

Massachusetts

613,264 Small Businesses

133,488 Small Businesses with Employees

479,776 Small Businesses without Employees (Nonemployers)

1,369,448 Workers Employed by Small Businesses

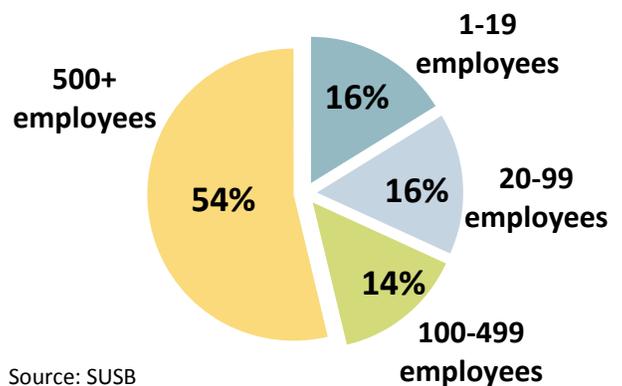
State Economy Overall

- Massachusetts's economy grew at a slightly slower rate than the United States in 2012. Massachusetts's real gross state product increased by **2.2 percent** compared to **2.5 percent** for U.S. gross domestic product. (Source: BEA)
- The employment situation in Massachusetts has weakened. The unemployment rate in Massachusetts increased from **6.7 percent** in December 2012 to **7 percent** in December 2013. This is above the national average of **6.7 percent**. (Source: BLS)

Employment

- Massachusetts's small businesses employed about half or **1.4 million** of the state's private workforce in 2011.
- Almost all firms with employees are small. They make up **97.8 percent** of all employers in the state. **Table 3** offers further industry detail on small firms.
- Firms with fewer than 100 employees have the largest share of small business employment. **Figure 1** offers further detail.
- The three industries with the most small business employment were: health care & social assistance, accommodation & food services, and professional, scientific, & technical services (**Table 4**).
- In Massachusetts, small businesses created **30,150** net new jobs in 2011. The biggest gain was in the smallest firm size category of 1-4 employees. (Source: BDS)
- The number of people who were primarily self-employed increased in 2012. For demographic detail on the state's self-employment, see **Figure 2**.
- The state's private-sector employment increased in 2013 by **1.5 percent**, which was below the national average growth rate of **2.1 percent**. (Source: BEA, BLS)

Figure 1: Massachusetts Employment by Size of Firm, 2011



The *Small Business State and Territory Profiles* report on the economic status of small business from 2010 to 2013. They include information on the number of firms, employment, demographics and other topics using the most recently available government data. They are a reference tool for researchers, policymakers, and small entities who are interested in how small firms are performing regionally or nationally. *Note that this report defines small businesses as firms with fewer than 500 employees.*

Income and Finance

- Most small businesses are sole proprietors. Annual income from sole proprietorships increased **8.3 percent** in the 3rd quarter of 2013 and totaled **\$31.5 billion**. (Source: BEA)
- The Federal Deposit Insurance Corporation tracks banks and bank branches and publishes annual data for each state. For more detailed information see www2.fdic.gov/sod/sodSummary.asp?barItem=3.
- In 2012, **122,734** loans under \$100,000 (and valued at **\$1.4 billion**) were issued by Community Reinvestment Act lending institutions in Massachusetts. (Source: FFIEC)

Business Owner Demographics

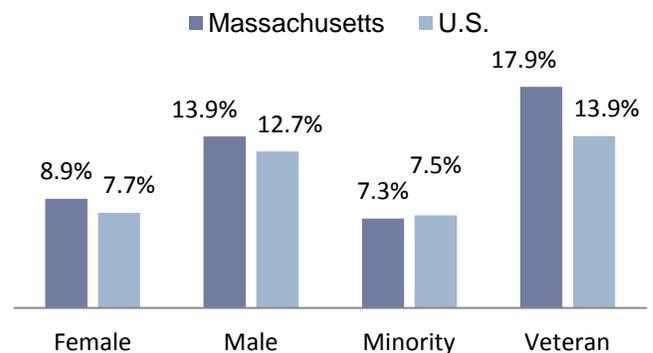
- In 2011, there were an estimated **184,000** woman-owned businesses and **67,000** minority-owned businesses. For additional business demographic information, see **Table 1** and **Figure 2**.

Table 1. Demographics of All Massachusetts Businesses, 2011

	Number of All Businesses ^e	Share of All Businesses (%) [*]
Male Owned	346,000	56.2
Woman Owned	184,000	29.8
Equally Male and Female Owned	66,000	10.7
Minority Owned	67,000	10.9
Veteran Owned	55,000	8.9

e = Advocacy estimate. *2007 SBO. Note: This estimate is based on the share of business owners in the 2007 SBO. This share is multiplied by the total number of businesses in 2011 (employer + nonemployer firms). These shares will not be updated to 2012 until fall 2015. Thus, the 2011 estimates assume the 2011 shares are the same as 2007. For more information, visit www.sba.gov/sites/default/files/files/ma10.pdf.

