

Hispanic Employment and Business Owners in the U.S. Construction Industry

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The construction industry is diverse. With growing Hispanic employment in this industry, a large number of construction businesses (with or without payroll or employees) are also owned by Hispanics (CPWR, 2013). Business owners play an important role in worker safety and health. Under the provisions of the Occupational Safety and Health Administration (OSHA) Act, "...employers must provide all workers with a safe, healthy place in which to work; this law applies to all employers." (OSHA, 2015). A better understanding of Hispanic-owned¹ businesses as well as Hispanic workers, may help policymakers develop appropriate safety and health guidance for those businesses, benefit labor-management cooperation to establish safety leadership at the company level, and promote a fundamental change in safety management and culture at worksites to protect the safety and health of construction workers.

This Quarterly Data Report illustrates the trends of Hispanic employment and Hispanic-owned businesses in the U.S. construction industry over the past decades, profiles demographics of Hispanic business owners and characteristics of their businesses in this industry, and highlights the differences between Hispanic and non-Hispanic workers and businesses in construction. Employment numbers are estimated using the Current Population Survey (CPS), a monthly household survey conducted by the U.S. Bureau of Labor Statistics (BLS). Business data are obtained from the Survey of Business Owners (SBO), part of the Economic Census collected by the U.S. Census Bureau every five years (most recent data from 2012).



KEY FINDINGS

- Construction employment increased by 1 million from 2012 to 2015; almost 70% of the new jobs were taken by Hispanic workers.
- In 2015, nearly 30% of construction workers were of Hispanic origin—higher than any previous years.
- The percentage of Hispanic-owned businesses in construction more than tripled from 5% in 1992 to 16% in 2012.
- Hispanic business owners in construction were generally younger, less educated, and more likely to be foreign-born compared to their non-Hispanic counterparts.
- Hispanic-owned firms tended to be smaller in size for both revenue and payroll than non-Hispanic-owned firms.
- Hispanic-owned firms were more likely to use day laborers, while contractors or subcontractors were more common in non-Hispanic firms.

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1. Hispanic-owned – Hispanics of any race own 51 percent or more of the stock or equity of the business.

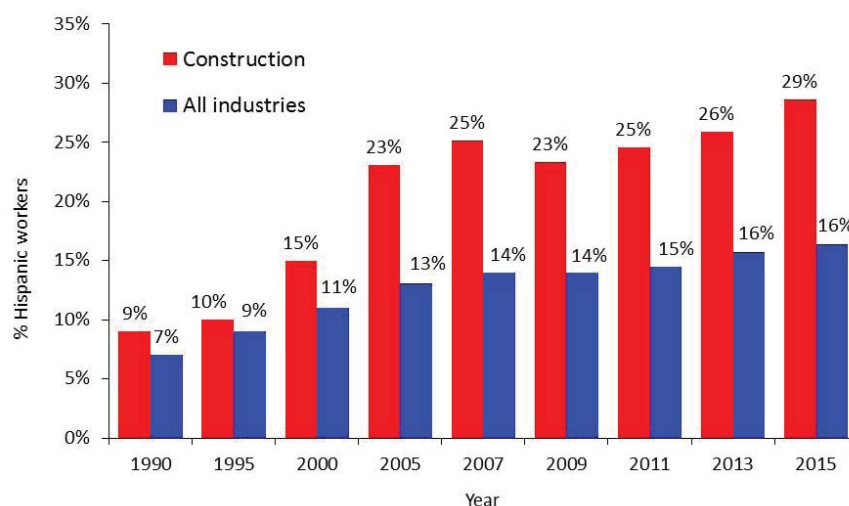
Image: Microsoft PowerPoint

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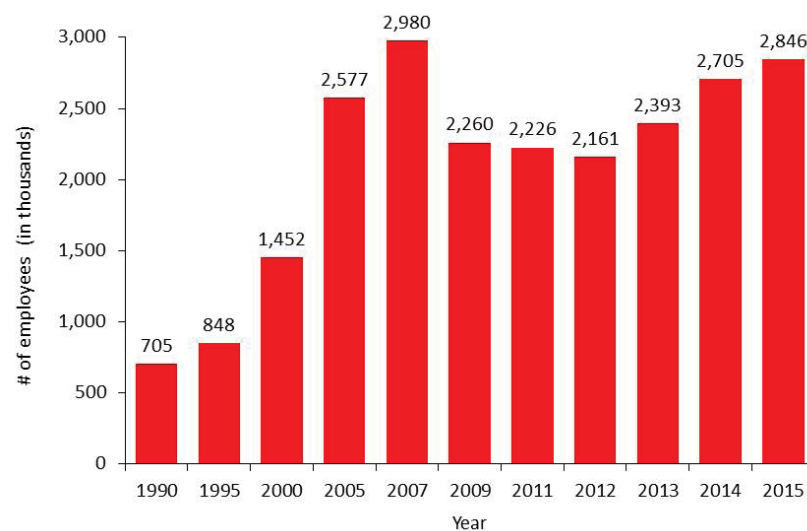
SECTION 1: Trends of Hispanic Employment in Construction

Hispanic employment in construction boomed and plunged in the past decades, following the trends of the U.S. economy overall. The proportion of Hispanic workers in all industries doubled from 7% in 1990 to 14% in 2007, but almost tripled for construction from 9% to 25% during the same time period (Chart 1). The percentage of Hispanic construction workers declined during the 2007-2009 recession, but has gradually increased since that time. In 2015, nearly 30% of construction workers were of Hispanic origin—higher than any previous years. In terms of the number of workers, 2.85 million Hispanic workers were employed in construction in 2015, a 32% increase compared to 2012, but slightly lower than its peak at 2.98 million in 2007 (Chart 2).

