

# TRENDS in ENTREPRENEURSHIP SERIES

Reporting on data from a wide range of sources to measure, track, and compare trends related to entrepreneurship | 2020, No. 2

## EDUCATIONAL ATTAINMENT OF BUSINESS OWNERS IN THE UNITED STATES

*This brief explores trends in educational attainment among entrepreneurs who start employer businesses (firms with paid employees) in the United States. In this brief, entrepreneurs are defined as employer business owners with at least 51% stock or equity in the business.*

*The source for the data is the 2016 Annual Survey of Entrepreneurs (ASE), conducted by the United States Census Bureau.<sup>1</sup> The data draw from approximately 290,000 employer businesses across all geographies and demographic categories. Educational attainment trends are reported for the large sample, as well as for gender and the following race and ethnic groups for which data are available: White, African American, American Indian or Alaskan Native, Asian, Hispanic, and Native Hawaiian or other Pacific Islander.<sup>2</sup>*

### Highlights

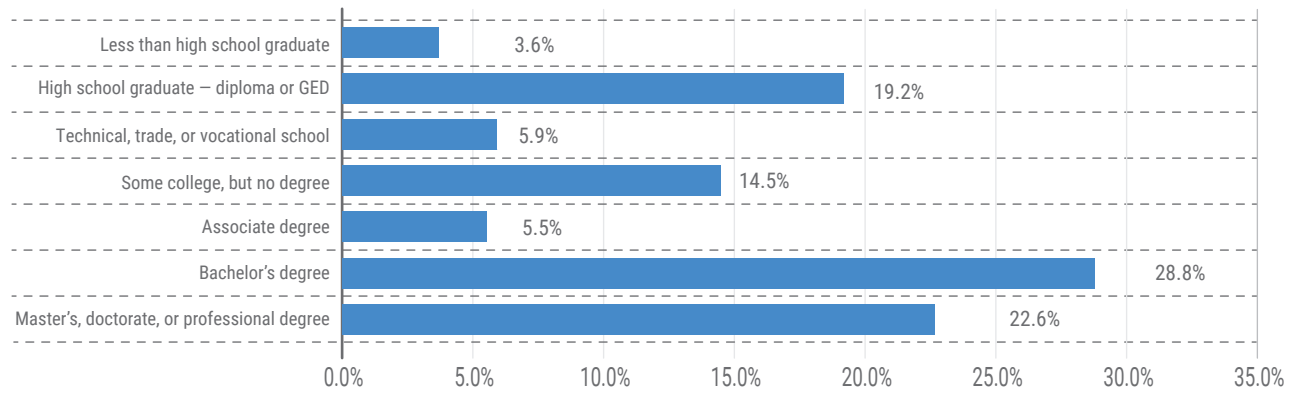
- **Approximately half (51.4%) of all entrepreneurs held at least a bachelor's degree**, while a very small portion of entrepreneurs (3.6%) had not completed high school.
- **Educational attainment of entrepreneurs varied little by gender.** The largest gap between men and women was among those with graduate degrees (23.2% of men and 21.0% of women entrepreneurs).
- **The portion of entrepreneurs with a bachelor's degree was highest among Asian entrepreneurs (29.6%),** compared to all other race and ethnic categories.
- **The proportion of entrepreneurs with a graduate degree was highest among African American entrepreneurs (30.3%),** closely followed by Asian entrepreneurs (28.0%).
- **The portion of entrepreneurs who had less than a high school degree was highest among Hispanic entrepreneurs (12.8%),** and the portion of entrepreneurs who discontinued their formal educations after high school was also highest among Hispanic entrepreneurs (24.8%).



