The State of Small Businesses in Pennsylvania



About the Center for American Entrepreneurship

The Center for American Entrepreneurship is a nonpartisan Washington, DC-based research, policy, and advocacy organization that works with policymakers at the federal, state, and local levels across the country to build a policy environment that promotes new business formation, survival, and growth. We pursue this objective through a wide range of activities.

About Common Good Labs

Common Good Labs is a research organization that designs actionable solutions to improve communities. We use data science tools to empower leaders at foundations, non-profit organizations, and in government.

Our work focuses on reducing poverty, enhancing public safety and health outcomes, improving education, supporting small businesses, and other related topics. For more information, visit commongoodlabs.com.

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Introduction: The big impact of small businesses in the Commonwealth

What do Americans agree has one of the most positive impacts on the country? **The answer is small businesses.**

Belief in small companies is overwhelmingly bipartisan with 88 percent of Democrats and 87 percent of Republicans viewing them in a positive light.¹

The United States is home to more than 4.8 million small businesses — defined in this report as independent companies employing between 1-49 workers.² If we look specifically within Pennsylvania, there are more than 176,000 of these firms.³ This includes many different types of companies: mom and pop stores, main street businesses, family farms, innovative new startups, and many other types of small firms.

Small businesses are a key pillar of economic vitality and growth within the Commonwealth. The Ten-Year Strategic Plan for Economic Development released by the Pennsylvania Department of Community & Economic Development in 2024 identified four priority areas for investment to increase economic growth and competitiveness. Expanding support for Pennsylvania's small businesses was listed as one of the Commonwealth's highest priorities, with a highlighted focus on assisting historically disadvantaged businesses and

workers. This placed small business support alongside boosting investment in industrial site development, streamlining and increasing funding for existing economic development programs, and investing in tourism and recreational asset development as key levers for economic development.

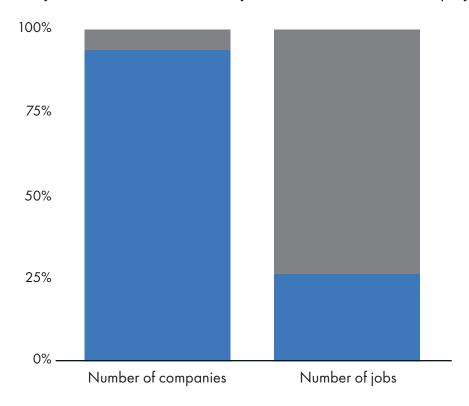
As leaders look to increase support and assistance for small businesses over the next decade, it can be helpful to better understand the current state of these important companies in the Commonwealth.

This report will examine the importance and impact of small businesses across the counties and cities of Pennsylvania. It will quantify their contribution to local communities, compare Pennsylvania to the rest of the United States, and identify how state and local leaders can help support these important companies.

Small businesses in Pennsylvania are of national importance due to the large number of jobs and economic value they generate.

Impact of small businesses in the Commonwealth

Analysis of businesses in Pennsylvania with less than 50 employees



SMALL
BUSINESSES
make up
92% of all
companies with
employees
and generate
28% of jobs in
Pennsylvania.

Source: Center for American Entrepreneurship and Common Good Labs analysis.

There are 37.6 million people in the United States and 1.4 million people in Pennsylvania working at businesses with 1-49 employees.⁵ Few people realize that the Commonwealth's small business sector is this large and that it has such an outsized role in the local economy.

Here are just a few examples that can help quantify its size. The number of small businesses with 1-49 employees in Pennsylvania is larger than the number of total franchises of all businesses in the nation.⁶ The 1.4 million people employed by small businesses in the Commonwealth equals more than the entire workforce of more than 20 states.⁷ And, these companies in Pennsylvania provide more jobs than the entire software industry in the rest of the country.

Small businesses in the Commonwealth are so numerous that their impact can even be seen on national employment. One out of every 100 workers in the United States is employed by small businesses in Pennsylvania.

