

New Hampshire Economic Conditions

December 2013

Small Firms in New Hampshire

Small business is the backbone of New Hampshire's economy. Firms with under 50 employees have long held the largest portion of New Hampshire business enterprises. Over the last ten years, nine out of ten private establishments had fewer than 50 employees. These small firms provided about two of every five jobs, and just under 40 percent of total wages paid for workers covered by unemployment insurance.

Though there are multiple definitions of "small business," for purposes of the following analysis, small firms are defined as those that employ fewer than 50 people — but greater than zero — in the private sector, as of March each year. Firms with no employment in March were excluded from the assessment, as were firms owned by a government entity. Employment counts do not include the self-employed, as these workers are not covered by unemployment insurance.

Firms by Size, 2013 Q1

In the first quarter of 2013, there were 36,589 privately-owned firms in New Hampshire. Of those, 1,760 did not have any employees in March, the month used to determine firm size. There were 33,212 small firms (fewer than 50 employees), and 1,617 firms employing 50 or more workers. Altogether, there were 518,147 workers in private establishments in New Hampshire in March 2013. Of these workers, 211,274, or

40.8 percent, were employed in small firms; 306,873 workers were employed in firms with 50 or more employees.

Small Firm Employment by Industry – Overview

Organizing firms by industry highlights different employing aspects of businesses in each of the industries. Using only firms with employment in March 2013, small firms represented at least 85 percent of firms in each of the industry supersectors.

Small firms accounted for over 98 percent of firms in the *Other services*, *Construction*, and *Natural resources and mining* supersectors in New Hampshire. Small firms in these industries contributed over 70 percent of private

Percent of Firms, Employment, and Total Wages in Firms with 1-49 Employees

	Firms	Employment	Total Wages
2004	91.5%	40.7%	37.7%
2005	91.1%	42.5%	40.4%
2006	90.9%	42.2%	39.8%
2007	90.9%	41.8%	39.0%
2008	90.5%	41.5%	38.9%
2009	90.6%	41.6%	39.4%
2010	91.0%	41.7%	39.6%
2011	90.6%	40.9%	38.9%
2012	90.7%	40.9%	39.2%
2013	90.8%	40.8%	38.7%

Source: Quarterly Census of Employment and Wages, Economic and Labor Market Information Bureau. Data are for the first quarter of each year.

employment. This indicates that at least seven of every ten jobs in these industries are from businesses defined here as a small firm.

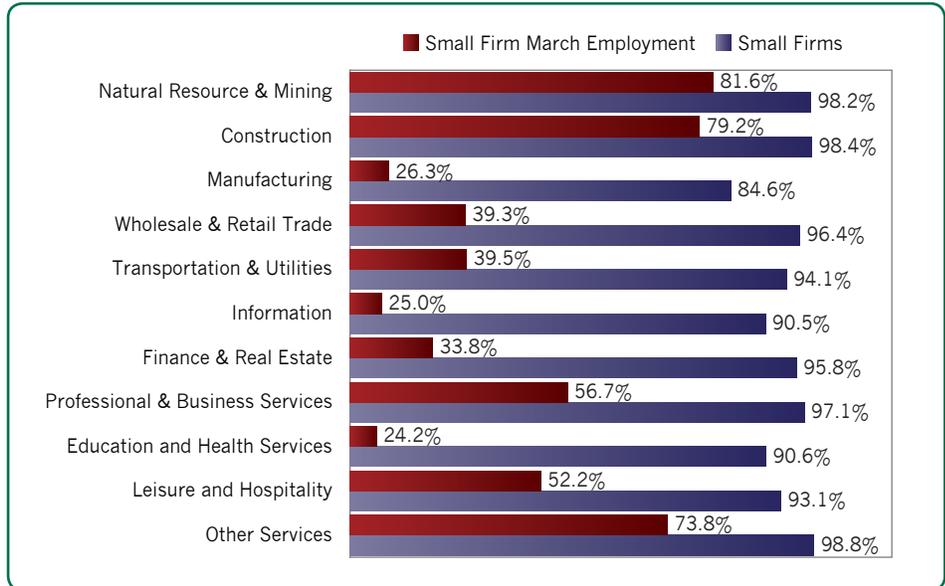
Firms by Size, Total Private, 2013 Q1

Size Range	Firms	Employment			Total Wages	Average Weekly Wage
		January	February	March		
No March Employment	1,760	3,127	2,007	0	\$27,445,171	\$1,233.64
1 - 4	20,467	38,588	38,662	38,891	\$544,851,556	\$1,082.61
5 - 9	6,284	40,718	40,960	41,421	\$455,769,500	\$854.41
10 - 19	3,839	51,155	51,068	51,810	\$577,330,243	\$864.94
20 - 49	2,622	78,213	78,171	79,152	\$896,848,321	\$878.70
50 - 99	873	59,691	59,360	60,078	\$706,546,223	\$910.23
100 - 249	489	72,695	72,882	72,866	\$877,182,561	\$926.68
250 - 499	154	52,470	52,761	52,430	\$666,904,713	\$976.15
500 - 999	72	49,438	49,127	49,021	\$652,352,335	\$1,020.03
1000 or more	29	72,353	71,968	72,478	\$997,204,085	\$1,061.46
Totals:	36,589	518,448	516,966	518,147	\$6,402,434,708	\$951.03

