



STATE OF MINORITY BUSINESS

A National Discussion

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Executive summary

As the Georgia Minority Supplier Development Council (GMSDC) celebrates its 50th anniversary, this year's *2025 State of Minority Businesses: A National Discussion* carries a special significance. For five decades, GMSDC has served as a national leader in advancing minority business development, strengthening supplier inclusion, and championing economic equity across corporate, government, and small-business ecosystems. This historic milestone offers both a moment of reflection—recognizing the transformative progress achieved since 1975—and a renewed commitment to shaping the next era of growth, innovation, and opportunity for minority businesses nationwide.

This report, prepared by PricewaterhouseCoopers (PwC) and commissioned by the GMSDC, provides a comprehensive analysis of the current state of minority businesses and the forces shaping their future. It builds upon the seminal *2021 State of Minority Businesses* study and integrates updated data to assess evolving market conditions, sector trends, and the economic contributions of minority enterprises. The report also examines growth patterns among women-owned businesses, whose trajectories are closely aligned with the broader landscape of diverse small-business development.

Understanding the opportunities and risks facing minority businesses requires evaluating both domestic and global economic environments. Accordingly, this study incorporates economic context and employs the latest available data from the U.S. Census Bureau's Annual Business Survey. It also measures the economic impact of supplier inclusion, recognizing that inclusive procurement not only expands opportunity for minority-owned businesses but also drives meaningful job creation, revenue generation, and community investment.

Over the last quarter-century, the number of minority-owned businesses grew three times faster than non-minority firms—driven largely by growth in non-employer establishments. More recently, between 2016 and 2018, minority firms accounted for 18.3% of all businesses, and by 2022, they represented 22.6% of all employer firms, reflecting significant expansion during the post-COVID-19 economic recovery. Today, employment generated by minority-owned businesses is indispensable to the vitality of the U.S. economy. Yet persistent gaps in scale, capital access, and supply-chain opportunity continue to constrain their full economic potential.

This report also includes a case study analyzing data from the California Public Utilities Commission's supplier diversity program, reviewing 2023 procurement results from 27 of the state's largest energy, telecommunications, and water companies. This analysis estimates the economic and employment impact of supplier inclusion within a major statewide system—providing insights that can inform national strategies for expanding equitable business participation.

Key findings and recommendations are outlined in this executive summary to guide public- and private-sector leaders as they work to accelerate growth and opportunity for minority-owned businesses.

PwC acknowledges Stacey Key and the Georgia Minority Supplier Development Council for their leadership and support of this important research endeavor—especially as the Council marks its 50th year of advancing inclusive economic growth.



Summary of findings

The Global Economy

- The global economy has shown resilience post-COVID-19, yet continues to face instability from geopolitical conflicts, inflationary pressures, and climate-induced disruptions that disproportionately impact small and minority-owned businesses.¹
- Geopolitical conflicts increased by 25 percent in 2024, with more than 1 in 8 people globally exposed to violence, disrupting global trade and investment flows.² A total of 605 extreme weather events occurred globally in 2024 which led to the highest number of new displacements recorded for the past 16 years⁵, and \$2 trillion in estimated economic losses over the last decade from such events⁶, creating elevated risk for minority-owned businesses. Minority-owned businesses—particularly Black-owned businesses—remain vulnerable to large-scale climate disruptions. For example, according to a 2022 poll, nearly 1 in 5 in North Carolina were forced to lay off employees due to extreme weather events.⁷
- Global growth is projected to slow modestly, from 3.3 percent in 2023 to 3.1 percent by 2029. U.S. GDP is forecasted at 2.8 percent in 2024 but expected to cool to 2.2 percent in 2025 due to tighter fiscal policy and slowing consumption.¹
- Inflation, which peaked in 2022, is now declining, with global inflation projected to fall to 4.3 percent in 2025.¹ Inflation can have a severe impact on minority-owned businesses, as evidenced by the Bank of America 2024 Minority Business Owner Spotlight, which found that 93 percent of Asian American Pacific Islander (AAPI), 87 percent of Black, and 70 percent of women business owners reported inflation-related challenges in 2024.⁸
- Global trade rebounded in 2024¹¹, but rising tariffs and protectionist policies under the America First Trade Policy¹² present new uncertainties for minority businesses exposed to international markets. According to an analysis in 2024 by economist William Michael Cunningham prior to the incoming administration assuming office, an estimated 24 percent of Black-owned businesses operate in tariff-sensitive sectors; new trade measures could cost these businesses up to \$3.6 billion in annual revenues.¹³

The Domestic Economy

- The U.S. economy rebounded strongly following the COVID-19 pandemic, with real GDP surpassing pre-pandemic levels by early 2021 and continuing to grow through 2024, expanding by an estimated 2.8 percent.¹⁵
- While overall economic indicators have improved, recovery has been uneven across regions and demographic groups, with minority workers and women experiencing steeper job losses and slower rebounds. In 2023, unemployment rates remained higher for Black (5.2 percent) and Latino (5.0 percent) workers compared to white workers (3.5 percent), highlighting persistent disparities in labor market outcomes.¹⁵
- Economic growth in 2024 varied widely by region. Southeastern and Western states, including South Carolina, North Carolina, Florida, California, and Texas, outperformed the national average, while several Midwestern and Northeastern states lagged behind.
- In response to the rising inflation, the Federal Reserve undertook one of the most aggressive monetary tightening cycles in decades, raising interest rates from 0 percent to over 5 percent in under two years to control inflation. In 2024, the Fed began easing rates and slowing balance sheet reductions, signaling improved confidence in price stability and a shift toward supporting economic growth.¹⁶
- The Federal Reserve and federal agencies launched several relief and funding programs post-pandemic to support small and minority-owned businesses, including the Paycheck Protection Program Liquidity Facility and the Main Street Lending Program.
- The Small Business Administration (SBA) set new records in 2024 by facilitating over \$56 billion in financing to small businesses, with substantial gains in loan volume and value to Black-, Latino-, Asian-, and women-owned businesses. Despite progress, structural barriers remain. Minority-owned businesses continue to face unequal access to capital, federal contracts, and high-growth markets – issues exacerbated by inflation and policy uncertainty.²⁰
- In 2025, a shift in federal policy—including executive orders that focus on diversity, equity and inclusion (DEI) initiatives and the operational scale-back of the Minority Business Development Agency (MBDA) has created new uncertainty for minority businesses.²¹ While some corporations are scaling back their commitments, others are maintaining inclusive business practices as a long-term business strategy. These companies indicate DEI is

essential to growing their customer base, attracting top-tier talent, and creating long-term economic opportunities.^{23, 24}

- Emerging technologies, particularly AI, offer minority businesses powerful tools to streamline operations and compete effectively, but addressing gaps in access, skills, and infrastructure can help to ensure equitable adoption and benefit of AI.^{25, 26, 27, 28}

General market conditions for minority business owners

- Minority business ownership surged post-pandemic, with Black-owned employer businesses increasing by 56.2 percent between 2018 and 2022. Overall, minority-owned employer businesses added more than \$642 billion to the economy and created 1.3 million jobs over the same period.^{30, 31}
- Despite these gains, minority groups remain significantly underrepresented in business ownership. Black Americans make up 14.4 percent of the U.S. population but own only 3.3 percent of employer businesses; similar gaps exist for Hispanic, Native American, and Pacific Islander entrepreneurs.³⁰
- Entrepreneurship is a critical driver of wealth for minority communities. Black and Latino business owners hold 10-12 times more wealth than wage earners in their respective groups, and successful Black entrepreneurs demonstrate upward wealth mobility on par with white entrepreneurs.³²
- However, structural barriers continue to limit minority business growth. Access to capital remains a key challenge—minority businesses face higher denial rates and are more likely to pay higher interest rates than white-owned businesses. Venture capital (VC) remains particularly elusive: less than 0.5 percent of VC funding went to Black founders in 2023.¹⁰
- Minority-owned businesses also face persistent disparities in federal contracting. In 2024, only 1.54 percent of federal contract dollars went to Black-owned businesses, 1.87 percent to Hispanic-owned businesses, and 1.34 percent to Asian-owned businesses—despite historical federal goals aimed at increasing equity in procurement.³⁷
- Operationally, small businesses continue to face significant hurdles. According to the 2024 Small Business Credit Survey, the most common challenges included reaching customers (57 percent) and hiring and retaining staff (51 percent), with technology adoption and regulatory compliance also cited frequently.³⁴
- In the labor market, small and minority-owned businesses struggled with wage pressures and talent shortages. In 2024, 52 percent of diverse small businesses reported being understaffed, and 65 percent found it difficult to match wage expectations.⁹
- Although the overall labor market recovered faster than in past recessions, recovery varied by sector and demographic group. Black, Latino, and Asian workers have seen employment levels exceed pre-pandemic highs, but signs of softening—such as longer job search durations—emerged in 2024.⁴⁰
- Deep and widening wealth gaps remain a major constraint. In 2022, the average white family held over \$1 million more in wealth than the average Black or Hispanic family. These disparities limit minority entrepreneurs' ability to fund, scale, and sustain their businesses through personal assets or networks.⁴⁴
- Addressing these intertwined challenges—capital access, contracting disparities, labor market hurdles, and wealth inequality—is essential to unlocking the full economic potential of minority business ownership and building a more inclusive economy.

Characteristics and growth trends of minority-owned businesses

- Minority-owned businesses accounted for over half of the 2 million new businesses formed in the past decade and employed approximately 10.8 million people in 2022, up 14.2 percent from 2018. By comparison, white-owned businesses employed 59.6 million, with a 4.8 percent increase compared to 2018.^{30, 31}
- As of 2022, minority-owned businesses made up 22.6 percent of all U.S. employer businesses, women-owned businesses represented 22.3 percent, and veteran-owned businesses accounted for 4.7 percent.^{30, 31}
- From 2018 to 2022, the number of minority-owned businesses increased by 26.5 percent, while non-minority-owned businesses declined by 3.1 percent, signaling a strong trend in minority entrepreneurship.^{30, 31}
- Minority-owned businesses accounted for approximately 1.3 million of the 5.9 million U.S. employer businesses in 2022. Asian-owned businesses led in number (650,680) and revenue (\$1.2 trillion) in 2022. Black-owned businesses totaled 194,585, a 56.2 percent increase since 2018, with \$211.8 billion in revenue. American Indian and Alaska Native-owned businesses saw the largest percentage growth (94.5 percent) since 2018, while Hispanic-owned businesses grew by 40.3 percent, reaching 465,202 in 2022.^{30, 31}

- Women-owned businesses totaled 1.3 million in 2022, a 14.7 percent increase from 2018. Minority women-owned businesses represented 29.4 percent of all women-owned businesses and grew by 34.9 percent.^{30, 31}
- Black-owned businesses saw the largest employment growth among racial groups at 36.8 percent, followed by Hispanic-owned businesses (19.4 percent) and Asian-owned businesses (5.5 percent).^{30, 31}
- The average size among minority-owned businesses ranged between 7.6 and 8.4 employees – smaller than the average for white-owned businesses (12.5 employees). Revenue for minority-owned businesses reached \$2.1 trillion in 2022, a 43.3 percent increase since 2018. However, average revenue per minority business (\$1.6 million) remains less than half that of non-minority-owned businesses (\$3.68 million).^{30, 31}
- Black-owned businesses saw the largest revenue growth among minority groups (65.5 percent), followed by Hispanic-owned (43.4 percent) and Asian-owned (38.2 percent) businesses.^{30, 31}
- Women-owned businesses generated \$2.1 trillion in revenue in 2022, a 20.3 percent increase from 2018. However, their average revenue per business (\$1.6 million) was significantly lower than that of men-owned businesses (\$4.0 million).^{30, 31}
- Despite notable gains in the number of minority businesses, gaps in average business size and revenue persist, pointing to structural disparities in business development, scale, and market access.^{30, 31}

Ranking of States and Metropolitan Statistical Areas (MSAs) by Minority Business Presence

- In 2022, California led all states with 291,607 minority-owned employer businesses, employing 2.3 million people and generating over \$113 billion in payroll—more than double that of the next closest state.^{30, 31}
- Texas, Florida, New York, and Georgia followed as the top five states by number of minority-owned businesses. Georgia replaced New Jersey in the top five since 2018.^{30, 31}

Relative Size of Minority Businesses, and Growth Trends by Size

- Minority-owned businesses are distributed across business sizes in proportions similar to white-owned businesses. For example, 55.2 percent of minority-owned businesses had 1 to 4 employees, compared to 52.2 percent of white-owned businesses.^{30, 31}
- In 2022, there were approximately 1.3 million minority-owned employer businesses. Among these, 10.7 percent had no employees and 55.2 percent had between 1 to 4 employees—indicating high representation in the smallest employment bracket.^{30, 31}
- These patterns show that minority businesses are not underrepresented in large business categories because they lack growth capacity, but because there are fewer minority-owned businesses overall.^{30, 31}
- Between 2018 and 2022, minority-owned businesses grew by 26.5 percent overall, compared to a -0.1 percent decline in white-owned businesses. Growth was led by Black-owned businesses (56.2 percent), followed by Hispanic-owned (40.3 percent) and Asian-owned businesses (12.6 percent).^{30, 31}
- Overall, minority businesses demonstrated dynamic growth between 2018 and 2022—especially among smaller and mid-sized businesses—despite systemic barriers to capital, scale, and high-value contracts.^{30, 31}
- Between 2018 and 2022, minority-owned businesses achieved a 43.3 percent increase in revenue overall, relative to white-owned businesses, which grew by 23.3 percent over the same period.^{30, 31}
- Revenue growth was most pronounced among small and mid-sized minority-owned businesses: Businesses with 1 to 4 employees saw a 50.8 percent revenue increase, Businesses with 5 to 9 employees grew by 64.7 percent and minority businesses with 10 to 19 employees saw a 57.8 percent increase.^{30, 31}
- In 2022, minority-owned businesses had average revenues of \$1.6 million and average employment of 8.1 workers, compared to \$3.44 million in revenue and 12.5 employees for white-owned businesses.^{30, 31}
- Among businesses with 500 or more employees, white-owned businesses earned \$445 million on average, compared to \$185 million for minority-owned businesses – a 58 percent gap in average revenue at the largest size level.^{30, 31}

Industry Distribution of Minority Businesses

- In 2022, minority-owned businesses were broadly distributed across industries, with the highest concentration in service-based sectors such as Accommodation and Food Services (16.2 percent of businesses), Health Care and

Social Assistance (13.6 percent), and Retail Trade (12.9 percent).^{30, 31}

- Between 2018 to 2022, Minority-owned businesses experienced their fastest growth in Transportation and Warehousing (94.7 percent), Utilities (143.8 percent), and Construction (51.6 percent), indicating expanding participation in traditionally underrepresented or capital-intensive industries.^{30, 31}
- Compared to white-owned businesses, minority-owned businesses were smaller on average in nearly all industries. For example, white-owned Accommodation and Food Services businesses employed 21.9 workers per business on average, compared to 12.4 for minority-owned businesses.^{30, 31}

Economic Impact of Minority Business Enterprise (MBE) Supplier Inclusion

- While supplier inclusion is often evaluated through the lens of corporate ROI, the current landscape demands a broader perspective. Policymakers and stakeholders are increasingly focused on the wider economic and community impact of supplier initiatives, particularly in terms of job creation and local economic development. This study examines the 2023 supplier spending of California utilities and telecom companies to evaluate the broader economic contributions of MBE suppliers.
- As a case study, this report uses publicly available data through the California Public Utilities Commission's supplier diversity program to analyze 2023 supplier inclusion spending data by 27 California-based utilities and telecommunications companies. Using the IMPLAN (Impact Analysis for Planning) model, the total economic output and job creation resulting from MBE spending was estimated. This modeling quantifies how corporate sourcing with diverse suppliers generates ripple effects across the broader state economy.
- Altogether, the 27 participating companies sourced \$7.7 billion from MBE suppliers in 2023⁴⁶. The IMPLAN model generated output and employment multipliers for each company participating in the program, depending on the industry in which it operates. The study found that MBE supplier spending of these companies added \$15.8 billion in new economic output and created an estimated 59,638 new jobs in California.
- The analysis shows that supplier programs can have broader community benefits beyond corporate ROI—contributing to job creation, income generation, and local economic development, particularly in minority communities. As demographic shifts continue, with racial and ethnic minorities projected to make up more than half of the U.S. population by 2045, investing in diverse suppliers will become increasingly essential to maintaining market relevance, strengthening supply chain resilience, and fostering long-term economic growth.



The global landscape

The past four years have put the resilience of the global economy to the test. A once-in-a-century pandemic, eruption of geopolitical conflicts, and extreme weather events have disrupted supply chains, caused energy and food crises, and prompted governments to take unprecedented actions to protect lives and livelihoods. The global economy has demonstrated resilience overall, but this masks uneven performance across regions and lingering fragilities.¹

Geopolitical conflicts are on the rise across the globe. According to Armed Conflict Location and Event Data (ACLED), 1 in 8 people are estimated to have been exposed to conflict in 2024 with 50 countries ranked in the index categories for extreme, high, or turbulent levels of conflict. 2024 had a 25 percent increase in political violence events compared to 2023, similar to the average level of increase year-on-year since 2020.² Beyond the immediate devastation, these conflicts are reshaping the global economic order. Energy markets have been particularly volatile, with the war in Ukraine spiking oil and gas prices in Europe and beyond. Food insecurity has also escalated, as disruptions in Ukrainian and Sudanese agricultural exports ripple through global supply chains.³ In an increasingly interconnected world, global conflicts, whether they're political, economic, or military, have profound implications for businesses that operate globally. These conflicts disrupt established trade relationships, create economic uncertainty, and introduce new challenges for companies operating on the global stage.⁴

A total of 605 extreme weather events occurred last year globally, according to data by the World Meteorological Organization (WMO). Warmer temperatures are the main driver of more frequent and intense extreme weather events like tropical cyclones, floods, and droughts around the world, which in 2024 led to the highest number of new displacements recorded for the past 16 years.⁵ Based on nearly 4,000 events across six continents from 2014 to 2023, the estimated economic losses from these events is \$2 trillion. These estimates reflect physical asset destruction as well as human capital losses from premature deaths.⁶ According to a poll in 2022, extreme weather events are threatening the viability of Black-owned small businesses in North Carolina, with businesses forced to close or temporarily suspend operations as a result of flooding, extreme heat, blackouts or severe storms and one in five forced to lay off employees.⁷ Faced with rising operational costs and limited ability to raise prices, many of these enterprises are left vulnerable underscoring the urgent need for targeted resilience support.

Due to economic fallouts, there has been extreme uncertainty around global growth, which has been affected by multi-layered crises: geopolitical conflicts, extreme weather events disrupting supply chain, productivity losses, shifts in spending patterns, behavioral changes, and many more. The risks of worse outcomes are amplified in minority-owned businesses. Thus, it is crucial for minority businesses to develop strategies that safeguard and build resilience to navigate challenges and adapt to future economic disruptions and emerging opportunities. Additionally, there is a pressing need for policymakers and American corporations to support minority-owned businesses in addressing current challenges, while also laying the foundation for broader, more inclusive, and sustained long-term growth.

