

Changes to the Mass. small business landscape

Massachusetts Small Business Survey – Wave 4

January 29, 2026

Image by MPG Staff



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Survey Background

- This is the 4th wave of this annual Massachusetts small business survey, dating back to 2020. The 2025 edition is focused on growth and sustainability needs.
- Results based on a statewide survey of 1,049 small business leaders in Massachusetts, including over 500 women-owned businesses and 429 owned by entrepreneurs of color.
- Fielded September 5 – October 13, 2025, via online interview with distribution through MassDevelopment, CEE, and other business associations and organizations across the state.
- Data was weighted to known and estimated population parameters on gender and race/ethnicity of company owners using Small Business Association and Census data.
- This project was sponsored by the Coalition for an Equitable Economy, MassDevelopment, and the Eastern Bank Foundation.
- We would also like to thank the many Massachusetts small business groups who helped distribute the survey.

Key findings

- Both official statistics and survey results show the Massachusetts small business community is growing more diverse. New businesses are much more likely to be Black, Latino, or women-owned than older businesses.
- AI tools offer significant opportunities and entrepreneurs of color are taking advantage, adopting them at high rates. The most common use is written content creation rather than automation.
- Tariffs and immigration actions by the Trump administration are hurting Massachusetts business. Immigration policy is especially damaging to Latino owned businesses and those near Boston.
- Newer businesses identify a broader range of needs than do more established businesses and will benefit from lenders and support organizations keyed to their success.
- Many more businesses are eligible for MBE, WBE, and other certifications than have been certified as of now. Spreading awareness of these programs could help women and entrepreneurs of color access public bidding.

Key findings, continued

- Information is relatively limited as to opportunities in the clean energy sector. Key barriers are information and capacity to engage.
- The “silver tsunami” will continue turnover over business ownership and leadership, with white-owned businesses more likely to see sales, transfers, or retirements in the foreseeable future.
- The business support community seems to be adjusting to the sources of business growth in the state, with lending approval gaps narrowing compared to past waves.
- Continuing to support newer businesses will ensure the business reach their potential. More report using TA than in the past and new businesses are interested in using it more.

SMALL BUSINESS DIVERSITY

Mass small businesses are changing

- SBA data shows changes to the small business leadership landscape, with far more WBE and MBE enterprises in recent decades.

The Massachusetts small business landscape has become much more diverse in recent years

% of Mass small businesses majority owned by each

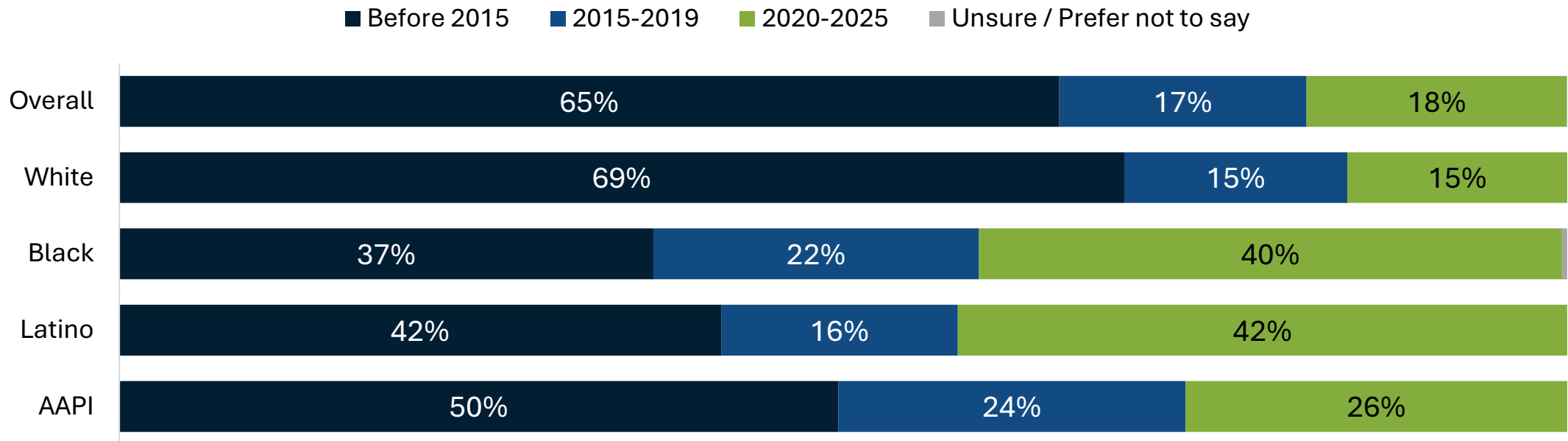
	2007	2012	2017	2021	Change (2007-21)
Female	35%	36%	37%	38%	+3
Male	65%	64%	63%	62%	-3
White, not Hispanic	89%	85%	81%	76%	-13
Hispanic	3%	5%	6%	9%	+6
Asian	4%	6%	7%	8%	+4
Black or African American	3%	4%	6%	8%	+5
American Indian and Alaska Native	0.4%	0.5%	0.2%	0.6%	-
NH / PI	0.0%	0.1%	0.1%	0.1%	-

Diversifying Mass. small businesses

- Entrepreneurs of color report more recent business formation. Nearly half of Black and Latino say they have started their businesses since 2020.

