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The American Marketplace at 250 Research Report

The State of Minority Business in America 2026

Unlocking the Economic Potential of Minority Businesses to Power America's Next Era of Growth



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Foreword

For 250 years, America's economic strength has been powered by people willing to imagine something better—and then build it.

Entrepreneurs have transformed ideas into industries, created jobs where none existed, strengthened communities, and continually renewed the American economy. From the smallest family-owned business to the companies that have reshaped the world, entrepreneurship has always been one of our nation's greatest competitive advantages.

As the United States commemorates its 250th anniversary, the National Minority Supplier Development Council commissioned this report to examine an important question: What role will minority-owned businesses play in America's next era of growth?

The findings provide both reason for optimism and a clear call to action.

Between 2018 and 2023, the number of minority-owned employer firms increased by 33.6%. Black-owned employer businesses grew by 61.3%, while Hispanic-owned employer businesses grew by 49.5%. These businesses are creating jobs, generating revenue, supporting families, and contributing to communities across the country.

But the research also reveals a more complicated reality: remarkable growth in the number of minority-owned businesses has not yet translated into comparable scale.

Minority-owned businesses represented nearly one-quarter of all employer firms in 2023, yet they accounted for only 12% of business revenue and 13.5% of payroll. Eighty-three percent had fewer than 10 employees. On average, minority-owned firms generated less than half the revenue of White, non-Hispanic-owned firms.

As Neeraj Shah, CEO of Supplier.io, observed in reviewing this research:

> *"The data clearly show that minority-owned businesses are growing rapidly. The challenge is not a lack of ambition, demand, or capability. It is that too many businesses encounter barriers before they can become larger enterprises and major suppliers. Removing those barriers isn't just good for minority-owned businesses. It's good for American business because it increases competition, strengthens supply chains, and creates opportunities for economic growth."*

This is the unfinished work before us.

Creating more minority-owned businesses remains important, but business creation alone is no longer a sufficient measure of progress. The next challenge—and the greater economic opportunity—is helping more of these businesses grow, compete, and achieve scale.

That means ensuring minority entrepreneurs can secure capital, reach major customers, compete for consequential contracts, enter new markets, invest in technology, build their workforces, and participate more fully in the industries driving America's economic future.

Minority-owned businesses are not a special-interest segment of the economy. They are part of America's growth infrastructure.

Their success affects the nation's capacity to create jobs, strengthen domestic supply chains, revitalize communities, expand the tax base, and compete in a rapidly changing global marketplace. America cannot afford to overlook the entrepreneurial talent and economic potential already present in communities across the country.

The scale of that opportunity is substantial. This report estimates that minority-owned businesses could generate approximately $2.3 trillion in additional annual revenue if their average revenue per firm matched the average across all U.S. employer firms. This is not a forecast or a promise of automatic growth. It illustrates the potential that could be unlocked by narrowing persistent differences in business scale and performance.

America cannot reach its full economic potential while a growing segment of its entrepreneurial base remains disconnected from capital, customers, and growth markets.

Closing that gap will require sustained leadership from corporations, financial institutions, policymakers, investors, philanthropic organizations, and business-development organizations. It will also require us to move beyond counting participation and toward measuring growth, capacity, competitiveness, and long-term economic impact.

We recognize entrepreneurial leaders such as Pedro Astudillo, President of RBA Construction & Engineering, whose investment in this research reflects a commitment not only to the success of his own enterprise, but also to our American economic imperative of U.S. MBEs.

For more than five decades, NMSDC has connected minority businesses to opportunities that allow them to grow. As we look toward America's next 250 years, our ambition must be greater. We must help build an economy in which minority entrepreneurs are positioned not merely to start businesses, but to develop the companies, technologies, industries, and jobs that will shape our shared future.

The question is no longer whether minority-owned businesses can contribute to America's prosperity. They already do. The question is whether America will make the investments, build the connections, and expand the opportunities necessary for them to reach their full potential.

Our nation's next chapter of economic growth depends on the answer.



Donald R. Cravins, Jr.
President and CEO
National Minority Supplier Development Council

The American Marketplace at 250: Unlocking the Economic Potential of Minority Businesses

The 250th anniversary of the United States offers an opportunity not only to celebrate the nation's progress, but also to examine the economic promise that remains unfinished.

From its earliest days, America has been shaped by entrepreneurship. Successive generations have started businesses, developed products, built industries, and created opportunities that strengthened the nation's economy. Over time, the circle of people able to participate has widened. Americans once legally, financially, or socially excluded from business ownership have built businesses that employ millions of people and generate substantial economic activity.

That progress is real. It is also incomplete.

Access to the essential building blocks of business success—ownership, capital, customers, contracts, technology, networks, and growth markets—has never been evenly distributed. The effects can still be seen in who owns employer businesses, the industries in which those firms operate, the number of people they employ, and the revenue and payroll they generate.

The result is one of the central tensions documented in this report: minority-owned businesses are growing rapidly, but their increasing numbers have not yet produced proportional economic scale.

Starting a business is an essential expression of entrepreneurship, but long-term economic impact depends on what happens next. Can that business secure the capital necessary to expand? Can it reach major customers and compete for consequential contracts? Can it invest in technology, hire workers, enter new markets, acquire other businesses, and withstand economic disruption? Can it move from surviving to growing—and from growing to scaling?

These are not questions only about minority entrepreneurs. They are questions about the future strength and competitiveness of the American economy.

The nation's demographic and economic future will increasingly depend on entrepreneurs from communities that historically have had less access to the resources required for business growth. If these businesses remain concentrated among the smallest firms and disconnected from the markets where scale is achieved, America will leave jobs, innovation, productivity, revenue, and community wealth unrealized. If positioned to grow, they can become an even greater source of economic resilience and shared prosperity.

The research that follows measures both sides of this American story. It documents remarkable growth in minority business ownership, employment, payroll, and revenue, while also identifying persistent differences in firm size, industry participation, access to financing, and economic performance.

Those differences reveal more than disparity. They reveal opportunity.

As America enters its next 250 years, the challenge is no longer simply to expand access to entrepreneurship. It is to build the pathways that allow more entrepreneurs to translate opportunity into ownership, ownership into growth, and growth into scale.

Executive Summary

As the United States commemorates its 250th anniversary, this report examines the growing role of minority-owned employer businesses in the American economy—and the opportunity that could be created by enabling more of those businesses to achieve scale.

The data tell a story of significant progress. **Between 2018 and 2023, minority-owned employer businesses grew substantially in number, employment, payroll, and revenue, often outpacing the growth of the broader business community.** Black-owned employer businesses increased by 61.3%, while Hispanic-owned employer businesses grew by 49.5%. Minority-owned businesses now represent nearly one-quarter of U.S. employer firms.

Yet growth in the number of businesses has not produced comparable economic scale. **Minority-owned firms remain disproportionately concentrated among smaller businesses and continue to generate a smaller share of revenue and payroll than their share of employer firms would suggest.** These differences are also reflected in average firm size, access to financing, and participation across industries.

This is not simply a measure of disparity. It represents a significant economic opportunity for the United States. **If minority-owned businesses generated the same average revenue and payroll per firm as all U.S. employer firms, the analysis estimates an opportunity of approximately $2.3 trillion in additional revenue** and **$401.8 billion in additional payroll**. A separate employee-level benchmark estimates approximately **$999.2 billion in additional revenue** if minority-owned firms generated the same average revenue per employee as all U.S. employer firms. These estimates measure different dimensions of the scale gap and should not be added together.

These figures are not forecasts or guarantees of future growth. Rather, they illustrate the magnitude of economic activity that could be unlocked by narrowing persistent differences in business scale and performance. They also reinforce the central finding of this report: **America's next minority-business challenge is not simply creating more businesses. It is creating conditions that allow more businesses to grow, compete, and achieve scale.**

The U.S. employer business sector became increasingly diverse between 2018 and 2023, driven by growth among minority-owned businesses. Minority-owned businesses grew by 33.6% during this time, with Black- and Hispanic-owned businesses experiencing dramatic growth in business ownership, employment, payroll, and revenue, outpacing the growth of White-owned firms. Despite their incredible growth, minority-owned businesses remain small. In fact, in 2023, 83% of minority-owned firms had fewer than 10 employees. Minority-owned firms continue to operate at a smaller scale and generate lower revenue performance than White-owned firms. White-owned businesses reported substantially higher average revenue per firm and revenue per employee, underscoring persistent differences in firm size, market reach, and economic capacity.

Opportunities remain to increase the scale, capacity, and economic impact of minority-owned businesses. In 2023, White-owned firms accounted for 73.7% of employer businesses while representing 58.2% of the U.S. population. Conversely, Hispanic and Black Americans remained underrepresented among business owners, representing 19.0% and 12.0% of the population, respectively, but only 8.7% and 3.5% of employer firms.[1] Despite their smaller role in the national economy, minority-owned businesses also showed strong performance across key economic indicators. Black-owned and Hispanic-owned businesses recorded the fastest growth in employment, payroll, and revenue, with revenue growing at compound annual rates of 14.2% and 9.9%, respectively, between 2018 and 2023. These trends highlight the increasing economic contribution of

[1] Because race and ethnicity are collected separately, percentages of business ownership and population should be interpreted independently and may not sum to 100 percent.

minority-owned businesses and their expanding role as job creators within local and regional economies.

When analyzing the firm count by size and accounting for owner groups, the data show that minority-owned firms are especially concentrated at smaller sizes. Among minority-owned firms, 83.0% have fewer than 10 employees, compared with 78.6% among White-owned firms. In terms of employment, the data show that employment in White-owned firms was mainly concentrated in firms with 250 or more employees (31.2%), with 24.8% of all employment at White-owned firms at firms with 500 or more employees. On the other hand, employment in minority-owned firms was primarily in businesses with 10 to 49 employees (35.1%)

Whereas the top three industrial sectors by total employer establishments for White-owned firms are Professional, scientific, and technical services (15.7%), Construction (14.8%), and Health care and social assistance (9.8%), the top three for minority-owned firms are: Accommodation and food services (16.1%), Health care and social assistance (13.7%), and Retail trade (12.4%). Thus, minority-owned firms are concentrated in consumer-facing sectors (42.2% of minority-owned firms). Both White-owned and minority-owned firms had their highest employment concentration in Accommodation and food services (14.3% and 24.3%, respectively). This is the top employer for almost all minority racial and ethnic groups. In terms of average annual payroll per employee across the top 5 employing industries nationwide, the data show that White-owned firms had the highest average annual payroll, followed by Asian-owned firms in three of the five sectors. For these five sectors, Hispanic-owned firms had the highest average annual payroll of all owner groups in Accommodation and food services business ($26,840), while Black-owned firms had the second-highest average annual payroll of all groups in Retail trade businesses ($37,205).

Overall, the findings point to a story of progress and opportunity for minority-owned firms. Minority-owned employer firms are growing faster than the broader market and contributing to an increasing share of economic activity, yet longstanding gaps in business ownership, firm scale, and economic performance remain. Continued efforts to improve access to capital, contracting opportunities, business development resources, and growth markets will be critical to sustaining momentum and advancing a more inclusive U.S. business ecosystem as America enters its next quarter millennium. Promoting the success of minority-owned businesses is not simply a matter of economic inclusion, but an investment in America's long-term growth, resilience, and global competitiveness.

After analyzing this data, we recommend the following to help minority-owned businesses scale: expand access to customers and markets; increase access to capital; strengthen capacity and capability; target growth industries; use procurement to scale; accelerate technology and AI readiness; prepare for the Great Ownership Transfer by planning succession from retiring owners; build public policy for business growth and strengthen data and accountability.

The national analysis is accompanied by two companion reports examining minority business ownership, economic contributions, and opportunities for scale in two dynamic metropolitan markets: Miami–South Florida and Greater Los Angeles. These analyses provide a closer look at how national trends are reflected in local economies, highlighting the distinct opportunities and challenges facing minority-owned businesses in each market. Together, the national and metropolitan reports offer a more comprehensive picture of the economic potential of minority businesses and the importance of advancing strategies that support growth and competitiveness.

	Growth of Minority-Owned Businesses
+33.6%	
+61.3%	Black/African American
+49.5%	Hispanic
+18.5%	Asian
+15.4%	Equally minority/non-minority

UNITED STATES

TOTAL POPULATION

(2024): 334,922,499

Hispanic 19.3%
Non-Hispanic White 57.4%
Asian 5.9%
Black 11.9%

EDUCATION

Earnings by Educational Attainment, aged 25 or older (2024)

High School Graduate or Higher — 89.6%

Bachelor's Degree or Higher — 35.7%

LABOR FORCE CHARACTERISTICS (2024)

Population 16+	270,181,636
Civilian Labor Force	170,199,520
Unemployed	8,902,365
Unemployment Rate	5.2%

TOP EMPLOYERS BY JOB POSTINGS

1. Soliant Health
2. Walmart
3. GPAC
4. Robert Half
5. Allied Universal
6. CVS Health
7. Aerotek
8. Dollar General
9. Domino's Piza
10. CompHealth

GROSS DOMESTIC PRODUCT (GDP)

Q4 2025 GDP

$31.4 trillion

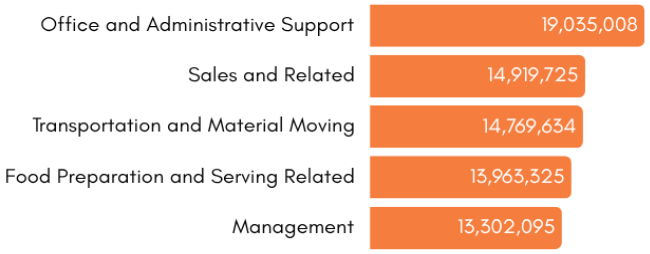
2025 GDP per capita $90,252

ECONOMIC OPPORTUNITY

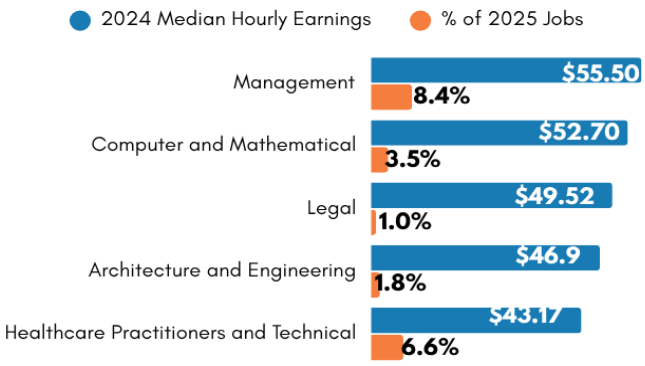
Top Industries by 2025 Jobs



Top Occupations by 2025 Jobs



Occupations by Top 5 2025 Median Hourly Earnings



Sources: U.S. Census Bureau, 2024 American Community Survey 5-Year Estimates, Lightcast Q2 2026 Data Set; St. Louis Fed Gross Domestic Product

UNITED STATES

BUSINESS STATISTICS (2023)

Total # of Employer Firms: **5,703,068**
Total Employment: **66,104,936**
Total Annual Payroll ($1,000): **$3,644,524,104**
Total Sales and Revenue ($1,000): **$18,553,101,846**
Average Firm Size: **11.6 employees**

EMPLOYER FIRMS BY RACE/ETHNICITY OF OWNERS (2023)*

Hispanic 8.7%	Asian 12.0%
Non-Hispanic White 73.7%	Black 3.5%

FIRM-LEVEL METRICS**

Overall Employment and Employment Share by Race and Ethnicity (2023)

All Firms	66,104,936	100.0%
White-Owned (non-Hispanic White)	53,670,413	81.2%
Minority-Owned	11,465,716	17.3%
Asian-Owned	5,561,777	8.4%
Hispanic-Owned	3,822,895	5.8%
Black/African-American-Owned	1,864,727	2.8%

Overall Payroll and Payroll Share by Race and Ethnicity (2023)

All Firms	$3.6 trillion	100.0%
White-Owned (non-Hispanic White)	$3.1 trillion	85.0%
Minority-Owned	$493.4 billion	13.5%
Asian-Owned	$250.7 billion	6.9%
Hispanic-Owned	$160.2 billion	4.4%
Black/African-American-Owned	$69.8 billion	1.9%

Potential Payroll Gains (2023)

Minority-Owned	$401.8 billion
Asian-Owned	$186.9 billion
Hispanic-Owned	$156.6 billion
Black/African-American-Owned	$58.5 billion

REVENUE

Average Revenue per Firm by Race and Ethnicity (2023)

All Firms	$3,253,179
White-Owned (non-Hispanic White)	$3,837,488
Minority-Owned	$1,583,955
Asian-Owned	$1,743,901
Hispanic-Owned	$1,472,853
Black/African-American-Owned	$1,239,344

White-owned firms 2.6x average revenue of Hispanic and 3.1x Black-owned firms

Potential Revenue Gains (2023)

Minority-Owned	$2.3 trillion
Asian-Owned	$1.0 trillion
Hispanic-Owned	$882.7 billion
Black/African-American-Owned	$404.5 billion

The economy would benefit greatly if minority-owned firms had the same average revenue and payroll as all firms, as shown in the potential revenue and payroll gains that would result.***

**Percentages may exceed 100 as race and ethnicity of business owners is asked in separate questions in the Annual Business Survey.*
***Data is displayed for the four largest groups in terms of the total population and total number of employer-owned businesses. Data for minority-owned firms is identified as a separate category by the U.S. Census Bureau and is lower than summing the values of the different sub categories as Hispanic-owned businesses may include firms owned by Black and other Hispanic groups.*
****Revenue Gains=(average revenue for all firms - average revenue per firm for a group)* total number of firms for a group.*

Sources: U.S. Census Bureau, 2023 Annual Business Survey

Overview

Developed by the National Minority Supplier Development Council (NMSDC) in partnership with Florida International University and Supplier.io, this report combines national research, market intelligence, and economic analysis to measure the growth, impact, and future potential of minority-owned businesses across the United States. The following report focuses on overall businesses and minority-owned businesses at the national level and in two metropolitan statistical areas (MSAs): the Los Angeles MSA and the South Florida MSA. A minority business enterprise (MBE), as defined by NMSDC, is a for-profit business that is at least "51% owned, controlled, and operated by one or more U.S. citizens who are members of a recognized minority group."[2] For purposes of the Census-based analysis in this report, however, "minority-owned" refers to the applicable U.S. Census Bureau ownership classifications and should not be interpreted as equivalent to NMSDC certification. Per the U.S. Census Bureau, a minority-owned business is a for-profit business whose majority owners are of "any race and ethnicity combination other non-Hispanic and White."[3] This report relies on the information provided by the U.S. Census Bureau on owner groups and not on definitions from NMSDC or other agencies/organizations.

This study uses the most recently available data for these geographies from multiple government and proprietary sources and presents information on both overall firms and minority-owned businesses. These include data from the following organizations/agencies: the U.S. Census Bureau, Lightcast, the St. Louis Federal Reserve, the U.S. Small Business Administration, the U.S. Department of Commerce Minority Business Development Agency, and the National Minority Supplier Development Council. In certain years, data is not available for smaller owner groups, especially at the regional level. For example, data on sales and revenues by owner group is not available for the Los Angeles MSA prior to 2022; as such, information for this metric is presented only using 2022 and 2023 data. Missing or unavailable data is noted throughout the report.

This report focuses on employer firms, defined as those with at least one paid employee. While discussions of entrepreneurship and minority-owned businesses often cite data and trends in the broader business and small-business universe, the study's main source is the U.S. Census Bureau's Annual Business Survey (ABS), which provides detailed data on employer firms. For example, there were 5,934,950 employer firms in the USA in 2023, but only 5,703,068 had race/ethnicity data. Unless otherwise specified, the report focuses only on employer firms that provide information about owners' race and ethnicity.

