

2020 Small Business Profile

Arkansas

255,004 Small Businesses
99.3% of Arkansas Businesses

490,680 Small Business Employees
47.6% of Arkansas Employees



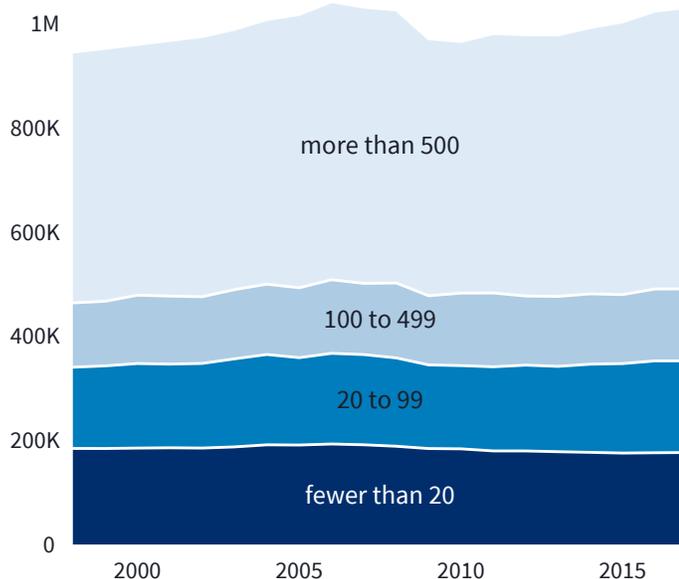
A note on COVID-19: This report uses the most up-to-date government data to present a unique snapshot of small businesses. The BLS employment estimates capture the early stages of the pandemic. All other sources reflect data collected prior to the pandemic.

Overall Economy

- In the fourth quarter of 2019, Arkansas grew at an annual rate of **2.4%**, which was faster than the overall US growth rate of **2.1%**. Arkansas' 2019 overall growth rate of **1.8%** was up from the 2018 rate of **1.7%**. (Source: [BEA](#))
- In April 2020, the unemployment rate was **10.2%**, up from **3.5%** in April 2019. This was below the April 2020 national unemployment rate of **14.7%**. (Source: [CPS](#))

Employment

Figure 1: Arkansas Employment by Business Size (Employees)



- Arkansas small businesses employed **490,680** people, or **47.6%** of the private workforce, in 2017. (Source: [SUSB](#))
- Firms with fewer than 20 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment decreased **9.4%** during the 12-month period ending in April 2020. This was below the increase of **1.6%** during the prior 12-month period. (Source: [CES](#))
- The number of proprietors increased in 2018 by **2.3%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **10,151** net jobs in 2019. Firms employing fewer than 20 employees experienced the largest gains, adding **7,175** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **652** net jobs. (Source: [BDM](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy (<http://advocacy.sba.gov>). These profiles define small businesses as firms with fewer than 500 employees. Net small business job change, self-employed minorities, and exporter share statistics are based on 2019 Business Employment Dynamics (BDM), 2018 American Community Survey (ACS), and 2018 International Trade Administration (ITA) data, respectively.

Income and Finance

- The median income for self-employed individuals at their own incorporated businesses was **\$47,943** in 2018. For self-employed individuals at their own unincorporated firms, median income was **\$22,347**. (Source: [ACS](#))
- The total number of banks decreased by **3** between June 2018 and June 2019 to **92** banks. During the same period, the number of banks with assets under \$1 billion decreased by **4** to **80** banks. (Source: [FDIC](#))
- In 2018, Arkansas lending institutions reporting under the Community Reinvestment Act issued **45,057** loans under \$100,000, a total value of **\$759.8 million**. (Source: [FFIEC](#))

Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed. The decline in the number of banks with assets under \$1 billion may exceed the change in the total number of banks due to mergers and asset balance changes.

