



1999 SMALL BUSINESS PROFILE: HAWAII

By any measure, small businesses are critical to the economic well-being of Hawaii. They create new businesses (and the new jobs that go with them); bring new and innovative services and products to the marketplace; and provide business ownership opportunities to diverse (and traditionally underrepresented) groups. These contributions are clearly established in the statistical portrait contained in this *Small Business Profile* compiled by the U.S. Small Business Administration's Office of Advocacy.

Number of Businesses. In 1998 there were 27,500 businesses with employees, of which approximately 97 percent were small businesses (fewer than 500 employees). The number of small businesses with employees increased by 2.2 percent from 26,900 in 1997. There were 50,000 self-employed persons in 1998. While there is some overlap between these two groups (firms with employees and self-employed persons), a rough calculation puts the total number of businesses at 77,500. (Sources: U.S. Dept. of Labor, Employment and Training Administration; U.S. Dept. of Commerce, Bureau of the Census; U.S. Dept. of Labor, Bureau of Labor Statistics)

Women-Owned Businesses. There were 23,000 self-employed women in 1998, representing 46.0 percent of total self-employment in the state. (Source: U.S. Dept. of Labor, Bureau of Labor Statistics)

Minority-Owned Businesses. According to the latest figures available, there were 41,111 minority-owned businesses in 1992, including 717 Black-owned businesses; 3,192 Hispanic-owned firms; and 38,392 firms owned by Asians, Pacific Islanders, American Indians, and Alaskan Natives. (Data may not add to the total because an owner may be a member of more than one minority group.) Of these businesses, 5,555 had employees, with employment totaling 44,700. (Source: U.S. Dept. of Commerce, Bureau of the Census)

Business Turnover. In 1998, 3,200 new employer firms were formed, 10.5 percent fewer than the number formed in 1997. There were 3,200 business terminations in 1998, an 18.1 percent decrease from 1997. Business bankruptcies totaled 100 in 1998, a 39.0 percent decrease from 1997. (Sources: U.S. Dept. of Labor, Employment and Training Administration; Administrative Office of the U.S. Courts; U.S. Dept. of Commerce, Bureau of the Census)

Employment. In 1996, businesses with fewer than 500 employees accounted for 237,000 employees, or 55.9 percent of the state's 424,100 private-sector non-farm employment. Small-business employment was concentrated in the following sectors: construction, wholesale trade, and manufacturing (see Table 1). Small businesses added a net total of 200 employees between 1995 and 1996, accounting for 16.7 percent of the total private non-farm employment change in the state (see Table 2). The industries with the greatest percentage increases in employment among small businesses were: apparel and accessory stores; educational services; and membership organizations (see Table 3). (Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses)

Recent figures show that small firm job growth has continued. According to data prepared for the SBA's Office of

Advocacy by Cognetics, Inc., non-farm businesses added 12,100 net new jobs in the state between 1994 and 1998. In almost all industries, the most prolific job creators were firms with fewer than five employees. (Source: Cognetics, Inc.)

Small Business Income. There is no single measure of small business profitability because firms may operate as sole proprietorships, partnerships or corporations. A partial measure — non-farm proprietors' income — totaled \$2.7 billion in 1998, an increase of 3.8 percent from \$2.6 billion in 1997. (Source: U.S. Dept. of Commerce)

Finance. The SBA's Office of Advocacy ranked the 13 banks in the state that filed "call reports" with federal banking regulators on the basis of dollar value, number, and percentage of small commercial loans (under \$1 million) outstanding on June 30, 1998. (See Table 4 for the top-ranking small-business-friendly banks.) In addition to these banks, small businesses seeking loans should consider lenders that participate in the SBA's loan programs (so-called "preferred" or "certified" lenders); for a list of these lenders, call the Small Business Answer Desk at (800) 827-5722. Small businesses looking for qualified investors can also turn to the Access to Capital Electronic Network (*ACE-Net*). For more information, visit www.ace-net.org.

To learn more about the Office of Advocacy's data, analyses, and research reports on small business, call (202) 205-6530 or visit the office's Web site at www.sba.gov/advo/stats.

TABLES

Table 1. Employment by Industry and Firm Size, 1996 (thousands)

<i>Industry</i>	<i>Total</i>	<i>Firm Size by Number of Employees</i>		<i>< 500 as Percent of Industry Total</i>
		<i>1-19</i>	<i>1-499</i>	
Total non-farm employment	424.1	89.6	237.0	55.9
Agricultural services	2.7	1.4	*	*
Mining	0.2	*	*	*
Construction	22.8	8.9	18.8	82.3
Manufacturing	16.7	3.6	10.6	63.4
Transportation, communications, and utilities	41.6	4.1	15.6	37.4
Wholesale trade	21.8	7.4	16.1	73.9
Retail trade	112.8	23.4	65.0	57.6
Finance, insurance, and real estate	38.2	8.7	19.7	51.4
Services	167.2	31.9	88.6	53.0
Unclassified	0.2	*	0.2	100.0

* Data not available due to disclosure restrictions.

Source: U.S. Dept. of Commerce, Bureau of the Census.

Table 2. Non-Farm Job Gains and Losses by Firm Size, 1995–1996 (thousands)

	<i>Firm Size</i>		
	<i>Total</i>	<i>1–19</i>	<i>1–499</i>
Gains:			
New establishments	29.0	9.2	17.1
Expanding establishments	34.4	12.2	23.3
Losses:			
Downsized establishments	(40.9)	(9.9)	(25.1)
Closed establishments	(21.2)	(7.5)	(15.1)
Net change in employment	1.2	4.0	0.2

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 1999.

Table 3. Fastest Small Business Employment Growth by Industry, 1995–1996 (thousands)

<i>Industry</i>	<i>SIC</i>	<i>Small Business Employment 1996</i>	<i>Net Change*</i>	<i>Percent Change</i>
Total, all industries		237.0	(4.5)	(1.9)
Apparel and accessory stores	5600	5.6	0.7	14.1
Educational services	8200	5.4	0.4	8.9
Membership organizations	8600	6.8	0.3	5.3
Food and kindred products	2000	3.7	0.1	3.4
Eating and drinking places	5800	33.9	1.0	3.1

* Net change in Table 2 differs by definition from net change in Table 3. Table 2 uses dynamic data to track changes in individual businesses over time, whereas Table 3 uses static data to take snapshots of the universe of businesses at two different points in time.

Note: Table shows the top five industries. Includes only businesses with fewer than 500 employees. Industries with less than 1 percent change in small business employment are not included.

Source: U.S. Dept. of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 1999.

Table 4. Small-Business-Friendly Banks, 1998

<i>Bank Name</i>	<i>Location</i>
Hawaii National Bank	Honolulu
City Bank	Honolulu
Central Pacific Bank	Honolulu
Bank of Honolulu	Honolulu

Source: U.S. Small Business Administration, Office of Advocacy, from data collected by the Federal Reserve Board.

The full list of small-business-friendly banks can be found on the Office of Advocacy's Web site at www.sba.gov/advo/lending/inus2.html.