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Carol J. Cumber
South Dakota State University

Abbigail Meeder
South Dakota State University

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Rural Women Entrepreneurship in South Dakota



by
Carol J. Cumber,
Professor
and
Abbigail Meeder,
Graduate Student



Introduction

The number of women-owned small businesses continues to grow and add to the sustainability of rural economies, including South Dakota. From 1997 to 2004, the number of majority women owned businesses in SD grew by 45.6 percent to 17,833. Women are at least half owners in 54.5 percent of all South Dakota privately-held firms. Because the majority of privately-held businesses in South Dakota are at least partially owned by a woman, the topic of female entrepreneurship in South Dakota is important.

Studying Rural Women Entrepreneurship in South Dakota

The number of women owned firms continues to increase, yet very few studies exist that concentrate specifically on entrepreneurship by women in rural areas. This *Commentator* article discusses a recent study that focused on entrepreneurial activities by women in rural South Dakota in an attempt to assess the needs, challenges, and successes of these women.

A survey was mailed to a sample of South Dakota rural women entrepreneurs in early summer of 2006. Potential participants were identified from a list provided by InfoUSA and recommendations by Extension specialists. Of 396 surveys mailed out, 110

participants replied, resulting in a 28 percent response rate.

Findings

Some of the primary findings of the study are reported below. This study looked at a rural setting's affect on female entrepreneurial businesses.

The Impact of a Rural Setting on a Business					
	Highly positive 1	2	No impact 3	4	Highly negative 5
Rural setting's impact on:	%				
Availability of customers	56.2	18.1	8.6	11.4	5.7
Work force availability	23.0	27.0	25.0	22.0	3.0
Availability of suppliers	27.0	26.0	37.0	7.0	3.0
Availability of technological resources	31.9	32.9	24.7	4.1	6.2
Availability of training programs	16.7	29.2	34.4	19.8	0.0
Availability of organizational resources	10.2	35.7	35.7	17.4	1.0
Availability of financing	30.7	33.7	23.8	9.9	2.0
Availability of support systems	22.1	33.7	31.6	10.5	2.1
Social networks	16.5	29.9	37.1	15.5	1.0
Overall impact of rural setting on business	24.5	29.6	24.5	19.4	2.0

Less than 22 percent of survey respondents felt that a rural setting had a negative impact. In fact, on almost all factors, the majority of respondents felt that a rural setting had a positive impact, with 55.1 percent of survey respondents reporting that overall, a rural setting was a positive factor.

The impact of female ownership on a business also was investigated.

Impact of Female Ownership on a Business					
	Highly positive 1	2	No impact 3	4	Highly negative 5
Impact of being female on :	%				
Acquiring financing	26.47	19.61	31.37	18.63	3.92
Customers' view of your business	40.78	26.21	26.21	6.8	0
Business sales	32.32	24.24	34.34	8.08	1.01
How women are treated as business persons	27.72	22.77	30.69	15.84	2.97
Overall impact of female ownership on business	30.39	23.53	37.25	5.88	2.94

The majority of survey participants found that being female had a positive impact on customers' view of their business, business sales, and how they were treated as business persons. Forty-six percent felt that being female had a positive impact on acquiring financing. The majority of participants, 53.9 percent, felt that the overall impact of being a female business owner was positive.

Business characteristics of rural women owned businesses were investigated. The most common industry (nearly 34%) was retail trade, followed by professional, scientific, and technical services (23%), and health care and social assistance (8%). Over 27 percent of survey participants had gross annual sales in excess of \$90,000. Almost sixty-eight percent of these businesses targeted a local market, and nearly 23 percent targeted a regional market. Only about nine percent targeted a national or international market.

Several factors leading to the success of rural women business owners were identified. Hard work was found to be the most important factor that leads to success (28%). Having a drive or passion for the work a business person is doing ranked second (16%). This was followed by the importance of an owner's prior experience in the area of business they now operate (11%). In relation to the characteristics successful business women exhibited, helping others

was most frequently selected, followed by contributing to family income, and making a profit.

The study also looked at the use of support and informational resources like the Small Business Association, Women's Business Center, Cooperative Extension Service, adult education classes, seminars, training programs, formal university programs, and online information. Almost 54 percent of business owners used support or informational resources before opening their business. Over 69 percent used these resources after opening their business. It's interesting to note that although only a slight majority of owners used support or informational resources before opening their businesses, when asked about needs of rural women business owners, an overwhelming majority expressed training programs and personal support systems as basic needs.

Needs of Rural Women Business Owners					
	Very high need 1	2	3	4	No need 5
Need For:	%				
Training Programs	34	22	37	5	2
Personal support systems	65	21	10	2	2
Institutional support systems	18	25	34	17	6
Governmental support systems	26	26	31	11	7
Qualified workers	49	25	18	1	6
Sources of financing	43	31	19	3	3
Building/rental space	27	31	29	7	7
Local services	19	38	32	7	4
Mentors	29	23	29	11	8
Supportive public policies	22	32	31	10	4
A contact list or directory	11	32	36	12	8
Youth and adult entrepreneurial education programs	11	27	34	21	6
Access to institutional resources	12	20	45	16	6
Willingness to take a risk	67	15	13	3	1

Summary

The overall objective of this research was to evaluate how a rural setting affects South Dakota female entrepreneurial businesses, to identify business characteristics of female owned rural businesses, to identify the factors that lead to the success of rural women entrepreneurs, and to identify the biggest business needs of rural women entrepreneurs.

Although some previous studies suggested that a rural setting would negatively affect businesses, our findings were the opposite in that less than one-fourth of the respondents felt that was the case. Most survey participants stated that being a female rural business owner either had no impact on their business or was positive. As expected, operating in the retail industry was most common, as was the finding that the majority of businesses had under \$100,000 in gross, annual sales, and targeted a local market. The three factors considered most important to the success of these businesses were hard work, drive/passion, and prior experience. The three most important characteristics of successful business women were helping others, contributing to family income, and making a profit.

This research also sought to identify the needs of rural female entrepreneurs in South Dakota. The need for the following items was found to be very high:

training programs, personal support systems, qualified workers, sources of financing, mentors, and a willingness to take risk.

Survey respondents were enthusiastic in their support of this study. Especially telling were voluntarily submitted comments such as: "I feel honored to be included in this study! It's been amazing."; "I truly believe there are basic opportunities in rural SD – for women and for men. The challenge is always turning those ideas into plans and then the plans into action...turning vision into reality. Where do I sign up for the course on how to do that?" A particularly supportive comment for rural SD is from the rural woman entrepreneur who asserted that, "I could truly be affluent in any city/town in the world, but I consider myself very lucky to be able to continue to live and raise my family in a small town here in South Dakota. I would not have it any other way." Forty-one survey respondents (37.2%) requested to be included in any follow-up studies.

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Economics Department
South Dakota State University
Box 504 Scobey Hall
Brookings, SD 57007-0895

Phone: 605-688-4141
Fax: 605-688-6386
E-Mail: Penny.Stover@sdstate.edu

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