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Minorities in Business: A Demographic Review of Minority Business Ownership

Office of Advocacy
U.S. Small Business Administration

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Minorities in Business: A Demographic Review of Minority Business Ownership

Ying Lowrey, Office of Economic Research, Office of Advocacy
U.S. Small Business Administration, 2007. [50] pages.

This report provides information on minorities in the work force and minority-owned businesses, including statistics about the minority population, their labor force participation, age, education, occupation, work schedules, average personal and household income, business ownership, and business dynamics. It is an update of previous studies on minority-owned businesses* and primarily uses data from the 2002 Survey of Business Owners (SBO), the latest available data from the U.S. Census Bureau. The SBO defines minority-owned businesses as entities in which minorities own 51 percent or more of the stock or equity. There were six general demographic groups classified in the SBO: Hispanic, Black, White, American Indian or Alaska Native, Asian, Native Hawaiian or other Pacific Islander (Islander).

Highlights

- In 2002, minorities owned approximately 18 percent of the 23 million U.S. firms.
- Using a proxy for measuring minority business growth, Black-owned firms had the highest growth rate for several measures between 1997 and 2002: 45.4 percent for the number of firms; 24.5 percent of total receipts for the group; and 16.7 percent for employer firm receipts. Asians also experienced growth in the number of employer firms, at 12.6 percent, and in annual payroll, 25.3 percent. The number of American Indian and Native Alaskan businesses grew 2.1 percent.
- Hispanics or Latinos constituted the largest minority business community and owned 6.6 percent

of all U.S. firms, 3.7 percent of employer firms, and 7.4 percent of nonemployer firms.

- Blacks owned 5.0 percent of all U.S. firms, 1.8 percent of employer firms, and 5.9 percent of nonemployer firms. Asians and Islanders owned 4.7 percent of all U.S. firms, 6.1 percent of employer firms, and 4.3 percent of nonemployer firms. For comparison purposes, the percentages for Whites are 82.9, 88.0, and 81.4 respectively.

- Percentages of minority women owning businesses rose from 1997 to 2002: 29 percent of Black employer firms and 47 percent of Black nonemployer firms were women-owned in 2002. In contrast, women owned 17 percent of White employer firms and 31 percent of White nonemployer firms.

- More than half of Black-owned businesses had less than \$10,000 in business receipts in 2002, compared with one-third of White-owned firms and 28.8 percent of Asian-owned firms.

- On average, for every dollar that a White-owned firm made, Pacific Islander-owned firms made about 59 cents, Hispanic-, Native American-, and Asian-owned businesses made 56 cents, and Black-owned businesses made 43 cents.

- The distribution of firms varied by industry and race or ethnicity. For example, 16 percent of Native American-owned firms operated in construction; 20.5 percent of Black-owned firms were in health care and social assistance. Hispanic-owned businesses were concentrated in administrative and support, waste management, and remediation services, 13.2 percent, as were Islander-owned businesses, 11.6 percent.

- All minority-owned business categories had higher proportions than the non-minority-owned businesses in “other services,” such as personal services

* To review the previous Office of Advocacy research on minority-owned businesses, see www.sba.gov/advo/research/minority.html.

and repair and maintenance. Of Black-owned firms, 17.6 percent were in other services; for Asians, the share was 17.1 percent; for Hispanics, 15.8 percent; and for Native Americans, 13.2 percent.

- The ethnicities of Asian business owners were identified as Asian Indian, Chinese, Filipino, Japanese, Korean, Vietnamese, and other Asian. Among this group, Asian Indians had the highest ratio of employer firms to total firms (37 percent), followed by Koreans (36 percent), and Chinese (31 percent). Asian Indians also had the highest average receipts per nonemployer firm, \$56,792 followed by Koreans, \$56,320. Japanese had the highest receipts per employer firm, \$1,256,646, followed by Chinese, \$1,075,029. Asian Indians once again had the highest average annual payroll per employee, \$28,779, followed by Japanese at \$28,141.

- The ethnicities of Hispanic business owners were identified as Mexican, Mexican American, and Chicano; Puerto Rican; Cuban; and other Spanish/Hispanic/Latino. Among this group, Cubans had the highest ratio of employer firms to total firms, 18 percent; the highest average receipts per nonemployer firm, \$36,692; the highest receipts per employer firm, \$1,108,998; and the highest average annual payroll per employee, \$28,769. Mexicans, Mexican Americans, and Chicanos had the highest average number of employees per employer firm, 8.1, followed by other Spanish/Hispanic/Latino, 7.5.

- Of nonemployers, 58.3 percent were home-based, compared with 22.1 percent of employers. Home-based business rates decline sharply with firm employment size. Twenty-nine percent of all respondent employer firms with one to four employees were home-based and 0.2 percent of those with 500 or more employees.

- Home-based rates varied by ethnic and racial characteristic, a fact that may also be related to the industries in which these firms are concentrated. More than two-thirds of Asian business owners reported that they conducted business from nonresidential locations. Hispanics had a relatively smaller share of firms with one to four employees that were home-based, but a relatively large share—5.6 percent—of large firms based in the home.

- Owners use a variety of sources of capital to start or acquire businesses. Nonemployer firm owners generally use a less varied array of financing sources than owners of firms with employees. Higher percentages of male/female equally owned, male-owned, and White-owned employer firms than of other firm groups financed their startups or acquisitions

through business loans from banks. Higher percentages of Black- and Native American-owned employer businesses, as well as equally men- and women-owned employer firms used business loans from the government or government-guaranteed bank loans. More than all other groups, Islander employers used personal and business credit cards to finance their startups and acquisitions.

- The majority of Asians and Hispanics in the U.S. labor force are immigrants, either naturalized or not. Among self-employed Asians, 80.8 percent are immigrants, compared with 67.9 percent of Islanders and 56.8 percent of Hispanics. Asians tended to have the highest shares of naturalized citizens in all work categories (labor force, self-employment, professional, and moonlighter) and vied with Hispanics for the highest shares of non-U.S. citizens.

Scope and Methodology

Data sources include, but are not limited to the Current Population Survey, the American Community Survey, the Economic Census, and the Survey of Business Owners. See the report's appendix for detail on data and data limitations. This report was peer reviewed consistent with the Office of Advocacy's data quality guidelines. More information on this process can be obtained by contacting the director of economic research at advocacy@sba.gov or (202) 205-6533.

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The full text of this report and summaries of other studies performed under contract with the U.S. Small Business Administration's Office of Advocacy are available on the Internet at www.sba.gov/advo/research. Copies are available for purchase from:

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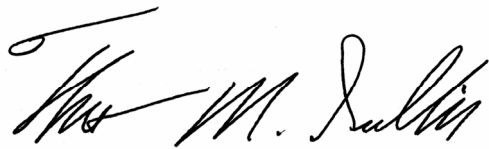
Foreword

I am pleased to provide *Minorities in Business: A Demographic Review of Minority Business Ownership*. This report is the latest in the Office of Advocacy's series of periodic studies on minorities in business. The number and receipts of businesses owned by minorities have increased in the past several years, and they continue to make important contributions to the American economy.

This study follows the *Women in Business* study, released in 2006, the first of the two Office of Advocacy studies on small business subgroups. These reports provide basic information on important trends in America's small business economy and point users to key data sources in the U.S. government for more information.

The Office of Advocacy continues its ongoing efforts to strengthen and advocate for small firms through research efforts such as these. *Minorities in Business: A Demographic Review of Minority Business Ownership*, along with other Advocacy research, may be viewed at the Office of Advocacy website, www.sba.gov/research. Special thanks are also expressed to Michael Brown, an intern from George Washington University, who assisted Senior Economist Ying Lowrey in compiling this report. If you would like to be added to Advocacy's listservs, visit <http://web.sba.gov/list>.

We appreciate your interest in and support for small business.

A handwritten signature in black ink, appearing to read "Thomas M. Sullivan". The signature is fluid and cursive, with a prominent initial "T" and "S".

Thomas M. Sullivan
Chief Counsel for Advocacy

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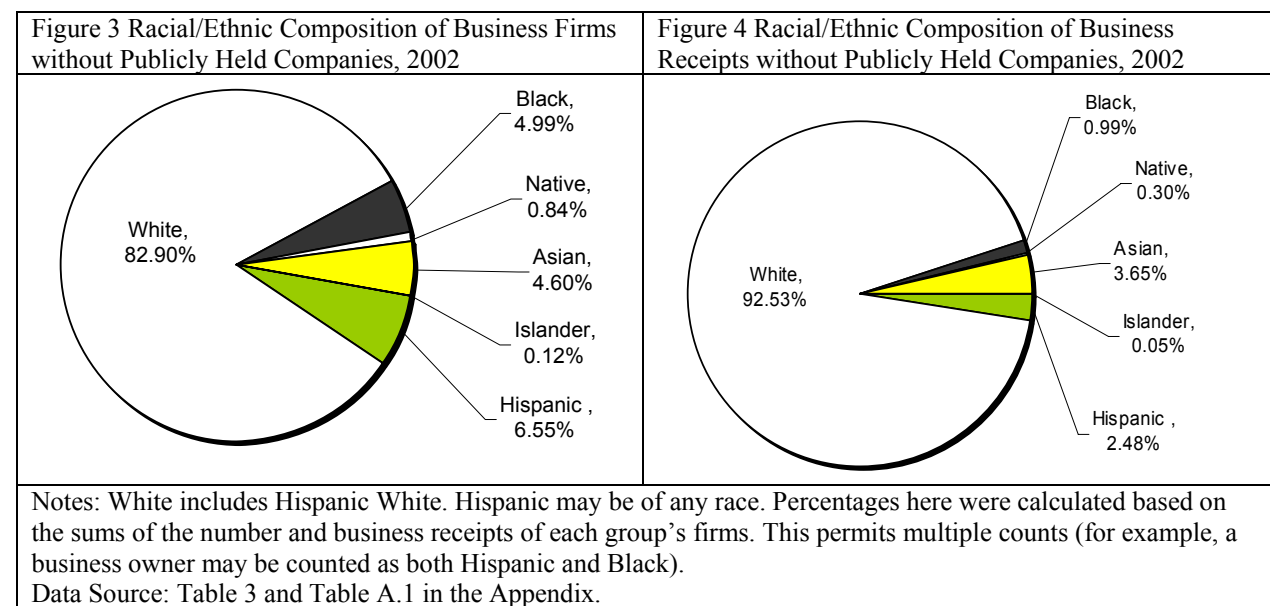
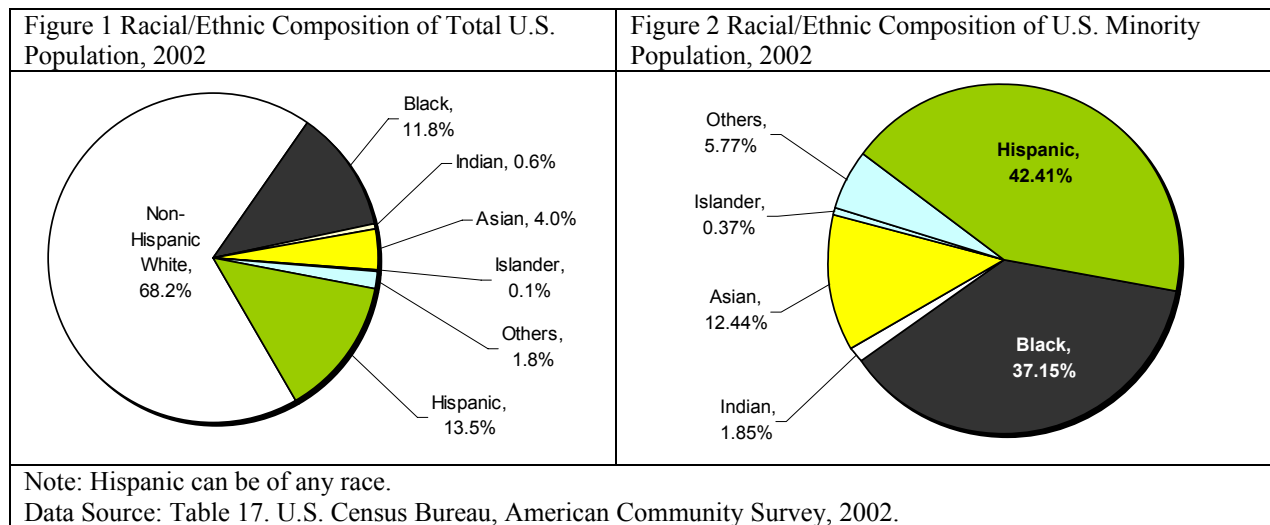
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1. Introduction

The total U.S. population consisted of 68.2 percent non-Hispanic Whites and 31.8 percent minorities in 2002 (Figure 1). When population proportions are linked to business ownership for minorities, Blacks were 11.8 percent of the total population, owned 5.0 percent of firms and accounted for 0.99 percent of total receipts (Figures 1, 3, and 4). Hispanics were 13.5 percent of the total population, owned 6.55 percent of businesses and accounted for 2.48 percent of total receipts. Asians and Pacific Islanders represented about 4.1 percent of the total population, owned 4.72 percent of businesses and accounted for 3.7 percent of total receipts.



