

U.S. Department of Commerce
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The State of
**MINORITY
BUSINESS**

1997 Survey of
Minority-Owned Business
Enterprises (SMOBE)

An Initial Analysis
plus
Policy and Research Implications

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Preface

America's entrepreneurs play a vital role in the stability and prosperity of our national economy. They take the risks necessary to create wealth and jobs, develop innovative products, and introduce new business practices into the marketplace. This importance extends far beyond America's borders, as U.S. firms significantly impact and contribute to the world economy. Given the ongoing U.S. demographic changes, it is critical that we use the entrepreneurial talent available in all of our communities to maintain a growing national economy. The *1997 Survey of Minority Owned Business Enterprises* (SMOBE) report suggests that minority businesses have dramatically increased their participation in the domestic free enterprise system, and are a critical component of the U.S. business community. However, there remain significant disparities between minority and nonminority owned firms. We must invest more aggressively in the continued growth of minority businesses.

In this report, the Minority Business Development Agency (MBDA) provides its initial interpretation of the newly released SMOBE data. The SMOBE is conducted and released every five years by the Census Bureau for the tax reporting years ending in 2 and 7. The 1997 report indicates minority-owned and operated business grew at significant rates since 1992 as compared to their nonminority counterparts. This good news, however, needs to be interpreted in the context of the historical disparity between these groups, and the large gap that still remains.

The important story that is emerging from this report and other data is that: 1) entrepreneurial activity in minority populations continues to be far below the nonminority population, despite the dramatic increase in minority population; and that 2) we need to bridge the "capital gap" that currently exists. For example, in 1997 minorities accounted for twenty-eight percent of U.S. population, but only three percent of the nation's gross business receipts.

Our research clearly shows that disparity is pronounced for minority businesses as a whole. America would benefit substantially from increased participation and activity by minority entrepreneurs. With the support and leadership of President Bush and Secretary Evans, I will implement new policies to empower minority businesses to achieve higher levels of success by directing MBDA to be more innovative and entrepreneurially focused.

Ronald N. Langston

National Director

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This report was prepared by the Minority Business Development Agency, Research and Innovation Team. Richard Stevens served as the team leader with assistance from Frances Douglas, Darlene Giles, Kevin Matthews and Jerry Miller.

¹ See publication - "Democratizing Capital for Emerging Domestic Markets" on the MBDA website at www.mbda.gov for a discussion of the capital gap in business investment.

Executive Summary

The *1997 Survey of Minority-Owned Business Enterprises* (SMOBE) provides a snapshot of the status of minority-owned businesses for that year for the Nation, as a whole, as well as specific regions and communities. The SMOBE data, in itself, cannot explain why some groups and/or places outperform others. Further research is required to fully understand the reasons for these variations. The preliminary analysis of the SMOBE data by the Minority Business Development Agency indicates the following:

Findings

- Growth rates in both numbers and gross receipts of minority-owned firms substantially exceeded those of nonminority firms between 1992 and 1997. This is consistent with the dramatic increases in minority population and minority purchasing power. (See items 6, 7 and 8 in Sources, page 12 of this report.)
- Minority-owned businesses are heavily concentrated in a several states. For example, 55 percent of minority businesses are located in four states (California, Texas, New York and Florida) and 80 percent are located in just fifteen states.
- The business growth rates among the four major race/ethnic groups vary significantly.
- Minority-owned business activity in the United States continues to be significantly smaller than minority representation of the Nation's population. This is the case for both absolute number of firms and their gross receipts and employment size.
- The average size of minority-owned businesses is substantially lower than nonminority firms in terms of both gross receipts and employment.
- There is considerable regional variation in the number and size of minority business.
- Business participation rates (the number of businesses per 1,000 persons) are generally much lower throughout the country for minority groups than for nonminority groups.

Additional Research

- Further investigation of data for Native American- and Alaska Native-owned businesses is required to explain the reported high growth rates since 1992.
- More research is required in order to explain the reasons why some groups and communities have had relatively more success in business growth.
- More frequent, timely and comprehensive data about the minority business sector are required to support informed decision-making.

Policy Implications

- Innovative policies, programs and strategies should be developed to significantly accelerate the level of entrepreneurial activity with minority businesses.
- Strategic partnerships should be developed with state and local governments, business associations, corporations and academic institutions with entrepreneurship programs, to leverage all available business development resources.

General Observations

Statistics from the 1997 SMOBE are the most recently available from the Federal Government. They offer a unique snapshot of the state of minority-owned businesses in the United States, particularly when presented in the context of rapid changes occurring in the racial and ethnic composition of the nation's population.

- In 1997, there were 3,039,033 minority-owned firms in the United States generating \$591.3 billion in gross receipts and 4.5 million employees. [Table 1]
- The range in average (mean) gross receipts is considerable – from a low for African American firms (\$86,500) to a high for Asian and Pacific Islander firms (\$336,145). Minority firms as a group (\$194,555) have average gross receipts only one-fifth the size of the nonminority category (\$1,010,071). [Table 1]
- By most measures, minority firms continue to be proportionately underrepresented in comparison to population percentages in terms of number of firms, and to a greater extent for gross receipts and employment. In 1997 minorities represented 27 percent of U. S. population, but only 15 percent of firms, 3 percent of gross receipts and 4 percent of employment. [Table 2 and Charts 2, 3 and 4]
- In general, minorities are making substantial progress in terms of number of firms owned, but will remain substantially behind until entrepreneurial and business ownership levels reach parity with minority population percentages. The exception is for both the American Indian and Alaska Native, and Asian and Pacific Islander groups, where proportionality with population has been attained according to SMOBE data. (Note: This observation must be further researched, including investigation of likely variation within sub-groups.) [Table 2]

Table 1: Total Firms, Total Gross Receipts, Average Gross Receipts and Total Employees

Group	Number of Firms	Total Gross Receipts	Average Gross Receipts	Employees
African American	823,500	\$71.2 billion	\$86,500	0.7 million
American Indian and Alaska Native	197,300	\$34.3 billion	\$174,000	0.3 million
Asian and Pacific Islander	913,000	\$306.9 billion	\$336,200	2.2 million
Hispanic	1,199,900	\$186.3 billion	\$155,200	1.4 million
All Minority	3,039,000	\$591.3 billion	\$194,600	4.5 million
Nonminority	17,782,900	\$18.0 trillion	\$1,010,100	98.8 million
All U.S. Firms	20,821,900	\$18.6 trillion	\$891,000	103.3 million

