
Small Business Profile: UNITED STATES

Small businesses make a significant contribution to the U.S. economy, and in 2003, they were the engine of the United States' economic performance. Nationally, half of U.S. non-farm private output and employment is generated by small firms with 500 or fewer employees. Indeed, small business owners—including women, minorities, and home based individuals—were leaders in the U.S. economy in 2003. The Office of Advocacy's *Small Business Profile* reports on small businesses in the United States using the most currently available data.

Number of Businesses. The estimated total number of small businesses in the United States in 2003 was 22,659,000.¹ Of the 5,696,600 employer firms in 2003, 99.7 percent or an estimated 5,679,500 were small firms. The estimated number of employer businesses increased by 0.3 percent in 2003. The most recent data available show that non-employer businesses numbered 16,979,498 in 2001. Self-employment increased by 3.7 percent, from 9,926,000 in 2002 to 10,295,000 in 2003. (Source: U.S. Dept. of Labor, Employment and Training Administration; U.S. Dept. of Commerce, Census Bureau; U.S. Dept. of Labor, Bureau of Labor Statistics.)

Women-Owned Businesses. Self-employment by women increased by 5.3 percent, from 3,657,292 in 2002 to 3,850,889 in 2003 and represented 37.4 percent of self-employed persons in the United States. Women-owned businesses generated \$818.7 billion in revenues, employed 7,076,081 workers, and constituted 5,417,000 firms or 26 percent of all firms in 1997. (Sources: U.S. Dept. of Labor, Bureau of Labor Statistics; U.S. Dept. of Commerce, Census Bureau.)

Minority-Owned Businesses. In 1997, 20.2 percent or 615,200 of the minority-owned businesses in the United States were employer firms, and they generated 87.4 percent of the total minority-owned business revenue of \$591.3 billion. There were 1,199,900 Hispanic-owned businesses; 823,500 Black-owned businesses; 913,000 Asian and Pacific Islander-owned businesses; and 197,300 American Indian and Alaskan Native-owned businesses in 1997. (Source: U.S. Dept. of Commerce, Census Bureau.)

¹ The Office of Advocacy's estimate of the total number of U.S. small businesses is based on the percent of small businesses (2001 Census Bureau firm size data) multiplied by the total number of employer businesses in 2003 (Dept. of Labor). To this total, we add the 2001 number of non-employer firms (Census Bureau).

Business Turnover. The estimated number of new employer businesses was 572,900 in 2003, which is 2.8 percent less than the previous year. Business bankruptcies decreased by 9.1 percent, and totaled 35,037 in 2003. Business terminations decreased by 2.5 percent and numbered 554,800 in 2003. (Source: U.S. Dept. of Labor, Employment and Training Administration; Administrative Office of the U.S. Courts; U.S. Dept. of Commerce, Census Bureau.)

Employment. Small businesses with fewer than 500 employees numbered 5,640,407 in 2001 and employed 57,383,450 people or 49.9 percent of the U.S. non-farm private workforce (Table 1).² Total net employment gain in the United States amounted to 999,970 between 2000 and 2001, and 1,080,319 new jobs were created in MSAs (metropolitan statistical areas). During the same time period, firms with fewer than 20 employees gained 1,111,183 jobs. (Source: U.S. Dept. of Commerce, Census Bureau, Statistics of U.S. Businesses. Note: Urban (MSA) and rural (non-MSA) employment data is available at: www.sba.gov/advo/stats/data.html.)

Small Business Income. Small business proprietors' income in 2003 increased by 7.3 percent, from \$800.4 billion in 2002 to \$858.9 billion in 2003. (Source: U.S. Dept. of Commerce.)

Finance. Small firms typically use commercial bank lenders and rely on local bank services. Over the last five years there has been a gradual decline in the number of banks in United States (Table 3). The Office of Advocacy has identified banks in each state that make the most loans to small businesses. This information is available in its banking studies available at www.sba.gov/advo/stats.

To learn more about the Office of Advocacy's research, data, and analyses of small businesses, visit www.sba.gov/advo, call (202) 205-6533 or email advocacy@sba.gov.

