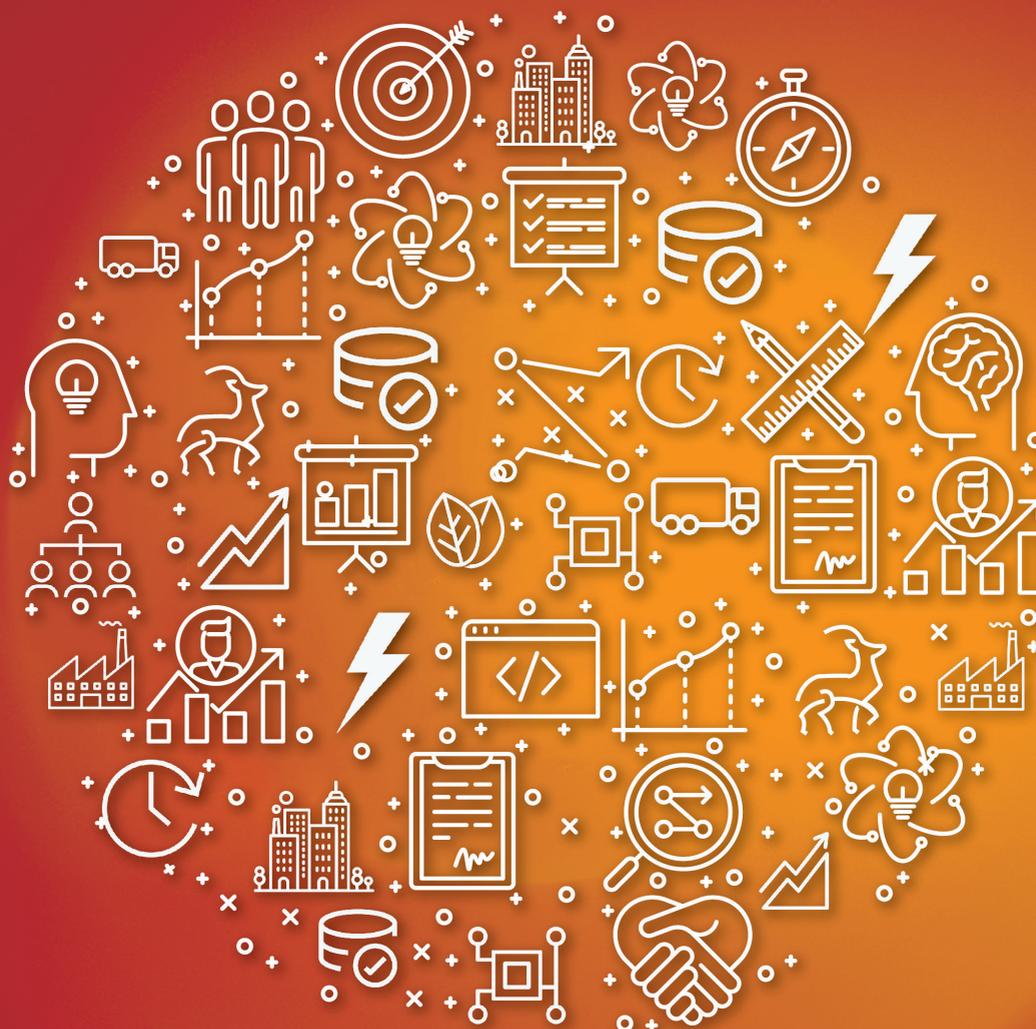




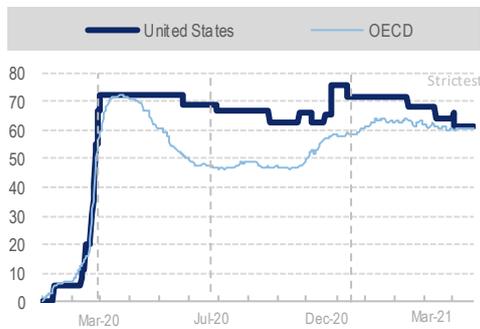
# OECD SME and Entrepreneurship Outlook 2021



## United States

Figure 6.112. COVID-19 impact on business dynamics and policy responses in the United States

### Stringency of government measures



The United States has gone through very strict restrictions since the start of the pandemic, governments measures steadily easing in the early 2021.

### Business dynamics



More firms have been created in the first semester of 2020 than in the same period the year before. Firm exits have also significantly increased over the period.