According to IMF's World Economic Outlook report global growth is expected to remain broadly flat—decelerating from 3.3 percent in 2023 to 3.1 percent by 2029. Following a reopening rebound in 2022, growth in advanced economies markedly slowed in 2023 and is projected to remain steady, oscillating between 1.7 and 1.8 percent until 2029. In the United States, projected growth for 2024 is 2.8 percent, driven by consumption and nonresidential investment. The resilience of consumption is largely the result of robust increases in real wages (especially among lower-income households) and wealth effects. Growth is anticipated to slow to 2.2 percent in 2025 as fiscal policy is gradually tightened and a cooling labor market slows consumption. In the euro area, in 2025, growth is projected to be 1.2 percent, helped by stronger domestic demand. Rising real wages are expected to boost consumption, and a gradual loosening of monetary policy is expected to support investment. In Japan, growth to 1.1 percent is predicted in 2025, boosted by private consumption as real wage growth strengthens. In the United Kingdom, in contrast, growth is expected to be 1.5 percent in 2025 as falling inflation and interest rates stimulate domestic demand.¹

In a manner similar to that of advanced economies, the growth outlook for emerging markets and developing economies is remarkably stable for the next two years, hovering at about 4.2 percent and steady at 3.9 percent by 2029. Emerging Asia is expected to be 5.0 percent in 2025. This reflects a sustained slowdown in the region's two largest countries. In India, the outlook is for GDP growth to moderate to 6.5 percent in 2025, because pent-up demand accumulated during the pandemic has been exhausted, as the economy reconnects with its potential. In China, growth is expected to be 5.2 percent in 2025 and recent policy measures may provide upside risk to near-term growth.¹

Growth in the Middle East and Central Asia is projected to pick up from an estimated 2.1 percent in 2023 to 3.9 percent in 2025, as the effect on the region of temporary disruptions to oil production and shipping are assumed to fade away.¹

In sub-Saharan Africa, GDP growth is projected to increase to 4.2 percent in 2025, as the adverse impacts of prior weather shocks abate, and supply constraints gradually ease.¹

In Latin America and the Caribbean, growth is expected to be 2.5 percent in 2025. In Brazil, growth is projected at 2.2 percent in 2025 owing to stronger private consumption and investment in the first half of the year from a tight labor market, government transfers, and smaller-than-anticipated disruptions from floods. In Mexico, growth is projected at 1.3 percent in 2025 on a tighter fiscal stance.¹

Growth in emerging and developing Europe is projected to ease to 2.2 percent in 2025 from a projection of 3.2 percent in 2024. The moderation reflects a sharp slowdown in Russia from 3.6 percent in 2023 to 1.3 percent in 2025 as private consumption and investment slow amid reduced tightness in the labor market and slower wage growth. In Türkiye, growth is expected to slow from 5.1 percent in 2023 to 2.7 percent in 2025, with the slowdown driven by the shift to monetary and fiscal policy tightening since mid-2023.¹ Refer to Table 1: Overview of the World Economic Outlook Projections which is reproduced from World Economic Outlook – October 2024 report.

Table 1 Overview of the World Economic Outlook Projections (Percent change, unless noted otherwise)¹

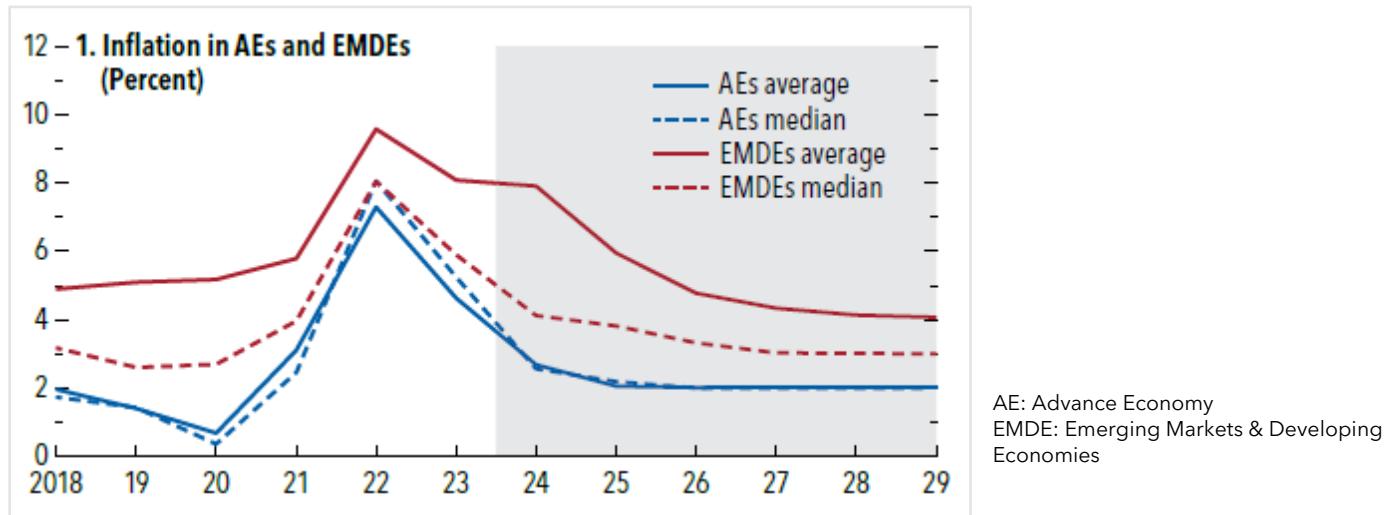
	2023	2024P	2025P
World Output	3.3	3.2	3.2
Advanced Economies	1.7	1.8	1.8
United States	2.9	2.8	2.2
Euro Area	0.4	0.8	1.2
Germany	-0.3	0.0	0.8
France	1.1	1.1	1.1
Italy	0.7	0.7	0.8
Spain	2.7	2.9	2.1
Japan	1.7	0.3	1.1
United Kingdom	0.3	1.1	1.5
Canada	1.2	1.3	2.4
Other Advanced Economies	1.8	2.1	2.2
Emerging Market and Developing Economies	4.4	4.2	4.2
Emerging and Developing Asia	5.7	5.3	5.0
China	5.2	4.8	4.5
India	8.2	7.0	6.5
Emerging and Developing Europe	3.3	3.2	2.2
Russia	3.6	3.6	1.3
Latin America and the Caribbean	2.2	2.1	2.5
Brazil	2.9	3.0	2.2
Mexico	3.2	1.5	1.3
Middle East and Central Asia	2.1	2.4	3.9
Saudi Arabia	-0.8	1.5	4.6
Sub-Saharan Africa	3.6	3.6	4.2
Nigeria	2.9	2.9	3.2
South Africa	0.7	1.1	1.5
Memorandum			
World Growth Based on Market Exchange Rates	2.8	2.7	2.8
European Union	0.6	1.1	1.6
ASEAN-5	4.0	4.5	4.5

	2023	2024P	2025P
Middle East and North Africa	1.9	2.1	4.0
Emerging Market and Middle-Income Economies	4.4	4.2	4.2
Low-Income Developing Countries	4.1	4.0	4.7
World Trade Volume (goods and services)	0.8	3.1	3.4
Imports			
Advance Economies	-0.7	2.1	2.4
Emerging and Developing Economies	3.0	4.6	4.9
Exports			
Advance Economies	1.0	2.5	2.7
Emerging and Developing Economies	0.6	4.6	4.6
Commodity prices			
Oil price	-16.4	0.9	-10.4
Nonfuel (average based on world commodity import weights)	-5.7	2.9	-0.2
World Consumer Prices	6.7	5.8	4.3
Advanced Economies	4.6	2.6	2.0
Emerging and Developing Economies	8.1	7.9	5.9



Inflation and implications for minority business

Figure 1 Inflation Outlook¹



The past few years have witnessed an extraordinary set of inflationary events. Initially, the COVID-19 pandemic triggered widespread economic shutdowns, causing many businesses to cut back on production. As the recovery began with pandemic restrictions still in place, consumer demand for goods surged. However, producers struggled to ramp up supply quickly enough amid ongoing supply chain disruptions, leading to price pressures in the goods sector.

When economies reopened, price pressures shifted as pent-up demand for services was released. While instrumental in containing the economic fallout from the pandemic, the unprecedented fiscal and monetary stimulus deployed by advanced economies and some emerging markets initially increased savings. Over time, however, a drawdown of those savings boosted demand, widening supply-demand imbalances and spurring inflation as capacity remained constrained.¹

The situation was exacerbated by the war in Ukraine, which led to a global food and energy crisis. By mid-2022, global inflation had tripled relative to its pre-pandemic level. Starting in late 2020, inflation rose simultaneously and unexpectedly across the world to levels not seen since the 1970s. Annual inflation peaked in 2022 at about 8 percent in the median advanced economy and emerging market and extended beyond that in the median low-income country, before receding over the course of 2023.¹

These inflationary pressures tested monetary policy frameworks and resulted in a global tightening cycle, or "Great Tightening." The sectoral nature of the shocks, the accompanying relative price shifts, and the uncertainty about their ultimate inflationary effects, as well as the desire to prevent scarring from the pandemic, made it a challenge for central banks to calibrate the timing and pace of monetary responses.¹

Inflation Outlook: Global headline inflation is projected to decrease further, from an average of 6.7 percent in 2023 to 5.8 percent in 2024 and 4.3 percent in 2025 in the baseline. Disinflation is expected to be faster in advanced economies—with a decline of 2 percentage points from 2023 to 2024 and a stabilization at about 2 percent in 2025—than in emerging market and developing economies, in which inflation is projected to decline from 8.1 percent in 2023 to 7.9 percent in 2024 and then fall at a faster pace in 2025 to 5.9 percent.¹

Inflation in emerging Asia is projected to be on par with that in advanced economies, at 2.1 percent in 2024 and 2.7 percent in 2025, in part thanks to early monetary tightening and price controls in many countries in the region.¹

In contrast, inflation forecasts for emerging and developing Europe, the Middle East and North Africa, and sub-Saharan Africa remain in double-digit territory on account of large outliers amid pass-through of past currency depreciation and administrative price adjustment (Egypt) and underperformance in agriculture (Ethiopia).¹

For most countries in Latin America and the Caribbean, inflation rates have dropped significantly from their peaks and continue to be on a downward trend.¹

The decline in global inflation in 2024 and 2025 reflects a broad-based decrease in core inflation, unlike the situation in 2023, when headline inflation fell mainly because of lower fuel prices. Core inflation is expected to drop by 1.3 percentage points in 2024, following a 0.1 percentage point.¹

Implications for minority businesses: Inflation posed a significant threat to minority businesses, according to Bank of America's 2024 Women and Minority Business Owner Spotlight, 70 percent of women business owners, 87 percent of Black/African American business owners, and 93 percent of Asian American Pacific Islander (AAPI) business owners said inflation was impacting their business in 2024.⁸

Rising costs for raw materials, energy, and wages forced businesses to choose between raising prices and risking customer attrition or absorbing costs at the expense of profit margins. Interest rates on short-term loans peaked at 9.5 percent in August 2024, up from 7.6 percent in January 2023 as reported by the US Chamber of Commerce, further compounding the challenges diverse small business owners face with access to capital. The Federal Reserve's decision to cut interest rates was welcomed and provided some relief for small businesses. Inflation and cash flow instability remain some of the most pressing financial challenges facing minority-owned firms in 2024.⁹

Minority-owned businesses continue to face systemic barriers in accessing capital—barriers that have only deepened in the current economic climate. As per 2024 State of Black Business report, 40 percent of Black-owned businesses were fully denied loans, lines of credit, or cash advances, compared to just 18 percent of their white-owned counterparts.¹⁰ The high-interest rate environment, fueled by inflationary pressures, has further constrained financing options for these enterprises, limiting their ability to invest, grow, and recover.



Global Trade and Tariffs

Global trade rebounded in 2024, growing at 3.4 percent - a notable increase from the modest 0.9 percent growth recorded in 2023. This recovery has primarily been driven by the improvement in merchandise trade, which has increased by around 2.4 percent in volume terms, up from a 1.0 percent contraction in 2023. Key factors driving this rebound include easing inflationary pressures and enhanced export performance in the United States and several Asian economies, particularly China. Global trade in services has continued to experience robust expansion, with a year-over-year growth rate of around 6.4 per cent. Travel services have played a crucial role in this growth. However, as tourism arrivals have largely returned to pre-pandemic levels, growth in this sector is expected to stabilize.¹¹

The growth rate for world trade is projected to moderate to 3.2 per cent in 2025. However, this forecast is subject to significant uncertainties linked primarily to the geopolitical developments affecting international trade, the outlook for commodity prices, and the potential weakening of services trade. The outlook for international trade remains highly uncertain given the ongoing escalation of global geopolitical tensions and the potential impacts of new trade restrictions. Trade tensions between China and the United States, Canada and the European Union have intensified in 2024. A few categories of trade remedial measures have reached new highs among the Group of Twenty (G20) countries, with the number of new anti-dumping measures doubling in the first half of 2024 in comparison with the year before, and the number of countervailing measures tripling over the same period.¹¹

Impact of Tariffs: Since taking office on January 20, 2025, current federal administration has introduced several policies and executive orders. The current administration issued the America First Trade Policy, which launched an investigation into unfair trade practices. A key component of this investigation, "Unfair and Unbalanced Trade," targets countries with significant annual trade deficits in goods, potentially subjecting them to country-specific tariffs. This includes several European Union nations (e.g., Germany, Ireland, and Italy), Asian jurisdictions (e.g., Vietnam, Japan, and Taiwan), and other global trade partners. A review of unfair trade practices by other countries and a consultation with respect to the United States-Mexico-Canada Agreement (USMCA) also are key components of the investigation.

Additionally, the current administration has introduced the Fair and Reciprocal Plan, designed to evaluate and impose reciprocal tariffs on countries that enforce higher duties/tariffs on US goods, including through a value-added tax or other non-tariff barriers.

According to IMF's 2024 World Economic Outlook report, a universal 10 percent rise in U.S. tariffs, accompanied by retaliation from the euro area and China, could reduce US GDP by 1 percent and global GDP by 0.8 percent in 2025 compared to baseline projections.¹

Implications for Minority and Small Businesses: According to an analysis in 2024 prior to the incoming administration assuming office by economist William Michael Cunningham, approximately 24 percent of Black-owned businesses are situated in sectors that could be adversely affected by the proposed tariffs. These tariffs could lead to an estimated annual revenue loss ranging from \$1.8 billion to \$3.6 billion for these businesses.¹³

While tariffs serve legitimate economic purposes in certain contexts, their unintended consequences may disproportionately impact small businesses. Developing targeted tax incentives and exploring potential tariff exemptions for small businesses experiencing significant supply chain disruptions can offer necessary breathing room. By prioritizing investments in capital access programs, developing domestic supply chain alternatives, and enhancing workforce capabilities, policymakers can create conditions where small businesses can thrive despite challenging international trade environments.¹³

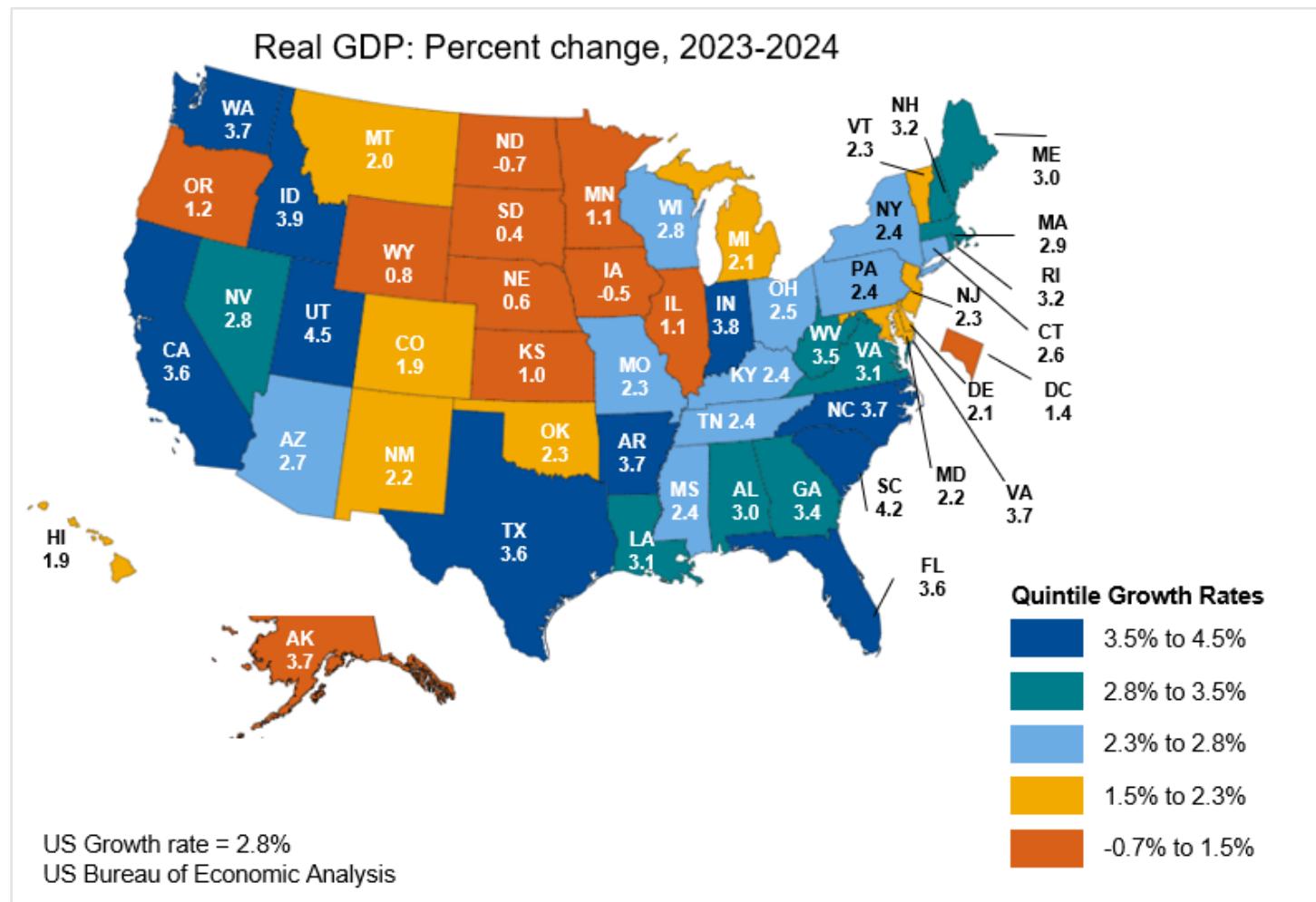
State of the US economy

The COVID-19 pandemic precipitated a devastatingly sharp contraction of economic activity and huge job losses in early 2020, as government restrictions and fear of the virus kept people at home and businesses shut. Workers in industries and occupations that paid low wages and required face-to-face encounters – disproportionately women, workers of color, workers without a bachelor's degree, and foreign-born workers – were particularly affected, experiencing massive employment and earnings losses. Real gross domestic product (GDP) early in the pandemic fell abruptly to 9 percent below its level at the start of the recession – a much steeper decline than the nearly 4 percent drop in the deepest part of the Great Recession. But the recovery and relief legislation enacted in March and April 2020, plus the relaxation in May of some restrictions on economic activity, led to a sharp (though partial) bounce-back in GDP in the third quarter of 2020. Subsequent relief and recovery legislation enacted in December 2020 and early 2021 gave the recovery an added boost. As a result, real (inflation-adjusted) GDP surpassed its pre-recession peak in the first quarter of 2021, less than a year after the trough of the recession. GDP rose from the third quarter of 2021 through the first quarter of 2022 and then again in the third and fourth quarters of 2023.¹⁵

Total nonfarm employment fell by 1.4 million jobs in March 2020 and a staggering 20.5 million jobs in April, creating a 22 million jobs deficit from the start of the recession and largely erasing the gains from a decade of job growth. The recession inflicted severe job losses on the economy overall, but the impacts – and the course of the subsequent recovery – were uneven across demographic groups. Women experienced a greater percentage decline in employment and a slower recovery than men in the pandemic downturn. From February to April 2020, employment fell by 18.1 percent among women and 14.2 percent among men. While the job deficit for men was erased in early 2022, the job deficit for women was not erased until January 2023, although the difference between them was relatively narrow through much of the recovery. Unemployment rose substantially across all racial and ethnic groups in April 2020, with Latino and Black workers experiencing the highest unemployment rates at 18.9 percent and 16.9 percent, respectively. Federal relief and recovery legislation, together with the opening of the economy and measures to control the virus, spurred job growth and brought unemployment down closer to pre-pandemic levels for Latino, Black, and white workers by the end of 2021. But racial and ethnic disparities persisted: in December 2023, Black unemployment was 5.2 percent, and Latino unemployment was 5.0 percent, while white unemployment was 3.5 percent.¹⁵

The United States economy has experienced uneven growth across the country. Some states and regions grew more in terms of real GDP than others. To individual minority business owners, regional and local markets often matter more than the national market. Figure 2 illustrates how uneven the recent economic growth has been: Several Southeastern and Western states recorded growth above the national average such as South Carolina, Oregon, Alaska, North Carolina, Virginia, Washington, Florida, Texas, California, and Georgia. Several states reported growth rates in line with or slightly above the national average, including Nevada, Arizona, Massachusetts, Maine, Rhode Island and New Hampshire suggesting steady economic performance. A broader group of states witnessed moderate but stable expansion. These include much of the Midwest and Northeast, such as New York, Pennsylvania, Tennessee, Missouri, Kentucky, and Connecticut. States that saw below-average growth included Illinois, Indiana, Maryland, and New Mexico. The weakest growth was observed in a small set of states, largely concentrated in the northern Midwest and interior West. These included North Dakota, South Dakota, Minnesota, Iowa, Kansas, and the District of Columbia.

