



Minority-Owned Businesses

Insights from States in the Northeastern Region



By Xiaoyin Li, Heather M. Stephens, and Stephan J. Goetz

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NERCRD RESEARCH BRIEF

Minority-Owned Businesses: Insights from States in the Northeastern Region

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Minority-Owned Businesses: Insights from States in the Northeastern Region

Entrepreneurship is an important driver of economic development. Prior studies suggest that entrepreneurs contribute to local economic prosperity, supporting income and employment growth in the surrounding communities as well (Rupasingha and Goetz, 2013; Stephens and Partridge, 2011; Stephens et al., 2013; Keeler and Stephens, 2022). However, minority rates of self-employment continue to be low compared to those of their White counterparts. According to the Census Bureau, 18.7% of employer businesses in the United States in 2019 were minority-owned, while minority-owned nonemployer firms accounted for approximately 35.3%.¹ In contrast, non-Hispanic Whites own 76.1% of employer businesses and 61.7% of all nonemployer businesses.² One possible reason for this disparity may be that minorities face more barriers when starting and operating businesses. One obstacle for minorities may be credit access (Robb and Wolken, 2002; Bates et al., 2018; Joshi et al., 2018), as previous research shows that Black-owned firms are less likely to receive loan approval (Blanchard et al., 2008; Fairlie et al., 2022).

Minority-owned businesses are also not uniformly distributed. The percentage of minority-owned businesses varies by state and racial/ethnic group. For example, approximately 87% of Black-owned businesses are located in urban areas, and the District of Columbia has the highest share of Black-owned firms in the Northeast region, which makes sense because it is an urban center.³ Figure 1 maps the number of minority-owned businesses per 1000 minority residents in the 12 states and the District of Columbia in the Northeast region in 2019. New York and Maryland have the highest ratios of all types of minority-owned firms, while West Virginia has the lowest.

A portion of the differences across the region is due to the fact that each state⁴ has a different demographic and entrepreneurial composition. As shown in Table 1, Maine, Vermont, and West Virginia have small minority populations, with minorities making up only 7-8% of each state's population. In contrast, the District of Columbia has a large minority population. In examining the various racial and ethnic groups further, we see that Blacks and Hispanics are the largest minority groups in most states.⁵

¹ The Census defines nonemployer firms as businesses without any paid employees except for the owners and employer firms as firms that have at least one additional paid employee other than the owners. Minorities are defined as all populations except for non-Hispanic Whites.

² The statistics are author-calculated using the 2019 NES-D Table. Business ownership is defined as having 51 percent or more of the stock or equity and categorized as minority, nonminority, and equally minority/nonminority (50% / 50%). The percentages of minority-owned businesses and nonminority-owned businesses do not add up to exactly 100% due to the presence of businesses with equal minority/nonminority ownership and some cases where owner race is not disclosed. The equal ownership group is omitted from our following analysis.

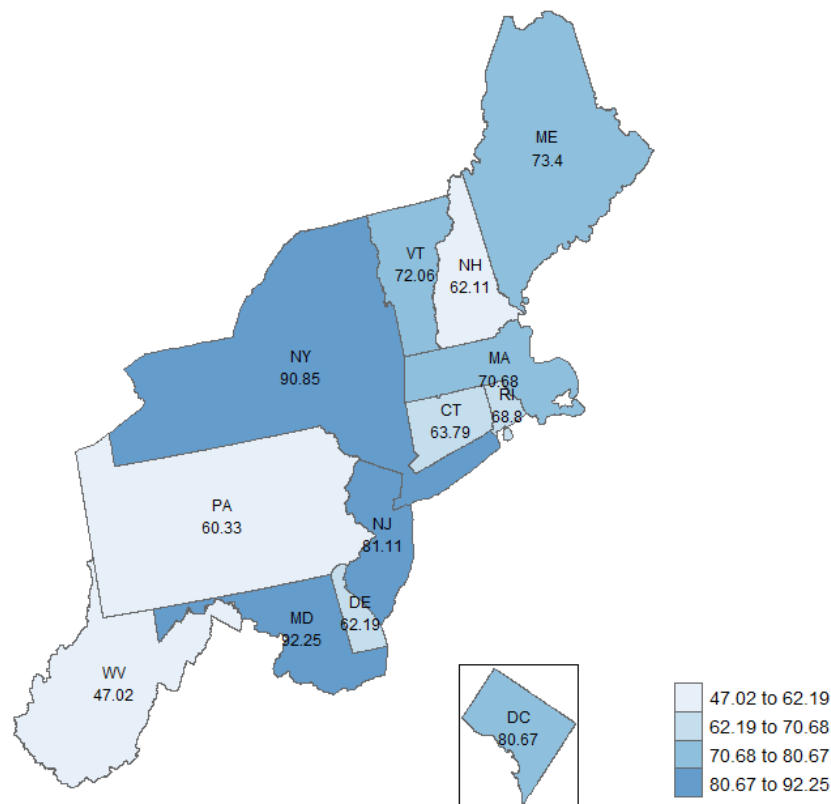
³ Statistics come from Pew Research Center report: <https://www.pewresearch.org/short-reads/2024/02/16/a-look-at-Black-owned-businesses-in-the-us/>.

⁴ In what follows, we refer to states, even though the analysis includes both the 12 states and DC.

⁵ We divide the population into five groups: "American Indian and Alaska Native alone," "Asian alone," "Black or African American alone," "Native Hawaiian and Other Pacific Islander," and "Hispanic or Latino of any race." Here, we do not distinguish "Hispanic/Latino" as a category mutually exclusive of other races, for example, someone who identifies as Black or African American may or may not also be of Hispanic origin.

Different racial groups also operate different types of businesses. In general, Asian entrepreneurs are more likely to run a business in which they hire other employees, while Hispanic and Black business owners are more likely to own a sole proprietorship. The specific proportions of firms by each demographic group also vary by state.

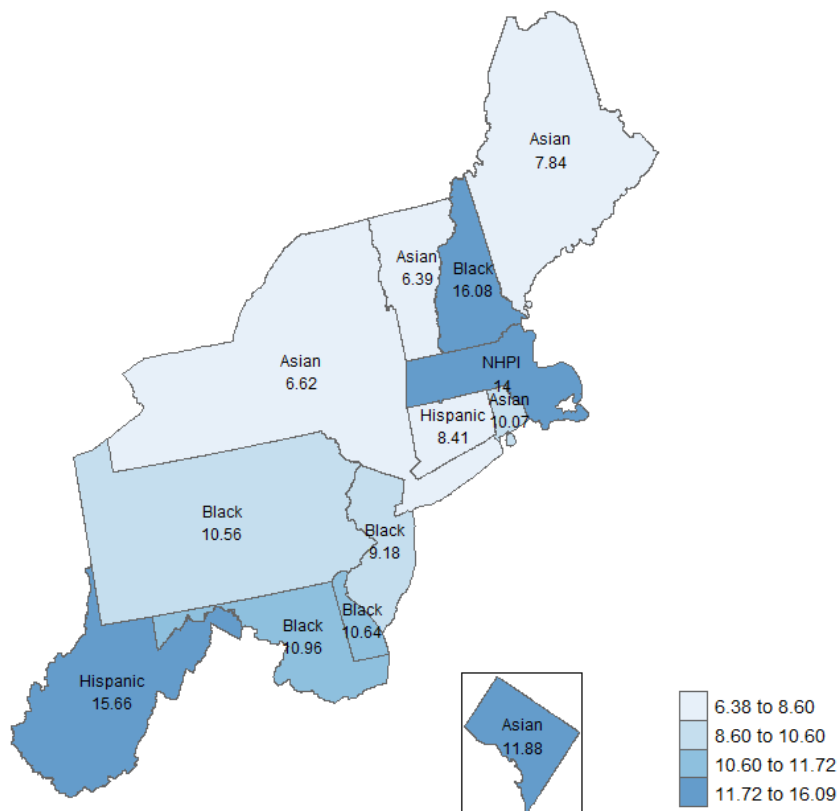
Figure 1. Number of Minority-Owned Businesses per 1000 Minority Residents by State, 2019



Note: Minority-owned businesses statistics are from the U.S. Census 2019 Nonemployer Statistics by Demographics (NES-D). 2019 NES-D has no data on minority-owned employer/total businesses in Vermont, so we estimate the total minority-owned firms by adding 2018 minority-owned employer firms and 2019 minority-owned nonemployer firms.

We also examine how minority-owned businesses perform in terms of providing employment and income opportunities, as these are important measures of a business's contribution to the local economy. As shown below, the average number of employees and average payroll by race/ethnicity group vary across states. Figure 2 displays the minority group with the highest average number of employees per firm by state. On average, Asian-owned businesses in Washington, D.C., Maine, New York, Rhode Island, and Vermont hire the most employees of all minority-owned businesses, while Black-owned businesses have more average employees in Delaware, Pennsylvania, Maryland, New Jersey, and New Hampshire. Notably, even though Native Hawaiians or other Pacific Islanders (NHPs) represent only a small percentage of the total Massachusetts minority population, firms owned by NHPs have a higher average number of employees in Massachusetts compared to other minority groups.

Figure 2. Minority Group with Highest Average Number of Employees per Firm by State, 2019

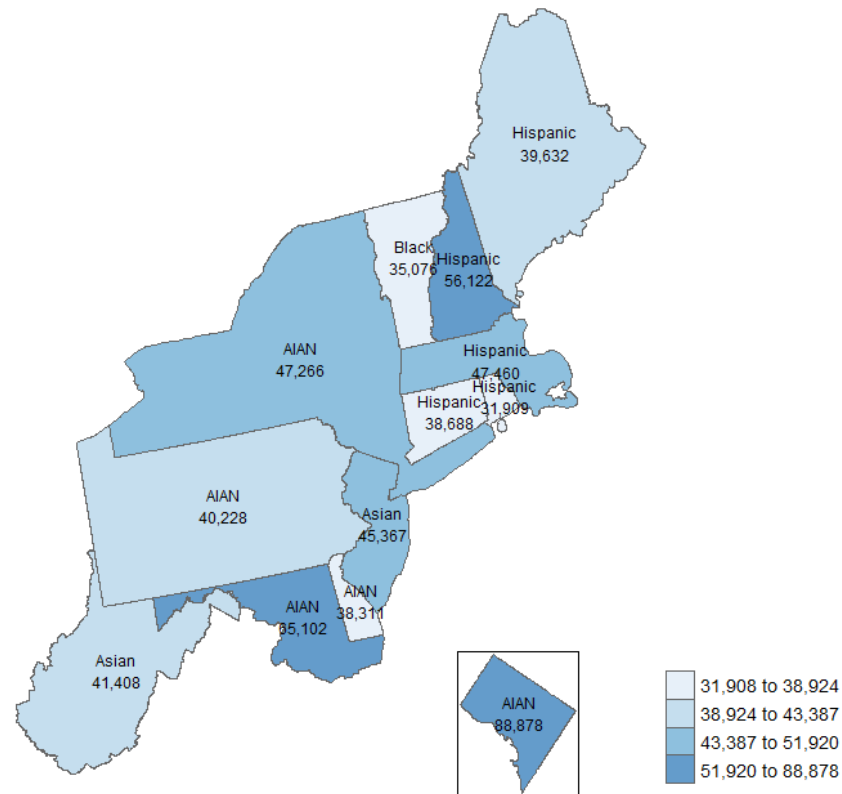


Note: Data are from 2019 NES-D. Numbers are compared within minority groups.

Figure 3 compares the average payroll among minority groups for minority-owned businesses in each state. Surprisingly, while American Indian and Alaska Natives (AIANs) have a relatively small share of the overall population and firms, AIAN-owned businesses provide the highest average payrolls in five states: D.C., Delaware, Maryland, New York, and Pennsylvania. Hispanic-owned businesses pay the most (among minority-owned firms) in five states: Connecticut, Maine, Massachusetts, New Hampshire, and Rhode Island. Asians offer the highest average salaries among all minorities in New Jersey and West Virginia.

Finally, we explore what types of businesses (in which industries) are most likely to be minority-owned, especially among those that hire employees. Understanding which industries have a higher concentration of minority-owned employer-owned businesses can shed light on the general business choices and hiring decisions of minority entrepreneurs. Table 2 lists the industry with the highest share of minority-owned firms in each state separated by business type. In most states, accommodation and food services is the leading industry in which minority-owned employer businesses are concentrated. Retail trade is another important industry with the highest shares in New Jersey, New York, and Rhode Island. In contrast, minority-owned nonemployer businesses are most likely to be in the transportation and warehousing sectors.

Figure 3. Minority Group with Highest Average Payroll per Employee by State, 2019



Note: Data are from 2019 NES-D. Payrolls are compared within minority groups.

Given the heterogeneity among different states, it is important to distinguish and document the characteristics of minority businesses separately by state. To understand better the role of minority-owned businesses in the Northeast region, we separately analyzed minority entrepreneurship by racial/ethnic group, business type, and industry sector for each state. The remaining sections of this report examine each state's minority entrepreneurship in detail, providing a more nuanced picture that reflects the unique populations and economic conditions in each state.

Across the Northeast region, the share of the minority population that is starting businesses is lower than the share of non-minorities who are business owners. Minority business owners are also starting businesses in different industries than their non-minority counterparts. However, although minority-owned businesses are fewer in number, they provide significant employment and income opportunities and make positive contributions to local community development. The analysis here suggests that policymakers should take these differences into account when creating training programs and support ecosystems to help promote minority entrepreneurship.

Table 1. State-Level Population Shares of Non-White Population by Race/Ethnicity Groups, 2019

State	Black	Asian	AIAN	NHPI	Hispanic	Minority
Connecticut	11.13%	4.67%	0.25%	0.03%	16.86%	34.38%
Delaware	22.53%	3.76%	0.45%	0.04%	9.59%	38.69%
District of Columbia	45.44%	4.07%	0.27%	0.03%	11.26%	62.71%
Maine	1.64%	1.14%	0.70%	0.02%	1.72%	7.18%
Maryland	30.27%	6.39%	0.32%	0.04%	10.64%	50.18%
Massachusetts	7.89%	6.86%	0.26%	0.04%	12.39%	29.69%
New Hampshire	1.62%	2.63%	0.13%	0.05%	3.98%	10.34%
New Jersey	13.55%	9.64%	0.21%	0.04%	20.91%	45.68%
New York	15.85%	8.64%	0.38%	0.04%	19.27%	44.94%
Pennsylvania	11.36%	3.54%	0.21%	0.03%	7.79%	24.38%
Rhode Island	7.38%	3.50%	0.32%	0.02%	16.30%	29.20%
Vermont	1.51%	1.38%	0.47%	0.06%	1.99%	7.55%
West Virginia	3.68%	0.80%	0.20%	0.02%	1.50%	7.96%

Note: Data are from the 2019 1-year American Community Survey. Hispanic or Latino is an ethnic group that includes anyone who identifies as such and may be of any race. AIAN and NHPI stand for “American Indian and Alaska Native” and “Native Hawaiian or Other Pacific Islander.”

Table 2. Industry with the Most Minority-Owned Businesses by State, 2019

Employer Businesses		
State	Industry	Share
Connecticut	Accommodation and food services	24.87
Delaware	Professional/scientific/technical services	20.98
District of Columbia	Accommodation and food services	26.74
Maine	Accommodation and food services	30.29
Maryland	Health care and social assistance	18.28
Massachusetts	Accommodation and food services	18.99
New Hampshire	Accommodation and food services	35.44
New Jersey	Retail trade	17.73
New York	Retail trade	17.88
Pennsylvania	Accommodation and food services	23.72
Rhode Island	Retail trade	22.15
Vermont	Accommodation and food services	41.70
West Virginia	Accommodation and food services	36.87

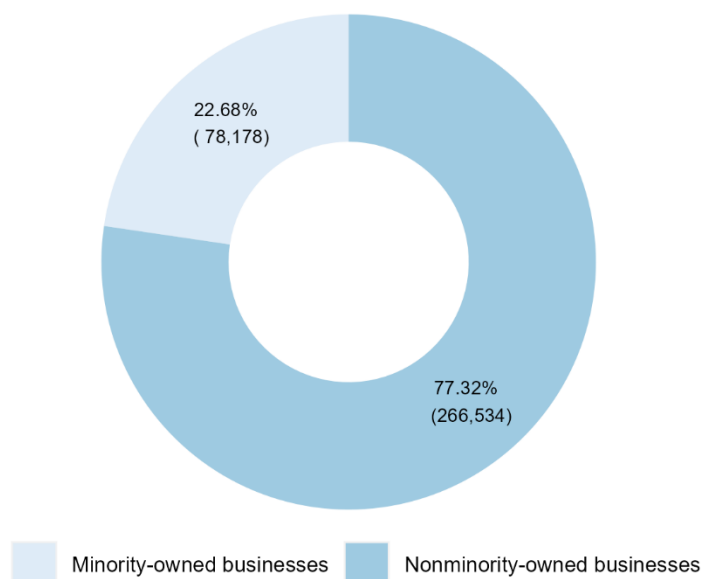
Nonemployer Businesses		
State	Industry	Share
Connecticut	Transportation and warehousing	19.42
Delaware	Transportation and warehousing	20.98
District of Columbia	Transportation and warehousing	22.22
Maryland	Transportation and warehousing	20.59
Massachusetts	Transportation and warehousing	31.78
Maine	Transportation and warehousing	14.17
	Other services (except public administration)	14.17
New Hampshire	Transportation and warehousing	16.67
New Jersey	Transportation and warehousing	25.17
New York	Transportation and warehousing	25.54
Pennsylvania	Transportation and warehousing	24.55
Rhode Island	Transportation and warehousing	28.21
Vermont	Professional/scientific/technical services	17.24
West Virginia	Other services (except public administration)	19.30

Note: Minority employer business data for Vermont are from the 2018 NES-D, others are from the 2019 NES-D.

Connecticut

In Connecticut, about 35% of residents are minorities, with more than 16% identifying as Hispanic. In 2019, there were 63.8 minority-owned businesses for every 1,000 minority residents. To explore the distribution of firms, we first consider all types of businesses including both employer and nonemployer firms. As shown in Figure 2.1, there were more than 300,000 businesses in Connecticut with 22.68% owned by minorities.

Figure 2.1. Minority- and Nonminority-Owned Businesses of All Types of Firms, 2019



Data Source: U.S. Census 2019 Nonemployer Statistics by Demographics (NES-D). Minorities are defined as all populations except for non-Hispanic Whites.

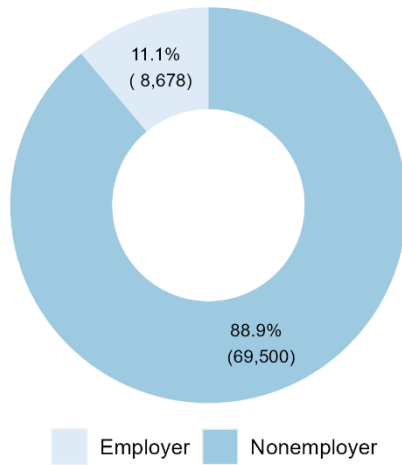
Figure 2.2 separates businesses by business type. In Connecticut, approximately 89% of minority-owned businesses are nonemployer businesses, and only 11% have paid employees. In contrast, around 19% of nonminority-owned businesses are employer firms. Comparing Figures 2.2a and 2.2b, we see that nonminorities own more businesses overall, and they are more likely to own businesses with employees.

While Figures 2.2a and 2.2b provide overall trends of minority- and nonminority-owned businesses, it is helpful to further examine business ownership by each racial and ethnic group given their different backgrounds and performances.⁶ Figure 2.3 plots the number of businesses owned by each racial/ethnic group, with Hispanics shown separately regardless of the owners' race. Data is only available for Blacks and Hispanics in Connecticut. As shown, Hispanics own more than 40% of minority-owned businesses in Connecticut.

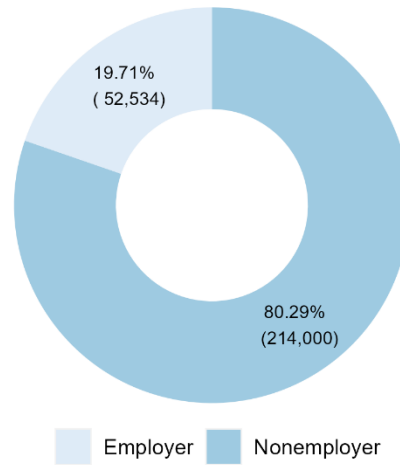
⁶ "Hispanic/Latino" is a category that is not mutually exclusive of other races, for example, someone who identifies as Black or African American may or may not also be of Hispanic origin.

Figure 2.2. Number and Share of Different Types of Firms, 2019

a. Minority-owned

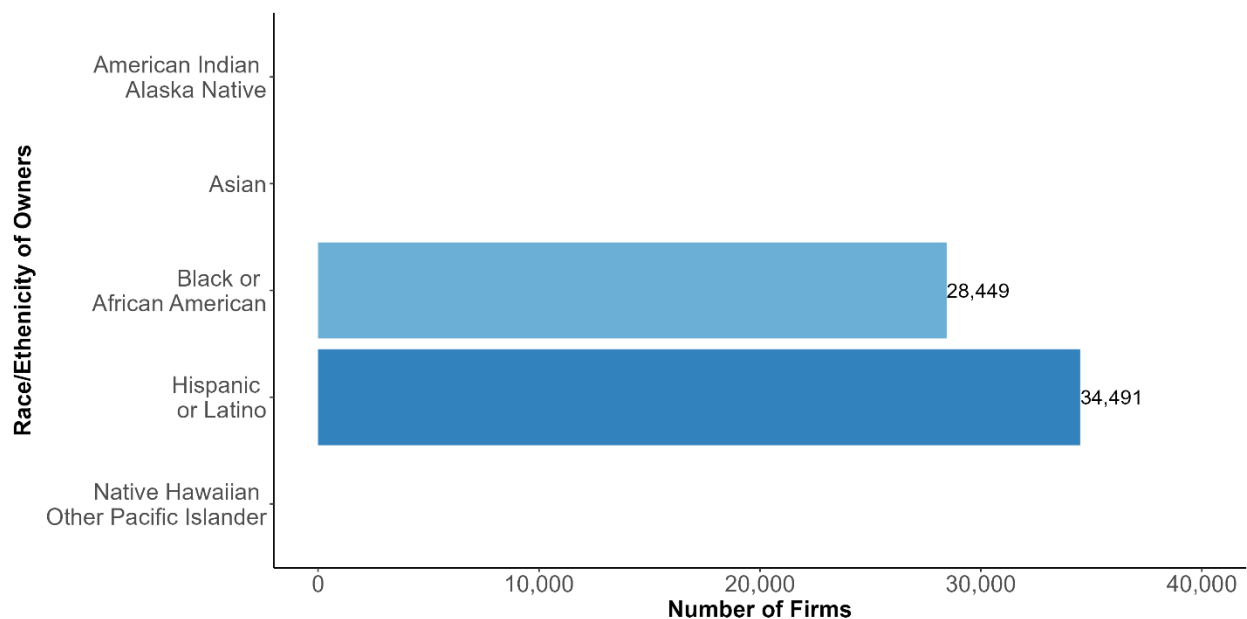


b. Nonminority-owned



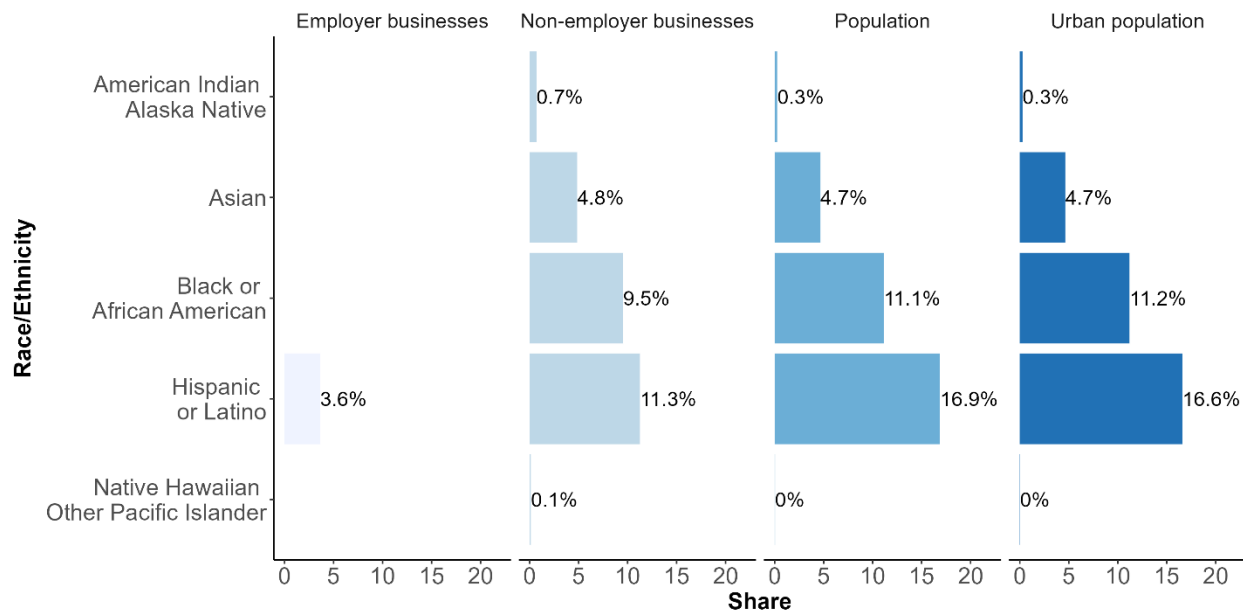
Data Source: U.S. Census 2019 NES-D. Nonemployer firms are businesses without any paid employees except for the owners.

Figure 2.3. Number of Minority-Owned Businesses by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Hispanic or Latino is an ethnic group that includes anyone who identifies as such and may be of any race. Data is missing for Connecticut for the other minority groups. Includes both employer and nonemployer firms.

Figure 2.4. Share of Businesses and Share of Population by Race/Ethnicity, 2019



Note: Business data are from the U.S. Census 2019 NES-D. Nonemployer business data are available for all demographic groups, while data on employer businesses are only available for Hispanics. Total population is from the 2019 American Community Survey (ACS) 1-year estimates. State-level urban population shares are calculated by the authors using combined county-level population data from the 2015-2019 ACS 5-year estimates with 2013 rural-urban continuum codes.

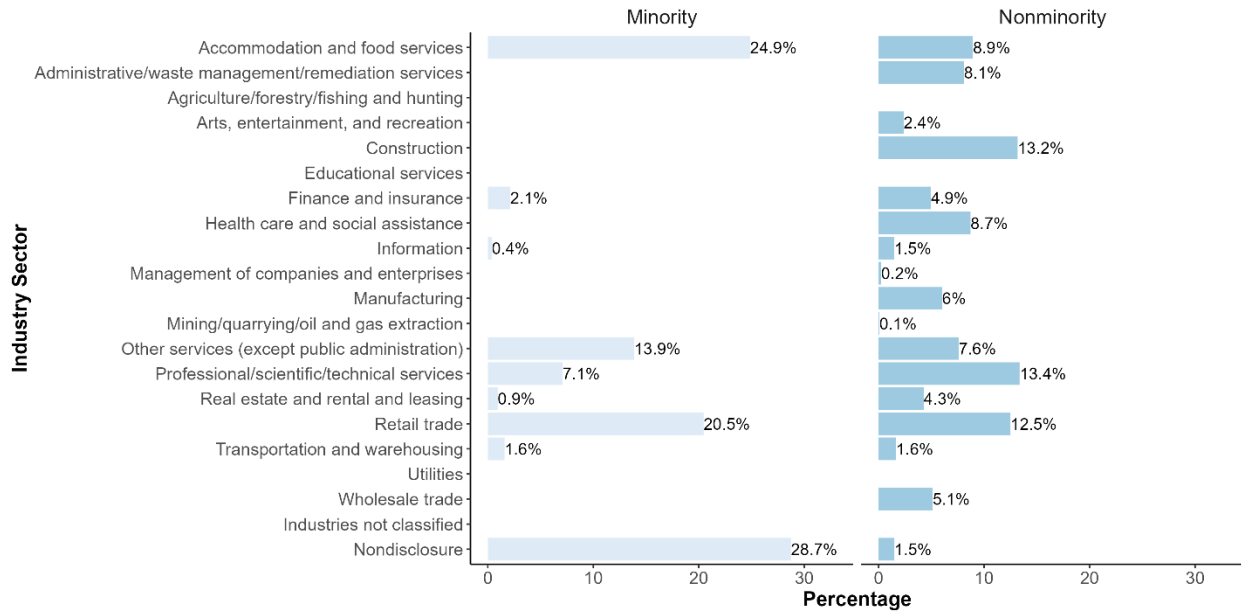
Although there are a significant number of minority-owned businesses, minority entrepreneurs are still underrepresented considering their population share in Connecticut. Figure 2.4 compares the share of businesses and the share of the population for each racial group. Except for Asians, all other minority groups have smaller shares of both employer and nonemployer entrepreneurship than of total population. The minority population distribution in urban areas in Connecticut is similar to the overall population (perhaps due to the fact that most of Connecticut is considered urban).⁷

Figures 2.5a and 2.5b show how the employer and nonemployer minority-owned businesses are distributed across industries. The accommodation and food services sector makes up the largest share of minority-owned employer businesses, followed by retail trade and other services. These three industries account for more than half of all minority-owned employer businesses in Connecticut. Minority nonemployer businesses are more diverse: transportation and warehousing businesses account for 19.4%, followed by health care and social assistance, and then other services. Administrative services and professional services also have similar shares at around 10%. In contrast, nonminority business owners (both employer and nonemployer) are involved in a wider range of industries.

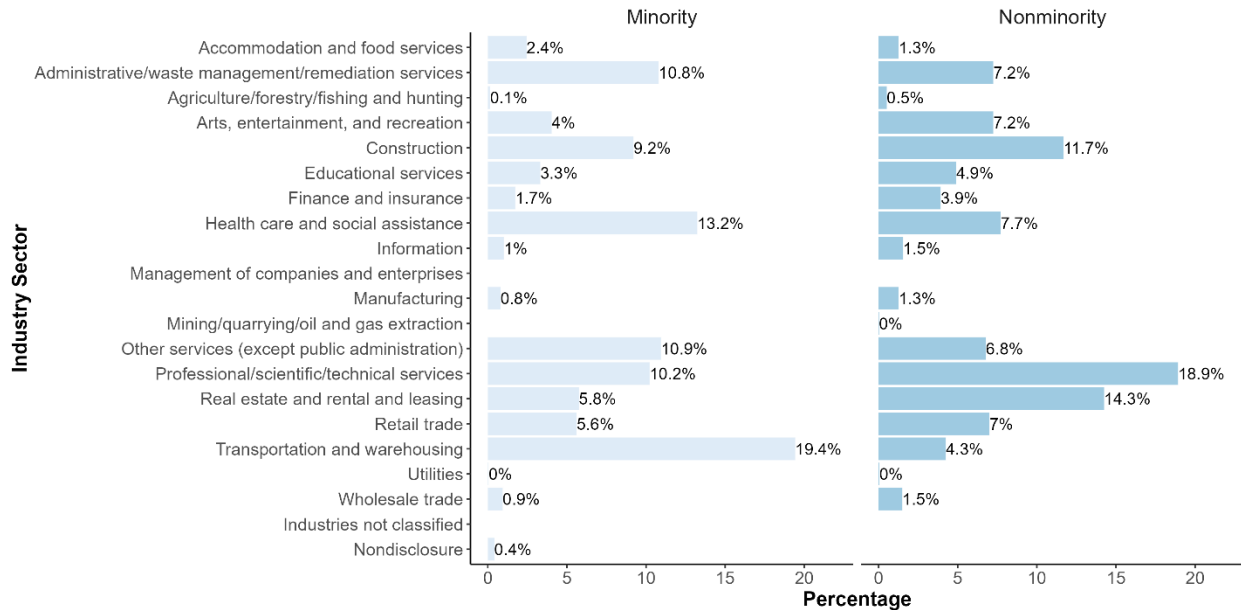
⁷ We consider counties in metropolitan areas as urban counties. Metropolitan areas are based on the 2013 Office of Management and Budget (OMB) delineation. Only one county in Connecticut (Litchfield County) is identified as non-metro.

Figure 2.5. Distribution of Businesses by Industry, 2019

a. Employer Businesses

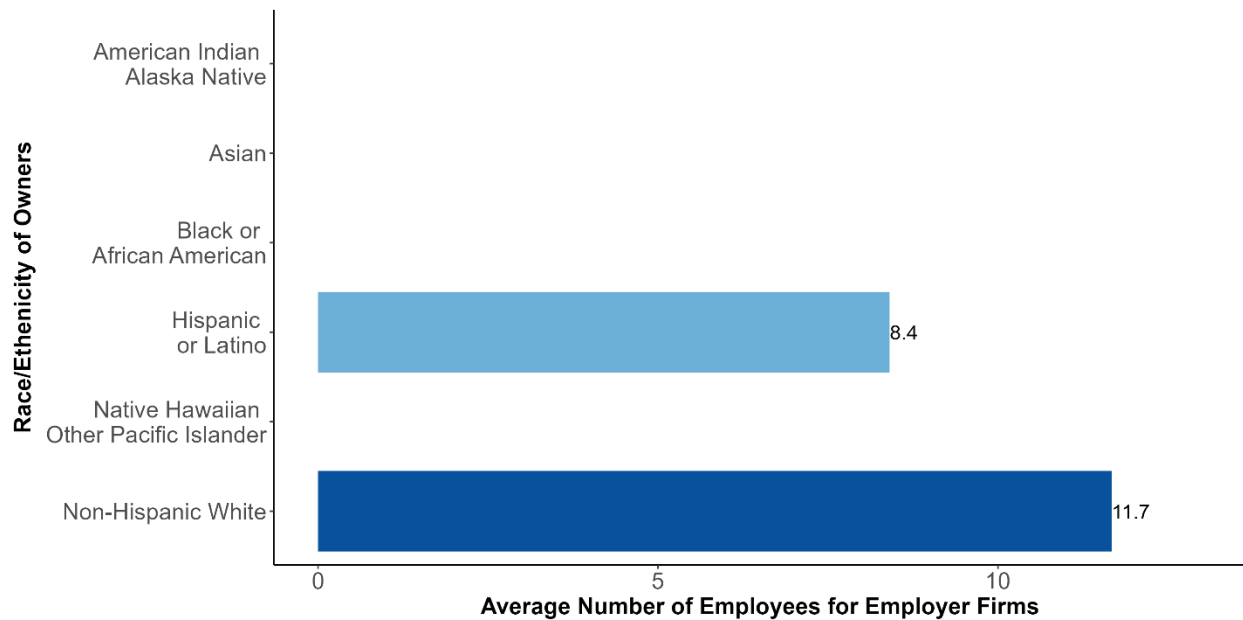


b. Nonemployer Businesses



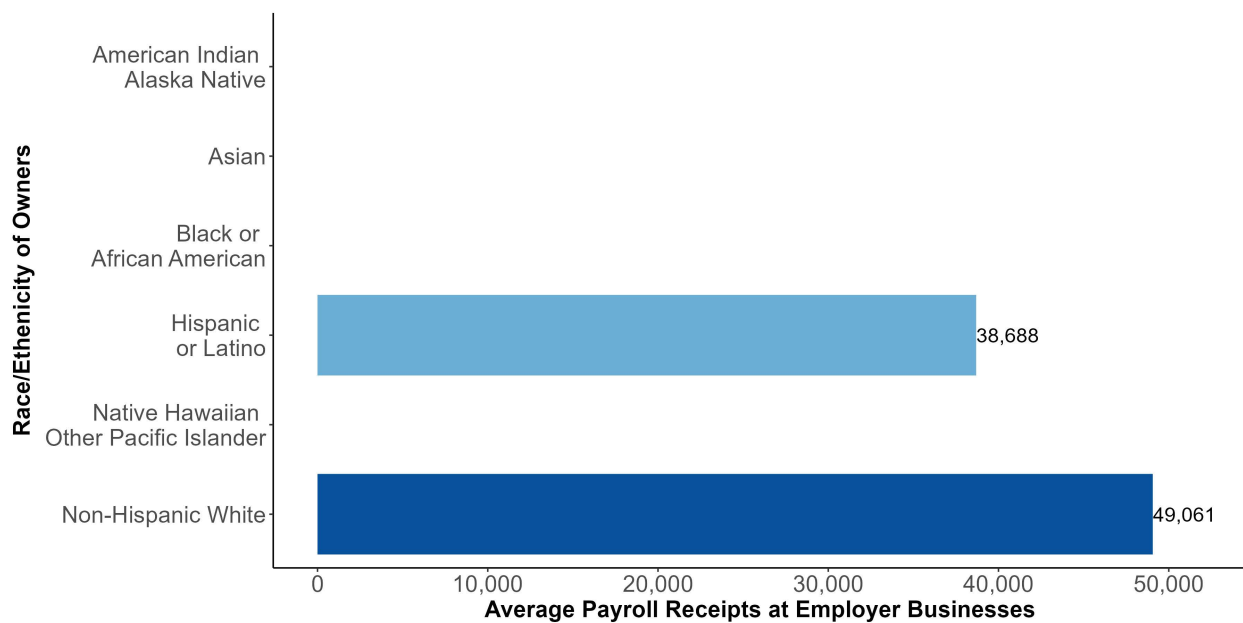
Note: Business data are from the U.S. Census 2019 NES-D. Data are missing for some industries. “Nondisclosure” shares are defined by the authors and are calculated as 100 minus the shares of other industries for which data are available. Negative values for undisclosed shares are not reported.

