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Businesses with Fewer Than 50 Employees Alone in Employing MORE People Over Last Decade

Small Is Beautiful



A trend of extremely small businesses – those with fewer than 50 employees; the majority of American employers – is that they have historically been underserved compared to their larger peers. This, in fact, is a primary reason why Winning Workplaces was founded in 2001 – to equip leaders of these firms with effective, bottom line-enhancing people practices.

Despite this disadvantage, however, on Small Business Trends today, Case Western Reserve University Entrepreneurial Studies Professor Scott Shane shares research from ADP which finds that while the number of people employed in organizations with 50 or more employees has fallen compared to the percentage in December 2000, that percentage is over 100% for firms with 1-49 employees. In other words, as Shane writes, **the jobs trend is better at very small establishments.**

This is why groups such as the Ewing Marion Kauffman Foundation have been urging policymakers to put more support mechanisms in place for very young businesses. Based on past recessions, it's a fact that many people who have been laid off, and/or who elect to leave their employers in a "Who's next?" workplace culture, will form new businesses to strike out on their own. Right now we're also in a climate in which, spurred by parental support and advances in technology translating to low overhead, an unprecedented number of young people are forming small ventures.

When you combine ADP's research with the SBA's findings that over the last 15 years, small businesses have generated almost two-thirds of the net new jobs, it seems imperative to support the formation of startups, as well as their growth. Winning Workplaces is focused on the latter as it pertains to activities for employee engagement and employee retention tips for leaders and managers.

Related: In February, when the economy was looking a lot more sluggish on the jobs front, I reported that over 50% of our Top Small Workplaces were hiring. See which ones here.

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