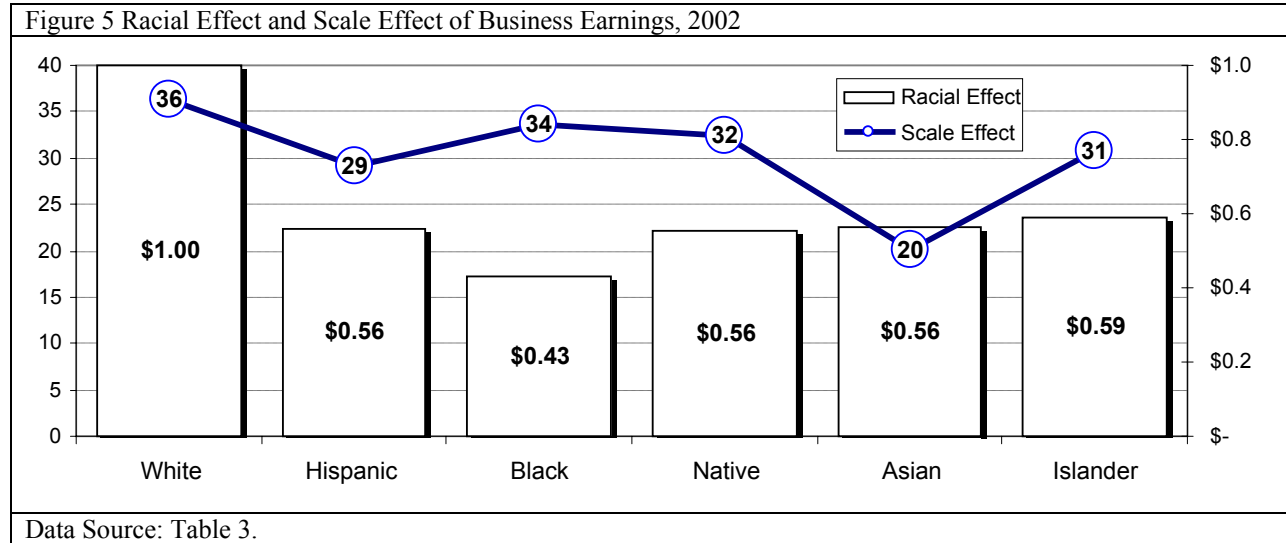


Figure 6 Racial/Ethnic Composition of Business Firms with Publicly Held Companies, 2002

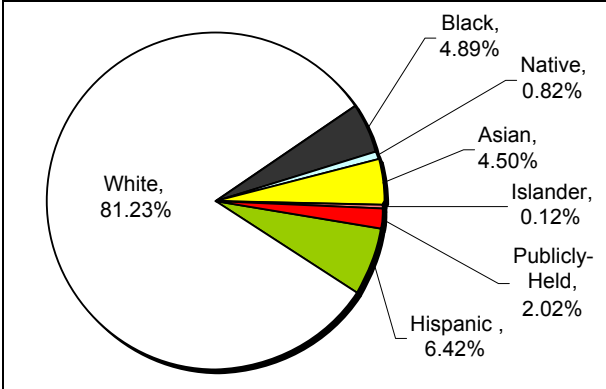
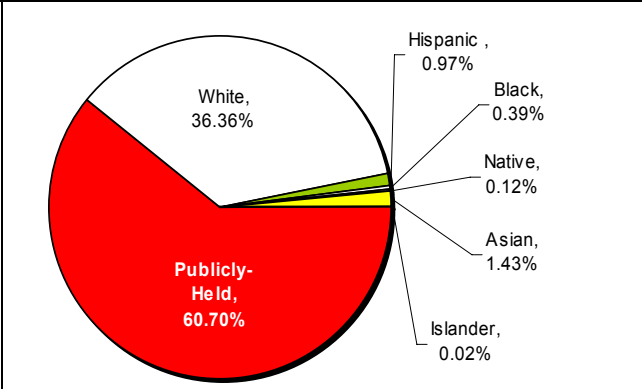


Figure 7 Racial/Ethnic Composition of Business Receipts with Publicly Held Companies, 2002



Notes: White includes Hispanic White. Hispanic may be of any race. Percentages here were calculated based on the sums of the number and business receipts of each group's firms. This permits multiple counts (for example, a business owner may be counted as both Hispanic and Black).

Data Source: Table 3 and Table A.1 in the Appendix.

Figure 5 shows that, on average, a White-owned employer firm had total sales or receipts 36 times that of a White-owned nonemployer firm in 2002. This average number for Hispanics was 29; for Blacks, 34; Native Americans, 32; Asians, 20; and Islanders, 31. Nonemployer firms are small in business size but pervasive in firm number. Figure 5 also indicates the racial/ethnic effect. On average, for every dollar a White-owned firm made, Pacific Islander-owned firms made about 59 cents; Hispanic-, Native American-, and Asian-owned businesses made 56 cents; and Black-owned businesses made 43 cents.

In terms of legal form of organization, 2.02 percent of U.S. firms were publicly held in 2002 (Figure 6), and accounted for 60.70 percent of total business receipts in the same year (Figure 7). The share of minority-owned business receipts was less than 3 percent. Table 2 provides additional statistics relating to the economic circumstances of minorities.

Table 1 A Snapshot of Minority Groups: Composition of the U.S. Minority Population and of the Number and Receipts of Firms, 2002 (percent)

	Composition of Minority Population 2002	Composition of Minority Firm Number, 2002	Composition of Minority Firm Receipts, 2002
Hispanic	42.4	38.3	33.2
Black	37.2	29.2	13.3
Native American	1.9	4.9	4.0
Asian	12.4	26.9	48.9
Islander	0.4	0.7	0.6

Notes: Population data in this table were calculated without counting people who reported two races or more; however, Hispanics may be of any race. Population total does not sum to 100 because an “other” category (5.8 percent) is not displayed here. Business percentages here were calculated based on the sum of firm number and business receipts of each group that permits multiple counts (for instance, a business owner may be counted as both Hispanic and Black).
Population data source: U.S. Census Bureau, American Community Survey, 2002. Business data source: Table A.1.

Table 2 Household Income Distribution, Average Income, Poverty, and Health Insurance Noncoverage, 2005 (percent except as noted)

	Under \$5,000	\$100,000 or more	Median income (dollars) ¹	Poverty rate of all households ²	Poverty rate of female householders ³	No health insurance coverage ⁴
Non-Hispanic White	2.5	19.7	50,784	6.0	22.6	11.3
Black	6.8	7.8	30,858	23.8	39.3	19.6
Asian	4.3	27.5	61,094	8.9	17.8	17.9
Hispanic	3.9	8.8	35,967	20.6	39.0	32.7

¹ Income in 2005 CPI-U-RS adjusted dollars. CPI-U-RS refers to the research series of the consumer price index. For more information, see <http://www.bls.gov/cpi/cpiurstx.htm>.
² Rate of all families in poverty.
³ Rate of families with female householder and no husband present.
⁴ Percentage of people not covered by any health insurance.
Data source: U.S. Census Bureau, Current Population Reports: Income, Poverty, and Health Insurance Coverage in the United States: 2005, <http://www.census.gov/prod/2006pubs/p60-231.pdf>.

Unless otherwise stated, all data used in this report were selected from datasets compiled by the U.S. Census Bureau. Discussions may be related to the gender of the owner or owners of a business (male, female, or equally male/female). Ethnicity refers to whether or not the owner is of Hispanic or Latino origin. Race is categorized as White, Black, American Indian or Alaska Native, Asian, and Native Hawaiian or other Pacific Islander. For simplicity, this study refers to the six large business groups as Hispanic, White, Black, Native American (American Indian or Alaska Native), Asian, and Islander (Native Hawaiian or other Pacific Islander).

The Native Hawaiian- and Other Pacific Islander-owned Firms report is new for 2002. Previously, estimates for this group of business owners were included in the Asian- and Pacific Islander-owned Businesses report. No detailed estimates were included by subgroup. Particular care should be taken in comparing the estimates for Asian-owned firms and Native Hawaiian- and Pacific Islander-owned firms from 1997 to 2002. It is further worth emphasizing that detail may not add to totals because Hispanics or Latinos may be of any race and each owner also had

the option of selecting more than one race. Thus, a business may be included in more than one racial group, as well as the Hispanic ethnicity.

Besides using all firm data, the report also examines data for respondent firms. About 80 percent of businesses returned the survey form, provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s), and indicated whether the firm was publicly held.¹ As with all firm data, detail of the respondent firms may not add to totals for the reasons cited above. These respondent firm data will be used to discuss some special characteristics of minority-owned businesses.²

In addition to the Census data from the Economic Survey and the Survey of Business Owners, tables were also constructed from the Current Population Survey, March Supplement, to further explore the demographic characteristics of business owners. The author looked into the total population and labor force by gender and race, and examined two groups—professionals and moonlighters—to capture certain entrepreneurial characteristics. The remainder of the report consists of the following sections. Section 2 discusses characteristics of minority-owned businesses; Section 3 looks into characteristics of minority business owners; Section 4 looks at minority business density, and Section 5 concludes the report. Detailed tables are included in the appendices.

2. Characteristics of Minority-owned Businesses

2.1 Gender, Race, and Ethnicity of Minority-owned Businesses

Table 3 depicts business ownership of all U.S. firms by group and legal form of organization.³ Hispanics or Latinos constituted the largest minority business community and owned 6.6 percent of all U.S. firms identifiable by race or ethnicity of their ownership, 3.7 percent of these employer firms, and 7.4 percent of nonemployer firms. Blacks owned 5.0 percent of these U.S. firms, 1.8 percent of employer firms, and 5.9 percent of nonemployer firms. Asians and Islanders owned 4.7 percent of U.S. firms, 6.1 percent of employer firms, and 4.3 percent of nonemployer firms. For comparison purposes, the percentages for Whites are 82.9, 88.0, and 81.4 percent, respectively.

The gender distribution among business owners by race for employer firms and nonemployer firms shows that a higher percentage of minority women owned businesses in 2002 than in 1997 (Table 4). Women owned 29 percent of Black employer firms and 47 percent of Black nonemployer firms in 2002; women owned 17 percent of White employer firms and 31 percent of White nonemployer firms.

¹ This 80 percent was used to create a universe of respondent firms and thus does not account for the other 20 percent, or nonrespondent firms.

² Detailed information and data can be found at <http://www.census.gov/csd/sbo/cbsummaryoffindings.htm> and <http://www.census.gov/csd/sbo/cbosummaryoffindings.htm>.

³ Because of double counting in the 2002 Survey of Business Owners, the difficulty of estimating the share of each group has required an estimate of the total number of firms in each case.

Table 3 Business Ownership by Gender, Hispanic or Latino Origin, and Race, 2002

Ownership Status	All firms		Firms with paid employees		Firms with no paid employees	
	Number	Percent	Number	Percent	Number	Percent
All firms ¹	22,974,655	(X)	5,524,784	(X)	17,449,871	(X)
Female-owned	6,489,259	28.2	916,657	16.6	5,572,602	31.9
Male-owned	13,184,033	57.4	3,524,969	63.8	9,659,064	55.4
Equally owned ²	2,693,360	11.7	717,961	13.0	1,975,399	11.3
Publicly held ³	494,399	2.2	352,720	6.4	141,679	0.8
<i>Total by race/ethnicity of owner⁴</i>	<i>24,004,792</i>	<i>100.0</i>	<i>5,353,838</i>	<i>100.0</i>	<i>18,650,953</i>	<i>100.0</i>
Hispanic ⁵	1,573,464	6.6	199,542	3.7	1,373,922	7.4
White	19,899,839	82.9	4,712,119	88.0	15,187,720	81.4
Black	1,197,567	5.0	94,518	1.8	1,103,049	5.9
Native American ⁶	201,387	0.8	24,498	0.5	176,889	0.9
Asian	1,103,587	4.6	319,468	6.0	784,118	4.2
Islander ⁷	28,948	0.1	3,693	0.1	25,255	0.1

¹ Includes firms with and without paid employees.

² Equally male-/female-owned.

³ Publicly held and other firms whose owners' characteristics are indeterminate.

⁴ The total here is the sum of races and ethnicities claimed by business owners in the six major racial/ethnic categories. This total permits double counting of the number of businesses. Publicly held companies are not included in this total. The author used this denominator in estimating each minority business group's share of the total.

⁵ Hispanic or Latino can be of any race.

⁶ American Indian and Alaska Native.

⁷ Native Hawaiian and Other Pacific Islander.

Data source: Table A.1. Data from U.S. Census Bureau, 2002 Survey of Business Owners, http://www.census.gov/csd/sbo/chartable_a.xls.

Table 4 Gender Distribution of Business Owners by Hispanic or Latino Origin and Race, 1997 and 2002

Ownership by gender, Hispanic or Latino origin, and race	2002 Survey of Business Owners				1997 Survey of Minority Business Enterprises			
	Employer firms		Nonemployer firms		Employer firms		Nonemployer firms	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
All U.S. firms	5,524,784	100	17,449,871	100	5,295,151	NA	15,526,783	NA
Female	916,657	17	5,572,602	32	846,780	16	4,570,254	29
Male	3,524,969	64	9,659,064	55	S	NA	S	NA
Equally owned	717,961	13	1,975,399	11	16,784	NA	32,809	NA
Publicly held	352,720	6	141,679	1	NA	NA	NA	NA
Hispanic	199,542	100	1,373,922	100	211,884	100	988,012	100
Female	43,142	22	497,603	36	39,108	18	298,600	30
Male	136,832	69	784,351	57	134,801	64	531,685	54
Equally owned	19,568	10	91,968	7	37,975	18	157,727	16
White	4,712,119	100	15,187,720	100	4,372,817	100	12,943,980	100
Female	815,304	17	4,764,858	31	719,290	16	3,768,299	29
Male	3,251,897	69	8,667,165	57	2,749,651	63	6,939,364	54
Equally owned	644,926	14	1,755,696	12	903,876	21	2,236,318	17
Black	94,518	100	1,103,049	100	93,235	100	730,264	100
Female	27,027	29	520,005	47	20,806	22	292,078	40
Male	58,054	61	513,447	47	60,411	65	383,233	52
Equally owned	9,437	10	69,597	6	12,019	13	54,953	8
Native American¹	24,498	99	176,889	100	33,277	100	164,023	100
Female	7,372	30	70,920	40	8,739	26	44,854	27
Male	15,939	65	100,469	57	19,646	59	87,226	53
Equally owned	980	4	5,497	3	4,893	15	31,943	19
Asian	319,468	100	784,119	100	286,976	100	606,614	100
Female	71,177	22	268,377	34	57,162	20	185,039	31
Male	203,504	64	436,859	56	174,835	61	312,494	52
Equally owned	44,787	14	78,883	10	54,978	19	109,081	18
Islander	3,693	—	25,255	—	3,023	100	16,347	100
Female	837	23	9,745	39	647	21	5,117	31
Male	2,690	73	13,488	53	1,730	57	8,400	51
Equally owned ²	—	—	—	—	646	21	2,831	17

S = Estimates are suppressed when publication standards are not met, for example, when the firm count is less than 3 or the relative standard error in sales and receipts is 50 percent or more.
NA = Not available.
¹ Some American Indian and Alaska Native employer firms may be owned by the federal government.
² Data were not available in the 2002 SBO dataset.
Data source: U.S. Census Bureau, 2002 Survey of Business Owners and 1997 Survey of Minority-owned Business Enterprises.

2.2 Number, Receipts, Employment, and Annual Payroll of Minority-owned Firms

Detailed information about U.S. business ownership by race for 1997 and 2002 reflects a variety of patterns in the number, receipts, employment, and payroll of these businesses (see Table A.1 in the Appendix). Of all minority-owned businesses in 2002, Hispanics owned nearly 1.6 million; Blacks, almost 1.2 million; and Asians, 1.1 million. Of employer firms, Hispanics owned 199,542; Blacks, 94,518; and Asians, 319,468.

To further evaluate the status of minority-owned businesses, the author created a data table that shows business performance and other characteristics (Table 5). In 2002, minorities owned

Table 5 Business Performance by Hispanic or Latino Origin and Race of Owner, 2002

	Employer firm ratio (percent) ¹	Employer receipts ratio (percent) ²	Employees per employer firm ³	Average payroll per employee (dollars) ⁴	Average receipts per nonemployer firm (dollars)	Average receipts per employer firm (dollars)
Hispanic	13	80.9	8	23,888	30,875	899,600
White	24	91.9	11	29,666	44,384	1,613,651
Black	8	74.2	8	23,277	20,708	696,158
Native American	12	81.8	8	26,848	27,623	897,489
Asian	29	89.1	7	25,314	45,275	911,399
Islander	13	81.8	8	28,180	30,783	948,323

¹ Ratio of total employer firms to total firms.