Figure 2.6. Average Number of Employees per Firm by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data is only available for Hispanics and non-Hispanic Whites.

Figure 2.7. Average Payroll per Employee by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data is only available for Hispanics and non-Hispanic Whites.

Finally, we look at the employment and income opportunities provided by minority-owned firms in Connecticut.⁸ Figure 2.6 compares the average number of employees for minority and non-minority businesses. On average, non-minority businesses have 11.7 employees, 3 more than

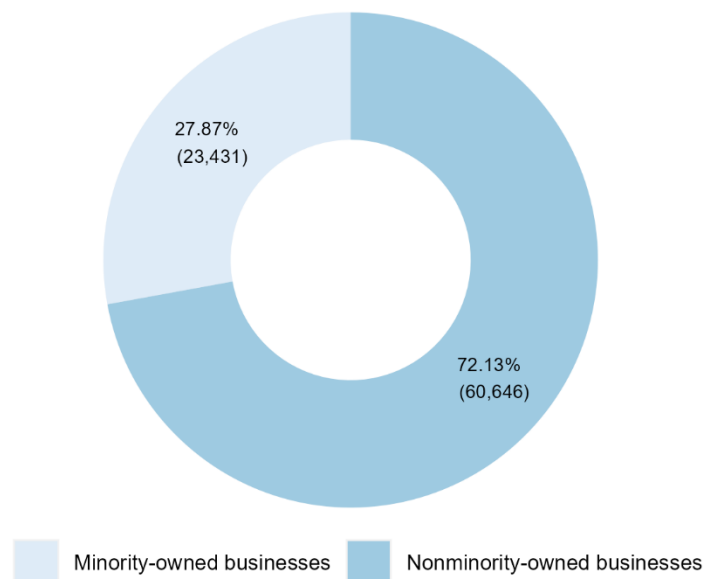
⁸ Figures 2.6 and 2.7 only include firms with paid employees.

Hispanic-owned firms (data are missing for other minority groups). Although Hispanic-owned employer businesses comprise only 3.6% of the total businesses in Connecticut, they appear to provide decent job opportunities. However, Figure 2.7 suggests that non-minority employers tend to pay more, with average payrolls per employee more than \$10,000 higher than Hispanic-owned firms.

Delaware

In Delaware, 38.7% of residents were minorities, with about 22.5% identifying as Black in 2019. In addition, there were 62 business owners for every 1,000 minority residents. To explore the distribution of firms, we first consider all types of businesses including both employer and nonemployer firms. As shown in Figure 3.1, there were more than 80,000 businesses in Delaware with approximately 27.9% owned by minorities.

Figure 3.1. Minority- and Nonminority-Owned Businesses of All Types of Firms, 2019



Data Source: U.S. Census 2019 Nonemployer Statistics by Demographics (NES-D). Minorities are defined as all populations except for non-Hispanic Whites.

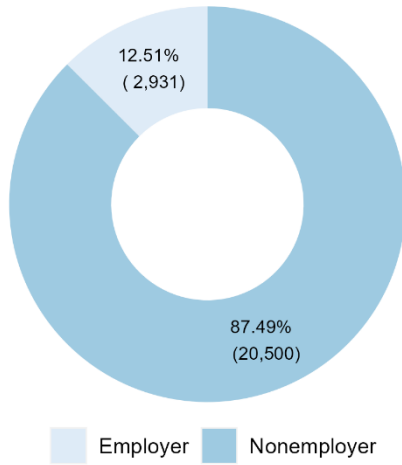
Figure 3.2 further separates the data by business type. In Delaware, 87.5% of minority-owned firms are nonemployer businesses, and only 12.5% have paid employees. In contrast, around 24% of nonminority-owned businesses are employer firms. Comparing Figures 3.2a and 3.2b, we see that nonminorities own more businesses overall, and they are more likely to own businesses with employees.

While Figures 3.2a and 3.2b provide overall trends of minority- and nonminority-owned businesses, it is helpful to further examine business ownership by each racial and ethnic group given their different backgrounds and performances.⁹ Figure 3.3 plots the number of businesses owned by each racial/ethnic group, with Hispanics shown separately regardless of the owners' race. As shown, Blacks own the most businesses among all minorities in Delaware, followed by Hispanics, while American Indians own only 556 firms. Data are missing for other racial groups in Delaware.

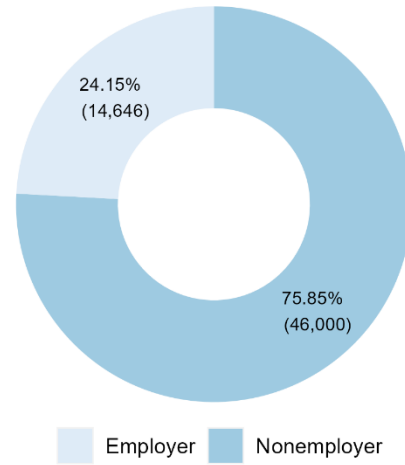
⁹ "Hispanic/Latino" is a category that is not mutually exclusive of other races, for example, someone who identifies as Black or African American may or may not also be of Hispanic origin.

Figure 3.2. Number and Share of All Types of Firms, 2019

a. Minority-owned

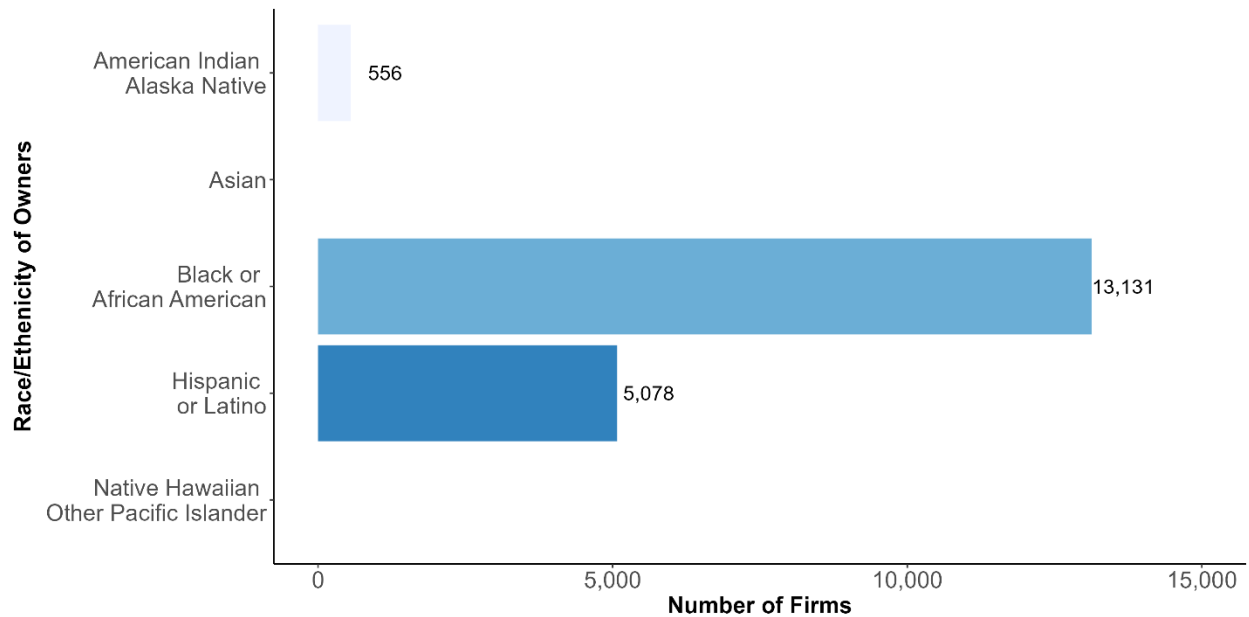


b. Nonminority-owned



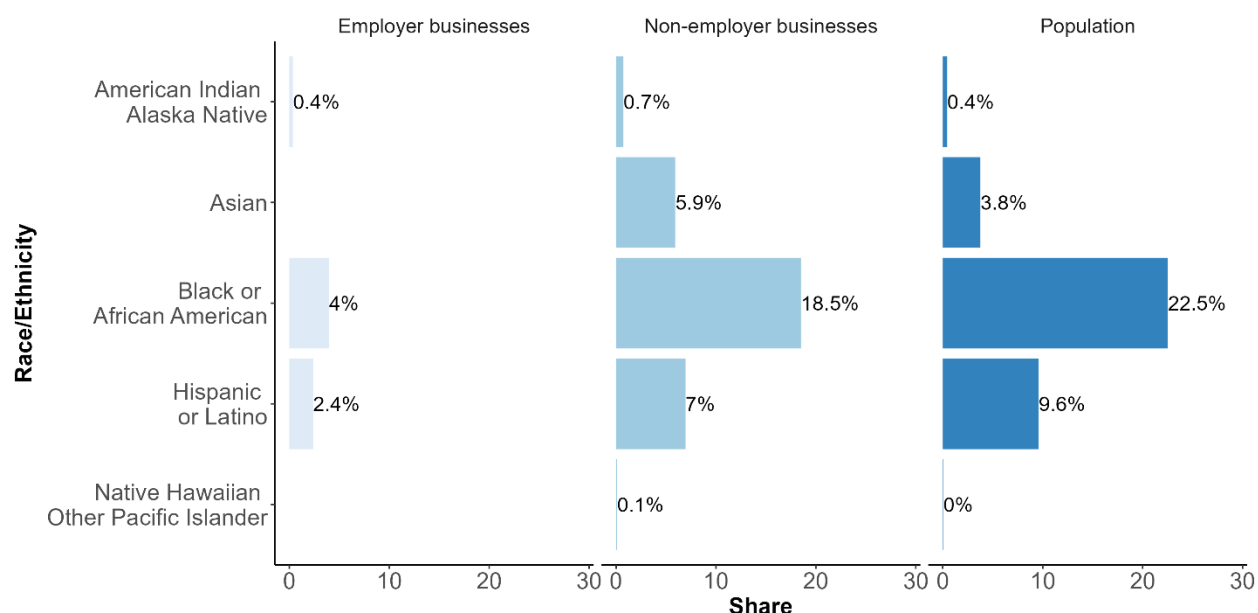
Data Source: U.S. Census 2019 NES-D. Nonemployer firms are businesses without any paid employees except for the owners.

Figure 3.3. Number of Minority-Owned Businesses by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Hispanic or Latino is an ethnic group that includes anyone who identifies as such and may be of any race. Data is missing for Delaware for the other minority groups. Includes both employer and nonemployer firms.

Figure 3.4. Share of Businesses and Share of Population by Race/Ethnicity, 2019



Note: Business data are from the U.S. Census 2019 NES-D. Nonemployer business data are available for all demographic groups; however, data on employer businesses are missing for Asians and Native Hawaiians. Total population is from the 2019 American Community Survey (ACS) 1-year estimates.

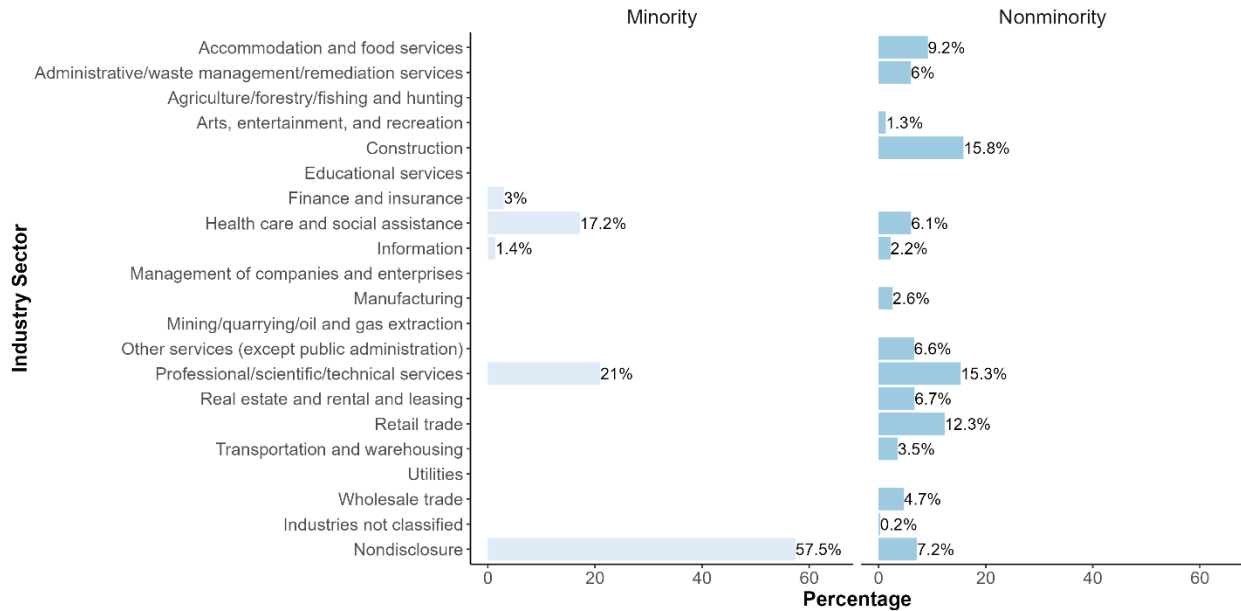
Although there are a significant number of minority-owned businesses, minority entrepreneurs are still underrepresented considering their population share in Delaware.¹⁰ Figure 3.4 compares the share of businesses with the share of the population for each racial group. Except for Asians, all other minority groups have smaller shares of both employer and nonemployer entrepreneurship than of total population.

Figures 3.5a and 3.5b show how the employer and nonemployer minority-owned businesses are distributed across industries. Unfortunately, the industry is not disclosed for 57.5% of minority-owned employer firms in Delaware. Given the available data, the professional services sector makes up the largest share of minority-owned employer businesses, followed by health care and social assistance. These two industries account for about 40% of all minority-owned employer businesses in Delaware. Minority nonemployer businesses are more diverse: transportation and warehousing businesses account for 21%, followed by other services and professional services. Administrative services and health care also have similar shares at over 9%. In contrast, nonminority business owners (both employer and nonemployer) are involved in a wider range of industries.

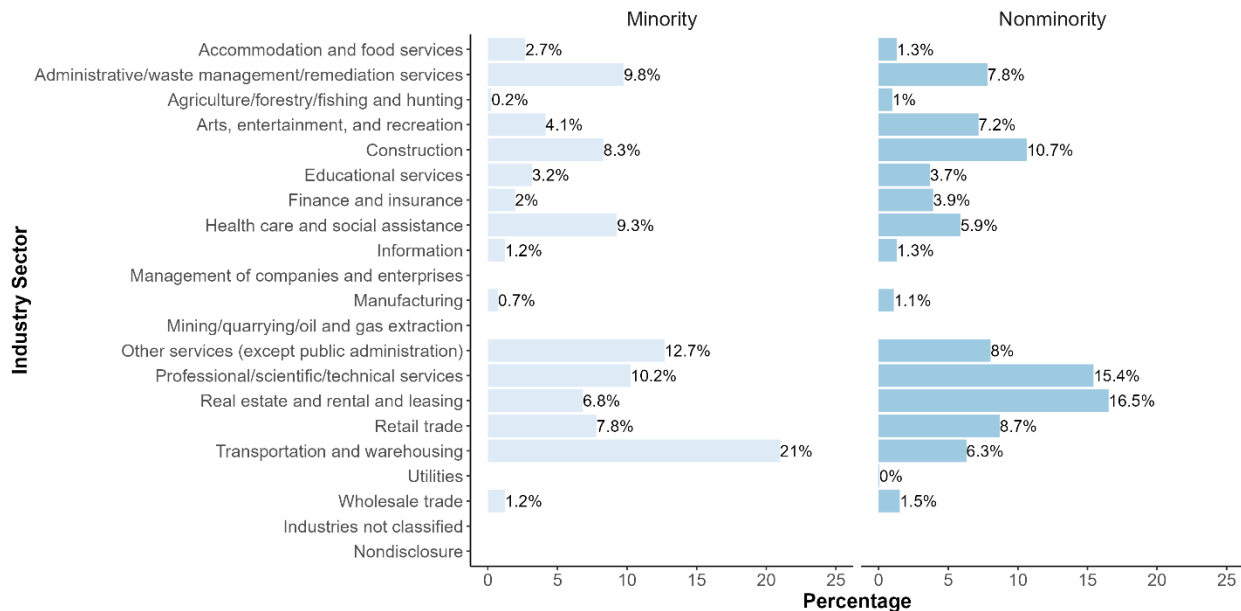
¹⁰ All counties in Delaware are considered metro counties based on the 2013 Office of Management and Budget (OMB) delineation.

Figure 3.5. Distribution of Businesses by Industry, 2019

a. Employer Businesses

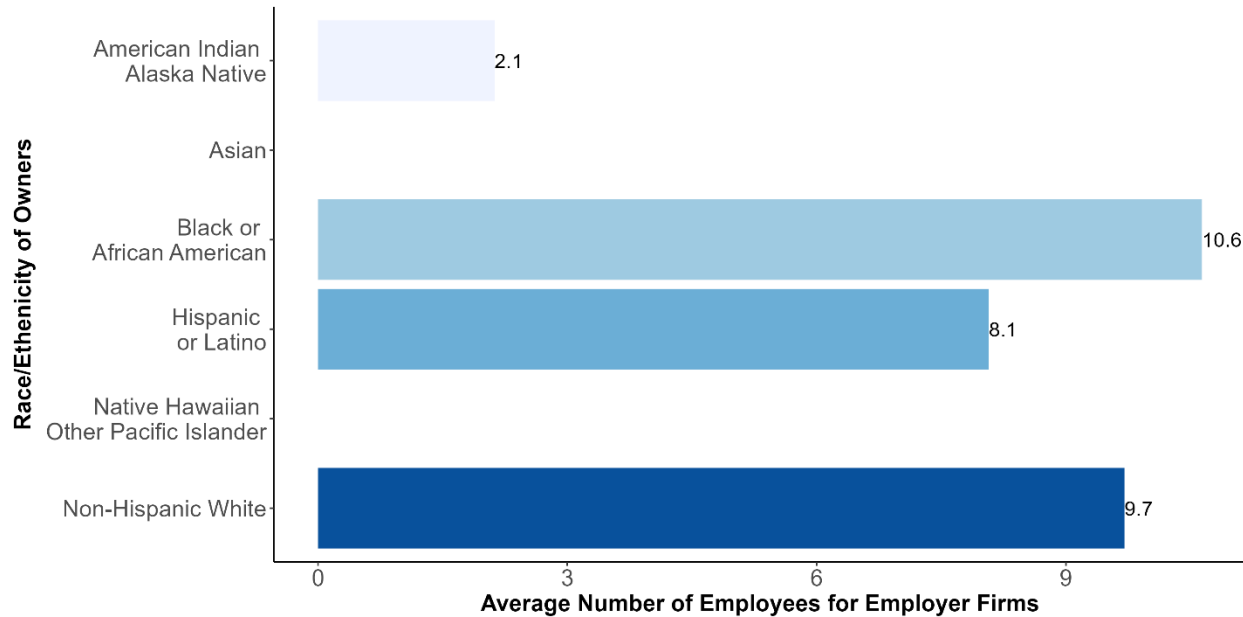


b. Nonemployer Businesses



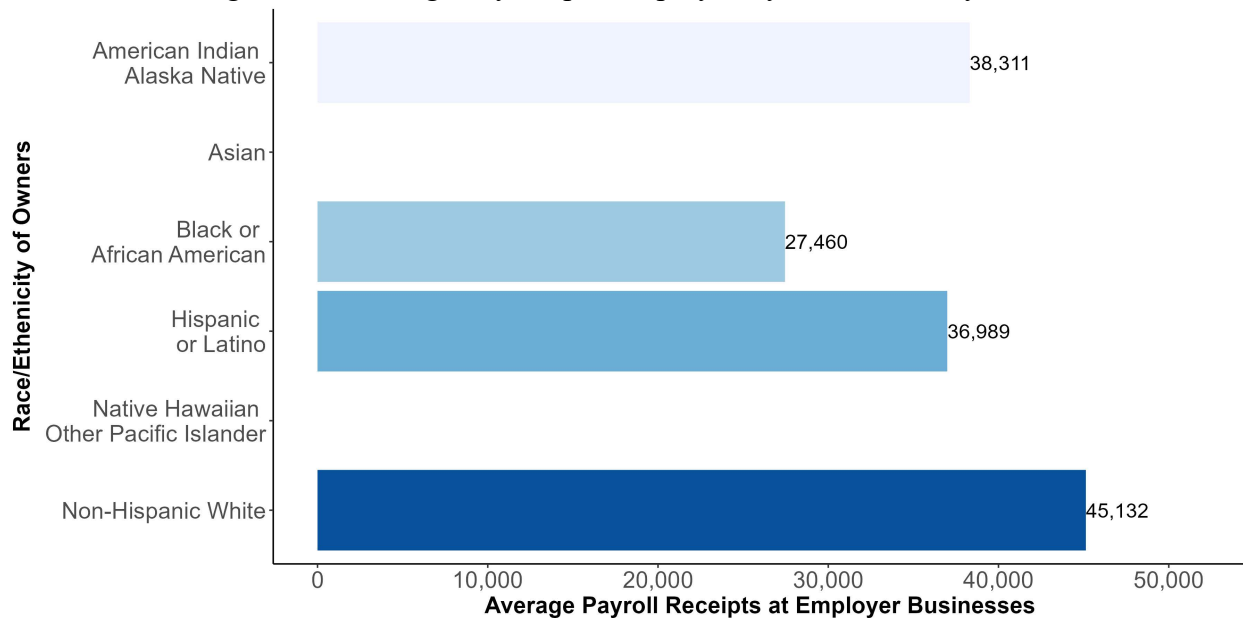
Note: Business data are from the U.S. Census 2019 NES-D. Data are missing for some industries. “Nondisclosure” shares are defined by the authors and are calculated as 100 minus the shares of other industries for which data are available. Negative values for undisclosed shares are not reported.

Figure 3.6. Average Number of Employees per Firm by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data are missing for Asian and Native Hawaiians.

Figure 3.7. Average Payroll per Employee by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data are missing for Asian and Native Hawaiians.

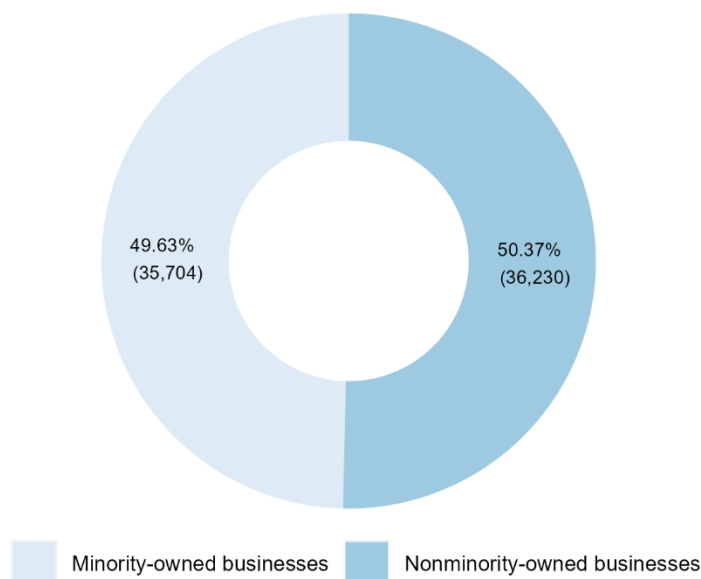
Finally, we look at the employment and income opportunities provided by minority-owned firms in Delaware.¹¹ Figure 3.6 compares the average number of employees for minority and nonminority businesses. On average, Black-owned businesses have more employees than those owned by non-Hispanic Whites and other minorities. Hispanic-owned employer businesses also maintain a relatively large workforce, while American Indians have much fewer employees, at an average of 2.1 per firm. Figure 3.7 suggests that nonminority employers generally offer higher average payrolls compared to minority firms. Although American Indian-owned businesses have the fewest employees, they provide the highest average payroll among minorities, at \$38,311.

¹¹ Figures 3.6 and 3.7 only include firms with paid employees.

District of Columbia

The District of Columbia (D.C.) is unique in the Northeast, probably because it is a city, with a minority population exceeding 62% and more than 80 businesses per 1,000 minority residents in 2019. To explore the distribution of firms, we first consider all types of businesses including both employer and nonemployer firms. As shown in Figure 4.1, there were more than 70,000 businesses in D.C. Unlike other parts of the Northeast region, minorities and nonminorities each represent nearly half of all businesses.

Figure 4.1. Minority- and Nonminority-Owned Businesses of All Types of Firms, 2019



Data Source: U.S. Census 2019 Nonemployer Statistics by Demographics (NES-D). Minorities are defined as all population except for non-Hispanic Whites.

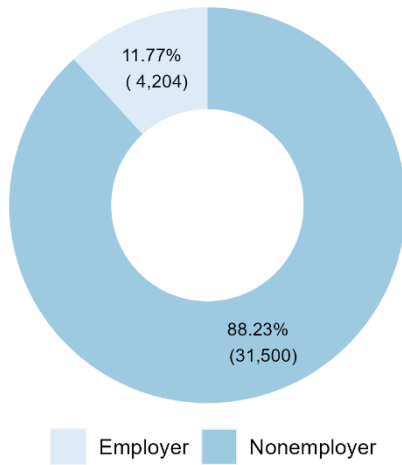
Figure 4.2 separates businesses by business type. As shown in Figure 4.2, approximately 88% of minority-owned firms in D.C. are nonemployer businesses, while only 11.8% have paid employees. In contrast, around 22.7% of nonminority-owned businesses are employer firms. Despite similar total numbers of minority- and nonminority-owned businesses, nonminorities are more likely to own businesses with employees.

While Figures 4.2a and 4.2b provide overall trends of minority- and nonminority-owned businesses, it is helpful to further examine business ownership by each racial and ethnic group given their different backgrounds and performances.¹² Figure 4.3 plots the number of businesses owned by each racial/ethnic group, with Hispanics shown separately regardless of the owners' race. As shown, Blacks are the largest group of minority business owners in D.C., accounting for over 70% of all minority-owned businesses, five times higher than the rate of Asians and Hispanics.

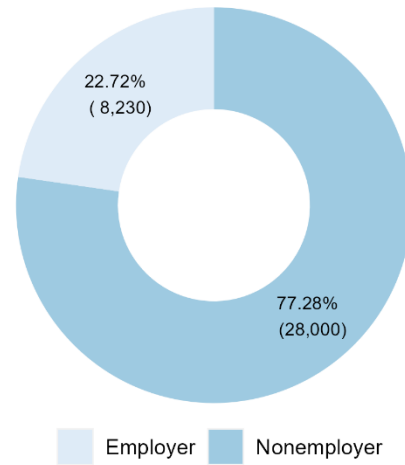
¹² "Hispanic/Latino" is a category that is not mutually exclusive of other races, for example, someone who identifies as Black or African American may or may not also be of Hispanic origin.

Figure 4.2. Number and Share of All Types of Firms, 2019

a. Minority-owned

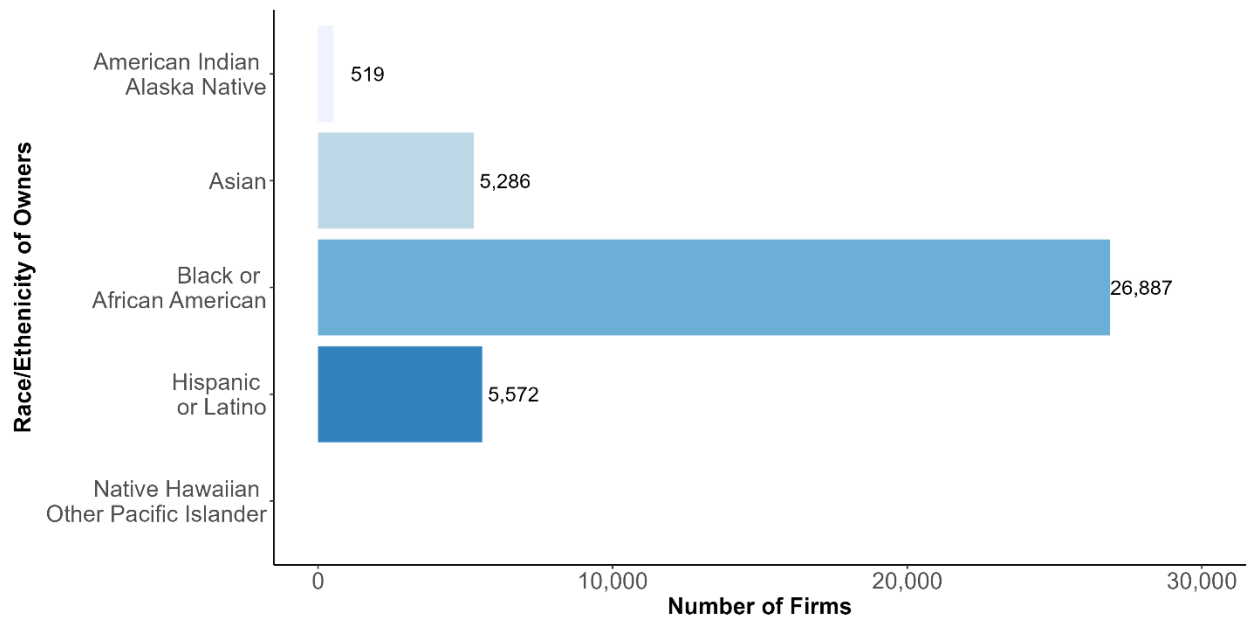


b. Nonminority-owned



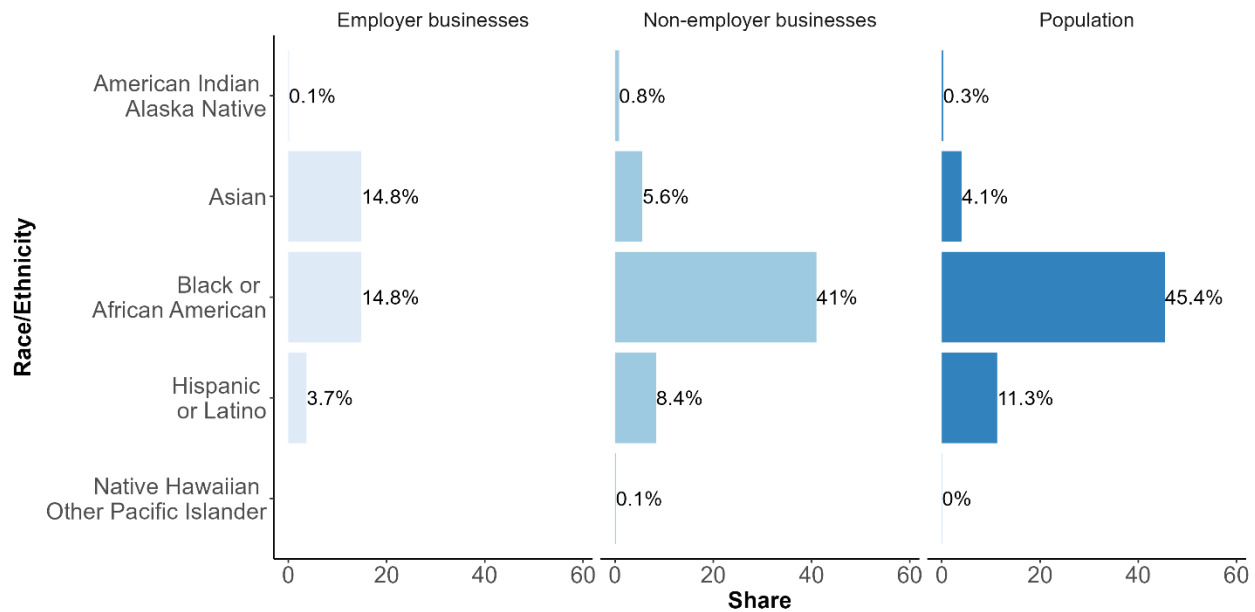
Data Source: U.S. Census 2019 NES-D. Nonemployer firms are businesses without any paid employees except for the owners.

Figure 4.3. Number of Minority-Owned Businesses by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Hispanic or Latino is an ethnic group that includes anyone who identifies as such and may be of any race. Data is missing for Native Hawaiians. Includes both employer and nonemployer firms.

Figure 4.4. Share of Businesses and Share of Population by Race/Ethnicity, 2019



Note: Business data are from the U.S. Census 2019 NES-D. Total population is from the 2019 American Community Survey (ACS) 1-year estimates.

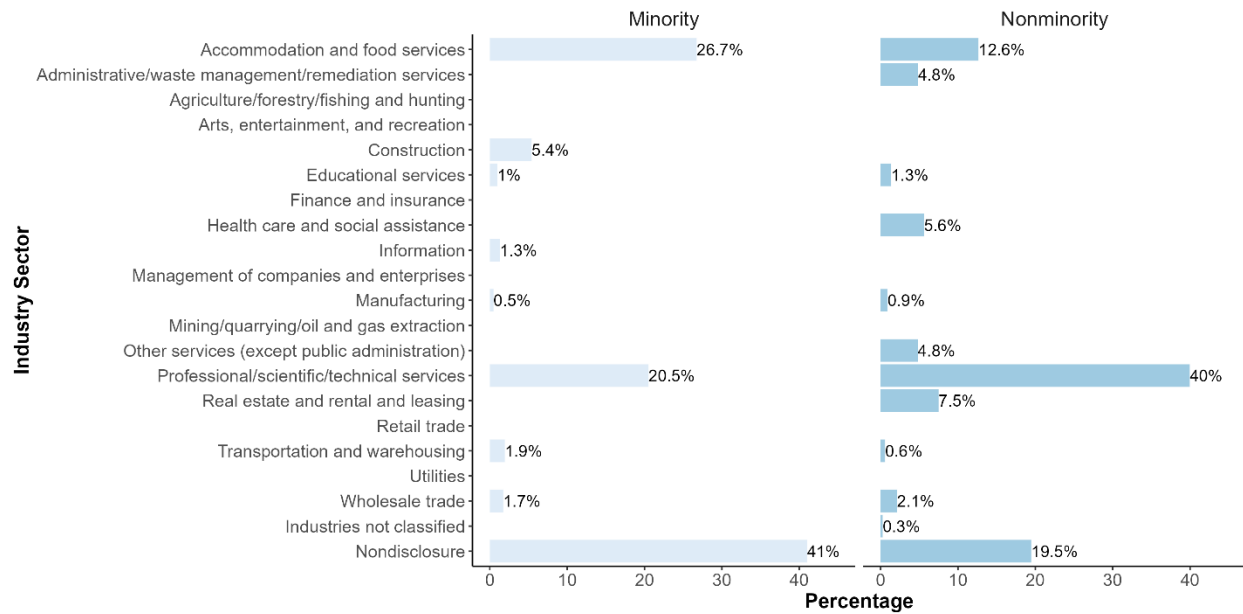
Although there are a significant number of minority-owned businesses, minority entrepreneurs are still slightly underrepresented considering their population share in D.C.¹³ Figure 4.4 compares the share of businesses and the share of the population for each racial group. Unlike Asians, Blacks and Hispanics have smaller shares of both employer and nonemployer entrepreneurship than of the total population.

Figures 4.5a and 4.5b show how the employer and nonemployer minority-owned businesses are distributed across industries. The accommodation and food services sector, along with professional services, dominate minority-owned employer businesses in D.C., making up for about half of all such businesses together. Minority-owned nonemployer businesses are more diverse, with significant representation in transportation and warehousing (22.2%), professional services (17.8%), and then other services (11.4%). In contrast, nonminority business owners are heavily concentrated in the professional services sector, representing about 40% of both employer and nonemployer businesses, respectively.

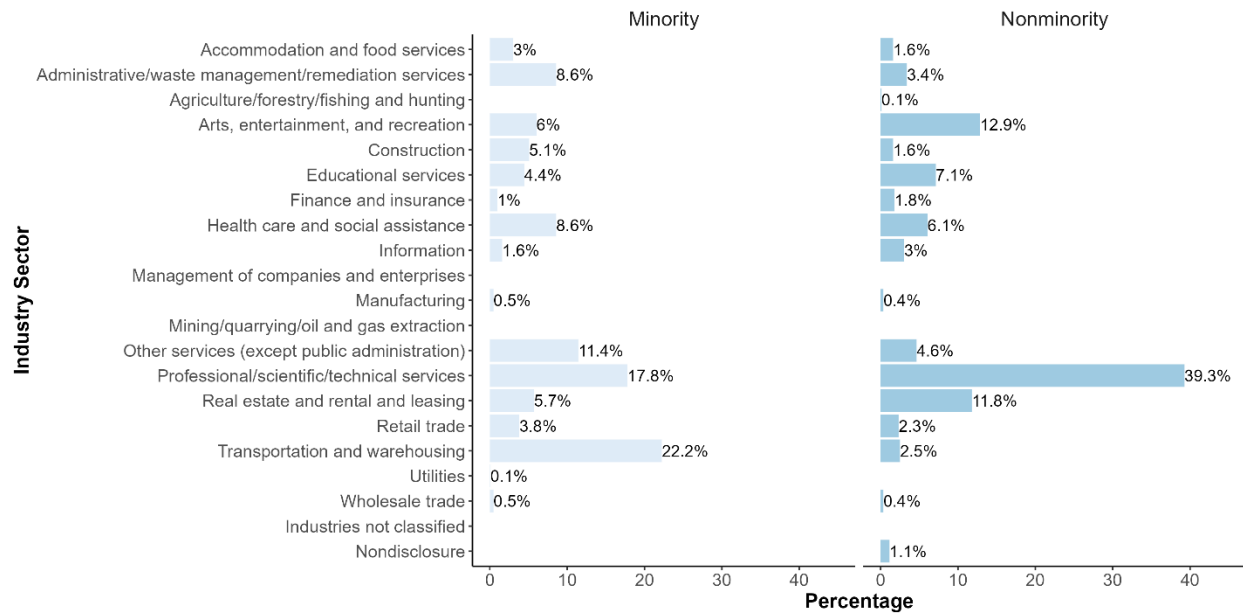
¹³ The whole D.C is located in metropolitan area based on the 2013 Office of Management and Budget (OMB) delineation.

