

# WOMEN IN BUSINESS: DRAMATIC WORK-FORCE CHANGE

By Julie R. Weeks

Much attention has been paid of late to the growing numbers of women in the workplace and in the marketplace. Women are holding jobs in record numbers. As they attain management positions and become owners of their own firms, women are changing the way business is conducted.

The images we receive in the media and elsewhere concerning the role of women in society are changing dramatically. In a little more than one generation, we have gone from Donna Reed to Murphy Brown on television, and from Mamie Eisenhower to Hillary Rodham Clinton in the White House. While changes in the boardrooms of corporate America have not been as visible nor perhaps as dramatic, the progress that women in business are making is laying the groundwork for a similar symbolic paradigm shift.

## Women in the Work Force

While the growth of women in business may seem to be a relatively recent phenomenon, in actuality their participation has been growing steadily since World War II, when many women got their first taste of the workplace as replacements for absent soldiers. By 1952, just over one-third of women 16 years of age and older were in the labor force. Labor force participation by women was over 50% by 1982, and is at an all-time high today—58%. Fully 58 million workers today are female.

Not only are more women moving into the labor force, those that have been there are advancing in their jobs—enter-

ing into positions of management and authority. From 1983 to 1992, women increased their share in managerial and professional specialty occupations by 7%—from a 40% share to a 47% share. In fact, during the 1980s women increased their ranks in four out of the six major occupational groups: managerial and professional specialties, by 5.1 million; technical, sales, and administrative support, by 3.3 million; service occupations, by 1.3 million; and precision production, craft, and repair, by 129,000.<sup>1</sup>

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Women are also closing the wage gap. In 1980, women earned 64 cents for every dollar earned by men. By 1990, that gap had closed to 75 cents per dollar. The median weekly earnings of female full-time wage-and-salary workers rose from \$319 in 1980 to \$381 in 1992, while those of men increased from just \$495 to \$505.<sup>2</sup> Still, at this rate it will be at least another 25 years before women reach true wage parity.

Despite the narrowing of the wage gap, women remain overrepresented in lower-paying jobs. Nearly half (44%) of the nation's 58 million female workers

are employed in technical, sales, and administrative support jobs. Occupations in this category include paralegals, surgical technologists, registered nurses, and computer technicians. The occupations that are the most well-paying for women are: attorney, physician, pharmacist, engineer, computer systems analyst, and scientist—all technical positions, but in a leading rather than a supportive role.

## Women in Management

In the 10 years between 1978 and 1988, the number of women in management positions in the US more than doubled, from 2.5 million to 5.6 million. Women managers now constitute nearly 11% of the female work force and 39% of all persons in executive, administrative, and managerial occupations, up from 6% and 27%, respectively, a decade earlier.<sup>3</sup>

Despite these trends, women have not yet broken into the ranks of upper management in very high numbers. Women in management occupations are currently clustered in "management-related" occupations rather than in "executive, administrative, and managerial" positions. While some may say that this is reflective of a logical progression, that movement into the ranks of upper management will occur over time, others perceive barriers to entry for women (and minorities) into upper management—the so-called "glass ceiling."

The US Department of Labor launched a "Glass Ceiling Initiative" in 1989 to look into the issues surrounding this perception. It conducted a pilot study

**Table 1**  
**Demographic Characteristics of Men and Women Executives**

	<b>1979 (Male)</b>	<b>1982 (Female)</b>	<b>1989 (Male)</b>	<b>1992 (Female)</b>
<b>Marital Status</b>				
Married	95%	49%	91%	69%
Separated	1	3	1	2
Never married	1	28	2	13
Divorced	2	17	3	13
Widowed	1	4	1	3
<b>Age</b>				
Under 40	4	35	1	21
40-59	76	56	79	76
60+	19	9	16	2
<b>Number of Children</b>				
0	4	61	5	37
1	5	12	6	20
2	31	16	35	26
3 or more	60	12	50	11

**Source:** Korn/Ferry International and UCLA Anderson Graduate School of Management, *Decade of the Executive Woman*, 1993.

