

Small Business Profile: UNITED STATES

Entrepreneurs, innovators, and small businesses are key players in the economy of the United States. They make up most of the employer firms in the nation, and their contribution is indispensable. Their diverse composition and the spectrum of opportunities they offer are captured in this *Small Business Profile*, using the most current federal data available.

Number of Businesses. In 2005, the United States had an estimated total of 25,823,400 small businesses based on the most recent data.¹ Firms with employees numbered 5,992,400; of these, an estimated 99.7 percent, or 5,974,400, were small firms. Self-employment (including incorporated) increased by 0.9 percent, from 15,636,149 in 2004 to 15,779,983 in 2005.² In 2004, non-employer firms increased by 4.7 percent and numbered 19,523,741. (Sources: 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 Firms. Firms owned by women increased 20 percent between 1997 and 2002, from 5,417,034 to 6,489,259; they represented 28.2 percent of the nation's total businesses in 2002. These firms (with and without paid employees) generated \$939.5 billion in revenues in 2002. Of the total number of women-owned firms, 14.1 percent or 916,768 were employer firms. In 2005, self-employed women totaled 5,278,073, an increase of 0.3 percent from 2004, and they represented 33.4 percent of self-employed persons in the nation. (Sources: U.S. Dept. of Labor, Bureau of Labor Statistics; U.S. Dept. of Commerce, Census Bureau.)

Minority-Owned Firms.³ In 2002, Asian-owned firms totaled 1,103,587 and generated \$326.7 billion in receipts; Black-owned firms numbered 1,197,567 and generated \$88.6 billion in receipts; and Hispanic-owned businesses totaled 1,573,464 and created \$222.0 billion in receipts. The number of American Indian- and Alaska Native-owned firms was 201,387, and they generated \$26.9 billion in receipts; while the number of Native Hawaiian- and other Pacific Islander-owned firms was 28,948, and they generated \$4.3 billion in receipts in 2002. (Source: U.S. Dept. of Commerce, Census Bureau.)

Business Turnover. New employer businesses in 2005 were estimated at 671,800, 4.5 percent more than the previous year. Business bankruptcies increased by 14.2 percent, to 39,201, in 2005, while business terminations increased by 0.1 percent, to 544,800. (Sources: U.S. Dept. of Labor, Employment and Training Administration; Administrative Office of the U.S. Courts.)

Employment. There were 5,750,201 employer firms with fewer than 500 employees in 2003;⁴ they provided 57,447,570 jobs in the United States. These firms represented 99.7 percent of the employer businesses and employed 50.7 percent of the nation's non-farm private sector workforce (Table 1). Between 2002 and 2003, total small business net new jobs amounted to 1,990,326 (Table 2). (Source: U.S. Dept. of Commerce, Census Bureau, Statistics of U.S. Businesses.)

Small Business Income. Non-farm proprietors' income, which is a partial measure of small business income, increased by 7.5 percent to \$917.8 billion in 2005. (Source: U.S. Dept. of Commerce.)

Finance.⁵ Two important sources of small business financing are commercial banks and savings banks, which owners rely on for their financial needs. The total number of operating bank and savings bank branches operating in the United States increased in 2005 (Table 3). A list of financial institutions in the nation that make most of the loans to small businesses has been compiled by the Office of Advocacy and is available at: www.sba.gov/advo/research/lending.html.

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

Sign up at <http://web.sba.gov/list> for email delivery of:

- Advocacy Newsletter
- Advocacy Press
- Advocacy Regulatory News
- Advocacy Research

For Really Simple Syndication (RSS) feeds, visit www.sba.gov/advo/rsslibrary.html.

¹ For the total number of businesses in the U.S. see Frequently Asked Questions (FAQ) <http://www.sba.gov/advo/stats/sbfaq.pdf>.

² The definition of self-employment has changed; as a result, statistics in the *Small Business Profiles* before 2004 are not comparable.

