

# Supporting Statement and Additional Documentation

## Researching Women Entrepreneurs, Self-Limiting Perceptions, and Segmentation

### A. Justification

#### 1. Circumstances Necessitating Data Collection

The National Women's Business Council (NWBC) is a bi-partisan federal advisory council created to serve as an independent source of advice and counsel to the President, Congress and the U.S. Small Business Administration (SBA) on issues of importance to women business owners. In order to provide solid policy advice, the Council is tasked in its statutory authority with conducting "such studies and other research relating to the award of Federal prime contracts and subcontracts to women-owned businesses, to access to credit and investment capital by women entrepreneurs, or to other issues relating to women-owned businesses, as the Council determines to be appropriate." 15 U.S.C. 7109(a).

The data collection is necessary in order to provide a basis for communication and, possibly, program and policy initiatives directed toward women entrepreneurs and business owners by the President, the SBA, and the U.S. Congress. This research is part of a larger effort by the NWBC to identify segments of women entrepreneurs in order to inform more precise targeting of resources. This research study is exploratory in nature, meant to inform NWBC, and subsequently its constituents, with considerations when messaging to women entrepreneurs and to identify possible opportunities for more targeted and statistically valid research in the future.

This study identifies four segments of women business owners and explores connections between motivations, expectations, and risk tolerance. Previous research has shown that women business owners tend to be more risk averse than men business owners, and there is a gap between women- and men-owned firms' contributions to the U.S. economy.<sup>1</sup> This qualitative research aims to begin to disentangle the reasons behind these disparities in business performance by understanding how women business owners approach business growth. By examining these questions with various segments of women business owners identified through a review of

<sup>1</sup> See: Erin Kepler and Scott Shane, "Are Male and Female Entrepreneurs Really That Different?" for the U.S. Small Business Administration, Office of Advocacy, SBAHQ-06-M-0480, September 2007 and Paul D. Reynolds and Richard T. Curtin, "Business Creation in the United States: Panel Study of Entrepreneurial Dynamics II Initial Assessment," *Foundations and Trends in Entrepreneurship*, Vol. 4, No. 3 (2008), 155-307.

secondary research, the NWBC can use patterns found to create and target messaging to encourage business growth among women.

The research plan includes recruiting women business owners to participate in one round of focus groups in three locations. The focus groups will be divided to capture input from four segments identified through secondary research that appear best able to help frame factors influencing women business owners’ perspectives on growth of their businesses.

- Those who have a moderate-growth strategy/expectations
- Those who have a high-growth strategy/expectations
- Those who are frequent users of outside advisors
- Those who have children at home

The secondary research included review of data from the U.S. Census Bureau’s 2007 Survey of Business Owners, Bureau of Labor Statistics data reports, reports to SBA and the NWBC, and other material publicly available online. These sources aided in framing the selection of the market segments by identifying differences between men and women business owners’ performance; characteristics of business owners with low, moderate, and high-growth ambitions; risk preferences, motivations, and expectations; effects of gender role norms on women’s career choices; and other similar lines of research.

The table below summarizes the distribution of segments by location.

<b>Region</b>	<b>Moderate-Growth Strategy/Expectations</b>	<b>High-Growth Strategy/Expectations</b>	<b>Frequent Users of Outside Advisors</b>	<b>Children at Home</b>
Houston	Group 1	Group 2	Group 3	Group 4
Los Angeles	Group 5	Group 6	Group 7	Group 8
Washington, D.C.	Group 9	Group 10	Group 11	Group 12

The recruitment process will involve telephone calls to business owners in the targeted locations, using a screener survey to determine whether the women qualify based on common desired characteristics identified for each focus group segment. The screen will match potential participants to focus group segments. The potential participants will be asked about their interest in growing their businesses, the number of employees in their firm, and the industry in which they conduct business. The focus group recruiter will target specific North American Industry Classification System codes and Metropolitan Statistical Areas in order to narrow in on the desired women-owned businesses. Telephone lists will be compiled through a combination

of Dun & Bradstreet business data and other proprietary business-to-business sources available to the recruitment vendor.

