

# 2018 SMALL BUSINESS PROFILE

## OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

### ARIZONA



**553,779** Small Businesses  
**99.4%** of Arizona Businesses

**1.0 million** Small Business Employees  
**44.5%** of Arizona Employees

**EMPLOYMENT**  
**39,570**  
net new jobs

**DIVERSITY**  
**135,258**  
minority-owned  
businesses

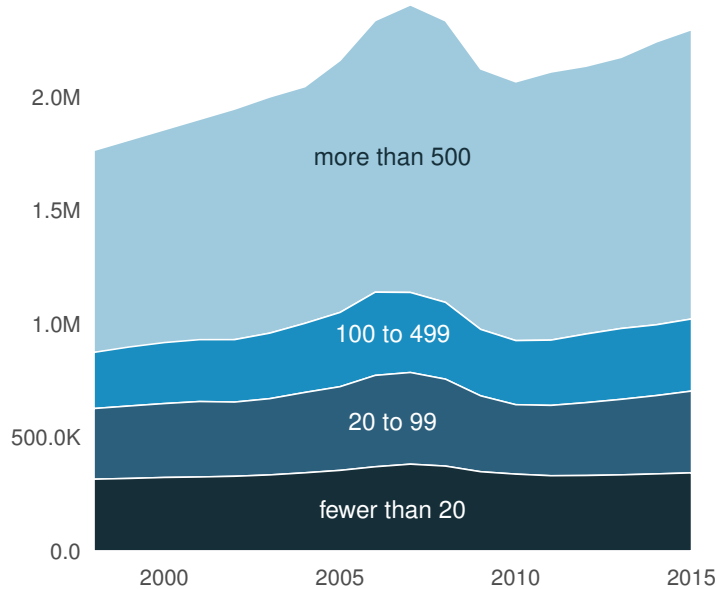
**TRADE**  
**6,377**  
small business  
exporters

### OVERALL ARIZONA ECONOMY

- In the third quarter of 2017, Arizona grew at an annual rate of **2.9%**, which was slower than the overall US growth rate of **3.4%**. Arizona's 2016 growth rate of **2.6%** was up from the 2015 rate of **2.0%**. (Source: [BEA](#))
- In January 2018, the unemployment rate was **4.8%**, down from **5.2%** in January 2017. This was above the January 2018 national unemployment rate of **4.1%**. (Source: [CPS](#))

### EMPLOYMENT

Figure 1: Arizona Employment by Business Size (Employees)



- Arizona small businesses employed **1.0 million** people, or **44.5%** of the private workforce, in 2015. (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 **2.6%** during the 12-month period ending in January 2018. This was below the increase of **3.2%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2016 by **2.6%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **39,570** net jobs in 2015. Firms employing fewer than 20 employees experienced the largest gains, adding **22,287** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **4,721** net jobs. (Source: [SUSB](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy. 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, minority small business ownership, and exporter share statistics are based on the 2015 Statistics of US Businesses (SUSB), 2012 Survey of Business Owners (SBO), and 2015 International Trade Administration (ITA) data, respectively.

## INCOME AND FINANCE

- The number of banks decreased by 2 between June 2016 and June 2017 to 16 banks. (Source: FDIC)
- In 2016, 120,818 loans under \$100,000 (valued at \$1.7 billion) were issued by Arizona lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income for individuals self-employed at their own incorporated businesses was \$48,698 in 2016. For individuals self-employed at their own unincorporated firms, this figure was \$20,872. (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: Arizona Employees per Business by Owner's Demographic, 2015