Figure 2 Percent Change in State Real GDP



Outlook: The United States economy remained resilient in 2024, marking the third consecutive year growth expectations have been exceeded. Gross domestic product (GDP) is estimated to have increased by 2.8 percent in 2024. According to UN's World Economic Situation and Prospects 2025 report, growth is expected to moderate to 1.9 percent in 2025 and then improve slightly to 2.1 percent in 2026, converging toward a rate similar to the average growth of 2.4 percent recorded during the period 2010-2019.¹¹

Post-Pandemic Policy Response and Minority Business Support

The Federal Reserve's monetary policy has traditionally been driven by two elements. The first is price stability, which is achieved by keeping inflation within 2 percent per year and confirming that it does not surpass GDP growth. The second is balancing economic growth with a low unemployment rate. The Federal Reserve increases interest rates to tamp down a fast-growing economy, so it does not accelerate inflation. Conversely, to stimulate a slow-going economy, the Federal Reserve lowers the interest rate or supports stimulus fiscal policies such as tax reductions and infrastructure spending. The Federal Reserve's mission is shaped by its mandate to promote maximum employment and stable prices, along with its responsibilities to promote the stability of the financial system.

As inflation reached its highest level since the mid-1980s, in March 2022 the Federal Reserve made the first of a series of interest rate hikes. In the next 19 months, the federal funds rate increased from zero to over five percent. By any standards, this was a large and fast monetary tightening. In the four preceding tightening cycles increases in the federal funds rate had been much smaller and slower, taking an average of 21 months to reach peaks typically 2.5 percentage points above their starting levels.¹⁶ After having held the target range for the policy rate at 5.25 to 5.5 percent between late July 2023 and mid-September 2024, the Federal Open Market Committee (FOMC) lowered the target range for the policy rate by a cumulative 100 basis points over in 2024, bringing it to the current range of 4.25 to 4.5 percent. The FOMC's decision to begin reducing the degree of policy restraint reflected the FOMC's greater confidence in inflation moving sustainably toward 2 percent and the judgment that it was appropriate to recalibrate the policy stance.¹⁷

Along with interest rate actions, another Fed monetary policy tool is its balance sheet of financial assets. During recent challenging economic periods, the Fed tried to boost economic activity by purchasing fixed income assets, such as U.S. government bonds and mortgage-backed securities. The Fed's market participation helped moderate interest rates. The balance sheet of assets grew to just under \$9 trillion in 2022. Since that time, the Fed has reduced its balance sheet, now down to less than \$6.8 trillion. After its March 2025 meeting, the Fed announced plans to slow the decline in its securities holdings. Beginning in April 2025, it will start reducing Treasury securities holdings by just \$5 billion per month, rather than the previous \$25 billion per month. The Fed will continue monthly \$35 billion reductions in its mortgage-backed securities holdings, a policy that's been in place for some time.¹⁸

In the aftermath of the pandemic, several measures were taken to support small and minority businesses. The Federal Reserve introduced many temporary funding and lending facilities to support businesses of all sizes and to enable credit market operations. The Paycheck Protection Program Liquidity Facility helped small business owners keep their employees on the payroll, providing PPP facility under the CARES act administered by the Small Business Association and The Main Street Lending Program (a set of five facilities), established to support lending to both small and midsize businesses and nonprofit organizations.

Minority Business Development Agency (MBDA), the federal agency solely focused on the growth of minority-owned businesses, launched the Capital Readiness Program (CRP) in 2024, the largest ever federal program of its kind designed to help minority and other underserved entrepreneurs grow and scale their businesses. in year one, CRP served over 6,300 entrepreneurs and helped raise \$263 million in capital.¹⁹

U.S. Small Business Administration (SBA), the only cabinet-level federal agency fully dedicated to small business that provides counseling, capital, and contracting expertise as the nation's only go-to resource and voice for small businesses, provided a record \$56 billion through more than 100,000 small business financings in Fiscal Year (FY) 2024—the most in more than 15 years. In 2024, SBA enabled 5,200 loans for \$1.5 billion to Black-owned businesses, across loan programs, reflecting a tripling of loan count relative to FY 2020, when SBA backed 1,700 loans to Black-owned businesses. In 2024, SBA backed 9,600 loans for \$3.3 billion to Latino-owned businesses, reflecting a loan count 2.5 times greater than in FY 2020, when SBA backed 3,900 loans to Latino-owned businesses. Asian entrepreneurs increased their participation in SBA capital programs in 2024, with 8,900 loans for \$7.2 billion and the number of Asian businesses funded was a 70 percent increase over FY 2020. In FY 2024, SBA backed 15,500 loans to businesses that are more-than 50 percent owned by women, for a total of \$5.6 billion. The growth in loans reflects a doubling in women-owned business participation from 2020 to 2024.²⁰

Despite these substantial efforts and progress, significant gaps remain in providing equitable access to capital and opportunities for all minority businesses. Structural barriers continue to limit the full participation of underserved entrepreneurs - particularly those from historically marginalized communities—in the broader economy. To build a truly

inclusive and resilient economic future, sustained and targeted efforts are needed to address these gaps and create a level playing field where minority businesses can thrive and grow.

Policy Stance in 2025

Within the first 100 days of the current federal administration, 124 executive orders have been issued addressing a broad range of policy areas. These actions have targeted immigration, trade and tariffs, diversity and inclusion initiatives, education funding, and other key aspects of federal governance, marking a significant and rapid shift in the nation's policy direction.²¹

In March 2025, Executive Order titled "Continuing the Reduction of the Federal Bureaucracy" was signed. This order directed several federal agencies, including the Minority Business Development Agency (MBDA), to reduce their operations and personnel to the minimum presence and function required by law. The Minority Business Development Agency (MBDA) has undergone a significant reduction in operations following the executive order. Nearly all of its employees received Reduction in Force notices or received reassessments to other agencies leaving the agency to be staffed by one political appointee. This marks a major change in the federal government's engagement with minority business enterprises, a sector that has historically faced structural barriers to capital, contracts, and market access.²²

In January 2025, an Executive Order titled "Ending Illegal Discrimination and Restoring Merit-Based Opportunity" was signed which, among other actions, directs all executive departments and agencies "to combat illegal private-sector diversity, equity, and inclusion (DEI) preferences, mandates, policies, programs and activities." The Order requires the heads of all agencies, assisted by the U.S. Attorney General (USAG), to "take all appropriate action with respect to the operations of their agencies, to advance in the private sector the policy of individual initiative, excellence and hard work."²³

In response to the executive orders, reactions have been mixed, with some companies choosing to scale back or eliminate DEI initiatives. At the same time, several major companies have maintained their DEI frameworks despite a shift in federal guidance emphasizing the business case for diverse workforces and supplier engagement.²⁴ This divergence highlights the growing complexity of navigating DEI in the current policy environment.



Artificial Intelligence Trends and Implications for Minority Businesses

Artificial Intelligence (AI) has rapidly become a transformative force in the global economy, with projected investments from Big Tech companies reaching approximately \$320 billion in 2025. Major technology companies alone have committed around \$155 billion to AI infrastructure this year, underscoring the technology's central role in driving innovation and productivity across various sectors.²⁵

The rapid advancement of artificial intelligence (AI) is changing the landscape for small businesses in the U.S. Despite challenges such as inflation, supply chain disruptions, and talent acquisition, AI has emerged as a crucial tool that empowers small business owners to innovate in a competitive marketplace.

According to a report from U.S. Chamber of Commerce's, AI use among small businesses is booming. Generative AI use has nearly doubled to 40 percent in 2024 compared to 23 percent in 2023 and 98 percent of small businesses are using tools that are in some way AI-enabled. 46 percent of minority-owned small businesses use AI. Small businesses in Financial Services, Hospitality / Tourism, Education, Retail and Technology have been the earliest adopters of AI. The benefits AI brings to small businesses is growing, and increasingly a majority of small business owners report that AI helps them cope with everything from inflation to hiring to stronger customer engagement.²⁶

According to a report by the Initiative for a Competitive Inner City (ICIC), supported by Intuit, nearly 89 percent of small business owners indicated that someone at their business currently uses AI tools. The top five applications include data analysis, writing marketing content, drafting emails and communications, creating blog posts or newsletters, and summarizing web content. These use cases suggest that AI is being integrated into both operational and customer-facing functions, supporting business owners in streamlining routine tasks and improving efficiency.²⁷

Despite this growing adoption, comfort with AI remains uneven across demographics. Minority business owners reported discomfort with AI at nearly twice the rate of non-minority owners. Additionally, male business owners expressed higher levels of confidence with AI tools than women, nonbinary, or gender-nonconforming peers. The most commonly cited barriers to understanding or adopting AI were the rapid pace of change, high perceived costs, and the complexity of information surrounding AI technology.²⁷

Among businesses that have implemented AI, reported outcomes have been largely positive. 62 percent of business owners observed improved employee productivity, while 63 percent noted increased job satisfaction. These early indicators suggest that, when accessible and properly supported, AI adoption can yield tangible benefits for small and minority-owned businesses alike.²⁷

Emerging technologies, such as AI, offer promising solutions to the challenges faced by minority businesses. These businesses are often at a disadvantage due to barriers such as limited access to capital, and underrepresentation in high-growth industries. AI presents an opportunity to bridge these gaps by offering tools that enhance productivity, streamline operations, and unlock new market opportunities. Some of the benefits of AI tools for minority-owned businesses are:

- Cost Savings and Efficiency: AI-driven automation can reduce the need for manual labor in repetitive tasks such as bookkeeping, inventory management, and customer service.
- Enhanced Decision-Making: AI tools like predictive analytics can empower businesses with actionable insights derived from large datasets by identifying patterns, trends, and anomalies that may not be immediately apparent through manual analysis.
- Improved Customer Experience: AI can enable businesses to craft personalized marketing strategies by analyzing customer behaviors, preferences, and purchase histories.
- Access to New Markets: AI-powered tools like real-time language translation and geotargeting facilitate entry into international markets by enabling businesses to bridge linguistic and cultural divides.

While the potential benefits of AI are significant, minority-owned businesses face unique challenges in adopting these technologies. Some of the challenges faced by minority businesses in AI adoption are

- High Initial Costs: AI systems can require significant upfront investment in software, hardware, and training. Minority-owned businesses, which typically operate with tighter profit margins and fewer financial reserves, may find these costs prohibitive.

- Skill gaps: The implementation and management of AI technologies require expertise in fields such as data science, machine learning, and software development. Many minority-owned businesses lack access to these specialized skills due to resource constraints.
- Systemic Barriers to Access: Minority-owned businesses often encounter systemic challenges, including discriminatory lending practices and underrepresentation in tech-driven industries leading to lower ability to secure the financial and technical resources necessary for AI adoption.
- Data Privacy and Security Concerns: AI systems rely heavily on large datasets to function effectively, but this reliance raises significant concerns about privacy and security. Because of financial constraints, minority-owned businesses, often operating without advanced cybersecurity infrastructure, are particularly vulnerable to data breaches and misuse.
- Bias in AI Systems: AI algorithms are often trained on historical data, which can reflect and perpetuate existing societal biases. These biases may result in unfair outcomes for minority-owned businesses, such as discriminatory credit scoring models or exclusionary marketing practices.

AI presents transformative opportunities for minority-owned businesses by helping to overcome systemic barriers to access and enhance efficiency, decision-making, and customer engagement. Increased access to affordable AI platforms, along with government and private-sector support and targeted upskilling initiatives can address challenges like high implementation costs and talent gaps. Responsible AI practices and strong cybersecurity measures can help promote fairness and build trust with stakeholders. Tools such as personalized marketing, predictive analytics, and global market insights can enable minority businesses to stand out and compete more effectively. While challenges like inequitable access and data privacy risks remain, the strategic use of AI can empower minority-owned businesses to innovate, close long-standing opportunity gaps, and achieve sustainable growth in an increasingly digital economy.²⁸



General market conditions for minority business owners

After the COVID-19 pandemic's initial shocks to business owners, entrepreneurship bounced back, with the number of new business applications booming since 2020. According to the Census Bureau, national business applications remained fairly stagnant from 2017 to 2019, but between April 2020 and July 2020, applications more than doubled, from 235,695 to 546,415. Applications remained high through 2022, with 423,977 applications submitted in December of that year. Black-owned employer businesses made up a large share of this growth.²⁹ From 2018 to 2022, the number of employer businesses owned by Black Americans increased by 56.2 percent. In 2022, Black-owned business added \$212 billion in revenue to the economy, employed an average of eight people per business, and paid over \$61 billion in total salaries. The entrepreneurialism of other minority racial groups also boosted the economy in recent years: The number of minority-owned employer businesses increased by over 278,139 from 2018 to 2022, adding \$642 billion to the economy and creating 1.3 million more jobs in 2022 compared to 2018.³⁰

Despite this growth, the share of Black-owned employer businesses is 3.3 percent in 2022 – substantially lower than Black Americans' 14.4 percent share of the population. Compared to other race and ethnicity groups, Black Americans have the third-lowest representational share of employer business ownership. Native Hawaiian or Other Pacific Islanders have the lowest, representing 0.2 percent of employer business owners and 0.5 percent of the population; they are followed by American Indian and Alaska Natives, who represent 0.8 percent of employer business owners and 2 percent of the population. Hispanic or Latino entrepreneurs also owned a lower share of employer businesses than their population share, representing 7.9 percent of owners compared to 18.7 percent of the population. Asian American and white entrepreneurs owned the largest shares of employer businesses: 11.1 percent and 81.1 percent, respectively, both of which are larger than their population share of 7 percent and 74 percent respectively.²⁹

Increasing both minority business formation and success rates are critical to closing racial wealth gaps and reducing their effect on the broader US economy. Black business owners have twelve times more wealth than Black wage earners, and the net worth of Latino business owners is ten times that of the general Latino population. The wealth mobility of Black entrepreneurs whose businesses succeed is equal to that of White entrepreneurs, in contrast to the economic mobility gap that persists between Black and white wage workers.³²

Challenges faced by minority businesses

Despite the critical role that minority businesses play in driving wealth creation and economic mobility, significant gaps and barriers remain. Many minority-owned businesses continue to face challenges related to access to capital, contracting opportunities, and scaling operations. The following key challenges that must be addressed to fully unlock the potential of minority entrepreneurship in the U.S. economy:

Access to Capital: Access to capital is critical to the growth, resilience, and competitiveness of minority businesses. It enables businesses to manage liquidity challenges, expand operations, hire employees, and pursue new market opportunities. Capital also supports innovation, allowing businesses to invest in technology, research, and product development necessary for long-term success. Lack of access to credit or other capital, particularly during early stages in turn, can contribute to higher failure rates, as about 50 percent of small businesses close within the first five years.³²

Minority business owners face higher rates of denial when applying for funding, even when financial factors are accounted for. According to the Minority Business Development Agency (MBDA), minority businesses are denied loans at a rate of nearly three times that of non-minority businesses and are also likely to pay higher interest rates.³³ According to the Small Business Credit Survey, white-owned businesses were significantly more likely to receive full approval for the financing they sought, with 56 percent of white-owned businesses fully approved compared to 39 percent of Hispanic-owned, 38 percent of Asian-owned, and 35 percent of Black-owned businesses.³⁴

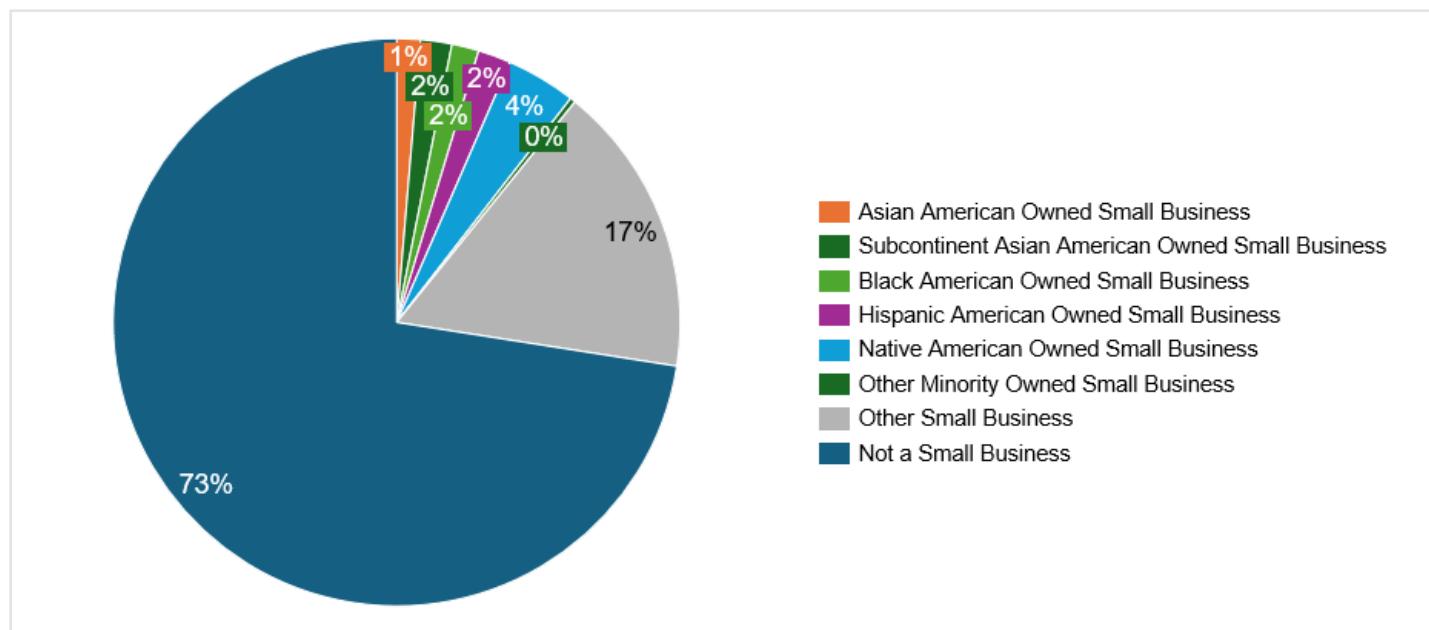
In terms of venture capital funding, according to The State of Black Business report, in 2023, venture capital investors funneled \$138 billion to US-based startups but less than 0.5 percent, or \$662 million, of those funds went to Black founders.¹⁰ According to another report, lack of investment remains a fundamental barrier to entrepreneurs from underrepresented groups, as ethnic minority entrepreneurs are over a third (36 percent) more likely than White peers to have given up on a venture due to a lack of funding.³⁵

Over the next few years, access to capital will determine the extent to which the record number of small businesses formed since the pandemic will translate into tangible long-term financial benefits for entrepreneurs, communities, and the broader US economy.

