

READING: The State of Small Business

in the U.S.

FOOD TRUCK PROJECT

**Small Business in the United States**

**They Employ Just Over Half of the American Workforce**

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It is a common misconception that the U.S. economy is dominated by huge corporations when in fact roughly 99 percent of all independent enterprises in the country employ fewer than 500 people, meaning small businesses technically dominate the market in the United States, accounting for 52 percent of all workers according to the [U.S. Small Business Administration (SBA)](https://www.thoughtco.com/online-8a-program-applications-3321752).

According to the United States Department of State, "some 19.6 million Americans work for companies employing fewer than 20 workers, 18.4 million work for firms employing between 20 and 99 workers, and 14.6 million work for firms with 100 to 499 workers; by contrast, 47.7 million Americans work for firms with 500 or more employees."

**Customers Appreciate the Interactivity and Accountability**

Of the many reasons [small businesses traditionally do so well](https://www.thoughtco.com/history-of-small-business-in-the-us-1147913) in the United States economy is their readiness to respond to changing economic climates and situations, wherein customers appreciate the interactivity and accountability of small businesses to their local community wants and needs.

Similarly, building a small business has always been a backbone of "the American dream," so it stands to reason a lot of small businesses were created in this pursuit.

**By the Numbers**

With just over half of the American workforce employed by small businesses — those with under 500 employees, small businesses produced over three-fourths of the economy's new jobs between 1990 and 1995, which was even larger than their contribution to employment growth than in the 1980s, though slightly less than 2010 to 2016.

Small businesses, in general, provide an easier entry point into the economy, especially for those facing a disadvantage in the workforce like minorities and women — in fact, women participate perhaps the most heavily in the small business market, where the number of female-owned businesses rose 89 percent to 8.1 million between 1987 and 1997, reaching over 35 percent of all sole proprietorships by the year 2000.​

The [SBA](https://www.sba.gov/) specifically seeks to support programs for minorities, especially African, Asian, and Hispanic Americans, and according to [the Department of State](https://www.thoughtco.com/about-the-us-state-department-3319884), "in addition, the agency sponsors a program in which retired entrepreneurs offer management assistance for new or faltering businesses."

**Small Business Advantages Over Corporations**

One of the greatest strengths of the small business is its ability to quickly respond to economic pressures and local community needs, and because many employers and owners of small businesses interact with their employees and are active members of their local communities, company policy is able to reflect something much closer to the local ethos than a major corporation that comes into a small town.

**Innovation Is Prevalent**

Innovation is also prevalent amongst those working in small businesses compared to major corporations, though some of the tech industry's biggest corporations started out as tinker projects and sole proprietorships, including [Microsoft](https://www.thoughtco.com/microsoft-history-of-a-computing-giant-1991140), Federal Express, Nike, America OnLine and even Ben & Jerry's ice cream.

This doesn't mean that small businesses can't fail, but even the failures of small businesses are considered valuable lessons for entrepreneurs. According to the United States Department of State, "Failures demonstrate how market forces work to foster greater efficiency."

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**Questions:**

*Answer the following questions in complete sentences. Assignment is worth* ***50 points.***

1. What is the percentage of workers employed by small businesses?
2. What are some reasons that small businesses do so well in the US?
3. Why do you think that women dominate small businesses in the US?
4. Why are so many small businesses family-owned?
5. What are some advantages that small businesses have over corporations?