MEXICAN AND HISPANIC BUSINESSWOMEN IN THE UNITED STATES AND MEXICO[1]

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Abstract

During the past two decades, entrepreneurial female migration has grown at a higher rate than that of men. This paper looks at the characteristics of businesses headed by Hispanic women, particularly from Mexico, during the 1997-2002 and 2002-2007 periods according to the last U.S. census; these periods belong within a cycle of sustained growth in both the United States and Mexico. Comparative notes between the two show a symmetric relation between the number of migrant businesswomen, business opportunities, and gross domestic product (GDP) growth rates. There has been a decline in business during the economic and financial crisis, which is as serious (perhaps even more so) than that of 1929. This has led to a reduction in profits for migrant businesswomen, as well as prolonged crisis sequels that have reversed expectations.

Keywords: female migration, businesswomen, Hispanic migrants, United States, Mexico.

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1. This work includes data from the CONACYT project: "Experiencia empresarial transfronteriza: repatriación de capitales para el desarrollo" [104503] undertaken by the Institute of Economic Research [IIEc] at the National Autonomous University of Mexico [UNAM].

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INTRODUCTION

Feminist/gender-based economic research on migrant businesswomen of Hispanic origin in the United States has been recently addressed from the perspective of female-owned small- and medium-company growth. The Millennium Project highlighted the importance of women as dynamic participants in the war against poverty and their role in community development. Here, two things must be taken into account. Official discourse posits gender-based budgets and credit access should serve as a mechanism of female empowerment. Women thus acquire priority in fiscal policy (specifically public spending) thanks to gender-based public budgets, and in financial policy through credit and microfinance.

> Zabludovsky and Grabinsky (2001) have collected statistical data from different nations and state that "between 25% and 33% of the world's businesses are run by women who also own them." These businesses come in varied forms and sizes—from the micro level to multinationals—and their presence is transforming the landscape of contemporary business life.

According to other studies, in the United States alone, 6.4 million women are business owners and employ 9.2 million people. In Europe, businesswomen employ 15 million people, according to estimates of the Organization for Economic Co-operation and Development (OECD; OECD, 2004). According to several authors, businesswomen are an important part of the U.S. business community and one of its fastest growing segments as their number continues to increase. In addition, some authors have described this development as one of the most noteworthy trends in the U.S. labor market (Efrat, Rafael; 2010: 527 and Gibson, Amy; n.d.).

The U.S. Survey of Business Owners (SBO) provides very important statistical data: over the last decade, only companies headed by Hispanic and Mexican women have grown at a higher rate than those led by Hispanic men. Hispanic women-led businesses have grown more than the total number of businesses headed by women in the United States; the latest figures confirm Mexican and Hispanic women's businesses have grown at a higher rate than those led by Hispanic men throughout the last decade.

Companies headed by women accounted for the 28.7% of the total number of U.S. enterprises; in 2007, 10.1% of that total belonged to Hispanic and Mexican women (see Table 1). It is interesting to note that, while the average annual growth rate (AAGR) of enterprises in the United States was 2.0% and 3.4% for the 1997-2002 and 2002-2007 periods respectively, women-owned businesses have been growing at a slightly faster rate and in a sustained manner. During 1997-2007, the growth rate was 3.7% (see Table 2).

tabla 1

tabla 2

According to Guzmán and Rodríguez,

> In recent decades, the number of companies created or promoted by women around the world has experienced significant growth. This has led to research on business characteristics and performance, as well as attitudes and business strategies adopted by employers depending on their gender (2008: 381).

Female participation in Mexican entrepreneurship has also played an important role in recent years although, as will be explained later, it is not easy to compare between the two countries given the available statistical information according to gender.

BUSINESSPERSONS AND THEIR BUSINESSES IN THE UNITED STATES

The U.S. AAGR of the real GDP during the studied periods was: 1.5% between 2000-2002; 2.6% between 2002-2007, and -1.4% according to the latest data from 2007-2009. There is an asymmetrical relationship between the AAGR of the GDP and the growth of businesses owned by Hispanic and Mexican men, as outlined below. This segment will undertake a comparison of the main features of U.S. enterprises in 1997, 2002 and 2007 according to their geographical distribution, sector and the number of employees; this will be later compared to the data for women-owned enterprises.