Analyzing employer firms is appropriate as they provide data on the total number of firms, total employment, total payroll, and total sales and revenue. This data, in turn, is used to calculate firm-level metrics, including average firm size, average payroll per firm, and average sales and revenue per firm, as well as employee-level metrics, including average payroll per employee and average sales and revenue per employee. In other words, the data does not include businesses without employees (non-employer establishments).

Because the ABS employer-firm data do not include businesses without paid employees (non-employer establishments), the findings in this report reflect the performance and economic contributions of employer firms instead of the full universe of businesses or small businesses. Throughout this study, we present data at three benchmark levels, each serving a specific purpose. We analyze data for all employer firms (in the industry and firm size sections) to understand economic and other trends impacting all businesses. We analyze data by owner group to understand similarities and differences between non-minority-owned firms (White, non-Hispanic-owned firms) and minority-owned firms. We also study specific owner groups within the minority-owned firms' category to identify patterns within these groups and highlight variations in business performance and growth that may be obscured when minority-owned firms are viewed as a single category. Please see Appendix C for more information on our methodology and data sources.

[2] National Minority Supplier Development Council, Inc. "Definition of an MBE." January 14, 2026.

[3] United States Census Bureau. "Census Bureau Releases New Data on Minority-Owned, Veteran-Owned and Women-Owned Businesses." January 14, 2026.

Why The Research Matters

Entrepreneurship has long been a powerful source of American innovation, productivity, job creation, and economic renewal. In fact, American entrepreneurs "have been disproportionately responsible for truly radical innovations—the airplane, the railroad, the automobile, electric service, the telegraph and telephone, the computer, air conditioning, and so on."[4] Entrepreneurship encourages innovation and creates employment opportunities. This increases productivity by encouraging competition, improving efficiency, and spurring innovation within their own firms and among established businesses.[5] Additionally, new businesses, often spurred by a business or innovative idea, become new employers. A new business is a new employer if it successfully makes a first payroll within eight quarters of its EIN application. In 2005, the percentage that made their first payroll within 8 quarters was 19.4%. This fell to 7.9% by 2020 and grew to 8.5% by 2025. [6]

Given the pivotal role businesses play, it is essential to understand how employer firms, those that directly create employment, impact their communities and the nation. Minority-owned firms made up around one in four employer businesses in 2023 (24.6%, up from 19.1% in 2018).[7] As minority-owned businesses represent a growing share of employer firms and have outpaced overall business growth in key measures, their performance influences employment, payroll, business formation, and economic growth at the national, state, and local levels. Data from the Annual Business Survey show that minority-owned businesses had higher growth rates than firms overall in total employment, payroll, and sales and revenue. Furthermore, minority entrepreneurs create jobs, increase productivity, and encourage investment in other firms (multiplier effect), as well as improve the long-term wealth of families, as "business equity is the second-largest form of wealth after homeownership."[8] Understanding the growth, scale, and economic contributions of minority-owned employer firms is important for assessing business performance and identifying sources of job creation, wealth building, and economic growth across the U.S.

The scale of this contribution is evident in the growth of the U.S. Latino economy. Research from the Latino Donor Collaborative and Arizona State University estimates that Latino economic output reached $4.4 trillion in GDP in 2024—an amount that would rank as the world's fourth-largest economy if measured independently. Latinos generated 28.2% of economic growth between 2023 and 2024 while representing approximately one-fifth of the population. These findings underscore a central premise of this report: the economic prosperity of communities historically treated as peripheral to the marketplace is increasingly inseparable from the prosperity of the nation.[9]

The Minority Business Development Agency (MBDA) is a federal agency that promotes the growth and competitiveness of minority business enterprises (MBEs) through initiatives centered on access to capital, government contracting, and research on the causes of failure or success of minority businesses. In a 2024 study, MBDA highlighted the strength and contributions of MBEs. MBEs constitute nearly one in five manufacturing firms (19.9%) but only 6.3% of payroll, indicating opportunities exist to expand their scale in this sector. MBEs can strengthen supply chains and reduce their vulnerabilities. The study found that MBEs in manufacturing face ongoing challenges in terms of access to capital, the need for a skilled labor force, participation/representation in high-growth industries, and market access. MBDA's recommendations include fostering inclusive entrepreneurship in advanced manufacturing, expanding MBE access to federal investment programs, and strengthening the diversity of supply chains.[10]

[4] "Why Is Entrepreneurship Important?: Economic Impact & Policy: CAE." Center for American Entrepreneurship, March 10, 2026.
[5] Ibid.
[6] Ewing Marion Kauffman Foundation. "Kauffman Indicators of Entrepreneurship."
[7] U.S. Census Bureau. "Annual Business Survey, 2018-2023."
[8] Neal, Michael, and Apueela Wekulom. "How Racial Disparities in Small Business Ownership Affect Black Wealth and Economic Prosperity." Urban Institute, June 2025.
[9] Latino Donor Collaborative and Arizona State University, *2026 LDC U.S. Latino Economic Impact Report: Part One*.
[10] Minority Business Development Agency, *Ways in Which Minority Business Enterprises Can Meet Gaps in the U.S. Supply Chain* (Washington, DC: U.S. Department of Commerce, Minority Business Development Agency, 2024).

Minority Business Ownership Landscape

The demographic composition of employer firms provides a baseline for understanding both the progress and remaining gaps in minority business ownership across the United States. By comparing each group's share of the population with its share of employer firms, this section highlights where business ownership is proportionate, overrepresented, or underrepresented relative to national demographics. These comparisons frame the broader economic opportunity: while minority-owned businesses represent a growing and increasingly important part of the U.S. economy, several groups still own a smaller share of employer firms than their population share would suggest.

The report presents data on employer firms by owner group, with minority-owned firms defined as those with at least 51% minority ownership by race and ethnicity. Groups include non-minority-owned (White non-Hispanic)[11], Asian-owned, Hispanic-owned, Black/African-American-owned, American Indian/Alaska Native-owned, Native Hawaiian/Pacific Islander-owned, equally minority/non-minority-owned, and minority-owned firms (all firms not majority-owned by non-Hispanic Whites). Because the U.S. Census Bureau collects race and Hispanic ethnicity through separate questions, some ownership categories may overlap. For example, a business owner may identify as both Hispanic and a racial minority. As a result, the totals for individual racial and ethnic owner groups should not be summed, as it may result in double counting.[12] Throughout this report, the Census Bureau's owner group definitions are used consistently. Race and ethnicity categories in the Annual Business Survey are self-reported by respondents and follow Census Bureau standards. The ACS denominators and ABS ownership categories are based on the same Census Bureau race and ethnicity framework derived from Office of Management and Budget (OMB) standards and are therefore broadly comparable. In both surveys, Hispanic or Latino origin is treated as an ethnicity rather than a race and may overlap with racial classifications. To improve comparability and minimize overlap, ACS population denominators were drawn from the non-Hispanic race categories in Table DP05 wherever possible. While the ABS reports a separate Hispanic-owned business category, some ABS racial ownership categories may include individuals who also identify as Hispanic. Accordingly, representation ratios should be interpreted as comparable measures of representation rather than exact one-to-one matches across all racial and ethnic classifications.[13] See Appendix C for additional methodological details.[14]

At the national level, compared to their share of the population, non-Hispanic Whites are overrepresented as business owners (58.2% of the population and 73.7% of businesses), while minority-owned businesses comprise 24.6% of all employer firms and 37.4% of the population. Asians made up 12.0% of businesses and 5.7% of the population. Hispanic and Black residents are under-represented as business owners, comprising 8.7% and 3.5% of employer businesses but making up 19.0% and 12.0% of the population in 2023. Native American and Native Hawaiian firms comprise a small percentage of both the overall and business population.

The Business Ownership Representation Ratio is obtained by dividing each owner group's share of businesses by their share of the population. This measure highlights differences in business ownership representation relative to population size, with values above 1.0 indicating ownership above their population share for specific owner groups and values below 1.0 suggesting ownership below their population share. For

[11] Hereafter, in the text, the groups will be referred to as White-owned, Black-owned, Hispanic-owned, American Indian-owned, Native Hawaiian-owned, equally minority/non-minority-owned, and minority-owned firms. In tables and figures, these will retain the official category names from their sources except for White, non-Hispanic, which is referred to as non-minority by the U.S. Census Bureau. These are based on self-reported racial and ethnic classifications.

[12] In the tables in the following pages, note that minority-owned is not the sum of all minority group as there may be overlap between Hispanic-owned businesses and other minority-owned businesses identifying with minority racial groups. Also note that adding all values will not produce the total number of firms, payroll, employment, and sales/revenue, as the totals are provided by the U.S. Census Bureau and generally reflect the sum of minority-owned, non-minority-owned/White-owned, and equally minority/non-minority owned firms.

[13] U.S. Census Bureau, "Hispanic or Latino Origin," *American Community Survey*.

[14] U.S. Census Bureau, "*Race & Ethnicity One-Pager*."

example, the Asian community is overrepresented in business ownership with a score of 2.11. See Table 1.[15]

Another measure of business success is the growth in the number of employer firms. These firms represent business ideas that evolved into revenue-generating businesses, creating local employment opportunities. Although business ownership disparities persist, minority-owned employer firms have grown 33.6% nationwide since 2018. In fact, the data point to a strong growth trajectory in the total number of Black and Hispanic-owned firms. Furthermore, the number of Black-owned firms increased by 61.3% from 2018 to 2023, or 76,334 new businesses. Hispanic-owned firms increased by 49.5%, or 164,197 new businesses. American Indian firms experienced a growth of 125.6% from 2018 to 2023. Figure 1 shows the year-over-year growth in employer businesses from 2018 to 2023 and points to the number of White-owned firms decreasing in most years, while Hispanic- and Black-owned firms grew each year, with the sharpest increases from 2021 to 2022.

One measure of the growing entrepreneurial potential is the compound annual growth rate across four metrics: total number of firms, total employment, total payroll, and total sales and revenue. Compound Annual Growth Rate (CAGR) is the average annual growth rate over a specific time frame, from the beginning to the end; in this case, in the number of employer firms, from 2018 to 2023. The CAGR shows strong growth in American Indian businesses (although they account for 1.0% of all businesses, they had a CAGR of 17.7%) and steady growth in Hispanic-owned (8.4%) and Black-owned businesses (10.0%). These trends highlight the expanding role of minority-owned businesses as drivers of entrepreneurship, job creation, and economic opportunity in the United States.

Table 1: Racial and Ethnic Composition of Overall Population and Ownership of Firms in the USA, 2023

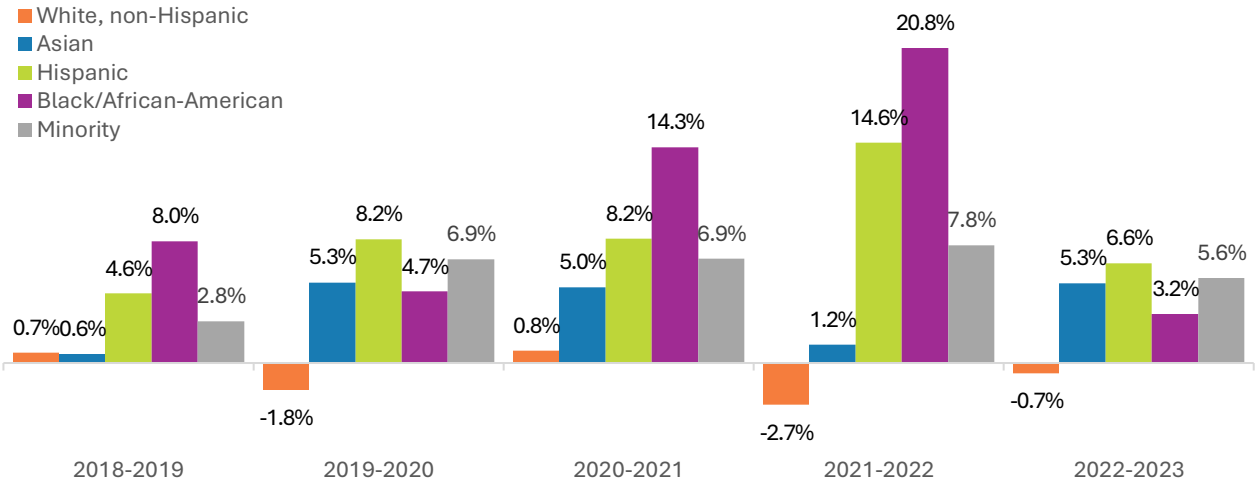
Owner Group	# of Employer Firms	Percent of Businesses	% of Population	Business Ownership Representation Ratio
All Firms	5,703,068	100.0%		
White, non-Hispanic	4,202,325	73.69%	58.20%	1.27
Asian	684,916	12.01%	5.70%	2.11
Hispanic	495,822	8.69%	19.00%	0.46
Black/African-American	200,885	3.52%	12.00%	0.29
American Indian/ Alaska Native	55,118	0.97%	0.50%	1.93
Native Hawaiian/ Pacific Islander	9,413	0.17%	0.20%	0.83
Minority *	1,400,775	24.56%	37.40%	0.66

*Values for minority-owned businesses have been calculated by the U.S. Census Bureau. These values are lower than the value obtained by adding the different minority owner groups, as values for Hispanic businesses may include Black and other minority owned businesses that are also Hispanic-owned.

**This value refers to the sum of the percentages of these minority groups, not all minority-owned groups in the United States. This excludes some other race alone and two or more races.

Source: U.S. Census Bureau, Annual Business Survey, 2023; 2023 American Community Survey, 5-Year Estimates

Figure 1: Year-over-Year Growth in Total Employer Firms by Race and Ethnicity in USA, 2018-2023



Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

[15] Throughout the report, the figures will show data for the four major racial and ethnic groups, but the narrative will make references to the groups not displayed. Tables present data for all groups.

Small and minority-owned businesses contribute to the economy by generating revenue and creating employment opportunities in communities across the country. Table 2 shows that employer firms accounted for 66,104,936 jobs in 2023. White-owned businesses were the largest employers in 2023 (81.2%, or 53,670,413 jobs), while Asian firms accounted for 8.4%, followed by Hispanic-owned firms (5.8%) and Black-owned businesses (2.8%). American Indian and Native Hawaiian firms accounted for less than one percent each of employment in 2023. Overall, the findings highlight the increasing role of minority-owned businesses as job creators in the U.S. economy from 2018 to 2023, with a compound annual growth rate of 4.0% and rates varying by owner groups. Hispanic-owned and Black-owned businesses had compound annual growth rates of 5.2% and 9.4%, respectively. American Indian firms had a rate of 12.7%.

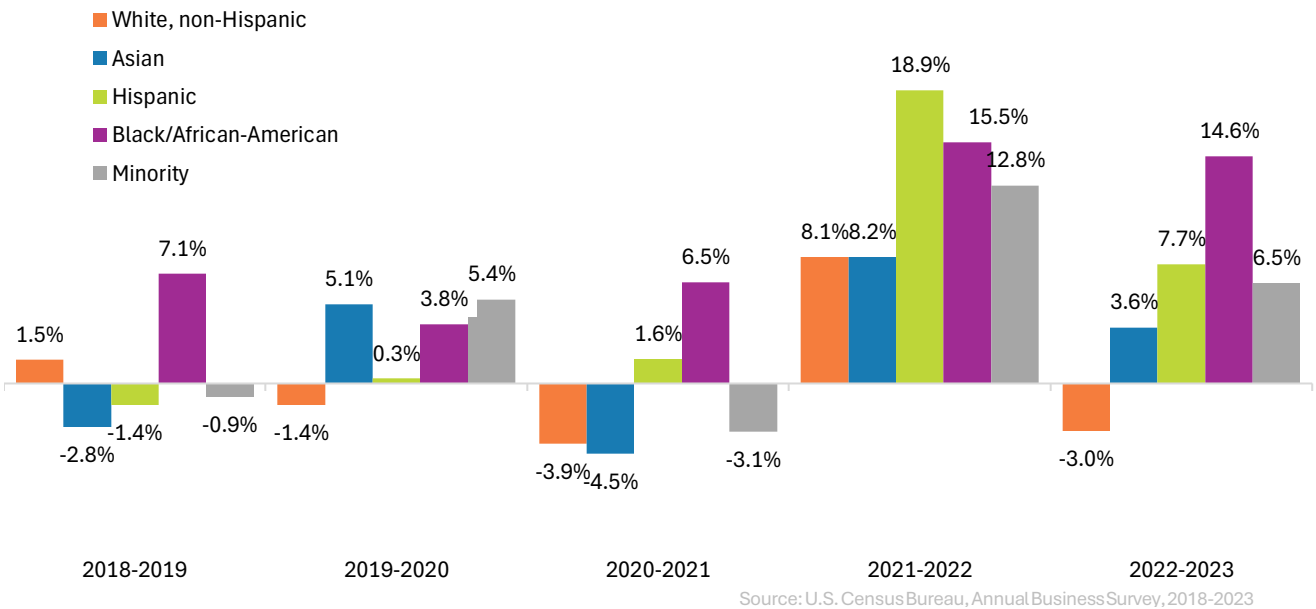
Table 2: Total Employment by Race and Ethnicity in USA (2023) and Compound Annual Growth Rates (2018-2023)

Owner Group	Total Employment	Percent of Employment	Compound Annual Growth Rate (CAGR)
All Firms	66,104,936	100.0%	0.8%
White, non-Hispanic	53,670,413	81.2%	0.2%
Asian	5,561,777	8.4%	1.8%
Hispanic	3,822,895	5.8%	5.2%
Black/African-American	1,864,727	2.8%	9.4%
American Indian/Alaska Native	363,505	0.5%	12.7%
Native Hawaiian/Pacific Islander	62,528	0.1%	2.8%
Equally minority/non-minority	968,806	1.5%	2.8%
Minority	11,465,716	17.3%	4.0%

Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

Beyond their employment share, it is important to examine job growth over time to understand employment trends, particularly the impact of the COVID-19 pandemic on employers. Figure 2 presents the year-over-year growth in employment by the race and ethnicity of business owners. Prior to the COVID-19 pandemic, employment increased by 1.2% overall and by 7.1% for Black-owned firms (Figure 2). During the pandemic, overall employment fell by 3.7%, while employment in minority-owned businesses, especially in Hispanic-owned and Black-owned firms, continued to grow.

