

# SMALL BUSINESS PROFILE

U.S. SMALL BUSINESS ADMINISTRATION

## OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

### CALIFORNIA



**3.8 million**  
**99.8%**

Small Businesses  
of California Businesses

**6.8 million**  
**49.2%**

Small Business Employees  
of California Employees



**EMPLOYMENT**  
**197,532**  
net new jobs



**DIVERSITY**  
**1.6 million**  
minority-owned  
businesses



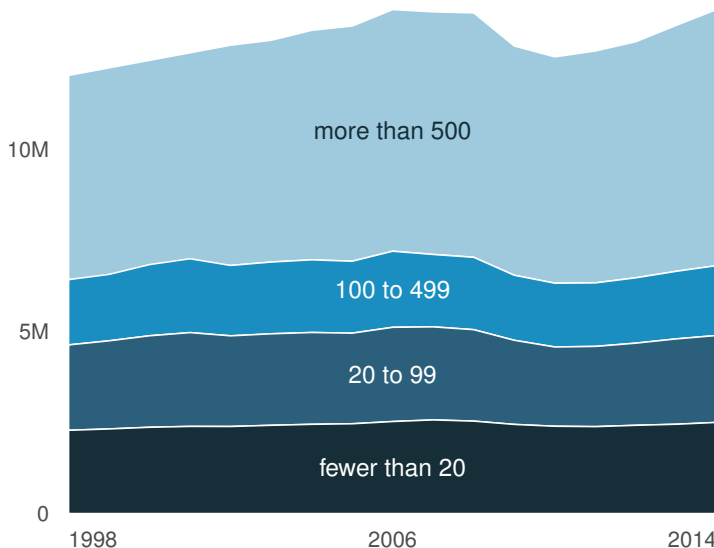
**TRADE**  
**95.9%**  
of California exporters

#### OVERALL CALIFORNIA ECONOMY

- In the second quarter of 2016, California grew at an annual rate of **2.2%**, which was faster than the overall US growth rate of **1.2%**. California's 2015 growth rate of **3.8%** was unchanged from the 2014 rate of **3.8%**. (Source: [BEA](#))
- In November 2016, the unemployment rate was **5.3%**, down from **5.9%** at the close of 2015. This was above the November 2016 national unemployment rate of **4.6%**. (Source: [CPS](#))

#### EMPLOYMENT

Figure 1: California Employment by Business Size (Employees)



- California small businesses employed **6.8 million** people, or **49.2%** of the private workforce, in 2014. (Source: [SUSB](#))
- Firms with fewer than 100 employees have the largest share of small business employment. See Figure 1 for further details on firms with employees. (Source: [SUSB](#))
- During the year ending November 2016, private-sector employment increased **3.1%**. This was above the previous year's increase of **1.6%**. (Source: [CPS](#))
- The number of proprietors increased in 2015 by **3.2%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **197,532** net jobs in 2014. Among the seven BDS size-classes, firms employing 1 to 4 employees experienced the largest gains, adding **36,439** net jobs. The smallest gains were in firms employing 10 to 19 employees, which added **16,076** net jobs. (Source: [BDS](#))

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 as firms employing fewer than 500 employees. Net small business job change, minority small business ownership, and exporter share statistics are based on the 2014 Business Dynamics Statistics (BDS), 2012 Survey of Business Owners (SBO), and 2014 International Trade Administration (ITA) data, respectively.

