

SMALL BUSINESS, LARGE OUTCOMES

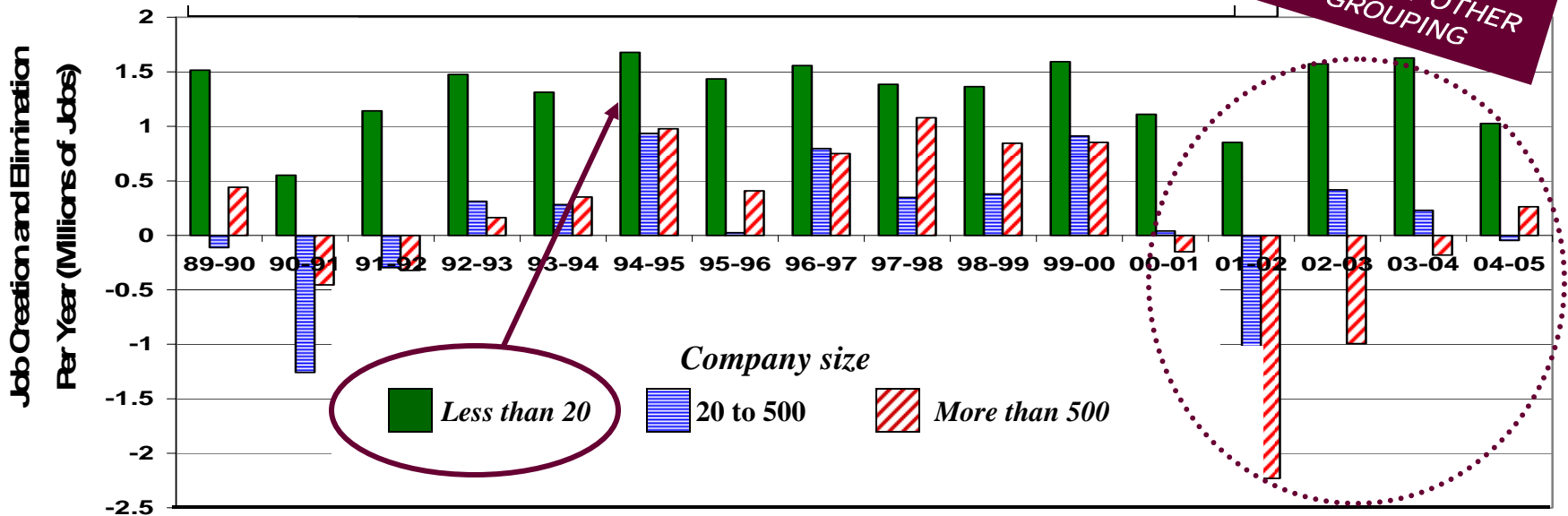
**Dr. Phil Borden
June 23, 2011**

Agenda

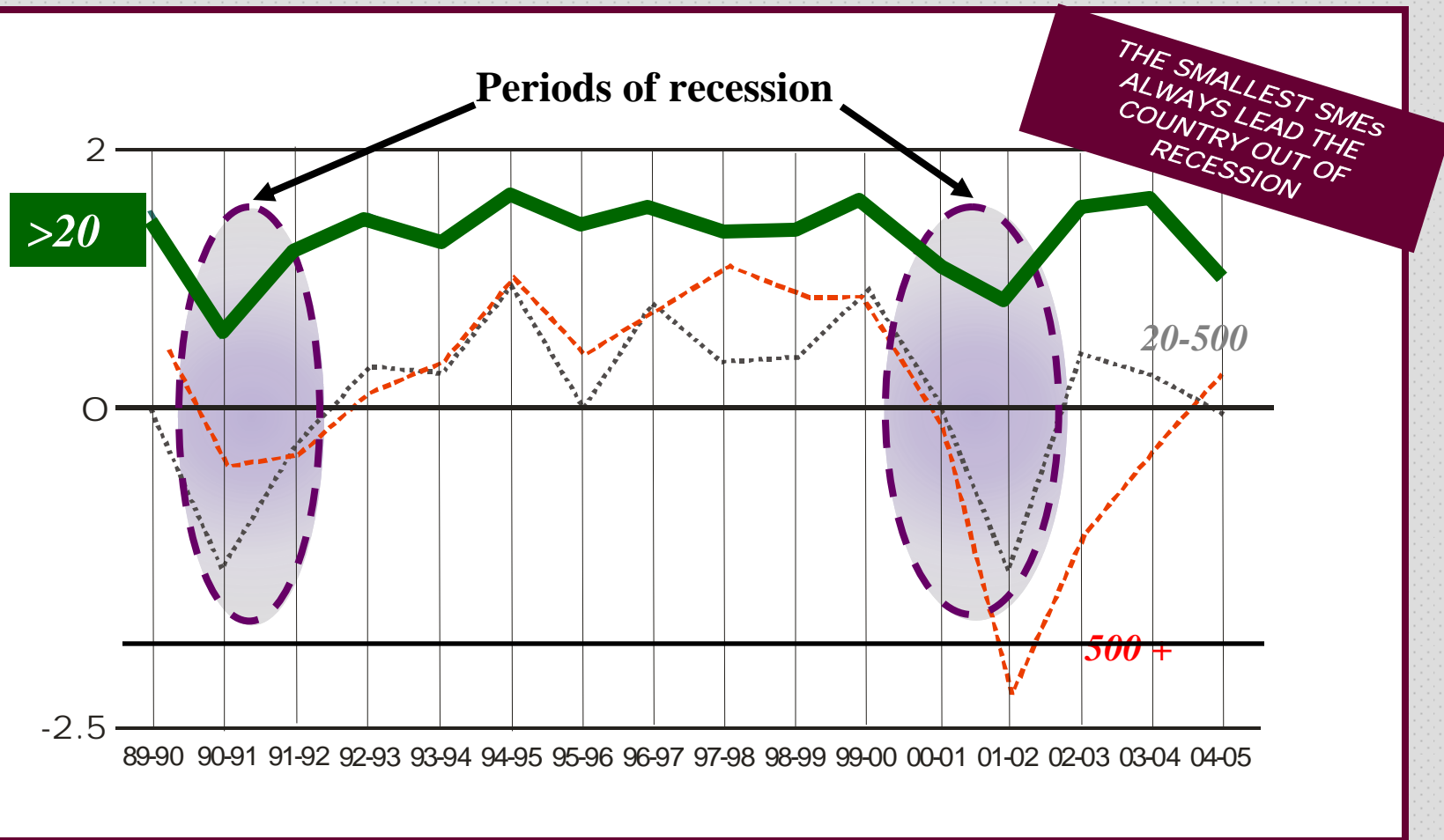
- **Flog the obvious: impact of very small business**
- **Gloss over the subtle: changes in Minority, Women, Latino business growth**
- **Surprise us with statistics: U.S. Bureau of Census, SBA, plus several other studies, 1998-2010**

Who Creates Jobs?

