Understanding the Landscape: Access to Markets for Women Entrepreneurs

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Women Business Owners’ Access to Markets
Literature Review

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PREFACE

The National Women’s Business Council (NWBC) is the federal government’s only independent voice for women entrepreneurs. Its mission is to support groundbreaking research that provides insight into women’s business enterprises from startup to success, and to use and share these findings to advise constructive action and policies at the federal level. The NWBC contracted with the Federal Research Division (FRD) of the Library of Congress for research and analytical support to help establish a firm foundation of knowledge concerning the major issues influencing women’s entrepreneurship and business ownership.

The goal of this report is to support the council in establishing a knowledge base about women business owners’, leaders’, and entrepreneurs’ access to markets for goods and services. This report represents a high-level situational analysis, exploring major issues and developments affecting women entrepreneurs to inform the NWBC’s framework for defining research priorities and engagement efforts.

The analysis in this report is based on a literature review of peer-reviewed research published in academic journals between 2010 and 2017, and written by scholars in business, economics, public policy, and other fields. It incorporates information from federal government reports and industry publications.

The report lays out the research findings through a so-called “PEST” framework, examining the existing research in terms of the political, economic, social, and technological factors that impact women business owners’ access to markets.

FRD provides customized research and analytical services on domestic and international topics to agencies of the U.S. government, the District of Columbia, and authorized federal contractors on a cost-recovery basis. This report represents an independent analysis by FRD and the author, who has sought to adhere to accepted standards of scholarly objectivity. It should not be construed as an expression of an official U.S. government position, policy, or decision.
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KEY FINDINGS

Though there was little scholarly research on the factors affecting U.S.-based women business owners’ access to markets between 2010 and 2017 (possibly due to the scarcity of relevant data), the literature that was available identified a few means of facilitating this access, as well as a wide array of barriers to it. Conducted by academics, lawmakers, and others, these works—most of which examined women-owned firms’ access to the federal government’s market for products and services—noted that:

- Since 1994, the federal government has enacted legislation to assist various types of small businesses owned by individuals who are either economically or socially disadvantaged (such as those owned or led by minorities, veterans, and women) in securing federal procurement contracts. However, observers such as Sen. Maria Cantwell (D–WA) have noted that women-owned small businesses have experienced problems in obtaining these contracts that other types of disadvantaged small businesses have not, including long delays in implementing regulations designed to support increased federal contracting by women-owned firms.

- In 2015 and 2016, around 10 state governments had policies to reserve some portion of their procurement contracts—often referred to as set-asides—for women-owned small businesses. Evidence suggests that firms not owned by women have taken advantage of these, and corporate, set-asides.

- Margot Dorfman, cofounder and CEO of the U.S. Women’s Chamber of Commerce; Juanita Beauford, director of the Delaware Procurement Technical Assistance Program and former president of the Association of Procurement Technical Assistance Centers; and others have described supplier consolidations by private and public organizations as market access barriers for women-owned small businesses, because they often lack the capacities needed to meet the multiple and specialized requirements frequently found in consolidated contracts.

- Women business owners’ difficulty accessing capital can also affect their access to markets. For example, capital access impediments have forced some women-owned enterprises to relocate to low-cost areas, distant from customers and with little business activity.

- While there is no significant data to support or disprove connections between gender bias and market access, studies have found evidence suggesting that individuals in positions to affect entrepreneurs’ access to markets (e.g., investors, corporate purchasing managers, technology licensing officials, etc.) do exhibit gender biases in their assessments of female business owners and entrepreneurs.

- Demonstrations of innovativeness and technical knowledge by women business owners can moderate gender biases against them, as can social ties, such as having close contacts to the market actors who assess them.

Additionally, press reports have discussed women business owners’ successful use of the internet to establish and expand their customer bases. However, some academic research has found that, relative to their male counterparts, female entrepreneurs also tend to have lower perceptions of their competence with internet technologies and a lower willingness to adapt such web-based supports. This research suggests that these technologies can actually function as market access barriers for some women business owners.
INTRODUCTION

To help the National Women’s Business Council maintain its awareness of current and emerging areas of research in women’s entrepreneurship and business ownership, this report explores recently published literature on women business owners’ access to markets. Measured in terms of quantity and economic value, women-owned businesses are a major component of the U.S. economy, accounting for approximately 20 percent of businesses with paid employees and a combined payroll of $293.1 billion in 2015. However, substantial evidence suggests that women business owners face various obstacles in their access to financial capital and customer markets. To support a better understanding of these difficulties, this report surveys this research within a “PEST” framework, examining the political, economic, social, and technological factors that impact women business owners’ access to markets.

