

SMALL BUSINESS PROFILE

U.S. SMALL BUSINESS ADMINISTRATION

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

PENNSYLVANIA



1.0 million
99.6%

Small Businesses
of Pennsylvania Businesses

2.5 million
46.8%

Small Business Employees
of Pennsylvania Employees

EMPLOYMENT
29,846
net new jobs

DIVERSITY
131,462
minority-owned
businesses

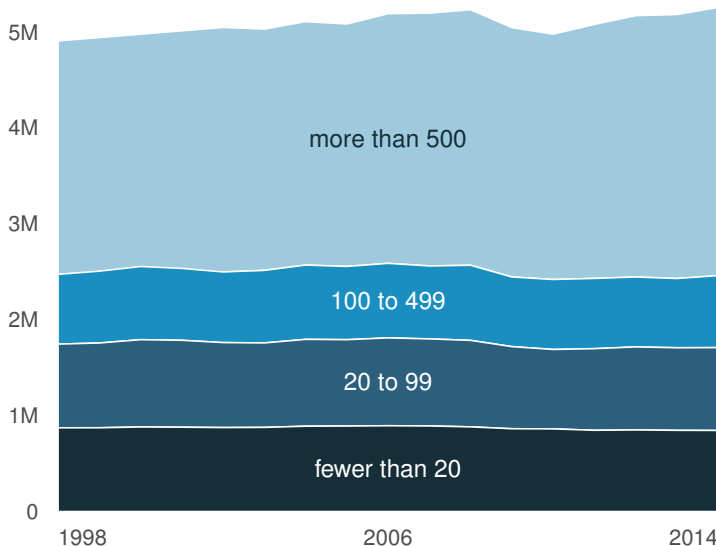
TRADE
89.1%
of Pennsylvania
exporters

OVERALL PENNSYLVANIA ECONOMY

- In the second quarter of 2016, Pennsylvania grew at an annual rate of **0.5%**, which was slower than the overall US growth rate of **1.2%**. Pennsylvania's 2015 growth rate of **2.8%** was up from the 2014 rate of **1.8%**. (Source: [BEA](#))
- In November 2016, the unemployment rate was **5.7%**, up from **4.7%** at the close of 2015. This was above the November 2016 national unemployment rate of **4.6%**. (Source: [CPS](#))

EMPLOYMENT

Figure 1: Pennsylvania Employment by Business Size (Employees)



- Pennsylvania small businesses employed **2.5 million** people, or **46.8%** 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 **0.4%**. This was below the previous year's increase of **1.1%**. (Source: [CPS](#))
- The number of proprietors increased in 2015 by **2.9%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **29,846** net jobs in 2014. Among the seven BDS size-classes, firms employing 250 to 499 employees experienced the largest gains, adding **13,291** net jobs. The largest losses were in firms employing 1 to 4 employees, which lost **1,660** 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, **178,413** loans under \$100,000 (valued at **\$3.1 billion**) were issued by Pennsylvania lending institutions reporting under the Community Reinvestment Act. (Source: [FFIEC](#))
- The median income for individuals self-employed at their own incorporated businesses was **\$50,720** in 2015. For individuals self-employed at their own unincorporated firms, this figure was **\$24,797**. (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: Pennsylvania Small Business Ownership, 2012