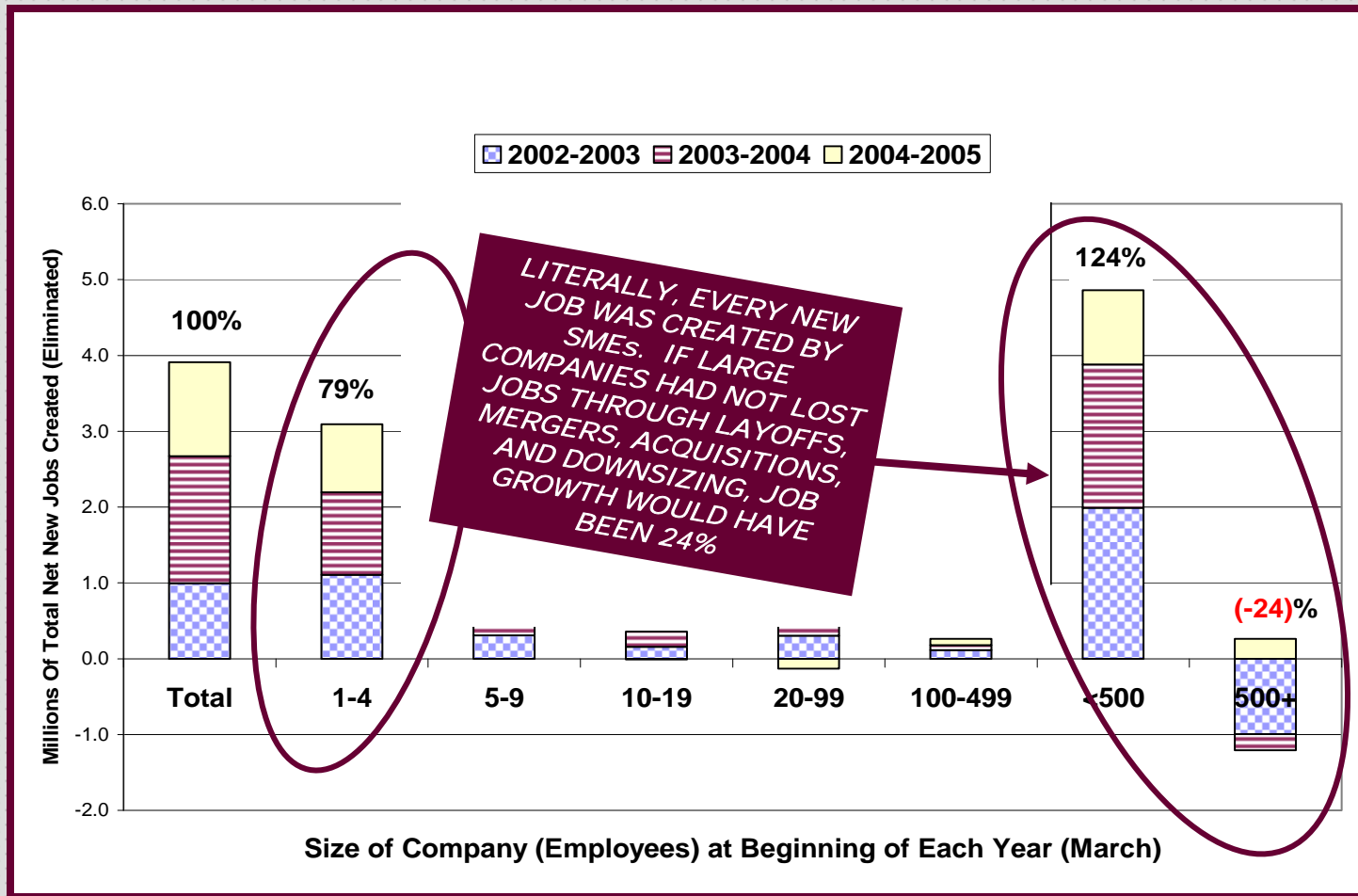
SME and Net Job Creation, 1989 – 2005



Who Leads the Country Out of Recessions?