Figure 2: Year-over-Year Growth in Total Employment in Employer Firms by Race and Ethnicity in USA, 2018-2023



Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

The total annual payroll is an essential metric of economic impact, reflecting the salaries and wages employer firms pay to their employees. Businesses with higher payrolls contribute more directly to household income, consumer spending, and local economic activity. Understanding the share of payroll generated by different owner groups provides insight into their contribution as employers and their support of workers and communities. Growth in payroll among minority-owned businesses indicates expanding business activity and an increasing capacity to create jobs, raise earnings, and contribute to economic growth. Table 3 presents total payroll for each owner group in billions for simplicity, rather than the raw figure or in trillions, since minority-owned firms and each respective group in that categorization generated payroll in the billions. White-owned businesses made up the largest share of total annual payroll in 2023 (85.0% or $3,097.2 billion), while Asian firms accounted for 6.9%, followed by Hispanic-owned firms (4.4%) and Black-owned businesses (1.9%). Minority-owned businesses recorded strong payroll growth from 2018 to 2023 with a compound annual growth rate of 8.8%, exceeding the compound annual growth rate for all employer firms of 5.4%. Hispanic-owned and Black-owned firms had compound annual growth rates of 9.6% and 13.6%, respectively. American Indian firms, while a smaller share of all employer businesses, experienced increased growth, with a 14.7% compound annual growth rate in payroll.[16]

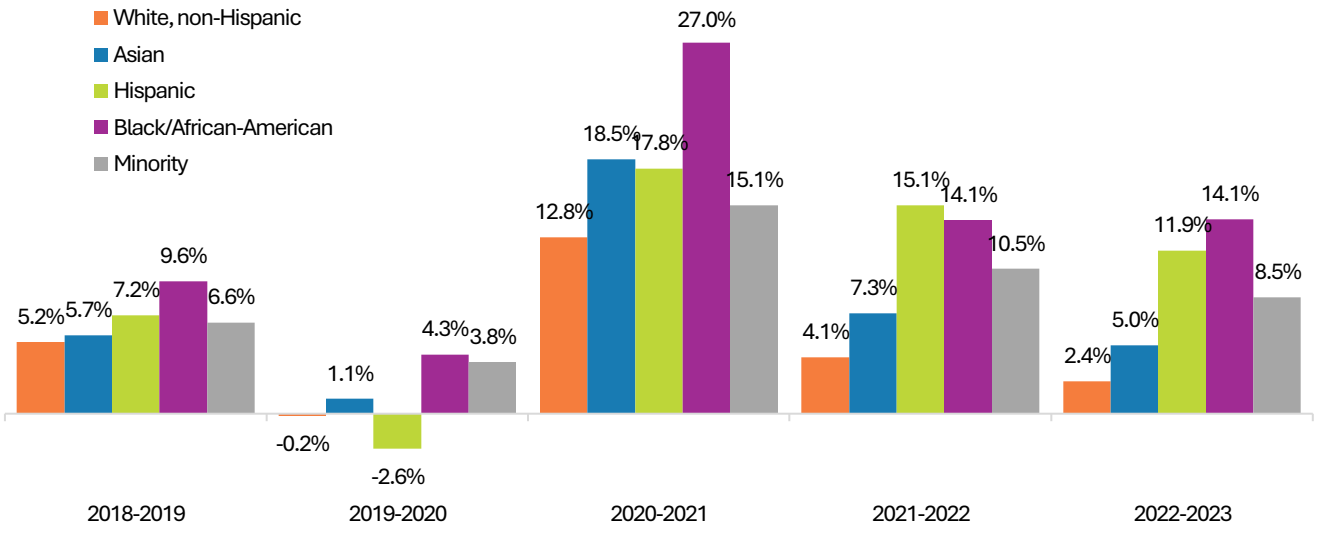
Figure 3 shows the year-over-year growth rate in total annual payroll in employer firms by the race and ethnicity of owners. **In terms of year-over-year growth, the largest increase in total annual payroll occurred between 2020 and 2021,** as businesses recovered from the COVID-19 pandemic. From 2020 to 2021, the highest growth was for Black-owned firms (27.0%), while the lowest was for White-owned firms (12.8%).

Table 3: Total Payroll by Race and Ethnicity in USA (2023) and Compound Annual Growth Rate (2018-2023)

Owner Group	Total Payroll ($Billions)	Percent of Payroll	Compound Annual Growth Rate (CAGR)
All Firms	$3,644.5	100.0%	5.4%
White, non-Hispanic	$3,097.2	85.0%	4.8%
Asian	$250.7	6.9%	7.4%
Hispanic	$160.2	4.4%	9.6%
Black/African American	$69.8	1.9%	13.6%
American Indian/Alaska Native	$16.4	0.4%	14.7%
Native Hawaiian/Pacific Islander	$3.1	0.1%	7.7%
Equally minority/Non-minority	$54.0	1.5%	9.7%
Minority	$493.4	13.5%	8.8%

Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

Figure 3: Year-over-Year Growth in Total Payroll ($1,000) by Race and Ethnicity in USA, 2018-2023



Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

[16] The U.S. Census Bureau reports total payroll and revenue in thousands of dollars. To present these amounts in billions, the reported values were divided by 1,000,000. Because the converted values are rounded, they may differ slightly from calculations based on unrounded source data.

Table 4 shows that employer businesses generate economic activity, contributing approximately $18.6 trillion ($18,553.1 billion) in revenue in 2023. White-owned firms had the largest share of revenues (86.9%, or $16.1 trillion/$16,126.4 billion), followed by Asian-owned firms (6.4%), Hispanic-owned firms (3.9%), and Black-owned firms (1.3%). Analyzing revenue by owner group provides insight into the economic scale and impact of different business communities. From 2018 to 2023, the compound annual growth rate was 8.4% for minority-owned businesses, higher than overall firms (5.3%). Compound annual revenue growth rates among Hispanic-owned and Black-owned businesses were higher at 9.9% and 14.2%, respectively.

Figure 4 shows the year-over-year growth rates of total sales and revenue for businesses by the race and ethnicity of owners and points to slow growth prior to the pandemic and then strong annual growth in the revenue of minority-owned businesses, particularly from 2020 to 2021, with Black-owned firms increasing their sales and revenue by 29.9% from 2020 to 2021.

Table 5 displays the variation in the compound annual growth rates for these metrics for all firms and by the race and ethnicity of owners. The data shows that minority businesses underwent growth in all four metrics, with high compound annual growth rates for American Indian-owned (17.7% compound annual growth rate in the number of employer firms), Black-owned (14.2% compound annual growth rate in revenue), and Hispanic-owned firms (9.9% compound annual growth in revenue).

Table 4: Total Sales and Revenue by Race and Ethnicity in USA (2023) and Compound Annual Growth Rate (CAGR), 2018-2023

Owner Group	Total Sales and Revenue ($Billions)	Percent of Revenue	CAGR (2018-2023)
All Firms	$18,553.1	100.0%	5.3%
White, non-Hispanic	$16,126.4	86.9%	4.8%
Asian	$1,194.4	6.4%	6.7%
Hispanic	$730.3	3.9%	9.9%
Black/African American	$249.0	1.3%	14.2%
American Indian/Alaska Native	$70.8	0.4%	16.0%
Native Hawaiian/Pacific Islander	$13.1	0.1%	3.3%
Equally minority/non-minority	$208.0	1.1%	9.2%
Minority	$2,218.8	12.0%	8.4%

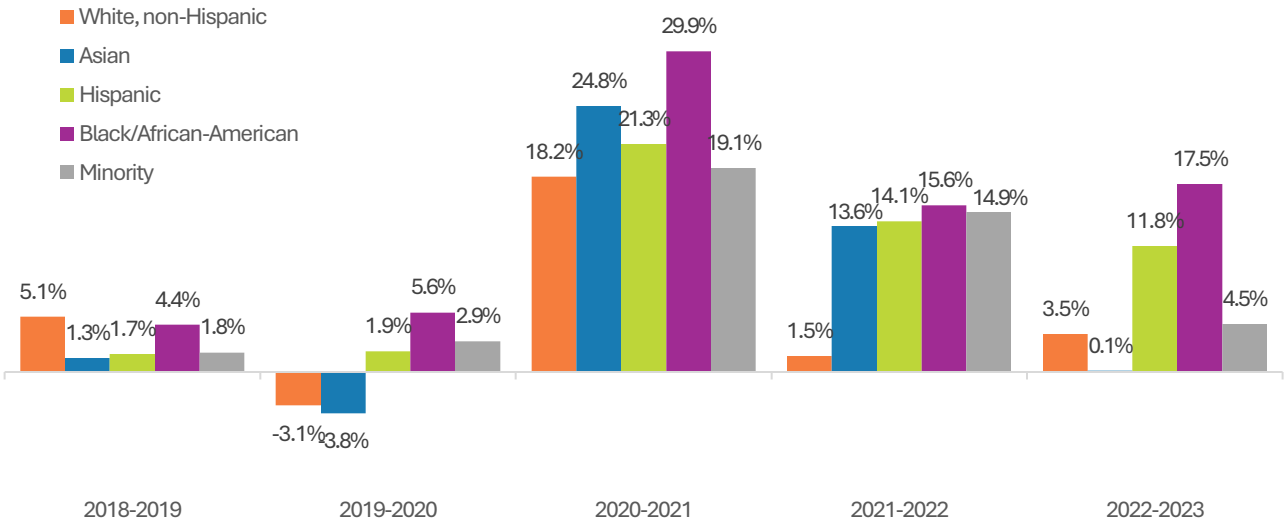
Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

Table 5: Compound Annual Growth Rates per Firm by Race and Ethnicity in USA, 2018-2023

Owner Group	Count	Employees	Payroll	Sales and Revenue
All Firms	0.7%	0.8%	5.4%	5.3%
White, non-Hispanic	-0.8%	0.2%	4.8%	4.8%
Asian	3.5%	1.8%	7.4%	6.7%
Hispanic	8.4%	5.2%	9.6%	9.9%
Black/African-American	10.0%	9.4%	13.6%	14.2%
American Indian/Alaska Native	17.7%	12.7%	14.7%	16.0%
Native Hawaiian/Pacific Islander	7.2%	2.8%	7.7%	3.3%
Equally minority/non-minority	2.9%	2.8%	9.7%	9.2%
Minority	6.0%	4.0%	8.8%	8.4%

Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

Figure 4: Year-over-Year Growth in Total Sales and Revenue ($1,000) by Race and Ethnicity in USA, 2018-2023



Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

From Business Formation to Business Scale

The growth in minority business ownership represents meaningful progress. More minority entrepreneurs are building employer businesses, creating jobs, generating payroll, and contributing to the American economy than at any previous point measured in this report. That growth should be recognized and celebrated. But business formation is not the finish line. The number of firms tells us how widely entrepreneurship is taking root. It does not, by itself, tell us whether those businesses have the resources and opportunities to grow. A business may enter the marketplace but remain unable to secure sufficient capital, reach major customers, compete for larger contracts, invest in technology, expand its workforce, or enter new markets. Ownership creates the possibility of economic impact; scale determines how fully that possibility is realized.

The data reveal that minority-owned employer firms are growing faster than the broader market, yet their shares of employment, payroll, and revenue remain considerably smaller than their share of employer businesses. This is the central tension of the research: **growth in the number of minority-owned firms has not yet translated into proportional economic scale.**

That gap should not be interpreted as evidence of a lack of entrepreneurial ambition, market demand, or business capability. In many respects, the rapid growth documented in this report demonstrates the opposite. The more important question is whether a growing base of minority-owned businesses can convert that entrepreneurial momentum into larger enterprises, greater employment, and sustained participation as major suppliers. Too many businesses still encounter barriers to capital, customers, consequential contracts, technology, networks, and other resources necessary to achieve scale. Removing those barriers does more than create opportunity for individual businesses. It expands competition, strengthens supply chains, increases supplier choice, and allows more of America's productive capacity to contribute to economic growth.

The next phase of America's minority business-development agenda must extend beyond increasing the number of businesses and focus on increasing the number of businesses capable of moving through every growth stage—from startup to employer firm, from employer firm to established business, and from established business to scaled national and global competitor. Business creation expands participation in the economy. Business scale expands the economy.

Kauffman Foundation research reinforces the distinction between business formation and scale. Its 2025 national entrepreneurship indicators show that Latino and Black adults entered entrepreneurship at higher monthly rates than White adults, while immigrants became entrepreneurs at twice the rate of native-born Americans. These findings show that America does not lack entrepreneurial activity among historically underserved communities. The challenge is ensuring that more new businesses survive, become employers, and develop the capacity to achieve scale.[17]

Firm-Level Metrics

Average firm-level metrics show the impact of differences in business size. Firm size, payroll, revenue, and productivity provide insight into the scale at which businesses operate and generate activity. While prior sections focused on the rapid growth of minority-owned businesses, firm-level averages help assess how these businesses compare size and economic capacity.[18] Table 6 displays firm-level metrics: average size, average payroll, and average sales and revenue. In

Table 6: Firm-Level Performance Metrics by Race and Ethnicity in USA, 2023

Owner Group	Average Firm Size	Average Payroll per Firm	Average Sales and Revenue per Firm
All Firms	11.6	$639,046	$3,253,179
White, non-Hispanic	12.8	$737,015	$3,837,488
Asian	8.1	$366,100	$1,743,901
Hispanic	7.7	$323,186	$1,472,853
Black/African American	9.3	$347,695	$1,239,344
American Indian/Alaska Native	6.6	$297,050	$1,284,905
Native Hawaiian/Pacific Islander	6.6	$327,274	$1,396,041
Equally minority/non-minority	9.7	$539,754	$2,080,300
Minority	8.2	$352,226	$1,583,955

Source: U.S. Census Bureau, Annual Business Survey, 2023

[17] Robert Fairlie, *National Report on Early-Stage Entrepreneurship in the United States: 2025*, Ewing Marion Kauffman Foundation, 2026.

[18] Because the U.S. Census Bureau reports payroll and sales and revenue in thousands of dollars, the figures were converted to dollars before calculating per-firm and per-employee averages. The resulting averages may differ slightly from calculations based on unrounded source data.

2023, employer businesses were generally small, averaging 11.6 employees. White-owned businesses were slightly larger than other groups (12.8 employees compared to 8.2 for minority-owned firms).

Table 7 shows that the average size of all firms decreased in certain years: 2019-2020, 2020-2021, and 2022-2023. White-owned firms experienced their largest decrease from 2020 to 2021 (-4.6%), while the average size of Black-owned firms decreased by 6.8% over the same period.

Average revenue per firm provides insight into the scale, market reach, and economic capacity of businesses. Average revenues on a per-firm basis show differences in business performance while accounting for differences in the number of firms across groups. In 2023, the average revenue per firm was $3,253,179, with the highest average revenue values for White-owned firms ($3,837,488), compared to $1,583,955 for minority-owned businesses overall. The average revenue for White-owned firms was 3.1 times higher than that for Black-owned firms ($1,239,344) and 2.6 times higher than that for Hispanic-owned firms ($1,472,853).

From 2018 to 2023, the average revenue per firm grew by 24.6% across all businesses, with the highest growth among equally minority/non-minority (34.4%), White-owned (31.4%), and Black-owned firms (20.6%). Table 8 shows decreases for almost all groups from 2019 to 2020 and increases the following year. Asian-owned businesses had the highest growth from 2020 to 2021 of the four largest racial and ethnic groups (18.8%).

Average payroll per firm provides insight into the scale of business operations and resources to support employees. Studying payroll on a per-firm basis helps account for differences in the number of businesses across owner groups and provides a clearer picture of business capacity. The average payroll per firm varied based on the race and ethnicity of the firm's owners. In 2023, the highest average payroll was for White-owned firms ($737,015), while minority-owned firms had an average payroll of $352,226. Notably, equally minority/non-minority firms ($539,754) had higher average payroll levels than minority-owned firms, including Asian-owned firms ($366,100). Figure 5 shows that growth rates decreased for all except White-owned firms from 2019 to 2020. The year-over-year growth remained positive for the four largest racial/ethnic groups from 2020 to 2023. The two exceptions are for Black-owned businesses, which experienced decreased growth from 2021 to 2022, and Asian-owned firms, which decreased by 0.3% from 2022 to 2023.

Table 7: Year-over-Year Growth in Average Firm Size by Race and Ethnicity in USA, 2018-2023

Owner Group	2018-19	2019-20	2020-21	2021-22	2022-23
All Firms	0.1%	-0.4%	-5.6%	9.3%	-2.3%
White, non-Hispanic	0.8%	0.4%	-4.6%	11.2%	-2.4%
Asian	-3.4%	-0.2%	-9.1%	6.9%	-1.6%
Hispanic	-5.7%	-7.3%	-6.1%	3.8%	1.0%
Black/African American	-0.9%	-0.9%	-6.8%	-4.4%	11.0%
American Indian/ Alaska Native	0.7%	-26.9%	5.1%	10.6%	-5.9%
Native Hawaiian/ Pacific Islander	-13.5%	-3.7%	-6.1%	12.5%	-7.8%
Equally minority/ non-minority	0.2%	-4.4%	0.1%	7.7%	-3.6%
Minority	-3.6%	-1.4%	-9.4%	4.6%	0.8%

Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

Average Revenue Change by Owner Group, 2018-2023

+34.4% Equally minority/non-minority

+31.4% White, non-Hispanic

+20.6% Black/African American

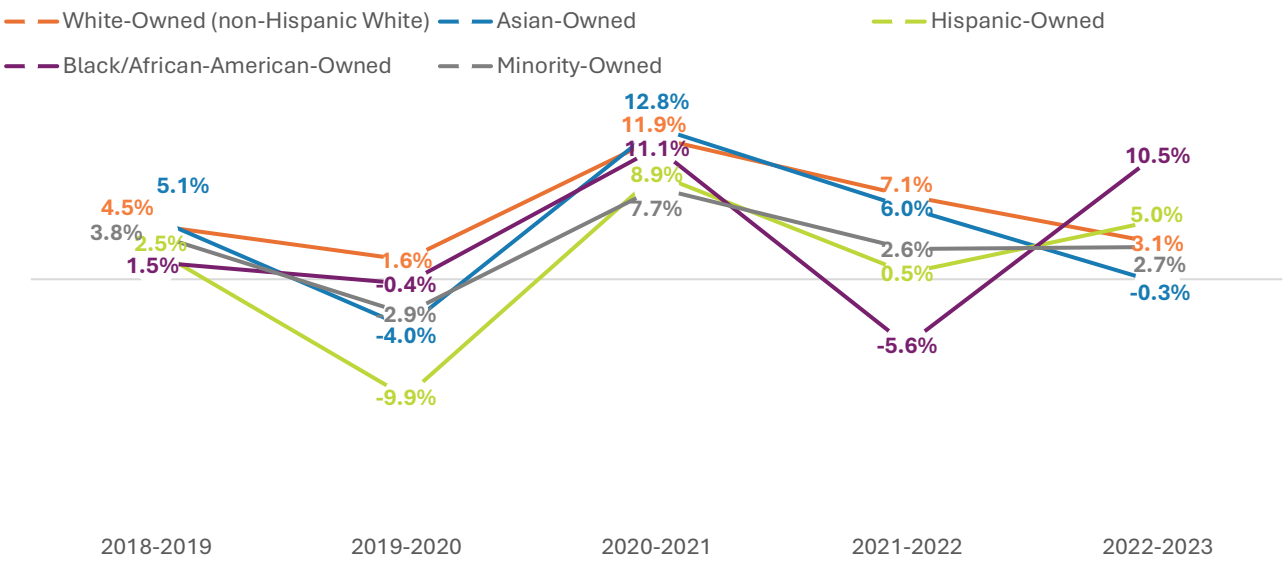
+7.2% Hispanic

Table 8: Year-over-Year Growth in Average Revenue Per Firm by Race and Ethnicity in USA, 2018-2023

Owner Group	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
All Firms	3.6%	-2.6%	16.0%	3.6%	2.7%
White, non-Hispanic	4.4%	-1.4%	17.3%	4.4%	4.2%
Asian	0.7%	-8.7%	18.8%	12.3%	-4.9%
Hispanic	-2.8%	-5.8%	12.1%	-0.4%	4.9%
Black/African American	-3.4%	0.8%	13.7%	-4.4%	13.8%
American Indian/ Alaska Native	-0.5%	-28.5%	14.0%	47.6%	-22.2%
Native Hawaiian/ Pacific Islander	-31.1%	-13.7%	25.8%	14.8%	-3.1%
Equally minority/ non-minority	-0.1%	-9.5%	29.0%	22.6%	-5.9%
Minority	-0.9%	-3.8%	11.4%	6.6%	-1.1%

Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

Figure 5: Year-over-Year Growth in Average Payroll per Firm by Race and Ethnicity in USA, 2018-2023



Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

Per Employee Metrics

Performance metrics, including average payroll and average sales and revenue, should be assessed at the employee level to understand differences among owner groups in terms of employee count. The average payroll per employee is a key indicator of worker earnings, labor investment, and economic value of businesses. Table 9 displays employee-level performance metrics. In 2023, the overall average payroll per employee was $55,132. These levels were higher for White-owned firms ($57,707) than minority-owned businesses ($43,032) and equally minority/non-minority-owned firms ($55,695). Black-owned firms had the lowest average payroll per employee at $37,457. As such, the average payroll per employee was 1.5 times higher for White-owned than Black-owned businesses.