³ Minority owners may belong to more than one minority group, so adding the different groups gives a result greater than the total.

⁴ The latest year for which the data by size classification exist.

⁵ This year's edition of *Small Business Profiles* covers the states' number of branches of commercial banks and savings institutions. Previous reports covered a smaller number of financial institutions—only parent banks, not their branches or those of savings institutions.

Table 1. Firms and Employment in the United States by Industry and Firm Size, 2003 and 2004 (Thousands)

Industry	Non-Employer Firms (2004)	Employer Firms (2003)			Employment (2003)		
		Total	< 100	< 500	Total	< 100	< 500
Total	19,524.7	5,767.1	5,665.4	5,750.2	113,398.0	41,017.3	57,447.6
Agriculture, forestry, fishing, and hunting	231.6	25.1	24.9	25.1	180.7	*	*
Mining	91.0	18.2	17.4	17.9	454.6	140.0	201.0
Utilities	15.8	7.1	6.7	6.9	675.9	*	*
Construction	2,391.6	722.8	715.8	721.9	6,381.4	4,463.4	5,487.2
Manufacturing	303.8	295.6	277.4	291.5	14,132.0	3,607.8	6,102.0
Wholesale trade	384.3	342.45	331.6	339.4	5,863.9	2,658.4	3,640.4
Retail trade	1,892.8	732.9	721.5	730.5	14,867.8	5,084.6	6,404.6
Transportation and warehousing	915.8	161.9	156.3	159.7	4,067.9	1,080.1	1,552.4
Information	283.3	75.8	72.6	74.6	3,599.9	587.8	921.5
Finance and insurance	717.5	244.7	238.9	242.9	6,463.7	1,366.9	2,064.6
Real estate, and rental and leasing	2,218.3	270.1	266.5	268.9	2,044.7	1,118.6	6,404.6
Professional, scientific, and technical services	2,725.1	714.8	705.4	711.9	7,340.2	3,545.9	4,546.7
Management of companies and enterprises	N/A	27.7	12.6	20.9	2,879.2	92.6	348.2
Admin., support, waste mgt., and remed. serv.	1,337.2	299.4	288.0	296.0	8,511.1	2,041.6	3,465.4
Educational services	409.8	69.0	64.8	67.9	2,776.6	764.1	1,305.4
Health care and social assistance	1,608.7	575.1	556.6	571.4	15,472.2	4,596.4	7,459.3
Arts, entertainment, and recreation	923.1	106.5	103.4	105.9	1,833.0	827.0	1,236.7
Accommodation and food services	275.5	438.2	427.8	436.5	10,439.7	4,801.9	6,349.5
Other services	2,800.3	669.7	663.8	668.3	5,367.2	4,001.6	4,636.1
Unclassified	N/A	36.5	36.5	*	46.35	*	*

*Data suppressed to protect the confidentiality of individual firms. N/A = not available.

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

Table 2. Non-Farm Establishment Job Gains and Losses by Firm Size, 2002–2003 (Thousands)

	Total	Firm Size (Number of Employees)		
		1–19	1–499	500+
Job gains:				
New establishments	6,411.3	1,883.9	3,537.2	2,874.0
Expanding establishments	11,933.3	3,410.4	7,278.1	4,655.2
Job losses:				
Downsized establishments	-11,241.1	-2,094.9	-5,567.8	-5,673.3
Closed establishments	-6,107.8	-1,625.9	-3,257.2	-2,850.6
Net change in employment	995.7	1,573.5	1,990.3	-994.7

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

Table 3. Number of Bank and Savings Institution Branches in the United States, 2001–2005

2001	2002	2003	2004	2005
78,061	78,483	79,914	82,415	84,710

Source: U.S. Small Business Administration, Office of Advocacy, from data collected by Federal Deposit Insurance Corporation, Statistics on Banking.

Note: A full list of small business lending banks collected by the Federal Reserve Board can be found on the Office of Advocacy's website at www.sba.gov/advo/research/lending.html.