

2019 Small Business Profile

Pennsylvania



1.1 million Small Businesses
99.6% of Pennsylvania Businesses

2.5 million Small Business Employees
46.6% of Pennsylvania Employees



EMPLOYMENT
51,487
net new jobs



DIVERSITY
166,074
minority-owned
business employees



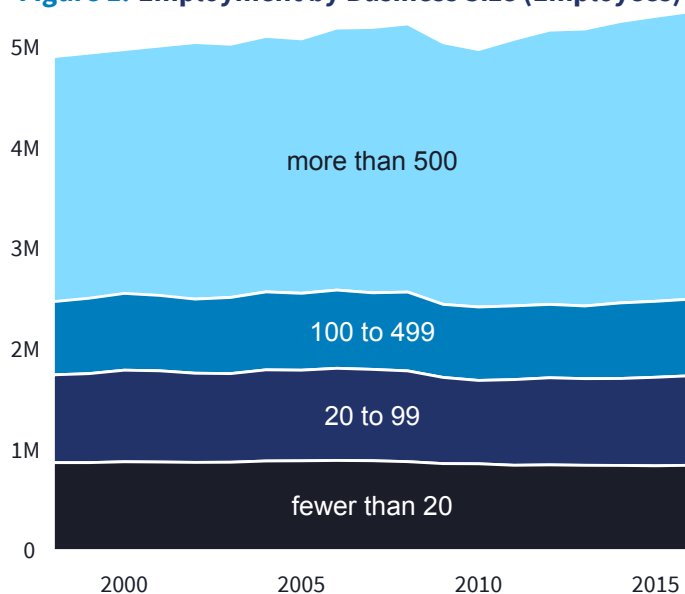
TRADE
13,345
small business
exporters

Overall Pennsylvania Economy

- In the third quarter of 2018, Pennsylvania grew at an annual rate of **2.8%**, which was slower than the overall US growth rate of **3.4%**. Pennsylvania's 2017 growth rate of **2.2%** was up from the 2016 rate of **1.2%**. (Source: [BEA](#))
- In February 2019, the unemployment rate was **4.0%**, down from **4.5%** in February 2018. This was above the February 2019 national unemployment rate of **3.8%**. (Source: [CPS](#))

Employment

Figure 1: Employment by Business Size (Employees)



- Pennsylvania small businesses employed **2.5 million** people, or **46.6%** 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 **1.6%** during the 12-month period ending in February 2019. This was above the increase of **0.0%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2017 by **2.0%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **51,487** net jobs in 2016. Firms employing fewer than 20 employees experienced the largest gains, adding **34,842** net jobs. The smallest gains were in firms employing 20 to 99 employees, which added **6,478** 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 8 between June 2016 and June 2017 to 160 banks. (Source: FDIC)
- In 2017, 208,578 loans under \$100,000 (valued at \$3.5 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 \$52,358 in 2017. For individuals self-employed at their own unincorporated firms, this figure was \$26,138. (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: Pennsylvania Employees per Business by Owner's Demographic, 2016

