



1997 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE SOUTH CAROLINA ECONOMY

The importance of small business to the state of South Carolina 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, South Carolina had 80,353 businesses with employees; 97.5 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 102,000 self-employed persons in 1996, for an estimated total of 182,353 businesses.

Small Business Income - The income of sole proprietors and partners rose 5.7 percent to \$3.9 billion in 1996, while wage-and-salary income rose 4.7 percent. Total personal income rose 4.8 percent to \$46.6 billion. The state also exported \$4.9 billion of goods in 1996.

Minority Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 89,800 women-owned businesses in South Carolina, including part-time firms, employing 174,200 people and generating \$16.5 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 93.8 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 43.1 percent from 1987 to 1992, totaling 18,343 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 169.0 percent during the same time period with 1,057 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 965 in 1987, to 1,877 in 1992, representing a 94.5 percent increase.

Business Turnover - The number of new firms increased 3.9 percent, while new business incorporations increased 5.9 percent in 1996. Financial difficulties leading to business bankruptcies decreased by 23.1 percent and business failures decreased by 23.5 percent during 1996.

Finance - An SBA Office of Advocacy study found that the number of banks in South Carolina decreased from 77 in 1994 to 75 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

| Bank Name | Location |
|----------------------|------------|
| ANDERSON BROS BK | Mullins |
| BANK OF WALTERBORO | Walterboro |
| BANK OF SC | Charleston |
| ENTERPRISE BK OF SC | Ehrhardt |
| FIRST NB | Orangeburg |
| M S BAILEY & SON BKR | Clinton |
| PALMETTO ST BK | Hampton |
| CITIZENS BK | Olanta |
| CAROLINA FIRST BK | Greenville |

Job Growth - Small businesses created all of the net new jobs from 1992 to 1996. Very small businesses (< 20 employees) created 59.2 percent of the small business growth with 95,963 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 | 62,904 | 33,059 | 31,040 | 35,140 | (44,341) | 117,802 |
| Manufacturing | 1,501 | 2,764 | 5,535 | 5,039 | (34,953) | (20,115) |
| Retail Trade | 11,151 | 4,893 | 6,061 | 10,841 | (2,696) | 30,252 |
| Services | 34,486 | 18,186 | 15,190 | 17,690 | (5,889) | 79,663 |
| Other | 15,763 | 7,217 | 4,252 | 1,569 | (803) | 28,002 |

Industries - The composition of small business in South Carolina is very diverse. The Eating & Drinking Places industry is the largest small business employer in South Carolina, 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 South Carolina by Employment, 1994

| Industry | SIC | Employment Total | Percent of Total | Percent Small |
|--------------------------|------|---------------------|---------------------|------------------|
| Total - All Industries | -- | 1,347,892 | 100.0 | 47.3 |
| Health Services | 8000 | 117,766 | 8.7 | 39.1 |
| Eating & Drinking Places | 5800 | 103,425 | 7.7 | 61.8 |
| Textile Mill Products | 2200 | 87,214 | 6.5 | 13.8 |
| Business Services | 7300 | 83,056 | 6.2 | 42.9 |
| Food Stores | 5400 | 52,372 | 3.9 | 26.0 |

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

| Industry | SIC | Employment in firms with 0 - 499 employees | Percent of Total | Percent Small |
|---------------------------------|------|--|---------------------|------------------|
| Total - All Industries | -- | 637,348 | 100.0 | 47.3 |
| Eating & Drinking Places | 5800 | 63,883 | 7.7 | 61.8 |
| Health Services | 8000 | 46,030 | 8.7 | 39.1 |
| Special Trade Contractors | 1700 | 40,663 | 3.3 | 91.4 |
| Business Services | 7300 | 35,604 | 6.2 | 42.9 |
| Wholesale Trade - Durable Goods | 5000 | 29,198 | 2.9 | 74.8 |

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

| Industry | 1993 | 1994 | Amount Change | Percent Change |
|--|---------|---------|------------------|-------------------|
| Total - All Industries | 619,184 | 637,348 | 18,164 | 2.9 |
| Nondepository Credit Institutions | 2,325 | 3,150 | 825 | 35.5 |
| Transportation Equipment | 2,769 | 3,693 | 924 | 33.4 |
| Transportation Services | 2,221 | 2,646 | 425 | 19.1 |
| Rubber & Miscellaneous Plastics Products | 4,290 | 5,007 | 717 | 16.7 |
| Real Estate | 11,227 | 12,530 | 1,303 | 11.6 |

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.