1. Hispanic workers as a percentage of construction and all industries, selected years, 1990-2015
(All employment)



2. Number of Hispanic workers in construction, selected years, 1990-2015
(All employment)



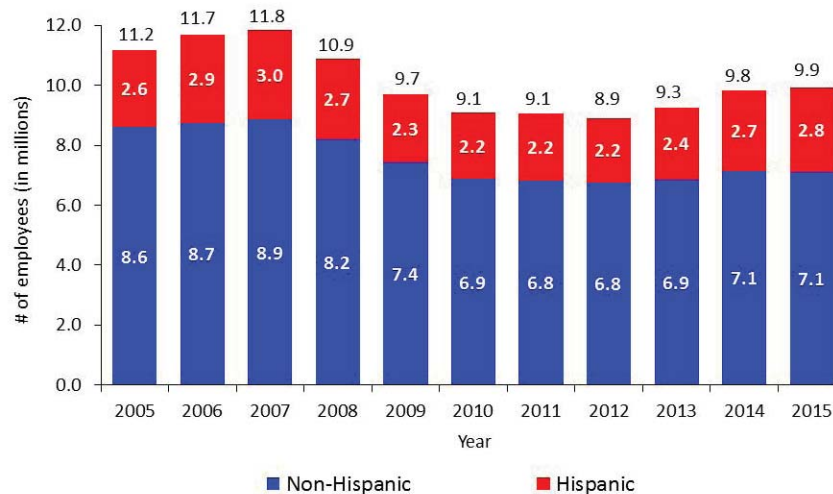
Source: U.S. Bureau of Labor Statistics, 1990-2015 Current Population Survey. Calculations by the authors.

Section 1: Trends of Hispanic Employment in Construction

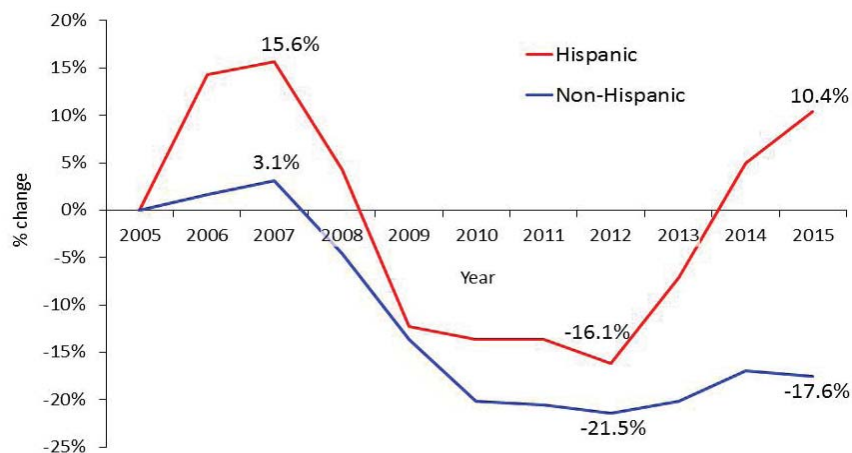
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Overall employment in construction increased by 1 million from 8.9 million in 2012 to 9.9 million in 2015 (Chart 3). Most of the increase in construction was attributable to Hispanic employment. About 685,000 of the new jobs were taken by Hispanic workers, accounting for nearly 70% of the employment growth in construction from 2012 to 2015. Despite the recovery, the total construction employment in 2015 was still nearly 2 million lower than its peak at 11.8 million in 2007. In 2015, non-Hispanic employment in construction was 18% lower than it was in 2005, while Hispanic employment was 10% higher (Chart 4).

3. Construction employment in the United States, Hispanic versus non-Hispanic, 2005-2015 (All employment)



4. Percent change in construction employment, Hispanic versus non-Hispanic, 2005-2015



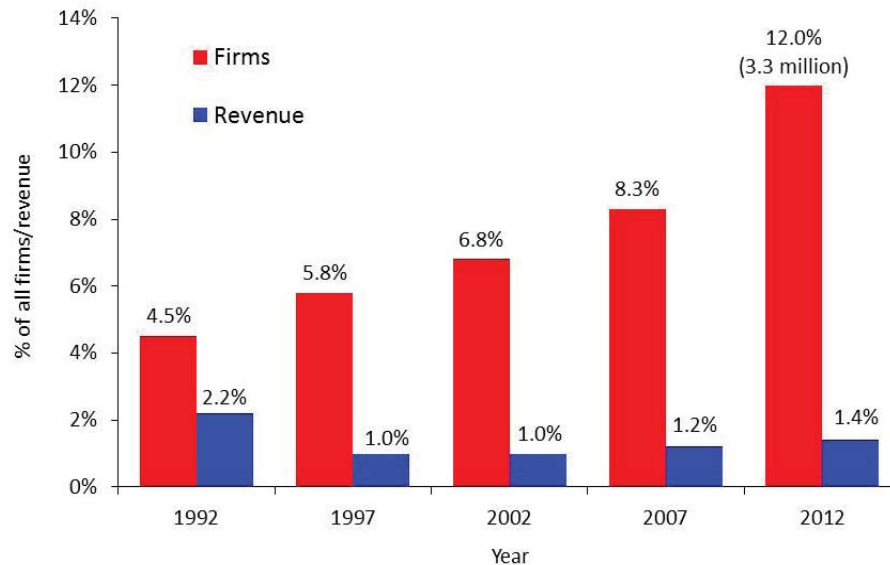
Source: U.S. Bureau of Labor Statistics, 2005-2015 Current Population Survey. Calculations by the authors.

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SECTION 2: Trends of Hispanic-owned Businesses in Construction

Hispanic-owned businesses in the U.S. reached new heights at 3.3 million in all industries in 2012, accounting for 12% of the total firms nationally, which was almost double the level in 2002, and nearly triple the level in 1992 (Chart 5). However, the revenue collected by Hispanic-owned firms did not grow at the same proportion as the number of firms, indicating that many of the Hispanic-owned firms were likely smaller in size.