Table 2: Comparison of Demographic and Firm Characteristics Distributions

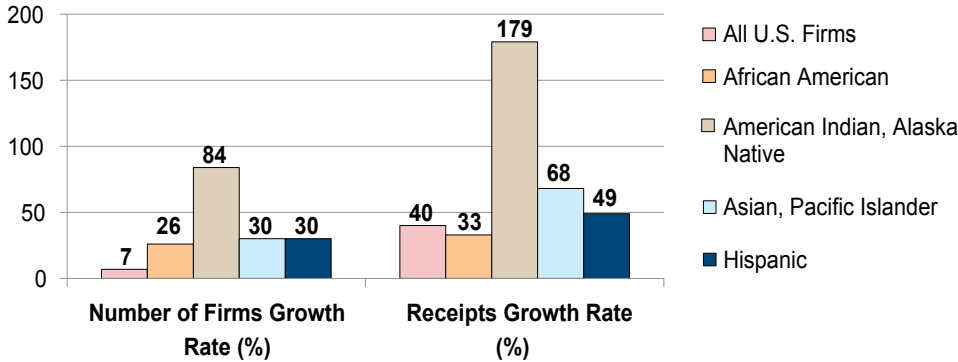
Group	Percent of Total U.S. Population	Percent of Total U.S. Firms	Percent of Total U.S. Gross Receipts	Percent of Total U.S. Employees
African American	12.7	4.0	0.4	0.7
American Indian and Alaska Native	0.9	0.9	0.2	0.3
Asian and Pacific Islander	3.8	4.0	2.0	2.1
Hispanic	10.9	6.0	1.0	1.3
All Minority	27.3	14.6	3.2	4.4

Detail on these tables does not add to total (All Minority and All U.S. Firms) because of duplication of some firms. A Hispanic firm may be of any race and, therefore, may be included in more than one minority group.

² All data tables are for 1997 unless otherwise indicated.

- All minority groups had a 1992-1997 growth rate in number of firms that substantially exceeded the growth rate for all U.S. firms (7 percent). American Indian- and Alaska Native-owned firms had a dramatic 84 percent increase. [Chart 1]
- Three of the four minority groups, for 1992-1997, exceeded the all U.S. firms gross receipts growth rate. American Indian- and Alaska Native-owned firms grew at 179 percent. Only African American-owned firms had a gross receipts growth rate (33 percent) less than the all U.S. firm growth rate of 40 percent. [Chart 1]

Chart 1: 1992-1997 Group Growth Rates

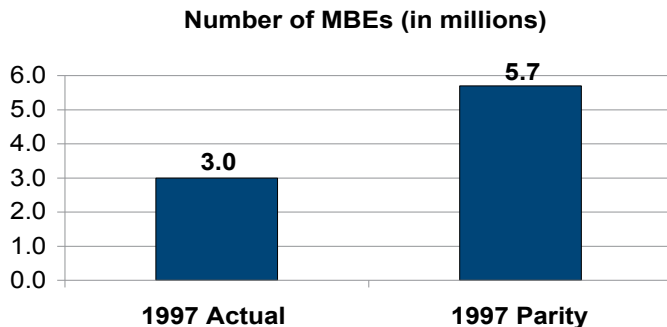


It is important to understand that the 1997 SMOBE, for the first time, includes C corporations, which typically are larger than Subchapter S corporations; and therefore aggregate data for 1992 and 1997 are not directly comparable.

Achieving Entrepreneurial Parity

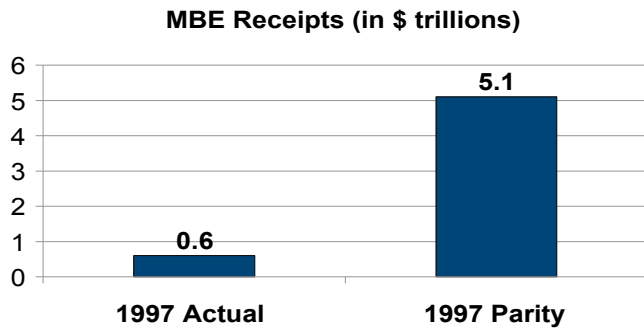
The state of minority business in 1997 would look radically different if parity had been achieved. Parity is defined as reaching proportionality between minority population percentage and percentage share of business development measures such as numbers of firms, gross receipts and employment. [See the last row of Table 2]. Charts 2, 3 and 4 illustrate the substantial increases required above actual conditions had there been parity in those three measures. The parity numbers were developed using the 1997 minority share of U.S. population - 27.3 percent - and applying it to the total number of firms, gross receipts and employment.

Chart 2: Number of Firms, 1997 Actual and 1997 Parity



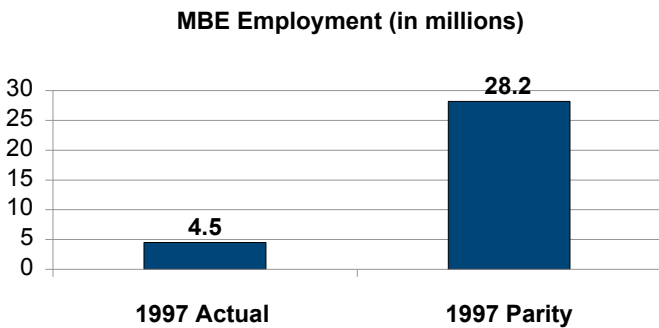
In this scenario, the number of minority-owned businesses would have been almost twice the actual number; or 5.7 million firms, rather than 3 million firms.

Chart 3: Minority-Owned Business Gross Receipts, 1997 Actual and 1997 Parity



Parity in minority-owned business receipts would have resulted in more than eight times the actual number - from \$0.6 trillion to \$5.1 trillion.

Chart 4: Minority-Owned Business Employment, 1997 Actual and 1997 Parity



Employment in minority-owned firms would jump from 4.5 million to 28.2 million in the parity scenario.

Geographic Concentration

- Minority-owned firms continue to be concentrated in a few states – a pattern that is consistent with demographic trends. [Map 1]
- More than 24 percent of U.S. minority-owned firms are located in California. Texas ranks second with 12 percent and New York and Florida rank third and fourth with 9 percent each. These four states account for 55 percent of U.S. minority-owned firms. Eighty percent of minority-owned firms are located in only 15 states. See Table 3 for a list of the states with their respective number and share of minority-owned firms.
- The minority population is somewhat less geographically concentrated than minority-owned firms. California, again, ranks first with 22 percent of the U.S. total minority population. Texas is second with almost 12 percent and New York and Florida rank third and fourth with 9 and 6 percent respectively. These four states account for 48 percent of minority population and 55 percent of minority-owned firms. [Table 4]
- Additional research is necessary to determine if this concentration pattern is increasing or decreasing over time. Geographic analyses will ultimately be conducted at the national, state, metropolitan, rural, county, and city levels.

