

WHERE

WE

STAND

Where We Stand tracks the health of the St. Louis region among the 50 most populous MSAs.¹ These metro areas, known as the peer regions, are our domestic competition and provide a consistent yardstick to gauge "Where We Stand."

This update examines business ownership by race and gender based on data from the recently released 2012 Survey of Business Owners.

7th Edition, Update 1

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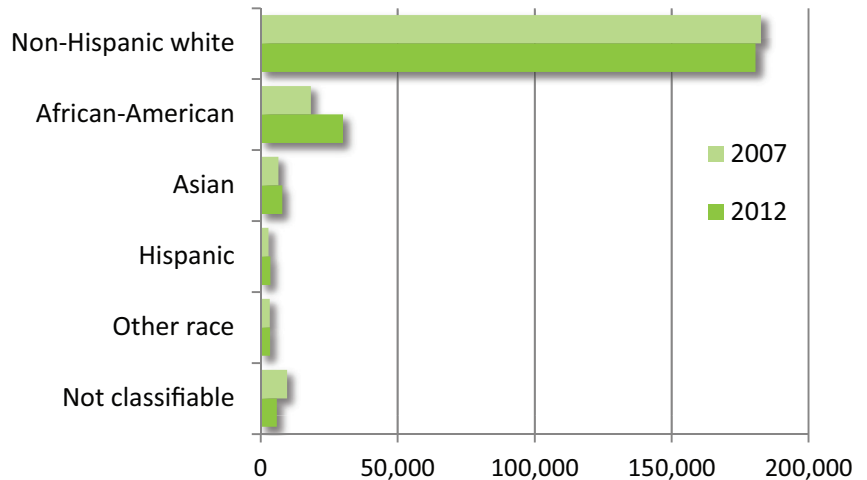
Demographics of Business Owners

Most businesses located in the St. Louis metropolitan area are owned by non-Hispanic whites, but in recent years there has been a substantial increase in the number and share of firms² owned by minorities (See Chart 1).³ Leading this growth are African-American-owned firms, which grew by 64 percent from 2007 to 2012, followed by Hispanic-owned firms and Asian-owned firms, each of which grew by at least 20 percent.⁴ In comparison, the total number of firms grew by three percent over the same time period. Women-owned firms also grew faster than all firms, with 32 percent more women-owned firms in St. Louis in 2012 than in 2007.

Despite the recent growth in minority- and women-owned businesses in St. Louis,⁵ minorities and women are still underrepresented as primary business owners. This Update provides an overview of trends in business ownership, and then takes a closer look at primary business ownership by African-Americans and women, the two largest population groups in the St. Louis region that are underrepresented as primary business owners.

Business ownership by African-Americans is particularly important in light of the racial disparity in unemployment documented in the 7th edition of *Where We Stand*. In the St. Louis region, the unemployment rate among African-

Chart 1. Firm Ownership by Race and Ethnicity
St. Louis MSA, 2007 and 2012



Source: U. S. Census Bureau, Survey of Business Owners

Note: Includes firms with and without employees. Categories do not add to the total because firms classified as Hispanic-owned are also classified according to the race of the majority owner(s). Additionally, owners may report one or more races, and are included in each race reported. Firms are not classifiable if they are publicly held, not for profit, or foreign-owned.

Americans is 17.2 percent, which is nearly three times higher than the unemployment rate for whites (6.1 percent). One way to address unemployment among African-Americans is through the growth of African-American-owned businesses, since they are much more likely to employ African-Americans than firms owned by whites.⁶ Differences in hiring by race are partly due to the importance of social networks in finding and securing employment.⁷

1 MSAs (Metropolitan Statistical Areas) are geographic entities delineated by the Office of Management and Budget (OMB). MSAs are areas with "at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties."

2 The terms business and firm are used interchangeably in this Update. Unless otherwise specified, the data in this Update comes from The Survey of Business Owners, which is a sample survey conducted every five years by the U.S. Census Bureau. The survey counts firms with multiple establishments within each geographic area and industry in which they operate, but only once in the U.S. and state totals for all sectors. Subsidiary firms are included as part of the owning or controlling firm, and are not counted separately.

