

SMALL BUSINESS PROFILE

U.S. SMALL BUSINESS ADMINISTRATION

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

NORTH CAROLINA




843,724
97.9% Small Businesses
of North Carolina Businesses

1.6 million
46.0% Small Business Employees
of North Carolina Employees

1.6 million
46.0% Small Business Employees
of North Carolina Employees



EMPLOYMENT
24,617
net new jobs¹



DIVERSITY
39.2%
increase in minority
ownership²



TRADE
87.3%
of North Carolina
exporters³

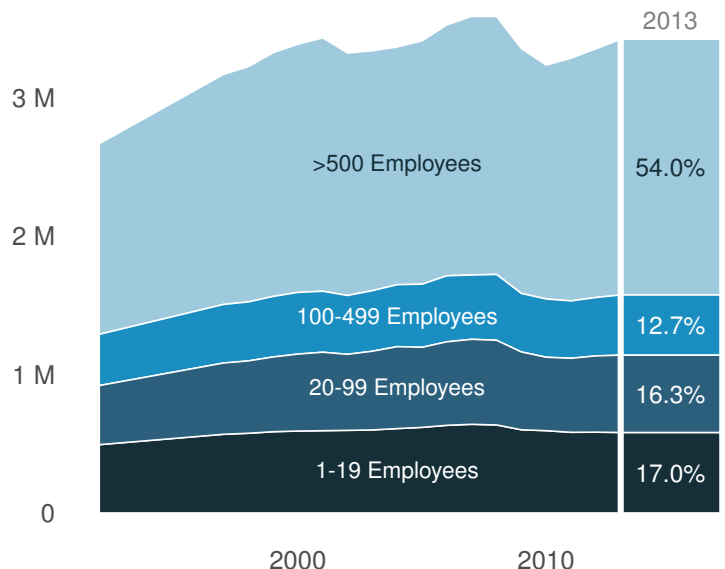
OVERALL NORTH CAROLINA ECONOMY

- In the third quarter of 2015, North Carolina grew at an annual rate of **2.8%** which was faster than the overall US growth rate of **1.9%**. By comparison, North Carolina's 2014 growth of **5.1%** was up from the 2013 level of **3.3%**. (Source: BEA)
- The employment situation in North Carolina improved. At the close of 2015, unemployment was **5.6%**, down from **5.7%** at the close of 2014. This was above the national unemployment rate of **5.0%**. (Source: CPS)

EMPLOYMENT

- North Carolina small businesses employed **1.6 million** people, or **46.0%** of the private workforce, in 2013. (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)
- Private-sector employment increased **2.5%** in 2015. This was below the previous year's increase of **3.3%**. (Source: CES)
- The number of proprietors increased in 2014 by **1.3%** relative to the previous year. (Source: BEA)
- Small businesses created **24,617** net jobs in 2013. Among the seven BDS size-classes, firms employing 100 to 249 employees experienced the largest gains, adding **7,448** net jobs. The smallest gains were in firms employing 1 to 4 employees which added **163** net jobs. (Source: BDS)

Figure 1: North Carolina Employment by Firm Size



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.** Hyperlinks to data sources and report generation information are provided in Table 3.

^{1,3} Net small business jobs change and exporter share are based on newly released 2013 BDS and 2012 ITA data.

² Diversity statistic tracks changes between 2007 and 2012 based on the Survey of Business Owners (SBO) 2015 release.

INCOME AND FINANCE

- The number of banks reported in the Call Reports between June 2014 and June 2015 declined. (Source: FDIC)
- In 2014, 139,200 loans under \$100,000 (and valued at \$2.2 billion) were issued by North Carolina lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income⁴ for individuals who were self-employed at their own incorporated businesses was \$44,272 in 2014. For individuals self-employed at their own unincorporated firms, this figure was \$20,563. (Source: ACS)

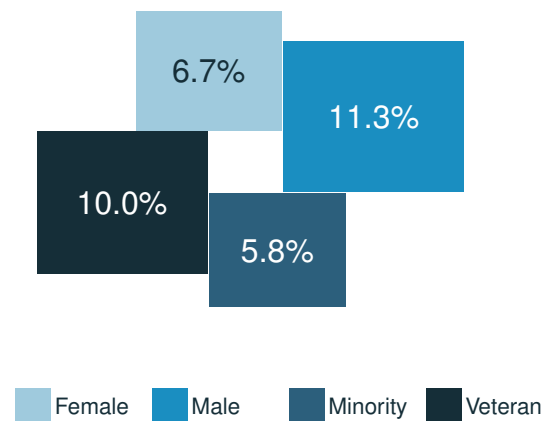
⁴ Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