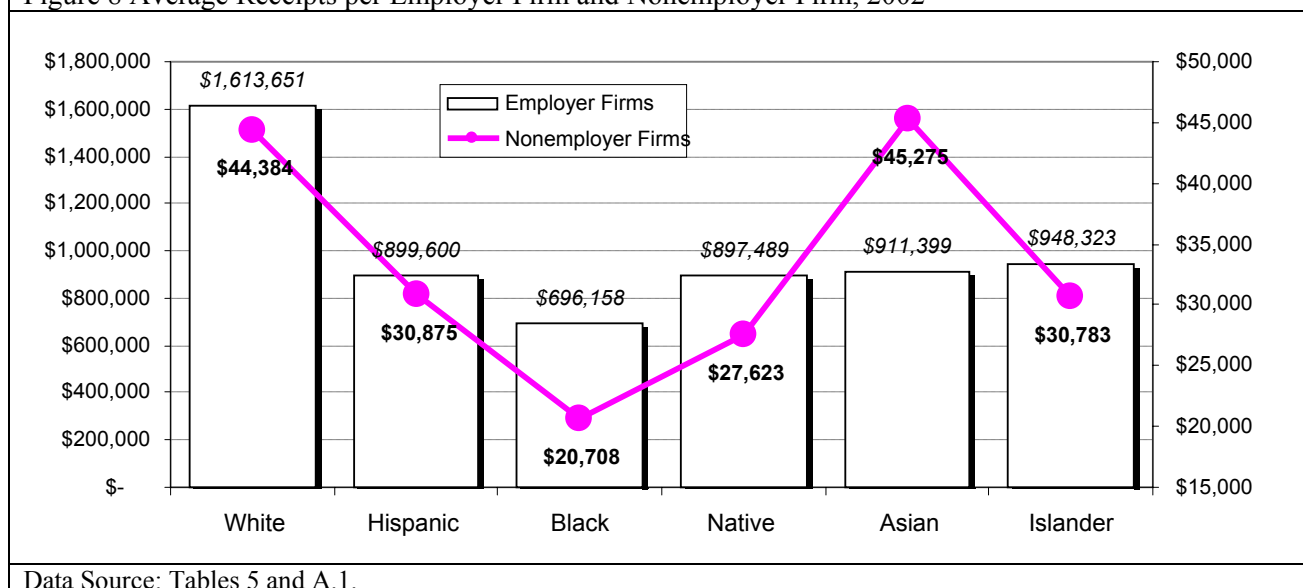
² Ratio of total employer firm receipts to total firm receipts.

³ Number of employees divided by total number of employer firms.

⁴ Total payroll divided by total number of employees.

Data source: Table A.1 and additional nonemployer data from U.S. Census Bureau, 2002 Survey of Business Owners.

Figure 8 Average Receipts per Employer Firm and Nonemployer Firm, 2002



Data Source: Tables 5 and A.1.

approximately 18 percent of the 23 million U.S. firms.⁴ Without counting publicly held firms, Asians had a ratio of employer to nonemployer firms of 29 percent; Hispanics, 13 percent; Whites, 24 percent; Blacks, 8 percent; Native Americans, 12 percent; and Islanders, 13 percent. Employer firms produced the majority of total receipts, from 74.2 percent for Blacks to 91.9 percent for Whites. Asians had the smallest average number of employees, 7. Black employers had the lowest average payroll per worker, \$23,277, and the highest was paid by White employers at \$29,666. On average, a White-owned employer firm had over \$1.6 million in sales in 2002; a Black-owned employer firm, \$696,158. Receipts for Asian nonemployer firms averaged \$45,275; for Black nonemployer firms, \$20,708. These numbers also can be seen in Figure 8.

⁴ There is no U.S. Census official estimate of the total number of minority-owned businesses. The author estimated the minority-owned number by subtracting from the total number of U.S. firms the total number of publicly owned and White-owned firms, and adding the number of Hispanic-owned firms.

Table 6 Business Receipts Sizes by Race and Hispanic or Latino Origin, 2002 (percent)

Annual receipts size of firm	Hispanic	White	Black	Native American	Asian	Islander
Less than \$5,000	20.8	20.6	30.0	26.9	15.9	25.3
\$5,000 to \$9,999	19.1	13.1	20.8	18.1	12.9	21.3
\$10,000 to \$24,999	24.8	17.7	24.6	21.5	18.1	20.6
\$25,000 to \$49,999	12.1	12.1	10.5	12.0	12.6	10.1
\$50,000 to \$99,999	8.8	10.5	6.2	8.4	11.0	7.5
\$100,000 to \$249,999	7.1	10.9	4.3	6.6	12.8	7.7
\$250,000 to \$499,999	3.3	5.9	1.7	3.0	7.4	3.3
\$500,000 to \$999,999	2.1	4.2	1.0	1.7	4.7	1.7
\$1,000,000 or more	1.9	5.0	0.9	1.8	4.5	2.5

Data source: U.S. Census Bureau, 2002 Survey of Business Owners: Company Summary, released September 14, 2006.

Table 7 Distribution of the Number and Receipts of Minority-owned Employer Businesses by Employment Size of Firm, 2002 (percent)

Size	Hispanic		White		Black		Native American		Asian		Islanders	
	Number	Receipts	Number	Receipts	Number	Receipts	Number	Receipts	Number	Receipts	Number	Receipts
Micro	84.10	34.33	79.76	21.48	85.10	32.58	84.13	30.97	84.42	38.95	80.40	28.70
Small	15.81	57.43	20.11	60.40	14.90	60.14	15.78	57.96	15.54	54.53	19.60	71.30
Large	0.09	8.24	0.14	18.13	0.10	7.28	0.09	11.06	0.04	6.52	0.00	0.00

Micro = Businesses with fewer than 10 employees.
 Small = Businesses with more than 10 but fewer than 500 employees.
 Large = Businesses with 500 or more employees.
 Data source: Tables A.2 and A.3, based upon data from the U.S. Census Bureau, 2002 Survey of Business Owners: Company Summary, released September 14, 2006.

2.3 The Sizes of Minority-owned Businesses

Sizes of businesses can be measured by receipts or number of employees. Of Black-owned firms, 50.8 percent made less than \$10,000 in total business receipts in 2002, while 33.7 percent of White-owned firms and 28.8 percent of Asian-owned firms were in this category (Table 6). Five percent of White-owned firms and 4.5 percent of Asian-owned firms made \$1 million or more in 2002, while fewer than 1 percent of Black-owned firms and fewer than 2 percent of Hispanic- and Native American-owned firms were in this category.

Most U.S. businesses have fewer than 10 employees (Table 7). In 2002, 80 percent of White-owned employer firms had fewer than 10 employees; these small firms accounted for 21 percent of total receipts. Of firms owned by Asians, 84 percent had fewer than 10 workers and these businesses accounted for 39 percent of total Asian-owned business receipts. (Note that publicly traded companies are not included in these figures.)

The number of firms with 500 or more employees is very small. Of White-owned employer firms, 0.14 percent were large in 2002, but they accounted for more than 18 percent of total White employer firm receipts. Asians had the smallest proportion of businesses—0.04 percent—with 500 or more employees, and these large firms accounted for less than 7 percent of Asian business receipts.

Table 8 Table 6 Industry Divisions of All U.S. Firms by Race and Hispanic or Latino Origin, 2002 (percent)

Kind of business	All firms by Hispanic or Latino Origin and Race ¹					
	Hispanic-owned firms	White-owned firms	Black-owned firms	Native-owned firms	Asian-owned firms	Islander-owned firms
Total, all sectors	X	X	X	X	X	X
Agricultural support services ²	0.6	1.1	0.3	2.3	0.6	1.9
Mining	0.1	0.5	0.0	0.5	0.0	0.4
Utilities	0.0	0.1	0.0	0.1	0.0	0.0
Construction	13.5	13.2	6.3	16.0	3.5	9.9
Manufacturing	2.0	2.6	0.8	3.0	2.1	1.1
Wholesale trade	2.2	3.1	1.0	2.1	4.2	1.3
Retail trade	9.6	11.4	8.5	10.2	13.7	12.4
Transportation and warehousing ³	8.0	4.0	8.3	4.9	4.7	4.9
Information	0.9	1.3	1.2	1.3	1.1	1.1
Finance and insurance ⁴	2.1	4.0	2.4	2.4	2.7	2.0
Real estate and rental and leasing	4.4	9.5	4.4	4.6	6.8	6.4
Professional, scientific, and technical services	8.8	14.9	9.7	11.2	14.0	11.2
Management of companies and enterprises	0.0	0.1	0.0	0.0	0.0	0.0
Administrative and support services ⁵	13.2	6.8	10.1	7.8	4.8	11.6
Educational services	1.2	1.7	2.1	1.8	1.4	1.5
Health care and social assistance	11.5	7.8	20.5	12.1	11.2	S
Arts, entertainment, and recreation	2.8	4.3	4.5	4.6	2.4	5.8
Accommodation and food services	3.1	2.6	2.1	1.8	9.5	1.8
Other services (except public administration) ⁶	15.8	11.2	17.6	13.2	17.1	S
Industries not classified	0.1	0.1	0.1	0.1	0.1	S

X = Detail may not add to 100 percent because firms with more than one domestic establishment are counted in each industry in which they operate, but only once in the U.S. total.
S = Estimates are suppressed when publication standards are not met, for example, when the firm count is less than 3 or the relative standard error in sales and receipts is 50 percent or more.
¹All firms include firms with and without paid employees.
²Including forestry, fishing and hunting, and agricultural support services representing North American Industry Classification System (NAICS) code 113-115. Data do not include crop and animal production (NAICS 111, 112).
³Data do not include large certificated passenger carriers that report to the Office of Airline Information, U.S. Department of Transportation. Railroad transportation and U.S. Postal Service are out of scope for the 2002 Economic Census.
⁴Data do not include funds, trusts, and other financial vehicles (NAICS 525), except real estate investment trusts (NAICS 525930).
⁵Includes administrative and support and waste management and remediation services.
⁶Includes services such as personal services, repair and maintenance, and does not include religious, grantmaking, civic, professional, and similar organizations (NAICS 813) and private households (NAICS 814).
Data source: U.S. Census Bureau, 2002 Survey of Business Owners: Company Summary released September 14, 2006.

2.4 The Industry Divisions of Minority-owned Businesses

Table 8 shows the distribution of firms by industry and race. For example, 16 percent of Native American-owned firms operated in construction; 20.5 percent of Black-owned firms were in health care and social assistance. Hispanic- and Islander-owned businesses were concentrated in administrative and support, waste management, and remediation services, 13.2 percent and 11.6 percent, respectively. All minority-owned business categories had higher proportions than the non-minority-owned businesses in “other services,” such as personal services and repair and

Table 9 Industries Accounting for the Most Receipts of Hispanic- and Black-owned Firms, 2002 (receipts in millions of dollars)

Sector	Hispanic	Black
Retail trade	40,424	13,587
Wholesale trade	39,323	5,604
Construction	31,446	9,632
Manufacturing	17,965	4,647
Health care and social assistance	13,758	11,828
Professional, scientific, and technical services	15,017	9,395
Administrative and support and waste management	12,206	6,416
Note: Receipts are for firms with and without paid employees. Data source: U.S. Census Bureau 2002 Survey of Business Owners, Hispanic-owned Firms, revised August 29, 2006, http://www.census.gov/csd/sbo/hispanic2002.htm , and Black-owned Firms, http://www.census.gov/csd/sbo/black2002.htm .		

maintenance. Of Black-owned firms, 17.6 percent were in other services, for Asians, the share was 17.1 percent; for Hispanics, 15.8 percent; and for Native Americans, 13.2 percent.

About one-third—32 percent—of women-owned firms overall are also in services.⁵ Women owned 72 percent of social assistance businesses and just over half of nursing and residential care facilities.

Of Black women-owned firms, 35 percent were in health care and social assistance, compared with 26 percent of firms owned by Native Hawaiian and other Pacific Islander women, 23 percent of those owned by Hispanic women, and 22 percent of American Indian and Alaska Native women-owned firms.

Table 9 exhibits the sectors and receipts amounts of the top seven largest business sectors for Hispanic- and Black-owned firms. Hispanic-owned firms had more than \$40 billion in receipts from retail trade, while Blacks had nearly \$14 billion in 2002. The second largest receipts category for Black-owned firms was health care and social assistance, accounting for almost \$12 billion; the second largest for Hispanic-owned firms was in wholesale trade, with more than \$39 billion.

2.5 Ethnicity of Asian- and Hispanic-owned Firms

In 2002, 1.1 million Asian-owned nonfarm businesses in the United States employed more than 2.2 million people and generated almost \$327 billion in revenues (Table A.1). Asian-owned firms accounted for 4.8 percent of all nonfarm businesses in the United States, 2.0 percent of their employment, and 1.4 percent of their receipts. The ethnicities of Asian business owners were identified as Asian Indian, Chinese, Filipino, Japanese, Korean, Vietnamese, and Other Asian.⁶

⁵ See <http://www.census.gov/csd/sbo/companysummaryoffindings.htm>.

⁶ The 2002 Survey of Business Owners (SBO) defines Asian-owned businesses as firms in which Asians own 51 percent or more of the stock or equity of the business. The data were collected as part of the 2002 Economic Census from a large sample of all nonfarm businesses filing 2002 tax forms as individual proprietorships, partnerships, or any type of corporation, and with receipts of \$1,000 or more.

Table 10 Business Performance of Asian-owned Firms by Ethnicity, 2002

	Employer ratio (percent)	Receipts per nonemployer (dollars)	Receipts per employer (dollars)	Employees per employer	Annual payroll per employee (dollars)
Asian total	29	45,275	911,399	6.9	25,314
Asian Indian	37	56,792	972,221	7.4	28,779
Chinese	31	47,319	1,075,029	7.3	23,525
Filipino	16	30,423	550,729	6.6	27,183
Japanese	26	42,758	1,256,646	9.3	28,141
Korean	36	56,320	723,473	5.6	20,906
Vietnamese	17	32,768	450,665	4.9	22,346
Other Asian	28	39,596	874,989	6.5	23,593

Data source: Table A.7, based on U.S. Census Bureau, 2002 Survey of Business Owners, Asian-owned Firms, revised August 29, 2006, <http://www.census.gov/csd/sbo/asian2002.htm>.

Table 11 Business Performance of Hispanic-owned Firms by Ethnicity, 2002

	Employer ratio (percent)	Receipts per nonemployer (dollars)	Receipts per employer (dollars)	Employees per employer	Annual payroll per employee (dollars)
Hispanic or Latino total	13	30,875	899,600	7.7	23,888
Mexican, Mexican American, or Chicano	13	31,655	866,537	8.1	22,088
Puerto Rican	11	28,282	809,702	6.5	27,335
Cuban	18	36,692	1,108,998	7.4	28,769
Other Spanish, Hispanic, or Latino	11	28,530	878,299	7.5	23,971

Data source: Table A.8, based on U.S. Census Bureau, 2002 Survey of Business Owners, Hispanic-owned Firms, revised August 29, 2006, <http://www.census.gov/csd/sbo/hispanic2002.htm>.

Table 10 shows the business performance characteristics for all Asian-owned firms in 2002 by ethnic group. Among this group, Asian Indians had the highest employer firm to total firm ratio, 37 percent, followed by Koreans (36 percent) and Chinese (31 percent). Asian Indians also had the highest average receipts per nonemployer firm, \$56,792, followed by Koreans, \$56,320. Japanese had the highest receipts per employer firm, \$1,256,646, followed by Chinese, \$1,075,029. Asian Indians once again had the highest average annual payroll per employee, \$28,779, followed by Japanese at \$28,141.

