

Small Business Facts

BUSINESS OWNERSHIP DEMOGRAPHICS

March 2021, Brian Headd, Economist



At A Glance

Business ownership is diverse, but as firm size increases from firms without employees (nonemployers) to firms with employees (employers), women, African-American, and Hispanic owners become less represented.

The bulk of businesses are nonemployers, but the bulk of business is from employers.

In 2017, nonemployers numbered 25 million and represented 82 percent of businesses but only 3 percent of sales receipts. (Source: U.S. Census Bureau, Nonemployer Statistics by Demographics (NES-D), Annual Business Survey (ABS))

Younger owners tend to be nonemployers and overall, older owners dominate.

Owners age 35 and under were 26 percent of nonemployers in 2017 but only 6 percent of employers. Younger owners were underrepresented as they account for about 35 percent of all workers. Owners 55 and over are overrepresented as they account for 35 percent of nonemployers, 51 percent of employers, and about 23 percent of all workers. (Source: NES-D, ABS, Current Population Survey)

Foreign-born Americans represent a similar share of owners and employees.

Foreign-born owners were 21 percent of owners in 2017 and about 19 percent of the employed (age 25 and over). (Source: NES-D, ABS, Current Population Survey)

The underserved have smaller ventures.

Women, African-American, and Hispanic owners had shares of 42, 12, and 14 percent of nonemployers, respectively, but only 20, 2, and 6 percent, respectively, of employers. As a share of nonemployer sales, women, African-American, and Hispanic owners represented a smaller share of sales (24, 6, and 11 percent, respectively) than their share of ownership. Overall, minorities were 32 percent of nonemployers (and 24 percent of nonemployer sales) and 18 percent of employers. Women, African-American, and Hispanic led firms tend to be younger (42, 46, and 46 percent, respectively, were five years or younger) compared to White and male firms (36 and 36 percent), hinting at survival issues. (Source: NES-D, ABS)

Veterans are also owners.

Veterans own 6 percent of nonemployers and employers. However, due to methodology issues, veteran nonemployer firms are likely undercounted. Veteran employers were older than other firms (56 percent were over ten years old vs. 47 percent of all employers). (Source: NES-D, ABS)

Firm Owners by Age and U.S. Birth Status, 2017 (millions)

	Nonemployers	Employers	Total
Under age 35	5.62	0.27	5.88
Age 35 to 54	10.54	2.06	12.60
Age 55 and over	8.60	2.40	11.01
Born in the U.S.	19.28	3.91	23.19
Born outside of U.S.*	5.48	0.82	6.31

* About one-third are U.S citizens.
Owner and firm counts are not comparable.

Source: U.S. Census Bureau, NES-D, ABS

Firms and Receipts by Owner Demographic, 2017

	Nonemployers (millions)	Receipts (\$billions)	Employers (millions)	Receipts (\$billions)	Total Firms (millions)	Total Receipts (\$billions)
Total *	25.31	1,184.6	5.74	36,579.6	31.05	37,764.2
Women	10.55	286.1	1.13	1,490.3	11.68	1,776.4
Men	13.91	784.0	3.48	10,018.6	17.39	10,802.7
Veteran-owned *	1.42	59.3	0.35	854.2	1.77	913.5
Minority	8.17	279.3	1.01	1,401.8	9.18	1,681.1
Non-Minority	16.83	846.3	4.37	11,147.0	21.20	11,993.3
African American	2.95	65.6	0.12	127.9	3.08	193.4
Amer. Indian/AK. Native	0.08	2.7	0.02	38.0	0.11	40.7
Asian	1.96	94.1	0.56	814.8	2.52	908.9
White	19.99	965.2	4.77	11,681.8	24.76	12,647.0
Hispanic	3.64	129.6	0.32	422.6	3.96	552.1

* Majority owned categories, there are also "equally-owned" categories not specifically listed. There are relatively few equally-owned and owner unclassifiable firms, but they tend to have large amounts of receipts. Veteran nonemployers are most likely undercounted due to methodology issues with matching administrative records and is a work in progress for future releases.

Source: U.S. Census Bureau, NES-D, ABS