Table 10 shows that payroll per employee decreased for minority-owned businesses from 2019 to 2020, then increased from 2020 to 2021 (18.8%). During this five-year period, the greatest year-over-year growth for all firms occurred immediately after the pandemic, from 2020 to 2021 (17.6%), with Asian-owned firms experiencing the largest increases in average payroll per employee (24.1%) that year. These trends suggest that businesses across owner groups increased compensation levels during the economic recovery, reflecting strengthening labor markets and growing investment in workers.

Table 9: Per Employee Performance Metrics by Race and Ethnicity in the USA, 2023

Owner Group	Average Payroll per Employee	Average Sales and Revenue per Employee
All Firms	$55,132	$280,661
White, non-Hispanic	$57,707	$300,470
Asian	$45,084	$214,756
Hispanic	$41,917	$191,026
Black/African American	$37,457	$133,513
American Indian/Alaska Native	$45,042	$194,829
Native Hawaiian/Pacific Islander	$49,268	$210,161
Equally minority/non-minority	$55,695	$214,660
Minority	$43,032	$193,513

Source: U.S. Census Bureau, Annual Business Survey, 2023

Table 10: Year-over-Year Growth in Average Payroll per Employee by Race and Ethnicity in USA, 2018-2023

Owner Group	2018-19	2019-20	2020-21	2021-22	2022-23
All Firms	4.1%	0.6%	17.6%	-3.6%	4.9%
White, non-Hispanic	3.7%	1.2%	17.4%	-3.7%	5.6%
Asian	8.8%	-3.8%	24.1%	-0.8%	1.3%
Hispanic	8.7%	-2.9%	16.0%	-3.2%	3.9%
Black/African American	2.4%	0.5%	19.2%	-1.2%	-0.5%
American Indian/ Alaska Native	-2.1%	-2.2%	6.8%	4.3%	2.7%
Native Hawaiian/ Pacific Islander	-5.0%	3.5%	23.3%	-1.4%	5.5%
Equally minority/ non-minority	1.2%	-2.2%	20.6%	1.9%	13.8%
Minority	7.6%	-1.6%	18.8%	-2.0%	1.9%

Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

Average revenue per employee is a key measure of business productivity because it reflects the amount of revenue generated by each worker. Higher revenues per employee generally indicate greater operational efficiency, stronger market performance, and greater capacity to generate economic value. The average revenue per employee was $280,661 for all businesses and varied by the race/ethnicity of owners in 2023. Average revenues per employee were higher at White-owned ($300,470), than at minority-owned firms overall ($193,513). The revenues at White-owned firms were 2.3 times the average revenue per employee in Black-owned firms ($133,513).

Table 11 shows that the year-over-year growth in revenue per employee fell from 2019 to 2020 across most groups, then increased the following year as businesses adapted and economic activity recovered from the pandemic. These trends highlight both the resilience of U.S. businesses and the opportunities that remain to strengthen the productivity and economic capacity of minority-owned businesses.

Table 11: Year-over-Year Growth in Average Revenue Per Employee by Race and Ethnicity in USA, 2018-2023

Owner Group	2018-19	2019-20	2020-21	2021-22	2022-23
All Firms	3.5%	-2.2%	23.0%	-5.2%	5.1%
White, non-Hispanic	3.6%	-1.8%	23.0%	-6.1%	6.8%
Asian	4.2%	-8.5%	30.7%	5.1%	-3.4%
Hispanic	3.1%	1.6%	19.4%	-4.1%	3.8%
Black/African American	-2.5%	1.7%	22.0%	0.0%	2.5%
American Indian/ Alaska Native	-1.1%	-2.1%	8.4%	33.5%	-17.3%
Native Hawaiian/ Pacific Islander	-20.4%	-10.4%	34.0%	2.0%	5.0%
Equally minority/ non-minority	-0.3%	-5.4%	28.9%	13.9%	-2.5%
Minority	2.7%	-2.4%	22.9%	1.9%	-1.9%

Source: U.S. Census Bureau, Annual Business Survey, 2018-2023

Firm-Level Metrics by Ethnicity

Because the Annual Business Survey collects race and ethnicity separately, it is important to examine business characteristics by race and ethnicity. While prior analysis explored differences among racial owner groups, including Hispanic, the analysis by ethnicity provides a more detailed understanding of the performance and scale of Hispanic-owned businesses. This distinction is important because individuals may identify with any racial group while also identifying as Hispanic. Additionally, the analysis helps clarify if equally Hispanic/non-Hispanic-owned businesses outperformed Hispanic-owned firms.

Table 12 shows that in 2023, non-Hispanic and equally Hispanic/non-Hispanic firms outperformed Hispanic-owned businesses in areas such as average firm size. The average firm size was smallest for Hispanic-owned firms (7.7 compared to 12.0 for non-Hispanic firms). Non-Hispanic businesses also had higher average payroll per firm ($672,025 for non-Hispanic firms vs. $323,186 for Hispanic firms). Non-Hispanic-owned businesses outperformed all other owner groups in average revenue per firm ($3,440,776 for non-Hispanic-owned firms vs. $1,472,853 for Hispanic-owned firms). This is 2.3 times the average revenue per firm for Hispanic-owned firms.

Table 12: Firm-Level Performance Metrics by Ethnicity in USA, 2023

Owner Group	Average Firm Size	Average Payroll per Firm	Average Sales and Revenue per Firm
All Firms	11.6	$639,046	$3,253,179
Hispanic	7.7	$323,186	$1,472,853
Equally Hispanic/ non-Hispanic	8.9	$406,895	$1,790,124
Non-Hispanic	12.0	$672,025	$3,440,776

Source: U.S. Census Bureau, Annual Business Survey, 2023

Per Employee Metrics by Ethnicity

Table 13 shows that non-Hispanic-owned firms had a higher average payroll per employee ($56,027 for non-Hispanic-owned firms vs. $41,917 for Hispanic-owned firms). The average revenue per employee was highest for non-Hispanic firms ($286,861 for non-Hispanic-owned firms compared to $191,026 for Hispanic-owned firms).

Table 13: Per Employee Performance Metrics by Ethnicity in USA, 2023

Owner Group	Average Payroll per Employee	Average Sales and Revenue per Employee
All Firms	$55,132	$280,661
Hispanic	$41,917	$191,026
Equally Hispanic/non-Hispanic	$45,741	$201,235
Non-Hispanic	$56,027	$286,861

Source: U.S. Census Bureau, Annual Business Survey, 2023

The Economic Opportunity Hidden in the Scale Gap

The differences documented in this report should not be viewed solely as measures of disparity. They also reveal the scale of an economic opportunity that America has yet to fully realize.

Minority-owned employer firms are growing rapidly, but their average revenue remains substantially below the average for all U.S. employer firms. That difference affects more than individual business owners. It represents jobs that have not yet been created, payroll that has not yet reached American households, investments that have not yet strengthened communities, and productive capacity that has not yet been fully incorporated into the national economy.

This report uses two separate benchmarking approaches to illustrate the magnitude of that unrealized potential. The first asks what could occur if minority-owned employer firms generated the same average revenue per firm as all U.S. employer firms. Under that scenario, minority-owned businesses could generate approximately $2.3 trillion in additional annual revenue. The second examines revenue relative to employment. It estimates that minority-owned employer firms could generate approximately $999.2 billion in additional annual revenue if their average revenue per employee matched the average across all U.S. employer firms.

These estimates measure the opportunity from two different perspectives. They are not forecasts, guarantees, or amounts that should be added together. Each is an illustrative benchmark intended to show how differences in business scale and revenue performance translate into unrealized economic activity.

Even with those qualifications, the conclusion is significant: the gap documented in this report is not merely evidence of what minority-owned businesses currently generate. It illustrates the scale of economic activity that remains potentially unrealized.

Closing that gap will not occur by asking minority entrepreneurs to work harder, take greater risks, or overcome structural barriers on their own. It will require coordinated action to connect businesses to the customers, capital, technology, talent, and strategic relationships that make sustained growth possible. It will also require corporations, financial institutions, investors, government agencies, and business-development organizations to examine whether their systems are creating pathways to consequential opportunities—or unintentionally preserving barriers to scale.

The $2.3 trillion opportunity should therefore be understood not as a promise of automatic growth, but as a measure of national economic possibility. Unlocking even a portion of that potential would strengthen supply chains, increase competition, create jobs, expand payroll, support community wealth, and generate new sources of American productivity and prosperity.

Minority business development is not simply about distributing existing opportunities more broadly. It is about creating economic value that does not yet exist.

Unlocking Minority Business Potential

The data presented in this report demonstrate that minority-owned businesses already make substantial contributions to the national economy. They also reveal significant differences in average revenue and payroll between minority-owned firms and the broader population of U.S. employer firms. Examining those differences provides one way to illustrate the additional economic activity that could be generated if minority-owned businesses achieved greater scale. The first two calculations use firm-level benchmarks.

The opportunity gaps presented in this study are based on differences in average firm performance rather than differences in aggregate business activity. Using data from the U.S. Census Bureau's ABS for employer firms that indicated the race and ethnicity of owners, revenue and payroll values reported in thousands of dollars were first converted into dollar amounts and used to calculate average revenue per firm, average payroll per firm, and average revenue per employee for each owner group. These averages were then compared with the corresponding averages for all U.S. employer firms that provided owner group information to determine the per-unit gap. The resulting gap was multiplied by the number of firms or employees within each owner group to estimate the scale of unrealized economic activity associated with closing the performance gap. For example, average revenue per minority-owned firm in 2023 was obtained by converting the total sales/revenue in 2023 ($2,218,764,928) from thousands to dollar values (multiplying x 1000) and dividing by the number of minority-owned firms (1,400,775). This gives $1,583,955, compared with

$3,253,179 across all employer firms. Multiplying that difference—$1,669,224 by 1,400,775 minority-owned employer firms produces an illustrative firm-level revenue opportunity of approximately $2.3 trillion.

These estimates are illustrative benchmarks, not forecasts or projections. They assume that firms within each owner group could achieve the average performance levels observed across all U.S. employer firms while the number of firms and employees remained unchanged. The calculations do not control for differences in industry composition, geography, firm age, access to capital, or other factors that may affect business performance. They should therefore be understood as measures of the economic opportunity associated with narrowing existing gaps—not as predictions of future results. The third calculation uses an employee-level benchmark or employee productivity. It compares average revenue per employee for each owner group with average revenue per employee across all U.S. employer firms.

That difference is then multiplied by the number of employees working for firms in the owner group. This calculation estimates the additional revenue associated with closing the revenue-per-employee gap. The findings reveal a substantial national economic opportunity. Using the firm-level benchmarks, minority-owned businesses could generate approximately $2.3 trillion in additional annual revenue and $401.8 billion in additional annual payroll. Using the separate employee-level benchmark, they could generate approximately $999.2 billion in additional annual revenue if their average revenue per employee matched the average across all U.S. employer firms.

These calculations measure the opportunity from different perspectives and should not be summed. The firm-level revenue calculation examines differences in average revenue per business, while the employee-level calculation examines differences in average revenue generated per worker. Together, they reinforce a central theme of this report: minority-owned businesses contribute substantially to the economy, but expanding their scale and performance could unlock significantly greater economic activity. Table 14 presents the corresponding estimates for each owner group.

Although relying on different metrics from those used in this report, MBDA has analyzed the economic opportunity associated with expanding minority business participation in the economy. In Calculating Parity of Minority Business Enterprises and the Expansion of the U.S. Economy, MBDA found that if minority groups reached parity, meaning if the number of businesses, gross receipts, and employment of a minority group equaled its share of the U.S. adult population, the economy would benefit in terms of output, employment, and entrepreneurship. Improving these firms' performance would benefit individuals, communities, and overall economic growth, and create millions of additional jobs. The opportunity estimates in this report similarly illustrate the potential economic value associated with expanding the scale and performance of minority-owned businesses.[19]

Firm-Level Revenue Opportunity Potential

$2.34 trillion	Minority-owned
$1.03 trillion	Asian
$882.7 billion	Hispanic
$404.5 billion	Black/African American

Table 14: Revenue Opportunity from Closing Revenue and Payroll Gaps ($Billions)

Owner Group	Revenue Opportunity-Firm Level Gap	Payroll Opportunity-Firm Level Gap	Revenue Opportunity-Employee Level Gap
Asian	$1,033.7	$186.9	$366.5
Hispanic	$882.7	$156.6	$342.7
Black/African-American	$404.5	$58.5	$274.4
American Indian/Alaska Native	$108.5	$18.9	$31.2
Native Hawaiian/Pacific Islander	$17.5	$2.9	$4.4
Equally minority/non-minority	$117.3	$9.9	$63.9
Minority	$2,338.2	$401.8	$999.2

Source: U.S. Census Bureau, Annual Business Survey, 2023

[19] U.S. Department of Commerce, Minority Business Development Agency, *Calculating Parity of Minority Business Enterprises and the Expansion of the U.S. Economy* (Washington, DC: Minority Business Development Agency, August 2021).

Business Scale Analysis: Size Matters

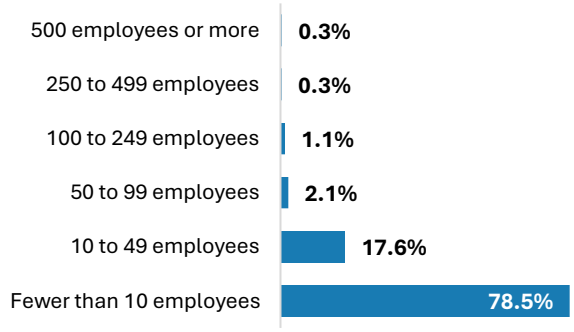
Business size, or the total number of employees, impacts a business's productivity, revenues and sales, reach, and access to credit and financing opportunities. As such, it is essential to understand the differences and similarities between all firms, non-minority-owned firms, and minority-owned businesses. The data from the U.S. Census Bureau's Annual Business Survey displayed in Figure 6 shows that most firms had fewer than 10 employees (78.5%), followed by firms with 10 to 49 employees (17.6%). This data corresponds to a 2026 infographic from the Small Business Administration, which showed that small businesses (defined as fewer than 500 employees) constituted 99.9% of all U.S. businesses and 99.7% of employer firms. Small businesses employed 45.9% of all U.S. private sector employees. They were responsible for 43.5% of GDP.[20]

The data from the U.S. Census Bureau's Annual Business Survey show that 5,934,950 firms reported their number of employees. The totals for all firms by size differ from those provided in previous sections (5,703,068), as this information is by firm size and includes firms that did not specify the race and/or ethnicity of owners, whereas the information from previous sections reflects employer firms by owner group. The figures in this section are focused on the data for all employer firms that specified firm size even if they did not indicate owner group. The totals in the tables by race and ethnicity of owners reflect the overall totals (or may vary by 1 firm) for that group. This applies to other metrics including employment, payroll, and sales and revenue. Please see Appendix C for more information.

The large percentage that such small businesses constitute of total employer firms points to the impact of small businesses on the American economy and local communities. However, their reach in terms of sales and employment is limited. Furthermore, employer firms with fewer than 10 employees account for 7.1% of sales and 9.7% of total employment. On the other hand, the largest firms by employment size (those with 500 or more employees) accounted for 0.3% of all employer firms but 64.3% of total payroll and 66.7% of revenue.

Table 15 shows that minority-owned firms are especially concentrated at smaller sizes. Minority-owned firms that also provided firm size information totaled 1,400,773, compared with 4,202,325 White-owned firms. Among minority-owned firms, 83.0% have fewer than 10 employees, compared with 78.6% among White-owned firms. Small differences exist by owner group, with Native Hawaiian-owned, American Indian-owned, and Hispanic-owned firms having slightly higher percentages of firms with fewer than 10 employees (85.7%, 84.8%, and 84.1%, respectively).

Figure 6: Percent of Firms by Employment Size, 2023



Source: U.S. Census Bureau, Annual Business Survey, 2023

Table 15: Employer Firms by Size and Owner Group in USA, 2023

Employment Size	White, non-Hispanic	Asian	Hispanic	Black/ African-American	American Indian/ Alaska Native *	Native Hawaiian/ Pacific Islander*	Equally minority/ non-minority	Minority
Fewer than 10	78.6%	82.4%	84.1%	83.6%	84.8%	85.7%	78.1%	83.0%
10 to 49	17.8%	16.0%	14.0%	13.2%	13.6%	13.2%	19.6%	15.0%
50 to 99	2.1%	1.0%	1.3%	2.0%	1.2%	0.6%	1.7%	1.3%
100 to 249	1.0%	0.5%	0.5%	1.0%	0.3%	0.5%	0.5%	0.5%
250 and over	0.4%	0.2%	0.2%	0.2%	0.1%	0.1%	0.2%	0.2%

Source: U.S. Census Bureau, Annual Business Survey, 2023; *Calculations by the FIU Perez Metropolitan Center of Census Bureau suppressed data

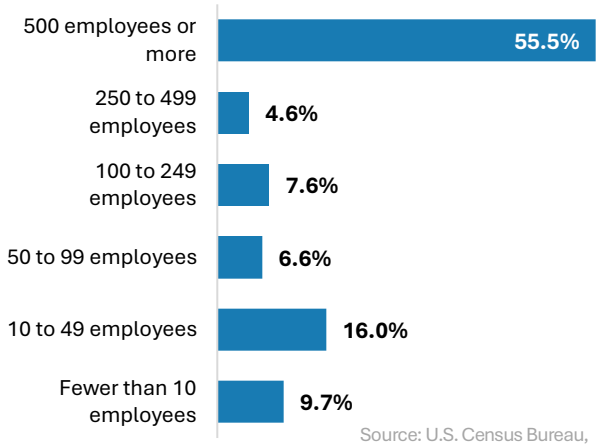
[20] U.S. Small Business Administration. "What's New with Small Business? A Small Business Is Generally Defined." U.S. Small Business Administration.

Research conducted by NMSDC partner National ACE reveals a similar scale challenge among AAPI-owned small businesses. Its 2026 survey found that 77% of participating businesses operated with four or fewer employees and half were sole proprietorships. Businesses that had progressed beyond sole proprietorship and built teams were also more likely to invest in digital systems, analytics, and workforce infrastructure—illustrating how organizational capacity and technology adoption begin to reinforce one another as businesses grow.[21]

Figure 7 shows firms by the number of employees and points to the dominance of the largest firms. Firms employing 250 or more employees accounted for the majority of total employment (60.1%) despite constituting less than 1% of all firms. This is followed by small businesses with 10 to 49 employees (16.0%). Firms with 500 or more employees made up 55.5% of employment but were only 0.3% of all firms. This corresponds with Q2 2025 data for overall businesses from the U.S. Census Bureau's Quarterly Workforce Indicators that shows 53.1% of 131.9 million jobs in Q2 2025 was in businesses with 500 or more employees.[22,23]

Table 16 displays employment in employer firms by firm size and owner group and highlights the larger size of White-owned firms. Employment in White-owned firms was mainly concentrated in firms with 250 or more employees (31.2%), while employment in minority-owned firms was primarily in businesses with 10 to 49 employees (35.1%). Native Hawaiian and equally minority/non-minority-owned firms had over four in ten employees in firms between 10 and 49 employees (42.8% and 40.7%, respectively). Black-owned firms had the largest percentage of employment of all groups for the category of firms with 100 to 249 employees (15.8%) and the second-largest percentage at firms with 250 or more employees (19.8%).