It is important to note that this report is concerned with both women business owners and entrepreneurs, and that these terms are used interchangeably throughout the text. However, the Federal Research Division (FRD) acknowledges that academics and professionals in business, economics, and other fields often distinguish the two. While there is no apparent consensus on the definitions of these terms, business owners are generally defined as individuals who own their firms as sole proprietors, partners, stockholders, or through some other arrangement, and who, depending on the ownership arrangement, bear varying degrees of responsibility for a business’s liabilities and receive varying portions of its profits. Entrepreneurs are often defined as individuals who organize a business’s productivity, make its decisions, and bear responsibility for its risks; they are also often regarded as innovators.

Similarly, the terms company and firm are treated as equivalents in this report with an understanding that many academics do define them differently. For example, though some economists define firms generically as business organizations, an entire body of economics literature defines them broadly as entities that transform inputs (e.g., labor and raw materials) into outputs (e.g., products and services) and have profit maximization behavior. Whereas the defining elements of firms are their technical roles and behavioral traits, the defining features of companies are ownership—either private or public—and legal status, with companies having a legal personhood distinct from that of their shareholders.

METHODOLOGY

This report focuses on research published between 2010 and 2017. Some material published prior to 2010 is also discussed, primarily because it is referenced in later publications and some discussion of it can help clarify the topics addressed in the text.

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The researcher looked in electronic reference databases, the Library of Congress’s catalog, federal government documents, and organizational websites to find published material relevant to the topic of women business owners’ access to markets. The databases used were EBSCO, HeinOnline, JSTOR, ProQuest, and ScienceDirect. Within those databases, the researcher examined academic journals, dissertations, newspapers, and trade publications, with most of the research emphasis on finding academic journal articles.

Before proceeding to the researcher’s specific findings, some discussion of the overall body of work on women business owners’ access to markets may help illuminate the current research on the topic. The overall volume of this analysis is, simply stated, small. By contrast, more research has focused on women business owners’ access to capital than on their access to markets, an imbalance often noted in the literature. Furthermore, most publications relevant to the topic do not analyze quotas, tariffs, and other obstacles commonly found in research on market access barriers. Rather, the research heavily examines reasons for the paradoxical growth in the number of women-owned businesses along with those businesses’ low revenues relative to firms owned by other demographic groups (e.g., minorities and veterans), with much discussion focusing on the federal procurement market.

Within the corpus of books, conference papers, journal articles, and other research examining women business owners’ access to markets, relatively little research on this access has focused on women in the United States. Most of the studies have instead centered on women-owned businesses in economically poor countries in Africa, South Asia, and elsewhere.

While the reasons for the dearth of research on the market access barriers faced by women business owners in the United States are unclear and beyond the scope of this report, a brief exploration may be informative. The relative higher volume of published research on women business owners’ access to capital may reflect the apparent greater availability of data on capital than data on market access. PitchBook and other databases provide readily available data on venture capital, and thus women’s access (or lack thereof) to such funding. By contrast, there are very little data measuring barriers to market access. Furthermore, the most cited data source on these barriers—the Federal Procurement Data System—does not contain data on discrimination, quotas, tariffs, or other market barriers. Instead, it includes information on the number and value of women-owned small businesses’ procurement transactions with federal agencies, which can be used to research the consequences of market barriers but not the barriers themselves.

POLITICAL FACTORS

Open-source research on the political factors affecting women business owners’ access to markets in the United States has largely focused on the federal level with no apparent analysis of such factors at the state, county, or municipal level. Furthermore, the political factors that researchers have analyzed are spending goals specifically for women-owned small businesses established by federal laws and regulations, as well as federal programs that reserve (or set

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aside) some portion of federal procurement contracts for these firms. The literature has focused on the extent to which these spending goals and set-asides have facilitated women-owned businesses’ access to the federal procurement market, with many observers examining why these policy instruments have historically failed.

**Federal Government Legislation and Regulations**

Much of the literature on women business owners’ market access in the United States has examined federal legislation and regulations as means of supporting women-owned small businesses in selling goods and services to the federal government. The attention to these topics is partly because federal government expenditures comprise a major proportion of the U.S. economy, averaging 20.2 percent of the country’s gross domestic product from fiscal year (FY) 1990 through FY 2016, according to U.S. government figures.\(^5\)

Another reason for scholarly attention on women business owners’ access to the federal procurement market is that the federal government can mandate its constituent agencies to direct some portion of their procurement spending to businesses owned by women, a practice referred to as preferential procurement or set-asides. Indeed, governments in Canada, Malaysia, Northern Ireland, the United States, and elsewhere have policies requiring or recommending public agencies purchase some portion of their spending from businesses identified by their size (i.e., small) or the demographics of their employees or owners, including disabled workers, indigenous groups, military veterans, and other groups regarded as economically, socially, or otherwise disadvantaged.\(^6\) However, the United States is, according to a Brookings Institution analysis from 2013, one of only two countries with such legislation specifically for women-owned businesses; the other is South Africa.\(^7\)

The two main federal laws providing such set-asides are the Federal Acquisition Streamlining Act of 1994 (FASA), which established a government procurement goal for women-owned small businesses, and the Equity in Contracting for Women Act of 2000 (ECWA), which authorized federal officials to use various administrative means to meet this goal.\(^8\) Despite these laws’ potential benefits for women-owned small businesses, academics, members of Congress, and other observers have stated that they have failed to provide these businesses with better access to the federal market because the laws lack enforceable requirements and have suffered numerous delays in their implementation.