Figure 4.5. Distribution of Businesses by Industry, 2019

a. Employer Businesses

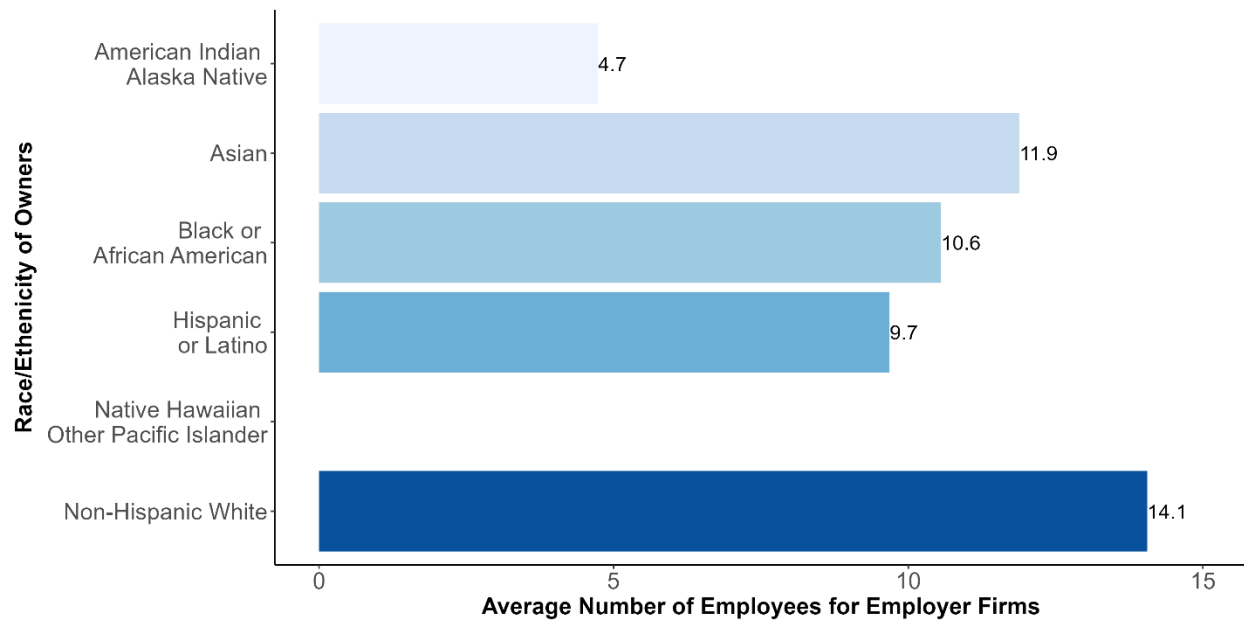


b. Nonemployer Businesses



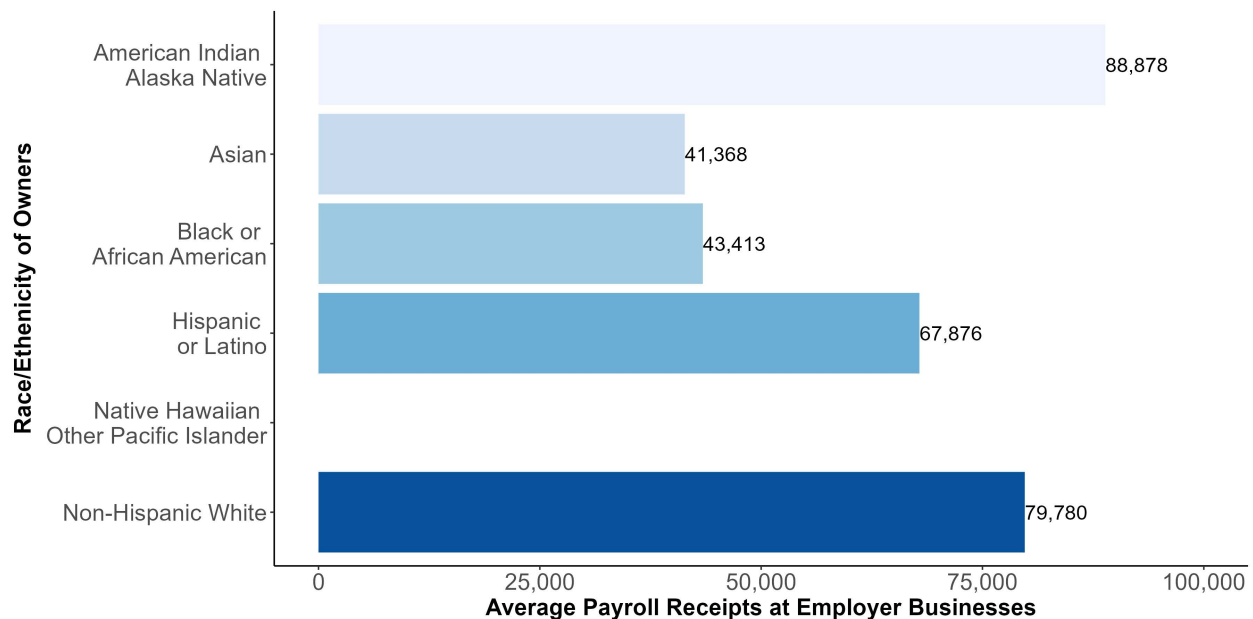
Note: Business data are from the U.S. Census 2019 NES-D. Data are missing for some industries. “Nondisclosure” shares are defined by the authors and are calculated as 100 minus the shares of other industries for which data are available. Negative values for undisclosed shares are not reported.

Figure 4.6. Average Number of Employees per Firm by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data is missing for Native Hawaiians.

Figure 4.7. Average Payroll per Employee by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data is missing for Native Hawaiians.

Finally, we look at the employment and income opportunities provided by minority-owned firms in D.C.¹⁴ Figure 4.6 compares the average number of employees for minority and nonminority

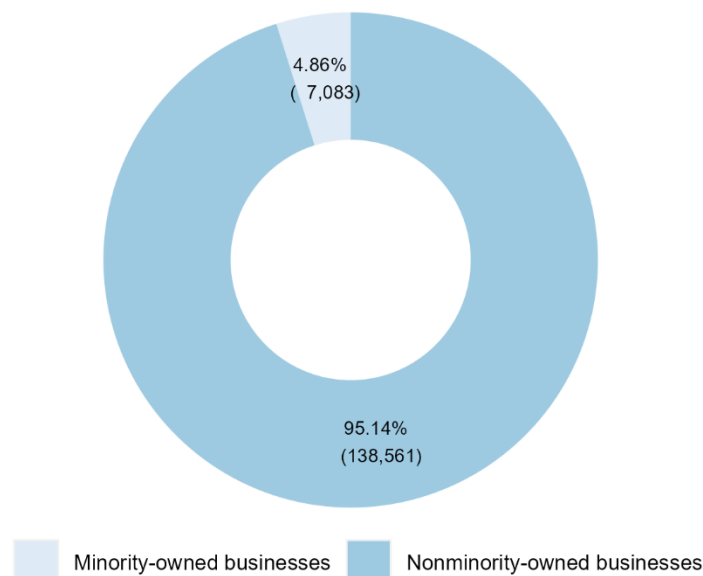
¹⁴ Figures 4.6 and 4.7 only include firms with paid employees.

businesses. On average, nonminority businesses have 14.1 employees, more than all minority-owned firms. Notably, Asian-owned businesses, despite accounting for a smaller portion of firms (5,286 out of 35,704), have the largest number of average employees among all minority groups. Figure 4.7 provides payroll distributions among minority-owned businesses in D.C. Nonminority employers generally offer higher payrolls per employee. However, American Indian-owned businesses, though ranked the lowest in firm number, provide the highest average payroll at \$88,878—even surpassing the payrolls offered by non-Hispanic White-owned businesses.

Maine

Among all states in the Northeast region, Maine had the smallest minority population, which comprised only 7.18% of the total population in 2019. However, there were 73.4 business owners for every 1,000 minority residents, higher than many states with more minority residents. To explore the distribution of firms, we first consider all types of businesses including both employer and nonemployer firms. As shown in Figure 5.1, there were about 145,000 businesses in Maine, the vast majority of which (more than 95%) are owned by nonminorities.

Figure 5.1. Minority- and Nonminority-Owned Businesses of All Types of Firms, 2019



Data Source: U.S. Census 2019 Nonemployer Statistics by Demographics (NES-D). Minorities are defined as all population except for non-Hispanic Whites.

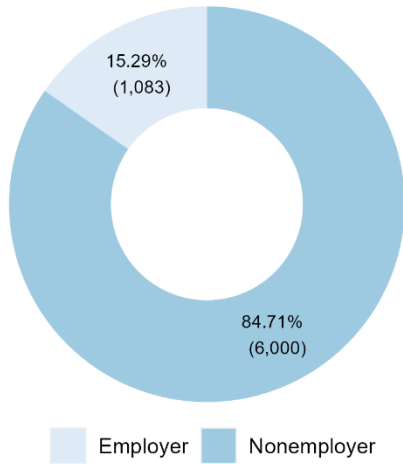
Figure 5.2 separates businesses by business type. In Maine, over 84% of minority-owned firms in Maine are nonemployer businesses. In contrast, nonminorities own more businesses overall, and they are more likely to own businesses with employees.

While Figures 5.2a and 5.2b provide overall trends of minority- and nonminority-owned businesses, it is helpful to further examine business ownership by each racial and ethnic group given their different backgrounds and performances.¹⁵ Figure 5.3 plots the number of businesses owned by each racial/ethnic group, with Hispanics shown separately regardless of the owners' race. As shown, Asian business owners lead in the number of firms, followed by Hispanics and American Indians. Data is not available for Blacks and Native Hawaiians in Maine.

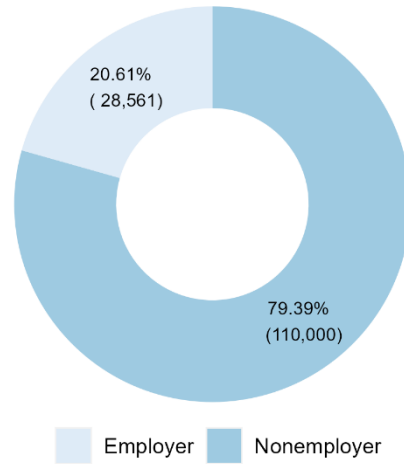
¹⁵ "Hispanic/Latino" is a category that is not mutually exclusive of other races, for example, someone who identifies as Black or African American may or may not also be of Hispanic origin.

Figure 5.2. Number and Share of All Types of Firms, 2019

a. Minority-owned

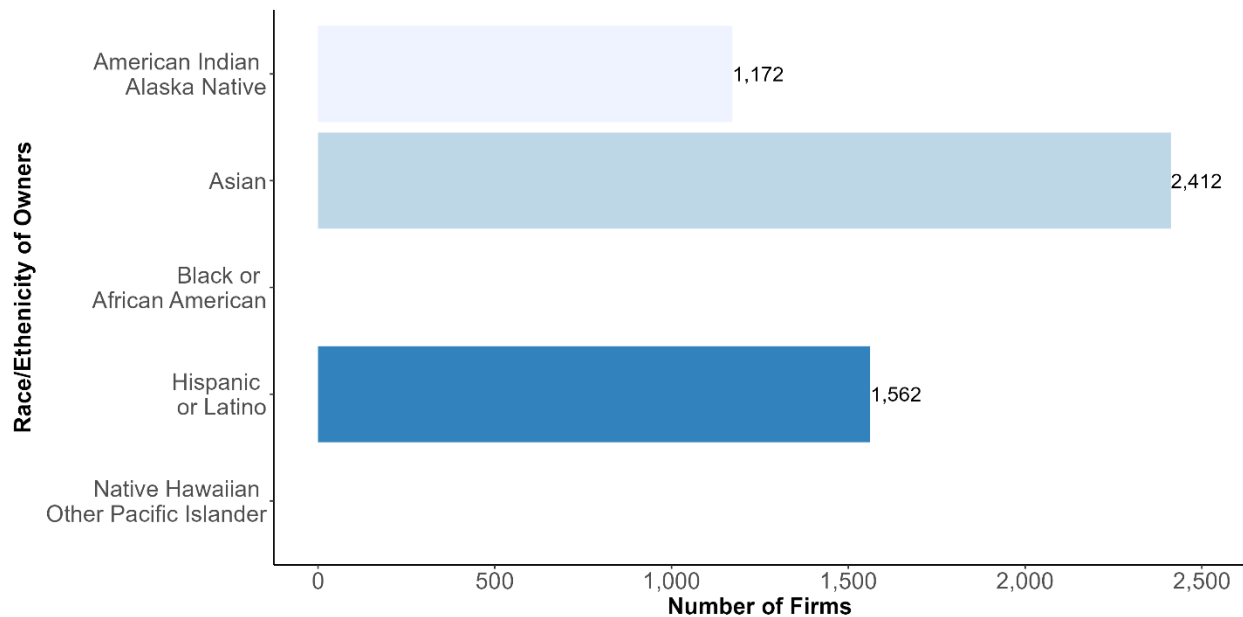


b. Nonminority-owned



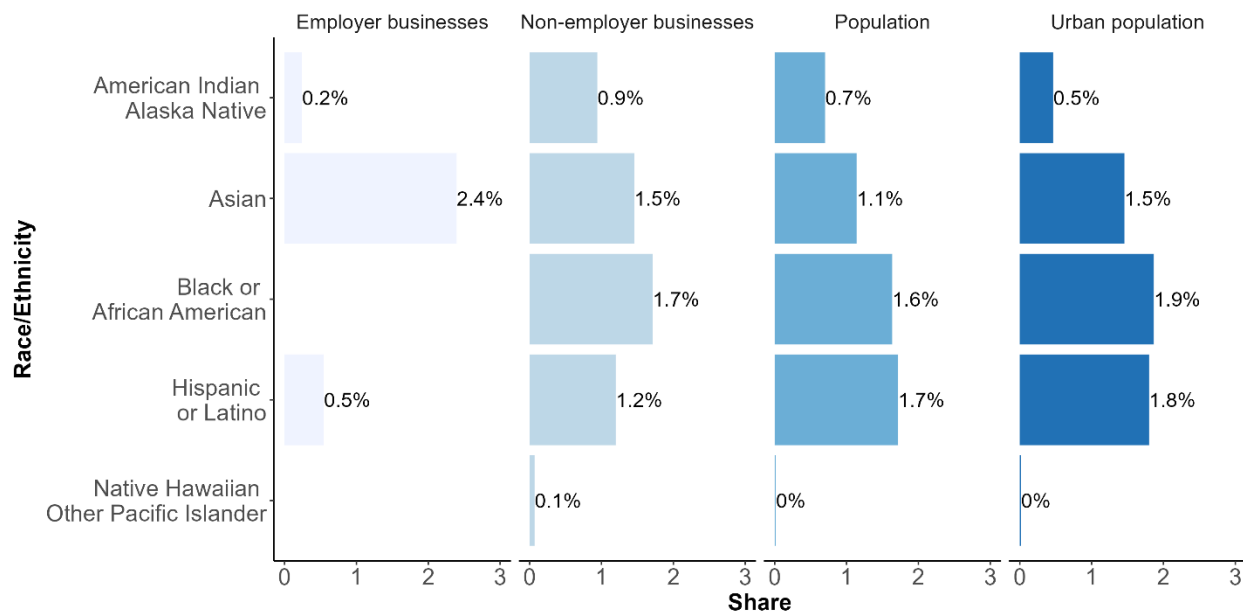
Data Source: U.S. Census 2019 NES-D. Nonemployer firms are businesses without any paid employees except for the owners.

Figure 5.3. Number of Minority-Owned Businesses by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Hispanic or Latino is an ethnic group that includes anyone who identifies as such and may be of any race. Data are missing for Maine for Blacks and Native Hawaiians. Includes both employer and nonemployer firms.

Figure 5.4. Share of Businesses and Share of Population by Race/Ethnicity, 2019



Note: Business data are from the U.S. Census 2019 NES-D. Nonemployer business data are available for all demographic groups, while data on employer businesses are missing for Blacks and Native Hawaiians. Total population is from the 2019 American Community Survey (ACS) 1-year estimates. State-level urban population shares are calculated by the authors using combined county-level population data from the 2015-2019 ACS 5-year estimates with 2013 rural-urban continuum codes.

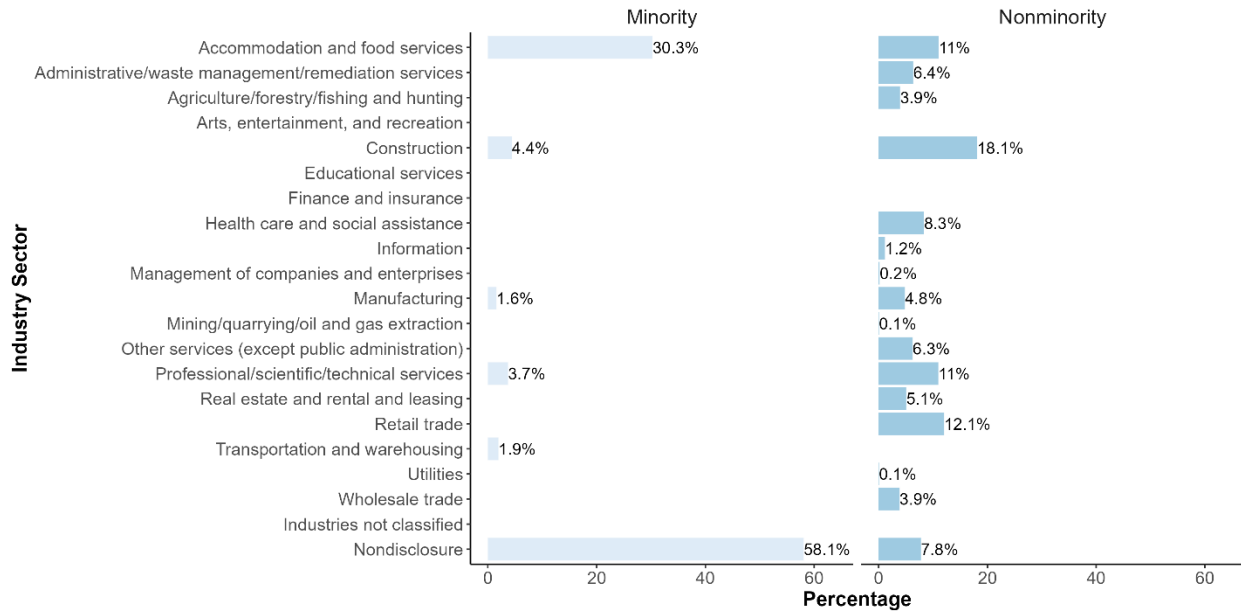
Although Maine has a small minority population, they are fairly represented in business markets. Figure 5.4 compares the share of businesses with the share of the population for each racial group. Asians, although representing a smaller portion of the population, have a higher share of employer businesses ownership (2.4%). Hispanics have smaller shares of both employer and nonemployer entrepreneurship than of total population. Overall, probably not surprisingly, urban areas have higher percentages of minorities than the overall population, except for American Indians.¹⁶

Figures 5.5a and 5.5b show how the employer and nonemployer minority-owned businesses are distributed across industries. Figure 5.5a reveals that more than 30% of minority-owned employer businesses are in the accommodation and food services sector. Unfortunately, the industry is not disclosed for more than half of the minority-owned employer businesses in Maine. Minority-owned nonemployer businesses are more diverse, with transportation, professional services, and other services being the top three industries. In contrast, nonminority business owners (especially employer) are involved in a wider range of industries.

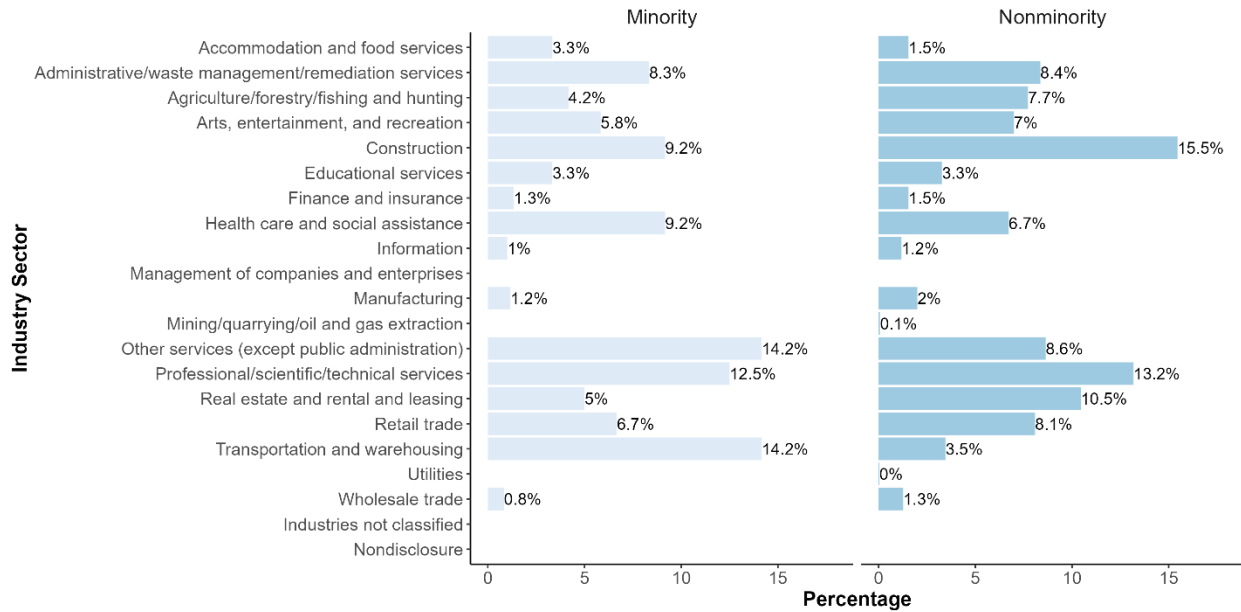
¹⁶ We consider counties in metropolitan areas as urban counties. Metropolitan areas are based on the 2013 Office of Management and Budget (OMB) delineation.

Figure 5.5. Distribution of Businesses by Industry, 2019

a. Employer Businesses

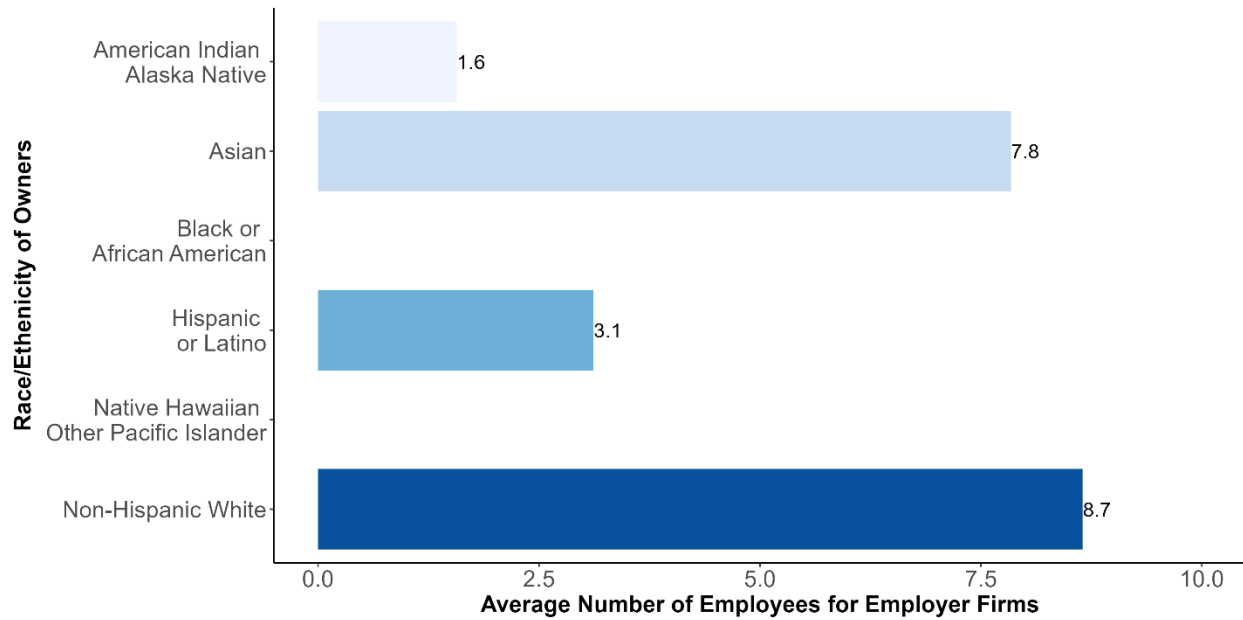


b. Nonemployer Businesses



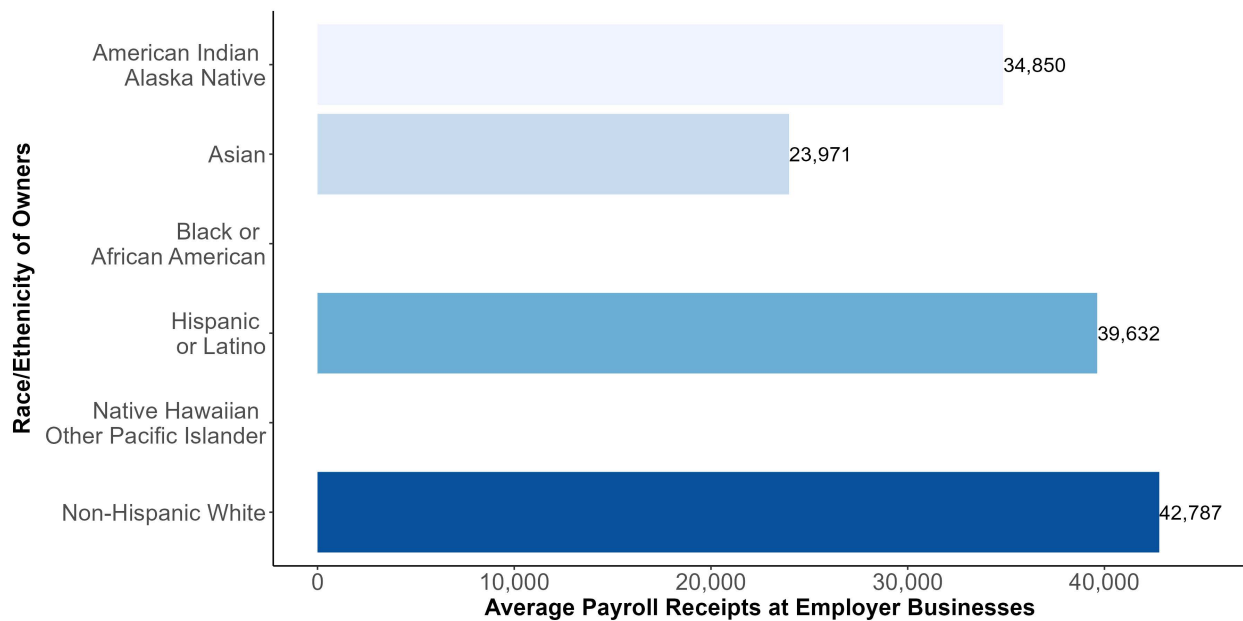
Note: Business data are from the U.S. Census 2019 NES-D. Data are missing for some industries. “Nondisclosure” shares are defined by the authors and are calculated as 100 minus the shares of other industries for which data are available. Negative values for undisclosed shares are not reported.

Figure 5.6. Average Number of Employees per Firm by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data are missing for Blacks and Native Hawaiians.

Figure 5.7. Average Payroll per Employee by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data are missing for Blacks and Native Hawaiians.

Finally, we look at the average number of employees and average wages provided by minority-owned businesses.¹⁷ Figure 5.6 compares the average number of employees across minority and nonminority businesses in Maine. Non-Hispanic White-owned firms have the highest average

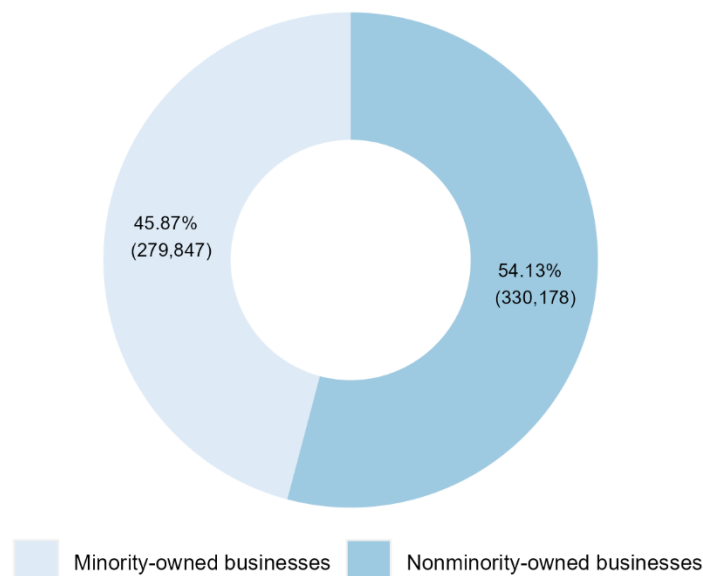
¹⁷ Figures 5.6 and 5.7 only include firms with paid employees.

number of employees at 8.7, followed by Asian. Hispanic and American Indian-owned firms have significantly fewer employees on average. Figure 5.7 shows payroll distributions among minority-owned businesses in Maine. Nonminority employers offer the highest average payrolls at \$42,787 per employee. Interestingly, Asian-owned businesses, despite having a higher average number of employees, offer the lowest average payroll among all minorities.

Maryland

In Maryland, half of residents were minorities, and there were 92 business owners for every 1,000 minority residents in 2019, the highest rate in the Northeast. To explore the distribution of firms, we first consider all types of businesses including both employer and nonemployer firms. As shown in Figure 6.1, there were about 610,000 businesses in Maryland; The shares of minority-owned and nonminority-owned businesses are not too different, with 45.87% owned by minorities.

Figure 6.1. Minority- and Nonminority-Owned Businesses of All Types of Firms, 2019



Data Source: U.S. Census 2019 Nonemployer Statistics by Demographics (NES-D). Minorities are defined as all population except for non-Hispanic Whites.

Figure 6.2 separates businesses by business type. In Maryland, over 90% of minority-owned firms are nonemployer firms, and only 8.9% have paid employees. In contrast, around 21.6% of nonminority-owned businesses are employer firms. Comparing Figures 6.2a and 6.2b, we see that nonminorities own more businesses overall, and they are more likely to own businesses with employees.

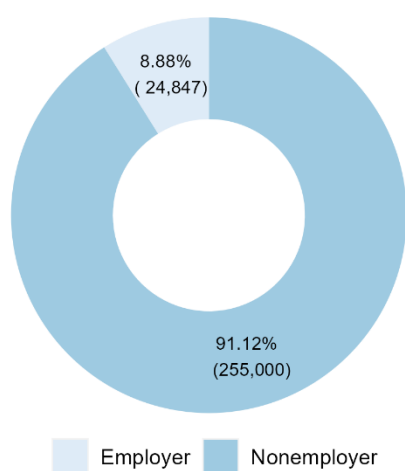
While Figures 6.2a and 6.2b provide overall trends of minority- and nonminority-owned businesses, it is helpful to further examine business ownership by each racial and ethnic group given their different backgrounds and performances.¹⁸ Figure 6.3 plots the number of businesses owned by each racial/ethnic group, with Hispanics shown separately regardless of the owners' race. As shown, Black business owners have the largest number of firms, nearly three times as

¹⁸ "Hispanic/Latino" is a category that is not mutually exclusive of other races, for example, someone who identifies as Black or African American may or may not also be of Hispanic origin.

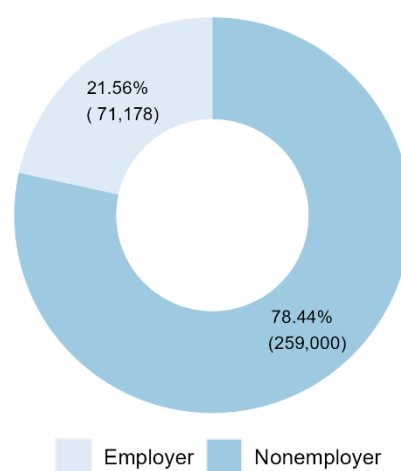
many businesses as Asians or Hispanics. American Indians, however, only own 4,455 firms, the lowest among all minority groups.

Figure 6.2. Number and Share of All Types of Firms, 2019

a. Minority-owned

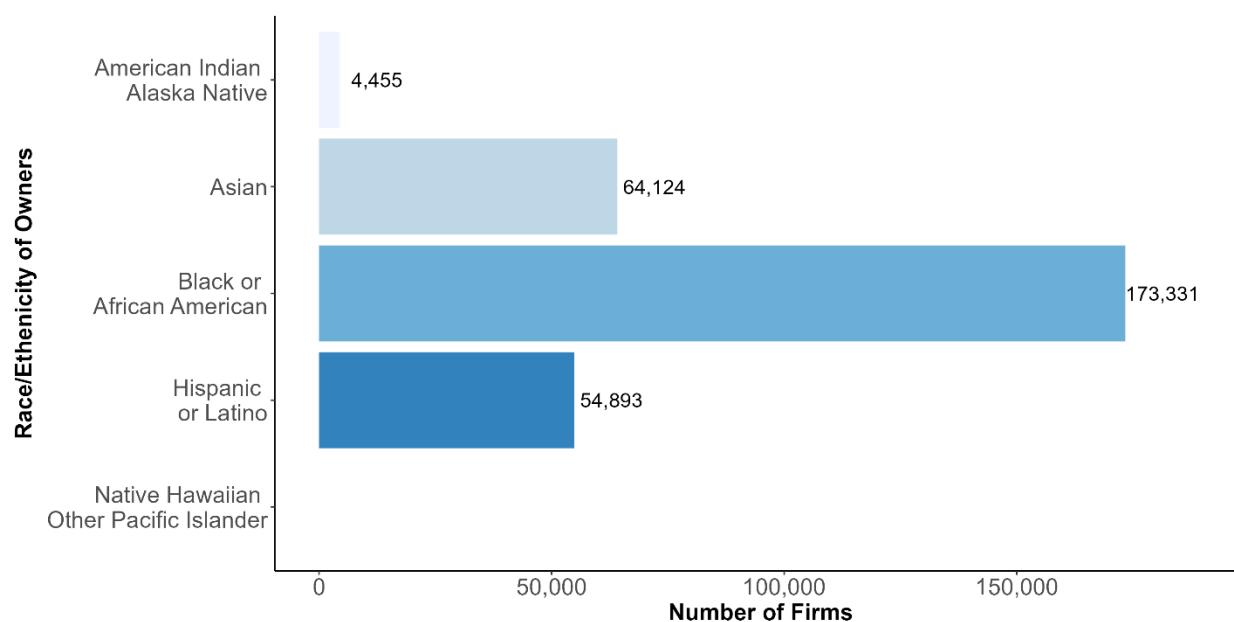


b. Nonminority-owned



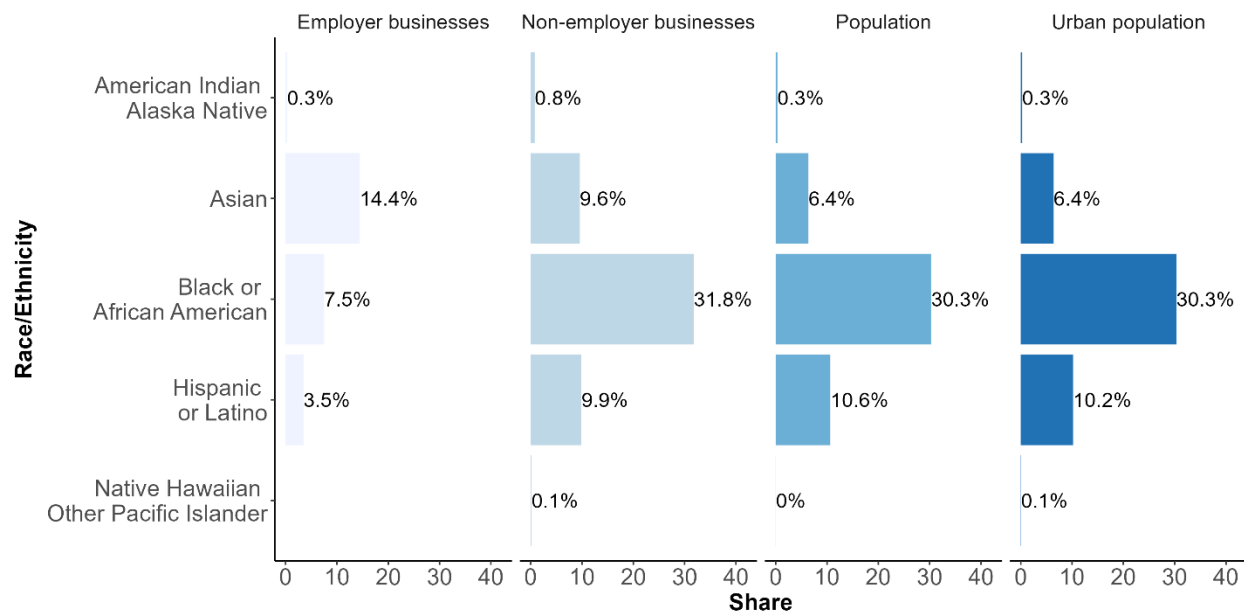
Data Source: U.S. Census 2019 NES-D. Nonemployer firms are businesses without any paid employees except for the owners.