Self-Employment Demographics

Figure 2: Arkansas Self-Employment Rates by Gender & Demographic, 2018

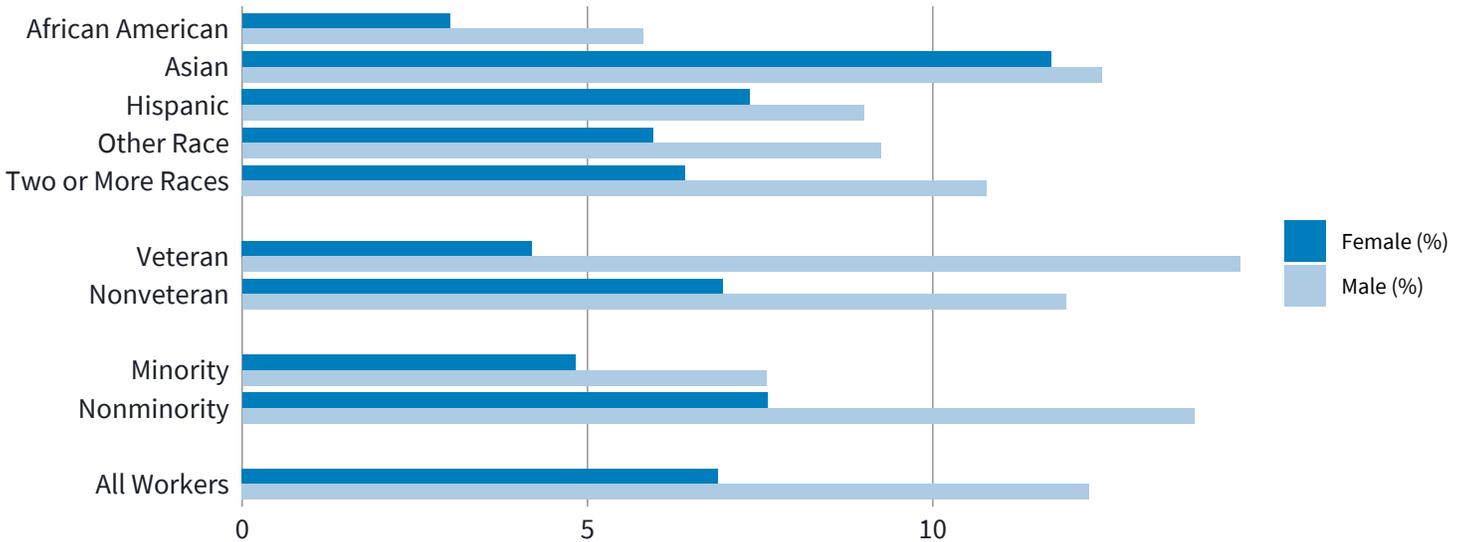
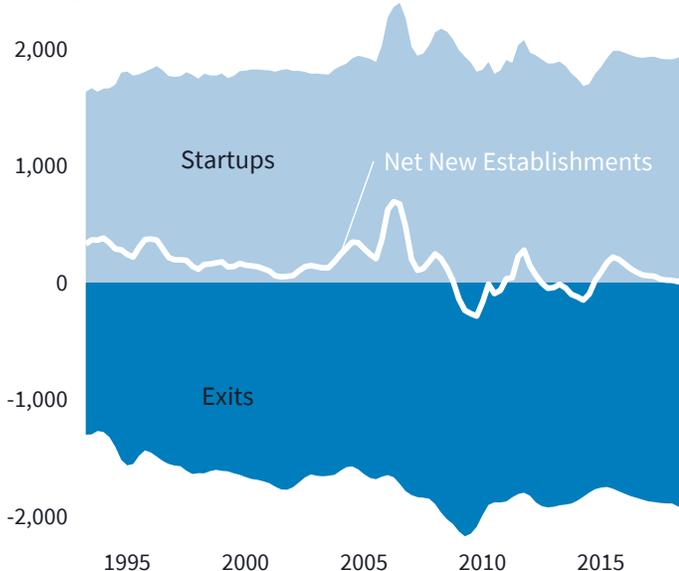


Figure 2 shows the self-employment rate for each demographic group by gender according to the 2018 American Community Survey (ACS). Other Race includes those who selected Alaska Native, American Indian, Native Hawaiian, Pacific Islander, or Some Other Race.

Turnover among Establishments with Employees

Figure 3: Arkansas Quarterly Startups and Exits



- In the fourth quarter of 2018, **2,128** establishments started up, generating **5,927** new jobs in Arkansas. Startups are counted when business establishments hire at least one employee for the first time. (Source: [BDM](#))
- In the same period, **1,859** establishments exited, resulting in **5,174** 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 1993 to 2018. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: [BDM](#))

The BDM data covers only business establishments with employees. BDM refers to startups as births and exits as deaths. These terms are distinct from the BDM 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 2,306 firms exported goods from Arkansas in 2018. Of these, 1,780, or 77.2%, were small firms, which generated 18.7% of Arkansas' \$5.5 billion in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: Arkansas Employment by Industry, 2017

