

# 2020 Small Business Profile

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

REGULATION • RESEARCH • OUTREACH

## Tennessee



**620,125** Small Businesses  
**99.5%** of Tennessee Businesses

**1.1 million** Small Business Employees  
**42.1%** of Tennessee Employees



**EMPLOYMENT**  
**40,374**  
net new jobs



**DIVERSITY**  
**58,191**  
self-employed  
minorities



**TRADE**  
**6,088**  
small business  
exporters

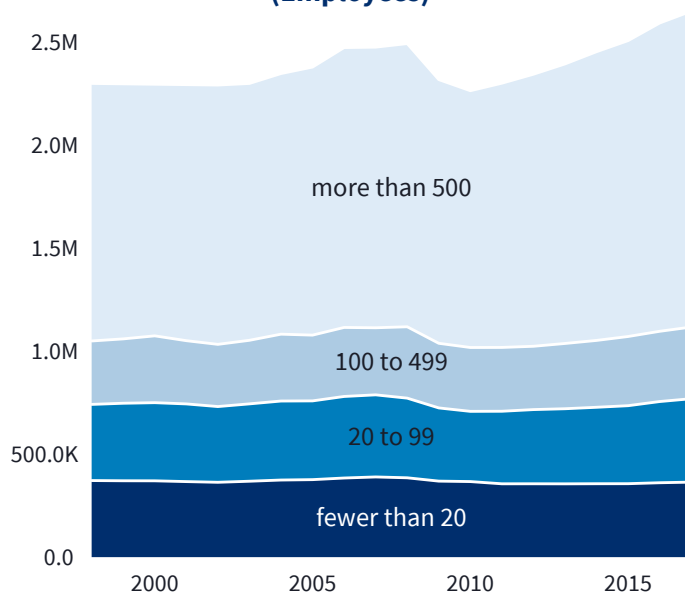
*A note on COVID-19: This report uses the most up-to-date government data to present a unique snapshot of small businesses. The BLS employment estimates capture the early stages of the pandemic. All other sources reflect data collected prior to the pandemic.*

### Overall Economy

- In the fourth quarter of 2019, Tennessee grew at an annual rate of **2.0%**, which was slower than the overall US growth rate of **2.1%**. Tennessee's 2019 overall growth rate of **2.2%** was down from the 2018 rate of **3.1%**. (Source: [BEA](#))
- In April 2020, the unemployment rate was **14.7%**, up from **3.5%** in April 2019. This was equal to the April 2020 national unemployment rate of **14.7%**. (Source: [CPS](#))

### Employment

**Figure 1: Tennessee Employment by Business Size (Employees)**



- Tennessee small businesses employed **1.1 million** people, or **42.1%** of the private workforce, in 2017. (Source: [SUSB](#))
- Firms with 20 to 99 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment decreased **12.3%** during the 12-month period ending in April 2020. This was below the increase of **2.3%** during the prior 12-month period. (Source: [CES](#))
- The number of proprietors increased in 2018 by **2.8%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **40,374** net jobs in 2019. Firms employing fewer than 20 employees experienced the largest gains, adding **24,370** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **7,294** net jobs. (Source: [BDM](#))

*The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy (<http://advocacy.sba.gov>). These profiles define small businesses as firms with fewer than 500 employees. Net small business job change, self-employed minorities, and exporter share statistics are based on 2019 Business Employment Dynamics (BDM), 2018 American Community Survey (ACS), and 2018 International Trade Administration (ITA) data, respectively.*

## Income and Finance

- The median income for self-employed individuals at their own incorporated businesses was **\$56,364** in 2018. For self-employed individuals at their own unincorporated firms, median income was **\$26,350**. (Source: [ACS](#))
- The total number of banks decreased by **3** between June 2018 and June 2019 to **143** banks. During the same period, the number of banks with assets under \$1 billion decreased by **3** to **125** banks. (Source: [FDIC](#))
- In 2018, Tennessee lending institutions reporting under the Community Reinvestment Act issued **92,509** loans under \$100,000, a total value of **\$1.4 billion**. (Source: [FFIEC](#))