Map 1: Number of Minority-Owned Firms by State, 1997

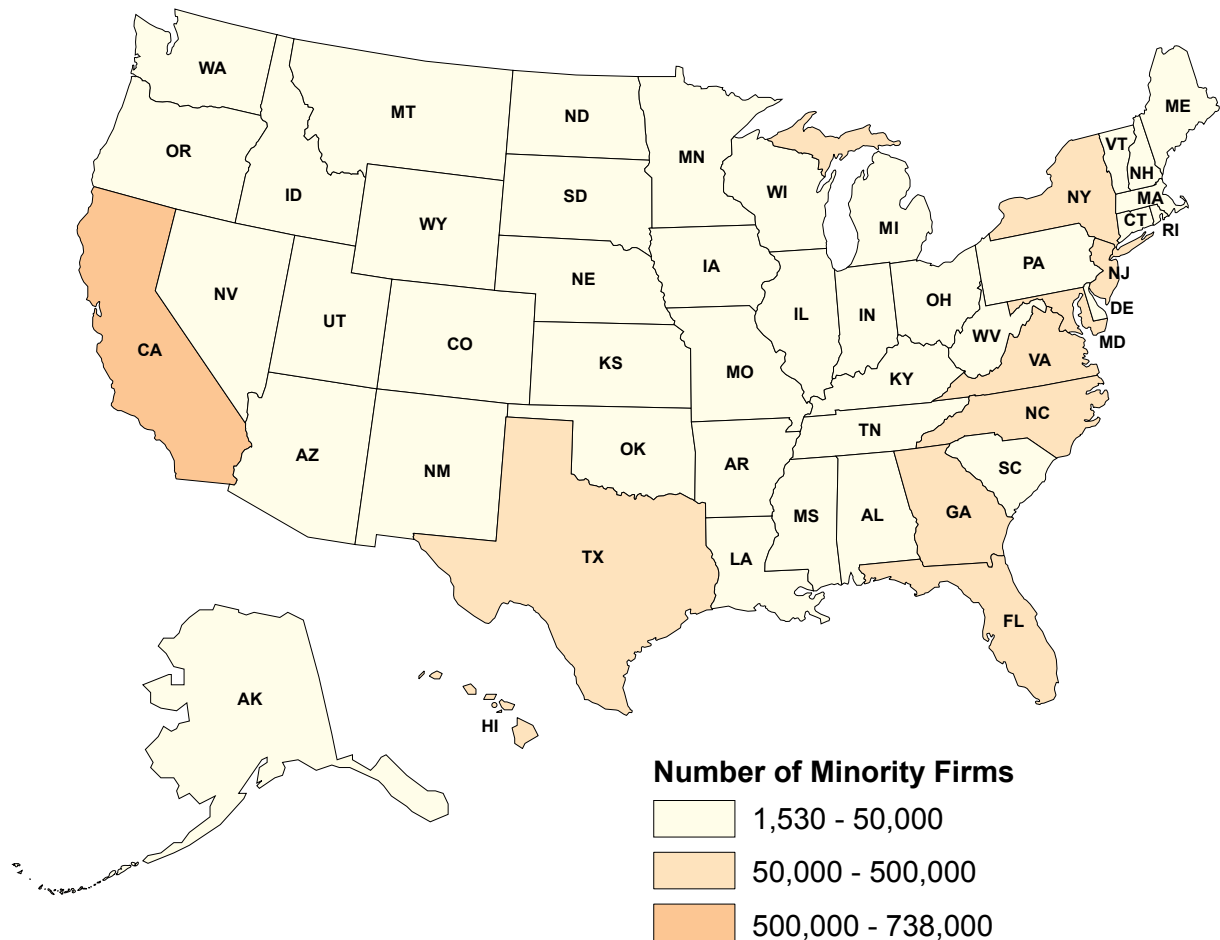


Table 3: State Share of U.S. Minority Firms

State Rank	State	Number of Minority Firms	State Share	Cumulative Share
1	CALIFORNIA	738,000	24.25%	24.25%
2	TEXAS	365,450	12.01%	36.26%
3	NEW YORK	296,523	9.74%	46.01%
4	FLORIDA	286,885	9.43%	55.44%
5	ILLINOIS	110,340	3.63%	59.06%
6	NEW JERSEY	102,295	3.36%	62.42%
7	GEORGIA	88,733	2.92%	65.34%
8	MARYLAND	82,619	2.72%	68.05%
9	VIRGINIA	71,705	2.36%	70.41%
10	NORTH CAROLINA	61,551	2.02%	72.43%
11	HAWAII	54,250	1.78%	74.22%
12	MICHIGAN	51,751	1.70%	75.92%
13	PENNSYLVANIA	49,455	1.63%	77.54%
14	OHIO	49,430	1.62%	79.17%
15	ARIZONA	43,337	1.42%	80.59%
16	WASHINGTON	42,935	1.41%	82.00%
17	LOUISIANA	41,734	1.37%	83.37%
18	MASSACHUSETTS	39,039	1.28%	84.66%
19	NEW MEXICO	37,497	1.23%	85.89%
20	COLORADO	37,021	1.22%	87.10%
21	TENNESSEE	32,524	1.07%	88.17%
22	SOUTH CAROLINA	30,753	1.01%	89.18%
23	OKLAHOMA	28,509	0.94%	90.12%
24	ALABAMA	28,292	0.93%	91.05%
25	MISSOURI	26,558	0.87%	91.92%
26	INDIANA	22,761	0.75%	92.67%
27	MISSISSIPPI	21,997	0.72%	93.39%
28	CONNECTICUT	20,409	0.67%	94.07%
29	OREGON	18,215	0.60%	94.66%
30	MINNESOTA	15,258	0.50%	95.17%
31	DISTRICT OF COLUMBIA	15,238	0.50%	95.67%
32	NEVADA	15,187	0.50%	96.17%
33	WISCONSIN	13,692	0.45%	96.61%
34	ARKANSAS	13,023	0.43%	97.04%
35	KENTUCKY	12,664	0.42%	97.46%
36	KANSAS	11,663	0.38%	97.84%
37	ALASKA	10,695	0.35%	98.19%
38	UTAH	8,617	0.28%	98.48%
39	DELAWARE	5,329	0.18%	98.65%
40	IOWA	5,299	0.17%	98.83%
41	IDAHO	5,164	0.17%	99.00%
42	RHODE ISLAND	4,784	0.16%	99.15%
43	NEBRASKA	4,632	0.15%	99.31%
44	WEST VIRGINIA	4,290	0.14%	99.45%
45	MONTANA	3,356	0.11%	99.56%
46	NEW HAMPSHIRE	3,228	0.11%	99.66%
47	MAINE	2,822	0.09%	99.76%
48	WYOMING	2,146	0.07%	99.83%
49	VERMONT	2,109	0.07%	99.90%
50	SOUTH DAKOTA	1,653	0.05%	99.95%
51	NORTH DAKOTA	1,530	0.05%	100.00%

