

# 2023 Firms in Focus

## Findings from the 2022 Small Business Credit Survey

Published May 2023

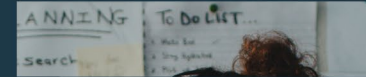
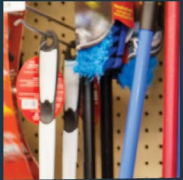
# Chartbook on Firms by Credit Risk



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10.55350/sbcs-20230509



# About the Small Business Credit Survey

- The Small Business Credit Survey (SBCS) is an annual survey of firms with fewer than 500 employees.
- Data in this chartbook represent findings from the 2022 survey year. The survey was fielded September through November 2022.
- The figures in this chartbook show data for employer firms only. Employer firms are firms with at least one employee in addition to the owner(s). For chartbooks on state and metropolitan statistical area (MSA) findings, the “US employer firms” comparison bars show data for the national SBCS sample.
- Estimates are shown only when the corresponding sample includes 50 or more observations.
- For more Small Business Credit Survey content, visit [FedSmallBusiness.org](https://FedSmallBusiness.org).

## Suggested Citation

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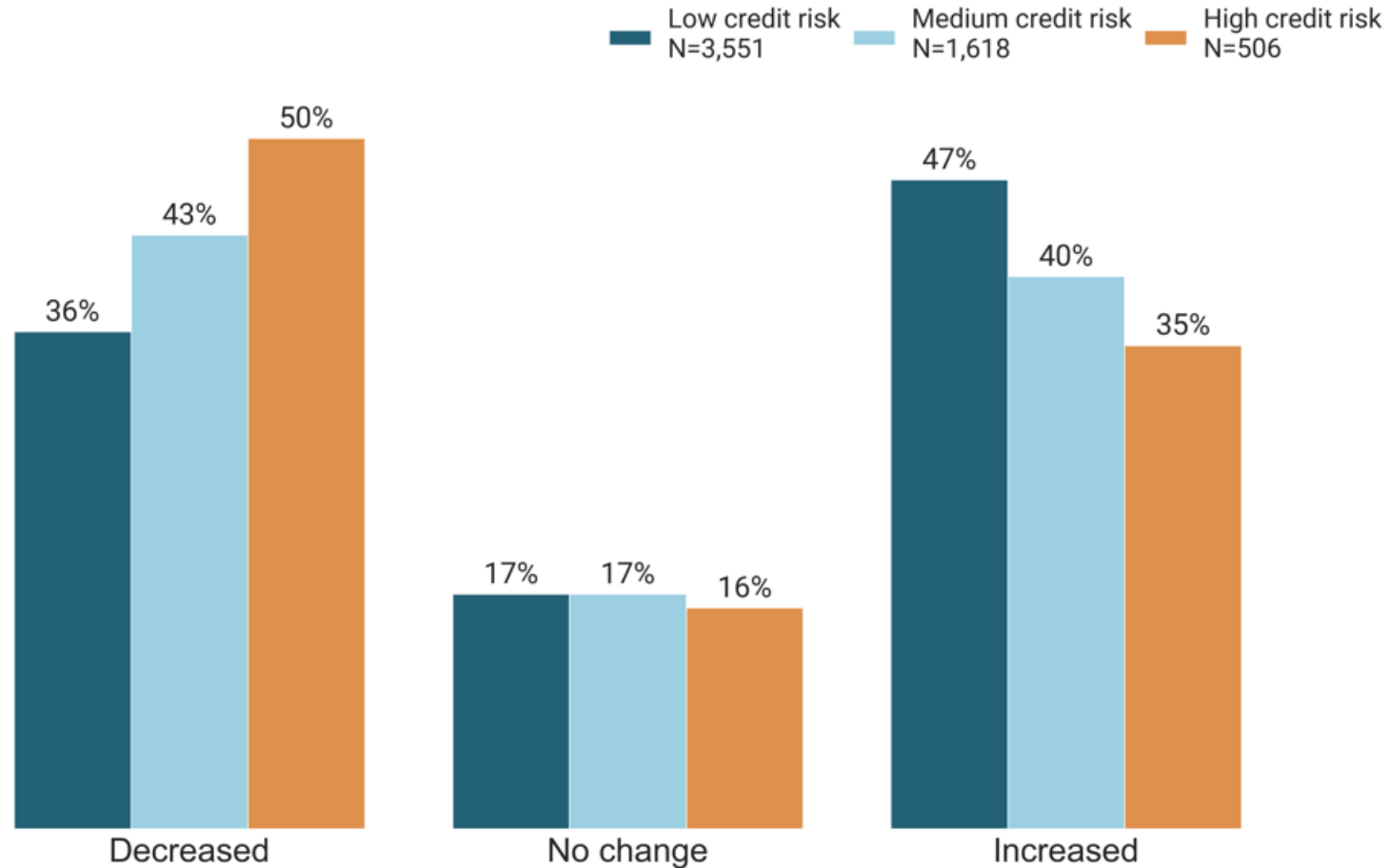
# Firm Performance

Data on revenue and employment changes in the prior 12 months and expectations for the next 12 months



# Revenue change, prior 12 months

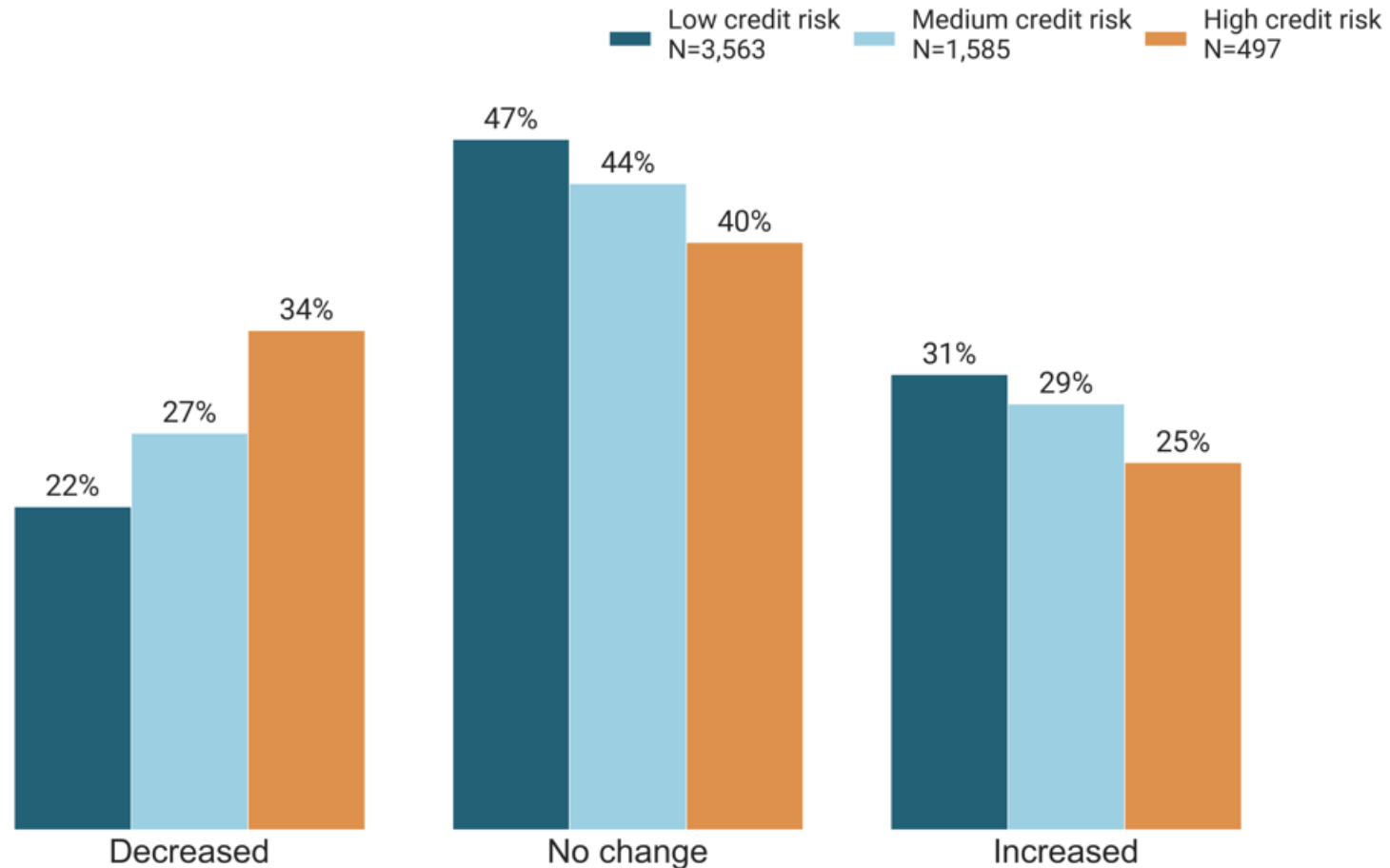
(% of employer firms)



Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. See Appendix B for definitions of SBCS time references.

# Employment change, prior 12 months

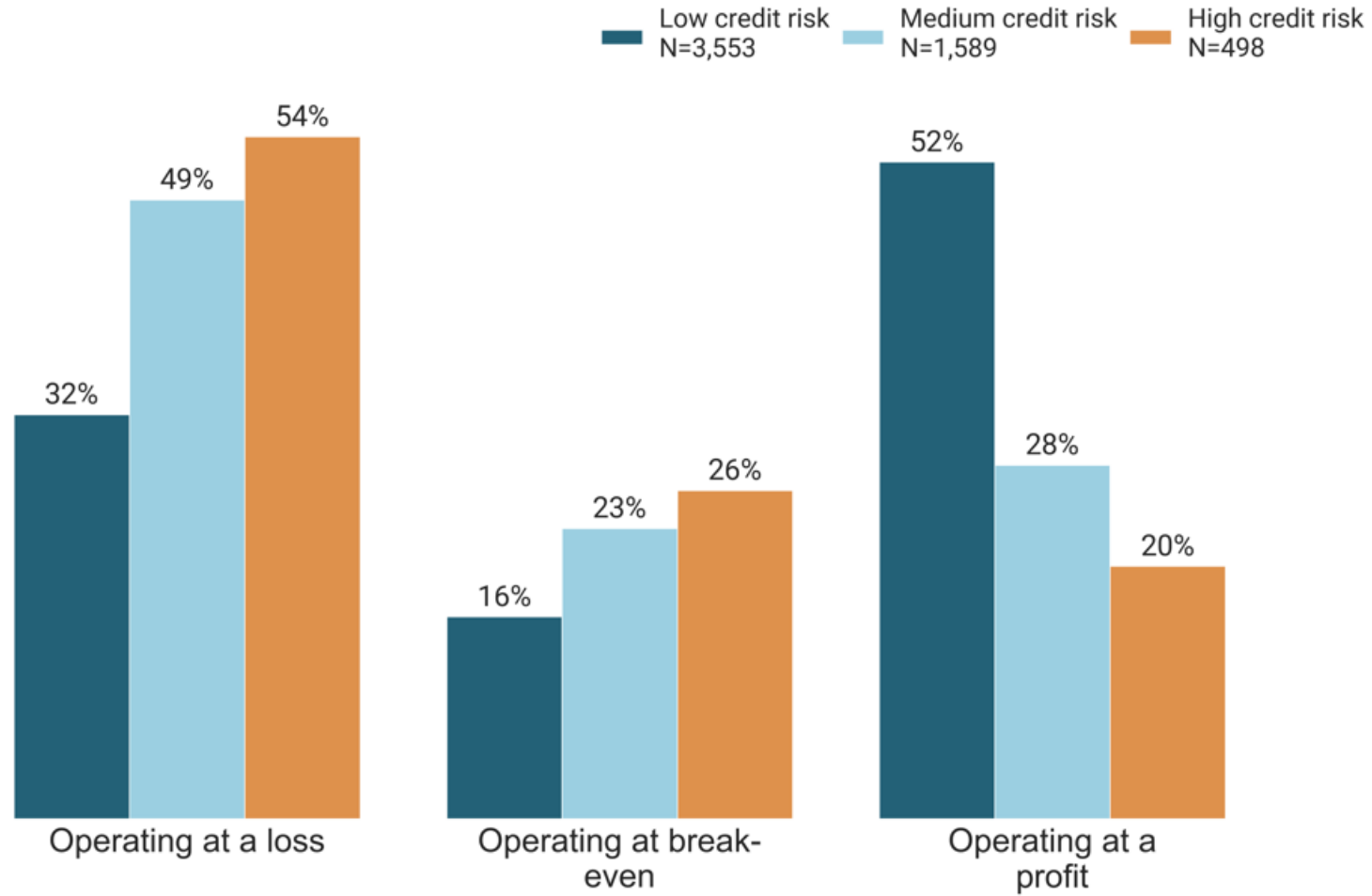
(% of employer firms)



Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. See Appendix B for definitions of SBCS time references.

# Profitability, end of 2021

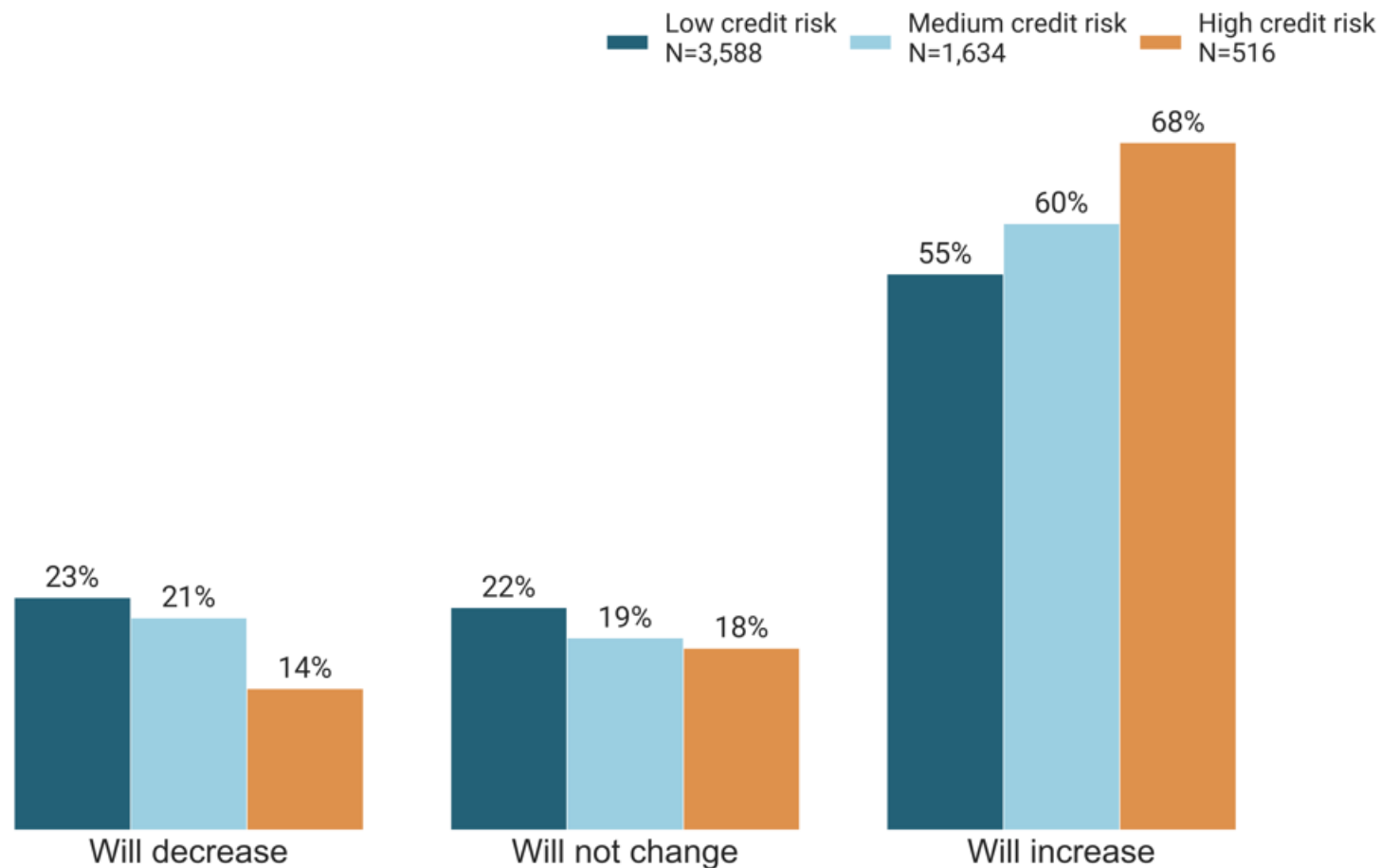
(% of employer firms)



Notes: Percentages across response options may not sum to 100 within firm categories because of rounding.

