

2019 Small Business Profile

Arkansas



249,907 Small Businesses
99.3% of Arkansas Businesses

490,497 Small Business Employees
47.9% of Arkansas Employees



EMPLOYMENT
12,586
net new jobs



DIVERSITY
31,054
minority-owned
business employees



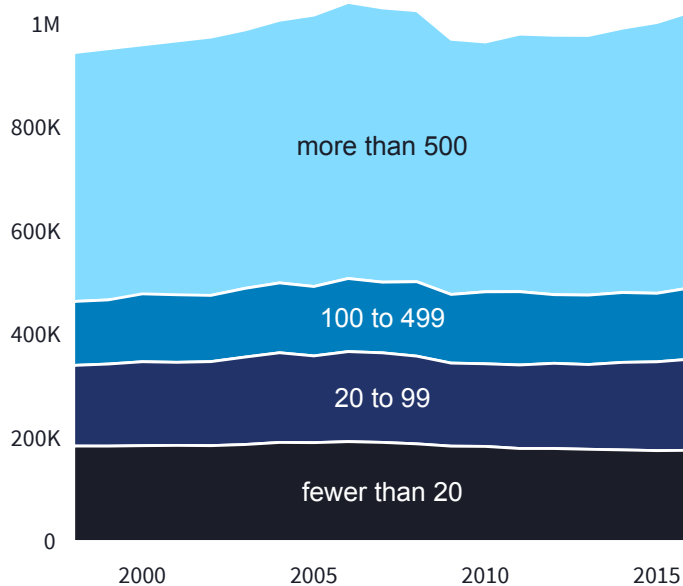
TRADE
1,765
small business
exporters

Overall Arkansas Economy

- In the third quarter of 2018, Arkansas grew at an annual rate of **1.9%**, which was slower than the overall US growth rate of **3.4%**. Arkansas's 2017 growth rate of **0.3%** was down from the 2016 rate of less than **0.1%**. (Source: [BEA](#))
- In February 2019, the unemployment rate was **3.8%**, unchanged from **3.8%** in February 2018. This was equal to the February 2019 national unemployment rate of **3.8%**. (Source: [CPS](#))

Employment

Figure 1: Employment by Business Size (Employees)



- Arkansas small businesses employed **490,497** people, or **47.9%** of the private workforce, in 2016. (Source: [SUSB](#))
- Firms with fewer than 100 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment increased **0.5%** during the 12-month period ending in February 2019. This was equal to the increase of **0.5%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2017 by **1.5%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **12,586** net jobs in 2016. Firms employing fewer than 20 employees experienced the largest gains, adding **9,140** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **1,523** net jobs. (Source: [SUSB](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy (<http://advocacy.sba.gov>). Each report incorporates the most up-to-date government data to present a unique snapshot of small businesses. Small businesses are defined for this profile as firms employing fewer than 500 employees. Net small business job change, employees of minority-owned businesses, and exporter share statistics are based on the 2016 Statistics of US Businesses (SUSB), 2016 Annual Survey of Entrepreneurs (ASE), and 2016 International Trade Administration (ITA) data, respectively.

Income and Finance

- The number of banks decreased by 6 between June 2016 and June 2017 to 98 banks. (Source: FDIC)
- In 2017, 46,458 loans under \$100,000 (valued at \$772.0 million) were issued by Arkansas lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income for individuals self-employed at their own incorporated businesses was \$46,889 in 2017. For individuals self-employed at their own unincorporated firms, this figure was \$22,188. (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.

