

Tennessee

Small businesses totaled 544,579 in Tennessee in 2009. They represent 97.0 percent of all employers and employ 44.8 percent of the private-sector workforce. Being such a large part of the state's economy, these businesses are central to Tennessee's health and well-being.

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

- Tennessee's economy struggled in 2010, with real gross state product decreasing 1.6 percent and private-sector employment decreasing 0.5 percent (Bureau of Economic Analysis, Bureau of Labor Statistics).
- Most of Tennessee's small businesses are very small as 81.9 percent of all businesses did not have employees and most employers have fewer than 20 employees.
- Small businesses employed 1 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 Tennessee represented 73.1 percent of the net new private-sector jobs from 2005-2008.
- Self-employment in Tennessee surged over the last decade. Male self-employment fared the best compared with other demographic groups during the decade.*
- Throughout 2010, the number of opening establishments was lower 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.

Tennessee Small Business Facts

	2009*	2008	2000
Number of Businesses			
Small employers (<500 employees)	96,063	99,339	99,446
Large employers (500+ employees)	2,992	3,059	2,981
Nonemployers	448,516	453,314	339,361
Level in 2007* (000)			
	Firms	Employment	Receipts(\$)
Business Owner Demographics			
Male-owned	297	826	147,947
Woman-owned	141	125	18,342
Equally male/female-owned	93	139	17,731
African American-owned	46	16	2,013
Asian-owned	11	26	3,186
Hispanic-owned	9	12	1,410
Native American/Alaskan-owned	3	2	565
Hawaiian/Pacific Islander-owned	0	--	--
Veteran-owned	89	188	37,035
Publicly held, unclassified	14	1,308	348,843
	Level in 2010*	% Change from 2009 2000	
Workforce (Thousands)			
Private-sector employment	2,181	-0.5	-6.4
Government employment	432	0.8	8.3
Self-employed (incorp. & uninc.)	321	13.7	36.4
Female self-employment	91	2.0	6.9
Male self-employment	230	19.0	53.0
Minority self-employment	37	3.8	13.7
Veteran self-employment	39	45.2	21.8
Unemployment Rate (Percent)	9.7	-0.7†	5.7†
Business Turnover			
Quarterly establishment openings	15,872	-3.0	-10.7
Quarterly establishment closings	16,469	-16.2	-7.8
Business bankruptcies	1,101	-13.5	71.8
	2010*	2009	2000
Income and Finance			
Proprietors' income (\$billion)	25.0	23.6	18.6
Number of bank branches	2,298	2,332	1,976
No. of bus. loans under \$100,000‡	56,845	109,178	78,564
Total value of business loans under \$100,000 (\$million)‡	990	1,441	1,130
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 Tennessee 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	448.5	99.1	83.6	96.1	2,318.0	369.0	1,038.0
Forestry, etc. and agriculture support	4.6	0.2	0.2	0.2	1.3	0.7	1.2
Mining	0.3	0.1	0.1	0.1	3.3	0.5	1.9
Utilities	0.3	0.1	0.0	0.0	3.6	0.0	2.4
Construction	69.1	10.2	9.1	10.2	104.2	38.0	93.3
Manufacturing	5.9	5.6	3.7	5.1	311.2	20.8	103.0
Wholesale trade	6.9	5.7	4.0	5.2	114.3	18.8	61.2
Retail trade	40.0	14.1	12.3	13.7	307.8	53.0	109.9
Transportation and warehousing	20.5	3.1	2.4	2.8	127.4	9.9	31.0
Information	6.2	1.4	1.1	1.3	50.0	4.5	14.0
Finance and insurance	13.0	4.7	3.9	4.4	114.7	13.4	42.6
Real estate and rental and leasing	34.0	4.0	3.5	3.8	34.3	11.2	21.3
Professional, scientific, and technical svcs.	49.4	10.1	9.1	9.9	100.7	33.0	65.9
Management of companies and enterprises	--	0.7	0.1	0.4	71.2	0.2	6.8
Admin., support, waste mgt., remed. svcs.	47.2	5.3	4.3	5.0	181.9	18.3	61.1
Educational services	9.2	1.1	0.8	1.0	54.3	3.9	26.1
Health care and social assistance	32.0	10.9	9.2	10.7	362.0	48.8	157.2
Arts, entertainment, and recreation	24.6	2.2	1.9	2.1	30.5	7.8	21.7
Accommodation and food services	6.8	7.9	5.8	7.6	234.9	36.1	121.7
Other services (except public admin.)	78.3	13.1	12.0	13.0	110.0	49.5	95.4
Unclassified	--	0.2	0.2	0.2	0.3	0.3	0.3

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	90,518	16,713	6,138	7,150	20,645	10,310	60,956	29,562
2006 - 2007	26,873	16,568	2,920	-887	3,853	-229	22,225	4,648
2007 - 2008	17,072	13,837	-62	-2,188	-2,927	6,492	15,152	1,920
2008 - 2009	-174,034	4,893	-8,100	-13,897	-32,874	-28,417	-78,395	-95,639

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	3.8	4.1	4.0	4.0	13.3	20.4	15.1	15.9
Expansions	25.0	27.4	26.5	27.0	95.2	114.2	107.8	112.0
Contractions	28.1	26.7	27.0	26.9	98.3	102.7	109.4	98.4
Closings	3.8	4.6	4.1	4.0	12.8	16.1	15.6	14.3

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.