

# 2018 SMALL BUSINESS PROFILE

## OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

### NORTH CAROLINA



**890,398** Small Businesses  
**99.6%** of North Carolina Businesses

**1.6 million** Small Business Employees  
**44.3%** of North Carolina Employees

**EMPLOYMENT**  
**50,881**  
net new jobs

**DIVERSITY**  
**183,333**  
minority-owned  
businesses

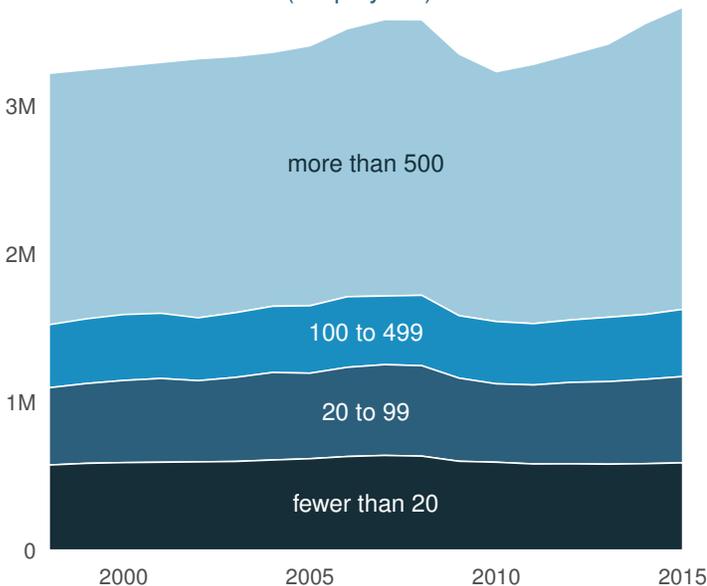
**TRADE**  
**9,410**  
small business  
exporters

#### OVERALL NORTH CAROLINA ECONOMY

- In the third quarter of 2017, North Carolina grew at an annual rate of **3.0%**, which was slower than the overall US growth rate of **3.4%**. North Carolina's 2016 growth rate of **1.9%** was down from the 2015 rate of **2.7%**. (Source: [BEA](#))
- In January 2018, the unemployment rate was **4.5%**, down from **4.9%** in January 2017. This was above the January 2018 national unemployment rate of **4.1%**. (Source: [CPS](#))

#### EMPLOYMENT

Figure 1: North Carolina Employment by Business Size (Employees)



- North Carolina small businesses employed **1.6 million** people, or **44.3%** of the private workforce, in 2015. (Source: [SUSB](#))
- Firms with fewer than 100 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment increased **1.8%** during the 12-month period ending in January 2018. This was below the increase of **2.2%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2016 by **2.2%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **50,881** net jobs in 2015. Firms employing fewer than 20 employees experienced the largest gains, adding **30,523** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **4,187** net jobs. (Source: [SUSB](#))

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 for this profile as firms employing fewer than 500 employees. Net small business job change, minority small business ownership, and exporter share statistics are based on the 2015 Statistics of US Businesses (SUSB), 2012 Survey of Business Owners (SBO), and 2015 International Trade Administration (ITA) data, respectively.

## INCOME AND FINANCE

- The number of banks decreased by 5 between June 2016 and June 2017 to 59 banks. (Source: FDIC)
- In 2016, 153,793 loans under \$100,000 (valued at \$2.5 billion) were issued by North Carolina lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income for individuals self-employed at their own incorporated businesses was \$43,867 in 2016. For individuals self-employed at their own unincorporated firms, this figure was \$21,134. (Source: ACS)

