

# SMALL BUSINESS PROFILE

## ARIZONA




**519,504**  
97.0% Small Businesses  
of Arizona Businesses

**979,412**  
45.1% Small Business Employees  
of Arizona Employees

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of Arizona Employees



**EMPLOYMENT**  
**37,864**  
net new jobs<sup>1</sup>



**DIVERSITY**  
**58.8%**  
increase in minority  
ownership<sup>2</sup>



**TRADE**  
**87.6%**  
of Arizona exporters<sup>3</sup>

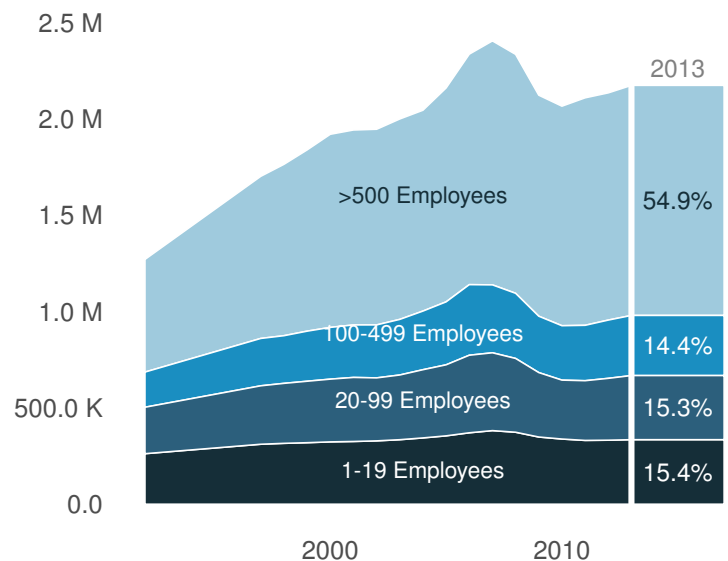
### OVERALL ARIZONA ECONOMY

- In the third quarter of 2015, Arizona grew at an annual rate of 2.2% which was faster than the overall US growth rate of 1.9%. By comparison, Arizona's 2014 growth of 4.5% was up from the 2013 level of 2.7%. (Source: BEA)
- The employment situation in Arizona improved. At the close of 2015, unemployment was 5.9%, down from 6.4% at the close of 2014. This was above the national unemployment rate of 5.0%. (Source: CPS)

### EMPLOYMENT

- Arizona small businesses employed 979,412 people, or 45.1% of the private workforce, in 2013. (Source: SUSB)
- Firms with fewer than 100 employees have the largest share of small business employment. See Figure 1 for further details on firms with employees. (Source: SUSB)
- Private-sector employment increased 2.9% in 2015. This was above the previous year's increase of 2.7%. (Source: CES)
- The number of proprietors increased in 2014 by 1.2% relative to the previous year. (Source: BEA)
- Small businesses created 37,864 net jobs in 2013. Among the seven BDS size-classes, firms employing 250 to 499 employees experienced the largest gains, adding 13,021 net jobs. The smallest gains were in firms employing 50 to 99 employees which added 1,629 net jobs. (Source: BDS)

Figure 1: Arizona Employment by Firm Size



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 as firms employing fewer than 500 employees.** Hyperlinks to data sources and report generation information are provided in Table 3.

<sup>1,3</sup> Net small business jobs change and exporter share are based on newly released 2013 BDS and 2012 ITA data.

<sup>2</sup> Diversity statistic tracks changes between 2007 and 2012 based on the Survey of Business Owners (SBO) 2015 release.