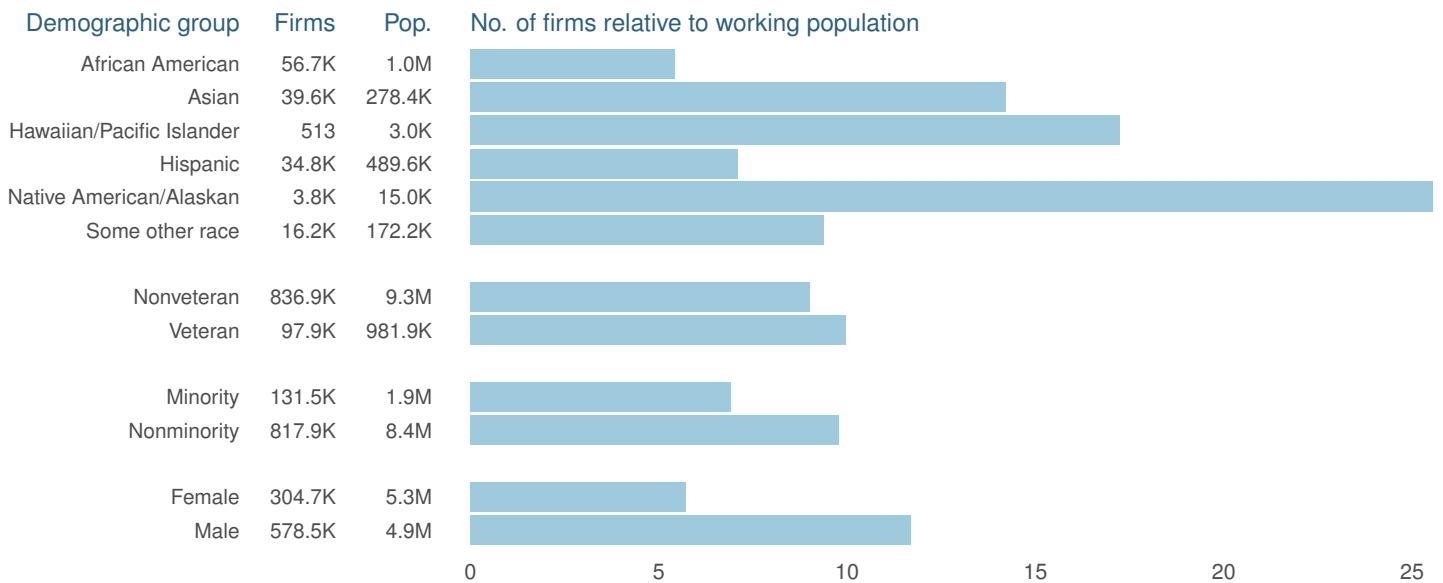
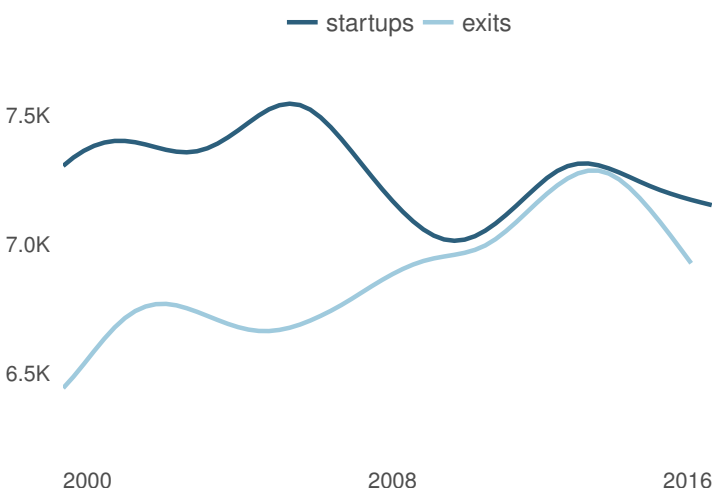


Figure 2 displays the number of small firms (SBO) per 100 people 16 years and over (ACS). For example, there are approximately 6 female-owned firms per 100 working age females or $304.7K \div 5.3M \times 100$. ACS and SBO differ in their classifications of individuals reporting more than one race. ACS provides a distinct category for two or more races while SBO tabulates these businesses into more than one group.

BUSINESS TURNOVER

Figure 3: Pennsylvania Quarterly Startups and Exits



- In the second quarter of 2015, **6,741** establishments started up, generating **23,946** new jobs in Pennsylvania. Startups are counted when business establishments hire at least one employee for the first time. (Source: [BDM](#))
- In the same period, **6,267** establishments exited resulting in **20,448** 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 15,758 companies exported goods from Pennsylvania in 2014. Among these, 14,039, or 89.1%, were small firms; they generated 32.2% of Pennsylvania's \$36.4 billion in total known exports. (Source: ITA)

SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: Pennsylvania Employment by Industry, 2014

