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A look at Black-owned businesses in the U.S.

BY [REBECCA LEPPERT](#)



The owner of Marcus Book Store, the oldest Black-owned bookstore in the U.S., talks with her employee about a shop display in Oakland, California, in December 2021. (Amy Osborne/The Washington Post via Getty Images)

Nearly six-in-ten Black adults (58%) say supporting Black businesses, or “buying Black,” is an [extremely or very effective strategy](#) for moving Black people toward equality in the

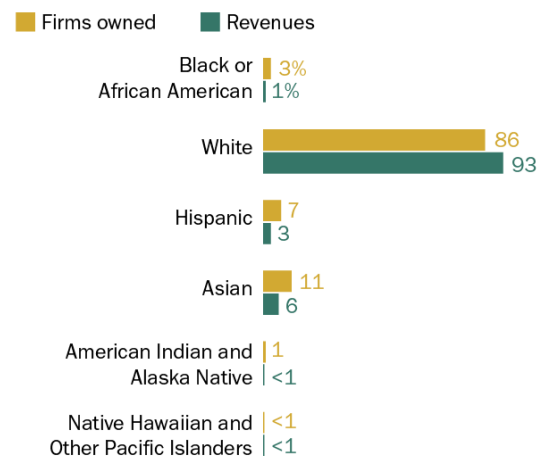
United States. While Black-owned businesses in the U.S. have grown significantly in recent years, they still make up a small share of firms and revenue in the country, according to a Pew Research Center analysis of Census Bureau data.

In 2020, there were an estimated 140,918 U.S. firms with majority Black or African American ownership, up 14% from 124,004 in 2017, according to the latest available data from the Census Bureau's [Annual Business Survey](#) (ABS). Those firms brought in an estimated \$141.1 billion in gross revenue in 2020, an 11% increase since 2017.

How we did this

3% of U.S. businesses were Black- or African American-owned in 2020

Share of classifiable U.S. employer firms and revenues in 2020, by race and ethnicity of majority owners (%)



Note: Shares based on the 5,565,921 estimated firms whose ownership can be classified by race and ethnicity. Figures do not total to 100% because multiracial business owners are counted under all racial and ethnic categories they identify with; Hispanic owners may be of any race.

Source: Pew Research Center analysis of data from the Census Bureau's 2021 Annual Business Survey (ABS).

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Despite this growth, businesses majority-owned by Black or African American people accounted for only 3% of all U.S. firms that were classifiable by the race and ethnicity of their owners in 2020. And Black-owned firms accounted for just 1% of gross revenue from classifiable companies that year. By comparison, Black adults comprised 12.4% of the overall U.S. population in 2020, [according to the Census Bureau](#).

As has [long been the case](#), White Americans accounted for a large majority (86%) of firms whose ownership was classifiable by race and ethnicity in 2020. These firms brought in 93% of all revenue from classifiable companies that year.

U.S. firms with Asian majority owners accounted for 11% of all classifiable firms and 6% of revenue in 2020. Those majority-owned by Hispanics accounted for 7% of classifiable companies and 3% of revenue.

It's important to note that not all U.S. businesses are classifiable by the race or ethnicity of their owners. A business is classified as "majority Black-owned" if a Black owner has at least 51% equity in the firm. (The same is true for business owners of other racial and ethnic backgrounds.) In 2020, only about 4% of all businesses in the U.S. were *not* classifiable by the race and ethnicity of their owners – but these firms accounted for 62% of total revenue. For that reason, ownership and revenue figures in this analysis refer only to the roughly 5.6 million firms that *are* classifiable by the race and ethnicity of their owners, most of which are smaller businesses.

Smaller payrolls common at Black-owned businesses

Majority Black- or African American-owned firms provided income for more than 1.3 million workers in 2020, with overall annual payrolls at these businesses totaling an estimated \$42.2 billion that year.

Most Black-owned businesses have relatively small payrolls. Roughly two-thirds (66%) had fewer than 10 employees in 2020; 14% had 10 to 49 employees and just 3% had 50 or more. (In the ABS, employment size is determined by the number of paid workers during the March 12 pay period each year, which coincided with the start of the [U.S. coronavirus outbreak](#) in 2020. During that 2020 pay period, an additional 17% of majority Black- or African American-owned firms reported no employees.)