Contracting: Minority-owned businesses continue to face persistent disparities in contracting, both in terms of access and awarded dollar amounts. According to the Minority Business Development Agency (MBDA), minority businesses secure a lower number and dollar amount of contracts in proportion to the number of available minority businesses in the relevant market. Key barriers contributing to this gap include limited access to capital, the large size of many federal contracts, restricted access to business networks, and broader marketplace inequities.³³

According to Federal data: while the government set a goal of awarding 12 percent of contracts to Small Disadvantaged Businesses (SDBs) - a category that includes many minority-owned businesses—in 2023, these businesses received exactly 12.10 percent of federal contract dollars.³⁶ According to Federal data for 2024, out of \$637 billion in total federal contracting, 1.54 percent went to Black-owned small businesses, 1.87 percent to Hispanic-owned, and 1.34 percent to Asian American-owned businesses. Native American-owned businesses captured a comparatively higher 3.38 percent, while other minority-owned businesses collectively accounted for just 0.31 percent. These figures reflect a persistent opportunity gap and the need for more targeted strategies to improve equity in federal procurement.³⁷

Figure 3 Federal contracting by race and business size FY 2024³⁷



Operational Challenges: According to the 2024 Small Business Credit Survey, small businesses continue to face a range of operational challenges that can hinder growth and stability. The most commonly cited issue was reaching customers and growing sales, reported by 57 percent of businesses—up from 53 percent in 2023. Hiring and retaining qualified staff remained a significant concern, affecting 51 percent of businesses. Notably, fewer businesses reported supply chain disruptions in 2024 (29 percent) compared to 41 percent the previous year, signaling some easing in supply chain related pressures. Other challenges included utilizing technology (29 percent), complying with government regulations (29 percent), and ensuring the health and safety of employees or customers (7 percent). Only 9 percent of businesses reported facing no operational challenges, underscoring the persistent pressures small businesses must navigate in today's economic environment.³⁴

Addressing these persistent challenges is not only a matter of equity, it has broad economic outcomes, given the substantial economic potential left untapped due to the opportunity gap between minority- and non-minority-owned businesses. Closing this gap by improving access to capital, contracting opportunities, and operational support can unlock significant economic growth, generate jobs, and build wealth in historically underserved communities. Confirming that minority-owned businesses can thrive is essential to driving inclusive and sustainable growth across the U.S. economy.

Labor market outlook

During a competitive labor market in 2024, diverse small businesses faced hiring challenges as 52 percent reported being understaffed, 77 percent struggled with a competitive hiring landscape and 65 percent found it difficult to increase salaries in line with inflation.⁹ According to the U.S. Small Business Administration, small businesses employed 61.6 million of employees and accounted for 45.9 percent of US employees.³⁸ From 1995 to 2021, small businesses created 17.3 million net-new jobs while large businesses created 10.3 million. Small businesses have accounted for 62.7 percent of net-new job creation since 1995.³⁹

The labor market plays a pivotal role in the success and sustainability of minority-, women-, and small-owned businesses in the United States. These enterprises often serve as vital employment sources within their communities, and fluctuations in labor availability, wage dynamics, and hiring challenges can significantly impact their operations.

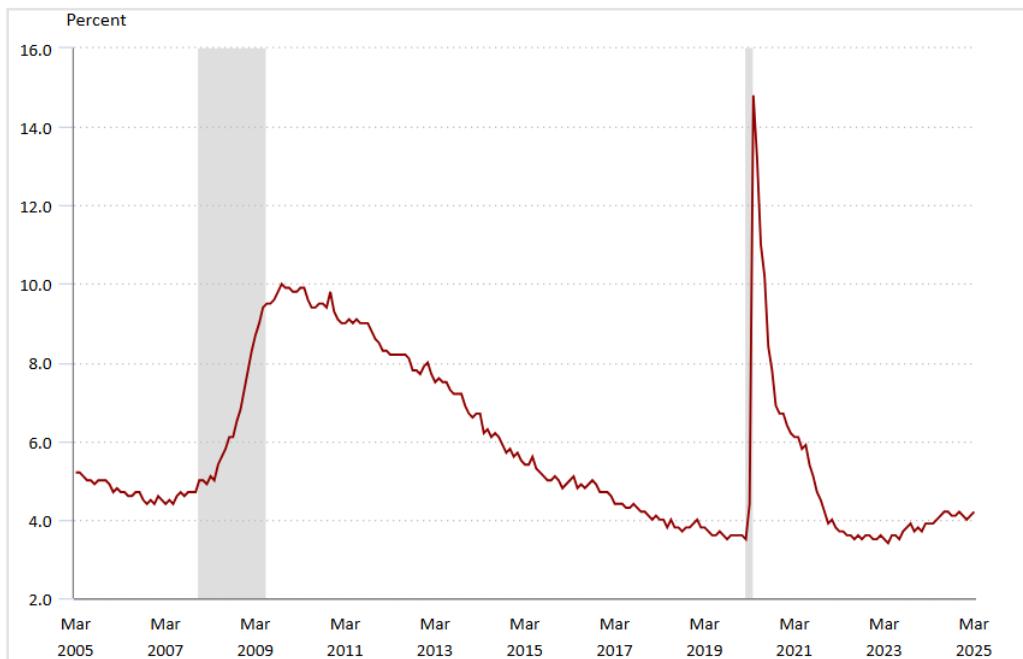
At the height of the COVID-19 crisis, the U.S. labor market's employment losses topped 14 percent below pre-recession totals. Despite the unprecedented spike in unemployment, it would only take 29 months to recover the jobs lost, beating the recoveries of both the dot-com bubble and the summer recession of 1990. 2020's surge in job losses, and subsequent return to "normal," were the fastest recovery to pre-recession employment levels in over 40 years. The pandemic leveled certain sectors of the labor market more than others. Leisure and hospitality took some of the largest hits, as millions of Americans canceled vacation, dining, and entertainment plans for months on end.

Conversely, professional and business services, some of the most likely to continue their jobs by working from home, recovered more quickly, and job gains have now surpassed pre-pandemic levels. As of January 2025, there were slightly more workers on leisure and hospitality payrolls (16.978 million) than there were in February 2020 (16.889 million), just before the pandemic caused payrolls to plummet.

While the job losses in 2020 impacted Black and Hispanic workers more than White or Asian workers, the job gains for those groups have been robust, and current unemployment levels are close to pre-pandemic levels. The unemployment rate for Black workers was 6.2 percent in January 2025 compared to 16.7 percent in May 2020. The unemployment rate for Hispanic workers was 4.8 percent in January 2025 compared to 18.9 percent in May 2025 and 3.7 percent for Asian American and Pacific Islander (AAPI) in January 2025 compared to 14.9 percent in May 2020.⁴⁷

The United States has continued to maintain a historically low unemployment rate of around 4 percent (not seen since early 2000). However, some tentative signs of a cooling labor market emerged in 2024, as the ratio of job openings to the number of unemployed persons declined, and the duration of the average job search increased. The United States labor market outlook in 2025 will depend not just on the level of economic activity, but also on policies such as those restricting immigration or prompting import substitution, which could lead to a possible resurgence in manufacturing jobs.¹¹

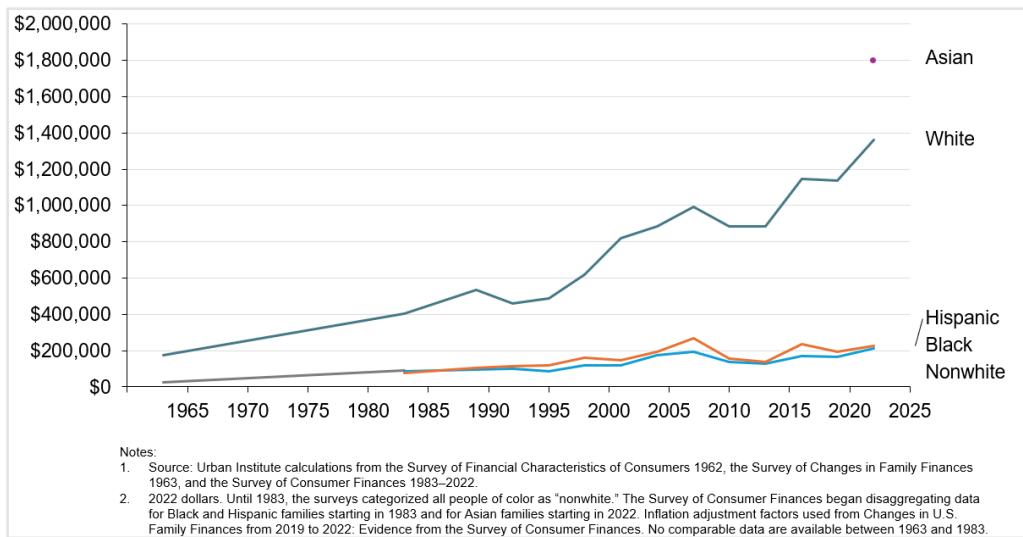
Figure 4 Civilian Unemployment Rate, Seasonally Adjusted, March 2005 - March 2025⁴¹



Wealth gaps by race and ethnicity and impact on minority businesses

Over the past four decades, the difference in wealth held by white, black, and hispanic families has grown. In 1983, the average wealth of white families was about five times the average wealth of black families and hispanic families, whereas in 2022, this had grown to six times more. In 2022, the Survey of Consumer Finances disaggregated data for Asian families for the first time. Asian families' average wealth was \$1.8 million—1.3 times the average wealth of white families. However, more disaggregated local analyses point to large differences in wealth among Asian Americans.⁴⁴

Figure 5 Average Family Wealth by Race and Ethnicity, 1963-2022⁴²



Gaps in income and asset accumulation are important factors, as they impact the ability of entrepreneurs to invest in new businesses, obtain support from friends and family, and qualify for loans. Existing asset disparities between white and racial and ethnic minority households can pose particularly significant challenges to minority business owners in securing capital. The disparities make it harder for minority businesses to access capital, as they often lack the assets required to collateralize loans and may struggle to accumulate personal savings or to leverage their networks for funding. When it comes to obtaining capital to start their businesses, minority business owners often lag behind their peers. Studies have shown that, on average, entrepreneurs of color start with much less capital than their white

counterparts, regardless of how they enter business ownership, whether through founding, inheriting, or purchasing the business. According to a study titled "Black and White: Access to capital among minority-owned startups," on average, black-owned businesses obtain just \$35,000 in startup capital in their first year of operation, compared to \$107,000 for the average white-owned business. Business owners of color are more likely to rely on personal savings, families, and friends to finance their businesses compared to their peers. However, due to systemic barriers and wealth gaps, these sources of equity investment are often limited, making it more difficult to sustain and grow their businesses in the long term.³²



Characteristics and growth trends of minority-owned businesses

In 2017, the Census Bureau released the first-ever Annual Business Survey (ABS) to replace 4 other surveys previously collected: Survey of Business Owners (SBO) for employer businesses (released once every 5 years), the Annual Survey of Entrepreneurs (ASE) (released once in one-and-a-half to two years), the Business R&D and Innovation for Microbusinesses survey (BRDI-M), and the innovation section of the Business R&D and the Innovation Survey (BRDI-S). The ABS is provided to help people interested in tracking the performance of all US businesses, including both public and non-public nonminority-, minority-, women- and veteran-owned businesses.

The ABS survey encompasses all non-farm employer businesses filing 941, 944 or 1120 tax forms, conducted on a company/firm basis. The ABS plans to compile the newest, most relevant information available by combining data collected on businesses and business owners, the economic census, and the administrative records. The data is collected electronically and is methodically sampled by state, frame, and industry status. ABS surveys approximately 850,000 employer businesses every 5 years and approximately 300,000 employer businesses annually.

The number of employer businesses, sales and revenues, yearly payroll, and employment by sex, ethnicity, race, and veteran reputation are provided in the estimates, which are distributed at the national, state, Metropolitan Statistical Area, county, and economic place levels. Estimates by the North American Industry Classification System (NAICS) sector are also available. The survey also includes annual data on the characteristics of businesses and business owners by demographic category. The findings in this section are based on comparing and analyzing trends found in the 2019 and 2023 ABS reports.

According to the census bureau, the ABS reports provide data on the race, sex, ethnicity, and veteran status of business owners with one or more employees. The ABS definition of ownership is "having more than 50 percent of the stock or equity in the business." It is further categorized by:

- Ownership by sex: Male-; female-; or equally owned by male/female
- Ownership by Ethnicity: Hispanic; equally Hispanic/non-Hispanic; non-Hispanic
- Ownership by Race: white-; Black/African American-; American Indian/ Alaska Native-; Asian; Native Hawaiian/ Other Pacific Islander-; minority owned; equally owned by minority/nonminority; nonminority owned
- Ownership by veteran status: Veteran-; equally owned by veteran/nonveteran; non-veteran-ownership
- Publicly owned businesses are not classifiable under mentioned sex, race, ethnicity, and veteran status.

According to the U.S. Census Bureau, minority-owned firms are classified as businesses owned by individuals of any race and ethnicity combination other than non-Hispanic and White.⁴⁵

The ABS report also tabulated data on companies with equal male/female ownership, equal minority/nonminority ownership and equal veteran/non-veteran ownership. This information, which is documented in the report, provides invaluable input in understanding the economic development of these minority groups and the organizations that promote and support minority- and women-owned businesses.

The report does not include businesses without employees because they are very small and focus mainly on side-line business activities. According to the U.S. Census Bureau, there are a total of 29.8 million small businesses in the country.

Despite underrepresentation, minority businesses reported an upward trend of growth in numbers and business capacities in the post-pandemic era. There existed a huge gap in minority and nonminority-owned business statistics. The COVID-19 pandemic created a disproportionate effect for minority-owned enterprises and exacerbated the financial consequences for small businesses in the United States. This section examines the trends from 2018 to 2022 for minority-owned businesses and provides additional information on the scope, opportunities, and potential threats for these businesses in the post-pandemic world.

In 2022, there were approximately 5.9 million U.S. employer businesses of which 1.3 million (22.6 percent) were minority-owned; 273,542 (4.7 percent) were veteran-owned; and around 1.3 million (22.3 percent) were owned by women. Veteran-owned businesses had an estimated \$884.5 billion in receipts, 3.2 million employees, and \$179.7 billion in annual payroll. Women-owned businesses had an estimated \$2.1 trillion in receipts, 11.4 million employees,

and \$508.5 billion in annual payroll. There were an estimated 650,680 Asian-owned businesses in the United States in 2022, an estimated 144,141 (22.2 percent) of them were in the Accommodation and Food Services sector. Asian-owned businesses had the largest estimated receipts (\$1.2 trillion) among minority race groups. There were an estimated 194,585 Black or African American-owned businesses with \$211.8 billion in annual receipts, 1.6 million employees, and about \$61.2 billion in annual payroll. About 49,872 (25.6 percent) of Black or African American-owned businesses were in the Health Care and Social Assistance sector. There were an estimated 47,519 American Indian and Alaska Native-owned businesses with \$78.5 billion in receipts; 333,153 employees; and approximately \$14.6 billion in annual payroll. There were an estimated 9,552 Native Hawaiian and Other Pacific Islander-owned businesses with approximately \$13.8 billion in receipts; 68,795 employees; and \$3.2 billion in annual payroll. The number of Hispanic-owned businesses grew about 14.6 percent from 406,086 in 2021 to 465,202 in 2022 and made up about 7.9 percent of all U.S. businesses with an estimated \$653.5 billion in annual receipts, 3.6 million employees, and approximately \$143.2 billion in annual payroll.

Table 2 Business Performance for Minority-owned, Women-owned, Veteran-owned businesses 2022^{30, 31}

Race/ Ethnicity	Number of businesses	Annual receipts	Number of employees	Annual payroll
Minority-owned	1,326,462	\$2,123.7 Billion	\$10.8 million	\$454.9 Billion
Women-owned	1,309,282	\$2,138.2 Billion	\$11.4 million	\$508.5 Billion
Veteran-owned	273,542	\$884.5 Billion	\$3.2 million	\$179.7 Billion

Table 3 Business Performance for Some Minority Race/Ethnic Groups 2022^{30, 31}

Race/ Ethnicity	Number of businesses	Annual receipts	Number of employees	Annual payroll
Asian-owned	650,680	\$1,193 billion	5.4 million	\$238.8 billion
Hispanic-owned	465,202	\$653.5 billion	3.6 million	\$143.2 billion
Black/African Americans-owned	194,585	\$211.8 billion	1.6 million	\$61.2 billion
American Indian and Alaska Native-owned	47,519	\$78.5 billion	0.3 million	\$14.6 billion
Native Hawaiian and other Pacific Islander-owned	9,552	\$13.8 billion	0.1 million	\$3.2 billion

Growth trends among minority businesses from 2018-2022

This section highlights the trend of key performance indicators for minority-owned businesses from 2018 to 2022 and elaborates on the implications for these businesses due to the pandemic in 2020.

There were 33.3 million small businesses, accounting for 99.9 percent of total enterprises in the United States in 2022, compared to 30.7 million in 2018. Small businesses employed 61.6 million (45.9 percent) Americans in 2022, compared to 59.9 million (47.3 percent) in 2018.

Growth trend in numbers (2018 - 2022)

This analysis focuses solely on employer-based businesses as provided by ABS. The report provides information on other racial categories of business owners, such as businesses owned equally by minorities and nonminority's, and ones owned by American Indians, Alaska natives, Native Hawaiians, and other Pacific Islanders.

In 2022, there were 1,326,462 minority-owned businesses – an increase of 26.5 percent since 2018. The same year, there were 4,230,881 nonminority-owned businesses. In contrast to the increase in the number of minority-owned businesses, non-minority-owned businesses declined by 3.1 percent.

In 2022, like 2018, Asians owned the largest number of minority businesses (650,680) by race and witnessed an increase of 12.6 percent compared to 2018. Following Asian-owned companies, Blacks owned the third-largest number, 194,585 and there was an increase of 56.2 percent. American Indian and Alaska Native businesses made up 47,519 business and saw the highest increase compared to 2018 (94.5 percent).

Hispanics owned 465,202 businesses and experienced an increase of 40.3 percent from 2018. This study also examined women-owned businesses. In 2022, women owned 1,309,282 businesses – a number that increased by 14.7 percent from 2018. Minority-women owned business made up 29.4 percent of the total women-owned businesses and saw a growth of 34.9 percent compared to 2018.

Table 4 Number, Distribution, and Growth of Businesses by Race, Ethnicity and Gender^{30, 31}

Race and minority group	# of businesses in 2018	# of businesses in 2022	% change in # of businesses 2018-2022
Minority	1,048,323	1,326,462	26.5%
Nonminority	4,364,167	4,230,881	-3.1%
Equally minority/nonminority	86,633	92,050	6.3%
White	4,769,883	4,766,289	-0.1%
Asian	577,835	650,680	12.6%
Asian Indian	-	210,291	-
Black or African American	124,551	194,585	56.2%
Chinese	-	151,444	-
Other Asian	-	89,935	-
Korean	-	87,354	-
Vietnamese	-	58,683	-
American Indian and Alaska Native	24,433	47,519	94.5%
Filipino	-	31,702	-
Japanese	-	21,075	-
Native Hawaiian and Other Pacific Islander	6,653	9,552	43.6%
Native Hawaiian	-	4,603	-
Other Pacific Islander	-	3,519	-
Samoan	-	729	-
Guamanian or Chamorro	-	-	-

Ethnicity	# of businesses in 2018	# of businesses in 2022	% change in # of businesses 2018-2022
Hispanic	331,625	465,202	40.3%
Equally Hispanic/non-Hispanic	49,285	51,328	4.1%
Non-Hispanic	5,118,211	5,132,864	0.3%
Cuban	-	41,079	-
Mexican, Mexican American, Chicano	-	230,511	-
Other Hispanic, Latino, or Spanish	-	157,405	-
Puerto Rican	-	25,946	-

Gender	# of businesses in 2018	# of businesses in 2022	% change in # of businesses 2018-2022
Female	1,141,410	1,309,282	14.7%
Equally male/female	860,754	706,324	-17.9%
Male	3,496,959	3,633,787	3.9%



Growth trend in employment (2018 – 2022)

In 2022, total employment in minority-owned businesses was about 10.8 million. Between 2018 and 2022, employment in minority businesses increased by 14.2 percent. On average, each minority business employed eight workers. Businesses owned by whites employed 59.6 million workers and their employment capacity increased by 4.8 percent compared to 2018. The average employment of white-owned businesses was 12.5 workers.