### Policy spotlight

Key measures to support SMEs and entrepreneurs through the COVID-19 crisis include:

**USD 349 billion Keeping American Workers Paid and Employed Act** managed by the SBA to provide loan guarantees and relief to small business borrowers and lenders. The Act includes:

- **Paycheck Protection Program** under the SBA's Section 7(a) Loan program ;
- **Economic Injury Disaster Loans (EIDL)** whose eligibility has been extended ;
- **Indebtedness eligibility threshold** increased for businesses (max. USD 7.5 million indebtedness).

**USD 51 billion American Rescue Plan Act**, with:

- USD 5 billion **for Supplemented Targeted Economic Injury Disaster Loan** payments ;
- USD 2.86 billion for a new **Restaurant Revitalization Fund** ;
- USD 7.25 billion for the **Paycheck Protection Program**, with new eligibility for non-profits ;
- USD 100 million for **community navigator programs** to help SMEs access COVID-19 assistance programs.

**USD 600 billion Main Street Lending Program** to provide loans to small and medium-sized businesses that were in sound financial condition before the onset of the pandemic.

### National SME and entrepreneurship policy framework

SME&E policies in the United States are defined as part of a multi-year Action Plan (every five years).

The 1953 Small Business Act, which established the **Small Business Administration (SBA)**, is the cornerstone of SME policy at Federal level. The SBA aims at improving access to finance, entrepreneurial development, government contracting and small business advocacy. The SBA is represented in every state, and is also responsible for the Small Business Support Centres at local level.

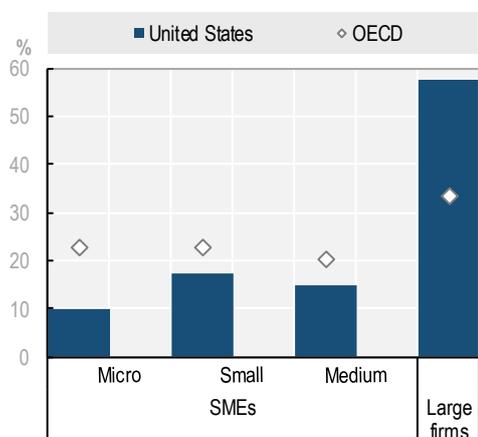
The "**SBA Strategic Plan 2018-22**" (2018) has four strategic goals: 1) Support small business revenue and job growth; 2) Build healthy entrepreneurial ecosystems and create business friendly environments; 3) Restore small businesses and communities after disasters; and 4) Strengthen SBA's ability to serve small businesses.

Source: Oxford stringency Index (April 2021); OECD TEI database 2021; and national sources (see country-specific references and definitions).

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**Figure 6.113. Factors of SME&E structural vulnerability in the United States**

**Size of the MSME and entrepreneurs sector**

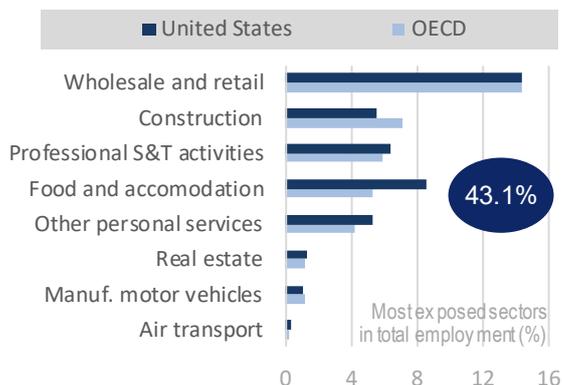


In the United States, the business population is rather made of large firms. The MSME sector contributes to 42% of total employment (OECD average 66%)....

... the country also counts few self-employed (6.1%).



**Economic exposure to lockdowns and business disruptions**

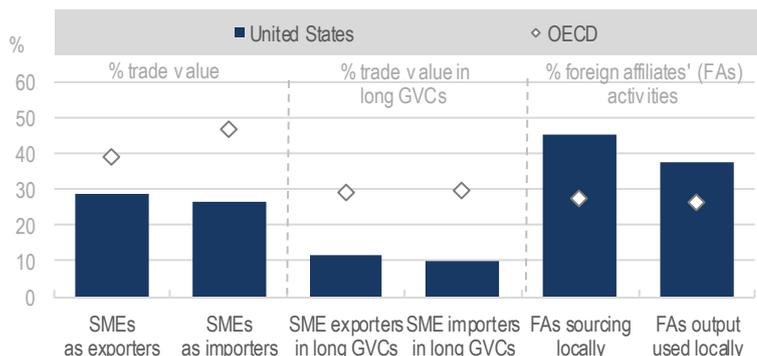


The US exposure to business disruptions is greater than in other OECD countries: the most affected sectors account for 43.1% of total employment (OECD average 39.7%).

