



1999 SMALL BUSINESS PROFILE: ARKANSAS

By any measure, small businesses are critical to the economic well-being of Arkansas. They create new businesses (and the new jobs that go with them); bring new and innovative services and products to the marketplace; and provide business ownership opportunities to diverse (and traditionally underrepresented) groups. These contributions are clearly established in the statistical portrait contained in this *Small Business Profile* compiled by the U.S. Small Business Administration's Office of Advocacy.

Number of Businesses. In 1998 there were 59,000 businesses with employees, of which approximately 97 percent were small businesses (fewer than 500 employees). The number of small businesses with employees increased by 0.9 percent from 58,500 in 1997. There were 113,000 self-employed persons in 1998. While there is some overlap between these two groups (firms with employees and self-employed persons), a rough calculation puts the total number of businesses at 172,000. (Sources: U.S. Dept. of Labor, Employment and Training Administration; U.S. Dept. of Commerce, Bureau of the Census; U.S. Dept. of Labor, Bureau of Labor Statistics)

Women-Owned Businesses. There were 44,000 self-employed women in 1998, representing 38.9 percent of total self-employment in the state. (Source: U.S. Dept. of Labor, Bureau of Labor Statistics)

Minority-Owned Businesses. According to the latest figures available, there were 7,594 minority-owned businesses in 1992, including 5,738 Black-owned businesses; 701 Hispanic-owned firms; and 1,214 firms owned by Asians, Pacific Islanders, American Indians, and Alaskan Natives. (Data may not add to the total because an owner may be a member of more than one minority group). Of these businesses, 1,120 had employees, with employment totaling 5,770. (Source: U.S. Dept. of Commerce, Bureau of the Census)

Business Turnover. In 1998, 5,400 new employer firms were formed, 10.4 percent fewer than the number formed in 1997. There were 6,900 business terminations in 1998, a 21.3 percent increase from 1997. Business bankruptcies totaled 408 in 1998, a 24.3 percent decrease from 1997. (Sources: U.S. Dept. of Labor, Employment and Training Administration; Administrative Office of the U.S. Courts; U.S. Dept. of Commerce, Bureau of the Census)

Employment. In 1996, businesses with fewer than 500 employees accounted for 459,600 employees, or 50.4 percent of the state's 911,900 private-sector non-farm employment. Small-business employment was concentrated in the following sectors: construction, agricultural services, and wholesale trade (see Table 1). Small businesses added a net total of 11,000 employees between 1995 and 1996, accounting for 64.4 percent of the total private non-farm employment change in the state (see Table 2). The industries with the greatest percentage increases in employment among small businesses were: educational services; real estate; and auto repair, services, and parking; (see Table 3). (Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses)

Recent figures show that small firm job growth has continued. According to data prepared for the SBA's Office of

Advocacy by Cognetics, Inc., non-farm businesses added 66,200 net new jobs in the state between 1994 and 1998. In almost all industries, the most prolific job creators were firms with fewer than five employees. (Source: Cognetics, Inc.)

Small Business Income. There is no single measure of small business profitability because firms may operate as sole proprietorships, partnerships or corporations. A partial measure — non-farm proprietors' income — totaled \$3.8 billion in 1998, an increase of 6.2 percent from \$3.6 billion in 1997. (Source: U.S. Dept. of Commerce)

Finance. The SBA's Office of Advocacy ranked the 221 banks in the state that filed "call reports" with federal banking regulators on the basis of dollar value, number, and percentage of small commercial loans (under \$1 million) outstanding on June 30, 1998. (See Table 4 for the top-ranking small-business-friendly banks.) In addition to these banks, small businesses seeking loans should consider lenders that participate in the SBA's loan programs (so-called "preferred" or "certified" lenders); for a list of these lenders, call the Small Business Answer Desk at (800) 827-5722. Small businesses looking for qualified investors can also turn to the Access to Capital Electronic Network (*ACE-Net*). For more information, contact an *ACE-Net* operator at (501) 374-9248 or via e-mail at jwisener@arcapital.com.

To learn more about the Office of Advocacy's data, analyses, and research reports on small business, call (202) 205-6530 or visit the office's Web site at www.sba.gov/advo.

TABLES

Table 1. Employment by Industry and Firm Size, 1996 (thousands)

<i>Industry</i>	<i>Firm Size by Number of Employees</i>			<i>< 500 as Percent of Industry Total</i>
	<i>Total</i>	<i>1-19</i>	<i>1-499</i>	
Total non-farm employment	911.9	184.2	459.6	50.4
Agricultural services	7.3	3.4	6.2	84.3
Mining	3.6	0.9	2.4	66.4
Construction	42.7	20.6	40.8	95.5
Manufacturing	245.4	13.8	63.7	25.9
Transportation, communications, and utilities	63.4	8.8	25.2	39.8
Wholesale trade	50.4	14.2	34.3	68.0
Retail trade	195.5	47.2	109.6	56.0
Finance, insurance, and real estate	41.9	9.9	23.6	56.3
Services	261.4	65.2	153.8	58.8
Unclassified	0.2	0.2	0.2	100.0

Source: U.S. Dept. of Commerce, Bureau of the Census.

Table 2. Non-Farm Job Gains and Losses by Firm Size, 1995–1996 (thousands)

	<i>Total</i>	<i>Firm Size</i>	
		<i>1–19</i>	<i>1–499</i>
Gains:			
New establishments	45.0	17.6	29.8
Expanding establishments	88.0	27.6	53.8
Losses:			
Downsized establishments	(78.9)	(18.0)	(42.8)
Closed establishments	<u>(37.0)</u>	<u>(15.5)</u>	<u>(29.8)</u>
Net change in employment	17.1	11.8	11.0

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 1999

Table 3. Fastest Small Business Employment Growth by Industry, 1995–1996 (thousands)

<i>Industry</i>	<i>SIC</i>	<i>Small Business Employment 1996</i>	<i>Net Change*</i>	<i>Percent Change</i>
Total, all industries		459.6	5.1	1.1
Educational services	8200	7.2	0.7	10.3
Real estate	6500	7.8	0.7	10.0
Auto repair, services, and parking	7500	6.7	0.5	8.4
Building materials and garden supplies	5200	6.1	0.3	5.5
Engineering and management services	8700	10.0	0.5	5.1

* Net change in Table 2 differs by definition from net change in Table 3. Table 2 uses dynamic data to track changes in individual businesses over time, whereas Table 3 uses static data to take snapshots of the universe of businesses at two different points in time.

Note: Table shows the top five industries. Includes only businesses with fewer than 500 employees. Industries with less than 1 percent change in small business employment are not included.

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 1999.

Table 4. Small-Business-Friendly Banks, 1998

<i>Bank Name</i>	<i>Location</i>
National Bank of Arkansas	North Little Rock
Malvern National Bank	Malvern
Commercial National Bank	Texarkana
First Nations Bank	Searcy
Merchants and Planters Bank	Newport
Merchants and Farmers Bank	West Helena
Bank of Yellville	Yellville
Simmons First Bank Jonesboro	Jonesboro
First National Bank in Mena	Mena
Midsouth Bank	Monette
First Arkansas Bank and Trust Company	Jacksonville
National Bank of Commerce of El Dorado	El Dorado
First National Bank of Fort Smith	Fort Smith
Mercantile Bank of Arkansas N.A.	North Little Rock

Source: U.S. Small Business Administration, Office of Advocacy, from data collected by the Federal Reserve Board.
The full list of small-business-friendly banks can be found on the Office of Advocacy's Web site at www.sba.gov/advo/lendinginus2.html.