
Franchised Business Ownership by Minority and Gender Groups: An Update for the IFA Foundation

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for the IFA Foundation*

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Prepared for

IFA Foundation



Table of Contents

EXECUTIVE SUMMARY	1
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I. INTRODUCTION	3
II. MINORITY AND GENDER OWNERSHIP WITHIN FRANCHISED AND NONFRANCHISED BUSINESSES	5
III. FRANCHISED BUSINESSES AMONG MINORITY AND GENDER GROUPS	8
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APPENDIX - SIZE OF BUSINESS COMPARISONS	11

Franchised Business Ownership by Minority and Gender Groups: An Update for the IFA Foundation

EXECUTIVE SUMMARY

PwC was engaged by the IFA Foundation to review data from the U.S. Census Bureau's 2012 *Survey of Business Owners* ("SBO") to determine the prevalence of minority and female ownership in franchised businesses in 2012. Statistics of interest include the percent of franchised businesses owned by minorities and women, comparisons of minority and female ownership rates between franchised and nonfranchised businesses, and comparisons within business lines where franchises are most prevalent. This report summarizes our findings and makes comparisons with results for 2002 and 2007.¹

The primary purpose of this report is to answer two related questions: First, "What percent of franchised businesses are owned by women or minority group members?" Second, "What percent of women-owned or minority-owned businesses are franchised?"

This report answers these two questions by presenting information on (1) the percent of franchised businesses that are owned by each minority and gender group; and (2) the percent of businesses owned by each minority and gender group that are franchised.

In addition, an appendix to the report presents ownership information based on the size of a business, as measured by receipts and employment.

Minority and Gender Ownership Rates

"What percent of franchised businesses are owned by minority group members?"

"What percent of franchised businesses are owned by women?"

In 2012, there was a higher minority ownership rate among franchised businesses than in nonfranchised businesses: 30.8 percent of franchises were owned by minorities, compared to 18.8 percent of nonfranchised businesses (see **Table 1**).

Asians, Blacks, Hispanics, and "other" minorities had a higher rate of ownership of franchises than nonfranchised businesses in 2012, while American Indians and Pacific Islanders had roughly the same ownership rates among franchised and nonfranchised businesses. Asians owned 11.8 percent of all franchises, compared to 6.3 percent of nonfranchised businesses. Hispanics owned 10.4 percent of all franchised businesses, compared to 6.3 percent of nonfranchised businesses. Blacks owned 8.0 percent of all franchised businesses compared to 4.7 percent of nonfranchised businesses (see **Table 2**).

By gender, 30.6 percent of franchised businesses were female-owned compared to 32.8 percent of nonfranchised businesses in 2012. Franchised businesses were more likely to be equally male/female-owned than nonfranchised businesses – 14.8 percent compared to 10.7 percent (see **Table 3**).

¹ 2007 results were reported in PwC, *Franchised Business Ownership: Minority and Gender Groups*, November 7, 2011.

Overall, the minority ownership rate for franchised businesses increased by 10.3 percentage points from 20.5 percent in 2007 to 30.8 percent in 2012, an increase in the ownership rate of 50 percent (see **Table 4**).

Over the same period, the minority ownership rate among nonfranchised businesses increased by 4.6 percentage points from 14.2 percent in 2007 to 18.8 percent in 2012, an increase in the ownership rate of 32 percent.

Among franchised businesses, Hispanics experienced the largest increase in ownership rates among minority groups – doubling from 5.2 percent in 2007 to 10.4 percent in 2012. Pacific Islanders experienced the greatest decline in ownership share among franchises – 0.1 percentage points, from 0.3 percent in 2007 to 0.2 percent in 2012.

Female ownership among franchises increased by 10.1 percentage points from 20.5 percent in 2007 to 30.6 percent in 2012, an increase of 49 percent. Equally male/female ownership rates declined by 9.6 percentage points, from 24.4 percent in 2007 to 14.8 percent in 2012.

Overall, the data show that the percentage of franchised businesses that are minority owned has increased since 2002. Hispanic and female ownership rates of franchised businesses have also increased since 2002.

Franchised Business Operation Rates

“What percent of minority-owned businesses are franchised?”

“What percent of women-owned businesses are franchised?”

Overall, in 2012 minority-owned businesses were more likely to be operated as franchises (4.7 percent) than nonminority-owned businesses (2.5 percent) (see **Table 5**). By race, 5.4 percent of all Asian-owned businesses, 4.8 percent of all Black-owned businesses, and 3.1 percent of all Pacific Islander-owned businesses were operated as franchises. In 2012, 4.2 percent of all Hispanic-owned businesses as franchises.

In 2012, and 2.7 percent of female-owned businesses operated as franchises.

The share of minority-owned businesses that operated as a franchise increased by 1.7 percentage points from 3.0 percent in 2007 to 4.7 percent in 2012, a 57 percent increase (see **Table 6**). By race, Black-owned businesses experienced the largest growth in franchised ownership over this period, from 2.9 percent to 4.8 percent, a 66 percent increase. Franchised ownership among Hispanic-owned businesses more than doubled, from 2.0 percent in 2007 to 4.2 percent in 2012.

Minorities were more likely to own a franchised business than a nonfranchised business and minority franchise ownership has grown by 50 percent between 2007 and 2012.

Franchised ownership among female-owned businesses increased from 1.7 percent in 2007 to 2.7 percent in 2012.

Overall, among businesses owned by minorities, an increasing percentage are franchised businesses since 2002. The same trend is found for Hispanic-owned and female-owned as well as for nonminority-owned businesses.

Franchised Business Ownership by Minority and Gender Groups: An Update for the IFA Foundation

I. INTRODUCTION

The *Survey of Business Owners* (“SBO”), conducted every five years by the U.S. Census Bureau, provides comprehensive data on the economic and demographic characteristics of more than 27 million U.S. businesses and their owners. Included are all businesses that filed 2012 tax forms as sole proprietorships, partnerships, or corporations and had annual business receipts greater than \$1,000. The SBO covers both firms with paid employees and firms with no paid employees. In addition to information about the business, responding firms were asked to provide information on the characteristics of up to four individuals with the largest ownership shares, including the owners’ gender, race, and ethnicity.