5. Hispanic-owned firms as a percentage of the total in all industries, 1992-2012

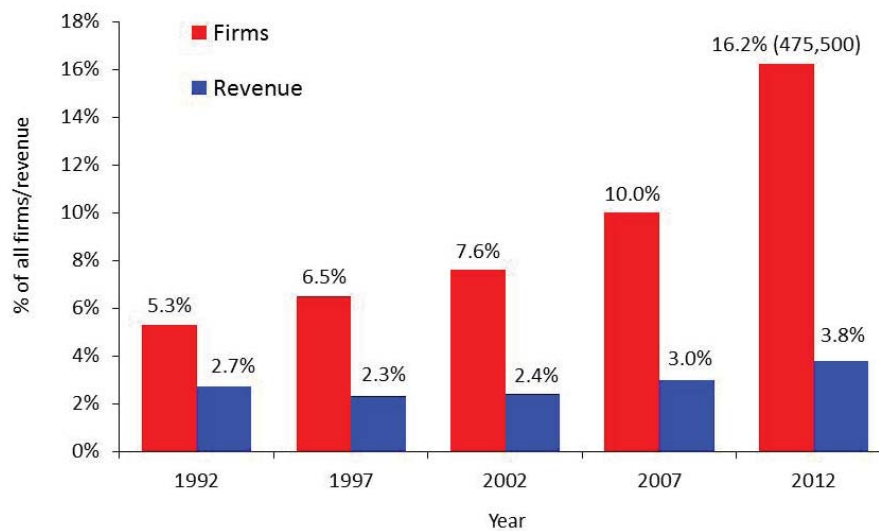


Source: U.S. Census of Bureau, 1992-2012 Survey of Business Owners.

Section 2: Trends of Hispanic-owned Businesses in Construction

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Hispanic-owned businesses grew even faster in the construction industry. The percentage of such businesses more than tripled between 1992 and 2012 (Chart 6). In contrast to the trends in Hispanic employment during the recession, the percentage of Hispanic-owned firms in construction increased from 10% in 2007 to 16% at 475,500 in 2012—a 60% increase within five years. The percentage of revenue collected by Hispanic-owned firms also rose from 3.0% to 3.8% during that same time period.

6. Hispanic-owned firms as a percentage of the total in construction, 1992-2012

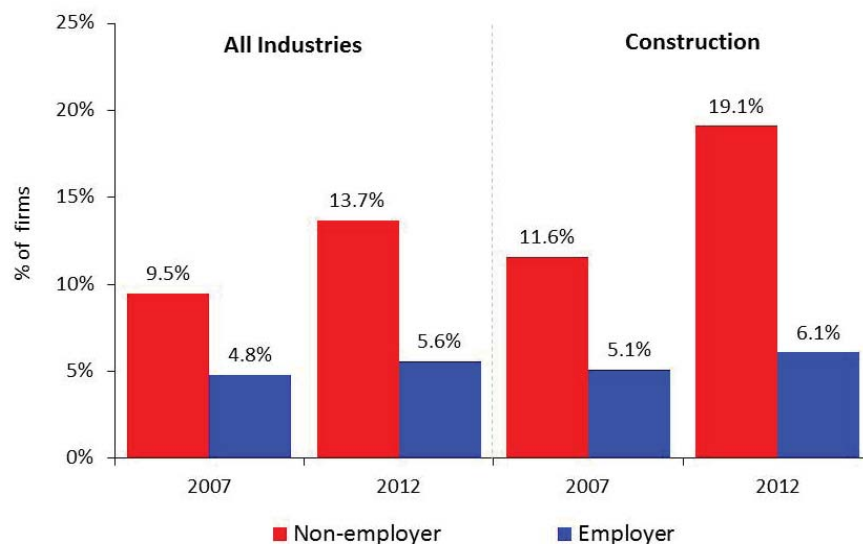
Source: U.S. Census of Bureau. 1992-2012 Survey of Business Owners.

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When stratifying Hispanic-owned businesses by employer (with payroll) and non-employer (without payroll) firms, a substantial increase was found among non-employer firms between 2007 and 2012. For all industries, the percentage of Hispanic-owned businesses among non-employer firms grew from 9.5% in 2007 to 13.7% in 2012, a 44% increase; while the percentage among employer firms increased by less than 17% during the same period (Chart 7). The difference was more striking in construction. In 2007, 11.6% of non-employer construction firms were owned by Hispanics. By 2012, the proportion jumped to more than 19%; a 65% increase within the five years. During the same time period, the percentage of Hispanic firms with payroll also grew, but not as rapidly as Hispanic firms without payroll.

7. Hispanic-owned firms as a percentage of the total in construction and all industries, employer versus non-employer, 2007 and 2012

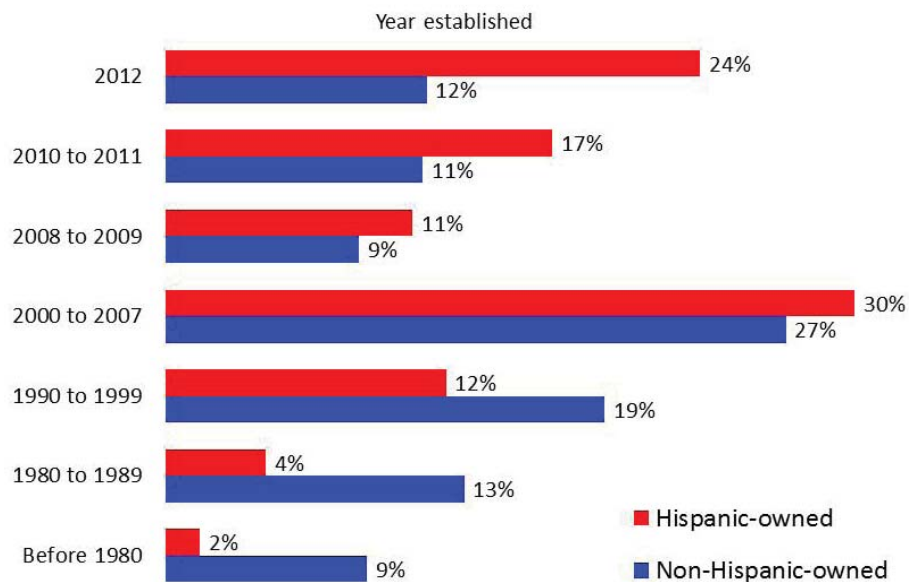


Source: U.S. Census of Bureau. 2007 and 2012 Survey of Business Owners.

