

2020 Small Business Profile

Arizona

592,485 Small Businesses
99.4% of Arizona Businesses

1.1 million Small Business Employees
43.5% of Arizona Employees



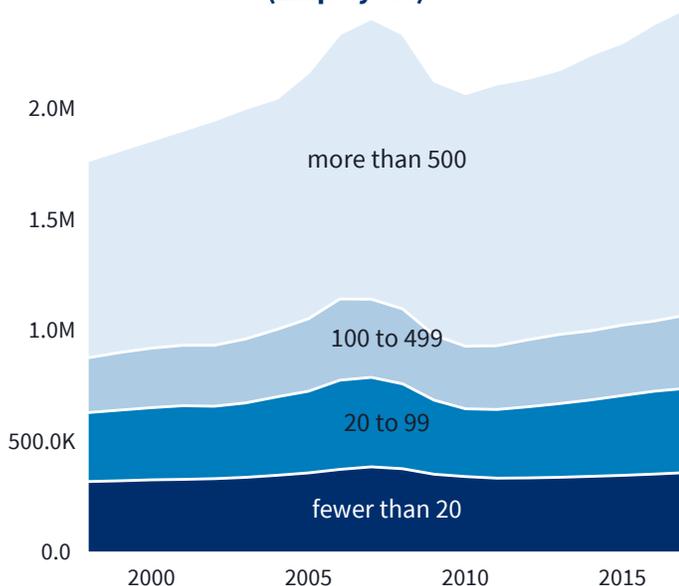
A note on COVID-19: This report uses the most up-to-date government data to present a unique snapshot of small businesses. The BLS employment estimates capture the early stages of the pandemic. All other sources reflect data collected prior to the pandemic.

Overall Economy

- In the fourth quarter of 2019, Arizona grew at an annual rate of **3.3%**, which was faster than the overall US growth rate of **2.1%**. Arizona's 2019 overall growth rate of **3.1%** was down from the 2018 rate of **4.1%**. (Source: [BEA](#))
- In April 2020, the unemployment rate was **12.6%**, up from **4.8%** in April 2019. This was below the April 2020 national unemployment rate of **14.7%**. (Source: [CPS](#))

Employment

Figure 1: Arizona Employment by Business Size (Employees)



- Arizona small businesses employed **1.1 million** people, or **43.5%** of the private workforce, in 2017. (Source: [SUSB](#))
- Firms with 20 to 99 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 **3.0%** during the prior 12-month period. (Source: [CES](#))
- The number of proprietors increased in 2018 by **3.4%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **44,301** net jobs in 2019. Firms employing fewer than 20 employees experienced the largest gains, adding **25,320** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **7,930** 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 **\$51,005** in 2018. For self-employed individuals at their own unincorporated firms, median income was **\$24,414**. (Source: [ACS](#))
- The total number of banks was unchanged at **15** between June 2018 and June 2019. During the same period, the number of banks with assets under \$1 billion decreased by **1** to **13** banks. (Source: [FDIC](#))
- In 2018, Arizona lending institutions reporting under the Community Reinvestment Act issued **140,951** loans under \$100,000, a total value of **\$2.0 billion**. (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: Arizona Self-Employment Rates by Gender & Demographic, 2018