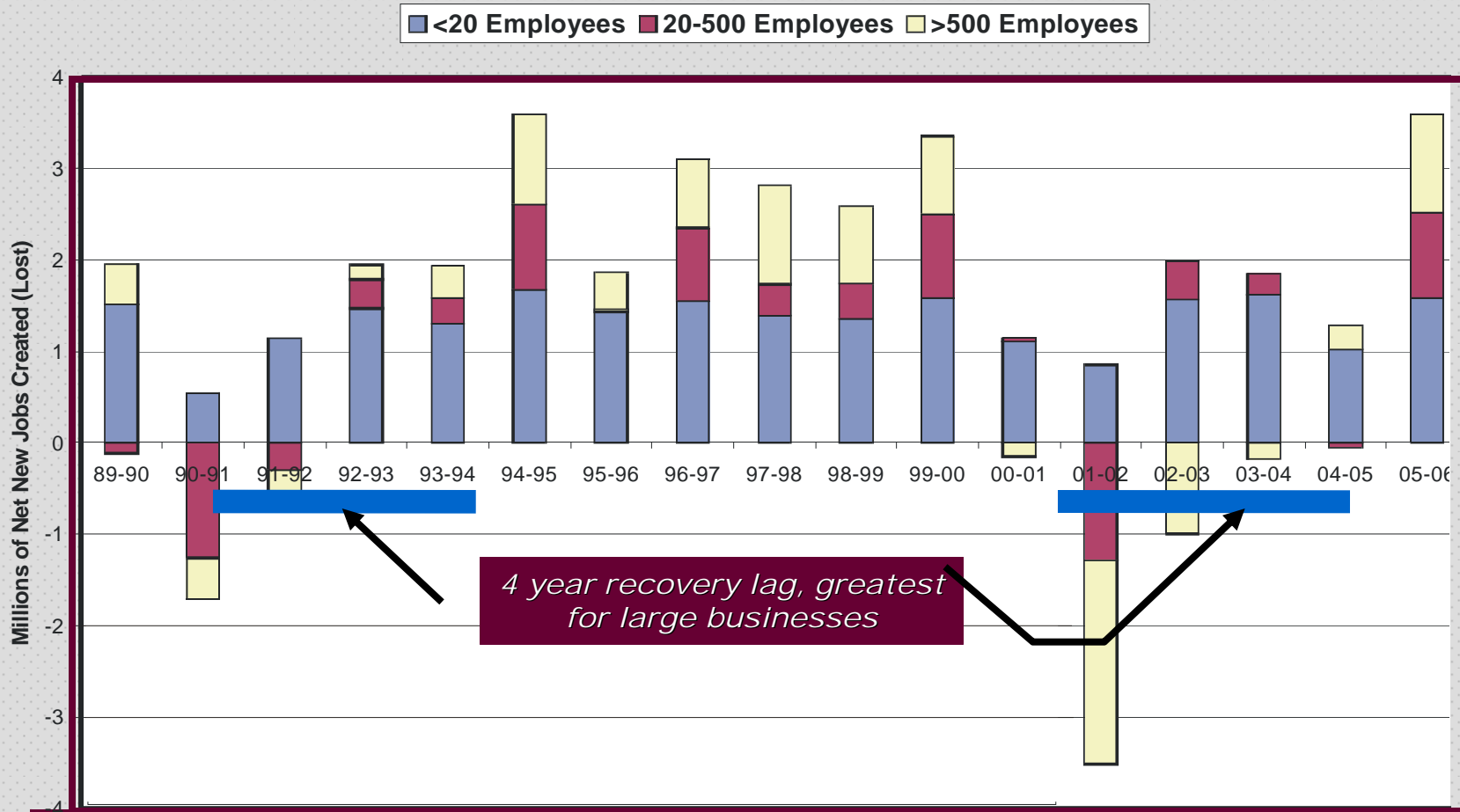


What Is the Good/Bad/Ugly News?

