

# 2018 SMALL BUSINESS PROFILE

## OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

### PENNSYLVANIA



**1.0 million** Small Businesses  
**99.6%** of Pennsylvania Businesses

**2.5 million** Small Business Employees  
**46.7%** of Pennsylvania Employees

**EMPLOYMENT**  
**47,140**  
net new jobs

**DIVERSITY**  
**131,462**  
minority-owned  
businesses

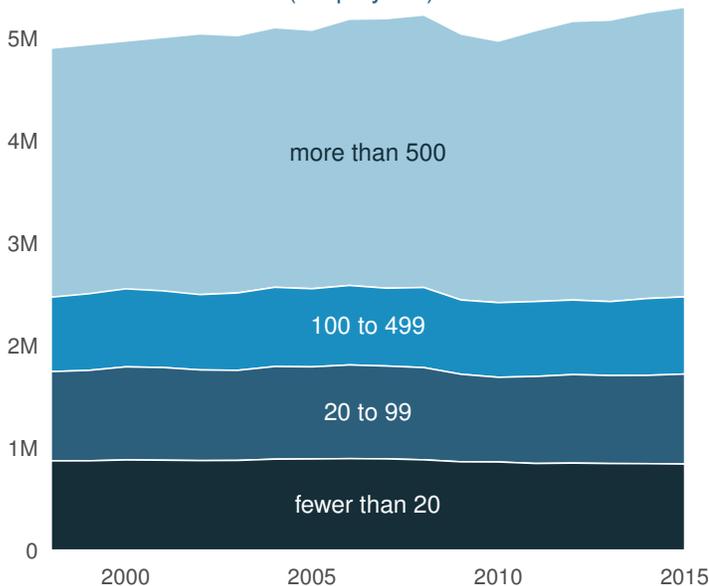
**TRADE**  
**13,345**  
small business  
exporters

#### OVERALL PENNSYLVANIA ECONOMY

- In the third quarter of 2017, Pennsylvania grew at an annual rate of **3.2%**, which was slower than the overall US growth rate of **3.4%**. Pennsylvania's 2016 growth rate of **0.6%** was down from the 2015 rate of **2.3%**. (Source: [BEA](#))
- In January 2018, the unemployment rate was **4.8%**, down from **5.2%** in January 2017. This was above the January 2018 national unemployment rate of **4.1%**. (Source: [CPS](#))

#### EMPLOYMENT

Figure 1: Pennsylvania Employment by Business Size (Employees)



- Pennsylvania small businesses employed **2.5 million** people, or **46.7%** 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 decreased **0.1%** during the 12-month period ending in January 2018. This was equal to the decrease of **0.1%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2016 by **2.4%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **47,140** net jobs in 2015. Firms employing fewer than 20 employees experienced the largest gains, adding **28,180** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **9,187** 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 8 between June 2016 and June 2017 to 160 banks. (Source: FDIC)
- In 2016, 189,671 loans under \$100,000 (valued at \$3.3 billion) were issued by Pennsylvania lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income for individuals self-employed at their own incorporated businesses was \$51,086 in 2016. For individuals self-employed at their own unincorporated firms, this figure was \$25,566. (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: Pennsylvania Employees per Business by Owner's Demographic, 2015

