



## 1997 SMALL BUSINESS PROFILE

### SMALL BUSINESS: BACKBONE OF THE MISSISSIPPI ECONOMY

The importance of small business to the state of Mississippi is evident in the 1997 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. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

**Number of Businesses** - In 1996, Mississippi had 49,916 businesses with employees; 97.13 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 74,000 self-employed persons in 1996 for an estimated total of 123,916 businesses.

**Small Business Income** - The income of sole proprietors and partners rose 6.2 percent to \$3.3 billion in 1996, while wage-and-salary income rose 4.8 percent. Total personal income rose 4.9 percent to \$28.5 billion. The state also exported \$1.2 billion of goods in 1996.

**Minority Businesses** - According to The National Foundation for Women Business Owners, as of 1996, there were 54,800 women-owned businesses in Mississippi, including part-time firms, employing 112,000 people and generating \$11.2 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 73.9 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 45.5 percent from 1987 to 1992, totaling 14,067 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 114.3 percent during the same time period with 660 firms in 1992. There has also been an increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 1,178 in 1987, to 1,765 in 1992, representing a 49.8 percent increase.

**Business Turnover** - The number of new firms decreased 0.1 percent, while new business incorporations increased 13.0 percent in 1996. Financial difficulties leading to business bankruptcies decreased by 0.7 percent and business failures decreased by 20.7 percent during 1996.

**Finance** - An SBA Office of Advocacy study found that the number of banks in Mississippi decreased from 118 in 1994 to 110 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
BANK OF HOLLY SPRINGS	Holly Springs
PIKE CTY NB	Mccomb
COMMUNITY BK ELLISVILLE MS	Ellisville
UNION PLANTERS BK SOUTHERN M	Hattiesburg
FIRST BK	Mccomb
STATE B&TC	Brookhaven
FIRST NB OF CLARKSDALE	Clarksdale
LAMAR BK	Purvis
MERCHANTS & FARMERS BK	Macon
UNION PLANTERS BK OF MS	Grenada
PEOPLES B&TC	Tupelo
HANCOCK BK	Gulfport

**Job Growth** - Small businesses created 89,693 of the 180,544 net new jobs from 1992 to 1996. Very small businesses (less than 20 employees) created 59.1 percent of the small business growth with 52,965 new jobs. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	31,899	21,066	11,424	25,303	90,851	180,544
Manufacturing	367	1,371	1,100	7,380	(22,473)	(12,252)
Retail Trade	8,328	4,044	3,191	2,970	8,282	26,815
Services	16,553	12,028	5,597	15,857	104,778	154,814
Other	6,652	3,621	1,534	(905)	263	11,168

**Industries** - The composition of small business in Mississippi is very diverse. The Health Services industry is the largest small business employer in Mississippi, followed by Eating & Drinking Places. The fastest growing industry for small business is Building Construction (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1, Top Five Industries in Mississippi by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	834,922	100.0	50.1
Health Services	8000	93,871	11.2	42.6
Eating & Drinking Places	5800	50,988	6.1	63.9
Food Stores	5400	31,894	3.8	48.9
Apparel	2300	30,068	3.6	30.1
Furniture & Fixtures	2500	29,241	3.5	39.6

Table 2, Top Five Small Business Industries in Mississippi by Employment, 1994

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	418,482	100.0	50.1
Health Services	8000	39,945	11.2	42.6
Eating & Drinking Places	5800	32,569	6.1	63.9
Special Trade Contractors	1700	20,644	2.6	95.8
Automotive Dealers & Gasoline Service Stations	5500	18,719	2.4	91.7
Wholesale Trade - Durable Goods	5000	18,136	2.7	81.4

Table 3, Fastest Growing Industries for Small Business in Mississippi, 1993 - 1994

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	408,206	418,482	10,276	2.5
Building Construction	8,084	9,906	1,822	22.5
Water Transportation	880	1,047	167	19.0
Special Trade Contractors	17,441	20,644	3,203	18.4
Social Services	9,419	11,010	1,591	16.9
Insurance Carriers	950	1,094	144	15.2

**Sources:** Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.