

2019 Small Business Profile

Tennessee



603,310 Small Businesses
99.4% of Tennessee Businesses

1.1 million Small Business Employees
42.3% of Tennessee Employees



EMPLOYMENT
43,308
net new jobs



DIVERSITY
114,441
minority-owned
business employees



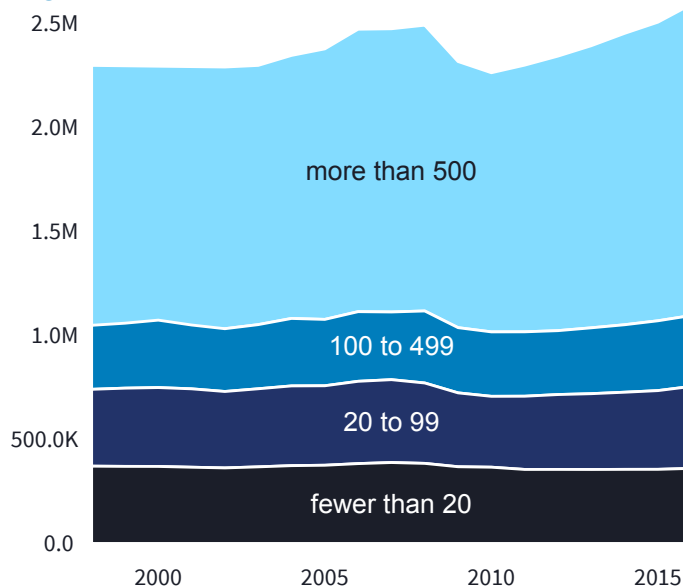
TRADE
5,725
small business
exporters

Overall Tennessee Economy

- In the third quarter of 2018, Tennessee grew at an annual rate of **3.1%**, which was slower than the overall US growth rate of **3.4%**. Tennessee's 2017 growth rate of **2.8%** was up from the 2016 rate of **1.9%**. (Source: [BEA](#))
- In February 2019, the unemployment rate was **3.2%**, down from **3.6%** in February 2018. This was below the February 2019 national unemployment rate of **3.8%**. (Source: [CPS](#))

Employment

Figure 1: Employment by Business Size (Employees)



- Tennessee small businesses employed **1.1 million** people, or **42.3%** 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 **1.8%** during the 12-month period ending in February 2019. This was below the increase of **2.7%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2017 by **1.6%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **43,308** net jobs in 2016. Firms employing fewer than 20 employees experienced the largest gains, adding **25,410** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **6,285** 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 155 banks. (Source: FDIC)
- In 2017, 84,939 loans under \$100,000 (valued at \$1.3 billion) were issued by Tennessee lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income for individuals self-employed at their own incorporated businesses was \$50,611 in 2017. For individuals self-employed at their own unincorporated firms, this figure was \$26,238. (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: Tennessee Employees per Business by Owner's Demographic, 2016