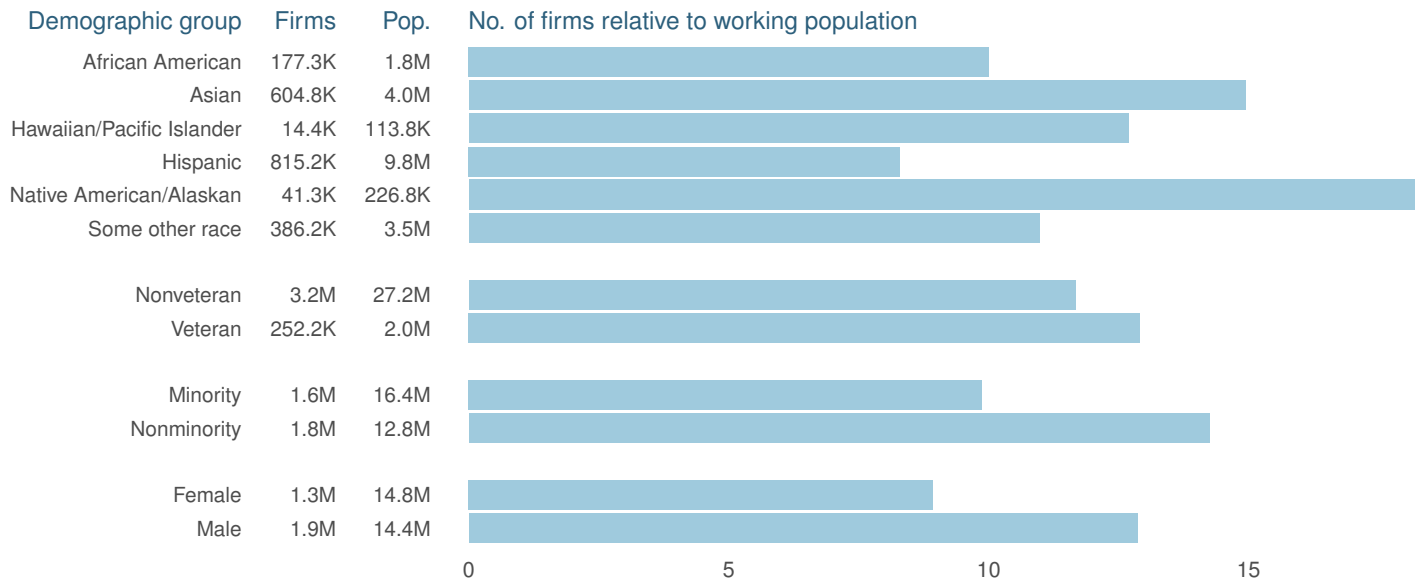
## INCOME AND FINANCE

- The number of banks reported in the Call Reports between June 2015 and June 2016 declined. (Source: [FDIC](#))
- In 2014, **836,919** loans under \$100,000 (valued at **\$11.7 billion**) were issued by California lending institutions reporting under the Community Reinvestment Act. (Source: [FFIEC](#))
- The median income for individuals self-employed at their own incorporated businesses was **\$56,142** in 2015. For individuals self-employed at their own unincorporated firms, this figure was **\$24,364**. (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.*

## BUSINESS OWNER DEMOGRAPHICS

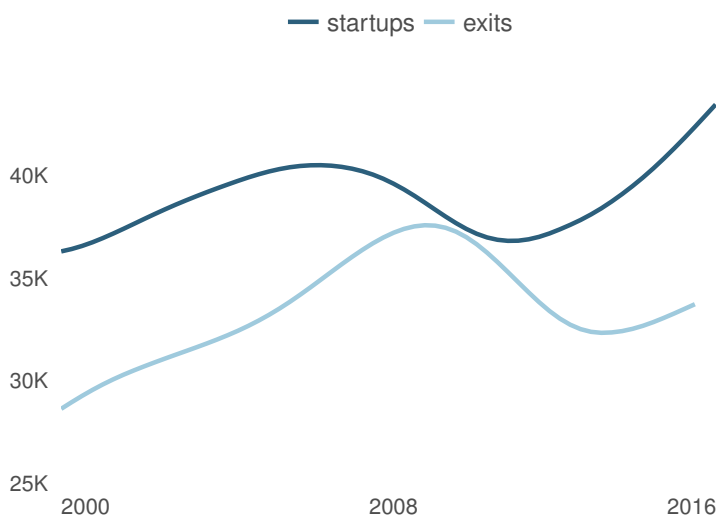
Figure 2: California Small Business Ownership, 2012



*Figure 2 displays the number of small firms (SBO) per 100 people 16 years and over (ACS). For example, there are approximately 9 female-owned firms per 100 working age females or  $1.3M \div 14.8M \times 100$ . ACS and SBO differ in their classifications of individuals reporting more than one race. ACS provides a distinct category for two or more races while SBO tabulates these businesses into more than one group.*

## BUSINESS TURNOVER

Figure 3: California Quarterly Startups and Exits



- In the second quarter of 2015, **41,416** establishments started up, generating **114,230** new jobs in California. Startups are counted when business establishments hire at least one employee for the first time. (Source: [BDM](#))
- In the same period, **36,397** establishments exited resulting in **113,480** 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 2000 to 2016. Each series is smoothed across multiple quarters to highlight long-run trends.

*The 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.*

## INTERNATIONAL TRADE

- A total of 75,722 companies exported goods from California in 2014. Among these, 72,591, or 95.9%, were small firms; they generated 43.4% of California's \$158.3 billion in total known exports. (Source: ITA)

## SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: California Employment by Industry, 2014





 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Accommodation and Food Services	969,294	1,537,438	63%
Health Care and Social Assistance	862,889	1,818,568	47%
Professional, Scientific, and Technical Services	670,515	1,226,321	55%
Manufacturing	617,658	1,149,707	54%
Retail Trade	585,593	1,638,332	36%
Construction	544,687	644,977	84%
Wholesale Trade	509,066	840,397	61%
Other Services (Except Public Administration)	461,079	568,661	81%
Administrative, Support, and Waste Management	408,145	1,300,624	31%
Educational Services	208,928	395,407	53%
Real Estate and Rental and Leasing	197,657	281,169	70%
Finance and Insurance	196,356	585,304	34%
Transportation and Warehousing	167,695	463,483	36%
Information	164,321	645,036	25%
Arts, Entertainment, and Recreation	163,893	321,658	51%
Agriculture, Forestry, and Fishing and Hunting	19,631	26,328	75%
Mining, Quarrying, and Oil and Gas Extraction	9,671	27,276	35%
Utilities	4,619	s	-
<b>Total</b>	<b>6,806,594</b>	<b>13,838,702</b>	<b>49%</b>

