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California Small Business

An Annotated Bibliography

October 2023



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The California Senate Committee on Business, Professions, and Economic Development and the Assembly Committee on Jobs, Economic Development, and the Economy asked the California Research Bureau (CRB) for a reference document that focuses on small business. Six CRB interns from the University of California, Berkeley, in association with the [2023 Cal-in-Sac Internship Program](#), worked with the legislative committees under the guidance of CRB staff to write this report, which is organized into three sections:

1. *Small Business Survey and Reports*: Selected survey and reports of the status of small businesses using state and federal data sources.
2. *Comparison to Other States*: Small business profiles of selected states and comparison of legislative activity related to small businesses.
3. *Annotated Bibliography*: A curated list of resources relating to small business.

The resources in the annotated bibliography were curated on behalf of policymakers and their staff in the state Legislature and Governor's Office, CRB's clients. Legislative and gubernatorial staff may request paywalled articles from the California Research Bureau. Readers apart from this client base may request paywalled reports from their local libraries.

Introduction

What is a small business?

According to the [California Department of General Services](#), a "small business" is characterized as an independently owned and operated enterprise that is not dominant within its field of operation. It typically has fewer than 100 employees and an average annual revenue of less than \$15 million. A "micro business" in California is defined as having gross annual receipts of less than \$5 million and having fewer than 25 employees.

The [U.S. Small Business Administration](#) (SBA) defines "small business" as an independent business having fewer than 500 employees. In addition to this general guideline, the SBA also publishes a [table of size standards](#) to assess if a small business qualifies for certain SBA programs and loans. The U.S. [Census Bureau](#) summarizes the SBA definition of small businesses as being determined by firm revenue (ranging from \$1 million to over \$40 million annually) and by employment (from 100 to over 1,500 employees).

While competing definitions exist, most agencies commonly agree that small businesses typically employ fewer than 500 employees. There is a benefit, however, in this range in the size and scale of what may be defined as a small business, because it allows for a variety of industries, firm sizes, and business establishments.

Small businesses are of vital importance to the U.S. economy, creating nearly [63% of all new jobs](#) between 1995 and 2021, for a total of 17.3 million jobs. In the last few decades, there has been a notable rise in government support to small businesses, providing resources and assistance to small-business owners as they develop and maintain their businesses. Federal and state agencies help bridge the gap between the governmental resources available and the small businesses who need assistance. The [U.S. Small Business Administration](#) (SBA), established in 1953, provides support for small-business owners and entrepreneurs through capital, contracts, and counseling. At the state level, the [Office of Business and Economic Development \(GO-Biz\)](#) and the [California Office of the Small Business Advocate Programs \(CalOSBA\)](#) were created to support all California small businesses, giving them the information and direct support needed to better navigate state laws and take advantage of available resources and programs. These state and federal agencies are essential for developing California's [\\$3.77 trillion economy](#).

Small Business Profiles

Senate and Assembly committee consultants who focus on legislation related to small business expressed an interest in having CRB assess how the California small business landscape compares to other states. In consultation with committee consultants, six states were selected: Florida, Illinois, Michigan, New York, Texas, and Wisconsin. They reflect similarities in population and size, while also providing a diversity in terms of region and political climate.

These state profiles, released annually by the [U.S Small Business Administration Office of Advocacy](#), gather the latest federal economic data into state-by-state snapshots of small business economic activity. The data, collected in 2022, is based on the small business definition of a firm smaller than 500 employees. Figures and statistics are approximate due to missing or nonstandard data.

[California](#)

- 4.2 million small businesses
- Small businesses make up 99.8% of California businesses
- 7.4 million small business employees
- 47.9% of California employees are employed by small businesses

[Florida](#)

- 3 million small businesses
- Small businesses make up 99.8% of Florida businesses
- 3.6 million small businesses employees
- 40.5% of Florida employees are employed by small businesses

[Illinois](#)

- 1.2 million small businesses

- Small businesses make up 99.6% of Illinois businesses
- 2.5 million small business employees
- 44.7% of Illinois employees are employed by small businesses

[Michigan](#)

- 911,914 small businesses,
- Small businesses make up 99.6% of Michigan businesses
- 1.9 million small business employees
- 47.9% of Michigan employees are employed by small businesses

[New York](#)

- 2.3 million small businesses
- Small businesses make up 99.8% of New York businesses
- 4.1 million small business employees
- 48.1% percent of New York employees are employed by small businesses

[Texas](#)

- 3.1 million small businesses
- Small businesses make up 99.8% of Texas businesses
- 4.9 million small business employees
- 44.5% of Texas employees are employed by small businesses

[Wisconsin](#)

- 462,292 small businesses
- Small businesses make up 99.4% of Wisconsin businesses
- 1.3 million small business employees
- 48.8% of Wisconsin employees are employed by small businesses

