

The Role of Microbusinesses in the Economy

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Microbusinesses (firms with 1-9 employees) are the most common kind of employer firm, but they account for a relatively small share of employment.

America's 3.7 million microbusinesses made up 75.3 percent of all private-sector employers in 2013, and they provided 10.8 percent of the private-sector jobs (Chart 1). (Source: Bureau of Labor Statistics, Business Employment Dynamics)

Microbusinesses' share of employment is declining.

Microbusinesses' share of private-sector employment dropped from 15 percent in 1978 to 11.5 percent (or 13 million employees) in 2011 (Chart 2).

(Source: Census Bureau, Business Dynamics Statistics, Initial Firm Size)

Most microbusinesses are more than five years old.

In 2011, 62 percent of microbusinesses were over five years old, and 65 percent of their employment was in firms that were over five years old.

(Source: Census Bureau, Business Dynamics Statistics, Initial Firm Size)

Microbusinesses have an oversized importance on job flows.

Microbusinesses accounted for over 20 percent of the job gains and job losses from 2000 to 2013, with much of their

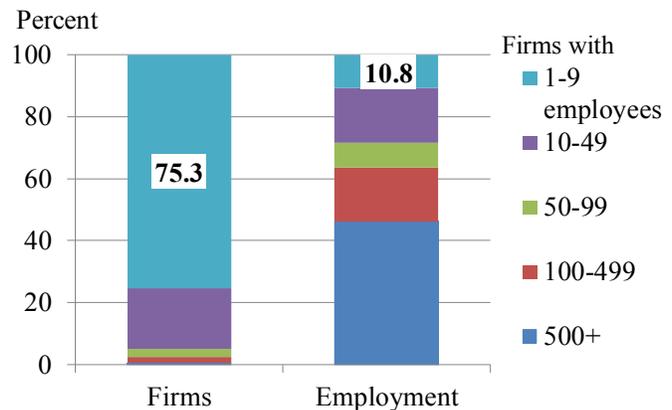
gross job flows coming from new and closing firms as opposed to expanding or shrinking firms. (Source: Bureau of Labor Statistics, Business Employment Dynamics)

The finance, insurance and real estate industry has the highest share of microbusinesses.

The industry with the highest share of microbusinesses is the combined finance, insurance and real estate (FIRE) industry. In 2011, microbusinesses made up 85 percent of the industry.

(Source: Census Bureau, Business Dynamics Statistics, Initial Firm Size)

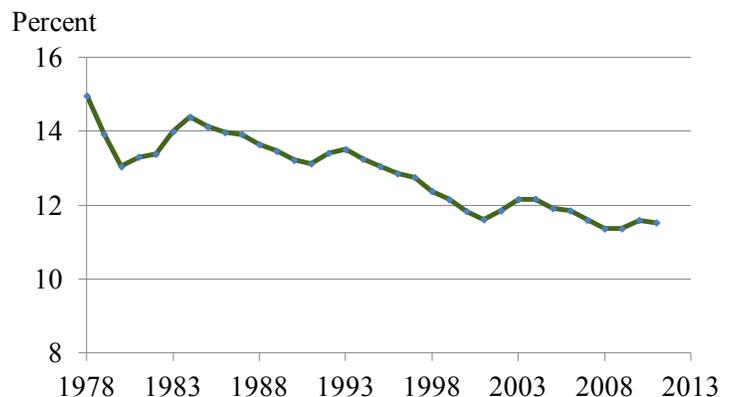
Chart 1: Microbusiness Firm and Employment Shares



Note: Microbusinesses are defined as employers with fewer than 10 employees (initial year firm size).

Source: Bureau of Labor Statistics, Business Employment Dynamics.

Chart 2: Microbusiness Employment Share Trend



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Source: U.S. Census Bureau, Business Dynamics Statistics.