3 Firms are categorized in the Survey of Business Owners based on the demographics of up to four individuals with the largest ownership of the company. Minority-owned firms are those where at least 51 percent of the equity, interest, or stock of the business are owned by Hispanics, Blacks or African-Americans, American Indians and Alaska Natives, Asians, Native Hawaiians and Other Pacific Islanders, and/or owners of some other race not classified as non-Hispanic white.

4 Data are presented for MSAs as they were defined by the OMB at the time data was released. Data from 2012 are based on 2013 delineations, while data from 2007 are based on 2006 delineations. Because of a change in delineation, the 2007 data for St. Louis represents a 16-county area, while 2012 data represents a 15-county area.

5 In this update, "St. Louis" refers to the St. Louis MSA.

6 Bates, Timothy. The Urban Development Potential of Black-Owned Businesses. Journal of the American Planning Association, Spring 2006, Vol. 72, No. 2.

7 Ibid.

Trends in Business Ownership

The diversification of firm ownership in St. Louis is outpacing the diversification of the population in the region. From 2007 to 2012, the percent of classifiable⁸ firms owned by non-Hispanic whites dropped 5.2 percentage points, from about 86 percent to 81 percent. Over that same time, the percent of population who are non-Hispanic white fell by 1.2 percentage points, from about 76 percent to 75 percent. Business ownership is diversifying nationally as well. The percent of firms that are owned by non-Hispanic whites in the United States fell by 6.5 percentage points, from about 76 percent in 2007 to 70 percent in 2012, a larger decrease than the 2.5 percentage point drop in the non-Hispanic white population (from about 65 percent to 63 percent).

Most of the minority-owned businesses in St. Louis are owned by African-Americans. As of 2012, 13.4 percent of St. Louis firms (including those with and without employees) are owned by African-Americans, 3.5 percent are owned by Asians, 1.6 percent are owned by Hispanics, and 1.5 percent are owned by some other race. Just over half of St. Louis firms are owned by men (53.0 percent), with 37.4 percent of firms owned by women and 9.6 percent of firms owned equally by men and women.

The share of businesses owned by minorities and women is lower among the subset of firms with employees than it is among all firms. Firms without paid employees, known as nonemployer firms, may be a sole proprietorship, partnership, or corporation. In St. Louis, for example, minorities own 18.9 percent of all firms (those with and without employees), while their share of employer firms (those with employees) is 11.3 percent. Similarly, women-owned firms account for 37.4 percent of all firms in St. Louis, but only 23.0 percent of employer firms.

Nonemployer firms vastly outnumber employer firms, making up about 78 percent of all firms in St. Louis and 80 percent nationally, but they account for just two to three percent of all firm sales. It is important to understand trends in business ownership for firms with and without employees, particularly since about 50 percent of nonemployer firms will hire their first employee within two years after startup.⁹

Share of Firms Owned by African-Americans

Percent of classifiable employer firms, 2007

1	Washington, D.C.	6.1
2	Memphis	6.0
3	Atlanta	6.0
4	Richmond	5.7
5	Virginia Beach	5.6
6	Baltimore	4.4
7	Raleigh	4.1
8	New Orleans	3.8
9	Charlotte	3.7
10	Miami	3.6
11	Orlando	3.6
12	St. Louis	3.5
13	New York	3.3
14	Jacksonville	3.3
15	Houston	3.2
16	Milwaukee	3.2
17	Birmingham	3.1
18	Columbus	2.8
19	Detroit	2.8
20	Dallas	2.5
21	Philadelphia	2.4
22	Nashville	2.3
23	Indianapolis	2.3
24	Cleveland	2.2
25	Tampa	2.2
26	Chicago	2.1
United States		2.1
27	Riverside	2.0
28	Buffalo	2.0
29	San Antonio	1.9
30	Las Vegas	1.9
31	Kansas City	1.8
32	Los Angeles	1.8
33	Austin	1.7
34	Hartford	1.7
35	San Francisco	1.6
36	Cincinnati	1.5
37	Oklahoma City	1.4
38	Louisville	1.4
39	Boston	1.4
40	San Diego	1.2
41	Pittsburgh	1.2
42	Denver	1.1
43	Seattle	1.0
44	Phoenix	0.9
45	Minneapolis	0.9
46	Providence	0.7
47	Portland	0.7
48	Salt Lake City	0.2