The ethnicities of Hispanic business owners were identified as Mexican, Mexican American, and Chicano; Puerto Rican; Cuban; and other Spanish/Hispanic/Latino (Table 11). Among this group in 2002, Cubans had the highest employer firm to total firm ratio, 18 percent; the highest average receipts per nonemployer firm, \$36,692; the highest receipts per employer firm, \$1,108,998; and the highest average annual payroll per employee, \$28,769. Mexicans, Mexican Americans, and Chicanos had the highest average employee number per employer firm, 8.1, followed by other Spanish/Hispanic/Latino, 7.5.

Table 12 Home-based Respondent Firms by Employment Size and by Race, Ethnicity, and Gender, 2002 (percent)

Employment size	Percent of employer respondent firms										
	All	Hisp	White	Black	Native Amer.	Asian	Island	Female	Male	Equal	Public
All firms	49.4	44.9	51.5	53.1	55.5	28.2	53.2	56.1	47.1	54.0	13.0
Nonemployers	58.3	49.1	60.0	56.2	59.6	35.5	58.0	61.4	56.3	63.2	16.8
Employers	22.1	22.4	23.8	25.0	29.2	10.5	24.2	23.7	22.0	27.5	11.4
No employees	41.5	37.2	44.5	37.8	47.6	18.9	21.7	39.5	43.1	44.9	27.1
1 to 4	29.3	24.9	31.1	28.1	33.0	12.5	35.9	28.5	29.1	36.1	19.7
5 to 9	11.0	13.5	11.8	15.2	14.9	3.6	13.8	10.3	11.0	14.5	6.4
10 to 19	6.0	10.6	6.4	12.3	11.4	3.1	13.0	7.1	5.7	8.3	2.9
20 to 49	2.7	7.0	2.9	7.3	3.7	2.1	6.1	4.8	2.3	4.9	1.4
50 to 99	1.6	4.7	1.8	4.1	S	S	0.0	3.0	1.6	2.5	0.7
100 to 499	0.7	1.7	1.0	0.9	2.6	1.0	0.0	1.6	0.8	2.4	S
500 or more	0.2	5.6	0.4	0.0	0.0	0.0	0.0	1.7	0.2	S	0.0

Abbreviations: Hisp=Hispanic-owned firms; Native Amer. = Native American-owned firms; Island=Islander-owned firms; Equal=Female/Male equally owned firms; and Public=publicly held firms.
S = Estimates are suppressed when publication standards are not met, for example, when the firm count is less than 3 or the relative standard error of sales and receipts is 50 percent or more.
Notes: The employer data include firms with and without paid employees. Some employer firms with seasonal employment or no employment at times when employment is measured will appear as having no employees. A respondent firm is defined as a business that returned the survey form, and provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s) or indicated that the firm was publicly held. Publicly held includes other firms whose owners' characteristics are indeterminate.
Data source: U.S. Census Bureau, See <http://www.census.gov/csd/sbo/cbsummaryoffindings.htm>

2.6 Home-based Businesses

Approximately half of the 16.7 million SBO respondent firms, including employers and nonemployers, were home-based in 2002 (Table 12). Firms owned by women respondents (56.1 percent) and by respondents representing equally male- and female-owned firms (54.0 percent) were more likely to be home-based than those owned by male respondents (47.1 percent). Fifty-six percent of Native American-owned firms, 53 percent of both Black- and Native Hawaiian and other Pacific Islander-owned firms, and 45 percent of Hispanic-owned firms reported that they were home-based.

Of nonemployers, 58.3 percent were home-based, compared with 22.1 percent of employers. Home-based business rates decline sharply with firm employment size. Twenty-nine percent of all respondent employer firms with 1 to 4 employees were home-based, as were 0.2 percent of those with 500 or more employees.

Home-based rates varied by ethnic and racial characteristic, a fact that may also be related to the industries in which these firms are concentrated. More than two-thirds of Asian business owners reported that they conducted business from nonresidential locations. Hispanics had a relatively smaller share of firms with one to four employees that were home-based, but a relatively large share—5.6 percent—of large firms were based in the home.

Table 13 Sources of Capital Used to Start or Acquire Employer Firms by Hispanic or Latino Origin, Race, and Gender of Owner, 2002 (percent of employer respondent firms)

	Personal/ family savings	Other personal/ family assets	Personal/ business credit card	Business loan from government	Government- guaranteed bank loan	Business loan from bank	Outside investor	None needed	Item not reported
All respondent firms	64.2	13.1	9.2	1.7	1.7	22.2	4.7	11.8	3.7
Hispanic	71.0	12.7	12.8	1.8	1.5	14.8	3.3	8.7	3.2
White	67.1	13.8	9.5	1.6	1.7	23.1	4.1	10.3	2.6
Black	69.0	13.1	15.0	2.9	2.7	17.6	3.7	9.3	4.0
Native American	67.2	17.1	15.0	2.6	2.8	20.0	4.4	9.9	2.5
Asian	74.8	13.3	10.4	1.7	2.0	20.1	4.4	5.8	2.8
Islander	62.1	22.7	20.6	S	S	17.3	3.3	9.4	3.8
Female	67.5	14.5	11.9	1.9	2.0	19.5	3.8	10.6	2.6
Male	66.6	12.6	8.7	1.4	1.5	23.1	4.2	10.7	2.9
Equally owned	72.1	18.5	11.6	2.2	2.7	25.6	4.0	5.8	1.7
Publicly held	26.9	6.1	3.3	2.6	1.2	15.0	11.4	31.5	15.8
S = Estimates are suppressed when publication standards are not met, for example, when the firm count is less than 3 or the relative standard error in sales and receipts is 50 percent or more. Data source: U.S. Census Bureau, 2002 Survey of Business Owners, Characteristics of Businesses, released September 27, 2006.									

According to the Survey of Business Owners, four industries accounted for the largest share of home-based businesses: professional, scientific, and technical services (19 percent); construction (16 percent); retail trade (11 percent); and other services, such as personal services or repair and maintenance (10 percent).⁷ Nearly 65 percent of businesses with receipts of less than \$5,000 were home-based, compared with only 5.8 percent of firms with receipts of \$1 million or more.

2.7 Minority-owned Firm Finance

More than 50 percent of all owners of respondent firms reported that their business was their primary source of income in 2002: 70 percent of the owners of employer respondent firms and 44 percent of the owners of nonemployer firms.

Owners use a variety of sources of capital to start or acquire businesses (Tables 13 and 14). Nonemployer firm owners generally use a less varied array of financing sources than owners of firms with employees. Among minority employers, 74.8 percent of Asians used personal or family savings to finance business startups or acquisitions, compared with 71.0 percent of Hispanics, 67.1 percent of Whites, 69.0 percent of Blacks, 67.2 percent of Native Americans, and 62.1 percent of Islanders. Higher percentages of male/female equally owned, male-owned and White-owned employer firms than of other firm groups financed their startups or acquisitions through business loans from banks. Higher percentages of Black- and Native American-owned employer businesses, as well as equally men- and women-owned employer firms used business loans from the government or government-guaranteed bank loans. More than all other groups, Islander employers used personal and business credit cards to finance their startups and acquisitions.

⁷ See <http://www.census.gov/csd/sbo/cbsummaryoffindings.htm>.

Table 14 Sources of Capital Used to Start or Acquire Nonemployer Firms by Hispanic or Latino Origin, Race, and Gender, 2002 (percent of employer respondent firms)

Hispanic or Latino origin and race	Personal/family savings	Other personal/family assets	Personal/business credit card	Business loan from government	Government-guaranteed bank loan	Business loan from bank	Outside investor	None needed	Item not reported
All respondent firms	51.5	7.7	8.6	0.7	0.4	7.9	2.0	32.9	4.0
Hispanic	47.5	5.6	8.8	0.6	0.2	3.9	1.6	37.6	5.4
White	51.7	7.7	8.6	0.6	0.4	8.1	1.9	33.2	3.5
Black	48.1	6.4	9.5	0.9	0.3	4.4	2.0	35.6	6.8
Native American	49.5	8.8	11.7	0.7	0.5	5.9	1.7	34.1	5.3
Asian	56.0	7.1	9.2	0.7	0.3	6.1	2.5	29.5	4.0
Islander	51.0	8.3	11.4	S	S	3.2	1.9	33.2	3.3
Female	45.1	5.8	8.8	0.5	0.2	3.5	1.2	41.6	4.4
Male	52.3	7.4	8.1	0.6	0.4	8.8	2.2	32.1	3.7
Equally owned	66.9	14.0	11.3	1.2	0.8	14.8	2.5	14.6	1.5
Publicly held	25.6	8.2	1.6	2.4	1.0	11.4	12.8	17.8	32.0
S = Estimates are suppressed when publication standards are not met, for example, when the firm count is less than 3 or the relative standard error in sales and receipts is 50 percent or more.									
Data source: U.S. Census Bureau, 2002 Survey of Business Owners Characteristics of Businesses, released September 27, 2006.									

2.8 The Growth of Minority-owned Business

According to the 2002 SBO, one-fifth of employer respondent firms and nearly 17 percent of nonemployer respondent firms reported that their business was established, purchased, or acquired between 1990 and 1996. In 2002, 17.3 percent of all firms reported that their business was started within the previous two years.

The surveys of minority-owned businesses are not directly comparable between 1997 and 2002.⁸ Using the U.S. Census Bureau published data, Table 15 provides a proxy for minority business growth between 1997 and 2002. Without counting publicly held firms, Black-owned firms had the highest growth rate for several measures between 1997 and 2002: 45.4 percent in the number of firms, 24.5 percent in total receipts, and 16.7 percent in employer firm receipts. Asians also experienced growth in the number of employer firms, 12.6 percent, and in annual payroll, 25.3 percent. American Indians and Native Alaskans saw slower business growth and declines in some measures. Their business number increased by 2.1 percent.

Growth rates in average receipts for three large business groups—Hispanic, White, and Black—were all in positive territory. Hispanic-owned employer firms' receipts grew 20 percent and nonemployer receipts 11 percent between 1997 and 2002.⁹

⁸ The data comparability is described in the Appendix; or at the U.S. Census Bureau's website: <http://www.census.gov/econ/census02/text/sbo/sbomethodology.htm>.

⁹ The growth rate for Asian- and Islander-owned firms seemed to be erratic, partly because of changes in racial categorizations. Asians and Islanders were in one group for the 1997 survey but were separated into two groups for the 2002 survey.

Table 15 Change in the Number, Receipts, Employment, and Payroll of Minority-owned Firms, 1997 to 2002¹ (percent)

Business Group	Number of firms	Receipts ²	Number of employer firms	Employer receipts ²	Number of employees	Annual payroll ²
All	10.3	21.8	4.3	21.9	7.2	29.8
Hispanic	31.1	19.1	-5.8	13.1	10.7	23.1
Non-Hispanic White ³	7.5	4.3	4.0	2.8	-6.2	8.3
Black	45.4	24.5	1.4	16.7	5.0	22.5
Native American ⁴	2.1	-21.8	-26.4	-24.8	-36.0	-22.5
Asian ⁵	26.7	9.3	12.6	7.3	3.4	25.3
Publicly held	29.6	36.0	—	36.5	24.6	52.1

— Data are not available.
¹ Because of differences in questionnaires, the 2002 SBO and 1997 SMOBE are not directly comparable. Readers should be cautious when using the percentage change data. For detail about the differences between the 1997 and 2002 surveys, see <http://www.census.gov/econ/census02/text/sbo/sbomethodology.htm>.
² Growth rates for receipts and payroll are calculated in current rather than constant values.
³ Because 2002 non-Hispanic White-owned business data are not available, the author estimates the 2002 figure by subtracting Hispanic-owned businesses from White-owned businesses. This result may underestimate White-owned businesses in 2002.
⁴ Significant comparability issues may exist in data for Native American-owned businesses between 1997 and 2002. See the appendix for detail.
⁵ Asian as used here includes Native Hawaiian and Other Pacific Islander for comparability with 1997 data.
 Data sources: U.S. Census Bureau, 2002 Survey of Business Owners and 1997 Survey of Minority-owned Business Enterprises.

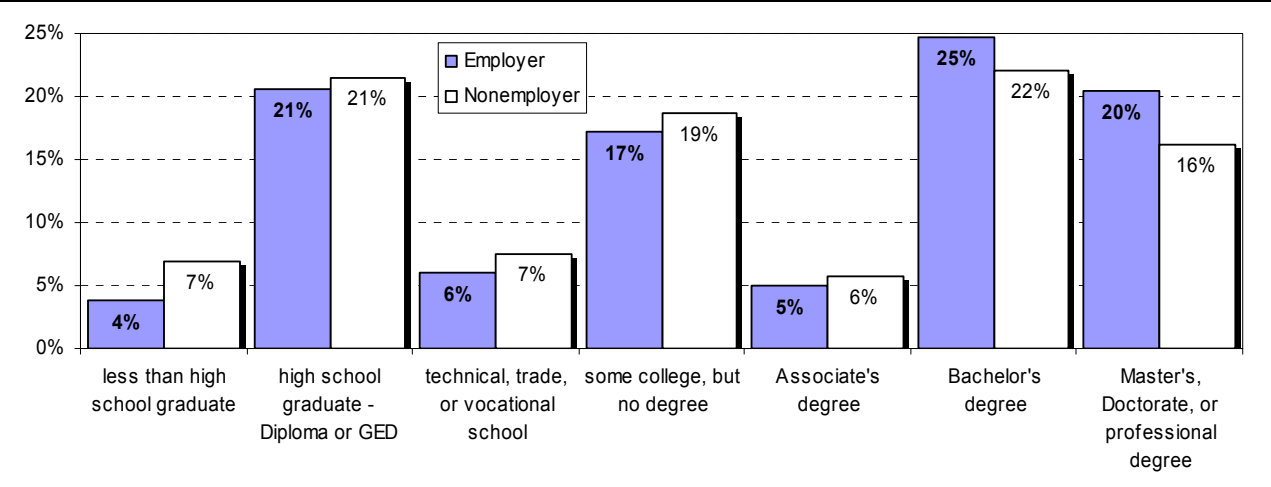
Table 16 Change in the Number of Minority-owned Firms, 1982-2002¹

	Number of businesses					Percentage change			
	1982	1987	1992	1997	2002	1982-1987	1987-1992	1992-1997	1997-2002
All	12,059,950	13,695,480	17,253,143	20,821,934	22,974,655	14	26	21	10
White ²	11,234,999	12,419,170	15,103,959	17,316,796	18,609,599	11	22	15	6
Black	308,260	424,165	620,912	823,499	1,197,567	38	46	33	45
Hispanic	284,011	489,973	862,605	1,199,896	1,573,464	73	76	39	31
Native Americans	17,100	24,931	102,271	197,300	201,387	46	310	93	2
Islanders	—	—	—	19,370	28,948	—	—	—	49
Asian ³	240,806	414,340	603,426	893,590	1,103,587	72	46	48	24

— Data are not available.
¹ Estimated undercounts have been included to illustrate trends believed reliable at the all-firm level. Estimates are based on a large sample mailout designed to measure the undercoverage of Hispanic- and Asian-owned firms and of firms not identified by race code or surname.
² The number of non-Hispanic White-owned businesses was estimated by subtracting 82 percent of Hispanic-owned firms from the 2002 SBO reported White-owned firms, assuming that 18 percent of all Hispanic business owners were non-White.
³ Undercounts for Asians and Pacific Islanders, American Indians and Alaska Natives are estimated based on total undercounts for the combined categories.
 Data sources: U.S. Small Business Administration, Office of Advocacy, based on data from the U.S. Census Bureau, Survey of Minority-owned Business Enterprises, Company Statistics Series, 1982, 1987, 1992, 1997, and 2002.

