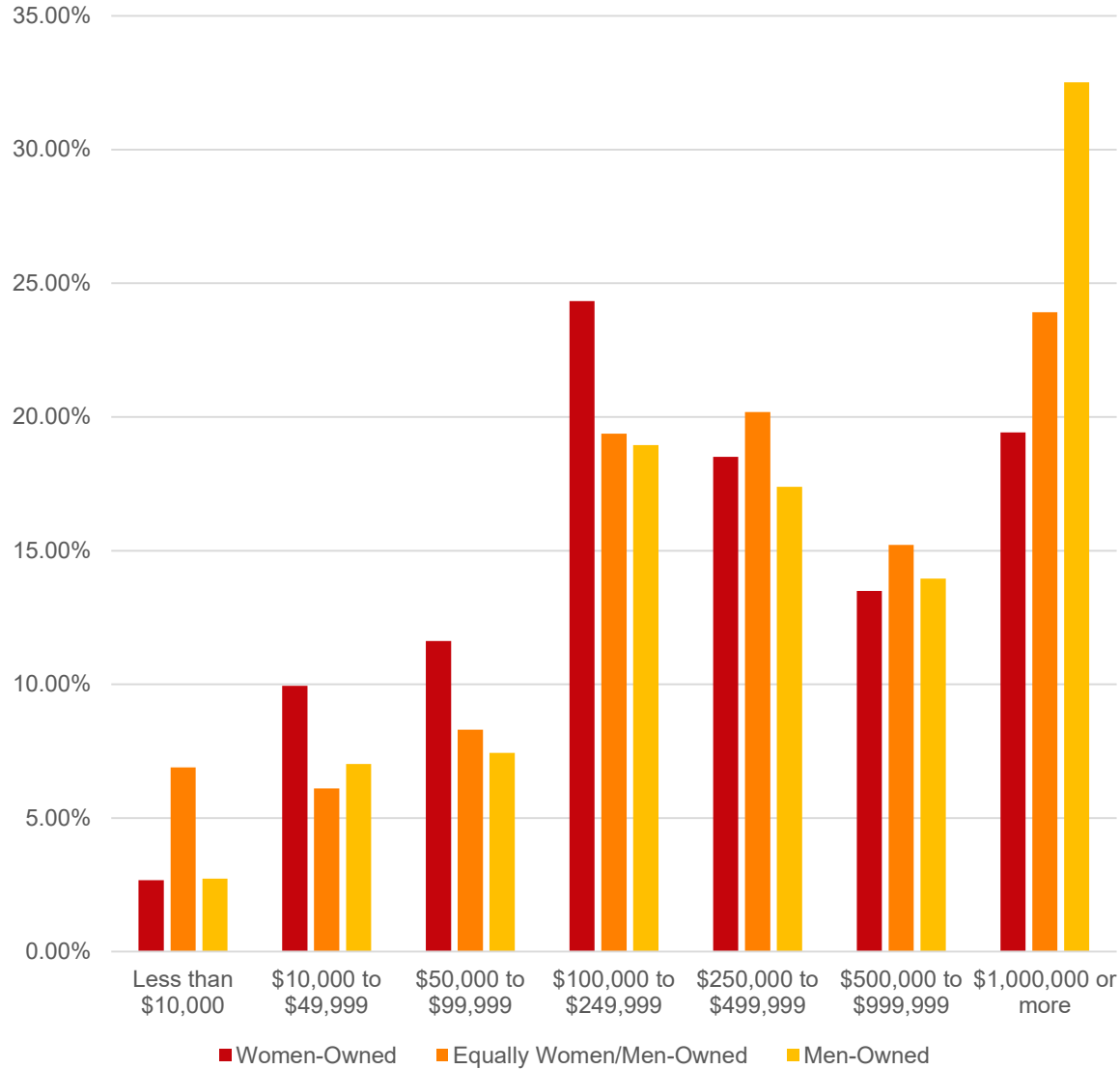


Sector Breakdown of US Nonemployer Establishments by Gender

