

California

Small businesses totaled 3.4 million in California in 2009. They represent 99.2 percent of all employers and employ 51 percent of the private-sector workforce. Being such a large part of the state's economy, these businesses are central to California's health and well-being.

This profile uses the latest available data to illustrate the status of California's small businesses. (Note that a small business is defined as one with fewer than 500 employees.)

- California's economy struggled in 2010, with real gross state product decreasing 1.6 percent and private-sector employment decreasing 1.2 percent (Bureau of Economic Analysis, Bureau of Labor Statistics).
- Most of California's small businesses are very small as 79.3 percent of all businesses did not have employees and most employers have fewer than 20 employees.
- Small businesses employed 6.5 million workers in 2009 (Table 1) with most of the employment coming from firms with 20-499 employees.
- While the employment situation in 2008-2009 was weak (Table 2), small businesses in California represented all of the net new jobs from 2005-2008.
- Self-employment in California surged over the last decade. Minority self-employment fared the best compared with other demographic groups during the decade.*
- Throughout 2010, the number of opening establishments was higher than closing establishments and the net employment change from this turnover was positive (Table 3).

For Further Information

- Data on all states and territories are available at www.sba.gov/advocacy/848.
- For other small business data and analysis, visit www.sba.gov/advocacy/847, call (202) 205-6533, or email advocacy@sba.gov.
- Visit <http://web.sba.gov/list> to subscribe to Advocacy's Listservs.

* Because of the relatively low number of veterans in the survey data source, the veteran self-employment figure is susceptible to large fluctuations.

California Small Business Facts

	2009*	2008	2000
Number of Businesses			
Small employers (<500 employees)	691,479	711,313	658,898
Large employers (500+ employees)	5,603	5,820	5,687
Nonemployers	2,674,301	2,688,453	2,103,178
Level in 2007* (000)			
	Firms	Employment	Receipts(\$)
Business Owner Demographics			
Male-owned	1,686	4,677	923,356
Woman-owned	1,039	962	152,867
Equally male/female-owned	597	1,213	184,496
African American-owned	138	85	14,982
Asian-owned	509	906	161,825
Hispanic-owned	567	459	61,844
Native American/Alaskan-owned	46	21	3,070
Hawaiian/Pacific Islander-owned	9	6	812
Veteran-owned	370	873	193,897
Publicly held, unclassified	104	6,774	2,364,650
	Level in 2010*	% Change from 2009 2000	
Workforce (Thousands)			
Private-sector employment	11,469	-1.2	-5.8
Government employment	2,423	-2.3	4.5
Self-employed (incorp. & uninc.)	2,140	0.5	17.9
Female self-employment	755	-3.9	15.5
Male self-employment	1,385	3.0	19.3
Minority self-employment	820	3.7	36.5
Veteran self-employment	138	-9.2	-41.1
Unemployment Rate (Percent)	12.4	1.1†	7.5†
Business Turnover			
Quarterly establishment openings	169,853	1.6	0.6
Quarterly establishment closings	164,563	-16.7	3.8
Business bankruptcies	8,814	-2.2	91.8
	2010*	2009	2000
Income and Finance			
Proprietors' income (\$billion)	148.8	135.9	136.6
Number of bank branches	7,176	7,401	6,195
No. of bus. loans under \$100,000‡	652,927	771,798	556,579
Total value of business loans under \$100,000 (\$million)‡	9,685	11,177	6,211
Source: U.S. Dept. of Commerce, Census Bureau, Bureau of Economic Analysis; U.S. Dept. of Labor, Bureau of Labor Statistics; Admin. Office of the U.S. Courts; Federal Deposit Insurance Corporation; and U.S. Small Business Admin., Office of Advocacy.			
* Latest available data. †Percentage point change. ‡Data are for CRA loans.			

