

Micro and Small Business Ownership in Vermont
Vermonter Poll 2004

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Introduction

Micro and small businesses are an important contributor to the Vermont economy. The Association of Enterprise Opportunity's Microenterprise Employment Statistics reports that microenterprise employment represents 21.5% of all private (non-farm) employment in Vermont and is the second highest in the United States. Overall, Vermont has 63,636 microenterprise businesses. This figure is compared to 16.4% of microenterprise employment in the United States (AEO, 2000). Stacy Mitchell of the Preservation Trust of Vermont (2003) supports the figures that locally owned businesses are an important aspect of Vermont's "homegrown" economy. They are important because they keep dollars local by returning a larger share of their revenues back into the local economy, support other local businesses through the purchase of goods and services, and maintain a larger local payroll through employment.

The statewide Micro Business Development Program (MBDP), a program of the Vermont Community Action Agencies, decided to contract with the Center for Rural Studies at the University of Vermont to include questions on small and micro business development on the annual "Vermont Poll". The Vermont Poll is a statewide public opinion survey on issues of importance to Vermonters. Questions funded by MBDP included: respondent employment status, number of full and part time employees, years business was open, legal structure, women, minority, and disability owned businesses, and use of a website for business. These questions were analyzed and compared to key demographic variables, including educational level, income status, and county grouping.

Methodology

The data used in this report were collected by the Center for Rural Studies at the University of Vermont as part of the annual "Vermont Poll." The survey was conducted between the hours of 4:00 p.m. and 9:00 p.m. beginning on February 24, 2004 and ending on March 3, 2004. The telephone polling was conducted from the University of Vermont using computer-aided telephone interviewing (CATI). The sample for the poll was drawn through random digit dialing and used all of the telephone exchanges in the state of Vermont as the sampling frame. Only Vermont residents over the age of eighteen were interviewed. The poll included questions on a variety of issues related to public policy in the state of Vermont.

There were 607 respondents to the Vermont Poll. The results based on a group of this size have a margin of error of plus or minus 4 percentage points with a confidence interval of 95 percent. A total of 23% (135) out of 595 respondents indicated they had a business and were included in this sample analyzed. The Statistical Package for Social Science (SPSS) was used to conduct uni-variate and multi-variate analysis of cross tabulations, chi-square, and t-tests.

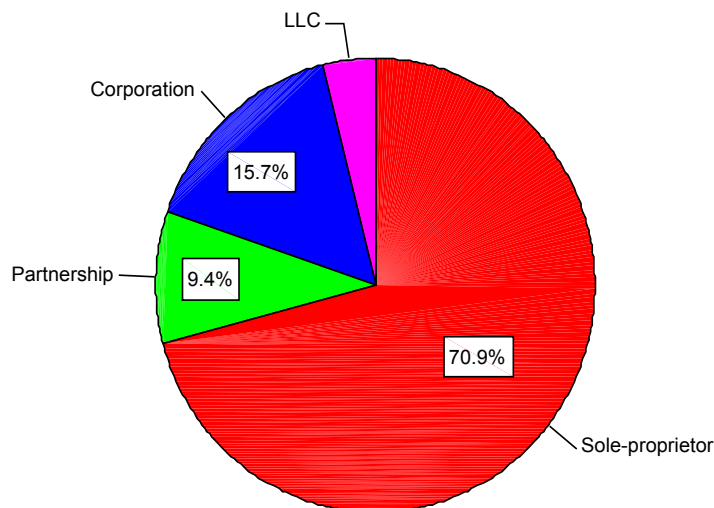
Business Characteristics

Overall, **22.7% (135) of respondents reported being self-employed**. This figure corresponds with AEO data of 21.5% (2000). Broken down, 13.1% (78) reported that they are self-employed only, and 9.6% (57) are both employed with other wage work and self-employed.

Respondents reported employing from 0 to 1000 part and full time employees, with an average of 11 and median of 1 employee. Broken down, 33% (44) indicated that they did not have any employees, while 66% (90) indicated that they did. Of those who are self-employed, **81% (109) are micro enterprises**, as defined as having 0 to 5 employees with one employee being the owner. Further, **19% are small businesses**, which is defined as having 5 to 500 employees with one employee being the owner (note: one business in this category reported having 1000 employees and was included for the purposes of analysis). Overall, 31% (41) of businesses surveyed are owned by women, 4%(5) are owned by minorities, and 8% (10) are owned by a person with a disability.

