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The Small Business Watchdog

Official Blog of the U.S. Small Business Administration's Office of Advocacy

As the Voice of Small Business in Government, Advocacy invites you to post your thoughts on this moderated blog, provided as a forum for entrepreneurs.

[How important are small businesses to the U.S. economy?](#)

How important are small businesses to the U.S. economy?

Small firms:

- Represent 99.7 percent of all employer firms.
- Employ just over half of all private sector employees.
- Pay 44 percent of total U.S. private payroll.
- Have generated 64 percent of net new jobs over the past 15 years.
- Create more than half of the nonfarm private gross domestic product (GDP).
- Hire 40 percent of high tech workers (such as scientists, engineers, and computer programmers).
- Are 52 percent home-based and 2 percent franchises.
- Made up 97.3 percent of all identified exporters and produced 30.2 percent of the known export value in FY 2007.
- Produce 13 times more patents per employee than large patenting firms; these patents are twice as likely as large firm patents to be among the one percent most cited.

Sources (see the Office of Advocacy's [Research and Statistics page](#)):

- U.S. Dept. of Commerce, Bureau of the Census and International Trade Admin.
- Advocacy-funded research by Kathryn Kobe, 2007
- CHI Research, 2003
- U.S. Dept. of Labor, Bureau of Labor Statistics.



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2 Responses

1. *Italian Furniture Says:*
[October 17th, 2011 at 2:59 pm](#)

Another point on small firms: many niche products of value may be too small an opportunity for larger firms to pursue. According to the US Census Bureau's Profile of U.S. Importing and Exporting Companies, close to a third (31.9%) of 2009 US imports were attributable to companies with fewer than 500 employees.

2. *Suzanne Says:*
[October 17th, 2011 at 6:53 pm](#)

Many of my clients are small business owners. About 50% are hiring right now. This is unscientific but shows that there are employers who are hiring. Small businesses have always been an important part of this economic society!

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