

2019 Small Business Profile

Massachusetts



669,224 Small Businesses
99.5% of Massachusetts Businesses

1.5 million Small Business Employees
45.8% of Massachusetts Employees



EMPLOYMENT
53,980
net new jobs



DIVERSITY
125,988
minority-owned
business employees



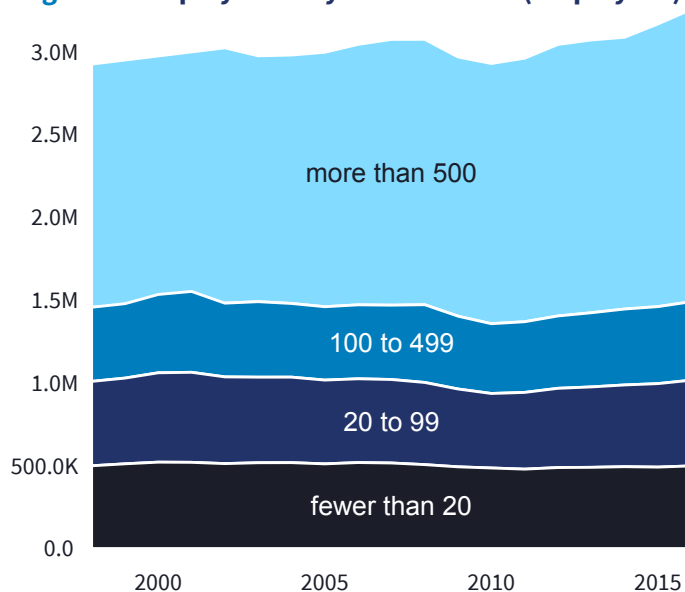
TRADE
8,967
small business
exporters

Overall Massachusetts Economy

- In the third quarter of 2018, Massachusetts grew at an annual rate of **3.5%**, which was faster than the overall US growth rate of **3.4%**. Massachusetts's 2017 growth rate of **2.6%** was up from the 2016 rate of **1.7%**. (Source: [BEA](#))
- In February 2019, the unemployment rate was **3.0%**, down from **3.6%** in February 2018. This was below the February 2019 national unemployment rate of **3.8%**. (Source: [CPS](#))

Employment

Figure 1: Employment by Business Size (Employees)



- Massachusetts small businesses employed **1.5 million** people, or **45.8%** of the private workforce, in 2016. (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 **2.8%** during the 12-month period ending in February 2019. This was equal to the increase of **2.8%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2017 by **2.1%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **53,980** net jobs in 2016. Firms employing fewer than 20 employees experienced the largest gains, adding **31,328** net jobs. The smallest gains were in firms employing 20 to 99 employees, which added **11,274** net jobs. (Source: [SUSB](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy (<http://advocacy.sba.gov>). 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, employees of minority-owned businesses, and exporter share statistics are based on the 2016 Statistics of US Businesses (SUSB), 2016 Annual Survey of Entrepreneurs (ASE), and 2016 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 2017, 145,301 loans under \$100,000 (valued at \$2.0 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 \$65,084 in 2017. For individuals self-employed at their own unincorporated firms, this figure was \$31,042. (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, 2016

