

SMALL BUSINESS PROFILE

MASSACHUSETTS




620,432
97.8%
Small Businesses
of Massachusetts Businesses

1.4 million
46.4%
Small Business Employees
of Massachusetts Employees

1.4 million
46.4%
Small Business Employees
of Massachusetts Employees



EMPLOYMENT
30,326
net new jobs¹



DIVERSITY
38.4%
increase in minority
ownership²



TRADE
89.3%
of Massachusetts
exporters³

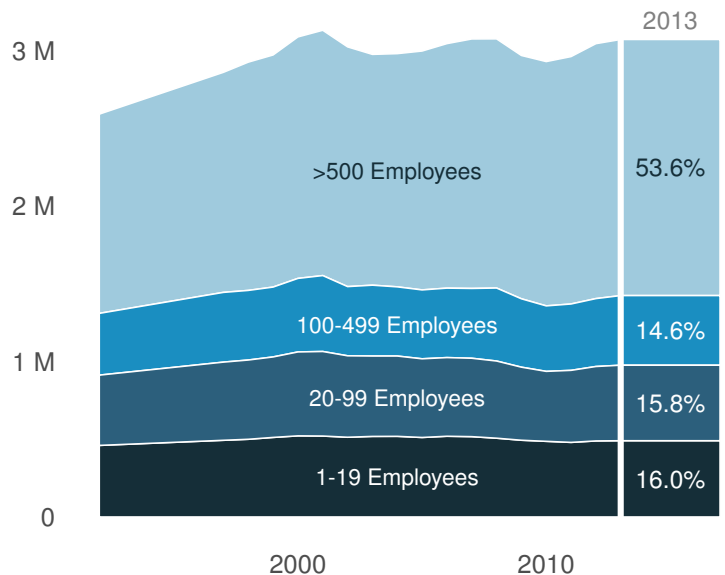
OVERALL MASSACHUSETTS ECONOMY

- In the third quarter of 2015, Massachusetts grew at an annual rate of 2.2% which was faster than the overall US growth rate of 1.9%. By comparison, Massachusetts's 2014 growth of 4.2% was up from the 2013 level of 1.8%. (Source: BEA)
- The employment situation in Massachusetts improved. At the close of 2015, unemployment was 4.9%, down from 5.2% at the close of 2014. This was below the national unemployment rate of 5.0%. (Source: CPS)

EMPLOYMENT

- Massachusetts small businesses employed 1.4 million people, or 46.4% of the private workforce, in 2013. (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)
- Private-sector employment increased 2.2% in 2015. This was above the previous year's increase of 1.7%. (Source: CES)
- The number of proprietors increased in 2014 by 1.3% relative to the previous year. (Source: BEA)
- Small businesses created 30,326 net jobs in 2013. Among the seven BDS size-classes, firms employing 20 to 49 employees experienced the largest gains, adding 6,188 net jobs. The smallest gains were in firms employing 1 to 4 employees which added 2,056 net jobs. (Source: BDS)

Figure 1: Massachusetts Employment by Firm Size



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.** Hyperlinks to data sources and report generation information are provided in Table 3.

^{1,3} Net small business jobs change and exporter share are based on newly released 2013 BDS and 2012 ITA data.

² Diversity statistic tracks changes between 2007 and 2012 based on the Survey of Business Owners (SBO) 2015 release.

INCOME AND FINANCE

- The number of banks reported in the Call Reports between June 2014 and June 2015 declined. (Source: FDIC)
- In 2014, 113,353 loans under \$100,000 (and valued at \$1.5 billion) were issued by Massachusetts lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income⁴ for individuals who were self-employed at their own incorporated businesses was \$60,072 in 2014. For individuals self-employed at their own unincorporated firms, this figure was \$29,876. (Source: ACS)