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

## EMPLOYER BUSINESS OWNER DEMOGRAPHICS

Figure 2: North Carolina Employees per Business by Owner's Demographic, 2015

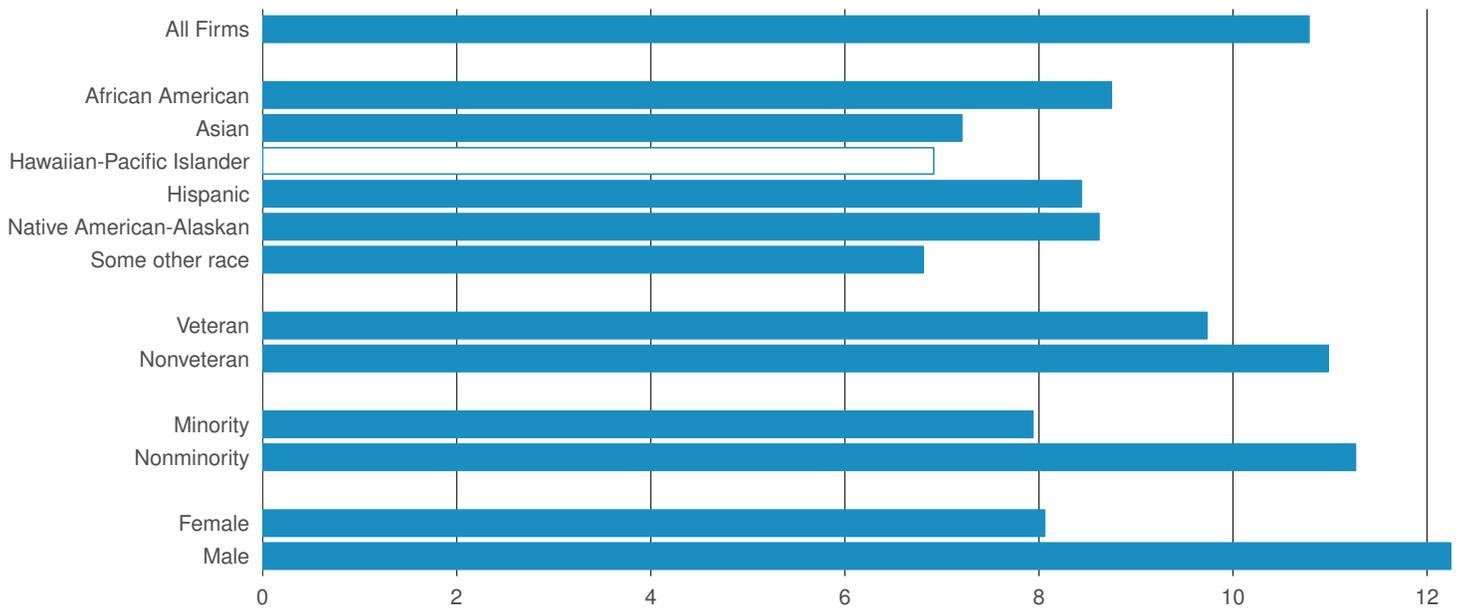
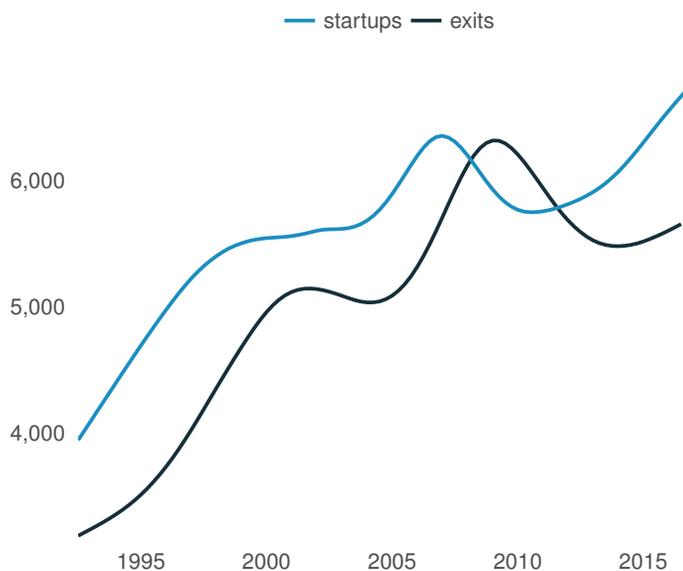


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding individual businesses.

## TURNOVER AMONG ESTABLISHMENTS WITH EMPLOYEES

Figure 3: North Carolina Quarterly Startups and Exits



- In the third quarter of 2016, 6,878 establishments started up, generating 25,006 new jobs in North Carolina. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 6,039 establishments exited resulting in 22,348 jobs lost. Exits occur when establishments go from having at least one employee to having none, and then remain closed for at least one year. (Source: BDM)
- Figure 3 displays quarterly startups and exits from 1992 to 2016. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

The BLS data covers only business establishments with employees. BLS refers to startups as births and exits as deaths. These terms are distinct from the BLS openings and closings categories. Openings include seasonal re-openings and closings include seasonal shutterings. Quarterly startup and exit values may not align with Figure 3 due to smoothing.

## INTERNATIONAL TRADE

- A total of 10,766 companies exported goods from North Carolina in 2015. Of these, 9,410, or 87.4%, were small firms; they generated 26.1% of North Carolina's \$26.2 billion in total exports. (Source: ITA)

## SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: North Carolina Employment by Industry, 2015

 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	251,590	568,180	44.3
Accommodation and Food Services	232,900	393,180	59.2
Retail Trade	154,405	481,681	32.1
Manufacturing	154,395	423,987	36.4
Construction	149,026	175,757	84.8
Other Services (except Public Administration)	135,108	151,208	89.4
Professional, Scientific, and Technical Services	120,038	211,232	56.8
Administrative, Support, and Waste Management	105,138	374,491	28.1
Wholesale Trade	91,054	179,558	50.7
Educational Services	43,283	98,681	43.9
Arts, Entertainment, and Recreation	39,323	62,066	63.4
Finance and Insurance	38,321	177,411	21.6
Transportation and Warehousing	36,685	119,570	30.7
Real Estate and Rental and Leasing	34,537	49,709	69.5
Information	19,940	79,884	25.0
Management of Companies and Enterprises	11,914	95,942	12.4
Agriculture, Forestry, and Fishing and Hunting	4,319	4,710	91.7
Utilities	3,631	19,598	18.5
Mining, Quarrying, and Oil and Gas Extraction	1,358	2,738	49.6
Industries not classified	701	701	100.0
<b>Total</b>	<b>1,627,666</b>	<b>3,670,284</b>	<b>44.3</b>

