

Small firms strengthen New England's economy

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In 2002-2003, gross domestic product continued to rise nationwide, while growth in employment remained slow to recover. Small businesses continued to be a source of economic strength nationally and throughout New England.

Research from the Small Business Administration's Office of Advocacy shows that half of New England's private non-farm output and employment stem from small firms with 500 or fewer employees. Women and minority entrepreneurs are also significant participants in the region's economy. The following summaries capture the status of small business in the region by state:

MASSACHUSETTS

Number of Businesses. The number of employer businesses in 2002 increased by 2.3 percent and numbered 173,896. The number of self-employed individuals decreased an estimated 5.4 percent in 2002. In the state, 98.0 percent of the businesses were small (with fewer than 500 employees based on 2000 firm size data)

Women-Owned Businesses. In 2002, self-employed women totaled 75,550, or 36.5 percent of self-employed workers in the state. Women-owned businesses totaled 142,700, of which 14.1 percent had employees. They generated \$16.8 billion in revenues in 1997.

Minority-Owned Businesses. Minority-owned businesses represented 7.3 percent of the state's businesses and generated \$7.0 billion in revenues in 1997. They accounted for 19.5 percent of employer businesses in the state.

Business Turnover. Between 2001 and 2002, new employer firms increased 19.6 percent to 21,725. Business bankruptcies decreased by 11.0 percent, and totaled 380 in 2002. Business terminations increased by 12.4 percent, and totaled 20,532 in 2002.

Employment. In 2000, businesses with fewer than 500 workers employed 49.7 percent of the state's 3,087,044 non-farm sector employees. The industry with the most small business employees was health care and social assistance. Between 1999 and 2000, small businesses added a net total of 84,224 employees; they represented 72 percent of net non-farm employment change in the state.

Small Business Income. Non-farm proprietors' income—a partial measure of small business income—increased by 2.6 percent in 2002 and amounted to \$18.8 billion.

CONNECTICUT

Number of Businesses. The number of employer businesses in 2002 decreased by 0.2 percent and numbered 96,677. The number of self-employed individuals increased an estimated 3.0 percent in 2002. In the state, 97.3 percent of the businesses were small (with fewer than 500 employees based on 2000 firm size data).

Women-Owned Businesses. In 2002, self-employed women totaled 42,951, or 35.1 percent of self-employed workers in the state. Women-owned businesses totaled 72,400, of which 15.3 percent had employees. They generated \$9.3 billion in revenues in 1997.

Minority-Owned Businesses. Minority-owned businesses represented 7.2 percent of Connecticut's businesses and generated \$4.6 billion in revenues in 1997. They accounted for 21.6 percent of employer businesses in the state.

Business Turnover. Between 2001 and 2002, new employer firms decreased 3.8 percent to 8,726. Business bankruptcies increased by 16.0 percent, and totaled 181 in 2002. Business terminations increased by 0.3 percent, and totaled 11,383 in 2002.

Employment. In 2000, businesses with fewer than 500 workers employed 50.2 percent of the state's 1,546,250 non-farm sector employees. The industry with the most small business employees was health care and social assistance. Between 1999 and 2000, small businesses added a net total of 29,256 employees; they represented all of the net non-farm employment change in the state.

Small Business Income. Non-farm proprietors' income increased by 2.6 percent in 2002 and amounted to \$12.4 billion.

NEW HAMPSHIRE

Number of Businesses. The number of employer businesses in 2002 decreased by 0.8 percent and numbered 39,211. The number of self-employed individuals increased an estimated 8.3 percent in 2002. In the state, 96.6 percent of the businesses were small (with fewer than 500 employees based on 2000 firm size data).

Women-Owned Businesses. In 2002, self-employed women totaled 21,555, or 39.2 percent of self-employed workers in the state. Women-owned businesses totaled 27,300, of which 15.4 percent had employees. They generated \$3.1 billion in revenues in 1997.

Minority-Owned Businesses. Minority-owned businesses represented 2.8 percent of the state's businesses and generated \$0.9 billion in revenues in 1997. They accounted for 28.1 percent of employer businesses in the state.

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Business Turnover. Between 2001 and 2002, new employer firms increased 3.7 percent to 4,562. Business bankruptcies decreased by 36.5 percent, and totaled 212 in 2002. Business terminations increased by 2.9 percent, and totaled 5,418 in 2002.

