

FED SMALL BUSINESS



2025 Report on Nonemployer Firms: Findings on Hiring Plans from the 2024 Small Business Credit Survey

October 14, 2025

This report compares the characteristics, experiences, and challenges of nonemployer firms that plan to hire in the near future to those that do not.

What are nonemployer firms?

Nonemployer firms are those with no employees except the business owner(s). The Small Business Credit Survey asks all nonemployer firms about their future hiring plans. This report compares the experiences of nonemployer firms that are potential employers (those that plan to hire employees in the next 12 months) to those of stable nonemployers (those that do not plan to hire). It further distinguishes potential employers as

early-stage (firms that are 0–2 years old) and later-stage (firms that are more than 2 years old).

Compared to stable nonemployers, potential employers are more optimistic about their prospects for growth, but early- and later-stage potential employers differ from one another in several ways.

As is typical with new small businesses, most early-stage potential employers are not yet profitable but are very optimistic about revenue growth. Later-stage potential employers are nearly as optimistic as their early-stage counterparts about their growth prospects but were less likely to report revenue growth in the prior year. About half of later-stage potential employers use contract workers, and some had employees previously.

Key findings


- Compared to stable nonemployers, potential employers were more likely to report that they had experienced financial challenges in the prior year. Additionally, they were more likely to apply for financing, most often for expansion. However, when they did apply for financing, they were less likely than stable nonemployers to be approved.
- Early-stage potential employers were more reliant than other nonemployers on their owners' personal funds. Additionally, 58% of early-stage potential employers had applied for new financing in the prior 12 months, with credit cards being the most commonly sought product. Among those that had applied for loans, lines of credit, or merchant cash advances, early-stage potential employers were more likely than other nonemployer applicants to be denied (50%, compared to 42% of later-stage potential employers and 34% of stable nonemployers).
- Later-stage potential employers were more likely than other nonemployers to have debt, and 61% had applied for new financing in the prior 12 months. Among those that had applied for loans, lines of credit, or merchant cash advances, later-stage potential employers were more likely than other nonemployers to apply for Small Business Administration (SBA) loans or credit lines. They were also more likely to apply at online lenders.

About the Small Business Credit Survey

The 2024 survey was fielded from September to November 2024. It yielded 7,653 responses from a nationwide convenience sample of small employer firms (with 1–499 full- or part-time employees) and 5,955 responses from nonemployer firms (with no employees other than the owner(s)) across all 50 states and the District of Columbia. This publication summarizes data for nonemployer firms that were currently operating or temporarily closed at the time of the survey.

The SBCS is an annual survey of firms with fewer than 500 employees, which represent 99.7% of employer establishments in the United States. The survey is a collaboration of all 12 Federal Reserve Banks and provides timely information about small business conditions to policymakers and service providers. Respondents are asked to report information about their business performance, financing needs and choices, and borrowing experiences. Responses to the SBCS provide insights into the dynamics behind lending trends and shed light on various segments of the small business population. The SBCS is not a random sample; results should be analyzed with awareness of potential biases that are associated with convenience samples. [Get detailed information about the survey design and weighting methodology.](#)

Suggested Citation

“2025 Report on Nonemployer Firms: Findings on Hiring Plans from the 2024 Small Business Credit Survey.” 2025. *Small Business Credit Survey*. Federal Reserve Banks. <https://doi.org/10.55350/sbcs-20251014> 

This work is licensed under Creative Commons

[Attribution-NonCommercial 4.0 International](#)    