Figure 2: Massachusetts Self-Employment Demographics, 2012



Source: CPS

Note: Share of self-employed workers within a demographic group.

Business Turnover

- **Table 2** gives Massachusetts's establishment survival rates over an eight-year period, 2002-2010.
- In the 2nd quarter of 2013, **10,401** establishments opened and **8,775** closed in the state of Massachusetts. (Source: BED)
- Business bankruptcies declined in net from 2010 to 2013, signaling a stronger state economy. (Source: U.S. Courts)

Table 2. Survival Rates of Establishments in Massachusetts

	Establishments Opened*	Share Surviving Until 2012 (%)
2002	13,015	35.2
2007	11,882	50.2
2010	9,381	73.1

Source: BLS, BED. *Data year ending in March.

International Trade

- A total of **10,978** companies exported goods from the state in 2012. Of these, **9,837** or **89.6 percent** were small firms; they generated over three-eighths (**38.2 percent**) of the state's total known export value. (Source: ITA)

Table 3: Number of Massachusetts Small Firms by Industry, 2011
(ranked by number of small employer firms)

Industry	Employer Firms With 1-499 Employees	Employer Firms With 1-19 Employees	Nonemployer Firms	Total Small Firms
Professional, scientific, & tech. svcs.	19,497	17,832	97,271	116,768
Construction	16,341	15,452	56,999	73,340
Retail trade	15,669	14,294	30,229	45,898
Other services (except public admin.)	15,510	14,582	54,895	70,405
Accommodation & food services	12,893	10,473	5,421	18,314
Health care & social assistance	12,492	10,504	41,363	53,855
Admin., supp., waste mgt., remed. svcs.	8,353	7,416	33,610	41,963
Wholesale trade	6,498	5,243	7,224	13,722
Manufacturing	6,147	4,524	5,975	12,122
Finance & insurance	4,899	4,180	14,098	18,997
Real estate & rental & leasing	4,741	4,424	50,659	55,400
Transportation & warehousing	2,846	2,361	16,384	19,230
Arts, entertainment, & recreation	2,811	2,349	32,531	35,342
Educational services	2,398	1,828	19,843	22,241
Information	1,870	1,487	7,979	9,849
Management of comp. & enterprises	426	102	0	426
Unclassified	421	418	0	421
Forestry, etc. & agriculture support	341	331	4,892	5,233
Utilities	69	50	331	400
Mining	66	51	72	138
Total	133,488	117,785	479,776	613,264

Table 4: Employment in Massachusetts by Industry and Firm Size, 2011
(ranked by small firm employment)

Industry	Employment		Small Firm Share of Industry Employment (%)
	Small Firms	Total Firms	
Health care & social assistance	213,485	573,438	37
Accommodation & food services	167,903	259,244	65
Professional, scientific, & tech. svcs.	139,837	249,815	56
Retail trade	122,159	350,448	35
Manufacturing	121,938	225,473	54
Other services (except public admin.)	100,356	114,859	87
Construction	91,254	102,360	89
Admin., supp., waste mgt., remed. svcs.	85,454	201,274	42
Wholesale trade	76,804	126,596	61
Finance & insurance	57,588	196,755	29
Educational services	53,746	199,010	27
Arts, entertainment, & recreation	35,547	51,589	69
Transportation & warehousing	33,716	74,457	45
Real estate & rental & leasing	28,289	41,189	69
Information	27,623	94,082	29
Management of comp. & enterprises	9,872	84,526	12
Utilities	1,500	12,929	12
Forestry, etc. & agriculture support	1,043	1,050	99
Mining	719	1,003	72
Unclassified	D	D	D
Total	1,369,448	2,960,712	46

Source, Tables 3 and 4: SUSB

See www.sba.gov/advocacy/847/841921 for more detailed data.

Note: Small firms are defined as nonfarm firms having fewer than 500 employees.

(D) Data suppressed to protect the confidentiality of individual firms.

Abbreviations and Resources

BEA	Bureau of Economic Analysis, U.S. Department of Commerce, www.bea.gov .
BED	Business Employment Dynamics, U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov/bdm .
BDS	Business Dynamics Statistics, U.S. Census Bureau, www.census.gov/ces/dataproducts/bds .
BLS	Bureau of Labor Statistics, U.S. Department of Labor, www.bls.gov .
CPS	Current Population Survey, U.S. Census Bureau, and U.S. Department of Labor, Bureau of Labor Statistics, www.census.gov/cps .
FDIC	Federal Deposit Insurance Corporation, www.fdic.gov .
FFIEC	Federal Financial Institutions Examination Council, www.ffiec.gov .
ITA	International Trade Administration, U.S. Department of Commerce, www.trade.gov .
SBO	Survey of Business Owners, U.S. Census Bureau, www.census.gov/econ/sbo .
SUSB	Statistics of U.S. Businesses, U.S. Census Bureau, www.census.gov/econ/susb .
U.S. Courts	Administrative Office of the U.S. Courts, www.uscourts.gov .