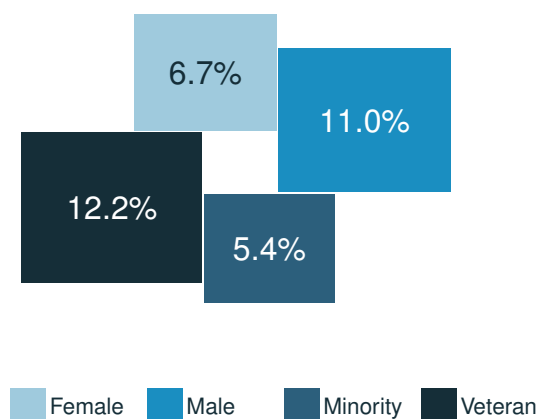
⁴ Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

BUSINESS OWNER DEMOGRAPHICS

Figure 2: Massachusetts Changes in Business Ownership by Demographic Group

African American-owned	●	12.5%
Asian-owned	●	27.5%
Hawaiian/Pacific Islander-owned	●	40.4%
Hispanic-owned	●	54.7%
Native American/Alaskan-owned	●	22.8%
Minority-owned	●	38.4%
Nonminority-owned	●	-1.4%

Figure 3: Massachusetts Self-Employment within Demographic Group

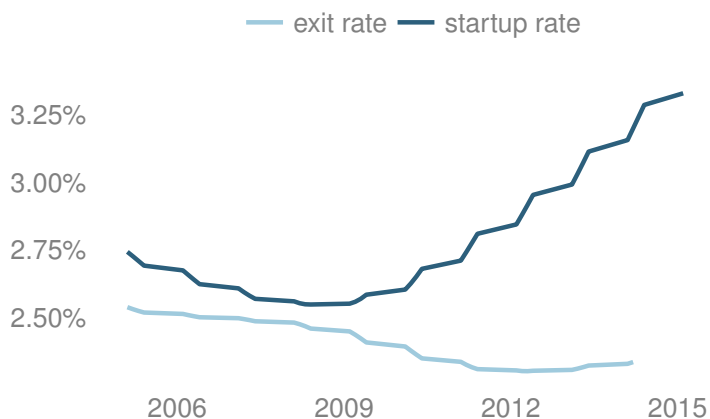


- Figure 2 displays the change in overall firm ownership for each demographic group from 2007 to 2012 based on the Survey of Business Owners (SBO) for Massachusetts, released in December 2015.
- Figure 3 displays the percent of each demographic group identified as self-employed according to the 2014 American Community Survey (ACS) 5-year estimates.

BUSINESS TURNOVER

- In the second quarter of 2014, 5,905 establishments started up⁵ in Massachusetts and 4,789 exited.⁶ Startups generated 19,885 new jobs while exits caused 16,338 job losses. (Source: BDM)
- Figure 4 displays startup and exit rates from 2005 to 2015. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

Figure 4: Massachusetts Private Startup and Exit Rates



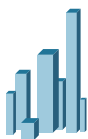




⁵ **STARTUPS** are counted when business establishments hire at least one employee for the first time. The BLS terms these **births**, as distinct from the BLS **openings** category which includes seasonal re-openings.

⁶ **EXITS** occur when establishments go from having at least one employee to having none, and then remain closed for at least a year. The BLS terms these events **deaths**, as distinct from the **closings** category which includes seasonal shutterings.

- A total of 10,709 companies exported goods from Massachusetts in 2013. Among these, 9,568, or 89.3%, were small firms; they generated 38.9% of Massachusetts's total known export value. (Source: ITA)

SMALL BUSINESSES BY INDUSTRY

Table 1: Massachusetts Small Firms by Industry, 2013
(sorted by small employer firms)