Source: U.S. Census Bureau, Survey of Business Owners

Share of Firms Owned by African-Americans

Percent of classifiable employer firms, 2012

1	Washington, D.C.	6.9
2	Memphis	6.5
3	Richmond	6.3
4	Atlanta	6.3
5	Virginia Beach	6.1
6	St. Louis	5.4
7	Baltimore	5.1
8	New Orleans	4.7
9	Charlotte	4.7
10	Houston	3.8
11	Raleigh	3.8
12	Columbus	3.6
13	Milwaukee	3.5
14	Miami	3.5
15	Birmingham	3.2
16	Jacksonville	3.0
17	Dallas	2.9
18	Orlando	2.8
19	Detroit	2.8
20	Nashville	2.7
21	Philadelphia	2.5
22	Chicago	2.3
23	Cleveland	2.3
24	Indianapolis	2.3
25	New York	2.3
26	Kansas City	2.2
27	San Antonio	2.1
United States		2.1
28	Louisville	2.1
29	Tampa	2.1
30	Cincinnati	2.1
31	Oklahoma City	1.9
32	Los Angeles	1.8
33	Riverside	1.7
34	San Francisco	1.7
35	Las Vegas	1.6
36	Hartford	1.6
37	Buffalo	1.6
38	Minneapolis	1.5
39	Austin	1.4
40	Seattle	1.4
41	Sacramento	1.4
42	Denver	1.2
43	Boston	1.1
44	Pittsburgh	1.1
45	Phoenix	1.1
46	San Diego	1.0
47	Portland	0.9
48	Providence	0.8
49	San Jose	0.7
50	Salt Lake City	0.4

Source: U.S. Census Bureau, Survey of Business Owners

However, due to the considerable economic impact of employer firms, both in terms of sales and their impact on employment, the subsequent sections focus on employer firms only.

⁸ Classifiable firms include those that are privately held, are not non-profit organizations, and are not foreign-owned. In this Update, firm ownership shares by race and gender are calculated as a percent of classifiable firms, even if not specified as such.

⁹ According to "Crossing the Employer Threshold: Determinants of Firms Hiring Their First Employee", a 2013 report by Robert Fairlie for the Small Business Administration, about 51 percent of all firms hire their first employee within two years after startup. This percentage is similar for firms owned by non-Hispanic whites (48.9 percent) and firms owned by African-Americans (49.9 percent). Women-owned firms are slightly less likely to hire their first employee within two years after startup (43.9 percent).

Firms Owned by African-Americans
Employer firms per 100,000 African-Americans, 2012

1	St. Louis	462.7
2	Los Angeles	442.8
3	Portland	434.0
4	Washington, D.C.	409.8
5	Miami	381.0
6	Seattle	358.9
7	Denver	358.9
8	San Francisco	340.2
9	San Jose	325.9
10	San Antonio	325.5
11	Milwaukee	319.5
12	Richmond	319.3
13	Charlotte	315.3
14	Raleigh	313.6
15	Minneapolis	311.5
16	Atlanta	310.6
17	Salt Lake City	308.0
18	Houston	298.7
19	Orlando	286.4
20	Baltimore	284.2
21	Columbus	280.9
22	Tampa	279.8
23	Oklahoma City	273.0
24	San Diego	271.6
25	Austin	266.4
26	Kansas City	264.7
27	Virginia Beach	263.7
28	Dallas	262.9
29	New York	247.8
United States		245.2
30	Nashville	244.7
31	Chicago	237.0
32	Phoenix	226.8
33	New Orleans	223.3
34	Jacksonville	221.0
35	Indianapolis	220.6
36	Boston	218.0
37	Cincinnati	213.1
38	Sacramento	210.7
39	Riverside	205.7
40	Louisville	199.4
41	Hartford	198.0
42	Detroit	194.2
43	Providence	193.3
44	Buffalo	189.4
45	Pittsburgh	187.9
46	Cleveland	184.7
47	Philadelphia	181.8
48	Las Vegas	175.0
49	Birmingham	158.8
50	Memphis	157.3

