

SMALL BUSINESS PROFILE

U.S. SMALL BUSINESS ADMINISTRATION

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

ARKANSAS




240,123
96.6% Small Businesses
of Arkansas Businesses


476,232
48.7% Small Business Employees
of Arkansas Employees



EMPLOYMENT
4,505
net new jobs¹



DIVERSITY
52.2%
increase in minority
ownership²



TRADE
79.2%
of Arkansas exporters³

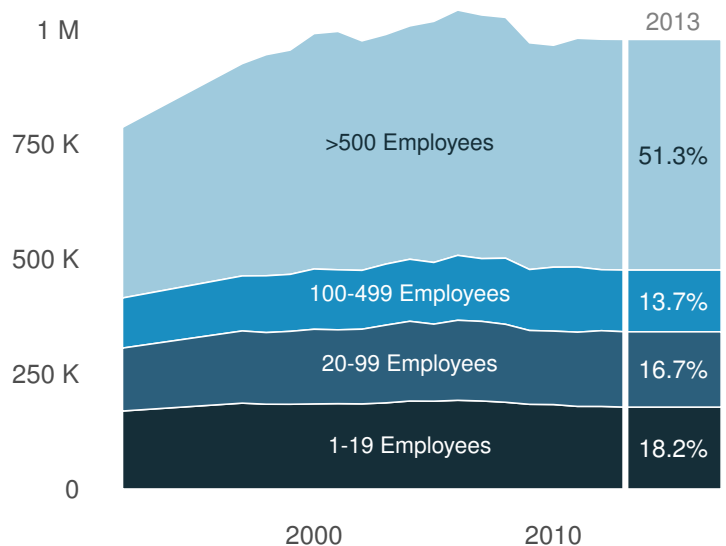
OVERALL ARKANSAS ECONOMY

- In the third quarter of 2015, Arkansas grew at an annual rate of 1.9% equal to the overall US growth rate. By comparison, Arkansas's 2014 growth of 3.1% was down from the 2013 level of 4.0%. (Source: BEA)
- The employment situation in Arkansas improved. At the close of 2015, unemployment was 4.7%, down from 5.6% at the close of 2014. This was below the national unemployment rate of 5.0%. (Source: CPS)

EMPLOYMENT

- Arkansas small businesses employed 476,232 people, or 48.7% of the private workforce, in 2013. (Source: SUSB)
- Firms with fewer than 100 employees have the largest share of small business employment. See Figure 1 for further details on firms with employees. (Source: SUSB)
- Private-sector employment increased 2.0% in 2015. This was below the previous year's increase of 3.0%. (Source: CES)
- The number of proprietors increased in 2014 by 1.2% relative to the previous year. (Source: BEA)
- Small businesses created 4,505 net jobs in 2013. Among the seven BDS size-classes, firms employing 250 to 499 employees experienced the largest gains, adding 2,670 net jobs. The largest losses were in firms employing 5 to 9 employees which lost 821 net jobs. (Source: BDS)

Figure 1: Arkansas Employment by Firm Size



The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy. Each report incorporates the most up-to-date government data to present a unique snapshot of small businesses. **Small businesses are defined as firms employing fewer than 500 employees.** Hyperlinks to data sources and report generation information are provided in Table 3.

^{1,3} Net small business jobs change and exporter share are based on newly released 2013 BDS and 2012 ITA data.

² Diversity statistic tracks changes between 2007 and 2012 based on the Survey of Business Owners (SBO) 2015 release.

INCOME AND FINANCE

- The number of banks reported in the Call Reports between June 2014 and June 2015 declined. (Source: FDIC)
- In 2014, 36,027 loans under \$100,000 (and valued at \$578.2 million) were issued by Arkansas lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income⁴ for individuals who were self-employed at their own incorporated businesses was \$43,400 in 2014. For individuals self-employed at their own unincorporated firms, this figure was \$20,295. (Source: ACS)

