

## 1996 SMALL BUSINESS PROFILE

### SMALL BUSINESS: BACKBONE OF THE PENNSYLVANIA ECONOMY

The importance of small business to the state of Pennsylvania is once again evident in the 1996 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy.

Of the **230,543** full-time business firms with employees in Pennsylvania, **98.5** percent are small businesses (independent businesses with fewer than 500 workers). In addition to the number of employer businesses, there were also **373,000** full-time self-employed persons in Pennsylvania in 1995, for a total estimated full-time business population of **603,543** firms.

**Small Business Income** - the income of sole proprietors and partners rose **6.7** percent to **\$21.9** billion in 1995, while wage-and-salary income rose **4.7** percent. Total personal income rose **4.4** percent to **\$284.3** billion. The state also exported **\$13.0** billion of goods and services in 1995.

Pennsylvania's number of women-owned businesses, including part-time firms, increased **35.9** percent from 1987 to 1992, totaling **227,500**. The number of Black-owned firms, including part-time firms, increased **35.7** percent from 1987 to 1992, totaling **15,917** in 1992. The number of Hispanic-owned firms, including part-time businesses, rose **95.7** percent during the same time period with **5,186** firms in 1992. There has also been a

marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaska Natives. The number for the group grew from **7,189** in 1987, to **12,053** in 1992, representing a **67.7** percent increase.

Small businesses with fewer than 20 employees reported **7.2** percent employment growth from 1991 to 1995. These numbers clearly reflect the importance of small business firms as job creators in the state of Pennsylvania.

The composition of small business in Pennsylvania is very diverse. The **Health Services** industry is the largest small business employer in Pennsylvania. Other significant small business industries are, in descending order: **Eating and Drinking Places, Business Services, Wholesale Trade-Durable Goods, and Special Trade Contractors**. The fast-growing industries include **Transportation Services, Pipe Lines, except Natural Gas, and General Merchandise Stores, Social Services and Health Services**.

The number of new firms increased **3.5** percent, while new business incorporations increased **6.8** percent to **18,575**. The number of successor firms increased by **45.6** percent to **5,370**. Business bankruptcies declined by **8.1** percent but business failures increased by **0.7** percent.

An SBA Office of Advocacy study found that Pennsylvania's top lenders to small businesses in 1996 were:

Pennsylvania State Bank  
Jersey Shore State Bank  
Community Bank & Trust Company  
First National Bank of Berwick  
Old Forge Bank  
First National Bank of Leesport  
First Columbia Bank & Trust Company  
Columbia City Farmers National Bank  
Williamsport National Bank

Farmers National Bank of Emlenton  
Juniata Valley Bank  
8. Clearfield Bank & Trust Company

10. Wayne Bank

In sum, small businesses have a striking impact on Pennsylvania's economy. Not only do they play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1993, the latest year available, and was prepared for the Office of Advocacy, U.S. Small Business Administration by the Bureau of the Census, U.S. Department of Commerce.

The first table lists the industries that were the top five employers in the state, without regard to the size of the firm that provided the jobs. The next to last column in the table shows the percentage of persons employed in firms with fewer than 500 employees (small businesses) in those industries.

The second table lists the industries that employ the most people in firms with fewer than 500 employees. These are the top small business employing industries in the state. The "percent of total" column provides the percentage of total employment in the state accounted for by each of the industries listed.

The third table lists--for the 1991-1993 period--the fastest growing small business industries in the state. As many as five industries are shown. If fewer than 5 industries are shown, it is because 1991-1993 was a recessionary period in which there was little national employment growth. The industries listed represent those in which small businesses sustained the economy during a period of little aggregate employment growth.

Top Five Industries in Pennsylvania by Employment, 1993

INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	PERCENT SMALL	RANK
Health Services	569,340	12.5	38.6	1
Eating & Drinking Places	286,539	6.3	67.9	2
Business Services	235,779	5.2	53.5	3
Educational Services	169,047	3.7	29.6	4
Food Stores	162,013	3.6	48.2	5
TOTAL, ALL INDUSTRIES	4,554,424	100.0	51.9	

1993 Top 5 Small-Business-Dominated Industries in Pennsylvania by Employment,

INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	RANK
Health Services	219,885	9.3	1
Eating & Drinking Places	194,445	8.2	2
Business Services	126,242	5.3	3
Wholesale Trade-durable Goods	119,133	5.0	4
Special Trade Contractors	110,974	4.7	5
TOTAL, SMALL-BUSINESS-DOMINATED INDUSTRIES	2,362,694	100.0	

Fastest Growing Industries for Small Business in Pennsylvania, 1991 - 1993

INDUSTRY	SMALL BUSINESS EMPLOYMENT IN 1991	SMALL BUSINESS EMPLOYMENT IN 1993	PERCENT CHANGE, 1991-1993	RANK
Health Services	207,695	219,885	5.9	1
Educational Services	47,491	49,968	5.2	2
Eating & Drinking Places	186,894	194,445	4.0	3
Business Services	121,712	126,242	3.7	4

Office of Advocacy, U.S. Small Business Administration. Based upon Census data, prepared under contract.