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The principal purpose of FASA is to simplify government procurement through such measures as a computerized acquisition system and reduced paperwork requirements for contracts below certain amounts (e.g., $2,500 and $100,000). The law also establishes procurement goals for various types of small businesses, including a goal of 5 percent of the total value of the federal government’s annual procurement spending going to “small business concerns owned and controlled by women.”

In addition to the 5 percent procurement goal, FASA includes two other stipulations related to women-owned small businesses. One directs the U.S. Office of Management and Budget’s Office of Federal Procurement Policy (OFPP) and the U.S. Small Business Administration (SBA) to jointly develop policies to ensure that various small businesses, including those owned by women, have “the maximum practicable opportunities” to participate in procurements valued below $100,000, an amount FASA formally defines as the “simplified acquisition threshold.” The other instructs the OFPP to work with the U.S. General Services Administration (GSA) to establish and implement education and training programs designed to increase participation in executive branch agencies’ procurement activities by women-owned and other types of small businesses.

Five years after FASA’s passage, the OFPP issued a related policy letter establishing goals that women-owned small businesses receive at least 5 percent of all prime contracts by value and at least 5 percent of all subcontracts by the same measure. These minimum procurement goals were effectively in the range of 5–10 percent of total federal procurement spending, depending on the extent to which the prime contract funds awarded to women-owned small businesses were subsequently subcontracted to other women-owned small businesses. However, it should be noted that the National Defense Authorization Act for Fiscal Year 2013 revised these goals to 5 percent of the total value of all prime contract and subcontract awards for each fiscal year.

By 2000, the federal government had not yet met its procurement goals with women-owned small businesses, prompting some lawmakers to propose new legislation that would promote the attainment of these goals. The resulting law was the ECWA, which created the SBA’s Women-Owned Small Business (WOSB) Program and authorized federal agencies to restrict competition for certain procurement contracts to women-owned small businesses deemed to be “economically disadvantaged.”

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9 Federal Acquisition Streamlining Act of 1994, Pub. L. No. 103–355, Title VII, Subtitle A, Sec. 7106, 108 Stat. 3243, 3375 (1994). Prior to the act’s passage, some federal agencies had policies of awarding 5 percent of their contracts to women-owned small businesses, but this goal was not required and, as the lawmakers who sponsored related amendments in the proposed legislation noted, it was rarely met (Lynne Marek, “A Third of FBI’s Female Staff Seek to Fight Discrimination,” Chicago Tribune, August 7, 1994, http://articles.chicagotribune.com/1994-08-07/features/9408070268_1_federal-bench-lawyers-cia).


However, in the nearly 18 years since then, researchers and lawmakers have expressed continuous concerns about the ECWA. One such concern is that the rule implementing the law’s provisions came into effect in January 2011, almost 10 years after its passage. By contrast, the SBA’s Service-Disabled Veteran-Owned Small Business Concern Program became active in May 2004, less than one year after Congress authorized its establishment in December 2003.

Another criticism is the absence of sole source authority in the ECWA and the WOSB Program as one reason that federal agencies have not met their procurement goals with women-owned small businesses. In federal procurement, sole source authority allows agencies to negotiate contracts under certain dollar amounts with a single provider, thereby foregoing the normal requirement to submit proposals for competitive bids from numerous vendors. Sole source authority applies to contracts valued up to $4 million (including options), or $6.5 million for manufacturing contracts.

The 2013 National Defense Authorization Act (NDAA) authorized sole source authority for the WOSB Program and removed the limitations on contract values eligible for consideration. One year later, however, the 2015 NDAA—which became law in December 2014—reinstated those limitations. Then, in October 2015, the SBA issued a rule to implement sole source authority, nearly 15 years after the ECWA became law. By contrast, other small business support efforts have had sole source authority since their inception, specifically the 8(a) Business Development, Historically Underutilized Business Zones, and Service-Disabled Veteran-Owned Small Business Concern programs.
Yet another critique of the ECWA is that only a small range of women-owned small businesses are eligible for consideration under the WOSB Program. To be eligible for these set-asides, companies bidding for contracts have to provide goods and services classified under a specific range of North American Industry Classification System (NAICS) codes. These codes are an official standardization the federal government uses to classify businesses and identify those that are eligible for consideration under particular contracts. Initially, 83 of the 19,000 industries covered in the NAICS codes were eligible for set-asides under the WOSB Program; this total was expanded to 113 in March 2016. Enterprises certified as economically disadvantaged women-owned small businesses are eligible for WOSB set-asides for contracts covered under any of the 113 codes, while firms designated simply as women-owned small businesses are eligible under a smaller range of NAICS codes, specifically 92 of them. Some observers have stated that the limited range of eligible NAICS codes disadvantage women-owned small businesses overall.