Source: U.S. Census Bureau, Survey of Business Owners and Population Estimates

Average Sales for Firms Owned by African-Americans
Average sales, receipts, or value of shipments, in dollars, for employer firms, 2012

1	Salt Lake City	2,527,092
2	Indianapolis	1,596,658
3	Washington, D.C.	1,532,331
4	Riverside	1,509,270
5	Detroit	1,486,657
6	Chicago	1,296,602
7	Cleveland	1,183,286
8	Austin	1,183,162
9	Orlando	1,180,283
10	Louisville	1,128,709
11	Las Vegas	1,110,040
12	Los Angeles	1,097,119
13	Minneapolis	1,093,643
14	San Francisco	1,057,185
15	Denver	1,029,579
16	Columbus	987,321
17	Portland	981,656
18	Boston	961,835
United States		947,905
19	Dallas	933,537
20	Pittsburgh	917,085
21	Kansas City	864,012
22	Phoenix	857,181
23	Charlotte	836,379
24	Baltimore	827,082
25	Milwaukee	812,161
26	Tampa	809,209
27	San Diego	804,606
28	Oklahoma City	770,245
29	Houston	765,329
30	Seattle	759,237
31	Memphis	756,972
32	New York	722,879
33	New Orleans	712,642
34	Nashville	710,521
35	Atlanta	689,871
36	Philadelphia	688,513
37	Providence	686,925
38	St. Louis	661,237
39	Virginia Beach	654,202
40	Hartford	643,686
41	Birmingham	614,738
42	San Antonio	606,084
43	Richmond	595,441
44	Miami	591,046
45	Sacramento	562,784
46	Raleigh	558,248
47	Jacksonville	510,487

Source: U.S. Census Bureau, Survey of Business Owners

African-American Business Ownership

The share of employer firms owned by African-Americans¹⁰ in 2012 varies among the 50 peer regions from a low of 0.4 percent in Salt Lake City to a high of 6.9 percent in Washington, D.C. The St. Louis region ranks 6th out of the peer regions, with 5.4 percent of employer firms owned by African-Americans (about 2,500 firms out of 46,800). While this percentage is relatively high among the peer regions, it is more than three times lower than the share of African-American residents in the region (about 19.5 percent¹¹). Nationally, 2.1 percent of employer firms are owned by African-Americans, while 14.2 of the U.S. population are African-American.

When the previous Survey of Business Owners was conducted for 2007, 3.5 percent of employer firms in St. Louis were owned by African-Americans, ranking the region 12th highest out of 48 peer regions. In a span of five years the percentage of African-American-owned firms in St. Louis increased by almost two percentage points, the highest increase of any peer region. The percentage of African-American-owned employer firms at the national level held steady, at 2.1 percent of employer firms for 2007 and 2012. The majority of peer regions saw growth in the percentage of African-American-owned employer firms, while 14 regions saw decreases from 2007 to 2012.

Since the size of the African-American population in the peer regions varies substantially, another measure of African-American business ownership is the number of employer firms per 100,000 African-Americans. Some regions that have a high percentage of employer firms owned by African-Americans do not perform as well when considering the size of their African-American population. For example, Memphis ranks 2nd on the share of employer firms owned by African-Americans, but ranks 50th when considering the number of firms per 100,000 African-Americans. This is due in part to the low number of businesses overall in Memphis. There are about 1,300 firms for every 100,000 people in Memphis, which is half the ratio of entrepreneurial Miami (2,600). The St. Louis region ranks 1st, with 463 African-American-owned employer firms for every 100,000 African-American residents. St. Louis has almost twice as many African-American-owned employer firms, relative to the size of the African-American population, as the United States, which has 245 firms per 100,000 residents.

10 Survey respondents were allowed to self-identify as one or more races. African-American-owned firms are those where at least 51 percent of ownership is by individuals who identified as African-Americans alone or in combination with other races.

11 Based on analysis of 2014 Population Estimates by Race for 7/1/2012, including individuals who are black alone or in combination with other races.

