



Why Small Businesses Are So Important To The Economy - Domestic Economy

The country is composed of millions of small businesses from home-based one person consultants to hair salons and manufacturing companies. As defined by the SBA's Office of Advocacy, a small business has less than 500 employees and operates independently, not under the control of another entity.

As of 2018, the SBA acknowledged that there were 30.2 million small businesses in the U.S., 22 million of which were individually operated with no employees other than the owner. At 49.2%, nearly half of the nation's workforce is employed by a small business, representing roughly 120 million employees.

The SBA reports that small businesses have historically accounted for 60-65% of net new jobs nationwide every year, amounting to approximately 2 million jobs per year. Data compiled by the Census Bureau for 2014 identify that roughly 50% of all net jobs created nationwide were by small business employers. With over 30 million newly unemployed Americans since the outbreak, small businesses are expected to eventually hire many of the recently unemployed.

The Paycheck Protection Program is extremely critical for small businesses because of the financial burden derived by the mandatory closures. Of the various industries affected, restaurants have been one of the hardest hit nationwide, as business owners have had to lay off employees and succumb to selling take out only menus in order to survive to pay rent and utilities. The SBA's data shows that about 60% of all small businesses either are operating at a loss or merely breaking even.

Sources: Labor Department, BLS, SBA