Figure 6.3. Number of Minority-Owned Businesses by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Hispanic or Latino is an ethnic group that includes anyone who identifies as such and may be of any race. Data is missing for Native Hawaiians. Includes both employer and nonemployer firms.

Figure 6.4. Share of Businesses and Share of Population by Race/Ethnicity, 2019



Note: Business data are from the U.S. Census 2019 NES-D. Total population is from the 2019 American Community Survey (ACS) 1-year estimates. State-level urban population shares are calculated by the authors using combined county-level population data from the 2015-2019 ACS 5-year estimates with 2013 rural-urban continuum codes.

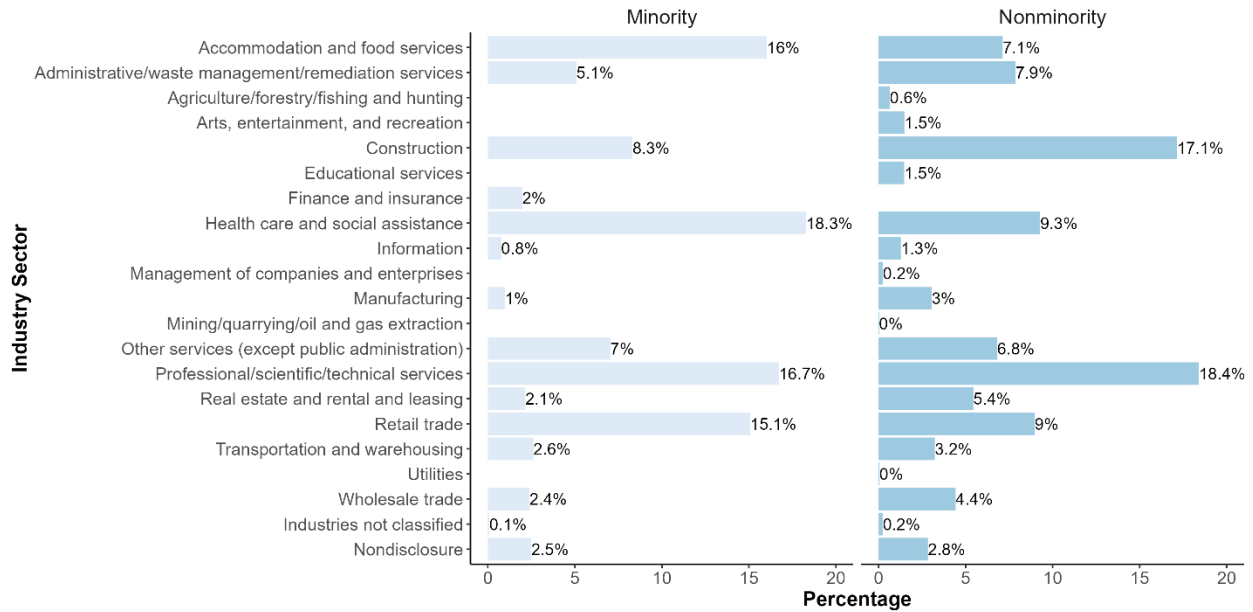
Although there are a significant number of minority-owned businesses, minority entrepreneurs may still be underrepresented considering their population share in Maryland. Figure 6.4 compares the share of businesses and the share of the population for each racial group. Asians show higher representation in both employer businesses (14.4%) and nonemployer businesses (9.6%), compared to their population share (6.4%). In contrast, Hispanics have lower shares of both employer and nonemployer entrepreneurship than of population. The minority population distribution in urban areas in Maryland is similar to the overall population.¹⁹

Figures 6.5a and 6.5b show how the employer and nonemployer minority-owned businesses are distributed across industries. For minority-owned firms, health care (18.3%), professional services (16.7%), accommodation and food services (16%), and retail trade (15.1%) are leading sectors that have the largest shares of minority-owned employer businesses. Minority nonemployer businesses are more diverse and balanced with transportation being a leading sector (20.6%). In contrast, nonminority business owners (both employer and nonemployer) are involved in a wider range of industries.

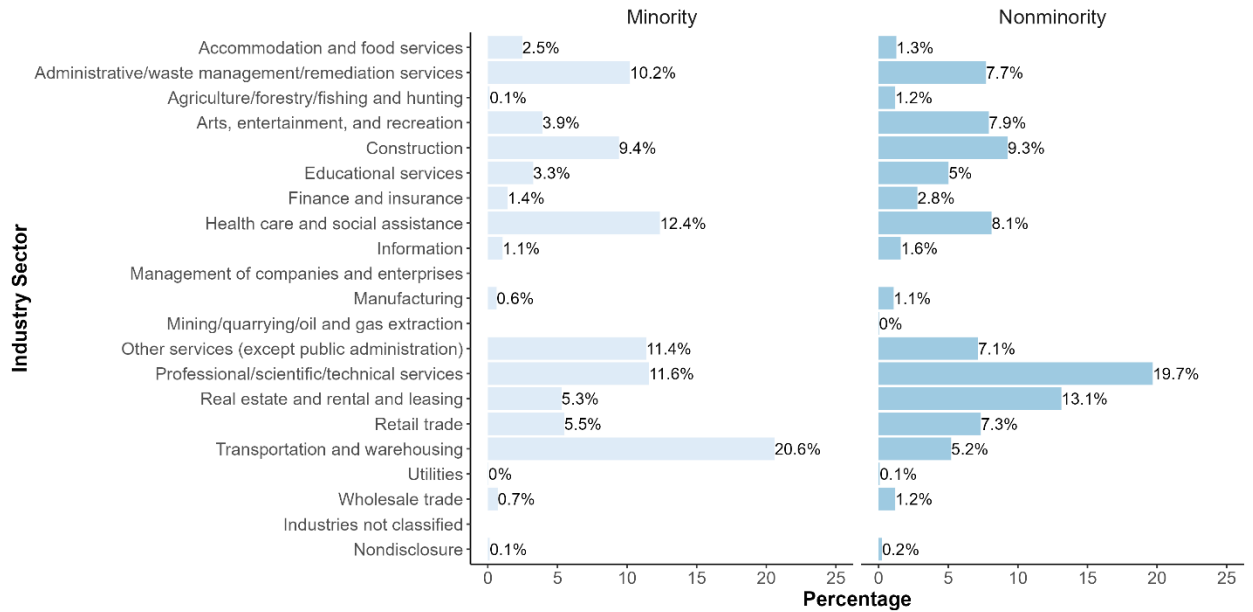
¹⁹ We consider counties in metropolitan areas as urban counties. Metropolitan areas are based on the 2013 Office of Management and Budget (OMB) delineation.

Figure 6.5. Distribution of Businesses by Industry, 2019

a. Employer Businesses

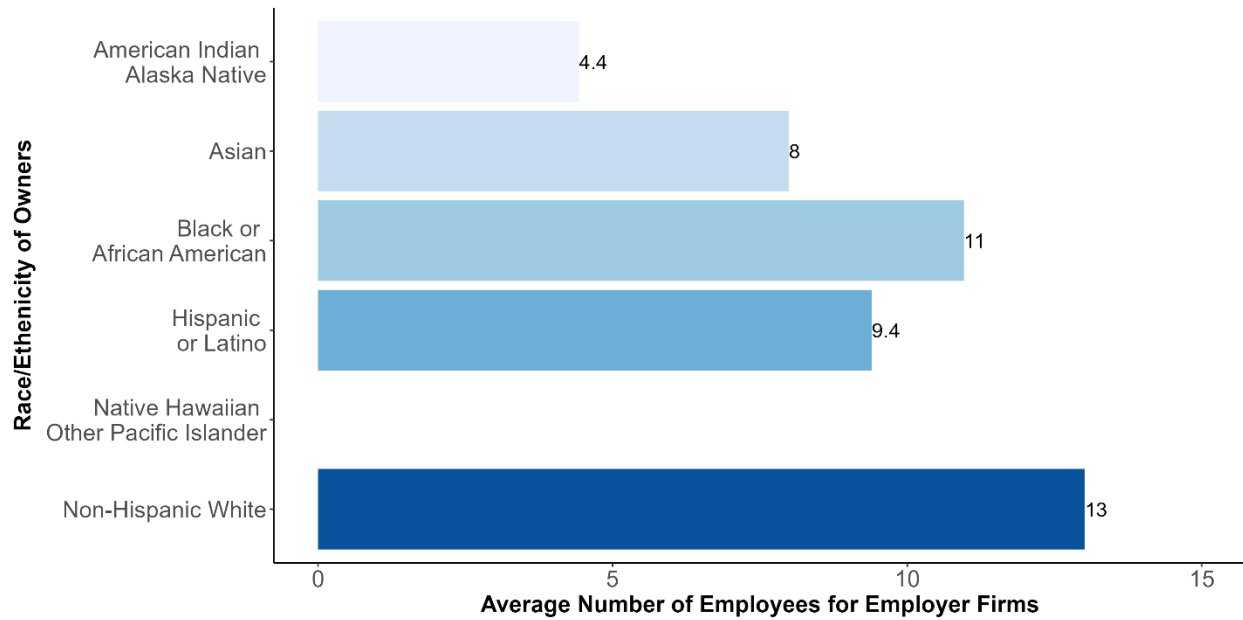


b. Nonemployer Businesses



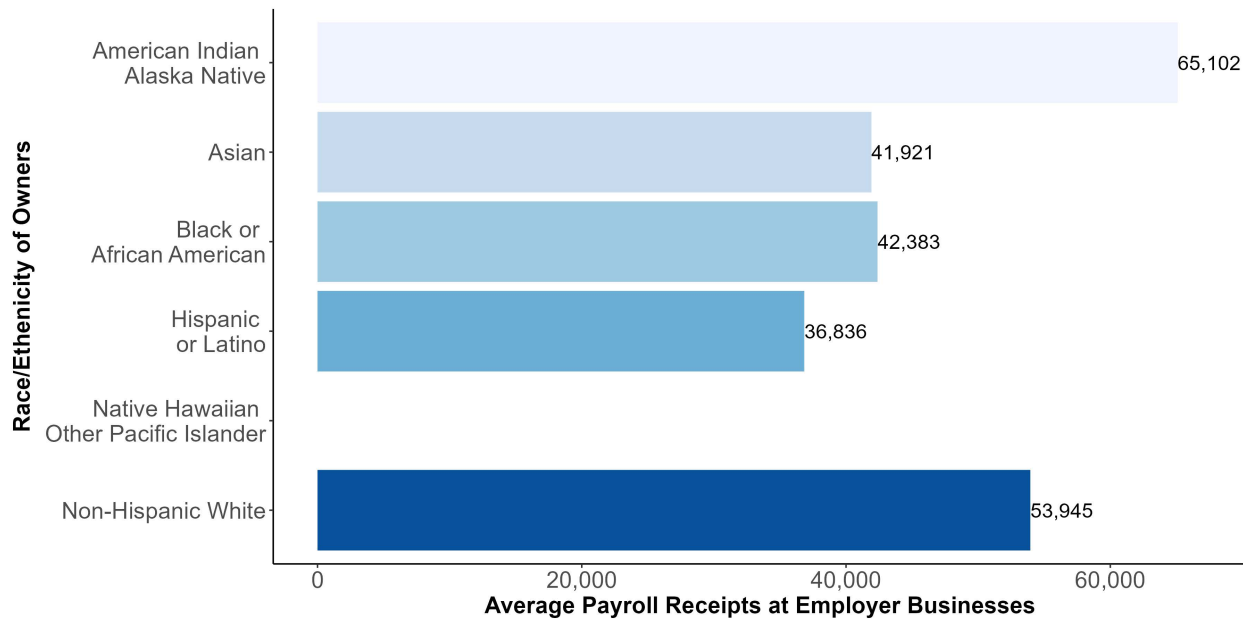
Note: Business data are from the U.S. Census 2019 NES-D. Data are missing for some industries. “Nondisclosure” shares are defined by the authors and are calculated as 100 minus the shares of other industries for which data are available. Negative values for undisclosed shares are not reported.

Figure 6.6. Average Number of Employees per Firm by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data is missing for Native Hawaiians.

Figure 6.7. Average Payroll per Employee by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data is missing for Native Hawaiians.

Finally, we look at the employment and income opportunities provided by minority-owned firms in Maryland.²⁰ Figure 6.6 compares the average number of employees for minority and

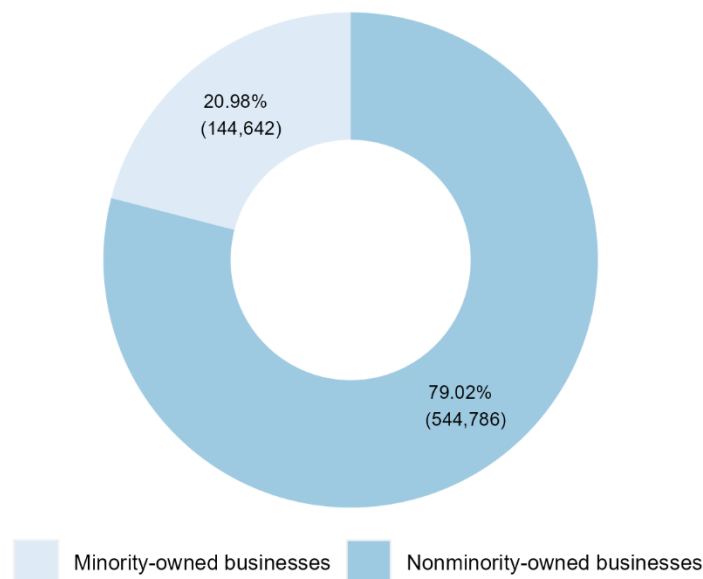
²⁰ Figures 6.6 and 6.7 only include firms with paid employees.

nonminority businesses. On average, nonminority businesses have the highest average number of employees at 13 per firm, higher than all minorities. Black-owned firms rank second with an average of 11 employees, while American Indian-owned firms have the lowest average. Although American Indian-owned businesses have the fewest employees, Figure 6.7 suggests that they offer the highest average payroll receipts. Other minority-owned firms provide lower payrolls than non-Hispanic White-owned businesses.

Massachusetts

In Massachusetts, minorities made up 29.7% of Massachusetts' residents, with 70 minority business owners per 1,000 minority residents in 2019. To explore the distribution of firms, we first consider all types of businesses including both employer and nonemployer firms. As shown in Figure 7.1, there were about 690,000 businesses in Massachusetts, with 21% owned by minorities.

Figure 7.1. Minority- and Nonminority-Owned Businesses of All Types of Firms, 2019



Data Source: U.S. Census 2019 Nonemployer Statistics by Demographics (NES-D). Minorities are defined as all population except for non-Hispanic Whites.

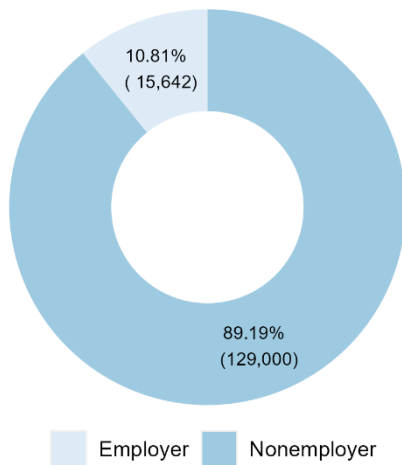
Figure 7.2 separates businesses by business type. As shown in Figure 7.2, around 89.2% of minority-owned firms are nonemployer businesses, with only 10.8% have paid employees. In contrast, a higher share of nonminority-owned businesses are employer businesses (20.7%). Comparing Figures 7.2a and 7.2b, we see that nonminorities not only own more businesses overall but are also more likely to operate businesses with employees.

While Figures 7.2a and 7.2b provide a general trend of minority-owned businesses, it is helpful to further examine business ownership by each racial and ethnic group given their different backgrounds and performances.²¹ Figure 7.3 plots the number of businesses owned by each racial/ethnic group, with Hispanics shown separately regardless of the owners' race. Hispanic business owners have the largest number of firms, closely followed by Asians, and then Blacks. However, there is a significant gap between these top three groups and the last two: American Indians and Native Hawaiians.

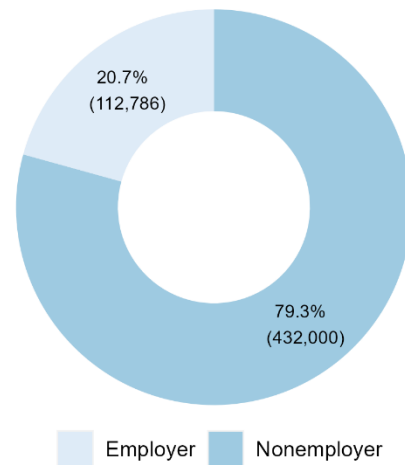
²¹ "Hispanic/Latino" is a category that is not mutually exclusive of other races, for example, someone who identifies as Black or African American may or may not also be of Hispanic origin.

Figure 7.2. Number and Share of All Types of Firms, 2019

a. Minority-owned

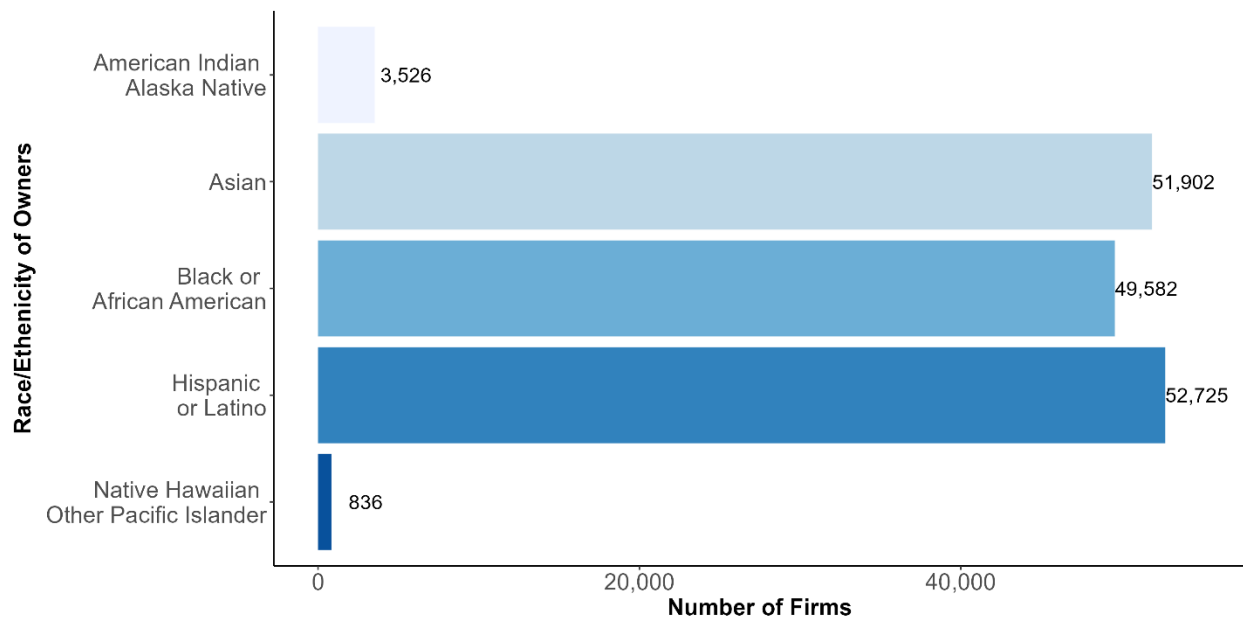


b. Nonminority-owned



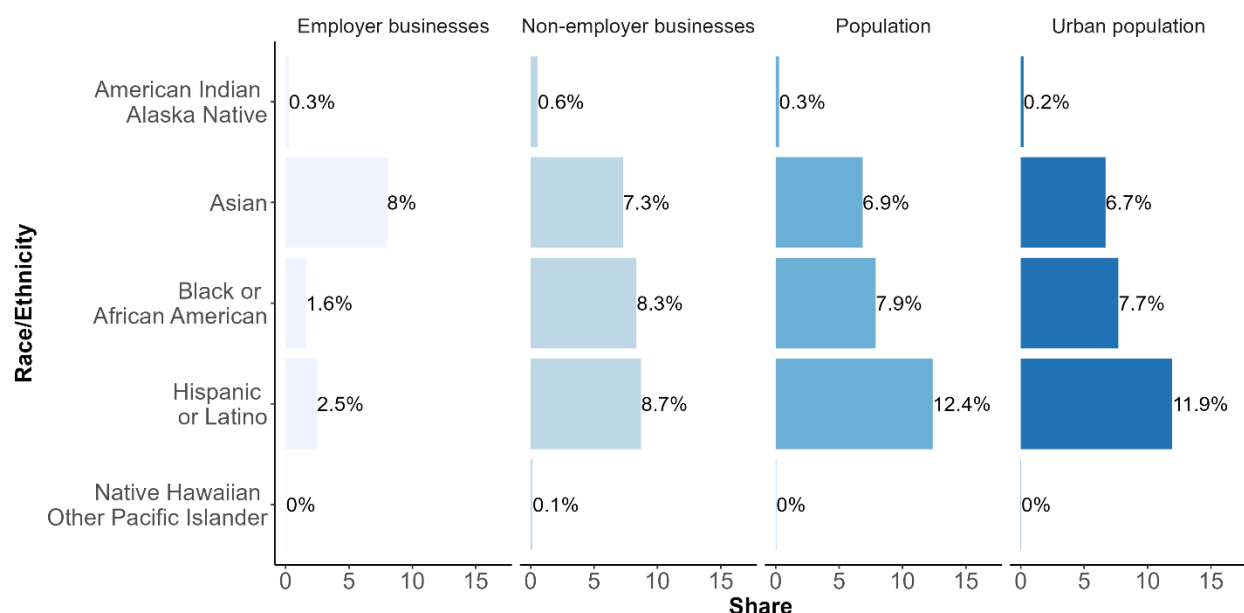
Data Source: U.S. Census 2019 NES-D. Nonemployer firms are businesses without any paid employees except for the owners.

Figure 7.3. Number of Minority-Owned Businesses by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Hispanic or Latino is an ethnic group that includes anyone who identifies as such and may be of any race. Includes both employer and nonemployer firms.

Figure 7.4. Share of Businesses and Share of Population by Race/Ethnicity, 2019



Note: Business data are from the U.S. Census 2019 NES-D. Total population is from the 2019 American Community Survey (ACS) 1-year estimates. State-level urban population shares are calculated by the authors using combined county-level population data from the 2015-2019 ACS 5-year estimates with 2013 rural-urban continuum codes.

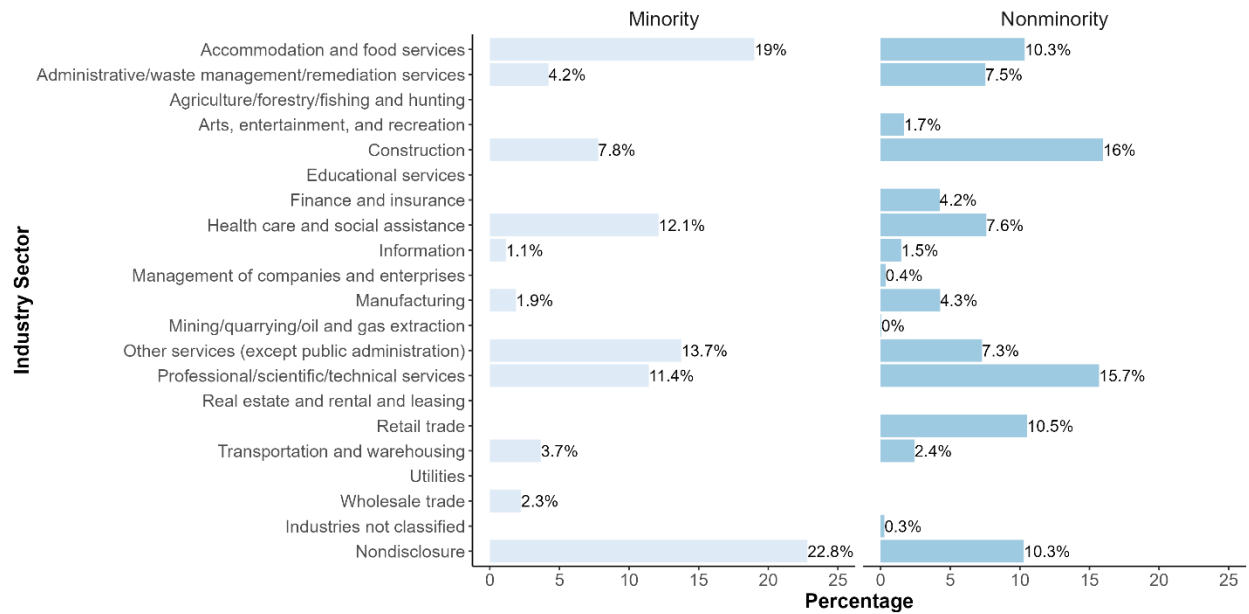
Although there are a significant number of minority-owned businesses, minority entrepreneurs may still be underrepresented considering their population share in Massachusetts. Figure 7.4 compares the share of businesses and the share of the population for each racial group. All minorities, except for Hispanics, have a relative representation in nonemployer businesses. However, only Asian entrepreneurs have a comparable share of employer to their population share. Hispanic entrepreneurs seem to be underrepresented in Massachusetts, especially in employer businesses. Overall, urban areas in Massachusetts have a similar, although slightly lower share of the minority population than the overall population.²²

Figures 7.5a and 7.5b show how the employer and nonemployer minority-owned businesses are distributed across industries. The accommodation and food services sector makes up the largest share of minority-owned employer businesses, followed by other services, and health care. These three industries account for more than 45% of all minority-owned employer businesses in Massachusetts. Minority nonemployer businesses are more diverse, with transportation and warehousing being a significant leader (31.8%). In contrast, nonminority business owners (both employer and nonemployer) are involved in a wider range of industries.

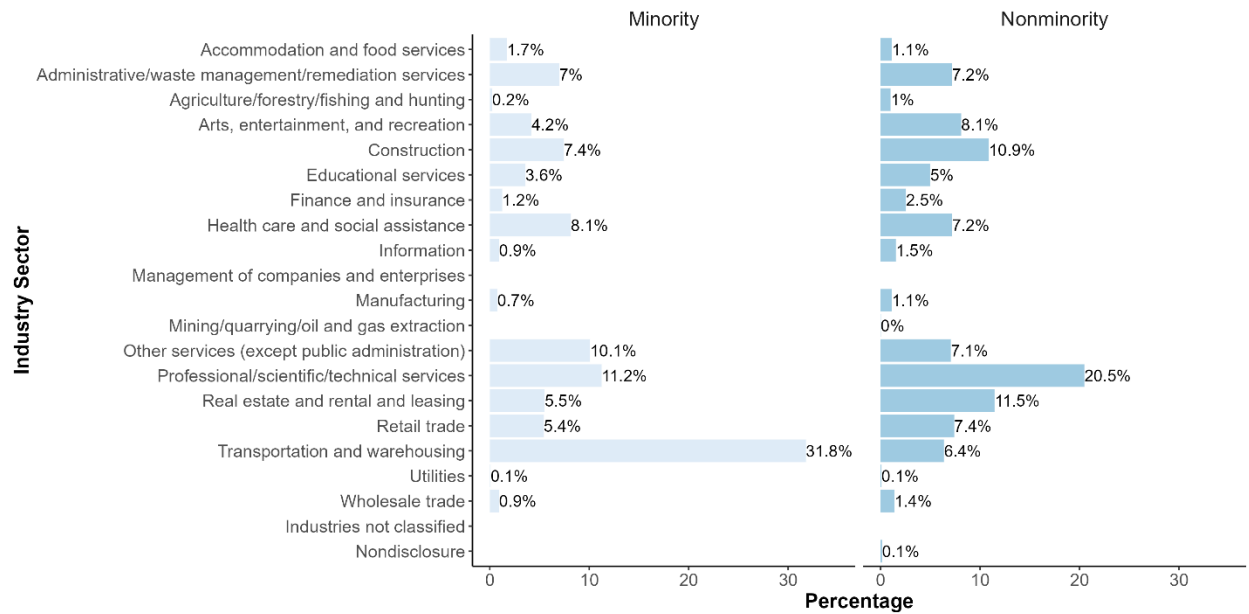
²² We consider counties in metropolitan areas as urban counties. Metropolitan areas are based on the 2013 Office of Management and Budget (OMB) delineation.

Figure 7.5. Distribution of Businesses by Industry, 2019

a. Employer Businesses

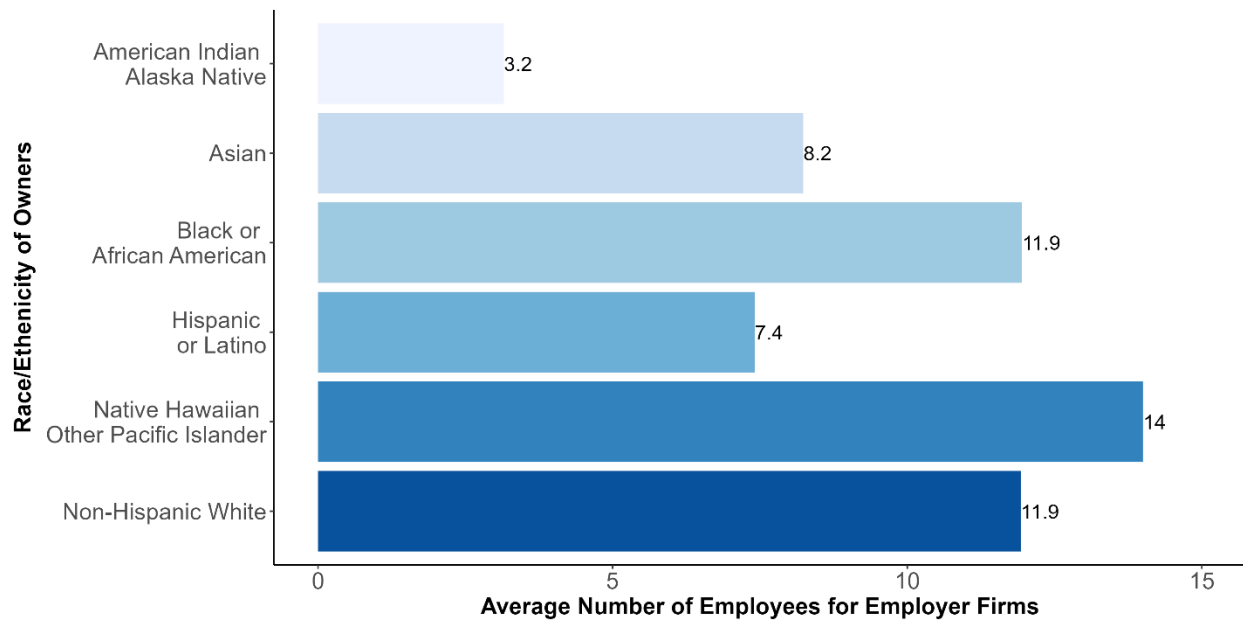


b. Nonemployer Businesses



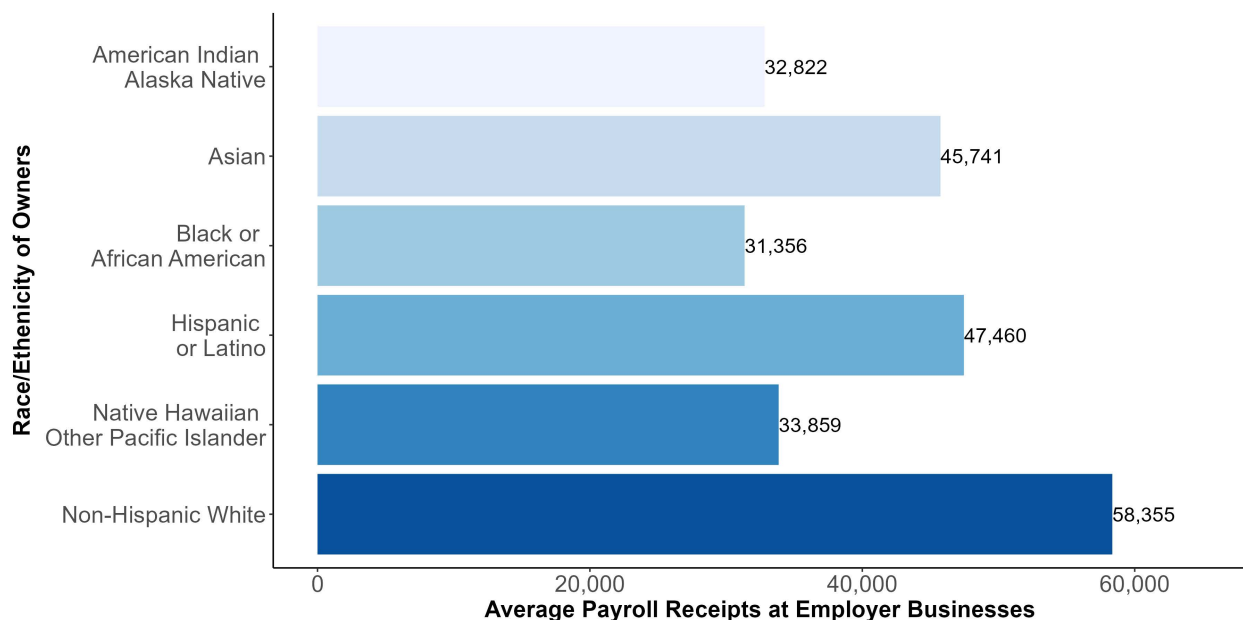
Note: Business data are from the U.S. Census 2019 NES-D. Data are missing for some industries. “Nondisclosure” shares are defined by the authors and are calculated as 100 minus the shares of other industries for which data are available. Negative values for undisclosed shares are not reported.

Figure 7.6. Average Number of Employees per Firm by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D.

Figure 7.7. Average Payroll per Employee by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D.

Finally, we look at the employment and income opportunities provided by minority-owned firms in Massachusetts.²³ Figure 7.6 compares the average number of employees for minority and nonminority businesses. Surprisingly, Native Hawaiian-owned companies have the highest

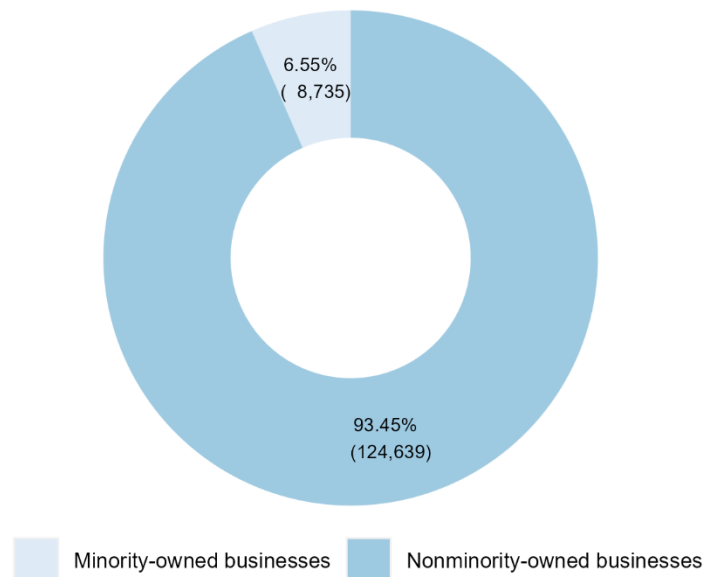
²³ Figures 7.6 and 7.7 only include firms with paid employees.

average number of employees. Black and non-Hispanic White businesses tie for the second-highest average, both at 11.9 employees per employer. Hispanic and Asian-owned employer businesses have a relatively smaller employee pool. Figure 7.7 provides payroll distributions among minority-owned businesses in Massachusetts. Nonminority employers tend to pay more, followed by Hispanics and Asians. Black business owners offer the lowest average payroll at \$31,356.

New Hampshire

In New Hampshire, about 10.34% of the overall population are minorities, and there were 62.11 business owners for every 1,000 minority residents in 2019. To explore the distribution of firms, we first consider all types of businesses including both employer and nonemployer firms. As shown in Figure 8.1, there were about 130,000 businesses in New Hampshire, with only 6.55% owned by minorities.

Figure 8.1. Minority- and Nonminority-Owned Businesses of All Types of Firms, 2019



Data Source: U.S. Census 2019 Nonemployer Statistics by Demographics (NES-D). Minorities are defined as all population except for non-Hispanic Whites.

