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## Is Job Creation From Small Business Slowing? Not So Fast!

Two recent articles take aim at the role small businesses play in the creation of jobs. [The Washington Post](#) said last week that any new jobs small business creates have not arrived lately: August data from the National Federation of Independent [Business](#) (NFIB) shows a reduction of .05 people per company for the nation's smallest firms, and suggests employers are reluctant to hire in the face of an uncertain election.

A report from [SmartMoney](#) is equally grim, noting with cynicism that most small business owners are motivated more by flexible schedules than by burning ambition, making them even less inclined than their larger corporate neighbors to be currently and actively creating new jobs (unless, of course, the small firms are startups, who statistically create a consistent number of the economy's jobs).

My opinion: Not so fast.

[Dallas News' Sheryl Jean](#), reporting data from the [Intuit Small Business Employment Index](#), reports an increase in August of 30,000 jobs. In August, there were 45,000. The [Intuit](#) economist who authored the report does acknowledge small business is hurting:

"The employment rate has been slowing since April, and revenues have been falling since March, declining 2.7 percent from its most recent peak," Susan Woodward says. "At an annual rate, this is a decline of just over 6 percent, which is substantial."

[Salt Lake City](#) economist **Dr. Kelly Matthews** cites the uncertainty of an



Budding entrepreneurs need the "3 M's"--Money, Marketing and Mentoring--to succeed

unfinished election as a source of hesitation at the moment as well: “While many small businesses have their financial acts much more together than they did during the financial implosion of 2008, I continue to sense their hesitation to be adding new jobs. They’re more likely to squeeze a little more productivity from their current workers than to add new jobs at the moment as we await the election’s results.”

However, Matthews notes that significant job losses are currently centered in larger corporations such as the reductions **Kodak** and **Lexmark** just announced.

The lagging pace in the August results, in my opinion, is an anomaly that will resolve itself at the end of the political race (and is likely to improve to at least some degree regardless of the outcome). In the meantime, communities should look at organizations in current high growth sectors, such as IT, life sciences, healthcare and clean tech. They should also look for businesses currently in high-growth lifecycle phases such as product launches that are rich sources of jobs, even while growth for the small business sector continues to feel somewhat slow overall.

Meanwhile, all sources appear to agree the job creation from startup firms—as opposed to just small companies—continues to serve as one of the strongest sources for new U.S. jobs.

What should communities and job seekers do? I agree with the remarks of **Jim Clifton**, Chairman of **Gallup**, in his new book [The Coming Job Wars:](#)

“What the U.S. needs more than anything in its quest to win good new jobs in its cities is that rare talent [entrepreneurship] to start companies or to create new business models that work, that grow organizations—big ones, small ones, medium-sized ones, sustainable ones.”

I will add a strong “amen” to that statement. Job creation is here, and new job creation is coming. What we need is to supply the three “M’s”—Money, Marketing and Mentoring—to our nation’s richest resource—our budding and emerging new entrepreneurs. If they will put their hands up and step forward, we should do our best as communities and as a nation to provide the plans and programs that can help them emerge.

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