

1996 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE WEST VIRGINIA ECONOMY

The importance of small business to the state of West Virginia 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 **33,013** full-time business firms with employees in West Virginia, **97.1** percent are small businesses (independent businesses with fewer than 500 workers). In addition to the number of employer businesses, there were also **44,000** full-time self-employed persons in West Virginia in 1995, for a total estimated 1995 full-time business population of **77,013** firms.

Small Business Income - the income of sole proprietors and partners rose **7.4** percent to **\$2.1** billion in 1995, while wage-and-salary income rose **3.8** percent. Total personal income rose **4.6** percent to **\$33.2** billion. The state also exported **\$2.0** billion of goods and services in 1995.

West Virginia's number of women-owned businesses, including part-time firms, increased **35.9** percent from 1987 to 1992, totaling **30,644**. The number of Black-owned firms, including part-time firms, increased **50.3** percent from 1987 to 1992, totaling **1,093** in 1992. The number of Hispanic-owned firms, including part-time businesses, rose **76.8** percent during the same time period with **313** 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 **551** in 1987, to **712** in 1992, representing a **29.2** percent increase.

Small businesses with fewer than 20 employees reported **6.7** percent employment growth from 1991 to 1995. These numbers clearly reflect the importance of small business firms as job creators in the state of West Virginia.

The composition of small business in West Virginia is very diverse. The **Bituminous Coal and Lignite Mining** industry is the largest small business employer in West Virginia. Other significant small business industries are, in descending order: Special Trade Contractors, Trucking and Warehousing, General Building Contractors, and Lumber and Wood Products. The fast-growing industries include Primary Metals Industries, Transportation by Air, Insurance Carriers, Social Services, and Rubber and Miscellaneous Plastics Products.

The number of new firms increased **7.2** percent. Business bankruptcies increased by **1.3** percent but business failures declined by **2.7** percent.

An SBA Office of Advocacy study found that West Virginia's top ten lenders to small businesses in 1995 were:

1. Bank of Raleigh
2. Traders Bank Bkg. Corp.
3. Bank of White Sulphur Spring
4. Calhoun City Bank
5. Citizens National Bank of Elkins
6. Merchants National Bank of Montgomery
7. Bank of Gassaway
8. Bank of Romney
9. First National Bank in Marlinton
10. Bank of Paden City

In sum, small businesses have a striking impact on West Virginia'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 West Virginia by Employment, 1993

INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	PERCENT SMALL	RANK
Health Services	73,095	14.9	43.8	1
Eating & Drinking Places	36,079	7.3	68.5	2
Coal Mining	24,700	5.0	35.7	3
Food Stores	21,084	4.3	66.7	4
Wholesale Trade-durable Goods	17,325	3.5	74.2	5
TOTAL, ALL INDUSTRIES	491,678	100.0	53.3	

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

INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	RANK
Health Services	32,035	12.2	1
Eating & Drinking Places	24,713	9.4	2
Social Services	14,941	5.7	3
Food Stores	14,059	5.4	4
Wholesale Trade-durable Goods	12,858	4.9	5
TOTAL, SMALL-BUSINESS-DOMINATED INDUSTRIES	261,950	100.0	

Fastest Growing Industries for Small Business in West Virginia, 1991 - 1993

RANK	INDUSTRY	SMALL BUSINESS EMPLOYMENT IN 1991	SMALL BUSINESS EMPLOYMENT IN 1993	PERCENT CHANGE, 1991-1993
1	Social Services	11,729	14,941	27.4
2	Health Services	27,020	32,035	18.6
3	Eating & Drinking Places	23,473	24,713	5.3
4	Automotive Dealers & Service Station	11,929	12,237	2.6

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