Nevada has approximately 35% of jobs at risk - the highest share in the United States - due to the concentration of hospitality and tourism-related employers in the Las Vegas metropolitan area.

Before COVID-19, tourism accounted for 3.9% of total employment in the United States (OECD 6.7%).

**International trade and GVC exposure**



US SMEs were less exposed to disruptions in GVCs, being less engaged in international trade and long value chains.

Though, they may face difficulties if foreign direct investment are durably impacted, and foreign affiliates relocate their activities.

Source: Size of the MSME sector (2015): OECD SME&E Outlook 2019; Share of self-employed (2005-19): OECD LFS database 2020; Most exposed sectors (2018): (OECD, 2020), based on OECD ANA data; most exposed regions (2017): OECD Regional Outlook 2021; Tourism employment (2019): OECD Tourism database 2021; GVC exposure (2015 or 2016): OECD TEC database 2021 and Analytical AMNE database 2017 (see country-specific references and definitions).

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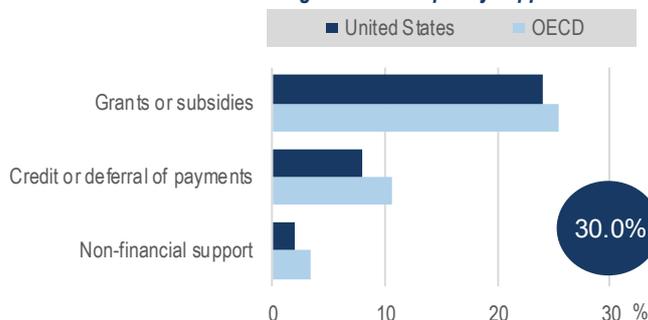
**Figure 6.114. Sources of SME&E resilience in the United States**

**Digital readiness**

The COVID-19 pandemic has strongly accelerated the expansion of e-commerce in 2020. Social distancing rules have moved companies and consumers increasingly online over the year. In the United States, the share of e-commerce in total retail sales jumped from an average of 10-12% in the period spanning from 2018 Q1 to 2020 Q1 to 17% in 2020 Q2.

One key element for SMEs is that online marketplaces enable them to trade across regions and countries and provide a wide range of complementary services (e.g. logistic, data analytics). This happens in both developed and developing economies.

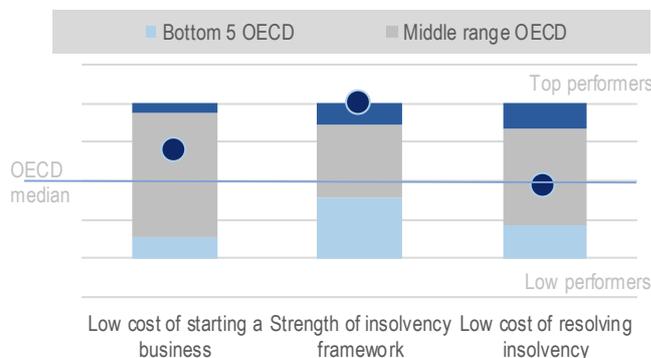
**Cash reserves and government liquidity support**



30% SMEs in the United States have been able to access and combine government support (as compared to 33.6% in the OECD).

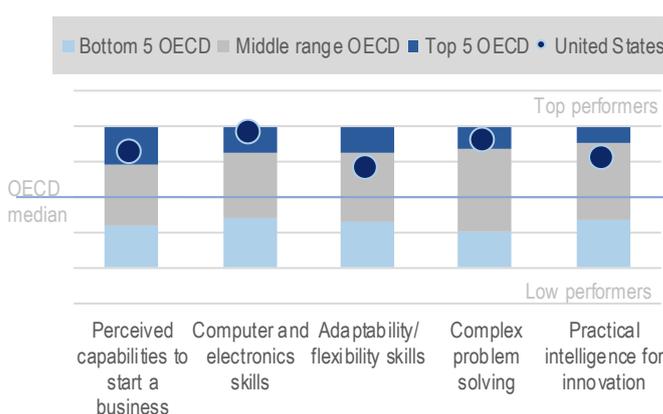
Non-repayable forms of support have been the most popular (24% of SMEs).

