

Women's Business Ownership Act

Up until 1988, a woman in the United States who wanted to get a business bank loan could not do it without the signature of a male relative. This restriction remained in place until the Women's Business Ownership Act (H.R. 5050) was passed in 1988 with the help of the National Association Women Business Owners (NAWBO).

The Act was created to address "the needs of women in business by giving women entrepreneurs recognition, resources, and by eliminating discriminatory lending practices by banks that favored male business owners." (NAWBO, 2018). The bill was signed into law by President Ronald Reagan.

Quick facts

Barriers addressed



Prerequisites

[Broader legal constraints >](#)

[Lack of credit history \(for credit products only\) >](#)



Social Norms

[Ambivalence or antagonism towards women's financial independence >](#)



Human Resources

[Lack of women in leadership at DFS providers and policy-makers >](#)

Segment focus

1 2 3 4

Customer Journey Relevance



Geography

USA

Key stakeholders involved

U.S. Government
National Association Women Business Owners (NAWBO)
Small Business Association
National Women's Business Council (NWBC)

Sources

[Congress.gov, 1988;](#)
[NAWBO, 2018;](#) [Tadeo, 2018;](#)
[Hathi Trust; Taylor, 2022](#)

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Key activities

Many significant changes were included in H.R. 5050:

- H.R. 5050 established the Women's Business Center program, which provides low-cost counseling and training and focus on women who want to start, grow, and expand their small business.
- "H.R. 5050 required that the U.S. Census Bureau include C corporations when presenting data on women-owned firms. Prior to the inclusion of this data, statistics for women business owners were not accurate and diminished the vital contribution women were making in the business world." (NAWBO, 2018).
- "H.R. 5050 eliminated all individual state laws that required women to have a male relative sign a business loan." (NAWBO, 2018).
- "H.R. 5050 required the creation of the National Women's Business Council (NWBC). This bi-partisan council consists of women entrepreneurs and women's organizations that advise the president, Congress, and the Small Business Association (SBA) on policy and program recommendations." (NAWBO, 2018).

Outcomes/results

"The number of women-owned businesses increased by 31 times in the last four decades—rising from 402,000 businesses in 1972 to 12.3 million businesses, or 40% of all firms—in 2018 according to an American Express report on the state of women-owned businesses. Revenue from women-owned enterprises stood at \$1.8 trillion in 2018." (Taddeo, 2018).

Since 1989, the number of Women's Business Centers has grown from four to over 100. Additionally, the implementation of *H.R. 5050: The Women Business Owner's Act* has "helped women to start and grow privately-held businesses at nearly twice the rate of all other businesses." (NAWBO, 2018).

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Key enabling environment factors for the intervention

A Congressional Committee identified four barriers to women owned businesses that they wished to address through this act (Hathi Trust):

- "The need for technical training to maximize growth potential of women owned business"
- "Inequality of access to commercial credit"
- "Virtual exclusion of women owned business from government procurement activities"
- "Inadequacy of information and data relative to women owned business"

These findings were included in the Committee Report filed on June 28, 1988. These findings helped formulate the basis for public policies and programs to benefit women entrepreneurs.

The National Association of Women Business Owners (NAWBO) was also a main supporter of this bill, arguing that stereotypes of women created barriers to having more women business owners.

Key design elements and principles that led to successful outcomes

The law was grounded in research done by the congressional committee to best inform the elements included.

The Act addressed inequalities in the law and also provided capacity-building elements through the Women's business center program. These centers were intentionally implemented for low-income women and women of color.

Potential for scale/replicability

This Act is applicable to all 50 states. However, the number of Women's Business Centers can continue to expand to serve women in marginalized communities. This rests on Congress's decision to dedicate money to building women's capabilities (see challenges section).

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Challenges encountered during the program

Congress voted to cut funding for women's development centers, which has slowed down the establishment of more Women's Business Centers across the country.

Recommendations from the research

Countries looking to adopt a similar act can learn from the U.S. experience by:

1. Implementing the law at a national level
2. Incorporating capacity-building into the law
3. Targeting historically marginalized groups, such as low-income women and women of color

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