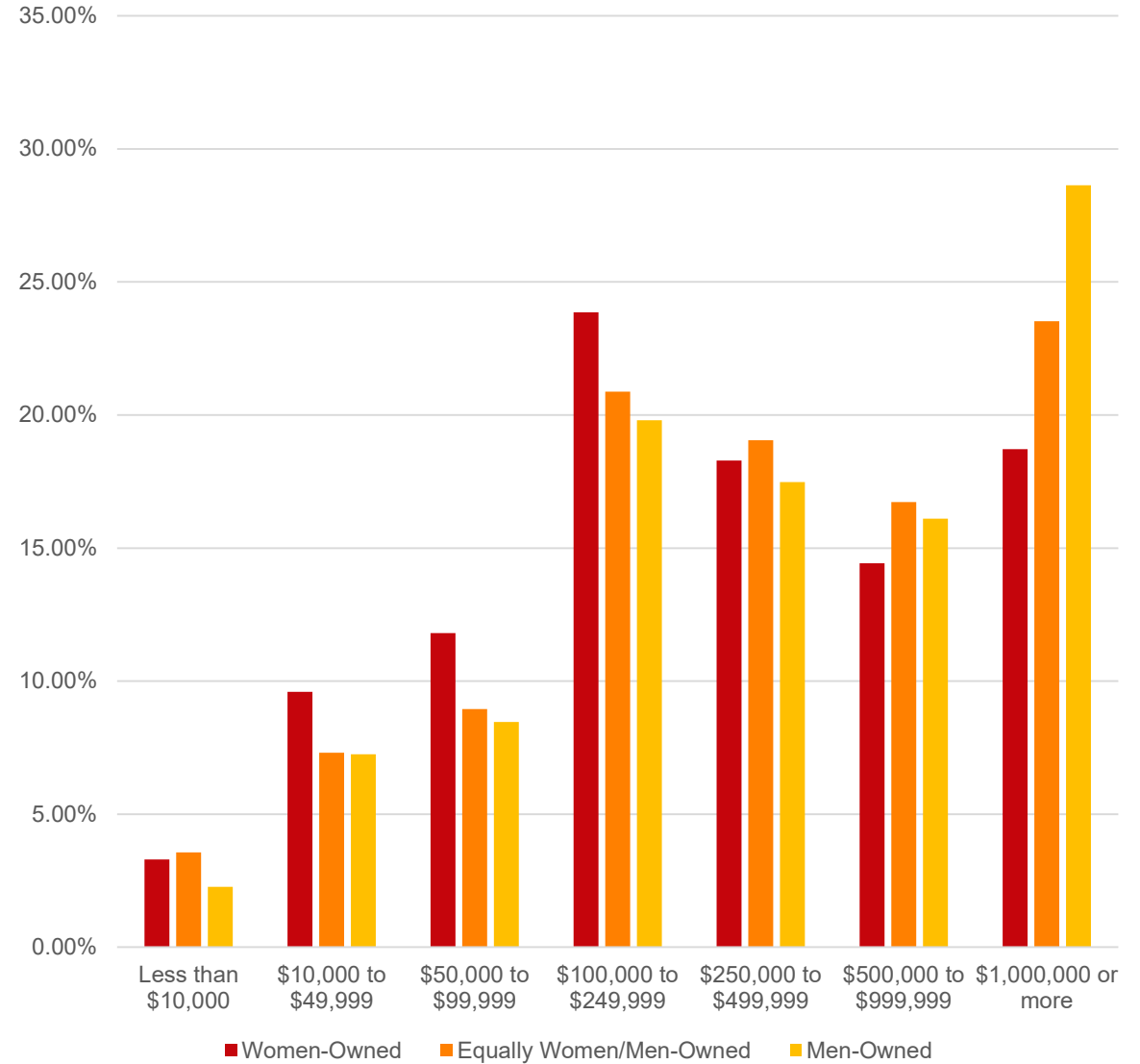
United States 2017



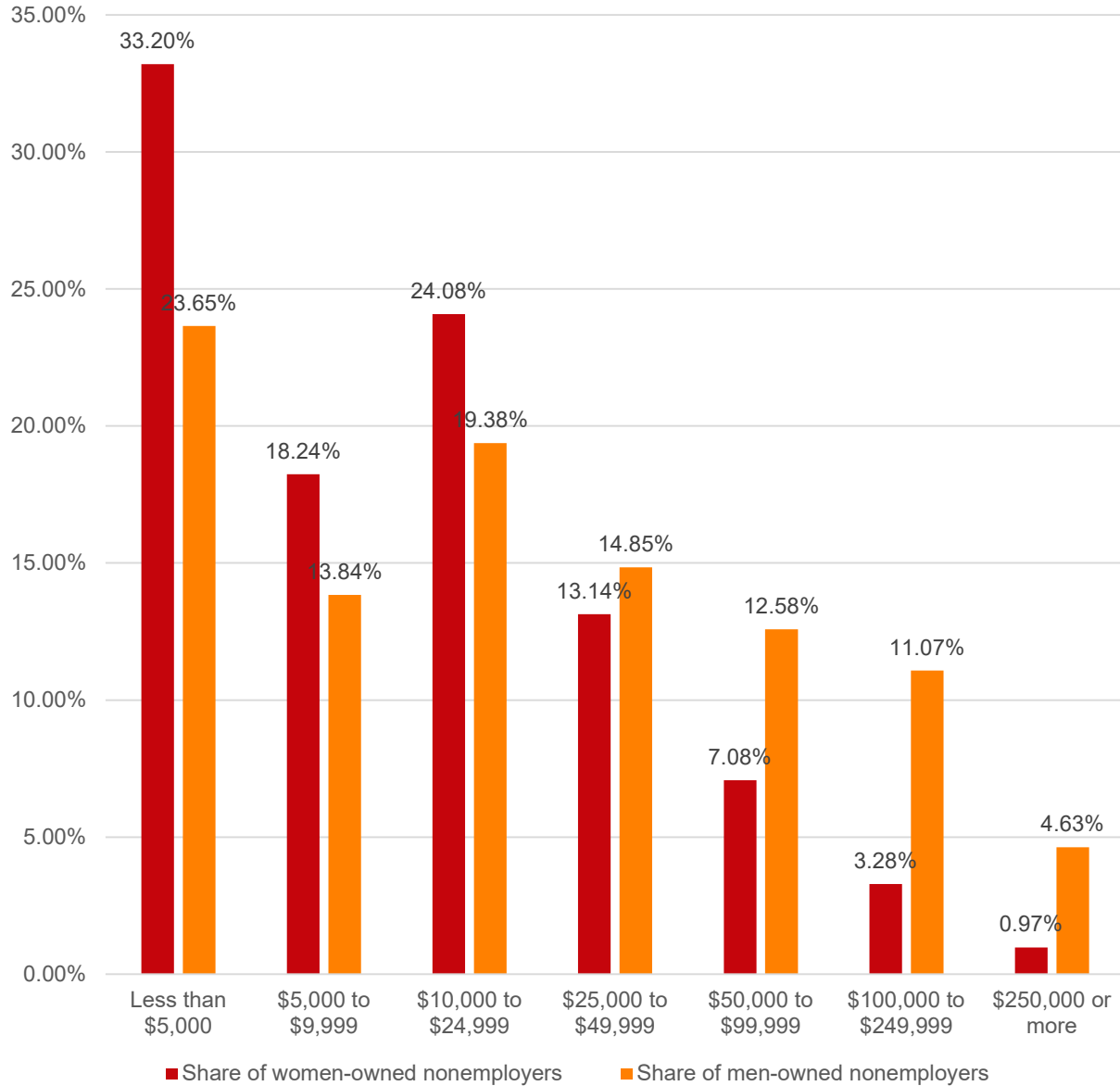
The Share of Employer Businesses at each Revenue Level by Gender
Wisconsin 2017