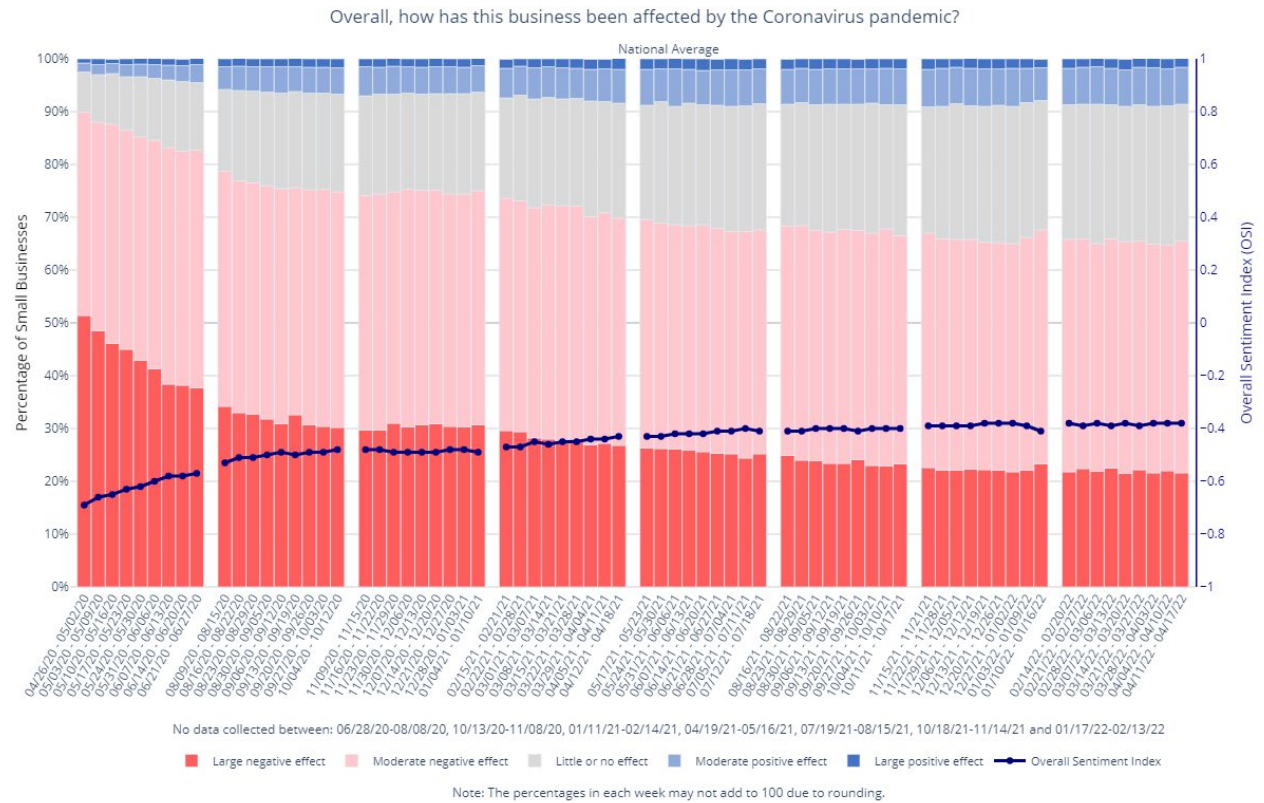
Small Business Surveys and Reports

The following are select small business surveys and reports. They serve to illustrate a point-in-time snapshot of small businesses within the United States.

2022 Small Business Pulse Survey

The [2022 Small Business Pulse Survey](#) was developed by the [U.S. Census Bureau](#) to provide a two-year snapshot of how small businesses weathered the COVID-19 pandemic. An overwhelming majority of small businesses reported that the pandemic had a moderate or large negative impact on their business. In April 2020, a month after lockdown went into effect across the nation, 90% of small businesses reported moderate negative impact, and over 50% reported a large negative effect. By April 2022, survey responses indicated that businesses were faring better. See Figure 1.

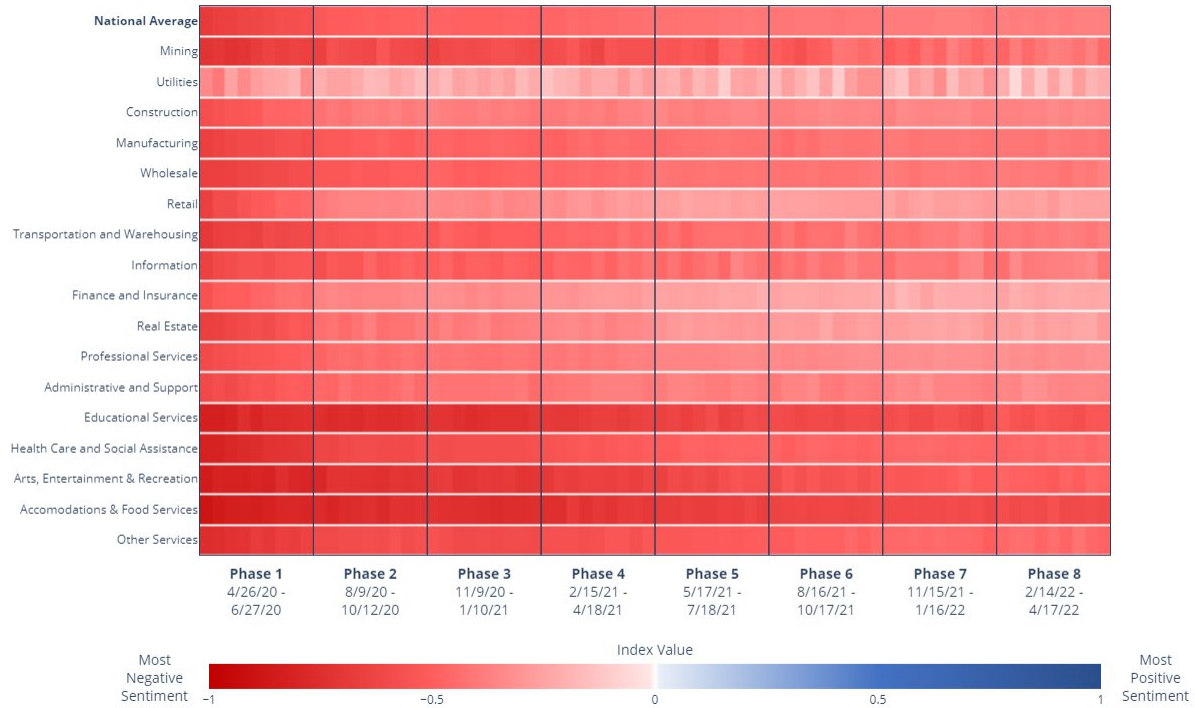
Figure 1. Overall Effect of the Pandemic on Small Businesses



Source: [U.S. Census Bureau](https://www.census.gov)

Figure 2 indicates the average effect of the pandemic on U.S. business was consistently negative. The Overall Sentiment Index was at -0.7 in April 2020, recovering to only -0.4 in April 2022. By individual sectors, education and accommodation and food services had the worst sentiment scores throughout 2020-2022. Small businesses also reported general decreases in resources and further challenges in operations. A large portion of businesses reported decreases in revenue, employees, and hours worked in April 2020.

