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Ray of Hope: More Jobs in Massachusetts than Reported

Self-employment showed strong growth through 2006 —growth expected to continue

June 25, 2009, Salem MA--- June 16, 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.

The new study is titled [*Proprietor Employment Trends in Massachusetts and Essex County: 2001-2006*](#), by Professor Laurence E. Goss and Moumita DuttaGupta of the Geography Department at Salem State College. The study found:

- **Proprietors are growing.** Proprietors often grow from one-person businesses to hire wage-and-salary employees. Between 2001 and 2006, the state gained on average more than 35,000 new proprietors annually.
- **In 2006 in Massachusetts there were 758,758 proprietors, 453,998 sole proprietors, 304,760 proprietors with wage and salary employees**
- **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. Out of 72,047 corporations, partnerships and proprietorships in Essex County in 2006, sole proprietors comprised 74.3 percent of all businesses, and micro businesses and proprietors together account for 88%.

When asked if the recession invalidates the findings, Dr. Goss, who is also associated with the college's Center for Economic Development and Sustainability, replied, "Recessions traditionally produce more proprietors as laid-off workers opt for self-

employment. This points out the need for better access to more current data on proprietors.”

A major reason these businesses are ignored is that many Massachusetts economic reports are based solely on wage-and-salary data, which does not include proprietors. They count only employees—not business owners.

“The findings also signal a dramatic change in how America works”, says Christine Sullivan, Executive Director of the Enterprise Center. “You can run a global business from a laptop today,” she said. “By not counting proprietors, we ignore a huge number of people who contribute billions to the economy.”

Both the state and local communities stand to benefit by focusing economic development efforts on proprietors. “We believe that the rapid growth of proprietors underscores a real shift in employment options in this country. With a computer and a desk, an individual can run a global business from home. This could never have happened twenty years ago,” said Ms. Sullivan. “The problem is that by failing to count these as “jobs, we ignore a huge number of working people who contribute billions to the economy. We don’t know much about whom they are or what they need, but they are growing and are becoming a life-blood of this country.”

The study also identified industrial sectors where proprietors are growing, specifically, professional and technical services, education, health care and creative economy sectors. The professional and technical services category tends to attract knowledge workers with higher earning potential. The fact that this is the fastest growing category is a good sign for our innovation economy.

“That one of every five workers in the state is self-employed is huge,” said Sullivan. “Just because they may not be big revenue producers today, doesn’t mean they won’t be tomorrow. Think of eBay or Monster.com; they started small, and they started in a recession. We need to support these small businesses and help them gain the critical mass they need to flourish. And we need to support the thousands of families that depend on self-employment for their household income.”

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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, Jr. PdD is a professor in the Salem State College Department of Geography and is affiliated with the college’s Center for Economic Development and Sustainability. He was assisted by Moumita DuttaGupta, a graduate research assistant at the college.

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