

# 2018 SMALL BUSINESS PROFILE

# OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

## MASSACHUSETTS

**652,661** Small Businesses  
**99.5%** of Massachusetts Businesses

**1.5 million** Small Business Employees  
**46.1%** of Massachusetts Employees



**EMPLOYMENT**  
**36,355**  
net new jobs



**DIVERSITY**  
**89,930**  
minority-owned  
businesses



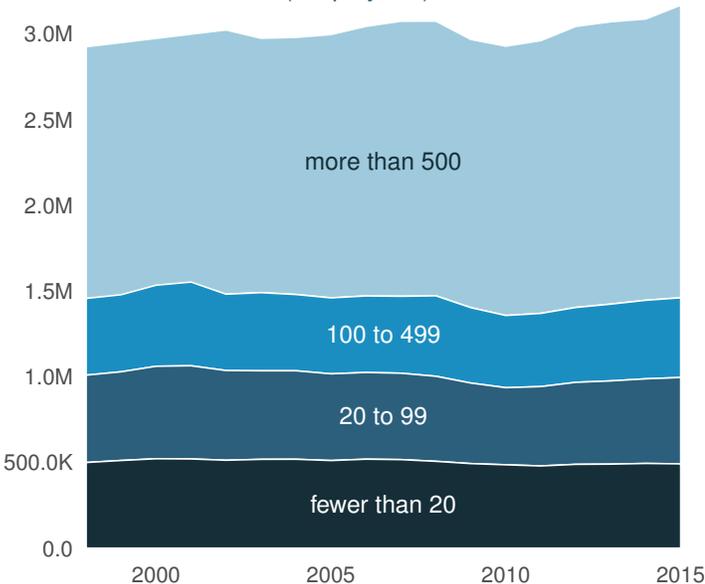
**TRADE**  
**9,193**  
small business  
exporters

### OVERALL MASSACHUSETTS ECONOMY

- In the third quarter of 2017, Massachusetts grew at an annual rate of **3.8%**, which was faster than the overall US growth rate of **3.4%**. Massachusetts's 2016 growth rate of **1.5%** was down from the 2015 rate of **3.8%**. (Source: [BEA](#))
- In January 2018, the unemployment rate was **3.5%**, down from **3.9%** in January 2017. This was below the January 2018 national unemployment rate of **4.1%**. (Source: [CPS](#))

### EMPLOYMENT

Figure 1: Massachusetts Employment by Business Size (Employees)



- Massachusetts small businesses employed **1.5 million** people, or **46.1%** of the private workforce, in 2015. (Source: [SUSB](#))
- Firms with fewer than 100 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment increased **0.8%** during the 12-month period ending in January 2018. This was below the increase of **2.1%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2016 by **2.4%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **36,355** net jobs in 2015. Firms employing fewer than 20 employees experienced the largest gains, adding **20,901** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **7,238** net jobs. (Source: [SUSB](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy. Each report incorporates the most up-to-date government data to present a unique snapshot of small businesses. Small businesses are defined for this profile as firms employing fewer than 500 employees. Net small business job change, minority small business ownership, and exporter share statistics are based on the 2015 Statistics of US Businesses (SUSB), 2012 Survey of Business Owners (SBO), and 2015 International Trade Administration (ITA) data, respectively.

## INCOME AND FINANCE

- The number of banks decreased by 9 between June 2016 and June 2017 to 128 banks. (Source: FDIC)
- In 2016, 121,986 loans under \$100,000 (valued at \$1.9 billion) were issued by Massachusetts lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income for individuals self-employed at their own incorporated businesses was \$60,670 in 2016. For individuals self-employed at their own unincorporated firms, this figure was \$30,754. (Source: ACS)

Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

## EMPLOYER BUSINESS OWNER DEMOGRAPHICS

Figure 2: Massachusetts Employees per Business by Owner's Demographic, 2015

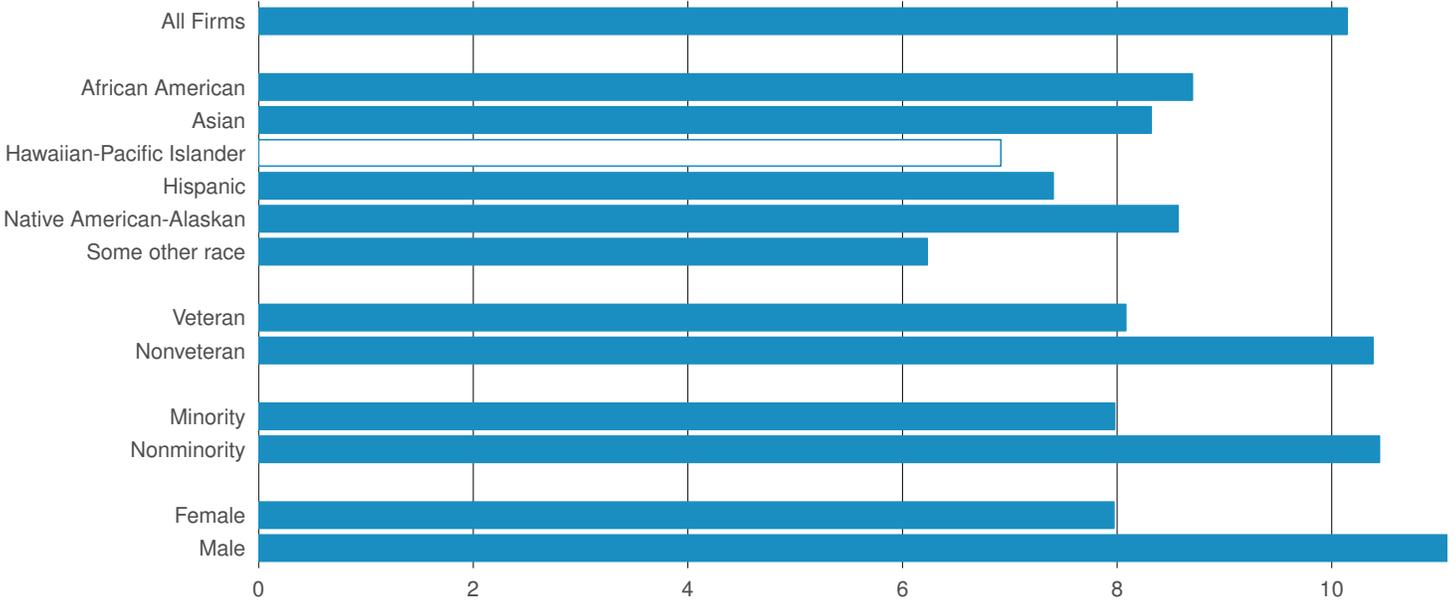
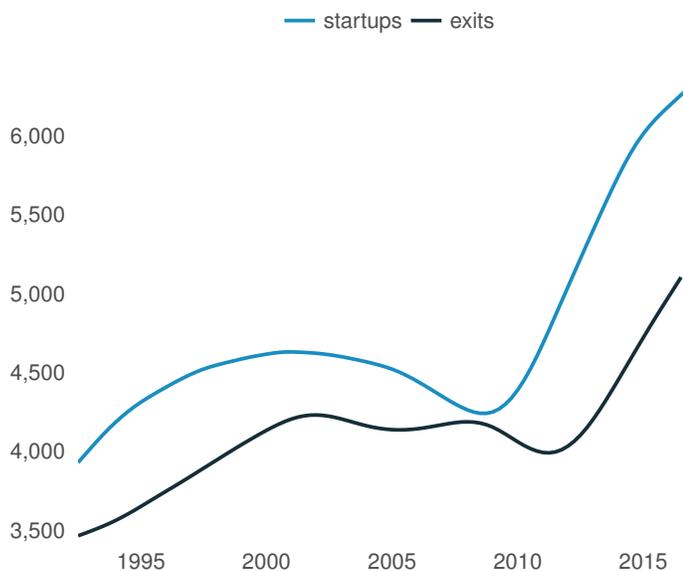


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding individual businesses.

## TURNOVER AMONG ESTABLISHMENTS WITH EMPLOYEES

Figure 3: Massachusetts Quarterly Startups and Exits



- In the third quarter of 2016, 5,537 establishments started up, generating 15,966 new jobs in Massachusetts. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 5,207 establishments exited resulting in 16,951 jobs lost. Exits occur when establishments go from having at least one employee to having none, and then remain closed for at least one year. (Source: BDM)
- Figure 3 displays quarterly startups and exits from 1992 to 2016. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

The BLS data covers only business establishments with employees. BLS refers to startups as births and exits as deaths. These terms are distinct from the BLS openings and closings categories. Openings include seasonal re-openings and closings include seasonal shutterings. Quarterly startup and exit values may not align with Figure 3 due to smoothing.

## INTERNATIONAL TRADE

- A total of 10,313 companies exported goods from Massachusetts in 2015. Of these, 9,193, or 89.1%, were small firms; they generated 34.7% of Massachusetts's \$23.7 billion in total exports. (Source: ITA)

## SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: Massachusetts Employment by Industry, 2015

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	223,082	620,843	35.9
Accommodation and Food Services	192,741	288,078	66.9
Professional, Scientific, and Technical Services	153,095	276,712	55.3
Retail Trade	122,068	366,046	33.3
Manufacturing	119,230	221,773	53.8
Construction	108,974	124,019	87.9
Other Services (except Public Administration)	108,318	124,628	86.9
Administrative, Support, and Waste Management	88,229	199,815	44.2
Wholesale Trade	77,197	140,387	55.0
Educational Services	60,057	216,515	27.7
Finance and Insurance	55,483	182,925	30.3
Arts, Entertainment, and Recreation	39,645	56,464	70.2
Transportation and Warehousing	34,398	82,451	41.7
Information	33,377	113,375	29.4
Real Estate and Rental and Leasing	31,389	46,623	67.3
Management of Companies and Enterprises	9,365	91,357	10.3
Utilities	1,362	12,572	10.8
Agriculture, Forestry, and Fishing and Hunting	1,019	1,028	99.1
Industries not classified	863	863	100.0
Mining, Quarrying, and Oil and Gas Extraction	648	855	75.8
<b>Total</b>	<b>1,460,540</b>	<b>3,167,329</b>	<b>46.1</b>

Figure 4: Massachusetts Small Business Employment by County, 2015

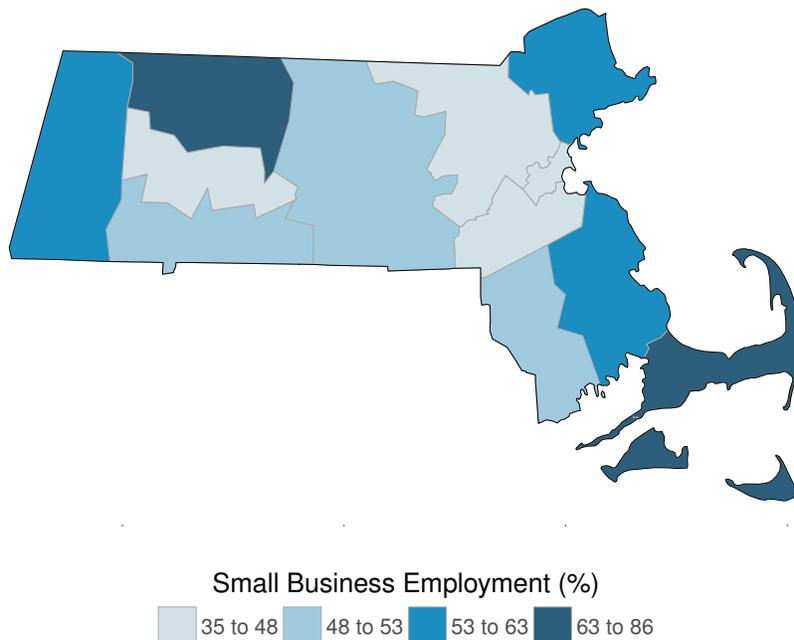


Table 2: Massachusetts Small Businesses by Industry and Firm Size, 2015

Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	19,665	17,805	98,300	117,965
Construction	17,782	16,702	56,726	74,508
Other Services (except Public Administration)	16,353	15,304	60,109	76,462
Retail Trade	15,539	14,168	29,703	45,242
Accommodation and Food Services	13,686	10,730	6,069	19,755
Health Care and Social Assistance	12,577	10,460	40,573	53,150
Administrative, Support, and Waste Management	8,984	8,016	33,761	42,745
Wholesale Trade	6,175	4,956	7,349	13,524
Manufacturing	5,921	4,336	6,157	12,078
Real Estate and Rental and Leasing	5,228	4,881	56,692	61,920
Finance and Insurance	4,866	4,181	14,150	19,016
Transportation and Warehousing	3,115	2,626	33,922	37,037
Arts, Entertainment, and Recreation	3,041	2,525	34,896	37,937
Educational Services	2,801	2,185	22,490	25,291
Information	1,946	1,512	8,061	10,007
Agriculture, Forestry, and Fishing and Hunting	335	328	4,617	4,952
Utilities	68	49	651	719
Mining, Quarrying, and Oil and Gas Extraction	57	43	72	129
<b>Total</b>	<b>138,363</b>	<b>121,404</b>	<b>514,298</b>	<b>652,661</b>

Figure 4 and Tables 1 and 2 display data from the 2015 SUSB. Table 2 includes additional data from the 2015 Nonemployer Statistics (NES).

REFERENCES

The Small Business Profiles, source data, and methodology are available at <https://go.usa.gov/xQT4w>.

- ASE Annual Survey of Entrepreneurs, US Census Bureau
- BEA Bureau of Economic Analysis, US Department of Commerce
- BDM Business Employment Dynamics, BLS
- BLS Bureau of Labor Statistics, US Department of Labor
- CPS Current Population Survey, BLS
- FDIC Call Reports, Federal Deposit Insurance Corporation
- FFIEC Federal Financial Institutions Examination Council
- ITA International Trade Administration, US Department of Commerce
- NES Nonemployer Statistics, US Census Bureau
- SBO Survey of Business Owners, US Census Bureau
- SUSB Statistics of US Businesses, US Census Bureau