Employer Business Owner Demographics

Figure 2: Arkansas Employees per Business by Owner's Demographic, 2016

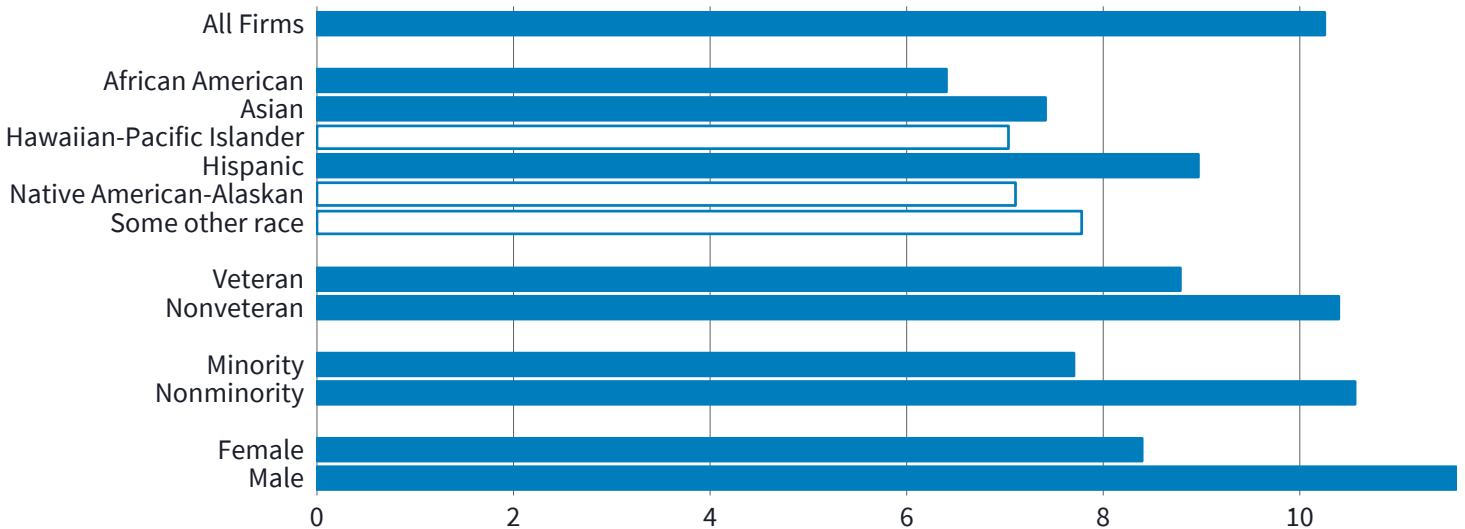
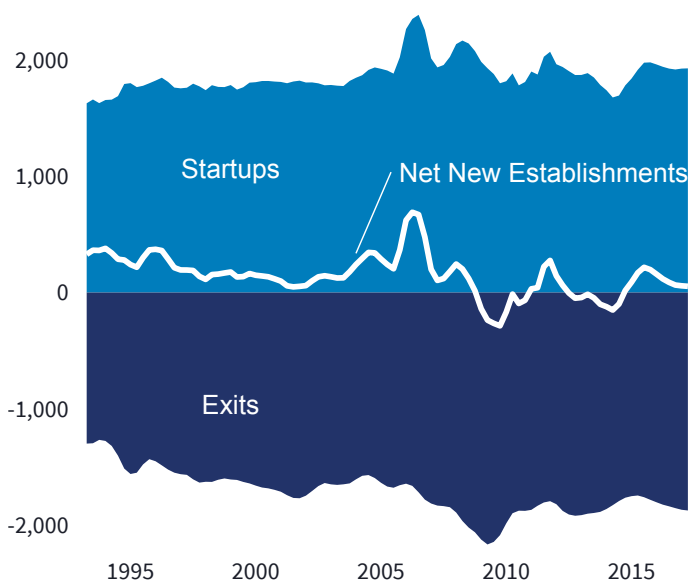


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the 2016 Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding individual businesses.

Turnover among Establishments with Employees

Figure 3: Arkansas Quarterly Startups and Exits



- In the third quarter of 2017, 1,902 establishments started up, generating 7,035 new jobs in Arkansas. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 1,871 establishments exited resulting in 5,338 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 1993 to 2017. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

The BLS data covers only business establishments with employees. 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. Quarterly startup and exit values may not align with Figure 3 due to smoothing.

International Trade

- A total of 2,265 companies exported goods from Arkansas in 2016. Of these, 1,765, or 77.9%, were small firms; they generated 19.6% of Arkansas's \$5.3 billion in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: Arkansas Employment by Industry, 2016

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	85,205	170,777	49.9
Accommodation and Food Services	72,763	105,795	68.8
Retail Trade	54,635	147,616	37.0
Manufacturing	40,625	153,952	26.4
Construction	40,292	45,609	88.3
Other Services (except Public Administration)	38,510	40,828	94.3
Wholesale Trade	27,592	47,341	58.3
Professional, Scientific, and Technical Services	26,568	37,811	70.3
Administrative, Support, and Waste Management	25,537	63,655	40.1
Finance and Insurance	16,494	36,831	44.8
Transportation and Warehousing	16,224	53,468	30.3
Educational Services	11,090	15,997	69.3
Real Estate and Rental and Leasing	9,310	12,490	74.5
Arts, Entertainment, and Recreation	7,979	9,844	81.1
Information	5,152	25,303	20.4
Agriculture, Forestry, and Fishing and Hunting	4,179	4,815	86.8
Management of Companies and Enterprises	3,119	39,186	8.0
Utilities	2,542	7,077	35.9
Mining, Quarrying, and Oil and Gas Extraction	2,493	5,271	47.3
Industries not classified	188	188	100.0
Total	490,497	1,023,854	47.9

