

1996 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE CONNECTICUT ECONOMY

The importance of small business to the state of Connecticut 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 **78,084** full-time business firms with employees in Connecticut, **97.7** percent are small businesses (independent businesses with fewer than 500 workers). In addition to the number of employer businesses, there were also **121,000** full-time self-employed persons in Connecticut in 1995, for a total estimated full-time business population of **199,084** firms.

Small Business Income - The income of sole proprietors and partners rose **6.2** percent to **\$6.8** billion in 1995, while wage-and-salary income rose **5.1** percent. Total personal income rose **4.5** percent to **\$100.6** billion. The state also exported **\$5.7** billion of goods and services in 1995.

Connecticut's number of women-owned businesses, including part-time firms, increased **31.2** percent from 1987 to 1992, totaling **79,931**. The number of Black-owned firms, including part-time firms, increased **40.7** percent from 1987 to 1992, totaling **5,714** in 1992. The number of Hispanic-owned firms, including part-time businesses, rose **101.4** percent during the same time period with **4,502** 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 **2,051** in 1987, to **3,485** in 1992, representing a **69.9** percent

increase.

Small businesses with fewer than 20 employees reported **5.2** percent employment growth from 1991 to 1995. These numbers clearly reflect the importance of small business firms as job creators in the state of Connecticut.

The composition of small business in Connecticut is very diverse. The **Health Services** industry is the largest small business employer in Connecticut. Other significant small business industries are, in descending order: **Eating and Drinking Places, Business Services, Wholesale Trade-Durable Goods, and Social Services**. The fast-growing industries include **Security and Commodity Brokers and Services, Insurance Carriers, Instruments and Related Products, Agricultural Services, and Health Services**.

Business bankruptcies declined by **0.5** percent and business failures decreased by **16.5** percent. The number of new firms declined **5.2** percent. New business incorporations declined by **0.8** percent in 1995.

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

1. Equity Bank
2. Bank of Southington
3. North American Bank & Trust Company
4. Manchester State Bank
5. Maritime Bank & Trust Company
6. New England Bank & Trust Company
7. Salisbury Bank & Trust Company
8. First Bank
9. Canaan National Bank
10. Heritage Bank

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

INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	PERCENT SMALL	RANK
Health Services	162,757	11.6	47.7	1
Business Services	89,477	6.4	51.4	2
Eating & Drinking Places	74,599	5.3	72.7	3
Insurance Carriers	70,486	5.0	6.2	4
Transportation Equip.	63,722	4.5	6.0	5
TOTAL, ALL INDUSTRIES	1,403,146	100.0	51.1	

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

INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	RANK
Health Services	77,631	10.8	1
Eating & Drinking Places	54,243	7.6	2
Business Services	45,953	6.4	3
Wholesale Trade-durable Goods	35,216	4.9	4
Social Services	28,862	4.0	5
TOTAL, SMALL-BUSINESS-DOMINATED INDUSTRIES	716,656	100.0	

Fastest Growing Industries for Small Business in Connecticut, 1991 - 1993

INDUSTRY	SMALL BUSINESS EMPLOYMENT IN		PERCENT CHANGE, 1991-1993	RANK
	1991	1993		
Insurance Carriers	2,850	4,340	52.3	1
Educational Services	14,604	15,789	8.1	2
Health Services	73,254	77,631	6.0	3
Eating & Drinking Places	52,801	54,243	2.7	4
Transportation Equip.	0	3,840	0.0	5