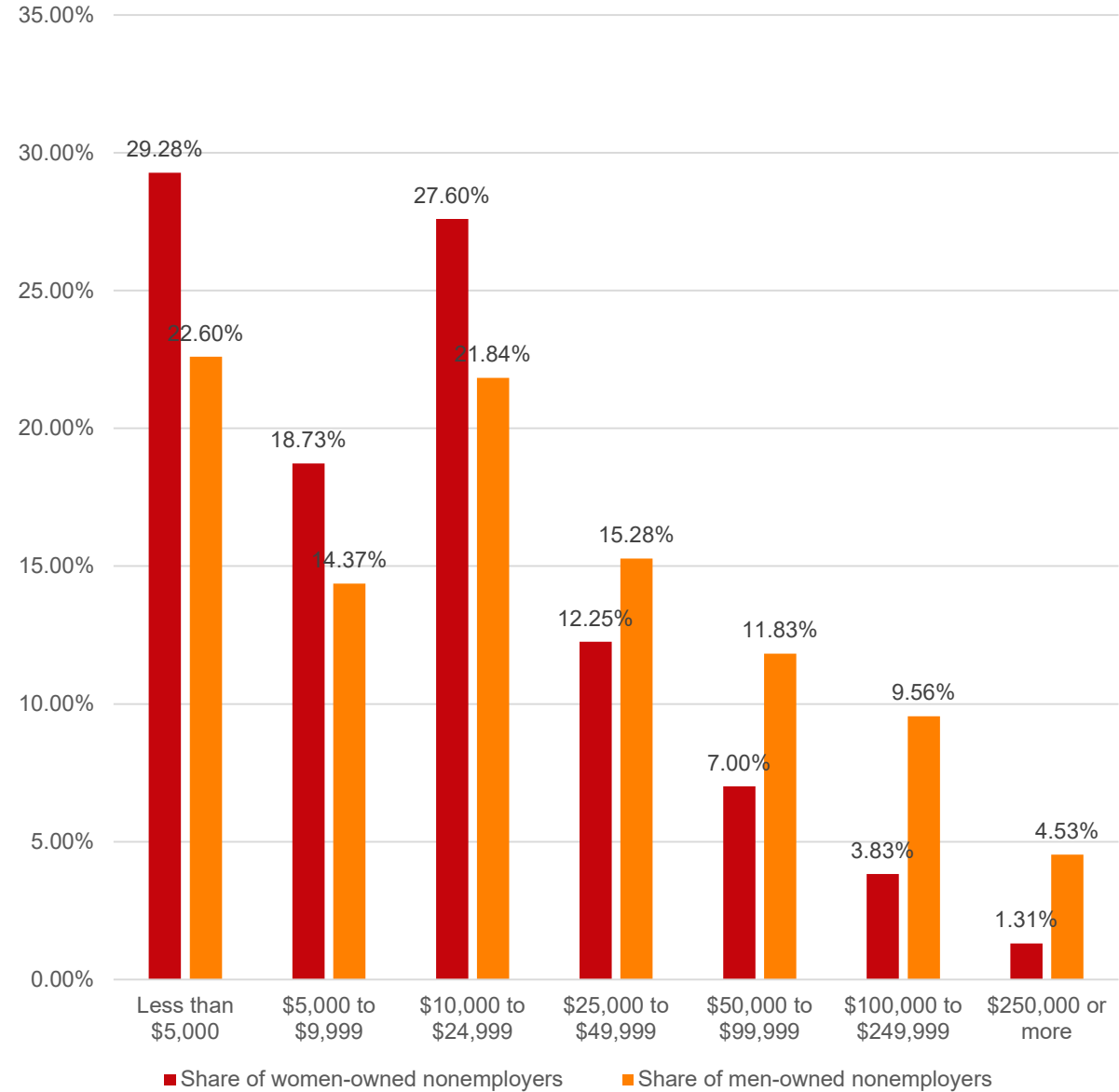
The Share of Employer Businesses at each Revenue Level by Gender
United States 2017



The Share of Nonemployer Businesses at each Revenue Level by Gender
Wisconsin 2017