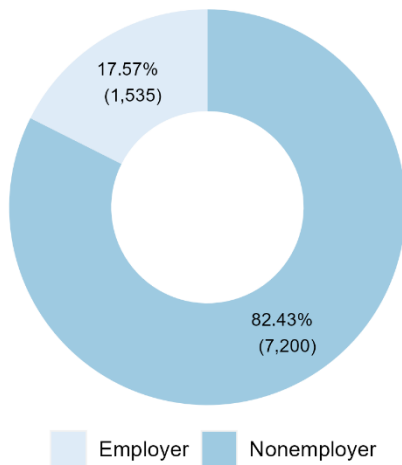
Figure 8.2 separates businesses by business type. In New Hampshire, around 82.4% of minority-owned firms are nonemployer firms, and only 17.6% have paid employees. In contrast, around 20.6% of nonminority-owned businesses are employer firms. Comparing Figures 8.2a and 8.2b, we see that nonminorities own more businesses overall, and they are more likely to own businesses with employees.

While Figures 8.2a and 8.2b provide overall trends of minority- and nonminority-owned businesses, it is helpful to further examine business ownership by each racial and ethnic group given their different backgrounds and performances.²⁴ Figure 8.3 plots the number of businesses owned by each racial/ethnic group, with Hispanics shown separately regardless of the owners' race. As shown, Asians rank the first in terms of number of firms, followed by Hispanics and Blacks. American Indians own the fewest firms among all minorities.

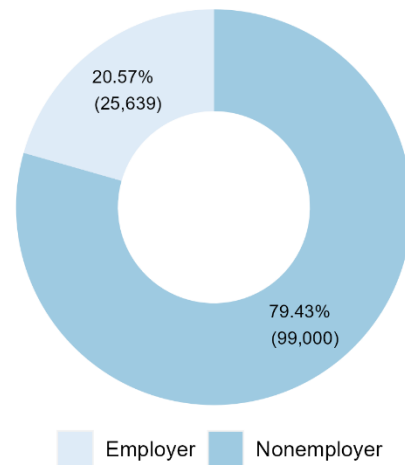
²⁴ "Hispanic/Latino" is a category that is not mutually exclusive of other races, for example, someone who identifies as Black or African American may or may not also be of Hispanic origin.

Figure 8.2. Number and Share of All Types of Firms, 2019

a. Minority-owned

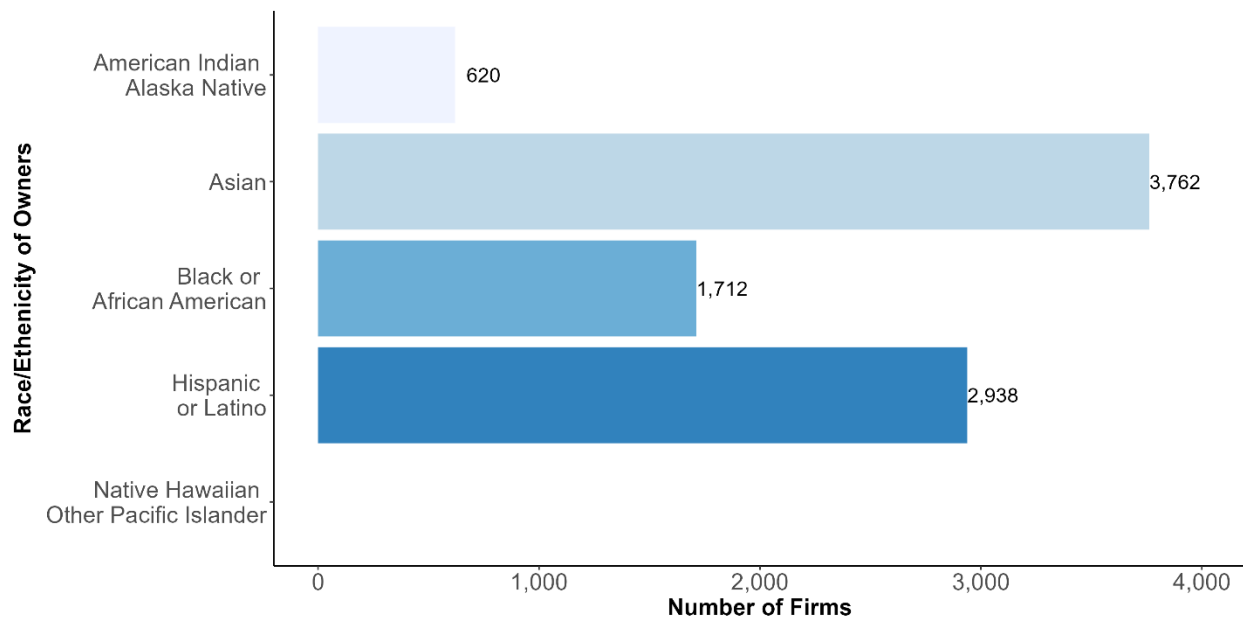


b. Nonminority-owned



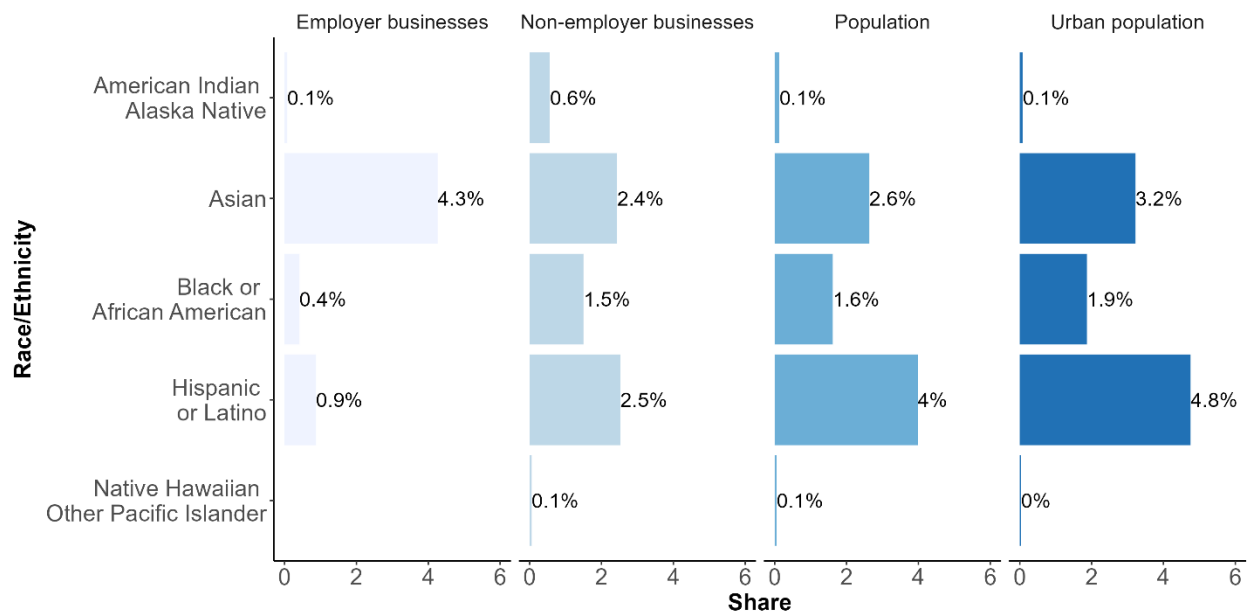
Data Source: U.S. Census 2019 NES-D. Nonemployer firms are businesses without any paid employees except for the owners.

Figure 8.3. Number of Minority-Owned Businesses by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Hispanic or Latino is an ethnic group that includes anyone who identifies as such and may be of any race. Data is missing for New Hampshire for Native Hawaiians. Includes both employer and nonemployer firms.

Figure 8.4. Share of Businesses and Share of Population by Race/Ethnicity, 2019



Note: Business data are from the U.S. Census 2019 NES-D. Total population is from the 2019 American Community Survey (ACS) 1-year estimates. State-level urban population shares are calculated by the authors using combined county-level population data from the 2015-2019 ACS 5-year estimates with 2013 rural-urban continuum codes.

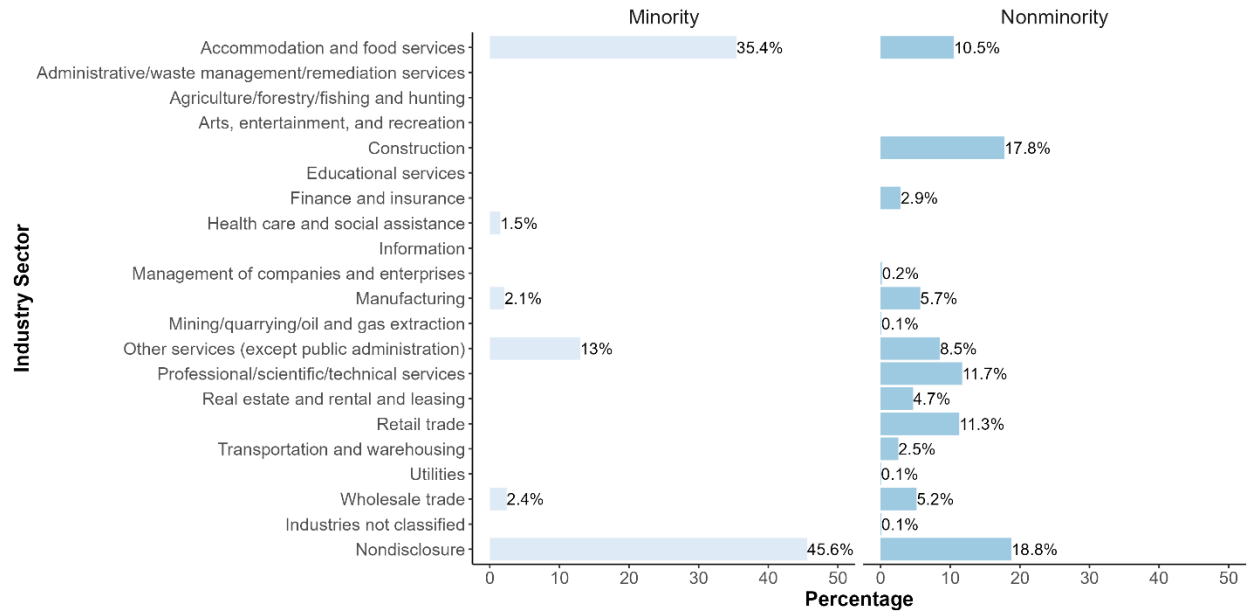
Although there are a significant number of minority-owned businesses, minority entrepreneurs are still be underrepresented considering their population share in New Hampshire. Figure 8.4 compares the share of businesses and the share of the population for each racial group. Blacks and Asians have smaller shares of both employer and nonemployer entrepreneurship than of total population. In contrast, Asians show higher representation in business ownership, particularly employer businesses, at nearly twice their population share. Overall, probably not surprisingly, urban areas have higher percentages of minorities than the overall population.²⁵

Figures 8.5a and 8.5b show how the employer and nonemployer minority-owned businesses are distributed across industries. Unfortunately, the industry is not disclosed for around 45% of minority-owned firms. The accommodation and food services sector makes up the largest share of minority-owned employer businesses, far more than any other sector. Minority nonemployer businesses are more diverse, with transportation and warehousing accounting for 16.7%. In contrast, nonminority business owners (both employer and nonemployer) are involved in a wider range of industries.

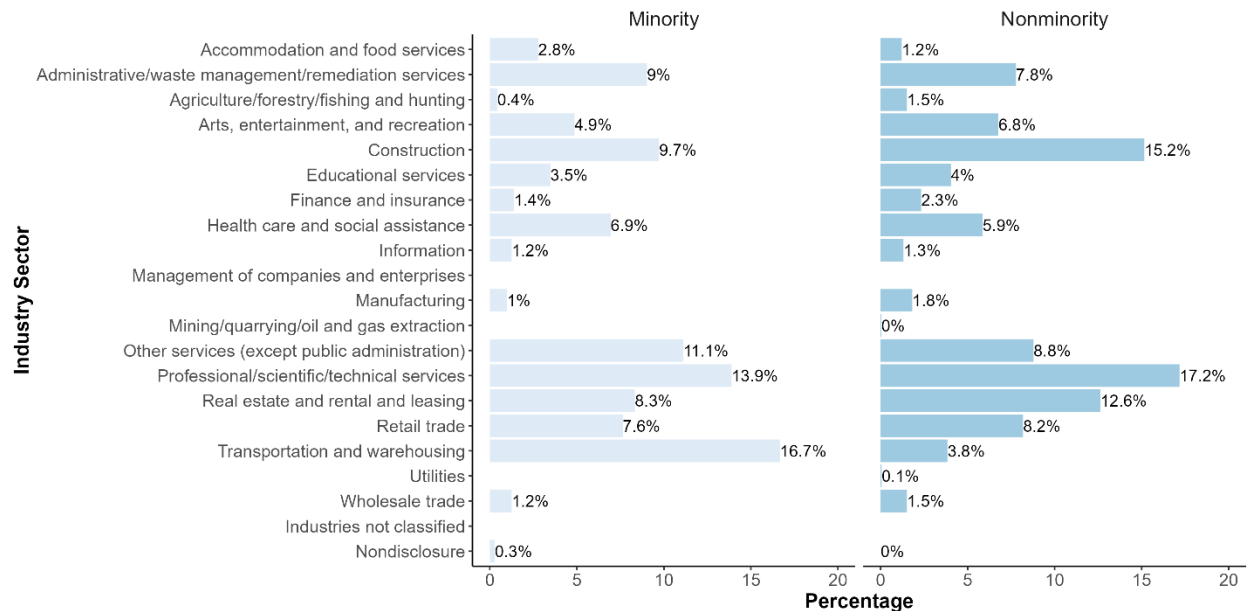
²⁵ We consider counties in metropolitan areas as urban counties. Metropolitan areas are based on the 2013 Office of Management and Budget (OMB) delineation.

Figure 8.5. Distribution of Businesses by Industry, 2019

a. Employer Businesses

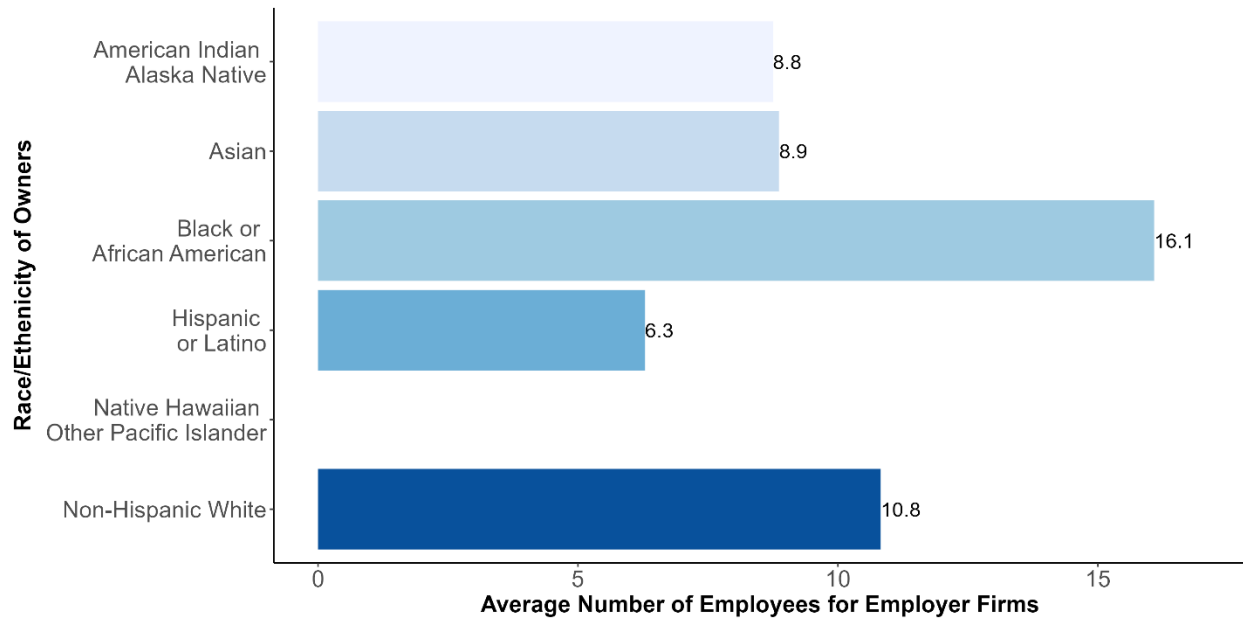


b. Nonemployer Businesses



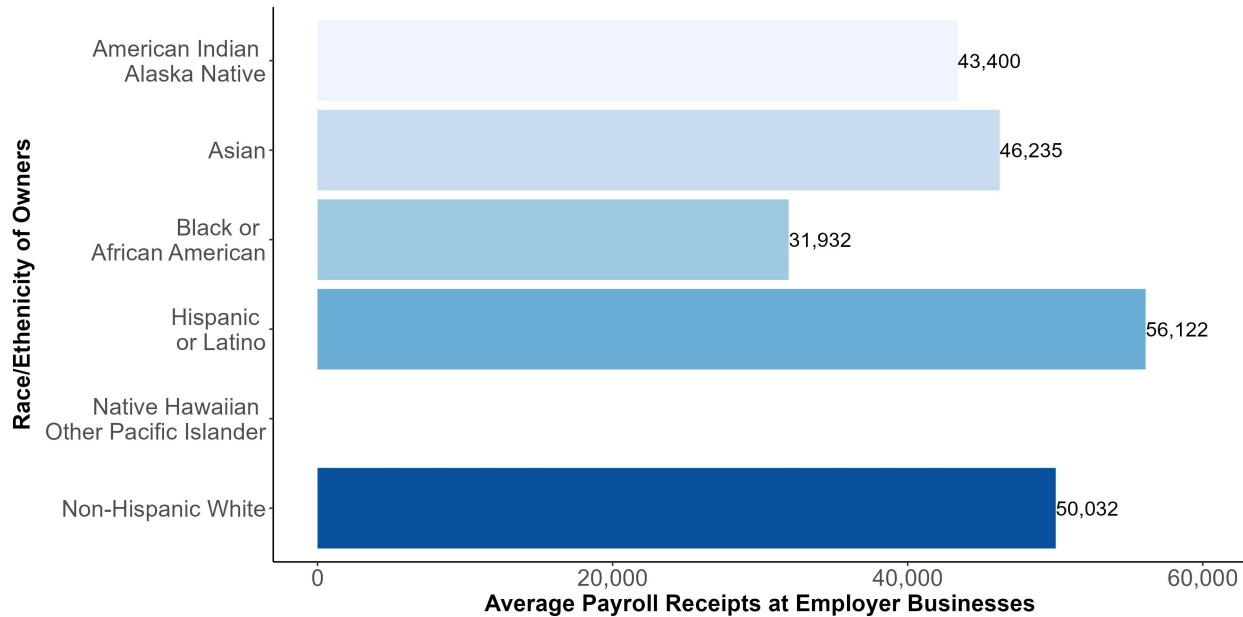
Note: Business data are from the U.S. Census 2019 NES-D. Data are missing for some industries. “Nondisclosure” shares are defined by the authors and are calculated as 100 minus the shares of other industries for which data are available. Negative values for undisclosed shares are not reported.

Figure 8.6. Average Number of Employees per Firm by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data is missing for Native Hawaiians.

Figure 8.7. Average Payroll per Employee by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data is missing for Native Hawaiians.

Finally, we look at the employment and income opportunities provided by minority-owned firms in New Hampshire.²⁶ Figure 8.6 compares the average number of employees for minority and

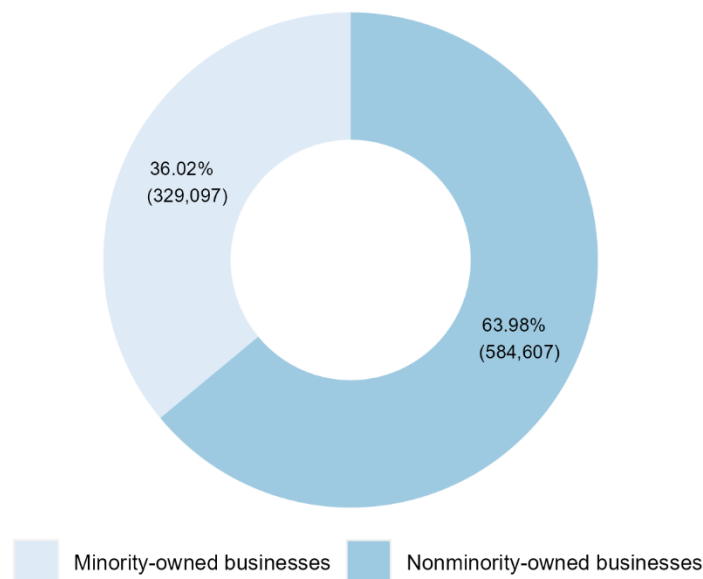
²⁶ Figures 8.6 and 8.7 only include firms with paid employees.

nonminority businesses. Black-owned firms have the highest average number of employees, nearly twice as many as other minority groups, however, Figure 8.7 suggests that they offer the lowest average payroll. Blacks are also the only group to employ more employees than non-Hispanic Whites. In contrast, although Hispanic-owned businesses have the smallest employee pool, they provide the highest average payroll than other groups.

New Jersey

In New Jersey, about 45% of residents were minorities, and there were 81.1 business owners for every 1,000 minority residents in 2019, the third-highest ratio in the Northeast. To explore the distribution of firms, we first consider all types of businesses including both employer and nonemployer firms. As shown in Figure 9.1, slightly more than 36% of businesses were owned by minorities in New Jersey.

Figure 9.1. Minority- and Nonminority-Owned Businesses of All Types of Firms, 2019



Data Source: U.S. Census 2019 Nonemployer Statistics by Demographics (NES-D). Minorities are defined as all population except for non-Hispanic Whites.

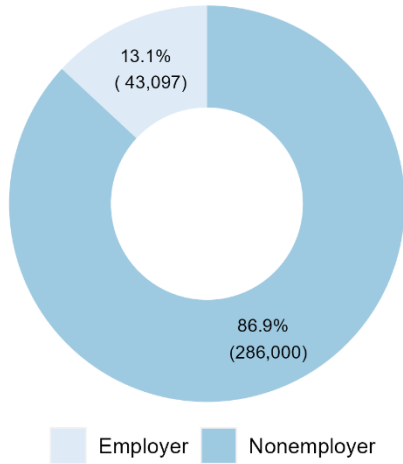
Figure 9.2 separates businesses by business type. In New Jersey, around 87% of minority-owned firms are nonemployer firms, and only 13% have paid employees. In contrast, around 23% of nonminority-owned businesses are employer firms. Comparing Figures 9.2a and 9.2b, we see that nonminorities own more businesses overall, and they are more likely to own businesses with employees.

While Figures 9.2a and 9.2b provide overall trends of minority- and nonminority-owned businesses, it is helpful to further examine business ownership by each racial and ethnic group given their different backgrounds and performances.²⁷ Figure 9.3 plots the number of businesses owned by each racial/ethnic group, with Hispanics shown separately regardless of the owners' race. As shown, Hispanics own the most businesses, followed by Blacks and Asians. Data is not available for American Indians and Native Hawaiians.

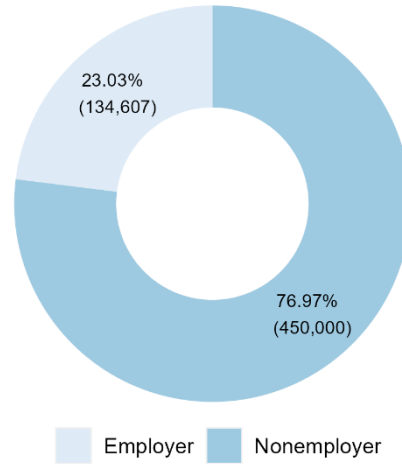
²⁷ "Hispanic/Latino" is a category that is not mutually exclusive of other races, for example, someone who identifies as Black or African American may or may not also be of Hispanic origin.

Figure 9.2. Number and Share of All Types of Firms, 2019

a. Minority-owned

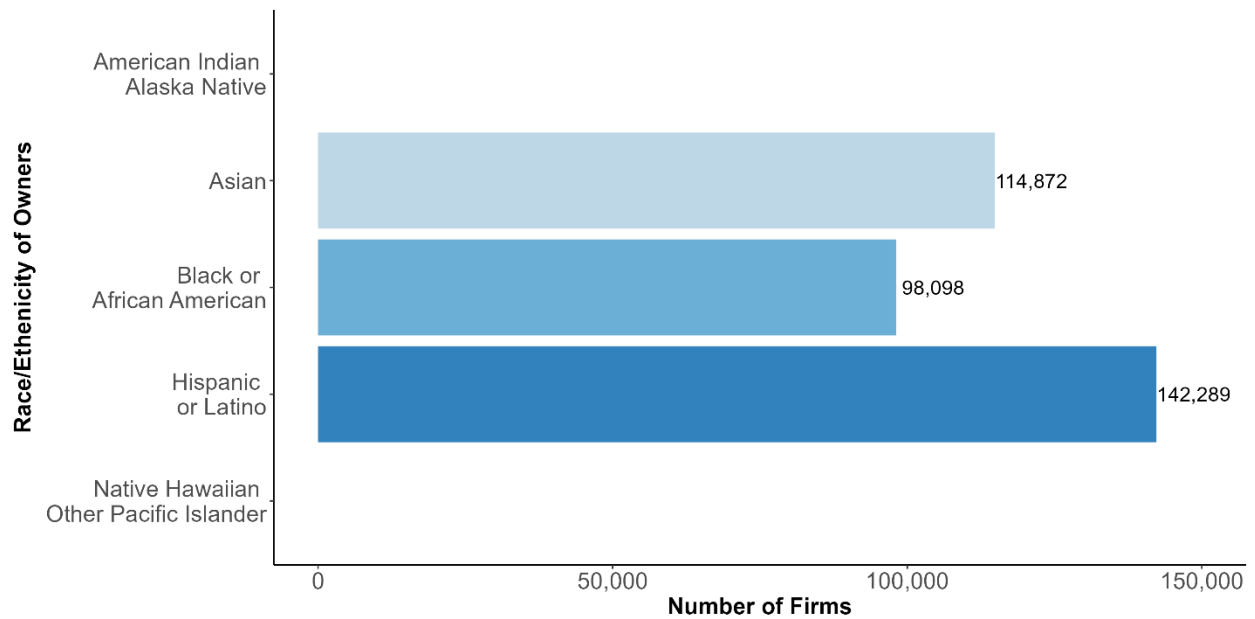


b. Nonminority-owned



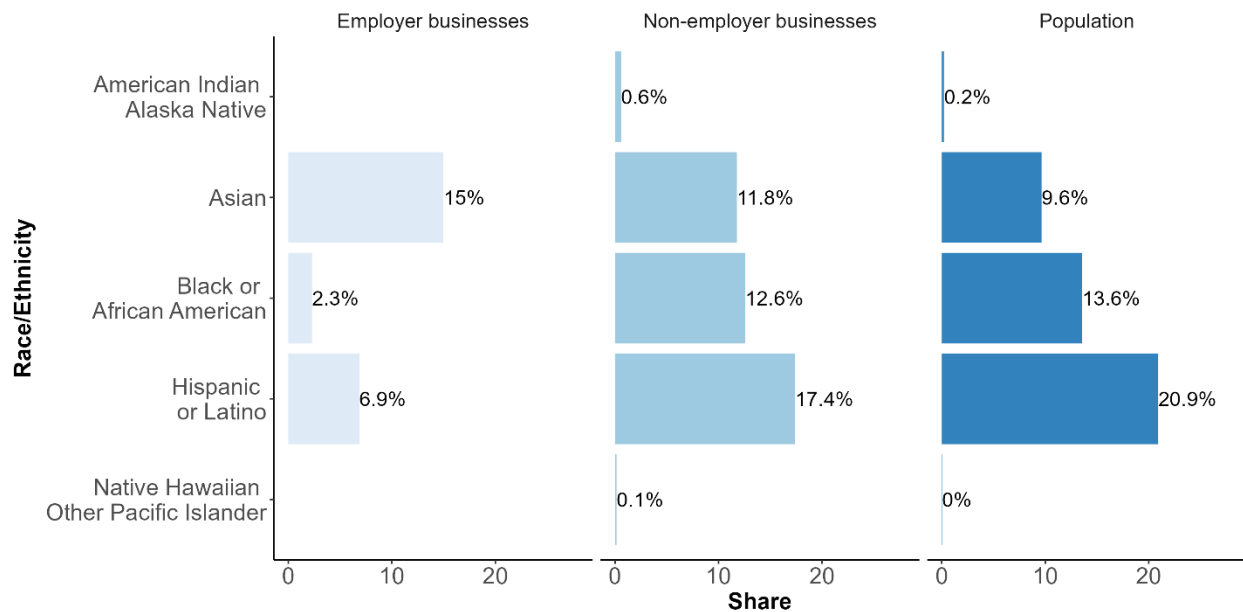
Data Source: U.S. Census 2019 NES-D. Nonemployer firms are businesses without any paid employees except for the owners.

Figure 9.3. Number of Minority-Owned Businesses by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Hispanic or Latino is an ethnic group that includes anyone who identifies as such and may be of any race. Data are missing for American Indians and Native Hawaiians. Includes both employer and nonemployer firms.

Figure 9.4. Share of Businesses and Share of Population by Race/Ethnicity, 2019



Note: Business data are from the U.S. Census 2019 NES-D. Nonemployer business data are available for all demographic groups; However, data on employer businesses are not available for American Indians and Native Hawaiians. Total population is from the 2019 American Community Survey (ACS) 1-year estimates.

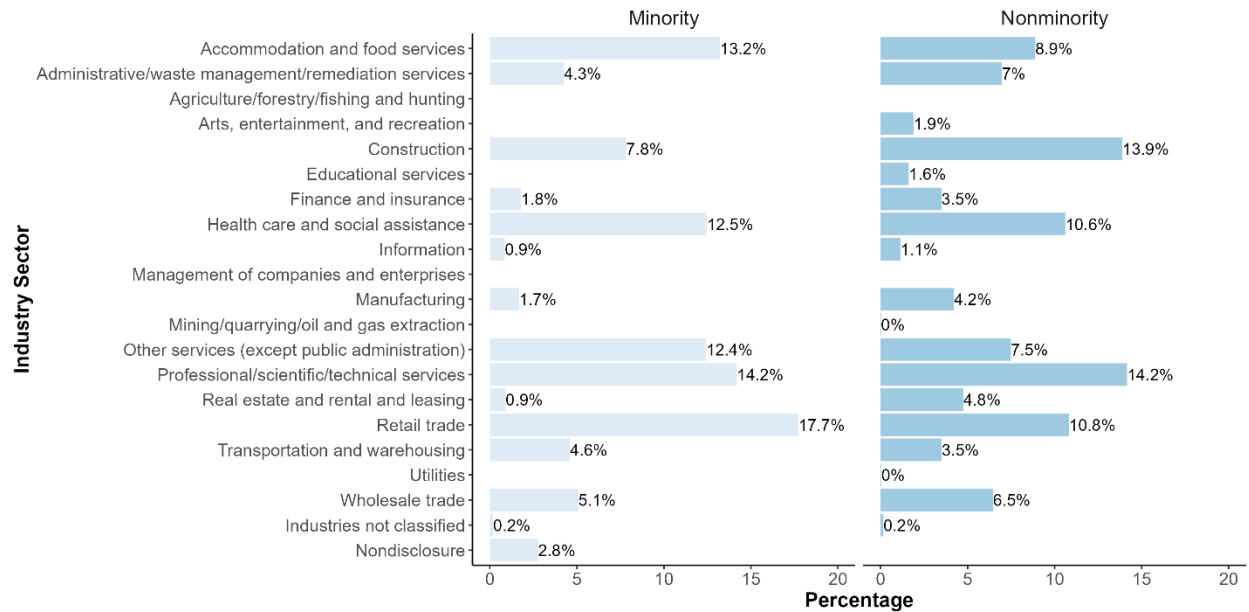
Although there are a significant number of minority-owned businesses, minority entrepreneurs are still underrepresented considering their population share in New Jersey.²⁸ Figure 9.4 compares the share of businesses and the share of the population for each racial group. Blacks and Hispanics have smaller shares of both employer and nonemployer entrepreneurship than of total population, while Asians are the only group that has higher shares of both employer and nonemployer businesses.

Figures 9.5a and 9.5b show how the employer and nonemployer minority-owned businesses are distributed across industries. The retail trade sector makes up the largest share of minority-owned employer businesses (17.7%), followed by professional services (14.2%), accommodation and food services (13.2%), health care and social assistance (12.5%), and other services (12.4%). These industries account for more than 70% of all minority-owned employer businesses in New Jersey. Minority nonemployer businesses are distributed differently, with transportation accounting for 25.2%. In contrast, nonminority business owners (both employer and nonemployer) are involved in a wider range of industries.

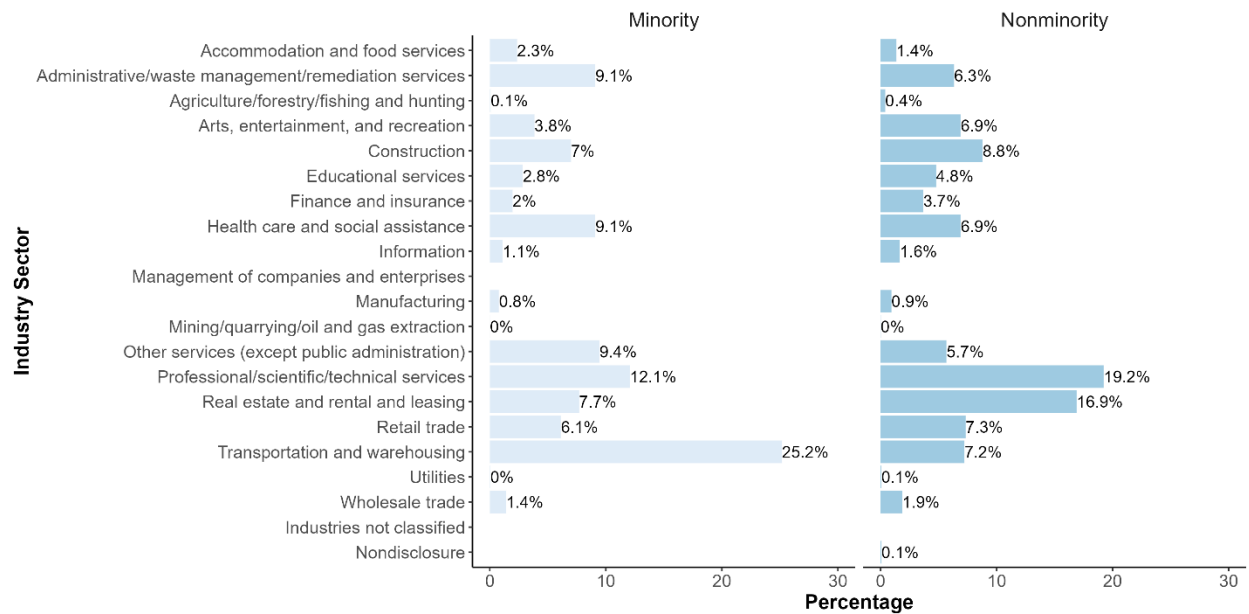
²⁸ All counties in New Jersey are considered metro counties based on the 2013 Office of Management and Budget (OMB) delineation.