Table 16 estimates the quinquennial growth in the numbers of the six large business groups identified by race and Hispanic ethnicity between 1982 and 2002. This table indicates rapid growth in the number of Hispanic-, Black- and Islander-owned businesses between 1997 and 2002. The growth in Native American-owned businesses was positive for 10 years between 1987 and 1997, but slowed significantly between 1997 and 2002.

Figure 9 Education of U.S. Employer and Nonemployer Business Owners, 2002



Data Source: U.S. Census Bureau, 2002 Survey of Business Owners, Characteristics of Business Owners, released September 27, 2006.

3. Demographic Characteristics of Minority Business Owners

For a better understanding of minority-owned businesses in the United States, it is useful to look at the demographics of their owners—including information about education, age, labor force characteristics, and self-employment characteristics, as well as the characteristics of professionals and of moonlighters working more than one job.¹⁰

In the U.S. population overall, 45 percent of U.S. employer business owners and 38 percent of nonemployers had completed college or higher education as of 2002 (Figure 9). Of the owners of respondent firms, 31 percent were over the age of 55, 20 percent were between the ages of 55 and 64, and 11 percent were over the age of 65.¹¹ In addition, 29 percent of all owners of respondent firms were between 45 and 54 years old; 24 percent were between 35 and 44 years old; 12 percent were between 25 and 34 years old; and only 2 percent were under 25 years old. Young people were more likely to own nonemployer businesses: 93 percent of those under 25 reported that they owned businesses without employees.

3.1 The Minority Population and Their Human Capital

Approximately 68 percent of the U.S. population was non-Hispanic White in 2002. The Hispanic population was surveyed to determine the subgroups within the group. About 7.6 percentage

¹⁰Data presented in this section are primarily from the 2002 American Community Survey (ACS) and the 2005 Current Population Survey (CPS) using 2004 data. Professionals include “Management, business, and financial occupations” and “Professional and related occupations” as classified in the U.S. Census’s Current Population Survey March Supplement.

¹¹ U.S. Census Bureau, 2002 Survey of Business Owners, Characteristics of Business Owners, released September 27, 2006.

Table 17 U.S. Population by Race and Hispanic or Latino Origin, 2002

	Estimate	Percent
Total	280,540,330	100.00
White alone (including Hispanic White)	212,541,793	75.76
Non-Hispanic White	191,238,314	68.17
Black alone (including Hispanic Black)	33,768,036	12.04
Non-Hispanic Black	33,175,449	11.83
American Indian and Alaska Native alone (including Hispanic Indian)	1,959,347	0.70
Non-Hispanic American Indian and Alaska Native	1,651,069	0.59
Asian alone (including Hispanic Asian)	11,213,133	4.00
Non-Hispanic Asian	11,113,311	3.96
Native Hawaiian and other Pacific Islander alone (including Hispanic Islander)	365,474	0.13
Non-Hispanic Native Hawaiian and other Pacific Islander	331,228	0.12
Some other race alone (including Hispanic some other race alone)	14,187,100	5.06
Non-Hispanic some other race alone	655,179	0.23
Two or more races: (including Hispanic two or more races)	6,505,447	2.32
Non-Hispanic two or more races	4,503,305	1.61
Two races including some other race	1,768,590	0.63
Two races excluding some other race, and three or more races	4,736,857	1.69
Hispanic or Latino of any race	37,872,475	13.50

Note: The percent sum of all shaded rows should be 100 (within rounding error).
 Data source: U.S. Census Bureau, 2002 American Community Survey,
http://factfinder.census.gov/servlet/ADPTable?_bm=y&-geo_id=01000US&-ds_name=ACS_2002_EST_G00_&-lang=en&-caller=geoselect&-format=.

points of the 13.5 percent Hispanic share of the population were White and the remaining 5.9 percent were Hispanic of other races (Table 17). Hispanics formed the largest U.S. minority community, followed by Black, about 12 percent in 2002. Asians accounted for 4 percent.

Asians between 15 and 24 constituted 10.4 percent of the Asian population, just over half of that age group's share of the Hispanic, Native American, and Islander populations (Table 18). This may reflect the fact that 64.3 percent of Asians were not born in the United States. Hispanics had the highest proportion, 44.1 percent, of the population at the typically high productivity ages of 25 to 39, followed by Asians, 41 percent. Both Whites and Asians had relatively high proportions of their population between 50 and 59, 19.3 percent and 17.8 percent, respectively.

Of the Asian population, 35.4 percent had a bachelor's degree or higher level of education. Comparable shares were 22 percent for Whites, 16.4 percent for Islanders, 10.9 percent for Blacks, 9.2 percent for Native Americans, and 6.8 percent for Hispanics. Just over one-third, 35.7 percent, of Asians were native U.S. citizens. More than 40 percent of Hispanics were foreign born. Asians had the highest marriage rate, 49.3 percent, compared with 46.7 percent for Whites, 39.8 percent for Islanders, about one-third each for Native Americans and Hispanics, and 25 percent for Blacks.

Table 18 Social and Economic Profile of the U.S. Population by Race and Hispanic or Latino Origin, 2004 (percent of each minority population)

	Hispanic	White	Black	Native American	Asian	Islander
Age groups (15 years and older)						
15-24	19.0	14.8	16.1	19.4	10.4	21.3
25-39	44.1	32.0	36.9	36.0	41.0	39.0
40-49	21.7	25.4	25.6	24.8	24.6	21.5
50-59	11.3	19.3	15.7	14.2	17.8	13.8
60 and over	4.0	8.5	5.6	5.7	6.2	4.4
Education level						
Children	29.2	18.0	25.4	24.5	19.2	17.5
Less than high school	31.8	12.5	19.0	22.5	13.7	13.2
High school degree	18.8	25.3	25.5	23.1	15.4	27.2
Some college	13.4	22.3	19.3	20.7	16.4	25.7
Bachelor's degree	4.9	14.5	7.8	6.6	23.1	12.2
Post-graduate	1.7	6.5	2.8	2.0	10.3	3.9
Ph.D.	0.2	1.0	0.3	0.6	2.0	0.3
Citizenship						
Native U.S. citizen	59.8	96.1	92.8	96.5	35.7	66.5
Naturalized	9.8	2.1	3.3	1.2	33.2	17.6
Not a U.S. citizen	30.4	1.8	4.0	2.3	31.1	15.9
Marital status						
Married	35.0	46.7	25.0	32.8	49.3	39.8
Not married	10.2	14.9	16.0	17.0	8.6	13.1
Never married	54.7	38.4	59.0	50.2	42.1	47.2
Data source: U.S. Census Bureau, 2005 Current Population Survey, March Supplement.						

3.2 The Minority Labor Force, Self-employed, Professionals, and Moonlighters

An important component of the U.S. labor force and economy, minorities have contributed their skills and labor, along with other kinds of capital, to produce goods and services. The extent of minorities' participation in business and production can be examined using a data set from the U.S. Census Bureau's 2005 Current Population Survey, March Supplement.

The Census definitions of workers' occupations are used to identify "professionals" for this discussion as those in management, business, and financial occupations, and professional and related occupations. "Moonlighters" are people involved in more than one job that may be wage-and-salary work and/or self-employment. Services are those in service occupations, sales and related occupations, and office and administrative support occupations. Other occupations are those in farming, fishing, and forestry; construction and extraction; installation, maintenance, and repair; production; transportation and material moving; and armed forces.

Islanders and Asians had the largest shares of their labor forces working in the private sector in 2004, 78.6 percent and 76.6 percent, respectively (Table 19). Government employed 28.3 percent of Native Americans and 18.4 percent of Blacks. Of professionals, 15.5 percent of Whites were self-employed, compared with 14.3 percent of Hispanics, 11.8 percent of Islanders, 10.5 percent each of Asians and Native Americans, and 6.2 percent of Blacks. Larger shares of Native American and Black professionals were government workers—43.3 percent and 33.1 percent,

Table 19 Minorities in the Labor Force by Worker Classification, 2004 (percent)

	Hispanic	White	Black	Native American	Asian	Islander
All labor force						
Private	73.0	72.5	75.5	61.4	76.6	78.6
Government	15.0	14.6	18.4	28.3	11.7	13.4
Self-employed	11.4	12.5	5.0	9.4	10.9	7.2
Without pay	0.1	0.1	0.0	0.0	0.2	0.0
Never worked	0.5	0.4	1.1	0.9	0.5	0.8
Professionals						
Private	63.0	62.5	60.7	46.3	73.8	62.1
Government	22.7	22.0	33.1	43.3	15.6	26.1
Self-employed	14.3	15.5	6.2	10.5	10.5	11.8
Moonlighters						
Not in universe	3.9	3.9	4.2	1.5	2.0	0.0
Private	52.5	50.9	65.8	48.2	64.6	80.6
Government	14.3	14.2	15.9	34.8	12.4	9.7
Self-employed	29.2	30.9	14.1	15.5	21.0	9.7
Data source: U.S. Census Bureau, 2005 Current Population Survey, March Supplement.						

respectively. Of moonlighters, 80.6 percent of Islanders worked in the private sector, compared with 48.2 percent of Native Americans. Government employed 34.8 percent of Native American moonlighters.

According to the 2002 SBO, more than 50 percent of the owners of employer firms reported working overtime (more than 40 hours per week, on average), compared with 26 percent of the owners of nonemployer firms. In contrast, 63 percent of the owners of nonemployer respondent firms reported working less than 40 hours a week, compared with 33 percent of employer firm owners. About 40 percent of nonemployer firm owners and 20 percent of employer firm owners reported working less than 20 hours a week. Seven percent of owners of all respondent firms, both employers and nonemployers, reported working no hours at all in their business in 2002.

Table 20 Minorities in the Labor Force by Work Schedule, 2004 (percent)

	Hispanic	White	Black	Native American	Asian	Islander
All labor force						
Full-time ¹	80.2	77.0	76.4	74.9	81.4	81.7
Part-time ²	13.4	18.4	12.7	12.9	14.5	12.6
Unemployed ³	6.4	4.6	10.9	12.2	4.1	5.7
Self-employed						
Not in labor force	1.6	0.7	1.6	0.3	0.9	—
Full-time ¹	79.9	75.5	72.3	65.4	84.6	80.2
Part-time ²	14.7	22.2	18.7	26.3	12.9	19.8
Unemployed ³	3.8	1.6	7.5	8.1	1.7	—
Professionals						
Not in labor force	0.9	0.7	0.7	—	0.9	—
Full-time ¹	85.3	83.3	87.2	86.8	86.7	80.5
Part-time ²	10.8	13.9	7.9	11.2	10.3	17.0
Unemployed ³	3.0	2.1	4.2	2.0	2.0	2.5
Moonlighters						
Not in universe or labor force	5.5	4.4	4.7	1.5	2.0	—
Full-time ¹	76.9	75.0	82.6	75.8	83.1	77.4
Part-time ²	11.5	18.5	8.4	18.5	14.5	22.6
Unemployed ³	6.0	2.0	4.4	4.2	0.4	—
— Data are not available because of small samples in the survey.						
¹ Including full-time schedules and part-time for economic reasons, but usually worked full-time.						
² Including part-time for economic or noneconomic reason, usually worked part-time.						
³ Including full-time and part-time unemployment.						
Data source: U.S. Census Bureau, 2005 Current Population Survey, March Supplement.						

More than 80 percent of the Islander, Asian, and Hispanic labor forces worked full time in 2004, compared with about three-quarters of Whites, Blacks, and Native Americans (Table 20). The unemployed share of the labor forces by race ranged from just over 4 percent for Asians and Whites to more than 10 percent for Native Americans and Blacks. Lower rates of unemployment are seen among the self-employed, professional, and moonlighter populations. More than 80 percent of professionals in every ethnic or racial group worked full time, and unemployment in this professional group ranged from 2 to 4 percent by minority status.

Table 21 Minorities in the Labor Force by Occupation, 2004 (percent)

	Hispanic	White	Black	Native American	Asian	Islander
All labor force						
Professionals ¹	16.5	37.8	24.6	25.2	44.1	27.5
Service providers ²	45.9	40.1	50.2	44.4	39.0	45.6
Other occupations ³	37.6	22.0	25.2	29.9	16.9	26.9
Self-employed						
Professionals ¹	23.4	46.7	29.8	28.3	42.2	45.2
Service providers ²	43.8	32.8	41.2	34.5	41.9	14.0
Other occupations ³	32.8	20.5	29.0	37.2	15.9	40.8
Moonlighters						
Not in universe	3.2	3.9	4.2	1.5	2.0	—
Professionals ¹	29.4	43.7	39.9	40.5	49.2	51.9
Service providers ²	41.1	33.7	33.7	50.1	34.3	13.8
Other occupations ³	26.3	18.7	22.1	7.9	14.5	34.3
— Data are not available because of small sample size in the survey.						
¹ Professionals include management, business, and financial occupations and professional and related occupations.						
² Services include service, sales and related, and office and administrative support occupations.						
³ Other occupations include farming, fishing, and forestry; construction and extraction; installation, maintenance, and repair; production; and transportation and material moving occupations; and armed forces.						
Data source: U.S. Census Bureau, 2005 Current Population Survey, March Supplement.						

Professionals' share of the labor force by minority group ranged from 16.5 percent for Hispanics to 44.1 percent for Asians (Table 21). More than 45 percent of self-employed Whites and Islanders were professionals. Employment in services ranged from about 40 percent of the Asian and White labor forces to about 50 percent for Blacks. Of moonlighters, professionals constituted between about 30 and 52 percent by minority group and service employees between 14 and 50 percent.