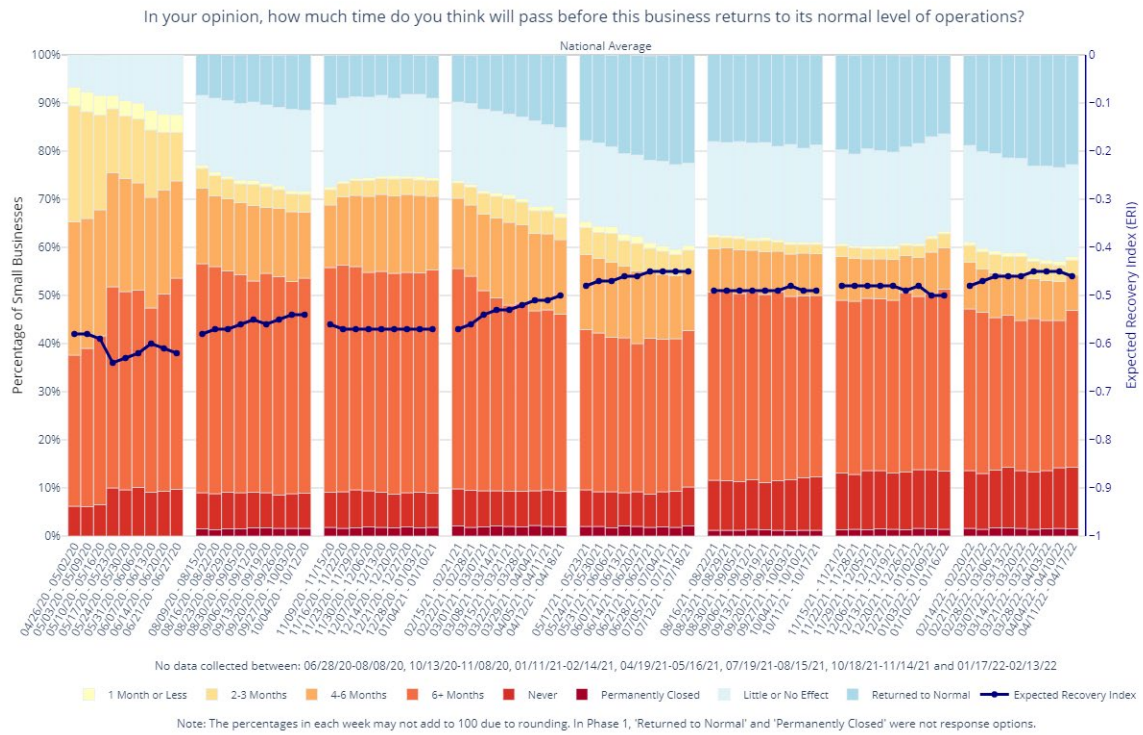
Figure 2. Operational Challenges Index by Sector



Source: [U.S. Census Bureau](https://www.census.gov)

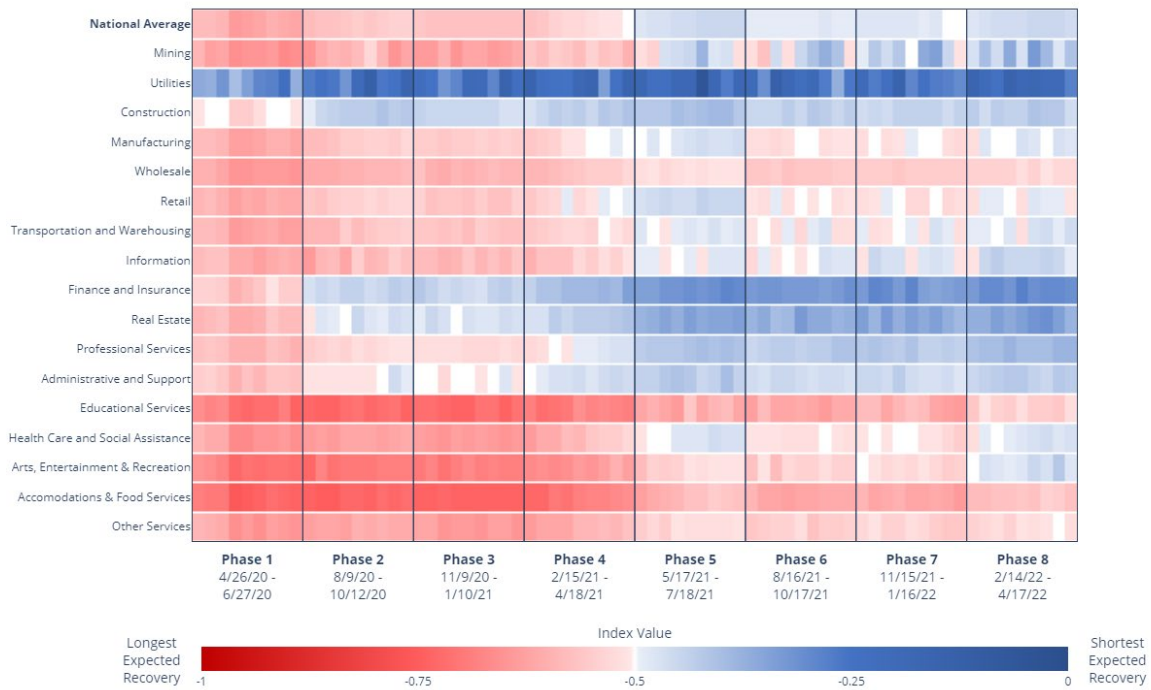
Many small businesses surveyed were uncertain of their ability to recover from challenges posed by the pandemic. In 2020, the sectors that expected the longest recovery time were in education, entertainment, and food services, while small businesses in the fields of construction and utilities anticipated a shorter recovery time ahead. Even by April 2022, it is clear some sectors still see full recovery as a long way away. See Figures 3 and 4.

Figure 3. Expectations of Recovery



Source: [U.S. Census Bureau](https://www.census.gov)

Figure 4. Expected Recovery Index by Sector



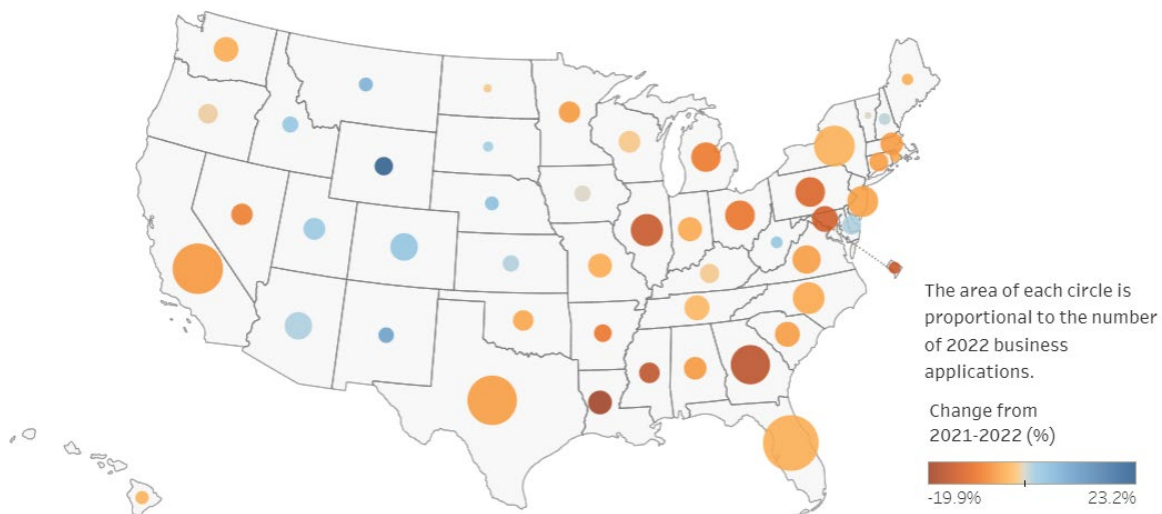
Source: [U.S. Census Bureau](https://www.census.gov)

Business Formation Statistics

Using data collected from the Internal Revenue Service, the Census Bureau creates data visualizations for its monthly and annual [Business Formation Statistics \(BFS\)](#).