Figure 9.5. Distribution of Businesses by Industry, 2019

a. Employer Businesses

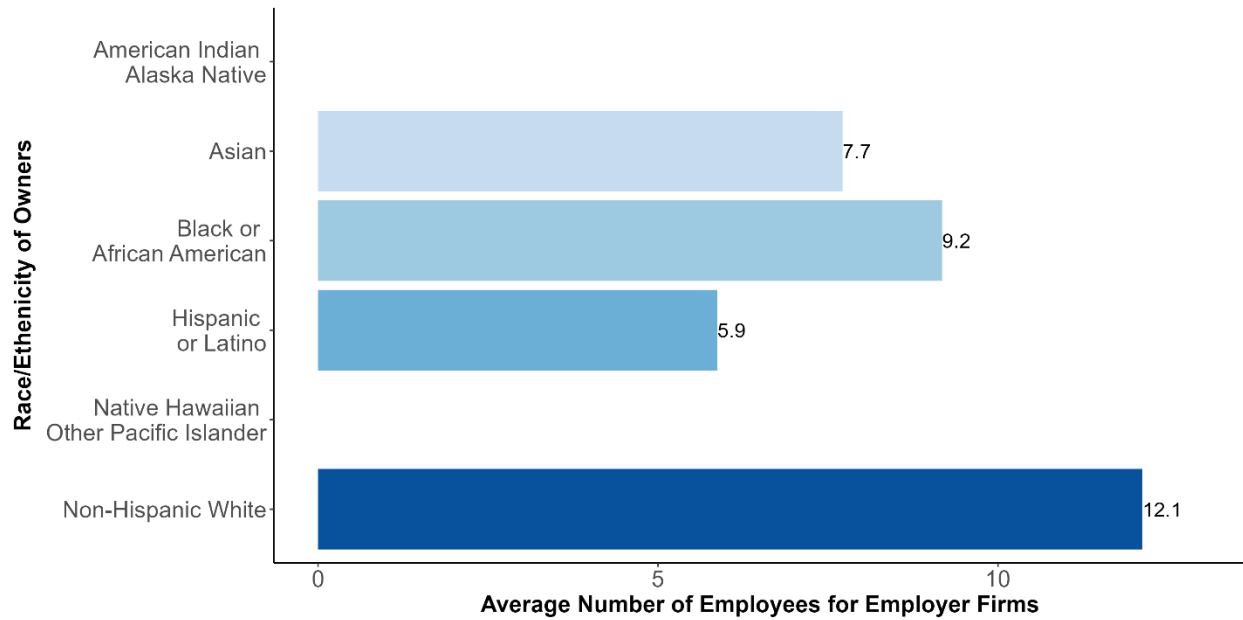


b. Nonemployer Businesses



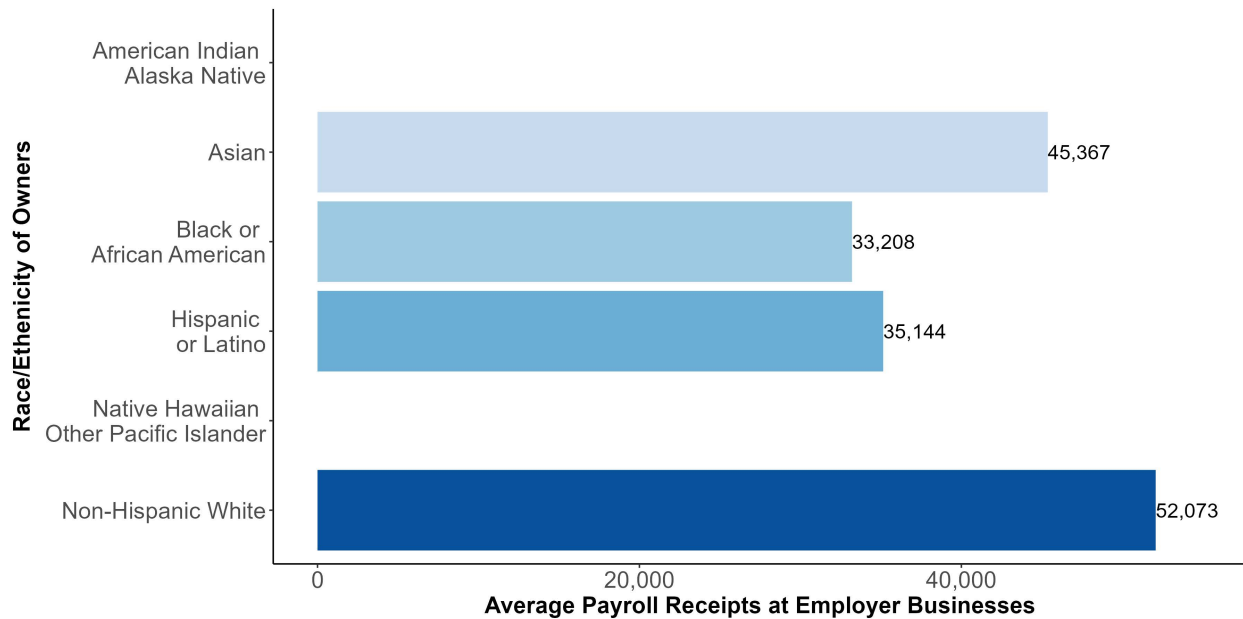
Note: Business data are from the U.S. Census 2019 NES-D. Data are missing for some industries. “Nondisclosure” shares are defined by the authors and are calculated as 100 minus the shares of other industries for which data are available. Negative values for undisclosed shares are not reported.

Figure 9.6. Average Number of Employees per Firm by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data are missing for American Indian and Alaska Native, Native Hawaiian or Other Pacific Islander.

Figure 9.7. Average Payroll per Employee by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data are missing for American Indian and Alaska Native, Native Hawaiian or Other Pacific Islander.

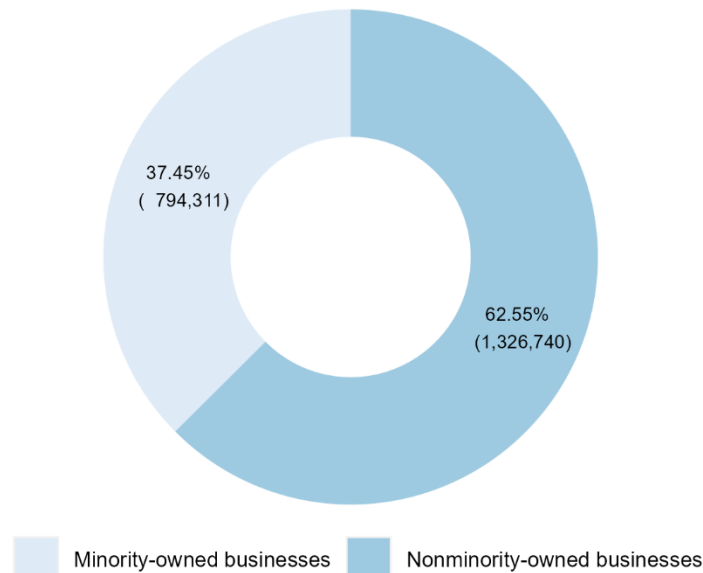
Finally, we look at the employment and income opportunities provided by minority-owned firms in New Jersey.²⁹ Figure 9.6 compares the average number of employees for minority and nonminority businesses. On average, nonminority businesses have 12.1 employees, 3 more than Black-owned firms (the highest among minorities). Figure 9.7 provides the average payroll per employee for minority-owned businesses in New Jersey. Nonminority employers provide the highest average payrolls at \$52,073. Minority employer businesses in New Jersey generally hire fewer people and have lower average payrolls.

²⁹ Figures 9.6 and 9.7 only include firms with paid employees.

New York

In New York, about 45% of residents were minorities in 2019, and there were 91 business owners for every 1,000 minority residents, the second-highest ratio in the Northeast. To explore the distribution of firms, we first consider all types of businesses including both employer and nonemployer firms. As shown in Figure 10.1, the total number of minority-owned businesses reached 794,311 in 2019 due to the large minority population, however, minority-owned businesses only accounted for 37.45% of all businesses in New York.

Figure 10.1. Minority- and Nonminority-Owned Businesses of All Types of Firms, 2019



Data Source: U.S. Census 2019 Nonemployer Statistics by Demographics (NES-D). Minorities are defined as all population except for non-Hispanic Whites.

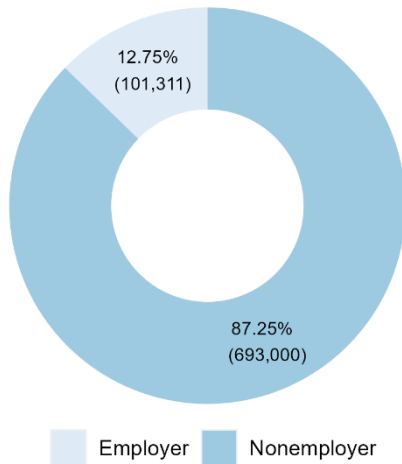
Figure 10.2 separates businesses by business type. In New York, 87.25% of minority-owned firms are nonemployer firms and only 12.75% have paid employees. In contrast, around 24% of nonminorities-owned businesses are employer firms. Comparing Figures 10.2a and 10.2b, we see that nonminorities own more businesses overall, and they are more likely to own businesses with employees.

While Figures 10.2a and 10.2b provide overall trends of minority- and nonminority-owned businesses, it is helpful to further examine business ownership by each racial and ethnic group given their different backgrounds and performances.³⁰ Figure 10.3 plots the number of businesses owned by each racial/ethnic group, with Hispanics shown separately regardless of the owners' race. As shown, Asian business owners rank first in terms of the number of firms, up to 346,722, followed by Hispanics and Blacks. American Indian entrepreneurs have the fewest number of firms.

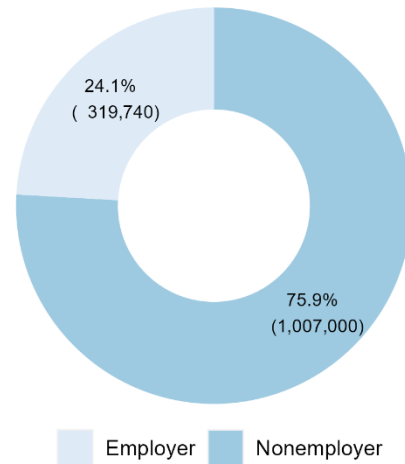
³⁰ "Hispanic/Latino" is a category that is not mutually exclusive of other races, for example, someone who identifies as Black or African American may or may not also be of Hispanic origin.

Figure 10.2. Number and Share of All Types of Firms, 2019

a. Minority-owned

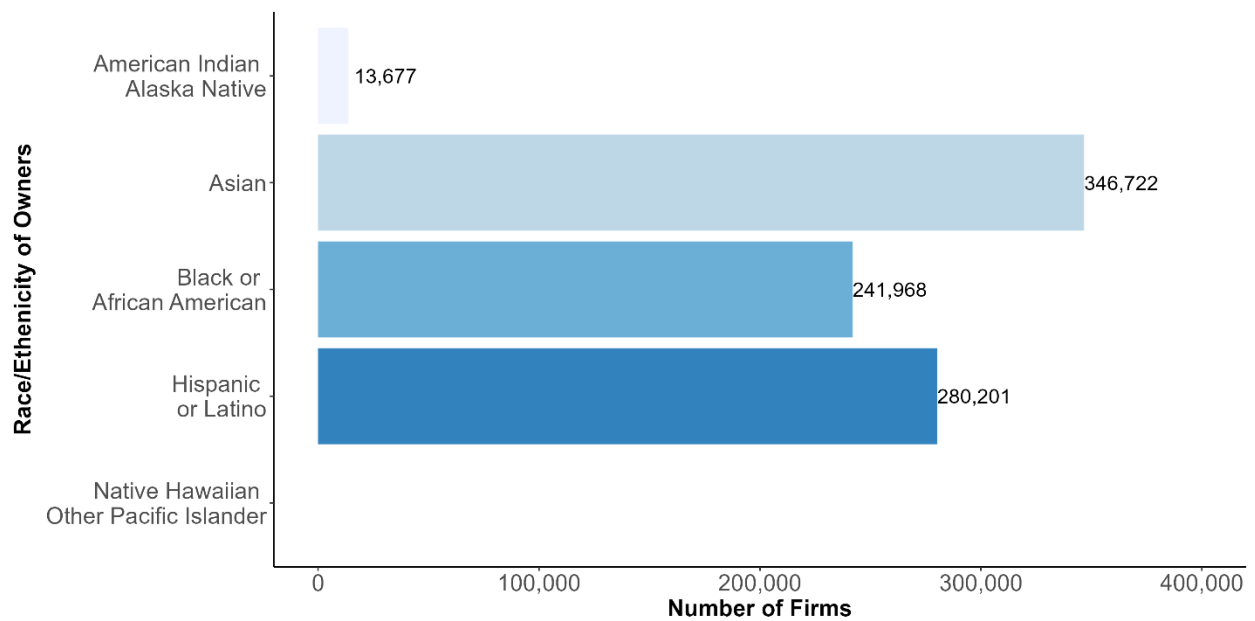


b. Nonminority-owned



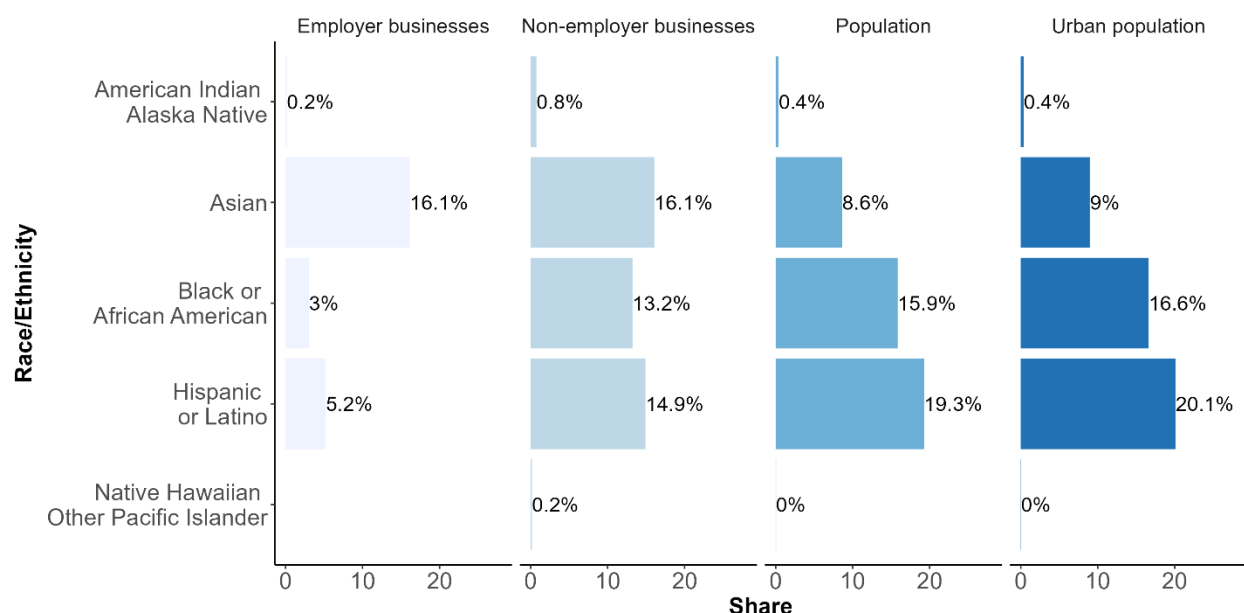
Data Source: U.S. Census 2019 NES-D. Nonemployer firms are businesses without any paid employees except for the owners.

Figure 10.3. Number of Minority-Owned Businesses by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Hispanic or Latino is an ethnic group that includes anyone who identifies as such and may be of any race. Data is missing for Native Hawaiians. Includes both employer and nonemployer firms.

Figure 10.4. Share of Businesses and Share of Population by Race/Ethnicity, 2019



Note: Business data are from the U.S. Census 2019 NES-D. Total population is from the 2019 American Community Survey (ACS) 1-year estimates. State-level urban population shares are calculated by the authors using combined county-level population data from the 2015-2019 ACS 5-year estimates with 2013 rural-urban continuum codes.

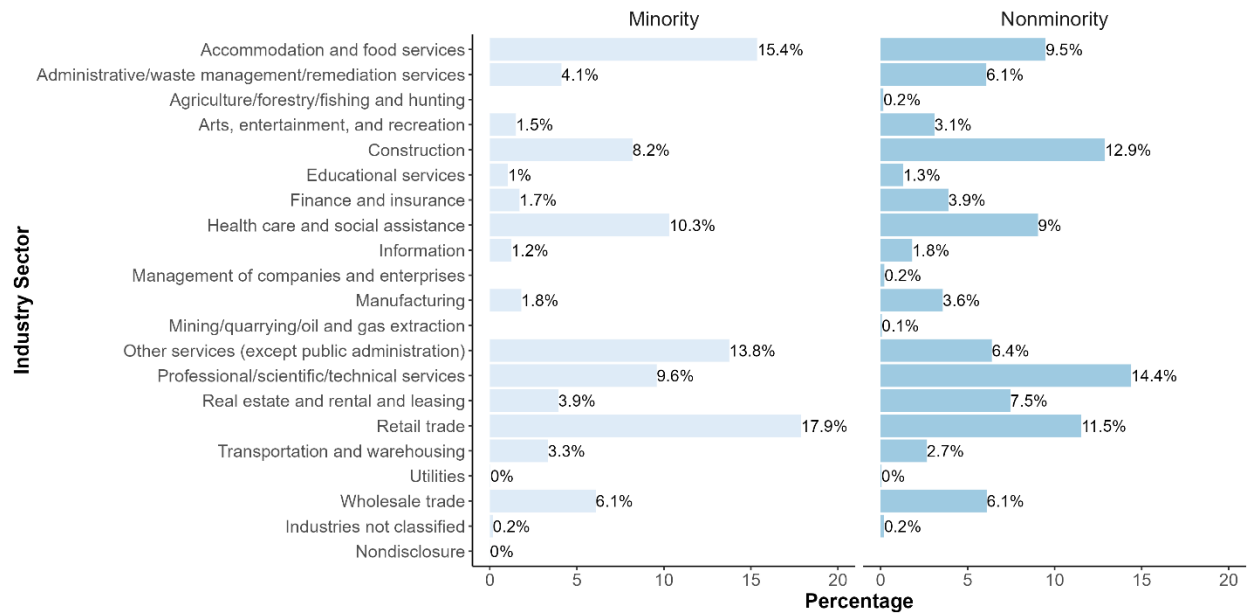
Although there are a significant number of minority-owned businesses, minority entrepreneurs are still underrepresented considering their population share in New York. Figure 10.4 compares the share of businesses and the share of the population for each racial group. Blacks and Hispanics have smaller shares of both employer and nonemployer entrepreneurship than of total population, while Asians are the only group that has higher shares of both employer and nonemployer businesses. Overall, probably not surprisingly, urban areas have higher percentages of minorities than the overall population.³¹

Figures 10.5a and 10.5b show how the employer and nonemployer minority-owned businesses are distributed across industries. Retail trade (17.9%), accommodation and food services (15.4%), and other services (13.8%) are the top three sectors where minority employer businesses are concentrated. Construction, healthcare, and professional services also have relatively high shares of minority-owned employer businesses. Minority nonemployer businesses are distributed differently: transportation and warehousing account for 25.5%, followed by health care, professional services, and other services. The distribution pattern of nonminority businesses differs from that of minority, with professional services making up a significant portion of both employer and nonemployer businesses.

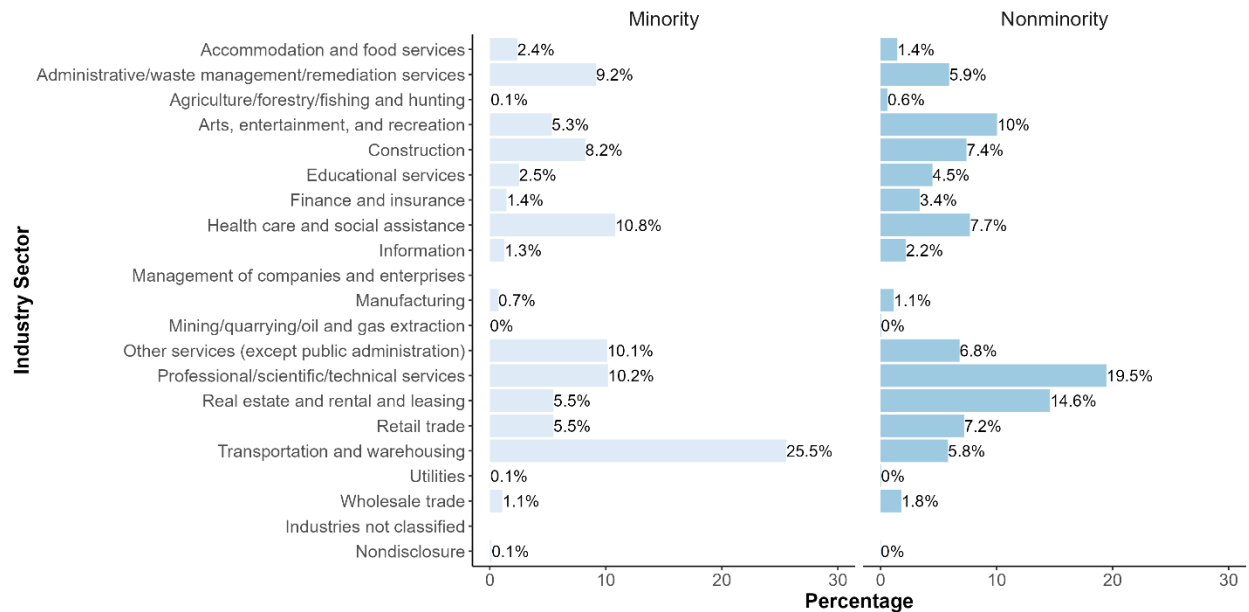
³¹ We consider counties in metropolitan areas as urban counties. Metropolitan areas are based on the 2013 Office of Management and Budget (OMB) delineation.

Figure 10.5. Distribution of Businesses by Industry, 2019

a. Employer Businesses

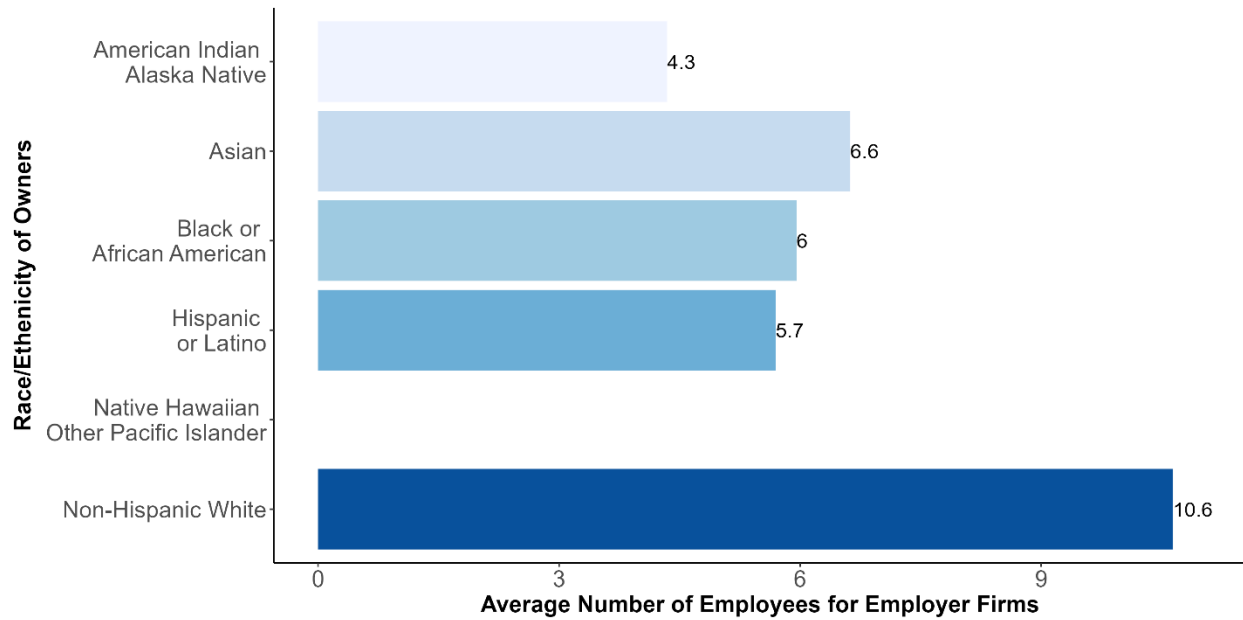


b. Nonemployer Businesses



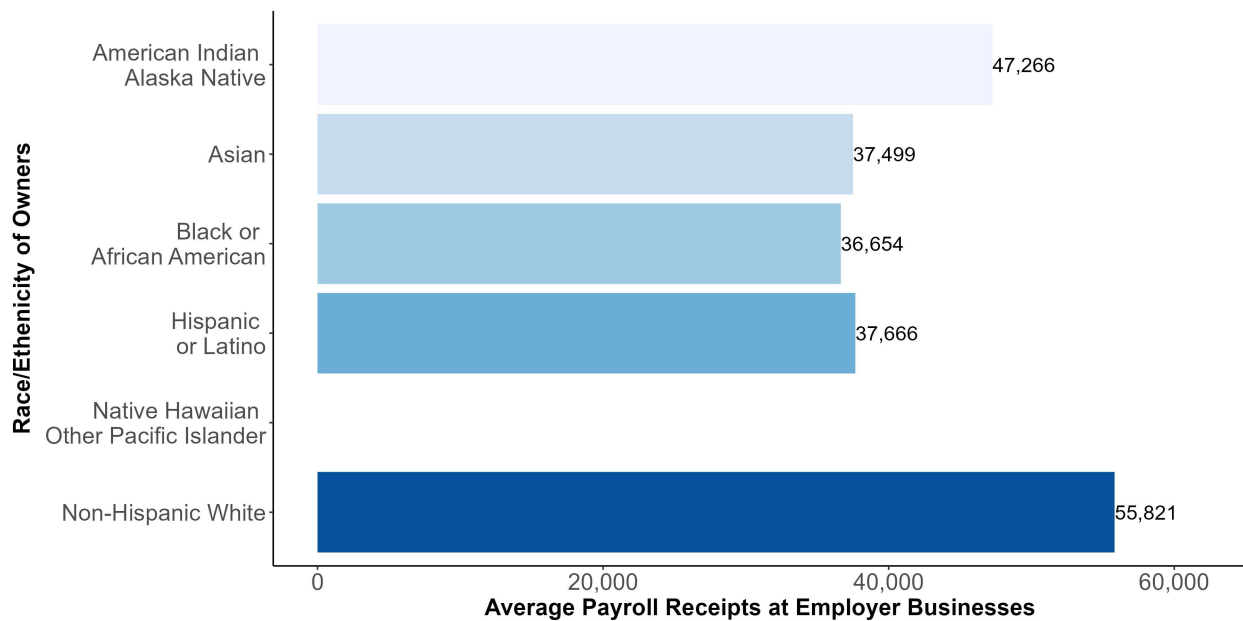
Note: Business data are from the U.S. Census 2019 NES-D. Data are missing for some industries. “Nondisclosure” shares are defined by the authors and are calculated as 100 minus the shares of other industries for which data are available. Negative values for undisclosed shares are not reported.

Figure 10.6. Average Number of Employees per Firm by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data is missing for Native Hawaiians.

Figure 10.7. Average Payroll per Employee by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data is missing for Native Hawaiians.

Finally, we look at the employment and income opportunities provided by minority-owned firms in New York.³² Figure 10.6 compares the average number of employees for minority and nonminority businesses. On average, nonminority businesses have significantly more employees

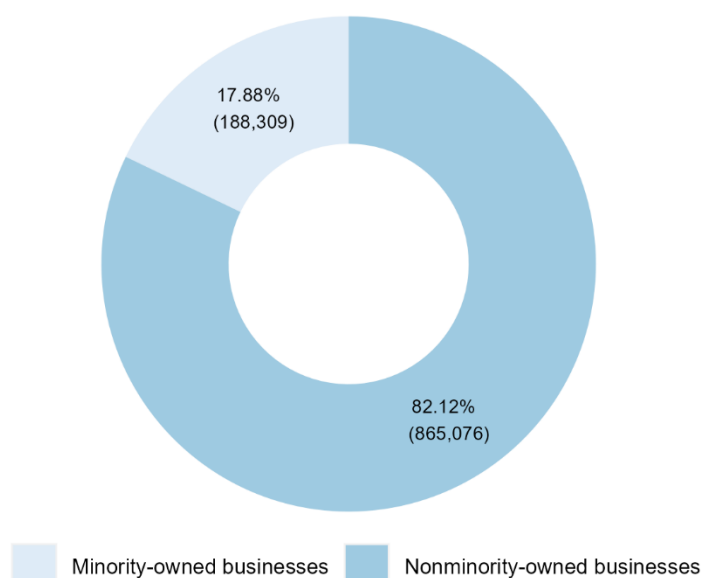
³² Figures 10.6 and 10.7 only include firms with paid employees.

at 10.6. Figure 10.7 suggests that nonminority employers also tend to pay more than minority employers. Differences in employees and payrolls are relatively small within minority groups, except for American Indians. Although American Indian-owned firms have the smallest average number of employees, they offer the highest payrolls of all minority groups, at \$47,266 per employee.

Pennsylvania

In Pennsylvania, more than 24% residents were minorities in 2019. While the overall number of minority entrepreneurs is large compared to other states, Pennsylvania has only 60 minority business owners per 1,000 minority residents, the second-lowest rate in the Northeast given its large minority population. To explore the distribution of firms, we first consider all types of businesses including both employer and nonemployer firms. As shown in Figure 11.1, there were about 1,050,000 businesses in Pennsylvania with 17.9% owned by minorities.

Figure 11.1. Minority- and Nonminority-Owned Businesses of All Types of Firms, 2019



Data Source: U.S. Census 2019 Nonemployer Statistics by Demographics (NES-D). Minorities are defined as all population except for non-Hispanic Whites.

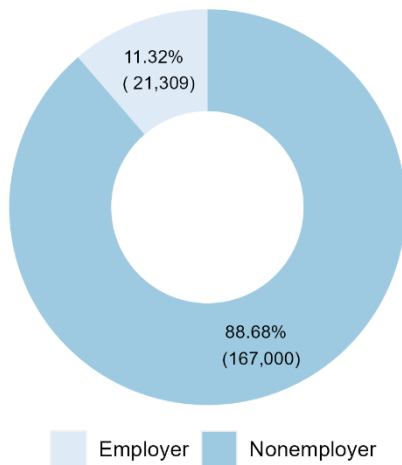
Figure 11.2 separates businesses by business type. In Pennsylvania, around 88.7% of minority-owned businesses are nonemployer businesses, and only 11.3% have paid employees. In contrast, around 20.7% of nonminority-owned businesses are employer firms. Comparing Figures 11.2a and 11.2b, we see that nonminorities own more businesses overall, and they are more likely to own businesses with employees.

While Figures 11.2a and 11.2b provide overall trends of minority- and nonminority-owned businesses, it is helpful to further examine business ownership by each racial and ethnic group given their different backgrounds and performances.³³ Figure 11.3 plots the number of businesses owned by each racial/ethnic group, with Hispanics shown separately regardless of the owners' race. As shown, Black business owners rank first in terms of the number of firms, followed by Asian and Hispanic owners. American Indians have the lowest share of firms among all minority groups.

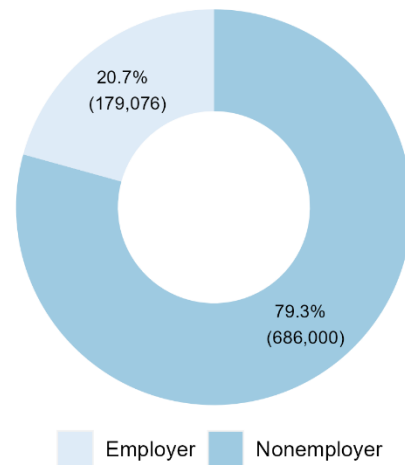
³³ "Hispanic/Latino" is a category that is not mutually exclusive of other races, for example, someone who identifies as Black or African American may or may not also be of Hispanic origin.

Figure 11.2. Number and Share of All Types of Firms, 2019

a. Minority-owned

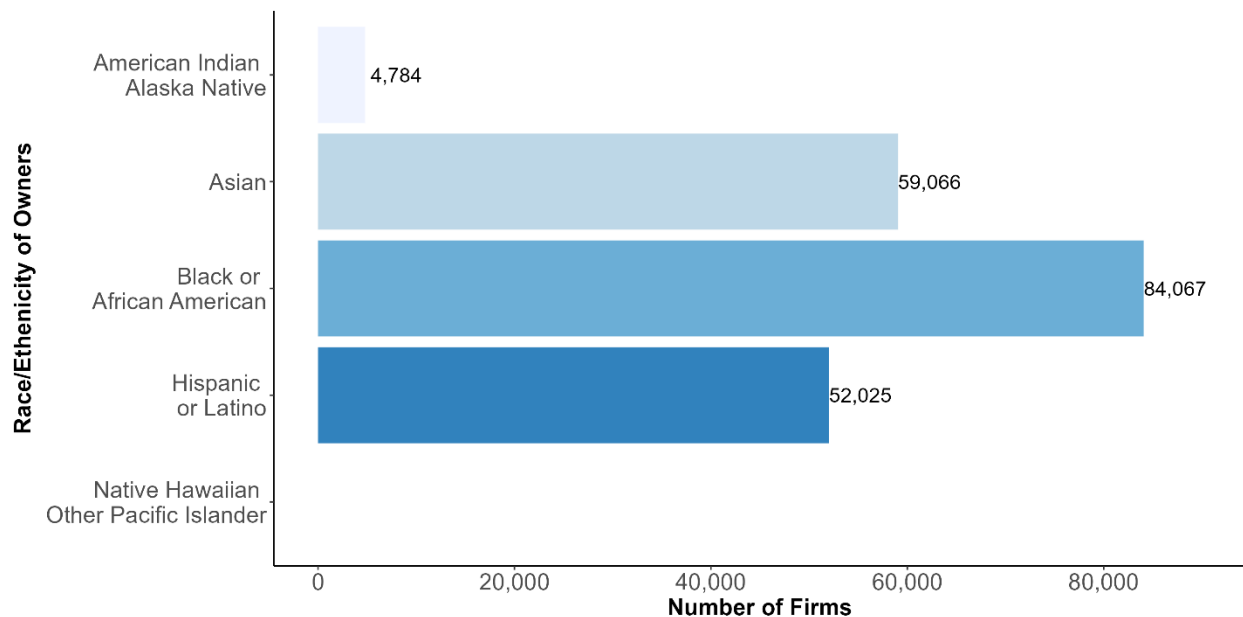


b. Nonminority-owned



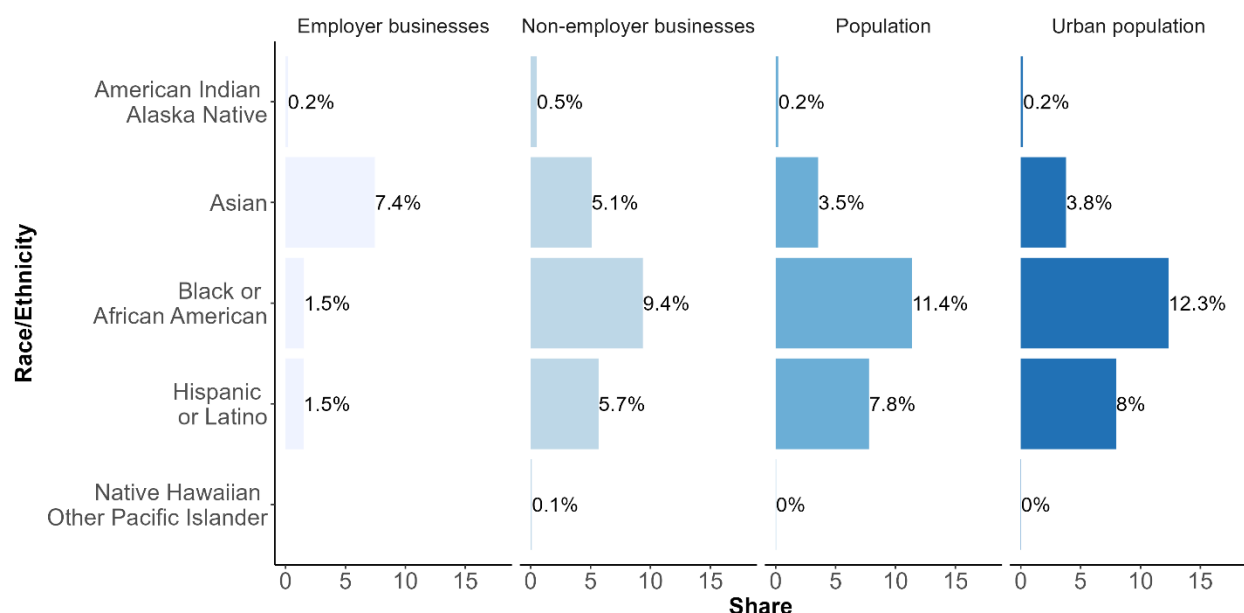
Data Source: U.S. Census 2019 NES-D. Nonemployer firms are businesses without any paid employees except for the owners.

Figure 11.3. Number of Minority-Owned Businesses by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Hispanic or Latino is an ethnic group that includes anyone who identifies as such and may be of any race. Data is missing for Native Hawaiians. Includes both employer and nonemployer firms.

Figure 11.4. Share of Businesses and Share of Population by Race/Ethnicity, 2019



Note: Business data are from the U.S. Census 2019 NES-D. Total population is from the 2019 American Community Survey (ACS) 1-year estimates. State-level urban population shares are calculated by the authors using combined county-level population data from the 2015-2019 ACS 5-year estimates with 2013 rural-urban continuum codes.

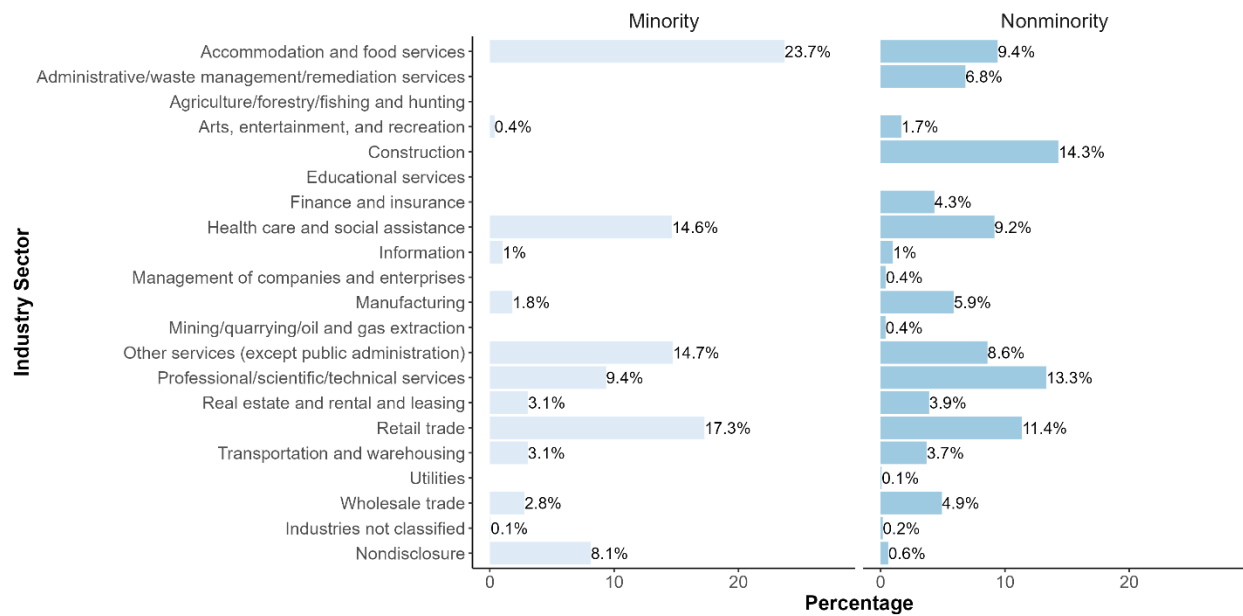
Although there are a significant number of minority-owned businesses, minority entrepreneurs are still underrepresented considering their population share in Pennsylvania. Figure 11.4 compares the share of businesses and the share of the population for each racial group. Unlike Asians, Blacks and Hispanics have smaller shares of both employer and nonemployer entrepreneurship than of total population. Asians are the only group that has a comparable share of employer businesses to the share of population. Overall, probably not surprisingly, urban areas have higher percentages of minorities than the overall population.³⁴

Figures 11.5a and 11.5b show how the employer and nonemployer minority-owned businesses are distributed across industries. The accommodation and food services sector makes up the largest share of minority-owned employer businesses, accounting for 23.7% of such businesses. Retail trade, healthcare, and other services also have significant shares of minority-owned employer businesses. Minority nonemployer businesses are more diverse, with transportation being a leading sector. In contrast, nonminority business owners (both employer and nonemployer) are involved in a wider range of industries.