□ Table 4: State Share of U.S. Minority Population				
State Rank	State	Minority Population	State Share	Cumulative Share
1	CALIFORNIA	15,731,348	21.54%	21.54%
2	TEXAS	8,438,501	11.55%	33.09%
3	NEW YORK	6,187,556	8.47%	41.56%
4	FLORIDA	4,530,673	6.20%	47.77%
5	ILLINOIS	3,356,599	4.60%	52.36%
6	GEORGIA	2,459,481	3.37%	55.73%
7	NEW JERSEY	2,454,200	3.36%	59.09%
8	NORTH CAROLINA	1,956,013	2.68%	61.77%
9	MICHIGAN	1,836,821	2.51%	64.28%
10	VIRGINIA	1,801,554	2.47%	66.75%
11	MARYLAND	1,760,051	2.41%	69.16%
12	PENNSYLVANIA	1,627,362	2.23%	71.39%
13	OHIO	1,583,744	2.17%	73.56%
14	LOUISIANA	1,568,591	2.15%	75.70%
15	ARIZONA	1,432,118	1.96%	77.67%
16	SOUTH CAROLINA	1,218,500	1.67%	79.33%
17	ALABAMA	1,197,143	1.64%	80.97%
18	MISSISSIPPI	1,039,361 □	1.42%	82.40%
19	TENNESSEE	996,197	1.36%	83.76%
20	WASHINGTON	907,890	1.24%	85.00%
21	MASSACHUSETTS	898,176	1.23%	86.23%
22	NEW MEXICO	885,383	1.21%	87.44%
23	HAWAII	843,295	1.15%	88.60%
24	COLORADO	815,735	1.12%	89.72%
25	MISSOURI	757,874	1.04%	90.75%
26	INDIANA	679,005	0.93%	91.68%
27	OKLAHOMA	661,537	0.91%	92.59%
28	CONNECTICUT	615,303	0.84%	93.43%
29	WISCONSIN	525,771	0.72%	94.15%
30	ARKANSAS	477,254	0.65%	94.80%
31	NEVADA	459,777	0.63%	95.43%
32	DISTRICT OF COLUMBIA	380,788	0.52%	95.96%
33	MINNESOTA	379,782	0.52%	96.48%
34	OREGON	377,151	0.52%	96.99%
35	KANSAS	341,110	0.47%	97.46%
36	KENTUCKY	340,227	0.47%	97.92%
37	UTAH	221,410	0.30%	98.23%
38	DELAWARE	178,114	0.24%	98.47%
39	ALASKA	166,891	0.23%	98.70%
40	NEBRASKA	163,323	0.22%	98.92%
41	IOWA	147,860	0.20%	99.13%
42	RHODE ISLAND	125,149	0.17%	99.30%
43	IDAHO	114,867	0.16%	99.46%
44	WEST VIRGINIA	77,855	0.11%	99.56%
45	MONTANA	75,803	0.10%	99.67%
46	SOUTH DAKOTA	73,799	0.10%	99.77%
47	WYOMING	44,795	0.06%	99.83%
48	NORTH DAKOTA	44,252	0.06%	99.89%
49	NEW HAMPSHIRE	39,324	0.05%	99.94%
50	MAINE	27,944	0.04%	99.98%
51	VERMONT	14,205	0.02%	100.00%

African American-Owned Firms

Four states accounted for *35 percent* of the firms owned by African Americans. Three out of 10 African Americans reside in these four states.

- New York (86,500)
- California (79,100)
- Texas (60,400)
- Florida (59,700)

American Indian- and Alaska Native-Owned Firms

Four states accounted for *34 percent* of the firms owned by American Indians and Alaska Natives. Three out of 10 American Indians and Alaska Natives reside in these states.

- California (26,600)
- Texas (15,700)
- Oklahoma (15,100)
- Florida (10,500)

Asian- and Pacific Islander-Owned Firms

Four states accounted for *60 percent* of the firms owned by Asians and Pacific Islanders. Six out of 10 Asians and Pacific Islanders reside in these states.

- California (316,000)
- New York (123,300)
- Texas (60,200)
- Hawaii (50,600)

Hispanic-Owned Firms

Four states accounted for *73 percent* of the firms owned by Hispanics. Seven out of 10 Hispanics reside in these four states.

- California (336,400)
- Texas (240,400)
- Florida (193,900)
- New York (104,200)

Firm Size

Table 1 above includes average gross receipts and employment figures by group, but a full understanding of the "size" issue will require substantially more data and analysis than is available with the publication. Here are some initial observations about size:

- Most firms do not have paid employees. This is generally true for minority and nonminority firms, however the percentage of Asian- and Pacific Islander-owned firms with paid employees (32 percent) exceeds the all U.S. firms group (25 percent).

Group	Firms with Paid Employees	Percent of Group Total with Paid Employees
African American	93,200	11 %
American Indian and Alaska Native	33,300	17 %
Asian and Pacific Islander	290,000	32 %
Hispanic	211,900	18 %
Total Minority	615,200	20 %
All U.S. Firms	5,295,200	25 %

- Micro businesses, with annual receipts under \$10,000, constitute 35 percent of all U.S. firms (7,385,580), whereas:
 - About 28 percent (259,600) of Asian- and Pacific Islander-owned businesses had receipts under \$10,000.
 - About 40 percent (475,300) of Hispanic-owned businesses had receipts under \$10,000.
 - About 41 percent (80,800) of American Indian- and Alaska Native-owned businesses had receipts under \$10,000.
 - About 49 percent (403,800) of African American-owned businesses had receipts of under \$10,000.
 - About 39 percent of all minority businesses had receipts of under \$10,000.
- Five percent of all U.S. firms had receipts in excess of \$1 million, but only 2.7 percent of minority firms exceeded \$1 million.

Group	Gross Receipts > \$1 million	Employment > 100
African American	8,700 (1%)	900
American Indian and Alaska Native	4,900 (2%)	400
Asian and Pacific Islander	45,300 (5%)	2,100
Hispanic	26,700 (2%)	1,100
Total Minority	84,300 (2.7%)	4,400
All U.S. Firms	1,050,400 (5%)	95,700

Industry Characteristics

Table 7 compares the industry division distributions between all U.S. firms and minority groups. A considerable amount of analysis will be required before a full understanding of industry status emerges. For example, it is important to separate business and professional services from personal services since the former represents a major economic growth sector. Also, it is unfortunate that a full 45 percent of American Indian and Alaska Native-owned firms could not be classified by industry type. This will limit our analysis of this group. Some initial observations from this table:

- American Indians and Alaska Natives and Hispanic businesses participate in construction at a higher level than all U.S. firms.
- African Americans participate in manufacturing at one-third the level of all U.S. firms.
- Asian and Pacific Islanders participate in wholesale and retail trade at a higher level than all U.S. firms.
- All minority groups participate in the financial sector at lower levels relative to all U.S. firms.

Industry	All U.S. Firms	All Minority Groups	African American	American Indian and Alaska Native	Asian and Pacific Islander	Hispanic
Agricultural services, forestry, fishing and mining	3%	2%	2%	5%	1%	3%
Construction	11%	8%	7%	14%	3%	13%
Manufacturing	3%	2%	1%	3%	3%	2%
Transportation, communications, and utilities	4%	6%	9%	3%	4%	7%
Wholesale trade	4%	3%	3%	2%	6%	3%
Retail trade	14%	14%	11%	8%	21%	13%
Finance, insurance, and real estate	11%	5%	5%	2%	8%	5%
Services	43%	44%	53%	17%	44%	42%
Not classified	7%	14%	12%	45%	10%	13%

Table 8 shows average gross receipts in thousands of dollars by industry division for each minority group compared to all U.S. firms. Some initial observations are:

- Minority businesses are short of parity as compared to all U.S. firms' average gross receipts by industry division, excluding industries not classified.
- In the manufacturing sector average gross receipts for African Americans and American Indians and Alaska Natives are less than 10 percent of the all U.S. firms average.
- Average gross receipts in the finance sector are much lower for all minority groups.