At the other end of the scale, the *Manufacturing, Information, and Education and health services* supersectors had the smallest shares of establishments with fewer than 50 employees, but small firms still accounted for 85 to 90 percent of firms in the respective industries. However, small firms in these industries provided roughly 25 percent of employment in each industry. Although there are many small firms in these industries, less than three of every ten jobs in these industries are at a business that employs fewer than 50 workers.

For businesses in *Wholesale and retail trade, Transportation and utilities, and Finance and real estate*, about 95 percent of firms employ fewer than 50 workers. Larger firms employ more workers in these industries, as about four out of every ten jobs in *Wholesale and retail trade* and *Transportation and utilities* are at a small firm. About a third of *Finance and real estate* workers are employed at a small firm.

Small Firms and Small Firm Employment as a Percent of Total Private Industry by Supersector, 2013 Q1



In the *Leisure and hospitality* and *Professional and business services* supersectors, 93 and 97 percent of firms, respectively, had fewer than 50 workers. Just over half of employment in these industries was in small firms.

Small Firms versus Large Firms by Select Industries – A Ten-Year View

Construction

In the *Construction* industry, establishments with fewer than 50 employees represented 98 percent of all firms, and about 80 percent of industry’s employment. Over the last ten years, the dynamics of the *Construction* industry’s response to the economic downturn differed between small firms and large firms. Both the number of firms and total employment at small firms in *Construction* peaked in 2006. At that point, small firms showed more vulnerability to the fallout from the housing bubble and the Great Recession. Both the number of small firms and employment provided by these firms declined over-the-year through 2011, remaining flat since.

Counting Firms by Size

Annually, Quarterly Census of Employment and Wages (QCEW) employment counts for master business establishments are summed into eight size ranges. These data are tallied slightly differently than usual quarterly estimates of employment by industry and location. First, the time period for measurement is the third month of the first quarter of the year. Second, employment at businesses with multiple worksites is summed, so that the establishment is measured by total employment, but counts as one firm. Thus, New Hampshire statewide data counts a firm with multiple locations throughout the state as a single firm, and includes all employment statewide.

Using this method, firms by size summed for a sub-state area, such as a county, also counts a firm with multiple locations within that geographic area as a single firm. One firm, however, may have multiple locations throughout the state, that is, multiple locations in multiple counties. If data for all sub-state areas are summed, the total may exceed that of the statewide total. This difference affects firm counts only; employment estimates for sub-state areas may be summed to equal statewide employment.

Large *Construction* firms were less impacted by the latest recession. The number of large firms in *Construction* did decline from the ten-year average of 50, dipping to 34 in 2010, but then returned to average. From 2004 to 2008, employment in large *Construction* firms varied to some extent from year to year, declining slightly over the five-year period. Employment dropped through 2010, but rebounded in 2011, then leveled off.

