

# **Do Business Definition Decisions Distort Small Business Research Results?**

A Working Paper

by

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for



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## Do Business Definition Decisions Distort Small Business Research Results?

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One of the most basic assumptions underpinning research on small business status and performance (as well as the impact of other factors on small business) is the definition of a small business, or the choice of a business unit. This paper shows that mixing data on different kinds of businesses can distort research results. It accomplishes this by showing that differences exist among business types and emphasizing that the choice of business type at the outset of research is significant.

### Overall Findings

The typical nonemployer firm and employer firm differ. The most immediately obvious difference is their size and number. Employers are larger operations, but nonemployers outnumber employer firms by a three-to-one ratio. Pooling data on both groups creates hazards in results and interpretation. And using one group to deduce results for the other group or the group as a whole also poses logical problems. With nonemployers representing three out of four businesses, researchers should be aware that results of business studies that include nonemployers will tend to reflect trends among nonemployers because of their overwhelming number. On the other hand, the results of research focusing just on employers will most likely not apply to nonemployers.

### Highlights

Using a unique U.S. Census Bureau data set on the characteristics of businesses, the report presents a plethora of data cross tabulating business and owner characteristics such as year acquired, owner demographics, home-based status, and franchise status.

- Nonemployers experienced high growth rates from 1992 to 2005, while employers and the self-employed grew at much lower rates.
- In 2002, nonemployers averaged \$47,400 in annual sales, while employers averaged \$4.2 million.
- From 1997 to 2002, nonemployers and employers combined experienced a decrease in average receipts per firm. Yet for the same time period, when taken as separate groups, they both had average receipt increases. The reason for this apparent contradiction is that the number of nonemployers grew faster than the number of employers. By 2002, nonemployers were a higher share of the combined total number of employer and nonemployer firms.
- With the net share of nonemployers growing faster than employers, 15 percent of nonemployers were new businesses while only 5 percent of employers were new in 2002. This was mainly due to the fact that nonemployers face lower barriers to entry than employers do.
- As one would have believed *a priori*, employers were more likely to be franchises and less likely to be home-based than nonemployers (3.8 percent vs. 1.4 percent and 22.8 percent vs. 61.0 percent, respectively).
- Employers tended to have owner teams while nonemployers tended to be solo operations. Employers were single owners 38.5 percent of the time, while 59.5 percent of nonemployers were solo owners.
- Nonemployers had a larger share of younger owners (under 35), 16.3 percent vs. 8.3 percent, and women owners, 38.7 percent vs. 27 percent, than employers. Similarities between owner characteristics do exist; for both business types, 15 percent

were veterans, and 11 percent were older (65 or over).

- Hispanic, black/African American, and American Indian/Alaska Native business owners had higher shares of nonemployer firms than the United States as a whole. Asians had a larger share of employer firm owners than the overall distribution.

- Some of the differences among employers and nonemployers, such as home-based and franchising status, can be attributed to the mix of industries typical of each group. Employers have a higher share of manufacturing firms and of the accommodation and food services industry. Nonemployers are more heavily represented in real estate and services in general.

- The ratio of employer and nonemployer firms was similar across states.

- Financing results were consistent with expectations. Employers were more likely than nonemployers to use start-up and expansion financing; employers were also more likely to take out bank loans. Nonemployers tended to rely more on credit cards. Both groups were similar in that their main financing routes were internal. Personal and/or family savings were used by 66.7 percent of employers at start-up and by 53.6 percent of nonemployers.

## Scope and Methodology

The study relies upon special tabulations from the U.S. Census Bureau's 2002 Survey of Business Owner (SBO) program. The special tabulations are cross-tabulations for both nonemployer and employer firms on such business and owner characteristic such as owner age, type of financing, industry, and home-based status. They are listed in 13 tables in the report's appendix.

The report discusses the differences among non-employer and employer firms with regard to business characteristics, owner characteristics, and financing.

From these results, the authors present the case that nonemployer and employer firms are unique.

With a few exceptions, the SBO defines a non-employer business if it has at least \$1,000 in annual receipts and an employer business if it had any payroll during the year at any of its business locations.

This report was peer-reviewed consistent with Advocacy's data quality guidelines. More information on this process can be obtained by contacting the director of economic research at [advocacy@sba.gov](mailto:advocacy@sba.gov) or (202) 205-6533.

## Ordering Information

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## **ABSTRACT**

The choice of business definition at the outset of research can drive results. Pooling different kinds of businesses allows nonemployer businesses (which are numerous and small) to overwhelm employer businesses (whose numbers are far fewer, but whose business activity is many times more significant). A scan of special tabulations from the U.S. Census Bureau's 2002 Survey of Business Owners shows that nonemployer and employer businesses differ qualitatively, as do employer firms and businesses of differing sizes.

We investigate how nonemployers and employers differ in number, receipts, industry, business turnover, survival, and ownership characteristics. Cross-tabulations are presented for such business characteristics as number of employees, receipt size, business age, veteran ownership, home-based, franchise status, family-owned status, legal form of organization, geography, industry, and financing.

## 1. Introduction and Literature Review

Business research generally uses “a business” as its unit of analysis. What constitutes a business, however, is not an agreed-upon notion. A sole proprietor, a corporation, a publicly traded company, a self-employed person, a business location, a parent company including its branch locations—all deserve the title “business.” Of concern is the possibility that the definition could be driving results, leading us to investigate a little deeper. Using the U.S. Census Bureau’s Survey of Business Owners, 2002, we illustrate the differences between two distinct types of businesses: businesses with employees (employers) and businesses without employees (nonemployers).

Businesses and business dynamics are central to the economy and the study of economics in general. Introductory economics dictates that three main sectors constitute the market: the government, consumers, and businesses. While creating a simplistic “theory of the firm” is necessary in explaining many aspects of the production process (Tirole, 1997), grouping all businesses together under a similar production process conceals many fascinating aspects. Increasing the granularity of the analysis uncovers additional facts and relationships. More advanced economic theory does focus on the competition of incumbent and entrenched firms, but it treats their business characteristics homogeneously.

In a study of the steel industry as a microcosm of the U.S. economy, Acs (1984) recognized that mini-mills were not large mills on a small scale, but unique entities with distinct characteristics and production processes. Not unexpectedly, there are even different types of mini-mills. Grouping businesses together without accounting for their inherent characteristics can yield results that are not applicable to other groups of businesses or businesses as a whole, hampering the ability to make meaningful inferences.

A basic example is David Leonhardt’s 2000 article on entrepreneurship trends. Using the Bureau of Labor Statistics’ (BLS) published self-employment figures, he found that “entrepreneurship” stagnated during the 1990s. However, if he had used sole proprietorship tax returns as the basis of his research, he would have found large increases during the 1990s. Published BLS self-employment figures contain only a select group of business owners: individuals whose primary occupation is self-employment and whose legal form of organization is unincorporated. Complicating things further, the

BLS figures track the number of owners, not the number of business ventures or their economic impact. U.S. Census figures on the number of business ventures, employers, and nonemployers also reported a much higher increase during the 1990s than BLS's self-employment numbers. Defining entrepreneurship as self-employment created an incomplete picture.

The problem of defining a business is not unlike that of defining the subset of business owners referred to as "entrepreneurs." Although the definition of "entrepreneur" has not been established, it is not for lack of trying (see Shane and Venkataraman, 2000 and, Brockhaus, 1980). But in the absence of an agreed-upon definition, an accepted definition of "business" or "entrepreneur" remains elusive. The availability of data has typically been the driver in coming up with standards, and the U.S. Census Bureau's relatively new annual employer and nonemployer business data are likely to become the *de facto* definitions.<sup>1</sup>

The contrast between employers and nonemployers demonstrates the problems of business definition. Employers and nonemployers inherently differ by business size. Nonemployers outnumber employers by about 3 to 1. Most nonemployers are part-time operations, and they are a much simpler form of organization. For a business to go from zero employees to one employee is often a significant leap in organizational development, requiring a steady revenue stream, payroll accounting and more complex tax requirements. In terms of economic impact, employer firms dominate; their total receipts are over 20 times the size of nonemployers' receipts. In 2002, U.S. Census Bureau data counted 5.7 million employers with \$22 trillion in annual receipts and 17.6 million nonemployers with \$770 billion in receipts.

Generally held perceptions of nonemployers and employers differ as well. Thinking of a nonemployer conjures up visions of spouses working from home, retirees enjoying a hobby, free agent consultants, and nascent entrepreneurs tinkering in the garage. Thinking of a small employer conjures up visions of mom-and-pop stores, restaurants, small construction companies, and small manufacturers. While these stereotypes have kernels of truths, generalizing across millions of nonemployers and employers is wrought with peril. What is clear however is that the trade associations representing nonemployers and the trade associations representing employers differ in their focus. For instance, employer

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<sup>1</sup> With a few exceptions, "nonemployers" include all business tax returns that have \$1,000 or more of receipts and no payroll; "employers" include all businesses that had payroll during the year. (For details see [www.census.gov/epcd/nonemployer/view/covmeth.htm](http://www.census.gov/epcd/nonemployer/view/covmeth.htm), and [www.census.gov/epcd/sub/introusb.htm](http://www.census.gov/epcd/sub/introusb.htm).)

associations tend to focus on workplace regulations and minimum wage issues while nonemployer associations tend to focus on tax simplification.

To investigate the differences among employer and nonemployer firms, we use special tabulations provided courtesy of the U.S. Census Bureau, with partial funding by the Office of Advocacy, U.S. Small Business Administration.<sup>2</sup> Thirteen tables are presented in the Appendix in three groupings: size categories, business characteristics, and owner characteristics.