# Expected revenue change, next 12 months

(% of employer firms)

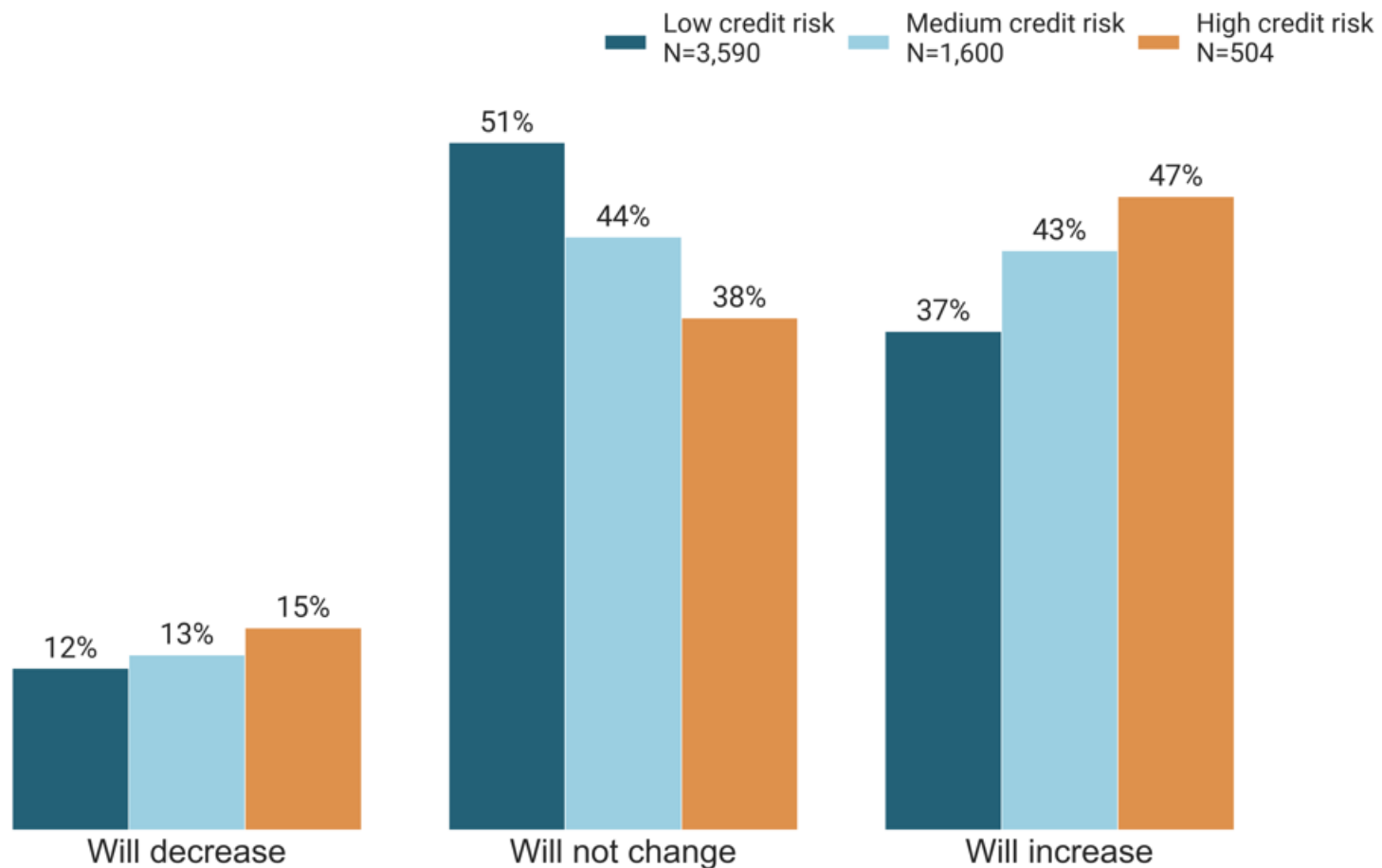


Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. See Appendix B for definitions of SBCS time references.



# Expected employment change, next 12 months

(% of employer firms)



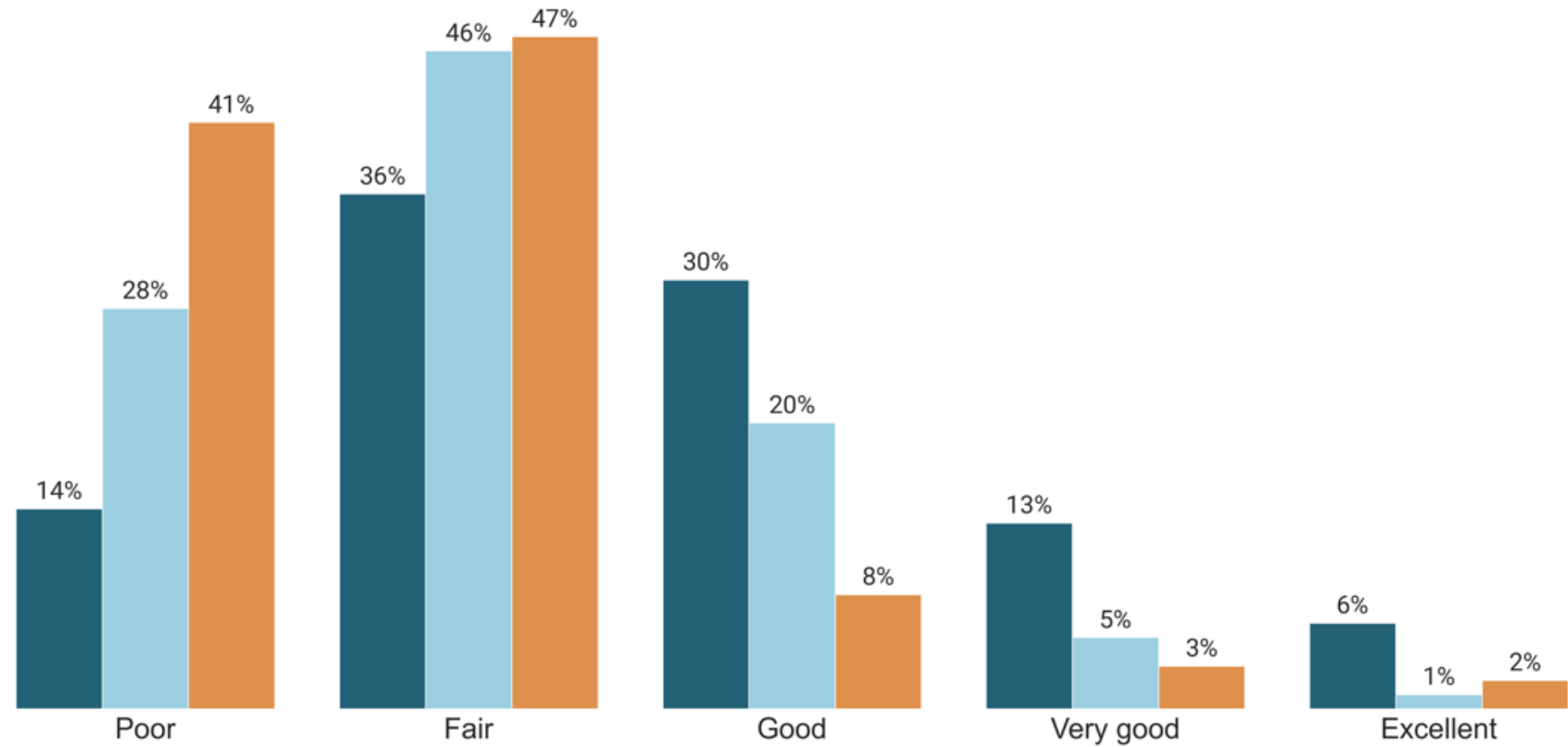
Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. See Appendix B for definitions of SBCS time references.

# Financial condition, at time of survey

(% of employer firms)



Low credit risk N=3,673    Medium credit risk N=1,675    High credit risk N=531



Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. Self-reported financial condition at time of survey. See Appendix B for definitions of SBCS time references.

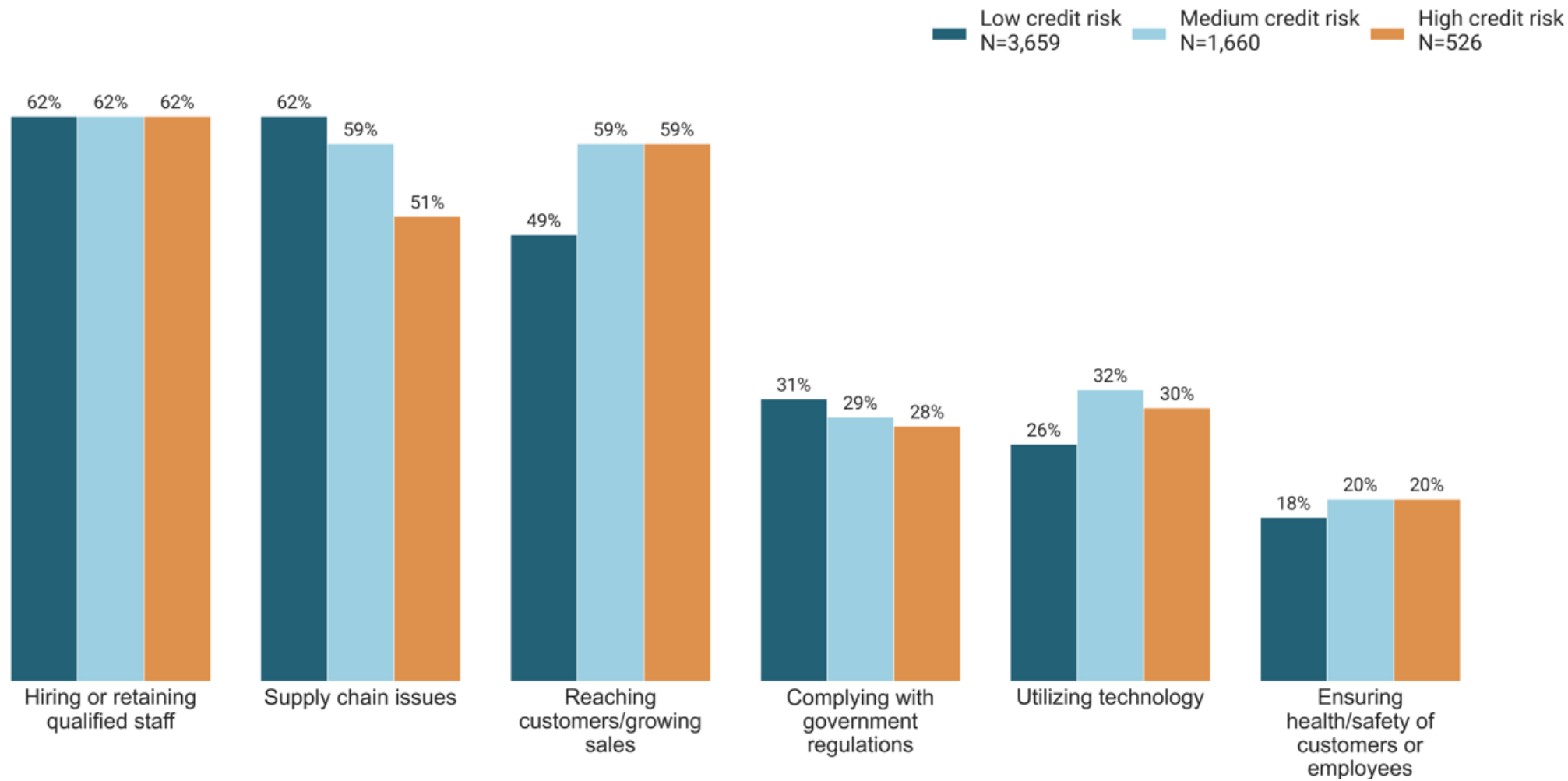
# Challenges

Data on financial challenges, operational challenges, and actions taken in response to challenges



# Operational challenges, prior 12 months

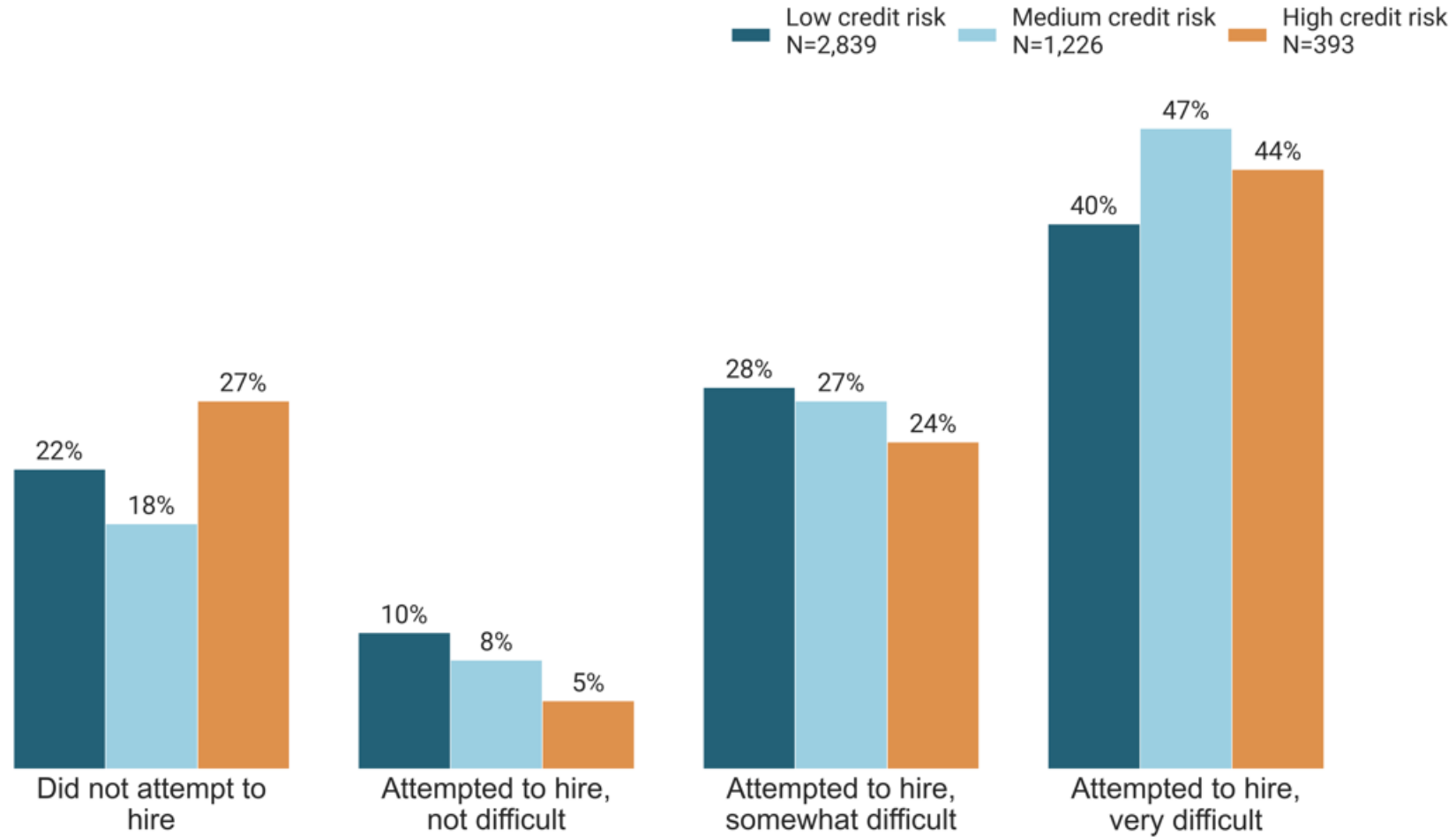
(% of employer firms)



Notes: Respondents could select multiple options. Select response options shown. See Appendix B for definitions of SBCS time references.