**Entrepreneurship regulatory framework**



The United States offers a good regulatory framework for entrepreneurship, with a particular strong insolvency regime.

**Innovation skills**



There is a very good balance of innovation skills in the US labour market and strong perceived capabilities for entrepreneurship.

Source: Digital readiness (2020): OECD E-commerce in the time of COVID-19 (OECD, 2020); Liquidity support (2020): Facebook/OECD/World Bank FBS Survey 2020; Entrepreneurship regulatory framework (2019): WB Doing Business 2020; Innovation skills (2019 and 2015): GEM 2019 and OECD Skills for Jobs database 2018 (see country-specific references and definitions).

StatLink <https://doi.org/10.1787/888934252473>

### ***Country notes***

- Structural business statistics come from the OECD SME&E Outlook 2019 and refer to 2015.
- Information on digital readiness is drawn from OECD (2020), “E-commerce in the time of COVID-19”, based on a survey undertaken by the US Chamber of Commerce (5 May 2020).

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## Annex A. Sources and definitions of benchmarking indicators

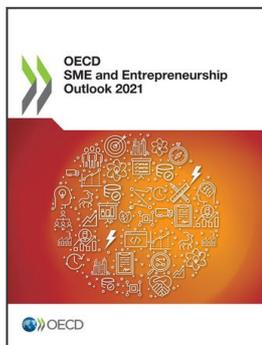
COVID-19 impact			
Stringency of government measures	Oxford Government Stringency Index	Government response stringency index, as a composite measure based on nine response indicators including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100 (100 = strictest). If policies vary at the subnational level, the index is shown as the response level of the strictest sub-region. Country values from January 2020 to April 2021.	<a href="https://ourworldindata.org/grapher/covid-stringency-index">https://ourworldindata.org/grapher/covid-stringency-index</a>
Business dynamics	Firm entries (%)	New enterprise creation January 2020-March 2021, year-on-year difference and cumulative year-on-year difference as a %. For the definition of enterprise creation, see methodology in primary source.	<a href="#">OECD Timely Indicators of Entrepreneurship (TIE) database</a>
	Firm exits (%)	Bankruptcies, January 2020-March 2021, year-on-year difference and cumulative year-on-year difference as a %. For the definition of bankruptcies, see methodology in primary source.	<a href="#">OECD Timely Indicators of Entrepreneurship (TIE) database</a>
Factors of vulnerability			
Size of the SME&E sector	Share of SMEs in total employment (%)	Employment by enterprise size as a percentage of all persons employed in business economy. Micro firms include firms with 1-9 persons employed; small firms: 10-49 persons employed; medium-sized firms: 50-249 persons employed; and large firms: more than 250 persons employed. Data refer to 2018 or latest year available.	<a href="#">OECD Structural and Demographic Business Statistics database (SDBS)</a>
	Share of SMEs in total value added (%)	Value added by enterprise size as a percentage of total business economy value added. Micro firms include firms with 1-9 persons employed; small firms: 10-49 persons employed; medium-sized firms: 50-249 persons employed; and large firms: more than 250 persons employed. Data refer to 2018 or latest year available.	<a href="#">OECD Structural and Demographic Business Statistics database (SDBS)</a>
	Share of self-employed in total employment (%)	Self-employment is defined as the employment of employers, workers who work for themselves, members of producers' co-operatives, and unpaid family workers. It is expressed as a percentage of total employment. Trends between 2005 and 2019.	<a href="#">OECD Annual Labour Force Statistics database</a>
Economic exposure to lockdowns and business disruptions	Most affected sectors, share in total employment (%)	The most affected sectors by COVID-19 containment measures, share of total employment (%), 2018 or latest year available.	<a href="#">OECD Statistical Insights: Small, Medium and Vulnerable (2020)</a> , calculations based OECD Annual National Accounts database.
	The region most at risk	Regions with the highest share of jobs at risk by country, TL2 regions, 2017.	OECD (2021), Regional Outlook 2021 based on <a href="#">OECD Job Creation and Local Economic Development 2020: Rebuilding Better</a>
	Direct contribution of tourism in total employment (%)	Tourism as a % of total employment, 2019 or latest year available.	<a href="#">OECD Tourism database</a>
International trade and GVC exposure	SMEs as exporters (%)	Share of SMEs in trade value, exports, 2015 or latest year available	<a href="#">OECD Trade by Enterprise Characteristics database</a>
	SMEs as importers (%)	Share of SMEs in trade value, imports, 2015 or latest year available	<a href="#">OECD Trade by Enterprise Characteristics</a>