Black and Latino businesses are newer on average, with nearly half starting since 2020

% who say their companies opened in each period



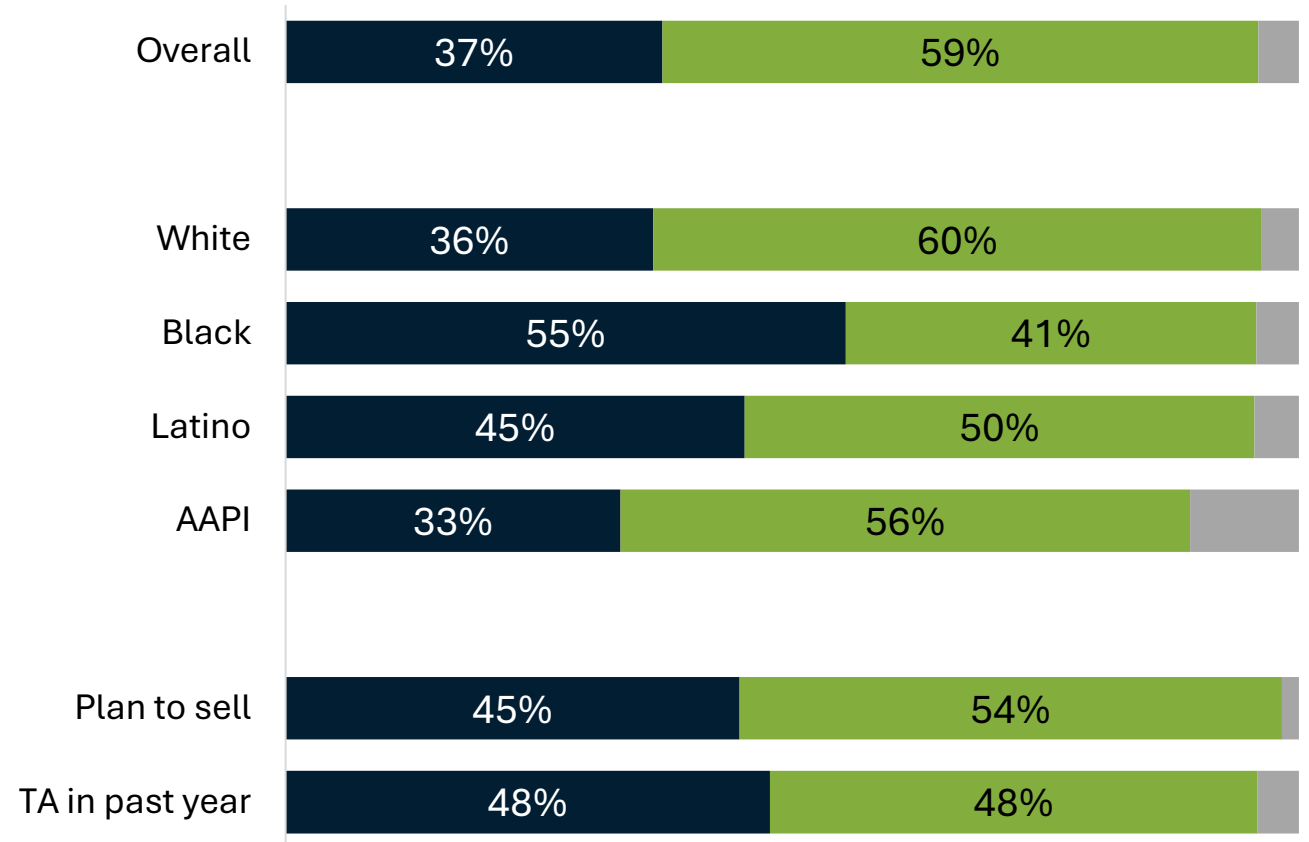
Opening new businesses

- The diversification of Massachusetts small business community appears likely to continue.
- Black and Latino business owners are more likely to want to open a new type of small business.