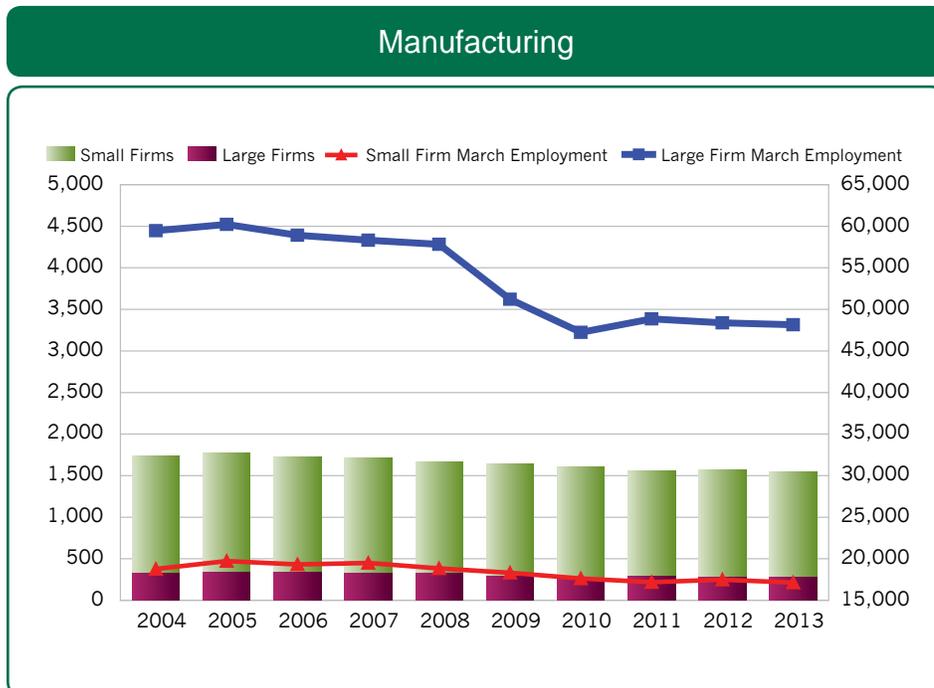
Manufacturing

In *Manufacturing*, small firms historically have employed roughly one of every four workers. Between 2004 and 2013, small firms in *Manufacturing* experienced gradual declines, as the number of small firms shrank by nearly 200 and employment fell by about 1,600 jobs. Employment in small *Manufacturing* firms had been on a downward trend since 2005, declining between two-and-a-half and three percent over-the-year from 2008 through 2011.



About 20 percent of *Manufacturing* firms had 50 or more workers, but these firms employed about 75 percent of workers in the industry. Large *Manufacturing* firms shouldered the brunt of the effects from the Great Recession, dropping 40 firms and about 11,300 employees

between 2004 and 2013. While some decline in large firms may result in firms changing size class, in *Manufacturing* there was not a corresponding increase in small firms that would account for the drop in the number of large firms.



Education and Health Services

The *Education and health services* supersector has an employment split similar to *Manufacturing* — small firms employ about 25 percent of workers and large firms employ about 75 percent. In this industry, however, the largest share of workers is employed at less than ten percent of firms. Just over 90 percent of firms have fewer than 50 employees. The number of small firms increased by about 33 percent from 2004 to 2013, adding 330 firms, accounting for over 3,300 jobs during this period. Firms with 50 or more employees also continued to grow, increasing by more than 80 between 2004 and 2013, and adding almost 15,000 workers.

For firms in this supersector, the ten-year trend for both employment and number of firms was markedly different from other industries. Private *Education and health services*, which excludes government-owned establishments, did not drop in firm or employment counts over the ten-year period, including during the Great Recession. This industry was not unaffected by the economic downturn, however, as growth of 1,600 to 3,000 jobs over-the-year before 2009 has slowed to 500 to 1,000 jobs over-the-year from 2009 through 2013.

Wholesale and Retail Trade

The share of small firms and the employment at small firms in *Wholesale and retail trade* closely resemble the proportions for all private industries. Over 96 percent of all firms have fewer than 50 employees, and two of every five jobs in the supersector are in small firms.

The highest number of small firms in this supersector was just over 8,400

Education and Healthcare



in 2007. Since then, the number of small firms has declined, and by 2013 there were 500 fewer small firms than in 2007. Large firms felt the pinch even sooner, with the number of firms employing 50 or more workers declining in 2006; and by 2010, there were 70 fewer large firms. In the wake of the Great Recession, small

firms in *Wholesale and retail trade* also shed employment. Through 2011, small firms in this supersector dropped about 4,600 jobs, but gained about 300 jobs over-the-year in 2012 and 2013. Large firms have recovered somewhat better following the recession. Though large firms lost over 3,000 jobs between 2008 and 2010, nearly that amount was regained as of 2013.

Wholesale and Retail Trade



In Summary

Over 90 percent of businesses in New Hampshire are considered small firms. Overall, they account for over 40 percent of total private employment. Some industries are more heavily concentrated with small firms, which account for almost three of every five jobs in the industry. Other industries have a large numbers of small firms, but employment is concentrated in firms with 50 or more workers. Although the proportions of small businesses vary among different industries, small firms continue to be a vital contributor to New Hampshire's economy.

Anita Josten

Seasonally Adjusted Estimates

Unemployment Estimates by Region

Seasonally Adjusted	Oct-13	Sep-13	Oct-12
United States	7.3%	7.2%	7.9%
Northeast	7.6%	7.6%	8.2%
New England	7.1%	7.2%	7.2%
Connecticut	7.9%	8.0%	8.4%
Maine	6.7%	6.9%	7.2%
Massachusetts	7.2%	7.1%	6.7%
New Hampshire	5.1%	5.0%	5.7%
Rhode Island	9.2%	9.2%	10.1%
Vermont	4.5%	4.6%	5.0%
Mid Atlantic	7.8%	7.8%	8.5%
New Jersey	8.4%	8.4%	9.6%
New York	7.7%	7.6%	8.4%
Pennsylvania	7.5%	7.6%	8.0%