Section 2: Trends of Hispanic-owned Businesses in Construction

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Hispanic-owned firms tended to be newer than non-Hispanic-owned businesses. Around 24% of Hispanic firms were established within one year of 2012, when the information was collected; twice the proportion of non-Hispanic firms (12%; Chart 8). Only 18% of Hispanic-owned firms started before the year 2000, compared to 41% of non-Hispanic-owned firms. Very few Hispanic businesses in construction were established before 1980. The timing when construction firms started coincided with the economy cycle. Only 9% of Hispanic firms and 11% of non-Hispanic firms were founded during the recession of 2008-2009.

8. Years construction businesses were established, Hispanic-owned versus non-Hispanic-owned firms, 2012

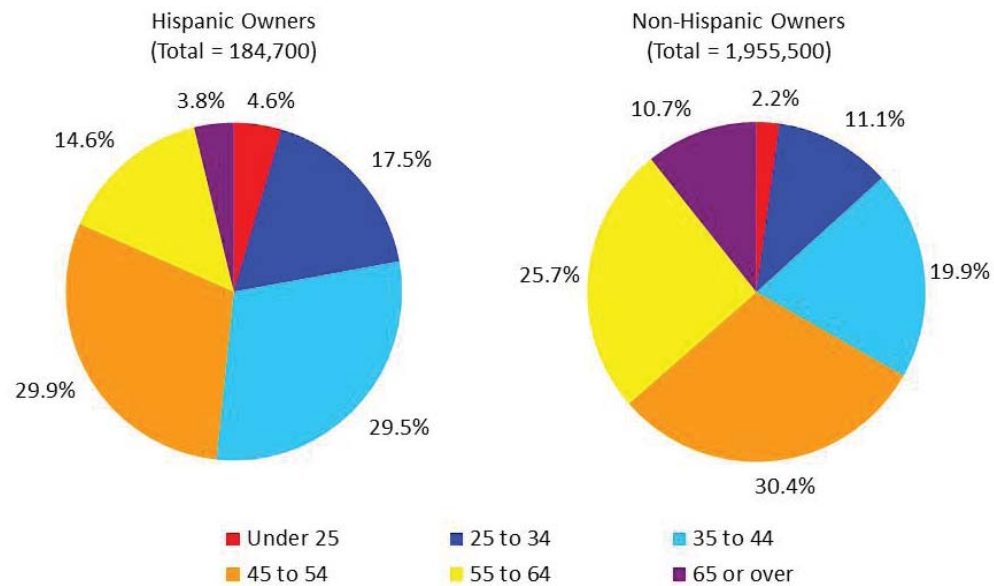
Note: Those without year information were excluded from the calculation.

Source: U.S. Census of Bureau. 2012 Survey of Business Owners. Calculations by the authors.

SECTION 3: **Demographics of Hispanic Business Owners in Construction**

Hispanic business owners in construction were generally younger than their non-Hispanic counterparts. In 2012, more than half (51.6%) of Hispanic owners were younger than 45 years old, while one in three of non-Hispanic owners were in this age group (Chart 9). A higher proportion of non-Hispanic owners were over 54 years old (36.4%), nearly twice the proportion of Hispanic owners (18.4%).

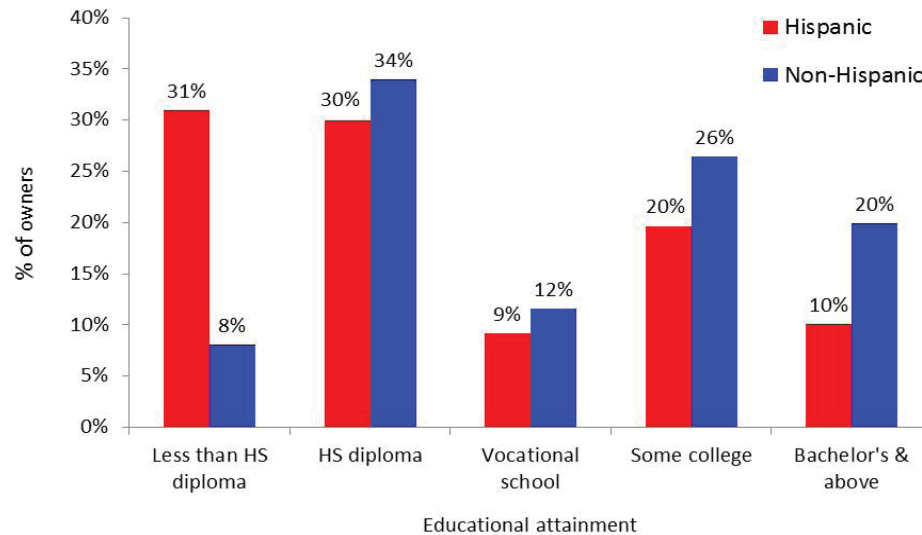
9. Age distribution among construction business owners, Hispanic versus non-Hispanic owners, 2012



Note: Those without age information were excluded from the calculation.
Source: U.S. Census of Bureau. 2012 Survey of Business Owners. Calculations by the authors.

