

2018 SMALL BUSINESS PROFILE

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

TENNESSEE



589,546 Small Businesses
99.5% of Tennessee Businesses

1.1 million Small Business Employees
42.7% of Tennessee Employees

EMPLOYMENT
36,683
net new jobs

DIVERSITY
105,187
minority-owned
businesses

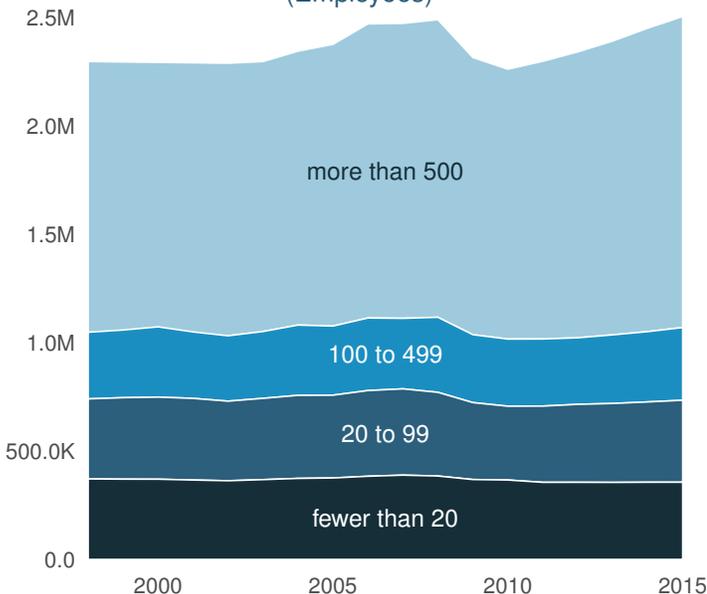
TRADE
5,895
small business
exporters

OVERALL TENNESSEE ECONOMY

- In the third quarter of 2017, Tennessee grew at an annual rate of **3.0%**, which was slower than the overall US growth rate of **3.4%**. Tennessee's 2016 growth rate of **2.9%** was down from the 2015 rate of **3.0%**. (Source: [BEA](#))
- In January 2018, the unemployment rate was **3.3%**, down from **4.5%** in January 2017. This was below the January 2018 national unemployment rate of **4.1%**. (Source: [CPS](#))

EMPLOYMENT

Figure 1: Tennessee Employment by Business Size (Employees)



- Tennessee small businesses employed **1.1 million** people, or **42.7%** 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 increased **2.7%** during the 12-month period ending in January 2018. This was below the increase of **2.9%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2016 by **2.1%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **36,683** net jobs in 2015. Firms employing fewer than 20 employees experienced the largest gains, adding **17,741** net jobs. The smallest gains were in firms employing 20 to 99 employees, which added **9,118** 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 155 banks. (Source: FDIC)
- In 2016, 76,437 loans under \$100,000 (valued at \$1.1 billion) were issued by Tennessee lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income for individuals self-employed at their own incorporated businesses was \$51,389 in 2016. For individuals self-employed at their own unincorporated firms, this figure was \$23,290. (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: Tennessee Employees per Business by Owner's Demographic, 2015

