

Small Business Profile: INDIANA

Small businesses make a significant contribution to the U.S. economy, and in 2003, they were the engine of Indiana's economic performance. Nationally, half of U.S. non-farm private output and employment is generated by small firms with 500 or fewer employees; in Indiana, small business owners—including women, minorities, and home based individuals—were leaders in the state's economy in 2003. The Office of Advocacy's *Small Business Profile* reports on small businesses in the state using the most currently available data.

Number of Businesses. The estimated total number of small businesses in Indiana in 2003 was 445,200.¹ Of the 125,129 employer firms in 2003, 97.5 percent or an estimated 122,000 were small firms. The estimated number of employer businesses increased by 0.4 percent in 2003. The most recent data available show that non-employer businesses numbered 323,178 in 2001. Self-employment increased by 6.2 percent, from 194,126 in 2002 to 206,139 in 2003. (Source: U.S. Dept. of Labor, Employment and Training Administration; U.S. Dept. of Commerce, Census Bureau; U.S. Dept. of Labor, Bureau of Labor Statistics.)

Women-Owned Businesses. Self-employment by women increased by 29.6 percent, from 73,023 in 2002 to 94,674 in 2003 and represented 45.3 percent of self-employed persons in the state. Women-owned businesses generated \$13.6 billion in revenues, employed 131,778 workers, and constituted 107,100 firms or 25.9 percent of all firms in 1997. (Sources: U.S. Dept. of Labor, Bureau of Labor Statistics; U.S. Dept. of Commerce, Census Bureau.)

Minority-Owned Businesses. In 1997, 19.7 percent or 4,500 of the minority-owned businesses in the state were employer firms, and they generated 89.6 percent of the total minority-owned business revenue of \$4.3 billion. There were 4,300 Hispanic-owned businesses; 11,100 Black-owned businesses; 4,900 Asian and Pacific Islander-owned businesses; and 2,900 American Indian and Alaskan Native-owned businesses in 1997. (Source: U.S. Dept. of Commerce, Census Bureau.)

Business Turnover. The estimated number of new employer businesses was 13,452 in 2003, which is 0.6 percent less than

the previous year. Business bankruptcies decreased by 3.2 percent, and totaled 640 in 2003. Business terminations decreased by 6.3 percent and numbered 15,137 in 2003. (Source: U.S. Dept. of Labor, Employment and Training Administration; Administrative Office of the U.S. Courts; U.S. Dept. of Commerce, Census Bureau.)

Employment. Small businesses with fewer than 500 employees numbered 112,429 in 2001 and employed 1,271,940 people or 48.9 percent of the state's non-farm private workforce (Table 1).² Total net employment loss in the state amounted to 46,682 between 2000 and 2001. Of that number, 35,002 are attributable to MSAs (metropolitan statistical areas). During the same time period, firms with fewer than 20 employees gained 10,969 jobs. (Source: U.S. Dept. of Commerce, Census Bureau, Statistics of U.S. Businesses. Note: Urban (MSA) and rural (non-MSA) employment data is available at: www.sba.gov/advo/stats/data.html.)

Small Business Income. Small business proprietors' income in 2003 increased by 11.5 percent, from \$11.8 billion in 2002 to \$13.2 billion in 2003. (Source: U.S. Dept. of Commerce.)

Finance. Small firms typically use commercial bank lenders and rely on local bank services. Over the last five years there has been a gradual decline in the number of banks in Indiana (Table 3). The Office of Advocacy has identified banks in each state that make the most loans to small businesses. This information is available in its banking studies available at www.sba.gov/advo/stats.

To learn more about the Office of Advocacy's research, data, and analyses of small businesses, visit www.sba.gov/advo, call (202) 205-6533 or email advocacy@sba.gov.

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¹ The Office of Advocacy's estimate of the total number of state small businesses is based on the percent of small businesses (2001 Census Bureau firm size data) multiplied by the total number of employer businesses in 2003 (Dept. of Labor). To this total, we add the 2001 number of non-employer firms (Census Bureau).

² The number of employers listed in Table 1 is not directly comparable to the figures listed in the *Number of Businesses* section due to different data sources.

Table 1. Firms and Employment in Indiana by Industry and Firm Size, 2001 (Thousands)

Industry	Non-employer Firms	Employer Firms			Employment		
		Total	< 100	< 500	Total	< 100	< 500
Total	323.18	115.33	109.56	112.43	2,601.74	886.85	1,271.94
Agriculture, forestry, fishing, and hunting	2.83	0.26	0.25	0.26	1.67	*	*
Mining	0.72	0.22	0.19	0.2	5.45	*	*
Utilities	0.29	0.2	0.18	0.19	18.9	*	2.91
Construction	44.46	15.7	15.48	15.63	141.38	103.08	125.02
Manufacturing	5.73	8.08	6.7	7.38	604.26	109.85	203.75
Wholesale trade	6.73	7.03	6.12	6.49	119.58	6.12	77.2
Retail trade	42.71	15.36	14.54	14.87	351.02	14.54	150.07
Transportation and warehousing	17.2	4.11	3.81	3.92	93.46	3.81	39.02
Information	3.48	1.21	1.01	1.07	48.31	9.76	15.87
Finance and insurance	12.33	5.02	4.63	4.77	106.11	26.84	43.26
Real estate; rental and leasing	32.33	4.35	4.17	4.25	35.51	18.91	35.51
Professional, scientific, and technical services	35.34	10.86	10.51	10.67	91.05	58.25	70.27
Management of companies and enterprises	N/A	0.67	0.19	0.39	48.6	1.52	8.53
Admin., support, waste mngt., and remed., services	19.03	6.1	5.69	5.86	146.33	5.69	62.45
Educational services	5.53	1.13	1.03	1.09	47.13	10.95	20.19
Health care and social assistance	26.27	9.94	9.37	9.73	327.9	81.59	147.48
Arts, entertainment, and recreation	12.09	1.91	1.84	1.88	41.17	17.75	23.09
Accommodation and food services	3.25	8.44	7.99	8.23	221.67	98.99	138.2
Other services	52.84	15.7	15.43	15.57	131.23	97.64	112.78
Auxiliary, except corp, subsidiary, and regional managing offices	N/A	0.2	0.03	0.07	20	*	1.27
Unclassified	N/A	0.85	0.85	1.04	1.04	*	1.04

*Data suppressed to protect the confidentiality of individual firms.

Source: U.S. Department of Commerce, Census Bureau.

Table 2. Non-farm Establishment Job Gains and Losses by Firm Size, 2000–2001 (Thousands)

	Firm Size (Number of Employees)			
	Total	1–19	1–499	500+
Job Gains:				
New establishments	115.4	33.23	65.13	50.27
Expanding establishments	226.81	56	132.62	94.19
Job Losses:				
Downsized establishments	-267.27	-44.19	-130.4	-136.87
Closed establishments	-121.62	-34.07	-69.68	-51.95
Net change in employment	-46.68	10.97	-2.33	-44.36

Source: U.S. Department of Commerce, Bureau of the Census, Statistics of U.S. Businesses, 2001.

Table 3. Number of Banks in Indiana by Asset Size, 1995 – 2003

Number of Banks Per Year					Number of Banks by Asset Size, 2003				
1995	2000	2001	2002	2003	Below \$100M	\$100M–\$500M	\$500–\$1B	\$1B–\$10B	Over \$10B
215	154	155	154	149	51	72	12	13	1

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 website at www.sba.gov/advocacy/lending.