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Small Business Employment Increases, But Revenue Falls for Tenth Consecutive Month

Construction Only Sector to See Revenue Increase

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)-- U.S. small business employment increased 0.11 percent in January, while overall revenue dropped 0.4 percent in December, according to the monthly [Intuit Inc.](#) (Nasdaq: INTU) [Small Business Employment and Revenue Indexes](#). Construction was the only sector to see an increase in revenue.

The January employment increase represents 20,000 new jobs added and an annualized growth rate of 1.3 percent.

On a seasonally adjusted basis, average monthly compensation fell by 0.2 percent in January, or \$6, compared to the increase of \$13 seen in December. Average monthly hours worked decreased by 0.9 percent, or almost one hour, compared to the increase of five minutes seen last month. The index is based on data from [Intuit Online Payroll](#) and [QuickBooks Online Payroll](#), covering the period from Dec. 24 through Jan. 23.

“The rate of small business employment continues its slow climb after a slight dip from April through September 2012,” said [Susan Woodward](#), the economist who worked with Intuit to create the indexes. “However, the number of small business jobs now stands at a little over 19.9 million – still below the peak in April 2012, and well below its pre-recession level of 21.2 million jobs in March 2007. Given the continuing high levels of unemployment, we can expect little to no impact on small business wages and employment levels from the return of the employee payroll tax to its previous level of 6.2 percent. Instead, we will be much more likely to see a decline in the consumption spending of employees, who will be taking home less money.”

Decrease in Hours Worked, Compensation

Small business hourly employees worked an average of 105.1 hours in January, down slightly from the revised figure of 106.1 hours in December, making for a 24.3-hour workweek.

Average monthly pay for small business employees dropped to \$2,676 in January, down 0.2 percent from the December revised figure of \$2,682 per month. The equivalent annual wages would be about \$32,100 per year, which is part-time work for almost half of small business employees.

Small Business Employment by Geography

A breakdown of employment growth by state showed mixed results for January. Among the

33 states tracked by Intuit's Small Business Employment Index, 11 showed employment increases, two remained flat, and 20 showed decreases. Utah and Nevada saw the largest increases, while Michigan and Indiana saw the greatest declines.

State	Change in Employment (%)
Alabama	-0.14
Arizona	0.03
California	-0.07
Colorado	0.10
Connecticut	-0.06
Florida	-0.01
Georgia	0.05
Illinois	-0.04
Indiana	-0.14
Iowa	-0.08
Kansas	-0.07
Kentucky	-0.11
Louisiana	0.08
Maryland	-0.02
Massachusetts	-0.06
Michigan	-0.15
Minnesota	-0.06
Missouri	0.06
Nevada	0.17
New Jersey	-0.03
New York	-0.05
North Carolina	0.13
Ohio	-0.06
Oklahoma	-0.02
Oregon	0
Pennsylvania	-0.07
South Carolina	0.11
Tennessee	0.05
Texas	0.02
Utah	0.18
Virginia	-0.05
Washington	0
Wisconsin	-0.06

Small Business Employment results were mixed for the states in which Intuit Online Payroll and QuickBooks Online Payroll has more than 1,000 small business firms. The month-to-month changes are seasonally adjusted and informative about the overall

economy.

Small Business Revenue Decline

The December Small Business Revenue Index showed a 0.4 percent revenue decline on a per business basis. Construction was the sole industry to see an increase, at 0.3 percent. The real estate and retail industries saw the biggest drop-offs, at 0.8 percent each. This index is based on data from [QuickBooks Online](#) and covers the period from Dec. 1 – 31.

For the entire year, the construction industry was the only one with increased revenue, reporting a 3.1 percent rise, compared to a decline of 1.8 percent for small businesses overall. The retail and healthcare sectors reported the biggest decreases over the past year with a 5 percent and 3.8 percent decline respectively.

“The revenue decline that began in early 2012 coincides with a rise in self employment,” said Woodward. “This increase of new entrants into existing industries may explain the decline in revenue per business. There are now more businesses competing for business in the same markets.”

Sector	December Change in Revenue (%)
All	-0.4
Construction	+0.3
Real estate and rental and leasing	-0.8
Retail trade	-0.8
Health care and social assistance	-0.6
Professional, scientific, and technical services	-0.6
Accommodation, food services, and drinking places	-0.6
Other services	-0.3

The Intuit Small Business Revenue Index is based on data from more than 100,000 small businesses, a subset of the total QuickBooks Online financial management user base.

About The Intuit Small Business Indexes

The Intuit Small Business Indexes provide unique, near real-time information each month on the activity of the smallest businesses in the U.S. in terms of revenue, hiring and compensation trends. The Employment Index is based on anonymized, aggregated data from 170,000 small business employers, a subset of users that use [Intuit Online Payroll](#) and [QuickBooks Online Payroll](#). The Revenue Index is based on anonymized, aggregated data from approximately 100,000 small businesses, a subset of users that use Intuit's [QuickBooks Online](#) financial management offering and are matched in [Dun & Bradstreet's](#) small business industry classifications. Together, the indexes provide a more complete picture of the economic health of the nation's small businesses. More information on the Intuit Small Business Indexes is available at [index.intuit.com](#).

About Intuit Inc.

[Intuit Inc.](#) is a leading provider of business and financial management solutions for small and mid-sized businesses; financial institutions, including banks and credit unions; consumers and accounting professionals. Its flagship products and services, including [QuickBooks®](#), [Quicken®](#) and [TurboTax®](#), simplify small business management and [payroll processing](#), personal finance, and tax preparation and filing. [ProSeries®](#) and [Lacerte®](#) are Intuit's leading tax preparation offerings for professional accountants. Intuit Financial Services helps banks and credit unions grow by providing on-demand solutions and services that make it easier for consumers and businesses to manage their money.

Founded in 1983, Intuit had annual revenue of \$4.15 billion in its fiscal year 2012. The company has approximately 8,500 employees with major offices in the United States, Canada, the United Kingdom, India and other locations. More information can be found at www.intuit.com.

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