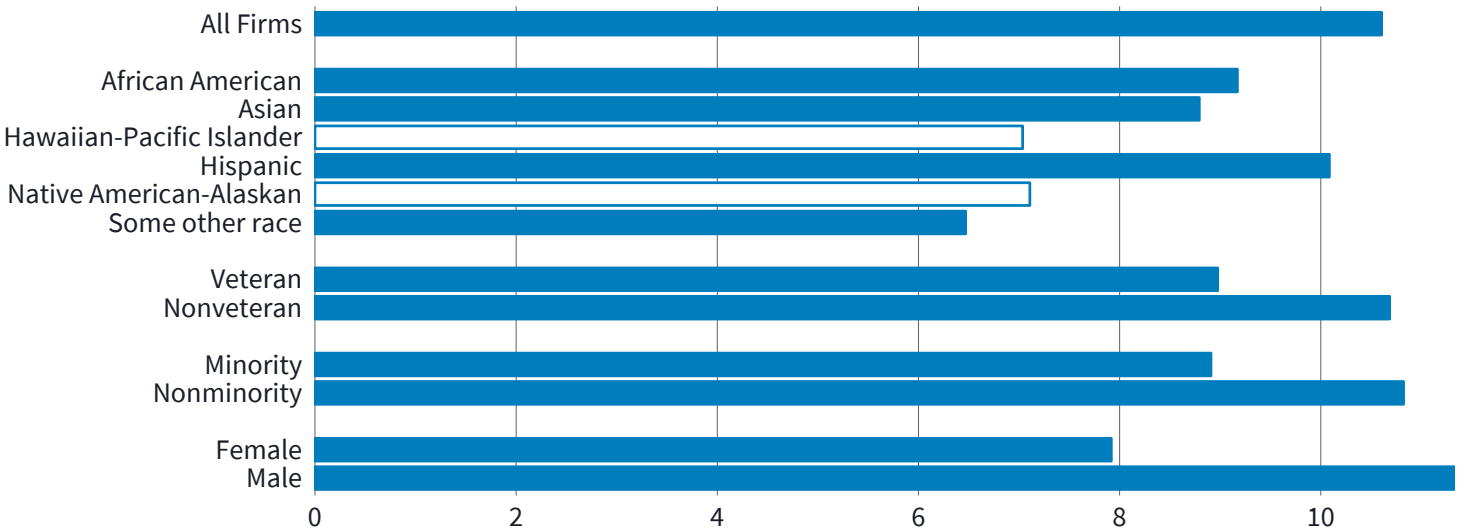
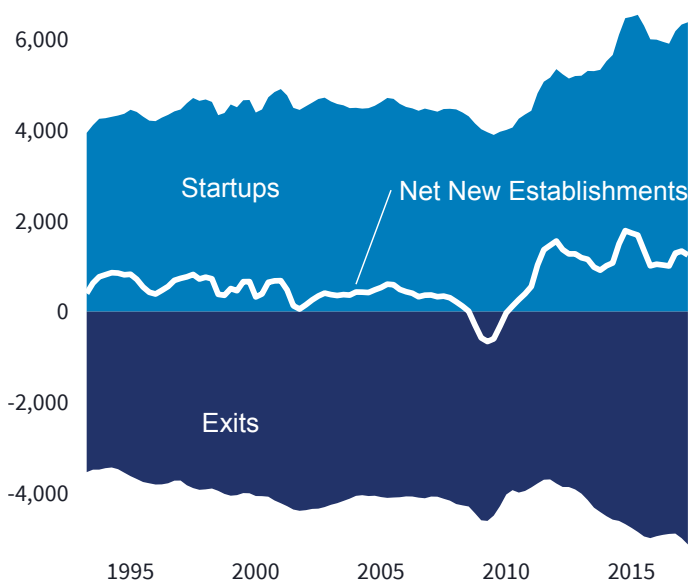


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the 2016 Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding individual businesses.

Turnover among Establishments with Employees

Figure 3: Massachusetts Quarterly Startups and Exits



- In the third quarter of 2017, 6,423 establishments started up, generating 18,032 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, 5,685 establishments exited resulting in 15,658 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 1993 to 2017. 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 10,085 companies exported goods from Massachusetts in 2016. Of these, 8,967, or 88.9%, were small firms; they generated 35.9% of Massachusetts's \$24.4 billion in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: Massachusetts Employment by Industry, 2016

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	227,593	644,071	35.3
Accommodation and Food Services	200,527	300,348	66.8
Professional, Scientific, and Technical Services	154,719	283,863	54.5
Retail Trade	124,175	373,471	33.2
Manufacturing	119,078	221,424	53.8
Construction	117,133	131,693	88.9
Other Services (except Public Administration)	110,258	127,224	86.7
Administrative, Support, and Waste Management	92,333	200,626	46.0
Wholesale Trade	76,091	143,559	53.0
Educational Services	58,363	219,163	26.6
Finance and Insurance	55,368	189,009	29.3
Arts, Entertainment, and Recreation	41,422	60,235	68.8
Transportation and Warehousing	35,951	84,681	42.5
Information	32,566	114,607	28.4
Real Estate and Rental and Leasing	31,937	46,627	68.5
Management of Companies and Enterprises	9,436	98,805	9.6
Agriculture, Forestry, and Fishing and Hunting	1,043	1,052	99.1
Industries not classified	930	930	100.0
Utilities	801	12,480	6.4
Mining, Quarrying, and Oil and Gas Extraction	692	913	75.8
Total	1,490,416	3,254,781	45.8

