



1997 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE MARYLAND ECONOMY

The importance of small business to the state of Maryland 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, Maryland had 121,932 businesses with employees; 97.8 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 162,000 self-employed persons in 1996, for an estimated total of 283,932 businesses.

Small Business Income - The income of sole proprietors and partners rose 3.8 percent to \$7.5 billion in 1996, while wage-and-salary income rose 4.4 percent. Total personal income rose 4.3 percent to \$78.1 billion. The state also exported \$3.5 billion of goods in 1996.

Minority Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 167,200 women-owned businesses in Maryland, including part-time firms, employing 301,300 people and generating \$39.2 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 87.67 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 65.0 percent from 1987 to 1992, totaling 35,758 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 148.7 percent during the same time period with 7,289 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 7,954 in 1987, to 13,697 in 1992, representing a 72.2 percent increase.

Business Turnover - The number of new firms decreased 24.7 percent, while new business incorporations increased 3.4 percent in 1996. Financial difficulties leading to business bankruptcies decreased by 1.7 percent and business failures decreased by 10.2 percent during 1996.

Finance - An SBA Office of Advocacy study found that the number of banks in Maryland decreased from 96 in 1994 to 89 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
BANK OF ANNAPOLIS	Annapolis
HOME BK	Newark
PENINSULA BK	Princess Anne
CALVERT B&TC	Prince Frederick
FIRST UNITED NB&TC	Oakland
SAINT MICHAELS BK	Saint Michaels
WESTMINSTER B&TC CARROLL CTY	Westminster
BANK OF GLEN BURNIE	Glen Burnie
PEOPLES BK OF KENT CTY MD	Chestertown
FARMERS & MECHANICS NB	Frederick
FIRST NB OF MD	Baltimore
FIRST UNION NB	Elkton

Job Growth - Small businesses created 244,829 of the 262,538 net new jobs from 1992 to 1996. Very small businesses (< 20 employees) created 68.4 percent of the small business growth with 167,400 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	126,374	41,026	24,863	52,566	17,709	262,538
Manufacturing	2,400	1,499	(136)	2,716	(13,382)	(6,902)
Retail Trade	21,711	1,430	6,942	4,429	(17,044)	17,472
Services	72,037	25,514	13,987	34,089	60,576	206,202
Other	30,224	12,583	4,067	11,331	(12,441)	45,767

Industries - The composition of small business in Maryland is very diverse. The Eating & Drinking Places industry is the largest small business employer in Maryland, followed by Health Services. The fastest growing industry for small business is Nondepository Credit Institutions (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 Maryland by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	1,752,158	100.0	54.7
Health Services	8000	197,509	11.3	41.2
Business Services	7300	145,400	8.3	52.4
Eating & Drinking Places	5800	128,720	7.3	63.4
Engineering, Accounting, Research, Management, & Related Services	8700	86,073	4.9	60.0
Special Trade Contractors	1700	76,991	4.4	94.7

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

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	959,203	100.0	54.7
Eating & Drinking Places	5800	81,550	7.3	63.4
Health Services	8000	81,434	11.3	41.2
Business Services	7300	76,216	8.3	52.4
Special Trade Contractors	1700	72,896	4.4	94.7
Engineering, Accounting, Research, Management, & Related Services	8700	51,680	4.9	60.0

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

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	947,904	959,203	11,299	1.2
Nondepository Credit Institutions	3,130	4,519	1,389	44.4
Automotive Repair, Services, & Parking	14,495	15,965	1,470	10.1
Electronic & Electrical Equipment & Components Except Computer	4,317	4,703	386	8.9
Industrial & Commercial Machinery & Computer Equipment	6,292	6,716	424	6.7
Motor Freight Transportation & Warehousing	15,147	16,055	908	6.0

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.