Black and Latino owners more likely to want to open new business

% who say ___ considered opening a new type of business

■ Yes, I have ■ No, I have not ■ Unsure / Prefer not to say

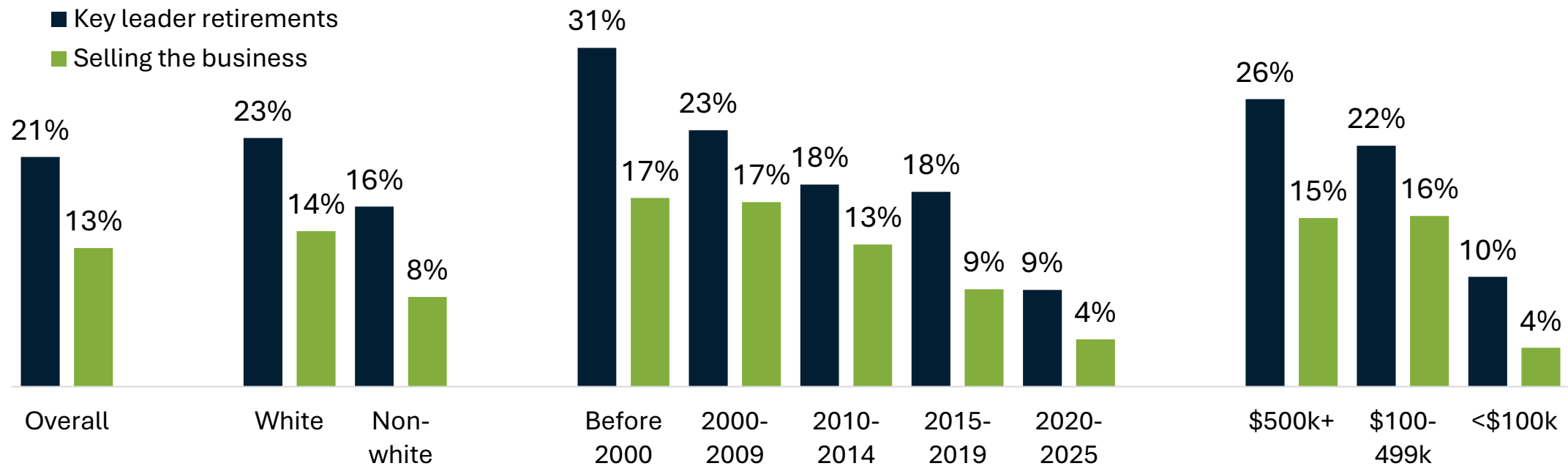


Selling, closing, and transferring businesses

- Over the next five years, a range of larger, older businesses will go up for sale and see key leaders retire. Those business are more likely to be white-owned.

Many larger, white owned, and older business are poised for sales or leadership changes

% who say they have plans business plans to sell or a key leader (founders, owners) will retire within the next 5 years



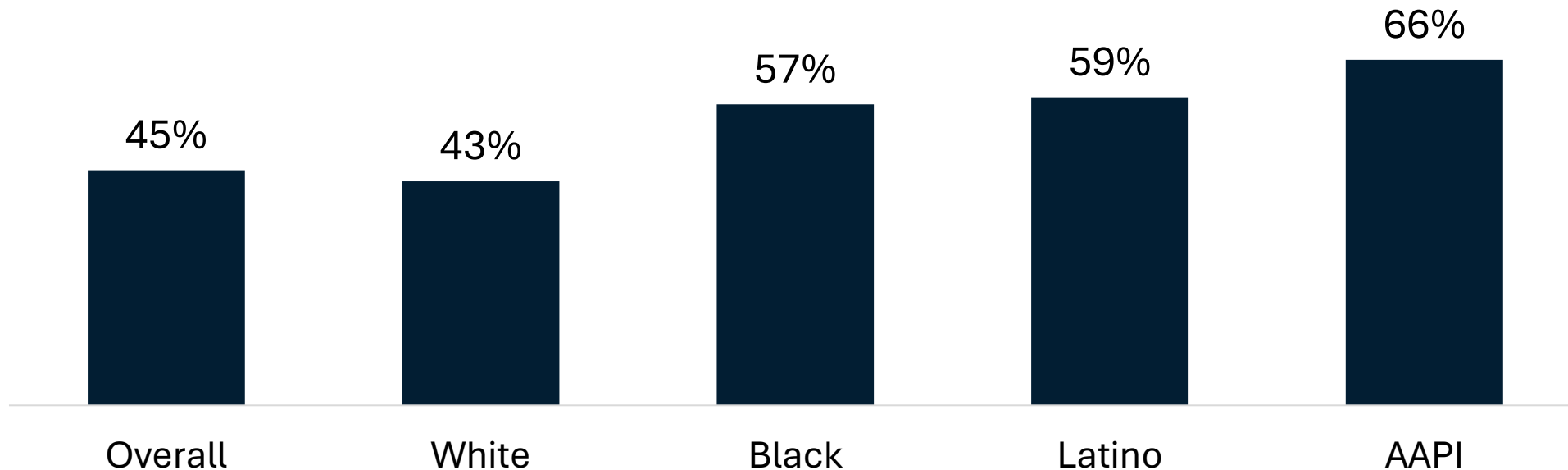
USE OF ARTIFICIAL INTELLIGENCE TOOLS

Business owners using AI regularly

- Entrepreneurs of color report more frequent use of AI tools when compared to white owned businesses.