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

## Self-Employment Demographics

**Figure 2: Tennessee Self-Employment Rates by Gender & Demographic, 2018**

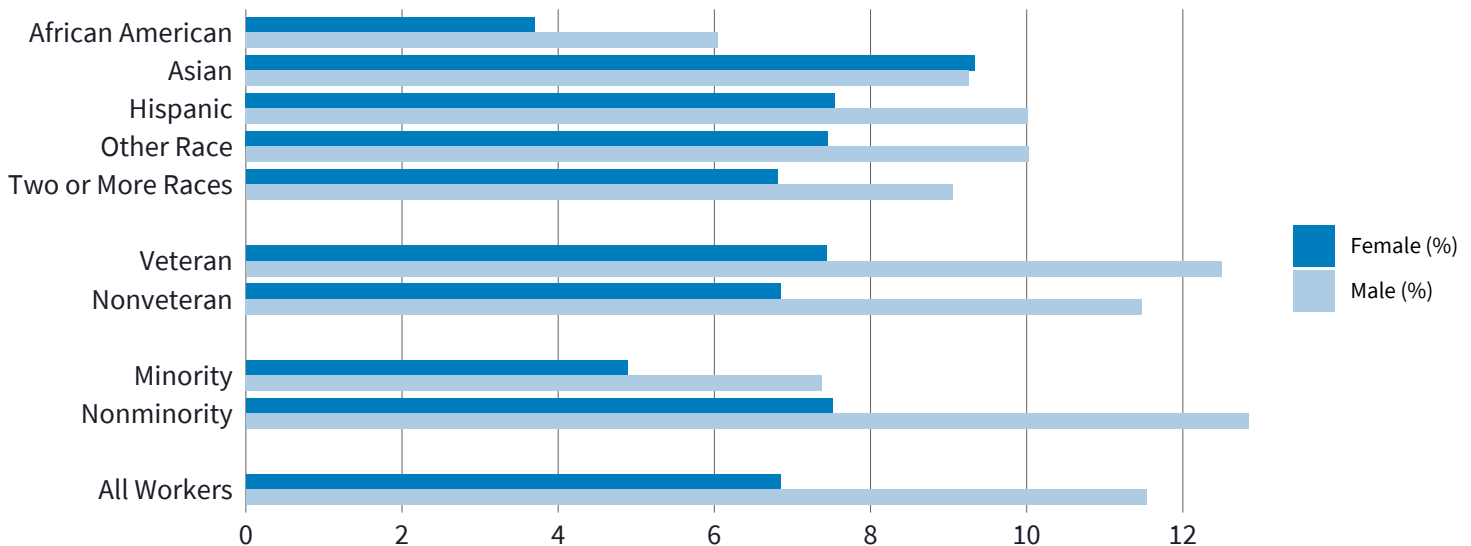
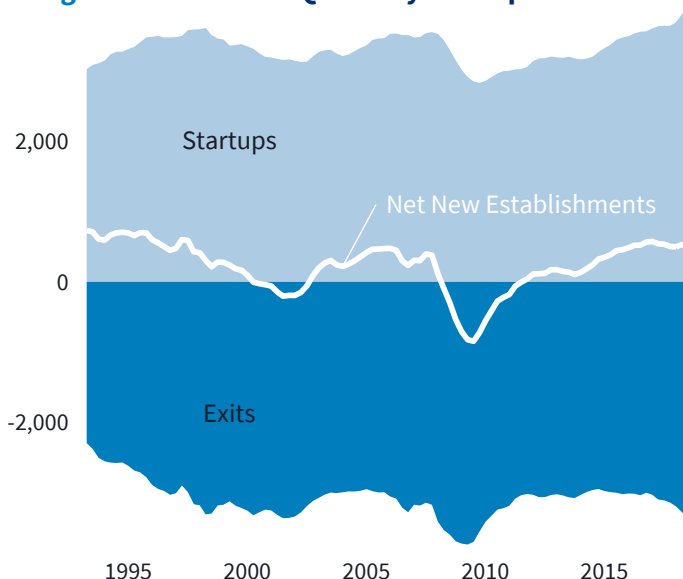


Figure 2 shows the self-employment rate for each demographic group by gender according to the 2018 American Community Survey (ACS). Other Race includes those who selected Alaska Native, American Indian, Native Hawaiian, Pacific Islander, or Some Other Race.

## Turnover among Establishments with Employees

**Figure 3: Tennessee Quarterly Startups and Exits**



- In the fourth quarter of 2018, **3,931** establishments started up, generating **15,204** 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, **3,476** establishments exited, resulting in **11,735** 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 2018. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: [BDM](#))

The BDM data covers only business establishments with employees. BDM refers to startups as births and exits as deaths. These terms are distinct from the BDM 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

