

SMALL BUSINESS PROFILE

U.S. SMALL BUSINESS ADMINISTRATION

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

MASSACHUSETTS

639,334
99.5%

Small Businesses
of Massachusetts Businesses

1.4 million
46.8%

Small Business Employees
of Massachusetts Employees



EMPLOYMENT
34,568
net new jobs



DIVERSITY
89,930
minority-owned
businesses



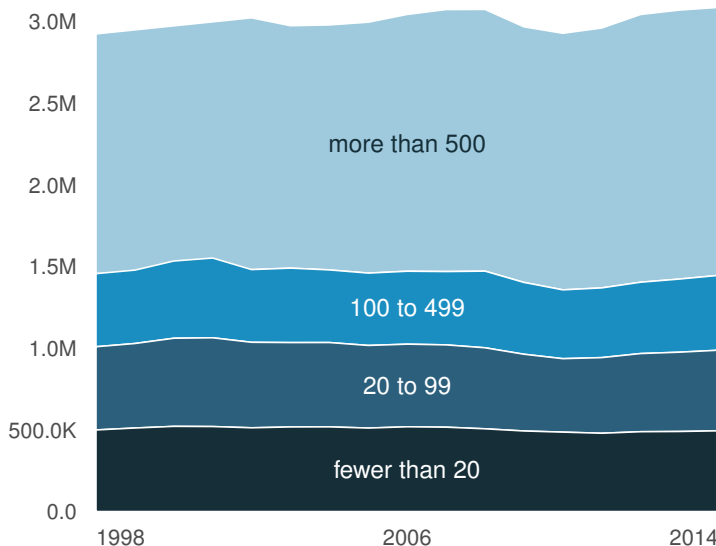
TRADE
89.4%
of Massachusetts
exporters

OVERALL MASSACHUSETTS ECONOMY

- In the second quarter of 2016, Massachusetts grew at an annual rate of **1.7%**, which was faster than the overall US growth rate of **1.2%**. Massachusetts's 2015 growth rate of **3.8%** was up from the 2014 rate of **1.2%**. (Source: [BEA](#))
- In November 2016, the unemployment rate was **2.9%**, down from **4.9%** at the close of 2015. This was below the November 2016 national unemployment rate of **4.6%**. (Source: [CPS](#))

EMPLOYMENT

Figure 1: Massachusetts Employment by Business Size (Employees)



- Massachusetts small businesses employed **1.4 million** people, or **46.8%** of the private workforce, in 2014. (Source: [SUSB](#))
- Firms with fewer than 100 employees have the largest share of small business employment. See Figure 1 for further details on firms with employees. (Source: [SUSB](#))
- During the year ending November 2016, private-sector employment increased **3.2%**. This was above the previous year's decrease of **0.1%**. (Source: [CPS](#))
- The number of proprietors increased in 2015 by **3.3%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **34,568** net jobs in 2014. Among the seven BDS size-classes, firms employing 20 to 49 employees experienced the largest gains, adding **7,717** net jobs. The smallest gains were in firms employing 5 to 9 employees, which added **2,517** net jobs. (Source: [BDS](#))

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 as firms employing fewer than 500 employees. Net small business job change, minority small business ownership, and exporter share statistics are based on the 2014 Business Dynamics Statistics (BDS), 2012 Survey of Business Owners (SBO), and 2014 International Trade Administration (ITA) data, respectively.

INCOME AND FINANCE

- The number of banks reported in the Call Reports between June 2015 and June 2016 declined. (Source: [FDIC](#))
- In 2014, **113,353** loans under \$100,000 (valued at **\$1.5 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 **\$60,198** in 2015. For individuals self-employed at their own unincorporated firms, this figure was **\$30,121**. (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.