Impact of small businesses in Pennsylvania and the entire nation

Analysis of businesses with less than 50 employees

ONE OUT OF EVERY 100 U.S. **WORKERS** is employed by a small business that is located in Pennsylvania.

Pennsylvania	United States
176,000 small businesses with 1-49 employees headquartered in Pennsylvania.	4.8 million small businesses with 1-49 employees headquartered in the nation.
Around 92% of all companies in the Commonwealth that have employees are small businesses.	Around 95% of all companies in the country that have employees are small businesses.
27% of people working in the private sector in Pennsylvania are employed at small businesses.	28% of people working in the private sector are employed at small businesses.
1.4 million people work for these firms in total.	37.6 million people work for these firms in total.
19% of wages generated by companies with employees come from small businesses.	19% of wages generated by companies with employees come from small businesses.
\$56 billion of wages are paid by these companies each year, on average.	\$1.5 trillion of wages are paid by these companies each year, on average.

Source: Center for American Entrepreneurship and Common Good Labs analysis.

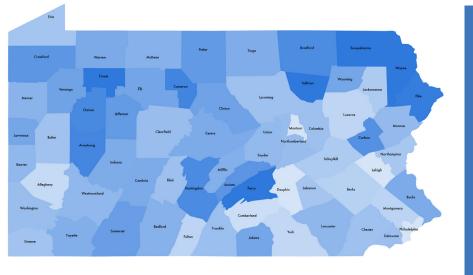
Small businesses in the Commonwealth also generate more than \$56 billion in wages each year that are paid to local workers as well as billions of dollars in taxes paid to local and state governments.8 Around 1 in out of every 5 dollars paid to Pennsylvania workers comes from one of these companies.9

It is no wonder that these companies are such a large priority for economic development in Pennsylvania. If we quantify the impact of small businesses in the Commonwealth and those in the country as a whole, we can see that these companies are a critical foundation of the economy in both contexts.

Small businesses provide unique benefits to rural counties and urban neighborhoods.

Job creation from small businesses in local counties

Percentage of local jobs created by businesses with less than 50 employees



contain
more small
businesses,
but they are
also critical to
urban areas.

RURAL

20% 50% of local jobs of local jobs

Source: Center for American Entrepreneurship and Common Good Labs analysis.

Small businesses are particularly important in rural areas. In the United States as a whole, small businesses represent an even larger share of the number of total businesses with employees and overall employment in rural counties.

This is also true in Pennsylvania.¹⁰ In counties like Perry, Sullivan, and Susquehanna, they make up more than half of all local private sector jobs. Conversely, in more urban counties such as Allegheny, Dauphin, Lehigh, and Philadelphia, small businesses make up around 20% of local private sector jobs. However, it is important to note that these smaller firms play important roles within these urban areas.

Research shows that small businesses are a critical part of neighborhoods in cities. We can see direct evidence of this using geospatial data in Pennsylvania. 11 As the maps on the next page demonstrate, small businesses are located almost everywhere that larger businesses are also found. The main exception being a handful of industrial areas such as those seen along the Allegheny, Monongahela, and Ohio Rivers in Pittsburgh.

However, small businesses are also frequently located in areas that larger ones are not. If we look specifically at neighborhoods within cities in the Commonwealth, we can see large numbers

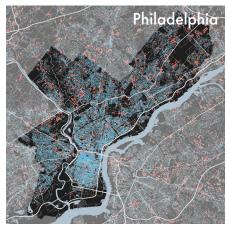
Job creation from small businesses in urban areas

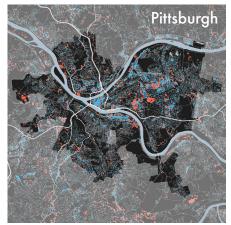
Employment among businesses operating in Pennsylvania's largest cities

- Location of jobs from small businesses with 1 to 49 employees
- Location of jobs from large business with 50 or more employees

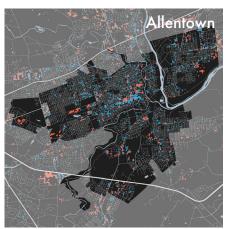
URBAN AREAS

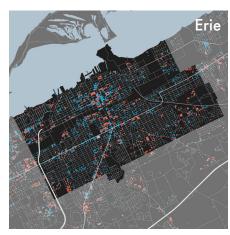
show that small businesses are found in downtowns and commercial centers, but also play key roles helping to sustain local neighborhoods where they improve residents' quality of life.