The remainder of the paper is organized as follows: Section 2 provides a brief history of the availability of business data; Section 3 attempts to further delineate “business status”; Section 4 provides summaries of the tables based on the three groupings (size, business characteristics, and owner characteristics); and Section 5 concludes. The Appendix contains the detailed tables.

## **2. History of Number of Businesses and Business Characteristics**

There is no consensus on what constitutes a business, and by extension, on the number of businesses in the United States. Surveying the general public, businesspersons, and policymakers on the number of firms in the U.S. economy would produce interesting results. The differing answers would most likely result from their differing opinions of what constitutes a business (e.g., a minimum amount of hours worked by the owner, having employees, etc.) and a patchwork of data sources over the years.

Researchers have used differing definitions of businesses and entrepreneurs over the years. Recently, Fairlie (2007) defined an entrepreneur as a newly self-employed person, for whom self-employment was the primary occupation, incorporated or unincorporated, with 15 or more hours worked during the week. Bates (1990) defined an entrepreneur as a non-minority male filing a business tax return (excluding C-corporations), with \$5,000 or more in annual sales, with capital invested in the business, and a business age of less than six years. The seemingly idiosyncratic selection of criteria results from the limits imposed by reliance on available data. For instance, even though entrepreneurs are of every race, gender, and ethnic makeup, useful data series on all of these groups do not necessarily exist, so research constructs may appear artificial or constrained. Fairlie and Bates produced solid research

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<sup>2</sup> The U.S. Census Bureau previously published a few publicly available reports from the Survey of Business Owners (U.S. Census Bureau, 2006a, 2006b) detailing owner and business characteristics.

results, but readers need to be cognizant of their definitions of business and/or entrepreneur when comparing their results to those of similar studies.

The oldest data source on the number of businesses that we are aware of is Dun & Bradstreet's (D&B) "Total Concerns in Business." The publication dates back to 1857, and these statistics have been kept on an annual basis since 1870. While the publication is impressive, it contains unavoidable gaps. It is very difficult for a private company such as D&B to find new firms, one-person firms, and firms that do not seek credit in the commercial market, and to determine when firms close. It is generally believed that the D&B series captured most of the employer businesses and a fraction of the non-employer businesses. The data series was discontinued in 1998.

Another data source is the number of self-employed made available by the Bureau of Labor Statistics. On its website, BLS lists the number of individuals whose primary occupation is unincorporated self-employment going back to 1948. (These numbers are available including or excluding agriculture.) Earlier data is available in other media, though not online. This data source represents the number of owners, not the number of businesses. Many businesses have only one owner, but some businesses are owned by or employ groups of self-employed persons. Medical and legal practices may be organized in such a way.

The Census Bureau's efforts to track the number of firms in subsets of industries began with their 1954 Enterprise Statistics program, which was based on Economic Census data. Over time, industries were added, making historical comparisons virtually impossible. The program was discontinued after the 1992 release. The Economic Census continued, however, and it sporadically generated demographic information on owners and businesses beginning in 1972. Once again, changes in definitions and methodology have complicated historical comparisons. More recently, the Census Bureau's Statistics of U.S. Businesses Program has produced annual numbers of employer firms since 1988 and nonemployer firms since 1997.<sup>3</sup> (Comparable nonemployer figures for 1992 also exist). Most nonemployers are sole proprietors, and these numbers track (or have similar levels and trends as) the total number of sole proprietor tax returns submitted to the Internal Revenue Service.

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<sup>3</sup> Nonemployers are defined as businesses that do not have payroll and thus no employees.



For several decades, the Economic Census focused on owner and business demographics in two publications: the Survey of Women and Minority-Owned Businesses and the Characteristics of Business Owners. These publications evolved over the years, and they are now published as the Survey of Business Owners (SBO). The SBO contains information on owner demographics, home-based businesses, franchises, exporting status, and veteran-ownership. No other data set tracks these characteristics.

The data used to compare employers and nonemployers in this paper is from special tabulations of SBO records.<sup>4</sup> The SBO's counts and definitions of employers and nonemployers are similar to the Census Bureau's more dedicated annual programs of business counts: the Statistics of U.S. Businesses (SUSB) for employers and Nonemployer statistics.<sup>5</sup> In these series, employers are defined as having some annual payroll; nonemployers have no annual payroll. Both have \$1,000 or more of annual sales. The basic unit is the firm (i.e., the entire business), not the establishment (or business location). However, the timing of their data production differs, resulting in differing figures. SBO found 5.52 million employers and 17.45 million nonemployers in 2002, while SUSB found 5.7 million and 17.65 million, respectively.<sup>6</sup>

The continuing data sources on businesses, such as the number of nonemployers, employer firms and self-employed, differ in their definition of a business operation and thus differ in trend.<sup>7</sup> Table 1 shows that nonemployers experienced high growth rates over the period analyzed, 1992 to 2005, while employers and the self-employed grew at much lower rates. The trend differences below make clear that aggregating businesses regardless of size introduces a bias and has the potential to skew the results of analyses based on such data. For example, when employers and nonemployers are taken as a group (Table 1) their growth trend corresponds to that of nonemployers, as they overwhelm employers in number (by a 3-to-1 margin).

Using average sales per venture also corroborates the point that combining nonemployers and employers can lead to misleading results. Table 2 shows the stark difference in the average sales of nonemployers and employers. In 2002, nonemployers averaged \$47,400 in annual sales, while

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<sup>4</sup> Figures were adjusted for nonresponse.

<sup>5</sup> SUSB and Nonemployer data can be found at [www.sba.gov/advo/research/data.html](http://www.sba.gov/advo/research/data.html).

<sup>6</sup> The authors would like to recognize the efforts of Valerie C. Strang of the U.S. Census Bureau for producing the special tabulations.

<sup>7</sup> See U.S. Small Business Administration (2005), Chapter 1, for a comparison of nonemployers and the self-employed.

employers averaged \$4.2 million. However, their trends were similar with both having larger increases from 1992 to 1997 than 1997 to 2002. Viewing the combined or total percent change of average receipts indicates an opposite trend, a decline from 1997 to 2002. This is because the number of nonemployers grew faster than the number employers from 1997 to 2002.

**Table 1: Number of Firms, 1992 to 2005**

(millions; percent)

Year	1992	1997	2002	2003	2004	2005	Percent Change	
							1992-2002	2002-2005
Employers plus Nonemployers	19.43	20.98	23.35	24.42	25.41	26.38	20.2	13.0
Employer Firms	5.10	5.54	5.70	5.77	5.89	5.98	11.8	4.9
Nonemployers	14.33	15.44	17.65	18.65	19.52	20.39	23.2	15.5
Self-Employed Persons	8.58	9.06	8.92	9.34	9.47	9.51	4.0	6.6
Business Tax Returns	20.85	23.65	26.43	27.49	28.7	29.51	26.8	11.7

Non-farm figures.

Sources: U.S. Department of Commerce, Bureau of the Census (SUSB and Nonemployers), U.S. Department of Labor, Bureau of Labor Statistics, and U.S. Department of the Treasury, Internal Revenue Service.

**Table 2: Average Receipts of Nonemployers, Employers, and Combined Groups, 1992 – 2005**

(\$000, 2005 dollars; percent)

Year	1992	1997	2002	2005	Percent Change		
					1992-1997	1997-2002	2002-2005
Total	999.9	1,092.0	1,061.8	NA	9.2	-2.8	NA
Nonemployers	43.4	46.2	47.4	46.6	6.4	2.5	-1.5
Employers	3,720.6	4,005.5	4,203.6	NA	7.7	4.9	NA

Source: U.S. Department of Commerce, Bureau of the Census, Statistics of U.S. Businesses, Nonemployer Statistics, Survey of Minority-Owned Business Enterprises Summary, 1992 C-Corporation figures.

### 3. Business Size Caveat

Business size is not static. Some nonemployers grow to become employers, and some employers shrink into nonemployers. Firm evolution is a tricky issue for researchers trying to pinpoint a business's start year and for census takers trying to get an accurate count of new businesses.

Determining firms' start years has been problematic in data sources. There is significant potential for mislabeling an entity as a new firm when in fact it is not. A so-called "new employer firm" may be the reincarnation of an existing firm, a firm that has been on hiatus for a time, or a nonemployer that has expanded. This issue is borne out in the comparison of differing data sources.

The U.S. Census Bureau's SUSB shows that 11 percent of employer firms were new in 2002, but in the SBO the figure is 5 percent. (For the SBO, owners of employer firms are asked what year the firm started.) A similar discrepancy exists among nonemployers. The Census Bureau's nonemployer statistics report that 34.8 percent of businesses were new in 2002 (special tabulations from the U.S. Census Bureau), while the SBO data in Table 6e shows 15.4 percent of business were new (2.69 million divided by 17.45 million).

The employer result is not surprising. Davis et. al. (2007), in undertaking a huge effort to link internal U.S. Census microdatabases, show the prevalence of new employer firms starting as nonemployer firms. But the nonemployer discrepancy above gives one the impression that nonemployers tend to go on hiatus and are classified as new firms after waking from hibernation.

#### 4. Firm Differences

To indicate that employers and nonemployers represent different types of businesses, Tables 3 and 4 show business and owner characteristics for the two groups.<sup>8</sup> (These tables summarize the detailed tables in the Appendix.)