Local Area Unemployment Statistics (LAUS) by Place of Residence

New Hampshire	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13
Unemployment Rate	5.3%	5.1%	5.1%	5.0%	5.0%	5.1%
Civilian Labor Force	744,660	743,440	742,660	741,820	742,240	741,740
Number Employed	704,970	705,220	704,860	704,690	705,360	703,910
Number Unemployed	39,690	38,220	37,800	37,130	36,880	37,830
United States (in thousands)						
Unemployment Rate	7.6%	7.6%	7.4%	7.3%	7.2%	7.3%
Civilian Labor Force	155,658	155,835	155,798	155,486	155,559	154,839
Number Employed	143,898	144,058	144,285	144,170	144,303	143,568
Number Unemployed	11,760	11,777	11,514	11,316	11,255	11,272

Current Employment Statistics (CES) by Place of Establishment

Sector	Number of Jobs			Change from Previous	
	Oct-13	Sep-13	Oct-12	Month	Year
Total Nonfarm	639,000	635,900	634,500	3,100	4,500
Total Private	549,100	546,100	543,900	3,000	5,200
Mining and Logging	900	900	900	0	0
Construction	22,800	23,000	22,300	-200	500
Manufacturing	66,000	65,900	65,400	100	600
Durable Goods	50,800	50,800	49,800	0	1,000
Non-Durable Goods	15,200	15,100	15,600	100	-400
Trade, Transportation, and Utilities	135,800	135,300	136,300	500	-500
Wholesale Trade	26,800	26,900	26,700	-100	100
Retail Trade	94,900	94,600	94,700	300	200
Transportation, Warehousing, and Utilities	14,100	13,800	14,900	300	-800
Information	11,800	11,700	12,000	100	-200
Financial Activities	35,200	35,500	35,300	-300	-100
Professional and Business Services	70,600	70,200	68,800	400	1,800
Professional, Scientific, and Technical	29,600	29,900	30,100	-300	-500
Administrative and Support	32,800	32,400	30,500	400	2,300
Education and Health Services	117,700	117,400	115,400	300	2,300
Educational Services	30,300	30,500	29,200	-200	1,100
Health Care and Social Assistance	87,400	86,900	86,200	500	1,200
Leisure and Hospitality	66,400	64,100	65,100	2,300	1,300
Arts, Entertainment, and Recreation	11,200	10,000	11,700	1,200	-500
Accommodation and Food Services	55,200	54,100	53,400	1,100	1,800
Other Services	21,900	22,100	22,400	-200	-500
Government	89,900	89,800	90,600	100	-700
Federal Government	7,300	7,300	7,400	0	-100
State Government	25,400	25,400	24,600	0	800
Local Government	57,200	57,100	58,600	100	-1,400

Prior data and area data are available on our Web site at www.nhes.nh.gov/elmi/statistics/ces-data.htm

Current month
is preliminary;
past months
are revised

Not Seasonally Adjusted Estimates by Place of Residence

Labor Force Estimates

New Hampshire	Oct-13	Sep-13	Oct-12
Total Civilian Labor Force	738,280	740,340	743,330
Employed	701,660	705,170	704,080
Unemployed	36,620	35,170	39,250
Unemployment Rate	5.0%	4.8%	5.3%

United States (# in thousands)	Oct-13	Sep-13	Oct-12
Total Civilian Labor Force	154,918	155,536	155,779
Employed	144,144	144,651	144,039
Unemployed	10,773	10,885	11,741
Unemployment Rate	7.0%	7.0%	7.5%

Unemployment Rates by Region

Not Seasonally Adjusted	Oct-13	Sep-13	Oct-12
United States	7.0%	7.0%	7.5%
Northeast	7.2%	7.3%	7.8%
New England	6.7%	6.8%	6.8%
Connecticut	7.5%	7.6%	8.1%
Maine	5.7%	6.0%	6.6%
Massachusetts	6.8%	6.9%	6.3%
New Hampshire	5.0%	4.8%	5.3%
Rhode Island	8.5%	8.7%	9.6%
Vermont	3.7%	4.3%	4.4%
Mid Atlantic	7.4%	7.4%	8.2%
New Jersey	8.1%	8.2%	9.2%
New York	7.5%	7.4%	8.1%
Pennsylvania	6.9%	6.9%	7.6%

