



Sociology Research Briefs

Who Owns Main Street in Rural Iowa?

Sharon Bird, Ph.D.

Demographic and economic changes in recent decades in Iowa and the Midwest have prompted communities and policy makers across the region to develop strategies for preserving the townscapes of rural America. Main Streets play prominently into these strategies, in part because of their importance socially and aesthetically, but primarily because of the role that Main Street businesses play in ensuring the economic vitality of small towns. Employment opportunities in small towns remain crucial. Locally provided goods and services also remain essential to rural residents, particularly those whose access to transportation is limited. Understanding the various functions that Main Street serves to small communities requires knowing what establishments comprise Main Street.

Composition of Main Street

Small Businesses, on average, constitute the majority, or about 67 percent, of all establishments located on Main Street in rural communities (Table 1). Corporate-owned businesses and government offices comprise another 23 percent, and non-profit and voluntary organizations, constitute 7 percent of Main Street establishments (Bird 2002-03).

Population & Composition of Main Street

The composition of Main Street varies depending on the population of the



community. Table 2 shows the percentage of each type of establishment on Main Street, given the population of the community. Clear trends are easily discerned. Statistical analyses support trends shown in Table 2. The larger the population

- the higher the percentage of all establishments on Main Street that are small businesses
- the lower the percentage of corporate owned businesses
- the lower the percentage of government offices
- the lower the percentage of non-profit organizations
- the lower the percentage of voluntary organizations

In short, small businesses are more prominent on Main Streets in larger communities, while all other types of establishments are more prominent on Main Street in smaller communities.

Main Street Small Business Profile

Who owns small businesses on Main Street in rural communities and what industries do these businesses represent? The average (mean) percentages across the 75 Iowa communities surveyed reveal men or multiple male business partners own 58.3 percent of small businesses on Main Street. Women or multiple female partners own 28.9 percent, and male-female partners own the remaining 12.9 percent of small businesses on Main Street. The proportion of businesses owned by women and/or men, however, varies somewhat depending on community size (population). The larger the population

- the lower the percentage of male owned businesses on Main Street

- the higher the percentage of small businesses owned by male-female partners

The percentage of female owned businesses does not vary by community size.

A recent study based on a 1995 survey of small business owners in rural Iowa communities (Bird, Sapp and Lee 2001) shows that women-owned businesses are more concentrated than men owned businesses into the most competitive and crowded economic sectors. Further, women are concentrated into fewer industries and into fewer types of businesses within each industry. Women, for example, are more likely to own retail and personal service businesses. And within the retail industry, women are more likely to own flower shops, women's clothing and greeting card shops. Female owned businesses also employ fewer people, on average, than male owned businesses, and are less likely to receive loans from formal lending institutions (Bird and Sapp 2004; Tigges and Green 1994).

Small business ownership in these rural communities varies little by race and ethnicity. The vast majority of businesses are owned by white, non-Latino persons (99.1 percent).

The industries most commonly represented on Main Street in rural Iowa communities are

- retail, rentals, and leasing
- professional services
- food and drink services and food stores
- personal services and repairs.

Other types of businesses represented, but in fewer numbers, include manufacturing, wholesaler, printing, and recreation.

Type of Establishment	Percentage of All Main Street Establishments
Small Business	67.3%
Corporations	12.8%
Government Offices	10.4%
Non-Profit Organizations	4.7%
Voluntary Organizations	2.3%
Unidentifiable	2.5%
Total	100.0%

Note: ¹Based on survey of 75 Iowa Small Towns.

Type of Establishment	Population 1–1,000 (N=30)	Population 1,001–2,000 (N=25)	Population 2,001–4,000 (N=12)	Population 4,001–10,500 (N=8)
Small Business	56.8	72.1	74.9	79.2
Corporate	13.7	12.9	12.1	9.8
Government Offices	18.1	6.3	4.4	4.0
Non-Profit Organizations	5.6	4.0	4.6	3.5
Voluntary Organizations	2.8	2.2	1.1	2.1
Unidentifiable	2.8	2.5	2.7	1.4
Total	100%	100%	100%	100%

Notes: ¹Based on the 2000 U.S. Census. ²Based on survey of 75 Iowa Small Towns.

Main Street Business Owner Perceptions

What do Main Street business owners think about employees, customers and the future of their businesses? Survey data (Bird 2002-2003) show that the majority (65.8%) of owners employ 1-5 persons. On average, 41 percent of these employees are full-time, 43 percent part-time, and 15 percent temporary. Male business owners employ somewhat more people (0.4 more), and employ more people full time than female owned businesses (1.2 more).

Regarding customers, Main Street owners believe that people between the ages of 35 and 50 are the most important customer age group. Owners value female and male customers equally. And owners rate customers who are friends and/or family as somewhat more important to success than customers who are corporations or tourists.

Regarding business success, far more owners (49.5%) believe Main Street businesses have become less successful over the past 5-10 years compared to those who believe businesses have become more successful (11.2%), almost 40% believe businesses have remained about the same. Finally, far more business owners believe

that a “successful” business is one that permits her or him to balance work and family (54.3%) than those who believe “success” means maximizing profits (23.4%) or improving the community (22.3%).

Implications

- Main Street small businesses in smaller towns face greater competition from corporate owned businesses (e.g., department stores, pharmacies, restaurants) than Main Street small businesses in larger places. Yet Main Street small businesses are crucial to the building of social capital and hence rural vitality. Diversification and the strengthening of Main Street small business is essential to the well being of rural communities (Tolbert et al. 2002).
- Research shows that rates of small business ownership are increasing more among women than men. While these increases among women may not be occurring as rapidly in rural places, the trend itself warrants attention. If male owners are lured from smaller towns into larger markets, the types of businesses owned primarily by men (e.g., professional services, manufacturing, repair, hardware and

appliance retailers) will no longer exist on Main Street unless women fill the gap. Thus, we must either find ways to ensure that male owners stay put and/or support programs that facilitate female ownership of a broader range of businesses.

- Research shows that larger businesses are more economically successful and that because male owned businesses are larger, they are also more successful than female owned businesses in rural communities (Bird and Sapp 2004). Thus, we must also support programs that help female owners grow their businesses.

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Methodology

Main Street Space Inventory: 75 Main Streets were visited; list of all storefronts and offices spaces was produced by walking Main Street (or square); then occupancy and ownership was verified with local city officials.

Survey: Mail survey of 980 businesses in 75 rural Iowa towns, resulted in 501 completed surveys, 24 surveys excluded because businesses closed, and 454 surveys unreturned. The response rate was 55.5 percent.

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