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NEW STUDY FINDS POSITIVE NEWS FOR ESSEX COUNTY ECONOMY

Job creation through proprietorships showed strong growth through 2006—growth that is expected to continue

June 25, 2009, Salem MA--- A just-completed study commissioned by the Enterprise Center at Salem State College found that, contrary to reports of massive layoffs and declining jobs throughout Massachusetts between 2001 and 2006, proprietors were not only on the rise, they compensated for wage-and-salary job losses and may well be continuing to do so. Even better, Essex County exceeded statewide trends. In fact, in 2006 Essex County had 85,266 proprietors including 53,498 sole proprietors and 31,768 proprietors with wage and salary employees

[Proprietor Employment Trends in Massachusetts and Essex County: 2001-2006](#), by Professor Laurence E. Goss and Moumita DuttaGupta of the Salem State College Geography Department, revealed surprising facts about proprietors and micro-businesses.

- **Massachusetts and Essex County may be gaining unrecognized jobs.** While wage and salary employment dropped between 2001 and 2006, the most recent date for which comprehensive data are available, the state gained 177,651 new proprietors, an increase of nearly 33 percent and an increase so large that there was actually a net *gain* in jobs during that time period.
- **Proprietors are critical to both state and regional economies.** One in every five jobs in Massachusetts and one in every four jobs in Essex County in 2006 was a proprietor. At the state level, this was about seven percent below the national average, but for Essex County, the numbers were 16 percent higher than was true nationwide. Out of 72,047 corporations, partnerships and proprietorships in Essex County in 2006, sole proprietors comprised 74.3 percent of all businesses, and when combined with micro businesses of five or fewer employees the number jumps to 88% of all businesses.
- In 2006 Essex County had 85,266 proprietors, 53,498 sole proprietors, 31,768 proprietors with wage and salary employees

Clearly, Essex County communities stand to benefit by focusing economic development efforts on proprietors and micro-businesses, defined in the study as businesses with fewer than five employees. These businesses have gone largely undetected for reasons that range from their frequent home-based status to the fact that many Massachusetts economic reports are based solely on wage-and-salary data, which does not include proprietors, whose revenues are reported on a Schedule C attached to their tax return. In other words we only count employees and not self-employed business owners.

As Christine Sullivan, Executive Director of the Enterprise Center said, “Essex County is a poster child for a significant shift in how we work. Today, with just a desk and laptop, one can run a business from home that reaches around the world. That’s a totally new phenomenon. We believe that the cities and towns and economic development experts who recognize this fact and respond with programs to support and grow this sector of the economy stand to benefit tremendously,”

When asked what the effect of the current recession would be on his findings, Dr. Goss, who is also affiliated with the college’s Center for Economic Development and Sustainability, replied, “Recessions traditionally produce an increase in proprietors as laid-off workers opt for self-employment. What it points out is the need for better access to more current data.”

The study also identified industrial sectors where proprietors are growing. Economic development efforts might focus on professional and technical services, education, health care and creative economy sectors. Sullivan noted that the professional and technical services area of growth encompasses knowledge workers who tend to earn more than other sectors—the very group that is essential to grow the economy of the state and region.

“How can we ignore one out of four Essex County workers?” says Sullivan. “How can we ignore their economic potential? It’s easy to dismiss them because contribution to the economy is small compared to larger companies, but wouldn’t it be a shame if the next eBay or monster.com never gained enough traction to make it big because of inadequate support from local government and business communities?”

The Enterprise Center at Salem State College is a leader in helping small businesses grow. As the state’s preeminent provider of support services to this critical economic sector, the Enterprise Center offers numerous free programs, including skills-based workshops and one-on-one consulting. Its highly successful initiatives include CEO groups, the *128 Venture North Breakfast* series, the *Million Dollar Women Symposium* and the annual *North of Boston Business Plan Competition*.

Laurence Goss is a professor in the Salem State College Department of Geography and is affiliated with the college’s Center for Economic Development and Sustainability. Moumita DuttaGupta is a graduate research assistant at the college.

Both the [complete study](#) and a [summary report](#) are available on The Enterprise Center's website, www.enterprisectr.org. For more information, please contact Christine Sullivan, at 978-542-7528, csullivan@enterprisectr.org.

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