Black, Latino, and AAPI owned business use AI tools more frequently

% who report using AI tools “a few times a week” or more often



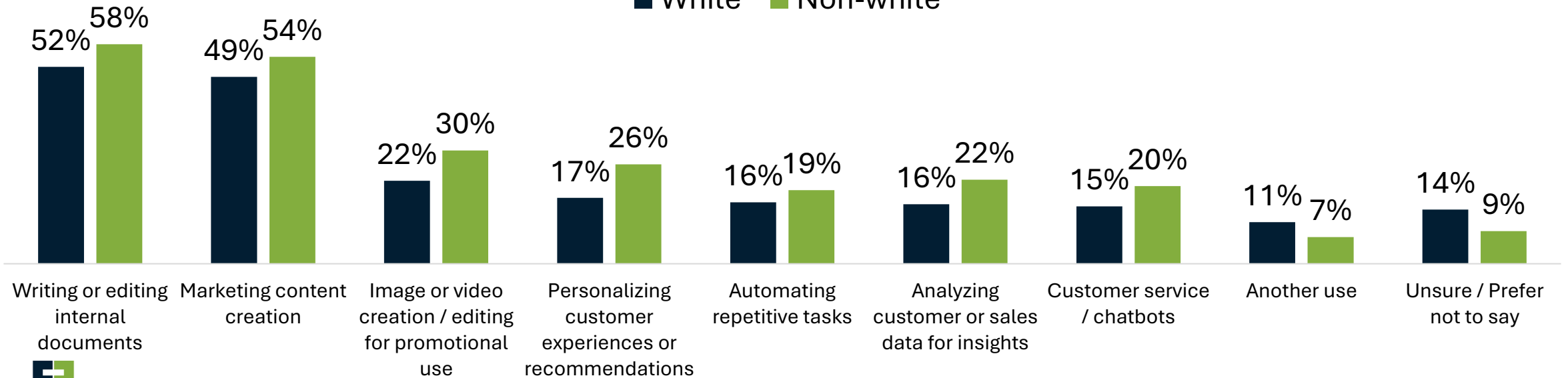
How AI tools are being used

- AI tools are being used more to generate content than for automation.
- Entrepreneurs of color report using AI for a wider variety of applications than white-owned businesses.

Entrepreneurs of color are more likely to use AI for each type of application

% who report using AI for _____

■ White ■ Non-white

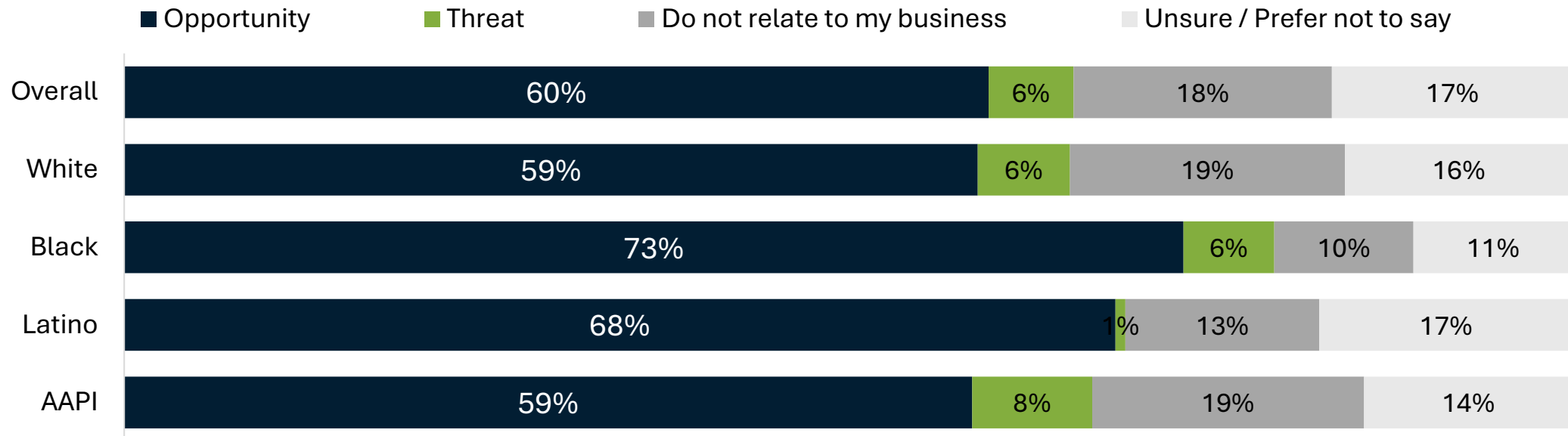


AI as a business threat or opportunity?