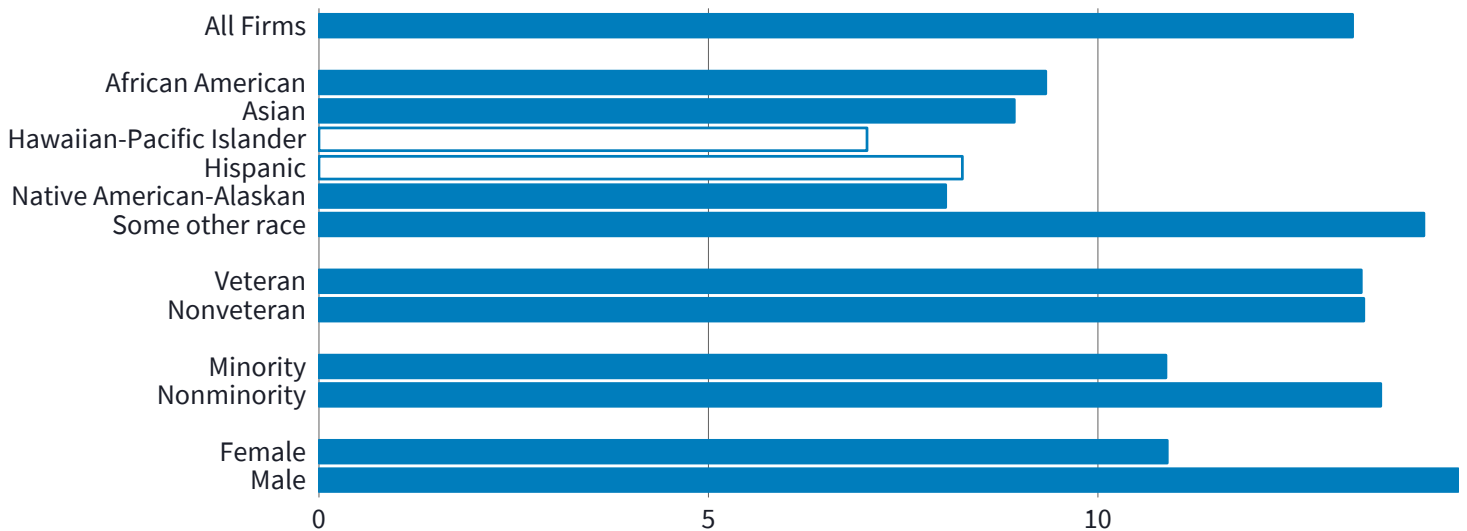
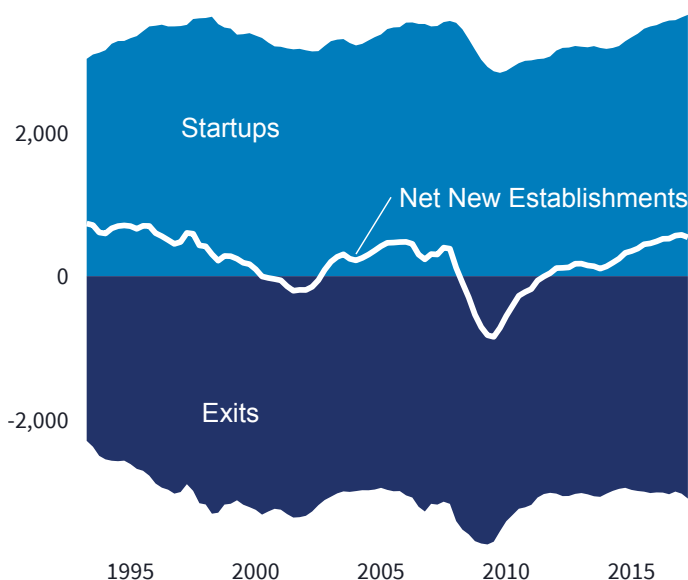


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the 2016 Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information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

Turnover among Establishments with Employees

Figure 3: Tennessee Quarterly Startups and Exits



- In the third quarter of 2017, 3,639 establishments started up, generating 15,149 new jobs in Tennessee. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 3,157 establishments exited resulting in 11,583 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 6,961 companies exported goods from Tennessee in 2016. Of these, 5,725, or 82.2%, were small firms; they generated 15.9% of Tennessee's \$29.5 billion in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: Tennessee Employment by Industry, 2016

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	156,208	411,490	38.0
Accommodation and Food Services	154,150	280,012	55.1
Retail Trade	108,677	329,760	33.0
Manufacturing	104,394	319,674	32.7
Other Services (except Public Administration)	95,521	111,800	85.4
Construction	90,133	111,297	81.0
Administrative, Support, and Waste Management	77,380	252,322	30.7
Professional, Scientific, and Technical Services	67,728	117,580	57.6
Wholesale Trade	60,689	116,291	52.2
Finance and Insurance	39,480	122,885	32.1
Transportation and Warehousing	35,734	141,880	25.2
Educational Services	29,948	61,135	49.0
Arts, Entertainment, and Recreation	25,484	35,331	72.1
Real Estate and Rental and Leasing	22,858	34,562	66.1
Information	13,469	48,714	27.6
Management of Companies and Enterprises	9,022	89,073	10.1
Utilities	2,528	3,263	77.5
Mining, Quarrying, and Oil and Gas Extraction	1,306	3,220	40.6
Agriculture, Forestry, and Fishing and Hunting	1,152	1,927	59.8
Industries not classified	384	384	100.0
Total	1,096,245	2,592,600	42.3

