

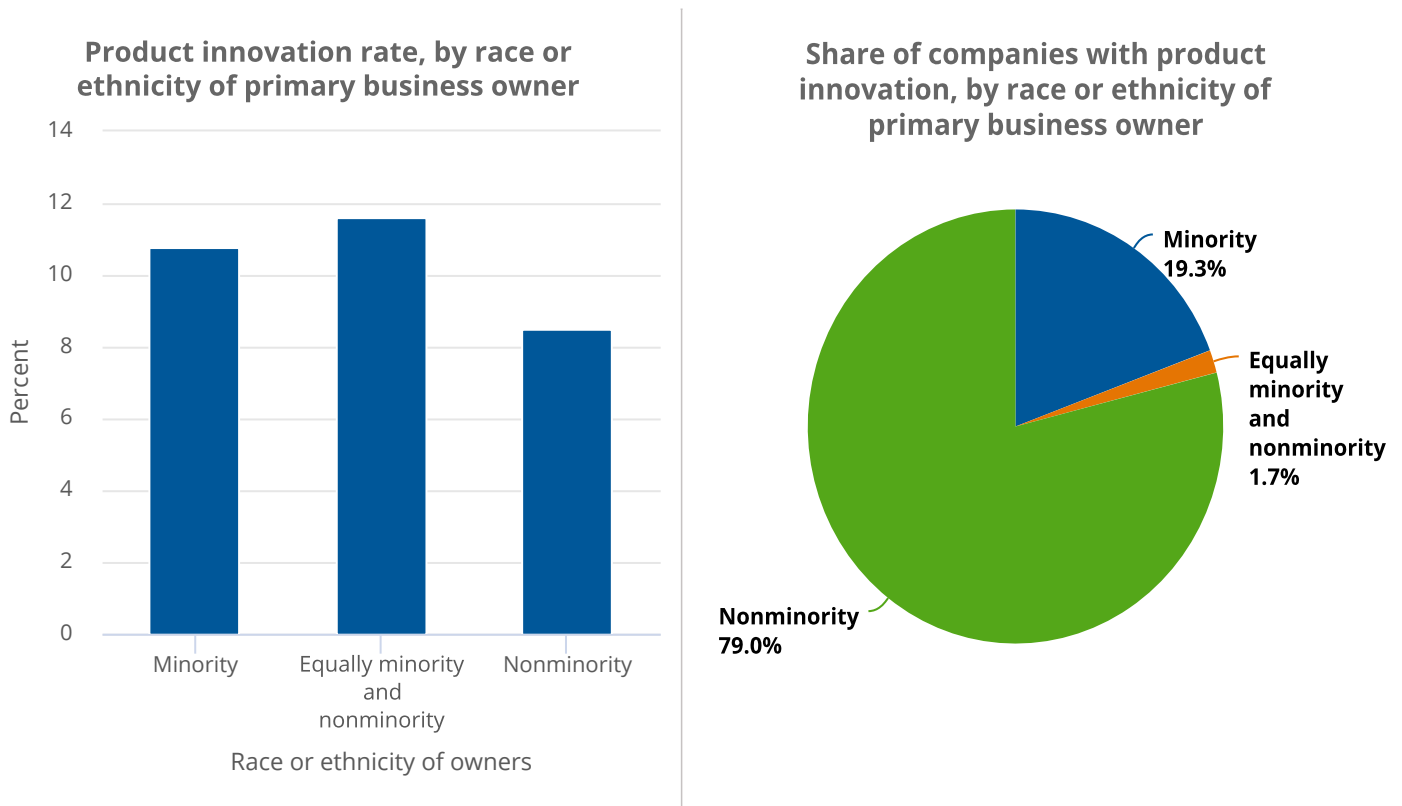


InfoChart

# Product Innovation and Race or Ethnicity of Primary Business Owner

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Figure 1 | Innovating companies, by race or ethnicity of primary business owner: 2018–20



**Note(s):** Minority owners are those classified as any race and ethnicity combination other than White, not Hispanic. Statistics are representative of companies located in the United States that performed or funded R&D.

**Source(s):** National Center for Science and Engineering Statistics and Census Bureau, 2021 Annual Business Survey: Data Year 2020.

Innovation is central to improvements in living standards and can have important impacts on individuals, businesses, and entire economic sectors. The Annual Business Survey (ABS) measures product innovation as “the introduction to the market of new or improved products (goods or services) that differed significantly from the business’s previous products.” For the reference year 2020, ABS respondents reported about innovation activities during 2018–20; the product innovation rate is the percentage of businesses that had a product innovation during the 3-year period.

Minority-owned companies demonstrated higher rates of innovation (10.8%) than did nonminority-owned companies (8.5%). Hispanic or Latino-owned companies demonstrated higher rates of innovation (10.8%) than did companies owned by persons who were not Hispanic (8.8%). In 2018–20, four out of five (74%) companies were primarily owned by nonminority owners and 23% of companies were primarily owned by minority owners. Of the product innovating companies in 2018–20, four out of five (79%) were companies that were primarily owned by nonminority owners and 19% were companies that were primarily owned by minority owners.

*Text correction, 5 June 2023: The definition of product innovation was corrected to “the introduction to the market of new or improved products (goods or services) that differed significantly from the business’s previous products.” It was listed incorrectly as “the introduction of new or improved products (goods or services) that differed significantly from the business’s previous products or processes.”*

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