# Difficulty hiring new workers, prior 12 months

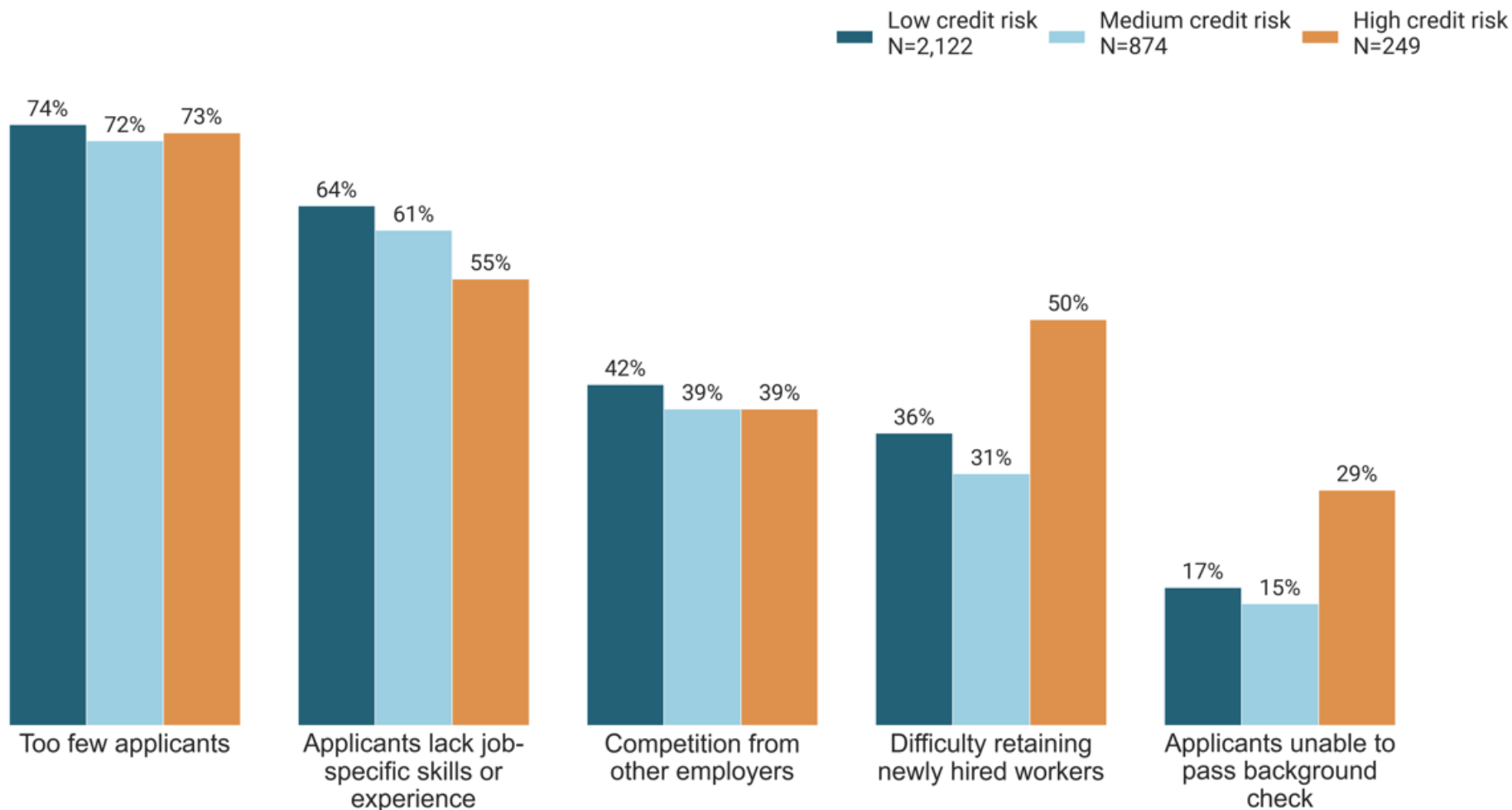
(% of employer firms)



Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. See Appendix for definitions of SBCS time references. Data on hiring and related challenges were drawn from an optional end-of-survey workforce module (78% of employer firm respondents opted to answer in 2022). This subset of respondents is re-weighted to reflect the overall small-firm population.

# Reasons for difficulty hiring workers

(% of employer firms reporting hiring challenges)



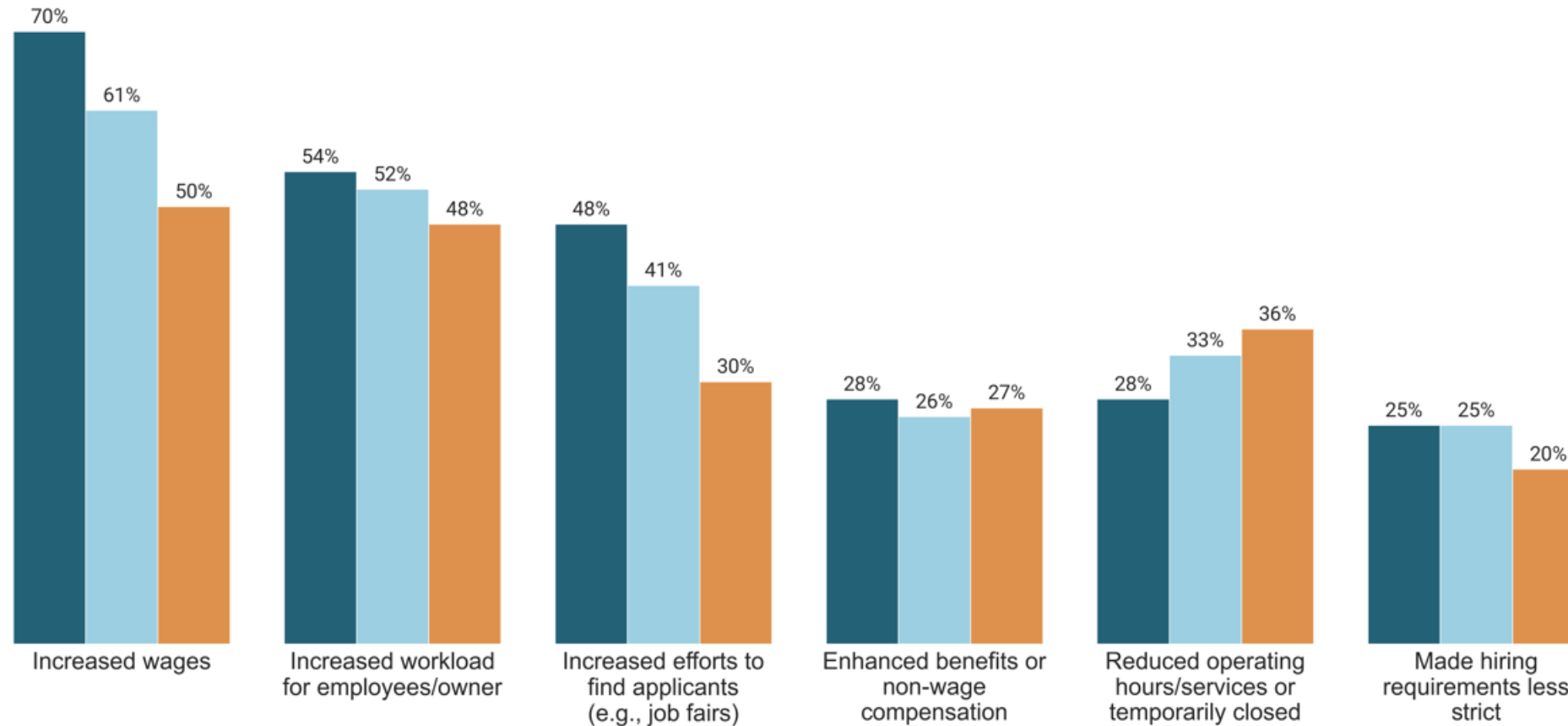
Notes: Respondents could select multiple response options. Data on hiring and related challenges were drawn from an optional end-of-survey workforce module (78% of employer firm respondents opted to answer in 2022). This subset of respondents is re-weighted to reflect the overall small-firm population.

# Actions taken in response to hiring challenges

(% of employer firms reporting difficulty hiring or retaining workers)



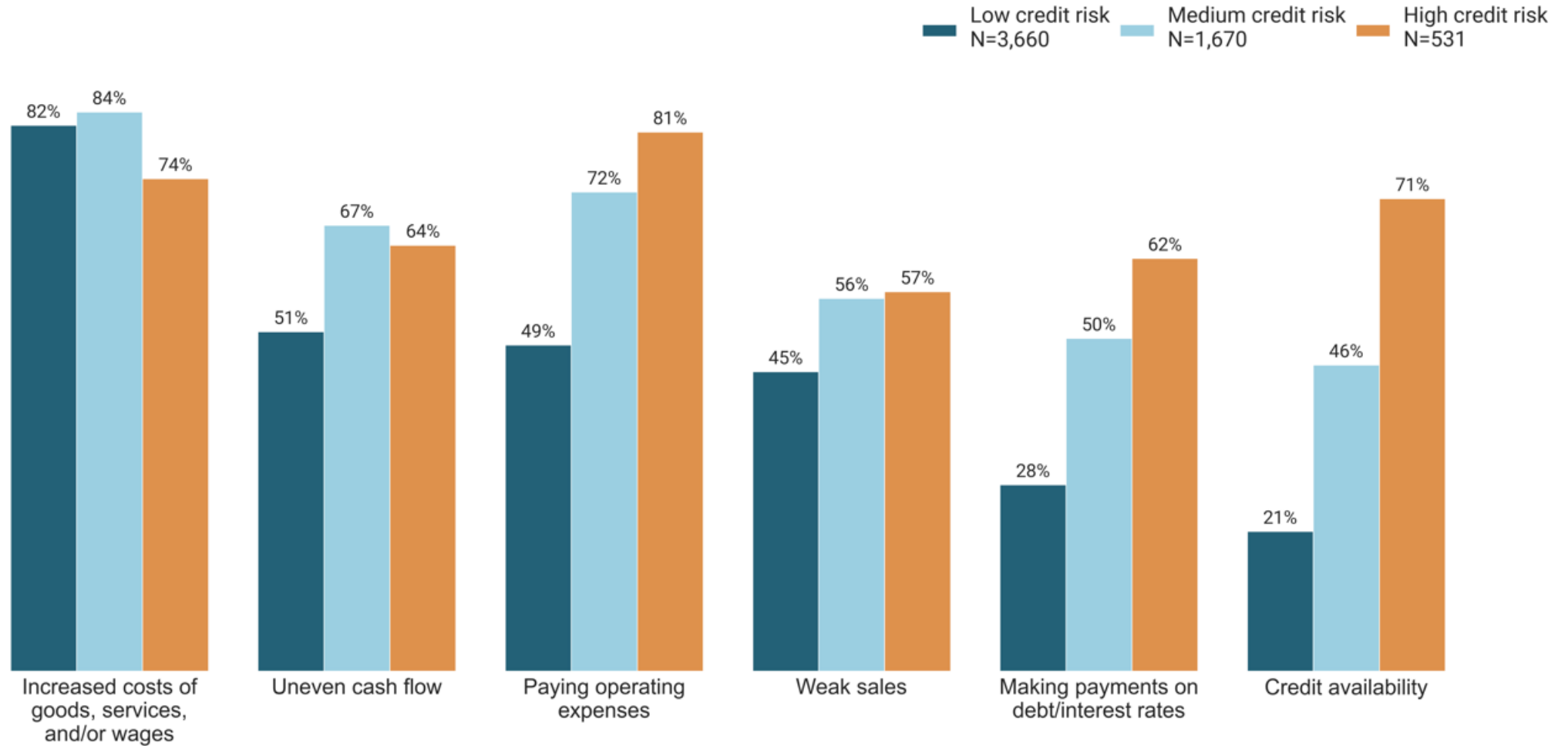
Low credit risk N=2,358    Medium credit risk N=1,033    High credit risk N=333



Notes: Respondents could select multiple response options. Select response options shown. Data on hiring and related challenges were drawn from an optional end-of-survey workforce module (78% of employer firm respondents opted to answer in 2022). This subset of respondents is re-weighted to reflect the overall small-firm population.