Most of the African-American-owned employer firms in St. Louis are in the health care and social assistance industry (56 percent), which constitutes almost a quarter of all businesses in that industry. Businesses in the health care and social assistance industry include physician offices, home health care services, and child day care services, among others. The health care and social assistance industry also has the most African-American-owned employer firms at the national level as well as in most peer regions. The average sales for firms in this industry are lower than the average for all industries. In St. Louis, African-American-owned employer firms in health care and social assistance averaged \$183,000 in sales in 2012, compared with \$661,000 for all industries.

Among African-American-owned employer firms, the industries with the highest average sales per business include wholesale trade (\$30.5 million), manufacturing (\$2.4 million), and accommodation and food services (\$2.2 million). Among all classifiable employer firms in St. Louis, the industries with the highest average sales per business include wholesale trade (\$11.0 million), manufacturing (\$4.8 million), and management (\$3.3 million).

Among the peer regions, St. Louis ranks 38th on average sales for employer firms owned by African-Americans. All of the peer Midwestern regions, highlighted in blue on the table, have higher average sales than St. Louis.

Women Business Ownership

As of 2012, almost a quarter of employer firms in the St. Louis region are owned by women, and another 13 percent are owned equally by men and women. St. Louis ranks 4th on the share of employer firms owned by women, slightly higher than the national average of 20.2 percent and higher than all of the peer Midwestern regions. However, primary business ownership by women is underrepresented compared to the size of the female population in St. Louis. While 51.6 percent of residents are women, only 23.0 percent of employer firms are owned by women.

The percentage of women-owned employer firms increased in every peer region from 2007 to 2012. The increase in St. Louis was almost four percentage points, from 19.1 percent of firms in 2007 to 23.0 percent in 2012. The strong increase in women-owned employer firms in St. Louis bumped the region's ranking from 11th highest in 2007 to 4th highest in 2012.

Share of Firms Owned by Women
Percent of classifiable employer firms, 2007

1	Virginia Beach	21.4
2	Washington, D.C.	21.0
3	Denver	20.5
4	Atlanta	20.1
5	Austin	20.1
6	Jacksonville	19.9
7	San Antonio	19.9
8	San Francisco	19.8
9	Orlando	19.5
10	San Jose	19.4
11	St. Louis	19.1
12	Miami	19.0
13	Dallas	18.8
14	Chicago	18.7
15	Raleigh	18.4
16	Los Angeles	18.3
17	Tampa	18.3
18	New Orleans	18.2
19	Baltimore	18.2
20	Seattle	18.1
21	Houston	18.1
22	Las Vegas	17.9
23	Pittsburgh	17.8
24	Portland	17.7
25	Oklahoma City	17.7
26	San Diego	17.6
United States		17.5
27	Detroit	17.4
28	Richmond	17.4
29	Phoenix	17.4
30	Kansas City	17.3
31	New York	17.2
32	Milwaukee	17.1
33	Minneapolis	17.0
34	Boston	16.8
35	Louisville	16.8
36	Sacramento	16.8
37	Columbus	16.6
38	Indianapolis	16.5
39	Cleveland	16.5
40	Philadelphia	16.4
41	Buffalo	16.4
42	Cincinnati	16.3
43	Charlotte	16.1
44	Riverside	16.0
45	Nashville	15.9
46	Birmingham	15.3
47	Hartford	14.9
48	Memphis	14.7
49	Salt Lake City	14.7
50	Providence	14.5

Source: U.S. Census Bureau, Survey of Business Owners

Share of Firms Owned by Women
Percent of classifiable employer firms, 2012

1	San Antonio	24.0
2	Washington, D.C.	24.0
3	Denver	23.8
4	St. Louis	23.0
5	Virginia Beach	22.9
6	Austin	22.8
7	Atlanta	22.5
8	Miami	22.2
9	Seattle	22.0
10	San Francisco	21.9
11	Orlando	21.7
12	Baltimore	21.6
13	Tampa	21.4
14	Los Angeles	21.1
15	Jacksonville	21.1
16	Portland	21.0
17	Houston	20.9
18	Chicago	20.9
19	Dallas	20.7
20	Richmond	20.7
21	Pittsburgh	20.6
22	Oklahoma City	20.6
23	Charlotte	20.6
24	Phoenix	20.6
25	Kansas City	20.6
26	San Diego	20.6
27	Indianapolis	20.5
28	San Jose	20.2
United States		20.2
29	Raleigh	20.1
30	Las Vegas	20.0
31	Louisville	19.9
32	New York	19.8
33	Columbus	19.7
34	Minneapolis	19.5
35	Nashville	19.3
36	New Orleans	19.3
37	Boston	19.3
38	Sacramento	19.0
39	Riverside	18.9
40	Memphis	18.9
41	Detroit	18.7
42	Milwaukee	18.7
43	Cleveland	18.5
44	Philadelphia	18.0
45	Cincinnati	17.9
46	Providence	17.9
47	Buffalo	17.8
48	Hartford	17.3
49	Birmingham	17.1
50	Salt Lake City	16.9