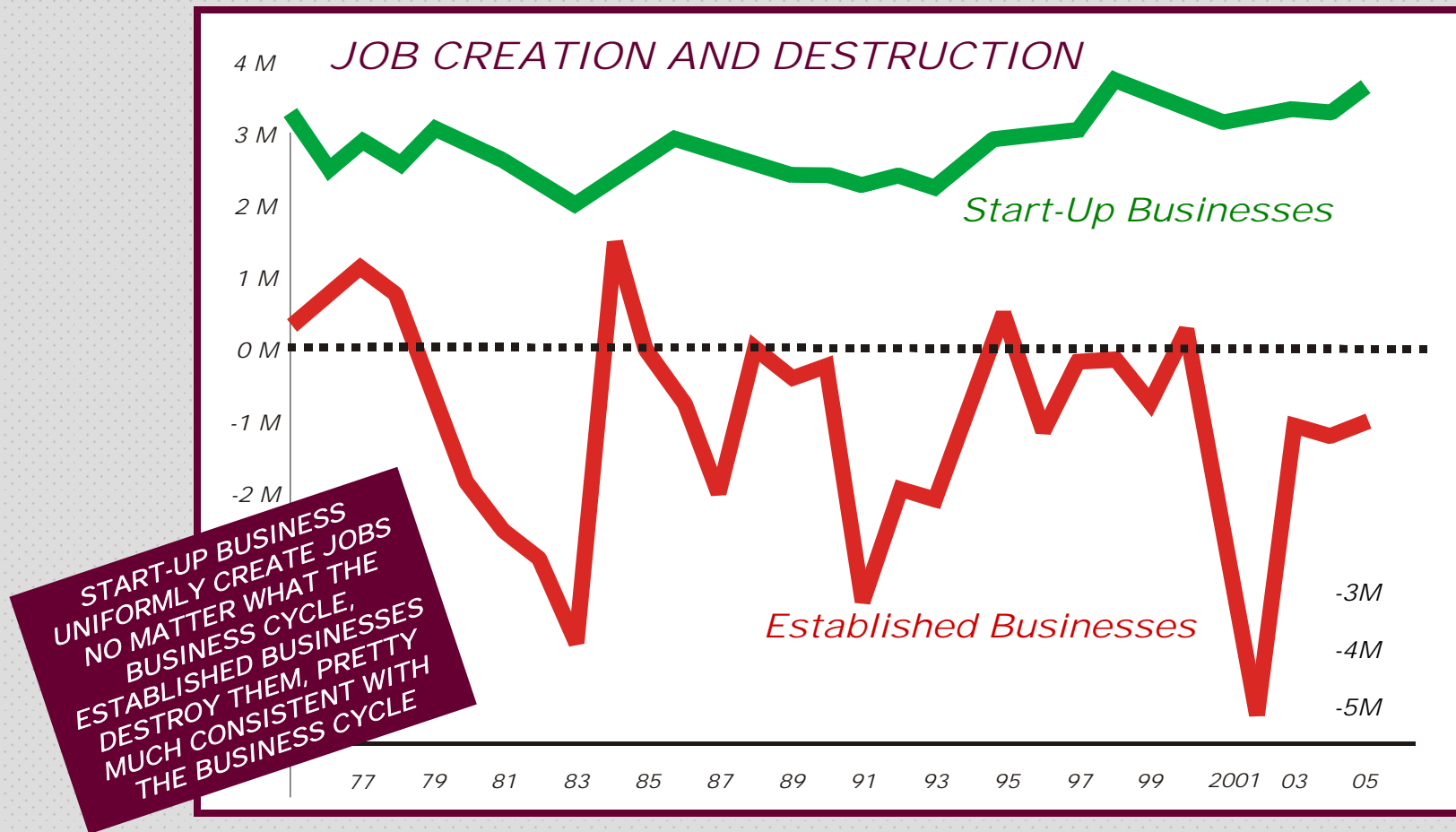


Why Do Larger Businesses Lag?

Net New Job Creation 1989 to 2006



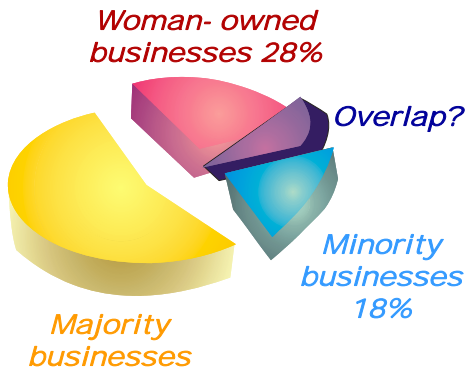
Where Do The New Jobs Come From?