- Most see AI tools as a business opportunity, particularly Black- and Latino-owned businesses. Very few see it as a threat.

Black and Latino businesses more likely to see AI tools as opportunities

% who say AI tools are _____ to their business

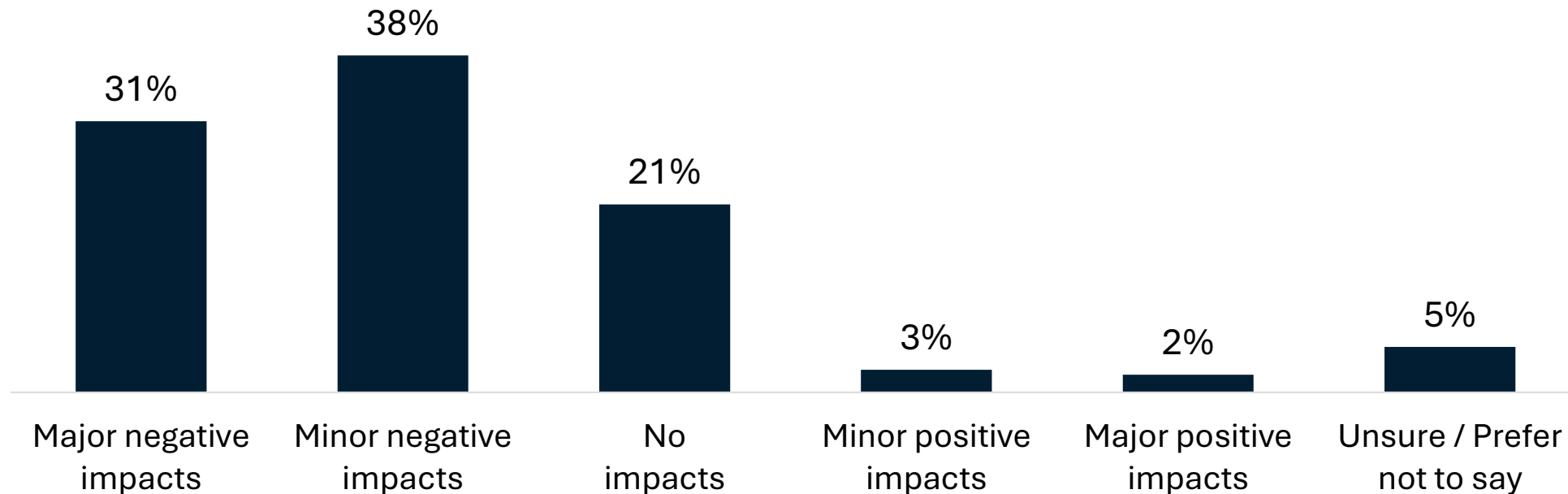


IMPACTS OF FEDERAL POLICY

Tariffs impacts on small businesses

- Small businesses report broadly negative impacts from the Trump administration's tariff policies.

Trump's tariffs policies have been a negative influence for a majority of Mass. small businesses
% who say US tariff policies have had a positive / negative impact on their businesses