Industry	All U.S. Firms	All Minority Groups	African American	American Indian and Alaska Native	Asian and Pacific Islander	Hispanic
All Industries	891	195	86	174	336	155
Agricultural services, forestry, fishing and mining	386	57	35	91	102	65
Construction	405	164	136	196	270	144
Manufacturing	5,839	991	352	373	1,246	1,123
Transportation, communications, and utilities	1,287	112	89	258	150	98
Wholesale trade	5,352	1,659	717	723	2,093	1,283
Retail trade	917	265	158	313	347	208
Finance, insurance, and real estate	1,147	135	81	258	166	117
Services	294	101	59	152	167	78
Not classified	42	76	43	109	121	41

Business Participation Rates

A business participation rate (BPR) is defined as the number of business owners in a specific race/ethnic group for every 1,000 persons in that same group. For example, a nonminority population BPR of 91 indicates that there are 91 nonminority business owners for every 1,000 nonminority persons. The BPR is a good measure for comparing entrepreneurial status across groups, because it adjusts for population size and provides a common base of measurement.

MBDA's initial analysis of the data computed BPRs for each race/ethnic group for the fifty states and the District of Columbia. Future research will drill down to smaller geographic areas. The national BPR for the nonminority population is 91. This could be the benchmark against which other groups at the national and sub-national areas are measured. A review of Table 9 yields the following observations:

- Each minority group BPR at the national level falls below the nonminority BPR.
- American Indians and Alaska Natives (85) and Asians and Pacific Islanders (90) have national BPRs that approach the level of nonminorities.
- African Americans have the lowest national BPR at 24, followed by Hispanics at 41.
- There is considerable variation in BPRs at the state level. Nonminority state level BPRs range from 62 to 203, while minorities, as a group, range from 21 to 148.
- The lowest BPR for African Americans is 17 in Alabama, Arkansas, Pennsylvania and Wisconsin and the highest is 59 in Wyoming.
- The lowest BPR for Hispanics is 21 in Nebraska and the highest is 175 in Vermont.
- The lowest BPR for American Indians and Alaska Natives is 16 in South Dakota and the highest is 512 in Kentucky.
- The lowest BPR for Asians and Pacific Islanders is 42 in Nebraska and the highest is 156 in the District of Columbia.

	All U.S. Population	Nonminority Population	Minority Population	African American Population	Hispanic Population	American Indian and Alaska Native Population	Asian and Pacific Islander Population
National Average	78	91	42	24	41	85	90
State Maximum	115	203	148	59	175	512	156
State Minimum	61	62	21	17	21	16	42

Table 10 on the next page gives the business participation rate for each group by state in alphabetical order. Similar tables will be constructed over the next several months for metropolitan and rural areas, cities and counties. Please also refer to Appendices A through F (pp. 13-18) for graphic illustrations of state BPRs.

Additional research into the variance in business participation rates by geographic areas and by population groups will likely yield valuable insights and information about the causal factors explaining relative levels of business success in some communities and groups. This type of information can then be used to formulate specific entrepreneurship development strategies that are tailored to the unique needs of population groups and places.

In addition, under development is an Index of Minority Business Development that relies on the use of SMOBE data. The Index will provide a benchmark for comparing a community's level of minority entrepreneurship with regional, state, and national levels.

Table 10: Business Participation Rates by Group and State

State	All U.S. Population	Nonminority Population	Minority Population	African American Population	Hispanic Population	American Indian and Alaska Native Population	Asian and Pacific Islander Population
ALABAMA	66	82	24	17	74	231	119
ALASKA	105	121	64	37	60	70	68
ARIZONA	72	92	30	22	29	22	76
ARKANSAS	77	88	27	17	58	171	85
CALIFORNIA	80	111	47	32	34	87	82
COLORADO	105	121	45	30	37	94	99
CONNECTICUT	87	99	33	24	25	164	77
DELAWARE	77	92	30	19	37	119	105
DISTRICT OF COLUMBIA	86	203	40	33	57	40	156
FLORIDA	89	100	63	27	90	190	131
GEORGIA	76	95	36	26	57	257	131
HAWAII	79	115	64	18	44	70	67
IDAHO	91	95	45	24	34	76	77
ILLINOIS	73	89	33	22	26	147	94
INDIANA	70	75	34	23	31	201	91
IOWA	80	82	36	24	25	111	49
KANSAS	82	89	34	22	27	99	59
KENTUCKY	72	75	37	20	49	512	100
LOUISIANA	68	91	27	18	59	166	121
MAINE	102	102	101	43	64	231	75
MARYLAND	79	95	47	34	63	156	113
MASSACHUSETTS	88	95	43	31	35	234	60
MICHIGAN	69	79	28	18	39	97	77
MINNESOTA	88	92	40	30	44	42	46
MISSISSIPPI	61	86	21	18	45	111	135
MISSOURI	76	83	35	23	50	199	86
MONTANA	107	112	44	20	66	35	86
NEBRASKA	84	90	28	24	21	54	42
NEVADA	77	94	33	22	26	42	67
NEW HAMPSHIRE	99	99	82	39	44	456	87
NEW JERSEY	81	99	42	23	37	111	98
NEW MEXICO	76	112	42	26	41	43	106
NEW YORK	83	101	48	27	40	86	128
NORTH CAROLINA	77	93	31	24	49	75	87
NORTH DAKOTA	86	90	35	26	65	25	54
OHIO	70	76	31	21	37	226	92
OKLAHOMA	85	95	43	21	36	58	93
OREGON	90	95	48	37	32	64	74
PENNSYLVANIA	70	76	30	17	26	299	91
RHODE ISLAND	82	88	38	26	35	126	50
SOUTH CAROLINA	69	89	25	20	44	241	107
SOUTH DAKOTA	90	97	22	32	33	16	66
TENNESSEE	77	87	33	23	64	312	106
TEXAS	79	106	43	25	43	169	114
UTAH	82	87	39	25	36	49	47
VERMONT	115	114	148	55	175	483	63
VIRGINIA	71	83	40	25	58	179	95
WASHINGTON	80	86	47	29	30	47	74
WYOMING	103	109	48	59	44	46	74

Conclusions

Minority-owned businesses experienced substantial growth between 1992 and 1997, but continue to lag substantially in the generation of gross receipts and employment. The U.S. Census Bureau is projecting that 90 percent of the net U.S. population growth over the next fifty years will be in minority groups. As the demographic mix of our population changes it becomes even more imperative that minority entrepreneurship must play an increasing role in economic growth and competitiveness.