			<a href="#">database</a>
	SME exporters in long GVCs (%)	Share of SMEs in trade value, exports, long GVCs, 2015 or latest year available	Calculations based on <a href="#">OECD Trade by Enterprise Characteristics database</a>
	SME importers in long GVCs (%)	Share of SMEs in trade value, imports, long GVCs, 2015 or latest year available	Calculations based on <a href="#">OECD Trade by Enterprise Characteristics database</a>
	Foreign affiliates (FAs) sourcing locally (%)	Sourcing structure of foreign affiliates, percentage of foreign affiliates' sourcing that comes from domestic multinationals (MNEs) and non-MNEs, total economy, 2016.	<a href="#">OECD Analytical AMNE database</a>
	FAs output used locally (%)	Output use of foreign affiliates, as a percentage of the output of foreign affiliates that is used by domestic MNEs and non-MNEs for intermediary consumption, total economy, 2016	<a href="#">OECD Analytical AMNE database</a>

#### Sources of resilience

Digital readiness	Broadband connection (%)	Percentage of small businesses [10-49] with a broadband download speed at least 100 Mbit/s (%). All activities in manufacturing and non-financial market services. Data refer to 2020 or latest year available. Distribution along a stylised curve of adoption (OECD, 2021).	<a href="#">OECD ICT Access and Usage by Businesses and OECD (2021), The Digital Transformation of SMEs.</a>
	Use of social media (%)	Percentage of small businesses [10-49] using social media (%). All activities in manufacturing and non-financial market services. Data refer to 2019 or latest year available. Distribution along a stylised curve of adoption (OECD, 2021).	<a href="#">OECD ICT Access and Usage by Businesses and OECD (2021), The Digital Transformation of SMEs</a>
	E-commerce (%)	Percentage of small businesses [10-49] receiving orders over computer networks (%). All activities in manufacturing and non-financial market services. Data refer to 2020 or latest year available. Distribution along a stylised curve of adoption (OECD, 2021).	<a href="#">OECD ICT Access and Usage by Businesses and OECD (2021), The Digital Transformation of SMEs</a>
	Cloud computing (%)	Percentage of small businesses [10-49] purchasing cloud computing services (%). All activities in manufacturing and non-financial market services. Data refer to 2020 or latest year available. Distribution along a stylised curve of adoption (OECD, 2021).	<a href="#">OECD ICT Access and Usage by Businesses and OECD (2021), The Digital Transformation of SMEs</a>
Cash reserves	SME profit, as a share of production (%)	Gross operating surplus of firms with less than 250 employees as a percentage of their production. Industry (excluding construction) only. Data refer to 2018 or latest year available.	<a href="#">OECD Structural and Demographic Business Statistics database (SDBS)</a>
Liquidity support	SMEs receiving government support, total (%)	Percentage of SMEs with a Facebook page that received government support, December 2020.	Facebook/OECD/World Bank (2020), Future of Business Survey
	SMEs receiving grants and subsidies (%)	Percentage of SMEs with a Facebook page that received government support in the form of grants or subsidies, December 2020.	Facebook/OECD/World Bank (2020), Future of Business Survey
	SMEs receiving credits and deferrals (%)	Percentage of SMEs with a Facebook page that received government support in the form of credit or deferral of payments, December 2020.	Facebook/OECD/World Bank (2020), Future of Business Survey
	SMEs receiving non-financial support (%)	Percentage of SMEs with a Facebook page that received non-financial government support (e.g. information, technical assistance or advisory services), December 2020.	Facebook/OECD/World Bank (2020), Future of Business Survey
Entrepreneurship regulatory framework	Simplification and evaluation of regulations (index)	Composite index that captures the government's communication strategy and efforts to reduce and simplify the administrative burden of interacting with the government, including impact assessment on competition, interaction with interest groups and the complexity of regulatory procedures. Scores from 0 - least restrictive - to 6 - most restrictive. Data refer to 2018.	<a href="#">OECD Product Market Regulation Indicators</a>
	Low administrative burdens on start-ups (index)	Component of the composite index "Barriers to domestic and foreign entry". Covers the administrative burden on joint-stock companies and personally-owned enterprises, as well as administrative burden related to licenses and permits procedures. Scores from 0 - least restrictive - to 6 - most restrictive. The indicator is	<a href="#">OECD Product Market Regulation Indicators</a>

