

2018 SMALL BUSINESS PROFILE

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

UNITED STATES



30.2 million Small Businesses
99.9% of United States Businesses

58.9 million Small Business Employees
47.5% of United States Employees



EMPLOYMENT
1.9 million
net new jobs



DIVERSITY
8.0 million
minority-owned
businesses



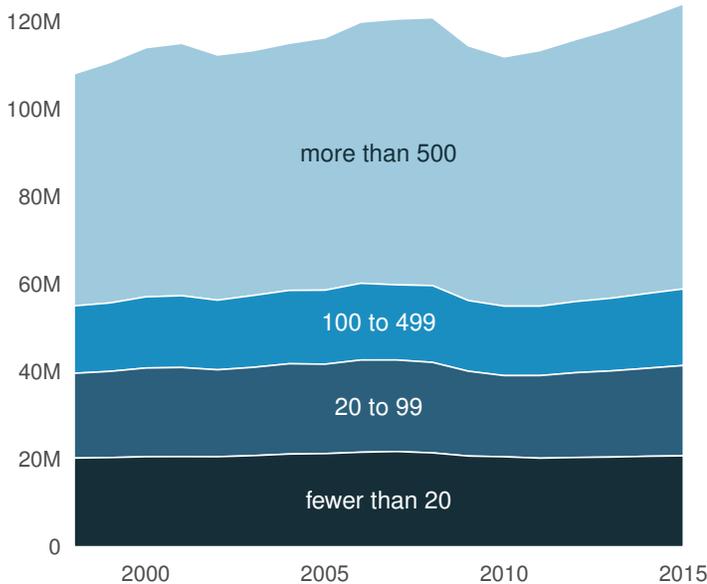
TRADE
287,835
small business
exporters

OVERALL UNITED STATES ECONOMY

- Multiple economic indicators consistently signaled a strengthening US economy in 2017. In the third quarter of 2017, the United States grew at an annual rate of **3.4%**. The United States's 2016 growth rate of **1.5%** was down from the 2015 rate of **2.7%**. (Source: [BEA](#))
- The employment situation in the United States continued to improve. In February 2018, the unemployment rate was **4.1%**, down from **4.7%** in February 2017. (Source: [CPS](#))

EMPLOYMENT

Figure 1: United States Employment by Business Size (Employees)



- United States small businesses employed **58.9 million** people, or **47.5%** of the private workforce, in 2015. (Source: [SUSB](#))
- Firms with fewer than 100 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment increased **1.8%** during the 12-month period ending in February 2018. This was above the increase of **1.0%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2016 by **2.3%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **1.9 million** net jobs in 2015. Firms employing fewer than 20 employees experienced the largest gains, adding **1.1 million** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **387,874** net jobs. (Source: [SUSB](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy. Each report incorporates the most up-to-date government data to present a unique snapshot of small businesses. Small businesses are defined for this profile as firms employing fewer than 500 employees. Net small business job change, minority small business ownership, and exporter share statistics are based on the 2015 Statistics of US Businesses (SUSB), 2012 Survey of Business Owners (SBO), and 2015 International Trade Administration (ITA) data, respectively.

INCOME AND FINANCE

- The number of banks decreased by 271 between June 2016 and June 2017 to 5,787 banks. (Source: FDIC)
- In 2016, 5.7 million loans under \$100,000 (valued at \$82.6 billion) were issued by United States lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income for individuals self-employed at their own incorporated businesses was \$50,347 in 2016. For individuals self-employed at their own unincorporated firms, this figure was \$23,060. (Source: ACS)

Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

EMPLOYER BUSINESS OWNER DEMOGRAPHICS

Figure 2: United States Employees per Business by Owner's Demographic, 2015

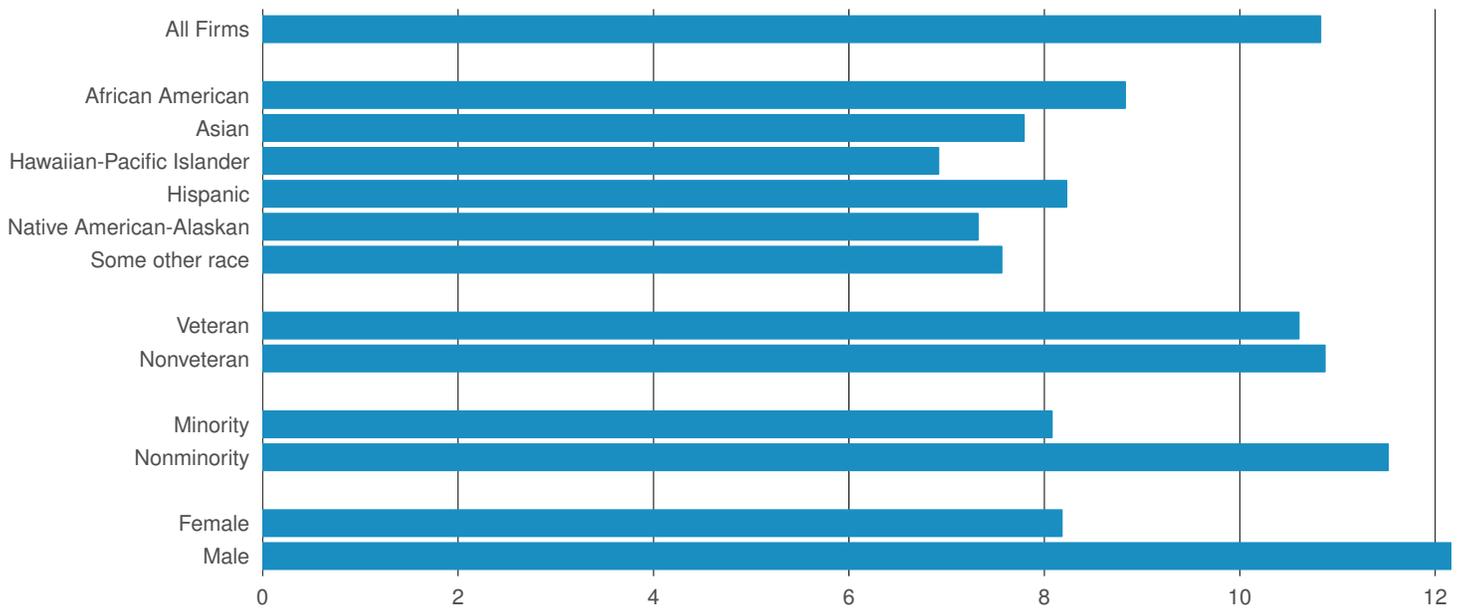
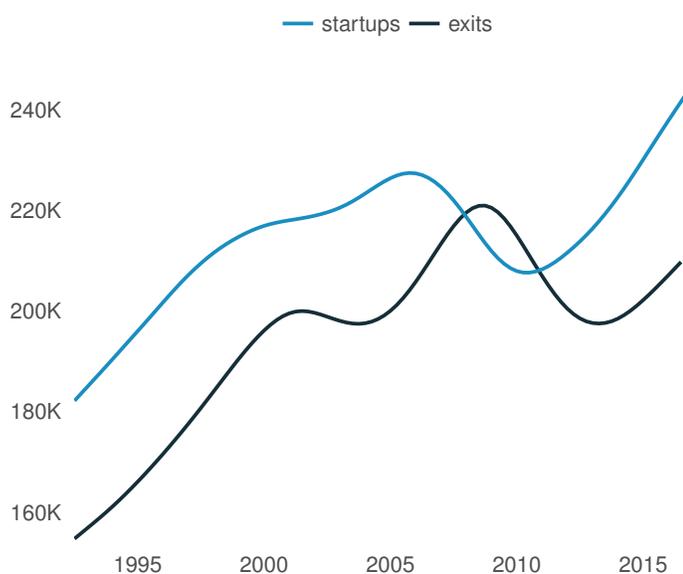


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the Annual Survey of Entrepreneurs (ASE).

TURNOVER AMONG ESTABLISHMENTS WITH EMPLOYEES

Figure 3: United States Quarterly Startups and Exits



- In the third quarter of 2016, 240,000 establishments started up, generating 872,000 new jobs in the United States. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 215,000 establishments exited resulting in 749,000 jobs lost. Exits occur when establishments go from having at least one employee to having none, and then remain closed for at least one year. (Source: BDM)
- Figure 3 displays quarterly startups and exits from 1992 to 2016. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

The BLS data covers only business establishments with employees. BLS refers to startups as births and exits as deaths. These terms are distinct from the BLS openings and closings categories. Openings include seasonal re-openings and closings include seasonal shutterings. Quarterly startup and exit values may not align with Figure 3 due to smoothing.

INTERNATIONAL TRADE

- A total of 294,834 companies exported goods from the United States in 2015. Of these, 287,835, or 97.6%, were small firms; they generated 32.9% of the United States's \$1.3 trillion in total exports. (Source: ITA)

SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: United States Employment by Industry, 2015

 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	8,687,568	19,221,864	45.2
Accommodation and Food Services	7,997,654	13,196,892	60.6
Retail Trade	5,514,378	15,704,167	35.1
Manufacturing	5,155,086	11,605,501	44.4
Professional, Scientific, and Technical Services	5,075,601	8,798,260	57.7
Construction	4,944,116	6,008,286	82.3
Other Services (except Public Administration)	4,626,826	5,401,233	85.7
Administrative, Support, and Waste Management	3,625,057	11,112,465	32.6
Wholesale Trade	3,486,807	6,076,109	57.4
Finance and Insurance	1,920,066	6,135,914	31.3
Transportation and Warehousing	1,650,009	4,616,568	35.7
Educational Services	1,603,707	3,642,170	44.0
Real Estate and Rental and Leasing	1,410,530	2,065,427	68.3
Arts, Entertainment, and Recreation	1,370,194	2,230,822	61.4
Information	897,225	3,394,317	26.4
Management of Companies and Enterprises	404,386	3,308,759	12.2
Mining, Quarrying, and Oil and Gas Extraction	296,005	743,660	39.8
Agriculture, Forestry, and Fishing and Hunting	136,254	160,144	85.1
Utilities	112,523	639,234	17.6
Industries not classified	24,155	24,155	100.0
Total	58,938,147	124,085,947	47.5

