

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

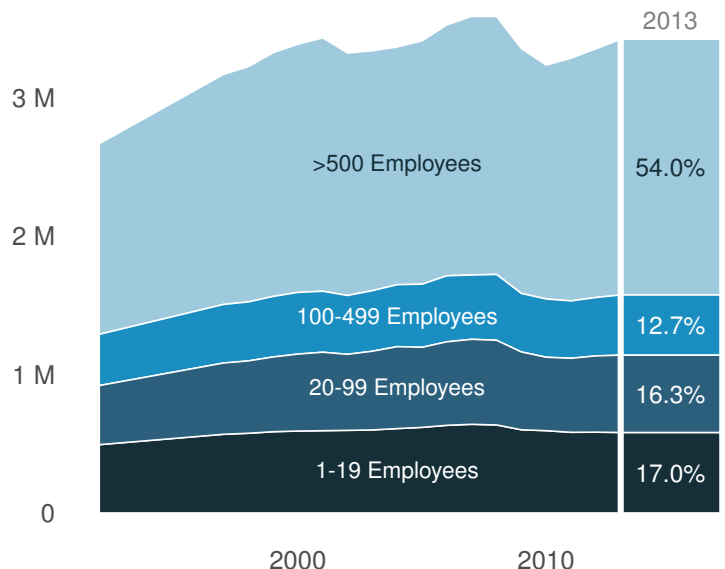
OVERALL NORTH CAROLINA ECONOMY

- 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)

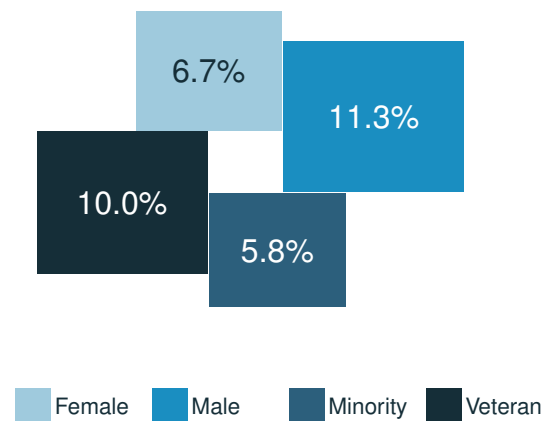
⁴ Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

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

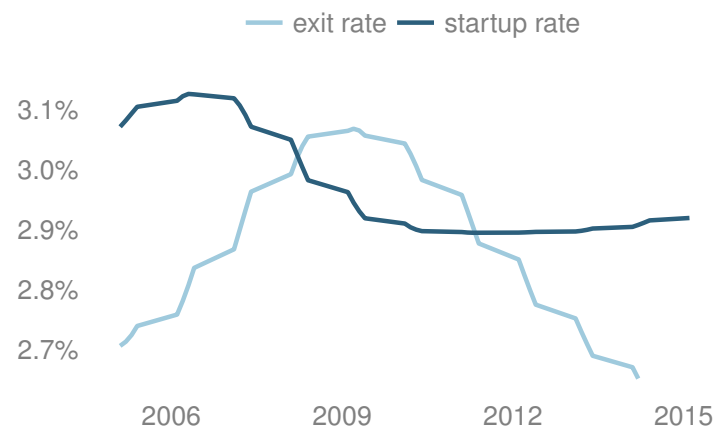


- Figure 2 displays the change in overall firm ownership for each demographic group from 2007 to 2012 based on the Survey of Business Owners (SBO) for North Carolina, released in December 2015.
- Figure 3 displays the percent of each demographic group identified as self-employed according to the 2014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

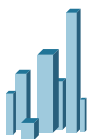




⁶ **EXITS** occur when establishments go from having at least one employee to having none, and then remain closed for at least a year. The BLS terms these events **deaths**, as distinct from the **closings** category which includes seasonal shutterings.

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)

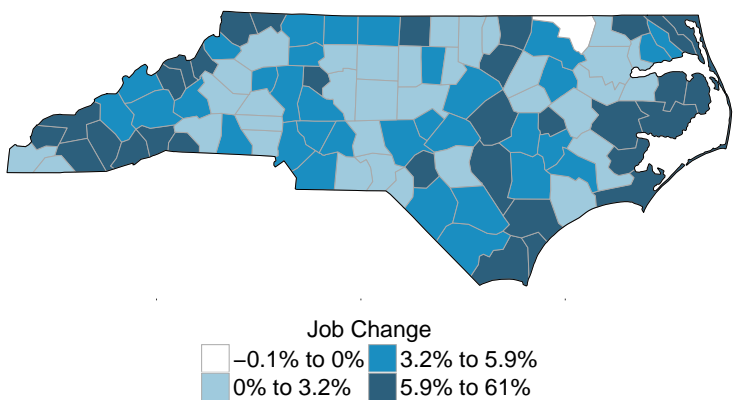


Table 3: Abbreviations and Resources

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>