**Table 1: Firms and Employment in California by Industry and Firm Size, 2009
(Nonfarm, Thousands)**

Industry	Nonemployer Firms	Employer Firms			Employment		
		Total	1-19 Employees	1-499 Employees	Total	1-19 Employees	1-499 Employees
Total	2,674.3	697.1	618.6	691.5	12,833.7	2,447.0	6,541.8
Forestry, etc. and agriculture support	12.7	1.8	1.6	1.8	24.8	5.6	18.4
Mining	4.9	0.6	0.5	0.6	22.1	2.2	8.6
Utilities	1.3	0.5	0.4	0.4	D	1.5	4.1
Construction	214.1	70.1	63.3	69.8	669.5	248.1	577.9
Manufacturing	40.6	38.0	28.4	36.9	1,246.5	154.1	660.4
Wholesale trade	56.3	51.3	43.1	50.2	826.6	181.2	510.8
Retail trade	211.2	70.1	63.5	69.5	1,544.3	267.9	574.9
Transportation and warehousing	117.0	17.0	14.1	16.4	428.8	58.5	160.6
Information	52.1	14.1	11.9	13.7	527.8	37.5	143.5
Finance and insurance	82.3	28.0	25.3	27.5	609.9	77.1	202.3
Real estate and rental and leasing	259.5	36.7	34.4	36.4	283.1	97.4	196.9
Professional, scientific, and technical svcs.	474.9	104.1	96.2	103.1	1,134.1	299.4	633.2
Management of companies and enterprises	--	3.2	0.5	2.2	264.9	1.6	40.4
Admin., support, waste mgt., remed. svcs.	225.2	35.6	30.3	35.0	989.4	118.5	422.6
Educational services	65.8	10.3	7.9	10.1	341.5	37.4	175.6
Health care and social assistance	264.5	84.1	76.2	83.6	1,678.8	327.0	805.8
Arts, entertainment, and recreation	166.2	18.7	16.8	18.6	295.9	42.1	153.4
Accommodation and food services	36.0	56.5	45.4	56.1	1,333.2	263.3	809.2
Other services (except public admin.)	389.6	62.1	57.1	61.8	550.9	224.2	440.5
Unclassified	--	2.2	2.2	2.2	2.6	2.5	2.6

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses. (See www.sba.gov/advocacy/849/12162 for data from other years, and for starts, closures, job creation and destruction by industry and by size category.)

Table 2: Net Job Change by Firm Size, 2005–2009 (Nonfarm)

	Total Net New Jobs	Employment Size of Firm						
		1-4	5-9	10-19	20-99	100-499	<500	500+
2005 - 2006	451,231	140,266	48,578	54,001	88,089	39,742	370,676	80,555
2006 - 2007	-60,110	125,188	19,767	-1,602	-46,761	-74,104	22,488	-82,598
2007 - 2008	-12,287	91,746	2,094	-17,779	-46,968	-30,585	-1,492	-10,795
2008 - 2009	-901,418	55,853	-43,545	-74,356	-228,863	-197,703	-488,614	-412,804

Source: U.S. Dept. of Commerce, Bureau of the Census. (For more detailed data see www.sba.gov/advocacy/849/12162.)

Table 3: Establishment and Employment Turnover by Quarter, 2010 (Nonfarm, Thousands)

	Establishments				Employment			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Openings	38.8	44.9	38.9	47.2	139.8	161.1	132.9	165.5
Expansions	152.0	163.2	158.2	165.7	619.2	716.9	645.6	699.7
Contractions	166.0	161.8	163.6	157.5	645.8	641.3	664.1	630.1
Closings	49.7	39.8	40.1	35.0	170.2	133.9	144.5	134.3

Source: U.S. Dept. of Labor, Bureau of Labor Statistics, Business Employment Dynamics. (For more detailed data see www.bls.gov/bdm/.)

Note: These figures contain all firm sizes; Census data from 2009 show that 85 percent of establishment births and deaths were in firms with fewer than 500 employees.