# Financial challenges, prior 12 months

(% of employer firms)

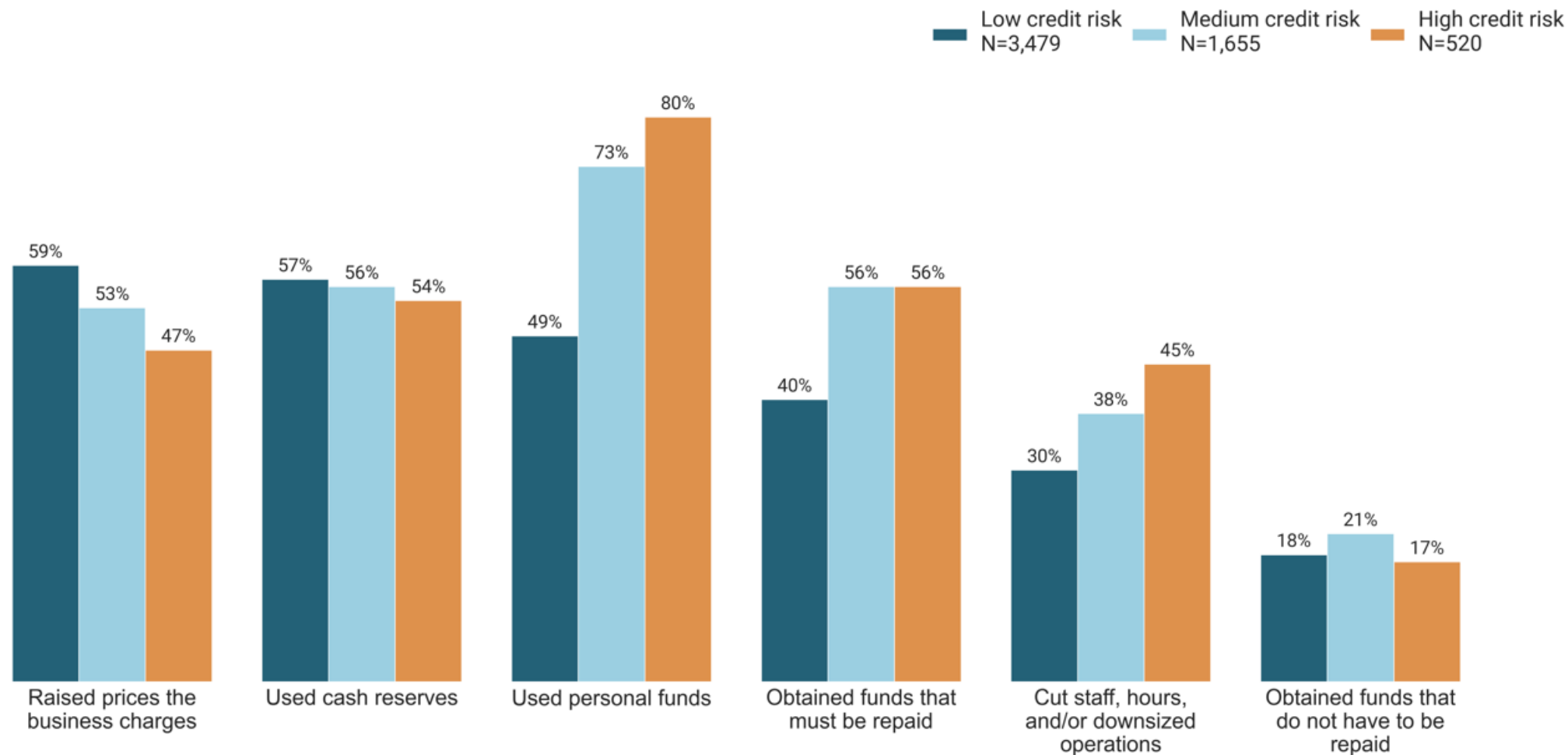


Notes: Respondents could select multiple response options. Select response options shown. See Appendix B for definitions of SBCS time references.



# Actions taken in response to financial challenges

(% of employer firms with financial challenges)



Notes: Respondents could select multiple response options. Select response options shown.

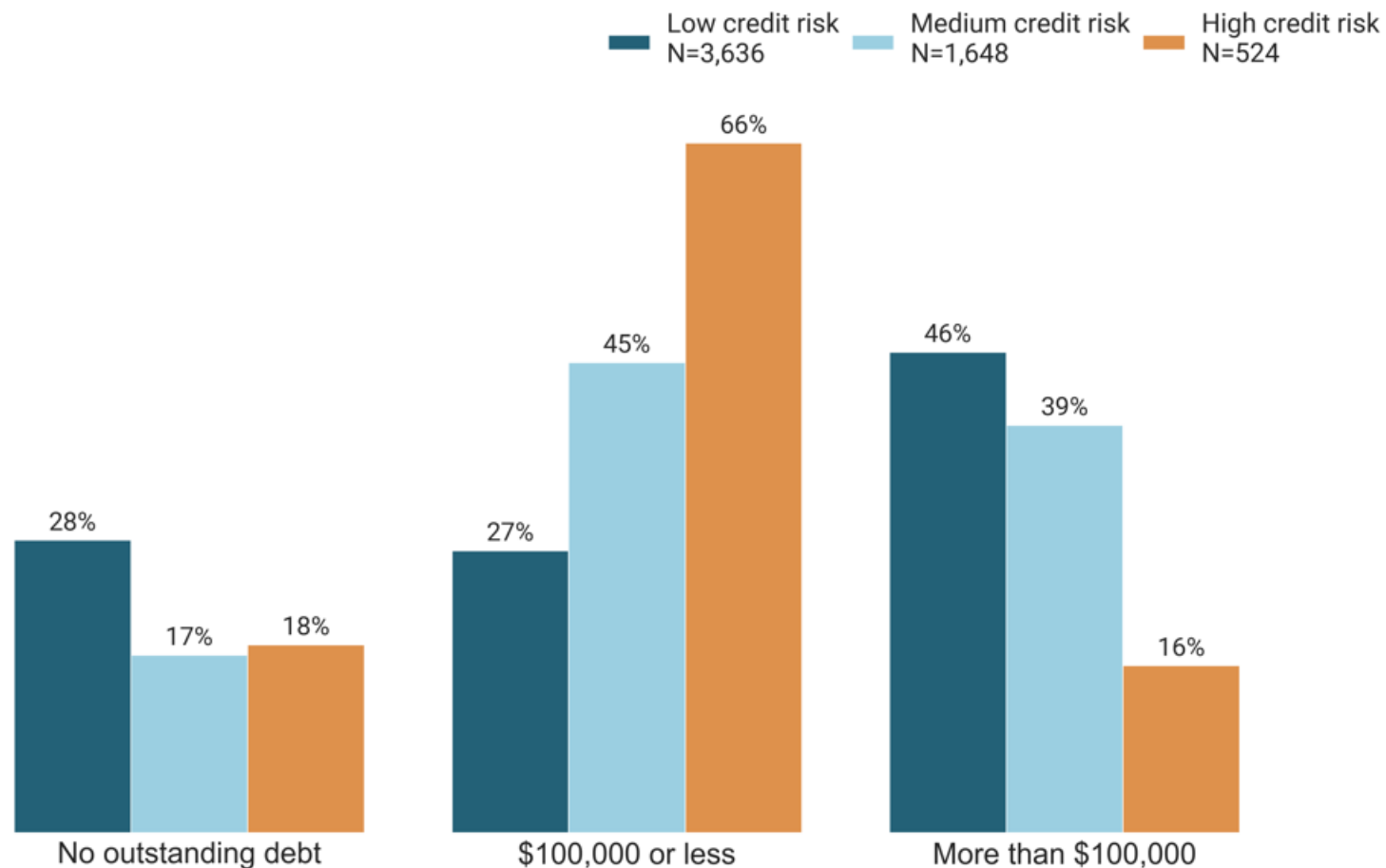
# Debt and Financing

Data on outstanding debt, use of financial services, and firms' credit-seeking experiences



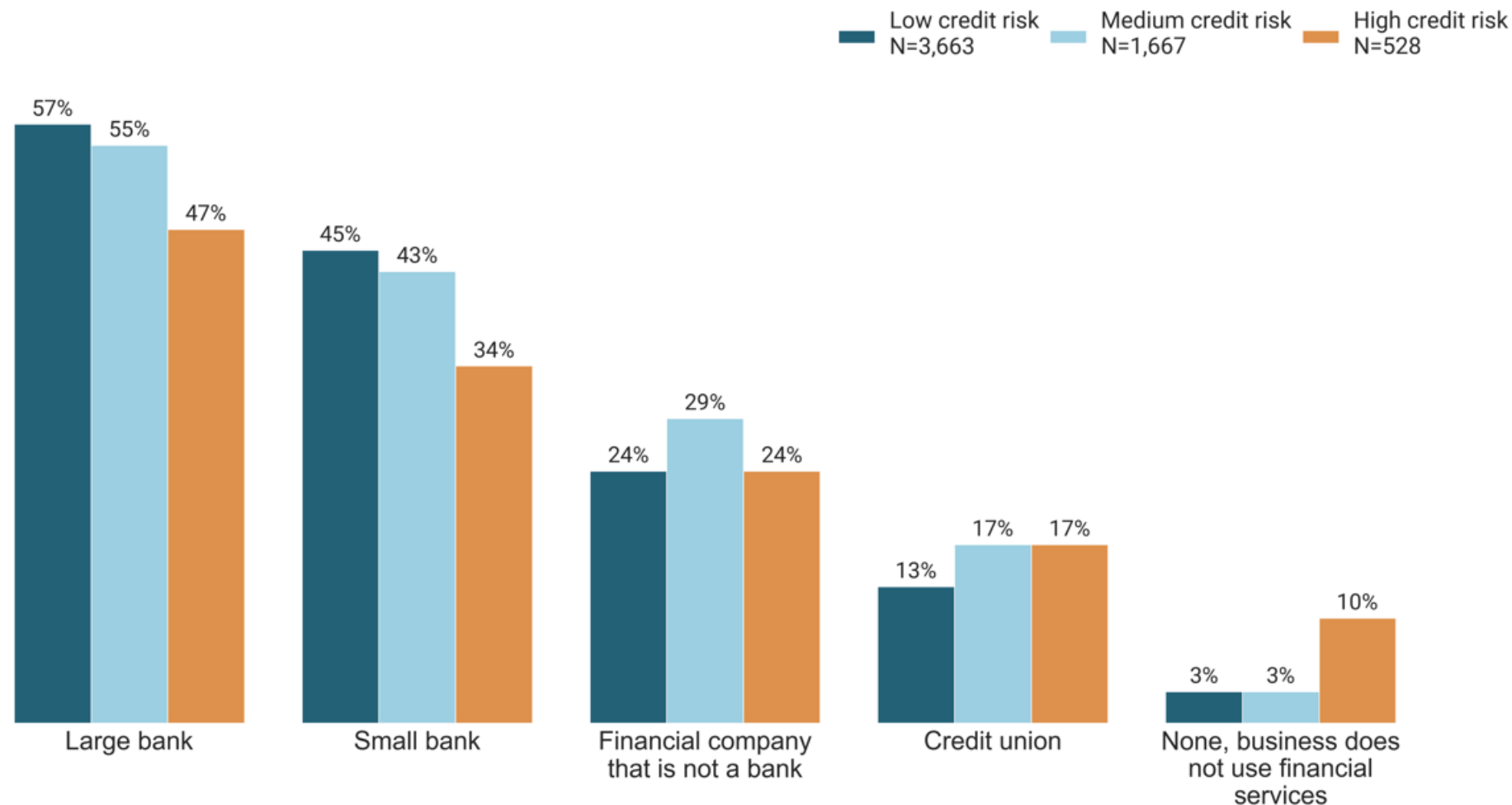
# Amount of outstanding debt, at time of survey

(% of employer firms)



Note: Percentages across response options may not sum to 100 within firm categories because of rounding.

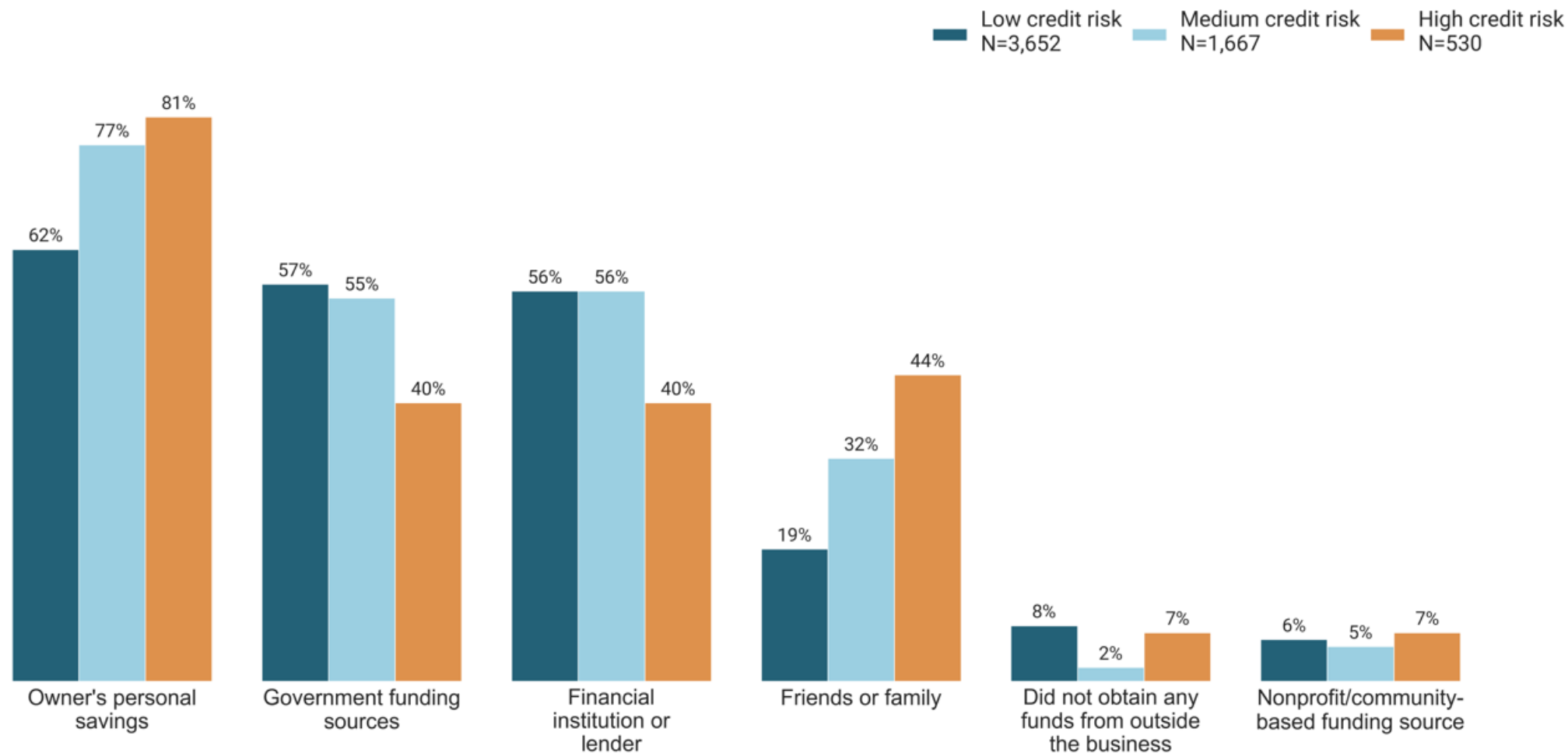
# Use of financial services providers (% of employer firms)



Notes: Respondents could select multiple response options. Select response options shown. Financial services providers are those at which the firm has an account or uses other financial services, including loans and payments processing. See Appendix B for lender definitions.