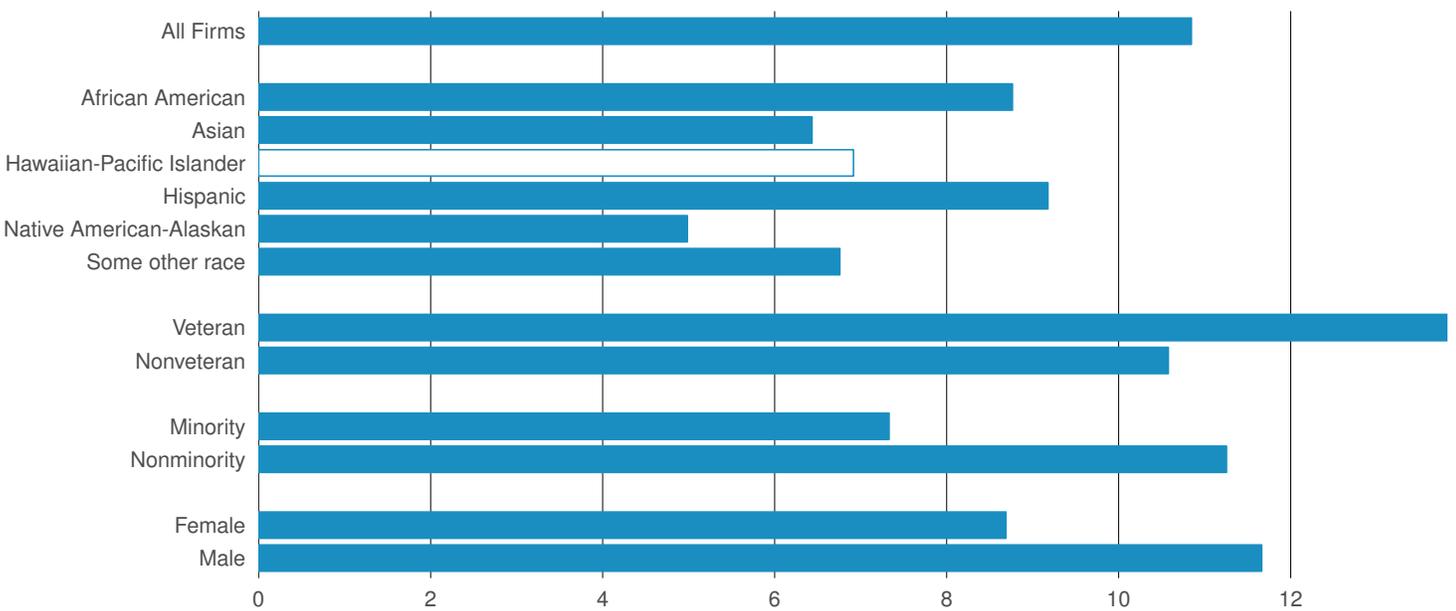
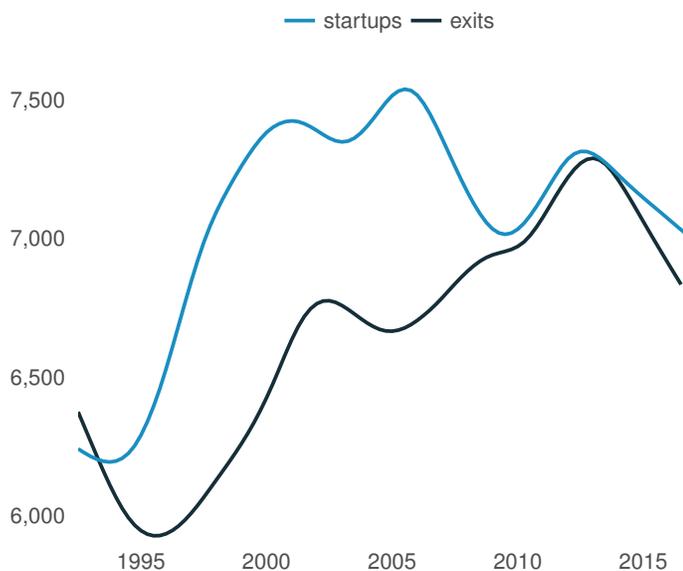


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding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

## TURNOVER AMONG ESTABLISHMENTS WITH EMPLOYEES

Figure 3: Pennsylvania Quarterly Startups and Exits



- In the third quarter of 2016, 7,298 establishments started up, generating 25,858 new jobs in Pennsylvania. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 7,301 establishments exited resulting in 20,837 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 15,023 companies exported goods from Pennsylvania in 2015. Of these, 13,345, or 88.8%, were small firms; they generated 31.0% of Pennsylvania's \$36.1 billion in total exports. (Source: ITA)

## SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: Pennsylvania Employment by Industry, 2015

 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	399,446	985,243	40.5
Accommodation and Food Services	287,947	457,860	62.9
Manufacturing	267,200	551,797	48.4
Retail Trade	245,539	664,898	36.9
Other Services (except Public Administration)	217,072	242,714	89.4
Professional, Scientific, and Technical Services	196,445	323,826	60.7
Construction	189,079	230,019	82.2
Wholesale Trade	138,317	249,011	55.5
Administrative, Support, and Waste Management	137,320	332,164	41.3
Transportation and Warehousing	78,513	218,687	35.9
Finance and Insurance	74,095	266,704	27.8
Educational Services	73,469	263,477	27.9
Arts, Entertainment, and Recreation	56,902	105,267	54.1
Real Estate and Rental and Leasing	44,912	65,244	68.8
Information	31,079	113,699	27.3
Management of Companies and Enterprises	21,066	171,739	12.3
Mining, Quarrying, and Oil and Gas Extraction	11,944	32,551	36.7
Agriculture, Forestry, and Fishing and Hunting	2,471	2,498	98.9
Utilities	2,231	28,757	7.8
Industries not classified	741	741	100.0
<b>Total</b>	<b>2,475,788</b>	<b>5,306,896</b>	<b>46.7</b>

Figure 4: Pennsylvania Small Business Employment by County, 2015

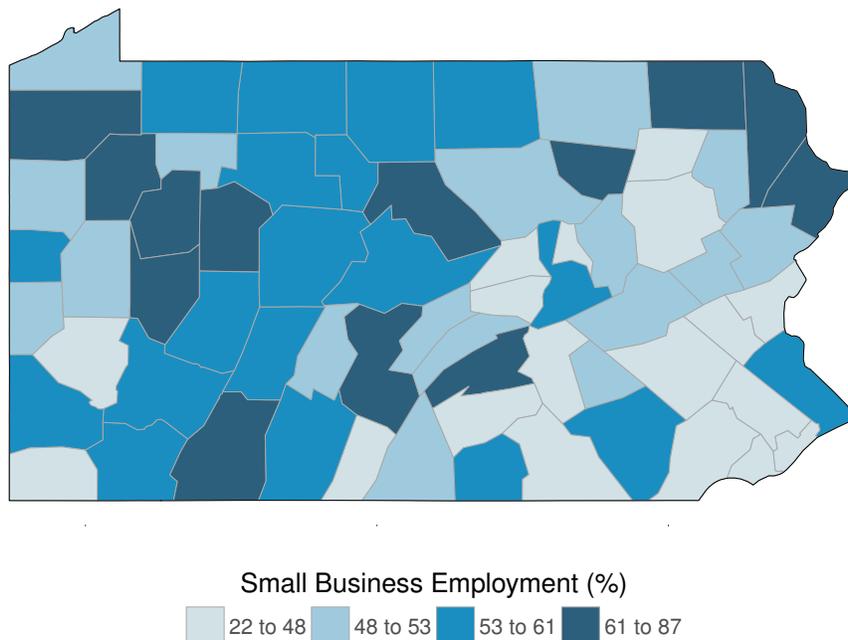


Table 2: Pennsylvania Small Businesses by Industry and Firm Size, 2015

Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Other Services (except Public Administration)	33,434	31,382	108,690	142,124
Professional, Scientific, and Technical Services	26,584	24,160	118,582	145,166
Construction	26,012	23,999	92,934	118,946
Retail Trade	25,408	22,566	79,267	104,675
Health Care and Social Assistance	23,295	19,312	63,103	86,398
Accommodation and Food Services	22,449	18,287	12,794	35,243
Administrative, Support, and Waste Management	12,776	11,229	54,988	67,764
Manufacturing	11,719	8,281	14,325	26,044
Wholesale Trade	10,990	8,759	13,819	24,809
Finance and Insurance	8,800	7,980	25,313	34,113
Real Estate and Rental and Leasing	7,016	6,443	88,569	95,585
Transportation and Warehousing	6,677	5,532	43,769	50,446
Arts, Entertainment, and Recreation	4,290	3,589	46,010	50,300
Educational Services	3,254	2,347	27,990	31,244
Information	2,197	1,751	10,277	12,474
Mining, Quarrying, and Oil and Gas Extraction	778	621	2,915	3,693
Agriculture, Forestry, and Fishing and Hunting	498	475	7,683	8,181
Utilities	156	117	862	1,018
<b>Total</b>	<b>225,847</b>	<b>197,228</b>	<b>811,890</b>	<b>1,037,737</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