Indeed, evidence supports many of these concerns. More specifically, federal procurement data indicate that women-owned small businesses and economically disadvantaged women-owned small businesses—the very types described in FASA and both NDAAs—have seldom received 5 percent of federal contracts by value in any fiscal year.

According to data from the SBA, women-owned small businesses received 5 percent of federal contracts in just one year, FY 2015. Figures from another source, the Federal Procurement Data System–Next Generation (FPDS–NG) database, indicate that women-owned small businesses and economically disadvantaged women-owned small businesses have not received 5 percent of federal contracts by value in any fiscal year. Both the SBA and FPDS–NG obtain data from federal agencies, so the reasons for their data differences are unclear. However, one possible explanation is that these agencies may submit changes to their data in the FPDS–NG after providing it to the SBA.

The FPDS–NG data is illustrated in the figure on the next page, which shows federal spending from FY 1980 through FY 2017 for various types of businesses, including those that federal procurement records have categorized as women-owned businesses, women-owned small businesses, or economically disadvantaged women-owned small businesses. For the sake of comparison, the graph also includes spending data for other small business programs, such as

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those for businesses in historically underutilized business zones or owned by service-disabled veterans.25

**Figure. Federal Spending Received by Disadvantaged Businesses**

State Government Legislation and Regulations

A reliable and comprehensive understanding of women business owners’ access to public markets necessitates an analysis of their access to state, county, and municipal government procurement markets. However, research at these levels appears to be in relatively shorter supply than literature on federal government procurement.

The research that does exist indicates that increasing competition among vendors for declining federal procurement dollars has prompted many businesses seeking government contracts to look to state governments for procurement opportunities. Some estimates of growth in local and state governments’ annual procurement spending project that the sum of such outlays could exceed those of the federal government, suggesting that state and local governments could offer substantial opportunities for businesses. However, variations in procurement law among the states are regarded as complications for businesses’ efforts to provide products and services to multiple states.26


Like the federal government, some state governments have preferential procurement policies for women-owned businesses, although the exact number of states is unclear. A commonly cited source of information on such policies is the National Association of State Procurement Officials (NASPO), which has openly stated its opposition to preferential procurement but has also noted the need for research to determine if these policies are beneficial for state governments. In NASPO’s 2016 survey of state procurement officials, eight of the 47 officials who responded stated that their governments had set-asides for women-owned businesses. Furthermore, over half of the survey respondents (28 of 47) stated that their governments had vendor lists indicating whether or not such vendors were women-owned.

However, several factors limit the use of NASPO’s data for examining annual changes in state government set-asides for women-owned businesses. For one, the association has surveyed state procurement officials for several years, but its results are only available to dues-paying members. Additionally, NASPO has changed its survey over time, and the number of state procurement officials who respond has varied from year to year. Consequently, evidence as to whether or not these set-asides or other preferential procurement policies have reduced women-owned businesses’ barriers to securing state government procurement contracts is limited. There are also no comprehensive or rigorous analyses examining the number and dollar values of contracts awarded to women-owned businesses in states with and without preferential procurement policies and vendor lists.

**ECONOMIC FACTORS**

Academic research and other literature contain little analysis or information about economic factors that affect women business owners’ access to markets. Moreover, the available studies have not investigated a range of economic variables that affect this access, such as the effect of export credit insurance available from public and private banks on women-owned businesses’ access to foreign markets. The Export–Import Bank of the United States, for example, provided $2.2 billion in export credit insurance to nearly 850 women-owned businesses from FY 2010 through the third quarter of FY 2017, the latest time period for which data is available. Rather, the articles have tended to examine some single factor’s effect on women-owned enterprises, with no explicit reference to “market access” or some variation of the term.

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29 Elena Moreland (senior policy analyst, NASPO), interview by author, November 21, 2017.

30 Export credit insurance is used by companies exporting goods to foreign countries to protect against non-payment by foreign buyers.

Perhaps the most frequently discussed economic barrier to business success is capital access, but this topic is only briefly examined in this report as other work by FRD has focused exclusively on that subject. Other economic factors discussed in relevant literature include supplier diversity programs (which facilitate market access), supplier consolidations (which limit market access), and deceptive practices that some businesses have used to take advantage of federal set-asides for women-owned small businesses. Discussion of these factors is brief, reflecting the paucity of literature on them.