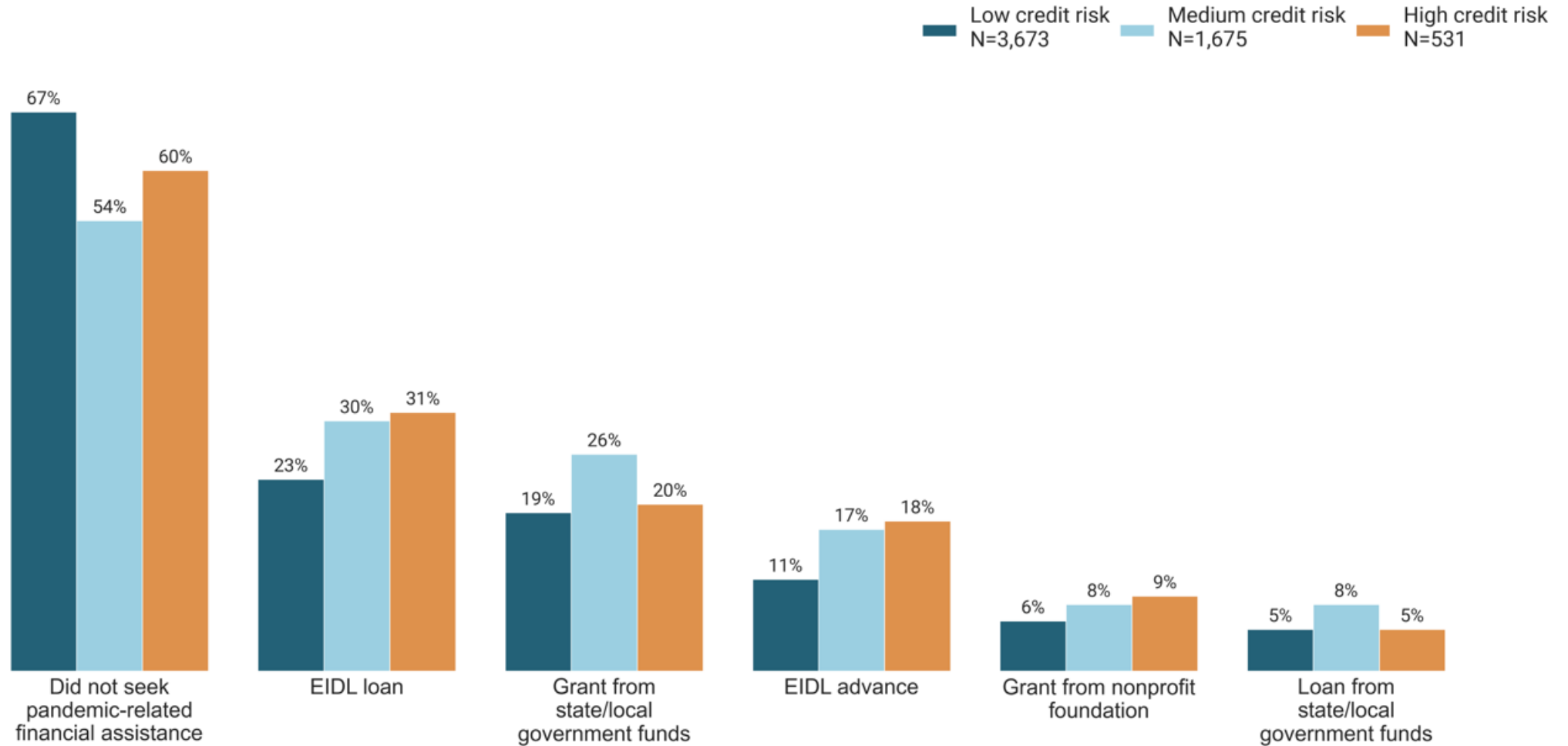
# Sources of funding, past five years

(% of employer firms)



Notes: Respondents could select multiple response options. Select response options shown. See Appendix B for lender definitions.

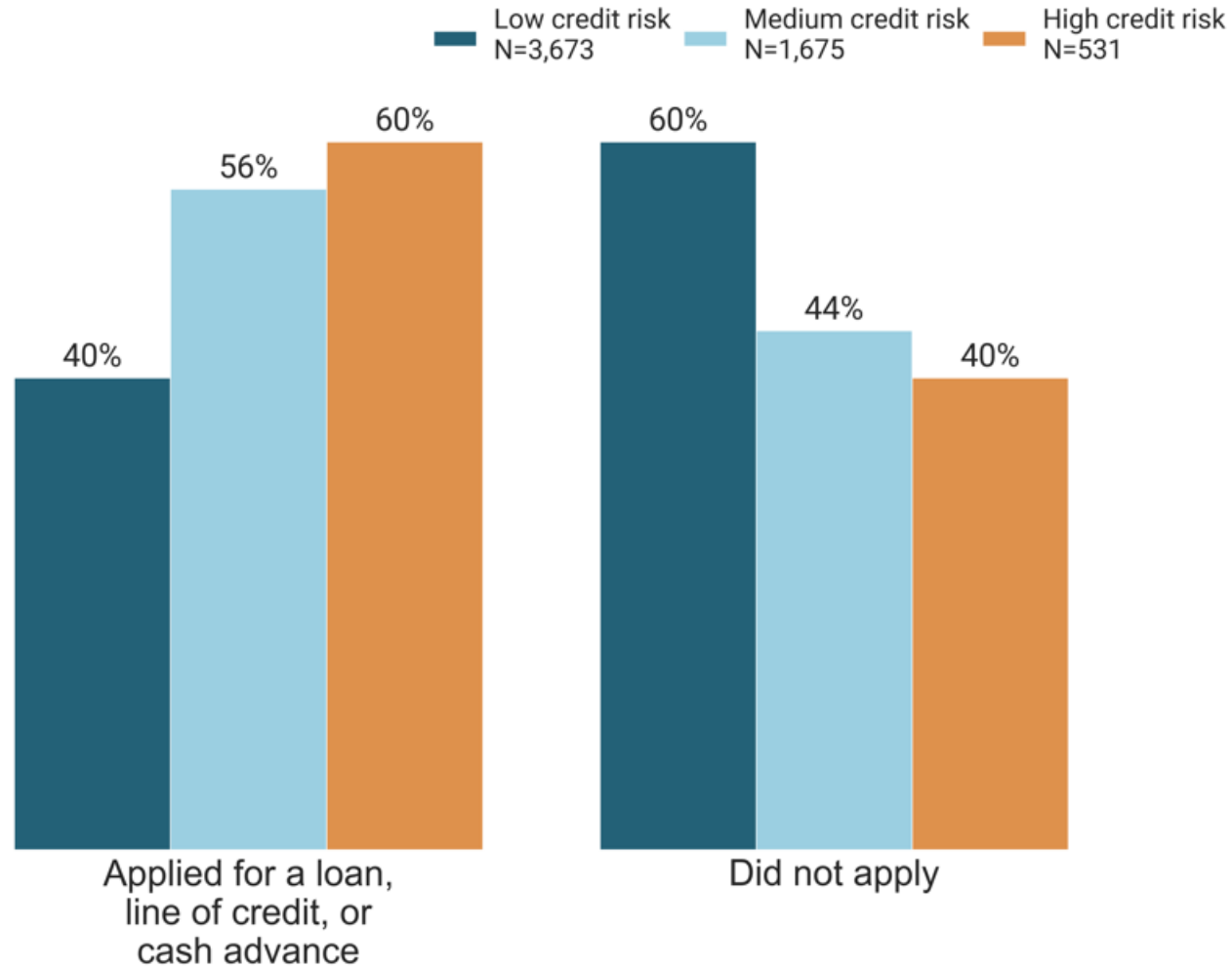
# Types of pandemic-related financial assistance sought, prior 12 months (% of employer firms)



Notes: Respondents could select multiple response options. "Financial assistance" includes all forms of pandemic-related financial assistance available in the 12 months prior to the survey. EIDL is the SBA's Economic Injury Disaster Loan program. See Appendix B for definitions of SBCS time references.

# Applications for loans, lines of credit, and merchant cash advances, prior 12 months

(% of employer firms)



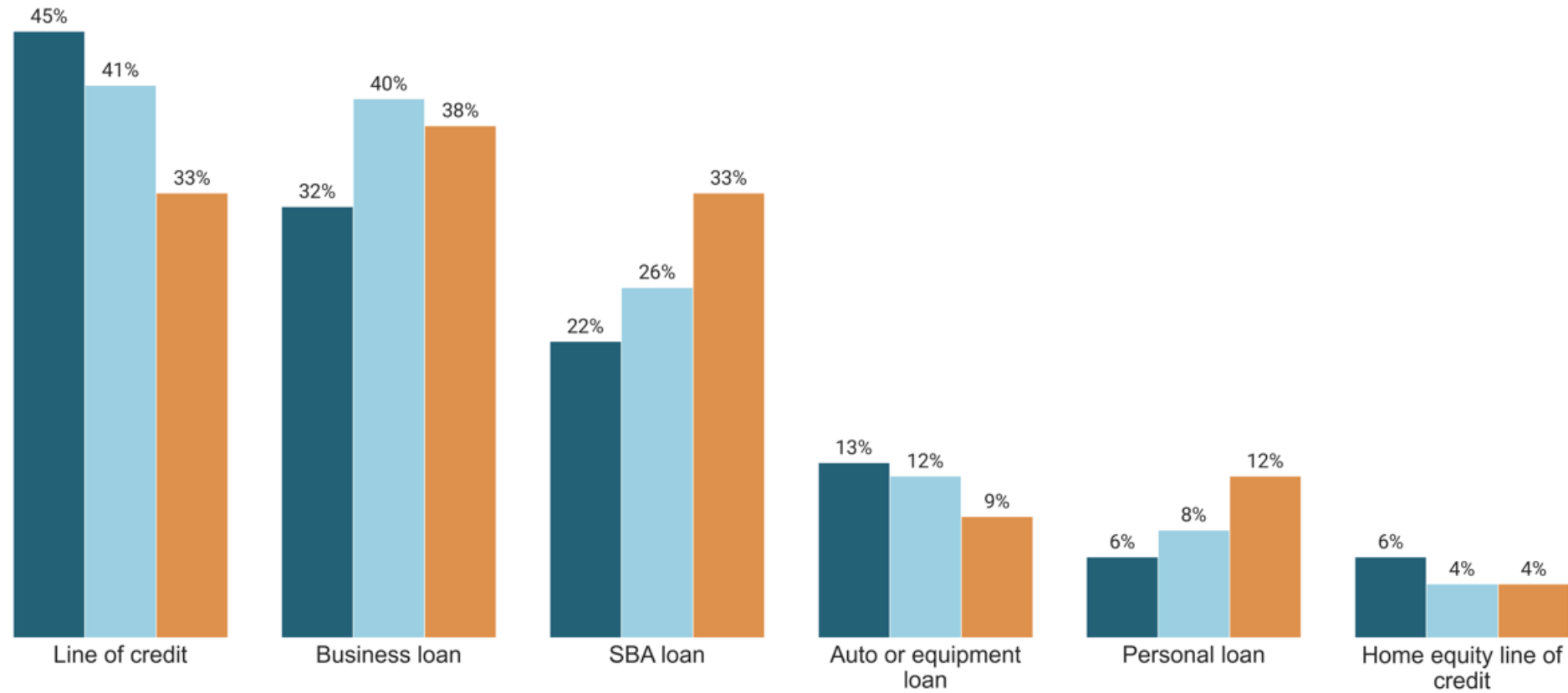
# Application rate by type of loan, line of credit, or merchant cash advance

(% of loan, line of credit, and cash advance applicants)



Firms in Focus

Low credit risk N=1,515    Medium credit risk N=921    High credit risk N=321

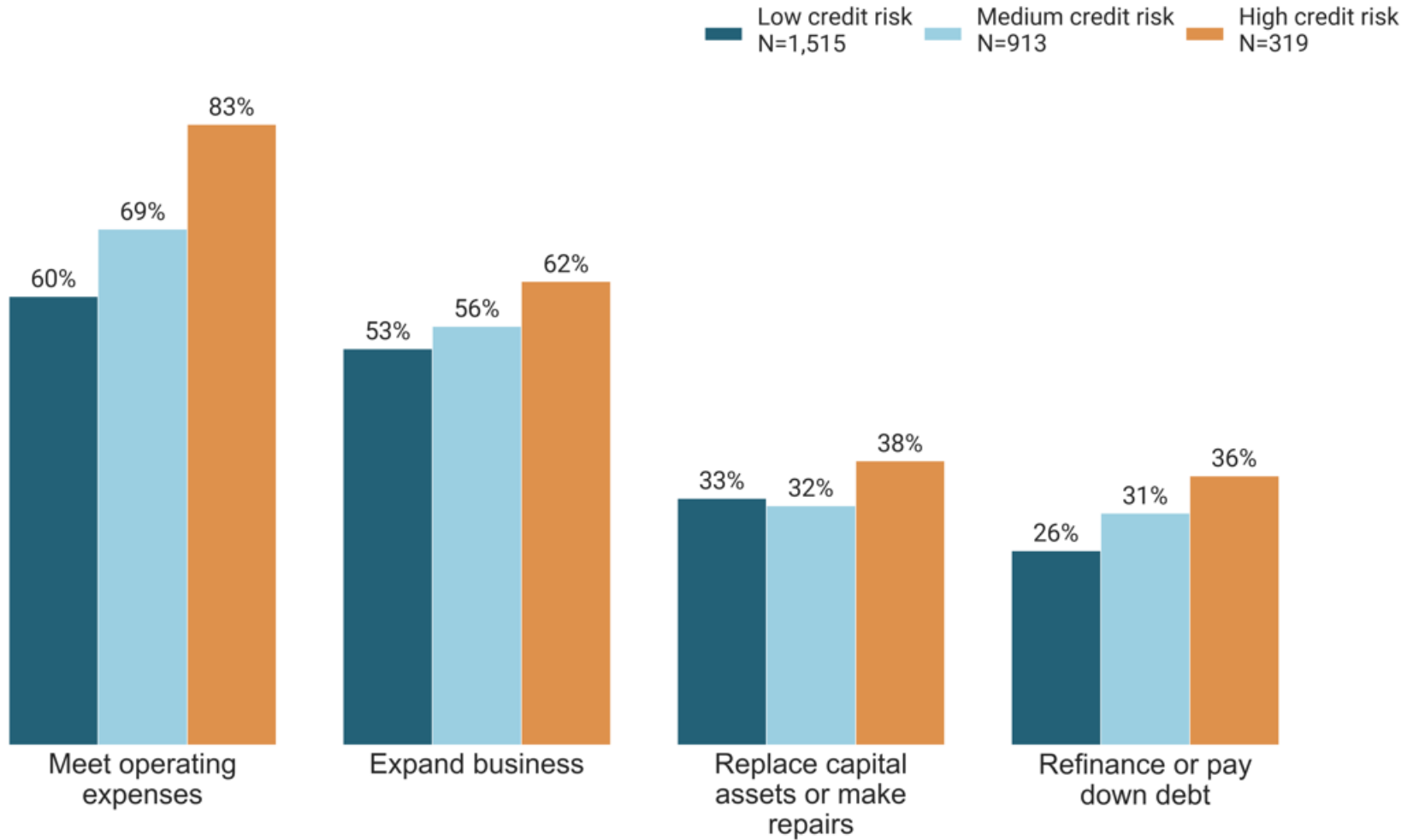


Notes: Respondents could select multiple response options. Select response options shown. Excludes pandemic-related financial assistance applications.