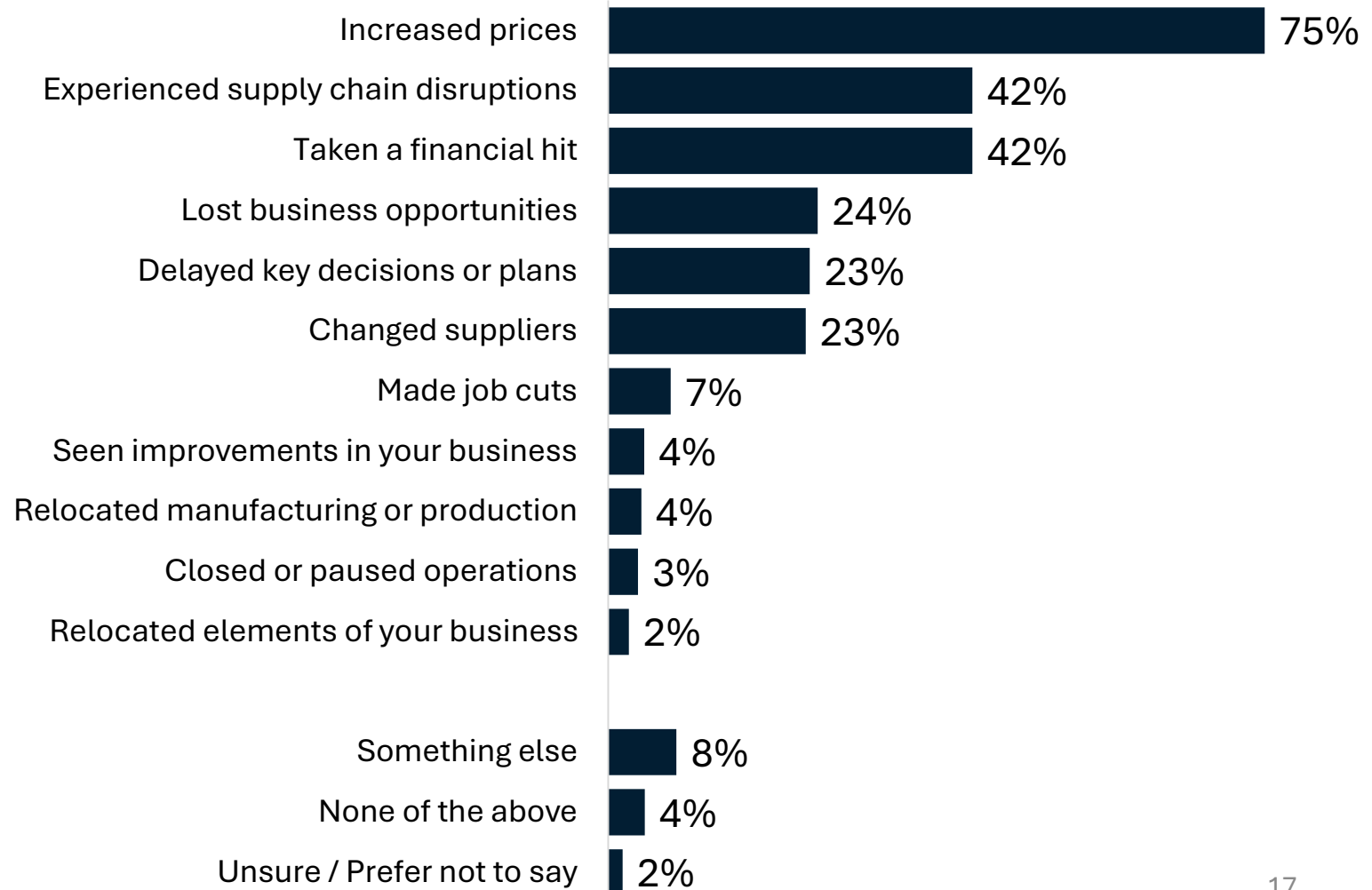
Impacts of Trump tariffs on small businesses

- Tariffs have moved small business leaders to increase prices.
- Tariffs have also caused supply chain disruptions, financial impacts, and a range of other challenges.

Q: Which of the following ways has your business been impacted by tariffs? Select all that apply.

Trump tariffs bring higher prices, supply chain hits to small businesses

% who identify each impact of Trump tariffs on their own businesses

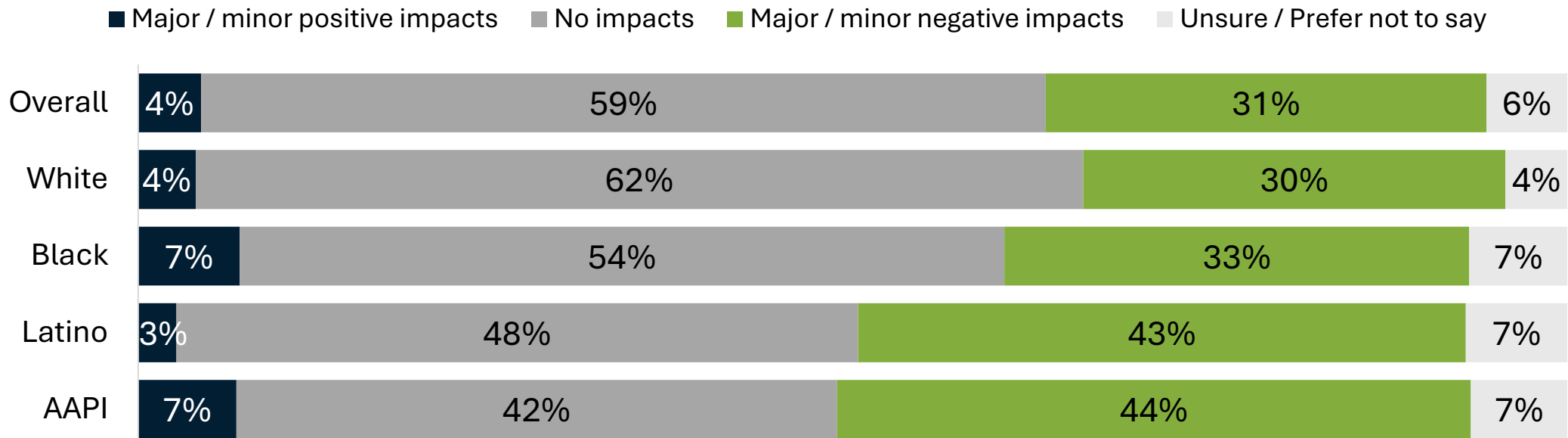


Effects of ICE enforcement / activities

- Very few see any positive business impacts from immigration enforcement.
- Latino and AAPI business owners are more likely to report negative impacts.