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² The number of employers listed in Table 1 is not directly comparable to the figures listed in the *Number of Businesses* section due to different data sources.

Table 1. Firms and Employment in United States by Industry and Firm Size, 2001 (Thousands)

Industry	Non-employer Firms	Employer Firms			Employment		
		Total	< 100	< 500	Total	< 100	< 500
Total	16,979.50	5,657.77	5,555.10	5,640.41	115,061.18	40,973.08	57,383.45
Agriculture, forestry, fishing, and hunting	220.62	25.8	25.5	25.72	183.48	134.52	163.86
Mining	87.7	19.34	18.54	19.02	485.57	148.58	214.54
Utilities	13.58	7.28	6.8	7.07	654.48	62.86	105.97
Construction	2,067.27	691.11	683.7	690.08	6,491.99	4,452.34	5,527.30
Manufacturing	280.17	305.16	285.04	300.63	15,950.42	3,857.06	6,637.97
Wholesale trade	386.31	346.03	334.72	342.77	6,142.09	334.72	3,864.99
Retail trade	1,738.85	735.14	723.88	732.72	14,890.29	723.88	6,462.40
Transportation and warehousing	764.71	157.2	153.25	156.08	3,750.66	153.25	1,557.74
Information	241.86	77.46	74.19	76.33	3,754.70	627.76	995
Finance and insurance	714.9	230.6	225.33	228.99	6,248.40	1,310.64	1,941.01
Real estate; rental and leasing	1,791.57	247.58	243.98	246.37	2,013.67	1,082.99	2,013.67
Professional, scientific, and technical services	2,445.68	682.28	673.68	679.85	7,156.58	3,554.98	4,589.02
Management of companies and enterprises	N/A	26.79	12.45	20.1	2,879.22	87.96	325.47
Admin., support, waste mngt., and remed., services.	1,075.75	308.5	297.51	305.33	9,061.99	297.51	3,525.69
Educational services	305.45	63.69	59.73	62.7	2,612.43	716.95	1,237.08
Health care and social assistance	1,381.73	540.98	523.74	537.44	14,534.73	4,289.87	6,905.83
Arts, entertainment, and recreation	804.63	99.12	96.25	98.55	1,780.36	807.65	1,193.08
Accommodation and food services	225.97	416.46	406.69	414.79	9,972.30	4,557.16	5,999.20
Other services	2,432.76	658.41	652.71	657.15	5,370.48	3,947.33	4,593.63
Auxiliary, except corp, subsidiary, and regional managing offices	N/A	5.4	1.32	3.02	1,022.11	12.06	57.55
Unclassified	N/A	78.64	78.64	105.23	105.23	105.23	105.23

*Data suppressed to protect the confidentiality of individual firms.

Source: U.S. Department of Commerce, Census Bureau.

Table 2. Non-farm Establishment Job Gains and Losses by Firm Size, 2000–2001 (Thousands)

	Firm Size (Number of Employees)			
	Total	1–19	1–499	500+
Job Gains:				
New establishments	6,693.35	1,838.92	3,549.11	3,144.24
Expanding establishments	11,664.68	3,047.48	6,592.47	5,072.21
Job Losses:				
Downsized establishments	-11,261.60	-2,054.07	-5,565.33	-5,696.27
Closed establishments	-6,096.46	-1,721.15	-3,425.38	-2,671.08
Net change in employment	999.97	1,111.18	1,150.88	-150.91

Source: U.S. Department of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 2001.

Table 3. Number of Banks in United States by Asset Size, 1995 – 2003

Number of Banks Per Year					Number of Banks by Asset Size, 2003				
1995	2000	2001	2002	2003	Below \$100M	\$100M–\$500M	\$500–\$1B	\$1B–\$10B	Over \$10B
10149	8,459	8,158	7,949	7,816	4,022	2,990	393	331	80

Source: U.S. Small Business Administration, Office of Advocacy, from data collected by the Federal Reserve Board.

The full list of small-business-friendly banks can be found on the Office of Advocacy's website at www.sba.gov/advocacy/lending.