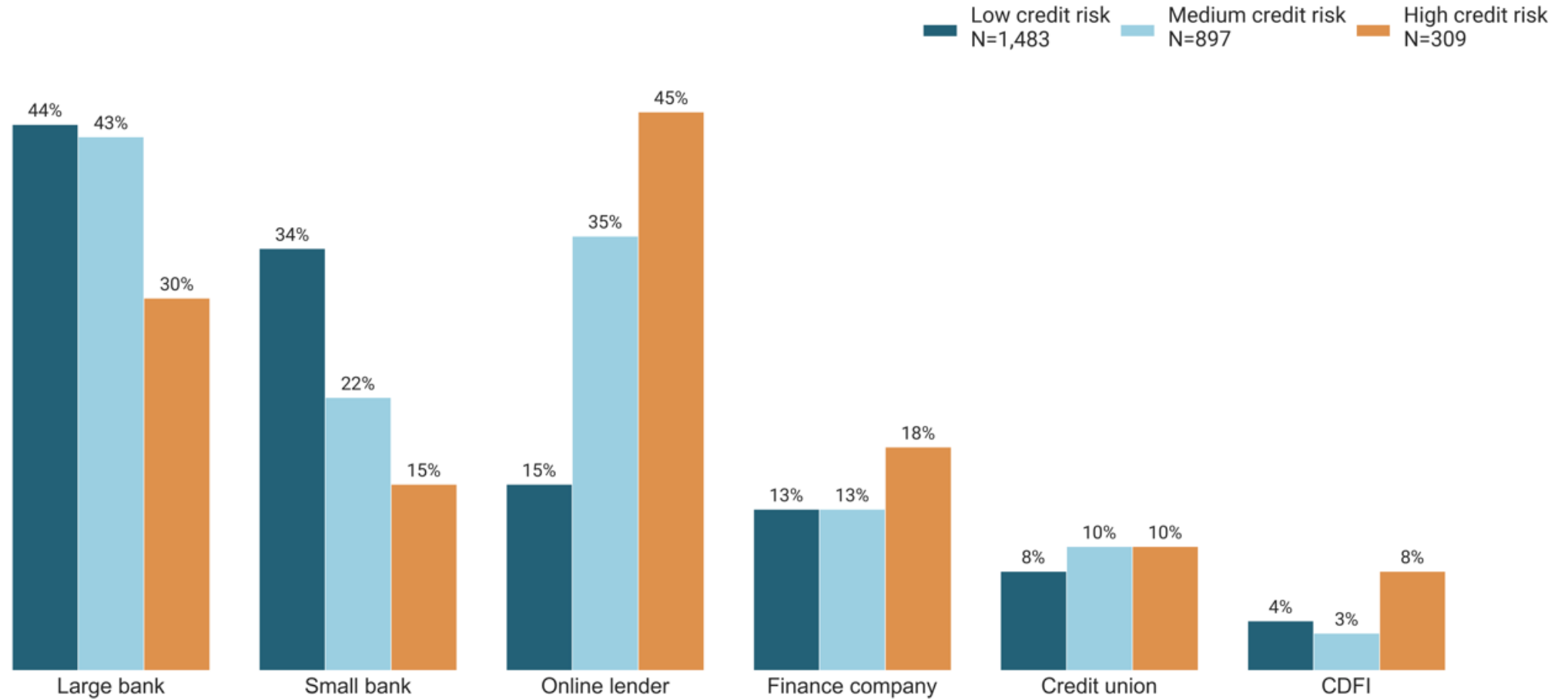
# Reasons for applying for financing

(% of loan, line of credit, and cash advance applicants)



Notes: Respondents could select multiple response options. Select response options shown. Excludes pandemic-related financial assistance applications. The full response option for "Expand business" is "Expand business, pursue new opportunities, or acquire business assets."

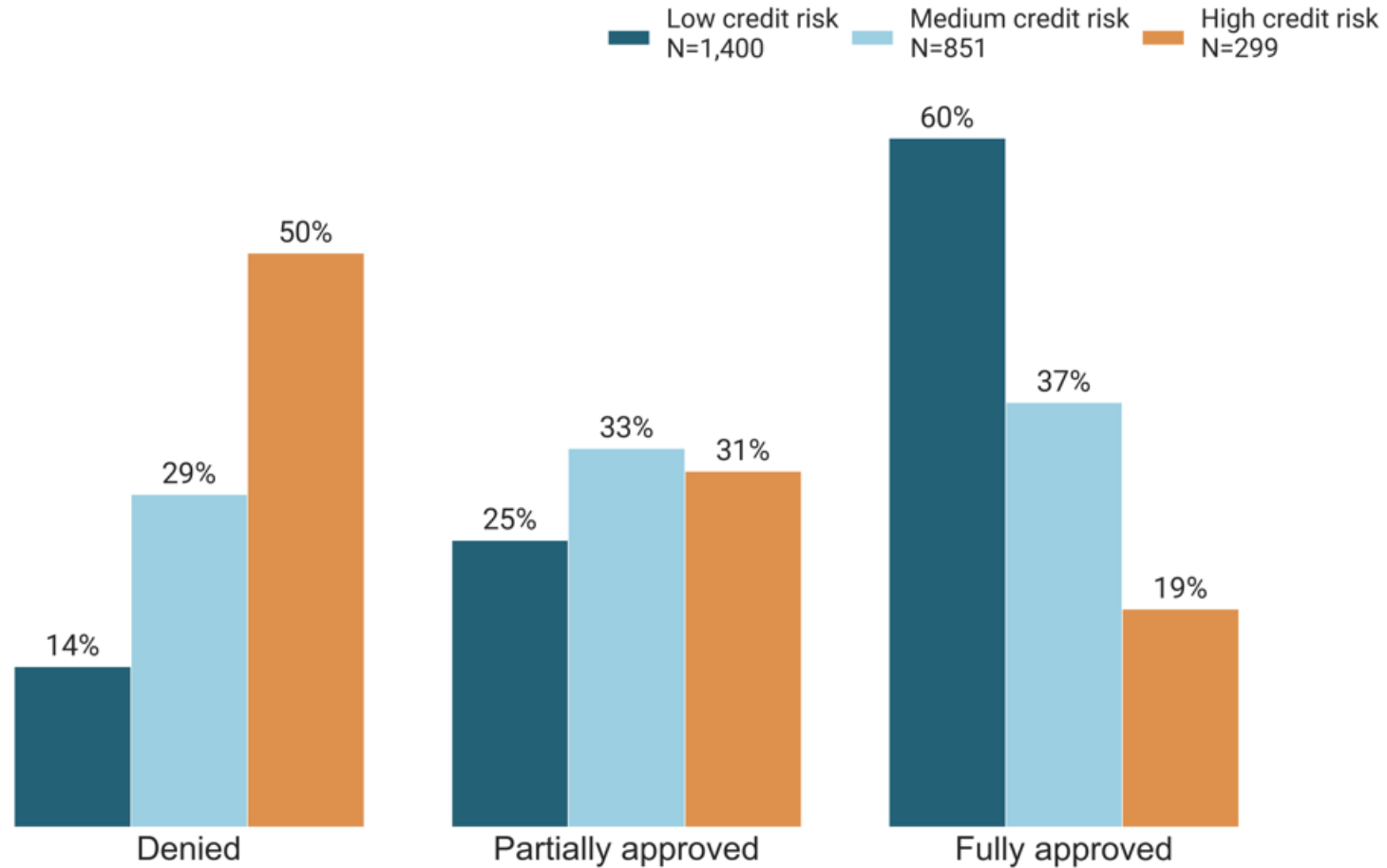
# Loan, line of credit, and cash advance sources applied to (% of loan, line of credit, and cash advance applicants)



Notes: Respondents could select multiple response options. Select response options shown. See Appendix B for lender definitions.

# Outcomes on loan, line of credit, and merchant cash advance applications

(% of loan, line of credit, and cash advance applicants)



Note: Percentages across response options may not sum to 100 within firm categories because of rounding.

# Demographics

Data on firm and  
owner characteristics

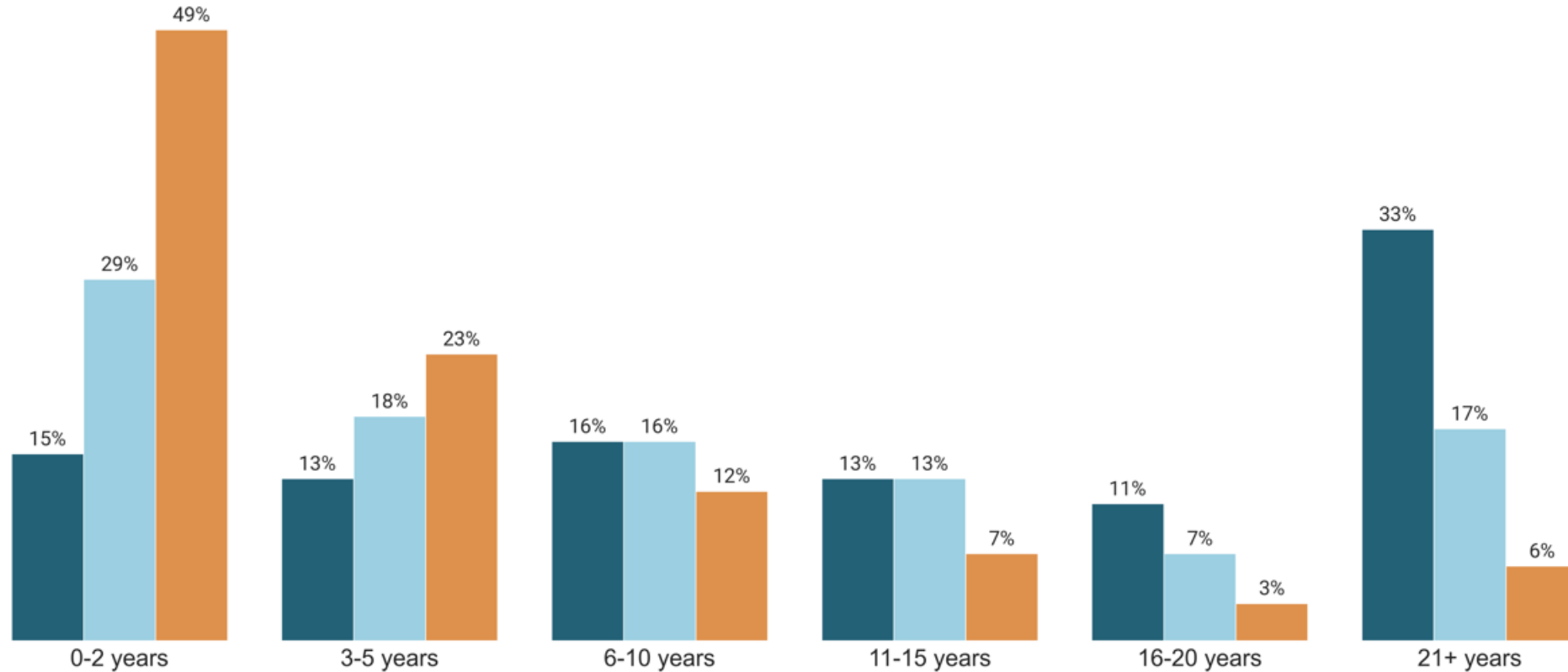


# Age of firm

(% of employer firms)

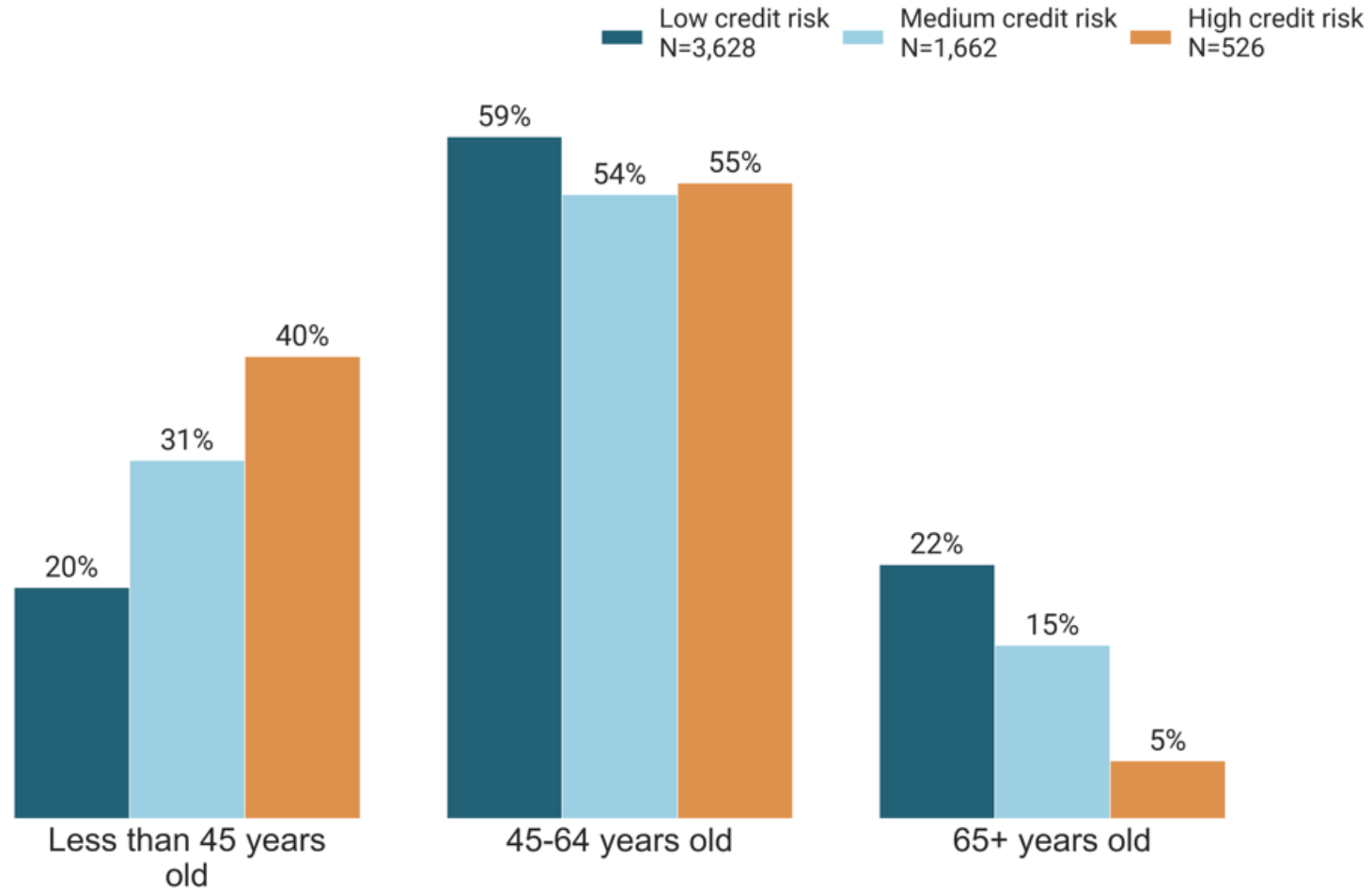


Low credit risk N=3,673    Medium credit risk N=1,675    High credit risk N=531



Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. SBCS responses throughout the report are weighted using census data to represent the US small employer firm population on the following dimensions: firm age, number of employees, industry, geography, race/ethnicity of owner, and gender of owner.