Hispanic business owners were likely to have lower educational attainment than non-Hispanic owners in construction. Nearly one out of three (31%) Hispanic owners in construction did not have a high school diploma, compared to 8% of non-Hispanic owners (Chart 10). A lower proportion of Hispanic owners had some college education (20%) and even fewer received a Bachelor's degree and above (10%), while among non-Hispanic business owners, 46% had some college or above education.

10. Distribution of educational attainment among construction business owners, Hispanic versus non-Hispanic owners, 2012

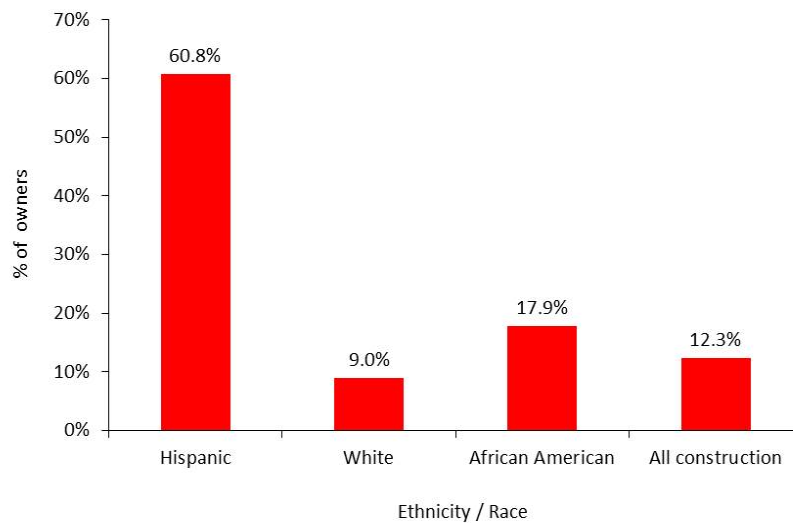


Section 3: Demographics of Hispanic Business Owners in Construction

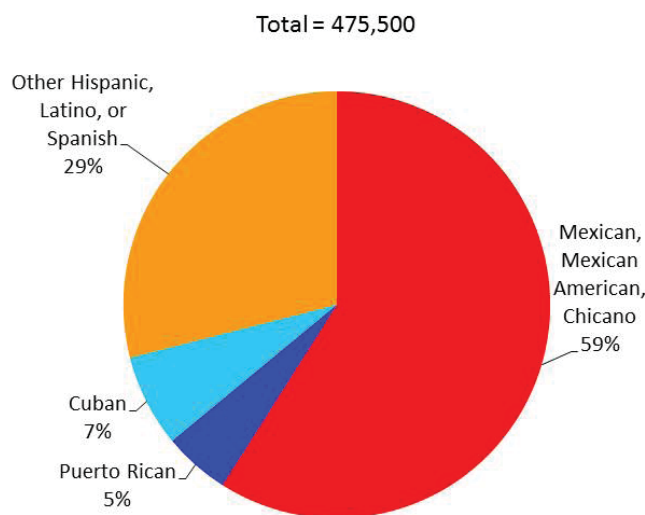
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Hispanic business owners in construction were far more likely to be foreign-born. Among Hispanic-owned construction firms, more than 60% of their owners were foreign-born, nearly seven times the percentage of white business owners (9%), and more than three times of African American business owners (18%; Chart 11). The majority (59%) of Hispanic business owners were Mexican, Mexican Americans, or Chicanos (Chart 12).

11. Foreign-born owners as a percentage of the total in construction by ethnicity and race, 2012



12. Hispanic business owners in construction by detailed ethnicity, 2012



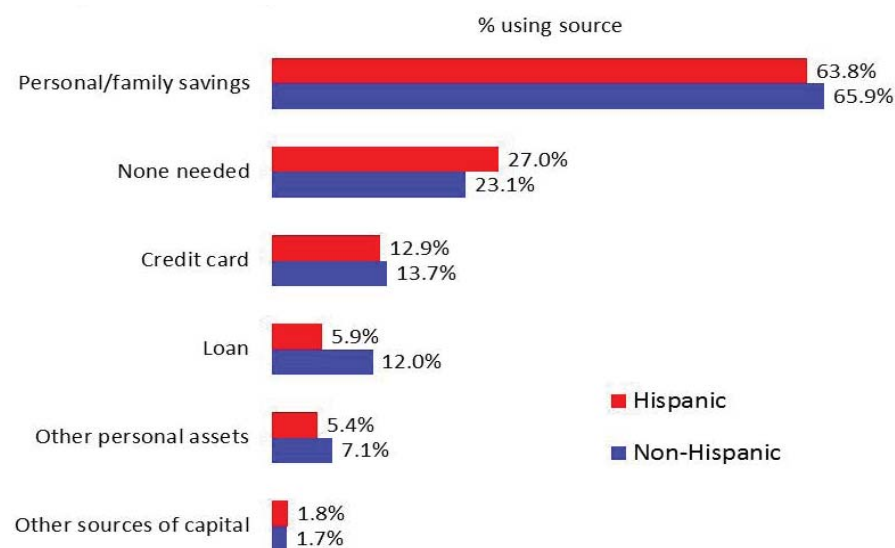
Note: Chart 11 - Those without foreign-born information were excluded from the calculation.
Source: U.S. Census of Bureau. 2012 Survey of Business Owners. Calculations by the authors.

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SECTION 4: Characteristics of Hispanic Construction Businesses

The most common source of capital to start a business among construction owners was personal/family savings. Nearly two out of three construction owners, regardless of their Hispanic ethnicity, used personal/family savings to start a business (Chart 13). However, a higher proportion of Hispanic owners reported that they did not need any money to start their businesses compared with non-Hispanic owners (27% to 23%). In addition, only 6% of Hispanic owners started a business with a loan, compared to 12% of their non-Hispanic counterparts.

