Minority-Owned Businesses in New Mexico
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In late 2015, the U.S. Department of Commerce released the final results of the U.S. Census Bureau’s 2012 Survey of Business Owners. The Survey of Business Owners is conducted every five years and provides data on selected economic and demographic characteristics for businesses and business owners by gender, ethnicity, race, and veteran status.

Approximately 1.75 million businesses throughout the country were selected for this survey. Included are all nonfarm businesses classified as individual (sole) proprietorships, partnerships, or any type of corporation, having receipts of $1,000 or more. The survey covers both firms with paid employees and firms without any paid employees. Additional information on this survey can be found at: http://www.census.gov/econ/sbo/index.html.

Between 2007 and 2012, the number of minority-owned firms in the United States increased from 5.8 million to 8.0 million, or by 38.1 percent. Minority-owned firms have an owner or owners who identify with at least one of the following races and ethnicities: Hispanic or Latino, Black or African American, American Indian or Alaska Native, Asian, Native Hawaiian or Other Pacific Islander, and/or some other race. The share of all firms that were minority-owned also increased, from 21.3 percent to 28.8 percent, partially due to the decrease in the number of nonminority-owned firms. Nonminority-owned firms have an owner or owners who classify themselves as non-Hispanic and White. The number of nonminority-owned firms declined from 20.1 million firms in 2007 to 19.0 million firms in 2012, a loss of 1.1 million firms, or 5.5 percent.

In New Mexico, the number of minority-owned firms also increased, from 48,976 in 2007 to 60,622 in 2012, an increase of 11,646 firms, or 23.8 percent. The share of all firms that were minority-owned increased as well, from 31.1 percent in 2007 to 40.1 percent in 2012, a figure higher than the national average (see Exhibit 1) and the sixth highest in the country. The number of nonminority-owned firms followed the national trend and fell from 96,255 in 2007 to 83,857 in 2012, a loss of nearly 12,400 firms, or 12.9 percent.

About 87.6 percent of all minority-owned firms in New Mexico did not have any paid employees, a rate higher than the 74.7 percent for nonminority-owned firms that were individual proprietorships. The nearly 7,500 minority-owned firms that had paid employees employed nearly 68,000 people during the third week of March 2012 and had an annual payroll of over $1.7 billion. The total value of the sales, receipts, and shipments of all minority-owned firms, including those with and without employees, reached nearly $9.5 billion in 2012.

Gender
The number of female-owned firms in the U.S. increased by over 2 million, from 7.8 million firms in 2007 to 9.9 million in 2012, a 26.8 percent increase. As seen in Exhibit 2, the number of female-owned firms in New Mexico increased from 49,915 in 2007 to
59,044 in 2012, an 18.3 percent increase. Thirty-nine percent of all firms in New Mexico in 2012 were female-owned, slightly higher than the national average of 35.8 percent. The total value of the sales, receipts, and shipments of female-owned firms in New Mexico was nearly $8 billion in 2012.

Only 11.4 percent of all female-owned businesses had paid employees, much lower than the statewide average of 21.8 percent for all businesses. Female-owned firms employed over 54,000 employees during the third week of March 2012 and had an annual payroll of over $1.4 billion. Almost 89 percent of female-owned businesses were classified as individual proprietorships because they did not have any paid employees. The statewide average of all New Mexico businesses without paid employees was 78.2 percent, slightly lower than the national average of 80.4 percent.

Race

As seen in Exhibit 3, 79.0 percent of all business owners in New Mexico were White in 2012, a percentage slightly larger than the national figure of 78.0 percent. New Mexico had a smaller share of Black-owned businesses (1.4 percent) and Asian-owned businesses (2.8 percent) than the U.S. (9.4 percent and 6.9 percent, respectively).

The number of American Indian-owned firms in New Mexico increased from 8,313 in 2007 to 8,738 in 2012, a 5.1 percent increase. The total value of the sales, receipts, and shipments of all American Indian-owned firms in New Mexico was $591 million in 2012.

The share of all New Mexico businesses that were American Indian-owned was 5.8 percent, nearly six times the U.S. average of 1.0 percent and the third highest in the nation. Alaska had the highest share of American Indian- and Alaska Native-owned businesses,
at 11.0 percent, followed by Oklahoma, at 8.4 percent. Of interest is that Oklahoma had a higher percentage of American Indian-owned businesses than the rate of the population identifying as American Indian. According to the 2012 American Community Survey, American Indian and Alaskan Natives made up 7.3 percent of Oklahoma’s total population, which was 1.1 percentage points lower than the rate of American Indian- and Alaska Native-owned businesses in Oklahoma.