BUSINESS OWNER DEMOGRAPHICS

Figure 2: North Carolina Changes in Business Ownership by Demographic Group

| | | |
|---------------------------------|---|-------|
| African American-owned | ● | 34.5% |
| Asian-owned | ● | 34.5% |
| Hawaiian/Pacific Islander-owned | ● | 60.5% |
| Hispanic-owned | ● | 63.8% |
| Native American/Alaskan-owned | ● | 45.4% |
| Minority-owned | ● | 39.2% |
| Nonminority-owned | ○ | -4.9% |

Figure 3: North Carolina Self-Employment within Demographic Group

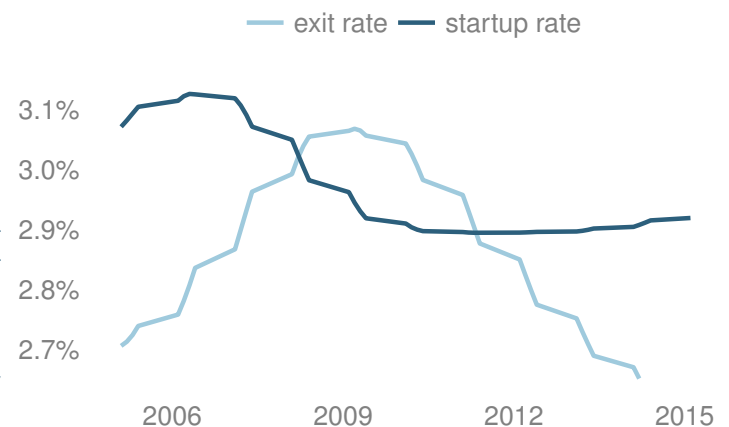


- Figure 2 displays the change in overall firm ownership for each demographic group from 2007 to 2012 based on the Survey of Business Owners (SBO) for North Carolina, released in December 2015.
- Figure 3 displays the percent of each demographic group identified as self-employed according to the 2014 American Community Survey (ACS) 5-year estimates.

BUSINESS TURNOVER

- In the second quarter of 2014, 5,977 establishments started up⁵ in North Carolina and 6,541 exited.⁶ Startups generated 23,298 new jobs while exits caused 22,947 job losses. (Source: BDM)
- Figure 4 displays startup and exit rates from 2005 to 2015. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

Figure 4: North Carolina Private Startup and Exit Rates



⁵ **STARTUPS** are counted when business establishments hire at least one employee for the first time. The BLS terms these **births**, as distinct from the BLS **openings** category which includes seasonal re-openings.

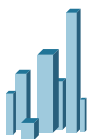




⁶ **EXITS** occur when establishments go from having at least one employee to having none, and then remain closed for at least a year. The BLS terms these events **deaths**, as distinct from the **closings** category which includes seasonal shutterings.

INTERNATIONAL TRADE

- A total of 10,582 companies exported goods from North Carolina in 2013. Among these, 9,233, or 87.3%, were small firms; they generated 24.1% of North Carolina's total known export value. (Source: ITA)

SMALL BUSINESSES BY INDUSTRY

Table 1: North Carolina Small Firms by Industry, 2013
(sorted by small employer firms)

|  |  |  |  |  |
|---|---|--|---|---|
| Industry | 1 – 499 Employees | 1 – 19 Employees | Nonemployer Firms | Total Small Firms |
| Other Services (except Public Administration) | 20,959 | 19,624 | 117,570 | 138,529 |
| Professional, Scientific, and Technical Services | 20,828 | 19,379 | 83,753 | 104,581 |
| Construction | 20,398 | 18,882 | 83,388 | 103,786 |
| Retail Trade | 19,414 | 17,671 | 56,929 | 76,343 |
| Health Care and Social Assistance | 16,785 | 14,015 | 48,630 | 65,415 |
| Accommodation and Food Services | 13,954 | 10,726 | 9,033 | 22,987 |
| Administrative, Support, and Waste Management | 9,904 | 8,727 | 71,529 | 81,433 |
| Wholesale Trade | 8,765 | 7,184 | 11,467 | 20,232 |
| Real Estate and Rental and Leasing | 7,522 | 7,106 | 71,088 | 78,610 |
| Manufacturing | 7,229 | 5,284 | 10,396 | 17,625 |
| Finance and Insurance | 5,993 | 5,553 | 19,407 | 25,400 |
| Transportation and Warehousing | 4,269 | 3,739 | 26,668 | 30,937 |
| Arts, Entertainment, and Recreation | 3,262 | 2,761 | 34,501 | 37,763 |
| Educational Services | 2,359 | 1,920 | 18,563 | 20,922 |
| Information | 1,607 | 1,361 | 8,288 | 9,895 |
| Agriculture, Forestry, Fishing and Hunting | 767 | 732 | 7,726 | 8,493 |
| Utilities | 138 | 92 | 622 | 760 |
| Mining, Quarrying, and Oil and Gas Extraction | 99 | 74 | 167 | 266 |
| Total | 164,252 | 144,830 | 679,725 | 843,977 |