13. Sources of capital needed to start a business in construction by Hispanic ethnicity, 2012



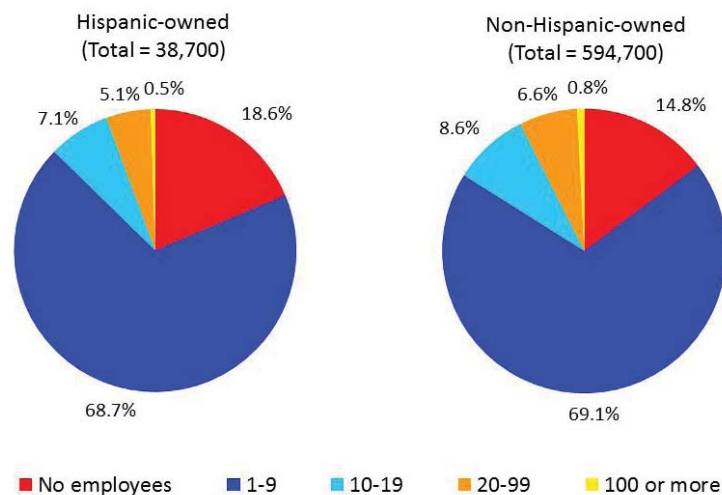
Source: U.S. Census of Bureau, 2012 Survey of Business Owners.

Section 4: Characteristics of Hispanic Construction Businesses

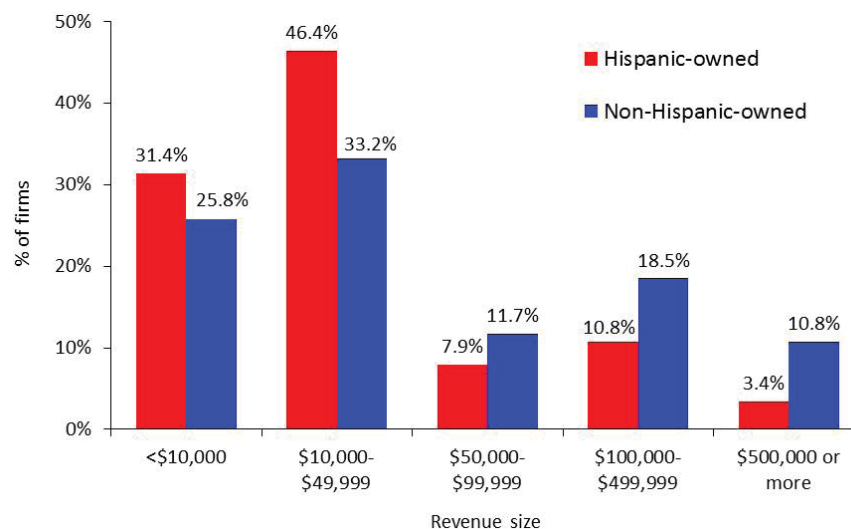
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Construction firms are generally small in size. The majority (69%) of either Hispanic-owned or non-Hispanic-owned firms had fewer than 10 employees. However, Hispanic business owners were less likely to own large businesses in construction, but more likely to have a non-employer firm compared to their non-Hispanic counterparts (19% versus 15%; Chart 14). Hispanic-owned construction firms also collected lower revenues than non-Hispanic firms. The vast majority (78%) of Hispanic-owned firms had revenues lower than \$50,000, compared to 59% of non-Hispanic firms (Chart 15). About 11% of non-Hispanic firms generated \$500,000 or more in revenue, more than three times the proportion for Hispanic firms (3.4%).

14. Employment size of construction firms, Hispanic-owned versus non-Hispanic-owned, 2012



15. Revenue size of construction firms, Hispanic-owned versus non-Hispanic-owned, 2012



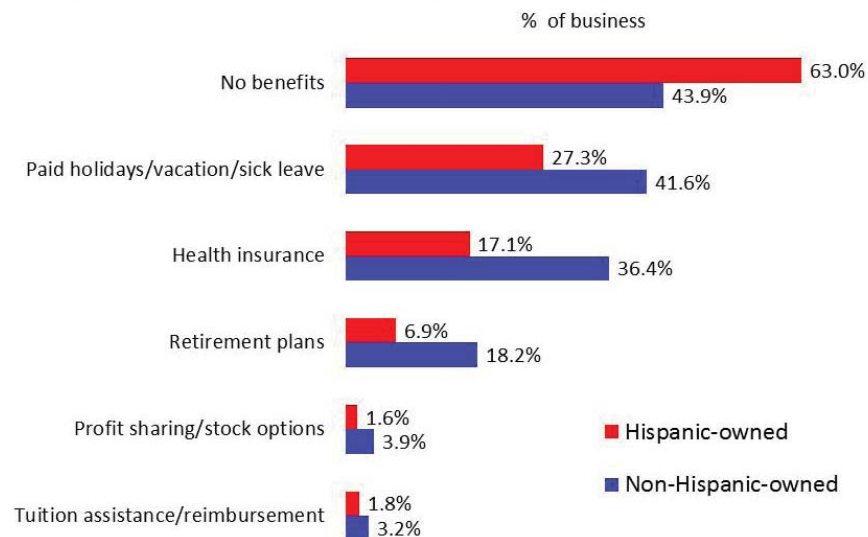
Note: Chart 14 - Those without employment size were excluded from the calculation.
 Source: U.S. Census of Bureau. 2012 Survey of Business Owners. Calculations by the authors.

Section 4: Characteristics of Hispanic Construction Businesses

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Hispanic-owned construction firms lag far behind their non-Hispanic counterparts in every measure of fringe benefits. Among businesses with payroll, nearly two out of three (63%) Hispanic-owned firms did not offer any kind of benefits to their employees, compared to 44% of non-Hispanic firms (Chart 16). About 36% of non-Hispanic firms provided insurance coverage to their employees, more than twice the proportion for Hispanic firms (17%).

16. Fringe benefits among construction businesses with paid employees, Hispanic-owned versus non-Hispanic owned, 2012



Note: Those without benefit information were excluded from the calculation.

