

California

Small businesses significantly impact California's economy. They represent 99.2 percent of all employers and employ 50.4 percent of the private-sector labor force. Small businesses are crucial to the fiscal condition of the state and numbered 3.5 million in 2010.

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 was strong in 2011, with real gross state product increasing 4.3 percent and private-sector employment increasing 1.5 percent (Bureau of Economic Analysis, Bureau of Labor Statistics).
- Small businesses employed 6.3 million workers in 2010 (Table 1) with most of the employment coming from firms with 20-499 employees.
- The employment situation from 2007-2010 was weak, and small businesses in California had a net job loss (Table 2). The unemployment rate in 2010-2011 decreased by 0.7 percent.
- Most of California's small businesses are very small as 80.3 percent of all businesses have no employees, and most employers have fewer than 20 employees.
- In 2011, the number of opening establishments was lower than closing establishments, and the net employment change from this turnover was negative (Table 3).
- Self-employment in California improved over the last decade. Minority self-employment fared the best compared with other demographic groups.

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 www.sba.gov/updates to subscribe to Advocacy's Listservs.

California Small Business Facts

| | 2010* | 2009 | 2000 |
|--|-----------------------|----------------------|----------------------|
| Number of Businesses | | | |
| Small employers (<500 employees) | 684,953 | 691,479 | 658,898 |
| Large employers (500+ employees) | 5,501 | 5,603 | 5,687 |
| Nonemployers | 2,814,409 | 2,743,935 | 2,103,178 |
| Level in 2007* (000) | | | |
| | Firms | Employment | Receipts(\$M) |
| 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 2011* | % Change from | |
| | | 2010 | 2000 |
| Workforce (Thousands) | | | |
| Private-sector employment | 11,662 | 1.5 | -4.2 |
| Government employment | 2,399 | -2.0 | 3.5 |
| Self-employed (incorp. & uninc.) | 2,080 | -0.3 | 14.7 |
| Female self-employment | 745 | 1.6 | 14.0 |
| Male self-employment | 1,336 | -1.3 | 15.0 |
| Minority self-employment | 805 | -3.5 | 34.0 |
| Veteran self-employment | 138 | 8.0 | -41.1 |
| Unemployment Rate (Percent) | 11.7 | -0.7† | 6.8‡ |
| Business Turnover | | | |
| Quarterly establishment openings | 165,536 | -2.5 | -2.0 |
| Quarterly establishment closings | 172,682 | 4.9 | 9.0 |
| Business bankruptcies | 7,558 | -14.3 | 64.5 |
| | 2011* | 2010 | 2000 |
| Income and Finance | | | |
| Proprietors' income (\$billion) | 157.1 | 148.0 | 136.6 |
| Number of bank branches | 7,275 | 7,176 | 6,195 |
| No. of bus. loans under \$100,000‡ | 475,344 | 652,927 | 556,579 |
| Total value of business loans under \$100,000 (\$million)‡ | 8,766 | 9,685 | 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, 2010
(Nonfarm, Thousands)**