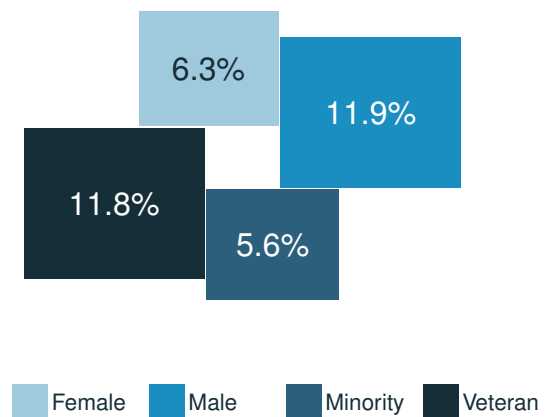
⁴ Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

BUSINESS OWNER DEMOGRAPHICS

Figure 2: Arkansas Changes in Business Ownership by Demographic Group

African American-owned	●	55.3%
Asian-owned	●	43.1%
Hawaiian/Pacific Islander-owned	●	66.3%
Hispanic-owned	●	46.8%
Native American/Alaskan-owned	●	15.7%
Minority-owned	●	52.2%
Nonminority-owned	○	-7.4%

Figure 3: Arkansas Self-Employment within Demographic Group

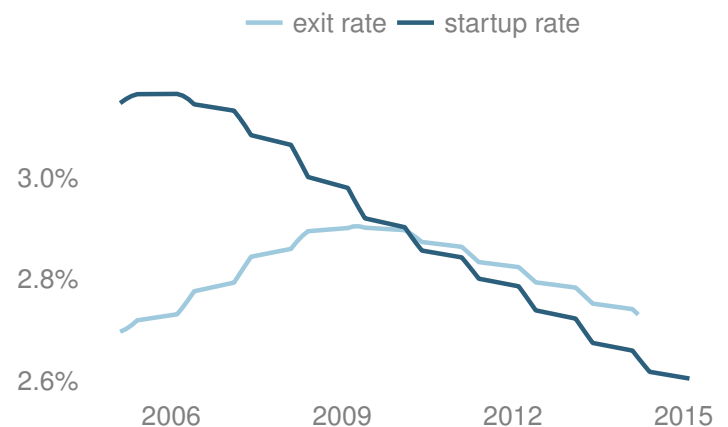


- Figure 2 displays the change in overall firm ownership for each demographic group from 2007 to 2012 based on the Survey of Business Owners (SBO) for Arkansas, released in December 2015.
- Figure 3 displays the percent of each demographic group identified as self-employed according to the 2014 American Community Survey (ACS) 5-year estimates.

BUSINESS TURNOVER

- In the second quarter of 2014, 1,689 establishments started up⁵ in Arkansas and 1,812 exited.⁶ Startups generated 5,918 new jobs while exits caused 4,365 job losses. (Source: BDM)
- Figure 4 displays startup and exit rates from 2005 to 2015. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

Figure 4: Arkansas Private Startup and Exit Rates



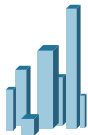




⁵ **STARTUPS** are counted when business establishments hire at least one employee for the first time. The BLS terms these **births**, as distinct from the BLS **openings** category which includes seasonal re-openings.

⁶ **EXITS** occur when establishments go from having at least one employee to having none, and then remain closed for at least a year. The BLS terms these events **deaths**, as distinct from the **closings** category which includes seasonal shutterings.

- A total of 2,264 companies exported goods from Arkansas in 2013. Among these, 1,793, or 79.2%, were small firms; they generated 22.1% of Arkansas's total known export value. (Source: ITA)

SMALL BUSINESSES BY INDUSTRY

Table 1: Arkansas Small Firms by Industry, 2013
(sorted by small employer firms)

