

California

California's 3.3 million small businesses provide economic opportunities to diverse groups of people and bring innovative products and services to the marketplace.* This profile from the Office of Advocacy compiles the latest facts and figures on the status and role of small business in the state. (Note that a small business is defined here as one with fewer than 500 employees.)

- California had 707,120 small employers in 2005, representing 99.2% of the state's employers and 51.8% of its private-sector employment.
- The manufacturing industry was the state's largest small business employer in 2005; retail trade was the largest overall employer (Table 1).
- Small businesses created 87.6% of the state's net new jobs from 2004 to 2005 (Table 2).
- California's real gross state product increased by 1.5% in 2007. By comparison, growth in the Far West region was 1.9% and the United States, 2.0%. (Source: U.S. Dept. of Commerce: Bureau of Economic Analysis)

For Further Information

- Data on all the states and territories is available at www.sba.gov/advo/research/profiles.
- For other small business data and analysis, visit www.sba.gov/advo/research, call (202) 205-6533, or email advocacy@sba.gov.
- To learn about state efforts to adopt or implement regulatory flexibility, visit www.sba.gov/advo/laws/law_modeleg.html.
- Visit <http://web.sba.gov/list> to subscribe to listservs for Advocacy's newsletter, press releases, regulatory news and research reports.
- Visit www.sba.gov/advo/rsslibrary.html for RSS feeds.

* The number of small businesses is the number of small employers plus the number of nonemployers in 2005.

California Small Business Facts

	Level in 2005†	% Change from 2004 2000	
Number of Businesses			
Small employers (<500 employees)	707,120	2.4	7.3
Large employers (500+ employees)	5,568	2.2	-2.1
Nonemployers	2,609,258	4	24.1
	Level in 2002†	% Change from 1997	
Business Owner Demographics			
Male-owned	1,625,297	20.4	
Woman-owned	870,496	24.3	
Equally male/female-owned	346,753	-25.6	
African American-owned	112,815	42.6	
Asian-owned	371,530	18.7	
Hispanic-owned	427,678	27.1	
Native American/Alaskan-owned	38,125	NA	
Hawaiian and Pacific Islander-owned	7,074	128.8	
	Level in 2007†	% Change from 2006 2000	
Workforce (Thousands) /Unemployment (%)			
Private-sector employment	12,666	0.5	4.1
Government employment	2,497	1.8	7.7
Self-employed (incorp. & uninc.)	2,322	-2.3	23.6
Female self-employment	840	1.0	19.6
Male self-employment	1,482	-4.1	26.0
Minority self-employment	384	-9.6	25.3
Veteran self-employment	189	-12.4	-18.8
Unemployment rate (%)	5.4	0.5	0.5
Business Turnover			
Quarterly establishment openings	175,531	1.6	4.1
Quarterly establishment closings	172,587	1.5	9.0
Business bankruptcies	3,505	67.1	-52.6
Income and Finance			
Proprietors' income (\$billion)	149.4	-3.1	27.4
Bank branches	7,122	3.3	15.0
No. of bus. loans under \$100,000	116,932	-5.0	NA
Total value of business loans under \$100,000 (\$million)	3,109	-1.5	NA
Sources: U.S. Dept. of Commerce, Bureau of the Census and Bureau of Economic Analysis; U.S. Dept. of Labor, Bureau of Labor Statistics; Administrative Office of the U.S. Courts; Federal Deposit Insurance Corporation, Summary of Deposits; and U.S. Small Business Administration, Office of Advocacy (www.sba.gov/advo/research/lending.html).			
† Latest available data; certain figures are economywide.			

**Table 1. Firms and Employment in California by Industry and Firm Size, 2005 and 2006
(Non-farm, thousands)**

Industry	Nonemployer firms (2006)	Employer firms (2005)			Employment (2005)		
		Total	1-19 Employees	1-499 Employees	Total	1-19 Employees	1-499 Employees
Total	2,645.3	712.7	629.7	707.1	13,382.5	2,464.9	6,925.8
Forestry, etc. and agriculture support	12.7	2.0	1.7	2.0	23.7	5.9	19.9
Mining	4.9	0.7	0.5	0.6	19.7	2.2	8.3
Utilities	1.2	0.5	0.4	0.5	59.4	1.7	5.1
Construction	207.1	74.3	65.9	74.0	865.8	260.4	720.2
Manufacturing	41.7	42.1	30.7	40.9	1,450.4	170.8	792.3
Wholesale trade	56.8	52.1	43.7	51.0	816.2	184.6	529.0
Retail trade	215.3	76.9	68.9	76.2	1,652.0	286.6	677.6
Transportation and warehousing	117.1	16.4	13.4	15.7	448.6	55.3	165.6
Information	56.6	14.0	11.9	13.7	509.3	38.0	141.5
Finance and insurance	92.6	30.9	27.9	30.3	703.3	86.0	234.3
Real estate and rental and leasing	337.3	41.4	38.9	41.1	317.2	107.9	215.4
Professional, scientific, and technical svcs.	460.5	101.3	93.3	100.3	1,192.3	290.2	641.1
Management of companies and enterprises	--	3.1	0.5	2.0	296.2	1.3	36.2
Admin., support, waste mgt., remed. svcs.	186.6	35.8	30.3	35.1	1,061.5	117.1	443.2
Educational services	57.2	9.4	7.3	9.3	301.6	34.7	156.0
Health care and social assistance	238.9	80.2	72.9	79.8	1,507.7	308.0	751.7
Arts, entertainment, and recreation	157.3	17.8	15.9	17.7	298.8	41.5	155.8
Accommodation and food services	34.2	55.1	44.5	54.7	1,285.1	239.7	770.5
Other services (except public admin.)	367.4	63.8	58.6	63.5	569.5	228.8	457.6
Unclassified	--	2.9	2.9	2.9	4.3	3.8	4.3

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses. (See www.sba.gov/advo/research/data.html 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, 2002–2005 (Non-farm)

	Total	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
2003 - 2004	270,165	121,415	31,681	13,293	-10,217	-4,192	151,980	118,185
2002 - 2003	135,477	146,480	34,684	19,286	39,267	-8,130	231,587	-96,110

Source: U.S. Dept. of Commerce, Bureau of the Census. (For more detailed data see www.sba.gov/advo/research/data.html.)

Table 3: Establishment and Employment Turnover by Quarter, 2007 (Non-farm, thousands)

	Establishments				Employment			
	Openings	Expansions	Contractions	Closings	Openings	Expansions	Contractions	Closings
Quarter 4	47.1	182.1	182.7	41.8	189.4	800.3	743.1	171.6
Quarter 3	43.8	177.1	184.3	41.3	176.6	730.2	763.7	159.7
Quarter 2	40.6	179.1	183.8	46.8	154.0	778.8	770.0	196.7
Quarter 1	44.0	186.7	178.3	42.6	156.9	790.7	743.2	169.4

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: The establishment turnover figures contain all firm sizes, but Census data from 2005 showed that 87 percent of establishment births and deaths were in firms with fewer than 500 employees.