Immigration activities either neutral or negative for most businesses

% who say immigration enforcement has had a positive / negative impact on their business

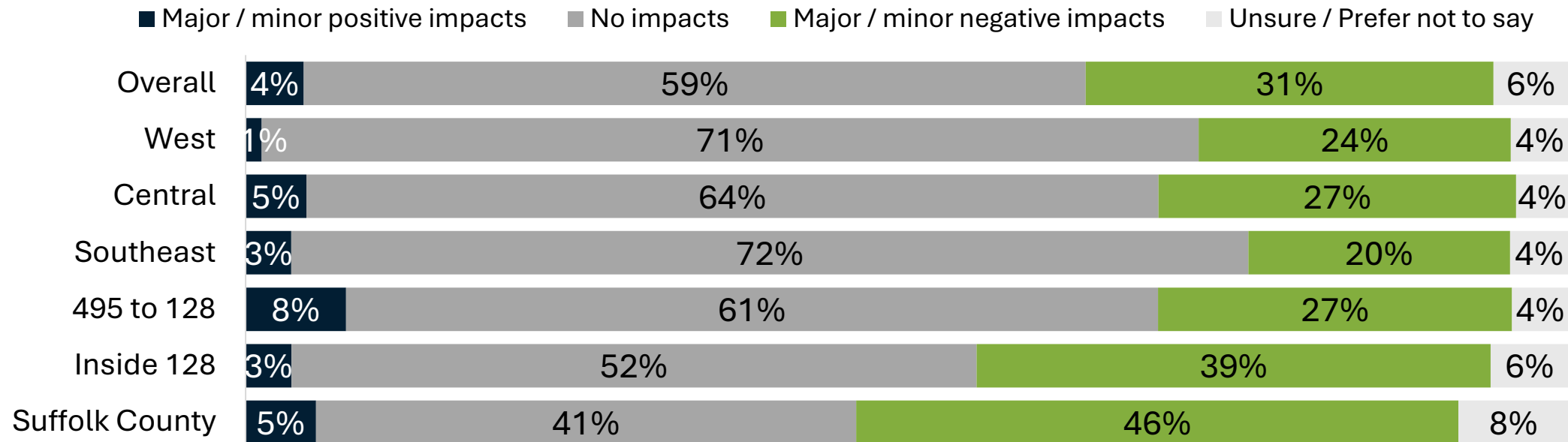


Impacts of ICE focused close to Boston

- Businesses in and around Boston are more likely to report negative impacts from ICE enforcement actions.

Businesses closer to Boston report more negative impacts of immigration activities

% who say immigration enforcement has had a positive / negative impact on their business



Specific impacts of ICE activities

- Latino business owners were most likely to experience specific business impacts of ICE activities. Black and AAPI owned businesses were also more affected.

Latino and AAPI businesses more likely to see effects of ICE operations

% who say each of the following has happened due to immigration policies / ICE operations

	Overall	White	Black	Latino	AAPI
Lost sales / revenue	14%	13%	15%	27%	18%
Labor shortage	12%	11%	15%	17%	24%
ICE presence near bus. locations	8%	7%	12%	14%	4%
Workers missed their shifts	7%	7%	8%	9%	3%
Higher turnover	4%	4%	5%	3%	5%
Staff member detained or deported	3%	3%	4%	2%	2%
ICE audits or inspections	3%	3%	4%	<1%	7%
Business or location closure	3%	3%	5%	1%	3%
Something else	7%	7%	9%	7%	6%
None of the above	59%	62%	51%	43%	48%
Unsure / Prefer not to say	6%	5%	5%	7%	4%

GOALS AND PRIORITIES

Upcoming goals

- Business growth, expansion, profitability, hiring are top business goals for the next few years.
- Black and Latino business owners are more likely to identify growth as a key near term goal, in keeping with operating newer businesses.

Expansion, growth, hiring top list of business goals

% who say they would like to _____ in the next 3 years (top 10 shown)

	Overall	White	Black	Latino	AAPI
Grow / expand / scale business	36%	34%	50%	48%	34%
Increase profits / revenue / sales	30%	31%	24%	27%	27%
Become profitable / survive / sustain / keep business open	25%	25%	24%	24%	34%
Hire / train / support more staff	18%	18%	18%	25%	13%
Build or maintain client base	15%	15%	18%	15%	12%
Invest in facilities and equipment	14%	12%	17%	26%	13%
Expand product line or services	9%	8%	14%	8%	5%
Innovation / tech infrastructure / efficiency / digitalization	9%	9%	11%	11%	12%
Visibility / marketing / reputation-building	8%	7%	17%	10%	3%
Sell / close / transfer ownership of business / plan succession	8%	10%	1%	5%	2%

Goals, in their words...