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

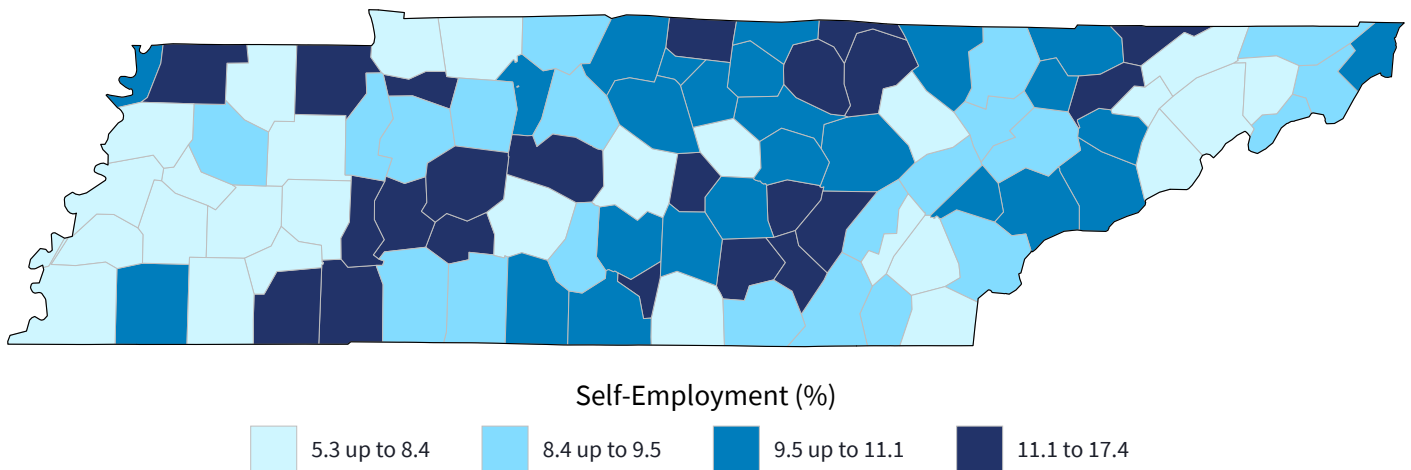


Table 2: Tennessee Small Businesses by Industry and Firm Size, 2016

Industry	1-499 Employees	1-19 Employees	Nonemployer Firms	Total Small Firms
Other Services (except Public Administration)	12,926	11,877	90,661	103,587
Construction	9,431	8,323	62,798	72,229
Professional, Scientific, and Technical Services	9,762	8,887	57,234	66,996
Administrative, Support, and Waste Management	5,315	4,470	51,818	57,133
Retail Trade	13,068	11,795	43,768	56,836
Real Estate and Rental and Leasing	3,825	3,523	42,997	46,822
Health Care and Social Assistance	10,310	8,655	36,067	46,377
Arts, Entertainment, and Recreation	2,438	2,115	32,821	35,259
Transportation and Warehousing	2,763	2,245	29,992	32,755
Finance and Insurance	4,168	3,693	13,424	17,592
Accommodation and Food Services	8,570	6,233	8,681	17,251
Educational Services	1,221	888	12,707	13,928
Wholesale Trade	4,643	3,511	7,127	11,770
Manufacturing	4,598	3,249	6,495	11,093
Information	1,336	1,120	7,117	8,453
Agriculture, Forestry, and Fishing and Hunting	231	216	4,313	4,544
Mining, Quarrying, and Oil and Gas Extraction	103	80	267	370
Utilities	44	14	309	353
Total	94,714	81,147	508,596	603,310

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