Figure 7: Percent of Employment by Firm Size, 2023



Source: U.S. Census Bureau, Annual Business Survey, 2023

Table 16: Employment in Employer Firms by Firm Size and Owner Group in USA, 2023

Employment Size	White, non-Hispanic	Asian	Hispanic	Black/African-American	American Indian/Alaska Native *	Native Hawaiian/Pacific Islander *	Equally minority/non-minority	Minority
Fewer than 10	16.9%	30.5%	27.4%	21.6%	32.6%	31.3%	24.5%	27.8%
10 to 49	28.6%	37.6%	34.8%	27.9%	37.0%	42.8%	40.7%	35.1%
50 to 99	11.3%	8.7%	11.0%	14.9%	11.8%	5.2%	11.7%	10.6%
100 to 249	12.0%	8.3%	9.6%	15.8%	7.6%	10.2%	8.2%	9.9%
250 and over	31.2%	14.9%	17.2%	19.8%	11.0%	10.5%	15.0%	16.5%

Source: U.S. Census Bureau, Annual Business Survey, 2023; *Calculations by the FIU Perez Metropolitan Center of Census Bureau suppressed data

[21] National ACE, *Resilient, Rooted, and Rising: The Growth and Economic Impact of AAPI Small Businesses*, 2026.

[22] The total for QWI data differs from ABS data due to the difference in years and the fact that the report focuses on employer firms with information on the race/ethnicity and owners, while QWI data is for firms without capturing race/ethnicity information of owners.

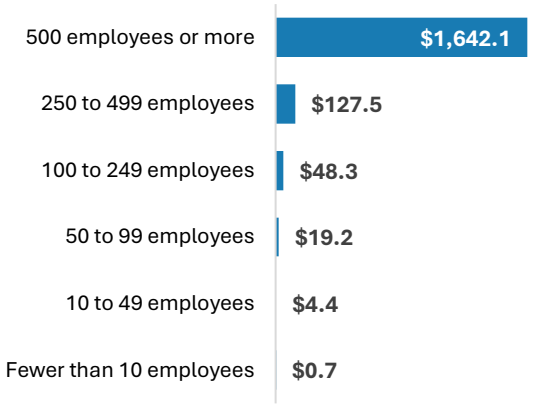
[23] U.S. Census Bureau. "QWI Explorer." United States Census Bureau.

Despite comprising less than one percent of all employer firms, firms with 250 or more employees constitute most sales and revenue in 2023 (71.5%), followed by firms with 10 to 49 employees (9.6%), fewer than 10 employees (7.1%), 100 to 249 employees (6.8%), and 50 to 99 employees (5.0%). Combining data on the total number of firms, employment, and sales points to the strength of the largest firms. In other words, firms with 250 or more employees represent just 0.6% of firms, but account for 71.5% of sales and 60.1% of employment. Firms with 500 or more employees made up only 0.3% of all employer firms but 55.5% of employment, 64.3% of annual payroll, and 66.7% of total sales and revenue. This means that small firms dominate the count of businesses, while large firms dominate economic output and employment.

Table 17 shows that most sales in minority-owned firms occurred in firms with fewer than 50 employees (64.4%), compared with White-owned firms in which 51.0% of sales were in businesses with at least 100 employees.

Figure 8 displays average sales and revenue by firm size and highlights the dominance of larger firms. This is evidenced not just in the aggregate data but also in the average sales per firm by employment size. The average sales for firms with at least 500 employees were approximately $1.64 billion ($1,642.1 million) compared with approximately $733,000 for firms with fewer than 10 employees.

Figure 8: Average Sales and Revenue per Firm by Employment Size ($Millions), 2023



Source: U.S. Census Bureau, Annual Business Survey, 2023

Table 17: Sales and Revenue in Employer Firms by Firm Size and Owner Group in USA, 2023

Employment Size	White, non-Hispanic	Asian	Hispanic	Black/African-American	American Indian/Alaska Native *	Native Hawaiian/Pacific Islander *	Equally minority /non-minority	Minority
Fewer than 10	15.2%	39.6%	34.3%	30.4%	36.5%	37.0%	26.0%	36.5%
10 to 49	22.3%	27.5%	29.4%	24.4%	31.9%	34.6%	33.8%	27.9%
50 to 99	11.5%	8.2%	10.5%	15.4%	13.7%	5.2%	10.6%	10.0%
100 to 249	13.8%	8.9%	8.9%	14.9%	11.5%	7.0%	7.5%	9.6%
250 and over	37.2%	15.8%	16.9%	15.0%	6.5%	16.2%	22.2%	16.0%

Source: U.S. Census Bureau, Annual Business Survey, 2023; *Calculations by the FIU Perez Metropolitan Center of Census Bureau suppressed data

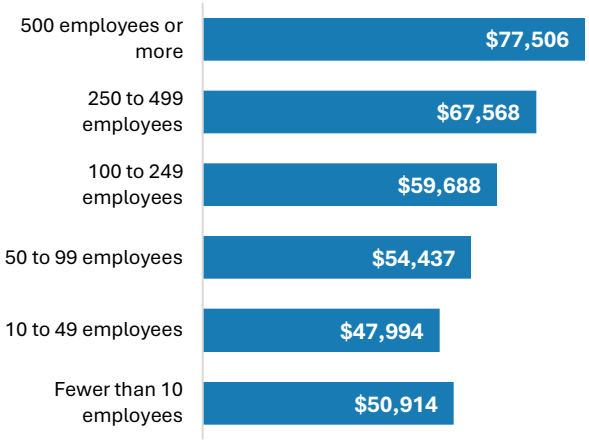
Table 18 demonstrates that the largest firms had the highest average sales for each owner group. Sharp differences exist between White-owned and minority-owned firms. Whereas the average sales for White-owned firms with 250 or more employees were $336.44 million ($336,440,664), the average sales for similarly sized minority-owned firms were $141.21 million ($141,208,468). Asian-owned firms had the second-highest average sales and revenue for 100 to 249 employees ($34.16 million). Native Hawaiian-owned firms had high average sales per firm across most firm sizes, mainly because of their smaller size (fewer firms in each size group). Overall, Table 18 shows that ownership differences should be analyzed by firm size, as minority-owned firms are more concentrated among small employers, which affects their average firm metrics, including average sales per firm.

For simplicity, we combine 250 to 499 and 500 or more employees in the following analysis and draw comparisons between White-owned and minority-owned firms for the largest firm sizes. The 250-and-over group of firms accounts for 0.2% of all minority-owned employer firms, 16.0% of minority-owned sales and 16.5% of minority-owned employment, versus 37.2% of White-owned sales and 31.2% of White-owned employment. For overall firms, the average sales per firm rose from $732,923 for firms with fewer than 10 employees to $914,003,475 for firms with 250 or more employees. For minority-owned firms, average sales per firm rises from $695,972 for firms with fewer than 10 employees to $141,208,468 in the 250-and-over group, compared with $743,391 and $336,440,664 for White-owned firms. The implication is that ownership differences should be viewed by firm size.

Minority-owned firms are more concentrated among small employers, which affects their shares of sales, employment, and payroll. At the same time, large employers account for a disproportionate share of economic activity across all owner groups.

Figure 9 highlights the strength of larger firms in payroll levels. In fact, firms with at least 500 employees had an average payroll per employee of $77,506, compared with $50,914 for firms with fewer than 10 employees.

Figure 9: Average Payroll per Employee by Employment Size, 2023



Source: U.S. Census Bureau, Annual Business Survey, 2023

Table 18: Average Sales and Revenue per Firm, by Firm Size and Owner Group in USA, 2023 ($Millions)

Employment Size	White, non-Hispanic	Asian	Hispanic	Black/African-American	American Indian/ Alaska Native *	Native Hawaiian/ Pacific Islander *	Equally minority/ non-minority	Minority
Fewer than 10	$0.74	$0.84	$0.60	$0.45	$0.55	$0.60	$0.69	$0.70
10 to 49	$4.81	$3.01	$3.09	$2.30	$3.00	$3.65	$3.59	$2.96
50 to 99	$21.16	$13.68	$12.19	$9.33	$14.88	$12.83	$13.19	$12.28
100 to 249	$50.72	$34.16	$26.00	$19.15	$47.08	$20.95	$31.41	$28.03
250 and over	$336.44	$170.15	$132.96	$87.68	$106.33	$266.86	$282.84	$141.21

Source: U.S. Census Bureau, Annual Business Survey, 2023; *Calculations by the FIU Perez Metropolitan Center of Census Bureau suppressed data

As shown in Table 19, while the average payroll per employee in White-owned firms with 250 or more employees was $66,768, the average payroll per employee at similarly sized minority-owned firms was $49,948. Among minority-owned firms, Asian-owned firms with 250 or more employees had the highest average payroll per employee in that firm size group.

Where Businesses Compete Matters

Understanding the scale gap requires more than examining how many businesses exist or how much revenue they generate. It also requires examining where those businesses compete.

Industries differ considerably in their capital requirements, average firm size, revenue potential, technology intensity, barriers to entry, and access to major corporate and government customers. As a result, the industries in which businesses are concentrated can materially influence their opportunities to hire, invest, innovate, and achieve scale.

Minority-owned businesses have built a substantial presence in many essential sectors of the American economy. These firms provide critical services, create jobs, support local communities, and demonstrate significant entrepreneurial strength. Their concentration in particular industries should not be interpreted as evidence that those industries lack value or growth potential.

The data do, however, raise an important strategic question: Are minority-owned businesses participating fully across the range of industries that will drive America's future growth?

In several capital-intensive, technology-driven, and high-growth sectors, minority-owned firms remain underrepresented or operate at a smaller scale. Entry into these industries may require specialized expertise, substantial financing, equipment, certifications, research capacity, established customer relationships, or access to networks that are difficult for smaller and newer businesses to obtain.

The appropriate response is not to direct entrepreneurs away from the industries in which they have already built successful businesses. America needs a two-front strategy.

First, minority-owned businesses should be supported in achieving greater scale within the industries where they already have a strong presence. That means helping firms win larger and longer-term contracts, expand into new geographic markets, acquire competitors, adopt technology, strengthen management systems, and move into higher-value segments of their existing industries.

Second, the nation must create stronger pathways for minority entrepreneurs to enter and compete in industries offering significant opportunities for future growth, productivity, innovation, and wealth creation. These include advanced manufacturing, artificial intelligence, cybersecurity, energy, infrastructure, health care technology, financial technology, transportation, logistics, semiconductor production, and other sectors reshaping the American economy.

Both strategies are necessary. Scaling businesses in established sectors can produce immediate economic benefits, while expanding participation in emerging and higher-growth industries can position minority-owned firms to help lead the economy of the future.

The industry analysis that follows shows where minority-owned businesses have established a strong foothold, where differences in scale persist, and where substantial opportunities for growth remain. It provides a roadmap for moving beyond a general commitment to business development toward targeted strategies shaped by the realities of individual industries.

Business ownership determines who has an opportunity to participate. Industry access helps determine the size and nature of the opportunity available to them.

Table 19: Average Payroll per Employee by Firm Size and Owner Group in USA, 2023

Employment Size	White, non-Hispanic	Asian	Hispanic	Black/ African-American	American Indian/ Alaska Native *	Native Hawaiian/ Pacific Islander *	Equally Minority/ Non-minority	Minority
Fewer than 10	$53,749	$41,558	$43,255	$41,764	$42,971	$51,731	$49,414	$42,326
10 to 49	$49,936	$38,436	$40,409	$36,542	$42,765	$44,609	$44,746	$39,110
50 to 99	$55,455	$49,077	$41,077	$37,741	$57,537	$61,364	$52,429	$44,027
100 to 249	$60,347	$55,178	$41,727	$35,020	$41,995	$53,487	$51,434	$46,302
250 and over	$66,768	$61,154	$43,484	$35,787	$47,511	$50,824	$100,586	$49,948

Source: U.S. Census Bureau, Annual Business Survey, 2023; *Calculations by the FIU Perez Metropolitan Center of Census Bureau suppressed data

Analysis by Industrial Classification: A Tale of Two Factors, Industry & Ownership

The following section focuses on understanding employer firms based on their industrial description for the overall economy as well as by the race and ethnicity of owners at employer firms. This section presents data by industrial sector for 2-digit NAICS codes. The total for all industrial sectors for employer firms in the United States is 5,934,950. This is higher than the total number of firms cited earlier in the report, which was based on firms that provided owners' race and ethnicity. Totals in this section are based on the total number of firms, employees, payroll, and sales and revenue for all employer firms in the United States.[24] Percentages are based on these totals and not on the sum of the data presented for each industry. Please see Appendix C for more information on the methodology. This applies to other metrics including the total number of employees, total payroll and sales and revenue and the corresponding averages. For instance, the total number of employees for employer firms that indicated the race and ethnicity of owners was 66,104,936, while the total number of employees for all firms that specified their industrial classification was 132,849,544 (Appendix B). As such, comparisons to the overall economy should not be made based on data for firms that provided ownership information. Data for the tables by owner group are based on firms that also provided ownership information.

Table 20 points to the industrial diversification of the nation's economy. The data show employer firms across industries and point to no single industry dominating in terms of the number of employer firms. The top industries by the total number of employer firms include Professional, scientific, and technical services (14.5%), followed by Construction (13.1%), Health care and social assistance (11.5%), Retail trade (10.1%), and Accommodation and food services (9.5%).

Table 20: Employer Firms by Industry Description in USA, 2023

NAICS Industry Description	Number of Employer Firms	Percent of Total Firms
Accommodation and food services	563,147	9.5%
Administrative and support and waste management and remediation services	369,239	6.2%
Agriculture, forestry, fishing and hunting	21,059	0.4%
Arts, entertainment, and recreation	146,468	2.5%
Construction	774,636	13.1%
Educational services	102,149	1.7%
Finance and insurance	230,302	3.9%
Health care and social assistance	683,909	11.5%
Industries not classified	6,798	0.1%
Information	81,266	1.4%
Management of companies and enterprises	23,323	0.4%
Manufacturing	231,934	3.9%
Mining, quarrying, and oil and gas extraction	16,698	0.3%
Other services (except public administration)	410,671	6.9%
Professional, scientific, and technical services	857,978	14.5%
Real estate and rental and leasing	352,783	5.9%
Retail trade	597,492	10.1%
Transportation and warehousing	226,979	3.8%
Utilities	6,850	0.1%
Wholesale trade	274,582	4.6%
Total for all sectors	5,934,950	100.0%

Source: U.S. Census Bureau, Annual Business Survey, 2023

[24] The sum of employer firms from Table 20 differs from the totals provided by the U.S. Census Bureau for all firms, but the total employment, payroll and sales and revenue in subsequent tables correspond with the totals provided by the U.S. Census Bureau. Percentages are calculated based on all employer firms in the United States or 5,934,950.

Table 21 shows that whereas the top three industrial sectors by total employer establishments for White-owned firms are Professional, scientific, and technical services (15.7%), Construction (14.8%), and Health care and social assistance (9.8%), the top three for minority-owned firms are: Accommodation and food services (16.1%), Health care and social assistance (13.7%), and Retail trade (12.4%). Thus, minority-owned firms are concentrated in consumer-facing sectors (42.2% of minority-owned firms). Hispanic-owned firms are concentrated in Construction (19.5% of Hispanic firms). Asian-owned firms are concentrated in Accommodation and food services (21.9%), and Black-owned firms are concentrated in Health care and social assistance (26.2%).

Given the concentration of minority-owned firms in small firms by employee size as well as in certain industries including Accommodation and food services, Health care and social assistance, Transportation and warehousing, and Retail trade, it is essential to study the types of support that can be offered or are currently provided to small and minority-owned businesses to help them grow and scale in these industries. For example, in 2023, inKind, the restaurant fintech startup, announced a $250 million commitment to support underrepresented independent restaurant operators, focusing on funding and other resources such as marketing support, mentorship, and training. These are particularly beneficial forms of support for smaller and minority-owned businesses. [25]

Table 21: Employer Firms by Industry Sector and Owner Group in USA, 2023

NAICS Industry Description	White, non-Hispanic	Asian	Hispanic	Black/African-American	American Indian/Alaska Native	Native Hawaiian/Pacific Islander	Equally Minority/Non-minority	Minority
Accommodation and food services	7.5%	21.9%	12.3%	6.8%	9.6%	6.1%	12.5%	16.1%
Administrative and support, waste management, and remediation services	6.5%	2.2%	9.8%	8.1%	9.7%	8.1%	6.7%	5.8%
Agriculture, forestry, fishing and hunting	0.4%	*	0.2%	*	*	*	*	0.1%
Arts, entertainment, and recreation	2.3%	0.9%	1.2%	3.3%	1.7%	2.2%	2.9%	1.4%
Construction	14.8%	2.8%	19.5%	7.1%	19.4%	17.8%	11.0%	9.6%
Educational services	1.2%	1.2%	1.0%	2.0%	*	*	2.1%	1.3%
Finance and insurance	4.3%	1.8%	2.8%	3.2%	3.1%	*	2.6%	2.4%
Health care and social assistance	9.8%	13.8%	8.7%	26.2%	9.1%	11.0%	10.8%	13.7%
Industries not classified	0.1%	0.1%	0.1%	0.3%	0.1%	0.1%	0.1%	0.1%
Information	1.4%	1.0%	0.8%	1.1%	0.9%	0.9%	1.9%	1.0%
Management of companies and enterprises	0.3%	0.1%	*	0.1%	*	0.0%	0.2%	0.1%
Manufacturing	4.5%	1.8%	2.7%	*	3.3%	2.8%	3.7%	2.1%
Mining, quarrying, and oil and gas extraction	0.3%	0.0%	0.2%	*	0.5%	0.1%	0.3%	0.1%
Other services (except public administration)	6.6%	10.3%	7.4%	6.9%	7.1%	6.1%	7.9%	8.7%
Professional, scientific, and technical services	15.7%	12.1%	10.7%	14.0%	12.4%	13.0%	13.8%	12.0%
Real estate, rental and leasing	6.7%	3.6%	4.2%	3.7%	4.4%	*	6.2%	3.9%
Retail trade	9.7%	17.6%	7.7%	6.2%	*	7.9%	9.6%	12.4%
Transportation and warehousing	3.5%	3.4%	6.5%	7.8%	4.7%	7.6%	3.3%	5.1%
Utilities	0.1%	0.0%	0.1%	0.0%	0.2%	*	0.0%	0.0%
Wholesale trade	4.8%	5.4%	3.9%	1.6%	2.7%	4.9%	4.1%	4.3%

Source: U.S. Census Bureau, Annual Business Survey, 2023; *Data suppressed by the U.S. Census Bureau

[25] Hospitality, inKind. "Inkind Hospitality Announces $250 Million Commitment to Support Minority-Owned and Underrepresented Restaurant Operators." PR Newswire: press release distribution, targeting, monitoring and marketing, March 22, 2023.