Table 22 Minorities in the Labor Force by Personal Income Classification, 2004 (percent)

Personal Income	Hispanic	White	Black	Native American	Asian	Islander
All labor force						
<\$20,000	49.3	28.9	41.3	42.3	29.3	34.4
\$20,000-<\$40,000	36.0	31.5	39.6	35.5	29.3	36.2
\$40,000-<\$60,000	12.1	19.4	15.0	13.5	18.6	17.7
\$60,000-<\$80,000	4.2	10.0	5.9	5.8	10.0	7.9
\$80,000-<\$100,000	1.4	4.6	2.1	3.2	5.5	4.1
≥\$100,000	2.3	7.4	2.5	1.8	9.0	2.8
Self-employed						
<\$20,000	44.3	30.8	44.8	51.7	22.2	31.0
\$20,000-<\$40,000	25.4	25.3	26.5	27.6	27.7	37.1
\$40,000-<\$60,000	13.8	15.6	12.3	4.4	19.4	11.2
\$60,000-<\$80,000	7.3	9.7	6.2	9.9	9.4	4.0
\$80,000-<\$100,000	2.9	5.2	4.4	2.3	4.3	4.5
≥\$100,000	6.3	13.4	5.8	4.2	17.0	12.2
Professionals						
<\$20,000	21.3	15.1	17.0	18.3	12.4	16.2
\$20,000-<\$40,000	33.5	24.4	36.3	37.0	21.4	21.6
\$40,000-<\$60,000	21.9	23.7	23.8	21.9	23.8	26.0
\$60,000-<\$80,000	11.2	14.7	11.6	10.9	16.0	18.7
\$80,000-<\$100,000	4.2	7.9	5.0	6.3	9.9	9.5
≥\$100,000	8.0	14.1	6.4	5.5	16.5	8.0
Moonlighters						
<\$20,000	28.3	23.8	24.2	30.8	18.9	19.6
\$20,000-<\$40,000	23.7	25.5	25.0	1.0	23.0	21.5
\$40,000-<\$60,000	24.4	19.6	21.4	37.9	14.9	21.9
\$60,000-<\$80,000	7.8	11.7	14.6	20.9	9.3	11.7
\$80,000-<\$100,000	3.7	5.1	5.2	—	10.8	—
≥\$100,000	12.2	14.3	9.7	9.4	23.2	25.3
— Data are not available because of small samples in the survey.						
Data source: U.S. Census Bureau, 2005 Current Population Survey, March Supplement.						

Patterns of personal income vary considerably by the racial/ethnic group and the labor force, self-employment, professional, or moonlighter attributes of the work (Table 22). Asians and Whites in the labor force were relatively more represented in the middle to higher levels of income, while Hispanics, Native Americans, and Blacks were more dominant in the lower to middle income levels. For example, more than 85 percent of the Hispanic labor force had personal income under \$40,000 in 2004 compared with 60 percent of Asians and Whites. Self-employment tended to increase the share of each group in the top income level over \$100,000, but also increased the share in the bottom income level under \$20,000 for Whites, Blacks, and Native Americans. Professionals and moonlighters tended to be more evenly distributed across all income levels. As with the self-employed labor force, significantly higher percentages of professionals and moonlighters had personal incomes of \$100,000 or more. The largest shares in the top income bracket were Islander and Asian moonlighters, 25.3 percent and 23.2 percent, respectively.

Table 23 Minorities in the Labor Force by Citizenship Classification, 2004 (percent)

	Hispanic	White	Black	Native American	Asian	Islander
All labor force						
Native U.S. citizen	44.8	95.9	89.6	94.0	22.8	63.0
Naturalized	13.9	2.1	5.0	1.7	43.4	20.0
Not a U.S. citizen	41.4	2.0	5.4	4.3	33.8	17.0
Self-employed						
Native U.S. citizen	43.2	95.1	84.9	97.7	19.2	32.1
Naturalized	18.9	3.0	8.0	2.3	54.4	52.8
Not a U.S. citizen	37.9	1.9	7.1	—	26.4	15.1
Professionals						
Native U.S. citizen	68.0	95.6	89.7	92.4	21.7	58.9
Naturalized	16.5	2.4	6.0	0.0	43.2	28.1
Not a U.S. citizen	15.5	2.0	4.3	7.6	35.1	13.0
Moonlighters						
Native U.S. citizen	59.5	97.0	92.2	94.4	26.3	88.3
Naturalized	9.6	1.6	4.0	—	45.1	11.7
Not a U.S. citizen	31.0	1.4	3.9	5.6	28.7	—
— Data are not available because of small survey sample size.						
Note: Native U.S. citizen includes born in U.S. mainland and outlying areas and in a foreign country to U.S. parents.						
Data source: U.S. Census Bureau, 2005 Current Population Survey, March Supplement.						

Most Asians and Hispanics in the U.S. labor force are immigrants, either naturalized or not (Table 23). Among self-employed Asians, 80.8 percent are immigrants, compared with 67.9 percent of Islanders and 56.8 percent of Hispanics. Asians tended to have the highest shares of naturalized citizens in all work categories (labor force, self-employment, professional, and moonlighter) and vied with Hispanics for the highest shares of non-U.S. citizens. This appears to reflect the recent immigration of a large share of the Asian population. Large shares—85 to 98 percent—of Whites, Native Americans, and Blacks in all work categories are native U.S. citizens. Islanders reflect the most variation across work categories—88.3 percent of Islander moonlighters are native-born U.S. citizens, compared with 32.1 percent of Islander self-employed people, and 58.9 percent of Islander professionals.

Table 24 Minorities in the Labor Force by Veteran Status, 2004 (percent)

	Hispanic	White	Black	Native American	Asian	Islander
All labor force						
With veteran status	3.3	9.8	7.7	10.5	2.2	6.9
Without veteran status	96.7	90.2	92.3	89.5	97.8	93.1
Self-employed						
With veteran status	5.2	13.6	11.4	20.2	2.7	7.7
Without veteran status	94.8	86.4	88.6	79.8	97.3	92.3
Professionals						
With veteran status	4.8	9.4	7.7	12.9	2.0	4.9
Without veteran status	95.2	90.6	92.3	87.1	98.0	95.1
Moonlighters						
With veteran status	4.4	11.0	10.8	0.9	6.3	31.3
Without veteran status	95.6	89.0	89.2	99.1	93.7	68.7
Data source: U.S. Census Bureau, 2005 Current Population Survey, March Supplement.						

3.3 Veteran Business Owners and Minority Veterans

Three million respondent U.S. military veterans accounted for almost 15 percent of the business owner respondents to the 2002 Survey of Business Owners. More than 66 percent owned the majority interest in a business; 26.8 percent owned equal interest; and 7.1 percent owned a nonmajority interest. Of the respondents, 811,000 veterans owned firms with paid employees; more than 2.1 million owned firms without. Veterans were majority owners of 70 percent of the employer firms and 56 percent of the nonemployer firms. Nearly 7 percent of the veteran respondents had injuries incurred or aggravated in active military service. Veterans were distributed differently by racial and Hispanic origin and business characteristic (Table 24).

4. Business Density

The U.S. minority population continues to expand. Minorities constituted 21 percent of the population in 1982 and 32 percent in 2002 (Figure 10). Minorities' share of business ownership has been growing as well, from 7 percent in 1982 to 18 percent in 2002 (Figure 11). While the increase in business ownership has been substantial, the gap remains large.

Business density, defined as the number of businesses per 1,000 persons in a given population, is useful as an index of the gap between minorities' share of the population and their share of businesses (Table 25). For example, business density for Blacks increased significantly, by 38 percent, over the 1997-2002 period, from 24 firms per 1,000 persons in 1997 to 33 firms in 2002. Asian business density grew 5 percent, Hispanic, 2 percent over the five-year period. Business density for Whites dropped 4 percent, Native Americans 8 percent, and Islanders 3 percent.

It should be emphasized that the 2002 business density was calculated using both population and firm ownership data that reflect the assumption that Hispanic persons can be of any race and a person identified as any race may be Hispanic. This differs from the assumption of the 1997 data that a White person was non-Hispanic and a White-owned firm was a non-Hispanic-owned firm.

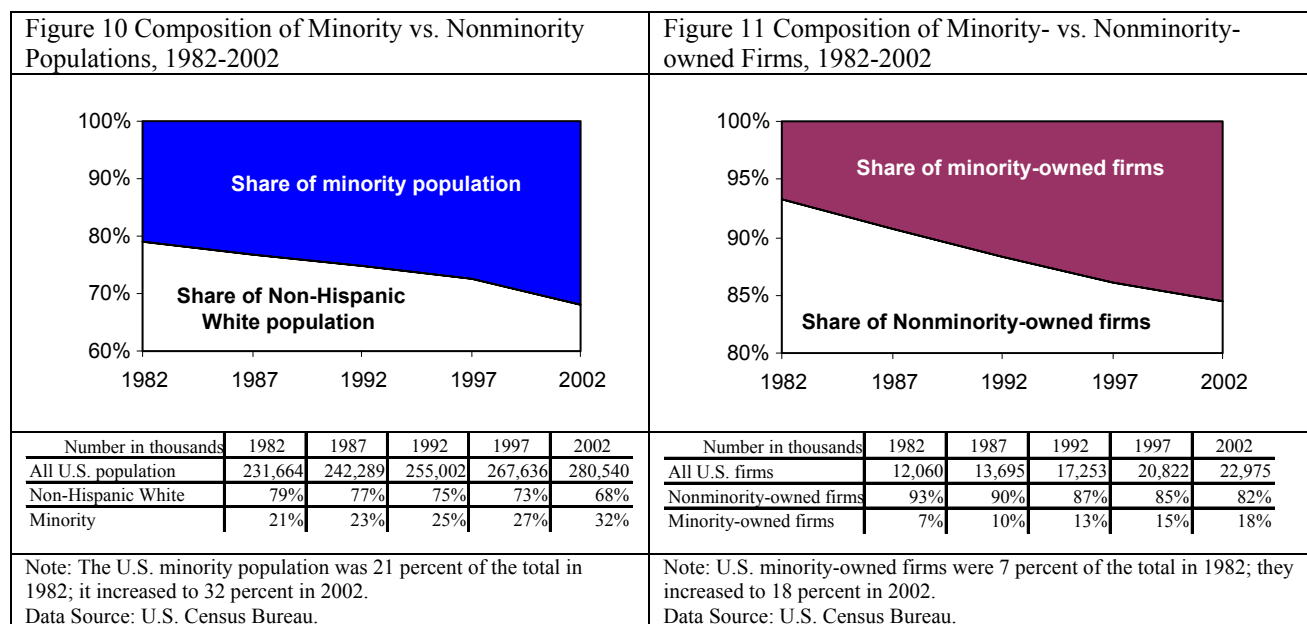


Table 25 Business Density by Race and Hispanic or Latino Origin, 1997 and 2002

	Number of 2002 population ⁴ (thousands)	Number of 2002 firms ⁵	2002 business density	Number of 1997 population ⁶ (thousands)	Number of 1997 firms ⁷	1997 business density	Change in business density (percent)
Total population	285,933	22,974,655	80	269,094	20,821,934	77	4
Hispanic ¹	39,384	1,573,464	40	30,773	1,199,896	39	2
White ²	230,809	19,899,839	86	192,178	17,316,796	90	-4
Black	35,806	1,197,567	33	33,768	823,499	24	38
Native American	2,284	201,387	88	2,046	197,300	96	-8
Asian	11,558	1,103,587	95	9,812	893,590	91	5
Islander ³	786	28,948	37	516	19,370	38	-3

¹ Hispanic or Latino of any race.
² 2002 data included Hispanic White. 1997 White-owned firm data did not include White Hispanic or Latino.
³ 1997 Islander population and business number data were estimated.
⁴ Data source: 2003 Current Population Survey, March Supplement for 2002 actual population data. Hispanic population can be of any race; and all races may be Hispanic.
⁵ Data source: U.S. Census Bureau, 2002 Survey of Business Owners.
⁶ Data source: U.S. Census Bureau, 1998 Current Population Survey, March Supplement for 1997 actual population data.
⁷ Data source: U.S. Census Bureau, 1997 Survey of Minority-owned Business Enterprises.

5. Conclusion

For a number of years, policymakers have pursued policies aimed at fostering minority business ownership as a means of improving the economic well-being of minorities in the United States. Minorities have been making progress in business ownership. With more participation in higher education and the marketplace, minorities have continued to expand their productive capital in knowledge and entrepreneurial experience. In 1982, minorities owned 7 percent of U.S. firms; 20 years later, they owned 18 percent. Black-owned firms increased by 45 percent in just five years from 1997 to 2002; Hispanic-owned firms increased 31 percent.

Appendix A: Tables

Table A.1 Summary Statistics: Comprehensive Information about U.S. Businesses by Hispanic or Latino Origin and Race, 2002 and 1997

2002 SBO Group	Number of firms	Receipts (thousands of dollars)	Number of employer firms	Receipts for employers (thousands of dollars)	Number of employees	Annual payroll (thousands of dollars)
All firms	22,974,655	22,603,658,904	5,524,784	21,836,249,354	110,766,605	3,812,427,806
Hispanic	1,573,464	221,927,425	199,542	179,507,959	1,536,795	36,711,718
White ¹	19,899,839	8,277,812,084	4,712,119	7,603,717,868	51,966,004	1,541,628,880
Black	1,197,567	88,641,608	94,518	65,799,425	753,978	17,550,064
Native American	201,387	26,872,947	24,498	21,986,696	191,270	5,135,273
Asian	1,103,587	326,663,445	319,468	291,162,771	2,213,948	56,044,960
Islander	28,948	4,279,591	3,693	3,502,157	29,319	826,217
Female-owned	6,489,259	939,538,208	916,657	802,851,495	7,141,369	173,528,707
Male-owned	13,184,033	7,061,026,736	3,524,969	6,564,052,308	42,428,508	1,319,884,315
Equally owned	2,693,360	731,678,703	717,961	627,202,424	5,664,948	129,700,997
Publicly held ²	494,399	13,820,117,758	352,720	13,796,996,645	55,398,389	2,185,642,376
1997 SMOBE Group						
Total	20,821,934	18,553,243,047	5,295,151	17,907,940,321	103,359,815	2,936,492,940
Hispanic	1,199,896	186,274,582	211,884	158,674,537	1,388,746	29,830,028
White ³	17,316,796	7,763,010,611	4,372,817	7,252,270,327	54,084,357	1,395,150,230
Black	823,499	71,214,662	93,235	56,377,860	718,341	14,322,312
Native American	197,300	34,343,907	33,277	29,226,260	298,661	6,624,235
Asian ⁴	893,590	302,794,625	286,976	274,569,397	2,169,032	45,395,276
Female-owned	5,417,034	818,669,084	846,780	717,763,965	7,076,081	149,115,699
Male-owned	11,374,194	6,635,374,691	S	6,270,252,935	43,532,114	1,187,720,761
Equally owned	49,593	12,609,570	16,784	10,486,762	112,669	2,347,548
Publicly held ⁵	381,519	10,161,241,786	—	10,104,057,581	44,458,403	1,437,194,875
<p>S = Estimates are suppressed when publication standards are not met, for example, when the firm count is less than 3 or the relative standard error in sales and receipts is 50 percent or more.</p> <p>— Data are not available.</p> <p>¹ Including Hispanic White.</p> <p>² Including other racially ethnically unidentifiable firm.</p> <p>³ Non-Hispanic White.</p> <p>⁴ Including Native Hawaiian and Other Pacific Islander.</p> <p>⁵ Including foreign-owned and nonprofit.</p> <p>Note: The 2002 SBO and 1997 SMOBE are not comparable. Readers should be cautious when using the percentage change data.</p> <p>Data sources: U.S. Census Bureau, 2002 Survey of Business Owners and 1997 Survey of Minority-owned Business Enterprises.</p>						

Table A.2 Number of U.S. Firms with Paid Employees by Employment Size of Firm, Hispanic or Latino Origin, and Race, 2002

	All firms	No employees	1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	100 to 499	500 or more
Total employer firms	5,524,784	810,950	2,600,314	948,715	581,596	368,797	116,060	81,616	16,736
Female	916,657	161,308	461,868	149,054	82,945	43,191	11,061	6,572	659
Male	3,524,969	504,696	1,666,267	609,788	377,383	240,610	74,252	46,185	5,786
Equal	717,961	107,199	341,143	133,544	79,818	42,367	9,316	4,298	277
Publicly held	352,720	37,304	124,252	51,443	41,824	40,709	21,586	25,823	9,778
Hispanic	199,542	36,767	99,568	31,487	18,402	9,021	2,789	1,326	182
White	4,712,119	693,170	2,247,625	817,434	499,168	304,564	89,478	54,191	6,489
Black	94,518	19,305	46,968	14,143	7,437	4,415	1,282	881	88
Native American	24,498	4,712	12,237	3,662	2,153	1,221	336	155	23
Asian	319,468	54,251	160,757	54,690	29,714	14,914	3,277	1,738	128
Islander	3,693	752	1,644	573	408	232	56	28	—
— = zero.									
Data source: U.S. Census Bureau, 2002 Survey of Business Owners: Company Summary, released September 14, 2006.									