**Table 3: Firm Counts for Select Types of Businesses, 2002**

	Employer firms		Nonemployer firms	
	Amount	Percent	Amount	Percent
Total	5,524,784	100.0	17,449,871	100.0
Home-based	1,259,088	22.8	10,645,910	61.0
Franchises	208,975	3.8	252,197	1.4
Exporters	104,680	1.9	249,010	1.4
New (started in 2002)	275,583	5.0	2,689,812	15.4
Sole proprietors	1,093,907	19.8	15,094,138	86.5

Note: Percentages may total more than 100 because businesses may belong to more than one category.

Source: U.S. Department of Commerce, Bureau of the Census, Survey of Business Owners, special tabulations.

<sup>8</sup> While the tables were based on a survey of 1.86 million responding firms and the survey had a response rate of 81 percent, caution should be used when considering some of the smaller figures and the precision of the figures in the tables. See [www.census.gov/econ/census02/text/sbo/sbomethodology.htm](http://www.census.gov/econ/census02/text/sbo/sbomethodology.htm) for details of the data methodology and limitations.

**Table 4: Percent of Owners in Select Demographic Categories, 2002**

	Employer firms	Nonemployer firms
Total	100.0	100.0
Veteran	15.1	14.7
Disabled Veteran	0.7	1.1
Younger (under 35)	8.3	16.3
Older (65 and over)	10.5	11.4
Women	27.0	38.7
Asian	5.7	4.2
American Indian /Alaska Native	0.5	1.0
Black or African American	1.5	4.2
Hispanic	3.8	5.9

Note: Percentages may total more than 100 because businesses may belong to more than one category. Figures adjusted for non-response; figures include non-majority interest owners.

Source: U.S. Department of Commerce, Bureau of the Census, Survey of Business Owners.

### *a. Business Characteristics*

Employers are significantly larger than nonemployers. Employers' median annual receipts were just over \$250,000 in 2002, while nonemployers' were just over \$10,000. Two out of every thousand nonemployers had receipts of \$1 million or more in 2002, while 21 percent of employers had more than \$1 million in receipts. Employers and nonemployers also differ in how they operate. Consistent with popular belief, most nonemployers are sole proprietors (87 percent) and most employers are corporations (66 percent) (Table 5a).<sup>9</sup>

On the whole, employers and nonemployers provide a differing mix of goods and services. Industries have differing economies of scale, and this in turn affects their respective shares of employers and nonemployers. For example, manufacturing, mining and utilities had an employer ratio of 46.7 percent while the real estate, rental and leasing industry employer ratio was 12.4 percent (Table 5c).<sup>10</sup> In addition, employers tend to have a dedicated business location while nonemployers tend to work from home. Nonemployers are home-based 61 percent of the time versus 23 percent for employers (Table

<sup>9</sup> Sole proprietors employ a small but not inconsequential part of the labor force. For 2002, sole proprietors employed 3.88 million people; partnerships, 9.75 million; corporations, 92.93 million; and other legal forms of organization such as non-profits, 4.21 million.

<sup>10</sup> The "employer ratio" is the percent of employers as a share of employers and nonemployers combined.

6a). Being home-based seems very much a function of industry as some industries need a storefront while others do not.

Employers and nonemployers do have a few things in common. Both groups have a low percentage of exporters (firms that make 10 percent or more of sales abroad). Only 1.9 percent of employers and 1.4 percent of nonemployers were exporters. Franchises also tended to be a small percentage of both employers (4 percent) and nonemployers (1 percent).

Interestingly, with regard to the year that employer and non-employer franchises combined were acquired, they were 2 percent of all firms in each of the “year acquired” categories (Table 6a). Franchises having the same age distribution as firms on the whole gives the impression that franchises have survival rates similar to non-franchises. This has been a contentious issue for the past few decades. There is a temptation to analyze employer and nonemployer categories separately for age distributions, but the “business size” caveat mentioned above could cause issues. That is, some firms might start as nonemployers and expand to become employers while some firms might start as employers and shrink to become nonemployers. This is a good example of where definitions could drive results.

Focusing on geography, the ratio of employer and nonemployer firms was similar across states. Delaware had the highest employer ratio at 30.8 percent and Texas had the lowest, at 20.9 percent. The most populous states tended to have lower employer ratios (i.e., a relatively large proportion of nonemployers); the less populous states tended to have higher employer ratios (Table 5b).<sup>11</sup>

### ***b. Owner Characteristics***

The single characteristic that most differentiates nonemployers and employers is the solo versus team aspect of the venture. Employers were single owners 38.5 percent of the time, while nonemployers were single owners 59.5 percent of the time. For firms with multiple owners, the bulk of both employer and nonemployer owners considered their firms to be family businesses (64.4 percent and 78.6 percent, respectively). A surprising relationship emerged with regard to multiple owners, owner

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<sup>11</sup> This is most likely the result of multi-state employer firms being a larger share of employers in smaller states. The “employer ratio” is the percent of employers as a share of employers and nonemployers combined.

age and employer/nonemployer status. For employers, younger owners (under age 35) represented a below average share of single owners (34 percent versus 38.5 percent), while older owners (65 or over) were much higher (59.6 percent). For nonemployers, the opposite was true. Younger nonemployers were single owners 68.8 percent of the time, older nonemployers 52.2 percent, and nonemployers in general were 59.5 percent. Most younger owners, 54 percent, started their employer firm in the last four years, while only 7 percent of older owners did. This held up for nonemployers also (Table 7a).

Veteran owners' firm size distribution was similar to that of the United States as a whole. They virtually matched the universe in size, state, and industry distributions. Disabled veterans tended to have similar industry and state distributions as the universe, but they tended to own smaller ventures.

Women, Hispanics, black/African American, and American Indian/Alaska Native business owners had higher shares of nonemployer firms than the U.S. as a whole. Asians had a larger share of employer firm owners than the overall distribution. (These observations are based on previously published Census Bureau data: [www.census.gov/csd/sbo/charcbotable\\_a.xls](http://www.census.gov/csd/sbo/charcbotable_a.xls)).

### *c. Financing*

Given their different business characteristics (size and industry mix) and owner characteristics (age distributions), it is not surprising that employers and nonemployers have differing financing needs. But similarities certainly exist also.

Table 6d covers the spectrum of possibilities. While the bulk of new firms used start-up financing, for most, little of it was from outside sources. For nonemployers, 54 percent used personal and/or family savings, while 34 percent did not use start-up capital. For employers, the figures were 67 percent and 12 percent, respectively. The share of employers who relied on start-up capital in 2002 is similar for all firms and new firms, creating the impression that using start-up capital is not a significant factor in distinguishing between the categories. There was a similar finding for nonemployers.

After start-up, some firms used expansion financing, but the bulk of employers and nonemployers did not seek expansion capital (54 and 63 percent respectively).

The source of funds differed for employers and nonemployers. Employers were much more likely than nonemployers to rely on bank business loans for both start-up capital and expansion capital. Contrary to conventional wisdom, outside investors were used more for start-up than expansion, and credit cards were used more for expansion. This held up for both employers and nonemployers.

Franchises and home-based businesses' financing needs are somewhat different from other businesses. Franchises can rely upon their franchisor for financing. Home-based firms may not need as much financing as other firms.

For expansion financing, franchises had a similar financing pattern as the universe of firms. However at start-up, franchises were more likely to use a bank loan (38 percent for franchises versus 23 percent for all businesses). Franchise employers and nonemployers had similar financing patterns except for nonemployers' lower rates of using any financing and using bank loans.

Home-based and non-home-based nonemployers had similar financing patterns, except non-home-based employers were more likely to use bank loans. Other than being more likely to use financing, exporting and non-exporting nonemployers showed reasonably similar financing patterns as the universe of businesses. This finding also held for employers.

Veteran-owned businesses had similar financing patterns as non-veteran-owned businesses. Businesses owned by service-disabled veterans tended to favor credit cards for start-up and expansion financing. Credit card usage differed by age of owner. For employer and nonemployer firms' start-up and expansion financing, younger owners had higher credit card usage than the total, while older owners had lower credit card usage.

## **5. Conclusion**

From a data perspective, the cross-tabulations presented in the Appendix and discussed in the paper add considerable value to the existing body of data on small business. The information they provide on home-based businesses is particularly important since the latest installment of such data prior to the 2002 Survey of Business Owners was the 1992 Characteristics of Business Owners. In addition, the

new questions that were added to the 2002 Survey of Business Owners have allowed us to document businesses owned by veterans and service-disabled veterans.

While it is difficult to aggregate businesses across all industries, the special tabulations from the U.S. Census Bureau of the Survey of Business Owners show that a typical nonemployer differs from a typical employer business. As one would imagine, many of the differences seemed to be from the tendency for employers to be bigger entities than nonemployers. Employers had higher average sales, shares of corporations, higher incidences of multiple owners and more reliance on financing than nonemployers.

The number of businesses based on different definitions (e.g. total businesses, employers, nonemployers, or self-employed) has had different levels and trends over the past decade. In addition, the types of businesses that make up the bulk of employers and nonemployers differ not only in size, but also in who they are, and how they operate.

Researchers need to make clear which group of business they are studying when conducting small business research, as the results may not be applicable to other subgroups of small businesses or to the whole. The discussion in this paper establishes this notion and further validates the conclusion that whether it be for the characterization of small businesses in general or for the evaluation of regulatory impact on small business, a clear choice has to be made as to the realm of small businesses under consideration.



