

Small Business Market Update, June 2015

A snapshot of the small business economy

Small Business Employment

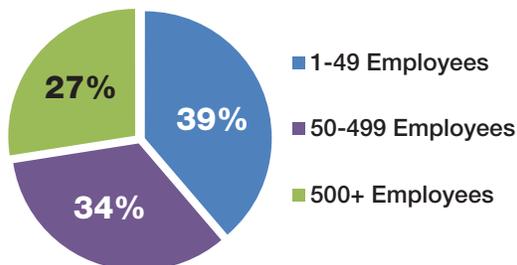
Small businesses (firms with 1-499 employees) continue to add more net new jobs than large businesses (500+ employees). Through the first three quarters of 2014, small businesses added 1.4 million net new jobs (**Figure 1**). Firms with 1-49 employees have contributed the most to job growth recently. The Bureau of Labor Statistics (BLS) reported this firm size class made up 39 percent of net new jobs in the first three quarters of 2014 while ADP reported a more positive 44 percent for the same period (**Figure 2**).

Figure 1: Employment Change by Firm Size (in Thousands, Seasonally Adjusted)

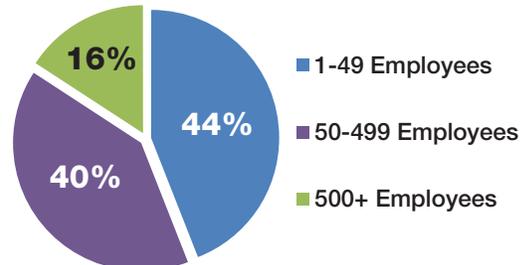


Source: BLS Business Employment Dynamics

Figure 2: Share of Jobs Added by Firm Size Q1-Q3 2014



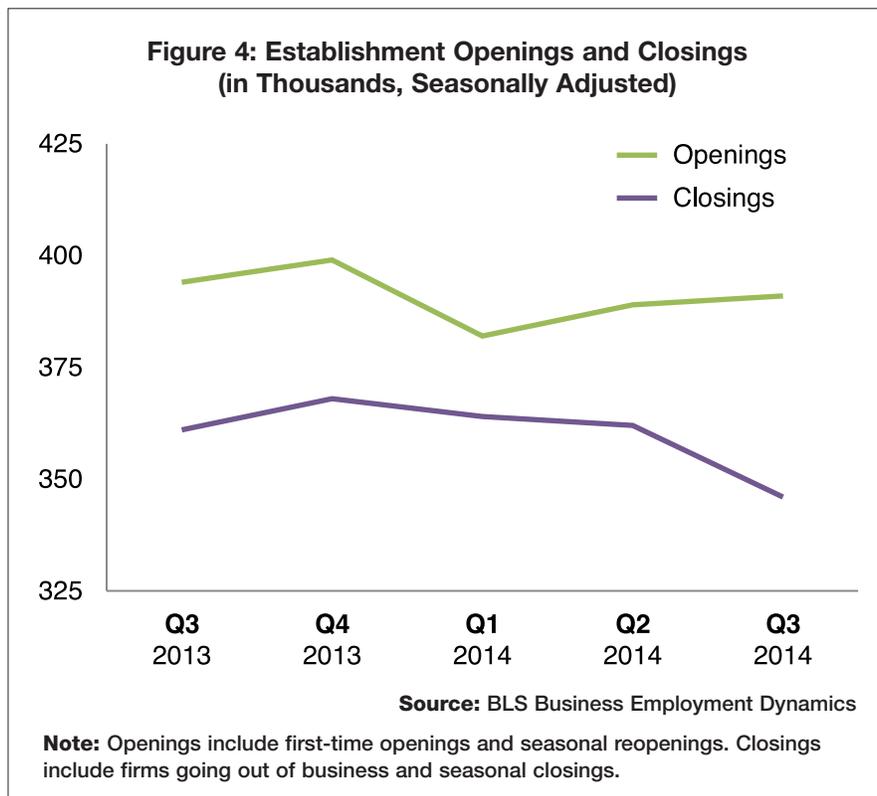
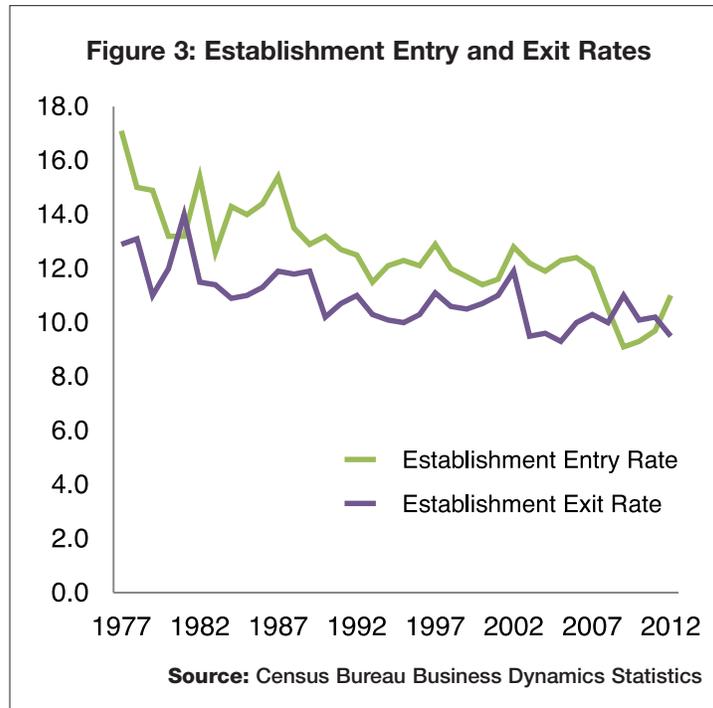
Source: BLS Business Employment Dynamics; SBA Office of Advocacy calculations.