**Supplier Diversity in Private-Sector Procurement**

One method of facilitating women business owners’ access to private-sector buyers of goods and services is supplier diversity programs, in which companies purchasing commodities intentionally provide sales opportunities to small businesses or vendors owned by minorities, veterans, women, and other groups regarded as disadvantaged or underrepresented in business. These programs are, therefore, quite similar to public-sector preferential procurement policies and set-asides.

However, there are few publicly available studies of these programs, which some analyses have noted. The lack of such studies exists alongside—or is a possible consequence of—a dearth of publicly available data on supplier diversity programs. 32 Few companies provide any public information about the quantity or value of procurement contracts under these programs, and the federal government has no law requiring companies to do so. 33 Nonetheless, research does provide some evidence that supplier diversity programs have enabled women-owned firms to access corporate customers.

The most detailed information on women-owned businesses and supplier diversity programs comes from the Multistate Insurance Diversity Survey, which contains data provided by insurance companies about their vendors who are “diverse” suppliers, such as minority- and women-owned firms. The survey’s existence traces to a 2012 California law—Assembly Bill 53—that requires insurers collecting $100 million or more in premiums in the state to report their supplier diversity data to the California Insurance Commission, which publishes the data online. 34

In the 2017 survey, insurance companies reported spending $16 billion with 47,449 suppliers, of which $3 billion (19 percent) went to 19,478 (41 percent) certified women-owned enterprises. The number of businesses certified as women-owned was higher than those certified as owned by minorities, veterans, or any other subgroup, and the $3 billion collectively received was second only to the spending received by minority-owned businesses ($5 billion). Furthermore,

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most contracts with women-owned firms (77 percent) were valued at less than $50,000; indeed, the majority of the contracts for all groups in the survey were valued at less than $50,000.\textsuperscript{35}

Similar findings are evident in a 2017 study by CVM Solutions, which surveyed firms owned by minorities, women, and other subgroups and that participated as vendors in a supplier diversity program. Among the 277 companies responding to the survey, 48 percent were women-owned, close to the percentage of minority-owned firms (51 percent) and exceeding the percentages for small (34 percent) and veteran-owned (5 percent) businesses. In addition, 81 percent of the women-owned firms reported working with at least one corporation as a “designated diverse supplier.”\textsuperscript{36}

These data from the Multistate Insurance Diversity Survey and CVM Solutions study collectively suggest a mixed assessment of supplier diversity programs as a means of market access for women-owned enterprises. The information from these sources indicates that women-owned businesses have participated in some supplier diversity programs and have done so at relatively higher rates than other categories of enterprises. However, these data are too limited in quantity and scope for further extrapolation about the effects of such programs on women business owners’ access to markets.\textsuperscript{37}

**Supplier Consolidation in Private- and Public-Sector Procurement**

One barrier to market access that both analysts and women business owners have identified is supplier consolidation by private and public organizations. Literature examining U.S. federal government procurement has discussed supplier consolidation in the context of two related practices called contract bundling and contract consolidation. Broadly defined, contract bundling is the consolidation of multiple requirements into a single contract that is unlikely to be satisfied by a small business. Contract consolidation is the combination of goods and services previously provided under separate contracts into a new single contract.\textsuperscript{38}

Contract bundling is regarded as financially beneficial for private- and public-sector buyers because it enables economies of scale, reduced costs for procured commodities, lower administrative costs, and reliable delivery of goods and services. Indeed, the GSA’s Federal Strategic Sourcing Initiative and other federal procurement programs have cited such benefits as their justifications for using contract bundling and consolidation.\textsuperscript{39}


\textsuperscript{36} CVM Solutions, 2017 *State of Supplier Diversity Report*, 5–8.

\textsuperscript{37} A potential future source of supplier diversity data could be the New York City government. In October 2016, Comptroller Scott Stringer formally requested that 16 companies with shares owned by the New York City Public Pension Funds disclose such data. These companies included Alphabet, the parent company of Google; Goldman Sachs; and Starbucks (U.S. Fed News Service, “Comptroller Stringer, NYC Funds Call on Major Companies to Disclose Supplier Diversity Metrics,” October 9, 2016, ProQuest [1827087045]).