Figure 4: United States Small Business Employment by County, 2015

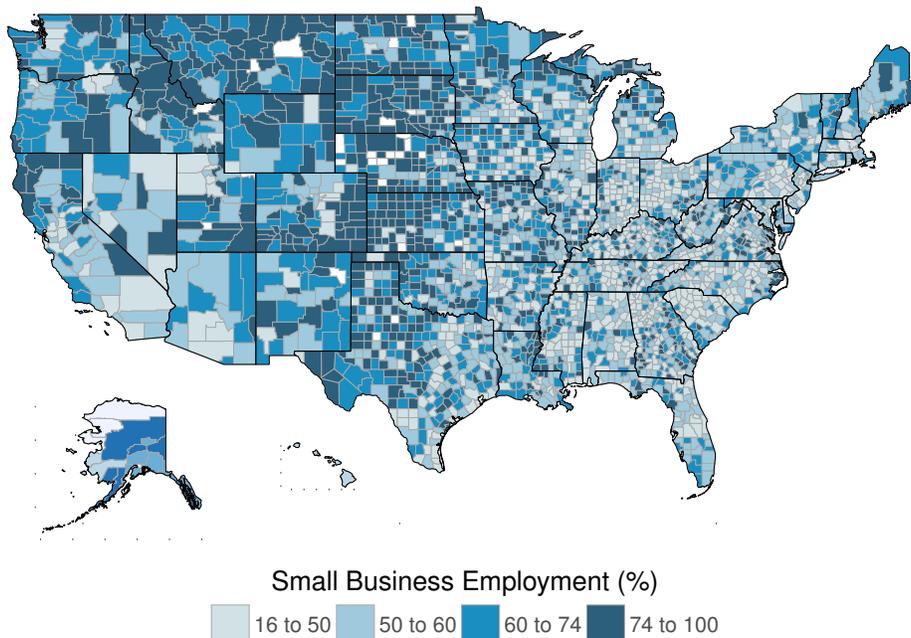


Table 2: United States Small Businesses by Industry and Firm Size, 2015



Industry



1-499 Employees



1-20 Employees



Nonemployer
Firms



Total Small Firms

Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	796,737	747,952	3,410,855	4,207,592
Other Services (except Public Administration)	680,783	635,810	3,695,012	4,375,795
Construction	668,196	615,701	2,430,014	3,098,210
Health Care and Social Assistance	652,900	569,088	1,978,850	2,631,750
Retail Trade	650,133	594,267	1,985,553	2,635,686
Accommodation and Food Services	515,566	401,142	371,413	886,979
Administrative, Support, and Waste Management	331,964	295,202	2,069,144	2,401,108
Wholesale Trade	304,031	262,019	417,272	721,303
Real Estate and Rental and Leasing	290,173	277,338	2,635,780	2,925,953
Manufacturing	247,961	187,862	355,467	603,428
Finance and Insurance	235,726	218,939	718,472	954,198
Transportation and Warehousing	177,150	157,974	1,528,264	1,705,414
Arts, Entertainment, and Recreation	122,089	106,357	1,341,733	1,463,822
Educational Services	88,826	70,210	710,383	799,209
Information	73,028	63,321	328,995	402,023
Mining, Quarrying, and Oil and Gas Extraction	21,657	18,157	98,134	119,791
Agriculture, Forestry, and Fishing and Hunting	21,584	20,212	236,094	257,678
Utilities	5,706	4,493	19,968	25,674
Total	5,881,267	5,265,682	24,331,403	30,212,670

Figure 4 and Tables 1 and 2 display data from the 2015 SUSB. Table 2 includes additional data from the 2015 Nonemployer Statistics (NES). Data for counties shown in white in Figure 4 were withheld by the Census Bureau because they do not meet publication standards or could disclose information regarding individual businesses.

REFERENCES

The Small Business Profiles, source data, and methodology are available at <https://go.usa.gov/xQT4w>.

ASE	Annual Survey of Entrepreneurs, US Census Bureau
BEA	Bureau of Economic Analysis, US Department of Commerce
BDM	Business Employment Dynamics, BLS
BLS	Bureau of Labor Statistics, US Department of Labor
CPS	Current Population Survey, BLS
FDIC	Call Reports, Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
ITA	International Trade Administration, US Department of Commerce
NES	Nonemployer Statistics, US Census Bureau
SBO	Survey of Business Owners, US Census Bureau
SUSB	Statistics of US Businesses, US Census Bureau