



Small Business by the Numbers

About Small Business

More than one in two people in the U.S. private workforce work for or run a small business, according to data from the U.S. Small Business Administration Office of Advocacy and U.S. Census Bureau

Every one in two individuals in the U.S. private workforce run or work for a small business.

Since 1989, small business has created 93.5 percent of all net new jobs, totaling 21.9 million new jobs in the past 19 years—or 4,000 jobs per day.

Small-business comprises 99.7 of all U.S. private employers and creates more than half of U.S. gross domestic product.

Small firms create 13 times more patents per employee than large firms, and export an average of \$375 billion in goods and services every year.

Fifty-four percent of adults surveyed in the 2007 Harris Interactive Poll, *Confidence in Leaders of Major Institutions* expressed a great deal of confidence in small-business owners—the only group in the past three years to garner such a high rating from a majority of people.

Economic Slowdown

When asked in early 2007 about their economic outlook, a majority of small-business owners responded positively. In early 2008, however, a whopping 71 percent expressed a negative outlook on the economy. That number jumped to 79 percent in September 2008.

Despite the relatively bleak outlook for the U.S. economy as a whole, 75 percent of small-business owners today are confident about the future of their own business.

More than half (55 percent) of business owners surveyed said they have faced difficulty securing credit over the last year.

According to the October 2008 Federal Reserve Board Senior Loan Officer Survey, 75 percent of U.S. banks have tightened their lending standards on small business loans. When asked about credit cards, 20 percent cited reduced limits on prime borrowers while 60 percent lowered limits on nonprime borrowers. Ninety-five of those banks that lowered limits cited the poor economy and reduced tolerance for risk as reasons for lowering the credit card limits—neither of which are attributable to poor performance of the credit card holder.

Key Issues

Fifty percent of small-business owners cite “economic uncertainty” as one of the most significant challenges they face to the growth and survival of their business, with the cost of health insurance (35 percent) and lack of available capital (32 percent) rounding out the top three.

Spikes in energy costs have negatively impacted 77 percent of small-business owners, according to the February 2008 NSBA survey.

In 2008, only 38 percent of all small businesses were able to provide health insurance to their employees, down from 61 percent in 1993.

Credit cards continue to be the largest source of financing for small businesses, yet 57 percent report that their credit card terms are worsening.

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