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## Where Do Jobs Come From? New Analysis of Job Gains and Losses from the Office of Advocacy

WASHINGTON, D.C. – Over a recent 15-year period, small businesses created some 65 percent of the net new jobs in the private sector, according to conservative estimates cited in a new report from the SBA Office of Advocacy. In *An Analysis of Small Business and Jobs*, Advocacy economist Brian Headd notes that many of the new jobs are in new business startups, but an even larger share are in expanding firms of all sizes—particularly mid-sized firms with 20-499 employees.

“More and more, we’re finding that both new startups and ongoing high-growth firms have important roles to play in the labor market,” said Acting Chief Counsel for Advocacy Susan M. Walthall. “Fast-growing firms scattered across the economy create a large share of jobs—and because no one can predict which idea will be the next to catch on, it’s important to create an environment in which a wide spectrum can start up and expand.”

Advocacy’s analysis of the quarterly Bureau of Labor Statistics data show that over the 15 years from 1993 to mid-2008, 31 percent of net job gains (jobs created minus jobs lost) came from the opening of new establishments. An even larger share—the remaining 69 percent—were from ongoing firms of all sizes that expanded. (These net figures are based on establishment openings minus closings and establishment expansions minus contractions.)

The business cycle is an important factor in the net creation or loss of jobs. In the current downturn, firms with fewer than 20 employees began losing jobs as early as the second quarter of 2007. From 2008 to the second quarter of 2009, these smallest firms accounted for 24 percent of the net job losses, while those with 20-499 employees accounted for 36 percent; the remaining 40 percent of job losses were in large firms with more than 500 employees.

The Office of Advocacy, the “small business watchdog” of the federal government, examines the role and status of small business in the economy and independently represents the views of small businesses to federal agencies, Congress, and the President. It is the source for small business statistics presented in user-friendly formats, and it funds research into small business issues.

For more information and a complete copy of the report, visit **the** Office of Advocacy website at [www.sba.gov/advo](http://www.sba.gov/advo).

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*The Office of Advocacy of the U.S. Small Business Administration (SBA) is an independent voice for small business within the federal government. The presidentially appointed Chief Counsel for Advocacy advances the views, concerns, and interests of small business before Congress, the White House, federal agencies, federal courts, and state policymakers. For more information, visit [www.sba.gov/advo](http://www.sba.gov/advo), or call (202) 205-6533.*