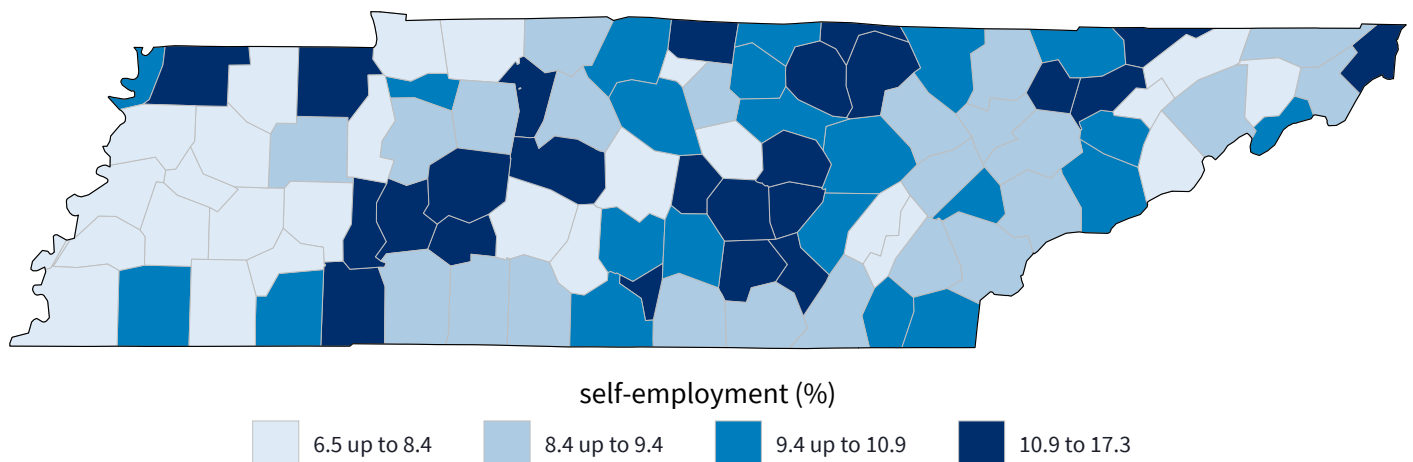
- A total of 7,368 firms exported goods from Tennessee in 2018. Of these, 6,088, or 82.6%, were small firms, which generated 14.5% of Tennessee's \$30.4 billion in total exports. (Source: ITA)

## Small Business Employment by Industry and Self-Employment by County






**Table 1: Tennessee Employment by Industry, 2017**

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Accommodation and Food Services	162,824	291,639	55.8
Health Care and Social Assistance	159,156	420,766	37.8
Retail Trade	107,665	317,676	33.9
Manufacturing	105,066	326,320	32.2
Other Services (except Public Administration)	95,812	112,342	85.3
Construction	93,357	116,530	80.1
Administrative, Support, and Waste Management	75,530	264,698	28.5
Professional, Scientific, and Technical Services	70,248	121,940	57.6
Wholesale Trade	61,196	117,012	52.3
Finance and Insurance	39,110	124,120	31.5
Transportation and Warehousing	36,465	145,477	25.1
Educational Services	30,692	65,145	47.1
Arts, Entertainment, and Recreation	26,872	37,307	72.0
Real Estate and Rental and Leasing	23,318	35,681	65.4
Information	14,673	49,414	29.7
Management of Companies and Enterprises	9,188	96,001	9.6
Utilities	2,449	3,191	76.7
Mining, Quarrying, and Oil and Gas Extraction	1,523	2,936	51.9
Agriculture, Forestry, and Fishing and Hunting	1,485	1,571	94.5
Industries Not Classified	241	241	100.0
<b>Total</b>	<b>1,116,870</b>	<b>2,650,007</b>	<b>42.1</b>

**Figure 4: Tennessee Self-Employment Rates by County, 2018**



**Table 2: Tennessee Small Businesses by Industry and Firm Size, 2017**

 Industry	 1–19 Employees	 1–499 Employees	 Nonemployer Firms	 Total Small Firms
Other Services (except Public Administration)	12,093	13,169	91,959	105,128
Construction	8,589	9,738	62,724	72,462
Professional, Scientific, and Technical Services	8,953	9,894	59,009	68,903
Administrative, Support, and Waste Management	4,637	5,480	53,855	59,335
Retail Trade	11,805	13,106	45,713	58,819
Real Estate and Rental and Leasing	3,607	3,928	45,028	48,956
Health Care and Social Assistance	8,557	10,284	35,406	45,690
Arts, Entertainment, and Recreation	2,187	2,531	34,458	36,989
Transportation and Warehousing	2,271	2,807	34,065	36,872
Accommodation and Food Services	6,352	8,878	9,167	18,045
Finance and Insurance	3,668	4,170	13,543	17,713
Educational Services	914	1,254	13,545	14,799
Wholesale Trade	3,469	4,625	6,808	11,433
Manufacturing	3,302	4,668	6,200	10,868
Information	1,112	1,339	7,519	8,858
Agriculture, Forestry, and Fishing and Hunting	220	237	4,623	4,860
Mining, Quarrying, and Oil and Gas Extraction	72	94	254	348
Utilities	14	45	205	250
<b>Total</b>	<b>81,944</b>	<b>96,044</b>	<b>524,081</b>	<b>620,125</b>

Tables 1 and 2 display data from the 2017 Statistics of U.S. Businesses (SUSB). Table 2 includes additional data from the 2017 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 2018 American Community Survey (ACS).

## References

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

ACS	American Community Survey, 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
CES	Current Employment Statistics, BLS
CPS	Current Population Survey, BLS
FDIC	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