BUSINESS OWNER DEMOGRAPHICS

Figure 2: Massachusetts Small Business Ownership, 2012

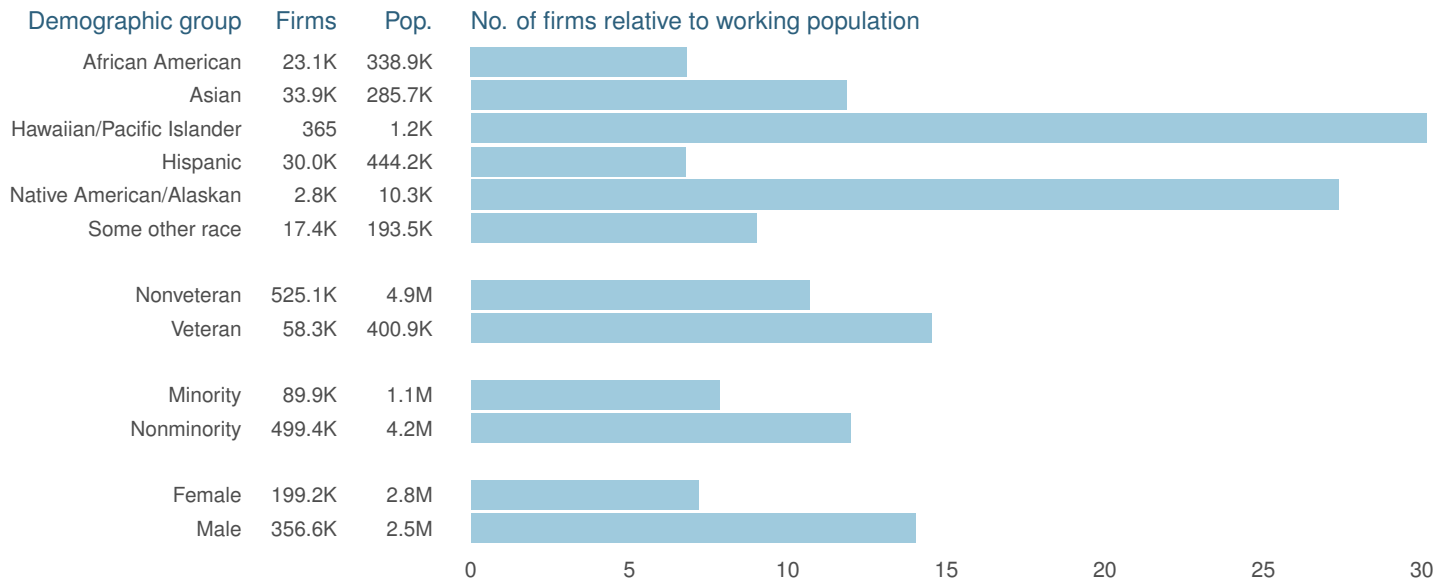
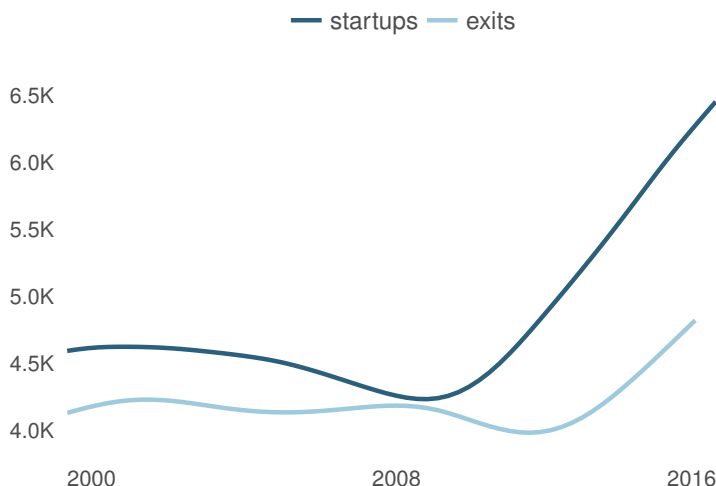


Figure 2 displays the number of small firms (SBO) per 100 people 16 years and over (ACS). For example, there are approximately 7 female-owned firms per 100 working age females or $199.2K \div 2.8M \times 100$. ACS and SBO differ in their classifications of individuals reporting more than one race. ACS provides a distinct category for two or more races while SBO tabulates these businesses into more than one group.

BUSINESS TURNOVER

Figure 3: Massachusetts Quarterly Startups and Exits



- In the second quarter of 2015, **6,330** establishments started up, generating **17,965** 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, **5,017** establishments exited resulting in **14,224** 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 2000 to 2016. Each series is smoothed across multiple quarters to highlight long-run trends.

The 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.

