



## 1998 SMALL BUSINESS PROFILE

### SMALL BUSINESS: HEART OF THE NORTH CAROLINA ECONOMY

The importance of small business to the state of North Carolina 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, North Carolina had 159,745 businesses with employees; 98.0 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 277,000 self-employed persons in 1997.

**Small Business Income** - The income of sole proprietors and partners rose 5.6 percent to \$10.8 billion in 1997, while wage-and-salary income rose 7.6 percent. The state also exported \$13.1 billion of goods in 1997 (in 1992, 76.6 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 197,700 women-owned businesses in North Carolina, including part-time firms, employing 236,200 people and generating \$50.0 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 94.3 percent.

**Minority Businesses** - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 50.0 percent from 1987 to 1992, totaling 29,221 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 205.2 percent during the same time period with 2,802 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 3,827 in 1987, to 6,155 in 1992, representing a 60.8 percent increase.

**Business Turnover** - Between 1996 and 1997, the number of new firms increased 5.6 percent, while new business incorporations increased 6.8 percent. Financial difficulties leading to business bankruptcies increased by 2.4 percent and business failures decreased by 0.7 percent.

**Finance** - An SBA Office of Advocacy study found that the number of banks in North Carolina decreased from 69 in 1994 to 57 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
WILKES NB	Wilkesboro
YADKIN VALLEY B&TC	Elkin
EAST CAROLINA BK	Engelhard
CAROLINA CMNTY BK	Murphy
FIDELITY BK	Fuquay-Varina
TRIANGLE BK	Raleigh
BRANCH BKG&TC	Winston-Salem

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 all 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	131,080	74,832	51,928	41,027	(74,481)	224,386
Manufacturing	3,279	5,583	5,717	(92)	(64,210)	(49,722)
Retail Trade	25,011	10,012	13,609	2,067	(9,105)	41,594
Services	68,957	41,466	27,409	34,593	(9,862)	162,562
Other	33,832	17,772	5,193	4,458	8,696	69,951

**Industries** - Small firms in the state are represented in many industries. The Eating & Drinking Places industry is the largest small business employer in North Carolina, followed by Health Services. The fastest growing industry for small business is Transportation By Air (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	2,991,679	100.0	47.6
Health Services	8000	275,066	9.2	39.2
Eating & Drinking Places	5800	209,642	7.0	60.7
Textile Mill Products	2200	194,988	6.5	22.8
Business Services	7300	169,791	5.7	46.1
Wholesale Trade - Durable Goods	5000	104,961	3.5	73.7

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	1,424,448	100.0	47.6
Eating & Drinking Places	5800	127,233	7.0	60.7
Health Services	8000	107,713	9.2	39.2
Special Trade Contractors	1700	97,166	3.4	94.7
Business Services	7300	78,213	5.7	46.1
Wholesale Trade - Durable Goods	5000	77,337	3.5	73.7

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	1,424,448	57,007	4.0
Transportation By Air	4500	1,929	261	13.5
Transportation Equipment	3700	6,438	807	12.5
Agricultural Services	700	14,896	1,826	12.3
Chemicals & Allied Products	2800	6,637	718	10.8
Building Construction	1500	39,680	3,828	9.6

**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.