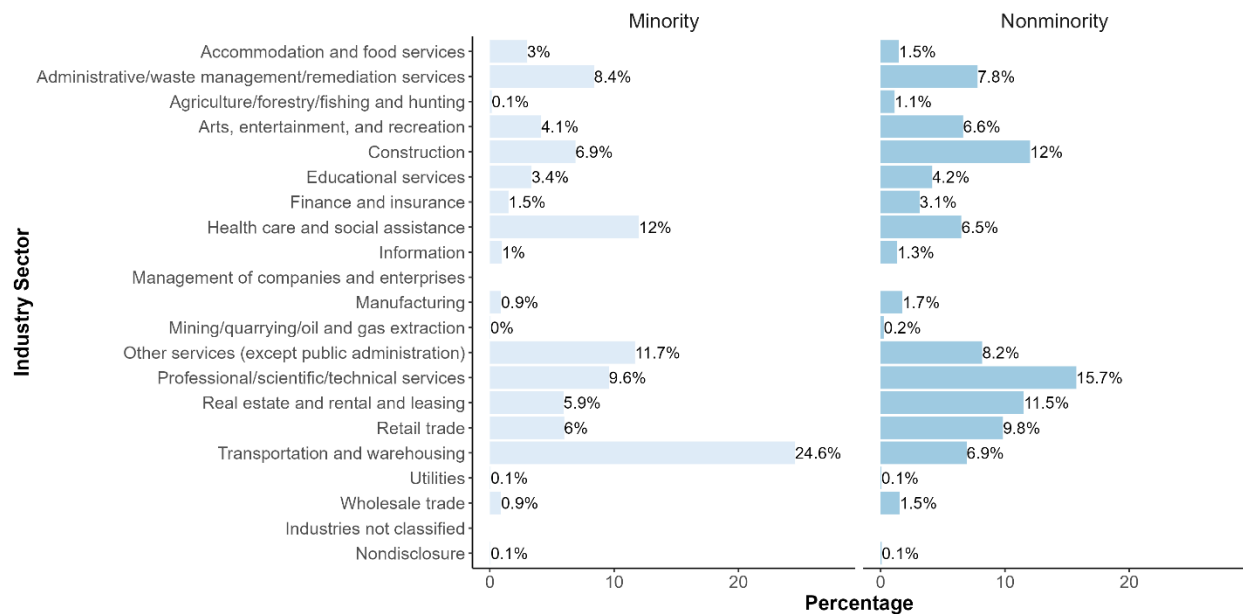
³⁴ We consider counties in metropolitan areas as urban counties. Metropolitan areas are based on the 2013 Office of Management and Budget (OMB) delineation.

Figure 11.5. Distribution of Businesses by Industry, 2019

a. Employer Businesses

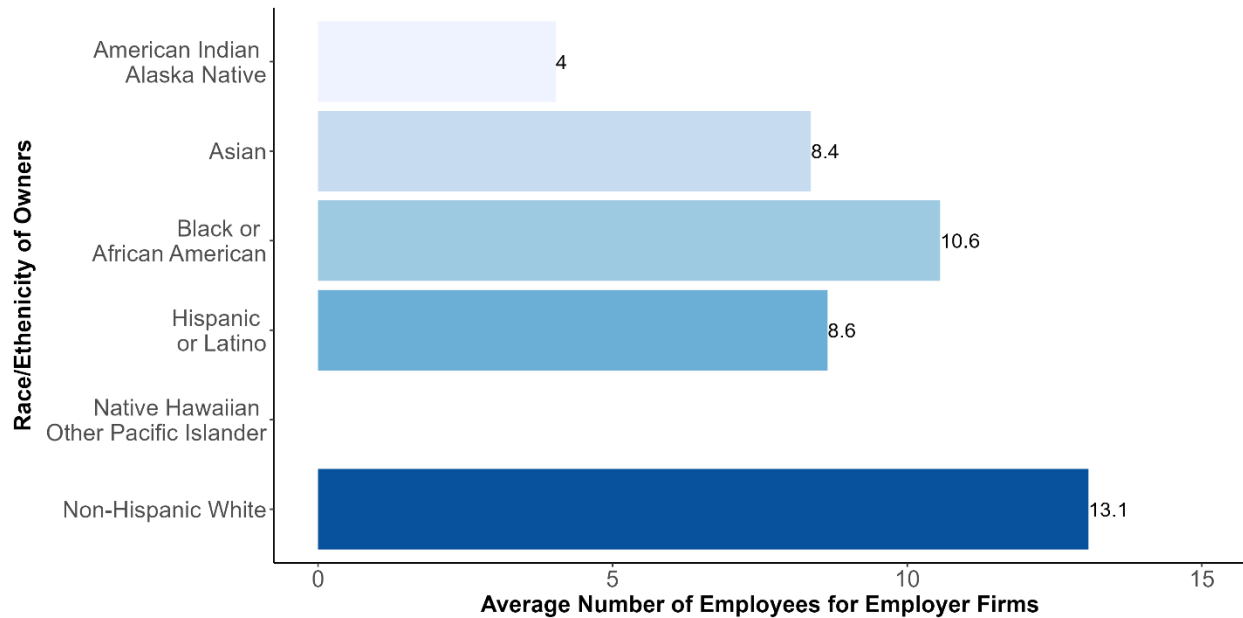


b. Nonemployer Businesses



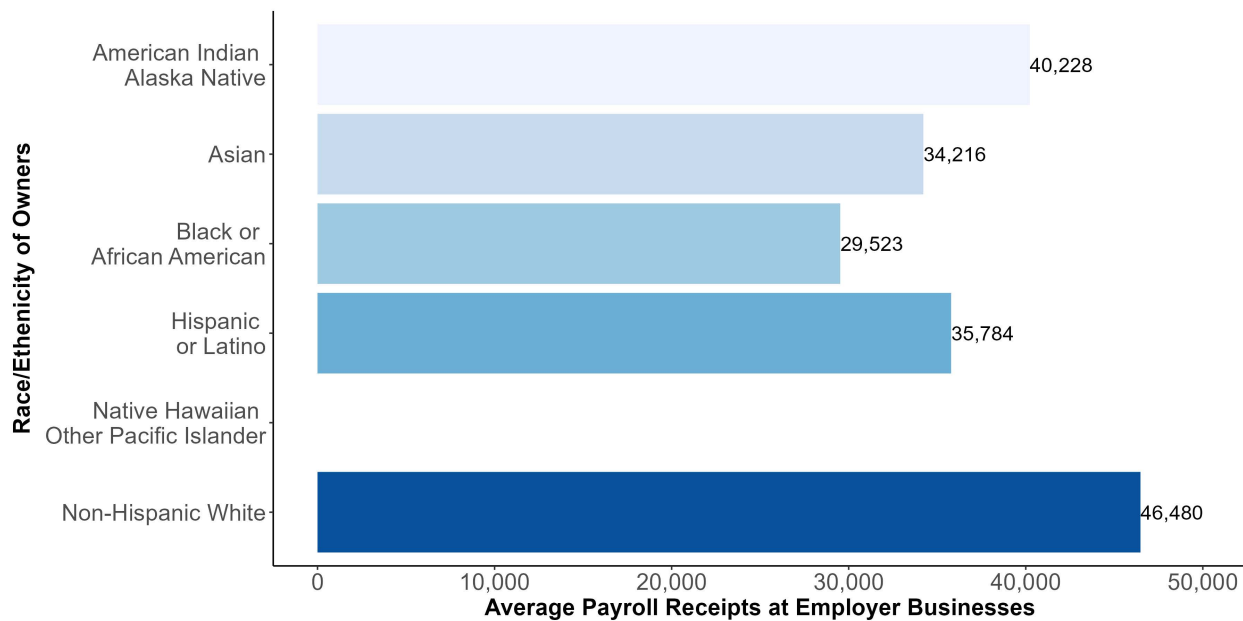
Note: Business data are from the U.S. Census 2019 NES-D. Data are missing for some industries. “Nondisclosure” shares are defined by the authors and are calculated as 100 minus the shares of other industries for which data are available. Negative values for undisclosed shares are not reported.

Figure 11.6. Average Number of Employees per Firm by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data is missing for Native Hawaiians.

Figure 11.7. Average Payroll per Employee by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data is missing for Native Hawaiians.

Finally, we look at the employment and income opportunities provided by minority-owned firms in Pennsylvania.³⁵ Figure 11.6 compares the average number of employees for minority and nonminority businesses. On average, businesses owned by non-Hispanic Whites have more

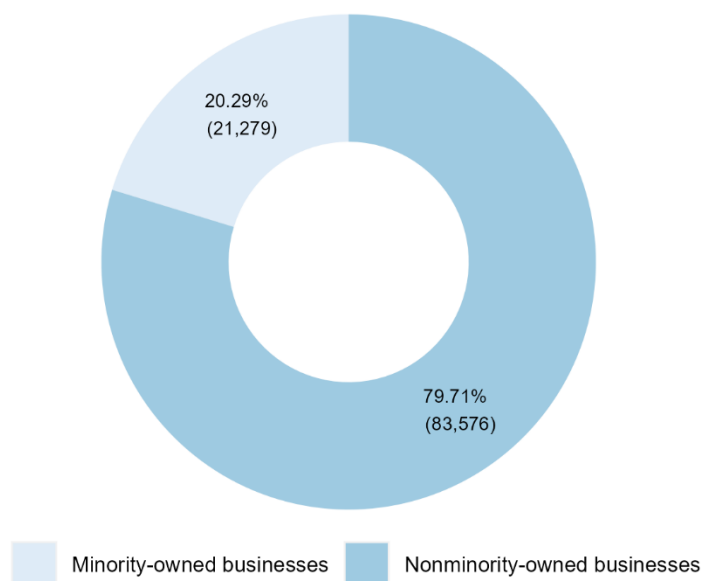
³⁵ Figures 11.6 and 11.7 only include firms with paid employees.

employees than all minority groups. Figure 11.7 suggests that nonminority-owned businesses also offer the highest average payrolls at about \$46,480. Firms owned by American Indians provide the highest average payroll among all minorities, even though they have the smallest employee pool. In contrast, Black business owners, which have the largest size of employees among minorities, offer the lowest average payroll at \$29,523.

Rhode Island

In Rhode Island, around 29% of residents were minorities in 2019, and there were 68.8 business owners for every 1,000 minority residents. To explore the distribution of firms, we first consider all types of businesses including both employer and nonemployer firms. As shown in Figure 12.1, there were about 100,000 businesses in Rhode Island in 2019, with most of businesses owned by non-Hispanic Whites (79.71%).

Figure 12.1. Minority- and Nonminority-owned Businesses of All Types of Firms, 2019



Data Source: U.S. Census 2019 Nonemployer Statistics by Demographics (NES-D). Minorities are defined as all population except for non-Hispanic Whites.

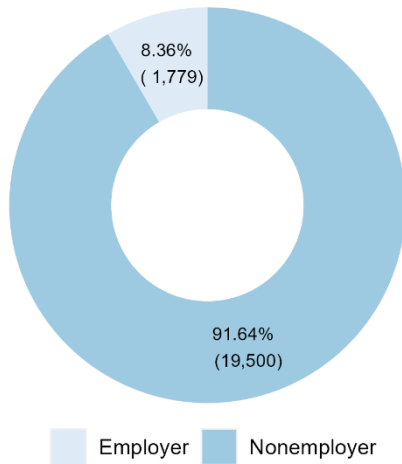
Figure 12.2 separates businesses by business type. In Rhode Island, more than 91% of minority-owned firms are nonemployer firms, and only 8.4% have paid employees. In contrast, around 23.4% of nonminority-owned businesses are employer firms. Comparing Figures 12.2a and 12.2b, we see that nonminorities own more businesses overall, and they are more likely to own businesses with employees.

While Figures 12.2a and 12.2b provide overall trends of minority- and nonminority-owned businesses, it is helpful to further examine business ownership by each racial and ethnic group given their different backgrounds and performances.³⁶ Figure 12.3 plots the number of businesses owned by each racial/ethnic group, with Hispanics shown separately regardless of the owners' race. As shown, Black business owners have the highest number of firms, more than double that of Asian and Hispanic owners. Data is not available for American Indians and Native Hawaiians.

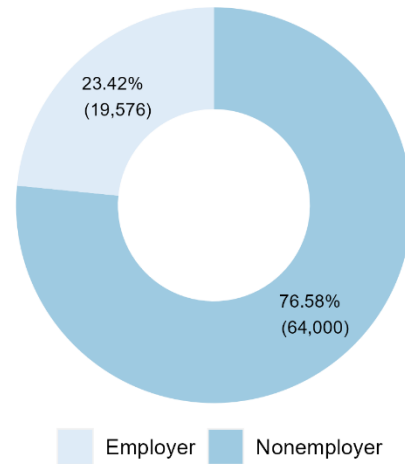
³⁶ "Hispanic/Latino" is a category that is not mutually exclusive of other races, for example, someone who identifies as Black or African American may or may not also be of Hispanic origin.

Figure 12.2. Number and Share of All Types of Firms, 2019

a. Minority-owned

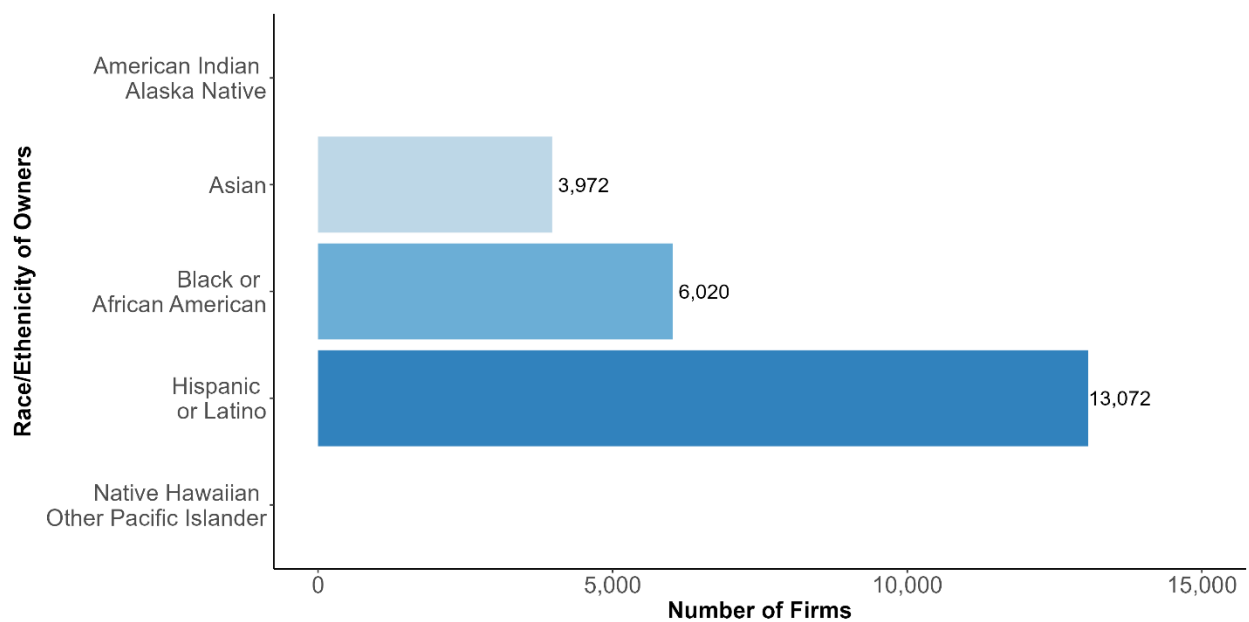


b. Nonminority-owned



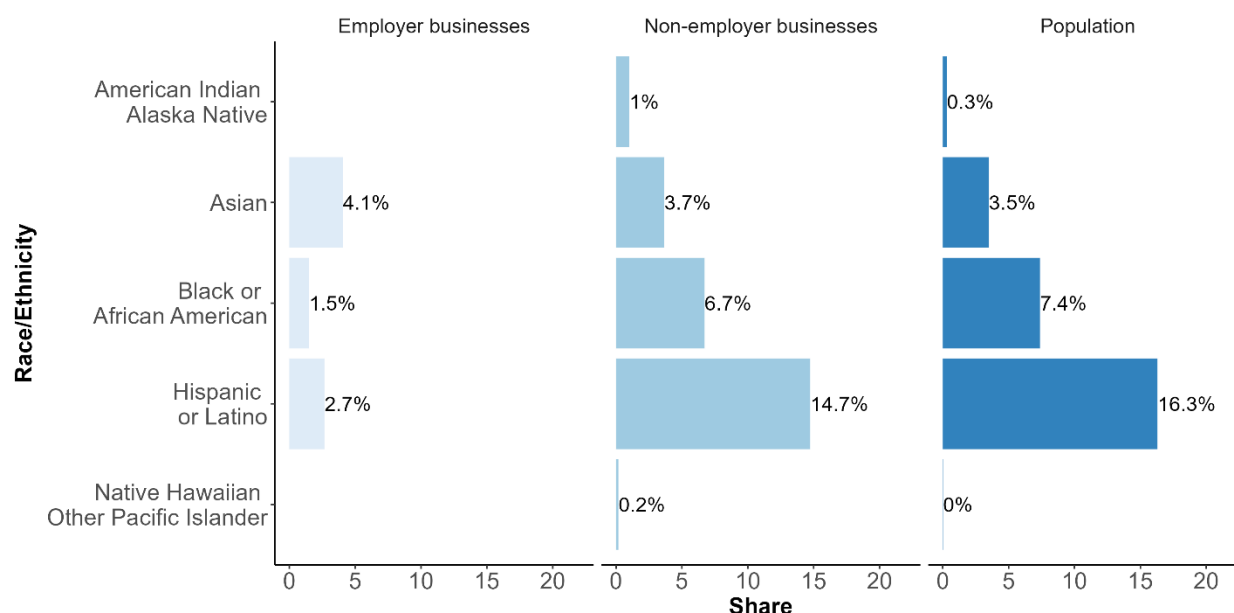
Data Source: U.S. Census 2019 NES-D. Nonemployer firms are businesses without any paid employees except for the owners.

Figure 12.3. Number of Minority-Owned Businesses by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Hispanic or Latino is an ethnic group that includes anyone who identifies as such and may be of any race. Data are missing for American Indians and Native Hawaiians. Includes both employer and nonemployer firms.

Figure 12.4. Share of Businesses and Share of Population by Race/Ethnicity, 2019



Note: Business data are from the U.S. Census 2019 NES-D. Nonemployer business data are available for all demographic groups; However, data on employer businesses are missing for American Indians and Native Hawaiians. Total population is from the 2019 American Community Survey (ACS) 1-year estimates.

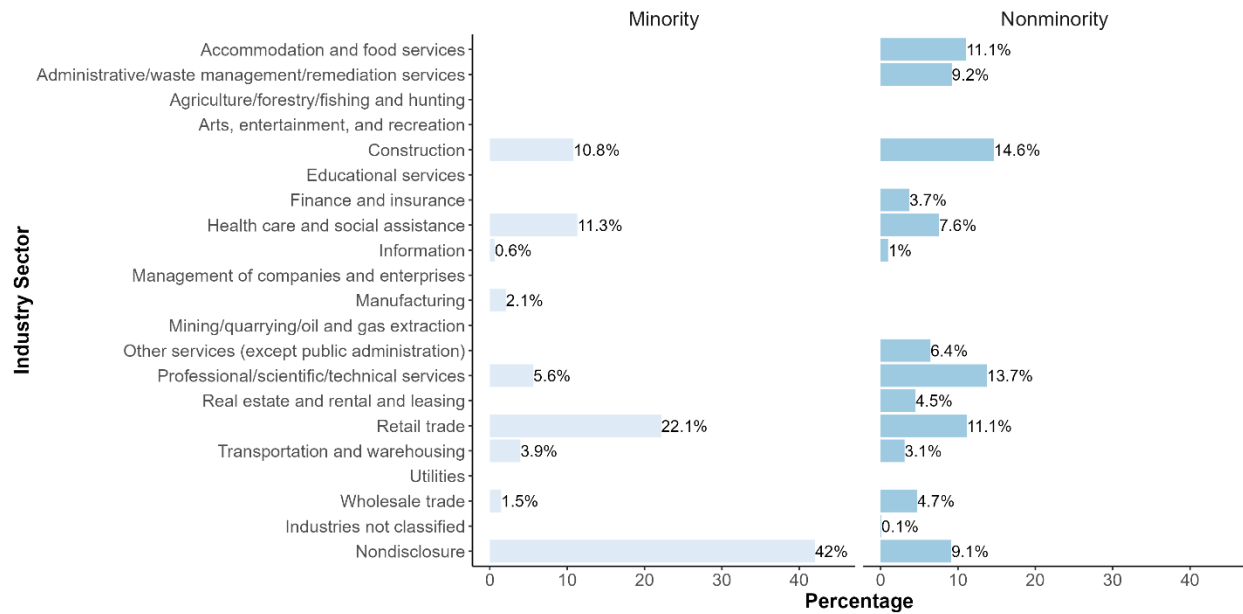
Although there are a significant number of minority-owned businesses, minority entrepreneurs are still underrepresented considering their population share in Rhode Island.³⁷ Figure 12.4 compares the share of businesses and the share of the population for each racial group. Unlike Asians, Blacks and Hispanics have smaller shares of both employer and nonemployer entrepreneurship than of total population. Despite their smaller share of the total population, Asian entrepreneurs have the highest representation among minority-owned employer businesses.

Figures 12.5a and 12.5b show how the employer and nonemployer minority-owned businesses are distributed across industries. Unfortunately, the industry is not disclosed for more than 42% of minority-owned employer businesses. Given the available data, retail trade dominates, making up 22% of minority employer businesses. Minority nonemployer businesses are more diverse and balanced, with transportation and warehousing businesses being an undoubtedly leading industry (28.2%). In contrast, nonminority business owners (both employer and nonemployer) are involved in a wider range of industries.

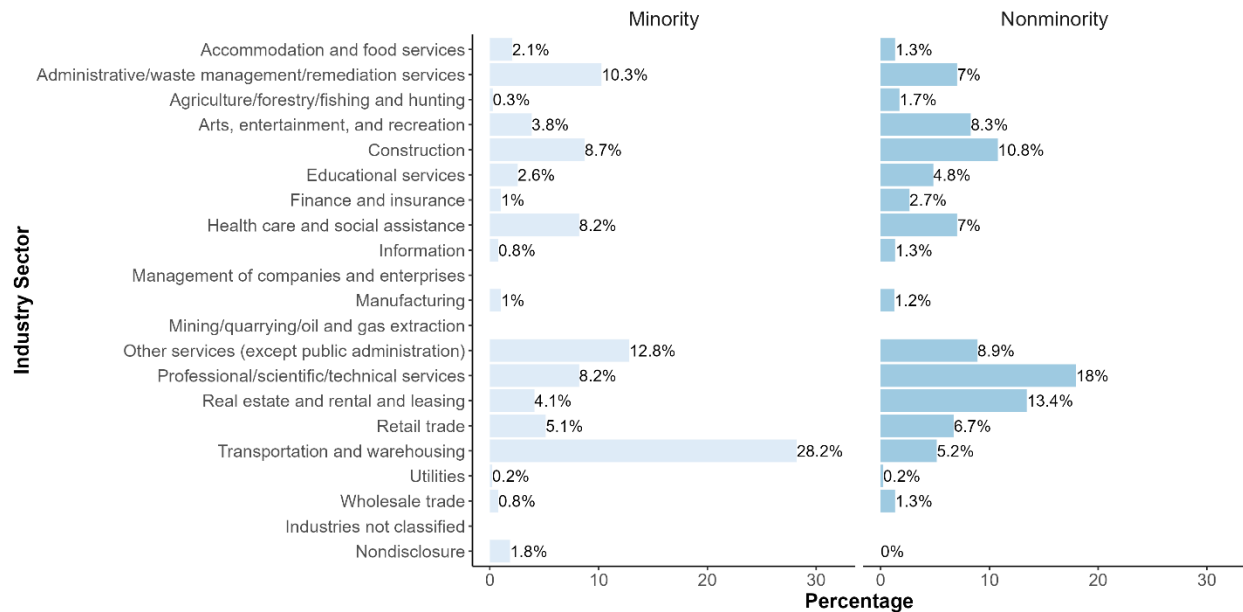
³⁷ All counties in Rhode Island are considered metro counties based on the 2013 Office of Management and Budget (OMB) delineation.

Figure 12.5. Distribution of Businesses by Industry, 2019

a. Employer Businesses

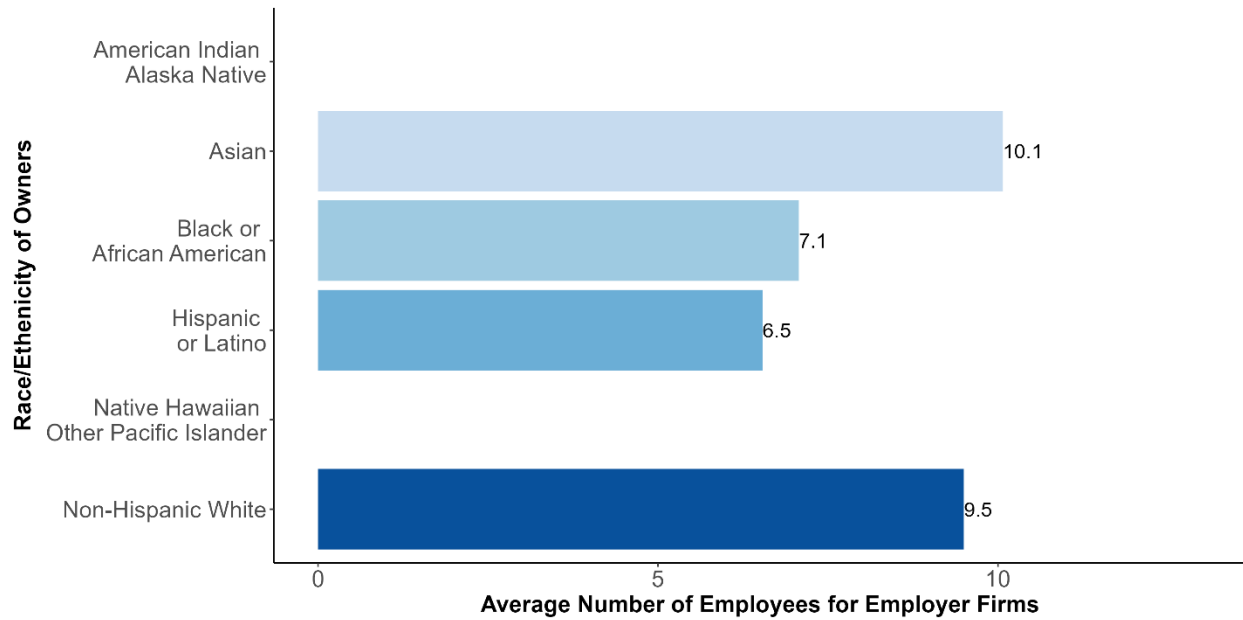


b. Nonemployer Businesses



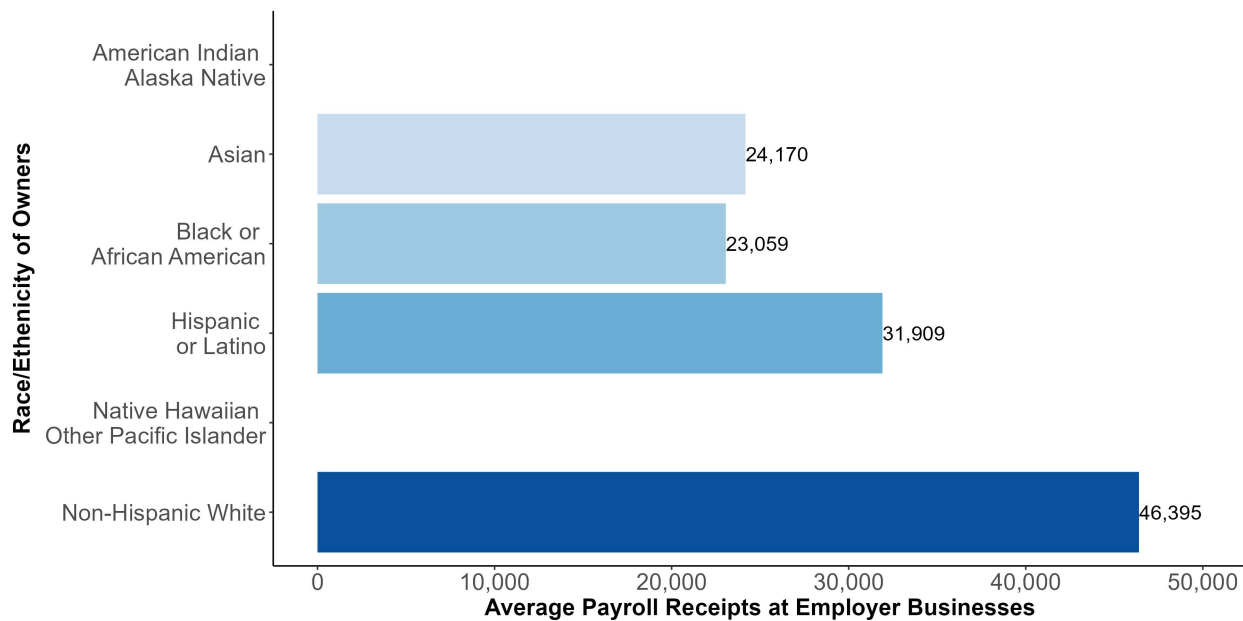
Note: Business data are from the U.S. Census 2019 NES-D. Data are missing for some industries. “Nondisclosure” shares are defined by the authors and are calculated as 100 minus the shares of other industries for which data are available. Negative values for undisclosed shares are not reported.

Figure 12.6. Average Number of Employees per Firm by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data are missing for American Indians, and Native Hawaiians.

Figure 12.7. Average Payroll per Employee by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data are missing for American Indians, and Native Hawaiians.

Finally, we look at the employment and income opportunities provided by minority-owned firms in Rhode Island.³⁸ Figure 12.6 compares the average number of employees for minority and nonminority businesses. Asian-owned businesses is the only category that has more employees

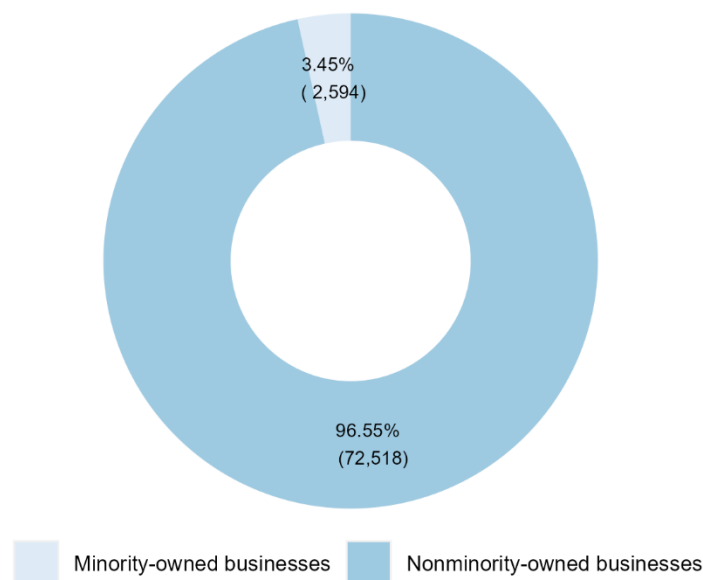
³⁸ Figures 12.6 and 12.7 only include firms with paid employees.

than non-Hispanic White-owned businesses. Figure 12.7 compares average payroll for minority-owned businesses in Rhode Island. Non-Hispanic White-owned businesses provide significantly higher payroll for their employees, reaching \$46,395. Hispanic-owned businesses offer the highest average pay at \$31,909 among all minority-owned firms. Asian and Black-owned business owners offer the lowest, roughly half that of nonminority-owned businesses.

Vermont

In Vermont, only 7.55% of residents were minorities in 2019 and there were 72 minority-owned businesses for every 1,000 minority residents. Due to missing data on total minority-owned firms and minority-owned employer firms for Vermont in the 2019 Nonemployer Statistics by Demographics table, for this analysis of total minority firms in Vermont, we estimate the number by supplementing the 2019 data with 2018 NES-D data.³⁹ As shown in Figure 13.1, in 2018, there were about 75,000 businesses in Vermont, with minority-owned businesses comprising only 3.45% of all firms, the lowest in Northeast region. However, given the different data used for Vermont we may not be able to compare the results for Vermont to other states. In the analyses by detailed demographic group, we still use the 2019 data to make it comparable to other states.⁴⁰

Figure 13.1. Minority- and Nonminority-Owned Businesses of All Types of Firms, 2018



Data Source: U.S. Census 2018 Nonemployer Statistics by Demographics (NES-D). For Vermont, there is no 2019 data on the number of minority-owned firms. Minorities are defined as all population except for non-Hispanic Whites.

Figure 13.2 separates businesses by business type. Although Vermont has the lowest percentage of minority-owned businesses in the Northeast, it is the only state in the region where the

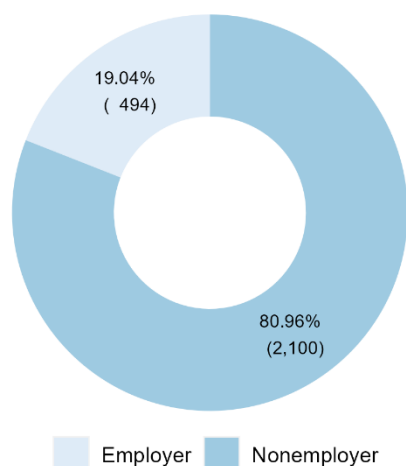
³⁹ Total number is estimated by adding minority-owned employer business data from 2018 NES-D and minority-owned nonemployer business data from 2019 NES-D. We use 2018 NES-D data for Figure 13.1 and Figure 13.2a for accurate shares across groups.

⁴⁰ The 2019 NES-D Table does not have data for minority-owned all/employer businesses at the aggregate level, only for minority-owned nonemployer businesses for Vermont. However, it does contain some data by detailed racial and ethnic group. Given the data availability, we use the 2018 NES-D data when analyzing overall minority ownership of businesses. Data for nonminority-owned businesses is available in 2019 NES-D. However, we still use the 2019 NES-D data when examining the more detailed demographics of minority ownership to allow for comparisons with other Northeastern states.

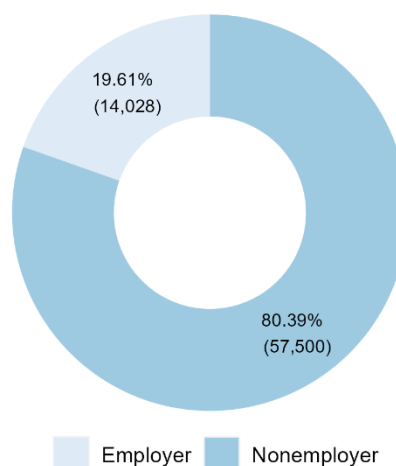
distribution of employer and nonemployer businesses is similar for both minority and nonminority business owners. As shown in Figure 13.2, both minority and nonminority groups have 19% of their businesses classified as employer businesses.