Beginning with the 2002 SBO, the survey questionnaire asked respondents to indicate whether or not their business was operated as a franchise. A definition of a “franchise” was not provided on the questionnaire, so a respondent used his/her own understanding of franchises to answer the question. The SBO provides information on the prevalence of franchising by kind of business (all responding firms, firms with paid employees, and firms without paid employees) and by the owners’ gender, race, and ethnicity. The SBO data are also categorized by industry and by business size.

Section II of this report provides summary data from the 2012 SBO on the prevalence of minority and gender ownership among franchised businesses, and compares ownership rates for these groups between franchised and nonfranchised businesses. The tabulations presented in this section shed light on the question – “What percent of franchised businesses are owned by women or minority group members?” Minority and gender ownership rates in 2007 and 2012 are compared.

Section III examines businesses classified by minority and gender ownership and considers the prevalence of franchised businesses among these ownership groups. The tabulations presented in this section shed light on the question -- “What percent of women-owned or minority-owned businesses are franchised?” The prevalence of franchised businesses by minority status, race, ethnicity, and gender in 2007 and 2012 are compared.

An appendix to the report presents ownership information based on business size.

Business Ownership

As stated in the SBO methodology report, business ownership is defined as having 51 percent or more of the stock or equity in the business and is categorized by:

- Gender: male; female; or equally male/female-owned
- Ethnicity: Hispanic or Latino Origin; or Not Hispanic or Latino Origin
- Race: White; Black or African American; American Indian or Alaska Native; Asian; Native Hawaiian or Other Pacific Islander; or “Some Other Race”

Businesses that are equally male-/female-owned and equally minority-/nonminority-owned are counted and tabulated as separate categories.

Businesses could be tabulated in more than one racial group. This can result because:

- a. the sole owner reported more than one race;
- b. the majority owner reported more than one race;
- c. a majority combination of owners reported more than one race.

To overcome the potential double counting that can occur, SBO defines a “minority-owned” business as one that is at least 51 percent owned by individuals who are either (1) from a racial group other than White or (2) are of Hispanic ethnicity. Conversely, a “nonminority-owned” business is a business that is less than 50 percent owned by individuals who are White and are not of Hispanic ethnicity.

II. Minority and Gender Ownership within Franchised and Nonfranchised Businesses

As described in the introduction, this section is designed to answer the question – “What percent of franchised businesses are owned by women or minority group members?”

Table 1 presents the percent of franchised businesses owned by minority and nonminority group members and provides a comparison of the ownership rates between franchised and nonfranchised businesses. In 2012, 30.8 percent of all franchises were minority-owned, while 18.8 percent of nonfranchised businesses were minority-owned. Minority ownership was higher in franchises than nonfranchises for companies with and without paid employees.

**Table 1. – Minority Ownership
Franchised and Nonfranchised Businesses, 2012**

Business Group	Minority-Owned	Not Minority-Owned	Equally Minority / Nonminority	Firms with Owners Whose Characteristics are Indeterminate
All Responding Firms:				
Franchised	30.8%	65.7%	1.2%	2.3%
Nonfranchised	18.8%	78.2%	1.0%	1.9%
Firms with Paid Employees:				
Franchised	22.6%	72.7%	1.7%	3.0%
Nonfranchised	14.9%	80.7%	1.3%	3.2%
Firms without Paid Employees:				
Franchised	36.0%	61.2%	0.9%	1.9%
Nonfranchised	19.9%	77.6%	0.9%	1.6%

Source: PwC calculations based on data from the 2012 Survey of Business Owners.

Note: Rows may not sum to 100 percent due to rounding.

Table 2 presents the percent of franchised businesses owned by members of various minority groups. The franchised business ownership rates for nonwhite racial groups in 2012 ranged from two-tenths of one percent for Native Hawaiians and Other Pacific Islanders up to 11.8 percent for Asians. With respect to ethnicity, 10.4 percent of all franchised businesses were owned by Hispanics or Latinos.

Among minority groups, Asians have the largest difference in the ownership percentages between franchised and nonfranchised businesses – Asians owned 11.8 percent of franchised businesses compared to 6.3 percent of nonfranchised businesses in 2012.

**Table 2. — Ownership by Minority Group
Franchised and Nonfranchised Businesses, 2012**

Business Group	Hispanic-Owned	Asian-Owned	Black-Owned	American Indian-Owned ⁽¹⁾	Pacific Islander-Owned ⁽²⁾	Other Minority-Owned
All Responding Firms:						
Franchised	10.4%	11.8%	8.0%	0.8%	0.2%	4.4%
Nonfranchised	7.2%	6.3%	4.7%	0.8%	0.2%	2.1%
Firms with Paid Employees:						
Franchised	4.6%	14.6%	2.5%	0.4%	0.1%	1.8%
Nonfranchised	4.7%	7.9%	1.8%	0.5%	0.1%	1.3%
Firms without Paid Employees:						
Franchised	14.1%	10.0%	11.5%	1.0%	0.2%	6.0%
Nonfranchised	7.9%	5.8%	5.5%	0.9%	0.2%	2.3%

Source: PwC calculations based on data from the 2012 Survey of Business Owners.

Note: Numbers do not add to minority-owned totals in Table 1 because a business can be counted in more than one racial group.

⁽¹⁾ Includes Alaskan Natives; ⁽²⁾ Includes Native Hawaiians.

Table 3 is similar to the Table 1, but it provides information on ownership by gender in franchised and nonfranchised businesses. In 2012, 30.6 percent of franchised businesses were female-owned compared to 32.8 percent of nonfranchised businesses. Franchised businesses were more likely to be equally male/female-owned than nonfranchised businesses (14.8 percent compared to 10.7 percent).

