



Black-Owned Businesses Demonstrate Growth

Small Black-owned businesses increased at more than twice the rate of similar non-Black businesses between 1982 and 1987. The Census Bureau has reported data for minority- and women-owned businesses in each 5-year economic census since 1972. This brief highlights data for Black-owned businesses from recent censuses.

Black-Owned Businesses Increase.

Between 1982 and 1987, small Black-owned businesses grew substantially in number and total receipts. "Small businesses" include individual proprietorships, partnerships, and most corporations with up to 35 owners. In 1987:

- Blacks owned over 424,000 small businesses in the United States, an increase of 38 percent over 1982.
- Receipts of these businesses reached nearly \$20 billion, more than double their total 5 years earlier.

Businesses with paid employees showed the strongest growth. In 1987, less than 20 percent of

the small Black-owned businesses had paid employees, but they generated over 70 percent of the Black business receipts. Between 1982 and 1987:

- The number of Black-owned employer firms grew to almost 71,000, an increase of more than 85 percent.
- Sales and receipts by Black-owned employers increased to over \$14 billion, up nearly 150 percent.

Black Businesses Emphasize Services.

Over 85 percent of all small Black-owned businesses operated in service industries (industries that provide services or trade in goods).

To illustrate this service-industry concentration, in 1987:

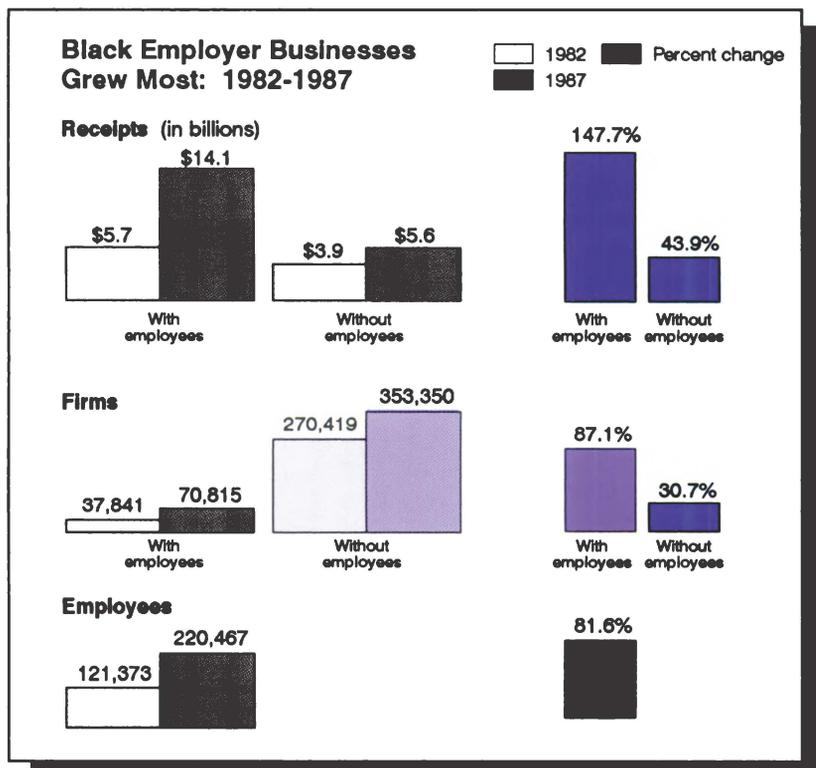
- Over 200,000 small Black firms dealt in business, personal, or health services; miscellaneous retailing; or trucking and warehousing.
- Over \$7 billion in receipts came from auto dealerships; business or health services; miscellaneous retail stores; or restaurants and bars.

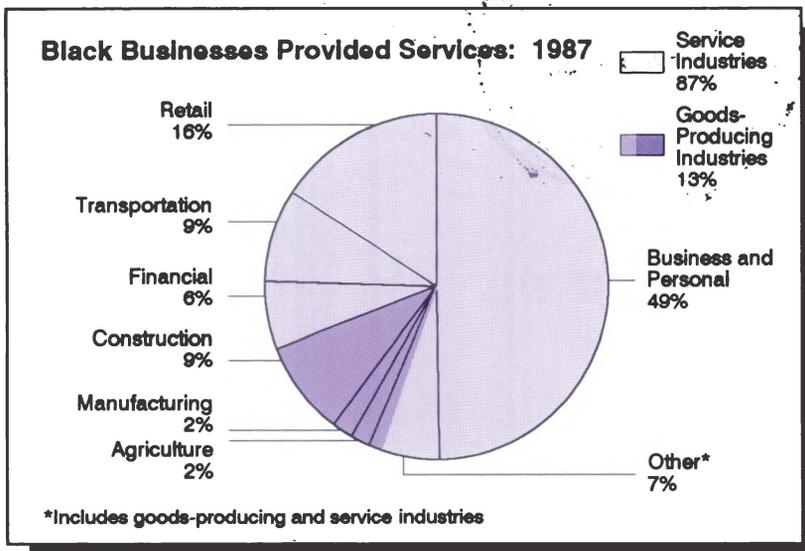
However, there were also examples of growth in goods-producing industries. Between 1982 and 1987, the number of



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Black-owned construction businesses increased over 60 percent to nearly 37,000, and sales by small Black manufacturers nearly tripled to \$1 billion.

Black Populations Attract Firms.

Small Black-owned businesses tended to locate in areas that had large Black populations, with concentrations in the South Atlantic States and large urban areas. In 1987:

- About 30 percent of the small Black businesses, and 30 percent of the Black population, were in the South Atlantic States.
- An additional 30 percent of the Black firms were located in three States with large urban populations: New York, California, and Texas.
- The four largest U.S. cities were also top-ranked in number of small Black-owned firms; these were New York, Los Angeles, Chicago, and Houston.

Black businesses in urban areas had the highest receipts. Firms in Newark, NJ, averaged over \$100,000 in receipts per firm in 1987. Atlanta, GA, was second with over \$75,000 per firm.

Black Business Shares Are Small.

While the number of Black-owned businesses increased at more than twice the 16 percent rate of similar non-Black businesses between 1982 and 1987, Black-owned businesses remained a tiny fraction of domestic business activity. For example, in 1987:

- Blacks numbered over 12 percent of the U.S. population, but owned only 3 percent of the small U.S. businesses.
- Black-owned businesses had less than 1 percent of all the sales and receipts generated by small U.S. businesses.
- Small Black-owned corporations averaged \$615,000 in annual receipts, about half the average for non-Black firms.

However, Black-owned firms did command larger business shares in some transportation industries. In 1987, Blacks owned approximately 17 percent of all small U.S. passenger transit businesses (including taxicabs and buses), and 5 percent of U.S. trucking and warehousing firms.

This is one of a series of reports from the Census Bureau that provides information about people and the economy. The data are based on Federal tax and other administrative records. Large corporations were excluded because ownership cannot be uniformly identified. For a complete description of statistical methods, quality, and limitations, see the Introduction and Appendices of the report listed below.

More Information:

1987 Survey of Minority-Owned Businesses, Black (MB87-1), July 1990. For sale by U.S. Government Printing Office (Stock No. 003-024-06935-1); call 202-783-3238 to order copies.

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Small Businesses Defined

Proprietorships — Unincorporated and owned by one individual (includes self-employed persons); filed Federal tax Form 1040, Schedule C.

Partnerships — Unincorporated and owned by two or more persons with a financial interest; filed tax Form 1065.

Corporations — State-incorporated with up to 35 share-holders; designated subchapter S by the IRS and filed Form 1120S.