During 1997-2002, the number of companies in United States went from 20,821,935 to 22,974,655, with an AAGR of 2.0%. The 2002-2007 period shows a significant increase in the number of establishments in that country, which went from 22,974,655 to 27,110,059, with an AAGR of 3.4% (see Table 2). It is important to note the similarities between the two periods: in 1997-2002, the geographical distribution of 54% of companies focused on the following ten states: California, Texas, New York, Florida, Illinois, Pennsylvania, Ohio, Michigan, New Jersey and North Carolina. The 2002-2007 period was quiet similar: California, New York, Texas, Florida, Illinois, Pennsylvania, Ohio, Michigan and Georgia housed more than 55% of companies during both 2002 and 2007. Interestingly, New Jersey and North Carolina held the tenth spot during 1997, 2002 and 2007 respectively (see Table 3).

Regarding employment by state during these two periods, it should be noted that seven of them continue to occupy the top positions, albeit with some changes in their relative order: California, New York, Florida, Illinois, Ohio, Michigan and New Jersey. California remains the most important and has the largest number of employees in U.S. companies. This is evidenced in the SBO data for 1997, 2002 and 2007 (See Table 4). It should be noted, on the other hand, that the states with the largest number of companies in the United States are also the ones with the highest number of employees, although with some changes in their relative position.

tabla 3

tabla 4

The distribution of U.S. firms according to activity sector shows two interesting facts. During 1997, 63.5% of the total were involved in only five sectors: retail, administrative and support and waste management and remediation services,[2] construction, other services, and professional, scientific and technical services. A similar breakdown by sector can be seen for 2002 and 2007, along with a greater distribution across different economic activities. While, in 1997, five activity sectors concentrated 63.5% of U.S. businesses, in 2002 five of the largest sectors comprised 58.6% of the total. In 2007, 57.6% remained concentrated across five sectors. We can infer that the tendency toward a reduction in concentration across limited sectors will continue.

Another interesting issue involves movements between sectors. Retail, which comprised the largest number of companies in 1997, ranked fourth in 2002 and 2007; administrative and support and waste management and remediation services ranked second in 1997, to be replaced by construction in 2002 and 2007, falling by more than 50%. After 1997

2. Subsector 56 within the North American Industry Classification System (NAICS).

there was an increase in the participation of professional, scientific and technical services; construction; real estate services and real estate rentals, and other services (see Table 5).

The sectors of economic activity that involved the most companies, both in 2002 and in 2007, were: professional, scientific, and technical services; construction; other services except public administration; retail trade, and real estate services and the rental of intangible goods and personal property. Four sectors that grew significantly during 1997-2002, between 7.4 and 12.8%, were: professional, scientific and technical services, rest and relaxation, cultural, and sport services, financial and insurance services and real estate services and the rental of intangible goods and personal property.

During 2002-2007, the pace of business growth according to sector of activity was much lower than during the previous period. Despite this, the sectors that registered the highest growth in the number of companies were: administrative and support management and remediation services, transportation and ware housing, and rest and relaxation, cultural, and sport services, which grew at an AAGR of between 5% and 6% (see Table 5).

There is an interesting change regarding sectors that absorbed a higher proportion of workers during the period. The five sectors with the greatest number of employees (about 60%) remain constant. However, in 2002, manufacturing had the highest percentage of these, while health care and social assistance came in third; by 2007 these sectors had exchanged positions (see Table 6).

tabla 5

tabla 6

BUSINESSWOMEN IN THE UNITED STATES

After a brief review of entrepreneurs and their businesses during 2002-2007, we will now focus on the data for women and compare them with the national total.

According to Lamolla (n.d.), until a short time ago (barely two decades) no one would have raised the possibility of studying businesswomen and the differences with their male counterparts, in part because, up until that time, "they were practically non-existent" and remained invisible. Toward the end of 2002-2007, the number of companies owned by women in the United States rose from 6,489,259 to 7,793,364. This represented an AAGR of 3.7% which, as has been mentioned, was slightly higher than the corresponding figure for all companies in the United States.

If the concentration of companies owned by women by state during the period in question is reviewed, we can see that it follows a similar trend to that of the total of companies in the country. Thus, the states that accounted for the highest number of women-run companies were: California, New York, Texas, Florida, Illinois, Ohio, Pennsylvania, Michigan, Georgia, New Jersey, and North Carolina (see Table 7). The following data can provide a rough idea of the importance of women-owned businesses in relation to the total number of companies in the United States.

A first piece of data results from comparing the number of women-owned businesses by state to the total number of companies in that same state. The results indicate that there are several states that, in addition to concentrating an important percentage of the total number of companies, are above the national average (28.2% and 28.7% for 2002 and 2007, respectively). For both years, four of the five main states coincide (Washington, D.C., Maryland, New Mexico, and Hawaii). In fifth place were California (2002) and Georgia (2003; see Table 7).