**Table 3. — Ownership by Gender
Franchised and Nonfranchised Businesses, 2012**

Business Group	Male-Owned	Female-Owned	Equally Male- / Female-Owned
All Responding Firms:			
Franchised	52.3%	30.6%	14.8%
Nonfranchised	54.6%	32.8%	10.7%
Firms with Paid Employees:			
Franchised	60.1%	16.8%	20.1%
Nonfranchised	63.4%	19.7%	13.8%
Firms without Paid Employees:			
Franchised	47.3%	39.4%	11.4%
Nonfranchised	52.3%	36.3%	9.8%

Source: PwC calculations based on data from the 2012 Survey of Business Owners.

Note: Gender group percentages do not add to 100 percent within a franchised or nonfranchised group because businesses whose owners' characteristics are indeterminate are not shown.

Table 4 compares ownership percentages for franchised businesses in 2007 and 2012. Overall, the minority ownership rate for franchised businesses increased by 10.3 percentage points from 20.5 percent in 2007 to 30.8 percent in 2012, an increase of 50 percent. By race, the “Other” minority group experienced the largest increase in ownership share among franchises – from 0.5 percent in 2007 to 4.4 percent in 2012, an increase of 3.9 percentage points. By ethnicity, the share of franchised businesses owned by Hispanics doubled from 5.2 percent in 2007 to 10.4 percent in 2012.

Table 4. – Minority, Ethnic, and Gender Ownership in Franchised Businesses, All Responding Firms, 2002, 2007 and 2012

Business Group	2002	2007	2012	Change (2007 to 2012)
Minority Status:				
Minority-Owned	19.3%	20.5%	30.8%	10.3%
Equally Minority/Non-Minority	n.a.	2.2%	1.2%	-1.0%
Not Minority-Owned	79.2%	71.1%	65.7%	-5.4%
Race:				
Asian-Owned	8.9%	10.4%	11.8%	1.4%
Black-Owned	4.4%	4.9%	8.0%	3.1%
American Indian-Owned ⁽¹⁾	0.8%	0.5%	0.8%	0.2%
Pacific Islander-Owned ⁽²⁾	0.2%	0.3%	0.2%	-0.1%
Other Minority-Owned	n.a.	0.5%	4.4%	3.9%
Ethnicity:				
Hispanic-Owned	5.8%	5.2%	10.4%	5.2%
Equally Hispanic/Non-Hispanic	n.a.	1.1%	0.8%	-0.3%
Non-Hispanic-Owned	91.9%	87.5%	86.5%	-1.0%
Gender:				
Male-Owned	57.2%	48.9%	52.3%	3.4%
Female-Owned	25.0%	20.5%	30.6%	10.1%
Equally Male-/Female-Owned	17.1%	24.4%	14.8%	-9.6%
Firms with Owners whose Characteristics are Indeterminate	2.9%	6.2%	2.3%	-3.9%
Memo:				
50% or More Female-Owned	42.1%	44.9%	45.4%	0.5%

Source: PwC calculations based on data from the 2002, 2007 and 2012 Survey of Business Owners.

Note: Ownership percentages with minority, ethnic, and gender groups do not add to 100 percent.

⁽¹⁾ Includes Alaskan Natives; ⁽²⁾ Includes Native Hawaiians.

The share of franchises that were female-owned increased by 10.1 percentage points from 20.5 percent in 2007 to 30.6 percent in 2012, an increase of 49 percent. However, over the same period, the share of franchised businesses that were equally male-/female-owned declined by 9.6 percentage points, from 24.4 percent to 14.8 percent, a decline of 39.2 percent. Overall, the percent of franchises that were at least 50 percent female-owned increased from 44.9 percent in 2007 to 45.4 percent in 2012.

There was a 3.9 percentage point decrease in the share of franchises whose owners’ characteristics were indeterminate between 2007 and 2012.

III. Franchised Businesses among Minority and Gender Groups

The previous section examined the percent of franchised businesses that are owned by minority and gender group. This section alternatively asks the question “What percent of women-owned or minority-owned businesses are franchised?”

In 2012, 4.7 percent of all minority-owned businesses were franchised, compared to 2.5 percent of businesses that were not minority-owned (see **Table 5**).

Table 5. – Percentage of Businesses in Franchised Form by Type of Owner, 2012

Business Group	All Firms	Firms with Paid Employees	Firms without Paid Employees
All Responding Firms:	2.9%	5.3%	2.3%
Minority Status:			
Minority-Owned	4.7%	7.8%	4.1%
Equally Minority/Non-Minority	3.5%	7.0%	1.8%
Not Minority-Owned	2.5%	4.8%	1.8%
Race:			
White-Owned	2.5%	4.8%	1.9%
Asian-Owned	5.4%	9.4%	3.9%
Black-Owned	4.8%	7.4%	4.6%
American Indian-Owned ⁽¹⁾	2.8%	4.6%	2.5%
Pacific Islander-Owned ⁽²⁾	3.1%	3.4%	3.1%
Other Minority-owned	5.9%	7.6%	5.7%
Ethnicity:			
Hispanic-Owned	4.2%	5.2%	4.0%
Equally Hispanic/Non-Hispanic	4.3%	7.0%	2.9%
Non-Hispanic-Owned	2.8%	5.3%	2.1%
Gender:			
Male-Owned	2.8%	5.0%	2.1%
Female-Owned	2.7%	4.6%	2.5%
Equally Male-/Female-Owned	4.0%	7.5%	2.7%
Firms with Owners whose Characteristics are Indeterminate	3.5%	5.0%	2.7%
Memo:			
50% or More Female-Owned	3.1%	5.8%	2.5%

Source: PwC calculations based on data from the 2012 Survey of Business Owners.

⁽¹⁾ Includes Alaskan Natives; ⁽²⁾ Includes Native Hawaiians.

By race, franchising was most prevalent among “Other” minority businesses: 5.9 percent of all “Other” minority-owned businesses were operated as franchises in 2012, compared to 5.4 percent of Asian-owned businesses, 4.8 percent of Black-owned businesses, and 2.5 percent of White-owned businesses.