For instance, the number of [small business applications](#) was found to have decreased nationwide in fiscal year 2022-2023 compared to 2021-2022, adjusting for seasonal variation. While many West and Midwest states experienced increases in the number of applications filed, the Southern and Midwestern states experienced among the highest decreases of applications. Among the seven states profiled for this report, Wisconsin had the lowest decrease at 1.4%, while Illinois had the highest at 15%. California experienced a 6.4% decrease in applications. All other states had a <6% decrease in applications except for Michigan, at 9.3%. See Figure 5.

Figure 5. Change in Annual Business Applications in the United States between 2021-22 and 2022-23



Project Number: P-7515311
Approval Number: CBDRB-FY23-0140


Source: US Census Bureau, Business Formation Statistics
<https://www.census.gov/econ/bfs/index.html>

Source: [U.S. Census Bureau](#)

In the June 2023 release of Business Formation Statistics, the [Census Bureau](#) reported that there was a 0.4% increase nationwide in small business applications in May 2023 from the previous month. All census regions, apart from the South, experienced an increase in business applications. Southern states experienced a 2.0% decrease in applications. Individual sectors saw varying levels of change in applications. The sectors with the largest increases in business applications were agriculture and educational services, at +15.5% and +5.8%, respectively. The sectors with the largest decreases in applications were utilities (-13.3%) and transportation (-4.2%). See Figure 6.

Figure 6. Small Business Applications, June-July 2023 by Region.

Business Applications - At a Glance



		US	Northeast	Midwest	South	West
Total	JUL 2023	469,557	68,673	76,856	210,459	113,569
	JUL 2023 / JUN 2023	+0.5%	+0.3%	+0.8%	-0.2%	+1.7%
High-Propensity	JUL 2023	149,734	24,053	23,420	64,114	38,147
	JUL 2023 / JUN 2023	-0.1%	+0.6%	-1.1%	-0.8%	+1.2%
With Planned Wages	JUL 2023	47,973	6,342	8,481	20,610	12,540
	JUL 2023 / JUN 2023	-0.8%	-0.6%	-3.2%	-1.1%	+1.5%
From Corporations	JUL 2023	49,093	11,241	6,182	17,274	14,396
	JUL 2023 / JUN 2023	+1.8%	+0.9%	-0.4%	+3.7%	+1.3%

Details may not equal totals due to rounding. Regions defined by Census Bureau Geography Program. Statistical significance is not applicable or not measurable. Data adjusted for seasonality. **Green** Percentage changes are greater than zero (+). **Red** Percentage changes are less than zero (-). Z = absolute value < 0.05.

Source: [U.S. Census Bureau](https://www.census.gov)

Comparison to Other States

The next component of this report explores the collection and comparison of legislative information from the past 10 years on small business issues across California and the six other states profiled in this report: Florida, Illinois, Michigan, New York, Texas, and Wisconsin. The authors conducted searches using the Nexus Uni database. Please note that the search terms were not necessarily identical across states because each state may utilize different key words.

To capture a broad array of policy areas, the topic of small business was broken out into six distinct public policy categories:

- **Access to Capital.** This topic covers a variety of issues impacting small-business owners ability to finance their business, from infancy to expansion.
- **Access to Information.** This topic covers the state of and the effectiveness of small business assistance initiatives, especially for that of women and minority business owners.
- **COVID-19 and Other Economic Recovery.** This topic covers issues experienced by small businesses during the COVID-19 pandemic. Additionally, explores the post-pandemic recovery programs intended to help small business restabilize and recover financially.
- **Inequity.** This topic covers the multifaceted issues of inequity in small businesses, including unequal access to loans, limited resources, and discriminatory practices perpetuating systemic disparities for underprivileged entrepreneurs.

- **Staffing.** This topic covers the unique relationship of small businesses to job growth, employee-employer relations, and job retraining programs.
- **Sustainability.** This topic covers the areas of building resilience, expanding sustainable business practices, and reforming existing zoning laws for small businesses.

In comparison to the other states in this profile, California has passed or enacted more bills in almost every sector studied—most notably the most legislation for loans and grants, unionization, unemployment, and COVID-19 relief. See Table 1.

Table 1. Bills Adopted, Enacted, or Passed in the Profiled States, 2013-2023.

Topic	Subtopic	CA	FL	IL	MI	NY	TX	WI
Access to Capital	Small Business Loans	141	35	69	79	36	27	6
	Small Business Grants	177	45	85	118	37	26	15
	Predatory Lending	4	0	54	0	0	3	0
Access to Information	Assistance Programs (counseling, training, etc.)	15	3	1	0	0	1	0
	Improving Access for Target Groups	12	0	10	1	1	0	1
COVID-19 and Other Economic Recovery	Small Business Relief [2020-2023]	33	9	13	23	6	8	0
	2008 Recession Relief [2007-2011]	12	12	14	15	10	7	6
	Pandemic Shortage Bills [2020-2023]	38	4	18	15	3	3	1
Equity	Loans, Grants, Resources	96	22	57	61	33	9	2
	Women	76	24	66	31	34	8	2
	LGBT, Veterans, Disabled, Rural	96	18	63	68	32	15	4
Staffing	Unionization	106	0	32	20	7	6	4
	Unemployment	201	44	111	11	45	15	12
Sustainability	Zoning	68	33	40	67	28	14	3
	Disaster Response/ Recovery	170	34	74	95	28	26	6
	Environmental Guidelines/ Requirements	93	27	44	65	27	8	2
	Energy Transition	52	14	47	29	25	7	4

Annotated Bibliography

Overview

In keeping with the theme of the six subject categories from above – Access to Capital, Access to Information, COVID-19 and Other Economic Recovery, Inequity, Staffing, and Sustainability – the authors identified some authoritative research and a sampling of news articles to provide a solid foundation of understanding for California policymakers. Legislative and gubernatorial staff may request paywalled articles from the California Research Bureau by emailing crb@library.ca.gov.

