

Small Business Facts

CHARACTERISTICS OF FAMILY-OWNED BUSINESSES

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U.S. SMALL BUSINESS ADMINISTRATION
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Family-owned businesses are central to the U.S. economy

A business is considered family-owned when two or more family members own the majority of the business. Most family-owned firms are small businesses with fewer than 500 employees.

In 2021, over a quarter (27.3 percent) of all firms were family-owned businesses. A higher proportion of these family-owned businesses operated in the goods-producing sector (22.1 percent) compared to their nonfamily counterparts (16.5 percent). Like other businesses, the bulk of family-owned businesses were micro businesses with less than 10 employees. Family businesses were more likely to operate firms with over 10 employees when compared to their peers. Family-owned businesses were less likely to be startups when compared to other business owners.

Family-owned employment barely grew compared to other businesses

Employment by family businesses grew less than total employment between 2014 and 2021. Family employment grew by 0.8 percent and non-family employment grew by double digits at 11.5 percent, while total employment growth was 7.6 percent overall. During this period, the share of employment by family businesses ranged from 33.0 percent to 38.1 percent. In 2021, the employment share of family businesses in the labor force was 34.1 percent, which equates to the employment of 42.3 million workers.

Recent small and large family-owned employment declined

The Census' Annual Business Survey provides business size data. Between 2017 and 2021, employment by small and large (more than 500 employees) family businesses fell by 14.3 percent and 27.8 percent respectively. However, the decline in employment by non-family businesses was less steep for both firm sizes. Employment for non-family firms was down by 1.3 percent for small businesses and 4.9 percent for large business.

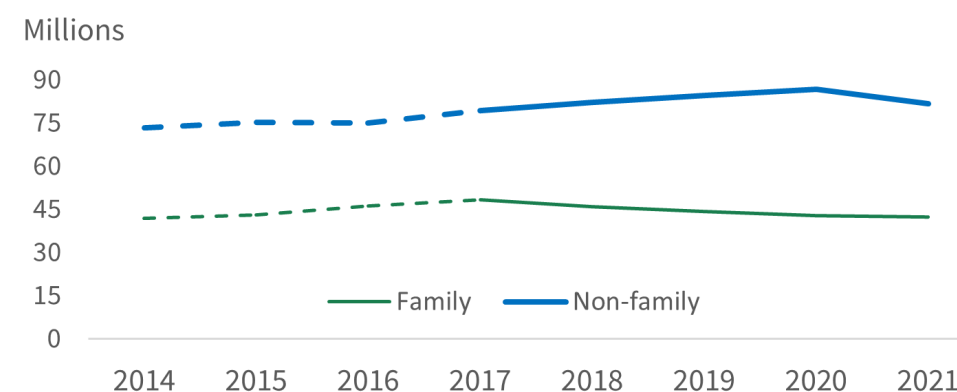
Small Business Facts are produced in the Office of Economic Research of the SBA Office of Advocacy. Questions? Send an email to Advocacy@sba.gov.

Characteristics of Family-Owned Businesses, 2021 (Percent)

Business Characteristics		Total	Family	Non-Family
Industry	Goods*	18.0	22.1	16.5
	Services	82.7	79.1	84.0
Firm Size	Less than 10	78.3	72.8	80.4
	10 to 49	18.5	22.8	16.9
	50 or more	3.2	4.4	2.7
Business Age	under 4 years	19.7	16.3	21.0
	4 to 10 years	27.9	25.7	28.8
	Over 10 years	52.3	57.9	50.2

*Goods-producing industries include agriculture, mining, manufacturing, and construction.
Source: Annual Business Survey, 2021 (Census).

Family and Non-Family Employment



Source: Annual Survey of Entrepreneurs and Annual Business Survey (Census).