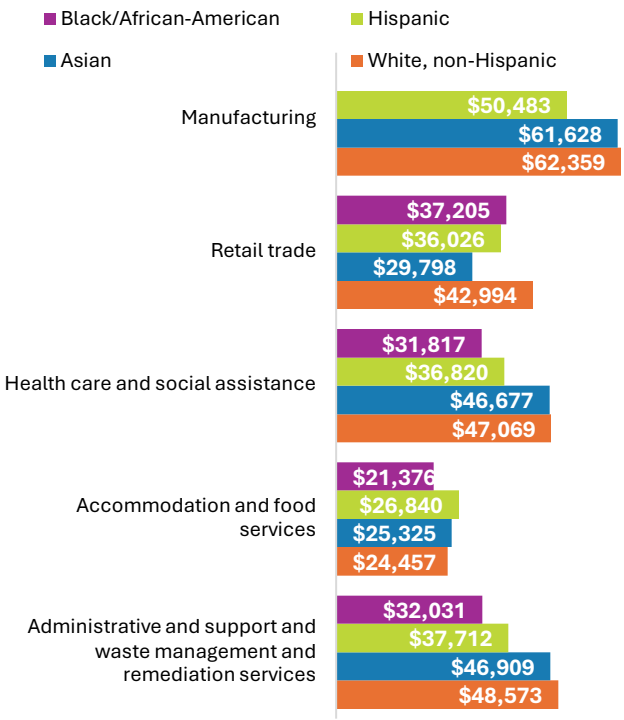
In a report prepared for CBRE in 2025, Brylynn Swayzer suggested solutions to challenges in another key subsector of the Accommodation and food services sector, hotel accommodations. The author found that Black and Latino-owned firms were underrepresented in hotel ownership and offered solutions, including increasing awareness and education about minority investment in hotels; pooling resources among minority investors and securing funds from within their communities; networking and engaging with local communities; and exploring alternative forms of capital, including crowdfunding, joint ventures, and partnerships. Additionally, certain hotel brands, such as Wyndham and Choice Hotels, have accelerators and capital programs that promote representation and ownership.[26]

For Health care and social assistance firms, support can include expanded access to business training, workforce development initiatives, and access to financial capital.[27] For Transportation and warehousing, support could include additional federal initiatives such as the U.S. Department of Transportation Connect to Capital Initiative, which helps small businesses increase access to private capital through the U.S. DOT Connect to Capital online portal for Small Disadvantaged Businesses (SBDs) and Disadvantaged Business Enterprises (DBEs). This connects firms with each other and with opportunities to access capital.[28] Minority-owned businesses in Retail trade can benefit from mentorship, access to capital, and capacity-building initiatives.[29]

Employment data indicate no single dominant industry, but a large share of the American workforce is in service and customer-facing sectors, including Health care and social assistance (15.1%), Accommodation and food services (10.7%), and Retail trade (11.9%). Two of these three industries had among the lowest average annual payroll per employee: Retail trade ($36,492) and Accommodation and food services ($26,011). On the other hand, only 0.5% and 2.7% of the American workforce in employer firms were employed in the industrial sectors with the highest average annual payroll per employee, Utilities and Information, respectively. (See Appendix A)

Figure 10 shows that White-owned firms had the highest average annual payroll, followed by Asian-owned firms for three out of five sectors. For these five sectors, Hispanic-owned firms had the highest average annual payroll of all owner groups in Accommodation and food services businesses ($26,840), while Black-owned firms had the second-highest average annual payroll of all groups in Retail trade businesses ($37,205).

Figure 10: Average Annual Payroll per Employee by for Top 5 Industries by Employment and Owner Group, 2023



*Payroll data for Black-owned firms in the manufacturing sector is suppressed by the U.S. Census Bureau and not displayed.
Source: U.S. Census Bureau, Annual Business Survey, 2023

[26] Swayzer, Brylynn. "Breaking Barriers: Black and Latino Hotel ownership | CBRE, April 3, 2025.
[27] Richardson, Sonyia C., Na'Cole C. Wilson, Margaret E. Phipps, Sanvi Kadekoppa, Isis Bey, and Travis Hales. "'We're Being Redlined': The Experiences of Minority Behavioral Healthcare Business Owners and Providers." *Human Service Organizations: Management, Leadership & Governance* 50, no. 2 (July 23, 2025): 228–43. https://doi.org/10.1080/23303131.2025.2535442.
[28] "USDOT Launches Dot Connect to Capital Initiative, Linking Small Businesses to Private Capital Investors." U.S. Department of Transportation, May 7, 2024.
[29] "Assessing Challenges and Opportunities for Minority Business Retail Growth." Association for Enterprise Opportunity.

Table 22 shows that both White- and minority-owned firms had their highest employment concentration in Accommodation and food services (14.3% and 24.3%, respectively). This is the top employer for almost all the minority racial and ethnic groups, with two notable exceptions. The largest employer sector for Black-owned firms was Health care and social assistance (33.7%). The largest employers for Native Hawaiian-owned firms were in Administrative and support, waste management, and remediation services (17.4%).

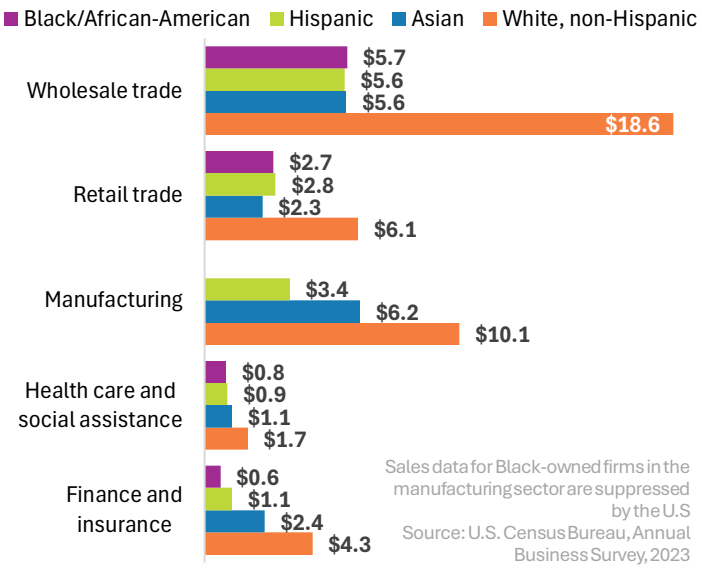
Table 22: Employment in Employer Firms by Industry Description and Owner Group in USA, 2023

NAICS Industry Description	White, non-Hispanic	Asian	Hispanic	Black/ African-American	American Indian/Alaska Native	Native Hawaiian/ Pacific Islander	Equally minority/non-minority	Minority
Accommodation and food services	14.3%	30.9%	21.6%	11.0%	19.7%	13.1%	19.9%	24.3%
Administrative and support, waste management, and remediation services	10.5%	5.7%	15.7%	17.0%	15.3%	17.4%	8.3%	11.1%
Agriculture, forestry, fishing and hunting	0.2%	*	0.6%	*	*	*	*	0.2%
Arts, entertainment, and recreation	1.9%	0.8%	0.9%	1.2%	1.2%	1.5%	3.2%	0.9%
Construction	10.6%	1.8%	12.6%	4.5%	12.3%	10.7%	7.0%	6.0%
Educational services	1.1%	1.4%	1.2%	1.4%	*	*	2.1%	1.3%
Finance and insurance	3.1%	1.2%	1.8%	3.5%	1.4%	*	1.6%	1.8%
Health care and social assistance	11.4%	15.7%	11.0%	33.7%	11.2%	13.0%	17.2%	17.0%
Industries not classified	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Information	2.0%	2.0%	0.9%	1.0%	0.6%	0.6%	3.3%	1.4%
Management of companies and enterprises	1.3%	0.4%	*	0.4%	*	0.5%	0.6%	0.5%
Manufacturing	9.3%	4.0%	4.4%	*	4.8%	6.3%	4.2%	3.9%
Mining, quarrying, and oil and gas extraction	0.4%	0.0%	0.4%	*	0.6%	0.1%	0.2%	0.2%
Other services (except public administration)	3.4%	6.1%	3.7%	3.0%	4.9%	4.0%	5.2%	4.7%
Professional, scientific, and technical services	8.7%	9.4%	7.1%	8.0%	8.2%	8.4%	10.5%	8.4%
Real estate, rental, and leasing	2.7%	1.5%	1.7%	1.3%	1.6%	*	2.7%	1.5%
Retail trade	9.6%	11.7%	7.4%	4.3%	*	8.1%	6.7%	8.9%
Transportation and warehousing	3.6%	2.7%	4.9%	6.7%	3.7%	4.5%	2.7%	4.1%
Utilities	0.1%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%
Wholesale trade	5.7%	4.7%	3.5%	1.1%	2.2%	2.9%	4.4%	3.7%

Source: U.S. Census Bureau, Annual Business Survey, 2023; *Data suppressed by the U.S. Census Bureau

Figure 11 displays the top five industries by total sales and revenue for the overall economy by owner group. The data show that White-owned firms had the highest sales and revenue in each sector. Interestingly, the average sales and revenue per firm in Wholesale trade were similar across Black, Asian, and Hispanic-owned firms. Hispanic-owned firms had the second-highest average sales and revenue in Retail trade ($2.8 million or $2,819,998). Asian-owned firms had the second-highest average revenue in most industries except retail trade ($2.3 million).

Figure 11: Average Revenue and Sales per Firm for Top 5 Industries by Sales and Revenue and Owner Group ($Millions)



Sales data for Black-owned firms in the manufacturing sector are suppressed by the U.S
Source: U.S. Census Bureau, Annual Business Survey, 2023

Total sales and revenue data show an industrial concentration in five industries: Wholesale trade (21.7%), Manufacturing (14.3%), Retail trade (14.0%), Finance and insurance (12.0%), and Health care and social assistance (6.4%). These five industries account for two-thirds of sales (68.4%). The top five industries by average sales and revenue were in Utilities ($97.2 million), Wholesale trade ($38.0 million), Mining, quarrying, and oil and gas extraction ($37.1 million), Manufacturing ($29.8 million), and Information ($27.3 million). (See Appendix B)

Table 23 shows that the top three industries by sales and revenue for White-owned firms were: Wholesale trade (23.3%), Retail trade (15.4%), and Construction (13.2%). The top three industrial sectors for minority-owned firms by sales and revenue were Retail trade (19.0%), Wholesale trade (15.3%), and Accommodation and food services (11.5%). Hispanic-owned firms are not only concentrated in Construction in terms of total number of establishments, but also by sales (19.3% of all sales at Hispanic-owned firms). Black-owned firms were concentrated in terms of the number of establishments and sales and revenue in Health care and social assistance (17.9% of sales and revenue at Black-owned firms).

Table 23: Sales and Revenue in Employer Firms by Industry and Owner Group in USA, 2023

NAICS Industry Description	White, non-Hispanic	Asian	Hispanic	Black/African-American	American Indian/ Alaska Native	Native Hawaiian/ Pacific Islander	Equally minority/ non-minority	Minority
Accommodation and food services	3.9%	13.8%	9.9%	6.2%	8.2%	4.8%	7.6%	11.5%
Administrative and support, waste management, and remediation services	3.5%	2.7%	7.5%	8.6%	9.1%	8.2%	4.0%	5.1%
Agriculture, forestry, fishing and hunting	0.2%	*	0.5%	*	*	*	*	0.2%
Arts, entertainment, and recreation	1.0%	0.4%	0.6%	1.9%	1.7%	1.7%	1.4%	0.7%
Construction	13.2%	2.9%	19.3%	11.4%	20.0%	20.8%	9.4%	9.5%
Educational services	0.4%	0.5%	0.5%	0.8%	*	*	0.7%	0.5%
Finance and insurance	4.8%	2.5%	2.1%	1.6%	1.1%	*	4.3%	2.2%
Health care and social assistance	4.4%	8.7%	5.3%	17.9%	5.4%	7.2%	9.4%	8.7%
Industries not classified	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Information	2.9%	3.2%	1.0%	2.4%	0.7%	0.7%	7.4%	2.3%
Management of companies and enterprises	0.2%	0.0%	*	0.0%	*	0.0%	0.1%	0.0%
Manufacturing	11.9%	6.2%	6.3%	*	5.8%	13.3%	4.6%	6.4%
Mining, quarrying, and oil and gas extraction	1.0%	0.1%	0.6%	*	1.1%	0.1%	0.3%	0.3%
Other services (except public administration)	1.6%	2.8%	2.9%	2.8%	3.9%	3.1%	3.2%	2.9%
Professional, scientific, and technical services	6.8%	10.8%	6.9%	11.0%	8.3%	9.4%	11.3%	9.6%
Real estate, rental, and leasing	2.8%	1.7%	2.1%	1.9%	1.9%	*	3.6%	1.9%
Retail trade	15.4%	23.2%	14.8%	13.8%	*	11.0%	9.6%	19.0%
Transportation and warehousing	2.5%	2.7%	4.7%	5.5%	4.9%	5.1%	2.4%	3.7%
Utilities	0.4%	0.0%	0.1%	0.0%	0.3%	*	0.4%	0.1%
Wholesale trade	23.3%	17.6%	14.8%	7.3%	8.3%	6.5%	19.9%	15.3%

Source: U.S Census Bureau, Annual Business Survey 2023; *Data suppressed by the U.S. Census Bureau

The subsequent tables in this section show the top 5 industrial sectors by the total number of employer establishments for each owner group. All information presented and comparisons made are only among the top five in terms of number of employer establishments within each owner group. Table 24 highlights that for White, not Hispanic-owned firms, these range from higher-paying industries like Professional, scientific, and technical services ($88,303 average annual payroll per employee) to Accommodation and food services ($24,457 average annual payroll per employee).

Table 24: Top 5 Industries by Number of Employer Firms for White, non-Hispanic-Owned Firms in USA, 2023

Industry Description	Total Employer Establishments	Percent of Total	Total Employment	Average Annual Payroll per Employee	Average Revenue per Firm
Professional, scientific, and technical services	658,242	15.7%	4,673,678	$88,303	$1,664,592
Construction	622,929	14.8%	5,672,410	$75,035	$3,414,187
Health care and social assistance	410,036	9.8%	6,115,162	$47,069	$1,716,832
Retail trade	406,570	9.7%	5,135,102	$42,994	$6,089,422
Accommodation and food services	314,194	7.5%	7,657,392	$24,457	$1,987,402
Total for all sectors	4,202,325	100.0%	53,670,413	$57,707	$3,837,488

Source: U.S. Census Bureau, Annual Business Survey, 2023

Table 25 shows the top 5 Asian-owned industries by total number of employer establishments, including Accommodation and food services, which accounts for 21.9% of all Asian-owned firms. This sector has a high average revenue per firm of $1,098,878 but is on the lower end for average payroll per employee ($25,325). Interestingly, Professional, scientific and technical services had the highest average payroll per employee among the top five but accounted for only 12.1% of all firms.

Table 25: Top 5 Industries by Number of Employer Firms for Asian-Owned Firms in USA, 2023

Industry Description	Total Employer Establishments	Percent of Total	Total Employment	Average Annual Payroll per Employee	Average Revenue per Firm
Accommodation and food services	150,167	21.9%	1,720,138	$25,325	$1,098,878
Retail trade	120,743	17.6%	651,340	$29,798	$2,294,574
Health care and social assistance	94,707	13.8%	870,421	$46,677	$1,091,008
Professional, scientific, and technical services	82,699	12.1%	523,222	$95,212	$1,566,096
Other services (except public administration)	70,348	10.3%	337,564	$28,226	$482,478
Total for all sectors	684,916	100.0%	5,561,777	$45,084	$1,743,901

Source: U.S. Census Bureau, Annual Business Survey, 2023

Table 26 displays the top industries for Hispanic-owned firms, including Construction, which was responsible for approximately one in five employer establishments in 2023. This sector is responsible for the second-highest average revenue per firm and average annual payroll of the top five sectors.

Table 26: Top 5 Industries by Number of Employer Firms for Hispanic-Owned Firms in USA, 2023

Industry Description	Total Employer Establishments	Percent of Total	Total Employment	Average Annual Payroll per Employee	Average Revenue per Firm
Construction	96,656	19.5%	482,173	$55,576	$1,459,658
Accommodation and food services	61,069	12.3%	825,358	$26,840	$1,187,415
Professional, scientific, and technical services	53,222	10.7%	269,713	$66,976	$950,569
Administrative, support, waste management, and remediation services	48,444	9.8%	599,300	$37,712	$1,124,447
Health care and social assistance	42,951	8.7%	419,151	$36,820	$903,416
Total for all sectors	495,822	100.0%	3,822,895	$41,917	$1,472,853

Source: U.S. Census Bureau, Annual Business Survey, 2023

Table 27 shows the large share of Health care and social assistance firms among Black-owned employer establishments, accounting for 26.2% of all Black-owned employer firms and averaging $848,429 in revenue per firm. The sector with the highest average annual payroll per employee was Professional, scientific and technical services, which constituted only 14.0% of all firms.

Table 27: Top 5 Industries by Number of Employer Firms for Black-Owned Firms in USA, 2023

Industry Description	Total Employer Establishments	Percent of Total	Total Employment	Average Annual Payroll per Employee	Average Revenue per Firm
Health care and social assistance	52,561	26.2%	628,517	$31,817	$848,429
Professional, scientific, and technical services	28,185	14.0%	148,636	$67,225	$973,019
Administrative and support, waste management, and remediation services	16,371	8.1%	316,503	$32,031	$1,308,327
Transportation and warehousing	15,662	7.8%	124,858	$31,464	$880,823
Construction	14,355	7.1%	83,373	$61,821	$1,968,979
Total for all twenty sectors	200,885	100.0%	1,864,727	$37,457	$1,239,344

Source: U.S. Census Bureau, Annual Business Survey, 2023

Table 28 shows the data for American Indian-owned employer establishments and highlights the major role that Construction employer firms play for this owner group, accounting for 19.4% of all American Indian-owned employer firms and averaging $1,322,354 in revenue per firm. The sector with the highest average annual payroll per employee of the top 5 was Professional, scientific and technical services, which constituted only 12.4% of all firms.

Table 28: Top 5 Industries by Number of Employer Firms for American Indian/Alaska Native-Owned Firms in USA, 2023

Industry Description	Total Employer Establishments	Percent of Total	Total Employment	Average Annual Payroll per Employee	Average Revenue per Firm
Construction	10,703	19.4%	44,542	$61,990	$1,322,354
Professional, scientific, and technical services	6,816	12.4%	29,898	$67,218	$859,655
Administrative and support and waste management and remediation services	5,345	9.7%	55,463	$45,953	$1,210,125
Accommodation and food services	5,294	9.6%	71,544	$25,061	$1,095,598
Health care and social assistance	5,021	9.1%	40,604	$36,928	$765,346
Total for all twenty industrial sectors	55,118	100.0%	363,505	$45,042	$1,284,905

Source: U.S. Census Bureau, Annual Business Survey, 2023

Table 29 indicates that Construction accounted for 17.8% of all Native Hawaiian-owned firms in 2023, with average revenue per firm of $1,636,916. This sector also had the second-highest average annual payroll per employee of the top 5 industrial sectors ($78,654).

Table 29: Top 5 Industries by Number of Employer Firms for Native Hawaiian/Pacific Islander-Owned Firms in USA, 2023

Industry Description	Total Employer Establishments	Percent of Total	Total Employment	Average Annual Payroll per Employee	Average Revenue per Firm
Construction	1,671	17.8%	6,677	$78,654	$1,636,916
Professional, scientific, and technical services	1,221	13.0%	5,246	$83,457	$1,007,910
Health care and social assistance	1,036	11.0%	8,129	$47,965	$917,730
Administrative and support and waste management and remediation services	764	8.1%	10,854	$40,648	$1,407,530
Retail trade	742	7.9%	5,037	$27,714	$1,948,577
Total for all twenty industrial sectors	9,413	100.0%	62,528	$49,268	$1,396,041

Source: U.S. Census Bureau, Annual Business Survey, 2023

Table 30 shows that Accommodation and food services was the leading industrial sector for minority-owned firms in 2023 by number of employer firms, accounting for 16.1% of the total. Firms in this sector generated average revenue of $1,132,186 per firm and average annual payroll of $25,473 per employee. This contrasts with the leading sector for White-owned firms—Professional, scientific, and technical services, which accounted for 15.7% of those firms and generated average annual payroll of $88,303 per employee.