# Age of primary owner (% of employer firms)

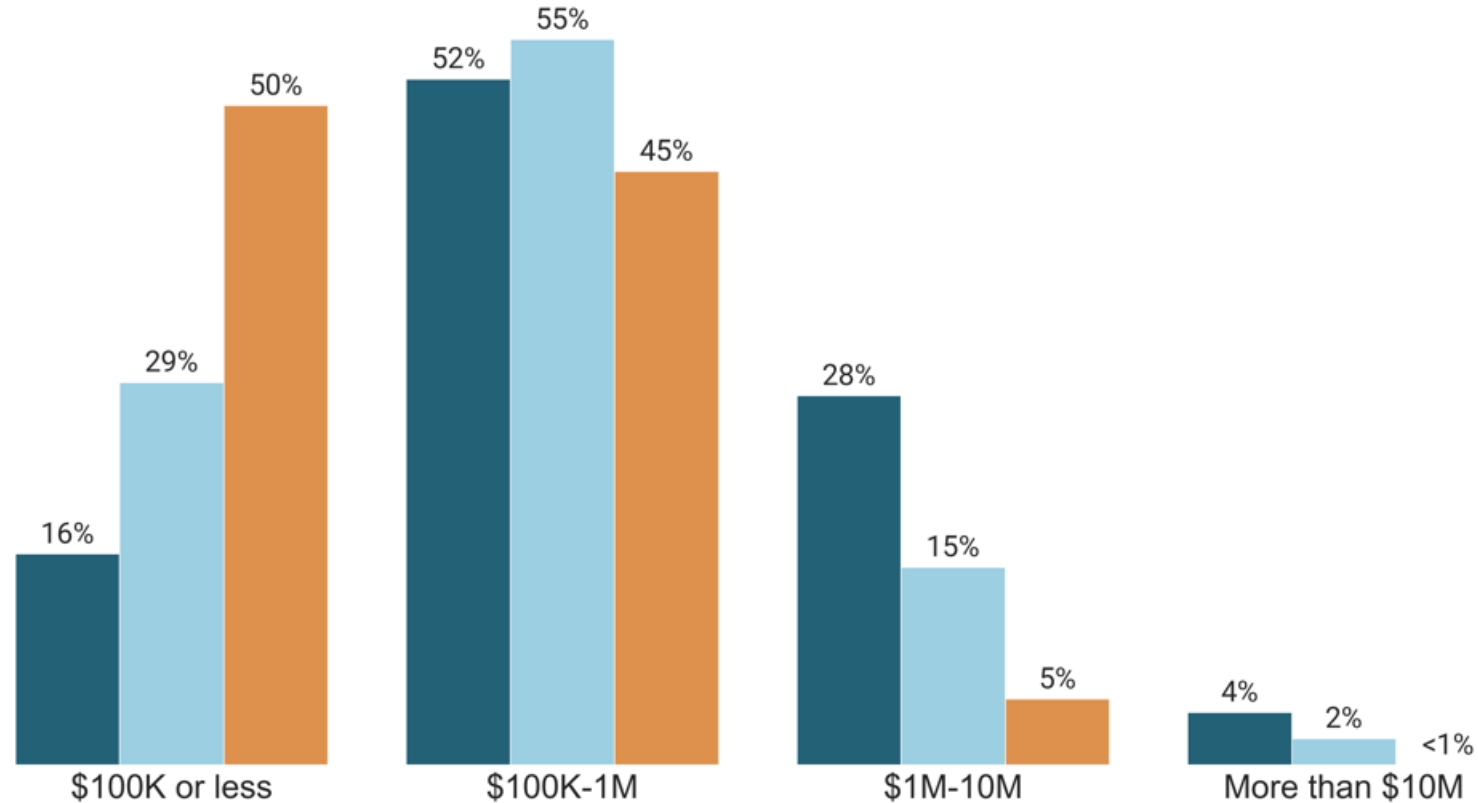


Notes: Percentages across response options may not sum to 100 within firm categories because of rounding.

# Annual revenues (% of employer firms)

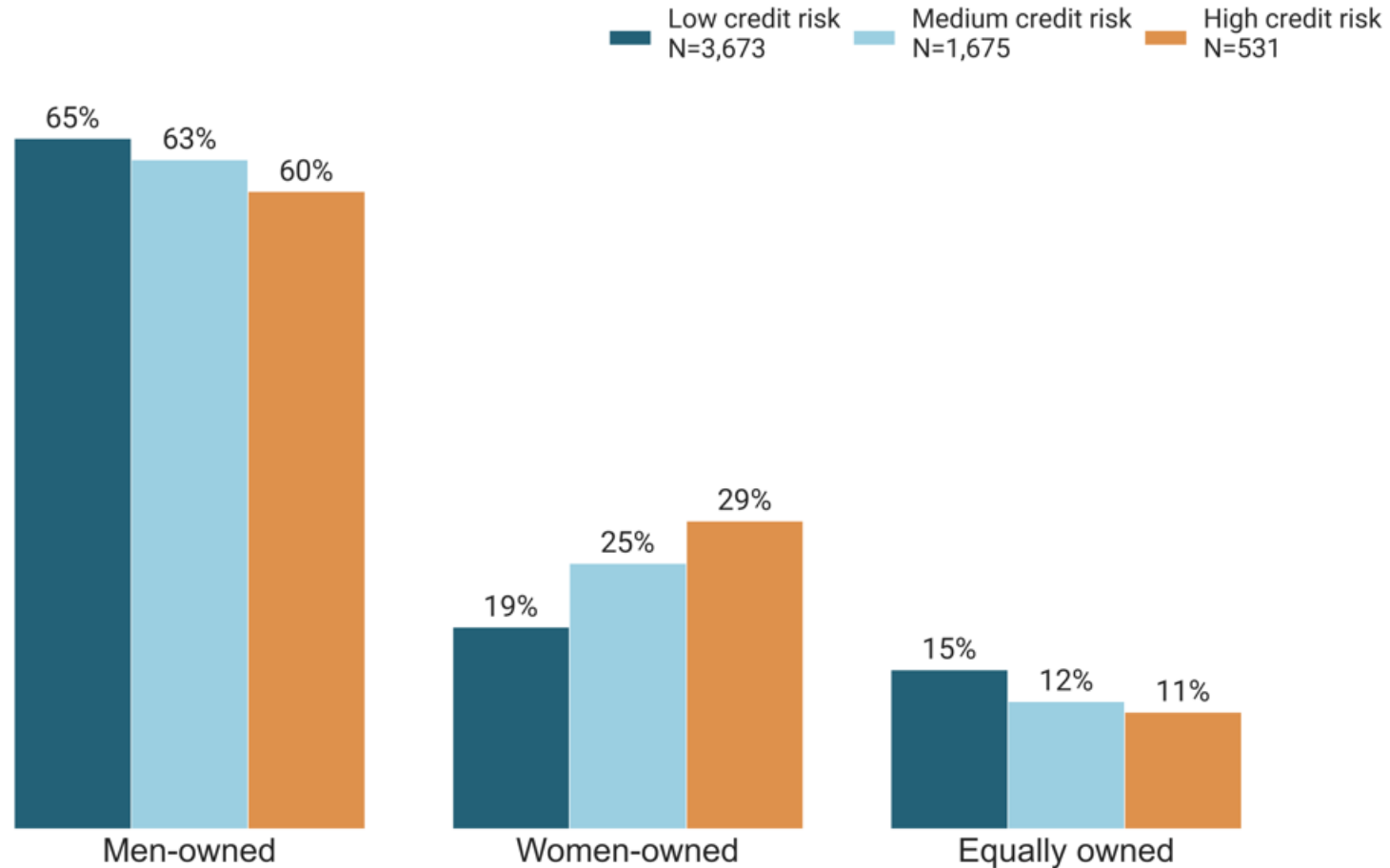


Low credit risk N=3,607    Medium credit risk N=1,646    High credit risk N=511



Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. Revenue size categories have been condensed and simplified for readability. Actual categories are ≤\$25K, \$25,001–\$50K, \$50,001–\$100K, \$100,001–\$250K, \$250,001–\$500K, \$500,001–\$1M, \$1,000,001–\$5M, \$5,000,001–\$10M, and >\$10M.

# Gender of owner(s) (% of employer firms)

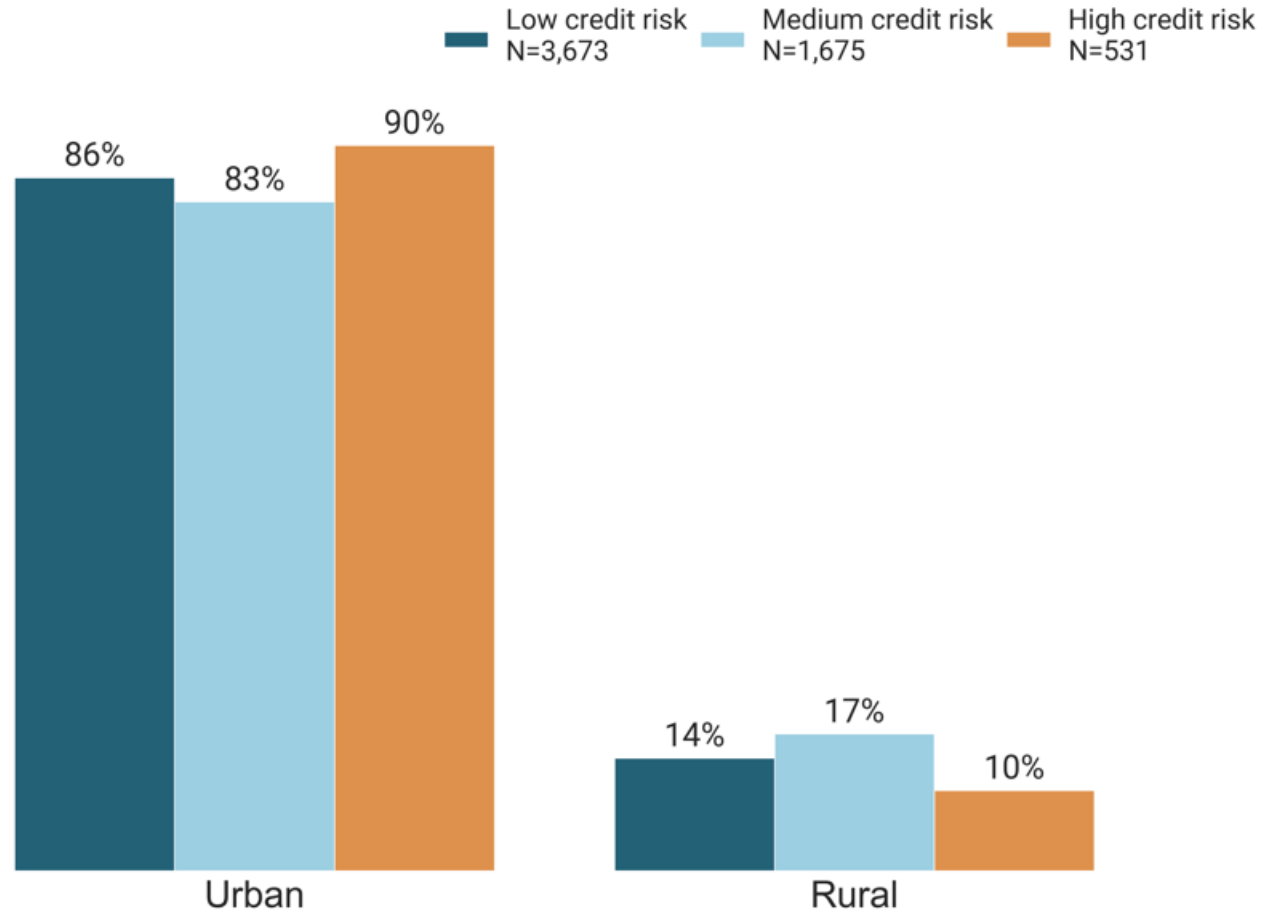


Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. SBCS responses throughout the report are weighted using census data to represent the US small employer firm population on the following dimensions: firm age, number of employees, industry, geography, race/ethnicity of owner, and gender of owner.



# Geographic location

(% of employer firms)



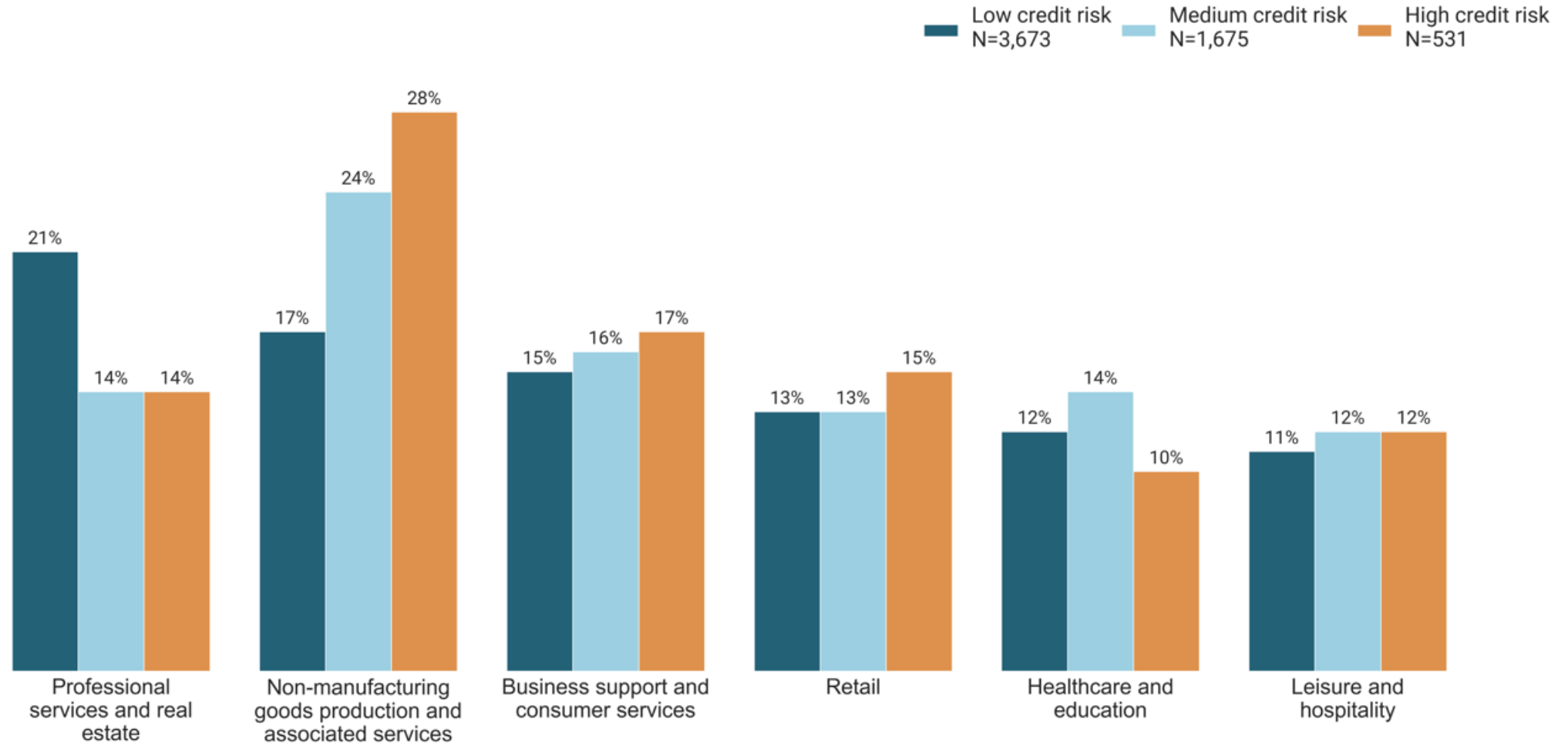
Notes: Urban and rural definitions come from US Department of Agriculture Rural-Urban Commuting Area codes. SBCS responses throughout the report are weighted using census data to represent the US small employer firm population on the following dimensions: firm age, number of employees, industry, geography, race/ethnicity of owner, and gender of owner.