Figure 4: Arkansas Self-Employment Rates by County, 2017

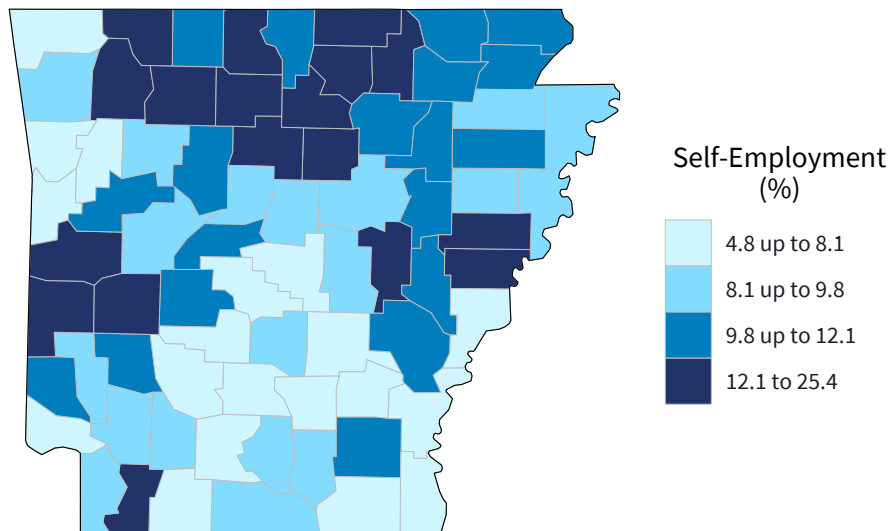


Table 2: Arkansas Small Businesses by Industry and Firm Size, 2016

Industry	1-499 Employees	1-19 Employees	Nonemployer Firms	Total Small Firms
Other Services (except Public Administration)	6,244	5,857	36,575	42,819
Construction	5,192	4,729	28,645	33,837
Retail Trade	6,476	5,856	18,617	25,093
Professional, Scientific, and Technical Services	5,255	4,960	18,051	23,306
Administrative, Support, and Waste Management	2,180	1,900	20,319	22,499
Health Care and Social Assistance	5,700	4,831	15,783	21,483
Real Estate and Rental and Leasing	2,297	2,171	18,410	20,707
Transportation and Warehousing	1,849	1,628	10,857	12,706
Finance and Insurance	2,317	2,127	6,053	8,370
Arts, Entertainment, and Recreation	770	666	7,021	7,791
Accommodation and Food Services	4,246	3,088	3,170	7,416
Wholesale Trade	2,257	1,702	2,909	5,166
Educational Services	550	424	4,588	5,138
Agriculture, Forestry, and Fishing and Hunting	608	565	4,453	5,061
Manufacturing	1,991	1,449	2,807	4,798
Information	426	344	1,711	2,137
Mining, Quarrying, and Oil and Gas Extraction	265	225	1,090	1,355
Utilities	122	102	168	290
Total	48,680	42,719	201,227	249,907

Tables 1 and 2 display data from the 2016 SUSB. Table 2 includes additional data from the 2016 Nonemployer Statistics (NES). Figure 4 provides estimates of the rate of self-employment among employed civilians, 16 years and over, including both incorporated and unincorporated businesses, from the 2017 American Community Survey (ACS).

References

The Small Business Profiles, source data, and methodology are available at <https://go.usa.gov/xmb5R>.

- ACS American Community Survey, US Census Bureau
- ASE Annual Survey of Entrepreneurs, US Census Bureau
- BEA Bureau of Economic Analysis, US Department of Commerce
- BDM Business Employment Dynamics, BLS
- BLS Bureau of Labor Statistics, US Department of Labor
- CPS Current Population Survey, BLS
- FDIC Call Reports, Federal Deposit Insurance Corporation
- FFIEC Federal Financial Institutions Examination Council
- ITA International Trade Administration, US Department of Commerce
- NES Nonemployer Statistics, US Census Bureau
- SUSB Statistics of US Businesses, US Census Bureau