A second element is to observe the growth in the number of companies during the period, both for the national total and for companies owned by women, since even though there are states that might not have a very important number of businesses, they have nevertheless registered a higher rate of growth. Based on this, the three states that showed higher growth rate coincided in the national total and the total number of women-owned companies; namely, Georgia, Nevada, and Florida. In considering the figures, we should note that, in most of the cases, the growth rate for women-owned companies is higher.

The five economic activities in which most women-owned companies in the United States were involved during the period under study were: health and social welfare services; other services except public administration; retail trade; professional, scientific and technical services; and administrative and support and waste management and remediation services.

tabla 6

Similarities and differences: national total and women's enterprises

As mentioned previously, the geographical location of women-owned companies follows a very similar behavior to that of all companies in the United States. However, in most cases, women-owned companies grew at a faster rate and concentrated a higher percentage of business in comparison with the national total. For Efrat, "This tremendous growth in female-owned businesses is due in part to various statutory enactments that have removed structural barriers women traditionally faced in owning a business" (2010: 528), while for Gibson,

> Much of the recent research explores the motivations, industry choices, and characteristics of women's entrepreneurs. [...] First, motivation is based on either necessity or opportunity. Although opportunity is generally the primary motivation, in middle-income countries the ratio of opportunity to necessity entrepreneurship is much smaller for women than in high-income countries (n.d.).

In relation to the type of economic activities carried out by women-owned businesses in comparison with the national total, in both cases, other services, retail trade, and professional services were among the five most important in terms of the number of companies. However, there is also an important difference. While, for the general total of companies in the United States, the other two important activities were construction and real estate services, in the case of women-owned businesses, the other two economic activities with the greatest number of companies involved were business support and health and social welfare services. The latter occupied first place (16% of the total number of women-run business) and is an activity traditionally seen as female (see Table 8).

In relation to the number of workers employed in companies owned by women in 2002, the trend is the same as for all companies in the United States. The sectors that absorbed the most workers were administrative and support and waste management and remediation services; health and social welfare services; restaurants and hotels; retail trade; and manufacturing. However, an important difference is that, while the sectors employing the most workers on a national scale were manufacturing and wholesale trade, women-run companies had more employees in the general services sectors (business support, health and social welfare, and restaurants and hotels), which also had a higher concentration of workers in comparison with the national total (see Table 9).

Characteristics of enterprises run by women of Hispanic origin in the United States during the 2002-2007 period

During 2002, 6,489,259 women-owned companies were registered in the United States, of which 540,745 (8.3%) belonged to Hispanic or Latina women. They employed a total of 282,683 workers, which entailed 4% of total employment in that country's women-owned companies. This could indicate that, in general terms, companies owned by Hispanic or Latina women are of smaller size in comparison with the rest of women-owned companies (see Table 10).

Most companies owned by Hispanic women were involved in five economic activities: health and social welfare services; other services except public administration; administrative and support and waste management and remediation services; retail trade; and professional, scientific, and technical services. These sectors accounted for 77.2% of all Hispanic or Latina women-run business in that country (see Table 10).

If these results are compared with the rest of women-owned businesses in the United States, we will see that these are also the economic activities in which the greatest number of companies is involved; they represent a considerable percentage of the total number of companies, higher than 50%. This concentration is much more pronounced in the case of companies owned by Hispanic or Latina women vis-à-vis the rest of women-owned businesses (69.3% and 77.2% for the total number of women-owned companies and Hispanic or Latina women-owned companies, respectively).

tabla 8

tabla 9

If we consider the importance of Latina-owned companies in comparison with the total number of women-owned businesses in the United States in terms of the number of business according to sector of economic activity, the five most important activities in 2002 were: administrative and support and waste management and remediation services; health and social welfare services; transportation and storage; other services except public administration; and restaurants and hotels, which accounted for 57.6% of these establishments (see Table 10).

Finally, in 2002, employment in businesses owned by Hispanic or Latina women showed several interesting factors. The five sectors that concentrated the greatest number of workers were precisely the same ones for male-owned companies, although with some differences in their relative positions. Employment across total Latino-owned companies was concentrated, in order of importance, in waste management and remediation services, restaurants and hotels, and manufacturing, followed by retail trade and health and social welfare services. In the case of businesses run by Hispanic women, there was a considerably higher concentration of workers in waste management and remediation and health and social welfare sectors as well as restaurants and hotels. Once again, these are among the activities traditionally ascribed to women (see Table 9).

tabla 10

Mexican businesswomen in 2007

Since specific information on detailed ethnic origin by gender of business owner is only broken down after 2007, we can only provide a brief outline of Mexican businesswomen in the United States during 2007:

- Two states concentrate 70% of Mexican-owned companies: California and Texas.
- The total number of companies owned by Mexican businessmen and businesswomen is also concentrated in California and Texas.
- California and Texas still account for the largest number of Mexican male and male/female owned companies. However, Texas comes in first, followed by California.
- There are four states in which more than half of Mexican companies are owned by women: Hawaii, Massachusetts, District of Columbia and Connecticut.