In terms of ethnicity, there is a 1.4 percentage point difference in the prevalence of franchising among Hispanic-owned and non-Hispanic-owned businesses (about 4.2 percent of Hispanic-owned businesses were operated as a franchise, while 2.8 percent of non-Hispanic-owned business were operated as such). 4.3 percent of businesses that are equally Hispanic/non-Hispanic-owned businesses were operated as a franchise.

There is little difference in the rate of franchising between female-owned firms and male-owned firms, although a slightly higher percent of male-owned firms operated as franchises in 2012 (2.8 percent of male-owned businesses versus 2.7 percent of female-owned businesses operated as franchises). However, franchising was more prevalent in firms that were equally male/female-owned (4.0 percent of these businesses operated as franchises in 2012).

Results are also separately reported for businesses with paid employees and for businesses without paid employees.

Table 6 compares franchise ratios within minority, ethnic, and gender groups in 2002, 2007 and 2012. Overall, the share of minority-owned firms that operated as a franchise increased by 1.7 percentage points from 3.0 percent in 2007 to 4.7 percent in 2012, an increase of 54.5 percent. By race, Black-owned firms experienced the greatest increase in the percent operated as a franchise, increasing from 2.9 percent in 2007 to 4.8 percent in 2012, a 66 percent increase. The franchise ratio for Asian-owned firms increased by 0.9 percentage points over this period. By gender group, the franchise ratio for male-owned businesses increased by 0.8 percentage points while female-owned increased by one percentage point between 2007 and 2012. The franchise ratio for equally male/female-owned businesses increased by 1.2 percent.

Table 6. – Percentage of Franchised Businesses within Minority, Ethnic, and Gender Groups, All Firms, 2002, 2007, and 2012

Business Group	2002	2007	2012	Change (2007-2012)
All Responding Firms:	1.9%	2.1%	2.9%	0.8%
Minority Status:				
Minority-Owned	2.7%	3.0%	4.7%	1.7%
Equally Minority/Non-Minority Owned	n.a.	3.1%	3.5%	0.4%
Not Minority-Owned	1.8%	1.9%	2.5%	0.5%
Race:				
White-Owned	1.8%	1.9%	2.5%	0.6%
Asian-Owned	3.9%	4.5%	5.4%	0.9%
Black-Owned	2.3%	2.9%	4.8%	2.0%
American Indian-Owned ⁽¹⁾	1.9%	1.8%	2.8%	1.0%
Pacific Islander-Owned ⁽²⁾	3.0%	5.1%	3.1%	-2.0%
Other Minority-Owned	n.a.	3.7%	5.9%	2.2%
Ethnicity:				
Hispanic-Owned	2.1%	2.0%	4.2%	2.2%
Equally Hispanic/Non-Hispanic	n.a.	2.9%	4.3%	1.4%
Non-Hispanic-Owned	1.9%	2.1%	2.8%	0.7%
Gender:				
Male-Owned	1.9%	2.0%	2.8%	0.8%
Female-Owned	1.7%	1.7%	2.7%	1.0%
Equally Male-/Female-Owned	2.7%	2.8%	4.0%	1.2%
Firms with Owners whose Characteristics are Indeterminate	1.9%	2.5%	3.5%	0.9%
Memo:				
50% or More Female-Owned	2.0%	2.2%	3.1%	0.9%

Source: PwC calculations based on data from the 2002, 2007 and 2012 Survey of Business Owners.

⁽¹⁾ Includes Alaskan Natives; ⁽²⁾ Includes Native Hawaiians.

APPENDIX – Size of Business Comparisons

This appendix provides detail on racial, ethnic, and gender group ownership rates and franchised business operation rates by the size of business. Business size is measured in two ways: (1) by the size of annual receipts reported and (2) by the number of employees.

A. Race, Ethnicity, and Gender Ownership within Franchised and Nonfranchised Businesses: By Size of Business Receipts

Table 7 provides comparisons of racial, ethnic, and gender ownership rates for franchised and nonfranchised businesses by receipt size. This table answers questions such as “What percent of franchised businesses of a given receipt size are owned by women or minority group members?”

To simplify the amount of information presented, the table does not show all possible racial, ethnic, and gender groups. Instead, the table reports the percent of nonwhite-owned firms, Hispanic-owned firms and female-owned firms in each receipt size class for franchised and nonfranchised firms.² The table is also limited to businesses with paid employees.

As shown in Table 7, the percentage of nonwhite-owned businesses was greater in franchised than in nonfranchised businesses across all receipt size classes in 2012. To some extent, the higher nonwhite ownership percentages of franchised businesses are driven by the higher ownership rates of franchises by Asians identified in Table 2. There is no apparent trend in the differences between franchised and nonfranchised businesses for Hispanic or female owners across receipt size.

Graphical representations of the data in Table 7 are provided in **Figure 1**, **Figure 2**, and **Figure 3** for nonwhite owners, Hispanic owners, and female owners, respectively. As shown in Figure 1, nonwhite ownership declines for both franchised and nonfranchised businesses as the receipt size of the business exceeds \$500,000. As shown in Figure 2 and Figure 3, there is a more pronounced downward trend in Hispanic ownership and female ownership beginning at about \$50,000 in receipts for both franchised and nonfranchised businesses.

² To calculate the percent of nonwhite-owned businesses, the White-owned and the indeterminate-group-owned percentages were subtracted from 100 percent. This may understate the percentage of nonwhite-owned firms because a business could be counted within the White group and any of the other racial groups.