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**Table 5a: Employers and Nonemployers by Firm Size, 2002**

	Employer firms	Nonemployer firms	Employer Ratio
<b>Total</b>	5,524,784	17,449,871	24.0
<b>Employment size of firm</b>			
Nonemployers	0	17,449,871	0.0
0 *	810,950	0	100.0
1-4	2,600,314	0	100.0
5-9	948,715	0	100.0
10-19	581,596	0	100.0
20-99	484,857	0	100.0
100-249	60,773	0	100.0
250+	37,579	0	100.0
<b>Receipt size of firm</b>			
< \$10,000	121,053	7,574,310	1.6
\$10,000 to \$49,999	534,004	6,373,606	7.7
\$50,000 to \$99,999	627,518	1,759,931	26.3
\$100,000 to \$249,999	1,283,740	1,199,885	51.7
\$250,000 to \$999,999	1,798,618	515,480	77.7
\$1 million to \$4.9 million	872,916	26,659	97.0
\$5 million +	286,935	0 **	100.0
<b>Legal form of organization</b>			
Corporations (including tax-exempt corp.)	3,646,357	1,064,442	77.4
Partnerships	453,032	1,081,892	29.5
Sole proprietors	1,093,907	15,094,138	6.8
Other	331,487	191,949	63.3

\* Firms with annual payroll but no employees on March 12, 2002.

\*\* Nonemployers with receipts in this size class were believed to be misclassified and therefore were not classified as nonemployers.

Note: The employer ratio is the percentage of employers as a share of employers and nonemployers combined.

Source: Office of Advocacy, U.S. Small Business Administration, from special tabulations of U.S. Census Bureau, Survey of Business Owner data.

**Table 5b: Employers and Nonemployers by State, 2002**

	Employer firms	Nonemployer firms	Employer Ratio
Total	5,524,784	17,449,871	24.0
Alabama	74,827	234,717	24.2
Alaska	15,548	46,597	25.0
Arizona	94,613	286,567	24.8
Arkansas	49,988	159,022	23.9
California	673,401	2,235,357	23.2
Colorado	117,062	347,920	25.2
Connecticut	75,328	226,243	25.0
Delaware	19,589	43,981	30.8
District of Columbia	13,515	33,657	28.7
Florida	360,179	1,179,028	23.4
Georgia	158,665	515,856	23.5
Hawaii	23,517	75,707	23.7
Idaho	33,106	88,454	27.2
Illinois	244,352	713,768	25.5
Indiana	109,771	324,136	25.3
Iowa	62,314	174,201	26.3
Kansas	58,804	160,574	26.8
Kentucky	68,736	231,949	22.9
Louisiana	78,420	250,336	23.9
Maine	33,676	101,734	24.9
Maryland	104,106	339,434	23.5
Massachusetts	142,507	421,032	25.3
Michigan	185,739	549,792	25.3
Minnesota	113,797	330,030	25.6
Mississippi	45,630	141,972	24.3
Missouri	115,163	324,322	26.2
Montana	28,248	72,154	28.1
Nebraska	40,224	105,156	27.7
Nevada	42,176	127,329	24.9
New Hampshire	31,760	93,628	25.3
New Jersey	199,426	509,411	28.1
New Mexico	34,500	102,211	25.2
New York	414,480	1,292,688	24.3
North Carolina	157,986	484,611	24.6
North Dakota	16,645	40,136	29.3
Ohio	201,515	616,178	24.6
Oklahoma	67,427	224,183	23.1
Oregon	83,217	216,288	27.8
Pennsylvania	226,585	647,670	25.9
Rhode Island	24,780	62,666	28.3
South Carolina	75,352	217,632	25.7
South Dakota	20,158	49,378	29.0
Tennessee	96,113	358,253	21.2
Texas	363,331	1,371,178	20.9
Utah	49,192	143,811	25.5
Vermont	18,485	53,836	25.6
Virginia	136,042	393,478	25.7
Washington	135,590	331,700	29.0
West Virginia	30,787	82,300	27.2
Wisconsin	112,589	280,652	28.6
Wyoming	16,145	36,958	30.4

Note: The employer ratio is the percentage of employers as a share of employers and nonemployers combined.

Source: Office of Advocacy, U.S. Small Business Administration, from special tabulations of U.S. Census Bureau, Survey of Business Owner data.

**Table 5c: Employers and Nonemployers by Major Industry, 2002**

	Employer firms	Nonemployer firms	Employer Ratio
Total	5,524,784	17,449,871	24.0
Forestry, fish. and hunt. & ag. support srvs.	29,250	220,040	11.7
Mining	19,324	82,705	18.9
Utilities	6,223	12,673	32.9
Construction	729,842	2,050,481	26.3
Manufacturing	310,821	290,360	51.7
Wholesale trade	347,319	363,764	48.8
Retail trade	745,872	1,838,817	28.9
Transportation and warehousing	167,865	808,961	17.2
Information	76,443	232,674	24.7
Finance and insurance	241,120	660,248	26.8
Real estate and rental and leasing	266,161	1,879,993	12.4
Professional, scientific, and technical srvcs.	727,893	2,552,734	22.2
Management of companies and enterprises	28,351	0	100.0
Admin. & support & waste mngt. & rem. srvs.	305,462	1,262,583	19.5
Educational services	65,251	344,473	15.9
Health care and social assistance	564,299	1,456,816	27.9
Arts, entertainment, and recreation	103,824	865,917	10.7
Accommodation and food services	434,441	241,675	64.3
Other services (except public administration)	392,656	2,284,957	14.7
Industries not classified	29,593	0	100.0

Note: The employer ratio is the percentage of employers as a share of employers and nonemployers combined.

Source: Office of Advocacy, U.S. Small Business Administration, from special tabulations of U.S. Census Bureau, Survey of Business Owner data.

**Table 5d: Cross Tabulation of Employment Size of Firm and Receipt Size of Firm, 2002**

Receipt size class	Total	Nonemployers	Employer firm size (by number of employees)						
			0 *	1-4	5-9	10-19	20-99	100-249	250+
<b>Firms</b>									
All firms	22,974,655	17,449,871	810,950	2,600,314	948,715	581,596	484,857	63,485	34,867
< than \$10,000	7,695,363	7,574,310	85,363	32,780	1,082	601	811	240	176
\$10,000 to \$49,999	6,907,610	6,373,606	233,062	292,234	7,581	914	192	12	9
\$50,000 to \$99,999	2,387,449	1,759,931	163,265	434,148	25,879	3,787	427	10	2
\$100,000 to \$249,999	2,483,625	1,199,885	191,148	905,936	149,899	32,431	4,291	29	6
\$250,000 to \$999,999	2,314,098	515,480	113,222	802,554	555,774	245,246	81,144	627	51
\$1 million to \$4.9 million	901,208	25,920	22,158	123,072	193,643	267,880	255,302	12,167	1,066
\$5 million+	285,302	739	2,732	9,590	14,857	30,737	142,690	50,400	33,557
<b>Employees</b>									
All firms	110,766,605	-	-	5,445,812	6,224,596	7,795,685	18,997,881	9,534,586	62,768,045
< than \$10,000	412,822	-	-	40,683	7,046	7,989	36,507	37,931	282,666
\$10,000 to \$49,999	481,419	-	-	410,332	45,290	11,250	6,957	D	D
\$50,000 to \$99,999	940,236	-	-	722,580	157,078	46,489	11,842	D	D
\$100,000 to \$249,999	3,305,077	-	-	1,846,630	931,021	404,541	116,516	4,133	2,236
\$250,000 to \$999,999	11,363,215	-	-	2,063,207	3,628,966	3,185,954	2,379,428	84,733	20,927
\$1 million to \$4.9 million	16,794,069	-	-	335,952	1,351,618	3,694,224	9,332,729	1,658,435	421,111
\$5 million+	77,469,767	-	-	26,428	103,577	445,238	7,113,902	7,746,270	62,034,352
<b>Receipts (millions)</b>									
All firms	22,603,658.9	767,409.6	207,263.0	880,089.4	856,365.2	1,045,412.7	2,805,653.9	1,532,212.9	14,509,252.2
< than \$10,000	31,697.9	31,090.2	422.9	180.0	2.6	0.9	1.0	0.1	0.1
\$10,000 to \$49,999	162,275.1	146,597.4	6,375.1	9,004.6	260.8	31.3	5.4	D	D
\$50,000 to \$99,999	169,602.9	123,231.5	11,797.8	32,243.7	1,999.0	296.6	33.4	D	D
\$100,000 to \$249,999	394,039.6	180,945.1	30,068.4	149,271.7	26,899.4	6,037.4	811.4	5.2	1.0
\$250,000 to \$999,999	1,149,322.6	234,215.3	51,369.2	360,625.0	301,187.3	147,525.3	53,922.7	442.8	35.0
\$1 million to \$4.9 million	1,871,028.7	40,186.6	41,439.1	220,344.9	349,042.4	533,559.5	643,833.6	39,168.1	3,454.5
\$5 million+	18,825,692.2	11,143.4	65,790.5	108,419.5	176,973.7	357,961.6	2,107,046.4	1,492,595.7	14,505,761.4

Source: Office of Advocacy, U.S. Small Business Administration, from special tabulations of U.S. Census Bureau, Survey of Business Owner data.