Employment. In 2000, businesses with fewer than 500 workers employed 55.4 percent of the state's 546,400 nonfarm sector employees. The industry with the most small business employees was manufacturing. Between 1999 and 2000, small businesses added a net total of 12,480 employees; they represented 71 percent of net non-farm employment change in the state.

Small Business Income. Non-farm proprietors' income increased by 2.6 percent in 2002 to reach \$3.6 billion.

RHODE ISLAND

Number of Businesses. The number of employer businesses in 2002 decreased by 2.2 percent and numbered 32,295. The number of self-employed individuals increased an estimated 4.0 percent in 2002. In the state, 96.4 percent of the businesses were small.

Women-Owned Businesses. In 2002, self-employed women totaled 10,627, or 41.9 percent of self-employed workers in the state. Women-owned businesses totaled 19,900, of which 19.1 percent had employees. They generated \$2.7 billion in revenues in 1997.

Minority-Owned Businesses. Minority-owned businesses represented 5.9 percent of the state's businesses and generated \$0.6 billion in revenues in 1997. They accounted for 22.9 percent of employer businesses in the state.

Business Turnover. Between 2001 and 2002, new employer firms increased 1.4 percent to 3,597. Business bankruptcies increased by 1.6 percent, and totaled 65 in 2002. Business terminations increased by 20.0 percent, and totaled 4,981 in 2002.

Employment. In 2000, businesses with fewer than 500 workers employed 58.3 percent of the state's 415,168 nonfarm sector employees. The industry with the most small business employees was manufacturing. Between 1999 and 2000, small businesses added a net total of 7,012 employees; they

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represented all of the net nonfarm employment change in the state.

Small Business Income. Non-farm proprietors' income increased by 2.6 percent in 2002, reaching \$2.1 billion.

MAINE

Number of Businesses. The number of employer businesses in 2002 increased by 0.7 percent and numbered 39,180. The number of self-employed individuals decreased an estimated 9.8 percent in 2002. In the state, 97.5 percent of the businesses were small.

Women-Owned Businesses. In 2002, self-employed women totaled 21,859, or 34.4 percent of self-employed workers in the state. Women-owned businesses totaled 30,600 and generated \$3.2 billion in revenues in 1997.

Minority-Owned Businesses. Minority-owned businesses represented 2.2 percent of the state's businesses and generated \$0.4 billion in revenues in 1997. They accounted for 25.0 percent of employer businesses here.

Business Turnover. Between 2001 and 2002, new employer firms decreased 5.1 percent to 4,428. Business bankruptcies decreased by 33.1 percent, and totaled 101 in 2002. Business terminations decreased by 6.6 percent, and totaled 5,042 in 2002.

Employment. In 2000, businesses with fewer than 500 workers employed 60.0 percent of the state's 491,780 nonfarm sector employees. The industry with the most small business employees was health care and social assistance. Between 1999 and 2000, small businesses added a net total of 12,422 employees; they represented 73 percent of net non-farm employment change.

Small Business Income. Non-farm proprietors' income increased by 2.6 percent in 2002 and amounted to \$2.7 billion.

VERMONT

Number of Businesses. The number of employer businesses in 2002 decreased by 2.3 percent and numbered 20,755. The number of self-employed individuals increased an estimated 14.9 percent in 2002. In the state, 96.9 percent of the businesses were small (with fewer than 500 employees).

Women-Owned Businesses. In 2002, self-

employed women totaled 13,516, or 36.9 percent of self-employed workers in the state. Women-owned businesses totaled 17,000, of which 14.7 percent had employees. They generated \$1.3 billion in revenues in 1997.

Minority-Owned Businesses. Minority-owned businesses represented 3.1 percent of the state's businesses and generated \$0.4 billion in revenues in 1997. They accounted for 23.8 percent of employer businesses in the state.

Business Turnover. Between 2001 and 2002, new employer firms increased 4.7 percent to 2,331. Business bankruptcies decreased by 6.2 percent, and totaled 91 in 2002. Business terminations increased by 35.8 percent, and totaled 3,501 in 2002.

Employment. In 2000, businesses with fewer than 500 workers employed 65.1 percent of the state's 253,541 nonfarm sector employees. The industry with the most small business employees was retail trade. Between 1999 and 2000, small businesses added a net total of 7,464 employees; they represented 93 percent of net non-farm employment change in the state.

Small Business Income. Non-farm proprietors' income increased by 2.6 percent in 2002 and amounted to \$1.5 billion. □