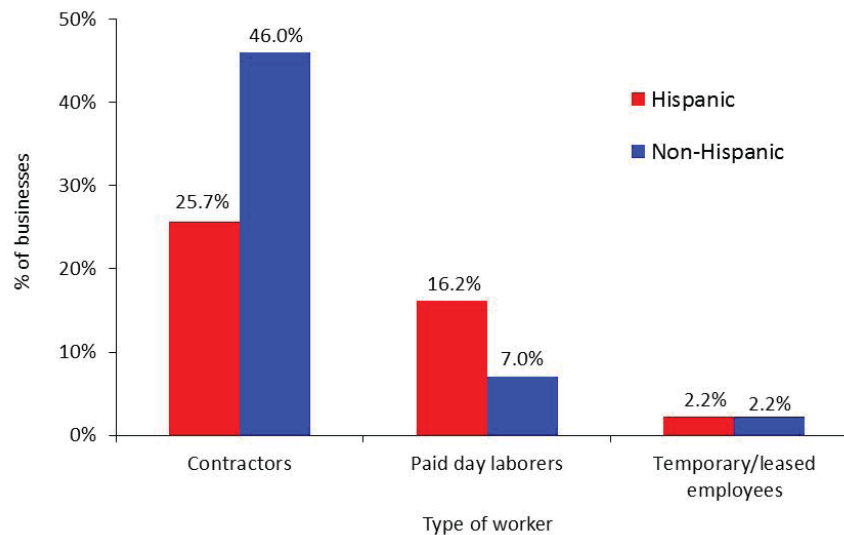
Source: U.S. Census of Bureau. 2012 Survey of Business Owners. Calculations by the authors.

Section 4: Characteristics of Hispanic Construction Businesses

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Hispanic- and non-Hispanic-owned construction firms tended to have different types of workers. Almost half (46%) of non-Hispanic firms employed contractors, subcontractors, independent contractors, or outside consultants, while only 26% of Hispanic firms relied on such types of workers (Chart 17). However, a greater proportion of Hispanic firms used day laborers (16%) than non-Hispanic firms (7%).

17. Types of workers in construction businesses, Hispanic-owned versus Non-Hispanic-owned, 2012



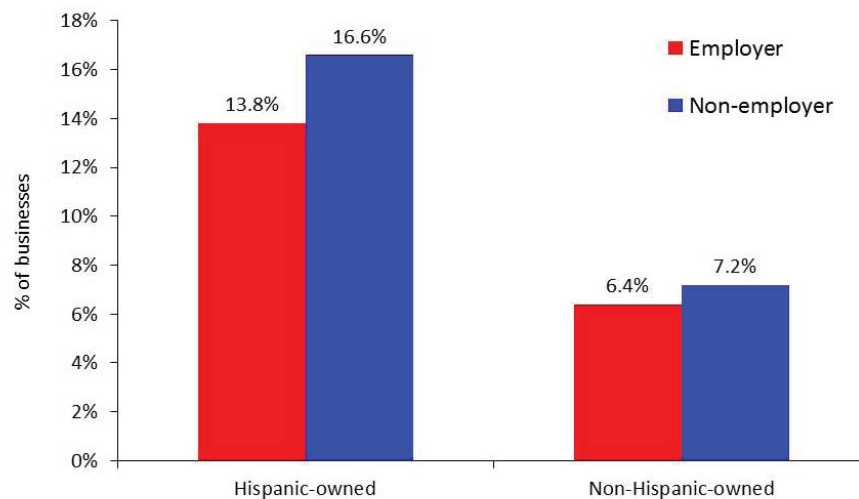
Note: Those without information on type of workers were excluded from the calculation.
Source: U.S. Census of Bureau. 2012 Survey of Business Owners. Calculations by the authors.

Section 4: Characteristics of Hispanic Construction Businesses

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Using day laborers was more common in non-employer (without payroll) firms than in employer (with payroll) firms. Almost 17% of Hispanic-owned non-employer firms used day laborers compared to 14% of Hispanic-owned employer firms (Chart 18). Among non-Hispanic firms, 7% of non-employer firms and 6% of employer businesses hired day laborers, respectively.

18. Paid day laborers in Hispanic-owned and non-Hispanic-owned construction businesses, employer versus non-employer, 2012



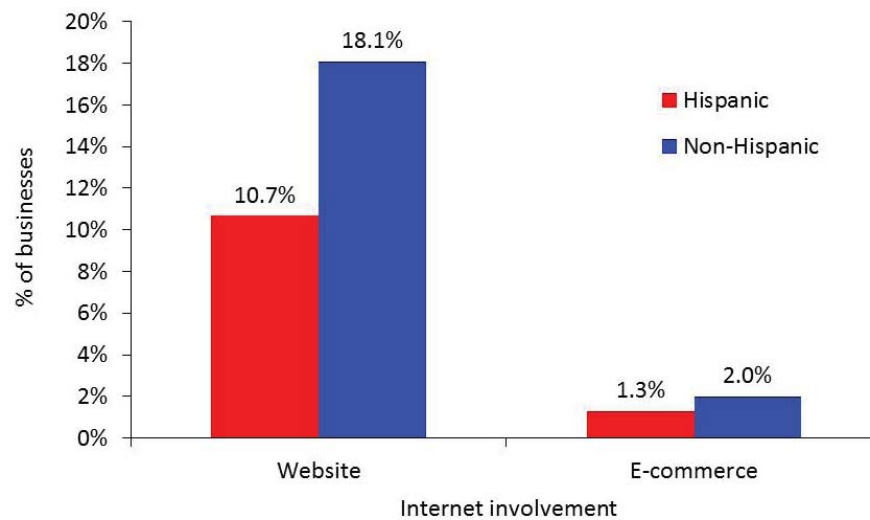
Source: U.S. Census of Bureau. 2012 Survey of Business Owners.