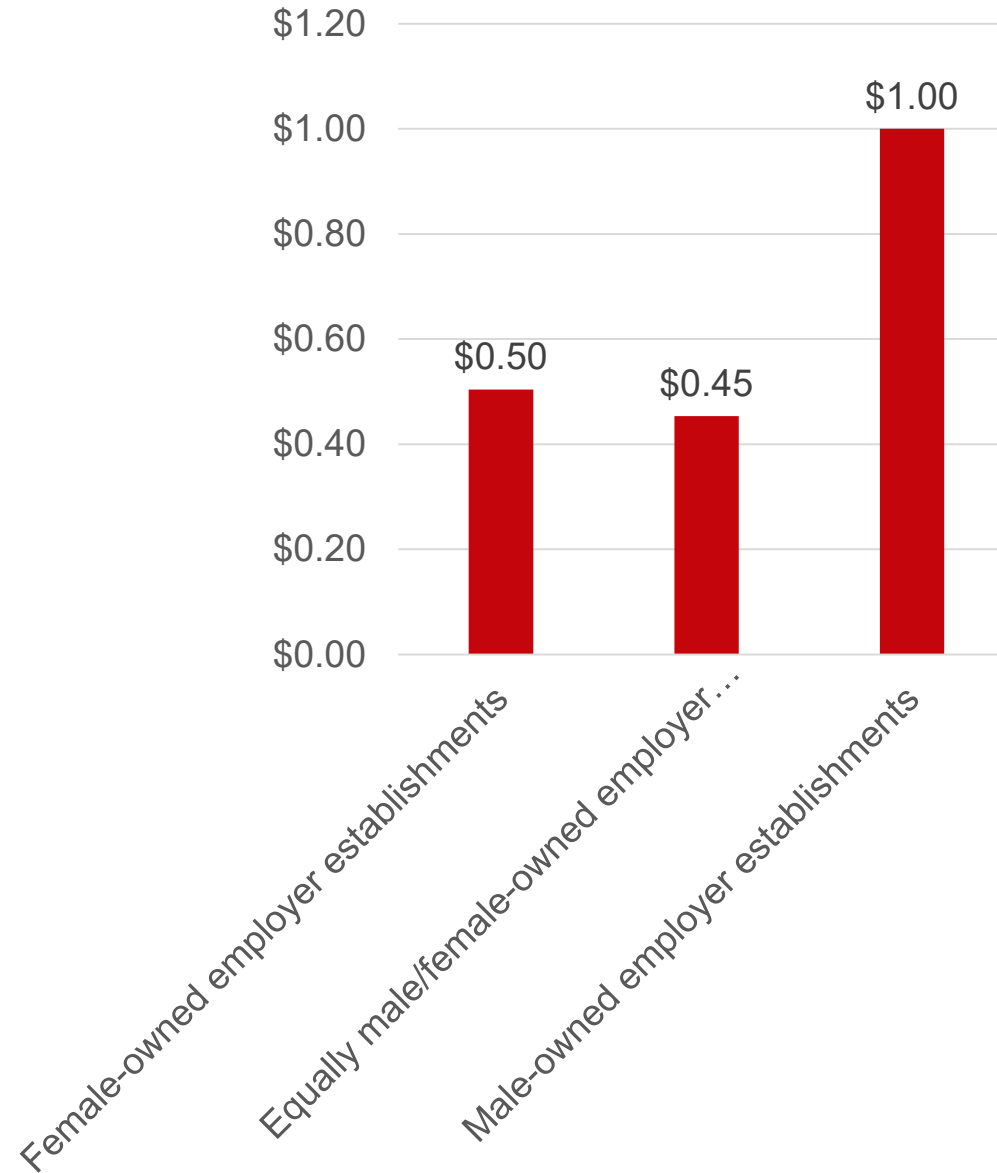


The Share of Nonemployer Businesses at each Revenue Level by Gender
United States 2017