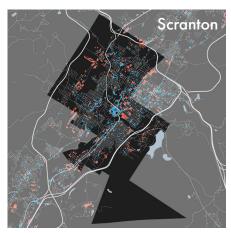












Note: Each dot represents five local jobs in Harrisburg, Allentown, Erie, and Scranton. In Philadelphia each dot represents 25 jobs and in Pittsburgh each dot represents 10 jobs. In the densest areas, jobs from small business may obscure additional jobs from larger companies. Source: Center for American Entrepreneurship and Common Good Labs analysis.

of small businesses located in local business corridors that are home to restaurants, bars, and small retail shops.

Small businesses increase local quality of life in rural counties and urban neighborhoods.

The owners of local small businesses have a vested interest in the prosperity of their communities, unlike large businesses that are oftentimes headquartered in other cities and states. Small business owners usually live near their companies and often have children or grandchildren in local schools. This gives them incentives to participate in community development projects to improve their neighborhoods or enliven the local business district.

When small businesses make money, more of it stays inside their cities and counties. When independent locally owned businesses earn revenues from residents they recirculate more of what they earn back into their surrounding

community compared to companies headquartered in other cities and states. ¹² Supporting a single small business provides more money to local workers, to suppliers in the same area, and to local charities. This helps to strengthen urban neighborhoods and rural communities across the state.

National research has found that small businesses generate social capital and foster community networks.¹³ Areas with more small businesses also have other positive outcomes, including more robust entrepreneurship networks and better public health outcomes.¹⁴

Small businesses help Pennsylvania meet its economic development goals, but they are less common here than in other states.

Number of small businesses for every 1,000 residents

Ranking of U.S. states

Pennsylvania has slightly **FEWER SMALL BUSINESSES** per capita than the U.S. average.

1	Wyoming	25.3	18	New Jersey	16.8	35	Louisiana	14.0
2	Montana	23.9	19	District of Columbia	16.6	36	Maryland	14.0
3	Vermont	20.8	20	Massachusetts	16.3	37	Michigan	13.4
4	Colorado	19.7	21	Washington	16.3	38	South Carolina	13.3
5	South Dakota	19.2	22	Minnesota	15.6	39	Hawaii	13.1
6	Idaho	18.8	23	Illinois	15.6	40	Arkansas	13.0
7	North Dakota	18.8	24	Connecticut	15.1	41	Texas	13.0
8	Florida	18.6	25	lowa	15.0	42	Arizona	12.8
9	New York	18.4	26	Kansas	14.9	43	Indiana	12.5
10	Oregon	18.3	27	Nevada	14.5	44	New Mexico	12.3
11	Utah	17.9	28	Wisconsin	14.3	45	Ohio	12.0
12	New Hampshire	17.5	29	Georgia	14.3	46	Alabama	11.6
13	Alaska	17.5	30	Oklahoma	14.2	47	Mississippi	11.4
14	Nebraska	17.4	31	Missouri	14.2	48	Kentucky	11.2
15	Rhode Island	17.2	32	Virginia	14.1	49	Tennessee	11.2
16	Delaware	17.0	33	Pennsylvania	14.0	50	West Virginia	10.3
17	California	16.9	34	North Carolina	14.0	51	Maine	7.5
		The U.S.	ave	erage is 15.1 per 1,0	00 res	idents	•	

Source: Center for American Entrepreneurship and Common Good Labs analysis.

Pennsylvania's Ten-Year Strategic Plan for Economic Development states that part of the reason the Commonwealth seeks to improve support for small businesses is to create opportunities for disadvantaged workers. Existing research helps to explain why small businesses are critical for meeting this goal.