Access to Capital

This topic covers a variety of issues impacting small-business owners ability to finance their business, from infancy to expansion.

[How Much Do Small Businesses Rely on Personal Credit?](#) **By Julia Fonseca, et al. National Bureau of Economic Research. Nov. 2022.**

This paper analyzes small businesses from the years of 2009-2018, with a specific focus on how the 2008 recession affected business owners' means of accessing capital. The authors concluded that the recession forced a large-scale shift toward financing small business via personal rather than business credit, finding that, "This contraction decreased total business credit by \$13,572 per firm in our sample, and we find that entrepreneurs were able to substitute for about 68% of this decline with personal credit, driven by mortgages."

[Small Businesses Struggling to Access Capital, Harming Their Financial Recovery.](#) **Small Business Majority. Feb. 17, 2021.**

This paper focuses on the struggles facing small-business owners when accessing capital. The paper studies whether these challenges are exacerbated by race, finding that entrepreneurs of color are ultimately less likely to have relationships with lending institutions prior to requests to obtain credit, decreasing chances of a successful request. This paper also finds that oftentimes first-time entrepreneurs struggle with obtaining the financial literacy necessary to access capital, deterring them from engaging with financial institutions in the first place.

[Overcoming the Liability of Poorness: Disadvantage, Fragility, and the Poverty Entrepreneur.](#) **By Michael H. Morris, et al. Small Business Economics. 2022.**

This study is unique in that it focuses on challenges facing poverty entrepreneurs, who rely on their business for their livelihood. Authors find that these challenges include, "literacy gaps, a scarcity mindset, intense non-business pressures, and the lack of a safety net." All of these gaps make small business ownership significantly more difficult for individuals in poverty. The authors also note that this

is particularly difficult, as they find that entrepreneurship is a demonstrated pathway out of poverty and a boon for entrepreneurs' mental and physical health.

[Washington State Receives \\$163.4 Million to Fund Innovative Small Business Loan Programs.](#) **By Thomas Penny. Washington State Department of Commerce. Mar. 3, 2023.**

This article focuses on how Washington State is utilizing \$163.4 million in funds from the U.S. Treasury to develop a five-pronged funding approach supporting both micro- and small businesses.

[Black and White Applicants Treated Differently When Seeking Small Business Aid.](#) **By Adia Robinson. ABC News. Jul. 17, 2020.**

This article takes a look at existing research on the funding disparity that exists between white-owned and Black-owned small businesses. This is an insightful article that highlights structural and institutional barriers to accessing funding for small-business owners.

[SBA Loan Statistics: Race and Gender.](#) **By Kacie Goff. Yahoo Finance. Jul. 10, 2023.**

This online tool breaks down trends in the demographics of SBA loan recipients to help identify funding gaps.

Access to Information

This topic covers the state of and the effectiveness of small business assistance initiatives, especially for that of women and minority small-business owners.

[The Illusory Promise of Free Enterprise: A Primer to Promoting Racially Diverse Entrepreneurship.](#) **By Mirit Eyal-Cohen. Emory Law Journal. Sept. 2022.**

This article examines racial disparities in business ownership that result from an uneven playing field, as minority-owned business experience higher rates of failure, turnover, and job loss. The authors highlight how the "free enterprise system" has racially biased foundations that result in unequal access to networks and capital. They also note the "lack of economies of experience," in which many minority entrepreneurs tend to have less post-secondary degrees, work experience, and generational wealth compared to white entrepreneurs. To address these inequities, the authors propose government and legal interventions to increase access to capital, guidance, and education for minority business owners. One notable suggestion was to develop more "social agents" that can mentor and guide minority entrepreneurs in the right direction.

[Empowerment or Limitation? A Critical Exploration of American State Women-owned Business Programs.](#) **By Christopher L. Atkinson, et al. Public Organization Review. Jun. 2022. [Paywall]**

Researchers discussed systemic barriers for women-owned businesses, such as financial and legal requirements, organizational issues, and cultural barriers that discourage women from entrepreneurship. Additionally, the researchers took a deeper look at the accessibility and effectiveness of government assistance for women-owned businesses, focusing on the conveyance of programs and resources on government websites. For instance, many state programs for women-owned businesses do

not provide substantive direction and information for entrepreneurs. Instead, they may provide trivial information solely to fulfill a federal mandate. State governments are encouraged to improve their websites by using recommendations from the state and from experts to reevaluate their current business programs and implement programs that provide more substantive assistance.

[Examining the Success of Women of Color-owned Small and Medium-Sized Enterprises in the United States: A System Dynamics Perspective.](#) **By Saroj Koul, et al. International Entrepreneurship and Management Journal. Sept. 10, 2022.**

To understand why 67% of small- and medium-sized businesses owned by women of color fail by their 10th year after launching, researchers explored the startup and maturation of these businesses through computational and statistical modeling. The study found that many women are encouraged to start their businesses; however, there is little support for the maintenance and growth of these businesses, resulting in high amounts of failure within the businesses' first few years. Thus, the authors found that early intervention efforts are key for supporting women-owned businesses after their launch, such as government supports, formal education, and mentorship. There are many government agencies with goals to support small business owners, and policies to make the aforementioned efforts more available to women of color can be vital in the success of these businesses.

[The Minority Business Development Agency: An Overview of its History & Programs.](#) **By Julie Lawhorn. Congressional Research Service. Jan. 11. 2023.**

This report offers a comprehensive overview of the Minority Business Development Agency (MBDA) within the Department of Commerce, a federal agency committed to fostering the growth and global competitiveness of minority-owned businesses. The report highlights the agency's diverse range of programs and initiatives, including partnerships with the Inner City Innovation Hub Program and Enterprising Women of Color (EWOC). Additionally, the report offers performance metrics and evaluations of the agency. The author also makes suggestions to Congress, highlighting its oversight role in ensuring the successful implementation of the programs established by the Minority Business Administration.

[Minority-owned Sacramento Businesses Can Get Help from New City Entrepreneurship Program.](#) **By Marcus D. Smith. The Sacramento Bee. Aug. 24, 2022.**

This news article reports a program initiated by the California Black Chamber of Commerce that collaborates with partner organizations to provide technical support, financial education, and guidance to Black small business in need. Those interested in creating similar assistance programs can draw inspiration from and model their initiatives after these efforts.