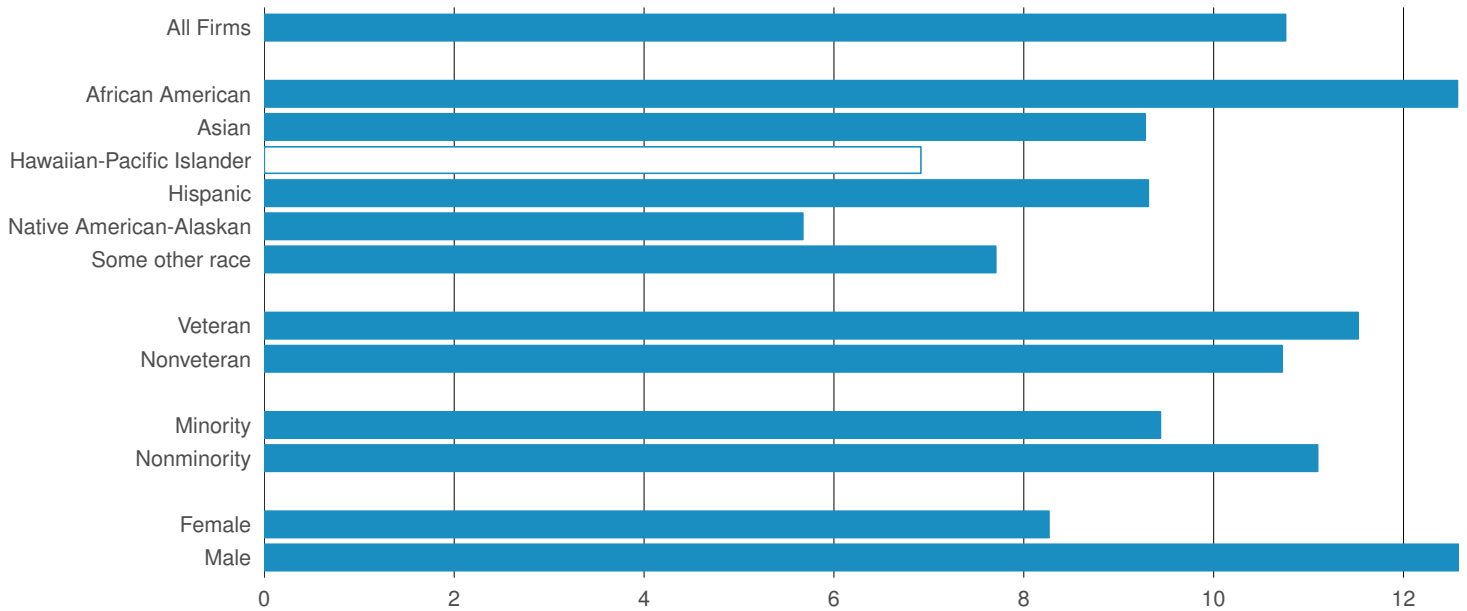
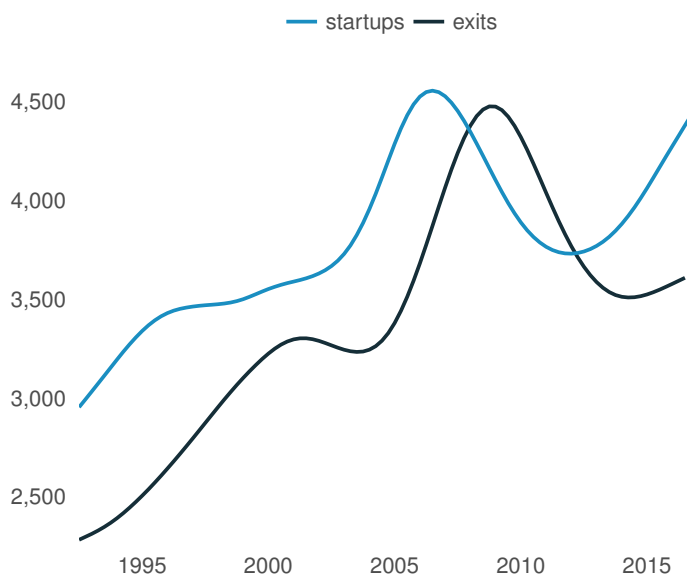


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding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

## TURNOVER AMONG ESTABLISHMENTS WITH EMPLOYEES

Figure 3: Arizona Quarterly Startups and Exits



- In the third quarter of 2016, 4,300 establishments started up, generating 18,042 new jobs in Arizona. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 3,501 establishments exited resulting in 12,708 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 1992 to 2016. 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 7,294 companies exported goods from Arizona in 2015. Of these, 6,377, or 87.4%, were small firms; they generated 23.1% of Arizona's \$20.9 billion in total exports. (Source: ITA)

## SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: Arizona Employment by Industry, 2015





 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Accommodation and Food Services	156,931	282,120	55.6
Health Care and Social Assistance	156,483	338,701	46.2
Construction	108,886	133,038	81.8
Retail Trade	86,795	314,461	27.6
Professional, Scientific, and Technical Services	80,855	144,711	55.9
Administrative, Support, and Waste Management	79,291	256,103	31.0
Other Services (except Public Administration)	74,113	87,510	84.7
Manufacturing	64,568	140,742	45.9
Wholesale Trade	46,470	92,335	50.3
Educational Services	29,594	57,650	51.3
Arts, Entertainment, and Recreation	29,486	45,977	64.1
Finance and Insurance	28,285	141,104	20.0
Real Estate and Rental and Leasing	27,524	45,027	61.1
Transportation and Warehousing	24,779	87,151	28.4
Information	13,136	49,040	26.8
Management of Companies and Enterprises	8,152	53,144	15.3
Utilities	2,419	12,448	19.4
Mining, Quarrying, and Oil and Gas Extraction	1,706	11,941	14.3
Agriculture, Forestry, and Fishing and Hunting	1,428	1,610	88.7
Industries not classified	373	373	100.0
<b>Total</b>	<b>1,021,274</b>	<b>2,295,186</b>	<b>44.5</b>

Figure 4: Arizona Small Business Employment by County, 2015

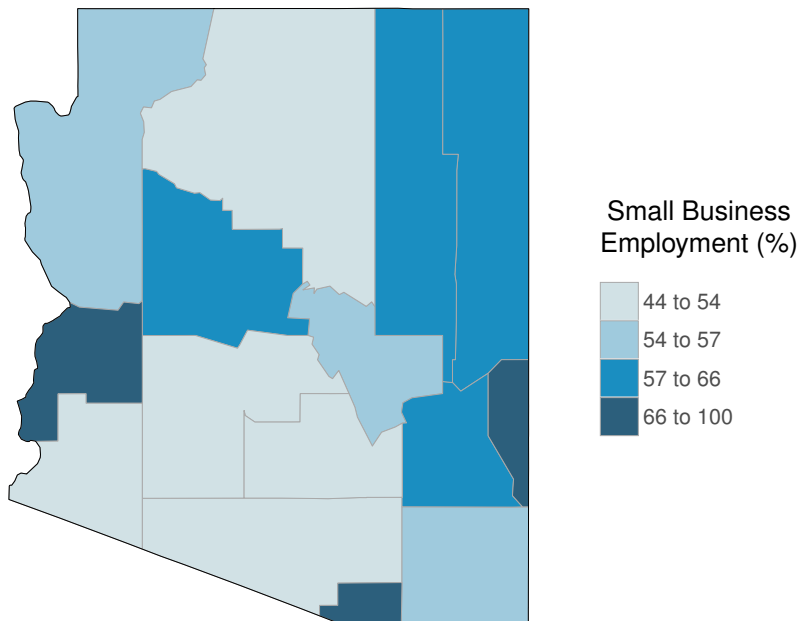


Table 2: Arizona Small Businesses by Industry and Firm Size, 2015






 Industry	 1-499 Employees	 1-20 Employees	 Nonemployer Firms	 Total Small Firms
Professional, Scientific, and Technical Services	15,427	14,384	65,443	80,870
Health Care and Social Assistance	13,280	11,774	36,383	49,663
Construction	11,325	10,066	37,395	48,720
Other Services (except Public Administration)	9,719	8,943	66,563	76,282
Retail Trade	9,464	8,452	38,820	48,284
Accommodation and Food Services	8,168	5,865	5,747	13,915
Real Estate and Rental and Leasing	6,861	6,545	60,926	67,787
Administrative, Support, and Waste Management	6,775	5,911	40,187	46,962
Wholesale Trade	4,784	3,894	8,022	12,806
Finance and Insurance	4,708	4,384	14,497	19,205
Manufacturing	3,750	2,846	7,324	11,074
Transportation and Warehousing	2,560	2,158	25,206	27,766
Educational Services	1,759	1,352	12,936	14,695
Arts, Entertainment, and Recreation	1,556	1,216	23,632	25,188
Information	1,141	941	5,814	6,955
Agriculture, Forestry, and Fishing and Hunting	195	178	2,364	2,559
Mining, Quarrying, and Oil and Gas Extraction	158	126	344	502
Utilities	133	111	348	481
<b>Total</b>	<b>101,828</b>	<b>89,477</b>	<b>451,951</b>	<b>553,779</b>

Figure 4 and Tables 1 and 2 display data from the 2015 SUSB. Table 2 includes additional data from the 2015 Nonemployer Statistics (NES).

**REFERENCES**

The Small Business Profiles, source data, and methodology are available at <https://go.usa.gov/xQT4w>.

- 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
- SBO Survey of Business Owners, US Census Bureau
- SUSB Statistics of US Businesses, US Census Bureau