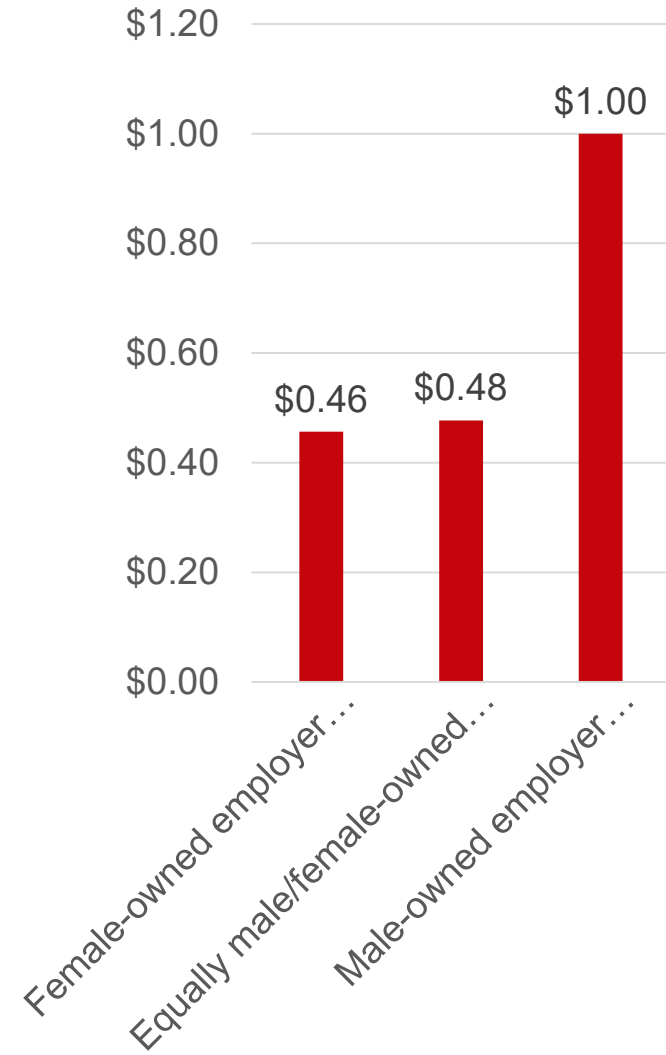


Women-owned businesses earn about half of what male-owned firms earn.

Earnings Ratio of Avg Employer Establishments by Gender Wisconsin, 2017



Earnings Ratio of Employer Establishments by Gender United States, 2017

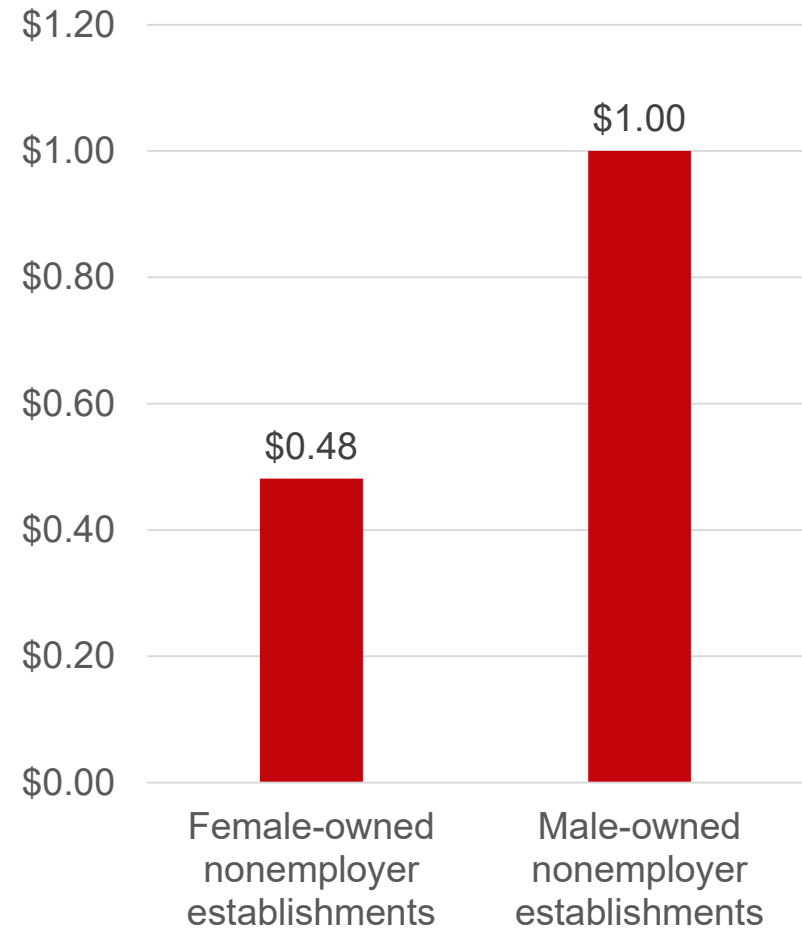


Women-owned businesses earn less than half of what male-owned firms earn.