Source: U.S. Census Bureau, Survey of Business Owners

As of 2012 there are 10,700 women-owned employer firms in the St. Louis region, or 745 for every 100,000 women, which ranks the region 15th highest among the 50 peers. Miami ranks 1st with 1,064 women-owned employer firms for every 100,000 women, reflecting its high share of women owners as well as its high rate of business ownership.

In St. Louis, almost 45 percent of employer firms in the educational services industry are owned by women (173 firms out of 386). However, the most common industry for women-owned employer firms is the health care and social assistance industry. About 2,700 women-owned firms are in the health care and social industry, representing almost a quarter of women-owned firms. The next most common industry is the

Firms Owned by Women Employer firms per 100,000 women, 2012

1	Miami	1,064.2
2	Denver	977.8
3	Seattle	867.9
4	New York	856.7
5	San Francisco	852.6
6	Los Angeles	849.2
7	Portland	831.0
8	Orlando	804.0
9	Tampa	766.9
10	Washington, D.C.	766.6
11	Austin	758.6
12	Chicago	755.6
13	Atlanta	750.1
14	San Diego	748.0
15	St. Louis	744.5
16	Oklahoma City	738.9
17	Minneapolis	728.0
18	San Jose	725.6
19	Boston	710.3
20	Jacksonville	707.3
21	Raleigh	706.8
22	Baltimore	703.2
23	Salt Lake City	685.4
24	Kansas City	674.2
United States		649.0
25	Pittsburgh	647.7
26	Virginia Beach	644.4
27	Charlotte	644.4
28	Richmond	644.2
29	Providence	639.5
30	New Orleans	638.7
31	Indianapolis	623.7
32	Cleveland	615.0
33	Detroit	601.6
34	Dallas	601.0
35	Milwaukee	599.2
36	Houston	596.9
37	Louisville	578.8
38	Phoenix	578.6
39	San Antonio	577.1
40	Philadelphia	575.6
41	Las Vegas	570.2
42	Buffalo	568.7
43	Hartford	563.6
44	Nashville	559.3
45	Sacramento	543.3
46	Columbus	504.1
47	Cincinnati	486.9
48	Birmingham	481.1
49	Riverside	427.5
50	Memphis	411.1

Source: U.S. Census Bureau,
Survey of Business Owners and
Population Estimates

Average Sales for Firms Owned by Women

Average sales, receipts, or value of
shipments, in dollars, for employer
firms, 2012

1	Nashville	1,751,211
2	San Antonio	1,617,705
3	Riverside	1,527,036
4	Dallas	1,526,444
5	Salt Lake City	1,523,350
6	Birmingham	1,486,726
7	Memphis	1,480,244
8	Houston	1,465,507
9	Columbus	1,438,191
10	New Orleans	1,390,310
11	Oklahoma City	1,373,782
12	Cincinnati	1,368,120
13	Las Vegas	1,353,625
14	Indianapolis	1,318,396
15	Kansas City	1,293,915
16	Atlanta	1,270,962
17	Washington, D.C.	1,270,837
18	Los Angeles	1,240,511
19	Louisville	1,232,919
20	Baltimore	1,219,603
21	Minneapolis	1,216,245
22	San Jose	1,203,215
23	Charlotte	1,191,639
24	Cleveland	1,187,004
25	Buffalo	1,181,023
26	Detroit	1,178,142
27	New York	1,167,140
28	San Francisco	1,152,190
29	Philadelphia	1,150,715
United States		1,149,598
30	Hartford	1,136,832
31	Milwaukee	1,135,282
32	San Diego	1,133,212
33	Pittsburgh	1,123,979
34	Virginia Beach	1,107,245
35	Providence	1,106,080
36	Sacramento	1,099,895
37	Chicago	1,098,536
38	Boston	1,088,547
39	Raleigh	1,085,686
40	Orlando	1,080,422
41	Phoenix	1,065,984
42	Richmond	1,022,790
43	Austin	989,720
44	Denver	980,575
45	St. Louis	973,098
46	Seattle	925,054
47	Portland	889,921
48	Tampa	885,992
49	Miami	844,550
50	Jacksonville	749,759