Source: ADP Small Business Report; SBA Office of Advocacy calculations.

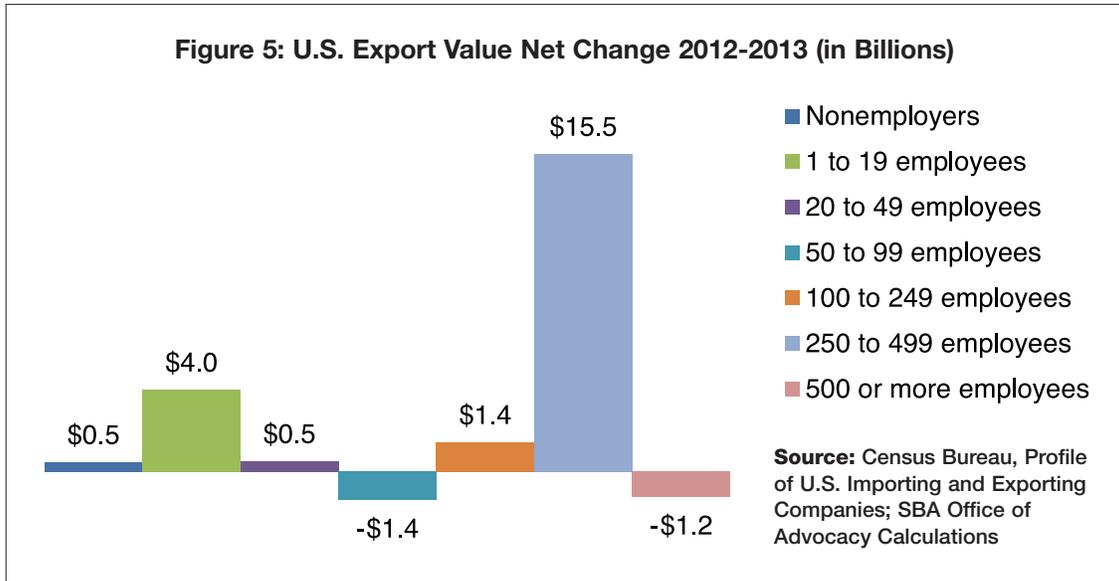
Startup Rates

While the rate of establishment entry has generally fallen over the last few decades (**Figure 3**), the latest private establishment data show promising signs, with establishment openings once again outpacing establishment closings (**Figure 4**).



International Trade

The known value of U.S. exports (value linked to specific companies) grew by 1.4 percent from 2012 to 2013, while the small business export value improved by 4.5 percent led by firms with 250-499 employees (**Figure 5**). This firm size class had the highest growth in number of identified exporters by 2.1 percent, and comparatively large businesses (500 employees or more) dropped 0.1 percent.



Venture Capital

Traditionally, the first quarter is a low point for venture capital (VC) in a fiscal year. However, the first quarter of fiscal year 2015 (Q1 2015) yielded the most venture capital investment dollars in a first quarter since the year 2000 (**Figure 6**). Q1 VC investments totaled \$13.4 billion making it the fifth straight quarter to see over \$10 billion in VC investments. This trend is part of a post-recessionary rebound in VC.

