

Arizona

506,365 Small Businesses

97,715 Small Businesses with Employees

408,650 Small Businesses without Employees (Nonemployers)

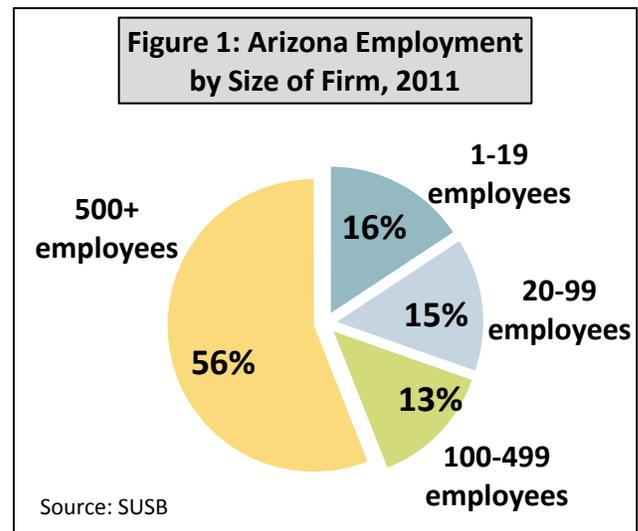
928,155 Workers Employed by Small Businesses

State Economy Overall

- Arizona's economy grew at a faster rate than the United States in 2012. Arizona's real gross state product increased by **2.6 percent** compared to **2.5 percent** for U.S. gross domestic product. (Source: BEA)
- The employment situation in Arizona has improved. The unemployment rate in Arizona declined from **7.9 percent** in December 2012 to **7.6 percent** in December 2013. This is above the national average of **6.7 percent**. (Source: BLS)

Employment

- Arizona's small businesses employed over two-fifths or **928,155** of the state's private workforce in 2011.
- Almost all firms with employees are small. They make up **97.1 percent** of all employers in the state. **Table 3** offers further industry detail on small firms.
- Firms with fewer than 100 employees have the largest share of small business employment. **Figure 1** offers further detail.
- The three industries with the most small business employment were: health care & social assistance, accommodation & food services, and construction (**Table 4**).
- In Arizona, small businesses created **18,459** net new jobs in 2011. The biggest gain was in the smallest firm size category of 1-4 employees. (Source: BDS)
- The number of people who were primarily self-employed increased in 2012. For demographic detail on the state's self-employment, see **Figure 2**.
- The state's private-sector employment increased in 2013 by **2.5 percent**, which was above the national average growth rate of **2.1 percent**. (Source: BEA, BLS)



The *Small Business State and Territory Profiles* report on the economic status of small business from 2010 to 2013. They include information on the number of firms, employment, demographics and other topics using the most recently available government data. They are a reference tool for researchers, policymakers, and small entities who are interested in how small firms are performing regionally or nationally. *Note that this report defines small businesses as firms with fewer than 500 employees.*

Income and Finance

- Most small businesses are sole proprietors. Annual income from sole proprietorships increased **7.1 percent** in the 3rd quarter of 2013 and totaled **\$18.7 billion**. (Source: BEA)
- The Federal Deposit Insurance Corporation tracks banks and bank branches and publishes annual data for each state. For more detailed information see www2.fdic.gov/sod/sodSummary.asp?baritem=3.
- In 2012, **106,748** loans under \$100,000 (and valued at **\$1.3 billion**) were issued by Community Reinvestment Act lending institutions in Arizona. (Source: FFIEC)

Business Owner Demographics

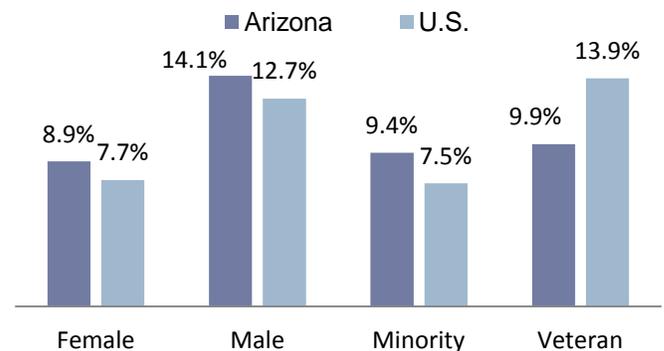
- In 2011, there were an estimated **143,000** woman-owned businesses and **88,000** minority-owned businesses. For additional business demographic information, see **Table 1** and **Figure 2**.

Table 1. Demographics of All Arizona Businesses, 2011

	Number of All Businesses ^e	Share of All Businesses (%) [*]
Male Owned	228,000	44.7
Woman Owned	143,000	28.1
Equally Male and Female Owned	119,000	23.3
Minority Owned	88,000	17.3
Veteran Owned	50,000	9.8

e = Advocacy estimate. *2007 SBO. Note: This estimate is based on the share of business owners in the 2007 SBO. This share is multiplied by the total number of businesses in 2011 (employer + nonemployer firms). These shares will not be updated to 2012 until fall 2015. Thus, the 2011 estimates assume the 2011 shares are the same as 2007. For more information, visit www.sba.gov/sites/default/files/files/az10.pdf.