[Black Chamber to Host Summit Supporting Small Businesses.](#) **By Casey Murray. The Observer (Sacramento). Sept. 2022.**

This article highlights a summit that specifically aims to provide assistance to new entrepreneurs of color, given the surge of small businesses that have emerged during the pandemic. The summit offers a range workshops, including session on making effective presentations, crafting one-minute pitches, and securing contracts.

[CSUB's Small Business Development Center Weekly Webinars Guide Small Businesses through Pandemic.](#) **By John Cox. The Bakersfield Californian. Feb. 15, 2021.**

During the pandemic and a time of economic distress for entrepreneurs, the director of Cal State Bakersfield's Small Business Center hosted dozens of free weekly webinars that provided updated information on government assistance programs. This communal and engaging approach of sharing vital information can serve as inspiration for policy efforts and the development of networks within small business communities.

[In Los Angeles, U.S. Small Business Administration, Operation HOPE Announce New Collaboration Aimed at Empowering Black-owned Small Businesses.](#) **U.S. Small Business Administration. Sept. 14, 2022.**

The Small Business Administration and Operation HOPE collaborated to introduce counseling and education initiatives to small business owners from historically disadvantaged backgrounds, helping them to overcome socioeconomic and legal barriers in the realm of entrepreneurship. The report offers details on the collaboration and its programs, serving as a resource for policymakers interested in supporting small-business owners through educational efforts.

COVID-19/Economic Recovery

This topic covers issues experienced by small businesses during the COVID-19 pandemic. Additionally, explores the post-pandemic recovery programs intended to help small business restabilize and recover financially.

[Opportunity in Uncertainty: Small Business Response to COVID-19.](#) **By Megan Chapman Cook, et al. Innovation & Management Review. Sept. 10, 2022.**

The authors interviewed 15 small-business owners in the Midwest and based on the data collected in interviews, identified and categorized the solutions that helped support small businesses during the COVID-19 pandemic. Through a variety of different adjustments, small-business owners adopted new business styles, "Business owners discussed opportunities in relation to identifying changing needs of others, remaining relevant and being able to produce enough profits in the short term for firm survival." Small-business owners employed coping mechanisms, such as networking and connecting with other small businesses, creating new delivery methods to customers, and transitioning to virtual business transactions. The solutions practiced by a variety of Midwestern small-business owners during unprecedented economic times provided new insights to an area of small business literature that is underdeveloped and the framework for future entrepreneurs.

[A Global Review of COVID-19 Assistance Program for Small Business.](#) **By J.Q. Cheong. GATR Journal of Business and Economics Review. Apr. 1, 2022.**

This study highlights that small businesses in the United States that had a drastic decrease in business activity during the COVID-19 pandemic were owned by Black, Asian, and Latinx businesses owners. Small businesses struggled to make ends meet and make any economic profits despite the assistance of government programs such as the CARES Act and Paycheck Protection Program. However, small

businesses were able to support themselves by participating in online business transactions and adopting new marketing techniques that allowed them to reach global market audiences. Global governments that provided loans to small businesses and short-term financial packages played a central role in keeping their small businesses economically stable. By taking a look at coping methods utilized by small businesses in the United States and support programs funded by governments abroad, this can further help create solutions needed to aid small businesses.

[Economic Recessions and Inequality: A Review of the Effects of Recessions and Policy Responses.](#) By **Devika Hazra, et al. Centre for California Studies at Sacramento State University. Nov. 26, 2022.**

This report reviews recent economic recessions and policy responses that take into account economic hurdles produced by the COVID-19 pandemic. Policymakers are presented with findings that “demonstrate the unique impact of economic recessions on housing access and affordability in California and Los Angeles.”

[Applications Now Open for Grants to Help Small Businesses Recoup Covid-19 Sick Pay Costs.](#) By **Emily Hamann. Sacramento Business Journal. Jun. 9, 2023. [Paywall]**

This article outlines a new small business grant program recently made available for California small businesses. The grant is titled “California Small Business and Nonprofit Covid-19 Supplemental Paid Sick Leave Relief Grant Program.” The program's goal is to help compensate small businesses that provided paid COVID-19 sick leave for their employees. This is a distinctive program established in order to provide financial assistance for small businesses in a post-pandemic economy. Additional new grants and small business relief programs designed to help small businesses thrive in a post-pandemic economy are necessary.

[The Great Grift: How Billions in COVID-19 Relief Aid was Stolen or Wasted.](#) By **Richard Lardner, et al. The Associated Press. Jun. 11, 2023.**

This article details the problems that occurred during the release and disbursement of federal COVID-19 relief funds that were meant to assist small businesses and the high number of Americans experiencing unemployment across the country. The accessibility of pandemic relief funds made it vulnerable to fraud, thus causing a large misallocation of pandemic relief aid. Those in dire financial need, such as small businesses and unemployed workers, were not able to access any or sufficient amount of funds. Fraudulent claims of pandemic relief funds made it difficult for the federal government to provide adequate financial support for those that needed it.

[Federal Covid-19 Response Hurt Small Business, Threatens Future of American Entrepreneurship.](#) By **Wayne Winegarden. Forbes. Nov. 1, 2021. [Paywall]**

This article examines how federal government action toward providing economic relief for small businesses and entrepreneurs failed to adequately support them in a timely manner. The article explores and analyzes research by the Federal Reserve that indicates that federal assistance programs provided little support in helping small businesses and entrepreneurs.

[The Retail Winners of 2020 Didn't Need Stores: A Pandemic-Fueled Boom in e-Commerce Startups and Online-Only "Micro-Sellers" is Reshaping the Retail Geography of U.S. Cities.](#) **By Patrick Sisson.**

Bloomberg. Mar. 22, 2021.

This article explores the increase in micro-business owners during the COVID-19 pandemic. A new wave of entrepreneurs emerged during the pandemic that allowed them to utilize online and digital business models. The surge in online shopping during the pandemic allowed for new incoming entrepreneurs to establish successful and run fully remote small businesses. The increase in new models of micro and small businesses, support programs, and grants will be needed to help support new online entrepreneurs.

[Workers Quit Jobs in Droves to Become Their Own Bosses.](#) **By Josh Mitchell, et al. The Wall Street Journal. Nov. 29, 2021.**

This article looks at data available behind the increase in self-employed entrepreneurs and its relation to staffing, unemployment, and small businesses. The drastic decrease of available workers during the COVID-19 pandemic has some relation to the increase in self-employed workers. The pandemic provided Americans the space to pursue self-employment opportunities, such as establishing and creating small businesses, as an alternative to working in traditional workplaces.

