

## Demographic Characteristics of Business Owners and Employees: 2013

### Overview

Business owner characteristics and the economic and business environment are changing. Small business owners and entrepreneurs make important contributions to business creation and growth in the American economy. Understanding the characteristics of business owners and how they differ from employees is important for measuring the overall economic well-being of the economy including the economic incentives for entrepreneurship. This issue brief examines business owner demographic characteristics in 2013 and compares these characteristics to those of employees in the U.S. economy.

### Demographics of Business Owners

**Minorities and Hispanics are more likely to be an employee than own a business.** Minority and Hispanic business owners made up less than 15 percent of all U.S. business owners in 2013. Asian business owners represented 4.3 percent of all owners versus 4.8 percent of all private sector employees. Blacks represented 7 percent of all owners compared to 12.1 percent of all employees. Hispanics represented 10.6

**Table 1. Demographic Characteristics of Business Owners and Employees, 2013 (percent)**

		Total Employed	Owners	Employees
Age	Under 35	35.1	15.6	38.3
	35 to 49	32.4	32.7	32.3
	50 to 88	32.5	51.7	29.3
Gender	Male	54.4	64.6	52.7
	Female	45.6	35.4	47.3
Race	Non-Minority	80.4	85.9	79.5
	Minority	19.6	14.1	20.5
Ethnicity	Hispanic	15.9	10.6	16.7
	Non-Hispanic	84.1	89.4	83.3
Veteran Status	Veteran	6.0	9.0	5.5
	Non-Veteran	94.0	91.0	94.5
Marital Status	Married	53.8	66.3	51.7
	Not Married	46.2	33.7	48.3
Education	High School or Less	33.6	28.0	34.6
	Some College	35.7	32.8	36.2
	Bachelor's or Higher	30.6	39.2	29.2
Citizen	Yes	91.1	91.6	91.0
	No	8.9	8.4	9.0
Homeowner	Yes	67.1	77.5	65.4
	No	32.9	22.5	34.6
Location	Metro	80.8	79.1	81.1
	Non-Metro	14.9	16.7	14.6
	Not Identified	4.3	4.2	4.3

Source: U.S. Small Business Administration, Office of Advocacy. Source data from U.S. Census Bureau, 2004 Survey of Income and Program Participation (SIPP), 2008 SIPP Wave 15 (2013 data).

percent of all business owners versus 16.7 percent of all employees in 2013. Women’s share of business ownership in 2013 was 35.4 percent of business owners compared to 47.3 percent of private sector employees (Table 1 and Figure 1). This ownership proportion is in line with an Office of Advocacy study which found that 29 percent of U.S. firms were owned by women.<sup>1</sup>

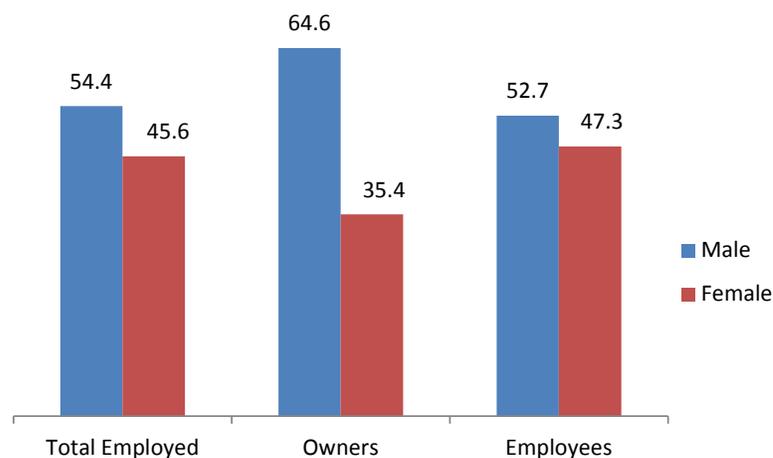
**Business owners are older, i.e., age 50 and over.** In 2013, the age makeup of business owners was much older than that of employees. While the proportion of those of prime age in the workforce did not differ between business owners and employees, business owners were much less likely to be younger (under age 35) than employees, 15.6 percent versus 38.3 percent, respectively (Figure 2).

**Veterans are more likely to be business owners than employees.**<sup>2</sup> Nine percent of business owners were veterans in 2013, compared to 5.5 percent of employees. This difference probably reflects the fact that veterans are older than non-veterans and those older individuals are more likely to be business owners.<sup>3</sup>

**Business owners are more likely to be married than employees.** More than two-thirds of business owners are married compared to almost 52 percent of employees.