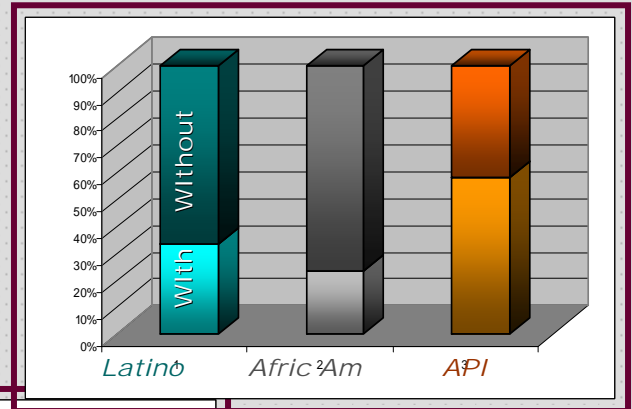
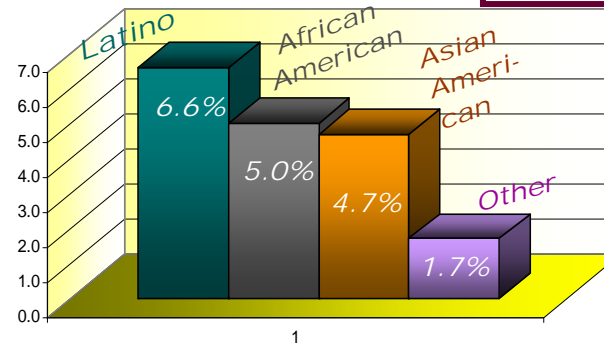
How Do Minority Ventures Stack up?

MINORITY AND IMMIGRANT BUSINESSES ARE A SMALL BUT GROWING PERCENTAGE OF ALL BUSINESS. WOMAN-OWNED BUSINESSES HAVE STAYED CONSTANT

Minority Business as % All Business



Distribution of Minority Businesses



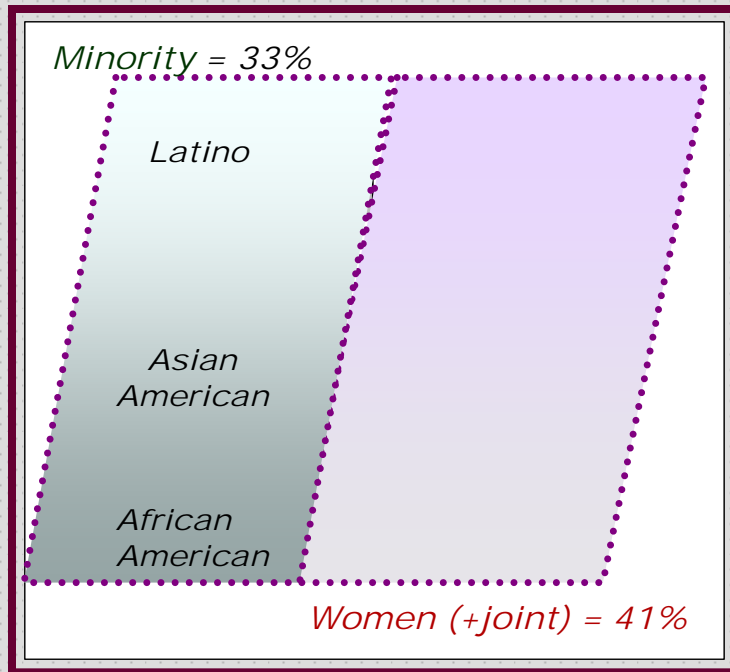
Business Without and With Employees

2007 Census

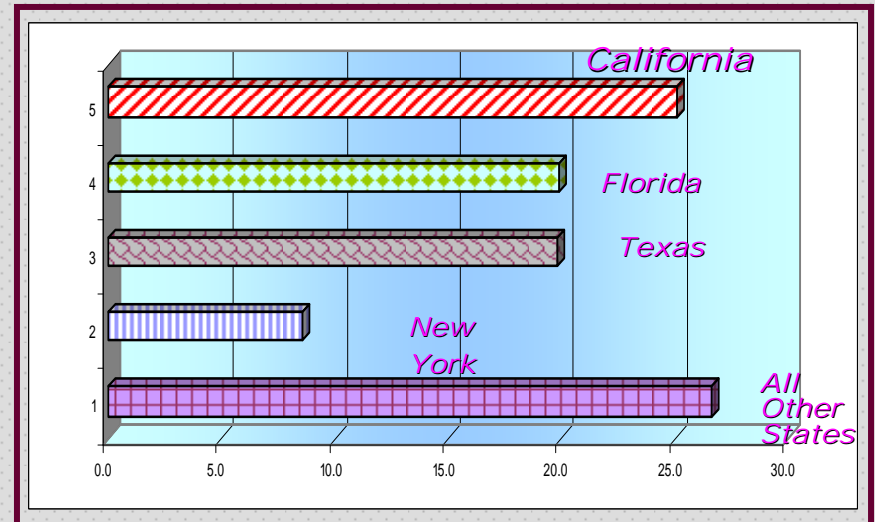
Is California Special?

