

Survey of Business Owners - Company Summary: 2002

SUMMARY OF FINDINGS

There were 23 million nonfarm U.S. businesses in 2002, employing 110.8 million persons and generating \$22.6 trillion in business revenues. Firms with paid employees accounted for 5.5 million or 24.0 percent of these businesses and \$21.8 trillion or 96.6 percent of their receipts.

SCOPE OF THIS REPORT

The *Company Summary: 2002* is the only report in the 2002 Survey of Business Owners (SBO) publication series to provide estimates of gender business ownership by Hispanic or Latino origin and race and estimates of White-owned firms. The report provides data on both the number of employer and nonemployer firms, sales and receipts, annual payroll, and employment. Data aggregates are presented by gender, Hispanic or Latino origin, and race for the United States by 2002 North American Industry Classification System (NAICS), kind of business, state, metropolitan and micropolitan statistical areas, county, place, and employment and receipts size.

The data in this report were compiled by combining data collected on businesses and business owners in the 2002 SBO with data collected on the main economic census and administrative records. Included are all nonfarm businesses filing 2002 tax forms as individual proprietorships, partnerships, or any type of corporation, and with receipts of \$1,000 or more.

The U.S. totals are based on the 2002 Economic Census, whereas the gender, Hispanic or Latino origin, and race estimates are based on the 2002 SBO.

Business ownership is defined as having 51 percent or more of the stock or equity in the business and is categorized by:

- Gender: Male; Female; or Equally Male-/Female-Owned
- Ethnicity: Hispanic or Latino Origin; Not Hispanic or Latino Origin
- Race: White; Black or African American; American Indian or Alaska Native; Asian; Native Hawaiian or Other Pacific Islander

The data are not directly comparable to earlier surveys (see details in the section below on Data Comparability to Prior Surveys.)

GENDER, HISPANIC OR LATINO ORIGIN, AND RACE

[Table A](#) (xls 21kb) shows the 2002 business ownership for all U.S. firms by detailed group and for publicly held and other firms whose ownership by gender, Hispanic or Latino origin, and race could not be determined. Detail may not add to total because a Hispanic or Latino firm may be of any race. Moreover, each owner had the option of selecting more than one race and therefore is included in each race selected.

Among the nation's 23 million businesses, 57.4 percent had men as the majority owner and accounted for 31.2 percent of the nation's \$23 trillion in business revenues. Women were the majority owner in 28.2 percent of all businesses in the U.S. and 4.2 percent of all receipts. Equally male-/female-owned firms accounted for 11.7 percent of all businesses and 3.2 percent of all receipts. Whereas publicly held and other unclassifiable firms numbered only 494,400 or 2.2 percent of all U.S. businesses, they generated \$13.8 trillion or 61.1 percent of their receipts.

The majority of U.S. businesses were owned by non-Hispanics (20.8 million firms or 90.5 percent) and whites (19.9 million firms or 86.6 percent), with revenue respectively of \$8.5 trillion (37.7 percent) and \$8.3 trillion (36.6 percent).

[Tables B](#) (xls 25kb), [C](#) (xls 26kb), and [D](#) (xls 26kb), show the gender share of business ownership for all U.S. firms, Hispanic-owned firms, and the five major race groups, respectively, for all firms, firms with paid employees, and firms with no paid employees.

The rate of business ownership by men among white-owned firms and among minorities nearly matched that of the nation as a whole. Black-owned firms had the lowest rate of male ownership at 47.7 percent. Male-owned firms accounted for 31.2 percent of all business revenues. The share of receipts for minority male-owned firms varied from a low of 66 percent for American Indian- and Alaska Native-owned firms to a high of 76 percent for both Hispanic-owned firms and Native Hawaiian- and Other Pacific Islander-owned firms. Males accounted for 81.5 percent of the receipts for White-owned firms.

The rate of women's business ownership for both employer and nonemployer firms was lower among white-owned firms, 17.3 percent and 31.4 percent, respectively, than among any minority group. Women accounted for 30.1 percent of American Indian- and Alaska Native-owned employer firms and 20.1 percent of their revenues. Among firms with no paid employees, women accounted for 47.1 percent and 33.7 percent, respectively, of Black-owned businesses and revenues.

Among nonminority- and minority-owned firms, the rate of male/female joint business ownership was only slightly higher for White-owned firms than Asian-owned firms, 12 percent and 11 percent, respectively. Equally male-/female-owned firms accounted for 14.0 percent of Asian-owned employer firms and 11.4 percent of their revenues, compared to 10.1 percent of Asian-owned nonemployer firms and 15.2 percent of their receipts. American Indian- and Alaska Native-owned firms had the lowest rate of male/female joint business ownership and share of revenues, 3.2 percent and 2.4 percent, respectively.