The number of years business owners reported being open ranged from less than one year to 59 years, with an average of 14, median of 10 and mode of 1 year. Figure 1 shows that 71% of respondents own a sole-proprietorship, 16% own a corporation, 9% own a partnership, and 4% own a Limited Liability Corporation (LLC). Almost a quarter of respondents (23%, 32) reported having a website for their business and 65% (78) reported that a computer in their home is used for their business.

Figure 1. Business Legal Structure



Business Size compared by Business Characteristics

Of respondents who reported being self employed, 58% (77) reported only being self-employed, while 43% (57) are both employed and self-employed, as indicated in the far right column of Table 1 (n=134). Table 1 shows that of the micro enterprise owner sub-group, 60% are self-employed and 40% are both employed and self-employed. However, of the small business owning sub-group, slightly more respondents (52%) are both employed and self employed and 48% are self-employed only.

Table 1. Business Size Compared by Self-Employed only and Both Employed and Self-Employed

	Micro enterprise 0-5 employees	Small business 5-500 employees	Total
Self-employed	60% (65)	48% (12)	57% (77)
Both employed and self-employed	40% (44)	52% (13)	43% (57)
Total	109	25	134

Table 2 depicts respondent business size compared by its legal structure. As indicated in the far right column, the majority of the entire sample own sole-proprietorships (71%), followed by corporations (16%), partnerships (9%), and limited liability corporations (LLC) (4%). Examining the micro enterprise sub-category, 79% are sole proprietors, 15% are LLC, 9% are corporations, and 7% are partnerships. However, for small business owners 46% are corporations, 38% are sole proprietors, and 17% are partnerships. No small businesses reported being an LLC.

Table 2. Business Size Compared by Legal Structure

	Micro enterprise 0-5 employees	Small business 5-500 employees	Total
Sole-Proprietor	79% (81)	38% (9)	71% (90)
Partnership	7% (7)	17% (4)	9% (11)
Corporation	9% (9)	46% (11)	16% (20)
Limited Liability Corporation	15% (5)	0	4% (5)
Total	102	24	126

Table 3 shows respondent business size compared by the gender of the business owner. As indicated in the far right column, 31% of all businesses surveyed are owned by women and 69% are owned by men (n=133). Of micro enterprises, 35% are owned by women and men own 65%. For small business owners, 15% are women owned and 88% are men owned.

Table 3. Business Size compared by Gender and Ownership

	Micro enterprise 0-5 employees	Small business 5-500 employees	Total
Women owned businesses	35% (38)	12% (3)	31% (41)
Men owned businesses	65% (70)	88% (22)	69% (92)
Total	108	25	133

The far right column of Table 4 shows that 4% of all businesses that responded indicated that they are a minority owned business; 96% are not minority owned. Of the micro enterprise sub group, 5% of these business owners are of a minority background and 95% are not of a minority background. All small businesses are owned by respondents who are not of a minority background.

Table 4. Business Size by Minority Status and Ownership

	Micro enterprise 0-5 employees	Small business 5-500 employees	Total
Minority owned businesses	5% (5)	0	4% (5)
Non-Minority owned businesses	95% (103)	100% (25)	96% (128)
Total	108	25	133

Table 5 shows that of the entire sample, 92% of business owners do not have a disability, while 8% have a disability, as indicated in the far right column (n=130). For both the micro enterprise and small business owners sub groups, 8% reported having a disability and 92% do not have a disability.

Table 5. Business Size by Disability Status and Ownership

	Micro enterprise 0-5 employees	Small business 5-500 employees	Total
Disability owned	8% (8)	8% (2)	8% (10)
Non-disability owned	92% (97)	92% (23)	92% (120)
Total	105	25	130

Table 6 shows that 19% of micro enterprise owners reported having a website for their business, compared to 42% of small business owners. Of the total population, 23 reported having a website for their business and 77% do not have one (n=133).

Table 6. Business size compared by website ownership

	Micro enterprise 0-5 employees	Small business 5-500 employees	Total
Business has website	19% (21)	42% (10)	23% (31)
Business does not have website	81% (88)	58% (14)	77% (102)
Total	109	25	133

Table 7 shows that respondents with micro enterprises have an average of 1 employee and a range of 0 to 4 part and full time employees. Small business owners reported an average of 17 employees and a range of 5 to 150 part and full time employees. For the total population, respondents have an average of 3 employees and a range of 0 to 150 part and full time employees.

Table 7. Business size compared by part and full time employees

	Micro enterprise 0-5 employees	Small business 5-500 employees	Total
Average number of PT and FT employees	1	17	3
Range of number of PT and FT employees	0-4	5-150*	0-150

Table 8 shows that micro enterprise business owners have been in business for an average of 12 years with a range of less than one year to 59 years. This is compared to small business owners who have been in business for an average of 20 years with a range of 1 year to 44 years. For the entire population of business owners surveyed, respondents have been in business for an average of 14 years and a range of less than one year to 59 years.