				
Industry	1 – 499 Employees	1 – 19 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	19,734	17,923	96,194	115,928
Construction	16,800	15,823	56,148	72,948
Other Services (except Public Administration)	16,072	15,099	56,263	72,335
Retail Trade	15,659	14,278	29,449	45,108
Accommodation and Food Services	13,437	10,694	5,376	18,813
Health Care and Social Assistance	12,598	10,552	40,620	53,218
Administrative, Support, and Waste Management	8,751	7,810	34,603	43,354
Wholesale Trade	6,423	5,145	7,137	13,560
Manufacturing	6,072	4,456	6,055	12,127
Real Estate and Rental and Leasing	4,913	4,571	53,379	58,292
Finance and Insurance	4,895	4,166	14,035	18,930
Transportation and Warehousing	2,916	2,437	17,838	20,754
Arts, Entertainment, and Recreation	2,893	2,402	33,585	36,478
Educational Services	2,647	2,044	20,217	22,864
Information	1,996	1,552	7,927	9,923
Agriculture, Forestry, Fishing and Hunting	350	343	4,762	5,112
Utilities	72	47	475	547
Mining, Quarrying, and Oil and Gas Extraction	61	46	84	145
Total	136,289	119,388	484,147	620,436

Totals for Tables 1 and 2 differ from SUSB's statewide tallies due to firms with establishments in more than one industry and the omission of industry classifications not reported by NES. (Source: NES and SUSB)

s Indicates samples deemed too small to represent the population according to SUSB.

Table 2: Massachusetts Employment by Industry and Firm Size, 2013
(sorted by small firm employment)

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	220,138	591,520	37.2%
Accommodation and Food Services	183,380	279,346	65.6%
Professional, Scientific, and Technical Services	148,298	262,207	56.6%
Retail Trade	121,941	351,560	34.7%
Manufacturing	121,516	228,032	53.3%
Other Services (except Public Administration)	103,852	118,619	87.6%
Construction	99,044	110,531	89.6%
Administrative, Support, and Waste Management	87,506	184,572	47.4%
Wholesale Trade	78,204	137,620	56.8%
Finance and Insurance	58,384	205,419	28.4%
Educational Services	55,774	211,726	26.3%
Arts, Entertainment, and Recreation	37,171	54,051	68.8%
Transportation and Warehousing	33,593	77,211	43.5%
Information	32,021	110,581	29.0%
Real Estate and Rental and Leasing	29,972	45,777	65.5%
Utilities	1,534	11,705	13.1%
Agriculture, Forestry, Fishing and Hunting	1,072	1,080	99.3%
Mining, Quarrying, and Oil and Gas Extraction	650	892	72.9%
Total	1,414,050	2,982,449	47.4%

Figure 5: Massachusetts County-Level Job Changes, 2015 (CEW)

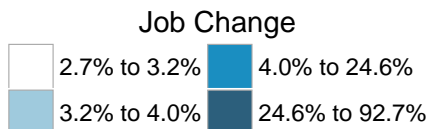
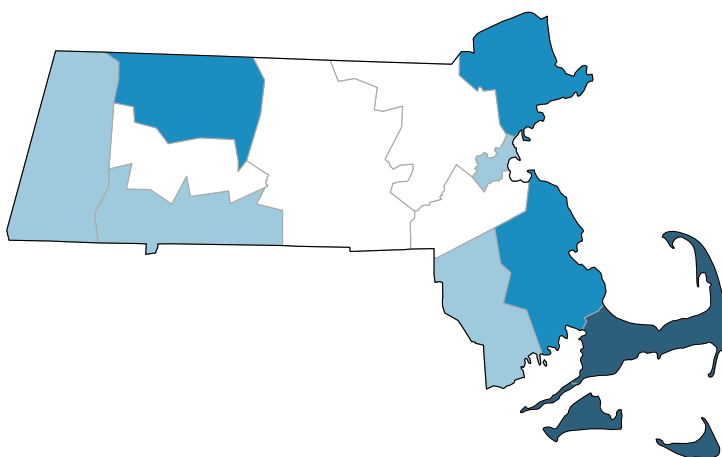


Table 3: Abbreviations and Resources

ACS	American Community Survey, US Census Bureau
BEA	Bureau of Economic Analysis
BDM	Business Employment Dynamics, BLS
BDS	Business Dynamics Statistics, US Census Bureau
BLS	Bureau of Labor Statistics, US 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, US Census Bureau
SBO	Survey of Business Owners, US Census Bureau
SUSB	Statistics of US Businesses, US Census Bureau

All profiles, source data, methodology notes, and county-level employment statistics are available at <http://go.usa.gov/cfKMd>

