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AFRICAN AMERICAN-OWNED FIRMS DRIVE JOB CREATION, OUTPACE GROWTH OF NON-MINORITY-OWNED FIRMS

African American businesses still small and underrepresented based on population

WASHINGTON (February 8, 2011) – The U.S. Department of Commerce’s Minority Business Development Agency (MBDA) and the U.S. Census Bureau today announced that the number of African American-owned firms increased by 60.5 percent between 2002 and 2007 to 1.9 million firms, according to new data from the U.S. Census Bureau’s 2007 *Survey of Business Owners*.

Employment at these firms grew 22 percent from 754,000 to 921,000 workers, a significantly higher rate than that of non-minority-owned firms between 2002 and 2007.

“We are encouraged by the overall growth of the minority business community, including African American-owned businesses, but we still have a lot of work to do,” said MBDA National Director David A. Hinson. “Creating new businesses and new jobs on a path to entrepreneurial parity in size, scope and capacity is our primary goal.”

While minority-owned firms are experiencing substantial growth, African American-owned businesses still only represent 7 percent of all classifiable firms but 12 percent of the adult population. In 2007, average gross receipts for African American-owned firms actually decreased by 3 percent from \$74,000 per firm in 2002 to \$72,000. Gross receipts for all minority-owned firms are still well below the average gross receipts for non-minority-owned firms, which averaged \$490,000 in 2007.

Of all African American-owned firms, approximately 14,500 have revenues of more than \$1 million, accounting for \$79 billion in gross receipts in 2007 compared to \$49 billion in 2002. The average gross receipts for these firms increased by 19 percent between 2002 and 2007, from \$4.6 million per firm to \$5.4 million per firm, and they employed 565,000 workers.

As the nation’s demographics continue to change, the *Survey of Business Owners* shows that the African American business community is changing as well. Highlights include:

- **In 2007, there were about 1.9 million African American firms in the United States that generated \$138 billion in gross receipts and employed 921,000 workers.**

- African American firms with employees (106,824) represented 6 percent of all African American firms and had **average receipts of \$925,000**, with an average employment of 9 workers.
- The African American population had an estimated **buying power of about \$910 billion in 2009**, larger than the purchasing power of all but 16 countries worldwide, including Australia (\$824 billion), Taiwan (\$718 billion), and the Netherlands (\$654 billion).
- Between 2002 and 2007, African American-owned firms outpaced the growth of non-minority-owned firms in gross receipts (55% African American growth), employment (22%), and number of firms (61%). In comparison, non-minority-owned firms' gross receipts grew by 21 percent, employment by 0.03 percent, and number of firms by 9 percent.
- African American firms are an engine of job creation, with paid employment growing by **22 percent between 2002-2007, from 754,000 to 921,000**.
- Average gross receipts generated by African American firms decreased by 3 percent from \$74,000 per firm in 2002 to \$72,000 per firm in 2007. However, African American firms generating receipts of \$1 million or more grew their average gross receipts **by 19 percent, from \$4.6 million in 2002 to \$5.4 million in 2007**.
- Average payroll per employee increased by 12 percent, from \$23,000 in payroll per employee in 2002 to \$26,000 in payroll per employee in 2007. The average payroll per employee for non-minority-owned firms was \$35,000 in 2007.
- Average employment per firm for African American-owned businesses with employees also increased from 8 employees in 2002 to 9 employees in 2007.
- African American-owned firms are, on average, much smaller than minority-owned firms, with \$179,000 in average receipts compared to \$490,000 for non-minority-owned firms.
- The African American population increased by 7 percent between 2002-2007, compared to 1 percent growth for non-minorities.

For more information about the minority business community, please contact MBDA Public Affairs at public_affairs@mbda.gov.

About the Minority Business Development Agency (MBDA)

MBDA, www.mbda.gov, an agency within the U.S. Department of Commerce, promotes the growth and global competitiveness of the minority business community, making them better equipped to create jobs, impact local economies and compete successfully in domestic and global marketplaces. With a nationwide network of more than 45 business centers and strategic partners, MBDA assists minority entrepreneurs and business owners with consulting services, contract and financing opportunities, bonding and certification services, building business-to-business alliances and executive training.

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