Table 7. – Racial, Ethnic, and Gender Ownership by Receipt Size, Businesses with Paid Employees, 2012

Business Group by Receipt Size	Nonwhite-Owned⁽¹⁾	Hispanic or Latino-Owned	Female-Owned
Less than \$5,000			
Franchised	27.0%	9.5%	42.2%
Nonfranchised	13.0%	7.0%	32.4%
\$5,000 to \$9,999			
Franchised	24.9%	6.8%	30.5%
Nonfranchised	12.5%	4.9%	28.6%
\$10,000 to \$24,999			
Franchised	21.5%	5.9%	31.4%
Nonfranchised	12.2%	5.9%	30.8%
\$25,000 to \$49,999			
Franchised	16.8%	8.4%	29.0%
Nonfranchised	11.8%	5.4%	28.8%
\$50,000 to \$99,999			
Franchised	23.7%	7.3%	26.8%
Nonfranchised	12.0%	5.5%	28.7%
\$100,000 to \$249,999			
Franchised	21.7%	5.8%	23.9%
Nonfranchised	13.0%	5.3%	23.1%
\$250,000 to \$499,999			
Franchised	24.9%	4.9%	18.3%
Nonfranchised	12.5%	4.9%	18.8%
\$500,000 to \$999,999			
Franchised	20.3%	4.1%	13.5%
Nonfranchised	11.6%	4.6%	16.1%
\$1,000,000 or more			
Franchised	16.0%	3.3%	10.9%
Nonfranchised	8.6%	3.3%	12.3%
All Firms			
Franchised	20.0%	4.6%	16.8%
Nonfranchised	11.4%	4.7%	19.7%

Source: PwC calculations based on data from the 2012 Survey of Business Owners.

⁽¹⁾ Counts of nonwhite-owned businesses derived by subtracting white-owned businesses from all businesses which were classifiable by race, ethnicity, and gender.

Figure 1. – Nonwhite Ownership Percentage by Receipt Size, Businesses with Paid Employees, 2012

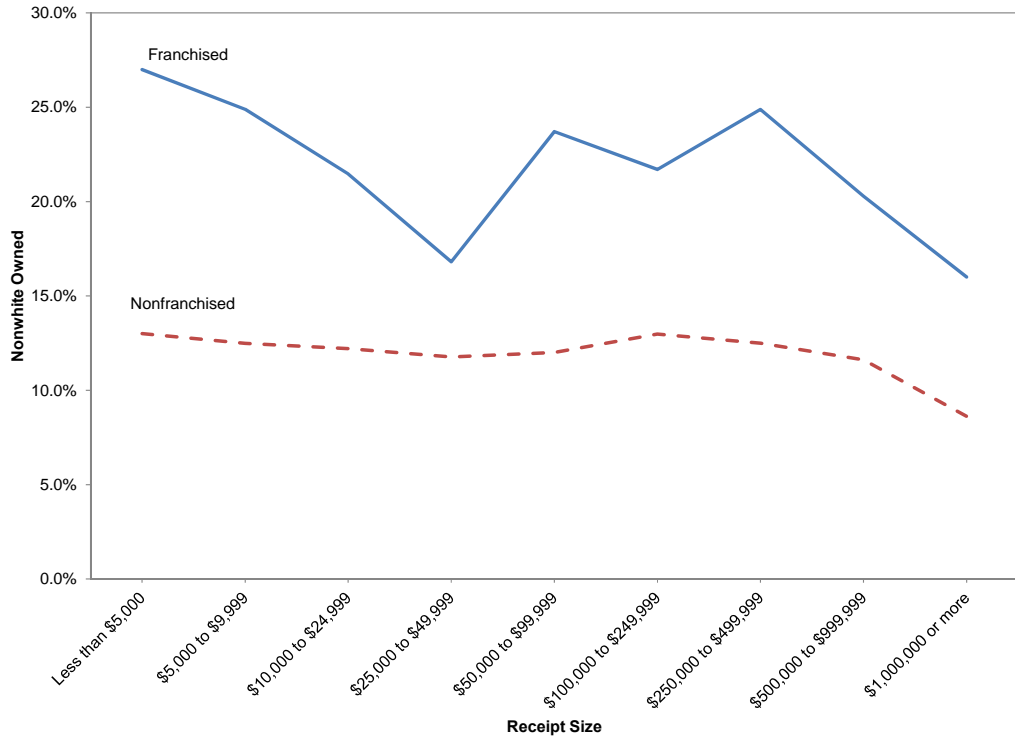


Figure 2. – Hispanic Ownership Percentage by Receipt Size, Businesses with Paid Employees, 2012

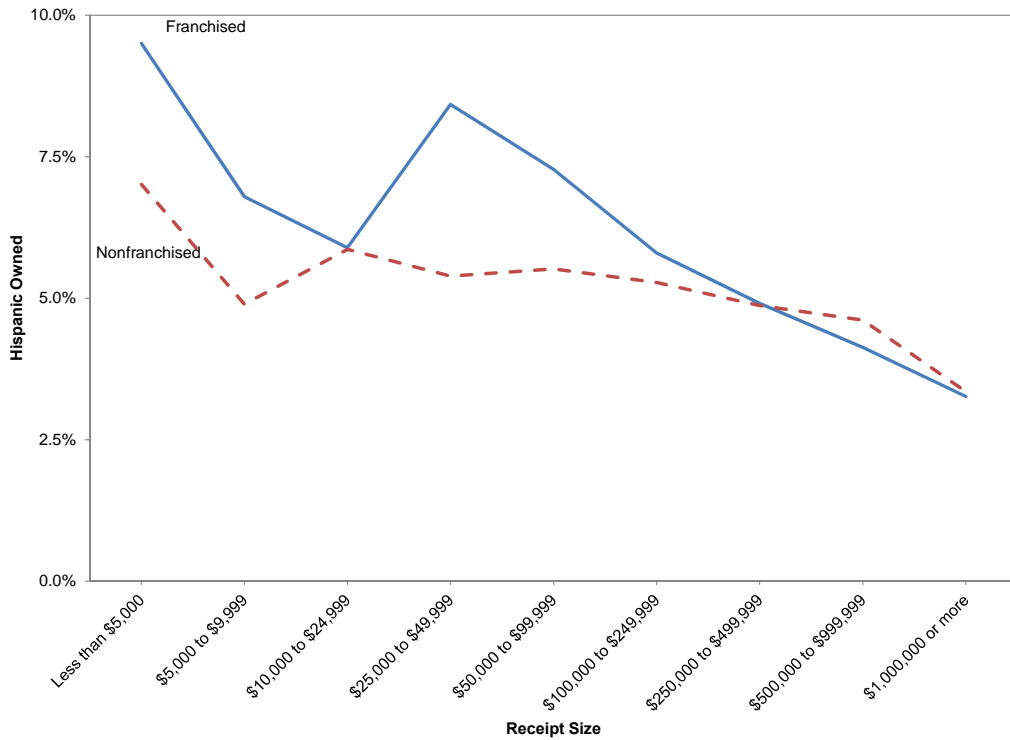


Figure 3. – Female Ownership Percentage by Receipt Size, Businesses with Paid Employees, 2012

