

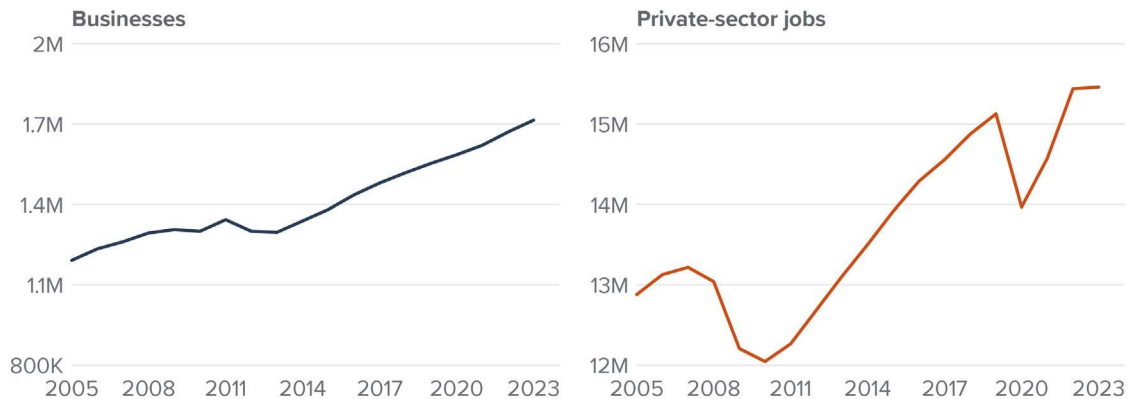
California's Businesses

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California's businesses create millions of jobs.

- ▶ In 2023, California had over 1.7 million private-sector businesses, accounting for 86% (15.5 million) of the state's jobs and generating [90% of the state's GDP](#). The public sector comprised 36,700 employers and accounted for the remaining 14% of jobs (2.5 million).
- ▶ The number of private-sector businesses in California with paid employees has grown by 44% since 2005, while the number of public employers has increased by 20%.
- ▶ Half of California's private-sector jobs are in [five sectors](#): health care and social assistance, accommodation and food service, retail trade, professional and technical services, and manufacturing.
- ▶ Over 3 million California businesses in 2022 were sole proprietorships—businesses with no employees that are the [proprietor's main economic activity](#) or a supplement to a primary job.

The number of private businesses in California has steadily increased, and private-sector jobs have risen above pre-pandemic levels



Sources: [US Bureau of Labor Statistics, Quarterly Census of Employment and Wages \(QCEW\), Annual Slices, 2005-2023](#).

Notes: This figure includes private-sector businesses with paid employees. Annual totals reflect monthly averages over the year.

Most California businesses are small, and most Californians are employed by small businesses.

- ▶ Over 90% of private business establishments (or physical sites) employ [fewer than 20](#) employees; 6% have 20 to 99 employees. These smaller establishments with fewer than 100 employees account for about six in ten jobs across the state.
- ▶ Although only 0.1% of California's businesses employ 500 or more workers, these larger establishments account for 18% of the state's private-sector jobs.
- ▶ When multiple business locations owned by the same firm are combined, [those with 500](#) or more employees make up 38% of private-sector jobs.
- ▶ Large business establishments in California tend to be concentrated in four [sectors](#): health care and social assistance, manufacturing, administrative support and waste management, and transportation and warehousing.

Most jobs are in established businesses—but new businesses contribute heavily to job growth.

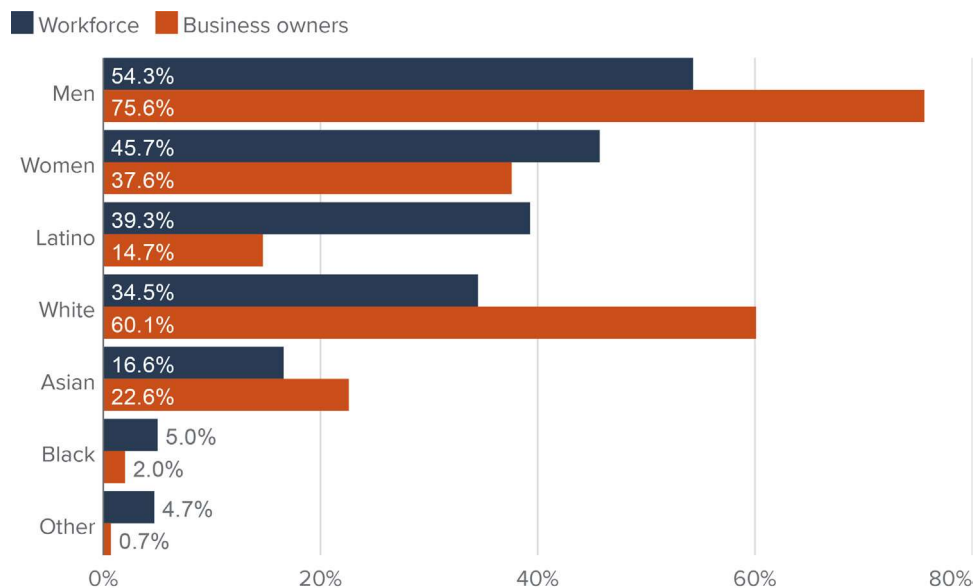
- ▶ About three-quarters of jobs in California are in well-established firms that have operated for over a decade. Only one in ten jobs are in new firms that are less than three years old.

- ▶ Well-established businesses are responsible for most California jobs, but job growth is stronger among new businesses. In 2022, new firms created 94,000 more jobs (24%) than well-established firms.
- ▶ Some industries, including health care and social assistance, accommodation and food services, and agriculture, forestry, and fishing, have higher shares of jobs (about 15%) in new firms.

Business ownership does not mirror the demographic makeup of California’s workforce.

- ▶ Women are underrepresented as business owners in California. In 2022, most California firms were male owned (62%). The rest were female owned (24%) or jointly owned by men and women (13%). By comparison, men make up 54% and women comprise 46% of the state’s workforce.
- ▶ Women are slightly more likely to own small businesses (91% of women-owned firms have fewer than 20 employees; 89% for men). Men own seven times as many firms with 500-plus employees.
- ▶ Latino and Black Californians are also underrepresented: about 15% of firms are owned by Latinos and 2% are Black owned. These groups comprise 39% and 5% of the state’s workforce, respectively. Asian Californians are overrepresented, making up about 23% of business owners and 17% of the workforce in 2022.
- ▶ Some industries have relatively large shares of minority-owned businesses: about 41% of firms in accommodation and food services are Asian owned, 29% of transportation and warehousing firms are Latino owned, and 7% of arts, entertainment, and recreation firms are Black owned.
- ▶ About 26% of California businesses were family owned in 2022. In some California metro areas, rates of family-owned businesses are even higher: more than 35% of businesses in Merced, Redding, Napa, and Yuba City metro areas are family owned.

Female, Latino, and Black Californians are underrepresented among business owners



Source: US Census Bureau, Annual Business Survey, 2023. American Community Survey, 2023.

Notes: Business ownership rates for men and women include 13% of businesses that are jointly owned by men and women. Latino-owned businesses include 2% of businesses that are jointly owned by Latinos and non-Latinos. Other races include Native American, Alaskan Natives, Native Hawaiians, and other Pacific Islanders. Ownership is defined as having more than 50% of the stock or equity in a business. Many businesses—especially large businesses with a large number of owners and/or no owner with at least 10% stock or equity—are not included.

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Sources: McConville et al., [Technical Appendix: California’s Businesses](#) (PPIC, 2024); US Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages ([QCEW](#)); California Employment Development Department ([EDD](#)); US Census Bureau Business Dynamics Statistics ([BDS](#)); US Census Bureau Quarterly Workforce Indicators ([QWI](#)); US Census Bureau Annual Business Survey ([ABS](#)).