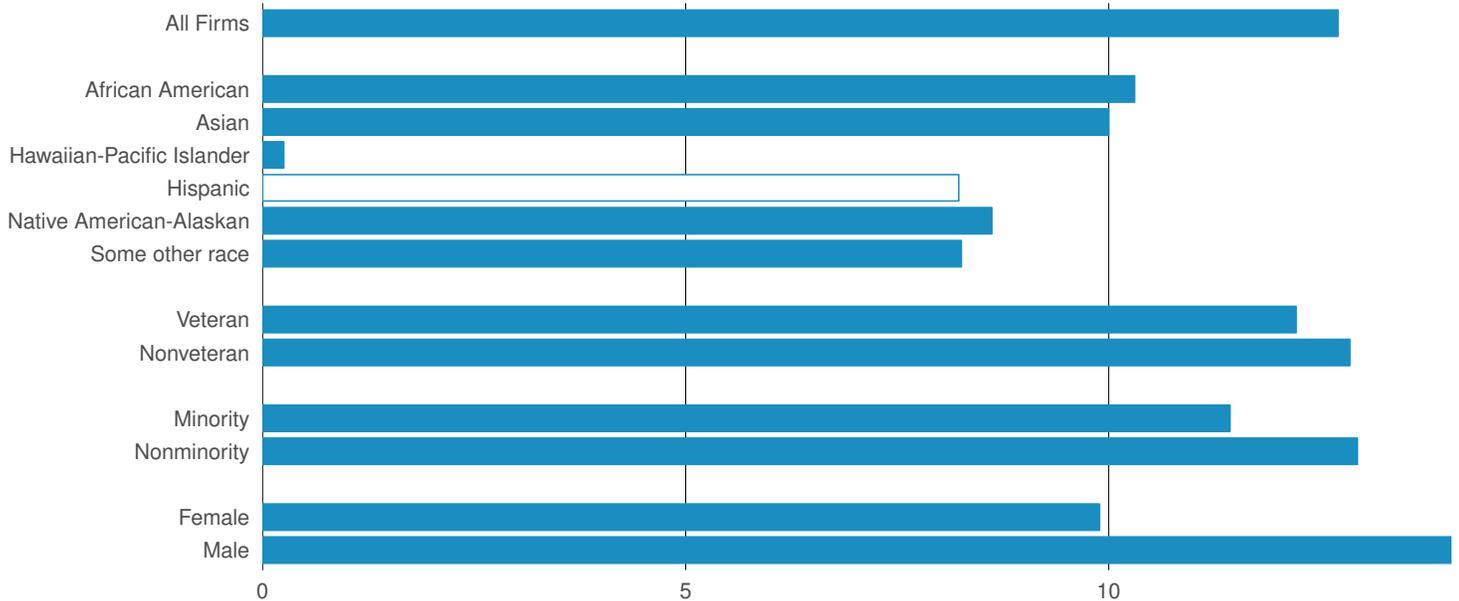
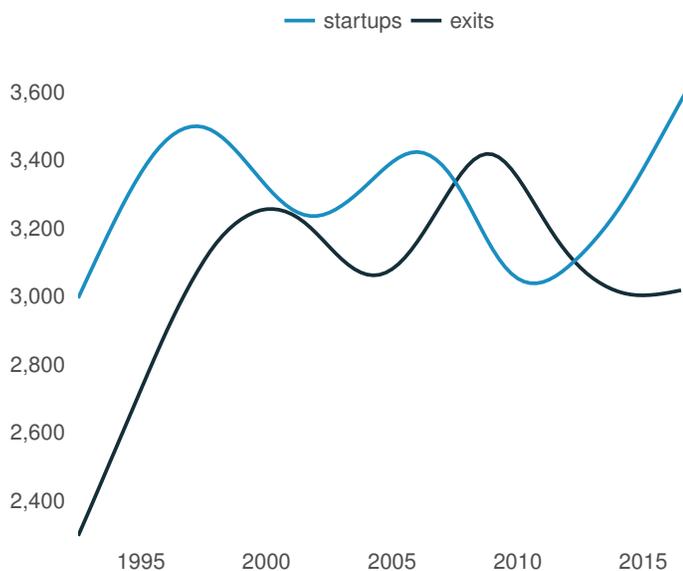


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding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

TURNOVER AMONG ESTABLISHMENTS WITH EMPLOYEES

Figure 3: Tennessee Quarterly Startups and Exits



- In the third quarter of 2016, 3,677 establishments started up, generating 15,389 new jobs in Tennessee. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 3,163 establishments exited resulting in 12,424 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 7,161 companies exported goods from Tennessee in 2015. Of these, 5,895, or 82.3%, were small firms; they generated 15.8% of Tennessee's \$30.4 billion in total exports. (Source: ITA)

SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: Tennessee Employment by Industry, 2015