At the focus group, the participants will be asked to complete a one-page “profile” so that the moderator of the group will have additional basic information about the participants. The profile asks for the participants’ age, highest level of education, and business history and growth pattern. For the focus group discussion, the moderator will use a discussion guide containing questions about participants’ expectations for growth, motivations and factors influencing those expectations, barriers experienced or perceived, and resources known and used to support business growth. The tolerance of risk in connection with business growth and its connections to behaviors and opinions of individual business owners will also be explored.

The NWBC has contracted with Public Policy Associates, Incorporated (PPA) to conduct this study (SBAHQ-12-M-0206).

## **2. Use of Data**

The requested data collection consists of a seven-question screener survey, focus group participant profile, and focus group discussion guide. The screener survey will be administered by telephone. The profile and guide will be used during in-person focus groups. The screener survey will be administered by SSI, a subcontractor of PPA. The prime contractor, PPA, will conduct the other steps in the data collection process.

The NWBC will use data resulting from this exploratory research to augment existing knowledge in order to inform policy and program recommendations about messaging to women business owners about growth of their businesses, as well as to identify potential directions for additional, more targeted and statistically valid future research in pursuit of NWBC’s statutory charge.

## **3. Use of Technology to Reduce Burden**

The initial telephone contact with potential participants allows an efficient means of determining eligibility for the focus groups without much labor or time on the part of the respondents. The contact list will be limited to those business owners who are women, own firms with at least one employee, operate within targeted industries, and are located in one of three metropolitan areas in order to minimize contacts with non-eligible individuals.

Confirmation of location, date, and time of the focus groups will be communicated via e-mail (rather than standard mail) if that is acceptable to the participant. No use of technology is anticipated for the focus groups themselves.

#### **4. Efforts to Identify Duplication**

There is no comparable information that sufficiently targets women business owners on business growth issues based on review of the literature conducted in the fall of 2012.

#### **5. Small Entity Burden Reduction Efforts**

The time burden to the small entities—businesses—whose owners will participate in the focus groups, as well as the screener survey has been minimized to the smallest amount of time possible to obtain the required information. The overall impact is very modest given the number of participants and time commitment expected.

#### **6. Consequence of Less-Frequent Data Collection**

The data collection will occur only once per participant. In total, twelve focus groups with approximately twelve individuals in each group will be held over a relatively short period of time. The NWBC, as a federal advisory council to the SBA, has the responsibility to provide research-based recommendations on programs and policy affecting women business owners. If the data are not collected, there will be incomplete information available by which to plan messaging to the identified segments, which lessens the likelihood that messaging or programming will resonate with the targeted segments. By better understanding the views and experiences of the segments of women targeted, the NWBC can also determine further research needs to inform practices to aid women in growing their businesses.

#### **7. Special Circumstances**

No special circumstances apply.

#### **8. Federal Register Notice and Consultation Outside the Agency**

The notice of this data collection was published in the Federal Register on November 15, 2012, 77 FR 68154. No public comments were received.

The NWBC used the services of Public Policy Associates, Incorporated to compile and review secondary research on the issues pertaining to this study. No formal report was issued, but a final report resulting from this contract, prepared by PPA, will be issued publically by NWBC at the close of the research project. Except for the secondary source review, NWBC did not solicit the views of any outside persons on this information collection.

#### **9. Payments to Respondents**

An incentive of \$50 will be provided to each participant in the focus groups. It is standard practice in the research field to offer an incentive, particularly to those for those who have no other direct reason for participation, as in this case.

## **10. Confidentiality Assurances**

The respondents will be told at the outset of the focus group that their names will not be associated with data reported or otherwise shared with NWBC; PPA will hold all data securely at its facility. No last names of respondents will be known, except by the research team, who will destroy records of personal information (names and contact information) immediately upon the close of the data collection period. Business names will not be collected, only industry, employment size, annual revenue, and similar basic details (as noted in the participant profile). In the instances where the focus groups are observed by the NWBC, the participants will be informed of that fact at the outset of the group. Unless expressly permitted by a participant, her name will not be associated with information she provides through the data collection, shared publically or with the NWBC. Reported data will be aggregated within the segments, regions, and across all focus groups as appropriate.

The NWBC will own the de-identified data sets and all reports prepared for this study.

## **11. Justification for Questions of a Sensitive Nature**

No proprietary, personal, or other sensitive information will be collected.