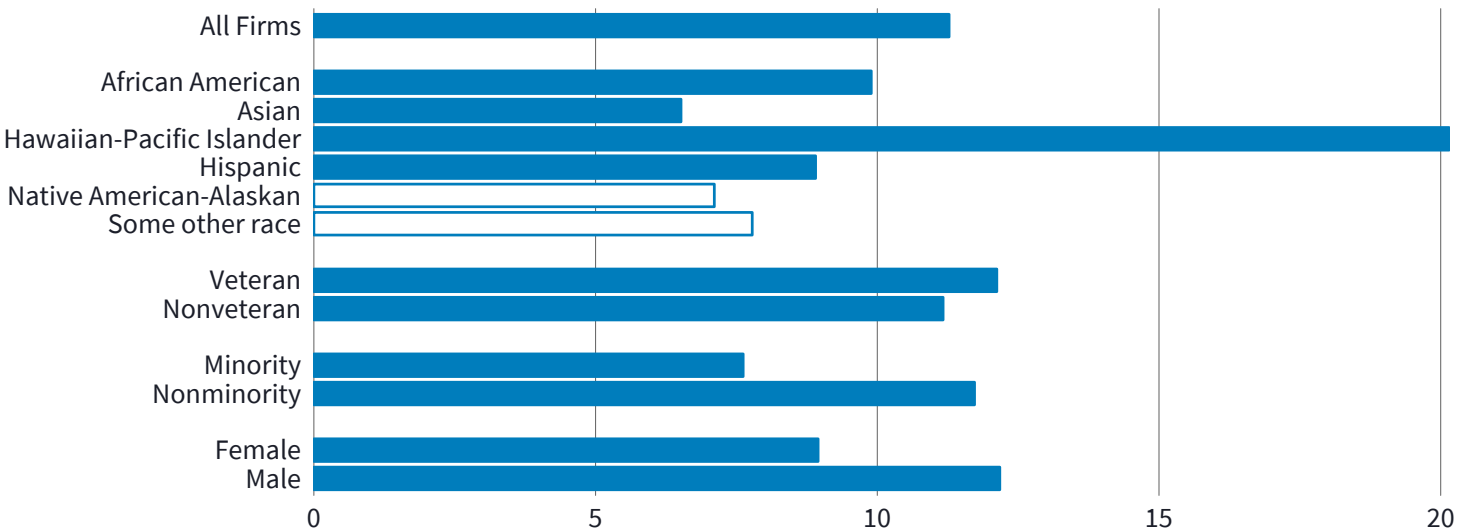
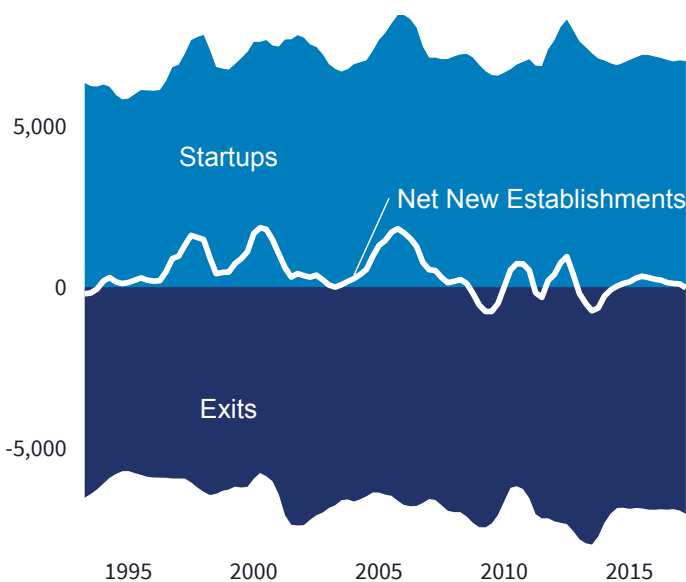


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the 2016 Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information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

Turnover among Establishments with Employees

Figure 3: Pennsylvania Quarterly Startups and Exits



- In the third quarter of 2017, 6,907 establishments started up, generating 23,314 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, 7,460 establishments exited resulting in 23,148 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 shutters. Quarterly startup and exit values may not align with Figure 3 due to smoothing.