## Educational Attainment Among All Entrepreneurs

There was considerable variation in entrepreneurs' educational attainment in the United States. The vast majority of entrepreneurs (96.4%) had completed high school, and slightly more than half of all entrepreneurs (51.4%) held at least a bachelor's degree. While 19.2% of entrepreneurs' most advanced degree was from high school, 22.6% of all entrepreneurs held a graduate degree. Figure 1 below presents levels of educational attainment for all entrepreneurs in the U.S.<sup>3</sup>

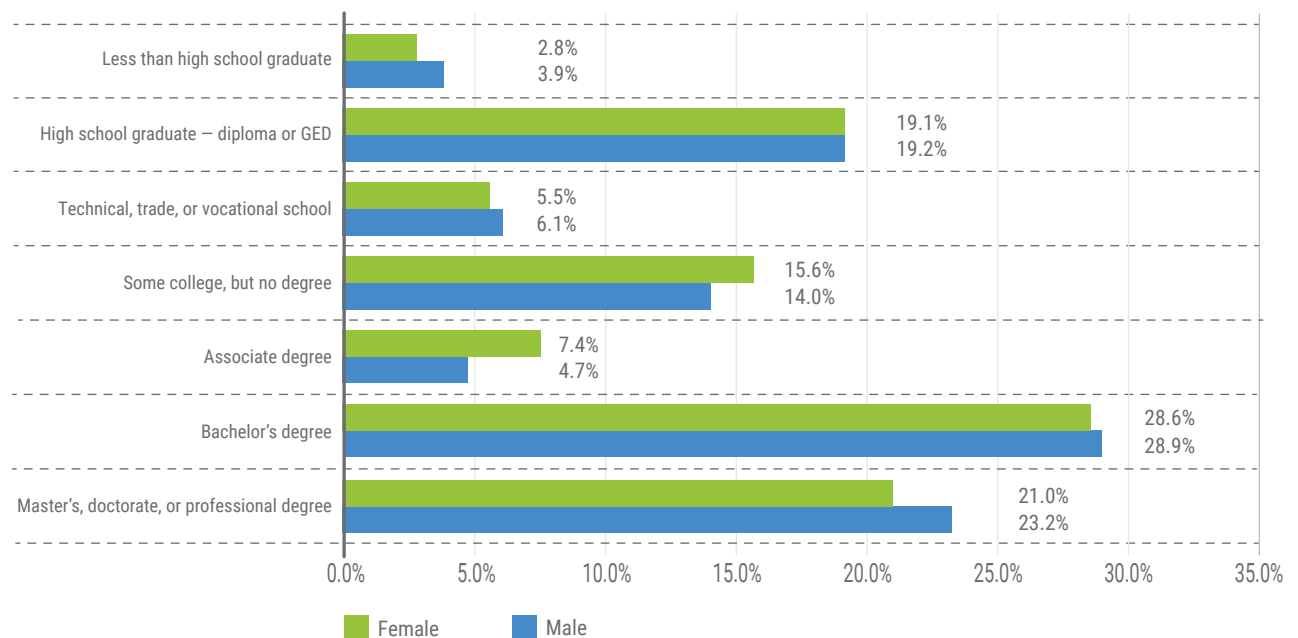
FIGURE 1: . Educational Attainment of All Entrepreneurs



## Educational Attainment by Gender

Educational attainment among male and female entrepreneurs in 2016 was similar. The largest difference by gender is among entrepreneurs with a graduate degree: 23.2% of male entrepreneurs had a graduate degree while 21.0% of female entrepreneurs had the same level of educational achievement. This gap is smaller among those with a bachelor's degree (28.9% of men and 28.6% of women) and smallest among those with a high school degree (19.2% of men and 19.1% of women). Figure 2, below, presents educational attainment rates for male and female entrepreneurs.