BUSINESSWOMEN IN MEXICO

As mentioned previously, it is not easy to compare data involving business owners and their businesses in Mexico and the United States because the information is not wholly available. However, we will address some data that will allow us to make an approximate comparison.[3]
According to the National Employment Survey carried out by INEGI in 2002, 15% of the national total of businesspeople were women. If we compare this with the fact that, during that same year, 28.2% of the total number of U.S. businesses were owned by men, we can see that businesswomen have a greater relative importance in that country. If we compare the growth of women-owned businesses in United States

3. As mentioned above, we have used SBO data for business owners in the United States. Mexico does not have an equivalent type of survey. There are several ones by type of economic activity (trade, manufacturing, transport, services, etc.), but the information is not categorized by gender. In this sense, the closest available information is that of the National Occupation and Employment Survey (ENOE), which provides data according to "position in the workplace" and gender. However, we must bear in mind that the information here presented is not strictly comparable because the data are different (number of businesses and businesspeople).

in relation to the total, and the increase of businesswomen in Mexico relative to the total, we can see a significant growth in the number of businesswomen in Mexico.

According to the figures for the 1997 to 2002 period, the total number of businesspeople in Mexico showed an AAGR of 0.31%, while businesswomen grew at a rate of 5.39%. For 2002-2007, the rates were 4.59% and 9.34%, respectively. The importance of businesswomen in Mexico during these periods does not lie in their volume but their quick growth, which leads us to conclude that Mexican businesswomen, as well as Hispanic businesswomen in the United States, are starting ventures in response to start-up opportunities for small and medium-sized businesses in an ascending cycle of growth.

THE CRISIS AND SOME CONCLUSIONS

Undoubtedly, the 2007 mortgage-based financial crisis affected women entrepreneurs of Hispanic origin to a greater extent than men, additionally upsetting earnings, employment, and remittances sent to relatives in countries of origin. Beyond the crisis and business closures, women entered business because there was a need to increase progressively reduced family incomes. On the other hand, it is important to mention that, increasingly and compared to men, they have higher education levels, which can lead to better business management. Social networks centered on schools, churches and the family itself have allowed women to achieve better relations and not rely exclusively on migrant clubs, which are usually represented by men.

Given lack of data regarding the impact of the crisis, we can only address the important growth of women-owned businesses during a period of sustained growth in the U.S. economy. According to the SBO, in 2002 the total number of companies in the United States was 22,974, 655, of which 6,489,259 (28.2%) were owned by women. Out of these, 540,745 belonged to Hispanic or Latina women (8.3%). The preliminary information from this survey for 2007 indicates that the total number of companies was 27,110,059, and 7,793,364 belonged to Hispanic or Latina women. Note that while the average annual growth rate of companies in the United States was 3.4%, businesses owned by women had a slightly higher increase (3.7%).

If we compare the percentage share represented by Hispanic or Latina businesswomen as part of the category of women business owners in the United States, we can see that the economic activity sectors in which these companies are concentrated and even exceed the national average (8.3%) are support and waste management and remediation services (15.7%); health and social welfare services (12.1%); transportation, mail, and storage (10.9%); restaurants and hotels, and other services, with close to 10% each. At the same time it is interesting to note that, in comparing the number of employees in these companies with the total for women-owned companies in the country, the percentage share is much lower (close to 4%). This could indicate that, in general, we are dealing with small companies.

If we only consider the figures for the total number of companies owned by Hispanic or Latina women according to the economic activity sector in which they operate, we can still see that an important number are concentrated in other services; health and social welfare; support and waste management and remediation services. But here there is also an important participation in retail trade and professional, scientific, and technical services sectors. It is interesting to observe that, in general terms, women-owned companies follow the same trend in terms of geographical location as the rest of the businesses in the United States, but they tend to be more concentrated than in the case of the national total and have higher growth rates.

Companies owned by women of Hispanic or Latino origin in general present characteristics and behavior similar to that of Hispanic-run businesses as a whole (geographical location, main economic activities, etc.). At the same time, they share other common characteristics with women-owned companies (higher growth rates, greater concentration of companies or employees in the main economic activities, and greater concentration in activities "traditionally carried out by women," among others).

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