However, observers have described contract bundling as a market access barrier for both women-owned small businesses and small businesses in general. In congressional hearings and academic research, analysts have stated that small businesses often lack the capacities to satisfy multiple, specialized, and voluminous requirements in many bundled or consolidated contracts.\(^4^0\) Efforts to assess the effects of contract bundling and consolidation on small businesses have been hindered by weak federal oversight, including federal agencies largely ignoring existing requirements to report bundled contracts, the absence of a database of bundled contracts and businesses impacted by them, and an overall lack of data on the practice.\(^4^1\)

### Deceptive Business Practices

Sharon Hadary of the University of Maryland University College, and other researchers have stated that business owners’ gender can function as a barrier to market access but in a manner that is not immediately obvious. For example, in efforts to secure corporate and government contracts, some large “prime” contractors—which are usually male-owned—have listed women- and minority-owned businesses as subcontractors. After winning the contracts, however, some of these companies do not end up subcontracting the work to women-owned businesses, leading some observers to suspect that the larger contractors may occasionally list women-owned businesses to deceptively win contract awards.\(^4^2\) Similarly, an SBA investigation of businesses that certified themselves to be eligible to participate in the WOSB Program found that nearly 40 percent did not meet the program’s participation criteria. Although the SBA did not conclude that all such ineligible firms had fraudulently used the program’s self-certification procedures, there is evidence of some instances of fraud.\(^4^3\) Compounding such problems is the historic lack of a government entity that women-owned small businesses can use for assistance with such subcontracting matters.\(^4^4\)

### Access to Capital

A substantial amount of academic research has examined women business owners’ access to capital, finding evidence that they have difficulty accessing debt capital, investment capital, lines of credit, and lines of debt. Academic research has also revealed that women-owned businesses have difficulty accessing capital compared to firms owned by men.\(^4^5\) Women business owners’ access to capital is influenced by a variety of factors, including the lack of access to reliable information on small businesses and their financing needs.\(^4^6\) Additionally, women business owners may experience discrimination and gender bias when seeking financing.\(^4^7\)


of credit, and other forms of funding. These problems can, in turn, lead to difficulties in market access as corporate buyers of goods and services frequently evaluate their potential suppliers’ financial ability to determine their dependability. As such, women-owned businesses facing capital access barriers can have difficulty documenting their financial stability, thereby limiting their sales to corporate customers.

An additional, correlated effect of capital access difficulties is one’s physical distance from certain markets. Researchers Stuart S. Rosenthal and William C. Strange, for example, found that women entrepreneurs’ difficulties in accessing credit may be related to the frequent location of their businesses in areas with little local activity and suggest that women’s disproportionate credit constraints may give them little incentive to locate a business near banking services and other businesses.

**SOCIAL FACTORS**

Literature explicitly researching the social factors influencing women business owners’ market access is scarce. In fact, the researcher was able to find only one relevant article, and that was an experimental study that found no statistically significant results. However, most of the literature reviewed is arguably relevant even though it does not analyze market access specifically.

With regard to the social factors potentially affecting market access for women business owners, studies of gender bias indicate how women business owners are likely to be assessed by supply chain managers and other actors with direct influence on their market access. These studies generally have found evidence of gender bias in assessments of women’s potential as competent business persons. Other research has found that women are more likely to exhibit risk averseness in business and have lower personal assessments of their entrepreneurial abilities than men. Such research suggests that the social barriers to market access for women business owners may include internal, psychological factors.

Studies of women business owners and entrepreneurs are replete with analyses of gender bias in various aspects of business. Despite women’s frequent experiences of gender bias in business, University of Georgia sociology professor Justine Tinkler and other researchers have noted that gender biases are difficult to directly observe and analyze. Indeed, a 1978 interagency report called *The Bottom Line: Unequal Enterprise in America* assessed the difficulties experienced by women business owners nationwide and described the empirically elusive nature of gender-based discrimination:


46 Premier Quantitative Consulting (PQC), *Research on Women’s Participation in Corporate Supplier Diversity Programs* (Orlando: PQC, 2016), 11, https://www.nwbc.gov/sites/default/files/Women’s%20Participation%20in%20Corporate%20Supplier%20Diversity%20Programs.pdf. This research was funded by the NWBC.


It is impossible to measure, for example, the depth and degree of subtle discrimination in many areas. How does one calculate the frequency with which banks or buyers make the personal decision that women present greater business risks than men, thus making it more difficult for a woman than a man to get a business loan or a government contract?  

Academic analyses of the gender biases experienced by women in business appear to have largely examined discrimination as a social factor within business organizations or as a factor in women’s access to capital. There is comparatively little research on discriminatory or unfair treatment experienced by women business owners in their efforts to access corporate and government customers. However, studies of the perceptions of investors and other market players who interact with women entrepreneurs may be relevant to the topic of gender bias in market access. It is interesting to note that many of these studies have used experimental research designs to directly observe gender-based discrimination.

Of particular relevance to discrimination as a factor in women business owners’ access to markets is a 2014 study by Jiyun Wu and M. Joseph Sirgy that sought to examine corporate purchasing managers’ discrimination against women business owners. Using an experimental research design, Wu and Sirgy attempted to determine if actual managers would express greater favorability to purchasing from fictitious female- or male-owned enterprises that they created for the study. They found that the managers tended to express greater intention to purchase from male-owned businesses than from female-owned enterprises when the manager was unfamiliar with the supplier. The opposite was found in situations in which a purchasing manager was familiar with a supplier, with the managers exhibiting greater intention and greater favorability towards buying from women-owned businesses than from male-owned ones. However, it should be noted that these findings were not statistically significant.