Over 95 percent of American Indian-owned businesses in New Mexico did not have any paid employees and were therefore classified as individual proprietorships. Only 4.6 percent of American Indian-owned businesses had paid employees, but they employed 3,890 employees during the third week of March 2012 and had an annual payroll of $116 million.

Nearly 59 percent of American Indian-owned businesses were female-owned, much higher than the rate for any other race. White-owned businesses had the lowest rate of female-owned businesses, at 38.6 percent. Only 1.2 percent of American Indian-owned businesses were equally male-/female-owned, much lower than for any other race. (An equally male-/female-owned firm has at least two owners, one of each gender.) White-owned businesses had the highest rate of businesses that were equally male-/female-owned, at 12.6 percent.

**Ethnicity**

In 2012, 30.7 percent of all New Mexico firms were Hispanic-owned, the highest in the country and much higher than the national average of 12.0 percent. (See Exhibit 4.) The states that also had high rates of Hispanic-owned businesses include Texas, 29.2 percent; Florida, 28.8 percent; California, 23.0 percent; and Arizona, 17.9 percent. According to the 2012 American Community Survey, Hispanics of all races made up 23.2 percent of Florida’s total population, which was 5.8 percentage points lower than the rate of Hispanic-owned businesses in Florida.

Hispanic-owned businesses throughout the nation grew 46.3 percent, from 2.3 million firms in 2007 to 3.3 million in 2012. The number of Hispanic-owned businesses in New Mexico increased by 25.0 percent, from 37,195 in 2007 to 46,477 in 2012. During this time frame, the number of non-Hispanic-owned firms fell for both the U.S. and New Mexico (declining by 0.2 percent and 10.2 percent, respectively.) Consequently, the share of all firms that were Hispanic-owned increased 3.6 percentage points for the U.S. and 7.0 percentage points in New Mexico from 2007 to 2012.

The value of the sales, receipts, and shipments of all Hispanic-owned firms in New Mexico totaled $6.9 billion in 2012. Over 12 percent of all Hispanic-owned firms had paid employees. These firms employed over 48,000 employees during the third week of March 2012 and had an annual payroll of almost $1.3 billion.

The majority of the gross increase in the number of Hispanic-owned firms from 2007 to 2012 was due to the numerical growth of female-owned firms in New Mexico. The number of Hispanic-/female-owned firms in New Mexico increased by 6,443, or 46.5 percent, while the number of Hispanic-/male-owned firms increased by 5,970, or 33.7 percent. Although the number of Hispanic-/female-owned firms increased more and at a faster rate than the number of Hispanic-/male-owned firms, Hispanic-/male-owned firms still retained a majority. As seen in Exhibit 5, male-owned firms accounted for 50.9 percent and female-owned firms accounted for 43.7 percent of all Hispanic-owned firms in New Mexico, compared to 48.0 percent of male-owned firms and
39.2 percent of female-owned firms for non-Hispanics in New Mexico. Firms that were equally male-/female-owned made up 5.4 percent of Hispanic-owned firms and 12.8 percent of non-Hispanic-owned firms.

**Industry Sector**

The U.S. Census Bureau’s 2012 Survey of Business Owners also provides information on gender, race, and ethnicity of business owners by industry sector.

Two industries in New Mexico had a majority of firms that were female-owned. As seen in Exhibit 6, 65.0 percent of all firms in health care and social assistance were female-owned, and 53.7 percent of all firms in educational services were female-owned.

Wholesale trade, at 29.5 percent, and manufacturing, at 19.6 percent, had the largest percentage of American Indian-owned businesses. The majority of these businesses were also female-owned. The number of American Indian-/female-owned firms in wholesale trade was 937, or 63.7 percent of all American Indian-owned firms in this industry sector. The number of American Indian-/female-owned firms in manufacturing was 625, or 71.1 percent of all American Indian-owned firms in manufacturing.

In New Mexico, nearly 48 percent of all businesses in the administrative and support and waste management and remediation services were Hispanic-owned. This industry also showed the largest growth of Hispanic-/female-owned businesses of any industry sector, increasing by 1,237 firms, or 74.0 percent, from 2007 to 2012. Other industries with a large percentage of Hispanic-owned businesses included construction (47.1 percent); transportation and warehousing (45.6 percent); and miscellaneous other services (41.3 percent). Health care and social assistance also had a large percentage of Hispanic-owned businesses (36.5 percent), with slightly over four out of five Hispanic-owned firms in this industry sector also female-owned.
Exhibit 6. Share of New Mexico Businesses by Select Race, Ethnicity, and Gender Categories, by Industry Sector, 2012

Note: Firms may be counted in more than one category.
Source: U.S. Census Bureau, 2012 Survey of Business Owners