

California

California's small businesses are key to the state's well-being. They account for a significant share of the state's economic production and hiring. This profile from the Office of Advocacy uses the latest available data to illustrate the status and contributions of California small businesses. (Note that a small business is defined as one with fewer than 500 employees.)

- Small businesses totaled 3.4 million in the state in 2008. Of these, 711,313 were employers, and they accounted for 51.6% of private-sector jobs in the state (Table 1). Small firms made up 99.2% of the state's employers.

- California's real gross state product increased by 0.4% and private-sector employment decreased by 6.4% in 2009. By comparison, real GDP in the United States grew 0.7% and private-sector employment declined by 5.5%.

- Business ownership is becoming more inclusive in the state. The number of both women and minority business owners has grown. In particular, minority-owned businesses numbered 1.2 million in 2007, a 33.4% increase over 2002.

- The state's small business employment has undergone major shifts in recent years (Table 2).

- The state's businesses showed signs of stability and improvement in the fourth quarter of 2009 compared to the first quarter (Table 3).

For Further Information

- Data on all states and territories is 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.

California Small Business Facts

	2008*	2007	2000
Number of Businesses			
Small employers (<500 employees)	711,313	724,978	658,898
Large employers (500+ employees)	5,820	5,811	5,687
Nonemployers	2,688,453	2,757,179	2,103,178
	Level in 2007*	% Share in 2007	% Change 2002-2007
Business Owner Demographics			
Male-owned	1,686,716	49.2	3.8
Woman-owned	1,039,642	30.3	19.4
Equally male/female-owned	596,670	17.4	72.1
African American-owned	137,875	4.0	22.2
Asian-owned	509,670	14.9	37.2
Hispanic-owned	566,567	16.5	32.5
Native American/Alaskan-owned	45,734	1.3	20.0
Hawaiian/Pacific Islander-owned	9,339	0.3	32.0
Veteran-owned	239,658	7.0	n.a.
	Level in 2009*	% Change from 2008 2000	
Workforce (Thousands) /Unemployment (%)			
Private-sector employment	12,206	-6.4	-3.4
Government employment	2,456	-1.3	8.5
Self-employed (incorp. & uninc.)	2,034	-6.4	8.3
Female self-employment	757	-1.1	7.7
Male self-employment	1,278	-9.3	8.7
Minority self-employment	767	-7.6	35.1
Veteran self-employment	133	-19.2	-42.8
Unemployment rate (%)	11.4	4.2†	6.5†
Business Turnover			
Quarterly establishment openings	163,845	-1.0	-2.8
Quarterly establishment closings	194,745	8.1	23.0
Business bankruptcies	9,012	40.7	96.1
	2009*	2008	2000
Income and Finance			
Proprietors' income (\$billion)	157.4	167.3	117.3
Number of bank branches	7,401	7,313	6,195
No. of bus. loans under \$100,000‡	771,798	1,710,286	556,579
Total value of business loans under \$100,000 (\$million)‡	11,177	21,291	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, 2008
(Nonfarm, Thousands)**

Industry	Nonemployer Firms	Employer Firms			Employment		
		Total	1-19 Employees	1-499 Employees	Total	1-19 Employees	1-499 Employees
Total	2,688.5	717.1	632.8	711.3	13,742.9	2,537.3	7,033.9
Forestry, etc. and agriculture support	13.0	1.9	1.7	1.9	26.6	5.8	19.6
Mining	5.6	0.7	0.5	0.6	22.7	2.3	8.9
Utilities	1.4	0.5	0.4	0.4	D	1.6	4.2
Construction	216.2	76.5	68.0	76.2	841.1	278.2	716.4
Manufacturing	41.7	40.5	29.7	39.4	1,383.9	166.3	746.7
Wholesale trade	57.4	52.8	44.2	51.7	887.7	187.5	548.7
Retail trade	221.2	73.1	65.7	72.5	1,668.7	283.5	642.7
Transportation and warehousing	121.1	17.6	14.5	16.9	468.9	60.3	171.6
Information	54.2	14.4	12.0	14.0	556.8	38.7	153.6
Finance and insurance	86.4	29.6	26.8	29.1	667.9	81.6	212.4
Real estate and rental and leasing	273.1	38.1	35.7	37.8	305.0	101.7	207.4
Professional, scientific, and technical svcs.	474.9	105.1	96.9	104.1	1,189.2	306.3	661.4
Management of companies and enterprises	--	3.2	0.5	2.1	259.7	1.4	42.3
Admin., support, waste mgt., remed. svcs.	218.3	36.8	31.2	36.1	1,130.6	124.9	450.5
Educational services	65.4	10.2	7.9	10.1	336.5	37.6	177.2
Health care and social assistance	254.8	83.2	75.4	82.7	1,645.1	324.1	795.5
Arts, entertainment, and recreation	169.8	18.9	16.9	18.7	305.2	43.3	164.9
Accommodation and food services	35.9	57.2	45.6	56.8	1,409.4	262.0	847.4
Other services (except public admin.)	377.9	63.2	57.9	63.0	577.8	228.6	460.7
Unclassified	--	1.7	1.7	1.7	1.9	1.7	1.9

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, 2004–2007 (Nonfarm)

	Total Net New Jobs	Employment Size of Firm						
		1-4	5-9	10-19	20-99	100-499	<500	500+
2004 - 2005	127,469	128,749	25,006	6,843	-32,781	-16,130	111,687	15,782
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	-82,598	22,488

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, 2009 (Nonfarm, Thousands)

	Establishments				Employment Change Due To:			
	Openings	Expansions	Contractions	Closings	Openings	Expansions	Contractions	Closings
Quarter 1	35.9	143.5	200.1	49.8	121.8	551.0	866.0	182.7
Quarter 2	37.6	150.1	184.7	47.1	142.2	630.7	791.7	184.4
Quarter 3	36.7	147.9	171.9	59.7	139.2	615.8	724.2	226.3
Quarter 4	53.7	154.3	164.6	38.1	189.9	654.0	673.5	147.2

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

Note: These figures contain all firm sizes; Census data from 2007 show that 86 percent of establishment births and deaths were in firms with fewer than 500 employees.