Totals for Tables 1 and 2 differ from SUSB's statewide tallies due to firms with establishments in more than one industry and the omission of industry classifications not reported by NES. (Source: NES and SUSB)

s Indicates samples deemed too small to represent the population according to SUSB.

Table 2: North Carolina Employment by Industry and Firm Size, 2013
(sorted by small firm employment)





|  Industry |  Small Business Employment |  Total Private Employment |  Small Business Employment Share |
|---|---|--|---|
| Health Care and Social Assistance | 251,736 | 553,390 | 45.5% |
| Accommodation and Food Services | 215,018 | 368,698 | 58.3% |
| Manufacturing | 152,610 | 408,390 | 37.4% |
| Retail Trade | 151,316 | 457,694 | 33.1% |
| Construction | 137,437 | 163,454 | 84.1% |
| Other Services (except Public Administration) | 132,466 | 147,511 | 89.8% |
| Professional, Scientific, and Technical Services | 116,987 | 201,818 | 58.0% |
| Administrative, Support, and Waste Management | 102,661 | 272,162 | 37.7% |
| Wholesale Trade | 89,805 | 178,427 | 50.3% |
| Arts, Entertainment, and Recreation | 39,137 | 58,859 | 66.5% |
| Educational Services | 38,897 | 93,771 | 41.5% |
| Finance and Insurance | 38,643 | 169,983 | 22.7% |
| Transportation and Warehousing | 34,789 | 107,649 | 32.3% |
| Real Estate and Rental and Leasing | 33,167 | 48,885 | 67.8% |
| Information | 18,489 | 79,105 | 23.4% |
| Agriculture, Forestry, Fishing and Hunting | 4,204 | 4,595 | 91.5% |
| Utilities | 3,564 | 21,991 | 16.2% |
| Mining, Quarrying, and Oil and Gas Extraction | 1,644 | 3,243 | 50.7% |
| Total | 1,562,570 | 3,339,625 | 46.8% |

Figure 5: North Carolina County-Level Job Changes, 2015 (CEW)

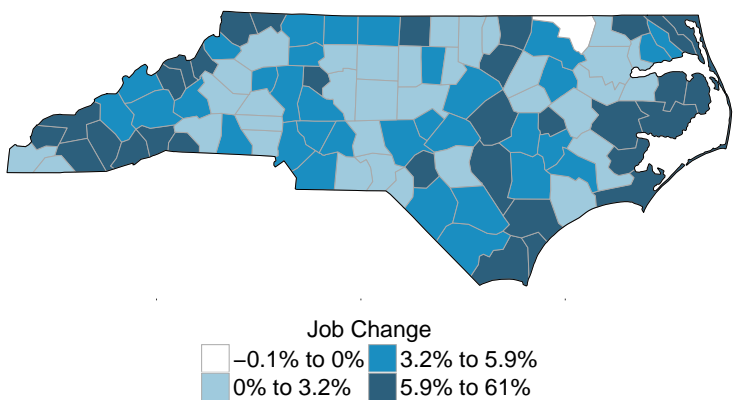


Table 3: Abbreviations and Resources

| | |
|-------|--|
| ACS | American Community Survey, US Census Bureau |
| BEA | Bureau of Economic Analysis |
| BDM | Business Employment Dynamics, BLS |
| BDS | Business Dynamics Statistics, US Census Bureau |
| BLS | Bureau of Labor Statistics, US 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, US Census Bureau |
| SBO | Survey of Business Owners, US Census Bureau |
| SUSB | Statistics of US Businesses, US Census Bureau |

All profiles, source data, methodology notes, and county-level employment statistics are available at <http://go.usa.gov/cfKMd>

