



1997 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE NEW JERSEY ECONOMY

The importance of small business to the state of New Jersey 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, New Jersey had 214,648 businesses with employees; 98.5 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 177,000 self-employed persons in 1996, for an estimated total of 391,648 businesses.

Small Business Income - The income of sole proprietors and partners rose 3.9 percent to \$15.6 billion in 1996, while wage-and-salary income rose 4.8 percent. Total personal income rose 4.7 percent to \$148.1 billion. The state also exported \$18.5 billion of goods in 1996.

Minority Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 220,600 women-owned businesses in New Jersey, including part-time firms, employing 616,500 people and generating \$91.0 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 72.7 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 38.3 percent from 1987 to 1992, totaling 20,137 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 83.5 percent during the same time period with 22,198 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 12,665 in 1987, to 23,116 in 1992, representing an 82.5 percent increase.

Business Turnover - The number of new firms increased 0.8 percent, while new business incorporations decreased 6.5 percent in 1996. Financial difficulties leading to business bankruptcies decreased by 10.6 percent and business failures decreased by 11.8 percent during 1996.

Finance - An SBA Office of Advocacy study found that the number of banks in New Jersey decreased from 95 in 1994 to 75 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
BURLINGTON CTY BK	Burlington
BANK OF GLOUCESTER CTY	Deptford Township
MINOTOLA NB	Vineland
CONTINENTAL BK OF NJ	Laurel Springs
TINTON FALLS ST BK	Tinton Falls
SKYLANDS CMNTY BK	Hackettstown
FARMERS & MRCH NB OF BRIDGET	Bridgeton
COMMUNITY NB OF NJ	Westmont
PRESTIGE ST BK	Flemington
BROAD NB	Newark
HUDSON UNITED BK	Union City
FLEET BK NA	Jersey City
MIDLANTIC BK NA	Newark

Job Growth - Small businesses created all of the net new jobs from 1992 to 1996. Very small businesses (less than 20 employees) represented 85.4 percent of the small business growth. 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	339,265	61,314	15,827	52,784	(170,750)	298,439
Manufacturing	7,828	2,649	(6,057)	85	(70,194)	(65,689)
Retail Trade	63,663	9,715	3,533	16,431	(13,890)	79,453
Services	164,410	32,253	20,312	28,759	(19,721)	226,015
Other	103,364	16,698	(1,963)	7,509	(66,946)	58,661

Industries - The composition of small business in New Jersey is very diverse. The Health Services industry is the largest small business employer in New Jersey, followed by Business 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 New Jersey by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	3,124,484	100.0	52.3
Health Services	8000	343,304	11.0	39.4
Business Services	7300	234,265	7.5	55.0
Wholesale Trade - Durable Goods	5000	157,874	5.1	67.9
Eating & Drinking Places	5800	154,745	5.0	70.4
Wholesale Trade-Nondurable Goods	5100	138,604	4.4	53.9

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

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	1,634,392	100.0	52.3
Health Services	8000	135,200	11.0	39.4
Business Services	7300	128,789	7.5	55.0
Eating & Drinking Places	5800	108,892	5.0	70.4
Wholesale Trade - Durable Goods	5000	107,147	5.1	67.9
Wholesale Trade-Nondurable Goods	5100	74,708	4.4	53.9

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

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	1,635,433	1,634,392	(1,041)	(0.1)
Nondepository Credit Institutions	6,631	7,842	1,211	18.3
Transportation Services	12,277	12,997	720	5.9
Amusement & Recreation Services	23,331	24,594	1,263	5.4
Miscellaneous Repair Services	10,308	10,864	556	5.4
General Merchandise Stores	3,906	4,095	189	4.8

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.