

Small Business Profile: NORTH CAROLINA

Small businesses make a significant contribution to the U.S. economy, and in 2003, they were the engine of North Carolina'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 North Carolina, 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 North Carolina in 2003 was 650,900.¹ Of the 179,580 employer firms in 2003, 98 percent or an estimated 176,000 were small firms. The estimated number of employer businesses increased by 0.6 percent in 2003. The most recent data available show that non-employer businesses numbered 474,905 in 2001. Self-employment decreased by 1.1 percent, from 256,150 in 2002 to 253,428 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 decreased by 2 percent, from 86,812 in 2002 to 85,117 in 2003 and represented 33.8 percent of self-employed persons in the state. Women-owned businesses generated \$24.2 billion in revenues, employed 221,973 workers, and constituted 139,900 firms or 24.5 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, 18.3 percent or 11,300 of the minority-owned businesses in the state were employer firms, and they generated 83 percent of the total minority-owned business revenue of \$6.7 billion. There were 7,300 Hispanic-owned businesses; 39,900 Black-owned businesses; 8,100 Asian and Pacific Islander-owned businesses; and 7,100 American Indian and Alaskan Native-owned businesses in 1997. (Source: U.S. Dept. of Commerce, Census Bureau.)

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).

Business Turnover. The estimated number of new employer businesses was 22,465 in 2003, which is 2.1 percent less than the previous year. Business bankruptcies decreased by 8.3 percent, and totaled 528 in 2003. Business terminations increased by 4.7 percent and numbered 23,234 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 160,222 in 2001 and employed 1,601,230 people or 46.7 percent of the state's non-farm private workforce (Table 1).² Total net employment gain in the state amounted to 52,801 between 2000 and 2001, and 67,175 new jobs were created in (metropolitan statistical areas). During the same time period, firms with fewer than 20 employees gained 39,287 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 8.2 percent, from \$16.7 billion in 2002 to \$18.1 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 North Carolina (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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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 North Carolina by Industry and Firm Size, 2001 (Thousands)

Industry	Non-employer Firms	Employer Firms			Employment		
		Total	< 100	< 500	Total	< 100	< 500
Total	474.91	163.55	156.89	160.22	3,431.55	1,160.72	1,601.23
Agriculture, forestry, fishing, and hunting	7.79	1.03	1.01	1.02	6.09	5.52	5.89
Mining	0.15	0.12	0.1	0.11	3.49	1.01	1.44
Utilities	0.46	0.19	0.15	0.17	18.87	1.89	3.6
Construction	77.63	25.09	24.79	24.98	225.74	159.92	188.65
Manufacturing	7.71	9.48	7.99	8.69	690.69	113.05	213.2
Wholesale trade	11.19	10.17	9.01	9.47	172.31	9.01	104.44
Retail trade	51.8	23.07	22.21	22.54	441.46	22.21	184.98
Transportation and warehousing	18.03	4.68	4.35	4.49	100.21	4.35	40.38
Information	5.17	1.73	1.5	1.56	79.58	13.54	18.9
Finance and insurance	17.53	5.8	5.39	5.53	186.77	27.06	37.25
Real estate; rental and leasing	49.01	6.41	6.2	6.29	48.82	25.51	48.82
Professional, scientific, and technical services	54.48	17.21	16.62	16.88	158.45	87.68	108.77
Management of companies and enterprises	N/A	0.85	0.25	0.47	80.91	2.02	8.2
Admin., support, waste mngt., and remed., services	35.31	9.16	8.59	8.85	233.72	8.59	95.66
Educational services	7.87	1.6	1.48	1.56	67.65	16	29.22
Health care and social assistance	27.02	13.65	13.04	13.43	410.87	126.07	191.21
Arts, entertainment, and recreation	17.78	2.78	2.68	2.75	43.87	24.34	34.88
Accommodation and food services	5.08	11.06	10.57	10.83	281.65	127.59	167.4
Other services	80.91	20.02	19.76	19.89	147.92	114.9	129.5
Auxiliary, except corp, subsidiary, and regional managing offices	N/A	0.26	0.05	0.11	30.36	0.32	2.48
Unclassified	N/A	1.73	1.73	2.14	2.14	2.14	2.14

*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	204.59	55.46	105.6	98.99
Expanding establishments	357.24	92.76	182.86	174.37
Job Losses:				
Downsized establishments	-328.27	-59.25	-158.73	-169.54
Closed establishments	-180.75	-49.69	-95.18	-85.58
Net change in employment	52.8	39.29	34.55	18.25

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

Table 3. Number of Banks in North Carolina 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
62	71	77	72	72	14	35	15	3	5

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.