



1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE MISSISSIPPI ECONOMY

The importance of small business to the state of Mississippi is apparent in the 1998 Small Business Profile. This year's findings, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, indicate that small businesses are vital to the state's economy. Not only do small businesses play a critical role by efficiently reallocating the state's resources and injecting new ideas into the economy with business starts and stops, but their diversity and composition provide the work force with many opportunities.

Number of Businesses - In 1997, Mississippi had 50,852 businesses with employees; 97.0 percent of the businesses were small businesses (percent based on 1995 data for businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 91,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners rose 3.4 percent to \$3.4 billion in 1997, while wage-and-salary income rose 5.3 percent. The state also exported \$1.4 billion of goods in 1997. (In 1992, 60.0 percent of the exporters in the state were small businesses.)

Women-Owned 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 and 1996, the number of women-owned businesses increased 73.9 percent.

Minority Businesses - 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 - Between 1996 and 1997, the number of new firms increased 0.1 percent, while new business incorporations decreased 7.1 percent. Financial difficulties leading to business bankruptcies increased by 6.4 percent and business failures decreased by 19.7 percent.

Finance - An SBA Office of Advocacy study found that the number of banks in Mississippi decreased from 118 in 1994 to 108 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
BANK OF HOLLY SPRINGS	Holly Springs
MERCHANTS & MARINE BK	Pascagoula
COMMUNITY BK ELLISVILLE MS	Ellisville
FIRST BK	Mccomb
STATE B&TC	Brookhaven
PIKE CTY NB	Mccomb
MERCHANTS & FARMERS BK	Macon
UNION PLANTERS BK CENTRAL MS	Jackson
UNION PLANTERS BK OF MS	Grenada
PEOPLES B&TC	Tupelo
MERCHANTS & FARMERS BK	Kosciusko
HANCOCK BK	Gulfport

Small businesses seeking loans should also consider banks that participate in SBA loan programs. To locate an SBA preferred or certified lender near you, call 1-800-8-ASK-SBA.

Job Growth - From 1992 to 1996, small businesses (fewer than 500 employees) created 49.7 percent of the net new jobs. The figures below indicate 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 - Small firms in the state are represented in many industries. 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 Textile Mill Products (represents industries that were at least 0.25 percent

of the 1995 total). The following three tables provide information about the small business sector in the state.

Table 1, Top Five Industries by Employment, 1995

Industry	SIC	Total Empl.	Percent of total	Percent small
Total - All Industries	1	870,719	100.0	50.0
Health Services	8000	98,277	11.3	41.5
Eating & Drinking Places	5800	55,345	6.4	62.9
Food Stores	5400	32,715	3.8	51.2
Business Services	7300	32,652	3.8	52.8
Furniture & Fixtures	2500	28,497	3.3	35.1

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	435,765	100.0	50.0
Health Services	8000	40,760	11.3	41.5
Eating & Drinking Places	5800	34,792	6.4	62.9
Special Trade Contractors	1700	20,574	2.5	94.3
Auto. Dealers & Gas Service Stations	5500	20,017	2.5	91.3
Wholesale Trade - Durable Goods	5000	19,093	2.8	79.6

Table 3, Fastest Growing Industries in Employment for Small Business, 1994 - 1995

Industry	SIC	Small Bus. Empl. 1995	Net change	Percent change
Total - All Industries	1	435,765	17,283	4.0
Textile Mill Products	2200	1,418	466	32.9
Amusement & Recreation Services	7900	5,302	1,009	19.0
Chemicals & Allied Products	2800	1,023	175	17.1
Rubber & Miscellaneous Plastics Products	3000	3,443	535	15.5
Business Services	7300	17,236	2,272	13.2

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 for Women Business Owners, and Cognetics, Inc.