Pennsylvania

999,591 Small Businesses
225,382 Small Businesses with Employees
774,209 Small Businesses without Employees (Nonemployers)
2,445,023 Workers Employed by Small Businesses

State Economy Overall

• Pennsylvania’s economy grew at a slower rate than the United States in 2013. Pennsylvania’s real gross state product increased by **0.7 percent** compared to **2.2 percent** for U.S. gross domestic product. (Source: BEA)

• The employment picture in Pennsylvania has improved. The unemployment rate in Pennsylvania declined from **7.1 percent** in October 2013 to **5.4 percent** in October 2014. This is below the national average of **5.8 percent** for the same time period. (Source: BLS)

Employment

• Pennsylvania’s small businesses employed about half or **2.4 million** of the state’s private workforce in 2012. (Source: SUSB)

• Almost all firms with employees are small. They make up **98.2 percent** of all employers in the state. (Source: SUSB)

• Firms with fewer than 100 employees have the largest share of small business employment. Figure 1 offers further detail.

• In Pennsylvania, small businesses created **72,264** net new jobs in 2012. The biggest gain was in the smallest firm size category of 1-4 employees. (Source: BDS)

• The number of people who were primarily self-employed in 2013 decreased by **1.3 percent** relative to the previous year.

• The state’s private-sector employment growth increased by **1.0 percent** over the 12-month period ending in October 2014; this was below the national average growth rate of **2.3 percent**. (Source: BLS)

The Small Business State and Territory Profiles report on the economic status of small business from 2007 to 2014. They include information on the number of firms, employment, demographics and other topics using the most recently available government data. They are a reference tool for researchers, policymakers, and small entities who are interested in how small firms are performing regionally or nationally. **Note that this report defines small businesses as firms with fewer than 500 employees.**
**Income and Finance**

- The number of banks reported in the Call Reports between June 2013 and June 2014 declined. (Source: FDIC)
- In 2012, 197,313 loans under $100,000 (and valued at $3 billion) were issued by Community Reinvestment Act lending institutions in Pennsylvania. (Source: FFIEC)
- The median income for individuals who are self-employed at their own incorporated businesses for the past 12 months was $51,193 in 2013. For individuals self-employed at their own unincorporated firms, this figure was $25,630. (Source: ACS)

  Note: 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**

- **Table 1** shows the top industry for nine business owner demographics. For example, **47.4 percent** of female-owned businesses were in the health care and social assistance industry, and female-owned firms made up **15.3 percent** of this industry.

<table>
<thead>
<tr>
<th>Demographic Group of Business Owners</th>
<th>Most Common Industry</th>
<th>% of Industry in Demographic Group</th>
<th>% of Demographic Group in Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>Health care &amp; social assistance</td>
<td>47.4</td>
<td>15.3</td>
</tr>
<tr>
<td>Male</td>
<td>Construction</td>
<td>82.3</td>
<td>19.4</td>
</tr>
<tr>
<td>American Indian and Alaska Native</td>
<td>Arts, entertainment, &amp; rec</td>
<td>0.9</td>
<td>14.5</td>
</tr>
<tr>
<td>Asian</td>
<td>Other services</td>
<td>5.6</td>
<td>19.1</td>
</tr>
<tr>
<td>Black or African American</td>
<td>Health care &amp; social assistance</td>
<td>14.4</td>
<td>27.6</td>
</tr>
<tr>
<td>Native Hawaiian and Other Pacific Islander</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>White</td>
<td>Prof., sci., &amp; tech. services</td>
<td>92.0</td>
<td>14.7</td>
</tr>
<tr>
<td>Hispanic</td>
<td>Other services</td>
<td>3.6</td>
<td>16.8</td>
</tr>
<tr>
<td>Veteran</td>
<td>Construction</td>
<td>12.5</td>
<td>16.9</td>
</tr>
</tbody>
</table>

*Indicates that the sample size was too small to be representative of the population. For more detailed information on businesses in your state, see www.sba.gov/advocacy/847/841921.