Source: U.S. Census Bureau,
Survey of Business Owners

professional, scientific, and technical services industry (14 percent of women-owned firms). The wholesale trade industry accounts for the highest share of sales for women-owned firms in St. Louis (23 percent), followed by retail trade (13 percent). Industry patterns for women-owned firms in St. Louis are similar to patterns at the national level. Nationally, the health care and social assistance industry accounts for the largest share of women-owned firms (16 percent) and wholesale trade accounts for the largest share of sales (23 percent).

Compared to the peer regions, average sales for employer firms owned by women are relatively low in St. Louis. On average, women-owned employer firms in St. Louis have \$974,000 in sales, ranking the region 45th among the 50 peers. Regions with the highest average sales for women-owned firms are in the South, including Nashville, San Antonio, and Riverside.

The Gap in Sales

Although the St. Louis region has experienced substantial growth in the number and share of African-American-owned firms and women-owned firms in recent years, these firms have lower average sales than firms in peer regions. As of 2012, St. Louis ranks among the 10 regions with the largest percent of employer firms owned by African-Americans (at 5.4 percent) as well as for the percent owned by women (at 23.0 percent). In contrast, St. Louis ranks among the 10 regions with the lowest average sales for both African-American and women-owned employer firms, with both averaging less than \$1 million in sales per firm in 2012. Among all of the classifiable firms in St. Louis, average sales per firm are much higher—about \$2.3 million in sales per firm in 2012—ranking the region in the middle of its peers (21st out of 50).

The recession hit sales for African-American and women-owned firms particularly hard, especially in St. Louis. Average sales for African-American-owned firms fell 33.7 percent from 2007 to 2012 in St. Louis (adjusted for inflation), compared to a 6.1 percent drop nationwide (See Table 1). Average sales for women-owned employer firms fell 23.8 percent in St. Louis, compared to a 6.9 percent drop nationally. Meanwhile, average sales for all classifiable firms in St. Louis fell by 9.0 percent from 2007 to 2012, and held steady at the national level.

Table 1. Average Sales for Employer Firms in 2007 and 2012 and Percent Change from 2007-2012 in Inflation-Adjusted Dollars, St. Louis MSA and United States

	All Classifiable Firms			African-American-owned Firms			Women-owned Firms		
	2007	2012	Percent change	2007	2012	Percent change	2007	2012	Percent change
St. Louis MSA	\$2,503,302	\$2,278,372	-9.0	\$997,473	\$661,237	-33.7	\$1,276,504	\$973,098	-23.8
United States	\$2,136,809	\$2,134,765	-0.1	\$1,009,426	\$947,905	-6.1	\$1,234,777	\$1,149,598	-6.9

Conclusion

From 2007 to 2012 the share of African-American-owned employer firms and women-owned employer firms increased in the St. Louis region and in the United States. However, African-Americans and women are still underrepresented as primary business owners. Furthermore, average sales for African-American-owned employer firms and women-owned employer firms are lower than average sales for all classifiable firms in almost every peer region.¹² Firm ownership among underrepresented populations is important given the association of business ownership with increases in economic mobility¹³ as well as employment opportunities for minorities.

12 The one exception is African-American-owned employer firms in the Salt Lake City metropolitan area. The 87 African-American-owned employer firms in that metro have average sales per firm that are 11 percent higher than the average sales for all classifiable firms.

13 Quadrini, Vincenzo. Entrepreneurship, Saving, and Social Mobility, Review of Economic Dynamics, vol. 3, January 2010, pp. 1-40.



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