For most Black or African American business owners in the U.S., their firm is their main source of income. Among those who reported data about their primary source of personal income in 2020, 69% said their business was their primary income source, while 31% said it was not, according to ABS data.

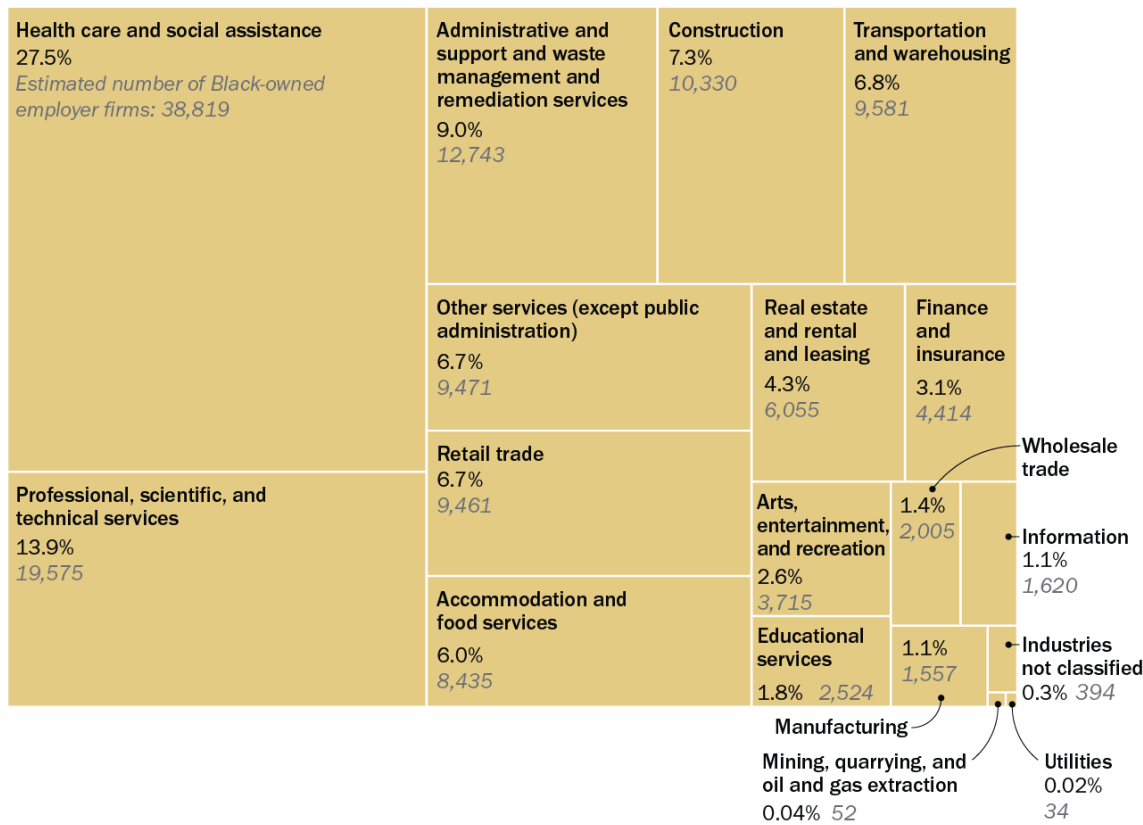
Black-owned businesses are more common in health care sector and in certain states

The greatest number and share of majority Black- or African American-owned businesses are in the health care and social assistance sector. In 2020, more than 38,000 of the nearly 141,000 U.S. companies with majority Black or African American ownership, or 28% of the total, were in this sector.

Looked at a different way, 7% of *all* classifiable U.S. businesses in the health care and social assistance sector had Black or African American majority owners that year.

