

# 2020 Small Business Profile

## Massachusetts



**700,646** Small Businesses  
**99.5%** of Massachusetts Businesses

**1.5 million** Small Business Employees  
**45.5%** of Massachusetts Employees



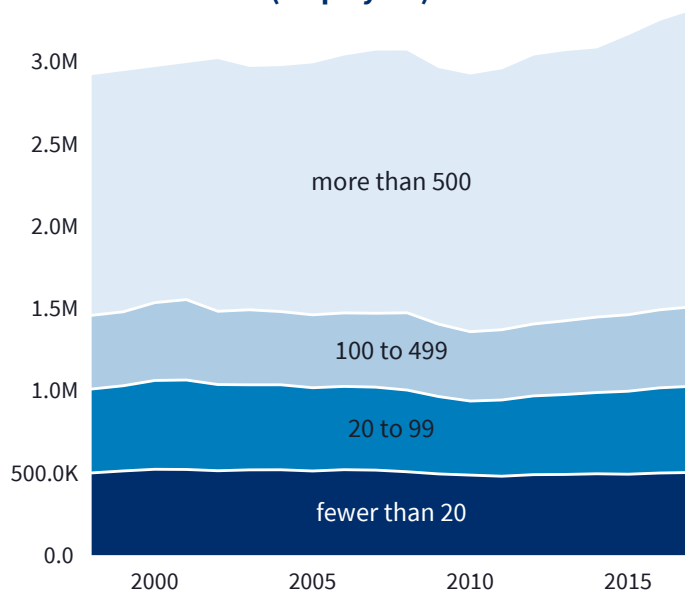
*A note on COVID-19: This report uses the most up-to-date government data to present a unique snapshot of small businesses. The BLS employment estimates capture the early stages of the pandemic. All other sources reflect data collected prior to the pandemic.*

### Overall Economy

- In the fourth quarter of 2019, Massachusetts grew at an annual rate of **2.1%**, which was the same as the overall US growth rate. Massachusetts' 2019 overall growth rate of **2.5%** was down from the 2018 rate of **3.1%**. (Source: [BEA](#))
- In April 2020, the unemployment rate was **15.1%**, up from **3.0%** in April 2019. This was above the April 2020 national unemployment rate of **14.7%**. (Source: [CPS](#))

### Employment

**Figure 1: Massachusetts Employment by Business Size (Employees)**



- Massachusetts small businesses employed **1.5 million** people, or **45.5%** of the private workforce, in 2017. (Source: [SUSB](#))
- Firms with 20 to 99 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment decreased **19.0%** during the 12-month period ending in April 2020. This was below the increase of **1.0%** during the prior 12-month period. (Source: [CES](#))
- The number of proprietors increased in 2018 by **3.7%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **35,232** net jobs in 2019. Firms employing fewer than 20 employees experienced the largest gains, adding **27,656** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **3,371** net jobs. (Source: [BDM](#))

*The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy (<http://advocacy.sba.gov>). These profiles define small businesses as firms with fewer than 500 employees. Net small business job change, self-employed minorities, and exporter share statistics are based on 2019 Business Employment Dynamics (BDM), 2018 American Community Survey (ACS), and 2018 International Trade Administration (ITA) data, respectively.*

## Income and Finance

- The median income for self-employed individuals at their own incorporated businesses was **\$64,686** in 2018. For self-employed individuals at their own unincorporated firms, median income was **\$31,723**. (Source: [ACS](#))
- The total number of banks decreased by **7** between June 2018 and June 2019 to **115** banks. During the same period, the number of banks with assets under \$1 billion decreased by **9** to **73** banks. (Source: [FDIC](#))
- In 2018, Massachusetts lending institutions reporting under the Community Reinvestment Act issued **158,974** loans under \$100,000, a total value of **\$2.2 billion**. (Source: [FFIEC](#))

Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed. The decline in the number of banks with assets under \$1 billion may exceed the change in the total number of banks due to mergers and asset balance changes.

