

Tennessee

564,326 Small Businesses

93,300 Small Businesses with Employees

471,026 Small Businesses without Employees (Nonemployers)

1,023,528 Workers Employed by Small Businesses

State Economy Overall

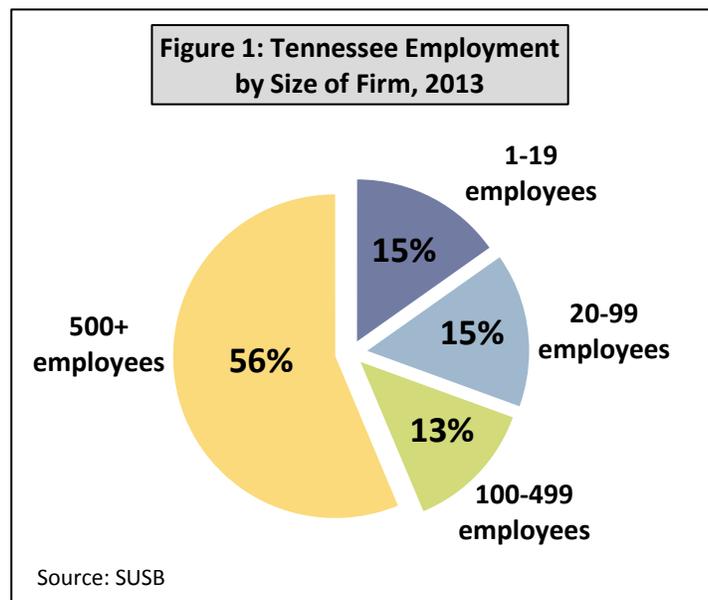
- Tennessee's economy grew at a slower rate than the United States in 2013. Tennessee's real gross state product increased by **0.8 percent** compared to **2.2 percent** for U.S. gross domestic product. (Source: BEA)
- The employment picture in Tennessee has improved. The unemployment rate in Tennessee declined from **8.1 percent** in October 2013 to **7.1 percent** in October 2014. This is above the national average of **5.8 percent** for the same time period. (Source: BLS)

Employment

- Tennessee's small businesses employed two-fifths or **1 million** of the state's private workforce in 2012. (Source: SUSB)
- Almost all firms with employees are small. They make up **96.8 percent** of all employers in the state. (Source: SUSB)
- Firms with fewer than 100 employees have the largest share of small business employment. **Figure 1** offers further detail.

- In Tennessee, small businesses created **41,302** net new jobs in 2012. 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 in 2013 decreased by **1.4 percent** relative to the previous year.

- The state's private-sector employment growth increased by **2.8 percent** over the 12-month period ending in October 2014; this was above the national average growth rate of **2.3 percent**. (Source: BLS)



The *Small Business State and Territory Profiles* report on the economic status of small business from 2007 to 2014. 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

- The number of banks reported in the Call Reports between June 2013 and June 2014 declined. (Source: FDIC)
- In 2012, **82,268** loans under \$100,000 (and valued at **\$1.1 billion**) were issued by Community Reinvestment Act lending institutions in Tennessee. (Source: FFIEC)
- The median income for individuals who are self-employed at their own incorporated businesses for the past 12 months was **\$48,105** in 2013. For individuals self-employed at their own unincorporated firms, this figure was **\$21,741**. (Source: ACS)

Note: 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

- **Table 1** shows the top industry for nine business owner demographics. For example, **40.1 percent** of female-owned businesses were in the other services industry, and female-owned firms made up **19.8 percent** of this industry.

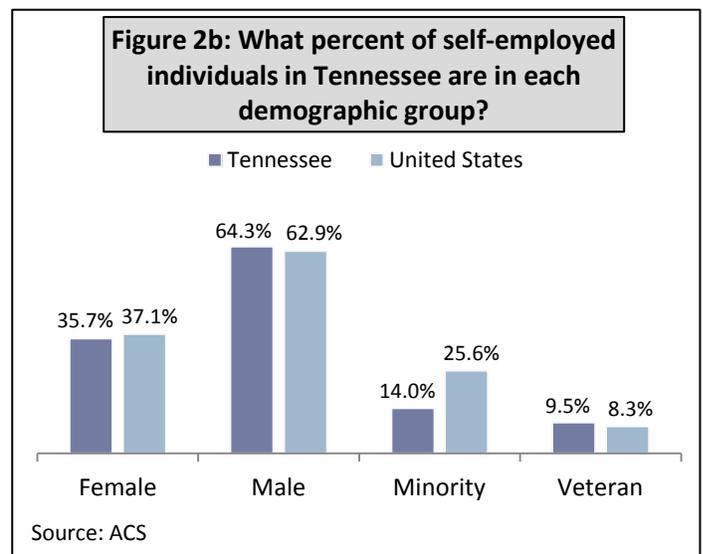
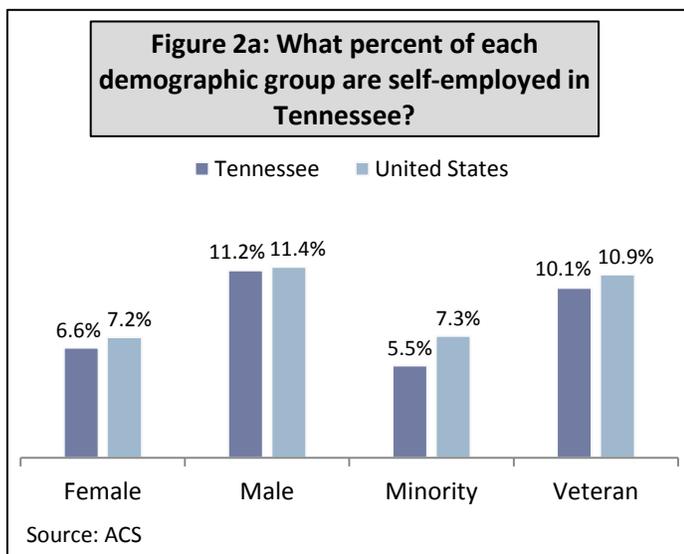
Table 1: Top Industry by Demographic Group in Tennessee, 2007

