

## **1996 SMALL BUSINESS PROFILE**

### **SMALL BUSINESS: BACKBONE OF THE ILLINOIS ECONOMY**

The importance of small business to the state of Illinois 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 **238,362** full-time business firms with employees in Illinois, **98.4** percent are small businesses (independent businesses with fewer than 500 workers). In addition to the number of employer businesses, there were also **373,000** full-time self-employed persons in Illinois in 1995, for a total estimated full-time business population of **611,362** firms.

**Small Business Income** - the income of sole proprietors and partners rose **8.0** percent to **\$20.0** billion in 1995, while wage-and-salary income rose **5.9** percent. Total personal income rose **5.8** percent to **\$297.6** billion. The state also exported **\$22.1** billion of goods and services in 1995, a **16** percent increase.

Illinois' number of women-owned businesses, including part-time firms, increased **41.5** percent from 1987 to 1992, totaling **250,613**. The number of Black-owned firms, including part-time firms, increased **49.6** percent from 1987 to 1992, totaling **28,433** in 1992. The number of Hispanic-owned firms, including part-time businesses, rose **90.6** percent during the same time period with **18,368** 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 **14,872** in 1987, to **21,743** in 1992, representing a **46.2** percent increase.

Small businesses with fewer than 20 employees reported **8.7** percent employment growth from 1991 to 1995. These numbers clearly reflect the importance of small business firms as job creators in the state of Illinois.

The composition of small business in Illinois is very diverse. The **Eating and Drinking Places** industry is the largest small business employer in Illinois. Other significant small business industries are, in descending order: **Health Services, Business Services, Wholesale Trade-Durable Goods, and Special Trade Contractors**. The fast-growing industries include **Transportation by Air, Museums-Botanical-Zoological Gardens, Agricultural Services, and Social Services**. The number of new firms increased **1.5** percent during 1995. New business incorporations increased by **0.6** percent to **34,495** in 1995. Business bankruptcies declined by **7.3** percent and business failures decreased by **4.2** percent during 1995.

The SBA's Office of Advocacy study also found that Illinois' top lenders to small businesses in 1996 were:

- First National Bank of Wheaton
- Peoples State Bank Mansfield
- First National Bank of Antioch
- First Trust & Savings Bank Taylorville
- Mercantile Trust & Savings Bank
- First Mid-IL Bank & Trust NA
- Palmer-American National Bank Danville
- Bank of Edwardsville
- Security Bank & Trust Company
- Bank of Alton
- Mid City National Bank of Chicago
- Amcore Bank NA

Harris Trust & Savings Bank  
First National Bank of Chicago

Northern Trust Company  
LaSalle National Bank

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

INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	PERCENT SMALL	RANK
Health Services	479,902	10.2	41.3	1
Business Services	325,294	6.9	49.5	2
Eating & Drinking Places	313,139	6.7	68.8	3
Wholesale Trade-durable Goods	214,037	4.6	63.5	4
Industrial Machinery & Equip.	145,828	3.1	46.6	5
TOTAL, ALL INDUSTRIES	4,688,244	100.0	51.5	

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

INDUSTRY	NUMBER OF JOBS	PERCENT OF TOTAL	RANK
Eating & Drinking Places	215,493	8.9	1
Health Services	198,143	8.2	2
Business Services	161,076	6.7	3
Wholesale Trade-durable Goods	135,987	5.6	4
Special Trade Contractors	117,161	4.9	5
TOTAL, SMALL-BUSINESS-DOMINATED INDUSTRIES	2,412,771	100.0	

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

INDUSTRY	SMALL BUSINESS EMPLOYMENT IN 1991	SMALL BUSINESS EMPLOYMENT IN 1993	PERCENT CHANGE, 1991-1993	RANK
Health Services	175,341	198,143	13.0	1
Eating & Drinking Places	210,440	215,493	2.4	2
Business Services	160,125	161,076	0.6	3
Wholesale Trade-durable Goods	135,624	135,987	0.3	4

Office of Advocacy, U.S. Small Business Administration. Based upon Census data, prepared under contract.