- Figures 2a and 2b show the demographic makeup of the self-employed in four demographic groups. For example, **Figure 2a** shows that **5.3 percent** of females were self-employed, and **Figure 2b** shows that **33.3 percent** of all self-employed people were female.
Business Turnover

- In 2010, **19,484** establishments opened in Pennsylvania, and **70.5 percent** survived through 2012. In 2013, **22,822** establishments opened, and **77.3 percent** survived through 2014. (Source: BLS, BED)
- In the 1st quarter of 2014, **12,975** establishments opened and **12,032** closed in the state of Pennsylvania. (Source: BED)
- Business bankruptcies declined from 2010 to 2014, signaling a stronger state economy. (Source: U.S. Courts)

International Trade

- A total of **15,655** companies exported goods from the state in 2012. Of these, **13,941** or **89.1 percent** were small firms; they generated over a third (**34.7 percent**) of the state’s total known export value. (Source: ITA)

Small Businesses and Employment by Industry

- **Table 2** ranks the state’s industries by the number of small employer firms. For comparison, the three most common industries for small employer firms across the United States are professional, scientific, and technical services; other services (except public administration); and retail trade.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employer Firms With 1-499 Employees</th>
<th>Employer Firms With 1-19 Employees</th>
<th>Nonemployer Firms</th>
<th>Total Small Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other services (except public admin.)</td>
<td>33,178</td>
<td>31,111</td>
<td>105,754</td>
<td>138,932</td>
</tr>
<tr>
<td>Professional, scientific, &amp; tech. svcs.</td>
<td>26,402</td>
<td>24,020</td>
<td>114,435</td>
<td>140,837</td>
</tr>
<tr>
<td>Retail trade</td>
<td>25,961</td>
<td>23,054</td>
<td>79,085</td>
<td>105,046</td>
</tr>
<tr>
<td>Construction</td>
<td>25,752</td>
<td>23,830</td>
<td>91,156</td>
<td>116,908</td>
</tr>
<tr>
<td>Health care &amp; social assistance</td>
<td>24,013</td>
<td>20,010</td>
<td>62,641</td>
<td>86,654</td>
</tr>
<tr>
<td>Accommodation &amp; food services</td>
<td>22,001</td>
<td>18,105</td>
<td>12,171</td>
<td>34,172</td>
</tr>
<tr>
<td>Admin., supp., waste mgt., remed. svcs.</td>
<td>12,576</td>
<td>11,030</td>
<td>54,867</td>
<td>67,443</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>12,065</td>
<td>8,569</td>
<td>14,067</td>
<td>26,132</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>11,553</td>
<td>9,238</td>
<td>14,011</td>
<td>25,564</td>
</tr>
<tr>
<td>Finance &amp; insurance</td>
<td>8,773</td>
<td>7,930</td>
<td>25,539</td>
<td>34,312</td>
</tr>
<tr>
<td>Real estate &amp; rental &amp; leasing</td>
<td>6,626</td>
<td>6,053</td>
<td>81,039</td>
<td>87,665</td>
</tr>
<tr>
<td>Transportation &amp; warehousing</td>
<td>6,442</td>
<td>5,314</td>
<td>31,447</td>
<td>37,889</td>
</tr>
<tr>
<td>Arts, entertainment, &amp; recreation</td>
<td>4,091</td>
<td>3,393</td>
<td>42,478</td>
<td>46,569</td>
</tr>
<tr>
<td>Educational services</td>
<td>3,095</td>
<td>2,229</td>
<td>23,465</td>
<td>26,560</td>
</tr>
<tr>
<td>Information</td>
<td>2,309</td>
<td>1,868</td>
<td>10,350</td>
<td>12,659</td>
</tr>
<tr>
<td>Mining, quarrying, and oil &amp; gas extrac.</td>
<td>803</td>
<td>624</td>
<td>3,392</td>
<td>4,195</td>
</tr>
<tr>
<td>Management of comp. &amp; enterprises</td>
<td>786</td>
<td>113</td>
<td>*</td>
<td>786</td>
</tr>
<tr>
<td>Forestry, etc. &amp; agriculture support</td>
<td>483</td>
<td>458</td>
<td>7,440</td>
<td>7,923</td>
</tr>
<tr>
<td>Utilities</td>
<td>164</td>
<td>118</td>
<td>872</td>
<td>1,036</td>
</tr>
<tr>
<td>Unclassified</td>
<td>124</td>
<td>124</td>
<td>*</td>
<td>124</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>225,382</strong></td>
<td><strong>196,989</strong></td>
<td><strong>774,209</strong></td>
<td><strong>999,591</strong></td>
</tr>
</tbody>
</table>