**Table 2**  
**Trials and Opportunities of Women Executives**

	<b>1982</b>	<b>1992</b>
<b>Average Annual Compensation</b>	\$92,000	\$187,000
<b>Greatest Obstacle to Achieving Success (top 12 mentioned)</b>		
Being a woman/sexism	39%	27%
Lack of confidence	11	7
Convincing others of ability/commitment	9	6
Personal vs. professional trade-offs	6	5
Limited education	4	4
Youth/age	4	3
Lack of management training	5	3
Lack of interpersonal skills/political savvy	2	2
Corporate politics	—	2
Corporate culture	—	2
Not assertive/shy/timid	2	2
Gender/age/youth	—	2
<b>Personally Experienced Sexual Harassment</b>	NA	59

**Source:** Korn/Ferry International and UCLA Anderson Graduate School of Management, *Decade of the Executive Woman*, 1993.

among Fortune 500 companies, and issued a report on the inquiry in 1991. The study found that:

- Monitoring for equal access and opportunity, especially as managers move up the corporate ladder to senior management levels where important decisions are made, was almost never considered a corporate responsibility or part of the planning for developmental programs and policies...

cursors to advancement—were often not as available to minorities and women.<sup>4</sup>

In a follow-up to that report, "Pipelines of Progress: A Status Report on the Glass Ceiling," the Department of Labor suggested avenues by which corporations could help remove barriers to the advancement of women and minorities into upper management positions, including tracking women and minorities with advancement potential, ensuring access and

of California at Los Angeles (UCLA) surveyed women executives both in 1982 and 1992, and men executives in 1979 and 1989.<sup>6</sup> This research shows that the demographic profile of women executives has changed significantly over the past 10 years. Far more of the women are married and have children than was the case in 1982. The number of women holding high management titles has increased substantially, salaries have doubled, and fewer women report sexism as the greatest ob-

**Table 3**  
**The Growth of Women-Owned Businesses**

	1982		1987		% Change 1982-1987 in Number of Firms*
	Number of Firms*	Receipts in Millions(\$)	Number of Firms*	Receipts in Millions(\$)	
<b>Total, All Industries</b>	2,612,621	98,292	4,114,787	278,138	57.5
Agriculture	19,497	686	47,979	1,933	146.1
Mining	19,832	2,221	26,420	1,934	33.2
Construction	58,991	4,565	94,308	20,302	59.9
Manufacturing	44,909	5,303	93,960	30,914	109.2
TCPU	38,944	3,229	79,768	10,936	104.8
Wholesale Trade	32,059	9,190	82,513	42,805	157.4
Retail Trade	631,309	35,861	798,692	85,418	26.5
FIRE	246,403	6,370	437,360	17,833	77.5
Services	1,284,837	26,278	2,269,028	61,123	76.6

**Note:** TCPU = Transportation, Communications, & Public Utilities; FIRE = Finance, Insurance, Real Estate.

\*To be included in the Census, a firm must have at least \$500 in receipts in the Census year. More importantly, the Census does *not* cover regular C corporations. Only sole proprietorships, partnerships, and subchapter S corporations are included.

**Source:** Bureau of the Census, *1987 Economic Census of Women-Owned Businesses*, WB87-1, August 1990.

- Appraisal and total compensation systems that determine salary, bonuses, incentives, and perquisites for employees were not monitored...

- Developmental practices and credential-building experiences, including advanced education, as well as career enhancing assignments such as to corporate committees and task forces and special projects—which are traditional pre-

visibility for such opportunities, promoting active efforts to ensure a bias-free work environment, and more active encouragement to women and minorities to enter the management pipeline.<sup>5</sup>

#### Survey of Executive Women

Another recently released study takes a look at this issue from the viewpoint of the executives themselves. Korn/Ferry International and the Anderson Graduate School of Management at the University

of California at Los Angeles (UCLA) surveyed women executives both in 1982 and 1992, and men executives in 1979 and 1989.<sup>6</sup>

Men in upper management still outnumber women by a substantial margin, though. Women in upper management still earn only about two-thirds the salary of male executives, and women are still less likely to be married and have a family than their male counterparts (Table 1). Further, 59% of women executives report that they have been subjected to sexual harassment on the job, and many state that, even though their careers have ad-

vanced, they feel that men are still uncomfortable with women in positions of authority and that "comfort level" is what often counts in further advancement. (Table 2).

Again, though, major change is occurring. The 1992 Korn/Ferry study found far fewer women naming "being a woman" or "sexism" as the greatest obstacle to their success than did the 1982 study.

### Women Entrepreneurs

More and more women are choosing to forge their own paths to success—to start and run their own businesses. According to the US Small Business Administration, which tracks the number of sole proprietorships (the smallest and generally newest businesses) by gender, the number of female-owned sole proprietorships is growing twice as fast as the male-owned counterparts.<sup>7</sup> Women-owned businesses comprise nearly one-third of the nation's business population. If present growth rates continue, they could top 40% by the year 2000.<sup>8</sup>

Between 1982 and 1987, the number of women-owned businesses increased 58%, from 2.6 to 4.1 million, and their sales and receipts tripled.<sup>9</sup> During that same five-year period, all businesses increased by 26% in number and receipts rose by 55%.