Among minority groups, Asian-owned businesses employ the largest number of workers at 5.4 million. Significantly, the employment capacity of Asian-owned businesses has increased by 5.5 percent compared to 2018. In 2022, their average employment was 8.3 workers. The employment size of Asian-owned and Asian Indian owned businesses was followed by that of Black or African American businesses, at 1.6 million and employment capacity increased by 36.8 percent. On average, Black or African American businesses employed 8.4 workers.

In terms of ethnicity, Hispanic-owned businesses employed 3.6 million workers in 2022, and their employment capacity increased by 19.4 percent. On average, Hispanic-owned businesses employed 7.6 workers.

Finally, women-owned businesses employed 11.4 million workers in 2022. Their employment capacity increased by 12.1 percent, and the average workforce in women-owned businesses was 8.7 workers.

Table 5 Employment Characteristics and Growth Trends of Business^{30, 31}

Race and minority group	Total Employment 2018	Total Employment 2022	% Change in total employment 2018-2022	Average # of employees per business 2022
Minority	9,432,081	10,769,549	14.2%	8.1
Nonminority	53,190,299	55,358,209	4.1%	13.1
Equally minority/nonminority	843,404	925,065	9.7%	10.0
White	56,877,432	59,627,721	4.8%	12.5
Asian	5,090,065	5,368,251	5.5%	8.3
Asian Indian	-	1,976,437	-	9.4
Black or African American	1,188,819	1,626,522	36.8%	8.4
Chinese	-	1,179,985	-	7.8
Other Asian	-	710,803	-	7.9
Korean	-	643,624	-	7.4
Vietnamese	-	359,439	-	6.1
American Indian and Alaska Native	200,256	333,153	66.4%	7.0
Filipino	-	244,590	-	7.7
Japanese	-	227,747	-	10.8
Native Hawaiian and Other Pacific Islander	54,446	68,795	26.4%	7.2
Native Hawaiian	-	31,892	-	6.9
Other Pacific Islander	-	25,129	-	7.1
Samoan	-	5,468	-	7.5
Guamanian or Chamorro	-	0	-	-

Ethnicity	Total Employment 2018	Total Employment 2022	% Change in total employment 2018-2022	Average # of employees per business 2022
Hispanic	2,972,140	3,550,203	19.4%	7.6
Equally Hispanic/non-Hispanic	486,636	468,866	-3.7%	9.1
Non-Hispanic	60,007,007	63,033,754	5.0%	12.3
Cuban	-	351,849	-	8.6
Mexican, Mexican American, Chicano	-	1,963,327	-	8.5
Other Hispanic, Latino, or Spanish	-	965,046	-	6.1
Puerto Rican	-	167,882	-	6.5

Gender	Total Employment 2018	Total Employment 2022	% Change in total employment 2018-2022	Average # of employees per business 2022
Female	10,149,257	11,380,866	12.1%	8.7
Equally male/female	7,970,121	6,784,242	-14.9%	9.6
Male	45,346,405	48,887,715	7.8%	13.5

Growth trend in revenue (2018 - 2022)

Minority businesses earned a total of \$2.1 trillion in 2022. Their revenue increased by 43.3 percent from 2018. In terms of employer-based minority-owned businesses, the average revenue per company was \$1.6 million in 2022. However, the average revenue of non-minority-owned businesses was \$3.7 million, more than double that of minority-owned businesses.

When the results were broken down by race and ethnic group, white-owned businesses had the largest revenue, at \$16.4 trillion, and their average revenue per business was highest at \$3.4 million. Among the minority owned businesses, Asian-owned businesses had the highest revenue at \$1.2 trillion and their revenue increase by 38.2 percent compared to 2018. Revenue of Black or African American owned businesses in 2022 stood at \$211.8 billion with an average revenue per business of \$1.1 million. Their revenue increased by 65.5 percent compared to 2018.

In terms of ethnicity, Hispanic-owned businesses had a revenue of \$653.5 billion in 2022 and their revenue increased by 43.4 percent compared to 2018. On an average revenue per business of Hispanic-owned businesses was \$1.4 million.

Women-owned businesses had a revenue of \$2.1 trillion and their revenue increased by 20.3 percent compared to 2018. On an average revenue per business of Women-owned businesses was \$1.6 million. However, this was only a fraction of the average revenue of Men-owned businesses at \$4.0 million.

Table 6 Revenue Characteristics and Trends in Businesses^{30, 31}

Race and minority group	Total receipts in 2018 (\$1,000)	Total receipts in 2022 (\$1,000)	% Change 2018-2022	Average receipts per business 2022 (1000)
Minority	\$1,481,618,918	\$2,123,688,310	43.3%	\$1,601
Nonminority	\$12,741,759,927	\$15,575,098,738	22.2%	\$3,681
Equally minority/nonminority	\$134,100,469	\$203,584,991	51.8%	\$2,212
White	\$13,303,162,548	\$16,397,415,360	23.3%	\$3,440
Asian	\$863,324,218	\$1,192,953,911	38.2%	\$1,833
Asian Indian	-	\$449,119,242	-	\$2,136
Chinese	-	\$284,965,949	-	\$1,882
Black or African American	\$128,012,399	\$211,847,969	65.5%	\$1,089
Other Asian	-	\$158,934,447	-	\$1,767
Korean	-	\$160,999,466	-	\$1,843
Vietnamese	-	\$48,869,970	-	\$833
American Indian and Alaska Native	\$33,697,503	\$78,502,914	133.0%	\$1,652
Filipino	-	\$32,424,152	-	\$1,023
Japanese	-	\$49,759,792	-	\$2,361
Native Hawaiian and Other Pacific Islander	\$11,177,012	\$13,765,544	23.2%	\$1,441
Native Hawaiian	-	\$6,387,424	-	\$1,388
Other Pacific Islander	-	\$5,472,279	-	\$1,555
Samoan	-	\$743,238	-	\$1,020

Guamanian or Chamorro	-	\$0	-	-
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Ethnicity	Total receipts in 2018 (\$1,000)	Total receipts in 2022 (\$1,000)	% Change 2018-2022	Average receipts per business 2022 (1000)
Hispanic	\$455,644,682	\$653,467,996	43.4%	\$1,405
Equally Hispanic/non-Hispanic	\$71,334,623	\$101,473,719	42.3%	\$1,977
Non-Hispanic	\$13,830,500,008	\$17,147,430,324	24.0%	\$3,341
Cuban		\$77,590,623	-	\$1,889
Mexican, Mexican American, Chicano		\$341,542,743	-	\$1,482
Other Hispanic, Latino, or Spanish		\$185,803,531	-	\$1,180
Puerto Rican		\$29,572,404	-	\$1,140

Gender	Total receipts in 2018 (\$1,000)	Total receipts in 2022 (\$1,000)	% Change 2018-2022	Average receipts per business 2022 (1000)
Female	\$1,776,835,350	\$2,138,235,179	20.3%	\$1,633
Equally male/female	\$1,340,608,478	\$1,351,902,442	0.8%	\$1,914
Male	\$11,240,035,485	\$14,412,234,417	28.2%	\$3,966



Ranking of states and MSAs by Minority Businesses presence

This section of the report provides information on the number of minority-owned businesses by state and Metropolitan Statistical Areas (MSA) for the year 2022.

In 2022, California had the most minority-owned employer businesses, 291,607 with annual employment of 2.3 million workers. California is followed by Texas, with 153,534 minority businesses, Florida with 146,054, New York with 104,131 and Georgia with 52,089. Compared to 2018, four of the top five states remained unchanged, with Georgia entering the list and replacing New Jersey.

Table 7 lists the ranking of states by number of minority-owned businesses, provides total employment from minority-owned businesses, average number of employees per minority-owned business and total payroll generated by minority-owned businesses in 2022.

Table 7 Ranking of States by Number of Minority-owned Businesses, 2022³⁰

State	Ranking of State	Number of minority-owned employer businesses	Total employment in minority-owned businesses	Average number of employees per minority-owned business	Total payroll from minority-owned businesses (\$1000)
California	1	291,607	2,308,770	7.9	\$113,267,523
Texas	2	153,534	1,452,053	9.5	\$54,163,808
Florida	3	146,054	886,261	6.1	\$35,118,968
New York	4	104,131	659,045	6.3	\$28,648,738
Georgia	5	52,089	382,456	7.3	\$14,731,337
New Jersey	6	50,317	394,200	7.8	\$18,732,034
Illinois	7	48,274	357,983	7.4	\$15,987,721
Virginia	8	38,241	347,195	9.1	\$17,256,834
Washington	9	31,980	226,099	7.1	\$10,301,063
North Carolina	10	30,114	258,779	8.6	\$9,273,912
Maryland	11	30,011	249,656	8.3	\$11,942,935
Pennsylvania	12	28,975	248,863	8.6	\$9,405,836
Arizona	13	22,370	200,212	9.0	\$8,095,821
Colorado	14	20,019	155,939	7.8	\$6,844,893
Massachusetts	15	19,942	193,625	9.7	\$9,164,789
Ohio	16	18,173	183,146	10.1	\$6,678,668
Michigan	17	16,643	215,764	13.0	\$10,158,204
Nevada	18	14,883	151,103	10.2	\$5,357,095
Oregon	19	14,149	106,373	7.5	\$4,089,697
Tennessee	20	13,251	130,286	9.8	\$5,028,592

State	Ranking of State	Number of minority-owned employer businesses	Total employment in minority-owned businesses	Average number of employees per minority-owned business	Total payroll from minority-owned businesses (\$1000)
Hawaii	21	12,730	112,569	8.8	\$5,319,361
South Carolina	22	12,343	102,974	8.3	\$3,278,640
Oklahoma	23	11,809	101,814	8.6	\$3,630,779
Missouri	24	11,801	101,851	8.6	\$3,681,614
Indiana	25	11,766	117,537	10.0	\$4,278,859
Connecticut	26	11,324	87,555	7.7	\$3,669,333
Louisiana	27	11,136	100,232	9.0	\$3,091,973
Minnesota	28	10,334	113,967	11.0	\$4,076,933
Alabama	29	10,197	91,395	9.0	\$3,268,444
New Mexico	30	9,485	89,670	9.5	\$3,175,467
Wisconsin	31	8,814	79,417	9.0	\$2,645,416
Utah	32	7,966	91,695	11.5	\$2,876,115
Kentucky	33	6,179	55,141	8.9	\$1,790,988
Kansas	34	6,017	51,954	8.6	\$1,895,054
Mississippi	35	5,771	48,258	8.4	\$1,328,947
Arkansas	36	5,407	37,965	7.0	\$1,172,083
District of Columbia	37	4,532	54,806	12.1	\$2,707,367
Delaware	38	4,525	34,431	7.6	\$1,585,462
Idaho	39	3,944	25,866	6.6	\$946,620
Iowa	40	3,317	25,427	7.7	\$924,096
Nebraska	41	3,032	23,466	7.7	\$795,223
Rhode Island	42	2,793	18,879	6.8	\$649,392
Alaska	43	2,225	15,510	7.0	\$643,692
New Hampshire	44	2,133	17,691	8.3	\$849,701
Montana	45	1,443	10,166	7.0	\$363,916
Wyoming	46	1,409	7,608	5.4	\$285,534
Maine	47	1,291	12,696	9.8	\$502,634
West Virginia	48	1,266	12,690	10.0	\$463,172
South Dakota	49	916	7,428	8.1	\$217,302
North Dakota	50	914	7,172	7.8	\$345,257
Vermont	51	614	3,909	6.4	\$151,905

Table 8 lists the ranking of the top 50 Metropolitan Statistical Areas (MSA) by number of Minority-owned businesses and provides total employment data by MSA for minority-owned businesses.

The New York metro area continues to lead the nation with the highest number of minority-owned businesses in a metropolitan area: 133,420. It is followed by Los Angeles, 129,167; Miami-Fort Lauderdale, 77,301; Houston, 45,777; Chicago, 44,983. Compared to 2018, the top five MSAs remain the same, though their rankings have shifted slightly, with Chicago moving up to fourth place and Houston slipping to fifth.

Table 8 Ranking of top 50 MSAs by number of Minority-owned Businesses, 2022³⁰

Metropolitan statistical area	Ranking of MSA	Number of minority-owned businesses	Number of employees in minority-owned businesses
New York-Newark-Jersey City, NY-NJ Metro Area	1	133,420	899,915
Los Angeles-Long Beach-Anaheim, CA Metro Area	2	129,167	951,662
Miami-Fort Lauderdale-West Palm Beach, FL Metro Area	3	77,301	451,609
Houston-Pasadena-The Woodlands, TX Metro Area	4	45,777	415,731
Chicago-Naperville-Elgin, IL-IN Metro Area	5	44,983	326,224
Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area	6	42,294	412,135
Dallas-Fort Worth-Arlington, TX Metro Area	7	42,063	383,267
San Francisco-Oakland-Fremont, CA Metro Area	8	39,830	352,097
Atlanta-Sandy Springs-Roswell, GA Metro Area	9	38,954	280,055
Riverside-San Bernardino-Ontario, CA Metro Area	10	28,369	208,244
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metro Area	11	23,510	180,837
San Diego-Chula Vista-Carlsbad, CA Metro Area	12	21,233	157,649
Seattle-Tacoma-Bellevue, WA Metro Area	13	20,409	150,361
Orlando-Kissimmee-Sanford, FL Metro Area	14	19,141	105,238
San Jose-Sunnyvale-Santa Clara, CA Metro Area	15	18,322	171,991
Boston-Cambridge-Newton, MA-NH Metro Area	16	15,505	155,114
Phoenix-Mesa-Chandler, AZ Metro Area	17	15,480	143,414
Tampa-St. Petersburg-Clearwater, FL Metro Area	18	15,364	104,935
Sacramento-Roseville-Folsom, CA Metro Area	19	12,540	111,701
Baltimore-Columbia-Towson, MD Metro Area	20	12,516	93,698
San Antonio-New Braunfels, TX Metro Area	21	12,443	118,122
Denver-Aurora-Centennial, CO Metro Area	22	12,309	97,209
Las Vegas-Henderson-North Las Vegas, NV Metro Area	23	12,021	122,799
Austin-Round Rock-San Marcos, TX Metro Area	24	11,942	93,035
Charlotte-Concord-Gastonia, NC-SC Metro Area	25	10,386	75,423
Detroit-Warren-Dearborn, MI Metro Area	26	9,944	144,504
Portland-Vancouver-Hillsboro, OR-WA Metro Area	27	9,755	71,998
Urban Honolulu, HI Metro Area	28	9,624	86,236
Minneapolis-St. Paul-Bloomington, MN-WI Metro Area	29	8,798	96,493
St. Louis, MO-IL Metro Area	30	7,410	67,170

Metropolitan statistical area	Ranking of MSA	Number of minority-owned businesses	Number of employees in minority-owned businesses
El Paso, TX Metro Area	31	7,138	74,525
McAllen-Edinburg-Mission, TX Metro Area	32	6,845	95,466
Virginia Beach-Chesapeake-Norfolk, VA-NC Metro Area	33	6,787	51,040
Fresno, CA Metro Area	34	6,279	65,448
Jacksonville, FL Metro Area	35	6,264	48,451
Raleigh-Cary, NC Metro Area	36	5,664	51,537
Oxnard-Thousand Oaks-Ventura, CA Metro Area	37	5,474	41,108
Indianapolis-Carmel-Greenwood, IN Metro Area	38	5,360	59,160
Kansas City, MO-KS Metro Area	39	5,260	44,896
Richmond, VA Metro Area	40	5,231	42,843
Oklahoma City, OK Metro Area	41	4,995	39,526
Stockton-Lodi, CA Metro Area	42	4,630	33,921
Albuquerque, NM Metro Area	43	4,604	45,615
Nashville-Davidson--Murfreesboro--Franklin, TN Metro Area	44	4,516	42,724
Milwaukee-Waukesha, WI Metro Area	45	4,419	38,566
Salt Lake City-Murray, UT Metro Area	46	4,035	37,895
Bridgeport-Stamford-Danbury, CT Metro Area	47	3,954	31,447
Pittsburgh, PA Metro Area	48	3,881	35,787
Bakersfield-Delano, CA Metro Area	49	3,881	34,976
Cincinnati, OH-KY-IN Metro Area	50	3,871	32,649

Table 9 provides the top five metropolitan areas in terms of number of minority-owned businesses, organized as Asian-, Black-, and Hispanic-owned businesses. The New York-New Jersey metropolitan area has the most Asian-owned businesses at 82,512, followed by the Los Angeles-Long Beach-Anaheim metro area, with 81,544 businesses.

The top metropolitan areas for businesses owned by Blacks are New York-New Jersey with 16,199 and Atlanta-Sandy Springs-Roswell with 13,766. The Miami-Fort Lauderdale-West Palm Beach metropolitan area has the most Hispanic-owned businesses at 59,453 followed by the Los Angeles-Long Beach-Anaheim MSA at 39,201.

Table 9 Top Five MSAs for Minorities by Race/ Ethnicity, 2022³⁰

Asian-owned businesses: Top five metropolitan statistical areas	Number of businesses	Employment in businesses
New York-Newark-Jersey City, NY-NJ Metro Area	82,512	610,909
Los Angeles-Long Beach-Anaheim, CA Metro Area	81,544	559,919
San Francisco-Oakland-Fremont, CA Metro Area	28,202	255,089
Houston-Pasadena-The Woodlands, TX Metro Area	24,296	204,933
Dallas-Fort Worth-Arlington, TX Metro Area	23,004	207,591

Black-owned businesses: Top five metropolitan statistical areas	Number of businesses	Employment in businesses
New York-Newark-Jersey City, NY-NJ Metro Area	16,199	90,362
Atlanta-Sandy Springs-Roswell, GA Metro Area	13,766	90,802
Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area	10,486	120,016
Miami-Fort Lauderdale-West Palm Beach, FL Metro Area	9,161	43,718
Los Angeles-Long Beach-Anaheim, CA Metro Area	8,197	59,356

Hispanic-owned businesses: Top five metropolitan statistical areas	Number of businesses	Employment in businesses
Miami-Fort Lauderdale-West Palm Beach, FL Metro Area	59,453	341,087
Los Angeles-Long Beach-Anaheim, CA Metro Area	39,201	319,051
New York-Newark-Jersey City, NY-NJ Metro Area	38,487	209,908
Chicago-Naperville-Elgin, IL-IN Metro Area	17,128	101,547
Houston-Pasadena-The Woodlands, TX Metro Area	14,968	136,690

Minority business size and industry growth trends

The capacity of minority businesses is one of the most frequently discussed issues among corporations interested in diversifying their supply chain. Global market forces have compelled businesses to make radical adjustments to their supply chain sourcing. These changes include reducing the number of suppliers and requiring each to have greater size, flexibility, and responsiveness. Additionally, supplier inclusion is top of mind at corporations and the benefits that come along with it continue. These new market conditions demand that information be available on the number of minority businesses available to engage in specific sourcing plans, including their capacity and the size of sourcing opportunities they can provide.

A business' capacity is reflected in its employment size and revenue generated in a period of time. This information allows purchasers and sourcing officers to determine the number of sourcing/contracting capabilities of the business. The report analyzes this readily available information.

This section uses the ABS to determine the number of minority businesses in the United States that operate within specific thresholds of employment capacity. The thresholds follow.

Data by employment size of business are presented by the following employment size categories:

- All businesses
- Businesses with no employees
- Businesses with 1 to 4 employees
- Businesses with 5 to 9 employees
- Businesses with 10 to 19 employees
- Businesses with 20 to 49 employees
- Businesses with 50 to 99 employees
- Businesses with 100 to 249 employees
- Businesses with 250 to 499 employees
- Businesses with 500 or more employees

Businesses are distributed across these categories by minority status, race and ethnicity. The examination includes the total number of businesses operating within each range, the total employment capacity of businesses in each category, the total revenue of businesses in each category, the average revenue of the businesses in each category and the average employment size. In addition, the trend rate of growth of businesses in each category is examined using the timeframe of 2018 - 2022.

The second half of this section focuses on the industry characteristics of minority-owned businesses. It examines how businesses are distributed among key industries in the economy, and the examination includes the number and percentage distribution of businesses across industries, the total employment and percentage distribution of employment across industries. Trend rates of growth are examined for each outcome. Finally, the section examines the average employment and average revenue of businesses in each industry.