Health care and social assistance is the most common sector among Black- or African American-owned businesses

Share of all majority Black- or African American-owned U.S. employer firms in 2020, by sector (%)



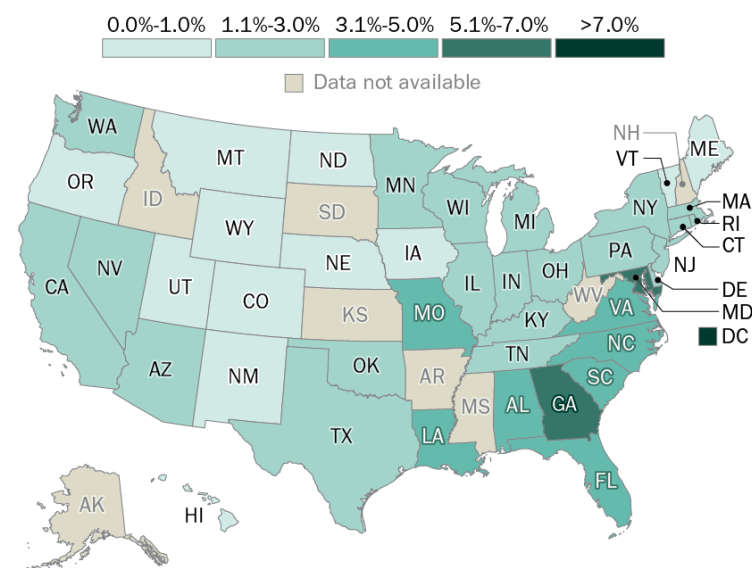
Note: Calculations based on 140,918 total estimated majority Black- or African American-owned non-farm U.S. firms with paid employees and receipts of \$1,000 or more in 2020.
Source: Pew Research Center analysis of data from the Census Bureau's 2021 Annual Business Survey (ABS).

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Professional, scientific and technical services was the second-most common sector, accounting for 14% of majority Black- or African American-owned businesses in 2020. Other common sectors included administrative and support and waste management and remediation services (9%) and construction (7%).

Black- or African American-owned businesses made up greatest share of firms in District of Columbia, Georgia and Maryland in 2020

Distribution of majority Black- or African American-owned businesses as share of all classifiable U.S. employer firms in each state and the District of Columbia in 2020 (%)



Note: Calculations based on 5,655,678 total estimated non-farm U.S. firms with paid employees and receipts of \$1,000 or more in 2020 that are classifiable by race and ethnicity on the state level and in the District of Columbia. State and national totals differ as businesses operating in multiple states are counted in each state of operation for the state total, but only once in the national total. State estimates that did not meet Census Bureau publication standards due to high sampling variability, poor response quality or other estimate quality concerns are not shown. Source: Pew Research Center analysis of data from the Census Bureau's 2021 Annual Business Survey (ABS).

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An overwhelming majority (88%) of Black- or African American-owned businesses are located in urban areas. Just 6% are in rural areas – that is, places with fewer than 2,500 inhabitants, under [the Census Bureau's definition](#). Three of the four most populous states also lead in the number of estimated businesses with majority Black or African American ownership: Florida had 15,149 such businesses in 2020, California had 13,729 and New York had 12,636. But majority Black- or African American-owned businesses made up the greatest *share* of all classifiable firms in the District of Columbia, Georgia and Maryland.

More than half of Black business owners are men

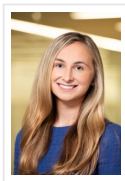
The gender divide among all U.S. business owners extends to Black or African American business owners, though by a smaller margin. Among all U.S. firms whose ownership is classifiable by gender, 63% were majority-owned by men in 2020, while 22% were owned by women and 15% had equal male-female ownership that year. By comparison, 55% of majority Black- or African American-owned businesses in 2020 had male owners, while 37% were owned by women and 8% had equal male-female ownership.

Roughly half (52%) of Black or African American business owners who reported their age grouping were 35 to 54 in 2020; an additional 25% were ages 55 to 64. A majority of those who reported their educational background had an undergraduate degree or more education. About a quarter (26%) had a bachelor’s degree, and another 34% had some form of degree beyond a bachelor’s.

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Rebecca Leppert is an editorial assistant at Pew Research Center.

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Pew Research Center

1615 L St. NW, Suite 800
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