KIND-OF-BUSINESS CHARACTERISTICS

Fourteen percent of all U.S. firms operated in professional, scientific, and technical services and accounted for 4.5 percent of the total gross receipts. Whereas retail trade accounted for 11.3 percent of all firms and 14.0 percent of all receipts, other services (such as personal services, and repair and maintenance) accounted for 11.7 percent of all firms and 1.1 percent of all receipts. Twenty-one percent of the receipts generated by the nation's businesses were concentrated in the wholesale trade industry. [Table E](#) (xls 20kb) shows the industries accounting for the largest receipts for all U.S. firms.

The predominance in kinds of businesses varied among the detailed groups depending upon the owners' gender, Hispanic or Latino origin, and race. [Table F](#) (xls 22kb) shows the percent distribution of firms by kind of business and gender. [Table G](#) (xls 24kb) shows the percent distribution of firms by kind of business and Hispanic or Latino origin and race. The industries accounting for the largest share of female- and male-owned firms for Hispanics, Whites, Blacks, American Indians and Alaska Natives, Asians, and Native Hawaiians and Other Pacific Islanders are shown in the [Industry Division Charts](#).

Thirty-two percent of women-owned firms operated in health care and social assistance, and other services, such as personal services, and repair and maintenance. They owned 72 percent of social assistance businesses and just over half of nursing and residential care facilities. Thirty-five percent of Black women-, 26 percent of Native Hawaiians and Other Pacific Islander women-, and 23 percent of Hispanic women-, and 22 percent of American Indian and Alaska Native women-owned firms were in health care and social assistance businesses.

Seventeen percent of male-owned businesses were in the construction industry, where they claimed ownership of 82.6 percent specialized in construction of buildings, 75.1 percent in heavy and civil engineering construction, and 82.5 percent in specialty trade contractors. Twenty-four percent of American Indian and Alaska Native male-, 20 percent of Hispanic male-, and 18 percent of white male-owned firms were in the construction industry.

The largest share (16.1 percent) of equally male-/female-owned businesses was concentrated in the retail trade industry.

GEOGRAPHIC CHARACTERISTICS

California had the most firms at 2.9 million or 12.7 percent, with receipts of \$2.8 trillion or 12.4 percent. Texas and New York each accounted for 1.7 million firms, 7.5 percent and 7.4 percent, respectively. Texas had the second largest in

receipts with more than \$1.8 trillion or 8.0 percent, followed by New York with \$1.7 trillion or 7.6 percent.

[Table H](#) (xls 22kb) shows the states with the largest number of firms and their sales and receipts for all U.S. firms and female-, male-, and equally male-/female-owned firms. [Tables I](#) (xls 22kb), [J](#) (xls 22kb), [K](#) (xls 22kb), [L](#) (xls 22kb), [M](#) (xls 22kb), [N](#) (xls 22kb), and [O](#) (xls 21kb), provide the same data for Hispanic-, non-Hispanic-, White-, Black-, American Indian- and Alaska Native-, Asian-, and Native Hawaiian- and Other Pacific Islander-owned firms.

SIZE OF FIRM

All firms with paid employees accounted for 24.0 percent of the total number of firms and 96.6 percent of gross receipts. There were 98,352 firms with 100 employees or more which accounted for \$16.0 trillion in gross receipts (73.5 percent of the total receipts of all employer firms). [Table P](#) (xls 22kb) shows the percent distribution of firms by employment size of firm and gender. Of all women-owned employer firms, 84 percent operated with less than 10 workers and accounted for 29 percent of the total revenues. [Table Q](#) (xls 25kb) shows the percent distribution of firms by employment size of firm and Hispanic or Latino origin and race. In 2002, 84 percent of Asian-owned employer firms operated with less than 10 workers. These firms accounted for 39 percent of the total receipts.

There were 1.2 million firms in the U.S. with receipts of \$1 million or more. These firms accounted for only 5.2 percent of the total number of businesses, but 91.6 percent of the total receipts. Thirty-three percent of all U.S. firms had receipts of less than \$10,000. [Table R](#) (xls 23kb) shows the percent distribution of firms by receipts size of firm and gender. Women-owned firms with receipts of \$1 million accounted for only 1.8 percent of the total number of women-owned businesses but 66.6 percent of their total receipts. [Table S](#) (xls 24kb) shows the percent distribution of firms by receipts size of firms and Hispanic or Latino origin and race. Of all Black-owned firms, 86 percent made less than \$50,000 in total receipts in 2002. Receipts in Black-owned firms earning \$1 million or more accounted for 55 percent of all receipts.

Average receipts per firm also varied among the groups depending upon gender, Hispanic or Latino origin, and race. White male-owned employer firms had high average receipts per firm (\$1,932,390) while Black women-owned firms with no paid employees had low average receipts of \$14,797 per firm. These data are shown in the [Average Receipts Charts](#).

DATA COMPARABILITY TO PRIOR SURVEYS

The kind-of-business data from the 2002 SBO are not comparable to 1997 data due to the transition from the 1987 Standard Industrial Classification (SIC) system to the 2002 North American Industry Classification System (NAICS). Additional changes affecting data comparability are discussed in detail in [Methodology](#), in the section titled "Comparability of the 2002 and 1997 SBO Data."

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