Unemployment Rates by Area

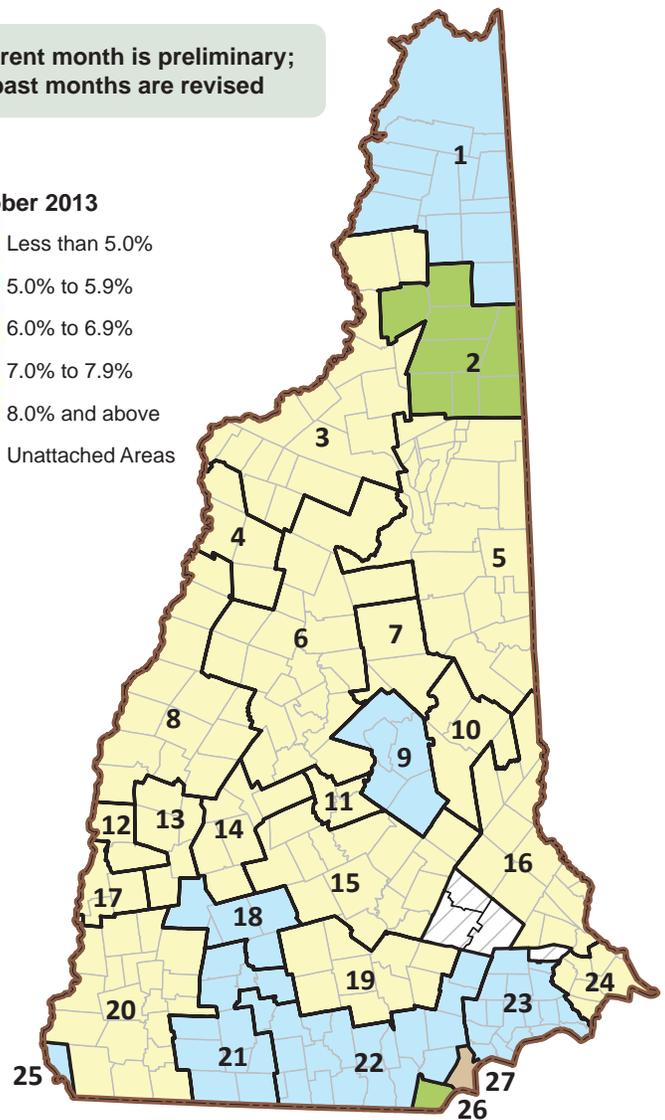
Counties	Oct-13	Sep-13	Oct-12
Belknap	4.9%	4.5%	5.0%
Carroll	4.5%	4.5%	4.6%
Cheshire	4.6%	4.5%	4.8%
Coos	5.6%	5.4%	6.3%
Grafton	3.9%	3.8%	4.1%
Hillsborough	5.2%	5.0%	5.5%
Merrimack	4.5%	4.3%	4.7%
Rockingham	5.5%	5.1%	5.9%
Strafford	4.5%	4.5%	5.1%
Sullivan	4.1%	4.0%	4.6%

Map Key	Labor Market Areas	Oct-13	Sep-13	Oct-12
1	Colebrook NH-VT LMA, NH Portion	5.5%	5.6%	6.1%
2	Berlin NH MicroNECTA	6.4%	6.1%	7.4%
3	Littleton NH-VT LMA, NH Portion	4.2%	4.0%	4.3%
4	Haverhill NH LMA	4.7%	4.4%	5.0%
5	Conway NH-ME LMA, NH Portion	4.6%	4.7%	4.9%
6	Plymouth NH LMA	4.7%	4.5%	4.8%
7	Moultonborough NH LMA	3.6%	3.5%	3.4%
8	Lebanon NH-VT MicroNECTA, NH Portion	3.3%	3.3%	3.4%
9	Laconia NH MicroNECTA	5.0%	4.7%	5.2%
10	Wolfeboro NH LMA	4.8%	4.3%	4.5%
11	Franklin NH MicroNECTA	4.8%	4.5%	4.9%
12	Claremont NH MicroNECTA	4.0%	4.1%	4.8%
13	Newport NH LMA	4.8%	4.4%	5.3%
14	New London NH LMA	4.3%	4.1%	4.5%
15	Concord NH MicroNECTA	4.5%	4.3%	4.7%
16	Rochester-Dover NH-ME MetroNECTA, NH Portion	4.5%	4.5%	5.1%
17	Charlestown NH LMA	4.9%	4.6%	5.0%
18	Hillsborough NH LMA	5.1%	5.0%	5.5%
19	Manchester NH MetroNECTA	4.9%	4.7%	5.3%
20	Keene NH MicroNECTA	4.4%	4.3%	4.7%
21	Peterborough NH LMA	5.3%	5.1%	5.3%
22	Nashua NH-MA NECTA Division, NH Portion	5.3%	5.1%	5.6%
23	Exeter Area, NH Portion, Haverhill-N. Andover-Amesbury MA-NH NECTA Division	5.9%	5.4%	6.7%
24	Portsmouth NH-ME MetroNECTA, NH Portion	4.3%	4.3%	4.5%
25	Hinsdale Town, NH Portion, Brattleboro VT-NH LMA	5.3%	5.6%	5.4%
26	Pelham Town, NH Portion, Lowell-Billerica-Chelmsford MA-NH NECTA Division	6.8%	6.4%	7.3%
27	Salem Town, NH Portion, Lawrence-Methuen-Salem MA-NH NECTA Division	7.8%	6.9%	8.2%