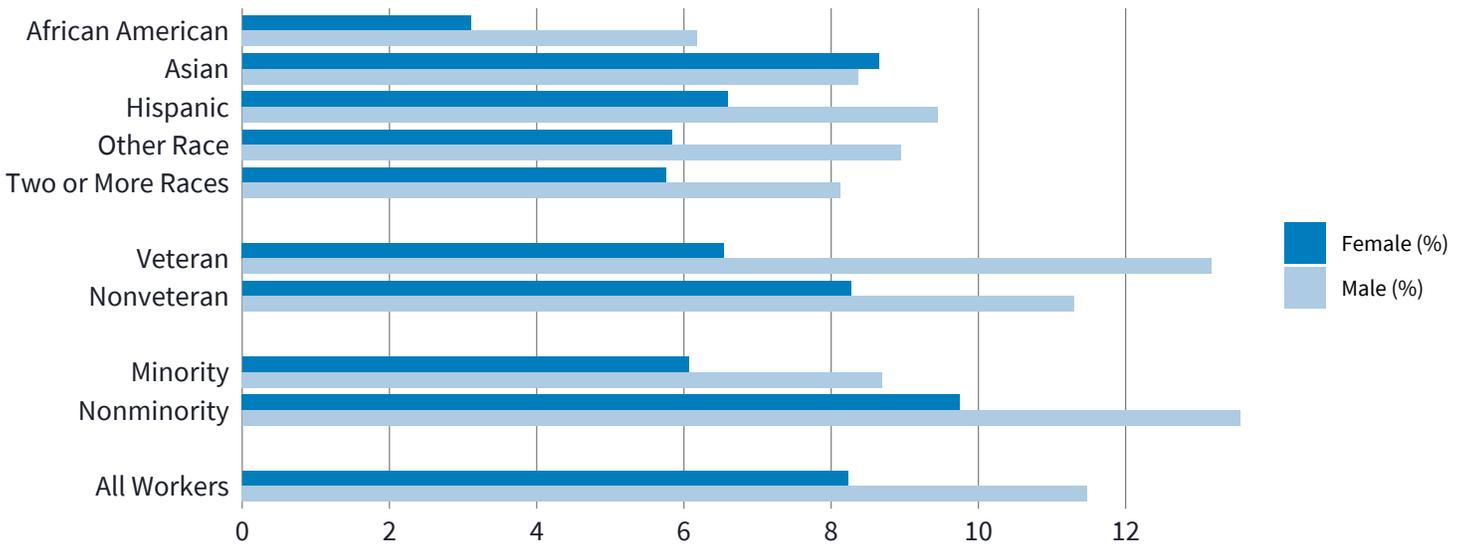
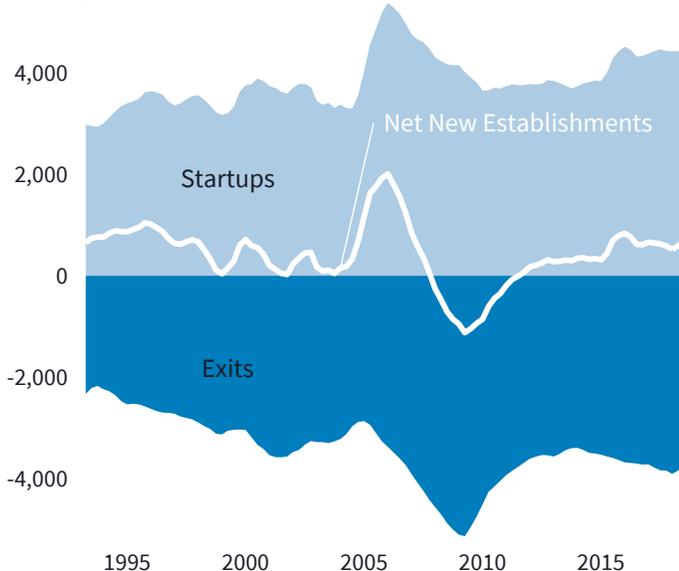


Figure 2 shows the self-employment rate for each demographic group by gender according to the 2018 American Community Survey (ACS). Other Race includes those who selected Alaska Native, American Indian, Native Hawaiian, Pacific Islander, or Some Other Race.

