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Distinct Reasons Entrepreneurs of Color Own Businesses



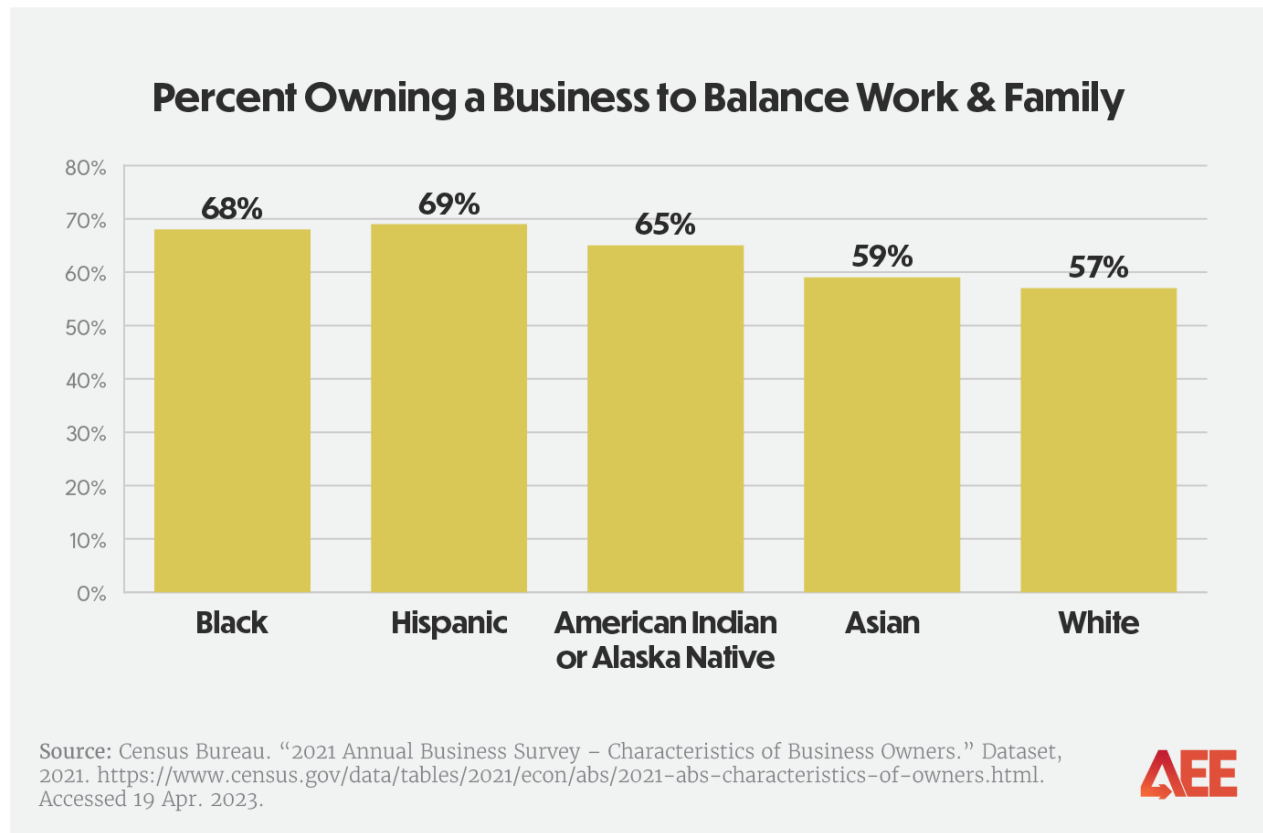
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The top two reasons people start a business are to make a greater income and to be their own boss, but people of color tend to start businesses for a wider set of reasons. The Annual Business Survey, conducted by the US Census Bureau, specifically explores the reasons entrepreneurs owned their business across a dozen different categories. The Census numbers show some notable gaps between white owners and owners of color. ¹

People of color are more likely to own a business to balance work and family.

Black and Hispanic entrepreneurs are about 12 percentage points more likely to start a business to balance work and family than their white counterparts (69% to 57%). The same holds true for

