

SMALL BUSINESS FACTS

Reasons for Running a Business

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At a Glance

While making money is a large reason business owners work for themselves, personal reasons can be just as important.

Owners sought both autonomy and increased income.

In 2019, 64 percent of owners of firms with employees said wanting to be their own boss and having greater income were very important reasons for owning their own businesses. In addition, 57 percent wanted a better balance between work and family (Figure 1).

(Source: U.S. Census Bureau, Annual Business Survey)

Self-employment is more driven by opportunity than necessity.

Only 7.4 percent of business owners with employees started their ventures because they could not find a job. Meanwhile, 56 percent felt starting a business was the best avenue for their ideas to create goods and services. (Source: U.S. Census Bureau, Annual Business Survey)

Owners in educational services and information industries have unique motivations.

In most industries, owners had motivations similar to the total figures by selecting wanting to be their own boss (or empowerment) and greater income as top reasons for running a business (Figure 2). Finance and insurance was the top industry motivated by income. Healthcare and social assistance was the top industry motivated by empowerment. On the contrary, owners in educational services and information industries reported that being an owner was the best avenue for their ideas.

(Source: U.S. Census Bureau, Annual Business Survey)

Reasons for being an owner haven't changed much over time.

In 2014, reasons for running a business were similar to the 2019 results. Most owners wanted to be their own boss or wanted greater income. The least cited reason was that owners could not find a job. (Source: U.S. Census Bureau, Annual Business Survey and Annual Survey of Entrepreneurs)

Women have different owner motivations.

Most owner demographic categories shared similar reasons for being an owner. Over 60 percent of African-Americans, Hispanics, Asians, Nonminorities, and men felt that wanting to be their own boss and earning a greater income were very important reasons to be an owner. However, for women, the top reason for becoming an owner was work and family balance. In total, 59 percent of women felt that this was a very important reason to own their own business.

(Source: U.S. Census Bureau, Annual Business Survey)

Small Business Facts are produced in the Office of Economic Research of the SBA Office of Advocacy.

Questions? Send an email to Advocacy@sba.gov.

Figure 1. Reasons for Being an Owner, 2019

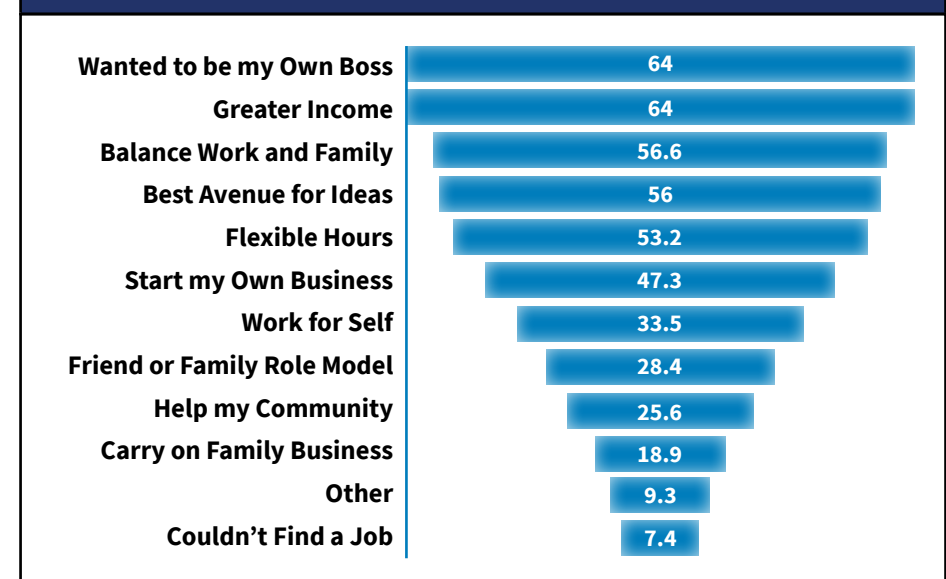


Figure 2. Top Reason by Industry, 2019

Reason	Industry	Percent of Owners	
Best Avenue for Ideas	Educational Services	62.4	
	Information	59.6	
	Greater Income	Finance and Insurance	74.3
		Construction	68.3
		Transportation and Warehousing	66.8
		Admin., Support, Waste Mgmt, Remed. Srv.	65.9
		Real Estate, Rental and Leasing	65.7
		Mining, Quarrying, and Oil & Gas Extraction	63.8
		Wholesale Trade	63.3
		Accommodation and Food Services	62.2
Management of Companies & Enterprises		60.9	
Manufacturing		56.1	
Wanted to Be My Own Boss	Healthcare and Social Assistance	71.2	
	Professional, Scientific, and Technical Service	66.2	
	Other Services (except Public Administration)	63.3	
	Retail Trade	61.6	
	Agriculture, Forestry, Fishing, and Hunting	61.4	
	Utilities	57.8	
	Arts, Entertainment, and Recreation	56.9	