| Industry | Small Business Employment | Total Private Employment | Small Business Employment Share |
|--|---------------------------|--------------------------|---------------------------------|
| Health Care and Social Assistance | 395,440 | 973,465 | 41% |
| Accommodation and Food Services | 284,087 | 451,608 | 63% |
| Manufacturing | 264,437 | 548,672 | 48% |
| Retail Trade | 248,690 | 660,341 | 38% |
| Other Services (Except Public Administration) | 217,189 | 240,676 | 90% |
| Professional, Scientific, and Technical Services | 195,174 | 321,707 | 61% |
| Construction | 182,826 | 220,397 | 83% |
| Wholesale Trade | 140,132 | 247,762 | 57% |
| Administrative, Support, and Waste Management | 138,439 | 317,760 | 44% |
| Transportation and Warehousing | 77,459 | 212,457 | 36% |
| Finance and Insurance | 75,037 | 266,219 | 28% |
| Educational Services | 72,580 | 261,755 | 28% |
| Arts, Entertainment, and Recreation | 55,571 | 103,847 | 54% |
| Real Estate and Rental and Leasing | 44,428 | 61,466 | 72% |
| Information | 31,642 | 117,903 | 27% |
| Mining, Quarrying, and Oil and Gas Extraction | 12,114 | 32,193 | 38% |
| Agriculture, Forestry, and Fishing and Hunting | 2,414 | 2,432 | 99% |
| Utilities | 2,364 | 29,456 | 8% |
| Total | 2,459,725 | 5,255,409 | 47% |

Figure 4: Pennsylvania Small Business Percent of Employment by County

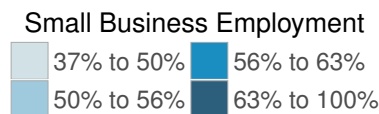
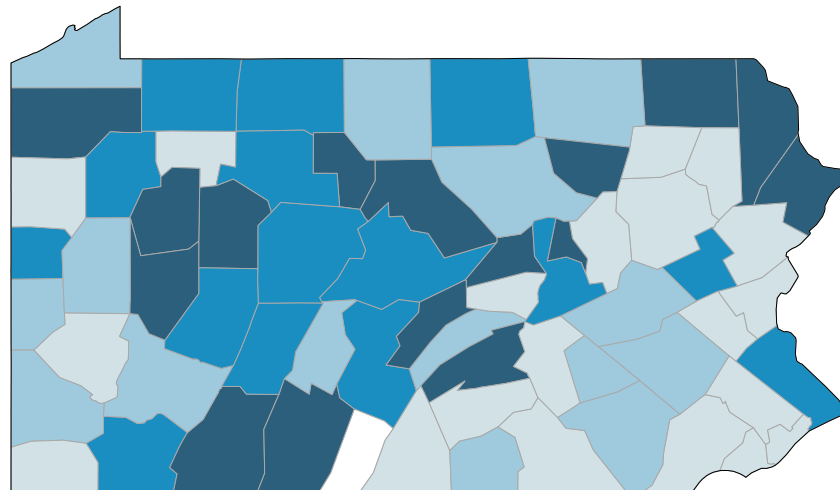







Table 2: Pennsylvania Small Businesses by Industry and Firm Size, 2014

|  |  |  |  |  |
|---|---|--|---|---|
| Industry | 1-499 Employees | 1-20 Employees | Nonemployer Firms | Total Small Firms |
| Professional, Scientific, and Technical Services | 26,560 | 24,174 | 117,598 | 144,158 |
| Other Services (Except Public Administration) | 33,421 | 31,362 | 109,368 | 142,789 |
| Construction | 25,823 | 23,894 | 92,987 | 118,810 |
| Retail Trade | 25,516 | 22,638 | 78,791 | 104,307 |
| Real Estate and Rental and Leasing | 6,848 | 6,281 | 85,909 | 92,757 |
| Health Care and Social Assistance | 23,498 | 19,556 | 63,370 | 86,868 |
| Administrative, Support, and Waste Management | 12,601 | 11,061 | 55,694 | 68,295 |
| Arts, Entertainment, and Recreation | 4,202 | 3,508 | 45,181 | 49,383 |
| Transportation and Warehousing | 6,553 | 5,435 | 35,241 | 41,794 |
| Accommodation and Food Services | 22,361 | 18,380 | 12,748 | 35,109 |
| Finance and Insurance | 8,805 | 7,980 | 25,718 | 34,523 |
| Educational Services | 3,173 | 2,272 | 26,637 | 29,810 |
| Manufacturing | 11,763 | 8,308 | 14,185 | 25,948 |
| Wholesale Trade | 11,203 | 8,952 | 14,132 | 25,335 |
| Information | 2,224 | 1,766 | 10,387 | 12,611 |
| Agriculture, Forestry, and Fishing and Hunting | 475 | 452 | 7,539 | 8,014 |
| Mining, Quarrying, and Oil and Gas Extraction | 801 | 640 | 3,324 | 4,125 |
| Utilities | 159 | 116 | 854 | 1,013 |
| Total | 225,382 | 197,078 | 799,663 | 1,025,045 |

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