# Industry

(% of employer firms)



## Firms in Focus

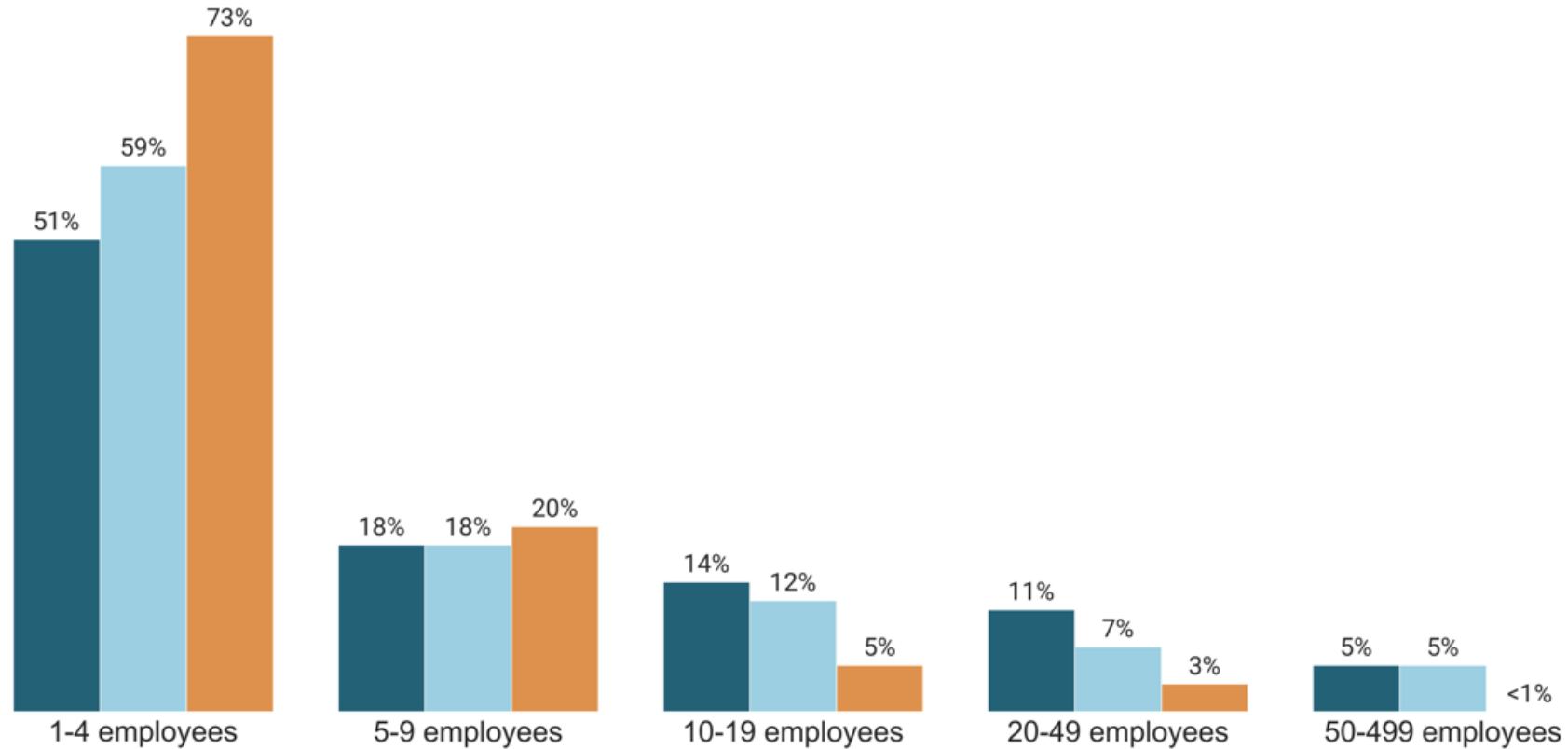


Notes: Select industries shown. See Appendix B for industry definitions. SBCS responses throughout the report are weighted using census data to represent the US small employer firm population on the following dimensions: firm age, number of employees, industry, geography, race/ethnicity of owner, and gender of owner.

# Number of employees (% of employer firms)



■ Low credit risk  
N=3,673
 ■ Medium credit risk  
N=1,675
 ■ High credit risk  
N=531



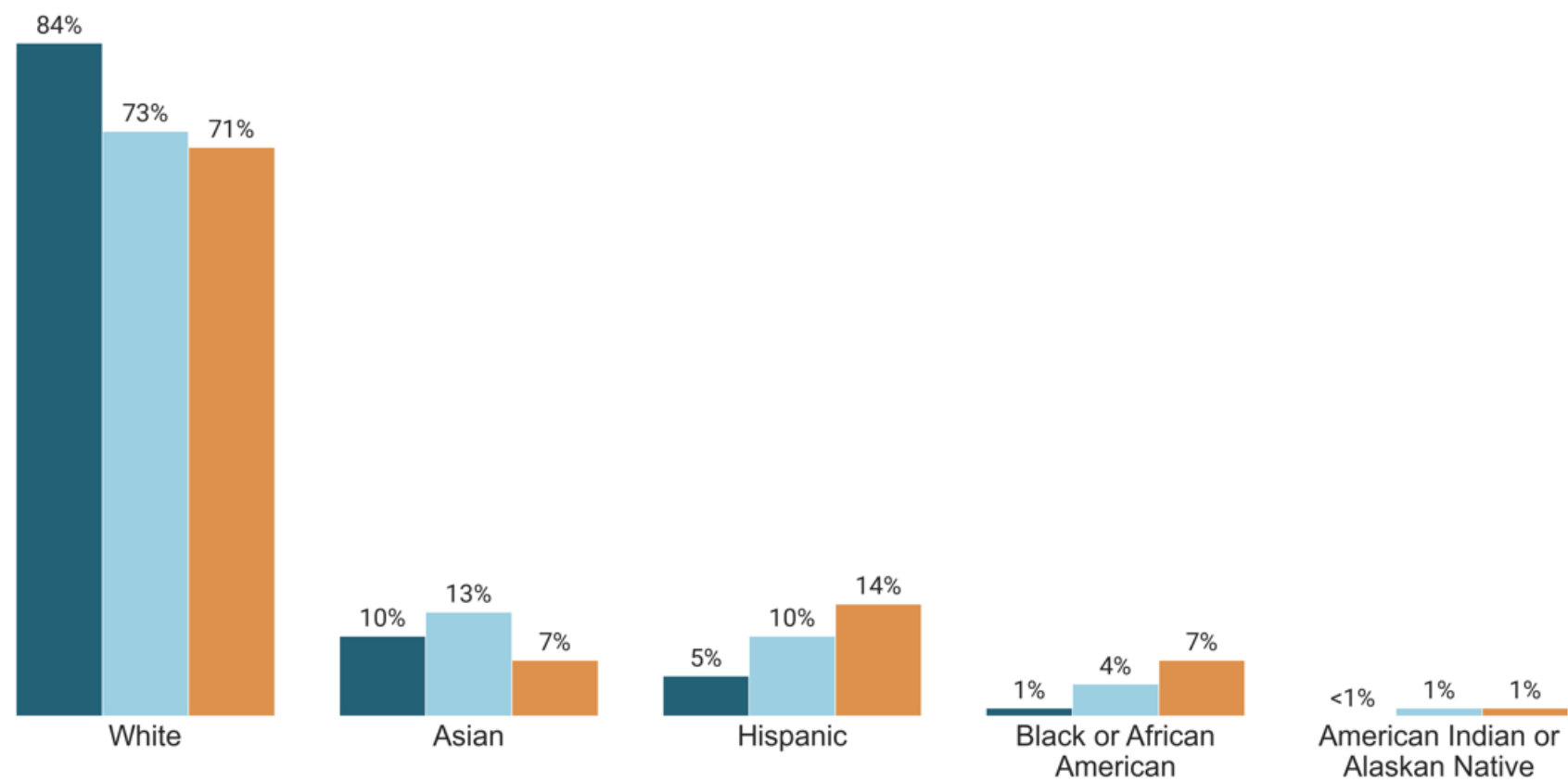
Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. SBCS responses throughout the report are weighted using census data to represent the US small employer firm population on the following dimensions: firm age, number of employees, industry, geography, race/ethnicity of owner, and gender of owner.

# Race/ethnicity of owner(s)

(% of employer firms)



■ Low credit risk N=3,673   
 ■ Medium credit risk N=1,675   
 ■ High credit risk N=531



Notes: Percentages across response options may not sum to 100 within firm categories because of rounding. See Appendix B for race and ethnicity definitions used in the SBCS. SBCS responses throughout the report are weighted using census data to represent the US small employer firm population on the following dimensions: firm age, number of employees, industry, geography, race/ethnicity of owner, and gender of owner.

# Appendix A

Additional SBCS data tables



# Data by firm demographics

	Share of firms that were profitable at the end of 2021	Share of firms with hiring challenges	Share of firms with inflation challenges	Share of firms in at least fair financial condition	Share of applicants approved for at least some financing
All employer firms	45%	60%	81%	81%	79%
<i>Firms by race/ethnicity of owner(s)</i>					
American Indian/Alaskan Native-owned firms	38%	49%	72%	77%	56%
Asian-owned firms	30%*	60%	84%	70%*	69%*
Black-owned firms	26%*	53%*	69%*	67%*	50%*
Hispanic-owned firms	37%*	55%	74%	77%*	68%*
White-owned firms	48%	60%	81%	84%	82%
<i>Firms by number of employees</i>					
1–4 employees	41%	47%	77%	78%	73%
5–9 employees	44%	65%*	83%*	80%	80%*
10–19 employees	45%	80%*	89%*	85%*	86%*
20–49 employees	57%*	84%*	88%*	90%*	89%*
50–499 employees	73%*	80%*	81%	94%*	91%*
<i>Firms by gender of owner(s)</i>					
Men-owned	47%	59%	81%	83%	81%
Women-owned	38%*	59%	80%	78%*	75%
Equally owned	45%	62%	84%	80%	79%

\*Difference from the base group (by category: white-owned, 1–4 employees, men-owned) is statistically significant at the 5% significant level.

Notes: See Appendix B for race and ethnicity definitions used in the SBCS.

# Data by firm demographics

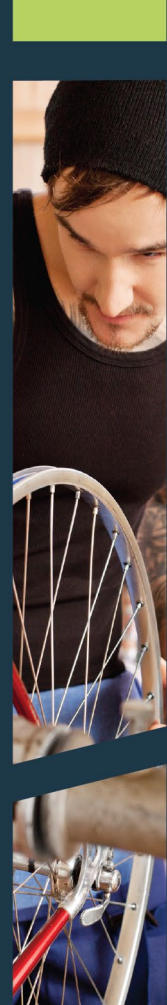
	Share of firms that were profitable at the end of 2021	Share of firms with hiring challenges	Share of firms with inflation challenges	Share of firms in at least fair financial condition	Share of applicants approved for at least some financing
All employer firms	45%	60%	81%	81%	79%
<i>Firms by age of business</i>					
0–2 years	27%	57%	76%	72%	66%
3–5 years	40%*	64%*	81%	79%*	76%
6–10 years	44%*	61%	84%*	79%*	78%
11–15 years	50%*	53%	79%	85%*	84%*
16–20 years	53%*	64%*	83%	84%*	85%*
21+ years	54%*	61%	82%	87%*	89%*
<i>Firms by industry</i>					
Non-manufacturing goods production and associated services	51%	61%	83%	82%	79%
Manufacturing	51%	61%	88%	86%	85%
Retail	46%	56%	91%*	79%	81%
Leisure and hospitality	25%*	76%*	93%*	69%*	70%
Finance and insurance	67%*	46%*	58%*	89%*	87%
Healthcare and education	36%*	64%	80%	77%	83%
Professional services and real estate	52%	50%*	68%*	88%*	81%
Business support and consumer services	40%*	64%	84%	83%	74%

\*Difference from the base group (by category: 0–2 years, non-manufacturing goods production and associated services) is statistically significant at the 5% significant level.

Notes: See Appendix B for industry definitions.

# Appendix B

SBCS definitions





# Definitions: Credit risk

In the SBCS, “credit risk” refers to a self-reported business credit score or personal credit score, depending on which is used to obtain financing for the business. When firms use both, the weaker credit score is used to categorize the firm.

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## Low credit risk

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Firms with either a business credit score of 80–100 or a personal credit score of 720 or greater.

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## Medium credit risk

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Firms with either a business credit score of 50–79 or a personal credit score of 620–719.

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## High credit risk

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Firms with either a business credit score of 1–49 or a personal credit score of less than 620.

# Definitions: Financial services providers and lenders

Questions in the SBCS ask respondents about their use of and experiences with lenders and other financial services providers. Because respondents may not have a uniform understanding of the terms used in the SBCS, the questionnaire provides examples and explanatory information about the response options. The financial services providers, lenders, and lender categories referenced in the survey are defined as follows:

Category	Definition
Large bank, small bank	Large banks are defined as those with at least \$10B in total deposits; small banks are those with less than \$10B in total deposits. For applicable questions, respondents are shown a list of large banks operating in their state to assist them with proper classification of their institution.
Finance company	Finance companies are nonbanks that provide loans, leases, and other financial services. Examples include mortgage companies, equipment dealers, insurance companies, and auto finance companies.
Finance company that is not a bank	Examples include payroll services and payments processing companies, fintech lenders, and finance companies.
Financial institution or lender	This category includes all bank or nonbank financial intermediaries, such as banks, finance companies, online lenders, and credit unions.
Government funding sources	Examples include the Small Business Administration (SBA), the US Department of Agriculture (USDA), and state agencies.
Online lender/fintech lender	Online lenders/fintech lenders are nonbanks that operate online. Examples include OnDeck, CAN Capital, Paypal Working Capital, and Kabbage.
CDFI	Community development financial institutions, or CDFIs, are financial institutions that provide credit and financial services to underserved markets and populations. CDFIs are certified by the CDFI Fund at the US Department of the Treasury.

# Definitions: Industry categories

## Business support and consumer services

Includes NAICS codes: 56, 81  
Examples of businesses: Barbers, business event planning, cleaning services, repair services, salons, spas, travel agencies

## Finance and insurance

Includes NAICS codes: 52  
Examples of businesses: Loan brokers, portfolio management firms

## Healthcare and education

Includes NAICS codes: 61, 62  
Examples of businesses: Counseling, day cares, dentists, professional training, sports instruction, tutoring

## Leisure and hospitality

Includes NAICS codes: 71, 72  
Examples of businesses: Bars, caterers, fitness centers, gyms, hotels, performing arts venues

## Manufacturing

Includes NAICS codes: 31, 32, 33  
Examples of businesses: Electronics manufacturers, engraving, packaging, print shops, textile manufacturers

## Nonmanufacturing goods production and associated services

Includes NAICS codes: 11, 21, 22, 23, 42, 48, 49  
Examples of businesses: Construction, farming, logistics, mining, taxis, wholesale suppliers and distributors, warehousing

## Professional services and real estate

Includes NAICS codes: 51, 53, 54, 55  
Examples of businesses: Book publishers, consulting, notaries, real estate agents, vehicle rentals

## Retail

Includes NAICS codes: 44, 45  
Examples of businesses: Boutiques, craft stores, ecommerce, grocers, hardware stores

# Definitions: Race and ethnicity

The SBCS uses US Census-defined categories of race and ethnicity. We use simplified, mutually exclusive race/ethnicity labels to indicate that more than 50% of the business is held by owner(s) of the given race/ethnicity. As such,

- “American Indian or Alaskan Native” refers to non-Hispanic American Indian or Alaskan Native.
- “Asian” refers to non-Hispanic Asian or Pacific Islander.
- “Black” refers to non-Hispanic Black or African American.
- “Hispanic” refers to all firms owned by individuals of Hispanic or Latino ethnicity, regardless of their race.
- “White” refers to non-Hispanic white, Middle Eastern, or North African.

# Definitions: Time references

Survey questions in the SBCS ask respondents to reference specific time periods. Most questions ask about respondents' experiences in the 12 months prior to the time of their response. In some cases, questions ask about conditions at the time of their response. Finally, some questions ask about respondents' expectations in the 12 months following the time of their response. The time periods referenced in the survey are defined as follows throughout this report:

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## Prior 12 Months

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The 12 months prior to the fielding of the survey. For the 2022 SBCS, this is approximately September–November 2021 through September–November 2022.

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## At Time of Survey

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September through November 2022.

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## Next 12 Months

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The 12 months following the fielding of the survey. For the 2022 SBCS, this is approximately September–November 2022 through September–November 2023.