				
Industry	1 – 499 Employees	1 – 19 Employees	Nonemployer Firms	Total Small Firms
Retail Trade	6,712	6,110	17,269	23,981
Other Services (except Public Administration)	6,219	5,832	35,856	42,075
Health Care and Social Assistance	5,687	4,871	14,800	20,487
Professional, Scientific, and Technical Services	5,228	4,936	17,212	22,440
Construction	5,081	4,640	27,731	32,812
Accommodation and Food Services	4,037	3,030	2,944	6,981
Wholesale Trade	2,414	1,846	2,833	5,247
Finance and Insurance	2,263	2,069	6,245	8,508
Real Estate and Rental and Leasing	2,233	2,104	16,936	19,169
Administrative, Support, and Waste Management	2,156	1,886	20,199	22,355
Manufacturing	2,032	1,498	2,657	4,689
Transportation and Warehousing	1,875	1,636	9,275	11,150
Arts, Entertainment, and Recreation	783	697	6,308	7,091
Agriculture, Forestry, Fishing and Hunting	613	578	4,444	5,057
Educational Services	516	399	3,707	4,223
Information	412	337	1,673	2,085
Mining, Quarrying, and Oil and Gas Extraction	305	245	1,274	1,579
Utilities	126	106	167	293
Total	48,692	42,820	191,530	240,222

Totals for Tables 1 and 2 differ from SUSB's statewide tallies due to firms with establishments in more than one industry and the omission of industry classifications not reported by NES. (Source: NES and SUSB)

s Indicates samples deemed too small to represent the population according to SUSB.

Table 2: Arkansas Employment by Industry and Firm Size, 2013
(sorted by small firm employment)

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	84,212	165,607	50.9%
Accommodation and Food Services	65,213	96,277	67.7%
Retail Trade	55,481	138,007	40.2%
Manufacturing	40,582	153,711	26.4%
Other Services (except Public Administration)	39,022	42,188	92.5%
Construction	36,708	40,629	90.3%
Wholesale Trade	27,297	43,299	63.0%
Professional, Scientific, and Technical Services	26,156	33,686	77.6%
Administrative, Support, and Waste Management	23,484	57,031	41.2%
Finance and Insurance	16,886	36,295	46.5%
Transportation and Warehousing	16,747	49,665	33.7%
Educational Services	10,215	18,432	55.4%
Real Estate and Rental and Leasing	9,192	13,254	69.4%
Arts, Entertainment, and Recreation	7,274	8,865	82.1%
Information	4,823	25,784	18.7%
Agriculture, Forestry, Fishing and Hunting	4,020	4,474	89.9%
Mining, Quarrying, and Oil and Gas Extraction	3,443	8,365	41.2%
Utilities	2,537	7,727	32.8%
Total	473,292	943,296	50.2%

Figure 5: Arkansas County-Level Job Changes, 2015 (CEW)

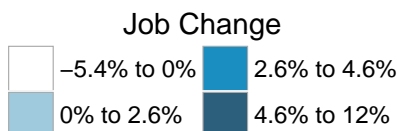
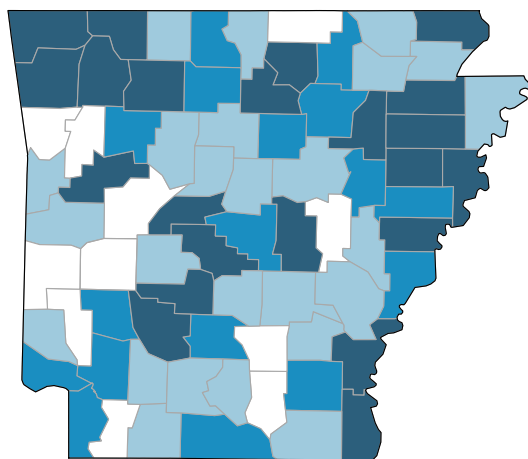


Table 3: Abbreviations and Resources

ACS	American Community Survey, US Census Bureau
BEA	Bureau of Economic Analysis
BDM	Business Employment Dynamics, BLS
BDS	Business Dynamics Statistics, US Census Bureau
BLS	Bureau of Labor Statistics, US Department of Labor
CES	Current Employment Statistics, BLS
CEW	Census of Employment and Wages, BLS
CPS	Current Population Survey, BLS
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
ITA	International Trade Administration
NES	Nonemployer Statistics, US Census Bureau
SBO	Survey of Business Owners, US Census Bureau
SUSB	Statistics of US Businesses, US Census Bureau

All profiles, source data, methodology notes, and county-level employment statistics are available at <http://go.usa.gov/cfKMd>