Figure 4: California Small Business Percent of Employment by County

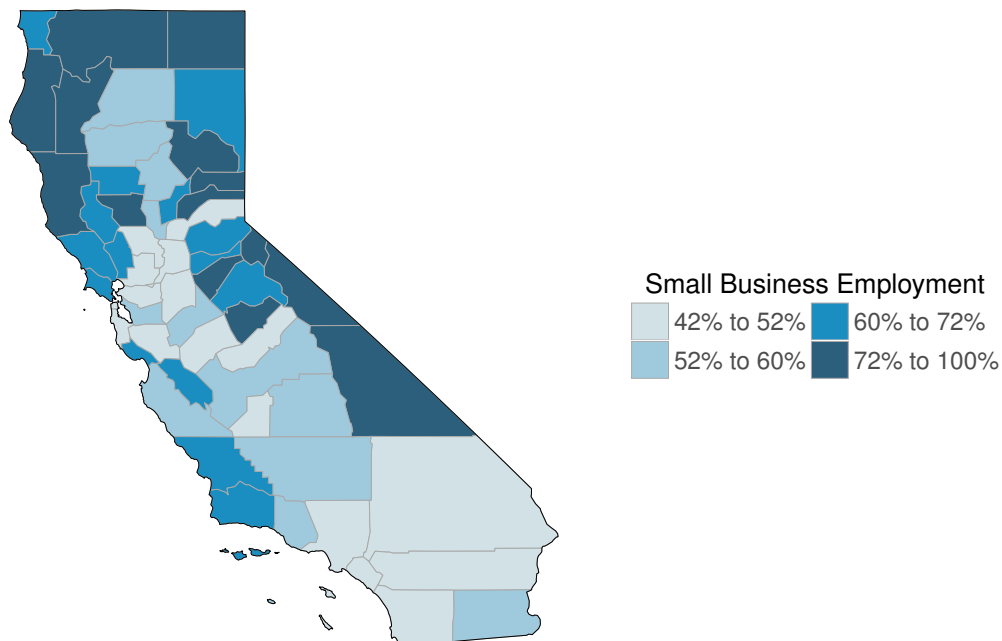







Table 2: California Small Businesses by Industry and Firm Size, 2014

				
Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	110,456	103,199	539,499	649,955
Other Services (Except Public Administration)	65,067	60,143	486,914	551,981
Health Care and Social Assistance	88,791	80,902	274,662	363,453
Real Estate and Rental and Leasing	40,125	38,138	315,451	355,576
Retail Trade	68,600	62,506	234,730	303,330
Administrative, Support, and Waste Management	35,526	31,059	257,368	292,894
Construction	66,386	60,434	225,246	291,632
Arts, Entertainment, and Recreation	21,112	19,280	205,389	226,501
Transportation and Warehousing	17,481	15,266	173,838	191,319
Wholesale Trade	50,402	43,616	62,474	112,876
Finance and Insurance	27,627	25,665	85,156	112,783
Accommodation and Food Services	61,647	48,295	44,654	106,301
Educational Services	11,761	9,213	84,809	96,570
Manufacturing	34,852	26,937	47,452	82,304
Information	15,311	13,395	60,832	76,143
Agriculture, Forestry, and Fishing and Hunting	1,795	1,577	13,214	15,009
Mining, Quarrying, and Oil and Gas Extraction	572	453	4,368	4,940
Utilities	472	416	1,535	2,007
<b>Total</b>	<b>718,558</b>	<b>643,141</b>	<b>3,117,591</b>	<b>3,836,149</b>

Data for counties shown in white in Figure 4 and values labeled "s" in Tables 1 and 2 were withheld by the Census Bureau because they do not meet publication standards or could disclose information regarding individual businesses. (Source: SUSB, NES)

**REFERENCES**

The Small Business Profiles, source data, and methodology are available at <http://go.usa.gov/x9yxK>.

- ACS American Community Survey, 5-year estimates, U.S. Census Bureau
- BEA Bureau of Economic Analysis
- BDM Business Employment Dynamics, BLS
- BDS Business Dynamics Statistics, U.S. Census Bureau
- BLS Bureau of Labor Statistics, U.S. Department of Labor
- CES Current Employment Statistics, BLS
- CEW Census of Employment and Wages, BLS
- CPS Current Population Survey, BLS
- FDIC Federal Deposit Insurance Corporation
- FFIEC Federal Financial Institutions Examination Council
- ITA International Trade Administration
- NES Nonemployer Statistics, U.S. Census Bureau
- SBO Survey of Business Owners, U.S. Census Bureau
- SUSB Statistics of U.S. Businesses, U.S. Census Bureau