Inequity

This topic covers the multifaceted issues of inequity in small businesses, including unequal access to loans, limited resources, and discriminatory practices.

[Black Ownership Matters: Does Revealing Race Increase Demand for Minority-owned Businesses?](#) **By Abhay Aneja, et al. National Bureau of Economic Research. Feb. 2023. [Working Paper]**

This study examines whether labeling a "Black-owned Business" would increase a business's demand and performance, specifically restaurants. Using data from Yelp and their settings labeled "Black-Owned businesses" and observing the business's patronage in seven large cities to measure if people were more likely to visit a business if it is labeled "Black-owned." The study found that there was a substantial demand for Black-owned businesses. It also found that many of those businesses' new customers were more likely to be white, suggesting that it is strongly sought in predominantly white, Democratic-leaning communities. Yelp has recently added labels for "Women-owned," "LGBTQ-owned," "Asian-owned," and "Latinx-owned."

[Affirmative Action Programs and Business Ownership Among Minorities and Women.](#) **By Robert Fairlie, et al. Small Business Economics. 2012.**

This study examines whether employment and firm sizes changed when California and Washington State voters eliminated affirmative action. Affirmative action programs "level the playing field for minority- and women-owned firms." They are common in federal, state, and local governments and contracts as a way to develop women and minority businesses, typically through programs, assistance, and funding. The research found that 1990-2006, self-employment amongst minorities and women increased post-

affirmative action elimination. It is believed that hiring amongst minority groups and women decreased; therefore, they turned to self-employment.

[Access to Capital Among Young Firms, Minority-owned Firms, Women-owned Firms, and High-Tech Firms.](#) **By Alicia Robb. U.S. Small Business Administration, Office of Advocacy. Apr. 2013.**

Analyzing access to bank loans is difficult due to the lack of data, detailed descriptions, and static data. This study addresses these shortcomings by examining the financial environment as it changes and through economic crises from 2004-2010. The study found that Black and Latino businesses had less financial capital and relied on their equity rather than from banks or outside sources. Women also operated on less capital than male-owned firms, with less reliance on outside capital. This study helps the policymakers understand racial and gender disparities in loan practices and capital access, specifically during a financial crisis.

[The Economic Development Potential of Minority-owned Businesses.](#) **By Timothy Bates, et al. Economic Development Quarterly. 2022.**

It is well known that discriminatory barriers affect minority-owned businesses, yet they continue to thrive despite the barriers. The barriers were reduced starting in the 1960s continuing till now, but they changed the structure of minority-owned businesses. With the barriers torn down, it attracts young and highly educated minorities with access to information and bank loans. Those with education and access to their firm can teach the other minority-owned businesses, maximizing the economic potential of minority-owned businesses.

[The Paycheck Protection Program: Minority vs. Non-Minority vs. Non-Minority Bank Response.](#) **By James R. Barth, et al. American Business Review. May 2023.**

When minority-owned businesses had trouble applying for the Paycheck Protection Program loans (PPP loans) during the Covid-19 pandemic, the Small Business Administration allowed Community Financial Institutions (CDFI) and Minority Depository Institutions (MDIs) to have first access to PPP loans during the second round. CDFIs are financial institutions that serve underserved markets, and MDIs are minority-owned and controlled banks that play a significant economic role in providing banking to minority communities. The study looked at whether Minority Depository Institutions having first access to loans made a difference in the disbursement of PPP loans. The study concluded that MDIs issued more PPP loans than non-MDIs in the second round of the PPP, resulting in more viable access to those communities. California's public policy should aim to prioritize the fairness of including minority communities when distributing resources and loans.

[Factors Influencing Cybersecurity Risk Among Minority-owned Small Businesses.](#) **By Jada Thompson. Reviews of Contemporary Business Analytics at North Park University Chicago, Illinois. 2023.**

Small businesses are at risk of cyberattacks due to their lack of resources and understanding of new technologies. This study concludes that the factors that make minority-owned small businesses susceptible to cyberattacks are “lack of resources, lack of awareness, use of outdated technology, and inadequate training,” making them vulnerable targets. Minority-owned businesses cannot invest or prioritize due to years of discriminatory lending practices and systemic barriers despite minority-owned

small businesses being vital in the American economy. California public policy should prioritize the main concerns that make small businesses open to cyberattacks by offering more loans, resources, and training.

Staffing

This topic covers the unique relationship of small businesses to job growth, employee-employer relations, and job retraining programs.

[The Relationship Between Discretionary Slack and Growth in Small Firms.](#) **By Michael Sheppard. International Entrepreneurship and Management Journal. Mar. 5, 2018. [Paywall]**

Using data collected from 774 firms with fewer than 50 employees, this study suggests that small businesses can contribute more to job growth than larger firms, but this growth depends on firm survival and how many resources are available for implementing innovation. In this study, the growth, resources, and entrepreneurial orientation or attitude of qualifying firms were measured over a period of three years. This study found that a company's available resources may prove to be a useful metric for evaluating the future job growth of a business. This could have policy development implications for the disbursement of small business loans and grants aiming to foster job growth. Policymakers will find this study useful when developing policy aimed at job growth in small businesses.

[From Unemployment to Self-employment: The Role of Entrepreneurship Training.](#) **By Marios Michaelides, et al. IZA Journal of Labor Policy. Dec. 16, 2020.**

Evaluating the success of entrepreneurship training programs in five states (Maine, Minnesota, North Carolina, Pennsylvania, and Virginia), this study found that these programs were effective at fostering self-employment and the creation of new small businesses among program participants, particularly during strong economic conditions. However, when evaluating job growth from the training programs, the study failed to find strong evidence that these programs were effective at reducing unemployment rates during economic recessions. This study will be useful in the development of new entrepreneurship programs, especially concerning the ideal economic conditions for program implementation.

[The Ups and Downs of Small Business Employment.](#) **By Diana Farrell, et al. JPMorgan Chase Institute. Jan. 2017.**

Sampling from the financial data of over 45,000 small-business owners with a Chase Business Banking deposit account, this report provides findings on employment patterns, payroll, small business growth and business model sustainability. This report found that most small businesses face payroll and employment volatility particularly due to unexpected job losses. Additionally, this report found that small business growth comprises an average of less than a single employee annually. This report will be useful for policymakers hoping to get a granular view of the impact of payroll volatility on employment among small businesses.

[Small Businesses Still Struggle to Find Enough Workers.](#) By Mae Anderson. The Associated Press. May 5, 2022.