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	88,839	179,424	49.5
Accommodation and Food Services	71,917	107,026	67.2
Retail Trade	52,888	140,215	37.7
Construction	40,832	46,822	87.2
Manufacturing	40,249	156,257	25.8
Other Services (except Public Administration)	38,874	41,506	93.7
Professional, Scientific, and Technical Services	27,885	37,604	74.2
Wholesale Trade	26,799	50,284	53.3
Administrative, Support, and Waste Management	23,996	62,318	38.5
Finance and Insurance	16,785	37,735	44.5
Transportation and Warehousing	15,745	51,810	30.4
Educational Services	11,015	15,934	69.1
Real Estate and Rental and Leasing	9,202	12,765	72.1
Arts, Entertainment, and Recreation	8,196	10,067	81.4
Information	5,157	24,056	21.4
Agriculture, Forestry, and Fishing and Hunting	4,370	5,034	86.8
Management of Companies and Enterprises	3,136	40,066	7.8
Utilities	2,569	7,321	35.1
Mining, Quarrying, and Oil and Gas Extraction	2,117	4,240	49.9
Industries Not Classified	109	109	100.0
Total	490,680	1,030,593	47.6

Figure 4: Arkansas Self-Employment Rates by County, 2018

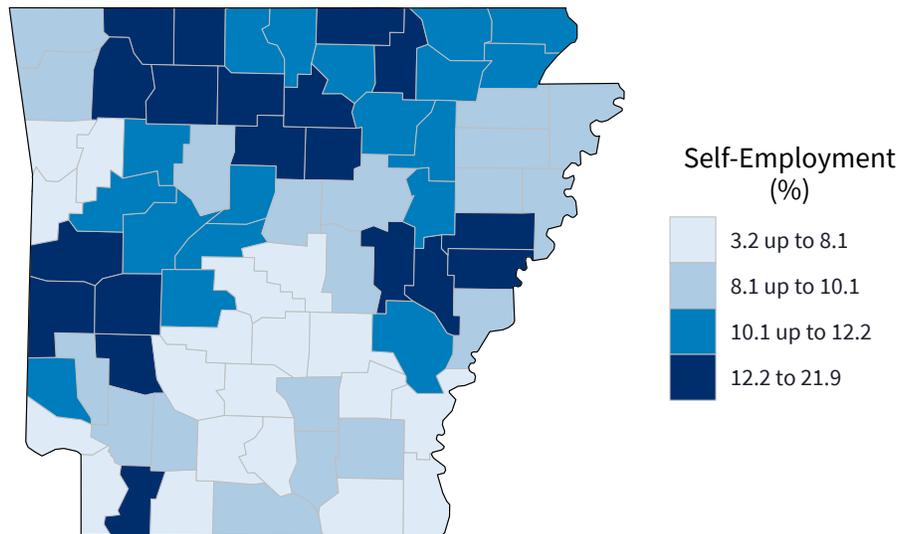


Table 2: Arkansas Small Businesses by Industry and Firm Size, 2017

Industry	1-19 Employees	1-499 Employees	Nonemployer Firms	Total Small Firms
Other Services (except Public Administration)	5,971	6,359	36,426	42,785
Construction	4,844	5,334	28,792	34,126
Retail Trade	5,841	6,465	19,532	25,997
Professional, Scientific, and Technical Services	4,997	5,310	18,680	23,990
Administrative, Support, and Waste Management	1,930	2,228	21,088	23,316
Health Care and Social Assistance	4,839	5,731	15,789	21,520
Real Estate and Rental and Leasing	2,199	2,333	19,057	21,390
Transportation and Warehousing	1,621	1,853	11,495	13,348
Arts, Entertainment, and Recreation	660	757	7,414	8,171
Finance and Insurance	2,122	2,319	5,686	8,005
Accommodation and Food Services	3,219	4,381	3,226	7,607
Educational Services	440	557	4,903	5,460
Agriculture, Forestry, and Fishing and Hunting	581	626	4,829	5,455
Wholesale Trade	1,632	2,190	2,883	5,073
Manufacturing	1,451	1,977	2,782	4,759
Information	352	443	1,778	2,221
Mining, Quarrying, and Oil and Gas Extraction	200	237	1,430	1,667
Utilities	95	117	125	242
Total	43,048	49,089	205,915	255,004

Tables 1 and 2 display data from the 2017 Statistics of U.S. Businesses (SUSB). Table 2 includes additional data from the 2017 Nonemployer Statistics (NES). Figure 4 provides estimates of the rate of self-employment among employed civilians, 16 years and over, including both incorporated and unincorporated businesses, from the 2018 American Community Survey (ACS).

References

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

- ACS American Community Survey, 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
- CES Current Employment Statistics, BLS
- CPS Current Population Survey, BLS
- FDIC Federal Deposit Insurance Corporation
- FFIEC Federal Financial Institutions Examination Council
- ITA International Trade Administration, US Department of Commerce
- NES Nonemployer Statistics, US Census Bureau
- SUSB Statistics of US Businesses, US Census Bureau