Small businesses provide most of the initial job experience and training for the nation's workforce.15 The majority of U.S. workers first entered the business world working for a small business. This is partially due to the fact that smaller, entrepreneurial companies are often

willing to take a chance on new workers — such as young people, recent immigrants, or people who were previously incarcerated — that larger firms do not employ as readily.

Small businesses can help support additional strategy components set out by the Department of Community & Economic Development. One of the other major goals of the Commonwealth's economic plan is to increase the growth rate and scale of the innovation economy. Researchers have found that this is another area where smaller companies have an outsized impact.

Small businesses in the United States are among the most innovative companies in the world. A review from 2016 found that small businesses with 5-49 employees that engaged in research and development earned an average of three to five patents for every 1,000 people they employed. The average for larger businesses engaging in research and development was around two to three.

Analyses on the characteristics of small businesses in the Commonwealth shows that those in Pennsylvania are similar to the typical U.S. state, on average – with a few important exceptions.

Pennsylvania has slightly fewer small businesses per capita than most other U.S. states. Pennsylvania has 12.9 million residents. There are 14.0 small businesses per every 1,000 residents in the Commonwealth compared to a national average of 15.1.¹⁷ This places Pennsylvania at a rank of 33rd among all states and the District of Columbia.

Though Pennsylvania has a smaller proportion of these businesses relative to its population, the small businesses in the Commonwealth have slightly more employees on average than those in most other states. This places Pennsylvania at the national average for employment from small businesses. In the nation as a whole, 28% of workers in the private sector work at small businesses with 1-49 employees. In Pennsylvania, 27% of private-sector workers are employed at these firms and the state ranks 34th in the country. 18

Pennsylvania's small businesses work in a wide variety of industries that mirror the nation as a whole.

Job creation by industry among small businesses in Pennsylvania

Analyses of businesses with less than 50 employees in the Commonwealth

Small businesses in Pennsylvania work in a **DIVERSE** RANGE OF SECTORS.

SECTOR NAME	NUMBER OF STATE WORKERS	PERCENT OF STATE WORKERS	PERCENT OF US WORKERS
Hotels and restaurants	214,263	14.8%	15.4%
Health care and social services	202,785	14.0%	14.7%
Construction	156,627	10.8%	11.3%
Retail stores	133,674	9.2%	9.2%
Professional services	127,687	8.8%	9.4%
Manufacturing	106,213	7.3%	5.8%
Finance and investment	45,608	3.2%	2.8%
Transportation and logistics	44,542	3.1%	2.9%
Arts and entertainment	42,001	2.9%	2.6%
Educational services	28,315	2.0%	2.1%
Agriculture	17,360	1.2%	2.0%
Technology	16,871	1.2%	1.1%
Other	310,008	21.4%	20.6%

Note: Percentages in the table show the percentage of all workers employed at small businesses with less than 50 employees. Source: Center for American Entrepreneurship and Common Good Labs analysis.

It is also possible to examine data on the industries of small businesses in Pennsylvania to understand which sectors are most common in the Commonwealth. This data can then be compared to the country as a whole for context.

Within the United States, the most common industry for a small business to work in is hospitality. These companies are primarily hotels and restaurants. There are also a number of industries that receive significant attention but are not especially large among small businesses in the country. Less than 3% of small businesses work in finance and investment. Only around 2%

are agricultural companies — often family farms. And, just 1% work in technology businesses, such as software companies.19

Pennsylvania is similar to the nation as a whole in terms of the distribution of industries where its small businesses work.

The most common small businesses in the Commonwealth are hotels and restaurants. Other common sectors include construction. retail stores, and health care. Just as in the rest of the United States, businesses working in finance and investment, agriculture, and technology are relatively less common.

As the table on the previous page demonstrates, there are a small number of differences between Pennsylvania and the nation as a whole.²⁰

Pennsylvania has slightly more small businesses that work in manufacturing. These companies make up almost 7.3% of those in the Commonwealth compared to about 5.8% in the entire country.