One of the most notable trends in the growth of women-owned businesses during the 1980s was their diversification; the number in wholesale trade, agriculture, construction, and manufacturing all increased sharply (Table 3). Nonetheless, businesses owned by women remain largely concentrated in the services and retail trade sectors. While 60% of all businesses falling under the census are found in these two sectors, 75% of women-owned firms are service or retail trade oriented.

The industries with the greatest number of women-owned firms are in business services, personal services, miscellaneous retail, real estate, social services, health services, and educational services. Interestingly, it's precisely these areas that

are slated for the greatest growth over the next 15 years. The Bureau of Labor Statistics predicts an increase of 25 million in employment between 1990 and 2005; 77% of the growth will come from the services (mostly business and health), retail trade, and real estate sectors.<sup>10</sup>

Women who own businesses are older than the average wage-and-salary worker. They are also more likely to be married, are better educated, and have a higher annual household income.<sup>11</sup> Women business owners have had a median 10 to 19 years of work experience prior to business ownership. That experience has ranged from blue collar, non-supervisory (16%) to managerial or executive (13%). Only 13% had owned a business prior to the one they owned when surveyed in 1987.<sup>12</sup> Women-owned businesses covered by the economic census employed over 3 million workers in 1987.<sup>13</sup>

### Conclusions

To look at the progress of women in business is to see both tremendous advancement and significant impediments to further advancement. Women have, indeed, come a long way, and along that way they have helped redefine various work force boundaries. For example, flight attendants are no longer "retired" after their twenties, and many height and weight requirements for law enforcement and fire safety officers have been changed to accommodate female physiology. Wider availability of child care has enabled mothers of young children to return to work much sooner after childbirth, minimizing career disruption. It is no longer as unusual to see a woman in a hard hat or on an assembly line—either as an employee or an employer.

Women have already had a profound effect on business. It remains to be seen how these trends will affect the workplace and the marketplace of the future. But if the past is any indication, the increased diversity of background and outlook brought to the workplace by women will spawn new waves of creativity and growth.

### Endnotes:

<sup>1</sup> US Department of Labor, Women's Bureau,

*20 Facts on Women Workers*, No. 93-2, June 1993.

<sup>2</sup> Paula Ries and Ann J. Stone, *The American Woman 1992-1993: A Status Report*, pp. 355-357; and US Department of Labor, Women's Bureau, *20 Facts on Women Workers*.

<sup>3</sup> US Department of Labor, Women's Bureau, *Women in Management*, No. 89-4, December 1989.

<sup>4</sup> US Department of Labor, *A Report on the Glass Ceiling Initiative*, 1991, pp. 4-5.

<sup>5</sup> US Department of Labor, *Pipelines of Progress: A Status Report on the Glass Ceiling*, August 1992.

<sup>6</sup> Mail survey by Korn/Ferry International and UCLA Anderson Graduate School of Management, *Decade of the Executive Woman*, 1993.

<sup>7</sup> US Small Business Administration, Office of Advocacy, *The State of Small Business: A Report of the President*, 1992 (Washington, DC: US Government Printing Office), p.50.

<sup>8</sup> Editor's note: In his article on p. 19 of this issue, Joseph Duncan reminds us that there are quite different definitions of what constitutes a small business. The Census definition employed in this article differs from that which Duncan uses in his.

<sup>9</sup> The Bureau of the Census conducts a census of business enterprises every five years, in years ending in 2 and 7. As a part of that economic census, it conducts a survey of women-owned businesses. The census of women business owners does not include regular C corporations, and includes only those businesses with \$500 or more in receipts. As a part of its 1992 census, women-owned C corporations will be examined by the Bureau of the Census for the first time.

<sup>10</sup> Max L. Carey and James C. Franklin, "Industry Output and Job Growth Continues Slow Into the Next Century," *Monthly Labor Review* (Washington, DC: Bureau of Labor Statistics, November 1991).

<sup>11</sup> Bureau of the Census, *1987 Economic Census, Characteristics of Business Owners*, April 1992.

<sup>12</sup> The latter data are from the Characteristics of Business Owner's survey, a follow-up survey to the 1987 Economic Census, conducted by the Bureau of the Census and funded by the Minority Business Development Agency and the US Small Business Administration. Publication CBO87-1 of the Bureau of the Census, issued April 1992.

<sup>13</sup> Sole proprietorships, partnerships, and subchapter S corporations with more than \$500 in receipts.

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