		treated as a potential barrier to SME performance and country benchmark has been reversed (the higher the index performance is, the lower the administrative burdens are). Data refer to 2018.	
	Low cost of starting a business (in % of income per capita)	Captures the cost (in % of income per capita) for starting a business, registering property and to prepare, file and pay taxes. The indicator is treated as a potential barrier to SME performance and country benchmark has been reversed (the higher the index performance is, the lower the cost). Data refer to 2019.	World Bank Doing Business 2020 – <a href="#">Starting a business</a>
	Strength of insolvency framework (index)	Measures the insolvency law de jure. Calculated as the sum of the scores on 4 other indices: i) commencement of proceedings index (with a range of 0–3), ii) management of debtor’s assets index (0–6), iii) reorganization proceedings index (0–3) and iv) creditor participation index (0–4). The strength of insolvency framework index ranges from 0 to 16, with higher values indicating insolvency legislation that is better designed for the rehabilitation of viable firms and the liquidation of nonviable ones. Data refer to 2019.	World Bank Doing Business 2020 – <a href="#">Resolving insolvency</a>
	Low cost of resolving insolvency	Resolving insolvency (cost, % of estate). Indicator on the actual cost (in % of estate) to close a business. The indicator is treated as a potential barrier to SME performance and country benchmark has been reversed ((the higher the index performance is, the lower the cost). Data refer to 2019.	World Bank Doing Business 2020 - <a href="#">Resolving insolvency</a>
Innovation skills	Perceived capabilities to start a business (%)	Perceived entrepreneurial capabilities among adult population (%), as a percentage of 18-64 population (individuals involved in any stage of entrepreneurial activity excluded) who believe they have the required skills and knowledge to start a business. Scoring from 0 (low) to 100 (high). Data refer to 2019 or latest year available.	<a href="#">Global Entrepreneurship Monitor (GEM) - Adult Population Survey</a>
	Computer and electronics skills	Skills shortage or surplus of computer and electronics skills, i.e. knowledge of circuit boards, processors, chips, electronic equipment, and computer hardware and software, including applications and programming. Positive values indicate skill shortage while negative values point to skill surplus. The larger the absolute value, the larger the imbalance. Results are available on a scale that ranges between -1 and +1. The indicator is treated as a potential barrier to SME performance and country benchmark has been reversed ((the higher the index performance is, the lower the imbalance in skills use and availability in the country). Data refer to 2015.	<a href="#">OECD Skills for Jobs Database</a>
	Adaptability/ flexibility skills	Skills shortage or surplus of adaptability/flexibility skills. Positive values indicate skill shortage while negative values point to skill surplus. The larger the absolute value, the larger the imbalance. Results are available on a scale that ranges between -1 and +1. The indicator is treated as a potential barrier to SME performance and country benchmark has been reversed ((the higher the index performance is, the lower the imbalance in skills use and availability in the country). Data refer to 2015.	<a href="#">OECD Skills for Jobs Database</a>
	Complex problem solving skills	Skills shortage or surplus of complex problem solving, i.e. developed capacities used to solve novel, ill-defined problems in complex, real-world settings. Positive values indicate skill shortage while negative values point to skill surplus. The larger the absolute value, the larger the imbalance. Results are available on a scale that ranges between -1 and +1. The indicator is treated as a potential barrier to SME performance and country benchmark has been reversed ((the higher the index performance is, the lower the imbalance in skills use and availability in the country). Data refer to 2015.	<a href="#">OECD Skills for Jobs Database</a>
	Practical intelligence for innovation	Skills shortage or surplus of practical intelligence for innovation (workstyle). Positive values indicate skill shortage while negative values point to skill surplus. The larger the absolute value, the larger the imbalance. Results are available on a scale that ranges between -1 and +1. The indicator is treated as a potential barrier to SME performance and country benchmark has been reversed ((the higher the index performance is, the lower the imbalance in skills use and availability in the country). Data refer to 2015.	<a href="#">OECD Skills for Jobs Database</a>



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