International Trade

- A total of **15,015** companies exported goods from Pennsylvania in 2016. Of these, **13,345**, or **88.9%**, were small firms; they generated **32.0%** of Pennsylvania's **\$33.2 billion** in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: Pennsylvania Employment by Industry, 2016

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	402,456	1,005,144	40.0
Accommodation and Food Services	297,648	475,598	62.6
Manufacturing	265,053	540,072	49.1
Retail Trade	246,029	667,206	36.9
Other Services (except Public Administration)	217,264	243,806	89.1
Construction	196,960	237,738	82.8
Professional, Scientific, and Technical Services	195,427	324,440	60.2
Administrative, Support, and Waste Management	140,804	331,715	42.4
Wholesale Trade	137,408	248,232	55.4
Transportation and Warehousing	78,352	222,332	35.2
Finance and Insurance	74,223	273,515	27.1
Educational Services	73,171	267,345	27.4
Arts, Entertainment, and Recreation	59,280	108,287	54.7
Real Estate and Rental and Leasing	45,895	66,325	69.2
Information	31,405	111,248	28.2
Management of Companies and Enterprises	20,319	176,458	11.5
Mining, Quarrying, and Oil and Gas Extraction	10,309	21,919	47.0
Agriculture, Forestry, and Fishing and Hunting	2,512	2,539	98.9
Utilities	2,381	30,417	7.8
Industries not classified	628	628	100.0
Total	2,497,524	5,354,964	46.6

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

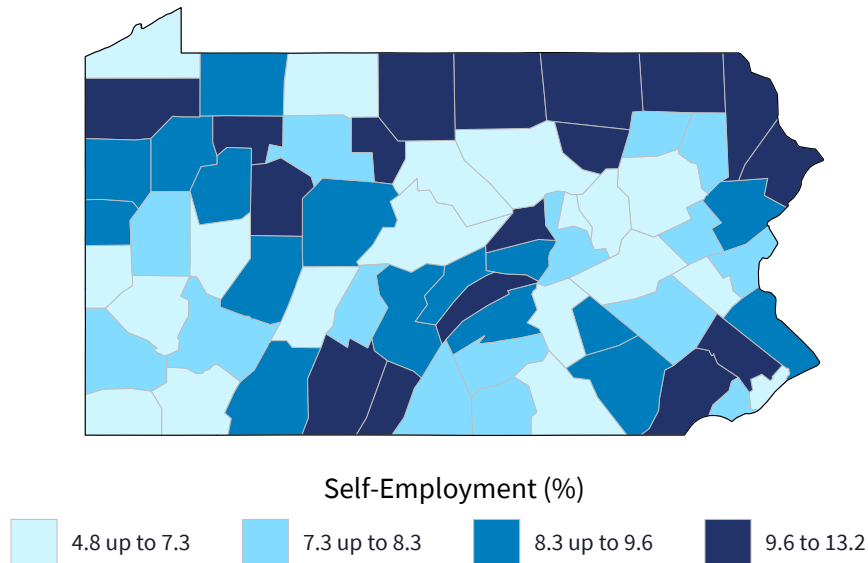


Table 2: Pennsylvania Small Businesses by Industry and Firm Size, 2016

Industry	1-499 Employees	1-19 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	26,507	24,075	119,826	146,333
Other Services (except Public Administration)	33,487	31,418	108,006	141,493
Construction	26,194	24,100	93,241	119,435
Retail Trade	25,269	22,452	80,786	106,055
Real Estate and Rental and Leasing	7,160	6,596	90,529	97,689
Health Care and Social Assistance	23,242	19,196	63,658	86,900
Administrative, Support, and Waste Management	12,949	11,352	55,153	68,102
Transportation and Warehousing	6,719	5,611	56,662	63,381
Arts, Entertainment, and Recreation	4,377	3,636	47,742	52,119
Accommodation and Food Services	22,588	18,292	12,977	35,565
Finance and Insurance	8,821	8,024	25,453	34,274
Educational Services	3,287	2,369	28,459	31,746
Manufacturing	11,638	8,252	14,075	25,713
Wholesale Trade	10,731	8,578	13,891	24,622
Information	2,244	1,808	10,403	12,647
Agriculture, Forestry, and Fishing and Hunting	483	459	7,793	8,276
Mining, Quarrying, and Oil and Gas Extraction	748	579	2,493	3,241
Utilities	164	124	804	968
Total	226,082	197,281	831,951	1,058,033

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