

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 2023, the SBA acknowledged that there were 33.3 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.

Small business employment suffered a massive set back during the pandemic, losing 8.6 million jobs in the second quarter of 2020 according to the U.S. Labor Department. Remarkably, small businesses recouped 4.9 million jobs between March 2021 and March 2022, accounting for roughly 70% of all new jobs nationwide.

Department of Labor data revealed that woman made up over 43% of small business owners in 2023, representing a significant portion of business owners across the country in various industries. Home health and personal care are projected to see the largest employment gains for small businesses over the next few years. An aging U.S. population along with a growing demand for health care workers continues to create a dire need for qualified employees.

Sources: Labor Department, BLS, SBA

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