Table 30: Top 5 Industries by Number of Employer Firms for Minority-Owned Firms in USA, 2023

Industry Description	Total Employer Establishments	Percent of Total	Total Employment	Average Annual Payroll per Employee	Average Revenue per Firm
Accommodation and food services	225,759	16.1%	2,784,396	$25,473	$1,132,186
Health care and social assistance	192,009	13.7%	1,954,730	$40,057	$1,001,688
Retail trade	173,131	12.4%	1,025,165	$32,102	$2,441,130
Professional, scientific, and technical services	167,743	12.0%	963,400	$82,952	$1,271,854
Construction	134,311	9.6%	684,869	$58,352	$1,576,718
Total for all twenty industrial sectors	1,400,775	100.0%	11,465,716	$43,032	$1,583,955

Source: U.S. Census Bureau, Annual Business Survey, 2023

Access to Credit and Financing Outcomes

Access to credit is essential for businesses to start, grow, and scale. Financing allows businesses to hire employees, expand to new markets, and invest in equipment. Access to credit is crucial for small businesses, which often face challenges of obtaining financing. In fact, they "often have difficulty in gaining access to credit, as lending to small businesses is generally considered riskier and more costly than lending to larger firms."[30]

During their startup phase, small businesses often rely on personal and family financing. However, as they mature, they require additional funding to expand or even manage daily operations. Given that small businesses often lack access to public markets, their primary source of capital is loans and other forms of external financing.[31]

Given how minority-owned businesses tend to be smaller than non-minority-owned businesses, access to loans, SBA financing, and other forms of credit is especially important. This financing helps small businesses invest in growth, address short-term cash flow issues, and promote revenue growth and employment growth.

According to a 2010 study by the U.S. Department of Commerce's Minority Business Development Agency (MBDA), even at that time, minority-owned businesses were growing at a faster pace than non-minority-owned businesses in terms of number of firms, receipts, and employment. Despite this growth, the report found that minority-owned firms do not have the same access to capital as non-minority-owned firms. These firms play a key role, as "minority-owned businesses continue to be the engine of employment in emerging and minority communities."[32] The report stated that increasing the flow of capital for minority-owned businesses must be a national priority to re-energize the U.S. economy and increase competitiveness in the global marketplace.[33] In a more recent publication, the U.S. Chamber of Commerce found that "Black entrepreneurs are nearly three times more likely than White entrepreneurs to have business growth and profitability negatively impacted by a lack of financial capital."[34] This is compounded by the fact that seven in ten Black entrepreneurs rely on family and personal savings for financing. Given how Black and other minority owners often have "less capital of their own, minority entrepreneurs must turn to other sources of financing."[35]

The primary source on the factors affecting businesses' access to credit and financing is the Federal Reserve's Small Business Credit Survey. The 2026 report presents data from the 2025 survey. This is an online brief survey of firms with fewer than 500 employees. The sample is weighted by age, industry, geographic location, gender of owners, race or ethnicity of owners, and by firm size. The results are non-randomized.[36] The data show that 60% of these businesses sought some form of financing in the prior 12 months. Of these, 37% sought less than $50,000 in financing. Of the firms that applied for financing in the past 12 months, 42% received all the financing, while 22% received none.[37]

The Small Business Credit Survey also reports approval rates by firm size, age, ownership characteristics, lender type, and industry. Older firms were more likely than younger ones to receive full approval. In fact, 63% of firms 21 years old or older were the most likely to receive full approval. Firms with the highest revenue were most likely to receive full approval. In fact, 76% of firms with revenue over $10 million received full approval, compared with 37% of those with revenue under $100,000. White-owned firms were the most likely to receive full approval (57% of non-Hispanic White-owned firms were fully approved, compared with 33% of Hispanic-owned firms and 32% of Non-Hispanic Black firms). Financing approval outcomes also varied by industry, with 63% of manufacturing firms receiving full approval compared to 57% of leisure and hospitality firms, 55% of retail firms, 51% of professional services and real estate firms, and 39% of health care and

[30] "Federal Small Business Contracting Goals." Congressional Research Service, July 22, 2025.
[31] Kumar, Michelle, and Justis Antonioli-Zigubu. "Small Businesses Matter: Increasing Small Business Access to Capital in the Digital Age." Bipartisan Policy Center, December 12, 2025.
[32] Fairlie, Robert W., and Alicia M. Robb. "Disparities in Capital Access between, January 2010."
[33] Ibid.
[34] "Access to Capital for Minority-Owned Businesses." U.S. Chamber of Commerce. Accessed August 21, 2026.
[35] Kumar, Michelle and Justis, "Small Businesses Matter."
[36] "Methodology." Fed Small Business.
[37] "2026 Report on Employer Firms: Findings from the 2025 Small Business Credit Survey." Small Business Credit Survey, March 3, 2026.

education firms. The data also show that the type of financial institution affected full approval, with small banks being the most likely to fully approve applicants (57% of their applications resulted in full approvals compared to 20% denials and 23% partial approvals), followed by finance companies (50% full approval compared to 31% partial approval and 19% denial). The financial institutions with the highest denial rates are community development financial institutions (27% full approval, 39% partial approval, and 34% denial).[38]

In 2024, the Annual Business Survey data show that firms across all owner groups applied for credit. Data from the 2024 Annual Business Survey is used as it provides a more thorough breakdown by owner group than the more recent Small Business Credit Survey. ABS data in Table 31 shows that Native Hawaiian and American Indian businesses were the most likely to apply for credit (30.2% and 22.7%, respectively), followed by Black-owned firms (18.7%). Access to financing depends not only on whether businesses seek credit but also on whether they receive the requested funding. Black-owned firms had the highest incidence of not receiving any of the requested credit (13.5% compared to 7.2% for White-owned and 10.3% for Hispanic-owned firms). Native Hawaiian firms were the least likely to receive all the credit from their application.

Minority businesses have unique financing needs and often resort to alternative sources of capital due to a greater likelihood of being unable to receive traditional financing. In a 2024 study on FinTech, MBDA identified that MBEs are increasingly resorting to alternative funding sources like financial technology (FinTech) as a main source of alternative capital. These financing sources can result in quicker approvals, smaller-sized loans, and expanded credit access. However, risks include inconsistent costs and pricing transparency, the use of AI and algorithms in data-driven decisions on loan approvals, data security, and others. FinTech and alternative sources may be a path forward in the future for minority businesses. [39]

Table 31: Net Financing Applications and Outcomes by Race and Ethnicity in USA, 2024*

Race and Ethnicity	Applied for credit	Did not apply	Don't know	No credit received	Some credit received	All the credit received	Don't Know
White	14.1%	75.8%	10.1%	7.2%	24.3%	58.2%	10.3%
Black/African American	18.7%	72.4%	8.8%	13.5%	35.8%	40.6%	10.1%
American Indian and Alaska Native	22.7%	67.5%	9.8%	10.6%	27.8%	54.1%	7.5%
Asian	9.6%	77.0%	13.4%	8.0%	35.6%	39.5%	17.0%
Native Hawaiian and Other Pacific Islander	30.2%	63.1%	6.6%	12.7%	43.8%	37.3%	6.2%
Ethnicity							
Hispanic	17.2%	70.8%	12.1%	10.3%	35.9%	42.6%	11.2%
Equally Hispanic/non-Hispanic	18.7%	71.1%	10.2%	6.8%	26.8%	52.6%	13.8%
Non-Hispanic	13.3%	76.4%	10.3%	7.2%	24.4%	57.6%	10.8%

*Data is from two tables from the Annual Business Survey for new credit applications.
Source: U.S. Census Bureau and National Center for Science and Engineering Statistics, 2025 Annual Business Survey

[38] Ibid.
[39] Minority Business Development Agency, *FinTech and Alternative Financing for Minority Business Enterprises* (Washington, DC: U.S. Department of Commerce, Minority Business Development Agency, 2024).

Access to Government Contracting Opportunities

Businesses do not achieve scale through capital or customers alone. They need both—and they need them at the right time.

A consequential contract can transform a business, providing revenue, credibility, and an opportunity to expand. But fulfilling that contract often requires capital before the first payment is received. A company may need to hire employees, purchase materials, acquire equipment, increase production, or strengthen its operating systems simply to perform the work it has won.

This creates a persistent cycle: businesses need capital to pursue and fulfill larger opportunities, while lenders and investors often require stronger revenue, confirmed contracts, or longer operating histories before providing that capital. A business may therefore be capable of performing the work but unable to finance its growth.

Capital, contracting, and capacity must be addressed together. NMSDC and its partners can help interrupt this cycle by connecting minority-owned businesses simultaneously to customers, financial institutions, investors, capacity-building resources, and strategic relationships. Taken together, the financing analysis above and the contracting analysis that follows demonstrate why access to capital and access to customers must be addressed as interconnected components of business scale.

A national contracting survey supported by the U.S. Black Chambers, NMSDC, National ACE, and other business organizations underscores the connection between contracting and scale. Among surveyed businesses generating at least $1 million in annual revenue, 46% described corporate contracting as critical to their growth strategy, while one-third identified government contracting as critical. The study also called for more intentional engagement and the unbundling of unnecessarily restrictive contracts to expand competition and strengthen supply chains.[40]

Government contracting is one of the most important ways the federal government supports the growth and development of small and minority-owned businesses. By providing access to federal procurement opportunities, government contracts can help businesses increase revenue, expand operations, create jobs, and build long-term capacity. Beginning in 1988, the federal government established annual contracting goals for small business participation in federal contracting. Federal contracting data indicate that small businesses continue to play an increasingly important role in government.

Table 32 shows that in Fiscal Year (FY) 2024, the goal was for small businesses to receive 23% of contract awards. This goal was exceeded as small businesses received 28.8% of SBA Scorecard Percentage Dollars.[41] From 2019-2023, the percentage of federal contracting dollars awarded to small businesses increased steadily from 26.5% in 2019 to 28.4% in 2023. The percentage of government contracts awarded to small, disadvantaged businesses increased from 10.3% to 12.1% during the same period. By FY 2023, small, disadvantaged businesses received $76.2 billion in prime contracting dollars.[42]

Table 32: Fiscal Year 2024 Government Contract Awards

Type of Firm	Goal	SBA Scorecard Percentage Dollars Awarded
Small Businesses	23%	28.8%
Small Disadvantaged Businesses (SDBs)	13%	12.3%
Women-Owned Small Businesses (WOSBs)	5%	5.0%
Service-Disabled Veteran-Owned Small Businesses (SDVOSBs)	5%	5.1%
HUB (Historically Underutilized Business) Zone Small Businesses	3%	2.8%

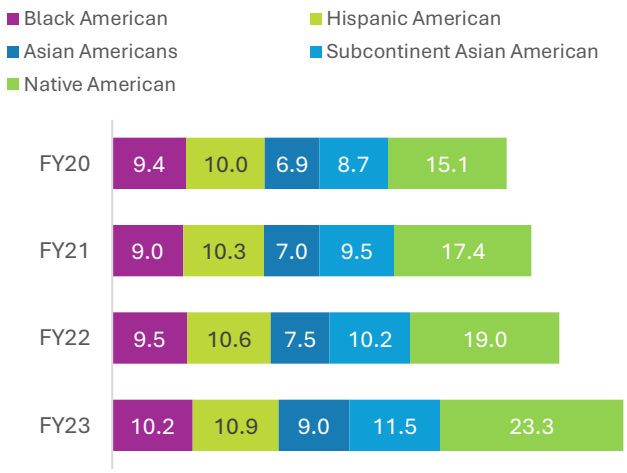
Source: U.S. Small Business Administration, Government-wide FY2024 Small Business Procurement Scorecard.

[40] Reimagine Main Street and partner organizations, *State of Contracting in Public and Private Sectors*, 2024.
[41] "Federal Small Business Contracting Goals." Congressional Research Service, July 22, 2025.
[42] "Biden-Harris Administration Awards Record-Breaking $178 Billion in Federal Procurement Opportunities to Small Businesses | U.S. Small Business Administration." U.S. Small Business Administration, April 29, 2024.

These trends point to the important role federal procurement plays in supporting entrepreneurship and expanding economic opportunities. As expressed throughout this report, minority-owned businesses have experienced growth in business ownership, employment, payroll, and revenue. Continued access to government contracting opportunities can help these businesses scale more rapidly, strengthen their competitive position, and expand their contribution to the economy. As America marks its 250th anniversary, policies and programs that connect small and minority-owned businesses to growth opportunities can help foster innovation, create jobs, and support America's long-term economic competitiveness.

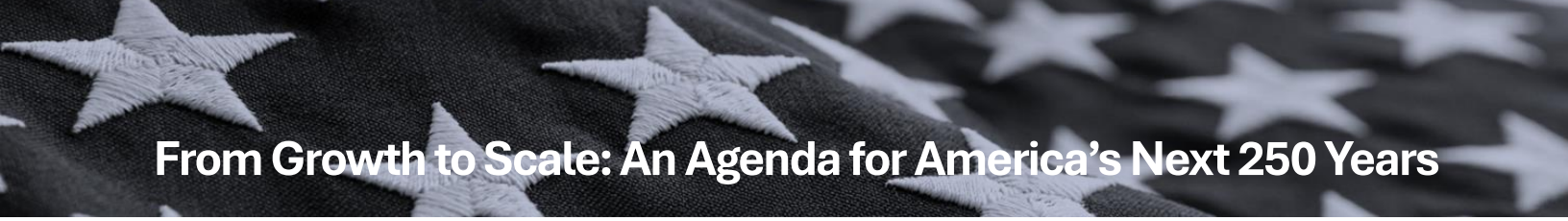
The data in Figure 12 shows that federal contracting dollars for all minority-owned businesses increased by approximately 29.5% from Fiscal Year 2020 to Fiscal Year 2023. The greatest increases were for Native American-owned firms (approximately 54.3%), followed by subcontinent Asian-owned businesses (32.2%), and Asian-owned businesses (30.4%). This growth in federal contracting dollars by Asian-owned firms coincides with high compound annual growth rates from 2020 to 2023 in the numbers of firms (3.8% CAGR), employment (2.3%), payroll (10.1%), and revenue (12.4%). The growth in federal contracting dollars for Native American firms coincides with compound annual growth in the number of firms (10.9%), employment (14.3%), payroll (19.5%), and revenue (21.3%).[43] Thus, these findings suggest that there may be an association between increased levels of government contracting and the scaling and growth of minority-owned businesses. However, this does not establish a causal relationship. Businesses that receive government contracts may be better positioned to expand their operations, while businesses that grow in size and capacity may also become more competitive for future contracting opportunities.

Figure 12: Federal Contracting to Minority -Owned Small Businesses in USA, FY2020 – FY 2023 ($Billions)



Source: U.S. Small Business Administration

[43] For comparison purposes with the federal contracting data, compound annual growth rates were calculated from 2020 to 2023. These CAGR figures vary from the figures presented in Table 5 as those previous CAGR figures show compound annual growth rates from 2018 to 2023, not 2020 to 2023.



From Growth to Scale: An Agenda for America's Next 250 Years

The research presented in this report tells a story of remarkable progress—and substantial unrealized potential.

Minority-owned employer businesses are increasing in number, creating jobs, expanding payroll, and generating revenue at rates that often exceed those of the broader business community. Yet their growing presence has not translated into proportional economic scale. Minority-owned firms remain concentrated among smaller businesses, generate lower average revenue per firm, and face persistent differences in access to capital, customers, contracts, technology, and growth markets.

For decades, minority business development appropriately focused on expanding access to entrepreneurship and increasing the number of minority-owned businesses. That work must continue. But America's next challenge is larger: creating the conditions that allow more of these businesses to become significant employers, suppliers, innovators, and national and global competitors.

Achieving that goal will require a connected strategy. Capital without customers will not produce sustainable growth. Contracts without capacity may overwhelm an unprepared business. Technology without workforce development may widen existing gaps. Technical assistance without access to consequential opportunities may improve a business without materially changing its trajectory.

America must build an ecosystem in which customers, capital, capacity, technology, and opportunity reinforce one another.

1. Expand Access to Customers and Markets

Businesses achieve scale by selling more products and services to more customers. Minority-owned firms need meaningful pathways into corporate supply chains, government markets, institutional purchasing, consumer markets, and international commerce.

Access must mean more than admission to a supplier database or participation in an occasional networking event. Businesses need opportunities to compete for core work, enter higher-value categories, serve multiple business units, expand geographically, and develop long-term customer relationships. The measure of success should be whether an initial opportunity produces sustained revenue, broader market access, and continued growth.

2. Build More Effective Pathways to Capital

Businesses need different forms of capital at different stages, including working capital, equipment financing, expansion capital, equity investment, and acquisition financing. The data show that minority-owned firms are less likely to receive all the financing they request, even though they frequently begin with fewer internal resources.

Financial institutions, corporations, investors, and public agencies should develop solutions that reflect how businesses actually grow. These may include contract-based working capital, purchase-order financing, credit enhancements, patient investment, and acquisition financing. More predictable payment practices, longer-term customer relationships, and earlier visibility into procurement pipelines can also improve a supplier's ability to secure financing.

3. Strengthen Capacity and Capability

Scale requires businesses to develop stronger systems for finance, governance, operations, talent, risk management, cybersecurity, compliance, and strategic planning. Development programs should therefore respond to a company's particular stage of growth rather than offer the same assistance to every business.

Training and technical assistance are most effective when connected to real opportunities. Programs should prepare businesses for identified contracts, financing opportunities, acquisitions, industry requirements, or expansion strategies. Success should be measured not simply by program participation, but by increased revenue, employment, capacity, and competitiveness.

4. Expand Participation in High-Growth Industries

America needs a two-front industry strategy. First, minority-owned businesses should be supported in scaling within the industries where they already have a strong presence. Second, stronger pathways must be created into industries that will drive future investment, innovation, and wealth creation.

Those industries include advanced manufacturing, artificial intelligence, cybersecurity, energy, infrastructure, health care technology, financial technology, transportation, logistics, and semiconductor production. Entrepreneurs should not be directed toward or away from particular sectors; they should have a genuine opportunity to compete wherever the American economy is growing.

5. Use Procurement as an Engine of Scale

Corporate and government procurement can provide businesses with revenue, experience, credibility, and the ability to invest in people and technology. But the value of procurement depends on the quality of the opportunity.

Organizations should examine not only how many minority-owned businesses receive contracts, but also the size, duration, strategic importance, and growth potential of those contracts. Procurement systems should reduce unnecessary barriers, improve visibility into upcoming opportunities, unbundle requirements where appropriate, and hold prime contractors accountable for substantive supplier participation. Procurement should be treated not as a peripheral compliance activity, but as a strategy for strengthening competition, innovation, and supply-chain resilience.

6. Accelerate Technology and AI Readiness

Artificial intelligence, automation, data analytics, cloud computing, and digital platforms are transforming how businesses operate and compete. Minority-owned firms that can adopt these technologies may improve efficiency, reduce costs, reach new customers, and pursue more sophisticated work. Those without the necessary capital, talent, or infrastructure risk being left behind.

Technology readiness must become a central component of business development. Minority-owned firms should be positioned not only to use emerging technologies, but also to build, supply, implement, and shape them. Technology should become a force multiplier for business growth—not a new barrier to participation.

7. Prepare for the Great Ownership Transfer

The coming transfer of established businesses from retiring owners represents a historic opportunity to accelerate minority business ownership and scale. Acquisition can provide an entrepreneur with customers, employees, revenue, facilities, intellectual property, and operating history that might otherwise take years to build.

Minority entrepreneurs need access to acquisition opportunities, financing, experienced advisors, and post-transaction support. Existing minority-owned businesses also need succession planning to preserve the value founders have created. With intentional action, the Great Ownership Transfer can expand ownership, preserve jobs, accelerate scale, and build intergenerational wealth.