Current month is preliminary; past months are revised

October 2013

- Less than 5.0%
- 5.0% to 5.9%
- 6.0% to 6.9%
- 7.0% to 7.9%
- 8.0% and above
- Unattached Areas



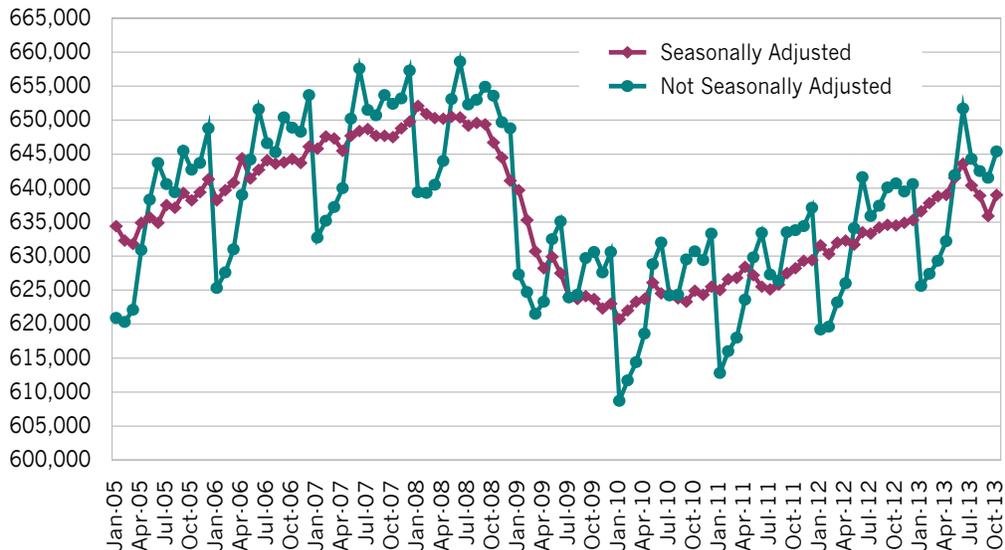
New Hampshire unemployment and labor force estimates are calculated using a regression model which depends on Current Population Survey (CPS) estimates. Labor Market Area estimates are calculated using the Bureau of Labor Statistics "Handbook Method" and then adjusted to the State levels.

Monthly Analysis of Current Employment Statistics (CES)

New Hampshire Nonfarm Employment Statewide Not Seasonally Adjusted

	Number of Jobs			Change from previous:	
	Oct-13 preliminary	Sep-13 revised	Oct-12	Month	Year
Total All Supersectors	645,400	641,500	640,700	3,900	4,700
Private Employment Total	552,200	550,300	546,900	1,900	5,300
Mining and Logging	1,000	1,000	1,000	0	0
Construction	24,100	24,700	23,600	-600	500
Manufacturing	66,200	66,200	65,600	0	600
Durable Goods	50,900	50,800	49,900	100	1,000
Non-Durable Goods	15,300	15,400	15,700	-100	-400
Trade, Transportation and Utilities	136,500	134,600	137,000	1,900	-500
Wholesale Trade	27,000	27,000	26,900	0	100
Retail Trade	95,200	93,400	95,000	1,800	200
Transportation and Utilities	14,300	14,200	15,100	100	-800
Information	11,700	11,700	11,900	0	-200
Financial Activities	35,200	35,500	35,300	-300	-100
Professional and Business	70,700	70,400	68,900	300	1,800
Education and Health	118,300	116,500	115,900	1,800	2,400
Leisure and Hospitality	66,100	67,200	64,800	-1,100	1,300
Other Services	22,400	22,500	22,900	-100	-500
Government Total	93,200	91,200	93,800	2,000	-600
Federal Government	7,300	7,300	7,400	0	-100
State Government	27,100	26,200	26,200	900	900
Local Government	58,800	57,700	60,200	1,100	-1,400

Total Nonfarm Employment Trend for October 2013



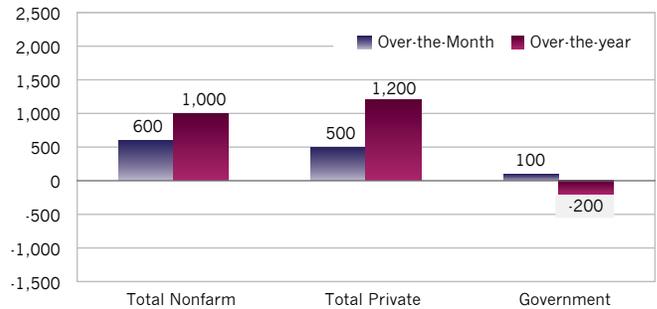
Not Seasonally Adjusted Estimates by Place of Establishment

