

# SMALL BUSINESS FACTS

## THE ROLE OF MICROBUSINESS EMPLOYERS IN THE ECONOMY

August, 2017. By Brian Headd, Economist

**Microbusiness employers (firms with 1-9 employees) are the most common kind of employer firm, but they account for a relatively small share of employment.**

America's 3.8 million microbusiness employers made up 74.8 percent of all private-sector employers in 2016, and they provided 10.3 percent of the private-sector jobs (Chart 1). In addition to the microbusiness employers, there were another 24 million nonemployer businesses in 2015.

*(Source: Bureau of Labor Statistics, Business Employment Dynamics, Census Bureau, Nonemployer statistics)*

**Microbusiness employers' share of employment is declining.**

Microbusiness employers' share of private-sector employment dropped from over 14 percent in 1985 to 11 percent (or 13 million employees) in 2014 (Chart 2).

*(Source: Census Bureau, Business Dynamics Statistics, Initial Firm Size)*

**Most microbusiness employer firms are more than five years old.**

In 2014, 64 percent of microbusinesses were over five years old, and these firms held 67 percent of the microbusiness employment.

*(Source: Census Bureau, Business Dynamics Statistics, Initial Firm Size)*

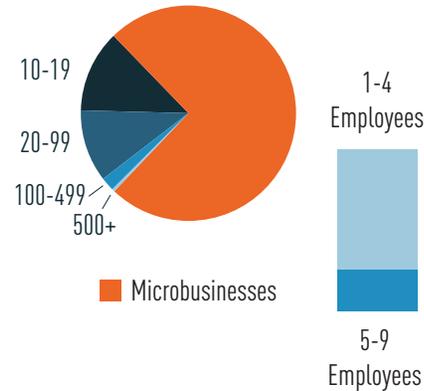
**Microbusiness hiring has an oversized role in employment**

Microbusiness employers accounted for 11 percent of the 13.7 million private-sector net job gains from 2010 to mid-2016, with 70 percent of the microbusiness employers gains coming from business turnover (new firm job gains minus closure job losses) as opposed to existing firms.

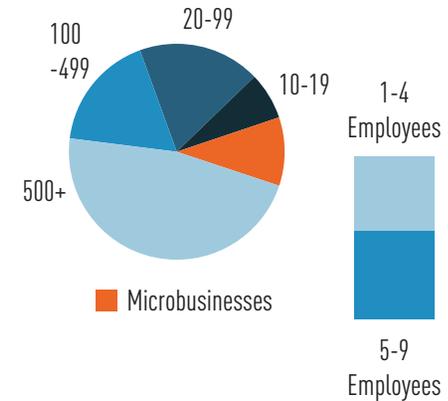
*(Source: Bureau of Labor Statistics, Business Employment Dynamics)*

**Chart 1: Microbusiness Firm and Employment Shares**

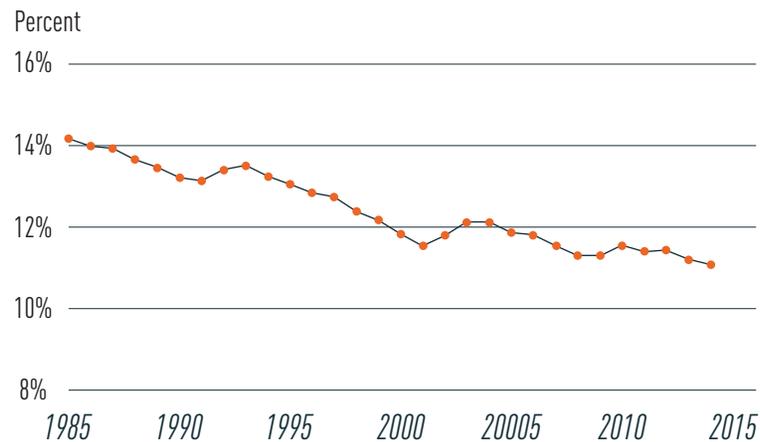
**Employer Firms**



**Employment**



**Chart 2: Microbusiness Employment Share Trend**



While no definitive definition exists, microbusinesses are defined here as **employers with fewer than 10 employees** (initial year firm size).

*Source: Census Bureau, Business Dynamics Statistics.*

**Finance, Insurance and Real Estate has the highest share of microbusinesses.**

In 2014, the "finance, insurance and real estate" industry had the highest share of microbusiness employers at 86 percent and "agriculture, forestry, and fishing (minus farms)" had the highest share of employment at 31 percent.

*(Source: Census Bureau, Business Dynamics Statistics, Initial Firm Size)*

U.S. SMALL BUSINESS ADMINISTRATION  
**OFFICE OF ADVOCACY**

REGULATION • RESEARCH • OUTREACH

<http://www.sba.gov/advocacy>