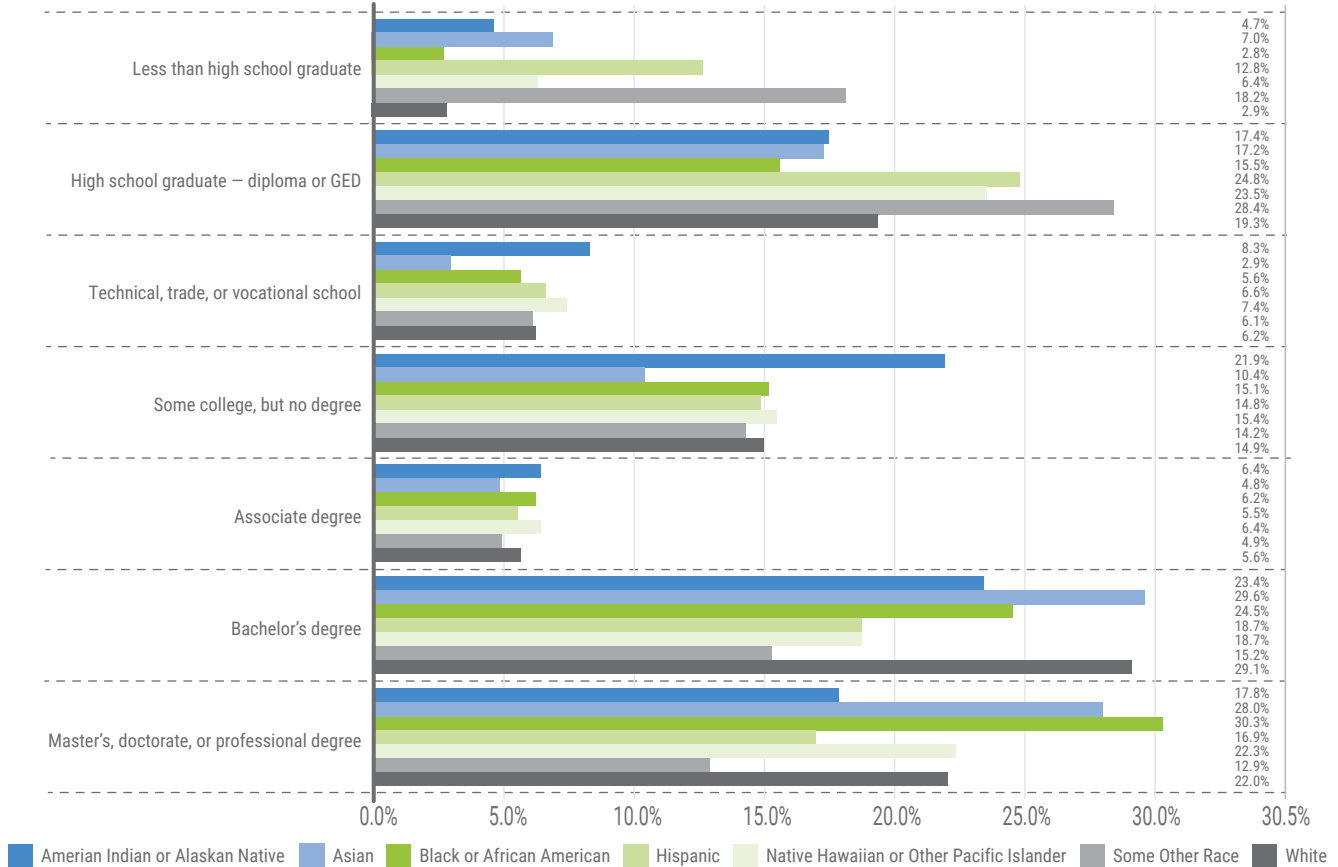
FIGURE 2: Educational Attainment of Entrepreneurs by Gender



## Educational Attainment by Race and Ethnic Group

We consider variation by race and ethnic group for each level of educational attainment below. The chart below displays the share of entrepreneurs from each race and ethnic background who completed a certain level of education as their highest level of educational attainment.

FIGURE 3: Educational Attainment of Entrepreneurs by Race and Ethnic Group



### Less than a high school degree.

The share of Hispanic entrepreneurs with less than a high school degree (12.8%) was more than four times the share of African American entrepreneurs (2.8%) or White entrepreneurs (2.9%) with this level of educational achievement.

**High school degree.** The portion of entrepreneurs who completed high school and had no further schooling was highest among Hispanic entrepreneurs (24.8%) and Native Hawaiian or other Pacific Islander entrepreneurs (23.5%). This was lowest among African American entrepreneurs (15.5%) and similar for American Indian and Alaskan Native and Asian (17.4% and 17.2%).

**Technical, trade, or vocational degree.** The share of entrepreneurs

who completed a technical, trade, or vocational degree as their highest level of education was less than 10% across all race and ethnic groups, ranging from 2.9% of Asian entrepreneurs to 8.3% of American Indian or Alaskan Native entrepreneurs.

**Associate degree.** The share of entrepreneurs whose most advanced degree is an associate degree was low, between 4.8% and 6.4% across all race and ethnic groups.