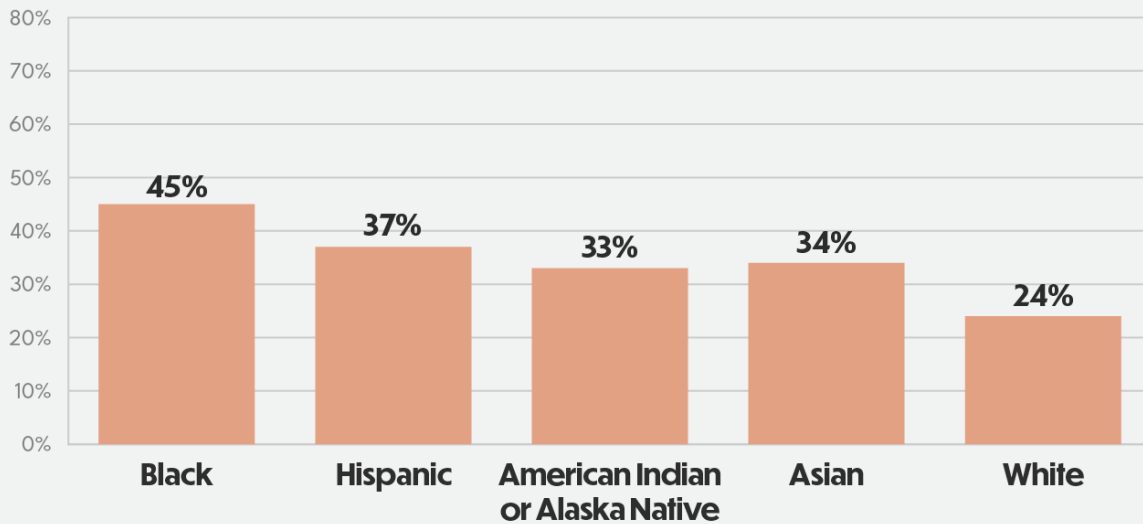
American Indian and Alaska Natives as well as Asian business owners, though to a lesser extent (65% and 59% respectively).



People of color are more likely to own a business to help their community.

People of color are also significantly more likely to start a business to serve their community. 45% of Black entrepreneurs see it as a significant reason, along with 37% of Hispanic owners, 33% of American Indian and Alaska Native owners, and 34% of Asian owners. In comparison, 24% of white owners feel the same.

Percent Owning a Business to Help Their Community



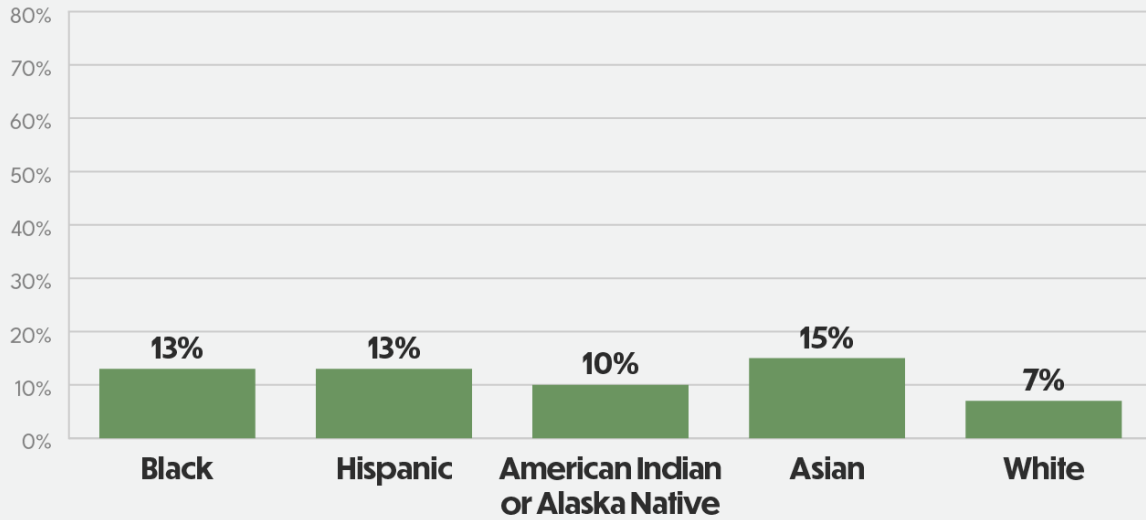
Source: Census Bureau. "2021 Annual Business Survey – Characteristics of Business Owners." Dataset, 2021. <https://www.census.gov/data/tables/2021/econ/abs/2021-abs-characteristics-of-owners.html>. Accessed 19 Apr. 2023.



People of color are more likely to own a business because they couldn't find a job.

Overall, 9.2% of business owners started their business because they couldn't find a job, but entrepreneurs of color are more likely to do so than their white counterparts. 13% of Black and Hispanic owners found themselves in this position, but the largest gap is between Asian and white owners (15% of Asian and 7% of white). While these businesses stem from an unfortunate situation, they highlight how entrepreneurship can serve as a path out of challenging economic conditions. ²

Percent Owning a Business Because They Couldn't Find a Job



Source: Census Bureau. "2021 Annual Business Survey – Characteristics of Business Owners." Dataset, 2021. <https://www.census.gov/data/tables/2021/econ/abs/2021-abs-characteristics-of-owners.html>. Accessed 19 Apr. 2023.



ENDNOTES

1. Census Bureau. “2021 Annual Business Survey – Characteristics of Business Owners.” Dataset, 2021.
<https://www.census.gov/data/tables/2021/econ/abs/2021-abs-characteristics-of-owners.html>. Accessed 19 Apr. 2023. Percentages reflect the reasons that owners listed as ‘very important’.
2. Organization for Economic Cooperation and Development. “The Missing Entrepreneurs 2021: Policies for Inclusive Entrepreneurship and Self-Employment” Report, 29 Nov. 2021. <https://www.oecd-ilibrary.org/sites/4a05f284-en/index.html?itemId=/content/component/4a05f284-en>. Accessed 19 Apr. 2023.