Characteristics of minority-owned businesses by size

This section provides information on the size distribution of employer-based businesses broken down by race, gender, and ethnicity. It shows that of the 1,326,462 minority businesses, more than 142,447 had no employees at the time of the ABS survey. The survey sample includes employer-based businesses, where employees are defined as full-time workers other than the owner. Many small businesses have fluctuating employment, so it is likely that businesses with no employees had reduced their employment size at the time the survey was conducted.

Among minority businesses, 55.2 percent had between one and four employees. (Table 10: Number of Businesses by Size of Employment 2022) Similar percentages for all other groups included White (52.2 percent), Black (57.1 percent), Hispanic (57.5 percent) and Asian (53.3 percent). In terms of revenue (Table 11: Number of Businesses by Revenue Size), minority businesses had 0.7 percent of firms in the smallest category (Businesses with sales/receipts of less than \$5,000). Similar percentage of white-owned businesses were present in the smallest category (0.6 percent). This means that all groups had roughly similar percentage distribution of businesses in the smallest category. These figures dispel the notion that there is a statistically significant difference in the percentage of minority businesses that are small and large in comparison to non-minority-owned businesses.

A similar group share is recognized in size distribution categories. This is the first and one of the most important outcomes to emphasize. For example, consider businesses with 10 to 19 employees. Minorities have 132,128 of all minority-owned businesses, or 10.0 percent of all businesses owned by minorities. By comparison, whites own 505,622 businesses in this category, but that amount is 10.6 percent of all businesses owned by whites. The comparable percentage for Black-owned businesses is 8.1 percent, for Hispanics-owned businesses 8.8 percent and for Asian-owned businesses is 11.2 percent.

Next, consider larger size distributions of businesses with 250 to 499 employees. Among minority groups, there were 1,714 such businesses, representing 0.1 percent of all minority-owned businesses. White business owners had 12,476 businesses in this category; they represented 0.3 percent of all white-owned businesses. The corresponding figure for Black-owned businesses was 0.1 percent, for Hispanic-owned businesses was 0.1 percent and for Asian-owned businesses was 0.1 percent. Finally, note that the largest category, businesses with 500 or more employees, has an identical percentage distribution for each group, 0.1 percent, except for white-owned businesses (0.2 percent).

In the largest category by revenue (Businesses with sales/receipts of \$1,000,000 or more), minority-owned businesses represented 26.0 percent of the total, closely trailing white-owned businesses at 30.8 percent.

The implication of this finding is that the small number of minority businesses at the largest end of the size distribution is not caused by the fact that minority businesses are unable to scale and grow large. The data indicates that identical percentages of minority- and white-owned businesses are large and small. Therefore, the real problem is not that there are so many small minority businesses, but there are too few minority businesses overall. The data show that if there were more minority businesses, they would be spread across the size distribution spectrum in percentages comparable to those for white-owned businesses. It is important to note that within each size distribution, minority businesses do tend to be smaller than white-owned businesses. Nevertheless, existing minority businesses have gained scale, however there are not enough of them.

Table 10: Number of Businesses by Size of Employment 2022^{30, 31}

Business employment size	White-owned		Minority-owned		Asian-owned	
	Number of Businesses	Percent of total	Number of Businesses	Percent of total	Number of Businesses	Percent of total
All businesses	4,766,289	100.0%	1,326,462	100.0%	650,681	100.0%
Businesses with no employees	488,682	10.3%	142,447	10.7%	61,168	9.4%
Businesses with 1 to 4 employees	2,489,090	52.2%	732,218	55.2%	346,660	53.3%
Businesses with 5 to 9 employees	783,811	16.4%	225,807	17.0%	123,525	19.0%
Businesses with 10 to 19 employees	505,622	10.6%	132,128	10.0%	73,085	11.2%
Businesses with 20 to 49 employees	328,609	6.9%	68,522	5.2%	34,873	5.4%

Businesses with 50 to 99 employees	99,896	2.1%	15,936	1.2%	7,060	1.1%
Businesses with 100 to 249 employees	49,327	1.0%	6,689	0.5%	3,064	0.5%
Businesses with 250 to 499 employees	12,476	0.3%	1,714	0.1%	759	0.1%
Businesses with 500 employees or more	8,776	0.2%	1,001	0.1%	487	0.1%

Business employment size, continued	Black-owned		Hispanic-owned	
	Number of Businesses	Percent of total	Number of Businesses	Percent of total
All businesses	194,587	100.0%	465,201	100.0%
Businesses with no employees	26,074	13.4%	53,959	11.6%
Businesses with 1 to 4 employees	111,085	57.1%	267,642	57.5%
Businesses with 5 to 9 employees	26,894	13.8%	71,822	15.4%
Businesses with 10 to 19 employees	15,831	8.1%	41,036	8.8%
Businesses with 20 to 49 employees	9,759	5.0%	22,429	4.8%
Businesses with 50 to 99 employees	3,246	1.7%	5,219	1.1%
Businesses with 100 to 249 employees	1,261	0.6%	2,130	0.5%
Businesses with 250 to 499 employees	270	0.1%	623	0.1%
Businesses with 500 employees or more	167	0.1%	341	0.1%



Table 11: Number of Businesses by Revenue Size 2022³⁰

Business revenue size	White-owned		Minority-owned		Asian-owned	
	Number of Businesses	Percent of total	Number of Businesses	Percent of total	Number of Businesses	Percent of total
All businesses	4,766,289	100.0%	1,326,463	100.0%	650,682	100.0%
Businesses with sales/receipts of less than \$5,000	30,780	0.6%	9,759	0.7%	2,684	0.4%
Businesses with sales/receipts of \$5,000 to \$9,999	30,304	0.6%	10,325	0.8%	2,834	0.4%
Businesses with sales/receipts of \$10,000 to \$24,999	90,572	1.9%	31,136	2.3%	11,130	1.7%
Businesses with sales/receipts of \$25,000 to \$49,999	223,364	4.7%	61,837	4.7%	21,287	3.3%
Businesses with sales/receipts of \$50,000 to \$99,999	391,262	8.2%	114,184	8.6%	45,884	7.1%
Businesses with sales/receipts of \$100,000 to \$249,999	925,584	19.4%	273,721	20.6%	121,894	18.7%
Businesses with sales/receipts of \$250,000 to \$499,999	829,778	17.4%	247,434	18.7%	124,417	19.1%
Businesses with sales/receipts of \$500,000 to \$999,999	776,287	16.3%	233,309	17.6%	125,213	19.2%
Businesses with sales/receipts of \$1,000,000 or more	1,468,358	30.8%	344,758	26.0%	195,339	30.0%

Business revenue size, continued	Black-owned		Hispanic-owned	
	Number of Businesses	Percent of total	Number of Businesses	Percent of total
All businesses	194,585	100.0%	465,203	100.0%
Businesses with sales/receipts of less than \$5,000	4,247	2.2%	2,811	0.6%
Businesses with sales/receipts of \$5,000 to \$9,999	4,329	2.2%	3,132	0.7%
Businesses with sales/receipts of \$10,000 to \$24,999	10,023	5.2%	9,977	2.1%
Businesses with sales/receipts of \$25,000 to \$49,999	13,026	6.7%	26,509	5.7%
Businesses with sales/receipts of \$50,000 to \$99,999	21,835	11.2%	45,901	9.9%
Businesses with sales/receipts of \$100,000 to \$249,999	43,989	22.6%	105,668	22.7%
Businesses with sales/receipts of \$250,000 to \$499,999	35,032	18.0%	84,946	18.3%
Businesses with sales/receipts of \$500,000 to \$999,999	27,499	14.1%	77,590	16.7%
Businesses with sales/receipts of \$1,000,000 or more	34,605	17.8%	108,669	23.4%

Next, the growth in the number of minority businesses in different size distributions. This section examines the growth trends of minority and white businesses occurring across the size-distribution scale. Table 12: Growth in Business Number, 2018 - 2022, by Employment Size of Businesses shows that for white-owned businesses, businesses with 500

employees or more, businesses with 1 to 4 employees and businesses with 50 to 99 employees are growing the fastest.

Between 2018 and 2022, minority-owned businesses experienced significant growth across nearly all employment size categories, with an overall business growth rate of 26.5 percent, compared to a -0.1 percent decline in white-owned businesses. This expansion was especially pronounced among Black-owned (56.2 percent) and Hispanic-owned (40.3 percent) businesses, highlighting strong entrepreneurial activity and recovery in these communities.

The largest gains were concentrated in smaller businesses. Businesses with 1 to 4 employees saw the highest growth across all categories, particularly for Black-owned (67.5 percent), Hispanic-owned (51.6 percent), and minority-owned businesses overall (35.0 percent). Notably, even as white-owned businesses experienced growth in this category (4.8 percent), the rate was significantly lower than among minority groups.

Businesses with 5 to 9 employees also recorded substantial increases, led again by Black-owned (40.8 percent) and Hispanic-owned (35.0 percent) businesses, with minority-owned businesses overall growing 21.7 percent in this size range.

At the other end of the spectrum, businesses with no employees shrank significantly among white-owned businesses (-21.3 percent) but grew among Black-owned (53.0 percent) and Hispanic-owned (33.4 percent) businesses.

Growth was more mixed in the mid-sized and larger business categories. For businesses with 250 to 499 employees, Hispanic-owned businesses led with a 48.3 percent increase, while Black-owned businesses declined by -12.9 percent. Similarly, in the 100 to 249 employee category, Black-owned businesses grew 44.3 percent, in contrast to a slight decline (-0.1 percent) among white-owned businesses.

Only among businesses with 50 to 99 employees did most groups see stagnation or decline: Asian-owned (-3.5 percent) and Hispanic-owned (-2.9 percent) businesses experienced contraction, while Black-owned businesses posted a modest 23.8 percent increase.

Table 12 Growth in Business Number, 2018 - 2022, by Employment Size^{30, 31}

Business employment size	White-owned	Minority-owned	Asian-owned	Black-owned	Hispanic-owned
All businesses	-0.1%	26.5%	12.6%	56.2%	40.3%
Businesses with no employees	-21.3%	17.0%	-2.2%	53.0%	33.4%
Businesses with 1 to 4 employees	4.8%	35.0%	18.3%	67.5%	51.6%
Businesses with 5 to 9 employees	0.2%	21.7%	11.5%	40.8%	35.0%
Businesses with 10 to 19 employees	1.0%	16.9%	10.7%	34.9%	21.6%
Businesses with 20 to 49 employees	0.6%	11.8%	0.9%	52.2%	17.0%
Businesses with 50 to 99 employees	4.7%	2.1%	-3.5%	23.8%	-2.9%
Businesses with 100 to 249 employees	-0.1%	8.1%	18.0%	44.3%	-12.1%
Businesses with 250 to 499 employees	2.2%	29.0%	32.5%	-12.9%	48.3%
Businesses with 500 employees or more	13.1%	8.9%	5.4%	26.5%	10.4%

Revenue of minority-owned businesses by employment size

Digging deeper into the issue discussed above by examining the revenue of minority-owned businesses of various size categories. Table 13: Revenue of Minority Businesses by Employment Size of Business shows that minority businesses collectively generated \$2.1 trillion in revenue in 2022. This is where there's a dissimilarity between white-owned and minority-owned businesses, particularly at the highest end of the size-distribution scale. Businesses with 500 or more employees represented 8.7 percent of total revenue of minority businesses, but 23.8 percent of total revenue of white-owned businesses. For Asian-owned businesses the comparable percentage was 10.1 percent, for Black-owned businesses it was 17.1 percent and for Hispanic-owned businesses it was 9.5 percent.

Table 13 Revenue of Minority Businesses by Employment Size of Business 2022^{30, 31}

Business employment size	White-owned		Minority-owned		Asian-owned	
	Revenue (\$000)	Percent of total	Revenue (\$000)	Percent of total	Revenue (\$000)	Percent of total
All businesses	\$16,397,415,359	100.0%	\$2,123,688,311	100.0%	\$1,192,953,911	100.0%
Businesses with no employees	\$186,413,423	1.1%	\$50,367,730	2.4%	\$25,952,900	2.2%
Businesses with 1 to 4 employees	\$1,287,176,405	7.8%	\$379,039,533	17.8%	\$217,871,928	18.3%
Businesses with 5 to 9 employees	\$1,258,066,803	7.7%	\$316,316,042	14.9%	\$187,941,755	15.8%
Businesses with 10 to 19 employees	\$1,589,172,569	9.7%	\$316,902,239	14.9%	\$183,724,591	15.4%
Businesses with 20 to 49 employees	\$2,495,991,810	15.2%	\$349,223,044	16.4%	\$188,401,682	15.8%
Businesses with 50 to 99 employees	\$1,972,658,755	12.0%	\$200,756,424	9.5%	\$101,744,938	8.5%
Businesses with 100 to 249 employees	\$2,264,405,503	13.8%	\$188,635,188	8.9%	\$102,989,669	8.6%
Businesses with 250 to 499 employees	\$1,437,075,604	8.8%	\$136,843,412	6.4%	\$64,251,071	5.4%
Businesses with 500 employees or more	\$3,906,454,487	23.8%	\$185,604,699	8.7%	\$120,075,377	10.1%

Business employment size, continued	Black-owned		Hispanic-owned	
	Revenue (\$000)	Percent of total	Revenue (\$000)	Percent of total
All businesses	\$211,847,969	100.0%	\$653,467,995	100.0%
Businesses with no employees	\$6,218,226	17.1%	\$17,416,358	2.7%
Businesses with 1 to 4 employees	\$36,141,908	12.2%	\$120,368,628	18.4%
Businesses with 5 to 9 employees	\$25,942,751	12.8%	\$96,461,265	14.8%
Businesses with 10 to 19 employees	\$27,099,885	16.0%	\$100,115,597	15.3%
Businesses with 20 to 49 employees	\$33,949,167	11.6%	\$117,192,179	17.9%
Businesses with 50 to 99 employees	\$24,671,141	12.6%	\$66,680,532	10.2%

Businesses with 100 to 249 employees	\$26,621,128	4.7%	\$52,449,749	8.0%
Businesses with 250 to 499 employees	\$9,940,209	10.0%	\$41,885,320	6.4%
Businesses with 500 employees or more	\$21,263,554	17.1%	\$40,898,367	6.3%

Revenue for minority-owned businesses was relatively concentrated among small and mid-sized businesses.

Businesses with 1 to 4 employees accounted for 17.8 percent of total minority-owned business revenue, compared to just 7.8 percent among white-owned businesses. This trend underscores the smaller average business size and scale of minority enterprises.

Among businesses with 5 to 19 employees, minority-owned businesses generated nearly \$633 billion, or 30 percent of all minority business revenue, further emphasizing their reliance on lower employment brackets. In contrast, white-owned businesses generated more than \$2.8 trillion in the same employment categories but at a much smaller percentage weights, signaling broader diversification across larger business sizes.

At the higher end of the employment spectrum, only 8.7 percent of minority business revenue came from businesses with 500 or more employees, compared to 23.8 percent for white-owned businesses. This stark contrast reflects the persistent scale limitations facing minority businesses in accessing high-value contracts, capital, and growth opportunities.

Table 14: Revenue Growth by Employment Size of Businesses, 2018 - 2022 provides information on the rate at which business revenue is increasing or decreasing in various employment sizes. Between 2018 and 2022, minority-owned businesses experienced robust revenue growth across most employment size categories, with an overall revenue increase of 43.3 percent—well above the 23.3 percent growth reported by white-owned businesses. This strong performance reflects an encouraging trend in minority entrepreneurship, though disparities by business size remain. The most substantial gains were concentrated among small- and mid-sized minority-owned businesses. Businesses with 1 to 4 employees recorded a 50.8 percent increase in revenue, with Black-owned businesses seeing 66.8 percent increase and Hispanic-owned businesses seeing 68.7 percent increase in revenue. Businesses with 5 to 9 employees posted even stronger growth, with minority businesses overall increasing by 64.7 percent, and Hispanic-owned businesses seeing a growth in revenue of 85.5 percent. Growth among businesses with 10 to 19 employees was also strong, with Black-owned businesses up 69.7 percent and minority-owned businesses overall growing 57.8 percent. Minority-owned businesses with 100 to 249 employees saw a 9.8 percent increase overall, while Black-owned businesses surged by 87.3 percent, significantly outpacing white-owned counterparts (4.3 percent). Hispanic-owned businesses in this category experienced a -12.2 percent decline. Businesses with 250 to 499 employees reported the highest growth among Hispanic-owned businesses at 148.3 percent, compared to 119.6 percent for minority-owned businesses overall. Among the largest businesses—those with 500 or more employees—Asian-owned businesses recorded the highest revenue growth at 46.1 percent, while Black-owned businesses followed closely at 79.9 percent. In contrast, Hispanic-owned businesses in this size range grew only 7.6 percent.

Table 14: Revenue Growth by Employment Size of Businesses, 2018 - 2022^{30, 31}

Business Employment Size	White-owned	Minority-owned	Asian-owned	Black-owned	Hispanic-owned
All businesses	23.3%	43.3%	38.2%	65.5%	43.4%
Businesses with no employees	-29.1%	-10.0%	-18.9%	6.1%	4.0%
Businesses with 1 to 4 employees	24.2%	50.8%	40.8%	66.8%	68.7%
Businesses with 5 to 9 employees	41.4%	64.7%	54.7%	71.8%	85.5%
Businesses with 10 to 19 employees	33.8%	57.8%	55.7%	69.7%	58.6%
Businesses with 20 to 49 employees	23.6%	39.7%	32.1%	65.9%	46.0%
Businesses with 50 to 99 employees	14.8%	23.9%	20.6%	53.5%	15.8%
Businesses with 100 to 249 employees	4.3%	9.8%	12.8%	87.3%	-12.2%
Businesses with 250 to 499 employees	17.9%	119.6%	75.2%	45.3%	148.3%
Businesses with 500 employees or more	39.6%	37.0%	46.1%	79.9%	7.6%

Finally, Table 15: Average Revenue and Employment by Employment Size, 2022 provides information on the average revenue and employment in each size distribution. In 2022, minority-owned businesses generated lower average revenue and supported smaller workforces compared to white-owned businesses across most business sizes.

The average revenue for all white-owned businesses was \$3.44 million with an average employment size of 12.5, compared to \$1.6 million and 8.1 workers for minority-owned businesses overall. Asian-owned businesses reported the average revenue of \$1.83 million and average employment of 8.3, narrowing the gap with white-owned businesses. Black-owned businesses had the average revenue of \$1.09 million and average employment of 8.4, despite significant business formation and employment growth in recent years. Hispanic-owned businesses averaged \$1.41 million in revenue and employed 7.6 workers per business. Among businesses with 500 or more employees, white-owned businesses had average revenues of \$445 million and average employment of 1,646 workers. In comparison, minority-owned businesses in the same size bracket generated \$185 million in revenue with 1,392 employees on average—a 58 percent lower revenue per business compared to white-owned businesses.

Overall, the data reflects a persistent structural gap between white-owned and minority-owned businesses in terms of both revenue generation and employment capacity, especially at larger business sizes. While some parity is visible among the smallest businesses, challenges in scaling and sustaining high-growth enterprises remain a major obstacle for minority business owners.