Analyzing data from Goldman Sachs, this article outlines the inability of many small-business owners to find workers while competing in the labor market with larger businesses and corporations with more generous wages and benefits. This article found that while employers in general have been adding over half a million jobs a month on average, businesses with fewer than 50 employees are seeing job losses, not growth. Policymakers will find this article useful in evaluating the unique dynamics for small businesses in the employment market.

[Rising Interest Rates Put Small Business Owners' Plans on Hold.](#) By Ruth Simon. The Wall Street Journal. Nov. 20, 2022.

This article looks at survey data collected for the Wall Street Journal, analyzing the effects of rising interest rates on small business growth and employment. This article sheds light on the potential consequences of changes to the interest rates specific to small businesses and provides policymakers with empirical survey data and specific case studies.

[America's Biggest Source of Jobs Is Cooling Off.](#) By Ruth Simon. The Wall Street Journal. May 16, 2023.

This article finds that small businesses are expanding at a much slower rate than before the pandemic, and using survey data collected for the Wall Street Journal it attributes this lack of strong growth to the inability of small businesses to hire new staff. The article outlines how the inability of small businesses to compete in the employment market has led to lower expectations for future growth among small-business owners, who have become more cautious due to economic fears. This article will be useful for policymakers hoping to gain insight into the material response of small businesses to an unfavorable employment market.

Sustainability

This topic covers the areas of building resilience, expanding sustainable business practices, and reforming existing zoning laws for small businesses.

[Motivations of One Small Business Community to Implement Environmental Sustainability as Business Practice.](#) By Ruth C. Hughes, et al. Journal of Environmental Sustainability. 2017.

Collectively, small businesses contribute a significant amount of pollution yet lag behind in implementing environmentally sustainable practices. Using a survey and interview questions, the researchers found that all surveyed small-business owners did not express any negative opinions toward environmental sustainability. However, 57.4% of owners had no plans to implement practices and 11.1% were unsure if they had a plan. Cost was the most commonly cited obstacle to implementation, at 50%. The researchers found that owners were more likely to implement sustainable practices if competitors did so, supporting the notion that peer pressure is the most immediate motivator for businesses to implement them.

[Small Business Antifragility: How Research and Innovation Can Help Survive Crises and Thrive.](#) By Vincenzo Corvello, et al. *International Journal of Entrepreneurship and Innovation Management*. Aug. 2022. [Paywall]

Following the COVID-19 pandemic, many small businesses are finding that changes to their business model are needed to survive emergencies. The researchers investigated three small-medium enterprises (SMEs) in Italy and how they transformed their business models to adapt to the COVID-19 emergency. The authors found that the antifragility of the firms was more attributed to environment intelligence and creativity, rather than flexibility and robustness. Additionally, good qualities that the firms exhibited were willingness to collaborate with external partners and research institutions, as well as having creative staff. Future studies should focus on comparing fragile and antifragile SMEs, as the study only focused on antifragile firms.

[Zoning for Opportunity: A Survey of Home-Based-Business Regulations.](#) By Olivia Gonzalez, et al. *The Center for Growth and Opportunity*. Mar. 2020.

Home-based businesses (HBBs) continue to rise in popularity as work becomes decentralized, yet entrepreneurs face obstacles to starting and operating them. The authors reviewed literature and current attempts at reform to provide a framework for more effective HBB regulations. The researchers found that existing regulations for HBBs are inconsistent and vague, causing uncertainty for entrepreneurs. They recommend that policymakers consider “permissionless innovation,” or permitting experimentation with new technologies and business models by default, to regulate HBBs. Additionally, policymakers should phase out poorly written regulations, tie performance standards to measurable health and safety impacts, and develop profession-specific requirements for certain HBBs.

[Small Business Administration: Response to the Gulf Coast Hurricanes Highlights Need for Enhanced Disaster Preparedness.](#) By William B. Shear. *U.S. Government Accountability Office*. Jul. 2007.

This report details the challenges the Small Business Administration (SBA) faced when providing assistance to victims of Gulf Coast hurricanes. The SBA was unprepared to provide assistance to hurricane victims in a timely manner due to limitations of its Disaster Credit Management System (DCMS) and the unprecedented number of applications received. The DCMS was restricted in how many staff members could access it, instability in the tool itself, and the resources it had available. The challenges SBA faced resulted in lengthy application processing times, averaging 74 days compared to the agency’s goal of 21 days. As of the release of the report, Shear recommended the SBA continue its efforts to increase the DCMS’ capacity and further organize the agency’s staff into dedicated roles.

[Comment: We’ll Only Beat Climate Change if We Help Small Businesses Cut Emissions – And Fast.](#) By Jesper Brodin, et al. *Reuters*. Mar. 16, 2023.

This commentary problematizes the issues small-medium enterprises (SMEs) face in meeting sustainability goals and their vulnerability to extreme weather. The author emphasizes SMEs require assistance from governments and large businesses to reduce their carbon footprint, as many firms struggle with insufficient resources to do so.

[How Small Businesses Can Have a Big Impact in the Climate Fight.](#) By Jeff Wilser. *Time*. Oct. 13, 2022.

This article provides a framework for helping SME owners set attainable sustainability goals. The author recommended SMEs reduce their immediate carbon footprint by transitioning to renewable energy sources for operations, such as electric vehicles and solar power. SMEs also hold power collectively through coalitions, trade organizations, and bank selection.

[How Startups Can Help Small Businesses Build Climate Change Resilience.](#) **By Bethany Kanten, et al. Mercy Corps. Apr. 17, 2023.**

Using data gathered from interviews with small business owners, this nonprofit details the findings of surveys in order to help SMEs find ways to build resilience. Flooding and droughts caused the majority of damages to business ventures, causing short- and long-term damages respectively. Startups have the potential to provide highly demanded resources to SMEs recovering from external shocks.

[In Southern California, SBA Administrator Speaks of 'Sustainable and Stable Landing.'](#) **By Henry Dubroff. Sept. 19, 2022.**

Citing the pandemic, the article details the resilience of small businesses in adapting to major economic changes. SMEs face many challenges in the near future, including the transformation of industries, regulations, and inflation. The SBA voiced their commitment to providing assistance to SMEs struggling to adapt to economic shifts.

[Small Firms Have a Big Role in Fighting Climate Change.](#) **By Nathalie Jimenez. British Broadcasting Corporation. Nov. 16, 2022.**

This article explores the sources of pollution made by small businesses. Although individual firms do not have a substantial environmental impact, many small businesses rely on supply chains that contribute heavily to global pollution. Tools available for small businesses to achieve their sustainability goals were cited, yet many owners voiced difficulties reducing their carbon footprint due to lack of resources.