Figure 13.2. Number and Share of All Types of Firms

a. Minority-owned, 2018

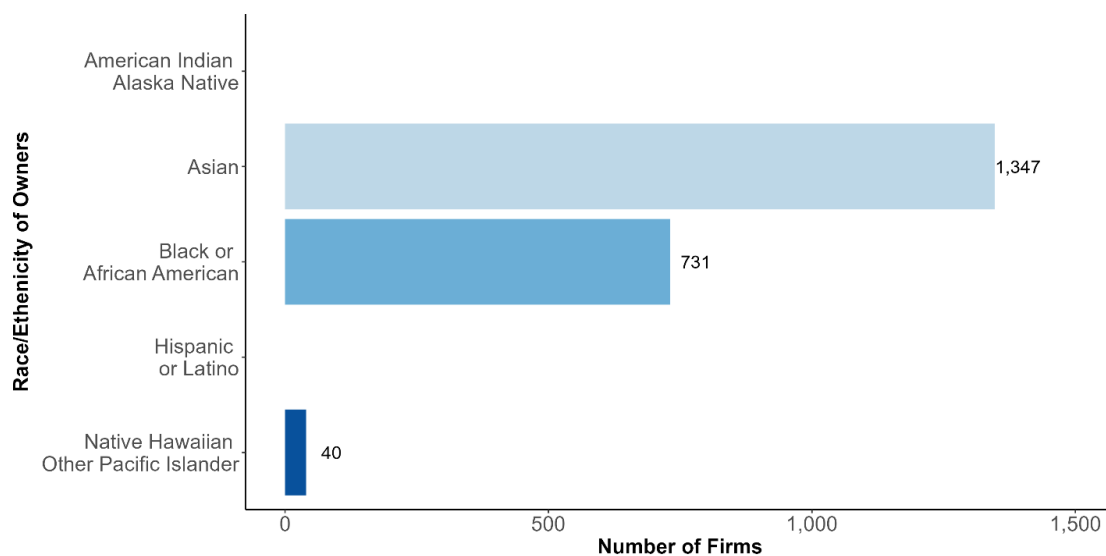


b. Nonminority-owned, 2019



Data Source: Data used in Panel a is U.S. Census 2018 NES-D, Panel b is from U.S. Census 2019 NES-D. 2019 NES-D does not have data on minority-owned total businesses and employer businesses, so we use 2018 NES-D to compute the shares instead. Nonemployer firms are businesses without any paid employees except for the owners.

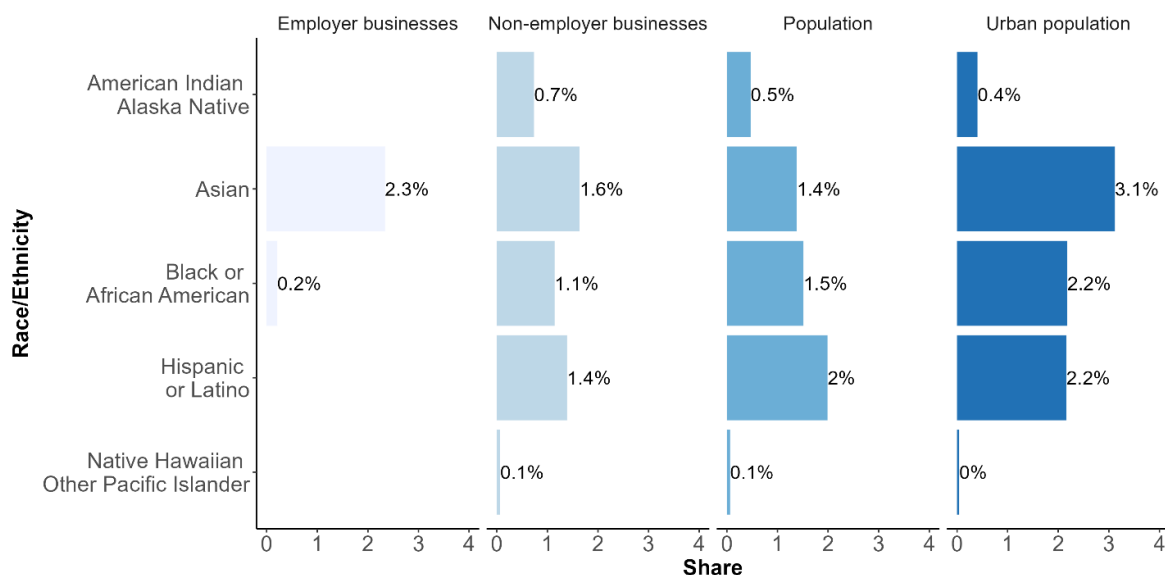
Figure 13.3. Number of Minority-Owned Businesses by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Hispanic or Latino is an ethnic group that includes anyone who identifies as such and may be of any race. Data are missing for other minority groups for Vermont. Includes both employer and nonemployer firms.

While Figures 13.2a and 13.2b provide overall trends of minority- and nonminority-owned businesses, it is helpful to further examine business ownership by each racial and ethnic group given their different backgrounds and performances.⁴¹ Figure 13.3 plots the number of businesses owned by each racial/ethnic group. Data is only available for Asians, Hispanics, and Native Hawaiians in Vermont due to the small population size. As shown, the total number of minority businesses is quite small, compared to other Northeast states with the majority (63.5%) of minority-owned firms owned by Asians.

Figure 13.4. Share of Businesses and Share of Population by Race/Ethnicity, 2019



Note: Business data are from the U.S. Census 2019 NES-D. Nonemployer business data are available for all demographic groups; However, data on employer businesses are only available for Asians and Blacks. Total population is from the 2019 American Community Survey (ACS) 1-year estimates. State-level urban population shares are calculated by the authors using combined county-level population data from the 2015-2019 ACS 5-year estimates with 2013 rural-urban continuum codes.

Figure 13.4 compares the share of businesses and the share of the population for each racial and ethnic group. Blacks and Hispanics have smaller shares of both employer and nonemployer entrepreneurship than of the population. Asians are the only group with significant representation in employer businesses. Overall, probably not surprisingly, urban areas have higher percentages of minorities than the overall population, especially Asians.⁴²

Figures 13.5a and 13.5b show how the employer and nonemployer minority-owned businesses are distributed across industries. Again, due to the aforementioned data limitations, we use 2018 NES-D data to study the industry distribution of minority employer businesses. For the other three combinations (minority nonemployer, nonminority employer, and nonminority nonemployer), we use the 2019 NES-D data. Unfortunately, the industry is not disclosed for

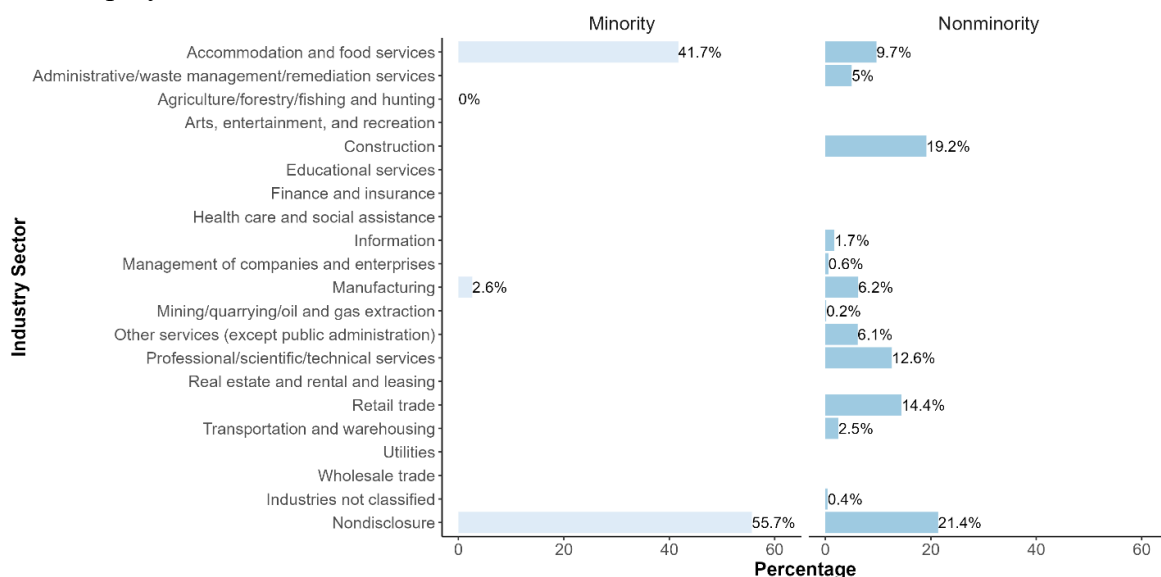
⁴¹ “Hispanic/Latino” is a category that is not mutually exclusive of other races, for example, someone who identifies as Black or African American may or may not also be of Hispanic origin.

⁴² We consider counties in metropolitan areas as urban counties. Metropolitan areas are based on the 2013 Office of Management and Budget (OMB) delineation.

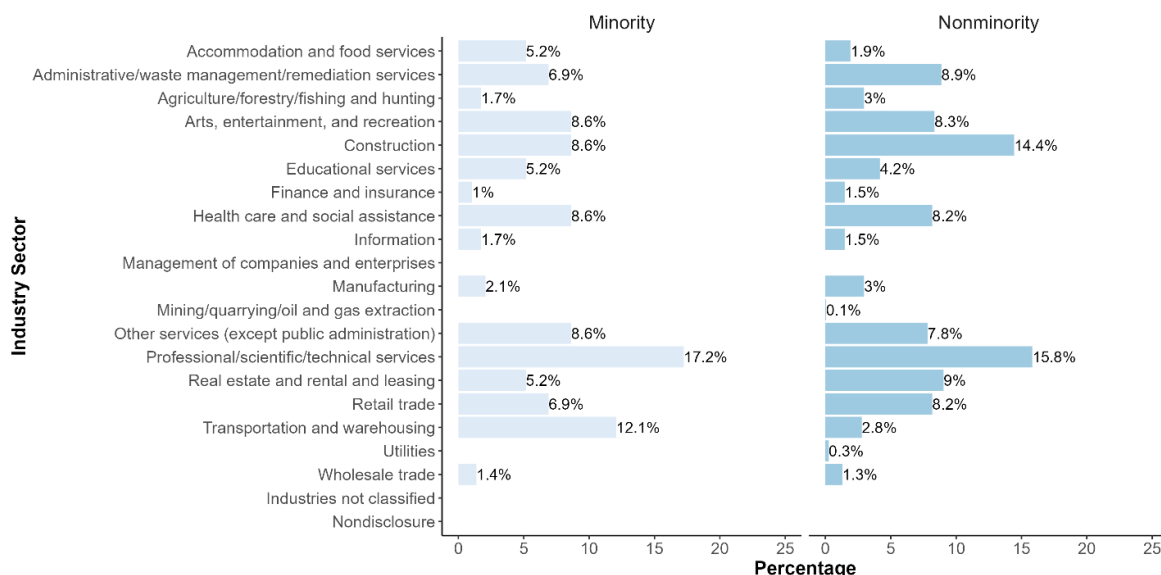
more than 55% of minority-owned employer businesses. Given the available data, the accommodation and food services sector makes up the largest share of minority-owned employer businesses (more than 41%). Minority nonemployer businesses are more diverse, with the highest shares in professional services and transportation. In contrast, nonminority business owners (both employer and nonemployer) participate in a wider range of industries.

Figure 13.5. Distribution of Businesses by Industry, 2019

a. Employer Businesses

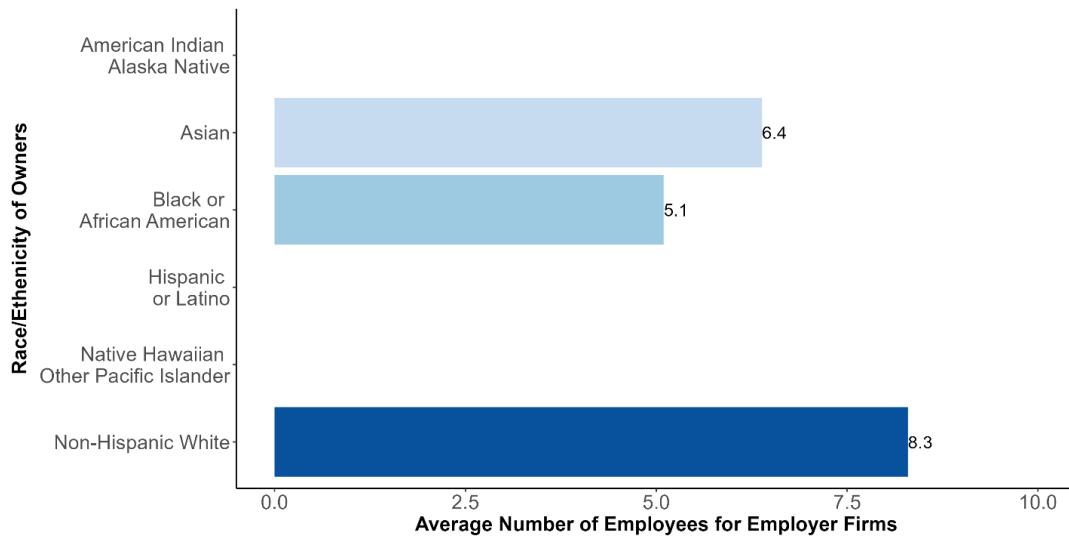


b. Nonemployer Businesses



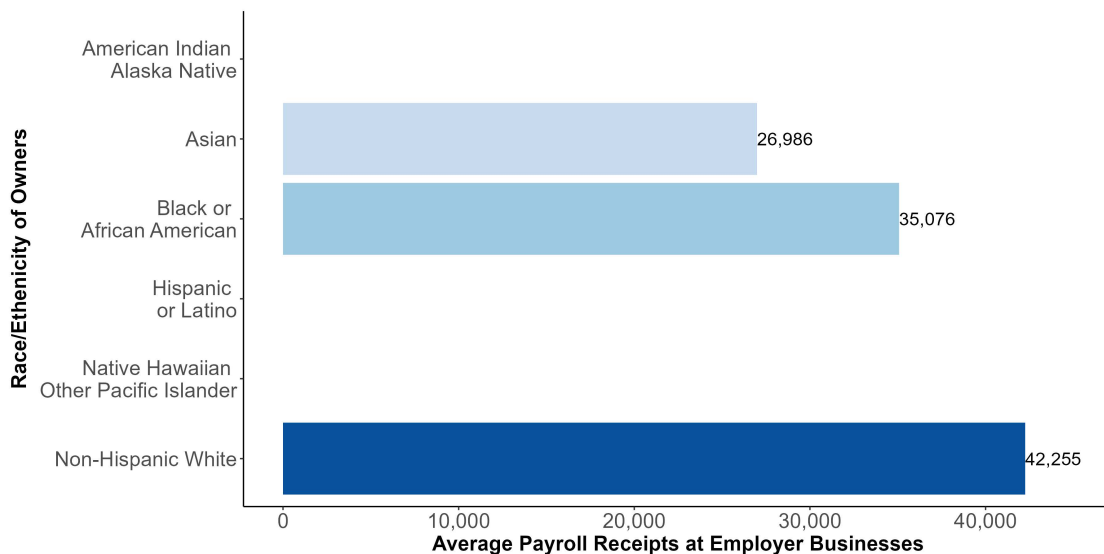
Note: Business data are from the U.S. Census 2018 and 2019 NES-D. Data are missing for some industries. “Nondisclosure” shares are defined by the authors and are calculated as 100 minus the shares of other industries for which data are available. Negative values for undisclosed shares are not reported.

Figure 13.6. Average Number of Employees per Firm by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data are missing for other minority groups.

Figure 13.7. Average Payroll per Employee by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data are missing for other minority groups.

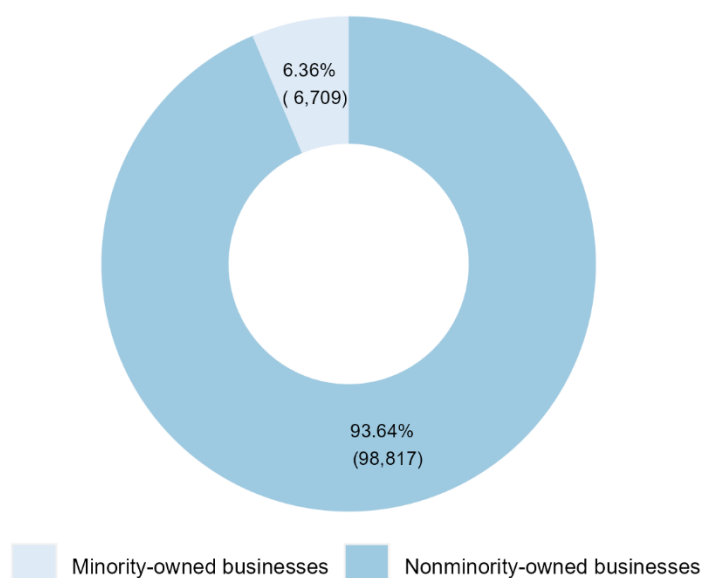
Finally, we look at the employment and income opportunities provided by minority-owned firms in Vermont.⁴³ Figure 13.6 compares the average number of employees for minority and nonminority businesses. On average, nonminority businesses have 8.3 employees, more than Asian and Black-owned firms (data are missing for other minority groups). Figure 13.7 shows that non-Hispanic White business owners also provide the highest average payrolls at \$42,255. Overall, minority employer businesses in Vermont hire fewer people and have lower average payrolls.

⁴³ Figures 13.6 and 13.7 only include firms with paid employees.

West Virginia

West Virginia is a predominantly White state, with less than 8% of residents identifying as minority in 2019. There were 47 minority business owners per 1000 minority population in West Virginia, the lowest in the Northeast region. To explore the distribution of firms, we first consider all types of businesses including both employer and nonemployer firms. As shown in Figure 14.1, there were more than 100,000 businesses in West Virginia, with only 6.4% owned by minorities.

Figure 14.1. Minority- and Nonminority-Owned Businesses of All Types of Firms, 2019



Data Source: U.S. Census 2019 Nonemployer Statistics by Demographics (NES-D). Minorities are defined as all population except for non-Hispanic Whites.

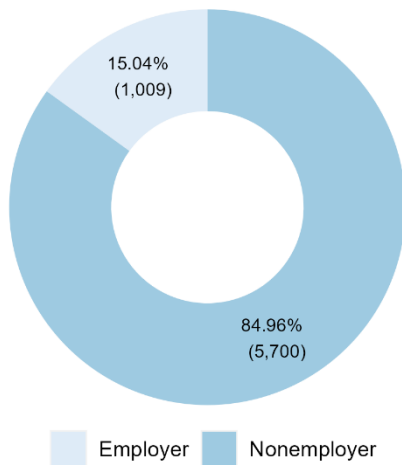
Figure 14.2 separates businesses by business type. In West Virginia, approximately 85% of minority-owned businesses are nonemployer businesses, and only 15% (around 1000 firms) have paid employees. In contrast, around 20% of nonminority-owned businesses are employer firms. Comparing Figures 14.2a and 14.2b, we see that nonminorities own more businesses overall, and they are more likely to own businesses with employees.

While Figures 14.2a and 14.2b provide overall trends of minority- and nonminority-owned businesses, it is helpful to further examine business ownership by each racial and ethnic group given their different backgrounds and performances.⁴⁴ Figure 14.3 plots the number of businesses owned by each racial/ethnic group, with Hispanics shown separately regardless of the owners' race. Blacks are the largest group in West Virginia that owns the most businesses, follows by Asians. These two groups make up the majority of minority-owned businesses in West Virginia.

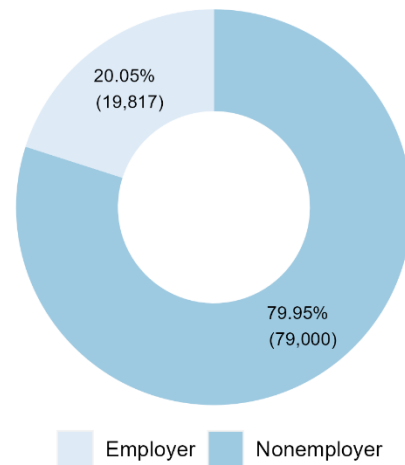
⁴⁴ "Hispanic/Latino" is a category that is not mutually exclusive of other races, for example, someone who identifies as Black or African American may or may not also be of Hispanic origin.

Figure 14.2. Number and Share of All Types of Firms, 2019

a. Minority-owned

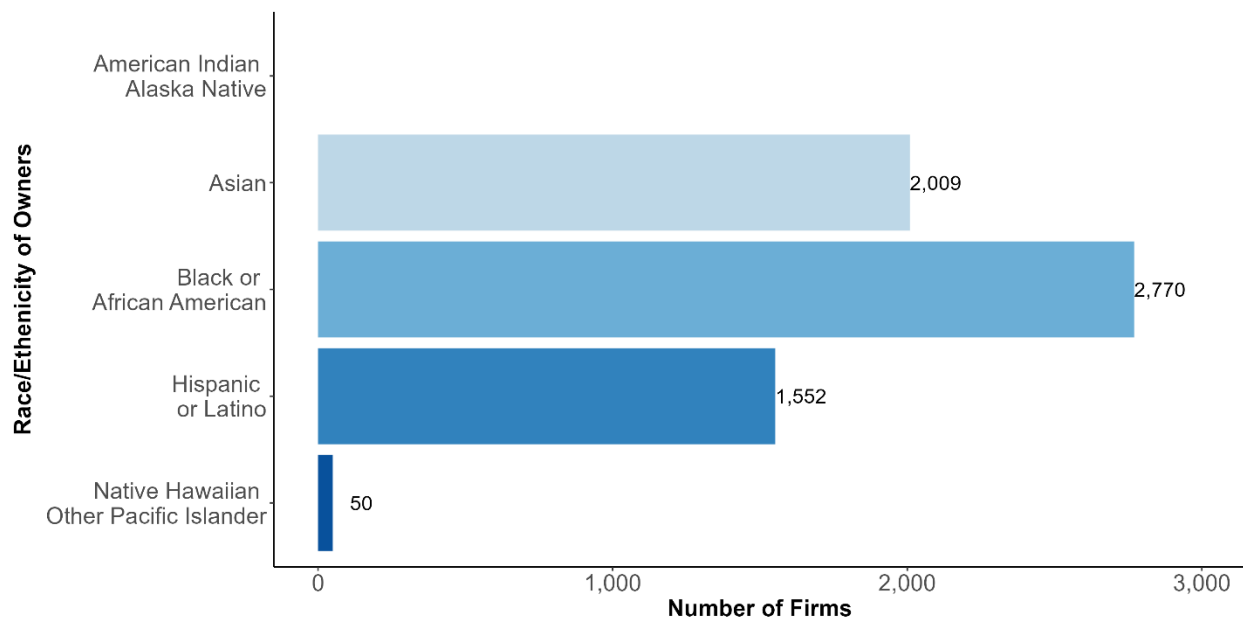


b. Nonminority-owned



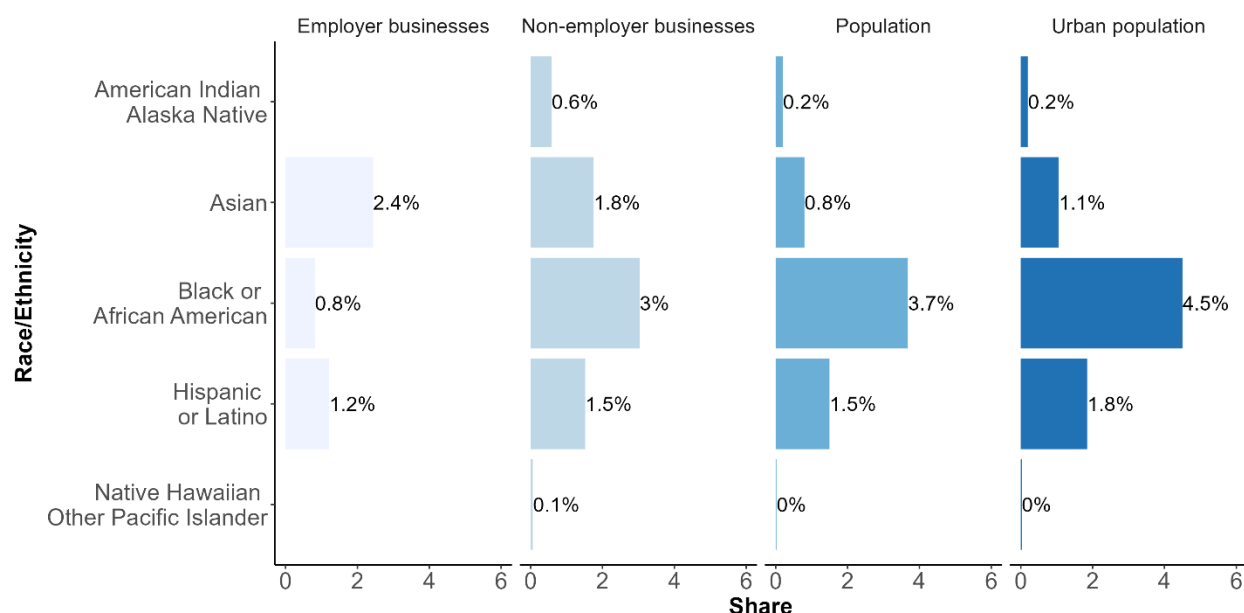
Data Source: U.S. Census 2019 NES-D. Nonemployer firms are businesses without any paid employees except for the owners.

Figure 14.3. Number of Minority-Owned Businesses by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Hispanic or Latino is an ethnic group that includes anyone who identifies as such and may be of any race. Data is missing for American Indians. Includes both employer and nonemployer firms.

Figure 14.4. Share of Businesses and Share of Population by Race/Ethnicity, 2019



Note: Business data are from the U.S. Census 2019 NES-D. Nonemployer business data are available for all demographic groups; However, data on employer businesses are missing for American Indians and Native Hawaiians. Total population is from the 2019 American Community Survey (ACS) 1-year estimates. State-level urban population shares are calculated by the authors using combined county-level population data from the 2015-2019 ACS 5-year estimates with 2013 rural-urban continuum codes.

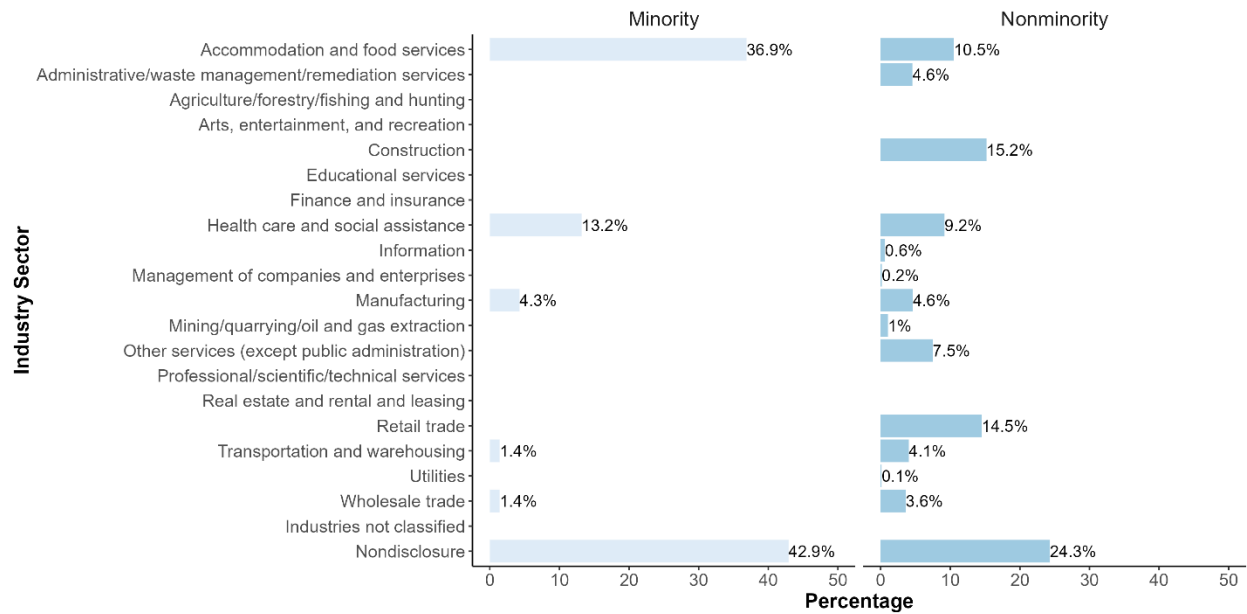
Although there are a significant number of minority-owned businesses, minority entrepreneurs are still underrepresented considering their population share in West Virginia. Figure 14.4 compares the share of businesses and the share of population for each racial group. Unlike Asians, Blacks and Hispanics have smaller shares of both employer and nonemployer entrepreneurship than of total population. Despite their smaller share of the total population, Asian entrepreneurs have the highest representation among minority-owned employer businesses. Overall, probably not surprisingly, urban areas have higher percentages of minorities than the overall population.⁴⁵

Figures 14.5a and 14.5b show how the employer and nonemployer minority-owned businesses are distributed across industries. The accommodation and food services sector makes up the largest share of minority-owned employer businesses, followed by health care and social assistance. These two industries account for approximately half of all minority-owned employer businesses in West Virginia. Minority nonemployer businesses are more diverse: Other services account for 19.3%, followed by health care and social assistance, and then transportation and warehousing in the top three. Administrative services, retail trade, professional services, construction, and art-related sectors also have modest industry shares. In contrast, nonminority business owners (both employer and nonemployer) are involved in a wider range of industries.

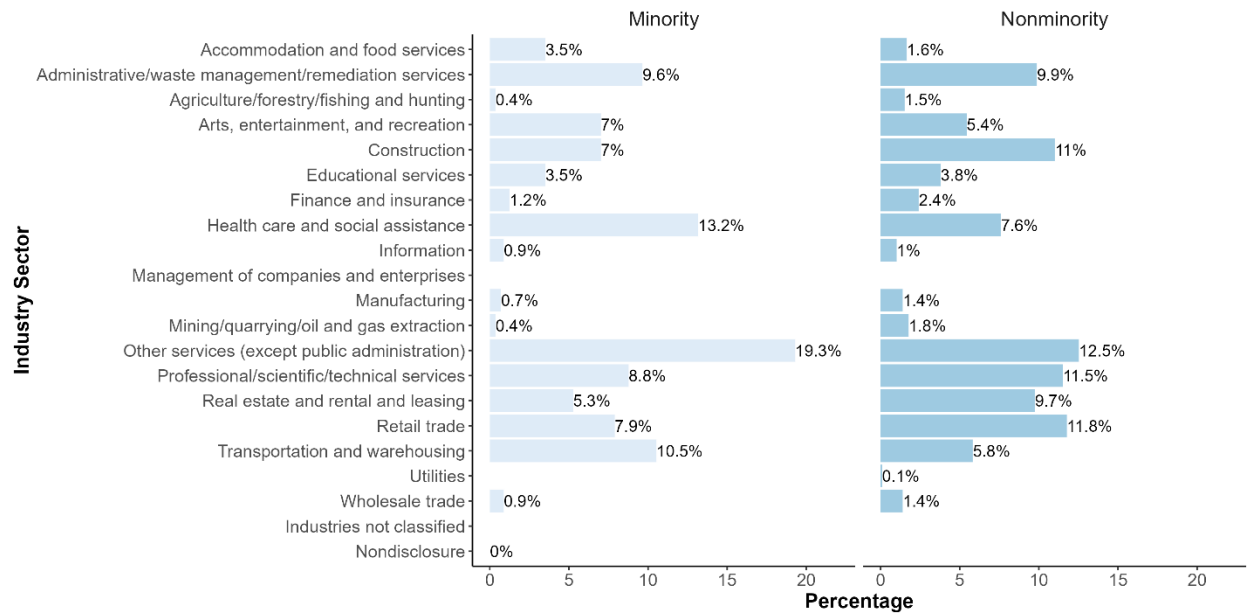
⁴⁵ We consider counties in metropolitan areas as urban counties. Metropolitan areas are based on the 2013 Office of Management and Budget (OMB) delineation.

Figure 14.5. Distribution of Businesses by Industry, 2019

a. Employer Businesses

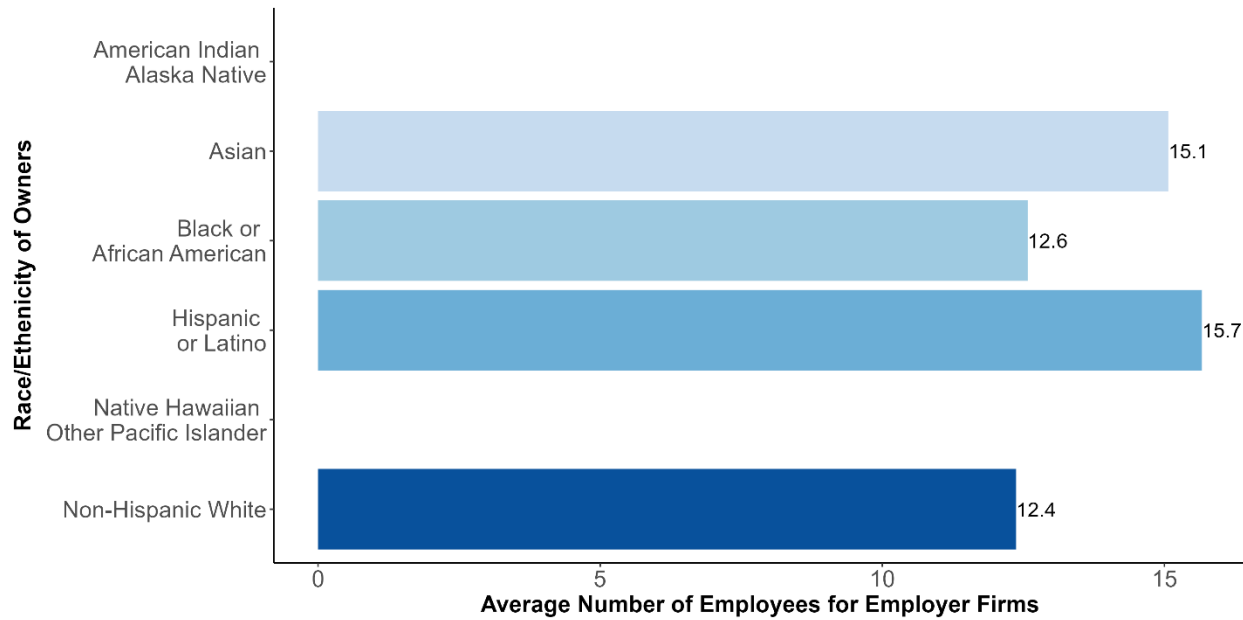


b. Nonemployer Businesses



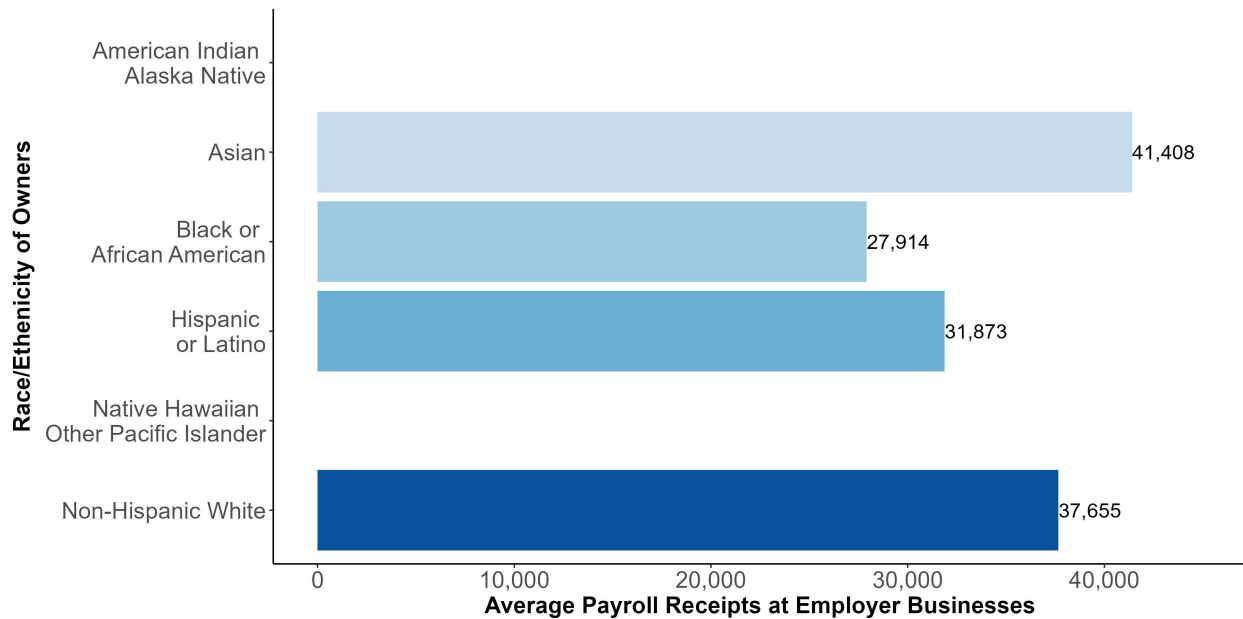
Note: Business data are from the U.S. Census 2019 NES-D. Data are missing for some industries. “Nondisclosure” shares are defined by the authors and are calculated as 100 minus the shares of other industries for which data are available. Negative values for undisclosed shares are not reported.

Figure 14.6. Average Number of Employees per Firm by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data are missing for American Indian and Alaska Native, and Native Hawaiian and Other Pacific Islander.

Figure 14.7. Average Payroll per Employee by Race/Ethnicity, 2019



Data Source: U.S. Census 2019 NES-D. Data are missing for American Indian and Alaska Native, and Native Hawaiian and Other Pacific Islander.

Finally, we look at the employment and income opportunities provided by minority-owned firms in West Virginia.⁴⁶ Figure 14.6 compares the average number of employees for minority and nonminority businesses and for each minority group. Although minority-owned businesses account for only a small portion of the market, they provide more jobs on average than nonminority businesses. Hispanic business owners have the largest average number of employees, even though the number of Hispanic businesses rank only third among all minority groups. Figure 14.7 suggests that Asian entrepreneurs offer the highest payroll receipts, at averaging \$41,408 per employee. Hispanic and Black owners provide lower, but still substantial amounts.

⁴⁶ Figures 14.6 and 14.7 only include firms with paid employees.

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