## Self-Employment Demographics

**Figure 2: Massachusetts Self-Employment Rates by Gender & Demographic, 2018**

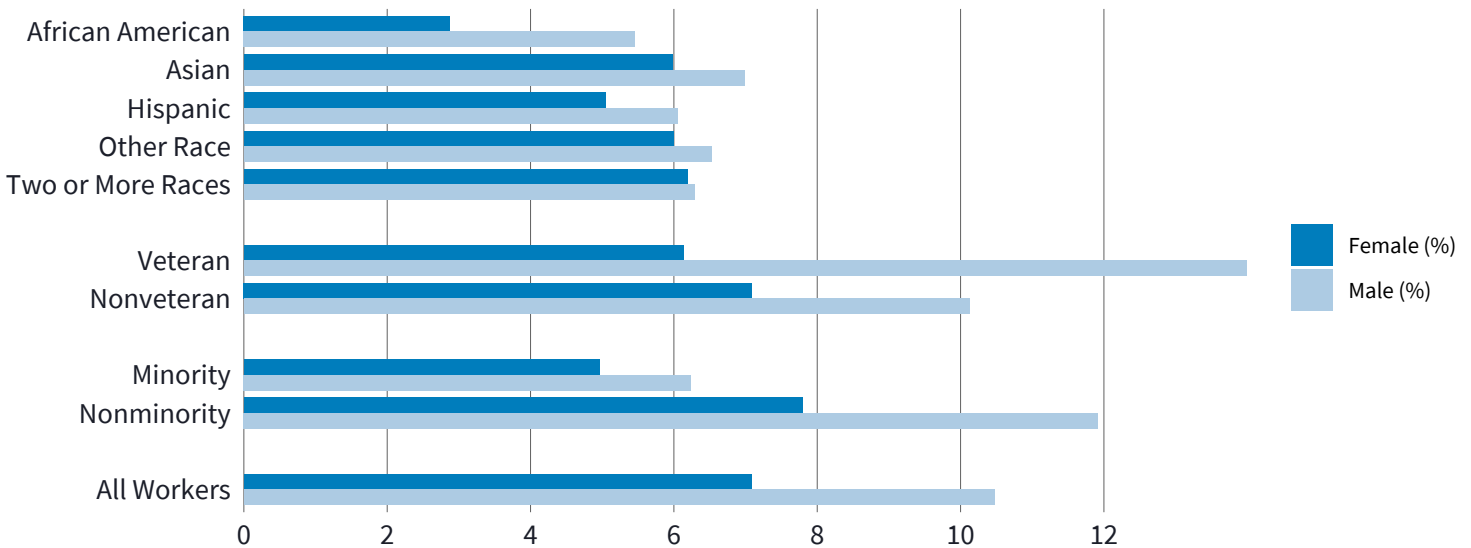
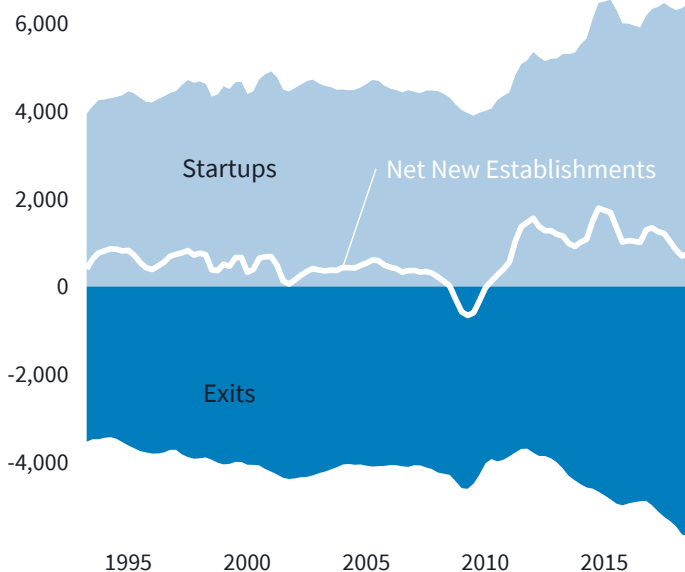


Figure 2 shows the self-employment rate for each demographic group by gender according to the 2018 American Community Survey (ACS). Other Race includes those who selected Alaska Native, American Indian, Native Hawaiian, Pacific Islander, or Some Other Race.

## Turnover among Establishments with Employees

**Figure 3: Massachusetts Quarterly Startups and Exits**



- In the fourth quarter of 2018, **6,498** establishments started up, generating **18,219** 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, **4,824** establishments exited, resulting in **15,881** 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 2018. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: [BDM](#))

The BDM data covers only business establishments with employees. BDM refers to startups as births and exits as deaths. These terms are distinct from the BDM 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