Table A.3 Sales and Receipts of U.S. Employer Firms by Employment Size of Firm, Hispanic or Latino Origin, and Race, 2002

	All firms	No employees	1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	100 to 499	500 or more
Total employer firms	21,836,249	207,263	880,089	856,365	1,045,413	1,559,296	1,246,357	2,517,174	13,524,291
Female	802,851	23,539	113,447	96,282	103,160	117,875	74,053	114,484	160,012
Male	6,564,052	121,155	601,950	589,985	734,181	1,096,260	831,318	1,381,641	1,207,562
Equal	627,202	20,561	108,339	103,082	108,123	120,831	60,729	69,433	36,104
Publicly held	13,796,997	43,727	54,841	59,200	103,351	211,736	261,458	952,828	12,109,856
Hispanic	179,508	6,703	28,292	26,627	26,945	29,496	19,447	27,206	14,792
White	7,603,718	150,507	751,560	730,899	887,747	1,266,635	921,509	1,516,475	1,378,386
Black	65,799	2,986	10,679	7,773	7,769	10,912	9,697	11,193	4,790
Native American	21,987	1,021	3,378	2,411	2,996	3,814	3,092	2,842	2,433
Asian	291,163	10,287	56,967	46,155	44,109	50,950	30,759	32,955	18,980
Islander	3,502	73	520	413	574	805	420	698	—
— = zero.									
Data source: U.S. Census Bureau, 2002 Survey of Business Owners: Company Summary, released September 14, 2006.									

Table A.4 Types of Workers by Kind of Business of Employer Respondent Firms, 2002 (percent of employer respondent firms)

		Paid employees ¹	Paid day laborers	Temporary staffing ²	Leased employees ³	Contractors ⁴	Item not reported
00	Total for all sectors	82.5	5.8	7.3	1.3	34.1	2.6
11	Agriculture ⁵	76.8	13.6	2.7	0.5	40.6	2.7
21	Mining	80.8	6.8	6.4	1.7	47.5	3.3
22	Utilities	82.2	8.7	10.5	1.9	57.4	8.0
23	Construction	81.1	11.2	8.5	2.2	60.3	1.7
31-33	Manufacturing	86.6	5.5	16.6	1.7	35.2	3.6
42	Wholesale trade	79.1	5.4	11.5	1.3	29.1	3.2
44-45	Retail trade	85.9	5.2	3.6	0.6	19.6	3.0
48-49	Transportation and warehousing	77.8	7.4	7.2	2.6	31.1	3.6
51	Information	78.7	4.6	10.0	1.7	50.4	4.0
52	Finance and insurance	82.4	2.3	8.6	1.4	23.4	2.7
53	Real estate and rental and leasing	75.4	6.1	6.6	1.3	45.1	3.2
54	Professional services ⁶	78.4	3.1	8.3	1.2	41.4	1.6
55	Management ⁷	80.1	4.2	32.5	4.7	45.2	12.0
56	Administrative services ⁸	82.2	8.3	8.5	1.8	35.0	2.4
61	Educational services	81.8	5.0	7.3	0.8	40.7	4.8
62	Health care and social assistance	87.0	3.7	10.8	1.8	29.8	2.4
71	Arts, entertainment, and recreation	80.2	7.1	4.7	1.0	38.1	3.6
72	Accommodation and food services	89.6	5.9	2.5	0.7	14.5	3.2
81	Other services ⁹	81.8	4.7	2.4	0.7	21.7	3.0
99	Industries not classified	64.6	7.2	3.6	2.1	22.9	9.4

Note: Includes firms with and without paid employees. A respondent firm is defined as a business that returned the survey form, and provided the gender, Hispanic or Latino origin, or race characteristics for the owner(s) or indicated that the firm was publicly held.

¹ Paid employees = full- and part-time paid employees as reported on IRS Form 941.

² Temporary staffing = temporary staffing obtained from a temporary help service.

³ Leased employees = leased employees from a leasing service or a professional employer organization.

⁴ Contractors = contractors, subcontractors, independent contractors, or outside consultants.

⁵ Agriculture = forestry, fishing and hunting, and agricultural support services.

⁶ Professional services = professional, scientific, and technical services.

⁷ Management = management of companies and enterprises.

⁸ Administrative services = administrative and support and waste management and remediation services.

⁹ Other services = all other services, except public administration.

Data source: U.S. Census Bureau, 2002 Survey of Business Owners, Characteristics of Businesses, released September 27, 2006.

Table A.5 Sales of 10 Percent or More to Customer Categories by Kind of Business, 2002 (percent of employer respondent firms)

	Federal government	State and local government	Export sales	Other businesses/ organizations	Household consumers/ individuals	All others	Item not reported
Total for all sectors	2.0	5.3	1.4	32.0	49.2	18.7	7.9
Agriculture	2.0	2.5	4.2	34.9	36.1	22.9	10.6
Mining	1.3	3.2	1.8	51.0	14.9	24.6	12.9
Utilities	1.0	7.9	0.8	30.7	51.3	11.6	10.5
Construction	1.5	5.0	0.6	28.8	62.3	14.4	6.6
Manufacturing	2.3	5.2	4.6	62.8	32.8	11.9	5.1
Wholesale trade	2.2	6.3	6.8	60.9	26.0	13.8	4.7
Retail trade	1.1	4.0	1.2	18.7	75.6	12.5	4.7
Transportation and warehousing	2.6	5.0	4.0	40.7	26.1	24.4	11.9
Information	1.8	5.6	2.4	58.3	28.9	15.2	5.9
Finance and insurance	0.7	2.3	0.7	28.7	56.8	19.5	8.4
Real estate and rental and leasing	1.2	1.8	0.6	25.4	43.3	24.6	11.9
Professional services	2.8	7.3	1.4	54.9	32.0	17.0	4.8
Management	5.3	8.0	3.6	38.9	38.6	14.4	17.5
Administrative services	2.2	5.0	1.0	37.5	43.7	16.0	9.7
Educational services	2.5	17.0	0.9	21.2	42.2	19.8	9.4
Health care and social assistance	4.5	9.1	0.6	12.7	52.1	23.6	12.4
Arts, entertainment, and recreation	1.0	5.7	1.2	32.1	42.9	25.7	8.5
Accommodation and food services	1.4	3.9	0.9	12.9	65.0	27.7	6.6
Other services	1.4	3.8	1.1	20.1	58.7	20.2	9.0
Industries not classified	1.3	3.1	1.3	24.5	41.2	18.8	21.9
Data source: U.S. Census Bureau, 2002 Survey of Business Owners, Characteristics of Businesses, released September 27, 2006.							

Table A.6 Sources of Capital Used to Finance Expansion or Capital Improvements by Kind of Business, 2002 (percent)

	Personal/ family savings	Other personal/ family assets	Personal/ business credit card	Business loan from government	Government- guaranteed bank loan	Business loan from bank	Outside investor	None needed	Item not reported
Total, all sectors	25.5	5.0	11.4	0.5	0.3	9.2	1.2	58.5	3.8
Agriculture	30.6	6.7	10.3	0.9	0.3	17.2	1.5	48.7	3.8
Mining	22.7	5.1	4.6	0.3	0.3	16.0	2.5	57.7	4.1
Utilities	15.8	3.3	6.1	4.1	1.1	10.6	2.1	59.6	8.8
Construction	26.7	6.0	12.9	0.5	0.2	11.8	1.1	55.9	3.5
Manufacturing	26.0	6.4	12.2	1.0	0.8	18.6	1.9	49.7	4.5
Wholesale trade	24.7	5.7	11.1	0.8	0.5	16.1	1.8	53.6	4.1
Retail trade	27.3	5.7	14.8	0.6	0.3	10.1	1.1	54.1	3.6
Transportation and warehousing	23.9	5.1	11.7	0.6	0.3	15.7	1.4	54.1	4.6
Information	28.2	5.1	14.0	0.6	0.3	5.9	2.2	56.9	3.7
Finance and insurance	24.7	4.6	9.8	0.4	0.2	6.3	1.5	62.7	3.5
Real estate and rental and leasing	24.0	5.0	7.7	0.5	0.3	11.2	1.6	58.6	5.0
Professional services	25.8	4.3	11.8	0.4	0.2	5.7	0.9	62.2	2.7
Management	8.1	2.7	2.1	1.0	0.6	32.4	4.8	44.5	15.0
Administrative services	23.2	4.4	10.8	0.4	0.2	7.6	1.0	62.1	3.8
Educational services	21.5	3.7	8.2	0.4	0.2	3.2	1.1	67.0	4.4
Health care and social assistance	22.5	3.7	9.5	0.6	0.3	7.9	0.9	62.9	4.2
Arts, entertainment, and recreation	31.2	4.8	13.0	0.3	0.2	4.7	1.5	56.4	3.4
Accommodation and food services	29.6	6.7	11.9	1.1	0.7	14.1	1.9	49.8	4.7
Other services	24.4	4.6	10.6	0.5	0.2	6.9	1.0	60.8	4.0
Industries not classified	25.6	6.4	11.2	1.3	0.9	11.9	2.7	49.9	10.4

Data source: U.S. Census Bureau, 2002 Survey of Business Owners, Characteristics of Businesses, released September 27, 2006.

Table A.7 Asian-owned Firms by Ethnicity, 2002

SBO group	Number of firms	Receipts (thousands of dollars)	Number of employer firms	Receipts of employers (thousands of dollars)	Number of employees	Annual payroll (thousands of dollars)	Number of non-employer firms	Receipts of nonemployers (thousands of dollars)
Asian	1,103,587	326,663,445	319,468	291,162,771	2,213,948	56,044,960	784,118	35,500,674
Asian Indian	223,212	88,128,188	82,422	80,132,371	610,070	17,557,228	140,791	7,995,817
Chinese	286,041	105,051,613	89,049	95,730,230	649,106	15,269,910	196,992	9,321,383
Filipino	125,146	14,155,210	19,888	10,952,902	131,929	3,586,220	105,258	3,202,308
Japanese	86,910	30,623,111	22,166	27,854,820	205,423	5,780,834	64,743	2,768,291
Korean	157,688	46,960,761	57,078	41,294,379	320,594	6,702,438	100,610	5,666,383
Vietnamese	147,036	15,512,490	25,591	11,532,963	125,838	2,811,939	121,445	3,979,527
Other Asian	89,118	24,275,706	24,835	21,730,347	160,754	3,792,678	64,283	2,545,359

Data source: U.S. Census Bureau, 2002 Survey of Business Owners: Asian-owned Firms.

Table A.8 Hispanic-owned Firms by Ethnicity, 2002

SBO group	Number of firms	Receipts (thousands of dollars)	Number of employer firms	Receipts of employers (thousands of dollars)	Number of employees	Annual payroll (thousands of dollars)	Number of non-employer firms	Receipts of nonemployers (thousands of dollars)
Hispanic ¹	1,573,464	221,927,425	199,542	179,507,959	1,536,795	36,711,718	1,373,922	42,419,467
Mexican ²	701,078	96,735,081	89,285	77,368,768	720,288	15,909,481	611,793	19,366,313
Puerto Rican	109,475	12,340,353	11,830	9,578,771	77,266	2,112,028	97,645	2,761,583
Cuban	151,688	35,443,349	27,863	30,900,000	206,032	5,927,323	123,825	4,543,349
Other ³	596,125	74,219,213	67,326	59,132,355	503,620	12,072,351	528,799	15,086,859

¹ Hispanic or Latino.
² Mexican, Mexican American, Chicano.
³ Other Spanish/Hispanic/Latino.
Data source: U.S. Census Bureau, 2002 Survey of Business Owners: Hispanic-owned Firms.

Table A.9 Average Business Receipts per Firm, by Hispanic or Latino Origin and Race, 1997 and 2002 (dollars)

Business Groups	Receipts per firm		Receipts per employer firm		Receipts per nonemployer firm	
	2002	1997	2002	1997	2002	1997
Total U.S. Businesses	983,852	891,043	3,952,417	3,381,951	43,978	41,561
Female	144,784	151,129	875,847	847,639	24,528	22,079
Male	535,574	583,371	1,862,159	NA	51,452	46,287
Equally owned	271,660	254,261	873,588	624,807	52,889	44,219
Publicly held	27,953,370	26,633,646	39,116,004	NA	163,193	503,491
Hispanic	141,044	155,242	899,600	748,874	30,875	27,935
White	415,974	448,294	1,613,651	1,658,489	44,384	39,458
Black	74,018	86,479	696,158	604,686	20,708	20,317
Native American	133,439	174,070	897,489	878,272	27,623	31,203
Asian	296,002	338,852	911,399	956,768	45,275	46,529
Islander	147,837	213,629	948,323	1,232,220	30,783	25,265

NA = Not available.
Data sources: U.S. Census Bureau, 2002 Survey of Business Owners and 1997 Survey of Minority-owned Business Enterprises.

Table A.10 Household Income Percentiles of U.S. Minorities, 2004 (percent)

Household income percentile	Hispanic	White	Black	Native American	Asian	Islander
Total Population						
Lowest 20 percent	19.3	11.5	26.8	24.1	10.1	10.6
Second 20 percent	25.2	15.3	22.6	21.9	12.3	20.8
Third 20 percent	23.7	19.7	20.3	23.6	19.9	21.4
Fourth 20 percent	18.3	24.6	17.9	18.2	21.6	23.1
Top 20 percent	13.5	28.9	12.5	12.2	36.1	24.0
Labor force						
Lowest 20 percent	13.3	6.4	16.8	15.8	6.5	9.2
Second 20 percent	27.6	15.7	26.9	25.6	12.8	20.3
Third 20 percent	23.1	19.0	19.9	21.2	19.8	19.5
Fourth 20 percent	14.3	17.9	15.1	14.5	15.5	18.9
Top 20 percent	8.7	13.2	8.9	9.6	11.6	8.9
Self-employed						
Lowest 20 percent	17.5	8.9	19.9	23.1	5.9	23.2
Second 20 percent	23.6	16.2	23.4	28.5	12.4	6.5
Third 20 percent	17.5	17.1	17.5	15.9	19.4	7.3
Fourth 20 percent	13.4	15.3	13.8	17.8	12.6	40.9
Top 20 percent	9.1	10.8	8.0	8.0	7.5	3.4
Professionals						
Lowest 20 percent	5.0	3.0	6.6	7.5	3.1	8.3
Second 20 percent	16.3	9.4	19.9	16.5	7.1	1.7
Third 20 percent	20.1	15.0	19.9	21.4	15.9	15.0
Fourth 20 percent	18.1	16.7	17.5	17.4	12.9	29.8
Top 20 percent	12.6	14.9	12.2	13.2	13.2	11.4
Moonlighters						
Lowest 20 percent	6.8	5.8	9.6	13.3	4.3	20.9
Second 20 percent	17.7	14.6	18.5	0.0	1.7	10.3
Third 20 percent	23.8	16.4	15.3	18.0	14.2	2.3
Fourth 20 percent	17.1	17.3	15.7	19.8	12.6	16.5
Top 20 percent	10.4	12.6	14.3	21.4	16.2	10.4
Data source: U.S. Census Bureau, Current Population Survey, 2005 March Supplement.						