Table 15: Average Revenue and Employment by Employment Size, 2022³⁰

Business Employment Size	White-owned		Minority-owned		Asian-owned	
	Average Revenue (\$000)	Average Employment	Average Revenue (\$000)	Average Employment	Average Revenue (\$000)	Average Employment
All businesses	\$3,440	12.5	\$1,601	8.1	\$1,833	8.3
Businesses with no employees	\$381	-	\$354	-	\$424	-
Businesses with 1 to 4 employees	\$517	2.0	\$518	2.0	\$628	2.1
Businesses with 5 to 9 employees	\$1,605	6.6	\$1,401	6.6	\$1,521	6.6
Businesses with 10 to 19 employees	\$3,143	13.4	\$2,398	13.4	\$2,514	13.3
Businesses with 20 to 49 employees	\$7,596	30.0	\$5,097	29.2	\$5,403	28.9
Businesses with 50 to 99 employees	\$19,747	68.5	\$12,598	68.0	\$14,411	67.6
Businesses with 100 to 249 employees	\$45,906	148.4	\$28,201	145.8	\$33,613	146.0
Businesses with 250 to 499 employees	\$115,187	347.1	\$79,839	352.3	\$84,652	354.2
Businesses with 500 employees or more	\$445,129	1646.6	\$185,419	1392.4	\$246,561	1342.2

Business Employment Size, continued	Black-owned		Hispanic-owned	
	Average Revenue (\$000)	Average Employment	Average Revenue (\$000)	Average Employment
All businesses	\$1,089	8.4	\$1,405	7.6
Businesses with no employees	\$238	-	\$323	-
Businesses with 1 to 4 employees	\$325	1.8	\$450	1.9
Businesses with 5 to 9 employees	\$965	6.6	\$1,343	6.5
Businesses with 10 to 19 employees	\$1,712	13.3	\$2,440	13.4
Businesses with 20 to 49 employees	\$3,479	30.2	\$5,225	29.3
Businesses with 50 to 99 employees	\$7,600	67.3	\$12,776	68.8
Businesses with 100 to 249 employees	\$21,111	149.9	\$24,624	143.0
Businesses with 250 to 499 employees	\$36,816	345.6	\$67,232	350.5
Businesses with 500 employees or more	\$127,327	1427.1	\$119,937	1388.8

Industry characteristics of minority-owned businesses

This section examines the industry characteristics of minority businesses, including the number in each industry, their percent distributions, the growth in the number of businesses in the industry, the total employment in the industry, the average employment of businesses in the industry and the percent change in employment in the industry. This information is provided for minority-owned businesses, white-owned businesses, Asian-owned businesses, Black-owned businesses and Hispanic-owned businesses.

In 2022, minority-owned businesses were distributed across a broad range of industries, with notable concentrations in labor-intensive service sectors. The Accommodation and Food Services industry accounted for the largest share, with 214,704 minority-owned businesses (16.2 percent of the total), employing more than 2.6 million workers.³⁰ However, despite its size, the industry experienced a 2 percent decline in total employment since 2018, highlighting persistent labor market instability in the wake of the pandemic.

The Health Care and Social Assistance sector followed closely, representing 13.6 percent of minority-owned businesses.³⁰ This sector experienced robust growth between 2018 and 2022, with a 22.9 percent increase in business count and a 24.5 percent increase in total employment, reflecting rising demand and expanding services.

Retail Trade, which grew 15.5 percent in business count and accounted for 171,386 businesses and 952,862 employees.³⁰ Professional, Scientific, and Technical Services, which saw a 34.2 percent increase in minority businesses and a 40 percent increase in employment, indicating strong performance in knowledge-based sectors. Construction had one of the largest business growth rates among major sectors at 51.6 percent, adding 122,373 businesses and 664,966 jobs³⁰ suggesting increased participation of minority entrepreneurs in infrastructure and residential development.

Table 16: Industry Characteristics of Minority-Owned Businesses, 2022^{30, 31}

All minorities	Number of business in 2022	Percent of total Minority-owned businesses in 2022	% Change in number of businesses 2018-2022	Total employment 2022	Average employment per business in 2022	% Change in total employment 2018-2022
Accommodation and food services	214,704	16.2%	10.2%	2,653,869	12.4	-2.0%
Health care and social assistance	180,584	13.6%	22.9%	1,775,935	9.8	24.5%
Retail trade	171,386	12.9%	15.5%	952,862	5.6	10.0%
Professional, scientific, and technical services (664)	156,576	11.8%	34.2%	1,033,992	6.6	39.6%
Construction	122,373	9.2%	51.6%	664,966	5.4	35.2%
Other services (except public administration) (663)	116,766	8.8%	22.1%	495,429	4.2	13.6%
Administrative and support and waste management and remediation services	75,454	5.7%	34.9%	1,156,006	15.3	11.9%

All minorities	Number of business in 2022	Percent of total Minority-owned businesses in 2022	% Change in number of businesses 2018-2022	Total employment 2022	Average employment per business in 2022	% Change in total employment 2018-2022
Transportation and warehousing (661)	71,732	5.4%	94.7%	412,254	5.7	80.1%
Wholesale trade	53,850	4.1%	5.6%	396,883	7.4	6.5%
Real estate and rental and leasing	51,277	3.9%	50.5%	144,318	2.8	36.4%
Finance and insurance (662)	33,234	2.5%	29.1%	148,648	4.5	20.4%
Manufacturing	28,596	2.2%	22.5%	402,509	14.1	2.9%
Educational services	16,407	1.2%	28.4%	152,861	9.3	26.6%
Arts, entertainment, and recreation	15,939	1.2%	31.4%	96,964	6.1	27.1%
Information	14,146	1.1%	33.9%	175,916	12.4	81.0%
Management of companies and enterprises	1,519	0.1%	48.9%	58,609	38.6	109.3%
Agriculture, forestry, fishing and hunting (660)	1,422	0.1%	-	26,331	18.5	-
Industries not classified	1,419	0.1%	21.8%	2,264	1.6	-35.4%
Mining, quarrying, and oil and gas extraction	1,245	0.1%	19.8%	14,846	11.9	48.7%
Utilities	434	<0.1%	143.8%	4,086	9.4	166.0%

In 2022, white-owned businesses continued to lead U.S. business ownership across most sectors, with particularly strong presence in professional services, construction, retail, and healthcare. While minority-owned businesses saw faster growth in business formation and employment across several industries, white-owned businesses remained more established, with larger average business size and broader industry distribution. Professional, Scientific, and Technical Services represented the largest share of white-owned businesses (720,942 businesses, 15.1 percent of the total in this category), contributing over 5.5 million jobs with an average business size of 7.7 employees.³⁰ Construction was the second-largest sector for white-owned businesses (716,487 businesses), growing 5.5 percent over the five-year period and employing over 6 million people.³⁰ Retail Trade, traditionally a stronghold for both groups, saw a stark divergence. White-owned retail businesses declined by -7.0 percent, while minority-owned retail businesses increased by 15.5 percent. In capital-intensive sectors, white-owned businesses remain dominant: In Manufacturing, there were 209,205 white-owned businesses with 5.4 million employees compared to 28,596 minority-owned businesses employing just over 400,000.³⁰ Across most industries, white-owned businesses exhibit higher average employment per business and dominate sectors with higher capital requirements and larger revenue potential. In contrast, minority-owned businesses continue to lead in growth rate and new business formation, particularly in service-based industries.

Table 17: Industry Characteristics of White-Owned Businesses, 2022^{30, 31}

All minorities	Number of business in 2022	Percent of total White-owned businesses in 2022	% Change in number of businesses 2018-2022	Total employment 2022	Average employment per business in 2022	% Change in total employment 2018-2022
Professional, scientific, and technical services (664)	720,942	15.1%	0.3%	5,537,987	7.7	16.2%
Construction	716,487	15.0%	5.5%	6,059,254	8.5	7.1%
Retail trade	474,930	10.0%	-7.0%	5,631,664	11.9	-1.7%
Health care and social assistance	451,932	9.5%	-1.5%	6,333,911	14.0	3.3%
Accommodation and food services	379,021	8.0%	2.2%	8,287,833	21.9	-2.5%
Other services (except public administration) (663)	324,237	6.8%	1.7%	2,013,482	6.2	2.9%
Administrative and support and waste management and remediation services	324,053	6.8%	4.0%	6,950,617	21.4	5.7%
Real estate and rental and leasing	309,888	6.5%	9.5%	1,588,677	5.1	19.2%
Wholesale trade	212,930	4.5%	-14.8%	3,177,974	14.9	-0.7%
Manufacturing	209,205	4.4%	-6.2%	5,419,140	25.9	1.3%
Finance and insurance (662)	204,917	4.3%	-2.2%	1,886,308	9.2	17.0%
Transportation and warehousing (661)	183,537	3.9%	9.3%	2,205,542	12.0	9.8%
Arts, entertainment, and recreation	102,467	2.1%	2.4%	1,117,391	10.9	8.4%
Information	69,777	1.5%	6.7%	1,277,042	18.3	26.9%
Educational services	57,668	1.2%	2.9%	684,414	11.9	12.6%
Agriculture, forestry, fishing and hunting (660)	19,598	0.4%	-19.7%	143,559	7.3	-66.4%
Management of companies and enterprises	15,284	0.3%	-4.4%	992,847	65.0	69.4%

All minorities	Number of business in 2022	Percent of total White-owned businesses in 2022	% Change in number of businesses 2018-2022	Total employment 2022	Average employment per business in 2022	% Change in total employment 2018-2022
Mining, quarrying, and oil and gas extraction	14,459	0.3%	-15.4%	253,373	17.5	-0.9%
Industries not classified	4,067	0.1%	-79.9%	6,549	1.6	-91.9%
Utilities	3,686	0.1%	26.4%	60,158	16.3	-1.1%



Spatial analysis of minority business trends

This segment of the report provides information on the spatial location of minority businesses. It analyzes the number of minority businesses located in metropolitan areas and the locations having the fastest growing number of minority businesses.

Business growth at State level

This section focuses on identifying states that experienced the fastest growth in the number of businesses across the United States between 2018 and 2022. Table 18 highlights the top 10 fastest-growing states based on the growth of white-owned businesses.

Table 18: Top 10 Fastest Growing States for White-Owned Businesses in the United States 2022^{30, 31}

State	Number of businesses in 2022	Percent increase in businesses (18 - 22)
Idaho	40,317	13.7%
Utah	67,137	11.0%
Delaware	16,348	8.3%
Arizona	98,910	7.4%
Florida	417,978	6.9%
Nevada	44,401	6.5%
South Carolina	69,908	5.8%
Wyoming	15,885	4.9%
Texas	356,152	4.2%
Montana	29,642	3.8%

Between 2018 and 2022, white-owned businesses experienced the most significant growth in states with expanding populations, strong small business ecosystems, and business-friendly policies. Idaho led all states with a 13.7 percent increase in white-owned businesses, followed by Utah with 11.0 percent and Delaware at 8.3 percent. Western and Southwestern states such as Arizona (7.4 percent), Nevada (6.5 percent), and Montana (3.8 percent) also featured prominently. Among large states, Florida and Texas continued to see steady growth in white-owned businesses, with 6.9 percent and 4.2 percent increases, respectively. The list also includes South Carolina (5.8 percent) and Wyoming (4.9 percent), suggesting widespread gains across both Sunbelt and Mountain West states.

Table 19 examines the growth in the number of minority-owned businesses at the state level. It is similar to Table 17 except that it represents the fastest-growing set of states for minority-owned businesses.

Table 19: Top 10 Fastest Growing States for Minority-Owned Businesses in the United States 2022^{30, 31}

State	Number of businesses in 2022	Percent increase in businesses (18 - 22)
Rhode Island	2,793	64.6%
Utah	7,966	63.7%
Wyoming	1,409	61.6%
Delaware	4,525	59.9%

Nevada	14,883	54.8%
New Hampshire	2,133	47.7%
Nebraska	3,032	46.8%
Minnesota	10,334	45.8%
Indiana	11,766	42.5%
Georgia	52,089	40.9%

From 2018 to 2022, minority-owned businesses expanded rapidly across a diverse range of states, with several posting business growth rates above 50 percent. Rhode Island recorded the fastest growth, with a 64.6 percent increase in minority-owned businesses, followed closely by Utah (63.7 percent) and Wyoming (61.6 percent). These gains reflect emerging ecosystems where minority entrepreneurship has been bolstered by supportive policies, demographic shifts, and regional investment. Delaware (59.9 percent) and Nevada (54.8 percent) also reported substantial increases, demonstrating momentum in both smaller and high-growth western states. Northeastern and Midwestern states such as New Hampshire (47.7 percent), Nebraska (46.8 percent), and Minnesota (45.8 percent) showed strong growth as well, challenging perceptions that minority business expansion is concentrated only in coastal metros. Indiana and Georgia rounded out the list, with 42.5 percent and 40.9 percent growth, respectively. These trends underscore the increasingly national scope of minority business development and the importance of local economic conditions in shaping opportunity.

Several states appear including Utah, Delaware, Nevada, Wyoming, and Arizona witnessed high growth across both white-owned and minority-owned groups. The presence of these states on both lists underscores the role of business-friendly policies, strong infrastructure, and supportive ecosystems that have fostered growth across demographic groups.

SUMMARY OF RESULTS			
Amounts in millions, except per share amounts	Year	Change vs. Prior Year	Change vs. Prior Year
Net sales	\$ 83,052	1%	\$ 82,851
Operating income	15,288	7%	14,130
Net earnings from continuing operations	11,707	4%	11,107
Net earnings from discontinued operations	78	(23%)	161
Net earnings attributable to Company	11,645	3%	11,312
Diluted net earnings per common share	.4	6%	.38
Diluted net earnings per share from continuing operations	3.98	4%	3.83
Core earnings per common share	4.22	5%	4.02

Business growth at the MSA level

The first part of this analysis focuses on identifying metro areas (MSAs) that experienced the fastest growth in the number of businesses across the United States between 2018 and 2022. Specifically, it answers the question: "Which regions saw the most significant business expansion during this period?" Table 20 highlights the top 10 fastest-growing MSAs based on the growth of white-owned businesses, including only those MSAs that had at least 5,000 such businesses in 2018 to avoid distortions caused by low base effects.

Table 20: Top 10 Fastest Growing MSAs for White-Owned Businesses in the United States 2022^{30, 31}

Metropolitan statistical area	Number of businesses in 2022	Percent increase in businesses (18-22)
Bend, OR Metro Area	7,327	37.7%
Crestview-Fort Walton Beach-Destin, FL Metro Area	6,232	23.0%
Boise City, ID Metro Area	16,878	22.2%
Cape Coral-Fort Myers, FL Metro Area	16,496	19.6%
El Paso, TX Metro Area	10,046	18.2%
Reno, NV Metro Area	9,877	17.4%
Austin-Round Rock-San Marcos, TX Metro Area	39,312	16.1%
McAllen-Edinburg-Mission, TX Metro Area	8,767	15.4%
Lakeland-Winter Haven, FL Metro Area	8,626	15.1%
Des Moines-West Des Moines, IA Metro Area	11,587	12.6%

Between 2018 and 2022, several metropolitan statistical areas (MSAs) across the United States experienced notable growth in the number of white-owned businesses. The data highlights a mix of small to mid-sized metros and high-growth regional hubs driving white-owned business formation. Bend, Oregon led the nation with a remarkable 37.7 percent increase in white-owned businesses, reaching 7,327 businesses in 2022. Florida was strongly represented, with three MSAs in the top 10: Crestview-Fort Walton Beach-Destin grew by 23.0 percent, Cape Coral-Fort Myers by 19.6 percent and Lakeland-Winter Haven by 15.1 percent. Large and economically diverse MSAs like Austin-Round Rock-San Marcos, Texas (16.1 percent) and McAllen-Edinburg-Mission, Texas (15.4 percent) also posted strong growth.

Table 21 examines the growth in the number of minority-owned businesses at the MSA level. It is similar to Table 19 except that it represents the fastest-growing set of MSAs for minority-owned businesses that had at least 5,000 such businesses in 2022 to avoid distortions caused by low base effects.

Table 21: Top 10 Fastest Growing MSAs for Minority-Owned Businesses in the United States 2022^{30, 31}

Metropolitan statistical area	Number of businesses in 2022	Percent increase in businesses (18 - 22)
Charlotte-Concord-Gastonia, NC-SC Metro Area	10,386	60.7%
Las Vegas-Henderson-North Las Vegas, NV Metro Area	12,021	59.5%
Austin-Round Rock-San Marcos, TX Metro Area	11,942	48.8%
Minneapolis-St. Paul-Bloomington, MN-WI Metro Area	8,798	47.2%
Orlando-Kissimmee-Sanford, FL Metro Area	19,141	46.9%
Tampa-St. Petersburg-Clearwater, FL Metro Area	15,364	45.3%
Phoenix-Mesa-Chandler, AZ Metro Area	15,480	43.6%
Atlanta-Sandy Springs-Roswell, GA Metro Area	38,954	43.0%
El Paso, TX Metro Area	7,138	38.3%

Between 2018 and 2022, minority-owned businesses grew rapidly across a range of U.S. metropolitan areas, with several MSAs reporting business growth well above national averages. Leading all MSAs was the Charlotte-Concord-Gastonia, North Carolina-South Carolina Metro Area, where minority-owned businesses grew by 60.7 percent over the five-year period. Close behind was the Las Vegas-Henderson-North Las Vegas, Nevada Metro Area, with 59.5 percent growth, and Austin-Round Rock-San Marcos, Texas, which saw a 48.8 percent increase. Several large, demographically diverse metros also showed strong growth: Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin grew by 47.2 percent, Orlando-Kissimmee-Sanford, Florida by 46.9 percent and Tampa-St. Petersburg-Clearwater, Florida by 45.3 percent, indicating robust expansion of minority entrepreneurship in both established and emerging urban markets. MSAs such as Austin-Round Rock-San Marcos, Texas, El Paso, Texas; saw high growth across white-owned and minority-owned businesses business-friendly environments, regional investment and support for entrepreneurship across all demographic groups.

Economic impact of MBE supplier inclusion: a case study

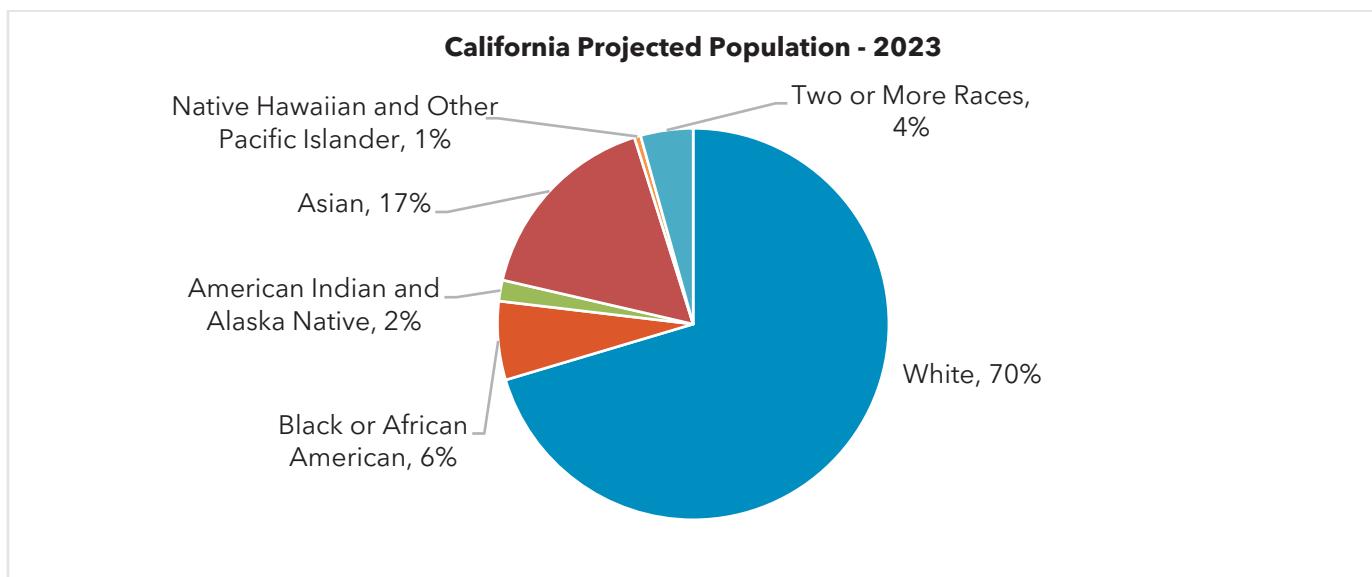
This section reviews the impact of one of the most successful supplier diversity programs in the country based out of California. The list of companies participating in the California Public Utilities Commission's Supplier Diversity Program is AT&T, California Water Service, Charter Communications, Comcast California, Frontier Communications, Lumen Technologies Inc., Pacific Gas & Electric, San Diego Gas & Electric, Southern California Edison, SoCalGas, T-Mobile, Verizon, Bear Valley Electric, Cal-Am Water, Golden State Water, Great Oaks Water, Liberty CalPeco, Lodi Storage, PacifiCorp, Park & Apple Valley Water, San Gabriel Valley Water, San Jose Water, Southwest Gas, Suburban Water, TelePacific, Trans Bay Cable, Wild Goose Storage. The section conducts an analysis using the IMPLAN model to examine the economic and job impact of the companies' diversity spending in California during 2023.