8. Build Public Policy for Minority Business Growth

America has built an important network of federal, state, and local institutions and programs designed to help small and minority-owned businesses start, compete, and grow. These institutions provide entrepreneurs with access to technical assistance, capital, contracting opportunities, market intelligence, and connections that individual businesses often cannot develop on their own.

That infrastructure should be strengthened and modernized for the next generation of American entrepreneurship. Programs should be evaluated by their ability to help businesses increase revenue, create jobs, secure larger contracts, enter new markets, adopt technology, obtain capital, and achieve scale.

The Minority Business Development Agency (MBDA) represents an important part of this infrastructure, alongside the Small Business Administration and the nationwide network of Small Business Development Centers (SBDCs), as well as state and local business-

development institutions. Continued investment in these institutions—and stronger coordination among them, the private sector, financial institutions, and business organizations—can help translate entrepreneurial potential into economic growth.

As America enters its next 250 years, supporting minority business development should be understood not simply as assistance to individual entrepreneurs, but as an investment in the nation's competitiveness, supply-chain resilience, job creation, and long-term prosperity.

9. Improve Data, Accountability, and Measurement

America needs a clearer and more timely picture of how minority-owned businesses start, grow, secure capital, win contracts, enter industries, acquire other companies, create jobs, and build wealth.

Corporations, government agencies, financial institutions, and business-development organizations should move beyond measuring activity alone. Supplier registrations, outreach events, and program participation are useful measures, but they do not tell us whether businesses are growing. Accountability should focus on outcomes such as revenue and employment growth, contract size and duration, access to capital, customer diversification, technology adoption, acquisitions, business survival, and movement from small businesses to scaled companies. Emerging tools such as the Kauffman Economic Mobility Index also demonstrate the value of connecting entrepreneurship data with education, workforce, and community conditions to understand where access to opportunity remains constrained.[44]

The Opportunity Before America

The evidence in this report does not describe an economy standing still. Minority-owned businesses are growing and expanding their contributions to American prosperity. The question is whether the institutions surrounding them will evolve quickly enough to match their momentum.

America's next 250 years will be shaped by changes in technology, demographics, global competition, supply chains, workforce needs, and business ownership. Meeting those challenges will require the nation to draw upon the full range of its entrepreneurial talent.

The goal is not simply to make the existing economy more inclusive. It is to build a stronger, more innovative, and more competitive economy by enabling more businesses to contribute at their highest potential.

The first 250 years of the American economy demonstrated the transformative power of entrepreneurship. The next 250 must demonstrate what becomes possible when that power is fully connected to capital, customers, opportunity, and scale.

[44] Ewing Marion Kauffman Foundation, *Kauffman Economic Mobility Index* (2025).

Appendix A: Employment in Employer Firms by Industry Description in USA, 2023

NAICS industry description	Total Employment	Percent of Total Employment	Average Annual Payroll per Employee
Accommodation and food services	14,177,583	10.7%	$26,011
Administrative and support and waste management and remediation services	13,025,078	9.8%	$54,964
Agriculture, forestry, fishing and hunting	175,499	0.1%	$57,732
Arts, entertainment, and recreation	2,393,118	1.8%	$44,670
Construction	7,537,705	5.7%	$76,919
Educational services	3,850,021	2.9%	$48,882
Finance and insurance	7,031,652	5.3%	$118,466
Health care and social assistance	20,123,392	15.1%	$59,180
Industries not classified	14,158	0.0%	$43,178
Information	3,612,912	2.7%	$150,281
Management of companies and enterprises	3,920,041	3.0%	$128,077
Manufacturing	11,853,045	8.9%	$72,548
Mining, quarrying, and oil and gas extraction	555,542	0.4%	$115,497
Other services (except public administration)	2,859,800	2.2%	$40,959
Professional, scientific, and technical services	10,052,334	7.6%	$104,039
Real estate and rental and leasing	2,405,526	1.8%	$64,927
Retail trade	15,817,646	11.9%	$36,492
Transportation and warehousing	6,625,637	5.0%	$59,895
Utilities	655,924	0.5%	$127,237
Wholesale trade	6,162,931	4.6%	$88,128
Total for all sectors	132,849,544	100.0%	$66,866

Source: U.S. Census Bureau, Annual Business Survey, 2023

Appendix B: Sales and Revenue per Firm in Employer Firms by Industry Sector in USA, 2023

NAICS Industry Description	Sales and Revenue ($Billions)	Percent of Total Sales and Revenue	Average Sales and Revenue per Firm
Accommodation and food services	$1,271.7	2.6%	$2,258,160
Administrative and support and waste management and remediation services	$1,284.3	2.7%	$3,478,305
Agriculture, forestry, fishing and hunting	$49.3	0.1%	$2,341,527
Arts, entertainment, and recreation	$338.8	0.7%	$2,312,951
Construction	$3,018.2	6.3%	$3,896,344
Educational services	$571.2	1.2%	$5,591,371
Finance and insurance	$5,771.0	12.0%	$25,058,572
Health care and social assistance	$3,069.3	6.4%	$4,487,842
Industries not classified	$3.5	0.0%	$520,585
Information	$2,217.3	4.6%	$27,284,742
Management of companies and enterprises	$95.6	0.2%	$4,098,654
Manufacturing	$6,910.5	14.3%	$29,795,304
Mining, quarrying, and oil and gas extraction	$619.9	1.3%	$37,125,263
Other services (except public administration)	$419.2	0.9%	$1,020,725
Professional, scientific, and technical services	$2,592.8	5.4%	$3,022,043
Real estate and rental and leasing	$864.9	1.8%	$2,451,733
Retail trade	$6,730.3	14.0%	$11,264,194
Transportation and warehousing	$1,287.0	2.7%	$5,670,236
Utilities	$666.4	1.4%	$97,287,100
Wholesale trade	$10,442.5	21.7%	$38,030,369
Total for all sectors	$48,223.8	100.0%	$8,125,399

Source: U.S. Census Bureau, Annual Business Survey, 2023

Appendix C: Methodology and Definitions

Sources

Developed by the National Minority Supplier Development Council (NMSDC) in partnership with Florida International University and Supplier.io, this report combines national research, market intelligence, and economic analysis to measure the growth, impact, and future potential of minority business enterprises across the United States. The following report focuses on overall businesses as well as minority-owned businesses at the national level, as well as for two metropolitan statistical areas (MSA), the Los Angeles MSA and the South Florida MSA. A metropolitan statistical area is delineated by the U.S. Office of Management and Budget (OMB) as a core area with a "substantial population nucleus, together with adjacent communities having a high degree of economic and social integration with that core."[45] Each MSA must have at least one urban area with a population of over 50,000 residents.[46]

Predominantly, the Annual Business Survey surveys all "domestic, non-farm, for profit businesses with at least one paid employee. "[47] A minority-owned firm is a for-profit business in which at least 51% of the ownership (up to four people owning the greatest percentage in the business) is held by individuals classified as minorities under the U.S. Census Bureau's race and ethnicity categories. For purposes of this report, the Census Bureau's Annual Business Survey classifies minority-owned firms as those with majority ownership by individuals of any racial or ethnic classification other than non-Hispanic White; firms with equal minority and nonminority ownership are classified separately. [48]

This study relies on the U.S. Census Bureau's definition of minority-owned businesses as those that are majority owned by groups other than non-minority (White, not Hispanic). This study utilizes the most recently available data for these geographies from multiple government and proprietary sources, presenting information for overall firms as well as for minority-owned businesses. These include data from the following organizations/agencies: U.S. Census Bureau, Lightcast, St. Louis Federal Reserve, U.S. Small Business Administration, and the National Minority Supplier Development Council, among others. In certain years, data is not available for smaller owner groups, especially at the regional level. For example, data on sales and revenues by owner group is not available for the Los Angeles MSA prior to 2022; as such, information for this metric is presented only using 2022 and 2023 data. When possible the team recalculated suppressed data. Missing or unavailable data is noted throughout the report.

As noted, one of the main sources for this study is the United States Census Bureau's American Community Survey and the Annual Business Survey. The American Community Survey is the foremost source for information on demographics and housing. It is collected annually nationwide with over 3.5 million households.[49] The ACS releases 1-Year Estimates each year for populations of at least 65,000. These are typically released in September of the following year and contain 12 months of collected data. The ACS also provides 5-year estimates for smaller populations that are released in December of the following year.[50] This report relies on five-year estimates for demographic data, as this is the most reliable and largest sample size dataset.[51]

The Annual Business Survey collects data for domestic, non-farm, for-profit businesses with employees.[52] The survey collects data on 850,000 employer businesses every 5 years and 230,000 businesses annually.[53] Data is typically released 18 to 24 months after the survey year.

[45] U.S. Census Bureau. "About Metropolitan and Micropolitan Statistical Areas." Census.gov, February 27, 2026.

[46] Ibid.

[47] United States Census Bureau. "About the Annual Business Survey (ABS)."

[48] United States Census Bureau. "Annual Business Survey Methodology, 2023."

[49] U.S. Census Bureau. "Top Questions about the Survey." Census.gov, July 31, 2026.

[50] U.S. Census Bureau. "American Community Survey Information Guide." Census.gov, September 29, 2025.

[51] U.S. Census Bureau. "Using 1-Year or 5-Year American Community Survey Data." Census.gov, September 2, 2025.

[52] U.S. Census Bureau. "About the Annual Business Survey (ABS)." Census.gov, May 26, 2026.

[53] Ibid

The most recent available data is currently from 2023. As this is the primary source of much of the data presented in the subsequent sections (total number of firms, total employment, total payroll, and total sales and revenue), the report focuses primarily on employer firms rather than on all small businesses, including non-employer establishments. In other words, the data does not focus on businesses that do not have employees (non-employer establishments). Unless otherwise specified, the report focuses on employer firms that also indicated the race and ethnicity of owners. To understand the impact and potential opportunities for the overall economy of minority-owned businesses, data is presented throughout the report for all employer firms, White-owned firms, and minority-owned firms. If available, data is presented by owner group to understand trends within each group over time as well as between groups.

Lightcast is a proprietary data source that compiles information from established government and private sources, including the Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW) and dozens of other sites, to create a "comprehensive and current dataset that includes both published data and detailed estimates with full United States coverage."[54] This includes industry, education, occupation, job posting, and demographic profiles at the national, state, and metropolitan statistical area levels. The data has a six-week lag from the release of the QCEW, with the release of QCEW Q1 2026 data expected for October 2026.[55]

The study also relies on data from Federal Reserve Economic Data (FRED) from the St. Louis Federal Reserve. FRED is a database of thousands of economic time series in an interactive format. This includes information on the gross domestic product and the gross domestic product per capita.[56] The report also cites government contracting information from the U.S. Small Business Administration, as well as reports on minority- and small businesses from sources including the National Minority Supplier Development Council, the Kauffman Indicators of Entrepreneurship, and others.[57]

Metrics and Calculations

The following sections focus on these aggregated metrics and data points that are displayed as presented by the original source:

- U.S. Census Bureau American Community Survey data: demographic information on the population in each geography, including the racial and ethnic composition of an area, educational attainment levels, and labor force characteristics
- Lightcast economic data: the top employers by job postings, the top industries, top occupations, and top occupations by median hourly earnings
- St. Louis Federal Reserve: gross regional/domestic product overall
- U.S. Census Bureau Annual Business Survey: the number of employer firms, total payroll, total employment, and sales and revenue in employer firms overall and by the race and ethnicity of owners.
    - This was then analyzed to determine the average size, average payroll, and average revenue per firm by the race and ethnicity of owners (including overall figures and the year-over-year growth rates) and the average size, payroll, and revenue per employee by the race and ethnicity of owners (including overall figures and the year-over-year growth rates)
    - This was analyzed by firm-level potential gains in revenue, payroll, and productivity for minority-owned businesses and by owner group

[54] "Lightcast Data: Basic Overview." Lightcast Knowledge Base.

[55] "US Data Release Notes." Lightcast Knowledge Base.

[56] "What Is Fred?" Getting To Know FRED.

[57] "Biden-Harris Administration Awards Record-Breaking $178 Billion in Federal Procurement Opportunities to Small Businesses." U.S. Small Business Administration; "Kauffman Indicators of Entrepreneurship." Kauffman Indicators of Entrepreneurship.

- U.S. Census Bureau, Annual Business Survey: net financing outcomes by owner group
- U.S. Small Business Administration: access to federal government contracting

This section explains the methodology of derived metrics or those that required calculations beyond what was reported by the original source.

Gross domestic/regional product per capita

This is obtained by dividing the gross domestic or regional product by the total population of the area.

Business Ownership Representation Ratio

This ratio is calculated by dividing the percentage of employer firms owned by each owner group by that group's share of the overall population. Values over 1 show ownership above a group's population share, and values below 1.0 indicate ownership below population share.

Year-over-year growth

This is calculated by measuring the percentage change from one year to the next for each metric from 2018 to 2023. This is calculated for the total number of employer firms, total employment, total payroll, and total sales and revenue.

Compound Annual Growth Rates (CAGR)

CAGR measures the average annual growth over a specific period. This is calculated for the number of employer firms, total employment, total payroll, and total sales and revenue.

$$CAGR = \frac{Ending\ Value^{\frac{1}{n}}}{Starting} - 1$$

Where:

n=number of growth periods between the beginning and ending years. In our study, since the data begins in 2018 and ends in 2023, there are 5 growth periods.

Average firm size

This metric is obtained by dividing the total number of employees by the total number of employer firms for a particular owner group.

Average payroll per firm

This metric is obtained by dividing the total payroll by the total number of firms for a particular owner group and multiplying by 1,000, as the payroll data is in thousands.

Average payroll per employee

This metric is obtained by dividing the total payroll by the total number of employees for a particular owner group and multiplying by 1,000, as the payroll data is in thousands. This is displayed overall, by firm size, and by industry .

Average sales and revenue per firm

This metric is obtained by dividing the total sales and revenue by the total number of firms for a particular owner group and multiplying by 1,000, as the sales/revenue data is in thousands. This is displayed overall, by firm size, and by industry.

Productivity (average revenue per employee)

This metric is obtained by dividing the total sales and revenue by the total number of employees for a particular owner group and multiplying by 1,000, as the sales/revenue data is in thousands.

Potential revenue gains by owner group

This metric is obtained by subtracting the average revenue per firm for a particular owner group from the average revenue of all employer firms, then multiplying the result by the total number of firms in that owner group. This metric indicates the additional revenue that could be generated if firms in a particular owner group had the same average revenue as the average U.S. employer firm.

Potential payroll gains by owner group

This metric is obtained by subtracting the average payroll per firm for a particular owner group from the average payroll across all employer firms, then multiplying the result by the total number of firms in that owner group. This metric indicates the additional payroll that could be generated if firms in a particular owner group had the same average payroll as the average U.S. employer firm.

Potential productivity gains by owner group

This metric is obtained by subtracting the average revenue per employee for a particular owner group from the average revenue per employee across all employer firms, then multiplying the result by the total number of employees in that owner group. This metric represents a productivity opportunity, reflecting the aggregate

difference in revenue per employee between a particular owner group and the average U.S. employer.

Defining Race and Ethnicity Categories

The following analysis presents data for businesses overall, as well as for businesses by owners' race and ethnicity. The racial and ethnic categories utilized throughout the report are those of the reporting agency (U.S. Census Bureau or U.S. Small Business Administration). Because the U.S. Census Bureau's American Community Survey and Annual Business Survey are the main sources used in this study, race and Hispanic ethnicity data are presented in the same table or figure even though they are measured in distinct survey questions. The report also analyzes the number of employer firms, total employees, total payroll, and total sales and revenue for the different ethnicity categories: Hispanic, non-Hispanic, and equally Hispanic/non-Hispanic-owned firms. Consistent with Census Bureau reporting conventions, race and ethnicity categories are analyzed separately but presented together where relevant to provide a comprehensive view of business owners.

Minority-owned firms are classified according to U.S. Census Bureau definitions and should not be interpreted as the sum of all individual racial and ethnic owner categories. Because Hispanic ethnicity is collected separately from race, Hispanic-owned firms may also be classified within one or more racial owner groups. As a result, owner categories may overlap, and summing racial and ethnic categories may result in double counting. Minority-owned is defined by the U.S. Census Bureau as "firms classified as any race and ethnicity combination other than non-Hispanic and White."[58] Throughout the writeup of the report, we shorten the names of the Census bureau defined owner groups to White-owned, Black-owned, Hispanic-owned, Asian-owned, American Indian-owned, Native Hawaiian-owned, equally minority/non-minority-owned and minority-owned. In tables, figures, and when introducing the overall categories as well as the methodology, we use the formal names designated by the U.S. Census Bureau, except for White, non-Hispanic which is labeled as Non-minority by the U.S. Census Bureau.

For simplicity, in figures we report on the four largest racial and ethnic groups: White, Black, Hispanic, and Asian-owned firms. In tables, we report on the following when available: White (non-Hispanic White only, which the Census labels non-minority), Black-owned, American Indian and Alaska Native-owned, Asian-owned, Native Hawaiian and Other Pacific Islander-owned, and equally minority/non-minority (50%/50%)-owned firms. For comparison purposes, we also analyzed aggregate metrics by Hispanic ethnicity, including non-Hispanic-owned firms, Hispanic-owned firms, and equally Hispanic and non-Hispanic-owned firms.

In sections including those focusing on industry data and firm size, totals for overall firms as well as for firms by owner group may vary from the totals presented in the earlier sections of the study focusing on metrics solely by owner group. This occurs for the overall report and the reports for each MSA. This is due to the fact that some employer firms may have provided information for industry or firm size but not the race and ethnicity of owners. Additionally, data for certain owner groups and firm sizes may have been suppressed by the U.S. Census Bureau for privacy concerns. When possible, calculations have been performed to determine the correct value for the suppressed data. If calculations could not be conducted (there were multiple suppressions), the number and/or percentage of firms and firm-specific metrics for businesses of certain sizes were suppressed by the U.S. Census Bureau and may appear as *. The total for each group reflects the total number of firms for all employment sizes reported by the U.S. Census Bureau. All percentages are based on the total reported for each firm size from the total of all firm sizes. As such, when adding up the percentages for a specific owner group by firm size, they may not sum to 100%.

The data for the overall economy of each area and U.S. economy for firm size and industry description refers to all firms, including those that did not provide ownership

[58] U.S. Census Bureau. "Census Bureau Releases New Data on Minority-Owned, Veteran-Owned and Women-Owned Businesses." Census.gov, November 13, 2023.

information. These match the data for all firms nationwide but may vary by 1 or 2 firms. Percentages are based on these totals. For example, the total number of employer firms by firm size and industry description is 5,934,950. This differs from the total of 5,703,068 employer firms used throughout the earlier sections of the report as that value is specific to firms that provided the race and ethnicity of owners.

For firm size as the main source of data for the study is the Annual Business Survey, the focus of the report is for employer businesses, which the U.S. Census defines as "all domestic non-farm, for profit businesses with at least one paid employee."[59] However, data by firm size includes information for firms listed as having 0 employees. This does not represent Non-employer businesses, as that information is provided by the Census in its Non-employer Statistics data. Although the Annual Business Survey covers employer firms, Census Bureau documentation notes that ABS employer-firm statistics include businesses with payroll at any time during the year, while firm-size classifications are based on employment during the March 12 pay period. Consequently, tables covering information on firm size, like AB2300CSA04, include a "no employees" size category among employer firms.[60]

Industrial data is presented overall for the U.S. economy and by race/ethnicity of owners. Percentages are based on the total numbers for each category, and when summing the twenty industries, they may not correspond with the total from the ABS. Industrial data is for twenty industries based on 2-digit NAICS codes.

[59] U.S. Census Bureau. About the Annual Business Survey." Census.gov.

[60] U.S. Census Bureau. Percentage of Employer Firms by Size of Firm. Census.gov.