Figure 2: Arizona Self-Employment Demographics, 2012



Source: CPS

Note: Share of self-employed workers within a demographic group.

Business Turnover

- **Table 2** gives Arizona's establishment survival rates over an eight-year period, 2002-2010.
- In the 2nd quarter of 2013, **7,067** establishments opened and **7,071** closed in the state of Arizona. (Source: BED)
- Business bankruptcies declined in net from 2010 to 2013, signaling a stronger state economy. (Source: U.S. Courts)

Table 2. Survival Rates of Establishments in Arizona

	Establishments Opened [*]	Share Surviving Until 2012 (%)
2002	11,110	30.9
2007	14,364	40.3
2010	9,842	65.7

Source: BLS, BED. *Data year ending in March.

International Trade

- A total of **7,934** companies exported goods from the state in 2012. Of these, **6,946** or **87.5 percent** were small firms; they generated over a quarter (**27.3 percent**) of the state's total known export value. (Source: ITA)

Table 3: Number of Arizona Small Firms by Industry, 2011
(ranked by number of small employer firms)

Industry	Employer Firms With 1-499 Employees	Employer Firms With 1-19 Employees	Nonemployer Firms	Total Small Firms
Professional, scientific, & tech. svcs.	14,530	13,595	61,217	75,747
Health care & social assistance	12,768	11,455	34,234	47,002
Construction	11,165	10,084	34,819	45,984
Retail trade	9,493	8,553	34,297	43,790
Other services (except public admin.)	9,391	8,649	61,252	70,643
Accommodation & food services	7,640	5,758	5,224	12,864
Admin., supp., waste mgt., remed. svcs.	6,649	5,815	37,199	43,848
Real estate & rental & leasing	6,087	5,761	56,951	63,038
Wholesale trade	4,842	3,953	7,463	12,305
Finance & insurance	4,499	4,177	14,635	19,134
Manufacturing	3,740	2,931	6,682	10,422
Transportation & warehousing	2,360	1,986	15,522	17,882
Educational services	1,624	1,271	10,148	11,772
Arts, entertainment, & recreation	1,473	1,207	20,523	21,996
Information	1,051	864	5,592	6,643
Management of comp. & enterprises	334	73	0	334
Unclassified	198	198	0	198
Forestry, etc. & agriculture support	182	164	2,226	2,408
Mining	171	142	358	529
Utilities	145	125	308	453
Total	97,715	86,685	408,650	506,365

Table 4: Employment in Arizona by Industry and Firm Size, 2011
(ranked by small firm employment)

Industry	Employment		Small Firm Share of Industry Employment (%)
	Small Firms	Total Firms	
Health care & social assistance	143,771	314,612	46
Accommodation & food services	133,602	246,722	54
Construction	91,896	116,992	79
Retail trade	83,177	306,972	27
Admin., supp., waste mgt., remed. svcs.	77,611	208,372	37
Professional, scientific, & tech. svcs.	77,597	128,576	60
Other services (except public admin.)	69,193	81,243	85
Manufacturing	59,501	137,532	43
Wholesale trade	43,298	91,256	47
Educational services	27,427	75,040	37
Finance & insurance	25,494	129,576	20
Real estate & rental & leasing	25,312	39,171	65
Arts, entertainment, & recreation	24,994	40,407	62
Transportation & warehousing	21,534	75,115	29
Information	12,439	50,521	25
Management of comp. & enterprises	5,783	41,237	14
Utilities	2,104	12,498	17
Mining	1,948	11,160	17
Forestry, etc. & agriculture support	1,274	1,359	94
Unclassified	D	D	D
Total	928,155	2,108,561	44

Source, Tables 3 and 4: SUSB

See www.sba.gov/advocacy/847/841921 for more detailed data.

Note: Small firms are defined as nonfarm firms having fewer than 500 employees.

(D) Data suppressed to protect the confidentiality of individual firms.

Abbreviations and Resources

BEA	Bureau of Economic Analysis, U.S. Department of Commerce, www.bea.gov .
BED	Business Employment Dynamics, U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov/bdm .
BDS	Business Dynamics Statistics, U.S. Census Bureau, www.census.gov/ces/dataproducts/bds .
BLS	Bureau of Labor Statistics, U.S. Department of Labor, www.bls.gov .
CPS	Current Population Survey, U.S. Census Bureau, and U.S. Department of Labor, Bureau of Labor Statistics, www.census.gov/cps .
FDIC	Federal Deposit Insurance Corporation, www.fdic.gov .
FFIEC	Federal Financial Institutions Examination Council, www.ffiec.gov .
ITA	International Trade Administration, U.S. Department of Commerce, www.trade.gov .
SBO	Survey of Business Owners, U.S. Census Bureau, www.census.gov/econ/sbo .
SUSB	Statistics of U.S. Businesses, U.S. Census Bureau, www.census.gov/econ/susb .
U.S. Courts	Administrative Office of the U.S. Courts, www.uscourts.gov .