Table 8. Business size compared by years in business

	Micro enterprise 0-5 employees	Small business 5-500 employees	Total
Average years in business	12	20	14
Range of years in business	<1-59	1-44	<1-59

*One business with 1,000 employees was not included in this analysis only

Table 9 depicts respondent income by business size. Of the total population of business owners, 9% are at or below 150% of poverty level, 21% are Job Start eligible, and 70% are above Job Start eligible (n=121). Of the micro enterprise business owners, 12% are at or below 150% of poverty level, 23% are Job Start eligible, and 66% are above Job Start eligible. No small business owners are at or below 150% of poverty level.

Table 9. Business size compared by Income

	Micro enterprise 0-5 employees	Small business 5-500 employees	Total
≤ 150% of poverty	12% (11)	0	9% (11)
Job Start Eligible	23% (22)	12% (3)	21% (25)
Above Job Start Eligible	66% (63)	88% (22)	70% (85)
Total	96	25	121

Table 10 depicts respondent business size compared by the county groupings. Of all business owners surveyed, 24% live in the region of Bennington, Windham and Windsor Counties, 23% live in Chittenden County, 20% live in Lamoille, Washington, and Orange Counties, and 16% live in the Northeast Kingdom region of Caledonia, Essex, and Orleans Counties (n=132). For micro enterprise owners, a quarter each live in the region of Bennington, Windham and Windsor Counties and Chittenden County. For small business owners, 28% live in Lamoille, Washington, and Orange Counties and 20% each live in Bennington, Windham and Windsor Counties and the Northeast Kingdom area. The shaded areas indicate the regions that have the highest percentages of that type of business and in total.

Table 10. Business size compared by county groupings

	Micro enterprise 0-5 employees	Small business 5-500 employees	Total
Chittenden	25% (27)	12% (3)	23% (30)
Caledonia, Essex, or Orleans	15% (16)	20% (5)	16% (21)
Franklin or Grand Isle	8% (8)	12% (3)	8% (11)
Addison or Rutland	9% (10)	8% (2)	9% (12)
Lamoille, Washington, or Orange	18% (19)	28% (7)	20% (26)
Bennington, Windham, or Windsor	25% (27)	20% (5)	24% (32)
Total	107	25	132

Table 11 presents respondent business size compared by educational attainment. There is roughly an even distribution of the four levels of education achieved for the entire population (n=133). In aggregate, 78% of business owners reported having attained some college or more education and 23% have a high school degree or less. This distribution is fairly consistent with micro enterprise owners. Small business owners reported being slightly more educated, with 32% each having attained a Bachelor's degree or post graduate or professional degree. The shaded areas indicate the degree area with the highest percentages, within each business size category.

Table 11. Business size compared by Educational Attainment

	Micro enterprise 0-5 employees	Small business 5-500 employees	Total
High school degree or less	22% (24)	24% (6)	23% (30)
Some college to Associate's Degree	25% (27)	12% (3)	23% (30)
Bachelor's degree	30% (32)	32% (8)	30% (40)
Post graduate or professional degree	23% (25)	32% (8)	25% (33)
Total	108	25	133

Gender of Business Owner by Demographic Variables

- Women-owned micro businesses are significantly more likely to earn a lower income compared to men-owned micro businesses ($\chi^2=6.77$, $p \leq .05$).

Table 13. Gender of Business Owner compared by Education, County Grouping, and Income Grouping, Micro Enterprise Only

	Women Owned Business	Men Owned Business	N
High school degree or less	25% (6)	75% (18)	24
Some college to Associate's Degree	50% (13)	50% (13)	26
Bachelor's degree	34% (11)	66% (21)	32
Post graduate or professional degree	28% (7)	72% (18)	25
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Chittenden	33% (9)	67% (18)	27
Caledonia, Essex or Orleans	38% (6)	63% (10)	16
Franklin or Grand Isle	14% (1)	86% (6)	7
Addison or Rutland	20% (2)	80% (8)	10
Lamoille, Orange, or Washington	47% (9)	53% (10)	19
Bennington, Windham, Windsor	33% (9)	67% (18)	27
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150% of poverty or less*	70% (7)	30% (3)	10
Job Start eligible	41% (9)	59% (13)	22
Above Job Start eligible	29% (18)	71% (45)	63

Website Ownership by Demographic Variables

- Micro business owners with more education are significantly more likely to have a website compared to those with less education ($\chi^2=10.80$, $p\leq.01$).
- Micro business owners who earn a higher income and are not in poverty are significantly more likely to have a website compared to those who earn a lower income and are more in poverty ($\chi^2=4.81$, $p\leq.10$).

