

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

added since February 2012.

Mar. 18, 2013

Small businesses created 15,000 new jobs in February, totaling 75,000 new jobs added since February 2012. The Intuit [Small Business Employment and Revenue Indexes](#) showed that U.S. Small Business employment increased by 0.07 percent in February while overall small business revenues dropped 0.6 percent in January.

### **Construction's Impact on Small Business Employment**

While small business employment is up slightly, the number of jobs gained is still less than its proportionate share of all employment, according to [Susan Woodward](#), the economist who worked with Intuit to create the indexes. If small business employment were growing at its usual proportionate rate of 15 percent of national employment, those 75,000 new jobs would be 300,000, a 400 percent difference.

Ask Woodward which industry is most vital to small business employment and she'll tell you it's construction. "The housing bust that was at the center of the economic collapse hurt small business much more than it did big business," said Woodward.

"In non-recession times, construction industry jobs make up about five percent of all employment, but it comprises nearly 20 percent of jobs in the small business and self-employed segment. Single-family home construction, which was at 2 million houses per year in 2006, is now below 900,000 per year. Until construction truly recovers, we will not see robust recovery in small business employment."

Fortunately, the sectors with the smallest revenue declines—almost a recovery by comparison to other sectors—are the construction industry and the real estate services sector, down less than 1 percent each over the past year. This is encouraging

for small business employment, for which construction plays a central role,

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

where they were a few months ago. Average monthly compensation increased \$12 in February and has not fallen since mid-2009. The fraction of people working full time is down slightly, and lower than it has been at any time since 2006.

The employment index is based on data from [Intuit Online Payroll](#) and [QuickBooks Online Payroll](#), covering the period from Jan. 24 through Feb. 23.

### **January Revenues Decline**

Small business revenues continued their downward trend, according to the January Small Business Revenue Index, which showed a 0.6 decline on a per business basis. This index is based on data from [QuickBooks Online](#) and covers the period from Jan. 1 – 31.

The sector hit hardest was retail, which saw a 1.3 percent decline for the month and a 5.3 percent decline since its peak in February 2012.

“Even big business retail is hurting,” said Woodward. “Holiday retail sales overall were up only 0.7 percent in 2012, and the rate of inflation for 2012 was 1.6 percent, which means that in inflation-adjusted terms, retail sales actually declined slightly. One potential reason is the migration of retail sales to online. Online holiday sales were up 8.4 percent for the year.”

When small business revenues began to drop in early 2012, the health care sector and accommodation and food services industry were the first to decline. Health care revenues dropped 0.5 percent in January, and 3.7 percent since its peak in March 2012. The accommodation and food services sector was down 0.3 percent in January, a 2.2 percent decrease since its peak in March 2012.

### **And That's Not All**

If you're interested in finding out more about small business employment and

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved