

2020

36th IARIW General Conference

Paper Prepared for the 36th IARIW General Conference, Oslo, Norway, August 24-28, 2020

Measuring US Gross Domestic Product for Small Businesses

Tina Highfill

Small businesses employ millions of Americans and represent the majority of businesses in the US. Despite their importance to the US economy, there is no comprehensive measure of economic growth for small businesses. To better track the overall growth and health of small business in the US, the Bureau of Economic Analysis is developing a Small Business Satellite Account, including a new Small Business Gross Domestic Product (GDP) measure. The new account will offer insight into the industries that comprise and contribute to small businesses, and how those relationships have changed over time. Medium and large businesses will also be incorporated into the account to provide a comprehensive representation of economic activity by business size. This new data suite will provide policymakers and researchers with fresh tools to better understand the role of small business in the US economy. This paper presents initial estimates of components of GDP by business size for 1998-2016. The methodology and data used to construct these estimates are also described, which rely heavily on data from Census and other federal statistical agencies. These statistics provide vital information about small businesses that can be used to guide policy and small business growth. However, measurement challenges remain related to defining business size classes and accessing the relevant microdata needed to develop a full suite of economic statistics for small businesses.