Nonfarm Employment by Metropolitan Statistical Areas

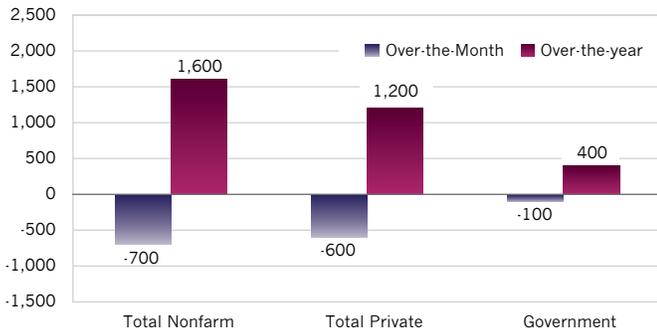
Manchester Metro NECTA
October 2013



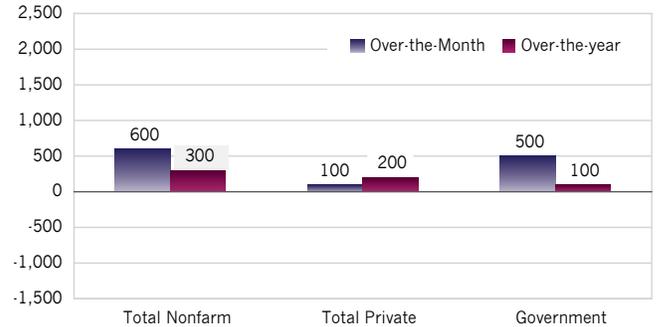
Nashua NH-MA NECTA Division
October 2013



Portsmouth NH-ME NECTA
October 2013

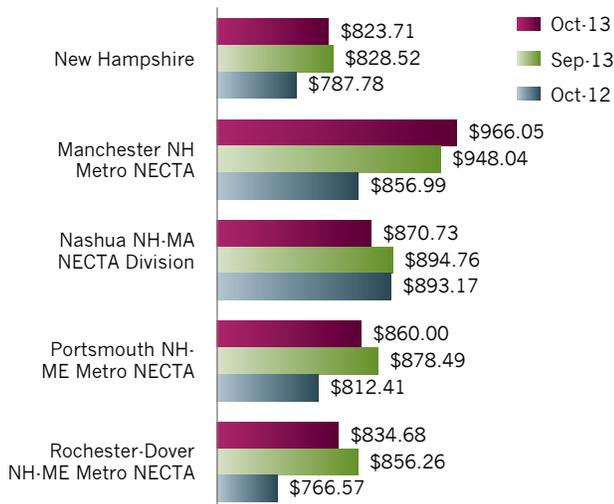


Rochester-Dover NH-ME NECTA
October 2013



Average Weekly Earnings Data

All Employees Average Weekly Earnings
October 2013



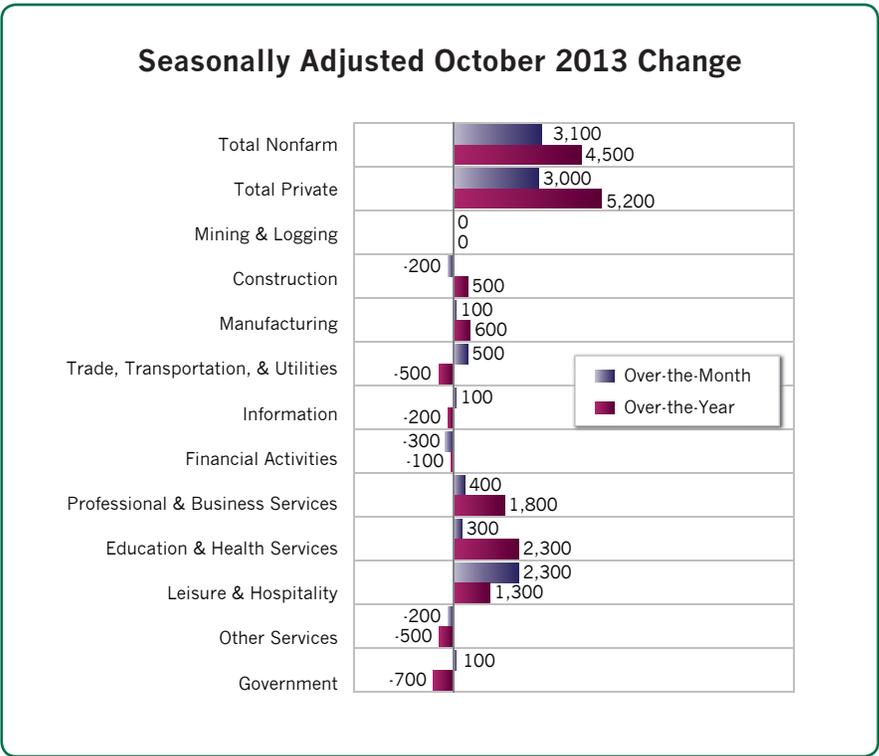
Production Workers Average Weekly Earnings
October 2013