**Table 6a: Number of Businesses by Business Characteristics and Firm Size Related Variables, 2002**

	Employers					Non-Employers				
	All	Home-based	Franchise	Exporters	New	All	Home-based	Franchise	Exporters	New
<b>Total</b>	5,524,784	1,259,088	208,975	104,680	275,583	17,449,871	10,645,910	252,197	249,010	2,689,812
<b>Employment size of firm</b>										
Nonemployers	--	--	--	--	--	17,449,871	10,645,910	252,197	249,010	2,689,812
0 *	810,950	309,736	23,405	12,248	184,916	--	--	--	--	--
1-4	2,600,314	790,708	54,751	45,431	56,770	--	--	--	--	--
5-9	948,715	109,541	40,123	16,644	15,984	--	--	--	--	--
10-19	581,596	36,514	35,526	12,457	9,370	--	--	--	--	--
20-99	484,857	12,591	46,601	13,294	7,441	--	--	--	--	--
100-249	60,773	0	6,060	2,722	827	--	--	--	--	--
250+	37,579	0	2,299	1,884	276	--	--	--	--	--
<b>Receipt size of firm</b>										
< \$10,000	121,053	47,845	1,881	1,466	15,708	7,574,310	5,014,224	103,905	85,660	1,632,716
\$10,000 to \$49,999	534,004	220,340	10,031	6,700	65,589	6,373,606	3,832,528	81,207	87,403	809,633
\$50,000 to \$99,999	627,518	241,745	12,329	8,270	50,432	1,759,931	1,000,716	29,759	35,608	142,560
\$100,000 to \$249,999	1,283,740	384,022	34,063	17,063	66,691	1,199,885	606,817	22,446	25,897	75,315
\$250,000 to \$999,999	1,798,618	298,404	80,455	29,520	55,117	515,480	180,980	12,610	13,696	26,898
\$1 million to \$4.9 million	872,916	61,695	46,810	25,961	17,637	26,659	10,646	2,018	747	--
\$5 million +	286,935	5,036	23,405	15,702	4,409	--	--	--	--	--
<b>Legal form of organization</b>										
Corporations (incl. tax-exempt corp.)	3,646,357	791,967	145,655	83,325	169,484	1,064,442	564,233	21,689	27,640	131,801
Partnerships	453,032	62,954	25,495	7,118	45,747	1,081,892	436,482	10,340	11,454	129,111
Sole proprietors	1,093,907	331,140	30,928	11,410	46,298	15,094,138	9,645,194	220,168	209,916	2,428,900
Other**	331,487	73,027	6,687	2,931	14,055	191,949	0	0	0	0
<b>Year business acquired</b>										
Before 1980	1,043,279	163,079	28,728	19,247	NA	1,898,691	1,072,536	22,000	29,766	NA
1980 to 1989	1,299,177	265,922	41,007	22,848	NA	2,802,829	1,655,148	34,753	35,527	NA
1990 to 1998	1,909,397	487,768	73,211	38,370	NA	5,560,451	3,442,707	75,564	77,456	NA
1999	314,952	85,213	14,364	6,333	NA	1,175,380	741,506	17,855	16,323	NA
2000	347,760	96,966	16,681	6,954	NA	1,537,035	966,606	23,594	25,925	NA
2001	334,637	89,620	17,376	6,085	NA	1,785,673	1,125,500	31,565	24,325	NA
2002	275,583	70,521	17,376	4,719	275,583	2,689,812	1,641,907	46,869	39,688	2,689,812
<b>Owner status</b>										
Only one owner	2,892,854	765,696	84,274	45,247	124,909	12,292,989	7,748,334	141,812	155,535	2,013,267
Family-Owned	1,593,906	414,700	88,124	32,995	90,461	3,976,610	2,554,160	73,244	73,647	485,585
Not family-owned	1,038,024	78,693	39,357	28,266	64,975	1,180,272	343,416	38,700	21,373	201,872

\* Annual payroll but no employees on March 12, 2002

\*\*Contains nonprofits and some miscellaneous legal forms of organization.

Source: Office of Advocacy, U.S. Small Business Administration, from special tabulations of U.S. Census Bureau, Survey of Business Owner data.

**Table 6b: Number of Businesses by Business Characteristics, Metropolitan Location and State, 2002**

	Employers					Non-Employers				
	All	Home-based	Franchise	Exporters	New	All	Home-based	Franchise	Exporters	New
<b>Total</b>	5,524,784	1,259,088	208,975	104,680	275,583	17,449,871	10,645,910	252,197	249,010	2,689,812
<b>Geographic concentration</b>										
Not within a metro/micro area	394,769	96,950	17,554	6,071	19,015	1,233,544	809,089	13,871	20,419	180,217
Within a metro/micro area	5,149,141	1,162,139	193,092	99,341	256,843	16,216,327	9,836,821	238,326	228,591	2,509,594
<b>State</b>										
Alabama	74,827	11,332	3,135	942	3,583	234,717	127,751	3,279	2,739	37,657
Alaska	15,548	3,777	209	419	551	46,597	31,938	252	1,743	5,380
Arizona	94,613	25,182	3,553	1,780	5,512	286,567	191,626	4,540	3,735	48,417
Arkansas	49,988	8,814	3,135	628	3,031	159,022	95,813	2,522	1,992	24,208
California	673,401	127,168	21,733	19,575	30,590	2,235,357	1,288,155	29,759	42,581	320,088
Colorado	117,062	37,773	4,597	1,989	7,441	347,920	255,502	4,540	3,735	61,866
Connecticut	75,328	15,109	2,508	1,780	2,756	226,243	149,043	2,774	2,490	29,588
Delaware	19,589	3,777	627	419	827	43,981	31,938	757	747	5,380
District of Columbia	13,515	1,259	209	314	276	33,657	21,292	252	498	5,380
Florida	360,179	81,841	9,613	11,934	19,291	1,179,028	617,463	16,645	23,407	182,907
Georgia	158,665	36,514	6,060	2,826	8,819	515,856	298,085	7,062	5,976	91,454
Hawaii	23,517	3,777	836	628	827	75,707	53,230	1,009	2,241	10,759
Idaho	33,106	10,073	1,254	628	1,929	88,454	63,875	1,513	1,245	16,139
Illinois	244,352	57,918	9,613	4,397	11,023	713,768	425,836	12,105	9,213	110,282
Indiana	109,771	27,700	5,224	1,675	5,787	324,136	223,564	5,548	3,486	53,796
Iowa	62,314	15,109	3,135	1,047	3,031	174,201	127,751	2,522	3,237	26,898
Kansas	58,804	13,850	2,717	942	2,756	160,574	117,105	2,018	1,992	26,898
Kentucky	68,736	13,850	3,344	837	3,031	231,949	138,397	2,774	2,490	37,657
Louisiana	78,420	12,591	2,717	1,256	3,583	250,336	127,751	3,531	3,984	37,657
Maine	33,676	10,073	1,045	523	1,653	101,734	74,521	1,009	1,743	13,449
Maryland	104,106	28,959	3,344	1,780	4,685	339,434	223,564	5,044	3,984	56,486
Massachusetts	142,507	27,700	3,762	3,454	5,787	421,032	266,148	5,044	5,478	61,866
Michigan	185,739	44,068	7,314	3,036	8,819	549,792	383,253	8,323	6,225	91,454
Minnesota	113,797	36,514	5,433	1,989	6,614	330,030	255,502	5,044	4,482	59,176
Mississippi	45,630	6,295	2,090	419	2,480	141,972	74,521	2,018	1,494	18,829
Missouri	115,163	27,700	5,015	1,780	6,338	324,322	223,564	4,540	3,735	56,486
Montana	28,248	7,555	1,254	419	1,653	72,154	53,230	1,261	747	10,759
Nebraska	40,224	10,073	1,672	733	1,929	105,156	74,521	1,513	1,494	16,139
Nevada	42,176	7,555	1,463	733	2,480	127,329	63,875	2,018	1,992	21,518
New Hampshire	31,760	8,814	836	733	2,205	93,628	74,521	1,513	996	13,449
New Jersey	199,426	42,809	5,642	4,397	7,992	509,411	276,794	8,323	7,719	72,625
New Mexico	34,500	7,555	1,463	628	1,653	102,211	63,875	1,261	1,245	16,139
New York	414,480	69,250	9,613	8,270	15,708	1,292,688	628,109	15,132	15,688	164,079
North Carolina	157,986	39,032	6,269	2,303	7,992	484,611	308,731	7,818	4,980	83,384
North Dakota	16,645	3,777	1,045	209	827	40,136	31,938	504	747	5,380



**Table 6b: Number of Businesses by Business Characteristics, Metropolitan Location and State, 2002**

	Employers					Non-Employers				
	All	Home-based	Franchise	Exporters	New	All	Home-based	Franchise	Exporters	New
Ohio	201,515	45,327	8,777	3,036	8,819	616,178	415,190	10,340	6,972	99,523
Oklahoma	67,427	13,850	4,388	1,047	3,583	224,183	138,397	4,035	2,988	34,968
Oregon	83,217	23,923	3,344	1,989	4,685	216,288	159,689	3,279	2,988	32,278
Pennsylvania	226,585	47,845	8,150	4,083	9,370	647,670	436,482	10,592	7,221	99,523
Rhode Island	24,780	5,036	627	523	827	62,666	31,938	757	996	8,069
South Carolina	75,352	15,109	3,135	1,151	3,858	217,632	127,751	2,774	1,992	32,278
South Dakota	20,158	5,036	1,045	314	1,102	49,378	31,938	757	747	8,069
Tennessee	96,113	16,368	4,806	1,361	4,960	358,253	202,272	4,540	4,482	53,796
Texas	363,331	59,177	18,599	8,688	19,015	1,371,178	723,922	21,689	19,423	207,116
Utah	49,192	15,109	1,881	1,151	3,307	143,811	106,459	1,765	2,988	26,898
Vermont	18,485	5,036	418	314	827	53,836	42,584	504	498	8,069
Virginia	136,042	37,773	5,224	2,303	7,165	393,478	266,148	6,557	3,984	67,245
Washington	135,590	41,550	4,179	4,187	7,441	331,700	244,856	4,792	7,719	51,106
West Virginia	30,787	6,295	1,463	314	1,102	82,300	53,230	1,261	747	10,759
Wisconsin	112,589	30,218	5,015	1,884	5,512	280,652	223,564	4,287	3,735	45,727
Wyoming	16,145	3,777	627	209	1,102	36,958	21,292	757	747	5,380

Notes: Employer firms can be in more than one geographic area. A metro area contains an urban core of 50,000 or more people while a micro area contains an urban core of 10,000 to 49,999 people.