## **12. Estimates of Time Burden**

The study anticipates a maximum of 144 focus group participants (no more than 12 persons for each of 12 focus groups). No individual will participate in more than one focus group. The recruiter will use a contact list targeted by the key characteristics of gender, business ownership of employer firm, and industry to aid in locating the desired participants, thus reducing the burden overall substantially.

In order to obtain 144 participants, it is estimated that 720 contacts will be needed. Of those 576 individuals who are contacted and screened, but who are not eligible, willing, or able to participate in the focus groups, the time burden is approximately two minutes. For a business professional working 40 hours per week with a salary of \$80,000 annually,<sup>2</sup> assuming 2,000 working hours, the total cost for non-participating individuals is \$0.67 per minute each. The total time burden to these contacts is then \$771.84 annualized.

The annual time burden is estimated at 185 minutes per individual for those participating in the focus groups. This includes two hours (120 minutes) for profile completion and the focus group discussion, one hour (60 minutes) for

<sup>2</sup> Salaries for small business owners vary widely; this wage is a rough estimate based on higher-end averages of business managers and small business owners. Sources: Chron, "The Average Income of Small Business Owners," 2013, <http://smallbusiness.chron.com/average-income-small-business-owners-5189.html> and "Business Management Salary Range," 2013, <http://smallbusiness.chron.com/business-management-salary-range-2579.html>

transportation to/from the focus group location, and five minutes for participation confirmation-related communications. These estimates are based on the standard length for focus group sessions and average timing of the associated activities. Using the same base salary as above, this results in an individual time cost of \$123.95 each, or \$17,848.80 in total, annualized.

All told, the time burden cost for the study is \$18,620.64.

### **13. Estimates of Cost Burden to Respondents**

Other than the time burden noted above, there is no additional cost burden to respondents associated with this study.

### **14. Annualized Costs to Federal Government**

The cost to the federal government is limited to the contracted cost for outside services, which includes the research firm and recruitment vendor. These costs are inclusive of labor and expenses for the design of instruments and process, recruitment of focus group participants, conduct of focus groups, travel, mailing, incentives and refreshments, and general and administrative fee. The total estimated contractor costs for this data collection is \$83,030.

### **15. Explanation of Program Changes**

There are no program changes; this is a new data collection.

### **16. Tabulation and Publication Plans**

The proposed recruitment will occur in May 2013, with focus groups conducted in June and early July. A brief interim report will be prepared in June, with a final report submitted in September 2013. The final report will be distributed to NWBC stakeholders, including the President, Congress, and the SBA, and will also be made available to the public through the NWBC website ([www.nwbc.gov](http://www.nwbc.gov)).

### **17. Display of OMB Approval Date Expiration**

This request does not seek to exclude the OMB approval date from the data collection instruments.

### **18. Exceptions to OMB Form 83-I**

This request does not seek any exceptions to OMB Form 83-I. There are no exceptions.

## **B. Collection of Information Employing Statistical Methods**

No statistical methods will be used in this data collection. Qualitative methods were chosen over quantitative methods in order to probe the strategies, motivations, and attitudes of women business owners, which by definition are explored most efficiently through qualitative methods. Focus groups participants are selected from convenience samples that do not provide statistically generalizable results, but do permit more in-depth exploration of strategies, motivations, and attitudes, which is the focus of this study. The analysis of this focus group data will produce findings and themes that may provide insights or generate hypotheses, which may inform future research, policies, and programs. Reports of the results from this research will make clear that the results are not representative and are based on qualitative data from focus groups.

As noted in Part A, Section 1, three locations were selected: Houston, Los Angeles, and Washington, DC. These locations were selected because they represent different geographic locations in the United States (Central, West, East, respectively) and were found to be hubs for women-owned businesses in the American Express report on women-owned businesses (<http://www.openforum.com/articles/2012-american-express-open-state-of-women-owned-businesses-report/>). For more information on the selection of focus group participants and focus group questions, please see the complete protocols attached to this application.

As noted in Part A, Section 2, NWBC will use the resulting report from this data collection to inform its annual report to the President, Congress, and the SBA on policy and program recommendations to support the growth of women-owned businesses, as well as future research endeavors.