Earnings Ratio of Nonemployer Establishments by Gender Wisconsin 2017

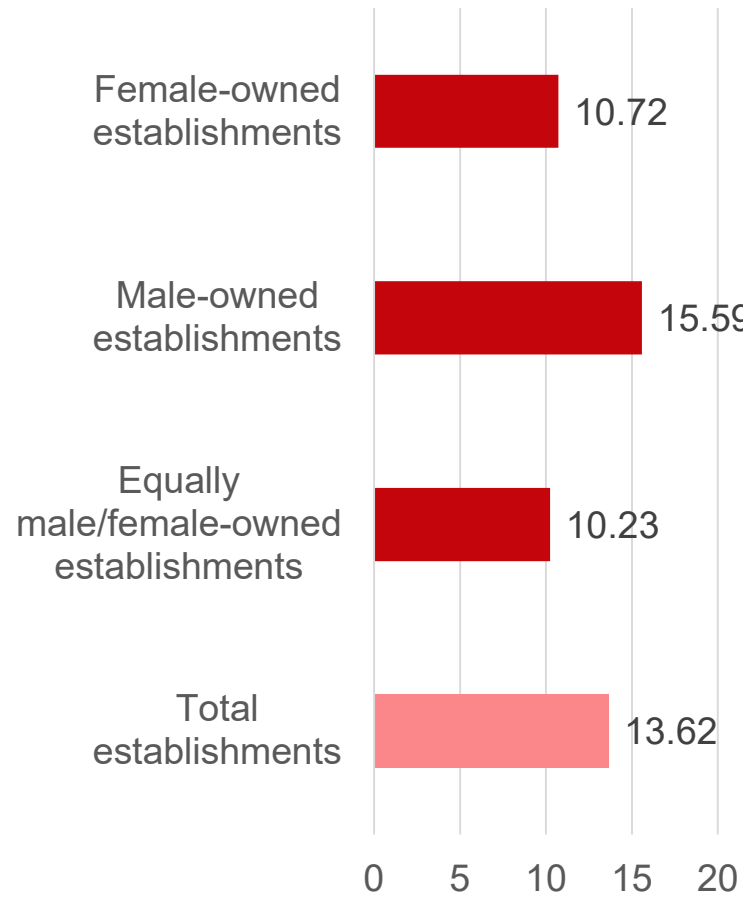


Earnings Ratio of Nonemployer Establishments by Gender United States 2017

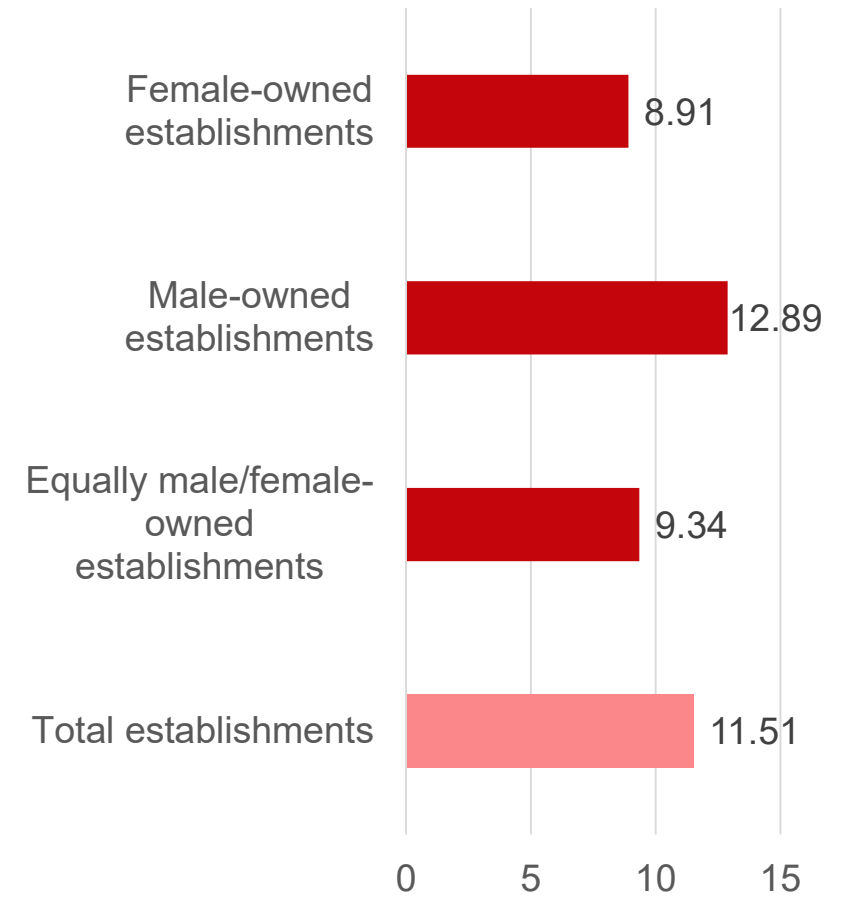


Female-owned businesses also tend to have fewer employees than male-owned businesses.

Average Number of Employees by Gender Wisconsin 2017



Average Number of Employees by Gender United States 2017





Happy to take questions or discuss these topics some more!

Tessa Conroy

W: tessaconroy.com

E: tessa.conroy@wisc.edu