

SMALL BUSINESS PROFILE

U.S. SMALL BUSINESS ADMINISTRATION

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

ARIZONA



538,552
99.4%

Small Businesses
of Arizona Businesses

995,671
44.4%

Small Business Employees
of Arizona Employees



EMPLOYMENT
26,932
net new jobs



DIVERSITY
135,258
minority-owned
businesses



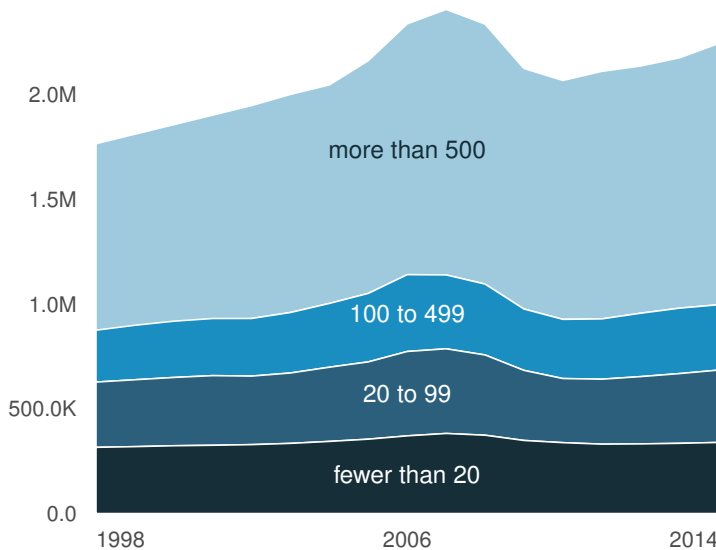
TRADE
88.1%
of Arizona exporters

OVERALL ARIZONA ECONOMY

- In the second quarter of 2016, Arizona grew at an annual rate of 2.7%, which was faster than the overall US growth rate of 1.2%. Arizona's 2015 growth rate of 1.4% was down from the 2014 rate of 1.5%. (Source: BEA)
- In November 2016, the unemployment rate was 5.0%, down from 5.9% at the close of 2015. This was above the November 2016 national unemployment rate of 4.6%. (Source: CPS)

EMPLOYMENT

Figure 1: Arizona Employment by Business Size (Employees)



- Arizona small businesses employed 995,671 people, or 44.4% of the private workforce, in 2014. (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)
- During the year ending November 2016, private-sector employment increased 3.8%. This was above the previous year's increase of 2.0%. (Source: CPS)
- The number of proprietors increased in 2015 by 3.1% relative to the previous year. (Source: BEA)
- Small businesses created 26,932 net jobs in 2014. Among the seven BDS size-classes, firms employing 20 to 49 employees experienced the largest gains, adding 6,628 net jobs. The smallest gains were in firms employing 10 to 19 employees, which added 2,628 net jobs. (Source: BDS)

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. Net small business job change, minority small business ownership, and exporter share statistics are based on the 2014 Business Dynamics Statistics (BDS), 2012 Survey of Business Owners (SBO), and 2014 International Trade Administration (ITA) data, respectively.

INCOME AND FINANCE

- The number of banks reported in the Call Reports between June 2015 and June 2016 declined. (Source: [FDIC](#))
- In 2014, **109,754** loans under \$100,000 (valued at **\$1.5 billion**) were issued by Arizona lending institutions reporting under the Community Reinvestment Act. (Source: [FFIEC](#))
- The median income for individuals self-employed at their own incorporated businesses was **\$47,201** in 2015. For individuals self-employed at their own unincorporated firms, this figure was **\$20,751**. (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.