Sector data for the four areas and hours and earnings data are available on our web site: www.nhes.nh.gov/elmi/statistics/ces-data.htm

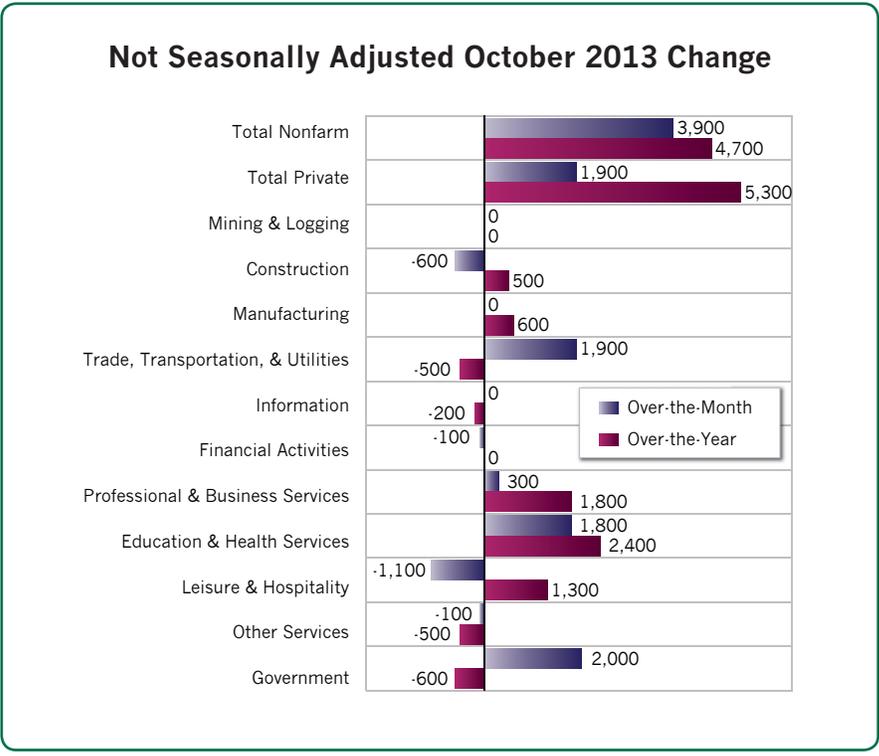
Seasonally Adjusted Statistical Analysis of Nonfarm Employment

- Preliminary seasonally adjusted nonfarm employment rose by 3,100 jobs from September 2013 to October 2013. Nearly all of this growth was in the private sector.
- Over three-fourths of the private sector over-the-month growth was in leisure and hospitality.
- From October 2012 to October 2013 total nonfarm employment increased by 4,500 jobs. All of this growth was in the private sector.
- Nearly seventy-nine percent of the private sector employment growth was in private education and health services and professional and business services.



Not Seasonally Adjusted Statistical Analysis of Nonfarm Employment

- Preliminary not seasonally adjusted total nonfarm employment increased by 3,900 jobs from September 2013 to October 2013. Just over half of this growth was in government.
- Fifty-five percent of the growth in the government sector was in local government. All of which was in local government educational services.
- Over-the-year, not seasonally adjusted employment increased by 4,700 jobs. All of this gain was in the private sector.
- Forty-five percent of the over-the-year increase in the private sector can be attributed to private education and health services.



For further analysis, see the *Detailed Monthly Analysis of Industry Employment Data* on our web site: www.nhes.nh.gov/elmi/statistics/ces-data.htm

Unemployment Compensation Claims Activity

	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13
Initial Claims	3,638	4,464	4,114	3,398	3,141	4,470
Continued Weeks Claimed	31,254	31,697	35,420	30,531	28,493	25,301

Consumer Price Index

United States, All Urban Consumers, Not Seasonally Adjusted (CPI-U) (1982-1984=100)				
Oct-13	Sep-13	Oct-12	Change from Previous	
			Month	Year
233.546	234.149	231.317	-0.3%	1.0%

NH Employment Security Economic and Labor Market Information Bureau

General Information(603) 228-4124
 <www.nhes.nh.gov/elmi>
Research Unit 228-4173
Economist 229-4427
Covered Employment & Wages 228-4177
Current Employment Statistics 228-4179
Local Area Unemployment Statistics ... 228-4167
Occupational Employment Statistics ... 229-4315

New Hampshire Employment Security Local Offices:

Berlin	752-5500	Claremont	543-3111
Concord	228-4100	Conway.	447-5924
Keene.	352-1904	Laconia	524-3960
Littleton	444-2971	Manchester	627-7841
Nashua	882-5177	Portsmouth	436-3702
Salem.	893-9185	Somersworth	742-3600

Claims calls: 1-800-266-2252

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