Other studies have found gender biases in business situations similar to the one examined by Wu and Sirgy. Also using experimental research designs, researchers such as Alison Wood Brooks, Laura Huang, Sarah Wood Kearney, and Fiona E. Murray, along with Scott Shane, Sharon Dolmans, Joseph Jankowski, Isabelle Reymen, and Georges Romme, have found that investors and university technology officers tend to evaluate business proposals by men entrepreneurs more favorably than identical proposals by women entrepreneurs. Although these studies relate more to women entrepreneurs’ interactions with investors than with customers of their products and services, these studies’ relevance to understanding market access lies in their examination of the social dimensions of business situations that can affect which entrepreneurs can commence, and eventually market, their business ventures.

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More subtle distinctions in social attitudes toward women business owners have been found in research on investors’ perceptions of entrepreneurs. A 2015 study by Sarah Thébaud specifically examined gender bias in investors’ decisions to finance proposed business models, with study participants deciding between two business plans, one by a female entrepreneur and one by a male entrepreneur. Thébaud discovered that the experiment’s participants tended to have lower expectations of women’s entrepreneurial ability and the business plans’ expected viability than men’s. However, she also found that they had higher evaluations of innovative business plans proposed by female entrepreneurs than those presented by male entrepreneurs. These proposals included new products or organizational practices and were explicitly described by the presenters as innovative, whereas the non-innovative proposals duplicated existing products and processes and were described as common. Thus, investors’ perceptions of innovation were found to generally counteract their gender biases of entrepreneurial capability.53

Similarly, Tinkler and her team found that demonstrations of a technical background by female entrepreneurs contributed to favorable investor evaluations. Using an experimental research design, they examined evaluations of female and male entrepreneurs’ business plans by graduate students playing the role of venture capitalists. While the students may not have the professional experience of venture capitalists—and therefore could make decisions differently—the highly controlled nature of the research allows for the analysis of phenomena not easily studied through the explicit observation of people, such as gender bias or other behaviors that individuals may try to conceal or deny. In particular, the research revealed that the participants tended to give their lowest evaluations to female entrepreneurs with no technical background, even lower than male entrepreneurs who similarly had no technical background. Additionally, Tinkler and her team discovered that demonstrations of entrepreneurial potential—specifically technical knowledge and social ties to the evaluators—were more important for female entrepreneurs than their male counterparts in determining the evaluators’ confidence in their entrepreneurial abilities.54

TECHNOLOGICAL FACTORS

Academic research on the technological factors affecting women business owners’ access to markets is rare.55 Moreover, academic publications on the effects of internet retailing, blogs, and similar technologies on this access appear to be nonexistent, with most scholarly analysis examining the behaviors of consumers of these platforms rather than the sites’ proprietors. Instead, the majority of the material addressing such factors is published in magazines, newspapers, trade journals, websites, and wire feeds; and much of that work has examined the topic in the context of women in economically poor countries.56 Non-academic literature discussing women business owners in the United States often highlights the benefits of technology for accessing markets, particularly as regards providing or marketing goods and

53 Thébaud, “Status Beliefs,” 70–81.
services on the internet. Women founding companies have used personal websites and online platforms such as Amazon, Alibaba, and Etsy to establish and expand their customer bases and thereby build companies offering goods and services in multiple business sectors.57

Relevant resources also discuss the internet as a means of enabling women business owners to overcome some of the aforementioned barriers to market access. Articles have stated that women business owners have used the internet as a low-cost tool to establish their businesses without initial seed money from external investors.58 Moreover, many articles have featured vignettes of e-commerce as enabling women-owned businesses—such as One Click Ventures and Global Risk Technologies—to operate on an equal decision-making level as their male counterparts.59

What academic research does exist, however, has found that the internet also presents obstacles for women business owners’ market access. For example, a 2017 study of 117 entrepreneurs in Phoenix, Arizona, examined the factors associated with new ventures’ adoption of internet and social media applications. The researchers found that while demographic characteristics such as age, educational attainment, and race had no significant effect on entrepreneurs’ use of internet applications, gender did. More specifically, the findings indicated that female entrepreneurs had lower perceptions of their technology skills and were less willingness to adopt new technologies than male entrepreneurs. One consequence of these differences was in the purposes for which men and women entrepreneurs hired technology assistance. Whereas men were more likely to hire technology assistance to save time, women were more likely to hire because of their perceived low competence with these technologies. Based on this finding, the study’s authors suggest that digital strategy programs for women work with business incubators to offer women entrepreneurs training that increases their confidence with technology and their understanding of using internet applications and social media for their businesses. Furthermore, they suggest that low confidence with the internet and social media applications is a barrier to market access for some female entrepreneurs.60

GAPS IN RESEARCH

Research on the political, economic, social, and technological factors affecting U.S.-based women business owners’ access to markets is relatively new and far less extensive than analyses examining their access to capital. One consequence of this relatively unexplored dimension is that the gaps in the research are numerous, and any effort to enumerate them will likely be incomplete.