Pennsylvania has slightly fewer small businesses working in agriculture. Only 1.2% of the Commonwealth's small businesses are in this sector compared with 2.0% of those in the entire country.

This data highlights an important truth about these companies in the Commonwealth. Small businesses in Pennsylvania are relatively balanced across different industries and generally reflect the economy of the nation as a whole.

Small businesses enhance their owners' lives, but many Pennsylvanians are underrepresented in terms of business ownership.

Ratio comparing people of color who are small business owners to the total population of people of color

Ranking of U.S. states

PEOPLE OF COLOR are less likely to be small business owners in Pennsylvania.

1	Maine	1.64	18 New Mexico	0.58	35	Arizona	0.49
2	Hawaii	0.84	19 New York	0.58	36	Wisconsin	0.49
3	Virginia	0.71	20 Oklahoma	0.58	37	North Carolina	0.48
4	Washington	0.70	21 Pennsylvania	0.57	38	Alabama	0.47
5	Florida	0.68	22 Vermont	0.56	39	Minnesota	0.46
6	West Virginia	0.68	23 Wyoming	0.56	40	Rhode Island	0.44
7	Oregon	0.67	24 Missouri	0.56	41	South Carolina	0.44
8	Kentucky	0.66	25 Nevada	0.56	42	Michigan	0.44
9	New Hampshire	0.66	26 Idaho	0.56	43	Alaska	0.43
10	District of Columbia	0.65	27 Utah	0.55	44	Arkansas	0.43
11	California	0.64	28 Indiana	0.55	45	lowa	0.42
12	New Jersey	0.62	29 Illinois	0.53	46	Louisiana	0.40
13	Texas	0.62	30 Connecticut	0.53	47	Nebraska	0.38
14	Maryland	0.62	31 Kansas	0.51	48	Mississippi	0.37
15	Georgia	0.61	32 Massachusetts	0.51	49	Montana	0.37
16	Delaware	0.60	33 Ohio	0.51	50	North Dakota	0.32
17	Tennessee	0.59	34 Colorado	0.49	51	South Dakota	0.28
	The eve	raao =	tio for the United Sta	atos as a	whala	is 0.60	

Note: In Pennsylvania, 15% of all businesses are owned or co-owned by people of color and around 27% of the total population are people of color. Therefore, the ratio is 0.57 (i.e., 15% divided by 27%). Source: Center for American Entrepreneurship and Common Good Labs analysis.

Studies have found that small businesses help people increase their financial wellbeing and life satisfaction. Owning a small business is associated with higher levels of wealth and income, for example. Small business owners also report greater engagement with work and are more likely to rate their current and future lives as thriving.21

Unfortunately, the opportunity of owning a small business is not equally accessible to all Americans including veterans, women, people of color, and rural residents. For example, if we compare business ownership demographics from Pennsylvania to those of other states, two trends stand out that may be somewhat surprising to local leaders and state policymakers.

Percentage of small business owners who are women

Ranking of U.S. states

	1 Washington	44%	18 California	38%	35 Indiana	34%
	2 Alaska	44%	19 Florida	38%	36 Mississippi	34%
	3 Idaho	43%	20 South Dakota	38%	37 West Virginia	34%
	4 Montana	42%	21 Virginia	38%	38 Tennessee	33%
	5 Arizona	42%	22 Texas	37%	39 Illinois	33%
	6 Wyoming	42%	23 Louisiana	37%	40 South Carolina	33%
	7 Oregon	41%	24 North Carolina	37%	41 New Hampshire	33%
	8 Hawaii	41%	25 Oklahoma	37%	42 Delaware	32%
	9 Nebraska	41%	26 lowa	37%	43 Ohio	32%
1	10 New Mexico	41%	27 Kentucky	36%	44 Connecticut	32%
	11 Arkansas	40%	28 Wisconsin	36%	45 Pennsylvania	32%
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1	12 Colorado	39%	29 Alabama	36%	46 New Jersey	31%
		39% 39%	29 Alabama 30 Minnesota	36% 35%	46 New Jersey47 Michigan	31% 31%
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1	12 Colorado 13 Missouri	39%	30 Minnesota	35%	47 Michigan	31%
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1	12 Colorado13 Missouri14 District of Columbia15 Vermont16 Nevada	39% 39% 39% 38%	30 Minnesota 31 Utah 32 Maryland 33 Georgia	35% 35% 35% 35% 34%	47 Michigan48 Maine49 Massachusetts50 Rhode Island	31% 31% 31% 31%