**Some college but no degree.** American Indian or Alaskan Native entrepreneurs were the most likely (21.9%) to partially complete college but not graduate. Asian entrepreneurs, by contrast, were the least likely (10.4%) to have started college but not graduated. The portion of

entrepreneurs at this educational level was approximately 15% for all other groups.

**Bachelor's degree.** Asian entrepreneurs (29.6%) and White entrepreneurs (29.1%) were most likely to hold a bachelor's degree as their highest level of education. Hispanic and Native Hawaiian or other Pacific Islander entrepreneurs were least likely to hold a bachelor's degree as their highest level of education (both 18.7%).

**Graduate degree.** The highest proportion of entrepreneurs with graduate degrees was among African American entrepreneurs (30.3%), followed closely by Asian entrepreneurs (28.0%). Hispanic entrepreneurs (16.9%) were the least likely to have obtained a graduate degree.

## About the Data

The Annual Survey of Entrepreneurs (ASE) was conducted by the United States Census Bureau and was a partnership among the U.S. Census Bureau, the Ewing Marion Kauffman Foundation, and the Minority Business Development Agency. The ASE supplemented the Survey of Business Owners (SBO) that has been conducted every five years since 1972 as part of the Economic Census.

The ASE defined employer businesses as firms with paid employees. The ASE included all nonfarm businesses that filed IRS tax forms as individual proprietorships, partnerships, or any type of corporation, and that had annual receipts of \$1,000 or more. The ASE collected data from a sample of approximately 290,000 employer businesses that were in operation anytime during the survey year (2016 for the data used in this brief). Business ownership was defined as having 51% or more of the stock or equity in the business. The ASE offered extensive geographical, demographic, and firm characteristics coverage. Data are subject to sampling variability as well as nonsampling errors like errors of response, nonreporting, and coverage. For more on definitions, methodology, and limitations, see [www.census.gov/programs-surveys/ase.html](https://www.census.gov/programs-surveys/ase/html).

The U.S. Census Bureau collects data on race and ethnicity in accordance with guidelines provided by the U.S. Office of Management and Budget (OMB). Racial groups include

White, Black or African American, American Indian or Alaskan Native, Asian, and Native Hawaiian or other Pacific Islander. Ethnic groups include Hispanic or Latino, and Not Hispanic or Latino. For more information see <https://www.census.gov/programs-surveys/ase/about/glossary.html>. These data in the ASE were based on self-identification. Entrepreneurs may be tabulated in more than one racial group if (1) the sole owner was reported to be of more than one race, (2) the majority owner was reported to be of more than one race, or (3) a majority combination of owners was reported to be of more than one race.

The Annual Survey of Entrepreneurs is being folded into the Annual Business Survey, for which data collection began in June 2018. This new survey replaces the Survey of Business Owners, Annual Survey of Entrepreneurs, and Business Research and Development and Innovation Survey for Microbusinesses.

## Notes:

1. The statistics presented in this brief are point estimates produced by the U.S. Census Bureau, which are subject to sampling and non-sampling errors. In particular, point estimates for populations which have smaller representations in the sample should be considered carefully, and may be only a rough estimate of the actual percentage of total employer businesses who fit into a specific category. Users of this briefing series are encouraged to review the definitions, limitations, and methodology of the Annual Survey of Entrepreneurs to ensure they have a full understanding of the preciseness of the estimates.
2. Survey and census results may contain measurement errors and sampling errors. Users can consider this information in their analyses as these errors could impact inferences.
3. Data come from ASE, Table SE1600CSCB007. Educational attainment figures in this brief reflect the highest level of education completed (as this is the question asked on the ASE survey). For example, Figure 1 should be read as showing that 19.2% of entrepreneurs who own an employer business completed a high school degree as their highest level of educational attainment.

---

**Acknowledgements:**  
Jonathon Galpern

**Suggested citation:** Ewing Marion Kauffman Foundation (2020) "Educational attainment of business owners in the United States," Ewing Marion Kauffman Foundation: Kansas City.

---

This is a publication by the Ewing Marion Kauffman Foundation utilizing content and data from multiple sources and external contributors. Every effort has been made to verify the accuracy of the information contained herein and is believed to be correct as of the publication date. Nonetheless, this material is for informational purposes and you are solely responsible for validating the applicability and accuracy of the information in any use you make of it.