| Industry | Nonemployer Firms | Employer Firms | | | Employment | | |
|---|-------------------|-----------------|----------------|-----------------|-----------------|----------------|-----------------|
| | | All Firms Total | 1-19 Employees | 1-499 Employees | All Firms Total | 1-19 Employees | 1-499 Employees |
| Total | 2,814.4 | 690.5 | 615.8 | 685.0 | 12,536.4 | 2,396.1 | 6,323.5 |
| Forestry, etc. and agriculture support | 12.9 | 1.8 | 1.6 | 1.8 | 25.4 | 5.4 | 17.9 |
| Mining | 5.4 | 0.6 | 0.4 | 0.6 | 21.4 | 2.0 | 8.9 |
| Utilities | 1.3 | 0.5 | 0.4 | 0.4 | D | 1.6 | 4.5 |
| Construction | 218.6 | 66.1 | 60.3 | 65.9 | 584.8 | 225.6 | 508.9 |
| Manufacturing | 42.7 | 36.5 | 27.5 | 35.5 | 1,144.4 | 147.0 | 614.0 |
| Wholesale trade | 58.5 | 50.3 | 42.7 | 49.3 | 790.8 | 177.1 | 488.0 |
| Retail trade | 214.3 | 68.7 | 62.4 | 68.1 | 1,484.9 | 262.7 | 556.2 |
| Transportation and warehousing | 120.0 | 16.8 | 14.0 | 16.2 | 414.9 | 56.9 | 156.5 |
| Information | 54.5 | 14.1 | 12.0 | 13.7 | 492.7 | 35.9 | 134.6 |
| Finance and insurance | 83.4 | 27.3 | 24.8 | 26.8 | 570.0 | 74.6 | 193.0 |
| Real estate and rental and leasing | 301.4 | 36.8 | 34.6 | 36.6 | 269.3 | 97.3 | 193.7 |
| Professional, scientific, and technical svcs. | 492.5 | 104.8 | 97.2 | 103.8 | 1,168.4 | 294.3 | 614.6 |
| Management of companies and enterprises | 0.0 | 3.2 | 0.5 | 2.1 | 262.5 | 1.6 | 42.4 |
| Admin., support, waste mgt., remed. svcs. | 238.3 | 35.0 | 30.0 | 34.3 | 1,072.5 | 115.6 | 400.9 |
| Educational services | 67.6 | 10.3 | 8.0 | 10.1 | 348.4 | 38.1 | 175.9 |
| Health care and social assistance | 273.9 | 85.3 | 77.5 | 84.8 | 1,685.4 | 327.9 | 808.9 |
| Arts, entertainment, and recreation | 174.5 | 19.0 | 17.1 | 18.8 | 294.5 | 41.6 | 153.7 |
| Accommodation and food services | 38.0 | 56.8 | 45.8 | 56.4 | 1,303.4 | 266.4 | 813.4 |
| Other services (except public admin.) | 416.6 | 62.1 | 57.2 | 61.8 | 540.2 | 222.0 | 434.7 |
| Unclassified | 0.0 | 2.3 | 2.3 | 2.3 | D | D | D |

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.)

(D) Data suppressed to protect the confidentiality of individual firms.

Table 2: Net Job Change by Firm Size, 2007–2010 (Nonfarm)

| | Total Net New Jobs | Employment Size of Firm | | | | | | |
|------|--------------------|-------------------------|---------|---------|----------|----------|----------|----------|
| | | 1-4 | 5-9 | 10-19 | 20-99 | 100-499 | <500 | 500+ |
| 2010 | -373,922 | 67,114 | -12,172 | -43,552 | -112,752 | -53,082 | -154,444 | -219,478 |
| 2009 | -772,302 | 53,704 | -46,441 | -67,412 | -235,341 | -142,770 | -438,260 | -334,042 |
| 2008 | 36,551 | 87,818 | 2,435 | -14,859 | -32,765 | -32,440 | 10,189 | 26,362 |
| 2007 | 98,184 | 120,764 | 21,883 | 4,741 | -23,603 | -45,882 | 77,903 | 20,281 |

Note: Data source differs from previous publications.

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

Table 3: Establishment and Employment Turnover by Quarter, 2011 (Nonfarm, Thousands)

| | Establishments | | | | Employment | | | |
|--------------|----------------|-----------|-----------|-----------|------------|-----------|-----------|-----------|
| | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| Openings | 38.4 | 38.8 | 43.4 | 45.1 | 124.2 | 141.5 | 159.1 | 161.3 |
| Expansions | 163.9 | 164.5 | 176.5 | 165.0 | 627.9 | 687.9 | 732.9 | 698.4 |
| Contractions | 158.1 | 149.2 | 168.2 | 158.7 | 616.2 | 581.0 | 661.6 | 624.6 |
| Closings | 33.7 | 54.2 | 41.2 | 43.6 | 127.7 | 198.0 | 146.6 | 155.2 |

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 2010 show that 87 percent of establishment births and deaths were in firms with fewer than 500 employees.