ALMOST 50% MORE
MINORITY OWNED
BUSINESSES, BY FAR
MOST LATINO BUSINESSES

M/WOB in California, 2006



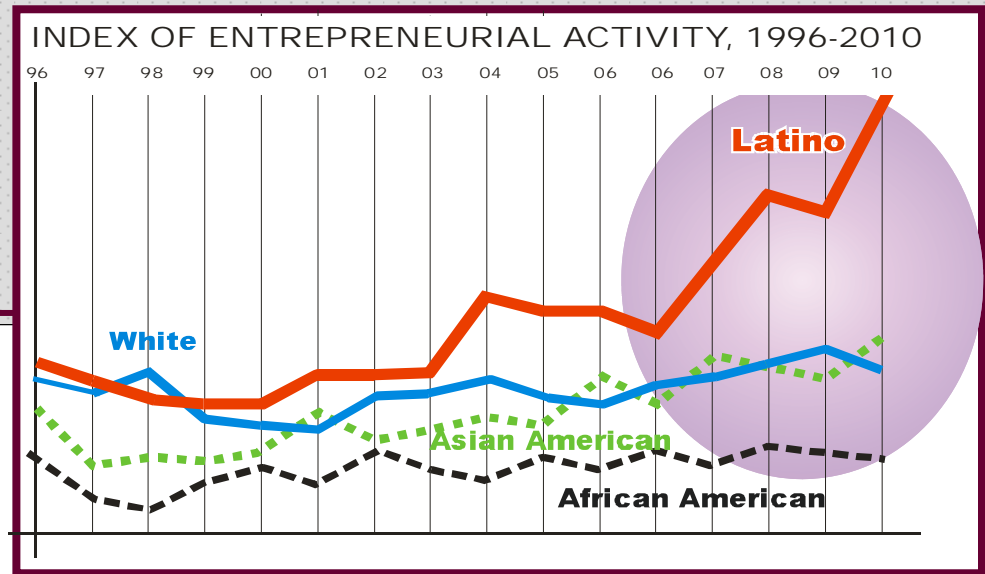
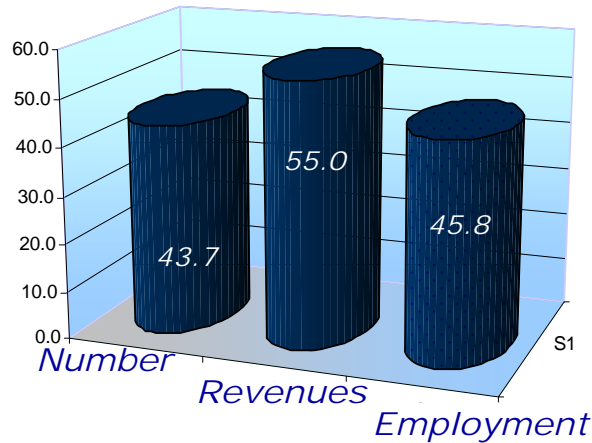
Latino Businesses by State, 2007



The Good News: How Have Latino Businesses Grown?

LATINO BUSINESS WILL DRIVE ENTREPRENEURIAL ACTIVITY IN THE COMING YEARS. IS THIS A BUSINESS ISSUE? A POPULATION ISSUE? WHAT ARE THE IMPLICATIONS FOR PRIVATE INVESTMENT? PUBLIC POLICY?