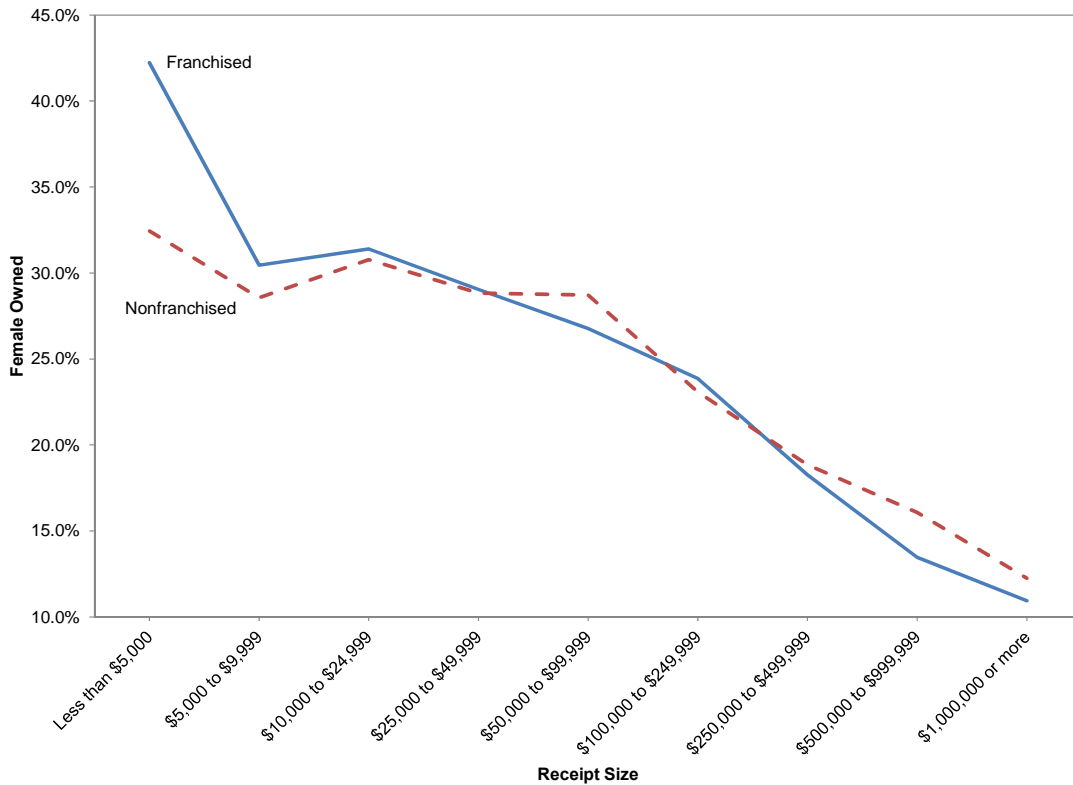


Table 8 is similar to Table 7 except that it uses employment size to compare the ownership rates of franchised and nonfranchised businesses with paid employees. As was the case with receipt size classes, the percent of nonwhite-owned businesses was greater in franchised than in nonfranchised businesses across all employment size classes in 2012. In general, the nonwhite, Hispanic, and female ownership percentages decrease as the employment size of a business increases. This holds true for both franchised and nonfranchised businesses.

Table 8. – Racial, Ethnic, and Gender Ownership by Employment Size, Businesses with Paid Employees, 2012

Business Group by Employment Size	Nonwhite-Owned⁽¹⁾	Hispanic or Latino-Owned	Female-Owned
Firms with no employees			
Franchised	22.5%	5.9%	19.9%
Nonfranchised	12.8%	5.8%	22.4%
1 to 4			
Franchised	21.0%	6.2%	19.6%
Nonfranchised	12.3%	4.9%	21.2%
5 to 9			
Franchised	26.2%	4.4%	16.8%
Nonfranchised	11.2%	4.5%	18.6%
10 to 19			
Franchised	21.1%	3.7%	17.7%
Nonfranchised	9.8%	4.1%	16.8%
20 to 49			
Franchised	13.1%	3.1%	11.8%
Nonfranchised	7.8%	3.4%	14.4%
50 to 99			
Franchised	10.6%	2.0%	10.0%
Nonfranchised	6.1%	2.9%	11.8%
100 or 499			
Franchised	8.4%	2.9%	11.7%
Nonfranchised	4.5%	2.2%	11.4%
500 or more			
Franchised	11.5%	1.7%	6.8%
Nonfranchised	2.8%	1.4%	6.5%
All Firms			
Franchised	20.0%	4.6%	16.8%
Nonfranchised	11.4%	4.7%	19.7%

Source: PwC calculations based on data from the 2012 Survey of Business Owners.

⁽¹⁾ Counts of nonwhite-owned businesses derived by subtracting white-owned businesses from all businesses which were classifiable by race, ethnicity, and gender.

B. Franchised Businesses Among Minority and Gender Groups: By Size of Business Receipts

Table 9 shows the percent of businesses with paid employees that operated as franchises within racial, ethnic, and gender groups by receipt size classes. This table answers questions such as “What percent of women-owned or nonwhite-owned businesses of a given receipt size are franchised?” **Figure 4** is a graphical representation of these data.

As shown below, bigger businesses are generally more likely to be franchised. For example, of nonwhite-owned businesses with annual receipts between \$5,000 and \$250,000 and with paid employees, 4.3 percent to 7.6 percent were operated as a franchise in 2012, while approximately 13 percent of nonwhite-owned businesses with paid employees and annual receipts of \$1,000,000 or more operated as a franchise.

