

The New Hampshire 2000 Survey

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NEW HAMPSHIRE'S ENTREPRENEURIAL SPIRIT

DURHAM, NH—New Hampshire stands out as providing strong economic opportunity for self-employment and small business ownership. Nearly 20% of adults in New Hampshire are self-employed or own their own business.

These are the findings of the *New Hampshire 2000 Survey* conducted by the University of New Hampshire Survey Center. One thousand four (1004) New Hampshire residents were interviewed between June 16 and June 28, 2000. The potential sampling error for the survey is $\pm 3.1\%$. The *New Hampshire 2000 Survey*, is sponsored by the Business & Industry Association of NH, Fidelity Investments, the Library and Archives of NH's Political Tradition, the NH Charitable Foundation, the NH Small Business Development Center, and the University System of NH.

New Hampshire's residents have entrepreneurial spirit. Today, nearly 20 percent of adults in New Hampshire are self-employed or own their own-business. "Having experience and advanced education are two of the keys to business success," according to Mary Collins, the state director of the Small Business Development Center (SBDC) which works with business establishments across the state. Self-employment and business ownership is highest among those aged 50-to-59 (26%) and those with education beyond 4-years of college (27%).

ENGINE OF THE NEW HAMPSHIRE ECONOMY

The entrepreneurial spirit seems to be present in bad and good times. "The entrepreneurial spirit has helped the state recover from recessions faster than the other New England states and grow faster than the other New England states during economic good times," says Ross Gittell, Associate Professor at the Whittemore School of Business and Economics at UNH and a board member of the New England Economic Project.

According to Professor Gittell, "(I)n the late 1980s and early 1990s (a period of deep recession and many layoffs at the state's largest employers) many New Hampshire residents started their own business because of the lack of other employment opportunities. This helped to dampen the negative effects of layoffs and downsizing. More than one-fifth of resident owned businesses today were started during the recession. Currently a strong economy spurs many residents to leave their jobs to pursue exciting business opportunities -- nearly 50 percent of all resident owned businesses today were started during the strong economic times of the mid-to-late 1990s." Many of these small firms grow fast. According to a Progressive Policy Institute study, 16% of employment in New Hampshire is in "gazelle firms" -- firms that have grown at least 20% a year in employment for 4 years in a row. New Hampshire ranks number 5 in the U.S. in the percentage of employment in gazelle firms.

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Three of the top four industries in New Hampshire in terms of small business employment growth are in manufacturing (according to the US Small Business Administration). These include instruments and related products, fabricated metals products, and lumber and wood products industries. According to Ms. Collins, “(t)he strong presence of manufacturing among the leading small businesses in terms of employment growth in New Hampshire is in contrast to the nation’s fastest growing small business industries none of which are in manufacturing.” Manufacturing provides opportunities and challenges for smaller businesses. The SBDC works with many manufacturers throughout New Hampshire helping them meet these challenges. This includes assistance on managerial issues and with the effective application of new technology.”

Business ownership often leads to high personal income. Nearly one-third (31%) of all households with annual income of over \$100,000 have members who are self-employed or business owners. However, not all business owners in the state achieve high income. Just under one-fifth of households with annual income under \$45,000 have a member who is self-employed or a business owner.

PROBLEMS FACING BUSINESS OWNERS

In general, the business climate in New Hampshire is strong. Nearly one-quarter (23%) of New Hampshire business owners reported that they had no significant problems or issues they had to deal with immediately. According to Mary Collins, the SBDC Director, “the key challenges small business owners are facing include finding employees, cash management, dealing with government regulations and financing. Competition and taxation are ranked relatively low in the survey.”

According to Andrew Smith the Director of the UNH Survey Center, “the New Hampshire 2000 Survey shows that owners of older and larger businesses expressed the greatest concern with finding employees. Start-ups were most concerned with financing and cash management. ‘Middle-aged’ firms (in business for more than 3 but less than 10 years) were most concerned with cost control and integrating new technology. Craft business owners were most concerned with controlling cost. Clerical and administrative businesses were most concerned with integrating new technology.”