Figure 4: Massachusetts Self-Employment Rates by County, 2017

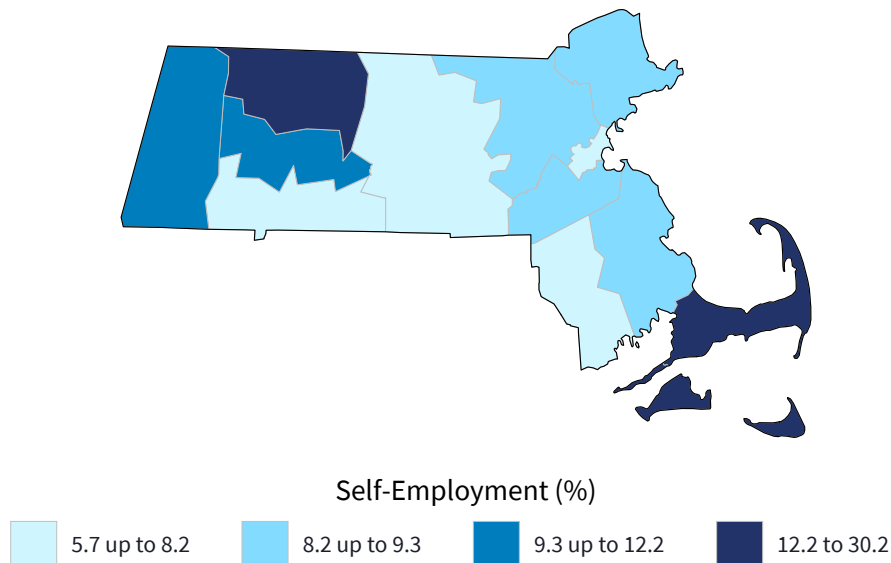


Table 2: Massachusetts Small Businesses by Industry and Firm Size, 2016

Industry	1-499 Employees	1-19 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	19,714	17,844	99,862	119,576
Other Services (except Public Administration)	16,610	15,588	60,802	77,412
Construction	18,467	17,300	56,783	75,250
Real Estate and Rental and Leasing	5,368	4,999	58,038	63,406
Health Care and Social Assistance	12,562	10,345	40,980	53,542
Transportation and Warehousing	3,214	2,709	43,257	46,471
Retail Trade	15,492	14,111	30,093	45,585
Administrative, Support, and Waste Management	9,251	8,270	33,778	43,029
Arts, Entertainment, and Recreation	3,084	2,525	36,127	39,211
Educational Services	2,849	2,235	22,921	25,770
Accommodation and Food Services	13,793	10,720	6,199	19,992
Finance and Insurance	4,778	4,111	14,089	18,867
Wholesale Trade	6,036	4,834	7,162	13,198
Manufacturing	5,887	4,285	5,993	11,880
Information	1,946	1,539	8,083	10,029
Agriculture, Forestry, and Fishing and Hunting	343	337	4,637	4,980
Utilities	72	52	611	683
Mining, Quarrying, and Oil and Gas Extraction	55	40	81	136
Total	139,728	122,430	529,496	669,224

Tables 1 and 2 display data from the 2016 SUSB. Table 2 includes additional data from the 2016 Nonemployer Statistics (NES). Figure 4 provides estimates of the rate of self-employment among employed civilians, 16 years and over, including both incorporated and unincorporated businesses, from the 2017 American Community Survey (ACS).

References

The Small Business Profiles, source data, and methodology are available at <https://go.usa.gov/xmb5R>.

- ACS American Community Survey, US Census Bureau
- 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
- SUSB Statistics of US Businesses, US Census Bureau