

SMALL BUSINESS PROFILE

U.S. SMALL BUSINESS ADMINISTRATION

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

RHODE ISLAND




96,688
95.7% Small Businesses
of Rhode Island Businesses

223,651
54.8% Small Business Employees
of Rhode Island Employees



EMPLOYMENT
4,127
net new jobs¹



DIVERSITY
50.0%
increase in minority
ownership²



TRADE
87.7%
of Rhode Island
exporters³

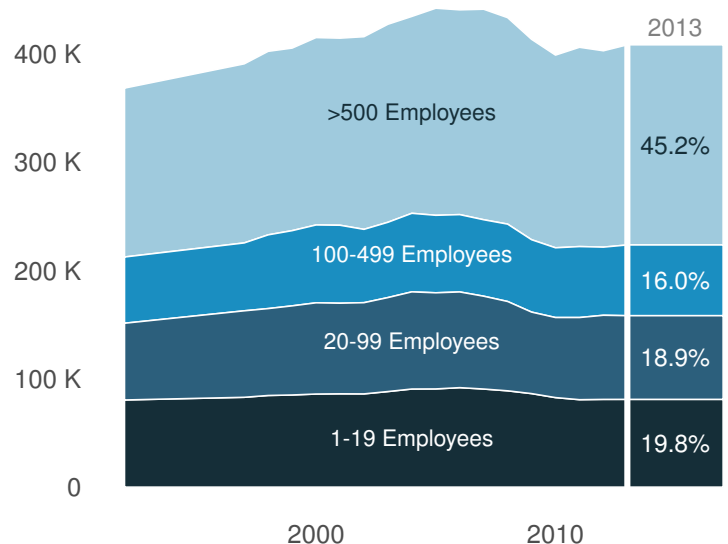
OVERALL RHODE ISLAND ECONOMY

- In the third quarter of 2015, Rhode Island grew at an annual rate of 2.1% which was faster than the overall US growth rate of 1.9%. By comparison, Rhode Island's 2014 growth of 3.7% was up from the 2013 level of 2.2%. (Source: BEA)
- The employment situation in Rhode Island improved. At the close of 2015, unemployment was 5.4%, down from 6.6% at the close of 2014. This was above the national unemployment rate of 5.0%. (Source: CPS)

EMPLOYMENT

- Rhode Island small businesses employed 223,651 people, or 54.8% 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 2.2% in 2015. This was above the previous year's increase of 1.5%. (Source: CES)
- The number of proprietors increased in 2014 by 1.3% relative to the previous year. (Source: BEA)
- Small businesses created 4,127 net jobs in 2013. Among the seven BDS size-classes, firms employing 250 to 499 employees experienced the largest gains, adding 2,406 net jobs. The largest losses were in firms employing 5 to 9 employees which lost 106 net jobs. (Source: BDS)

Figure 1: Rhode Island 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.

^{1,3} Net small business jobs change and exporter share are based on newly released 2013 BDS and 2012 ITA data.

² 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, 15,478 loans under \$100,000 (and valued at \$224.4 million) were issued by Rhode Island lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income⁴ for individuals who were self-employed at their own incorporated businesses was \$49,827 in 2014. For individuals self-employed at their own unincorporated firms, this figure was \$26,343. (Source: ACS)

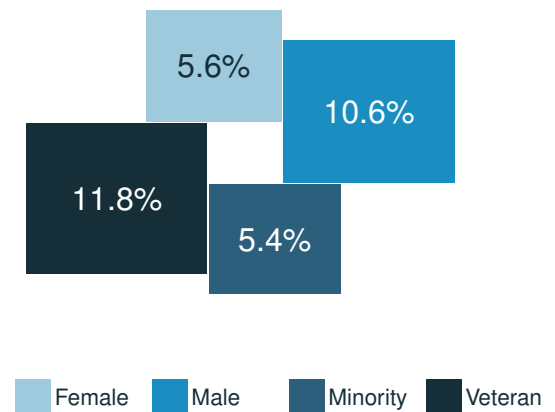
⁴ Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

BUSINESS OWNER DEMOGRAPHICS

Figure 2: Rhode Island Changes in Business Ownership by Demographic Group

African American-owned	•	4.6%
Asian-owned	●	46.9%
Hawaiian/Pacific Islander-owned	●●	82.4%
Hispanic-owned	●	46.4%
Native American/Alaskan-owned	●●	70.4%
Minority-owned	●	50.0%
Nonminority-owned	•	-5.9%

