

NEWS From GEORGIA TECH'S ENGINEERING EXPERIMENT STATION

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MINORITY BUSINESSES FARE

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BETTER IN THE SOUTHEAST

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ATLANTA, GA....Minority-owned business enterprises have better success rates in the Southeast than in any other section of the country.

This finding was part of a profile of U.S. minority business performance from 1977-79 compiled by Georgia Tech's Economic Development Laboratory. Though the study focused on clients of the federal Minority Business Development Agency, Georgia Tech economic analysts consider it a reliable indicator of the rate of success for minority-owned firms in general in the U.S.

"The importance of this document is that for the first time we have reliable data to compare the performances of minority- and majority-owned enterprises," said Rosalinda Ratajczak, director of the Georgia Tech study. "What we found is that minority businesses do as well as majority-owned companies in the first two years of operation. After that, they become much more likely to go out of business and it appears they may need continued assistance."

In the United States as a whole, minority-owned firms were twice as likely to go out of business as their counterparts from 1977-79. In the Atlanta region, however, the success rate was considerably better. Minority companies in the Southeast were only one and a half times more likely to cease operations than non-minority enterprises in the same region.

Approximately 4.9 percent of the minority businesses in the Atlanta region went under during the two year test period, a figure well below New York's 7.8 percent and Washington, D.C.'s, 7 percent. That relatively

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favorable trend held true throughout the nation's Sunbelt, where minority owners competed more vigorously with majority businessmen than in the North.

Minority businesses had the highest survival rates in industries which fared well in the nation as a whole: finance, insurance and real estate. Only 2.6 percent of the minority-run enterprises in these fields went out of business each year, a figure which contrasted with the 2.2 percent non-survival rate for non-minority entrepreneurs. Least successful minority operations were found in wholesale and retail trades, where 6.2 and 6.9 percent of the businesses each year failed to survive.

The Georgia Tech study showed that minority entrepreneurs were most successful in rapidly expanding industries and in industries with a tradition of minority ownership. The study recommended extra assistance to minority businessmen breaking into non-traditional fields.

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