

**Micro and Small Business Ownership in Vermont  
Vermont 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.

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### *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*

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Overall, **22.7% (135)** of respondents reported being self-employed. This figure

***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**

	<b>Micro enterprise 0-5 employees</b>	<b>Small business 5-500 employees</b>	<b>Total</b>
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**

	<b>Micro enterprise 0-5 employees</b>	<b>Small business 5-500 employees</b>	<b>Total</b>
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**

	<b>Micro enterprise 0-5 employees</b>	<b>Small business 5-500 employees</b>	<b>Total</b>
Women owned businesses	35% (38)	12% (3)	31% (41)

Men owned businesses

**Table 5. Business Size by Disability Status and Ownership**


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

Table 6 shows that 19% of miii

**Table 8. Business size compared by years in business**

	<b>Micro enterprise 0-5 employees</b>	<b>Small business 5-500 employees</b>	<b>Total</b>
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**

	<b>Micro enterprise 0-5 employees</b>	<b>Small business 5-500 employees</b>	<b>Total</b>
≤ 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**

	<b>Micro enterprise 0-5 employees</b>	<b>Small business 5-500 employees</b>	<b>Total</b>
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**

	<b>Micro enterprise 0-5 employees</b>	<b>Small business 5-500 employees</b>	<b>Total</b>
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**

	<b>Women Owned Business</b>	<b>Men Owned Business</b>	<b>N</b>
High school degree or less	25% (6)	75% (18)	24
Some college to Associate's Degree			

Post graduate or professional degree

*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**

	<b>Have website for business</b>	<b>No website for business</b>	<b>N</b>
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

Chittenden

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**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**

<b>Demographic</b>	<b>Average Number of FT and PT employees ME (n=108)</b>	<b>Average Number of FT and PT employees SB (n=24)</b>	<b>Average Number of Years in Business ME (n=105)</b>	<b>Average Number of Years in Business SB (n=25)</b>
Chittenden	1	7.5	7.8	11.6

Caledonia, Essex or Orleans

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

<b>Demographic</b>	<b>Average Number of FT and PT employees ME (n=108)</b>	<b>Average Number of FT and PT employees SB (n=24)</b>	<b>Average Number of Years in Business ME (n=105)</b>	<b>Average Number of Years in Business SB (n=25)</b>
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150% of poverty or less