NEW HAMPSHIRE BUSINESSES ARE WIRED

Also according to Smith, “Granite State business owners are resourceful users of information technology and the Internet.” Over one-half (57%) of New Hampshire business owners use the Internet to find information about other businesses and about state and federal business assistance programs. Other sources of information for business owners in New Hampshire are the local library, the New Hampshire SBDC and other businesses.

Internet is not only for the “elite” businesses -- business owners in the crafts and trades are as likely to use the Internet for business information as professionals. Young business owners (18 to 29) and those with low levels of formal education are the most likely to use the Internet for their business information.

Geographically, businesses in the Seacoast are the most likely to use the Internet to access business information (64%) and business owners in the Central and Lakes regions are least likely to use the Internet (28%). This reflects greater and cheaper access to the Internet in the Seacoast/eCoast than in the Central and Lakes regions of the state.

FUTURE BUSINESS OWNERSHIP

Finally, the entrepreneurial spirit is alive and the future looks bright for entrepreneurship and business ownership in the Granite State. Nearly one-third of adults expect to own a business in the next five years. This includes 40% of the 18 to 40 year olds who expect to be self-employed or own their own business in the next five years. “Some of the recent start-ups (nearly 50% of all resident owned businesses are less than 5 years old, including 23% less than two years old), will become a gazelle, grow fast, employ many, make their owners rich, and contribute to the state’s strong economy” according to Professor Gittel.

**Business Owner or Self-Employed
(Employed New Hampshire Residents)**

	<u>Percent</u>
Yes, Part-time	7
Yes, Full-time	12
No	81
	(N=668)

**How Long Owned Business
(Business Owners)**

	<u>Percent</u>
1 to 2 years	23
3 to 5 years	22
6 to 10 years	21
11 to 20 years	18
More than 20 years	16
	(N=119)

**Number of Employees
(Business Owners)**

	<u>Percent</u>
One	62
2 to 5	21
More than 5	17
	(N=122)

**Business Respondent or Family Expect to Own in Next 5 Years
(All New Hampshire Residents)**

	<u>Percent</u>
Service	9
High tech, computers	4
Finance, Insurance	3
Retail store	3
Construction	2
Don't plan to start business	68
Don't know	3
	(N=1002)

Company's Top Issues or Problems*
(Business Owners)

	<u>Percent</u>
Finding employees	11
Financing	10
Cash management	10
Government regulations	10
Cost control	9
Taxes	7
Competition	6
Lack of time	5
Integrating new technology	5
Employee retention	4
"Work is hard"	4
Other	14
No problems	23

(N=122)

* Two possible responses. Percentages sum to more than 100%.

Where Find Business Information
(Business Owners)

	<u>Percent</u>
Internet	57
Library	15
NH SBDC	13
Other business people	12
Business publications	9
Government agency	9
Other business assistance organization	8
Friend, family member	4
College, technical center	3
Accountant	3
SCORE	2
Other	7

(N=104)

NH 2000 Survey Methodology

These findings are based on the NH 2000 Survey, conducted by the University of New Hampshire Survey Center from June 16 to June 28, 2000. The NH 2000 Survey is sponsored by the Business & Industry Association, Fidelity Investments, the Library and Archives of New Hampshire's Political Tradition, the NH Charitable Foundation, the NH Small Business Development Center, and the University System of New Hampshire.

A random sample of 1004 New Hampshire adults was interviewed by telephone. In 95 of 100 cases, the statewide estimates will be accurate to plus or minus 3.1 percent. Results reported for other subgroups have potential for somewhat larger variation than those for the entire population.

The data have been weighted to adjust for numbers of adults and telephone lines within households.

In addition to potential sampling error, all surveys have other potential sources of non-sampling error including question order effects, question wording effects, and non-response.

Respondents to the NH 2000 Survey were asked:

- "Are you self-employed or do you own your own business ... either as your primary job or in addition to your primary job?" IF YES: "Is that part-time or full-time?"
- "How long have you owned or operated this business?"
- "How many employees do you have?"
- "What would you say are your company's top issues or problems?"
- "If you wanted to find information related to state business programs or other sources of business information or business assistance, where would you look?"
- "Do you expect that in the next five years, you or anyone in your immediate family will own and operate a business?" IF YES: "What type of company will that be ... a high tech or computer company ... a manufacturing company ... a service company ... a transportation company ... a finance, insurance, or real estate company ... or something else?"