Source: Office of Advocacy, U.S. Small Business Administration, from special tabulations of U.S. Census Bureau, Survey of Business Owner data.

**Table 6c: Number of Businesses by Business Characteristics, Major Industry and Customer, 2002**

	Employers					Non-Employers				
	All	Home-based	Franchise	Exporters	New	All	Home-based	Franchise	Exporters	New
<b>Total</b>	5,524,784	1,259,088	208,975	104,680	275,583	17,449,871	10,645,910	252,197	249,010	2,689,812
<b>Industry</b>										
Forestry, fishing and hunting, and ag. support srv.	29,250	13,850	209	1,570	1,102	220,040	127,751	1,261	10,209	21,518
Mining	19,324	5,036	418	523	551	82,705	42,584	1,261	1,743	5,380
Utilities	6,223	1,259	209	0	276	12,673	10,646	252	249	2,690
Construction	729,842	415,499	6,896	3,873	30,865	2,050,481	1,479,781	13,619	12,700	312,018
Manufacturing	310,821	25,182	6,060	21,669	11,023	290,360	191,626	2,018	7,968	37,657
Wholesale trade	347,319	69,250	6,478	28,787	12,126	363,764	234,210	8,827	21,913	53,796
Retail trade	745,872	46,586	53,080	7,851	40,511	1,838,817	1,224,280	52,961	28,636	314,708
Transportation and warehousing	167,865	65,473	2,926	8,688	7,716	808,961	361,961	13,871	28,885	126,421
Information	76,443	17,627	627	2,722	3,858	232,674	170,335	2,270	5,478	45,727
Finance and insurance	241,120	31,477	7,732	1,780	11,299	660,248	330,023	14,375	5,478	86,074
Real estate and rental and leasing	266,161	55,400	13,165	1,466	11,574	1,879,993	766,506	49,683	12,202	193,666
Professional, scientific, and technical services	727,893	229,154	8,986	13,294	36,928	2,552,734	2,033,369	18,663	43,826	473,407
Management of companies and enterprises	28,351	1,259	2,926	1,256	551	0	0	0	0	0
Admin. & support & waste mngt. & remediation srv.	305,462	135,982	14,419	3,350	15,157	1,262,583	777,151	17,402	12,451	220,565
Educational services	65,251	12,591	2,299	628	2,480	344,473	234,210	3,279	3,735	75,315
Health care and social assistance	564,299	50,364	4,179	3,245	26,456	1,456,816	819,735	9,583	9,960	250,152
Arts, entertainment, and recreation	103,824	20,145	4,388	837	5,512	865,917	617,463	7,062	12,949	110,282
Accommodation and food services	434,441	15,109	64,155	3,454	35,826	241,675	85,167	7,818	1,992	37,657
Other services (except public administration)	392,656	42,809	14,419	3,873	19,842	2,284,957	1,117,821	27,994	28,636	320,088
Industries not classified	29,593	5,036	209	105	2,756	0	0	0	0	0
<b>Customer (10 percent or more of total sales) **</b>										
Export sales	104,680	22,158	1,919	104,680	4,546	249,010	135,905	5,412	249,010	37,358
Federal government	168,651	31,282	4,478	8,479	6,819	325,629	169,882	4,330	16,933	48,853
State and local government	447,798	84,721	12,368	10,677	16,762	861,959	520,970	9,742	21,913	117,823
Household consumers/individuals	3,128,772	596,959	162,275	19,680	156,258	9,155,915	5,628,742	170,747	55,529	1,324,790
Other businesses/organizations	2,244,807	630,848	51,604	56,632	102,562	5,727,235	3,794,021	50,602	92,134	916,720
All others	953,752	181,173	36,251	9,526	50,003	3,735,154	1,947,975	50,602	23,905	442,312

\* Employer firms can be in more than one industry.

\*\* Firms can be in more than one sales category.

Source: Office of Advocacy, U.S. Small Business Administration, from special tabulations of U.S. Census Bureau, Survey of Business Owner data.

**Table 6d: Number of Businesses by Business Characteristics and Finance Type, 2002**

	Employers					Non-Employers				
	All	Home-based	Franchise	Exporters	New	All	Home-based	Franchise	Exporters	New
<b>Total</b>	5,524,784	1,259,088	208,975	104,680	275,583	17,449,871	10,645,910	252,197	249,010	2,689,812
<b>Start-up capital</b>										
Number of businesses										
None needed	676,972	173,886	10,364	9,904	27,809	5,980,216	3,477,092	56,536	59,814	1,127,547
Personal/family savings	3,683,189	920,201	140,867	72,946	185,205	9,361,129	6,074,178	144,857	148,379	1,276,981
Business loan from bank	1,273,626	153,578	78,894	21,405	63,404	1,435,979	611,711	36,735	32,089	138,566
Personal/business credit card	527,809	152,309	19,036	11,927	41,991	1,563,218	1,083,908	26,835	29,779	290,717
Other personal/family assets	751,554	158,655	37,015	17,038	48,665	1,399,625	837,078	25,793	28,495	195,623
Government-guaranteed bank loan	97,530	6,346	11,422	1,810	8,064	72,708	21,464	3,126	2,054	8,151
Business loan from government	97,530	10,154	6,557	2,236	6,396	127,239	53,659	3,647	3,851	16,302
Outside investor	269,642	26,654	13,114	10,436	18,632	363,539	139,513	13,027	10,782	51,623
Percent of total										
None needed	12.3	13.8	5.0	9.5	10.1	34.3	32.7	22.4	24.0	41.9
Personal/family savings	66.7	73.1	67.4	69.7	67.2	53.6	57.1	57.4	59.6	47.5
Business loan from bank	23.1	12.2	37.8	20.4	23.0	8.2	5.7	14.6	12.9	5.2
Personal/business credit card	9.6	12.1	9.1	11.4	15.2	9.0	10.2	10.6	12.0	10.8
Other personal/family assets	13.6	12.6	17.7	16.3	17.7	8.0	7.9	10.2	11.4	7.3
Government-guaranteed bank loan	1.8	0.5	5.5	1.7	2.9	0.4	0.2	1.2	0.8	0.3
Business loan from government	1.8	0.8	3.1	2.1	2.3	0.7	0.5	1.4	1.5	0.6
Outside investor	4.9	2.1	6.3	10.0	6.8	2.1	1.3	5.2	4.3	1.9
<b>Expansion financing</b>										
Number of businesses										
None needed	2,955,788	673,915	104,916	46,572	118,957	11,023,829	6,511,260	136,002	116,763	1,718,186
Personal/family savings	1,397,072	370,396	56,857	30,870	107,628	4,688,295	3,147,109	79,752	92,141	760,284
Business loan from bank	1,154,605	190,342	49,133	27,452	44,184	1,031,787	488,344	21,126	27,922	93,320
Personal/business credit card	727,401	209,634	25,961	15,595	47,299	1,991,168	1,345,660	35,123	42,136	301,918
Other personal/family assets	340,608	91,313	14,375	9,507	28,606	832,670	542,605	16,109	22,845	137,235
Government-guaranteed bank loan	40,411	3,858	2,575	1,389	2,549	36,203	10,852	1,056	1,777	2,745
Business loan from government	51,957	7,717	2,575	1,816	2,832	72,406	32,556	2,113	3,300	8,234
Outside investor	103,914	15,433	3,647	5,020	9,347	181,015	75,965	5,282	7,361	30,192
Percent of total										
None needed	53.5	53.5	50.2	44.5	43.2	63.2	61.2	53.9	46.9	63.9
Personal/family savings	25.3	29.4	27.2	29.5	39.1	26.9	29.6	31.6	37.0	28.3
Business loan from bank	20.9	15.1	23.5	26.2	16.0	5.9	4.6	8.4	11.2	3.5
Personal/business credit card	13.2	16.6	12.4	14.9	17.2	11.4	12.6	13.9	16.9	11.2
Other personal/family assets	6.2	7.3	6.9	9.1	10.4	4.8	5.1	6.4	9.2	5.1
Government-guaranteed bank loan	0.7	0.3	1.2	1.3	0.9	0.2	0.1	0.4	0.7	0.1
Business loan from government	0.9	0.6	1.2	1.7	1.0	0.4	0.3	0.8	1.3	0.3
Outside investor	1.9	1.2	1.7	4.8	3.4	1.0	0.7	2.1	3.0	1.1

Note: Firms can appear in more than one category.

Source: Office of Advocacy, U.S. Small Business Administration, from special tabulations of U.S. Census Bureau, Survey of Business Owner data.