WOMEN are also less likely to be small business owners in Pennsylvania.

Source: Center for American Entrepreneurship and Common Good Labs analysis.

In Pennsylvania, around 27% of the total population are people of color, while 15% of all businesses are owned or co-owned by **people of color.** Therefore, the ratio measuring the proportion of minority-owned businesses over the proportion of the total minority population is 0.57 (i.e., 15% divided by 27%).²² This means that people of color's representation in business ownership is slightly above half the level of representation they have in the overall population.

In this metric, Pennsylvania performs slightly below the United States as a whole, where the ratio measuring the proportion of minorityowned businesses over the proportion of the total minority population is 0.60. In terms of its rank compared to other states, Pennsylvania is 21st.

Pennsylvania lags behind other states in the proportion of small businesses owned by women. The Commonwealth ranks 45th in the nation in the proportion of small businesses that are owned or co-owned by women. Just 32% of businesses in Pennsylvania are women-owned or co-owned, compared to 36% nationally.23 In measures of women's educational attainment and income-levels, the Commonwealth tends to be at the national average.²⁴ Small business ownership seems to be a uniquely negative outlier among data on women in Pennsylvania.

Gaps that women, people of color, and other residents face in terms of small business ownership are a large reason why Pennsylvania's Ten-Year Strategic Plan for Economic Development specifically highlights the need to increase support for under-represented business owners in the Commonwealth.

The best way to begin to close this gap is increasing support for existing disadvantaged small business owners in Pennsylvania. Though entrepreneurship and business ownership should be accessible to everyone, efforts to encourage people who are not considering starting a company to launch a small business carry significant risk. Over half of all new companies fail before they reach five years in age.²⁵ This typically has serious financial consequences for business owners, including loss of savings, reduced credit scores, and potentially even bankruptcy.

Women and minority populations have fewer financial resources than other U.S. residents. on average.²⁶ Therefore, it is important to be cautious when encouraging new people from these groups to take the risk of starting a business. Leaders should look first to support

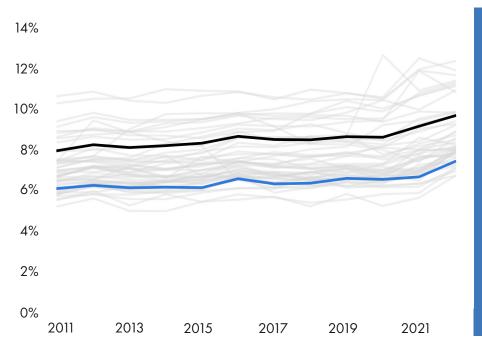
existing disadvantaged small business owners, since these existing business owners have already made this decision on their own. If more of the companies of these owners survive and succeed in Pennsylvania, the proportion of small business owners from these underrepresented groups will increase in the Commonwealth over time

There is also room for the Commonwealth to support disadvantaged residents who are not yet entrepreneurs but would like to become small business owners. This can help close the gap described above while also helping residents from these groups avoid risk and achieve the benefits of having their own companies.

New small businesses are less common in Pennsylvania, but those launched in the state have a higher than average survival rate.

Comparison of startup rates among U.S. states

New businesses less than 1 year old as a percentage of total businesses



NEW SMALL BUSINESSES are less common in Pennsylvania compared to other states.

Source: Center for American Entrepreneurship and Common Good Labs analysis.