The findings in this initial analysis of the 1997 SMOBE data confirm anecdotal information as expressed from business development practitioners about the state of minority business. Many questions remain unanswered, and these will drive a comprehensive research agenda in the immediate future.

It will be necessary to obtain more comprehensive, timely and frequent data about minority-owned businesses including expanding the geographic scope to areas such as Puerto Rico and the Virgin Islands. The data also need to be objectively analyzed by expert business and advocacy groups to better differentiate between real business growth and other phenomena. Most importantly, research is necessary to answer the "why" questions such as: Why do some groups and places outperform others in business activity? Are there "best practices" that can be identified and replicated throughout the Nation? Are existing programs adequate for "start up" firms, but not for "ready to grow" firms?

The challenges as we move forward include answering these questions:

- How can these data provide value to the minority business community?
- How can this information help to build a foundation for future research?
- From this information, what should be the nature, scope and direction of minority business development policies?

These questions will be fully discussed at sessions during the 2001 Minority Enterprise Development Week (MED Week) in Washington, DC on September 23 to 26. For registration and other information go to <http://www.medweek.gov/>.

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Documents 1 through 5 are available online at <http://www.census.gov/csd/mwb> and documents 6 through 8 are available online at <http://www.mbda.gov/>.

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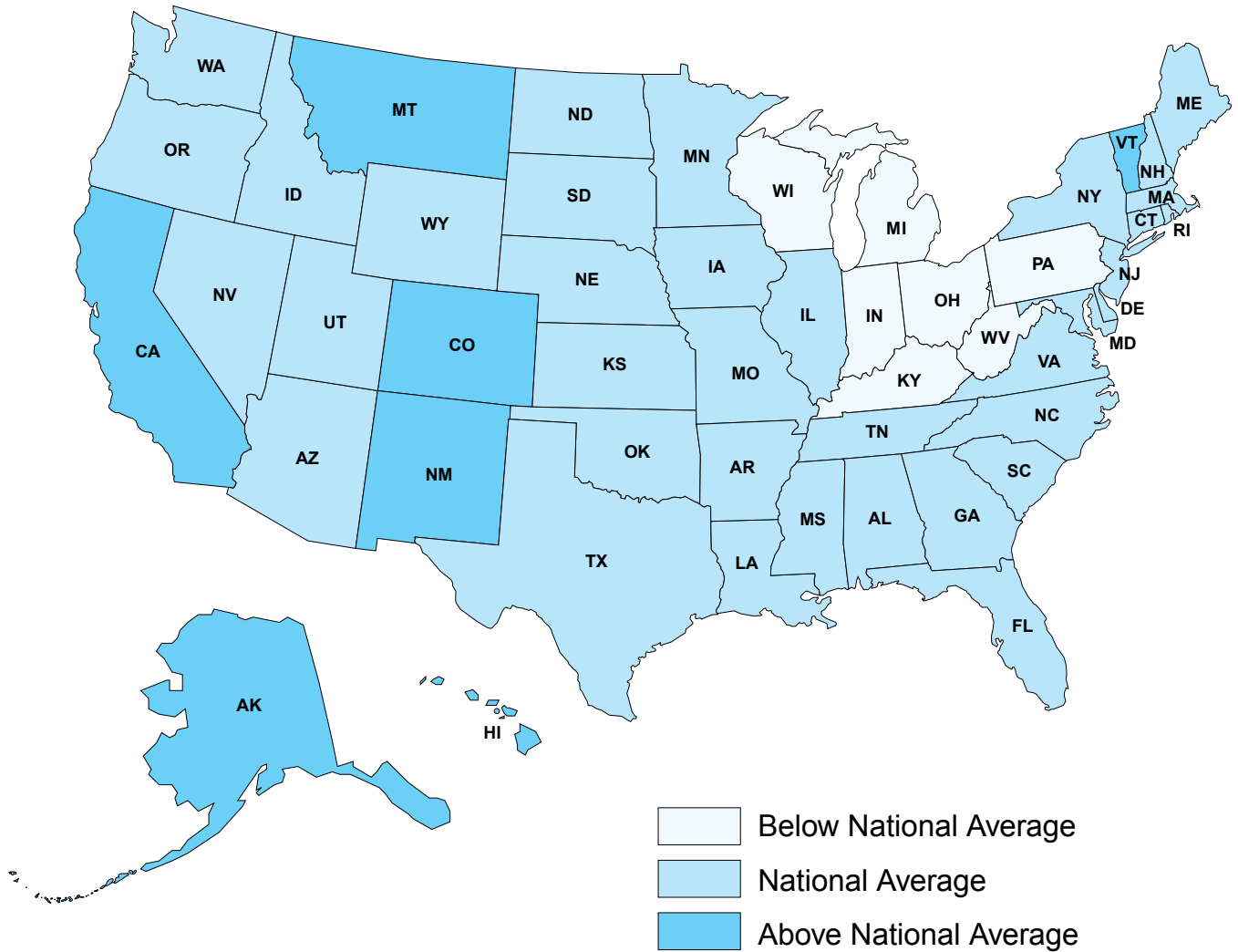
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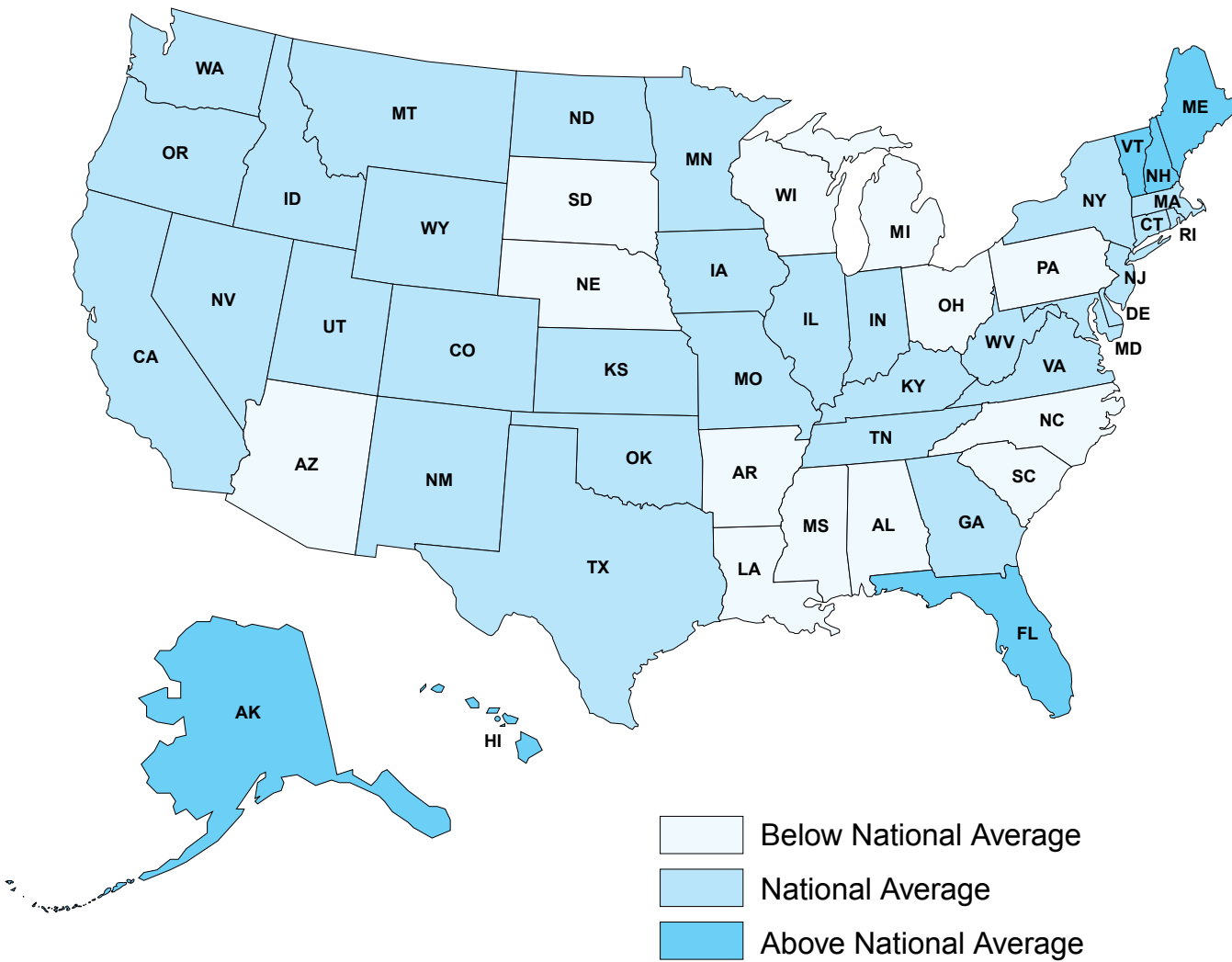
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Also please visit MBDA's website at <http://www.mbda.gov/> and the Census Bureau website at <http://www.census.gov/>

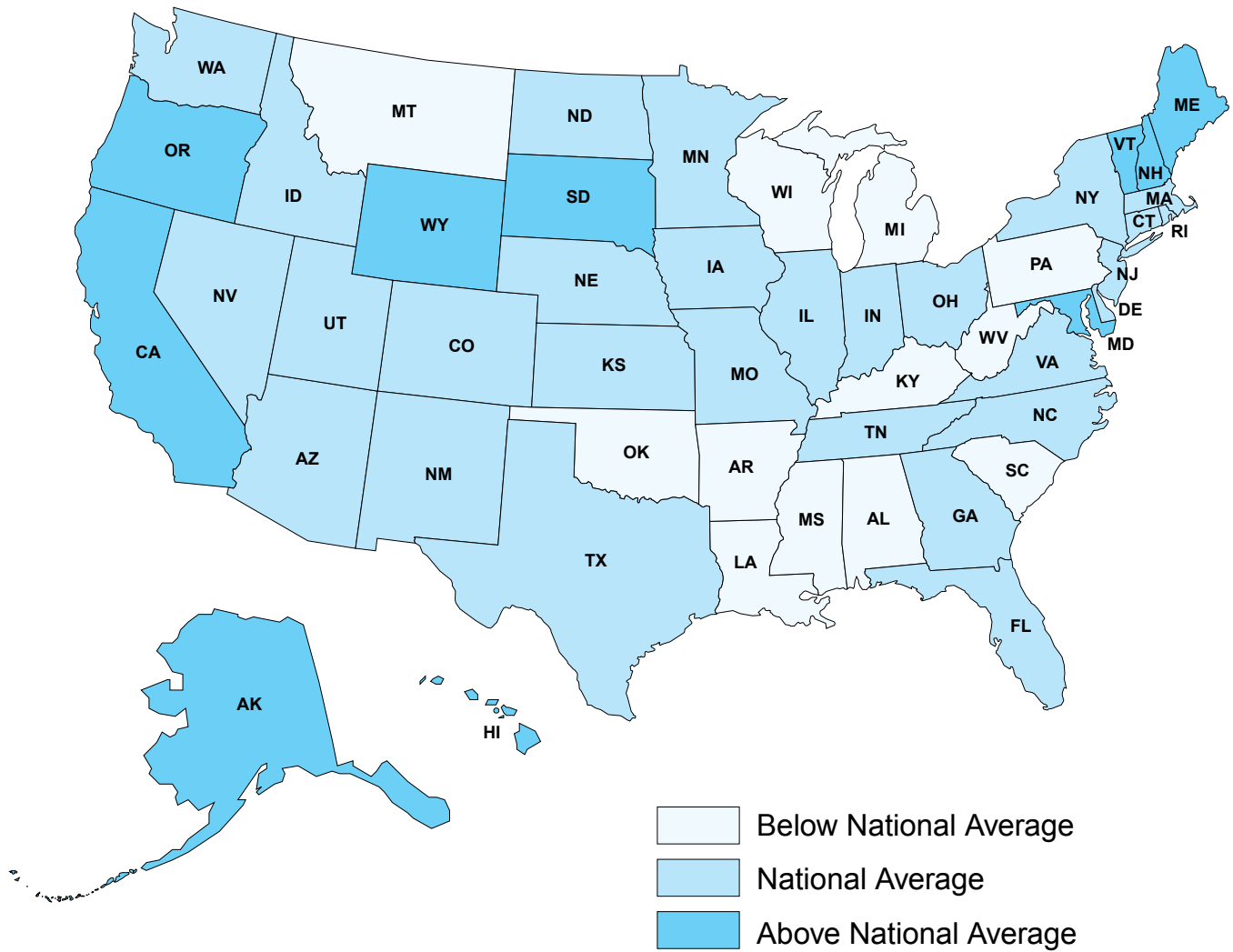
Appendix A: Nonminority Business Participation Rate (Comparisons to particular group national BPR average)