Figure 4: North Carolina Small Business Employment by County, 2015

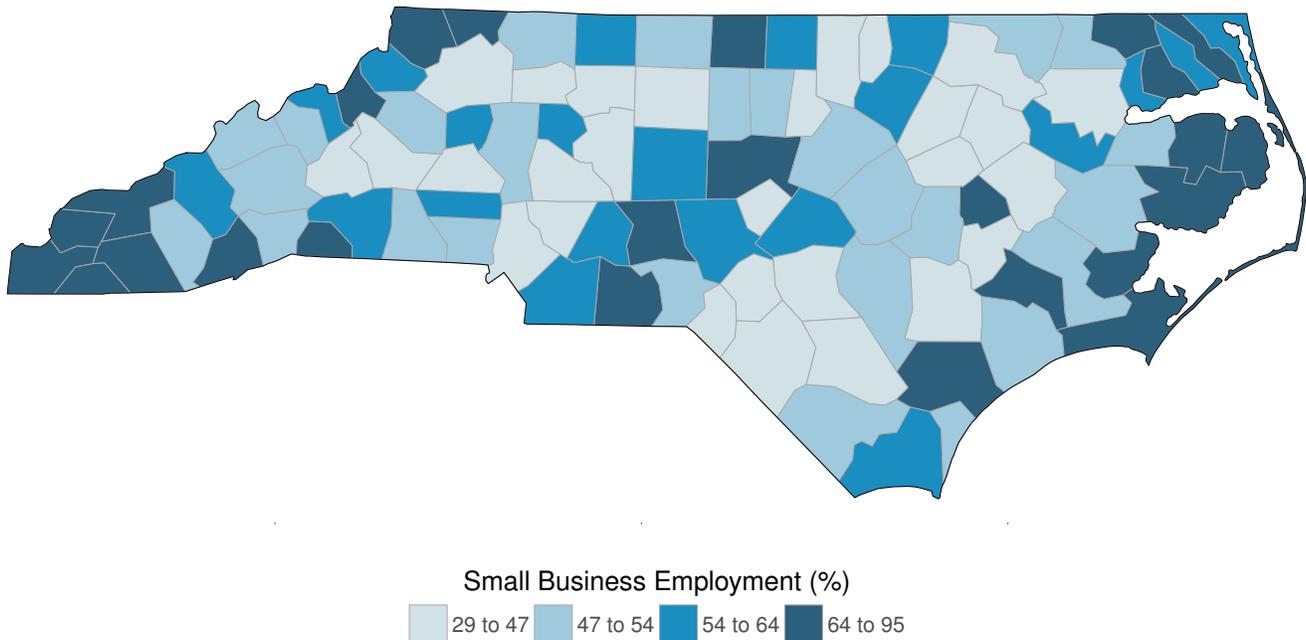


Table 2: North Carolina Small Businesses by Industry and Firm Size, 2015

Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	21,367	19,900	89,226	110,593
Other Services (except Public Administration)	21,348	19,978	122,932	144,280
Construction	21,204	19,513	85,812	107,016
Retail Trade	19,409	17,637	60,547	79,956
Health Care and Social Assistance	16,631	13,841	50,745	67,376
Accommodation and Food Services	14,316	10,764	9,945	24,261
Administrative, Support, and Waste Management	10,196	9,008	73,865	84,061
Wholesale Trade	8,514	6,950	11,625	20,139
Real Estate and Rental and Leasing	8,133	7,705	76,453	84,586
Manufacturing	7,189	5,194	10,842	18,031
Finance and Insurance	6,226	5,767	19,730	25,956
Transportation and Warehousing	4,571	4,036	34,722	39,293
Arts, Entertainment, and Recreation	3,379	2,892	37,183	40,562
Educational Services	2,547	2,049	22,326	24,873
Information	1,685	1,417	8,308	9,993
Agriculture, Forestry, and Fishing and Hunting	772	737	7,552	8,324
Utilities	134	88	673	807
Mining, Quarrying, and Oil and Gas Extraction	98	75	153	251
<b>Total</b>	<b>167,759</b>	<b>148,085</b>	<b>722,639</b>	<b>890,398</b>

Figure 4 and Tables 1 and 2 display data from the 2015 SUSB. Table 2 includes additional data from the 2015 Nonemployer Statistics (NES).

REFERENCES

The Small Business Profiles, source data, and methodology are available at <https://go.usa.gov/xQT4w>.

- ASE Annual Survey of Entrepreneurs, US Census Bureau
- BEA Bureau of Economic Analysis, US Department of Commerce
- BDM Business Employment Dynamics, BLS
- BLS Bureau of Labor Statistics, US Department of Labor
- CPS Current Population Survey, BLS
- FDIC Call Reports, Federal Deposit Insurance Corporation
- FFIEC Federal Financial Institutions Examination Council
- ITA International Trade Administration, US Department of Commerce
- NES Nonemployer Statistics, US Census Bureau
- SBO Survey of Business Owners, US Census Bureau
- SUSB Statistics of US Businesses, US Census Bureau