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	155,162	400,693	38.7
Accommodation and Food Services	148,059	267,581	55.3
Retail Trade	104,563	317,075	33.0
Manufacturing	103,447	315,835	32.8
Other Services (except Public Administration)	94,058	108,829	86.4
Construction	84,830	102,872	82.5
Administrative, Support, and Waste Management	75,390	244,525	30.8
Professional, Scientific, and Technical Services	67,256	113,402	59.3
Wholesale Trade	60,452	114,367	52.9
Finance and Insurance	41,061	117,783	34.9
Transportation and Warehousing	33,304	135,090	24.7
Educational Services	27,868	58,750	47.4
Arts, Entertainment, and Recreation	24,834	33,702	73.7
Real Estate and Rental and Leasing	22,202	33,265	66.7
Information	13,407	48,149	27.8
Management of Companies and Enterprises	8,867	86,498	10.3
Utilities	2,460	3,232	76.1
Mining, Quarrying, and Oil and Gas Extraction	2,074	3,139	66.1
Agriculture, Forestry, and Fishing and Hunting	1,323	2,019	65.5
Industries not classified	399	399	100.0
Total	1,071,016	2,507,205	42.7

Figure 4: Tennessee Small Business Employment by County, 2015

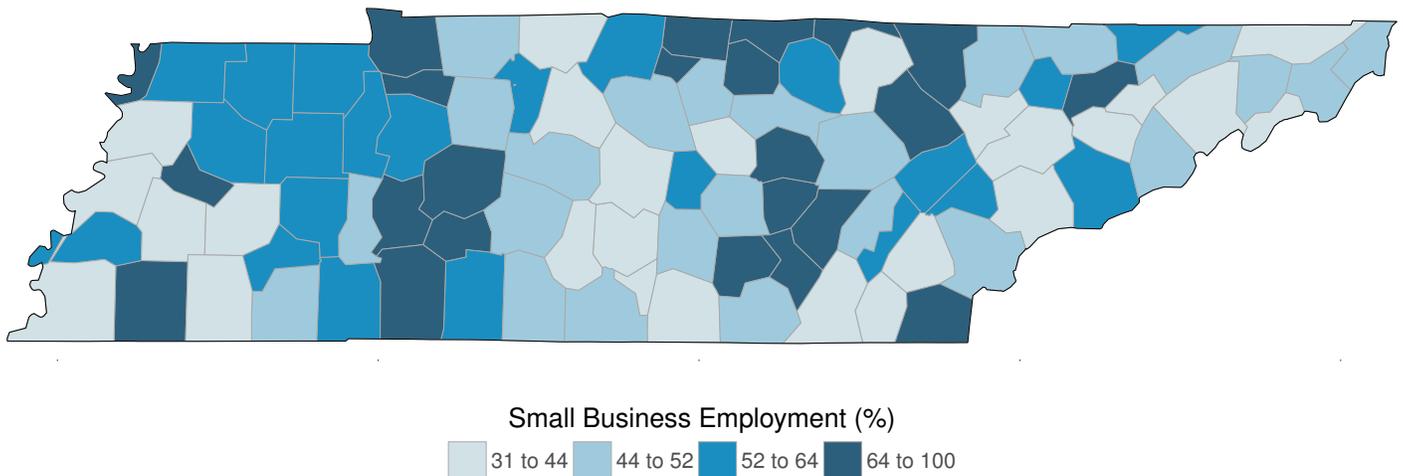


Table 2: Tennessee Small Businesses by Industry and Firm Size, 2015

Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Retail Trade	13,023	11,788	43,623	56,646
Other Services (except Public Administration)	12,846	11,816	90,722	103,568
Health Care and Social Assistance	10,405	8,803	36,015	46,420
Professional, Scientific, and Technical Services	9,749	8,912	55,760	65,509
Construction	9,176	8,146	61,536	70,712
Accommodation and Food Services	8,297	6,065	8,002	16,299
Administrative, Support, and Waste Management	5,234	4,420	51,042	56,276
Wholesale Trade	4,719	3,595	7,315	12,034
Manufacturing	4,557	3,194	6,559	11,116
Finance and Insurance	4,118	3,626	13,187	17,305
Real Estate and Rental and Leasing	3,784	3,483	41,054	44,838
Transportation and Warehousing	2,725	2,235	25,680	28,405
Arts, Entertainment, and Recreation	2,369	2,059	31,120	33,489
Information	1,283	1,072	6,709	7,992
Educational Services	1,206	885	12,298	13,504
Agriculture, Forestry, and Fishing and Hunting	233	217	4,457	4,690
Mining, Quarrying, and Oil and Gas Extraction	98	72	314	412
Utilities	44	17	310	354
Total	93,843	80,686	495,703	589,546

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