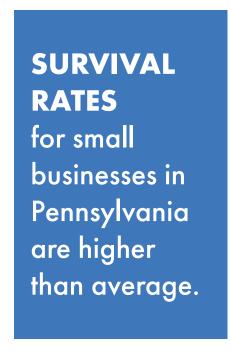
Starting a business is not easy. It often involves significant personal investment of time and money. Most new business owners must also trade off the income they could make as someone else's employee. Because of these challenges, new businesses are only a small percentage of all companies.

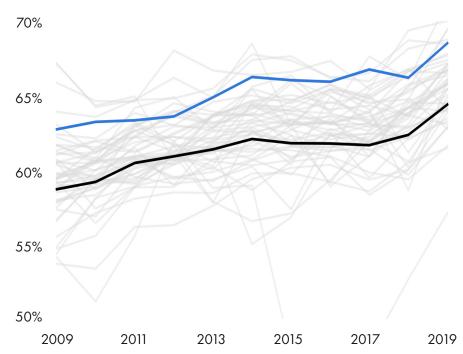
In the United States, about 1 in 10 businesses with employees are new, "startup" companies that are less than 12 months old. Because these companies are new, almost all of them are also small businesses with one to 49 employees.²⁷

In Pennsylvania, the proportion of businesses with employees that are new startups is about one in 14.28 This places the Commonwealth at a rank of 40th among all U.S. states and the District of Columbia. Though this measure does not include data on new companies where the owners are self-employed and have no other workers, it is interesting to see that the rate of these startups in Pennsylvania is significantly lower than most other states and has been for the last decade.

Comparison of new business survival rates among U.S. states

Percentage of new businesses still in operation after three years





Source: Center for American Entrepreneurship and Common Good Labs analysis.

By contrast, when businesses do start up in Pennsylvania they are more likely to survive than in most other U.S. states. In the country as a whole, around 64% of new companies with employees survive through the end of their third year. Small businesses in the Commonwealth perform slightly better. Around 69% of companies with employees started in Pennsylvania are still in operation three years later.²⁹ Data shows that the Commonwealth has generally ranked in the top 10 among U.S. states and the District of Columbia during the last decade.

Commonwealth leaders will likely want to consider additional in-depth analysis of the factors that depress the new business creation rate and heighten the survival rate - to help inform priorities for future investment and policy changes to improve the small business climate in the state.

How can leaders better support small businesses in Pennsylvania?

If leaders in the Commonwealth wish to tangibly increase Pennsylvania's performance on the metrics measuring small business ownership and growth, it will require efforts that reach many thousands of companies.

In order for Pennsylvania to reach the national average in terms of the total number of small businesses per every 1,000 residents during the next decade, it would require starting around 15,000 more businesses in addition to those already in existence.30

If the Commonwealth sought to bring the proportion of businesses owned by minority residents up to match the proportion of the population identifying as people of color, it would require approximately 30,000 more small businesses be owned by these residents in Pennsylvania.31

In order to bring the proportion of businesses owned by women up to match the proportion of the population who are women in Pennsylvania, it would require around 75,000 more womenowned small businesses to exist.32

These numbers are quite large and beyond what can directly be served through the governmentrun programs in the Commonwealth that directly support small businesses. Increasing performance in areas like these will require making improvements in a broad set of functions provided by agencies and departments in Pennsylvania's government.

The Commonwealth's economic development plan includes a number of key initiatives designed to move Pennsylvania's economy forward. Some of these efforts are not especially relevant to the majority of small businesses in the state — for example, only a small percentage of small businesses work in the five priority industry sectors targeted for unique support (i.e., agriculture, energy, life sciences, manufacturing, and robotics and technology).

However, a large number of the initiatives in Pennsylvania's economic development plan are very likely to benefit small business owners and their employees. A few examples are listed below.33

Expanding support for Pennsylvania's small businesses with a focus on historically disadvantaged businesses and workers will help smaller companies in the Commonwealth through its efforts to increase funding and better utilize small businesses as suppliers via Pennsylvania's procurement processes.