BUSINESS OWNER DEMOGRAPHICS

Figure 2: Arizona Small Business Ownership, 2012

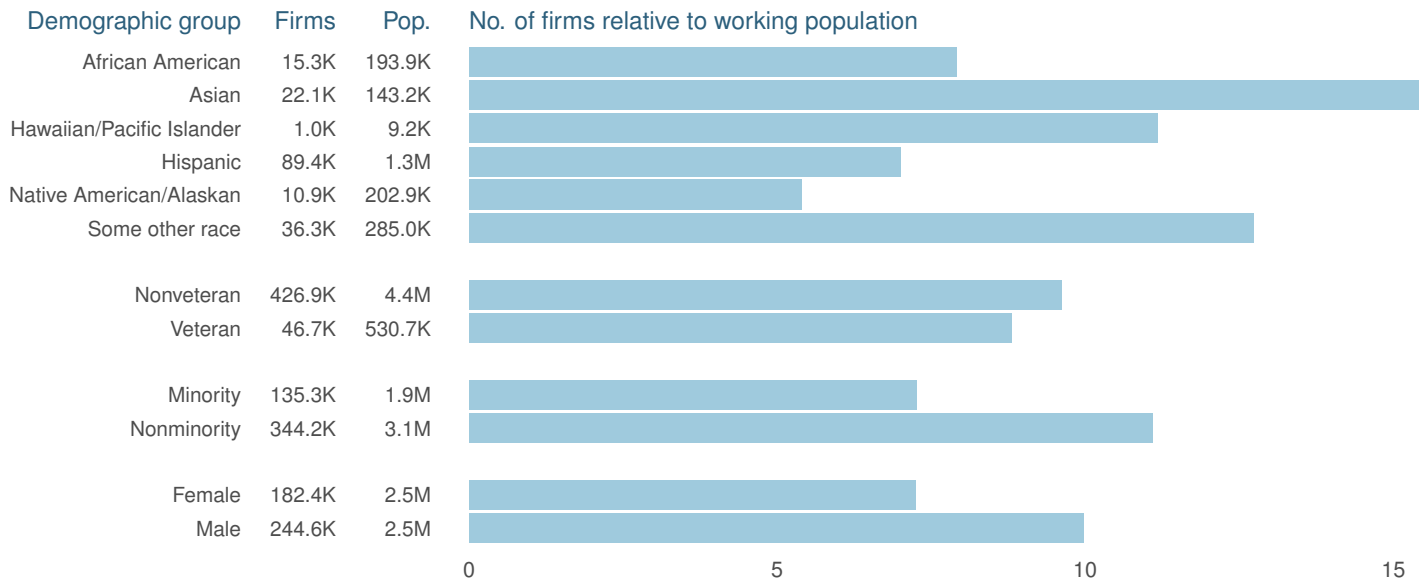
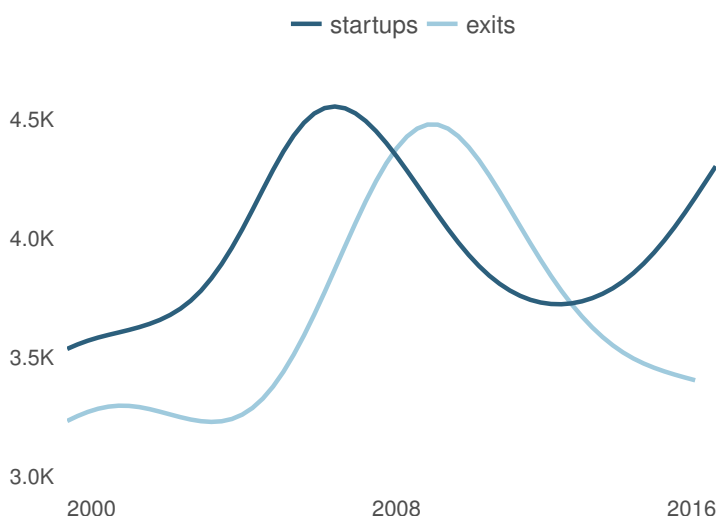


Figure 2 displays the number of small firms (SBO) per 100 people 16 years and over (ACS). For example, there are approximately 7 female-owned firms per 100 working age females or $182.4K \div 2.5M \times 100$. ACS and SBO differ in their classifications of individuals reporting more than one race. ACS provides a distinct category for two or more races while SBO tabulates these businesses into more than one group.

BUSINESS TURNOVER

Figure 3: Arizona Quarterly Startups and Exits



- In the second quarter of 2015, **3,745** establishments started up, generating **15,538** 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, **3,908** establishments exited resulting in **14,645** 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 2000 to 2016. Each series is smoothed across multiple quarters to highlight long-run trends.

The 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.