Table 16. Website Utilization compared by Education, County Grouping, and Income Grouping, Micro Enterprise Only

	Have website for business	No website for business	N
High school degree or less*	4% (1)	96% (23)	24
Some college to Associate's Degree	15% (4)	85% (23)	27
Bachelor's degree	38% (12)	63% (20)	32
Post graduate or professional degree	16% (4)	84% (21)	25
County Grouping			
Chittenden	19% (5)	82% (22)	27
Caledonia, Essex or Orleans	13% (2)	88% (14)	16
Franklin or Grand Isle	0	100% (8)	8
Addison or Rutland	20% (2)	80% (8)	10
Lamoille, Orange, or Washington	26% (5)	74% (14)	19
Bennington, Windham, Windsor	26% (7)	74% (20)	27
Income Grouping			
150% of poverty or less*	9% (1)	91% (10)	11
Job Start eligible	9% (2)	91% (20)	22
Above Job Start eligible	29% (18)	71% (45)	63

***Average Number of Full and Part Time Employees and Years in Business for
Micro and Small Businesses Compared by Demographics***

Table 17 shows that micro enterprise owners, regardless of educational attainment employ an average of one person. Small business owners with more education employ more individuals. Micro enterprise owners with less education have been in business for a more years compared to those with more education. However, small business owners with more education have been in business longer.

Table 17. Average Number of FT and PT employees and Years in Business for Micro Enterprise (ME) and Small Business (SB) Owners by Educational Attainment

Demographic	Average Number of FT and PT employees ME (n=108)	Average Number of FT and PT employees SB (n=24)	Average Number of Years in Business ME (n=105)	Average Number of Years in Business SB (n=25)
High school diploma or less education	1	9.5	14.3	11.0
Some college to Associate's degree	1	7	14.0	24.3
Bachelor's Degree	1	11	11.9	20.5
Post Graduate or Professional Degree	1	30	10.1	24.8
Total (n=108)	1	16.5	12.5	20

Table 18 shows that micro enterprise owners, regardless of most geographic region in Vermont, have an average of 1 employee. Respondents living in the Northeast Kingdom area of Caledonia, Essex, and Orleans counties have a slightly lower average of .88 employees. For small business owners, respondents in Lamoille, Orange, and Washington Counties have an average of 30 employees, which is the highest average in the state. The next highest is the Northeast Kingdom area with an average of 11 employees and Franklin and Grand Isle Counties with an average of 8 employees.

Micro enterprise owners living in the Northeast Kingdom region and Franklin and Grand Isle Counties have been in business for the longest with an average of about 20 years of business. However, small business owners in Addison and Rutland Counties have been in business for an average of 30 years, followed by Lamoille, Orange, and Washington Counties with an average of 27.

Table 18. Average Number of FT and PT employees and Years in Business for Micro Enterprise (ME) and Small Business (SB) Owners by County Groupings

Demographic	Average Number of FT and PT employees ME (n=108)	Average Number of FT and PT employees SB (n=24)	Average Number of Years in Business ME (n=105)	Average Number of Years in Business SB (n=25)
Chittenden	1	7.5	7.8	11.6
Caledonia, Essex or Orleans	.88	10.8	19.8	21.8
Franklin or Grand Isle	1	9.7	19.4	7.0
Addison or Rutland	1	11	12.5	30.0
Lamoille, Orange, or Washington	1	29.8	13.9	27.1
Bennington, Windham, Windsor	1	13.6	10.2	17.2
Total	1	16.5	12.6	20.0

Table 19 shows that micro enterprise owners who are in poverty employ an average of .55 employees, while those who are Job Start eligible or above employ an average of 1 employee. Small business owners who are of higher income standing employ more employees. Micro enterprise owners who are in poverty have been in business for the most average time of 15 years, followed by those who are above Job Start eligibility guidelines with 12 years. Small business owners who are of higher income have been in business for a longer amount of time.

Table 19. Average Number of FT and PT employees and Years in Business for Micro Enterprise (ME) and Small Business (SB) Owners by Income

Demographic	Average Number of FT and PT employees ME (n=108)	Average Number of FT and PT employees SB (n=24)	Average Number of Years in Business ME (n=105)	Average Number of Years in Business SB (n=25)
150% of poverty or less	.55	NA	15.0	NA
Job Start eligible	1	9.3	8.7	11.3
Above Job Start eligible	1	17.5	11.9	21.2
Total	1	16.5	11.5	20.0