Figure 3: Rhode Island Self-Employment within Demographic Group

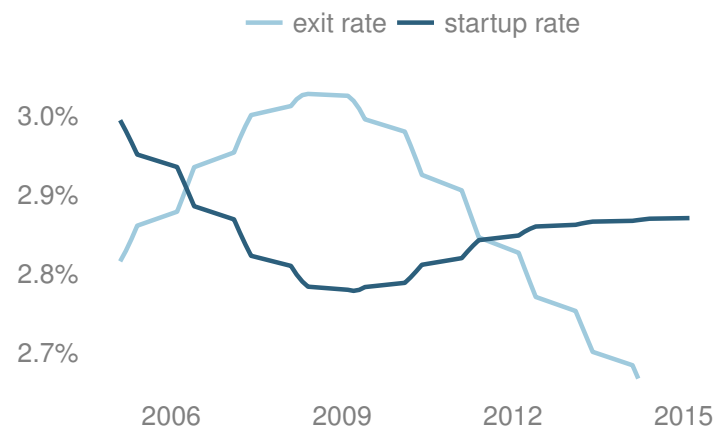


- Figure 2 displays the change in overall firm ownership for each demographic group from 2007 to 2012 based on the Survey of Business Owners (SBO) for Rhode Island, released in December 2015.
- Figure 3 displays the percent of each demographic group identified as self-employed according to the 2014 American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

BUSINESS TURNOVER

- In the second quarter of 2014, 847 establishments started up⁵ in Rhode Island and 811 exited.⁶ Startups generated 2,386 new jobs while exits caused 1,876 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: Rhode Island Private Startup and Exit Rates



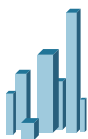




⁵ **STARTUPS** are counted when business establishments hire at least one employee for the first time. The BLS terms these **births**, as distinct from the BLS **openings** category which includes seasonal re-openings.

⁶ **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 1,790 companies exported goods from Rhode Island in 2013. Among these, 1,570, or 87.7%, were small firms; they generated 66.9% of Rhode Island's total known export value. (Source: ITA)

SMALL BUSINESSES BY INDUSTRY

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

				
Industry	1 – 499 Employees	1 – 19 Employees	Nonemployer Firms	Total Small Firms
Construction	2,911	2,777	8,345	11,256
Professional, Scientific, and Technical Services	2,755	2,548	11,564	14,319
Other Services (except Public Administration)	2,675	2,523	11,214	13,889
Retail Trade	2,590	2,362	5,520	8,110
Accommodation and Food Services	2,506	1,992	956	3,462
Health Care and Social Assistance	2,343	1,935	5,722	8,065
Administrative, Support, and Waste Management	1,517	1,365	5,370	6,887
Manufacturing	1,352	1,012	1,149	2,501
Wholesale Trade	1,102	871	1,222	2,324
Real Estate and Rental and Leasing	844	781	9,366	10,210
Finance and Insurance	660	573	1,995	2,655
Transportation and Warehousing	524	458	2,033	2,557
Arts, Entertainment, and Recreation	488	412	4,594	5,082
Educational Services	376	282	2,494	2,870
Information	230	182	945	1,175
Agriculture, Forestry, Fishing and Hunting	44	42	1,134	1,178
Mining, Quarrying, and Oil and Gas Extraction	15	14	16	31
Utilities	12	12	119	131
Total	22,944	20,141	73,758	96,702

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: Rhode Island 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	44,633	86,042	51.9%
Accommodation and Food Services	32,228	45,158	71.4%
Manufacturing	25,850	37,438	69.0%
Retail Trade	18,116	47,348	38.3%
Professional, Scientific, and Technical Services	15,658	22,047	71.0%
Other Services (except Public Administration)	14,951	16,610	90.0%
Construction	14,575	15,558	93.7%
Administrative, Support, and Waste Management	13,426	22,465	59.8%
Wholesale Trade	12,000	20,645	58.1%
Finance and Insurance	6,866	24,198	28.4%
Educational Services	6,360	26,684	23.8%
Arts, Entertainment, and Recreation	5,633	9,029	62.4%
Transportation and Warehousing	4,463	10,103	44.2%
Real Estate and Rental and Leasing	4,098	5,422	75.6%
Information	2,645	7,259	36.4%
Mining, Quarrying, and Oil and Gas Extraction	111	146	76.0%
Utilities	82	1,008	8.1%
Agriculture, Forestry, Fishing and Hunting	s	s	-
Total	221,695	397,160	55.8%

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

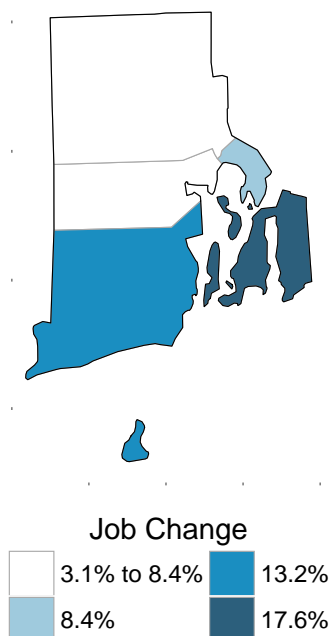


Table 3: Abbreviations and Resources

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>