One particular gap in the existing research pertains to what is, perhaps, the most analyzed topic of women business owners’ access to markets, namely the reasons for the federal government’s

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58 PR Newswire, “Monica Eaton-Cardone.”
60 Mack, Marie-Pierre, and Redican, “Entrepreneurs’ Use of Internet and Social Media Applications,” 129.
continual failure to meet its goal of 5 percent of prime and sub-prime contract awards for women-owned small businesses. The studies thus far have tended to examine this issue by looking only at women-owned small businesses, whereas research comparing the experiences of women business owners with other types of small business owners (e.g., those in historically underutilized business zones or service-disabled veterans) could contribute to an understanding of this issue. One possible method of conducting such research could be to interview federal contracting officials about the variations in different small business programs’ attainment of government-wide procurement goals, similar to research the U.S. Government Accountability Office (previously the U.S. General Accounting Office) has conducted into women-owned small businesses.61

An even more limited volume of scholarly research is available on supplier diversity initiatives, the private-sector analog to public-sector preferential procurement programs. Indeed, scholarly analysis of these programs is almost entirely absent in open-source literature. While the paucity of such research may be a result of corporate buyers’ reticence to have their supplier diversity initiatives scrutinized and documented in publicly available research, the feasibility of such research is demonstrated by CVM Solutions’s anonymous surveys of companies participating supplier diversity programs.

An additional gap in the existing analysis is whether or not some types of women-owned small businesses have had different rates of success in securing federal contracts. Studies on these businesses’ place in the federal marketplace generally discuss them as an undifferentiated, monolithic entity with no apparent attention to variations in industry, geography, years in business, and other firm characteristics. Research that examines different firm characteristics in relation to market access could better understand if and why some types of women-owned small businesses have had more success in the federal market than others, and could possibly yield clues as to how these businesses can increase their market share. Such research could include a survey of or structured interviews with a random sample of certified women-owned small businesses.

A related gap in the research is how well women-owned small businesses have fared in their access to state procurement markets. Comparative case studies of states with and without set-asides for women-owned small businesses could provide information about if and how these set-asides improve women business owners’ market access. Examinations of publicly available procurement data and interviews with state procurement officers—who are listed on NASPO’s website—could be potential sources of information for such research.62

Yet another gap in the current understanding of market access barriers for women-owned small businesses is in factors mitigating gender biases. Existing research has found some evidence that demonstrations of innovativeness and technical knowledge by female entrepreneurs can

mediate individuals’ biased perceptions of women business owners. Replications of the controlled experiments producing these results could augment the existing information and perhaps be used to address certain obstacles that women experience in their access to customer markets and financial capital.

Similarly, additional research into the effects of entrepreneurial training and experience on women’s perceptions of their business acumen could be used to design more effective support programs. Given the growing use of the internet for businesses, such research could examine the effects of training and experience with web-based and social media applications to increase women’s’ confidence in their use of technology for entrepreneurial pursuits.

CONCLUSION

Much of what this literature review has highlighted is, ironically, a scarcity of literature to review on the topic of factors affecting market access for women-owned small businesses. While any discussion of why this is so is effectively walking on speculative ground, it seems the scarcity of research does not come from a scarcity of women-owned small businesses accessing or trying to access markets. Evidence indicates that the number of women-owned small businesses in the United States has grown substantially, and it seems safe to assume that an inherent activity of most businesses is that they attempt to sell goods and services to a variety of customers.

One possible reason for the dearth of literature may lie with those who research and produce the studies of the topic. For example, much of the research has examined women business owners’ access to capital, evaluating various sources of information on a range of access measures, such as the number of loans for which women business owners have applied, the number of loans they have received, and the value of venture capital invested in women-owned small businesses. Thus, it is possible that the relatively high volume of literature on women business owners’ access to capital reflects the relatively high volume of information available for researchers to use.

The literature on women business owners’ access to markets likewise appears to reflect the volume of information available on the topic. Much of the research on market access for women-owned small businesses has examined those enterprises’ access to the federal government procurement market, with studies examining legislation, procurement data, and other resources that are freely available by law. By contrast, statistical data and other information on corporations’ supplier diversity programs are scarce in open-source publications, and research on women-owned small businesses’ participation in such programs is also rare. However, the small volume of relevant literature suggests that such research is in its earliest stages and is ripe for additional study. If women-owned small businesses are to benefit the U.S. economy, then more research needs to be conducted on the factors that facilitate or impede their market access.
SELECTED BIBLIOGRAPHY