Table 9. – Percentage of Businesses in Franchised Form by Receipt Size, Businesses with Paid Employees, 2012

Receipt Size	Nonwhite-Owned ⁽¹⁾	Hispanic or Latino-Owned	Female-Owned
Less than \$5,000	6.8%	4.6%	4.4%
\$5,000 to \$9,999	7.6%	5.4%	4.2%
\$10,000 to \$24,999	5.5%	3.2%	3.2%
\$25,000 to \$49,999	4.3%	4.6%	3.0%
\$50,000 to \$99,999	5.6%	3.8%	2.7%
\$100,000 to \$249,999	6.4%	4.3%	4.1%
\$250,000 to \$499,999	10.0%	5.3%	5.1%
\$500,000 to \$999,999	10.7%	5.8%	5.4%
\$1,000,000 or more	13.0%	7.3%	6.7%
All Firms	8.9%	5.2%	4.6%

Source: PwC calculations based on data from the 2012 Survey of Business Owners.

⁽¹⁾ Counts of nonwhite-owned businesses derived by subtracting white-owned businesses from all businesses which were classifiable by race, ethnicity, and gender.

Table 10 reports the percent of businesses that operated as a franchise for different racial groups by receipt size class, providing some additional detail on the nonwhite franchised business ownership rates reported in Table 9. Similar to Table 9, this table answers questions such as “What percent of businesses owned by a specific racial group and of a given receipt size are franchised?”

Figure 4. – Percentage of Businesses in Franchised Form by Receipt Size, Businesses with Paid Employees, 2012

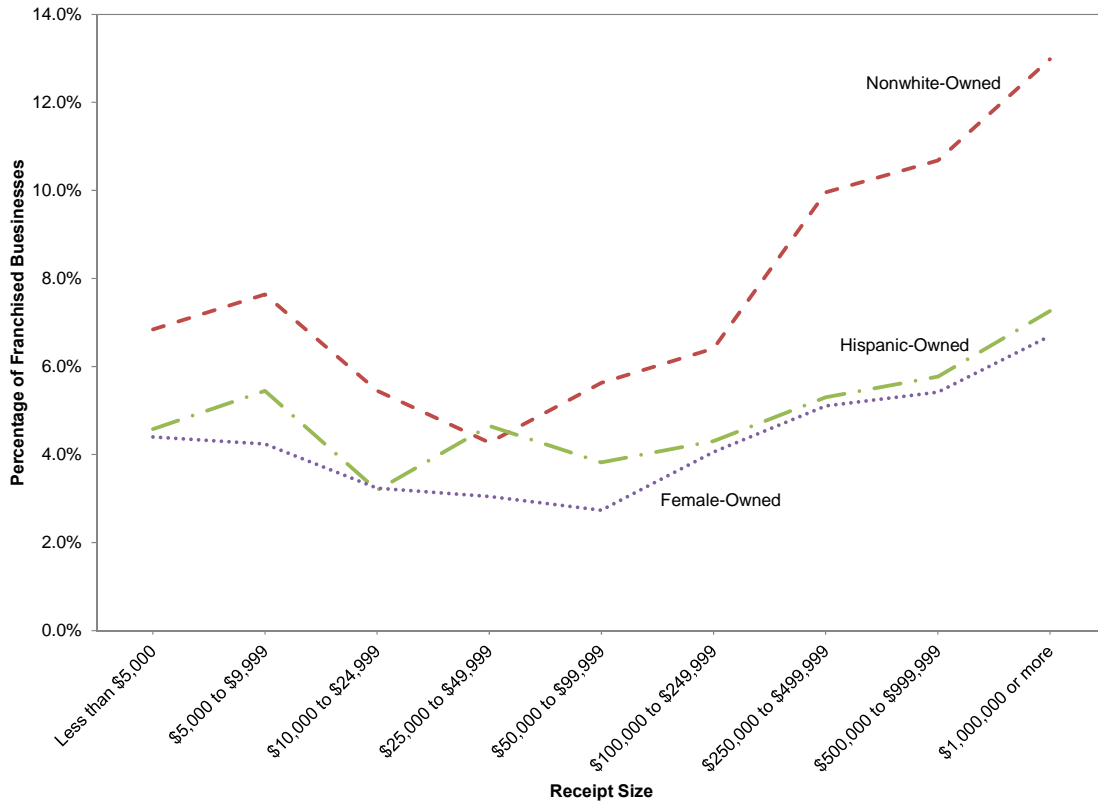


Table 10. – Percentage of Businesses in Franchised Form by Receipt Size, Nonwhite-Owned Businesses with Paid Employees, 2012

Receipt Size	Asian-Owned	Black-Owned	American Indian-Owned ⁽¹⁾	Pacific Islander-Owned ⁽²⁾	Other Minority-Owned
Less than \$5,000	8.6%	5.2%	0.0%	0.0%	1.3%
\$5,000 to \$9,999	6.4%	9.8%	5.2%	0.0%	8.9%
\$10,000 to \$24,999	4.3%	6.7%	1.8%	26.7%	5.1%
\$25,000 to \$49,999	5.0%	3.1%	0.6%	0.0%	2.8%
\$50,000 to \$99,999	5.2%	6.5%	2.7%	0.0%	5.2%
\$100,000 to \$249,999	6.5%	6.2%	3.2%	0.5%	5.4%
\$250,000 to \$499,999	10.3%	8.3%	5.2%	1.0%	7.5%
\$500,000 to \$999,999	11.6%	7.1%	9.1%	2.6%	8.4%
\$1,000,000 or more	13.7%	11.9%	6.0%	8.7%	13.6%
All Firms	9.4%	7.4%	4.6%	3.4%	7.6%

Source: PwC calculations based on data from the 2012 Survey of Business Owners.

⁽¹⁾ Includes Alaskan Natives; ⁽²⁾ Includes Native Hawaiians.