Doubling down on workforce training and preapprenticeship and registered apprenticeship programs will address one of the most commonly cited challenges among U.S. small businesses: hiring qualified employees. Small businesses have traditionally been the point of entry for most American workers and better training programs lessen the burdens on these companies and workforce needs continue to be among the most important for small business owners.

Cutting through red tape and fostering collaboration across state agencies will disproportionately benefit small businesses since they represent the vast majority of Pennsylvania's companies. Smaller firms also tend to have greater difficulties with regulatory challenges since they have fewer employees and resources to dedicate toward compliance.

Reforming state permitting processes with a focus on customer experience will have similar benefits for small businesses, particularly new startups filing documents related to registering their businesses.

Launching Pennsylvania problem solvers startup competitions to find entrepreneurial solutions to our pressing challenges will help create the new companies that can close the startup gap between Pennsylvania and other U.S. states.

Simplifying and increasing funding for Pennsylvania's economic development toolkit will open up more funding and support opportunities for small businesses in the Commonwealth.

The last initiative is likely to be particularly important in Pennsylvania. The typical U.S. state has around 10 programs specifically dedicated to supporting small businesses and startup companies. Pennsylvania operates more than twice that number.

The Pennsylvania Business One-Stop Shop, on the official Commonwealth website, has links to information, templates, checklists, and resources to support small businesses in the planning, registering, operating, and growth stages of a business. There are also links to guide small businesses owned by women, people of color, veterans and other disadvantaged groups in certification and procurement opportunities. Information about state-funded programs supporting main street to tech venture small businesses are also listed, including Ben Franklin Technology Partners, SCORE mentors, and the 15 Small Business Development Centers. Other initiatives provide loan guarantees, funding for training employees, and grants or tax credits for new hires.

Though forms of assistance like these are valuable, there could be opportunities to ensure small business owners and those who work with them are better aware of these resources and supported with a "customercentric" approach. There is an opportunity to determine which existing small business programs are the most utilized and should be optimized to reach more companies within the Commonwealth. Finally, small business owners would also benefit from efforts to streamline application processes for government programs. along with simplifying relevant taxation and regulatory structures, as the state's myriad rules and systems can be difficult to navigate and very time consuming.

In addition to the existing Commonwealth initiatives and programs that are relevant to small business owners, there are additional forms of support that could be offered to entrepreneurs at these companies. This could include efforts to further expand access to low-cost capital as well as high-quality mentorship. Additionally, each region of the Commonwealth features a network of high-quality organizations dedicated to the support of small businesses. However, unlike competitor states such as Michigan and Ohio, Pennsylvania has traditionally provided very little support to these regional networks or the smallbusiness serving organizations that comprise them.

Given the importance of small businesses to Pennsylvania's economy, it would be beneficial for leaders in the Commonwealth to focus on how best to support entrepreneurs in starting and growing new ventures. This could involve convening groups of business owners, local economic development officials, nonprofit small business support programs, as well as elected officials to determine the highest priority needs and barriers.

More specifically, Pennsylvania should consider developing a comprehensive small business climate improvement strategy or high-level set of guiding principles for small business support that builds on current competitive advantages and address disadvantages. In an ideal world, this process would bring together stakeholders to select metrics to measure the Commonwealth's performance in the small business goals that have already been articulated, make recommendations on how to better tailor and streamline existing support programs for these companies, and identify ways that small business owners and employees can be better served across Commonwealth agencies.

Endnotes

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- 4 A Ten-Year Strategic Plan for Economic Development in Pennsylvania, PA Department of Community & Economic Development
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- 12 The Local Multiplier Effect, American Independent Business Alliance.
- 13 Small Businesses In The U.S.: Strengths And Opportunities For Growth, Brett Theodos.
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- 21 Employing Others Is Linked to Wealth and Wellbeing, Rothwell.
- 22 Common Good Labs analysis of data from the U.S.. Census Bureau.
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