Table A.11 Household Dividend Income of U.S. Minorities, 2004 (percent)

Household dividend income (HDIV_YN)	Hispanic	White	Black	Native American	Asian	Islander
Total population						
Yes	8.4	32.9	10.0	11.2	27.7	15.7
No	91.6	67.1	90.0	88.8	72.3	84.3
Labor force						
Yes	10.1	35.1	12.6	12.8	29.7	19.2
No	89.9	64.9	87.4	87.2	70.3	80.8
Self-employed						
Yes	14.7	41.2	13.0	17.4	32.1	34.9
No	85.3	58.8	87.0	82.6	67.9	65.1
Professionals						
Yes	23.1	46.5	20.1	23.4	40.4	37.9
No	76.9	53.5	79.9	76.6	59.6	62.1
Moonlighters						
Yes	22.9	45.8	26.1	27.6	40.8	41.9
No	77.1	54.2	73.9	72.4	59.2	58.1
Data source: U.S. Census Bureau, Current Population Survey, 2005 March Supplement.						

Table A.12 Household Interest Income of U.S. Minorities, 2004 (percent)

Household interest income (HINT_YN)	Hispanic	White	Black	Native American	Asian	Islander
Total population						
Yes	27.8	62.2	30.5	34.4	53.6	43.4
No	72.2	37.8	69.5	65.6	46.4	56.6
Labor force						
Yes	31.8	65.0	36.3	38.4	56.8	48.8
No	68.2	35.0	63.7	61.6	43.2	51.2
Self-employed						
Yes	42.0	69.2	38.5	38.4	57.4	41.7
No	58.0	30.8	61.5	61.6	42.6	58.3
Professionals						
Yes	55.0	75.9	50.9	50.6	67.0	65.0
No	45.0	24.1	49.1	49.4	33.0	35.0
Moonlighters						
Yes	51.3	73.7	54.0	61.0	68.8	76.8
No	48.7	26.3	46.0	39.0	31.2	23.2
Data source: U.S. Census Bureau, Current Population Survey, 2005 March Supplement.						

Table A.13 Household Rental Income of U.S. Minorities, 2004 (percent)

Household rental income (HRNT_YN)	Hispanic	White	Black	Native American	Asian	Islander
Total population						
Yes	4.0	8.6	3.2	5.0	7.7	5.3
No	96.0	91.4	96.8	95.0	92.3	94.7
Labor force						
Yes	4.4	8.8	3.8	4.1	8.1	6.0
No	95.6	91.2	96.2	95.9	91.9	94.0
Self-employed						
Yes	11.0	17.9	7.3	7.0	14.9	11.2
No	89.0	82.1	92.7	93.0	85.1	88.8
Professionals						
Yes	8.4	11.4	6.7	5.0	8.4	9.9
No	91.6	88.6	93.3	95.0	91.6	90.1
Moonlighters						
Yes	9.3	15.7	7.6	4.0	16.3	15.6
No	90.7	84.3	92.4	96.0	83.7	84.4
Data source: U.S. Census Bureau, Current Population Survey, 2005 March Supplement.						

Appendix B: Comparability of Minority Business Owner Survey, 1997 and 2002¹²

The following changes were made in survey methodology in 2002 which affect comparability with past reports:

1. The 1997 Surveys of Minority- and Women-owned Business Enterprises (SMOBE/SWOBE) form that was mailed to sole proprietors or self-employed individuals who were single filers or who filed joint tax returns instructed the respondent to mark one box that best described the gender, Spanish/Hispanic/Latino origin, and race of the primary owner(s). The gender question included an equal male/female ownership option. The 2002 SBO form that was mailed to sole proprietors or self-employed individuals who were single filers or who filed a joint tax return instructed the respondent to provide the percentage of ownership for each owner and the gender of the owner(s). The equal male/female ownership option was eliminated.

The form that corporations/partnerships received in 1997 requested the percentage of ownership by gender of the owners. In 2002, a business was asked to report the percentage of ownership and gender for each of the three largest percentage owners.

Male/female ownership of a business in both 1997 and 2002 was based on the gender of the person(s) owning the majority interest in the business. However, in 2002, equally male/female ownership was based on equal shares of interest reported for businesses with male and female owners. Businesses equally male-/female-owned were tabulated and published as a separate entity in both 1997 and 2002.

The 1997 SWOBE/SMOBE forms may be viewed at www.census.gov/epcd/www/pdf/97cs/mb1.pdf (corporations/partnerships) or at www.census.gov/epcd/www/pdf/97cs/mb2.pdf (sole proprietors or self-employed individuals).

The 2002 SBO forms may be viewed at www.census.gov/csd/sbo/sbo1.pdf (corporations/partnerships) or at www.census.gov/csd/sbo/sbo2.pdf (sole proprietors or self-employed individuals).

2. The Hispanic or Latino origin and racial response categories were updated in 2002 to meet the latest Office of Management and Budget (OMB) guidelines. There were nineteen check-box response categories and four write-in areas on the 2002 SBO questionnaire, compared to the twenty check-box response categories and five write-in areas on the 1997 SMOBE/SWOBE.

The Hispanic or Latino origin of business ownership was defined as two groups:

- Hispanic or Latino
- Not Hispanic or Latino

¹² For Census information in addition to that included here as Appendices B and C, see <http://www.census.gov/econ/census02/text/sbo/sbomethodology.htm>.

Four Hispanic subgroups were used on the survey questionnaires: Mexican, Mexican American, Chicano; Puerto Rican; Cuban; and Other Spanish/Hispanic/Latino.

The 2002 SBO question on race included fourteen separate response categories and two areas where respondents could write in a more specific race. The response categories and write-in answers were combined to create the following five standard OMB race categories:

- American Indian and Alaska Native
- Asian
- Black or African American
- Native Hawaiian and Other Pacific Islander
- White

Response check boxes were added for “Samoan” and “Guamanian or Chamorro.”

The check box for “Some Other Race” and the corresponding write-in area provided in 1997 were deleted.

If the “American Indian and Alaska Native” race category was selected, the respondent was instructed to print the name of the enrolled or principal tribe.

In 1997, sole proprietors or self-employed individuals who were single filers or who filed a joint tax return were asked to mark a box to indicate the Spanish/Hispanic/Latino origin of the primary owner(s) and to mark the one box that best described the race of the primary owner(s). In 2002, they were asked to provide the percentage of ownership for the primary owner(s), his/her Spanish/Hispanic/Latino origin, and to select one or more race categories to indicate what the owner considers himself/herself to be.

The form that corporations/partnerships received in 1997 requested the percentage of ownership by Spanish/Hispanic/Latino origin and race of the owners. In 2002, a business was asked to report the percentage of ownership, Spanish/Hispanic/Latino origin, and race for each of the three largest owners, allowing them to mark one or more races to indicate what the owner considers himself/herself to be. The 2002 SBO was the first economic census in which each owner could self-identify with more than one racial group, so it was possible for a business to be classified and tabulated in more than one racial group.

Business ownership in both 1997 and 2002 was based on the Hispanic or Latino origin and race of the person(s) owning majority interest in the business; however, in 2002, multiple-race reporting by the owner(s) could affect where a business was classified.

Note: In the 2000 population census, 2.4 percent of the population reported more than one race.

Source: U.S. Census Bureau, 2002 Economic Census

<http://www.census.gov/econ/census02/text/sbo/sbomethodology.htm>

Appendix C: Sources of the Data, Sampling and Estimation Methodologies

The 2002 Survey of Business Owners (SBO) was conducted by mail. One of two census forms was mailed to a random sample of businesses selected from a list of all firms operating during 2002 with receipts of \$1,000 or more, except those classified in the following NAICS industries:

- crop and animal production (NAICS 111, 112)
- scheduled air transportation (NAICS 4811, part)
- rail transportation (NAICS 482)
- postal service (NAICS 491)
- funds, trusts, and other financial vehicles (NAICS 525), except real estate investment trusts (NAICS 525930)
- religious, grantmaking, civic, professional, and similar organizations (NAICS 813)
- private households (NAICS 814), and
- public administration (NAICS 92).

The lists of all firms (or universe) are compiled from a combination of business tax returns and data collected on other economic census reports. The Census Bureau obtains electronic files from the Internal Revenue Service (IRS) for all companies filing IRS Form 1040, Schedule C (individual proprietorship or self-employed person); 1065 (partnership); any one of the 1120 corporation tax forms; and 941 (Employer's Quarterly Federal Tax Return). The IRS provides certain identification, classification, and measurement data for businesses filing those forms.

For most firms with paid employees, the Census Bureau also collected employment, payroll, receipts, and kind of business for each plant, store, or physical location during the 2002 Economic Census.

The report forms used to collect information are available at www.census.gov/csd/sbo/index.html.

The SBO is conducted on a company or firm basis rather than an establishment basis. A company or firm is a business consisting of one or more domestic establishments that the reporting firm specified under its ownership or control at the end of 2002. Firms were instructed to return their completed report form by mail. Two report form reminders were conducted at one-month intervals to all delinquent respondents. A telephone follow-up was conducted to obtain a subset of information from selected firms that failed to return their report form. The returned forms underwent extensive review and computer processing. All reports were geographically coded, data-keyed, and edited. The editing process identified records with significant problems and firms were contacted for correction resolution. Corrections were performed interactively using standard procedures.

The data were then tabulated by NAICS, subjected to further data analysis, and the resulting corrections applied to individual computer records. Corrected tabulations were then produced for the final published reports.

A more detailed examination of census methodology is presented in the *History of the 2002 Economic Census* at www.census.gov/econ/www/history.html.

Industry Classification of Firms

The classifications for all establishments are based on the *North American Industry Classification System, United States, 2002*, manual. The kind-of-business or industry classification codes for the SBO are obtained from the 2002 Economic Census. More information on the industry classification codes is included in the Industry Classifications and Relationship to Historical Industry Classifications sections in the [introductory text](#).

Sampling. To design the 2002 SBO sample, the Census Bureau used the following sources of information to estimate the probability that a business was minority- or women-owned:

- Administrative data from the Social Security Administration.
- Lists of minority- and women-owned businesses published in syndicated magazines, located on the Internet, or disseminated by trade or special interest groups.
- Word strings in the company name indicating possible minority ownership (derived from 1997 survey responses).
- Racial distributions for various state-industry classes (derived from 1997 survey responses) and racial distributions for various ZIP Codes.
- Gender, race, and Hispanic or Latino origin responses of a single-owner business to an SBO previous survey or to the 2000 Decennial Census.

These probabilities were then used to place each firm in the SBO universe in one of nine frames for sampling:

- American Indian
- Asian
- Black or African American
- Hispanic
- Non-Hispanic white men
- Native Hawaiian and Other Pacific Islander
- Other (a different race was supplied as a write-in to another source)
- Publicly owned
- Women

The SBO universe was stratified by state, industry, frame, and whether the company had paid employees in 2002. The Census Bureau selected large companies, including those operating in more than one state, with certainty. These companies were selected based on volume of sales, payroll, or number of paid employees. All certainty cases were sure to be selected and represented only themselves (i.e., had a selection probability of one and a sampling weight of one). The certainty cutoffs varied by sampling stratum, and each stratum was sampled at varying rates, depending on the number of firms in a particular industry in a particular state. The remaining universe was subjected to stratified systematic random sampling.

A firm selected into the sample was mailed one of two questionnaires. The Census Bureau sent the SBO-1 questionnaire to partnerships and corporations. The businesses were asked to report the percentage of ownership, gender, Hispanic or Latino origin, race, and several characteristic questions (e.g., age, education level) for each of the three largest percentage owners. The SBO-2 questionnaire was used for sole proprietors and self-employed individuals. The businesses were asked essentially the same information as asked on the SBO-1, but limited to two owners.

Treatment of Nonresponse. Approximately 81 percent of the 2.3 million businesses in the SBO sample responded to the survey. Data from the 1997 survey were used for businesses in both the 1997 and 2002 samples. For the remaining nonrespondents, gender, Hispanic or Latino origin, and race were imputed from donor respondents with similar characteristics (state, industry, employment status, size, and sampling frame).

Tabulation. Business ownership is defined as having 51 percent or more of the stock or equity in the business and is categorized by:

- Gender: Male; Female; or Equally Male-/Female-owned
- Ethnicity: Hispanic or Latino Origin; Not Hispanic or Latino Origin
- Race: White; Black or African American; American Indian or Alaska Native; Asian; Native Hawaiian or Other Pacific Islander

Firms equally male-/female-owned were counted and tabulated as a separate category.

Businesses could be tabulated in more than one racial group. This can result because:

- a. the sole owner reported more than one race;
- b. the majority owner reported more than one race;
- c. a majority combination of owners reported more than one race.

The detail may not add to the total or subgroup total because a Hispanic or Latino firm may be of any race, and because a firm could be tabulated in more than one racial group. For example, if a firm responded as both Chinese and Black majority owned, the firm would be included in the detailed Asian and Black estimates, but would only be counted once toward the higher level all firms' estimates.

The sum of the detailed Hispanic or Latino origin may not add to the total because no one Hispanic subgroup (i.e., Mexican, Puerto Rican, Cuban, or Other Spanish/Hispanic/Latino) owned a majority of the firm, but a combination of these subgroups did own a majority. For example, if a firm had two owners each with equal ownership, one responding Puerto Rican and the other responding Cuban, there is no one subgroup with a majority ownership, but the firm is Hispanic-owned. This firm would be tabulated in the Hispanic or Latino estimate, but would not appear in any of the subgroup estimates.

Also, the subgroup detail for both Asians and Native Hawaiians and Other Pacific Islanders may not add to the total for similar reasons as explained above.

In the Characteristics of Businesses and the Characteristics of Business Owners reports, the tabulations of demographic and economic business and owner characteristics included only those firms that returned the survey form and provided the gender, Hispanic or Latino origin, and race for the owner(s) or indicated the firm was publicly held. These tabulations also included the owners who identified with more than one race. For example, an Asian Hispanic male veteran owner would have his information tabulated in each of those four categories. However, such a record was counted only once in the "All owners of respondent firms" line of the publication.

For the tabulations by gender, Hispanic or Latino origin, and race, the data for each firm in the SBO sample were weighted by the reciprocal of the firm's probability of selection. The data for each owner are inflated using the sampling weight assigned to the owner's corresponding firm record.