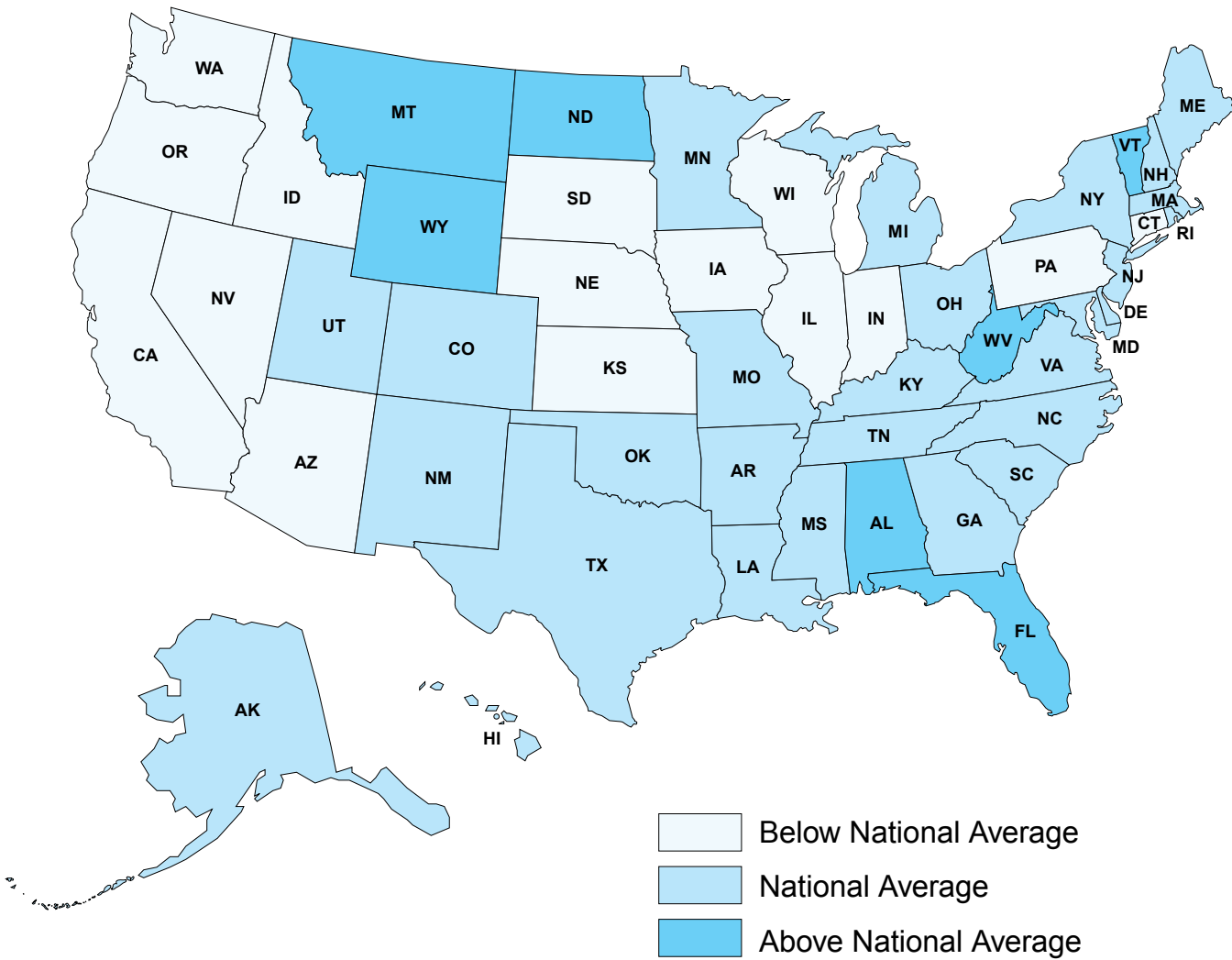
Appendix B: Minority Business Participation Rate (Comparisons to particular group national BPR average)



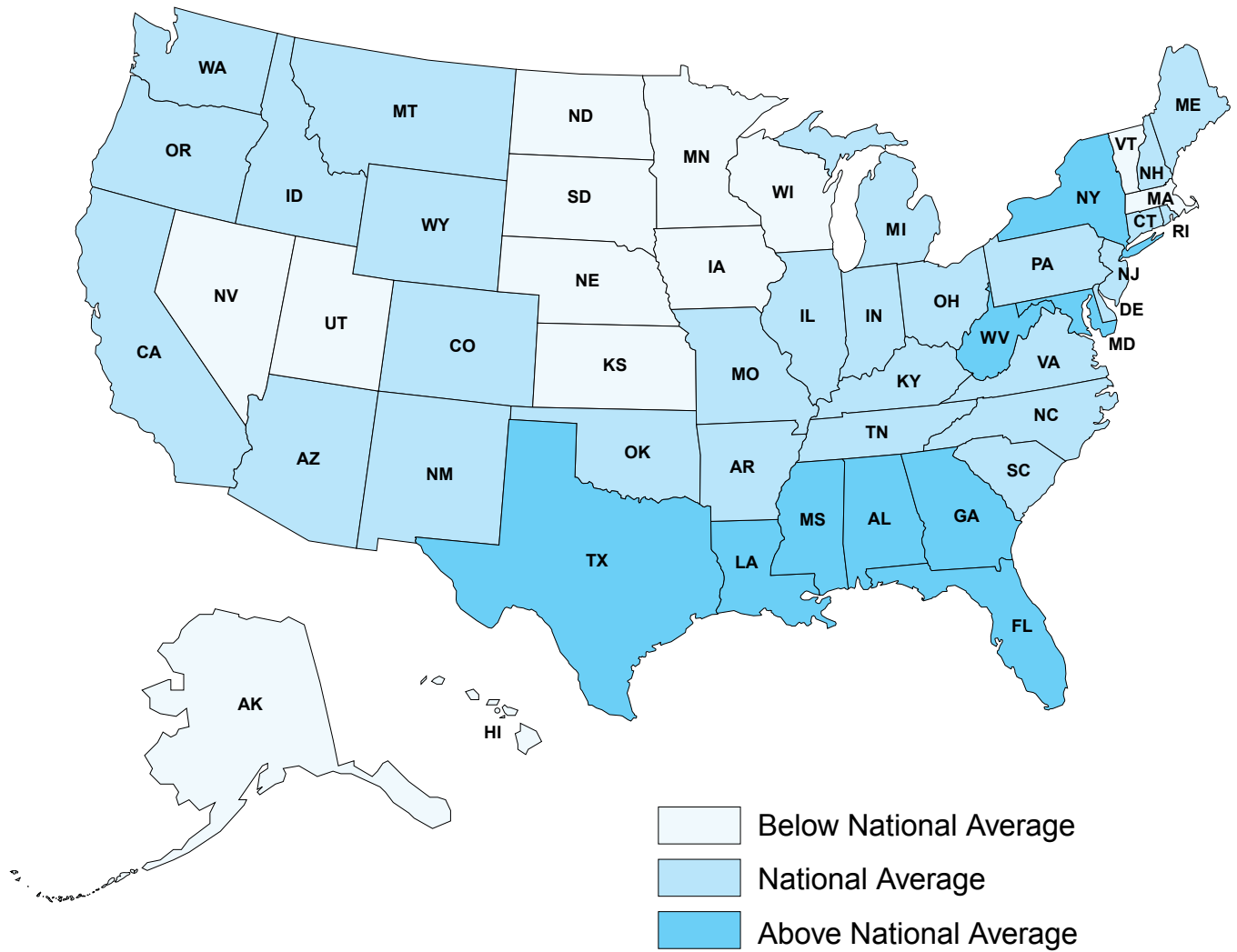
Appendix C: African American Business Participation Rate (Comparisons to particular group national BPR average)



Appendix D: Hispanic Business Participation Rate (Comparisons to particular group national BPR average)



Appendix E: Asian and Pacific Islander Business Participation Rate (Comparisons to particular group national BPR average)



Appendix F: American Indian and Alaska Native Business Participation Rate (Comparisons to particular group national BPR average)