INTERNATIONAL TRADE

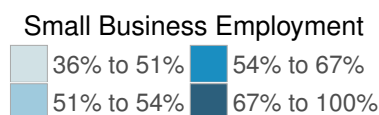
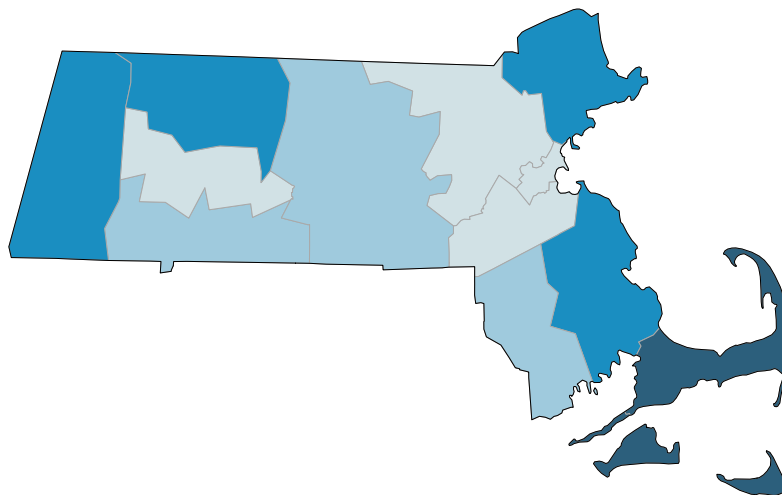
- A total of 10,867 companies exported goods from Massachusetts in 2014. Among these, 9,711, or 89.4%, were small firms; they generated 37.7% of Massachusetts's \$25.6 billion in total known exports. (Source: ITA)

SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: Massachusetts Employment by Industry, 2014






Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	221,083	607,944	36%
Accommodation and Food Services	188,450	282,955	67%
Professional, Scientific, and Technical Services	150,565	261,703	58%
Retail Trade	122,488	359,700	34%
Manufacturing	120,647	221,793	54%
Other Services (Except Public Administration)	107,303	123,108	87%
Construction	104,186	115,726	90%
Administrative, Support, and Waste Management	89,391	189,571	47%
Wholesale Trade	77,576	136,774	57%
Educational Services	58,599	214,445	27%
Finance and Insurance	57,168	178,707	32%
Arts, Entertainment, and Recreation	38,290	54,980	70%
Transportation and Warehousing	33,843	79,649	42%
Information	33,413	112,591	30%
Real Estate and Rental and Leasing	30,042	44,909	67%
Utilities	1,515	12,366	12%
Agriculture, Forestry, and Fishing and Hunting	1,062	1,071	99%
Mining, Quarrying, and Oil and Gas Extraction	629	848	74%
Total	1,446,082	3,087,030	47%

Figure 4: Massachusetts Small Business Percent of Employment by County



SMALL BUSINESSES BY INDUSTRY

Table 2: Massachusetts Small Businesses by Industry and Firm Size, 2014

				
Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	19,664	17,832	98,138	117,802
Construction	17,175	16,168	57,484	74,659
Other Services (Except Public Administration)	16,174	15,182	57,439	73,613
Real Estate and Rental and Leasing	5,025	4,679	55,070	60,095
Health Care and Social Assistance	12,599	10,500	40,788	53,387
Retail Trade	15,569	14,199	29,972	45,541
Administrative, Support, and Waste Management	8,835	7,865	35,471	44,306
Arts, Entertainment, and Recreation	2,945	2,447	34,865	37,810
Transportation and Warehousing	2,990	2,510	24,418	27,408
Educational Services	2,707	2,099	22,178	24,885
Accommodation and Food Services	13,579	10,748	5,719	19,298
Finance and Insurance	4,901	4,183	14,046	18,947
Wholesale Trade	6,287	5,037	7,168	13,455
Manufacturing	6,021	4,414	6,076	12,097
Information	1,978	1,536	8,003	9,981
Agriculture, Forestry, and Fishing and Hunting	335	329	4,807	5,142
Utilities	72	48	546	618
Mining, Quarrying, and Oil and Gas Extraction	61	49	86	147
Total	137,060	120,335	502,274	639,334

Data for counties shown in white in Figure 4 and values labeled "s" in Tables 1 and 2 were withheld by the Census Bureau because they do not meet publication standards or could disclose information regarding individual businesses. (Source: SUSB, NES)

REFERENCES

The Small Business Profiles, source data, and methodology are available at <http://go.usa.gov/x9yxK>.

ACS	American Community Survey, 5-year estimates, U.S. Census Bureau
BEA	Bureau of Economic Analysis
BDM	Business Employment Dynamics, BLS
BDS	Business Dynamics Statistics, U.S. Census Bureau
BLS	Bureau of Labor Statistics, U.S. Department of Labor
CES	Current Employment Statistics, BLS
CEW	Census of Employment and Wages, BLS
CPS	Current Population Survey, BLS
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
ITA	International Trade Administration
NES	Nonemployer Statistics, U.S. Census Bureau
SBO	Survey of Business Owners, U.S. Census Bureau
SUSB	Statistics of U.S. Businesses, U.S. Census Bureau