Section 4: Characteristics of Hispanic Construction Businesses

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Fewer Hispanic owners used the Internet for their businesses than their non-Hispanic counterparts. Less than 11% of Hispanic-owned businesses had a website compared to about 18% of non-Hispanic businesses (Chart 19). Furthermore, e-commerce in construction businesses appears to be in its infancy: only 1% of Hispanic-owned firms and 2% of non-Hispanic firms reported they utilized e-commerce in their businesses.

19. Internet involvement in construction businesses, Hispanic-owned versus non-Hispanic-owned, 2012



Note: Those without internet information were excluded from the calculation.
Source: U.S. Census of Bureau. 2012 Survey of Business Owners. Calculations by the authors.

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Conclusion

Construction employment increased by 1 million from 2012 to 2015 with the recovery of the U.S. economy. Nearly 70% of the new jobs were taken by Hispanic workers, suggesting the urgency in providing this growing population of workers with training and other construction safety and health information and resources. In contrast to the trends of Hispanic employment, Hispanic-owned firms, in particular non-employer firms in construction, reached its highest level in 2012 when Hispanic employment was low. A possible explanation could be that since it was difficult to find a wage-and-salary job during that time period, many Hispanic construction workers may have switched to a “non-employer” status or self-employed. Another explanation could be that construction employers may have misclassified wage-and-salary employees as “non-employers” or independent contractors in order to reduce labor costs and other costs, such as insurance, during the unstable economy. The increasing number of non-employer firms in construction presents a challenge for construction safety and health efforts since they are hard to reach and not currently covered under OSHA requirements and protections.

With regard to Hispanic ethnicity, construction businesses and their owners were different in many aspects. Demographically, Hispanic business owners in construction were generally younger, less educated, and more likely to be foreign-born than their non-Hispanic counterparts; which is similar to the patterns among Hispanic workers (CPWR, 2013; CPWR, 2009). Compared to non-Hispanic-owned firms, Hispanic-owned firms tended to be newly established, less likely to need money or a loan to start, smaller in size for both revenue and number of employees, and less likely to offer fringe benefits to their employees. In addition, Hispanic-owned firms were more likely to use day laborers, while contractors or subcontractors were more common in non-Hispanic-owned firms. Disparities between Hispanic and non-Hispanic employment and businesses should be taken into account when developing construction safety and health policies and programs in order to improve their focus and effectiveness.

References

- CPWR– The Center for Construction Research and Training. 2009. Hispanic Employment in Construction. CPWR Data Brief, 1(1):1-17.
- CPWR – The Center for Construction Research and Training. 2013. The Construction Chart Book: The U.S. Construction Industry and its Workers. Silver Spring, MD: CPWR.
- OSHA, 2015. <https://www.osha.gov/as/opa/worker/employer-responsibility.html> (Retrieved April 2016).

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Data Sources

- U.S. Bureau of Labor Statistics, 1990-2015 Current Population Survey (CPS). The CPS is a monthly household survey conducted by the U.S. Census Bureau for the U.S. Bureau of Labor Statistics. The CPS provides comprehensive information on the employment and unemployment experience of the U.S. population, classified by age, sex, race, and a variety of other characteristics based on interviews with about 60,000 randomly selected households.
- U.S. Census Bureau, 1992-2012 Economic Census, Survey of Business Owners (SBO). The SBO, part of the Economic Census, is collected by the U.S. Census Bureau every five years (2012 is the most recent version available) on select economic and demographic characteristics for businesses and business owners by gender, ethnicity, race, and veteran status.

Definitions

Day laborers – Workers hired and paid one day at a time through employment agencies specializing in short-term contracts for manual labor. Less formally, workers meet at well-known locations, usually public street corners or commercial parking lots, and wait for building contractors, landscapers, home owners, small business owners, and other potential employers to offer work. Day laborers are usually paid in cash, and therefore may evade having to pay income taxes.

Firm – is a business consisting of one or more domestic establishments owned or controlled by the reporting firm.

Hispanic – refers to individuals of Hispanic or Latino origin, which is composed of Mexican, Puerto Rican, Cuban, South or Central American, and other Spanish culture or origin, regardless of race.

Non-employer – From the Census Bureau: a business with no payroll or paid employees, with annual business receipts of \$1,000 or more (\$1 or more in the construction industry), and subject to federal income taxes. Most non-employers are self-employed individuals operating very small unincorporated businesses.

Non-Hispanic-owned – Non-Hispanic of any race own 51 percent or more of the stock or equity of the business.

Self-employed – From the Current Population Survey: counting both incorporated and unincorporated workers (i.e., independent contractors, independent consultants, and freelance workers). However, “Self-employed” in the BLS publications generally refer to only unincorporated self-employed.

Type of workers – Category used in the SBO includes full-time employees; part-time employees; day laborers; temporary staffing from a temporary help service; leased employees from leasing service or professional employer organization; contractors, subcontractors, independent contractors, or outside consultants.

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About the CPWR Data Center

The CPWR Data Center is part of CPWR – The Center for Construction Research and Training. CPWR is a 501(c)(3) nonprofit research and training institution created by North America’s Building Trades Unions, and serves as its research arm. CPWR has focused on construction safety and health research since 1990. The Quarterly Data Reports – a series of publications analyzing construction-related data, is part of our ongoing surveillance project funded by the National Institute for Occupational Safety and Health (NIOSH).

Please visit CPWR’s other resources to help reduce construction safety and health hazards:

Construction Solutions <http://www.cpwrconstructionsolutions.org/>

Construction Solutions ROI Calculator <http://www.safecalc.org/>

The Electronic Library of Construction OSH <http://www.elcosh.org/index.php>

Falls Campaign <http://stopconstructionfalls.com/>

Hand Safety <http://choosehandsafety.org/>

Work Safely with Silica <http://www.silica-safe.org/>

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