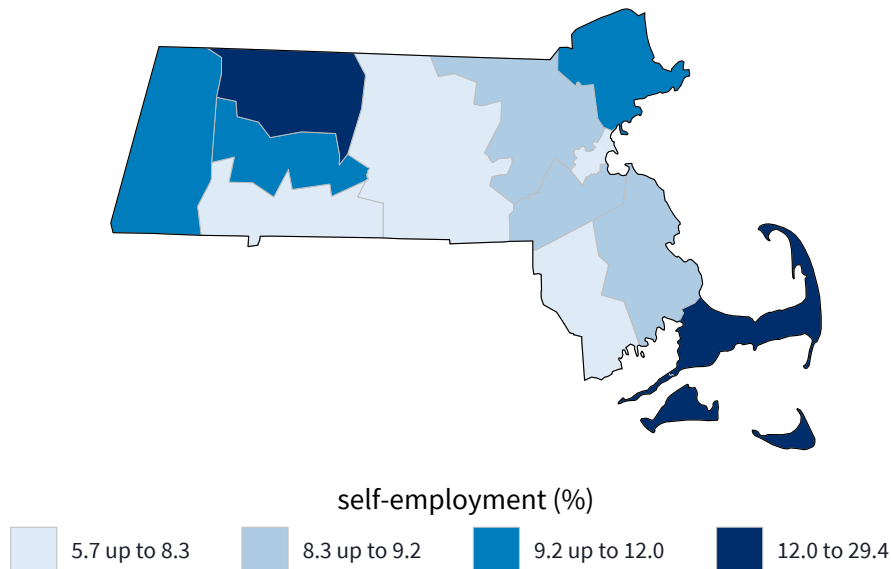
- A total of 10,447 firms exported goods from Massachusetts in 2018. Of these, 9,256, or 88.6%, were small firms, which generated 33.5% of Massachusetts' \$25.3 billion in total exports. (Source: ITA)

## Small Business Employment by Industry and Self-Employment by County

**Table 1: Massachusetts Employment by Industry, 2017**

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	230,648	641,269	36.0
Accommodation and Food Services	208,166	310,206	67.1
Professional, Scientific, and Technical Services	158,416	296,367	53.5
Retail Trade	121,541	372,079	32.7
Construction	120,610	135,470	89.0
Manufacturing	116,014	223,386	51.9
Other Services (except Public Administration)	109,907	126,924	86.6
Administrative, Support, and Waste Management	94,562	207,979	45.5
Wholesale Trade	74,541	145,897	51.1
Educational Services	58,271	221,624	26.3
Finance and Insurance	53,775	192,251	28.0
Arts, Entertainment, and Recreation	42,643	62,020	68.8
Transportation and Warehousing	37,952	90,978	41.7
Information	34,972	124,720	28.0
Real Estate and Rental and Leasing	32,789	49,307	66.5
Management of Companies and Enterprises	10,042	101,040	9.9
Agriculture, Forestry, and Fishing and Hunting	1,199	1,207	99.3
Utilities	758	12,617	6.0
Mining, Quarrying, and Oil and Gas Extraction	620	836	74.2
Industries Not Classified	539	539	100.0
<b>Total</b>	<b>1,507,965</b>	<b>3,316,716</b>	<b>45.5</b>

**Figure 4: Massachusetts Self-Employment Rates by County, 2018**



**Table 2: Massachusetts Small Businesses by Industry and Firm Size, 2017**

Industry	1-19 Employees	1-499 Employees	Nonemployer Firms	Total Small Firms
Professional, Scientific, and Technical Services	17,971	19,887	101,725	121,612
Other Services (except Public Administration)	15,760	16,769	62,786	79,555
Construction	17,903	19,091	56,050	75,141
Real Estate and Rental and Leasing	5,102	5,460	59,945	65,405
Transportation and Warehousing	2,763	3,296	54,269	57,565
Retail Trade	13,945	15,340	40,098	55,438
Health Care and Social Assistance	10,336	12,640	41,236	53,876
Administrative, Support, and Waste Management	8,514	9,521	34,390	43,911
Arts, Entertainment, and Recreation	2,603	3,165	37,937	41,102
Educational Services	2,231	2,849	22,970	25,819
Accommodation and Food Services	10,649	13,868	6,583	20,451
Finance and Insurance	4,124	4,773	14,513	19,286
Wholesale Trade	4,685	5,896	7,999	13,895
Manufacturing	4,206	5,763	6,122	11,885
Information	1,628	2,078	8,115	10,193
Agriculture, Forestry, and Fishing and Hunting	341	347	4,674	5,021
Utilities	57	76	413	489
Mining, Quarrying, and Oil and Gas Extraction	41	53	100	153
<b>Total</b>	<b>123,132</b>	<b>140,721</b>	<b>559,925</b>	<b>700,646</b>

Tables 1 and 2 display data from the 2017 Statistics of U.S. Businesses (SUSB). Table 2 includes additional data from the 2017 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 2018 American Community Survey (ACS).

**References**

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

- ACS American Community Survey, 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
- CES Current Employment Statistics, BLS
- CPS Current Population Survey, BLS
- FDIC 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