Table 11 shows the percent of businesses operated as a franchise within racial, ethnic, and gender groups by employment size classes. This table answers questions such as “What percent of women-owned or nonwhite-owned businesses of a given employment size are franchised?” **Figure 5** is a graphical representation of these data.

In 2012, the percent of franchised business generally increases as the employment size increases. The highest percentage of franchised businesses occurred for Nonwhite-owned businesses with 500 or more employees (30.1 percent). For Hispanic-owned businesses, the highest percentage of franchised businesses occurred in firms with 100 to 499 employees (15.4 percent). Female-owned businesses with 100 to 499 employees had 12.5 percent of businesses operated as a franchise.

Table 11. – Percentage of Businesses in Franchised Form by Employment Size, Businesses with Paid Employees, 2012

Employment Size	Nonwhite-Owned ⁽¹⁾	Hispanic or Latino-Owned	Female-Owned
Firms with no employees	6.8%	4.1%	3.6%
1 to 4	5.4%	4.1%	3.0%
5 to 9	12.9%	5.9%	5.4%
10 to 19	17.1%	8.0%	9.2%
20 to 49	18.8%	10.9%	10.1%
50 to 99	20.8%	9.3%	11.3%
100 to 499	20.5%	15.4%	12.5%
500 or more	30.1%	11.2%	10.0%
All Firms	8.9%	5.2%	4.6%

Source: PwC calculations based on data from the 2012 Survey of Business Owners.

⁽¹⁾ Counts of nonwhite-owned businesses derived by subtracting white-owned businesses from all businesses which were classifiable by race, ethnicity, and gender.

Figure 5. — Percentage of Businesses in Franchised Form by Employment Size, Businesses with Paid Employees, 2012

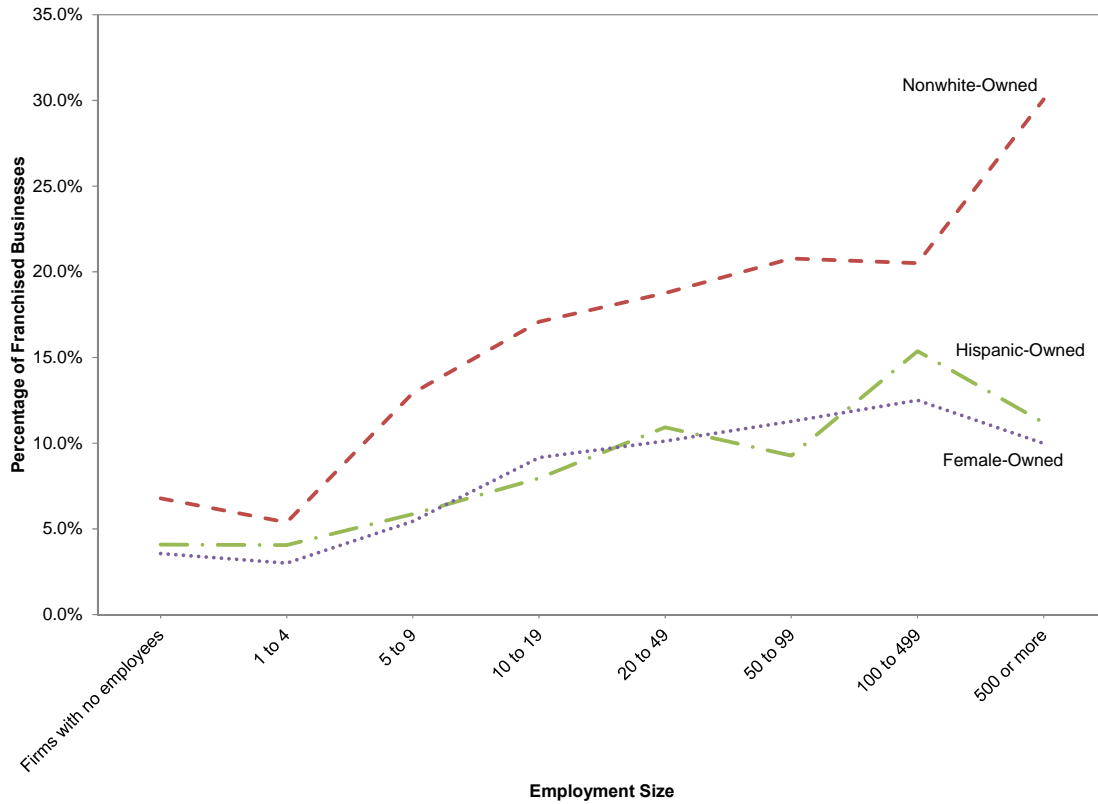


Table 12 shows the percent of businesses operated as franchises within nonwhite racial groups by employment size classes. Similar to Table 11, this table answers questions such as “What percent of nonwhite-owned businesses of a given employment size are franchised?”

The franchise percentages for four of the five racial groups is highest among the largest employment size class.

Table 12. — Percentage of Businesses in Franchised Form by Employment Size, Nonwhite-Owned Businesses with Paid Employees, 2012

Employment Size	Asian-Owned	Black-Owned	American Indian-Owned ⁽¹⁾	Pacific Islander-Owned ⁽²⁾	Other Minority-Owned
Firms with no employees	6.7%	7.3%	4.4%	0.0%	5.8%
1 to 4	5.4%	5.3%	2.2%	2.3%	5.1%
5 to 9	14.2%	8.0%	5.7%	3.1%	10.0%
10 to 19	19.6%	10.5%	13.8%	2.6%	12.1%
20 to 49	20.7%	14.2%	12.2%	24.1%	20.0%
50 to 99	23.6%	21.9%	8.3%	0.0%	16.2%
100 to 499	23.5%	21.1%	7.5%	22.2%	9.0%
500 or more	27.7%	37.8%	16.7%	0.0%	27.8%
All Firms	9.4%	7.4%	4.6%	3.4%	7.6%

Source: PwC calculations based on data from the 2012 Survey of Business Owners.

⁽¹⁾ Includes Alaskan Natives; ⁽²⁾ Includes Native Hawaiians.