% Growth of Latino Businesses, 2007-10

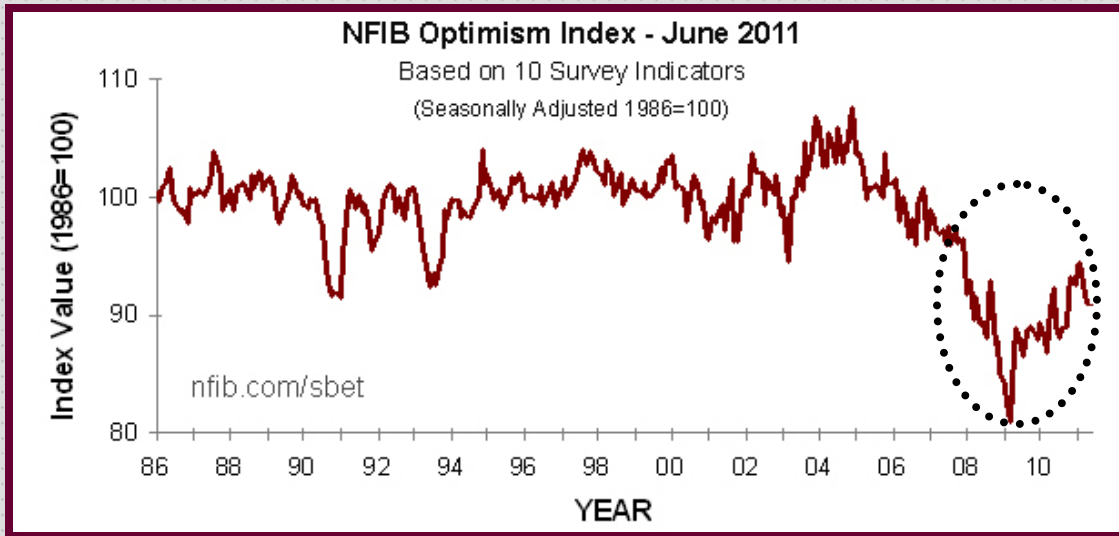


The Bad News?

Will These Trends Continue?

SMALL BUSINESS PAYROLLS ARE DOWN IN THIS RECESSION, BUT THEY ARE NOT RECOVERING AS THEY WERE BEFORE.

BANKS ARE NOT LENDING TO SMALL BUSINESSES DESPITE FEDERAL MANDATES



So, How Should This Affect Policy?

- Reorientation of government programs to impact sustainability, not just startup.
- Recognition by private sector that very small business generates nice profits.
- Lean on public institutions to create supportive policies.

Selected Sources of Data

- 2009. T. Bibbens and P. Borden, “Very Small Business Creates Very Large Change,” *Minority and Small Business Review*
- 2006. M Lofstrum, C. Wang, “Hispanic Self Employment: A Dynamic Analysis of Business Ownership,”
<ftp://repec.iza.org/repec/discussionpaper/dp2101.pdf>
- U.S. Bureau of the census, www.census.gov. Richest source, se especially /sbo, and the Survey of Business Owners, which contains both recent and historical information on Latinos and others, and
www.ces.census.gov/index.php/bds
- U.S. Small Business Administration Office of Advocacy Studies, www.sba.gov/advo . . .
 - 2008. Net employment by firm size, yearly, compiled for 2000-2005, [/research/dyn_b_dd8905.pdf](http://research/dyn_b_dd8905.pdf)
 - 2003. Alicia Robb, Advo, first longitudinal study of net employment, 1990-1994
[/stats/m_a_pdf](http://stats/m_a_pdf)
 - 2008. Robert Fairlie, “Contributions of Immigrants to the U.S. Economy, 2008,”
 - 2007. “Minorities in Business: A Demographic Review of Business Ownership,”
[/research/rs298tot.pdf](http://research/rs298tot.pdf)
 - 2008. William Parsons and Spencer Tracy, “*High Impact Firms: Gazelles Revisited.*”
 - Summary of above and other studies,
<http://web.sba.gov/faqindexall.cfm?areaid=24>
- Kauffman Foundation, www.kauffman.org . . .
 - 2010. Tim Kane. Importance of Startups in Job Creation and Job Destruction,
www.kauffman.org/uploadedFiles/firm_formation_importance_of_startups.pdf
 - 2010. Alicia Robb, continuing studies at Kauffman
 - 2010 ff. Kauffman Firm Survey, [/kfs](http://kfs)