## INCOME AND FINANCE

- The number of banks reported in the Call Reports between June 2014 and June 2015 declined. (Source: FDIC)
- In 2014, 109,754 loans under \$100,000 (and valued at \$1.5 billion) were issued by Arizona lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income<sup>4</sup> for individuals who were self-employed at their own incorporated businesses was \$46,013 in 2014. For individuals self-employed at their own unincorporated firms, this figure was \$20,675. (Source: ACS)

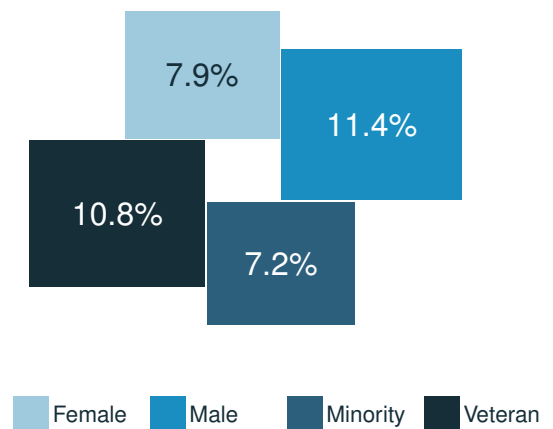
<sup>4</sup> Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

## BUSINESS OWNER DEMOGRAPHICS

Figure 2: Arizona Changes in Business Ownership by Demographic Group

African American-owned	●	52.8%
Asian-owned	●	35.2%
Hawaiian/Pacific Islander-owned		-
Hispanic-owned	●	69.7%
Native American/Alaskan-owned	●	20.2%
Minority-owned	●	58.8%
Nonminority-owned	○	-7.3%

Figure 3: Arizona Self-Employment within Demographic Group

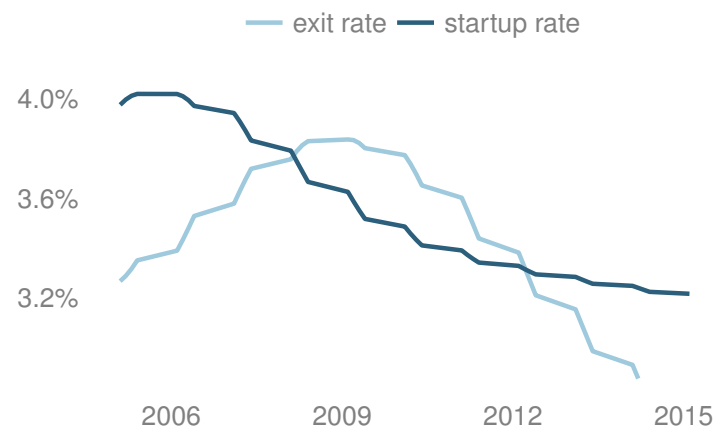


- Figure 2 displays the change in overall firm ownership for each demographic group from 2007 to 2012 based on the Survey of Business Owners (SBO) for Arizona, released in December 2015.
- Figure 3 displays the percent of each demographic group identified as self-employed according to the 2014 American Community Survey (ACS) 5-year estimates.

## BUSINESS TURNOVER

- In the second quarter of 2014, 3,895 establishments started up<sup>5</sup> in Arizona and 3,686 exited.<sup>6</sup> Startups generated 14,628 new jobs while exits caused 13,471 job losses. (Source: BDM)
- Figure 4 displays startup and exit rates from 2005 to 2015. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

Figure 4: Arizona Private Startup and Exit Rates



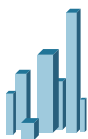




<sup>5</sup> **STARTUPS** are counted when business establishments hire at least one employee for the first time. The BLS terms these **births**, as distinct from the BLS **openings** category which includes seasonal re-openings.

<sup>6</sup> **EXITS** occur when establishments go from having at least one employee to having none, and then remain closed for at least a year. The BLS terms these events **deaths**, as distinct from the **closings** category which includes seasonal shutterings.

- A total of 7,488 companies exported goods from Arizona in 2013. Among these, 6,563, or 87.6%, were small firms; they generated 28.9% of Arizona's total known export value. (Source: ITA)

## SMALL BUSINESSES BY INDUSTRY

Table 1: Arizona Small Firms by Industry, 2013  
(sorted by small employer firms)