Source: SUSB and Nonemployer Statistics. *Data for nonemployers not collected in these two categories.
• Table 3 shows small firm employment by industry. The three Pennsylvania industries with the most small business employment were: health care and social assistance; accommodation and food services; and manufacturing (Table 3).

<table>
<thead>
<tr>
<th>Industry</th>
<th>Employment</th>
<th>Small Firm % of Industry Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health care &amp; social assistance</td>
<td>397,019</td>
<td>969,403 41.0</td>
</tr>
<tr>
<td>Accommodation &amp; food services</td>
<td>277,638</td>
<td>437,440 63.5</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>267,069</td>
<td>547,925 48.7</td>
</tr>
<tr>
<td>Retail trade</td>
<td>248,517</td>
<td>649,337 38.3</td>
</tr>
<tr>
<td>Other services (except public admin.)</td>
<td>214,257</td>
<td>239,890 89.3</td>
</tr>
<tr>
<td>Professional, scientific, &amp; tech. svcs.</td>
<td>192,288</td>
<td>313,836 61.3</td>
</tr>
<tr>
<td>Construction</td>
<td>183,377</td>
<td>221,831 82.7</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>141,524</td>
<td>247,012 57.3</td>
</tr>
<tr>
<td>Admin., supp., waste mgt., remed. svcs.</td>
<td>139,420</td>
<td>302,174 46.1</td>
</tr>
<tr>
<td>Transportation &amp; warehousing</td>
<td>75,362</td>
<td>203,872 37.0</td>
</tr>
<tr>
<td>Finance &amp; insurance</td>
<td>73,553</td>
<td>259,747 28.3</td>
</tr>
<tr>
<td>Educational services</td>
<td>69,563</td>
<td>258,785 26.9</td>
</tr>
<tr>
<td>Arts, entertainment, &amp; recreation</td>
<td>55,405</td>
<td>100,817 55.0</td>
</tr>
<tr>
<td>Real estate &amp; rental &amp; leasing</td>
<td>42,195</td>
<td>60,076 70.2</td>
</tr>
<tr>
<td>Information</td>
<td>31,301</td>
<td>118,234 26.5</td>
</tr>
<tr>
<td>Management of comp. &amp; enterprises</td>
<td>18,257</td>
<td>171,593 10.6</td>
</tr>
<tr>
<td>Mining, quarrying, and oil &amp; gas extraction</td>
<td>12,992</td>
<td>34,796 37.3</td>
</tr>
<tr>
<td>Utilities</td>
<td>2,633</td>
<td>29,717 8.9</td>
</tr>
<tr>
<td>Forestry, etc. &amp; agriculture support</td>
<td>2,551</td>
<td>2,609 97.8</td>
</tr>
<tr>
<td>Unclassified</td>
<td>D</td>
<td>D D D D D D</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,445,023</strong></td>
<td><strong>5,169,196</strong> <strong>47.3</strong></td>
</tr>
</tbody>
</table>

Source: SUSB. (D) indicates data suppressed to protect the confidentiality of individual firms.

For more detailed information on businesses in your state, see [www.sba.gov/advocacy/847/841921](http://www.sba.gov/advocacy/847/841921).

**Abbreviations and Resources**

- **ACS**  American Community Survey, U.S. Census Bureau, [www.census.gov/acs](http://www.census.gov/acs).
- **BDS**  Business Dynamics Statistics, U.S. Census Bureau, [www.census.gov/ces/dataproducts/bds](http://www.census.gov/ces/dataproducts/bds).
- **CEA**  Council of Economic Advisers, [www.whitehouse.gov/administration/eop/cea](http://www.whitehouse.gov/administration/eop/cea).
- **FDIC**  Federal Deposit Insurance Corporation, [www.fdic.gov](http://www.fdic.gov).