Turnover among Establishments with Employees

Figure 3: Arizona Quarterly Startups and Exits



- In the fourth quarter of 2018, **4,605** establishments started up, generating **16,052** new jobs in Arizona. Startups are counted when business establishments hire at least one employee for the first time. (Source: [BDM](#))
- In the same period, **3,788** establishments exited, resulting in **13,614** 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 7,771 firms exported goods from Arizona in 2018. Of these, 6,742, or 86.8%, were small firms, which generated 27.0% of Arizona's \$21.0 billion in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: Arizona Employment by Industry, 2017

 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	167,165	371,491	45.0
Accommodation and Food Services	166,473	299,167	55.6
Construction	121,966	148,714	82.0
Administrative, Support, and Waste Management	82,656	268,569	30.8
Retail Trade	82,516	318,161	25.9
Professional, Scientific, and Technical Services	81,766	149,835	54.6
Other Services (except Public Administration)	76,525	89,997	85.0
Manufacturing	66,114	149,174	44.3
Wholesale Trade	46,966	95,709	49.1
Educational Services	32,316	60,378	53.5
Real Estate and Rental and Leasing	28,587	49,921	57.3
Arts, Entertainment, and Recreation	28,348	48,565	58.4
Finance and Insurance	28,170	165,173	17.1
Transportation and Warehousing	27,426	93,459	29.3
Information	15,187	54,882	27.7
Management of Companies and Enterprises	7,394	59,741	12.4
Utilities	2,552	12,450	20.5
Agriculture, Forestry, and Fishing and Hunting	1,775	1,934	91.8
Mining, Quarrying, and Oil and Gas Extraction	1,594	10,994	14.5
Industries Not Classified	224	224	100.0
Total	1,065,720	2,448,538	43.5

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

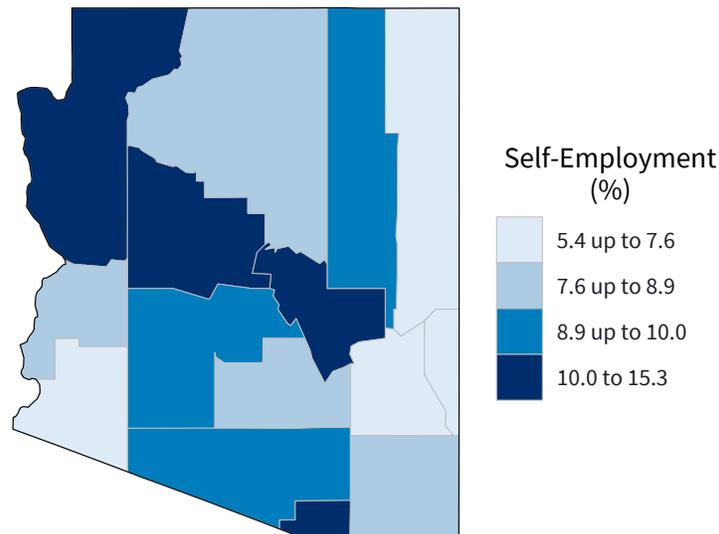


Table 2: Arizona Small Businesses by Industry and Firm Size, 2017

Industry	1-19 Employees	1-499 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	15,196	16,285	68,303	84,588
Other Services (except Public Administration)	9,347	10,208	69,912	80,120
Real Estate and Rental and Leasing	7,390	7,728	63,149	70,877
Construction	10,650	12,064	38,885	50,949
Retail Trade	8,437	9,406	41,309	50,715
Health Care and Social Assistance	12,111	13,764	36,943	50,707
Administrative, Support, and Waste Management	6,146	7,075	41,793	48,868
Transportation and Warehousing	2,195	2,633	41,146	43,779
Arts, Entertainment, and Recreation	1,377	1,695	25,252	26,947
Finance and Insurance	4,568	4,910	14,048	18,958
Educational Services	1,423	1,851	13,670	15,521
Accommodation and Food Services	6,235	8,669	6,729	15,398
Wholesale Trade	3,903	4,818	7,564	12,382
Manufacturing	2,866	3,774	7,002	10,776
Information	1,028	1,268	6,199	7,467
Agriculture, Forestry, and Fishing and Hunting	196	220	2,655	2,875
Mining, Quarrying, and Oil and Gas Extraction	96	126	1,128	1,254
Utilities	114	135	297	432
Total	93,437	106,501	485,984	592,485

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