INTERNATIONAL TRADE

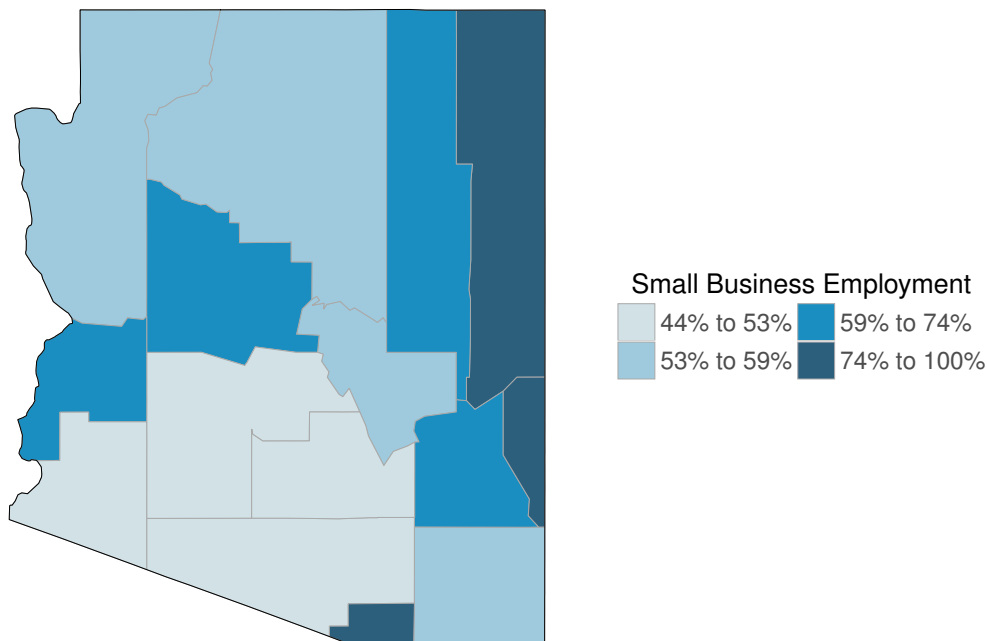
- A total of 7,566 companies exported goods from Arizona in 2014. Among these, 6,663, or 88.1%, were small firms; they generated 26.2% of Arizona's \$19.6 billion in total known exports. (Source: ITA)

SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: Arizona Employment by Industry, 2014

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	152,300	325,753	47%
Accommodation and Food Services	148,579	272,779	54%
Construction	103,969	131,133	79%
Retail Trade	85,942	306,601	28%
Administrative, Support, and Waste Management	80,144	257,224	31%
Professional, Scientific, and Technical Services	78,299	142,438	55%
Other Services (Except Public Administration)	72,423	85,244	85%
Manufacturing	63,681	140,517	45%
Wholesale Trade	47,312	91,700	52%
Educational Services	28,667	60,583	47%
Arts, Entertainment, and Recreation	28,007	42,507	66%
Finance and Insurance	27,820	136,738	20%
Real Estate and Rental and Leasing	27,058	43,538	62%
Transportation and Warehousing	24,244	84,449	29%
Information	13,341	46,118	29%
Utilities	2,477	12,265	20%
Mining, Quarrying, and Oil and Gas Extraction	2,227	11,920	19%
Agriculture, Forestry, and Fishing and Hunting	1,270	1,430	89%
Total	995,671	2,241,077	44%

Figure 4: Arizona Small Business Percent of Employment by County



SMALL BUSINESSES BY INDUSTRY

Table 2: Arizona Small Businesses by Industry and Firm Size, 2014

Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	15,090	14,046	64,393	79,483
Other Services (Except Public Administration)	9,607	8,835	65,658	75,265
Real Estate and Rental and Leasing	6,586	6,277	59,219	65,805
Health Care and Social Assistance	13,069	11,622	35,981	49,050
Retail Trade	9,434	8,436	38,293	47,727
Construction	11,151	9,958	36,239	47,390
Administrative, Support, and Waste Management	6,741	5,860	39,722	46,463
Arts, Entertainment, and Recreation	1,524	1,199	22,893	24,417
Transportation and Warehousing	2,453	2,079	19,541	21,994
Finance and Insurance	4,644	4,328	14,710	19,354
Educational Services	1,704	1,309	12,131	13,835
Accommodation and Food Services	8,007	5,828	5,599	13,606
Wholesale Trade	4,861	3,956	7,946	12,807
Manufacturing	3,726	2,839	6,987	10,713
Information	1,119	909	5,936	7,055
Agriculture, Forestry, and Fishing and Hunting	187	171	2,399	2,586
Mining, Quarrying, and Oil and Gas Extraction	162	127	374	536
Utilities	134	112	332	466
Total	100,199	88,165	438,353	538,552

Data for counties shown in white in Figure 4 and values labeled "s" in Tables 1 and 2 were withheld by the Census Bureau because they do not meet publication standards or could disclose information regarding individual businesses. (Source: SUSB, NES)

REFERENCES

The Small Business Profiles, source data, and methodology are available at <http://go.usa.gov/x9yxK>.

ACS	American Community Survey, 5-year estimates, U.S. Census Bureau
BEA	Bureau of Economic Analysis
BDM	Business Employment Dynamics, BLS
BDS	Business Dynamics Statistics, U.S. Census Bureau
BLS	Bureau of Labor Statistics, U.S. 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, U.S. Census Bureau
SBO	Survey of Business Owners, U.S. Census Bureau
SUSB	Statistics of U.S. Businesses, U.S. Census Bureau