				
Industry	1 – 499 Employees	1 – 19 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	14,945	13,914	61,844	76,789
Health Care and Social Assistance	12,985	11,577	34,786	47,771
Construction	10,998	9,810	35,301	46,299
Other Services (except Public Administration)	9,499	8,733	63,310	72,809
Retail Trade	9,405	8,453	35,830	45,235
Accommodation and Food Services	7,923	5,855	5,324	13,247
Administrative, Support, and Waste Management	6,711	5,843	38,864	45,575
Real Estate and Rental and Leasing	6,522	6,197	57,904	64,426
Wholesale Trade	4,866	3,946	7,519	12,385
Finance and Insurance	4,545	4,231	14,655	19,200
Manufacturing	3,746	2,899	6,821	10,567
Transportation and Warehousing	2,436	2,050	16,827	19,263
Educational Services	1,687	1,304	10,571	12,258
Arts, Entertainment, and Recreation	1,507	1,204	21,924	23,431
Information	1,103	902	5,840	6,943
Agriculture, Forestry, Fishing and Hunting	188	169	2,224	2,412
Mining, Quarrying, and Oil and Gas Extraction	167	131	363	530
Utilities	136	115	326	462
<b>Total</b>	<b>99,369</b>	<b>87,333</b>	<b>420,233</b>	<b>519,602</b>

Totals for Tables 1 and 2 differ from SUSB's statewide tallies due to firms with establishments in more than one industry and the omission of industry classifications not reported by NES. (Source: NES and SUSB)

s Indicates samples deemed too small to represent the population according to SUSB.

Table 2: Arizona Employment by Industry and Firm Size, 2013  
(sorted by small firm employment)

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	149,627	326,256	45.9%
Accommodation and Food Services	142,649	259,370	55.0%
Construction	99,722	123,236	80.9%
Retail Trade	84,127	296,132	28.4%
Administrative, Support, and Waste Management	81,758	233,414	35.0%
Professional, Scientific, and Technical Services	77,807	128,691	60.5%
Other Services (except Public Administration)	71,437	84,239	84.8%
Manufacturing	63,975	136,644	46.8%
Wholesale Trade	47,684	96,074	49.6%
Educational Services	28,807	72,244	39.9%
Arts, Entertainment, and Recreation	27,543	40,538	67.9%
Finance and Insurance	26,767	132,038	20.3%
Real Estate and Rental and Leasing	26,762	43,959	60.9%
Transportation and Warehousing	24,259	81,274	29.8%
Information	13,097	47,817	27.4%
Utilities	2,492	12,292	20.3%
Mining, Quarrying, and Oil and Gas Extraction	2,245	11,234	20.0%
Agriculture, Forestry, Fishing and Hunting	1,313	1,390	94.5%
<b>Total</b>	<b>972,071</b>	<b>2,126,842</b>	<b>45.7%</b>

Figure 5: Arizona County-Level Job Changes, 2015 (CEW)

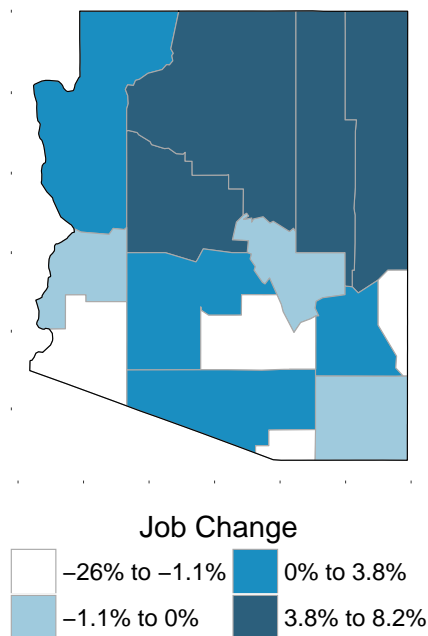


Table 3: Abbreviations and Resources

ACS	American Community Survey, US Census Bureau
BEA	Bureau of Economic Analysis
BDM	Business Employment Dynamics, BLS
BDS	Business Dynamics Statistics, US Census Bureau
BLS	Bureau of Labor Statistics, US Department of Labor
CES	Current Employment Statistics, BLS
CEW	Census of Employment and Wages, BLS
CPS	Current Population Survey, BLS
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
ITA	International Trade Administration
NES	Nonemployer Statistics, US Census Bureau
SBO	Survey of Business Owners, US Census Bureau
SUSB	Statistics of US Businesses, US Census Bureau

All profiles, source data, methodology notes, and county-level employment statistics are available at <http://go.usa.gov/cfKMd>