It is informative for policymakers to analyze how investment in supplier programs can affect jobs and economic development in target communities. The spend data, in combination with results from the IMPLAN model, helps to evaluate the diversity spending of 27 utility and wireless companies, creating new jobs and new economic output in the state of California in the year 2023. The report also presents industry-wide spend multipliers to demonstrate value creation by supplier inclusion spending in Georgia for the year 2023.

As demographics in the United States evolve, the United States Census Bureau predicts minorities will constitute more than 50 percent of the population by the year 2045. According to the Census Bureau's estimates for 2023, there are 334.9 million residents with a growth rate of 0.5 percent compared to 2022. The preceding sections of this report illustrate how minority-owned businesses are increasing as fast as the minority population, albeit starting at a much lower baseline due to centuries of racial discrimination and restricted opportunities.⁴³

Responding to the changing demographics of the population is a driving force behind the aggressive supplier-diversity initiative in California. As per the United States Census Bureau, in 2023 California's population consists of 70 percent of state residents are White, 17 percent are Asian, 6 percent are Black or African America, 4 percent are Two or more races, 2 percent are American Indian and Alaska Native and fewer than one percent are Native American and Other Pacific Islander.⁴³ People of Hispanic origin span multiple racial groups and make up approximately 40% of California's population.

Figure 6 California Population distribution 2023⁴³



As these communities of color grow, the customer base of the state's energy, water and telecommunications companies becomes increasingly diverse. Corporation's investment in MBEs affects the success of the larger economy and the financial health of their customer base. California's energy, telecommunications and water companies remain at the forefront of supplier program achievements, with a "class average" well above their peers nationwide. Further, investments in minority communities create jobs and economic development in those communities, as minority

businesses are more likely to locate in and employ workers from minority communities. As a result, they make a greater contribution to local economic development.

According to the 2024 State of Supplier Diversity Report from supplier.io, supplier diversity leaders are increasingly focused on engaging with business unit leaders and identifying strategic opportunities to create value. Brands are positively impacted when both companies and consumers spend their dollars in alignment with their values. Supply chain competitiveness comes from more local, small, diverse, and nimble suppliers. These insights reinforce the growing recognition that Minority Business Enterprises (MBEs) are not just inclusion goals, but essential components of a modern, high-performing supply chain.⁴²



Measuring the Impact of MBE Supplier Inclusion on Jobs and Output: Demystifying the Process

The economic models help explain the impact of corporate sourcing to suppliers on jobs creation and economic output. The total economic impact is the cumulative effect of numerous rounds of spending set in motion by the original sourcing outlay to suppliers. Each award sets secondary expenditures in motion as tier-1 and tier-2 suppliers buy goods and services from other suppliers, hire subcontractors, pay workers, and make other B2B transactions. As suppliers, subcontractors, businesses, and workers spend their income on other goods and services, new rounds of spending occur. The cumulative outcome of these successive rounds of spending is the total economic impact.

The extent of successive rounds of spending recirculated within the state or leaked out to other areas determines the state-level economic impact of diversity sourcing. A leakage occurs when households and businesses make purchases from businesses outside their state's economy, for example, a supplier hires non-state subcontractors or buys supplies from non-state businesses, or a household buys goods from vendors outside the state. Statewide economic impacts are influenced by patterns of consumer spending, characteristics of businesses in the state's economy, the nature and location of the businesses in the supply chain, and the kinds of products and services required by the procurement. The IMPLAN model helps capture the dynamics of these processes.

The IMPLAN is an input-output modeling system that uses annual regional data to map buy-sell relationships in order to estimate specific economic changes impacting the target regional economy. It was created through a joint effort of the United States Department of Agriculture's Forest Service and the Federal Emergency Management Agency (FEMA). IMPLAN was used by the United States Department of Agriculture's Natural Resources Conservation Service to estimate the number of jobs created by the Fiscal Stimulus Act of 2009.

The IMPLAN model is based on a 440-sector social accounting table and input-output matrix. The model replicates industry supply chain linkages and patterns of household expenditures in each user-defined geographic location. It then traces how expenditure on goods and services in one sector of the economy creates demand for commodities and services in other sectors. The linkages are expressed numerically as multipliers.

Several multipliers are produced by IMPLAN, which includes multipliers for estimating the impact of an initial dollar spent affecting final demand (total output), employment (jobs), wages (household income), value added (new value created at each stage of production), small business revenue (proprietor's income) and tax receipts (county and state tax revenues). This study applied the IMPLAN model to the data reported on the 2023 California supplier-diversity spend initiatives in energy, telecommunications, and water industries.

Model Results

The state of California created a landmark supplier program to overcome the difficulties that diverse small businesses often face in obtaining contracting opportunities with major corporations. The California Public Utilities Commission recognizes the economic significance of supplier diversity in California's regulated utilities market and promotes its expansion through GO 156. GO 156 was enacted in 1988 pursuant to Public Utilities Code Sections 8281-8286, which requires the state's largest regulated energy, telecommunications, and water companies to annually report their percentages of contracts given to women-, disabled veteran- and minority-owned businesses.

The MBE spending of each company is reported in Table 22, columns two and three. This information was used in conjunction with the IMPLAN model to generate multiplier values in columns four and five. Columns six and seven indicate the total activity and new jobs created by each company as a result of the MBE spending. The result shows that MBE spending added \$15.8 billion of new economic output to California's economy and created an estimated 59,638 new jobs. It is also safe to assume that a significant portion of the new economic activity and jobs flow to minority communities in California.

Table 22: Results of IMPLAN Model applied to the California Supplier Diversity Initiative, 2023

Company	% Spending with MBEs per company ⁴⁶	Spending with MBEs in USD ⁴⁶	IMPLAN industry output multiplier	IMPLAN industry employment multiplier	Result: Total added economic output	Result: Total new jobs added
Pacific Gas & Electric	21.6%	\$2,462,033,346	2.468	2.154	\$6,076,397,994	30,029
Southern California Edison	20.9%	\$1,229,836,803	2.468	2.154	\$3,035,287,030	15,000
T-Mobile	15.6%	\$1,002,720,950	1.693	8.675	\$1,697,867,746	3,207
AT&T	11.4%	\$854,515,223	1.693	8.675	\$1,446,916,847	2,733
SoCalGas	30.9%	\$715,680,704	1.505	3.478	\$1,077,084,454	2,408
San Diego Gas & Electric	20.0%	\$519,207,839	1.505	3.478	\$781,396,912	1,747
Verizon	10.1%	\$479,189,395	1.693	8.675	\$811,392,460	1,532
Charter Communications	10.7%	\$76,756,764	1.967	2.632	\$150,976,419	474
Frontier Communications	16.8%	\$65,973,507	1.967	2.632	\$129,766,334	408
California Water Service	16.1%	\$54,146,362	1.879	2.198	\$101,748,411	388
San Jose Water	27.7%	\$43,206,475	1.879	2.198	\$81,190,869	309
Golden State Water	25.8%	\$42,319,797	1.879	2.198	\$79,524,680	303
Cal-Am Water	26.9%	\$36,563,205	1.879	2.198	\$68,707,257	262
Comcast California	3.3%	\$27,143,471	2.400	4.088	\$65,147,260	197
Lumen Technologies Inc.	4.3%	\$25,067,641	1.693	8.675	\$42,446,046	80
Suburban Water	41.2%	\$17,388,213	1.879	2.198	\$32,674,827	125
Liberty CalPeco	16.3%	\$15,365,116	2.468	2.154	\$37,921,728	187
San Gabriel Valley Water	16.8%	\$15,219,528	1.879	2.198	\$28,599,572	109
Southwest Gas	7.0%	\$7,265,927	1.505	3.478	\$10,935,068	24
PacifiCorp	3.1%	\$4,387,432	2.468	2.154	\$10,828,360	54
Bear Valley Electric	8.6%	\$2,877,715	2.468	2.154	\$7,102,317	35
Park & Apple Valley Water	17.8%	\$2,020,971	1.879	2.198	\$3,797,681	15

Company	% Spending with MBEs per company ⁴⁶	Spending with MBEs in USD ⁴⁶	IMPLAN industry output multiplier	IMPLAN industry employment multiplier	Result: Total added economic output	Result: Total new jobs added
TelePacific	1.7%	\$1,450,253	1.967	2.632	\$2,852,570	9
Trans Bay Cable	2.6%	\$476,781	1.734	3.895	\$826,969	0.9
Wild Goose Storage	7.6%	\$401,474	1.505	3.478	\$604,210	1.4
Lodi Storage	1.4%	\$121,035	1.505	3.478	\$182,155	0.4
Great Oaks Water	0.9%	\$67,192	1.879	2.198	\$126,263	0.5
Total	17.2%	\$7,701,403,119			\$15,782,302,439	59,638

This analysis provides persuasive information on the seldom-estimated benefit of MBE supplier inclusion. Moreover, the current results are limited to the impact analysis of just 27 major corporations. In 2022, California had 291,607 minority-owned businesses. These businesses employed around eight workers each on average and together provided 2.3 million jobs. Further, their annual payroll totals \$113.3 billion dollars. Clearly, minority businesses can have a profound impact on jobs and economic development.

Table 23 provides industry-wide spend multipliers for economic output and employment in Georgia versus California. For several sectors, Georgia exhibits significantly higher multipliers than California, indicating stronger secondary economic and job creation effects. For instance, in the wireless telecommunications industry, Georgia's employment multiplier is 10.267, more than six times higher than California's 1.541 signaling considerable downstream employment impact. Similarly, in natural gas distribution, Georgia's employment multiplier (3.844) and output multiplier (3.478) both far exceed those of California. The IMPLAN model indicates a profound impact of diverse spending by Energy and Telecommunication industries on economic output and employment in Georgia. In 2022, Georgia had 52,089 minority-owned businesses. These businesses employed around seven workers each on average and together provided 0.38 million jobs. Further, their annual payroll totals \$14.7 billion dollars indicating significant economic impact.

Table 23: Economic Output and Employment Multipliers for California and Georgia

Industry	NAICS code name	Economic output multiplier California	Economic output multiplier Georgia	Employment multiplier California	Employment multiplier Georgia
Energy	Electric Bulk Power Transmission and Control	1.734	3.895	1.403	2.808
Energy	Natural Gas Distribution	1.505	3.478	1.685	3.844
Energy	Other Electric Power Generation	2.468	2.154	6.331	2.123
Phone and Cable	Media Streaming Distribution Services, Social Networks, and Other Media Networks and Content Providers	2.4	4.088	2.376	3.901
Phone and Cable	Telecommunications Resellers	1.967	2.632	1.923	2.965
Phone and Cable	Wireless Telecommunications Carriers (except Satellite)	1.693	8.675	1.541	10.267
Water	Water Supply and Irrigation Systems	1.879	2.198	1.86	2.123
Wireless	Wireless Telecommunications Carriers (except Satellite)	1.693	8.675	1.541	10.267

Figure 7 Comparison of California and Georgia Economic Output Multiplier

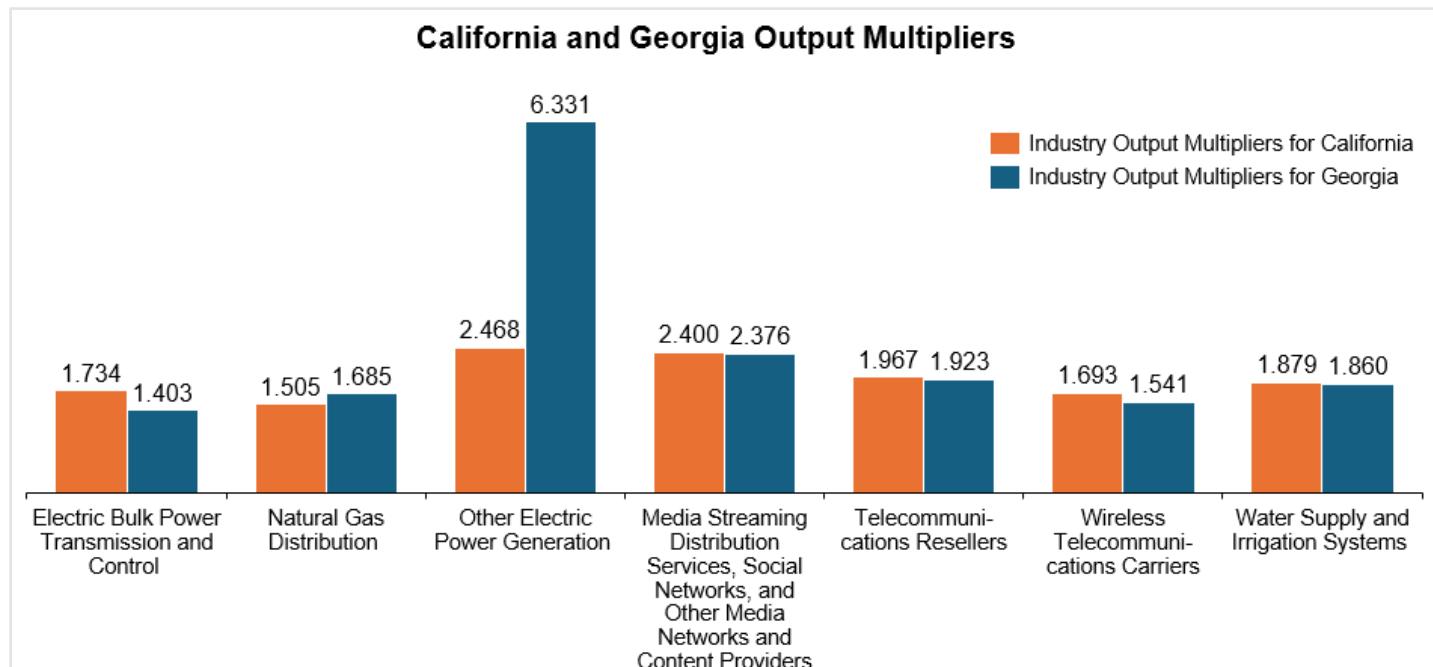
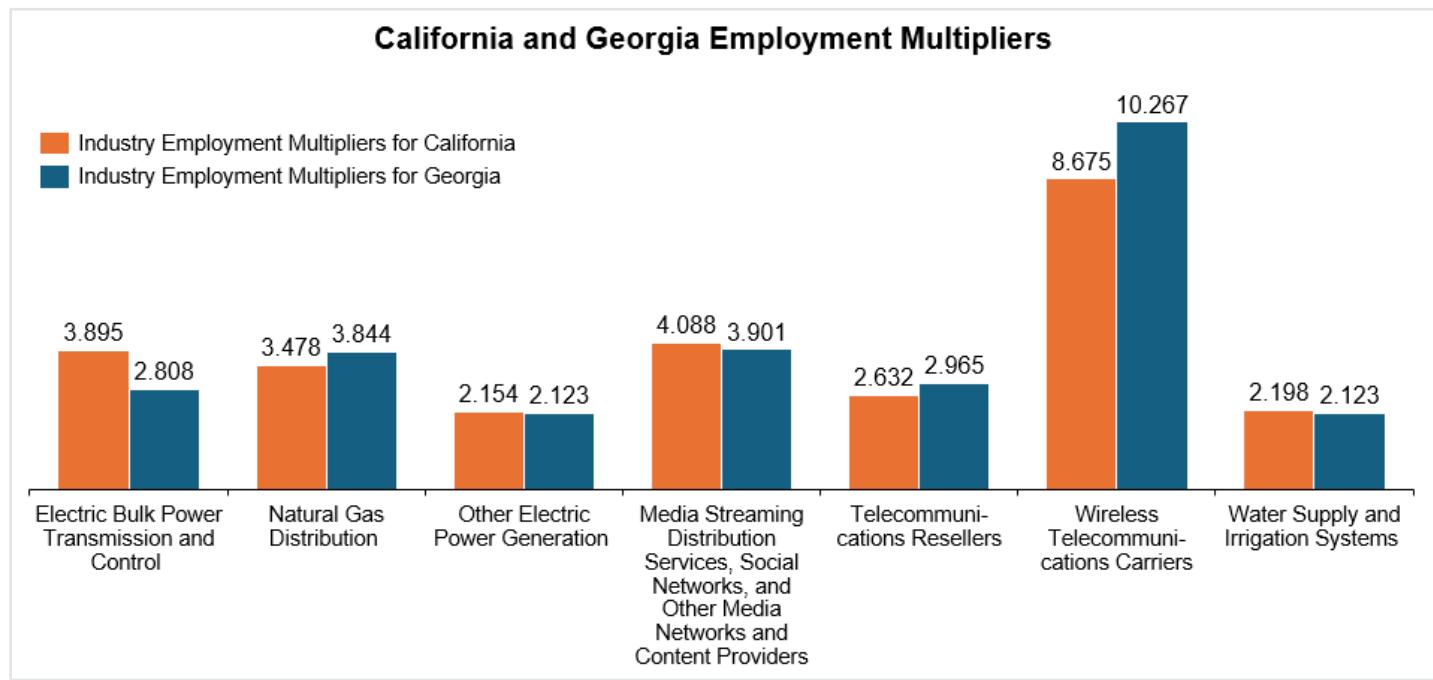


Figure 8 Comparison of California and Georgia Employment Multiplier



Conclusion

In the aftermath of the pandemic, minority-owned businesses have emerged as a powerful engine of economic recovery and growth. Between 2018 and 2022, these businesses expanded at unprecedented rates, outpacing their non-minority counterparts in both revenue and job creation. Black-owned businesses surged by 56.2%,^{30,31} Hispanic-owned businesses by 40.3%,^{30,31} and Asian-owned businesses by 12.6%.^{30,31} Collectively, minority businesses generated \$2.1 trillion in revenue and employed 10.8 million people in 2022.^{30,31}

Despite this wave of growth, parity remains elusive. Black Americans, for instance, represent 14.4% of the U.S. population but only 3.3%³⁰ of employer business ownership. Similar gaps exist for Hispanic, Native American, and Pacific Islander communities. The average minority-owned firm earns less than half the revenue of a non-minority-owned firm, and businesses with over 500 employees, those best positioned to drive generational wealth, are fewer in number among minority groups.³⁰

Access to capital remains the single most formidable hurdle for minority-owned businesses.³² Denial rates for loans remain three times higher for minority entrepreneurs than their counterparts, even when credit profiles are comparable.³³ From a federal contracting perspective, in 2024, 1.54% of federal contracts went to Black-owned firms and 1.87% to Hispanic-owned businesses.³⁷ Venture capital remains elusive, with less than 0.5% of funding going to Black founders.¹⁰ Shifts in federal policy such as the rollback of DEI initiatives and the reduction in the Minority Business Development Agency's (MBDA) scope have increased uncertainty for minority-owned businesses.

The economic contribution of minority businesses is not just a matter of equity, it is a matter of national competitiveness. Programs that are inclusive of all suppliers can prove transformative. As described in the included California case study, a single year of supplier diversity spending by California utilities in 2023 created nearly 60,000 jobs and contributed \$15.8 billion in economic output, showcasing the profound ripple effect these programs can have on local economies.

Looking forward, the path to sustained growth is greatly enhanced by deliberate, data-driven investment in supplier inclusion, enhanced access to capital, upskilling for emerging technologies, and administering inclusive contracting and procurement processes. As minority populations grow, engaging minority-owned businesses will become a critical part of business as usual. Achieving equitable growth is essential to unlocking the full potential of the U.S. economy. Closing opportunity gaps can catalyze broad-based prosperity, where inclusive business participation becomes a standard feature of economic success.

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