**Table 6e: Cross-Tabulation of the Number of Employers and Non-Employers by Start Year and Firm-Size Related Variables**

	Employer Start Years					Non-Employer Start Years				
	All	2002	2001	2000	Before 2000	All	2002	2001	2000	Before 2000
<b>Total</b>	5,524,784	275,583	334,637	347,760	4,566,805	17,449,871	2,689,812	1,785,673	1,537,035	11,437,351
<b>Employment size of firm</b>										
Nonemployers	--	--	--	--	--	17,449,871	2,689,812	1,785,673	1,537,035	11,437,351
0 *	810,950	184,916	80,982	55,642	397,312	--	--	--	--	--
1-4	2,600,314	56,770	157,948	181,183	2,224,034	--	--	--	--	--
5-9	948,715	15,984	49,526	56,685	863,126	--	--	--	--	--
10-19	581,596	9,370	25,098	30,255	548,017	--	--	--	--	--
20-99	484,857	7,441	18,740	21,213	452,114	--	--	--	--	--
100-249	60,773	827	1,673	1,739	54,802	--	--	--	--	--
250+	37,579	276	669	696	22,834	--	--	--	--	--
<b>Receipt size of firm</b>										
< \$10,000	121,053	15,708	9,035	7,651	59,368	7,574,310	1,632,716	839,266	679,370	4,186,070
\$10,000 to \$49,999	534,004	65,589	42,164	36,515	319,676	6,373,606	809,633	642,842	559,481	4,311,881
\$50,000 to \$99,999	627,518	50,432	48,522	45,904	452,114	1,759,931	142,560	162,496	147,555	1,429,669
\$100,000 to \$249,999	1,283,740	66,691	91,356	92,156	1,036,665	1,199,885	75,315	98,212	106,055	1,040,799
\$250,000 to \$999,999	1,798,618	55,117	100,056	112,674	1,602,948	515,480	26,898	39,285	41,500	446,057
\$1 million to \$4.9 million	872,916	17,637	35,806	43,818	826,592	26,659	0	1,786	1,537	22,875
\$5 million +	286,935	4,409	7,697	9,042	269,441	--	--	--	--	--
<b>Legal form of organization</b>										
Corporations (including tax-exempt corp.)	3,646,357	169,484	213,833	227,435	3,100,860	1,064,442	131,801	103,569	89,148	846,364
Partnerships	453,032	45,747	52,538	48,339	310,543	1,081,892	129,111	116,069	116,815	857,801
Sole proprietors	1,093,907	46,298	56,554	61,553	922,495	15,094,138	2,428,900	1,566,036	1,331,073	9,744,623
Other**	331,487	14,055	11,712	10,781	232,907	191,949	0	0	0	0
<b>Owner status</b>										
Only one owner	2,892,854	124,909	165,952	179,925	2,502,423	12,292,989	2,013,267	1,289,653	1,079,658	7,655,739
Family-Owned	1,593,906	90,461	98,342	98,852	1,407,321	3,976,610	485,585	364,350	345,366	3,053,044
Not family-owned	1,038,024	64,975	76,488	75,028	736,281	1,180,272	201,872	135,278	115,122	751,696

\* Annual payroll but no employees on March 12, 2002

\*\*Contains nonprofits and some miscellaneous legal forms of organization.

Source: Office of Advocacy, U.S. Small Business Administration, from special tabulations of U.S. Census Bureau, Survey of Business Owner data.

**Table 7a: Owner Characteristics by Firm-Size Related Variables, 2002**  
(percent)

	Employers					Non-Employers				
	All	Veteran	Disabled Veteran	Younger (under 35)	Older (65 and over)	All	Veteran	Disabled Veteran	Younger (under 35)	Older (65 and over)
<b>Employment size of firm</b>										
Nonemployers	--	--	--	--	--	100.0	100.0	100.0	100.0	100.0
0 *	12.2	10.4	15.6	23.5	7.6	--	--	--	--	--
1-4	44.4	47.0	52.4	43.2	47.2	--	--	--	--	--
5-9	18.3	18.2	17.7	16.3	17.5	--	--	--	--	--
10-19	12.3	11.9	7.4	9.3	12.2	--	--	--	--	--
20-99	10.9	10.7	6.1	6.8	12.7	--	--	--	--	--
100-249	1.3	1.3	0.7	0.6	2.0	--	--	--	--	--
250+	0.5	0.5	0.2	0.2	0.8	--	--	--	--	--
<b>Receipt size of firm</b>										
< \$10,000	1.5	1.6	1.8	2.4	1.7	41.8	40.3	42.9	52.1	44.5
\$10,000 to \$49,999	7.6	7.9	10.7	11.1	9.7	35.9	36.1	37.7	34.5	35.5
\$50,000 to \$99,999	9.8	10.3	13.8	12.6	10.2	10.8	11.6	10.6	7.4	9.2
\$100,000 to \$249,999	21.6	21.8	25.7	24.9	19.8	7.8	8.4	6.4	4.3	7.0
\$250,000 to \$999,999	34.0	33.4	33.4	32.6	30.4	3.4	3.5	2.3	1.6	3.7
\$1 million to \$4.9 million	19.1	18.7	11.9	13.2	19.6	0.2	0.2	0.1	0.1	0.1
\$5 million +	6.4	6.3	2.7	3.1	8.5	0.0	0.0	0.0	0.0	0.0
<b>Legal form of organization</b>										
Corporations (including tax-exempt corp.)	69.0	68.1	64.0	66.0	70.2	7.1	7.9	6.5	4.1	9.2
Partnerships	10.6	9.1	7.7	15.0	9.4	9.1	9.7	5.6	5.0	12.9
Sole proprietors	16.5	18.0	22.5	16.6	14.3	83.8	82.4	88.0	90.9	78.0
Other**	3.9	4.9	5.8	2.4	6.1	0.0	0.0	0.0	0.0	0.0
<b>Year business acquired</b>										
Before 1980	19.0	33.2	26.0	4.8	52.2	11.1	21.9	17.3	0.8	36.6
1980 to 1989	23.2	24.6	24.5	5.5	22.2	16.2	19.5	18.1	1.6	22.0
1990 to 1998	34.6	27.1	28.1	35.5	18.1	32.2	29.8	31.4	23.2	25.6
1999	5.8	3.9	5.5	11.5	2.1	6.8	5.3	6.0	9.0	3.6
2000	6.4	4.1	5.9	14.3	1.9	8.7	6.6	7.6	13.9	3.8
2001	6.0	3.9	5.6	15.0	1.8	10.0	7.0	7.6	19.1	3.6
2002	5.0	3.1	4.5	13.4	1.6	14.8	9.8	12.0	32.5	4.7
<b>Owner status</b>										
Only one owner	38.5	44.0	46.6	34.0	59.6	59.5	57.5	59.6	68.8	52.2
Family-owned	40.3	36.5	40.6	44.8	34.9	32.1	34.3	34.9	23.5	39.8
Not family-owned	22.3	21.0	14.4	22.3	5.8	8.7	8.5	5.8	8.1	8.2

\* Annual payroll but no employees on March 12, 2002

\*\*Contains nonprofits and some miscellaneous legal forms of organization.

Source: Office of Advocacy, U.S. Small Business Administration, from special tabulations of U.S. Census Bureau, Survey of Business Owner data.

**Table 7b: Owner Characteristics by Metropolitan Location and State, 2002**  
(percent)

	Employers					Non-Employers				
	All	Veteran	Disabled Veteran	Younger (under 35)	Older (65 and over)	All	Veteran	Disabled Veteran	Younger (under 35)	Older (65 and over)
<b>Geographic concentration</b>										
Not within a metro/micro area	7.6	8.2	8.3	7.3	8.4	7.8	8.8	8.8	7.7	8.8
Within a metro/micro area	92.8	92.3	91.9	92.8	92.3	92.2	91.2	91.2	92.3	91.2
<b>State</b>										
Alabama	1.3	1.6	1.6	1.4	1.4	1.3	1.5	2.0	1.4	1.3
Alaska	0.3	0.3	0.7	0.2	0.2	0.3	0.4	0.8	0.3	0.2
Arizona	1.8	1.8	2.2	1.8	1.5	1.7	1.9	1.8	1.5	1.7
Arkansas	1.0	1.1	1.3	1.1	1.1	0.9	1.1	1.1	1.0	1.0
California	11.6	10.4	9.8	10.2	11.9	12.3	10.5	10.2	11.6	12.0
Colorado	2.4	2.2	2.4	2.8	1.8	2.2	2.3	2.4	2.4	1.9
Connecticut	1.4	1.3	1.2	1.1	1.5	1.3	1.3	1.0	1.1	1.4
Delaware	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.2	0.3	0.3
District of Columbia	0.2	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.2	0.2
Florida	6.1	5.7	7.8	6.2	5.7	6.1	6.5	7.8	5.5	6.6
Georgia	2.7	3.0	3.0	3.1	2.4	2.7	3.0	3.6	3.2	2.2
Hawaii	0.4	0.4	0.7	0.3	0.5	0.5	0.5	0.7	0.4	0.5
Idaho	0.7	0.7	0.8	0.8	0.5	0.6	0.6	0.8	0.7	0.5
Illinois	4.5	4.2	2.7	4.3	4.9	4.0	3.5	2.4	4.3	4.1
Indiana	2.2	2.3	2.0	2.3	2.3	2.1	2.0	1.8	2.3	2.2
Iowa	1.3	1.4	0.8	1.3	1.4	1.2	1.2	1.0	1.4	1.4
Kansas	1.2	1.2	1.3	1.1	1.4	1.0	1.1	1.2	1.0	1.3
Kentucky	1.3	1.4	1.0	1.3	1.4	1.4	1.3	1.4	1.6	1.2
Louisiana	1.4	1.6	1.3	1.4	1.6	1.4	1.5	1.4	1.4	1.4
Maine	0.6	0.7	1.1	0.6	0.5	0.6	0.7	0.8	0.6	0.7
Maryland	1.8	1.8	1.5	1.7	1.8	2.0	2.1	2.3	1.8	2.0
Massachusetts	2.4	2.4	2.6	2.1	2.3	2.4	2.2	2.4	2.3	2.3
Michigan	3.4	3.0	2.8	3.6	3.4	3.4	3.1	2.7	3.6	3.3
Minnesota	2.3	2.3	2.7	2.8	1.7	2.2	2.1	1.8	2.5	1.8
Mississippi	0.8	0.9	0.8	0.7	1.0	0.8	0.9	0.9	0.8	0.8
Missouri	2.2	2.4	1.8	2.2	2.4	2.1	2.2	1.9	2.2	2.1
Montana	0.6	0.7	0.7	0.6	0.5	0.5	0.6	0.6	0.4	0.5
Nebraska	0.8	0.9	0.9	0.8	0.8	0.7	0.8	1.1	0.8	0.8
Nevada	0.7	0.8	0.7	0.7	0.7	0.7	0.8	1.1	0.6	0.8
New Hampshire	0.6	0.7	0.6	0.5	0.5	0.6	0.7	0.8	0.5	0.5
New Jersey	3.4	2.9	2.4	3.0	3.4	2.8	2.3	1.8	2.4	2.9
New Mexico	0.6	0.7	1.2	0.5	0.7	0.6	0.7	1.1	0.5	0.6
New York	6.3	5.0	5.1	5.9	6.9	6.2	4.5	3.9	6.3	6.1
North Carolina	2.9	3.3	3.5	3.2	3.0	2.9	3.2	3.6	3.0	2.7
North Dakota	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Ohio	3.9	4.1	2.9	3.7	4.2	3.8	3.8	2.8	3.8	3.8