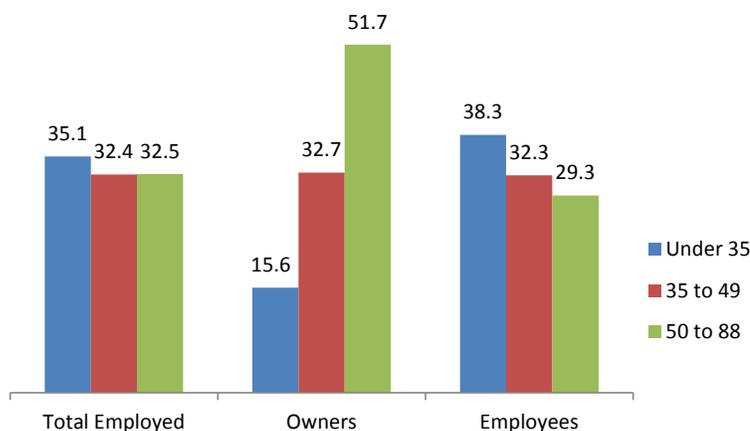
**The education level of business owners is high.** Business owners were more likely to have a bachelor’s degree or higher education level than

**Figure 1. Gender of Business Owners and Employees, 2013**



Source: U.S. Small Business Administration, Office of Advocacy, from U.S. Census Bureau, 2008 SIPP Wave 15 (2013 data) weighted sample.

**Figure 2. Age of Business Owners and Employees, 2013**



Source: U.S. Small Business Administration, Office of Advocacy, from U.S. Census Bureau, 2008 SIPP Wave 15 (2013 data) weighted sample.

1. *Developments in Women-owned Business, 1997-2007*. U.S. Small Business Administration, Office of Advocacy, September 2011. The study used data from the U.S. Census Bureau’s Survey of Business Owners (SBO) which surveys firms and defines a woman-owned business as being 51 percent or more owned by women. This issue brief relies on the Census Bureau’s Survey of Income and Program Participation (SIPP), which is a household survey with ownership determined by one respondent’s answer.

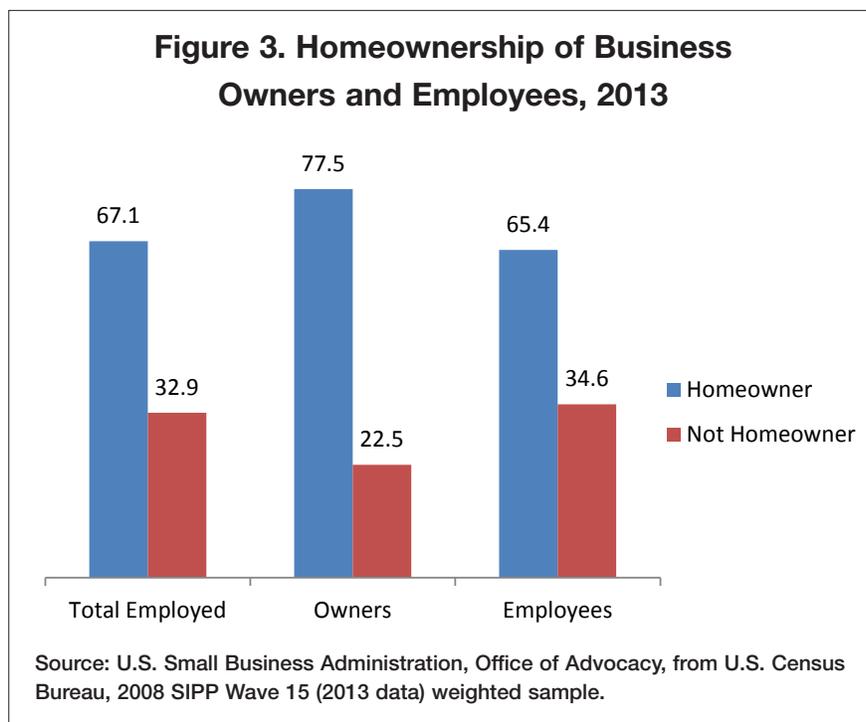
2. For more information about veteran business owners see *Issue Brief Number 1, Profile of Business Owners: More Young Veterans Appear to be Starting Businesses*, U.S. Small Business Administration, Office of Advocacy, November 8, 2013. <http://go.usa.gov/3ZWxk>.

3. Robert W. Fairlie, “Kauffman Index of Entrepreneurial Activity by Veteran Status: 1996-2011,” Ewing Marion Kauffman Foundation, November 2012.

employees, 39.2 percent versus 29.2 percent, respectively. In addition, owners were less likely than employees to have a high school degree or less.

**The proportion of business owners and employees who are U.S. citizens is very similar.** Over 91 percent of business owners and employees were citizens in 2013.

**Homeownership among business owners is much higher than that of employees.** As the single most important family asset, owning a home can be an important factor in business startup and growth. Homeownership among business owners was 77.5 percent in 2013 compared to 65.4 percent for employees (**Figure 3**).



**Most business owners and employees are located in metropolitan areas.** Business owners are slightly less likely than employees of private sector firms to locate in metropolitan areas—79.1 percent versus 81.1 percent, respectively. The high percentage of both in metropolitan areas reflects ongoing migration of all segments of the U.S. population from rural to urban areas.