ENTREPRENEURSHIP IN 2020: CALIFORNIA SNAPSHOT

Entrepreneurship is important for job creation, innovation, and the economy. This brief provides a snapshot of various indicators related to early-stage entrepreneurial activity in California.

How many people are becoming entrepreneurs?
Since 1998, the rate of new entrepreneurs in California has been above the national rate.

In California, the rate of new entrepreneurs in 2020 was 0.43%, meaning that 4.3 out of every 1,000 adults became new entrepreneurs, on average, in a given month. This compares to 0.34% nationally.

How many jobs are created by new businesses?
Since 1996, the number of jobs created by startups in California has been above the national level.

There were 6.4 jobs created by startups per 1,000 people in California in 2020, compared to 5.0 jobs created by startups at the national level.

How many new entrepreneurs created their business out of opportunity?
The opportunity share of new entrepreneurs in California has been similar to the national level in recent years.

The opportunity share of new entrepreneurs was 79.7% in California in 2020, compared to 80.9% nationally.

How many businesses survive their first year?
Since 2011, the share of startups that survive at least one year has been higher in California compared to the national level.

In 2020, 81.8% of startups in California survived at least one year, compared to 78.1% of startups at the national level.

ABOUT THE DATA: Each of the indicators presented above come from the Kauffman Early-Stage Entrepreneurship Indicators. The rate of new entrepreneurs and the opportunity share of new entrepreneurs are calculated using 3-year moving averages. Startup early job creation and startup early survival rates are based on data from March 2020, and do not reflect the full effects of the pandemic. To learn more about trends in entrepreneurship in California, as well as the rest of the United States, visit indicators.kauffman.org

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