**Table 7b: Owner Characteristics by Metropolitan Location and State, 2002**  
(percent)

	Employers					Non-Employers				
	All	Veteran	Disabled Veteran	Younger (under 35)	Older (65 and over)	All	Veteran	Disabled Veteran	Younger (under 35)	Older (65 and over)
Oklahoma	1.3	1.5	1.9	1.2	1.7	1.4	1.6	2.2	1.4	1.6
Oregon	1.7	1.8	1.8	1.7	1.4	1.4	1.5	1.5	1.3	1.4
Pennsylvania	4.1	4.3	3.0	3.9	4.4	4.0	4.3	3.3	3.7	4.2
Rhode Island	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.2	0.3	0.3
South Carolina	1.3	1.7	1.6	1.3	1.5	1.2	1.6	1.6	1.2	1.3
South Dakota	0.4	0.4	0.5	0.5	0.4	0.3	0.4	0.4	0.4	0.4
Tennessee	1.8	2.0	1.6	1.7	2.0	2.0	2.1	2.2	2.2	1.7
Texas	6.1	6.6	7.8	5.8	6.8	7.2	7.7	8.0	7.3	7.6
Utah	1.0	0.7	0.5	1.8	0.7	0.9	0.7	0.7	1.4	0.7
Vermont	0.3	0.3	0.4	0.3	0.2	0.3	0.3	0.3	0.3	0.3
Virginia	2.5	2.9	3.4	2.4	2.6	2.4	2.7	3.2	2.3	2.4
Washington	2.6	2.8	3.0	2.6	2.1	2.2	2.3	2.7	1.9	2.0
West Virginia	0.6	0.6	0.6	0.5	0.7	0.5	0.5	0.5	0.5	0.6
Wisconsin	2.3	2.2	1.5	2.5	2.0	1.9	1.9	1.3	2.0	1.8
Wyoming	0.3	0.3	0.5	0.3	0.3	0.2	0.3	0.1	0.2	0.2

Source: Office of Advocacy, U.S. Small Business Administration, from special tabulations of U.S. Census Bureau, Survey of Business Owner data.

**Table 7c: Owner Characteristics by Major Industry, 2002**  
(percent)

	Employers					Non-Employers				
	All	Veteran	Disabled Veteran	Younger (under 35)	Older (65 and over)	All	Veteran	Disabled Veteran	Younger (under 35)	Older (65 and over)
<b>Industry</b>										
Forestry, fishing and hunting, and ag. support srv.	0.6	0.5	0.4	0.7	0.6	1.3	1.4	1.5	1.4	1.2
Mining	0.4	0.5	0.6	0.2	0.9	0.6	0.9	0.7	0.2	1.5
Utilities	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Construction	13.7	13.7	13.7	17.3	8.9	10.8	12.1	12.7	13.5	6.8
Manufacturing	6.7	7.4	5.5	4.6	9.3	1.7	2.0	1.8	1.3	1.9
Wholesale trade	6.6	7.1	6.8	4.7	8.5	2.1	2.5	2.2	1.6	2.6
Retail trade	14.2	13.3	13.6	12.9	16.6	11.4	10.4	11.6	11.4	12.0
Transportation and warehousing	2.9	3.3	4.0	3.2	3.0	3.9	4.9	6.0	4.0	3.0
Information	1.3	1.1	1.1	1.6	1.3	1.3	1.0	0.9	2.0	0.8
Finance and insurance	4.2	5.3	5.0	3.7	4.9	3.9	5.5	5.0	2.9	5.9
Real estate and rental and leasing	5.1	5.8	5.6	3.4	9.8	12.9	14.8	11.1	6.2	20.1
Professional, scientific, and technical services	14.0	14.7	14.8	12.6	11.5	15.5	17.1	16.0	14.4	16.8
Management of companies and enterprises	0.5	0.5	0.2	0.2	0.9	0.0	0.0	0.0	0.0	0.0
Admin. & support & waste mngt. & remediation srv.	5.3	4.9	6.0	7.6	3.9	6.4	5.5	6.4	7.8	4.8
Educational services	0.7	0.6	0.5	1.0	0.6	2.0	1.4	1.6	2.4	1.6
Health care and social assistance	8.8	9.4	7.2	7.5	6.9	7.3	4.4	4.6	8.9	5.3
Arts, entertainment, and recreation	1.5	1.3	1.0	1.9	1.8	5.0	3.8	4.1	6.9	4.0
Accommodation and food services	7.6	5.3	6.8	9.6	7.0	1.3	1.2	1.7	1.0	1.4
Other services (except public administration)	6.9	6.4	7.4	7.5	5.5	12.3	10.9	11.9	13.9	10.1
Industries not classified	0.2	0.2	0.3	0.3	0.2	0.0	0.0	0.0	0.0	0.0
<b>Customer (10 percent or more of total sales) *</b>										
Export sales	2.0	1.8	2.2	2.2	2.3	1.4	1.3	1.5	1.7	1.3
Federal government	3.0	3.8	5.8	2.5	3.2	1.9	2.4	3.4	1.6	2.2
State and local government	8.5	9.4	9.8	7.1	8.6	4.8	5.3	6.0	4.2	4.7
Household consumers/individuals	56.0	54.1	54.2	58.9	50.8	52.6	49.2	52.2	54.2	45.0
Other businesses/organizations	43.0	45.0	42.4	41.4	41.6	33.0	35.4	32.2	31.7	30.7
All others	16.5	17.9	19.3	15.5	21.2	21.3	22.7	23.4	21.0	28.3

\* Firms can be in more than one sales category.

Source: Office of Advocacy, U.S. Small Business Administration, from special tabulations of U.S. Census Bureau, Survey of Business Owner data.



**Table 7d: Owner Characteristics by Finance Type, 2002**  
(percent)

	Employers					Non-Employers				
	All	Veteran	Disabled Veteran	Younger (under 35)	Older (65 and over)	All	Veteran	Disabled Veteran	Younger (under 35)	Older (65 and over)
<b>Start-up capital</b>										
Business loan from bank	24.7	25.0	22.1	24.0	23.8	9.8	10.9	8.6	6.5	10.6
Personal/business credit card	9.9	8.2	13.3	16.8	3.9	9.3	8.2	11.3	11.8	3.6
Government-guaranteed bank loan	2.0	1.8	2.4	2.5	1.3	0.4	0.5	0.5	0.3	0.4
Business loan from government	1.7	1.6	1.8	2.3	1.4	0.8	0.8	0.8	0.7	0.8
None needed	9.4	10.1	8.9	8.1	11.2	30.8	28.7	27.0	38.1	34.5
Other personal/family assets	15.3	14.4	17.4	17.6	13.8	9.1	9.6	10.2	7.5	8.7
Outside investor	4.6	4.1	4.3	5.9	3.9	2.3	2.0	1.8	2.4	2.0
Personal/family savings	69.7	69.3	73.3	69.7	69.3	55.7	57.5	60.4	50.4	52.3
<b>Expansion financing</b>										
Business loan from bank	23.1	22.2	22.2	23.5	19.6	6.9	7.5	7.3	4.9	5.9
Government-guaranteed bank loan	0.7	0.6	0.8	1.0	0.5	0.2	0.2	0.3	0.2	0.1
None needed	51.9	54.9	45.9	42.9	61.1	61.1	62.7	55.2	60.6	72.0
Outside investor	1.8	1.3	1.7	2.9	1.1	1.1	0.9	0.9	1.4	0.6
Personal/business credit card	13.3	11.6	18.1	20.4	6.4	11.8	10.5	15.3	13.9	5.0
Business loan from government	0.9	0.8	1.2	1.2	0.7	0.4	0.4	0.8	0.4	0.3
Other personal/family assets	6.6	6.2	9.8	9.4	4.6	5.4	5.3	7.0	5.2	3.4
Personal/family savings	25.7	24.0	33.4	32.7	20.6	28.1	26.7	32.9	29.9	19.9

Source: Office of Advocacy, U.S. Small Business Administration, from special tabulations of U.S. Census Bureau, Survey of Business Owner data.