Demographic Group of Business Owners	Most Common Industry	% of Industry in Demographic Group	% of Demographic Group in Industry
Female	Other services	40.1	19.8
Male	Construction	75.2	23.3
American Indian and Alaska Native	*	*	*
Asian	Other services	4.1	25.6
Black or African American	Other services	15.5	23.7
Native Hawaiian and Other Pacific Islander	*	*	*
White	Construction	94.3	18.4
Hispanic	Construction	2.6	27.5
Veteran	Construction	14.3	20.3

*Indicates that the sample size was too small to be representative of the population. For more detailed information on businesses in your state, see www.sba.gov/advocacy/847/841921.

Source: U.S. Department of Commerce, Census Bureau, 2007 Survey of Business Owners via American FactFinder.

- Figures **2a** and **2b** show the demographic makeup of the self-employed in four demographic groups. For example, **Figure 2a** shows that **6.6 percent** of females were self-employed, and **Figure 2b** shows that **35.7 percent** of all self-employed people were female.



Business Turnover

- In 2010, **9,261** establishments opened in Tennessee, and **65.5 percent** survived through 2012. In 2013, **10,805** establishments opened, and **78.5 percent** survived through 2014. (Source: BLS, BED)
- In the 1st quarter of 2014, **4,123** establishments opened and **3,791** closed in the state of Tennessee. (Source: BED)
- Business bankruptcies declined from 2010 to 2014, signaling a stronger state economy. (Source: U.S. Courts)

International Trade

- A total of **7,172** companies exported goods from the state in 2012. Of these, **5,958** or **83.1 percent** were small firms; they generated over a seventh (**15.0 percent**) of the state's total known export value. (Source: ITA)

Small Businesses and Employment by Industry

- **Table 2** ranks the state's industries by the number of small employer firms. For comparison, the three most common industries for small employer firms across the United States are professional, scientific, and technical services; other services (except public administration); and retail trade.

Table 2: Number of Tennessee Small Firms by Industry, 2012
(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
Retail trade	13,208	11,947	41,564	54,772
Other services (except public admin.)	12,796	11,771	88,890	101,686
Health care & social assistance	10,774	9,193	35,154	45,928
Professional, scientific, & tech. svcs.	9,623	8,789	51,975	61,598
Construction	9,064	8,120	62,078	71,142
Accommodation & food services	7,904	5,965	7,275	15,179
Admin., supp., waste mgt., remed. svcs.	5,061	4,307	50,473	55,534
Wholesale trade	4,920	3,778	7,325	12,245
Manufacturing	4,788	3,407	6,300	11,088
Finance & insurance	4,137	3,646	13,386	17,523
Real estate & rental & leasing	3,655	3,357	36,971	40,626
Transportation & warehousing	2,741	2,278	19,904	22,645
Arts, entertainment, & recreation	2,179	1,894	27,645	29,824
Information	1,243	1,041	6,623	7,866
Educational services	1,115	838	10,331	11,446
Management of comp. & enterprises	388	54	*	388
Forestry, etc. & agriculture support	236	222	4,528	4,764
Mining, quarrying, and oil & gas extrac.	105	79	333	438
Unclassified	87	87	*	87
Utilities	45	15	271	316
Total	93,300	80,705	471,026	564,326

Source: SUSB and Nonemployer Statistics. *Data for nonemployers not collected in these two categories.

See www.sba.gov/advocacy/additional-data-state-profiles for more detailed data.

- **Table 3** shows small firm employment by industry. The three Tennessee industries with the most small business employment were: health care and social assistance; accommodation and food services; and retail trade (**Table 3**).

**Table 3: Employment in Tennessee by Industry and Firm Size, 2012
(ranked by small firm employment)**

Industry	Employment		Small Firm % of Industry Employment
	Small Firms	Total Firms	
Health care & social assistance	156,636	385,569	40.6
Accommodation & food services	127,727	240,698	53.1
Retail trade	104,514	308,272	33.9
Manufacturing	102,866	296,119	34.7
Other services (except public admin.)	93,410	107,842	86.6
Construction	78,941	94,832	83.2
Admin., supp., waste mgt., remed. svcs.	66,912	212,776	31.4
Professional, scientific, & tech. svcs.	65,504	99,426	65.9
Wholesale trade	59,159	112,332	52.7
Finance & insurance	40,161	109,385	36.7
Transportation & warehousing	31,236	129,084	24.2
Educational services	27,028	55,830	48.4
Arts, entertainment, & recreation	22,494	31,567	71.3
Real estate & rental & leasing	20,650	30,871	66.9
Information	12,609	47,561	26.5
Management of comp. & enterprises	7,670	73,345	10.5
Utilities	2,478	3,578	69.3
Mining, quarrying, and oil & gas extraction	2,038	3,368	60.5
Forestry, etc. & agriculture support	1,422	1,519	93.6
Unclassified	73	73	100.0
Total	1,023,528	2,344,047	43.7

Source: SUSB.

For more detailed information on businesses in your state, see www.sba.gov/advocacy/847/841921.

Abbreviations and Resources

ACS	American Community Survey, U.S. Census Bureau, www.census.gov/acs .
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 .
CEA	Council of Economic Advisers, www.whitehouse.gov/administration/eop/cea .
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 .
Nonemployer Statistics	Nonemployer Statistics, U.S. Census Bureau, www.census.gov/econ/nonemployer .
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 .