1. Build a diverse and inclusive team.
2. Build a reputation as the most trusted provider in our field.

Continued steady revenue income. Not actual growth but steady income. Sell the business and retire.

Expand partnerships with local schools, businesses, and organizations to increase resources and opportunities for the families we serve. Create job opportunities and culinary training programs that give back to the community, especially young people looking for career paths in food and hospitality.

1. Continue our profitability
2. Make a succession plan
3. Develop more senior managers.

The company plans to introduce more automation to increase sales and scale.

Would love to make a small profit and pay staff well but would settle for breaking even.

Over the next 3 years, our main goals would be to finish buying all of our main pieces of equipment that we need, add more employees to our team, and build our own shop.

Top priorities

- Finding new customers is the top priority across the board.
- Black and Latino business owners are more likely to call each goal a high priority though the gap on getting capital is particularly large

More priorities for Black and Latino-owned businesses

% who say each goal is a “high priority”

	Overall	White	Black	Latino	AAPI
Finding new customers	78%	76%	85%	89%	76%
Improving your marketing	51%	47%	73%	75%	61%
Improving your online presence	48%	44%	71%	69%	53%
Improving employee wages and benefits	41%	39%	44%	65%	53%
Getting capital	38%	32%	68%	70%	52%
Hiring more people	33%	31%	42%	58%	36%
Making your business more environmentally sustainable	21%	18%	36%	38%	25%
Finding more space for the business	21%	17%	34%	52%	25%
Improving your accounting systems	21%	17%	40%	46%	22%
Improving your IT systems	20%	17%	36%	39%	20%
Pivoting your business in a new direction	18%	15%	29%	30%	25%
Purchasing a commercial space	15%	11%	27%	33%	20%

Filling open positions

- Hiring pressures have eased in 2025, but remain a major challenge for local businesses, with 56% calling it difficult to fill positions.

Hiring challenges remain widespread for small businesses but ease slightly in 2025

% who say it is easy / difficult to fill open positions in Massachusetts

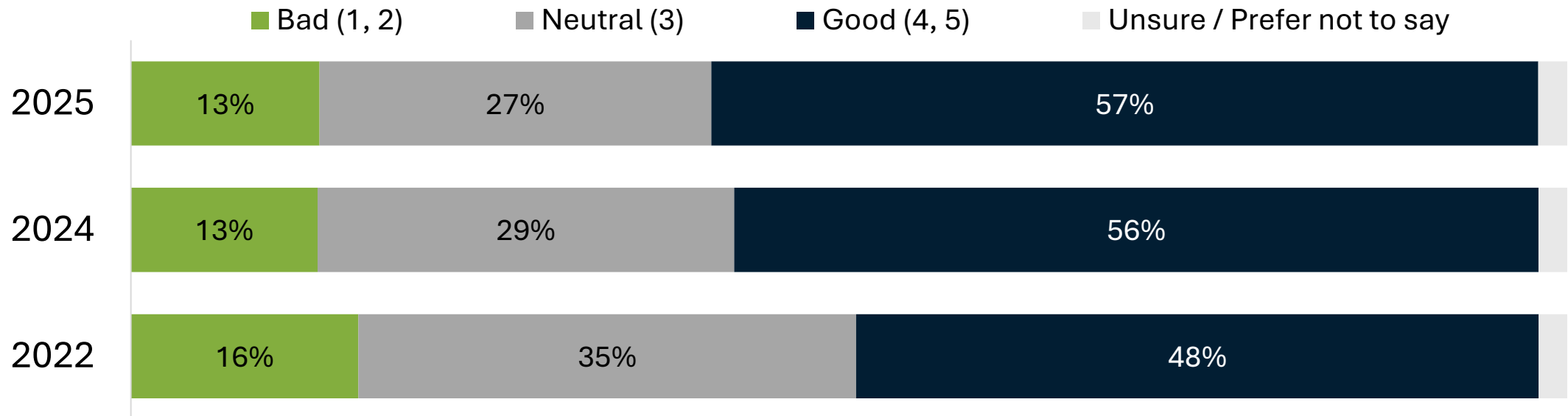
	2024	2025
Very easy	4%	3%
Somewhat easy	11%	18%
Total easy	15%	21%
Somewhat difficult	32%	36%
Very difficult	29%	20%
Total difficult	61%	56%
Not looking to fill positions	21%	20%
Unsure / Prefer not to say	3%	3%

Good business conditions

- Small business leaders offer similar ratings of business conditions to 2024, an improvement over 2022, which was still deeply impacted by COVID.

Perceptions of business conditions at respondents' companies are stable since 2024

% who say their perception of business conditions at their company are _____



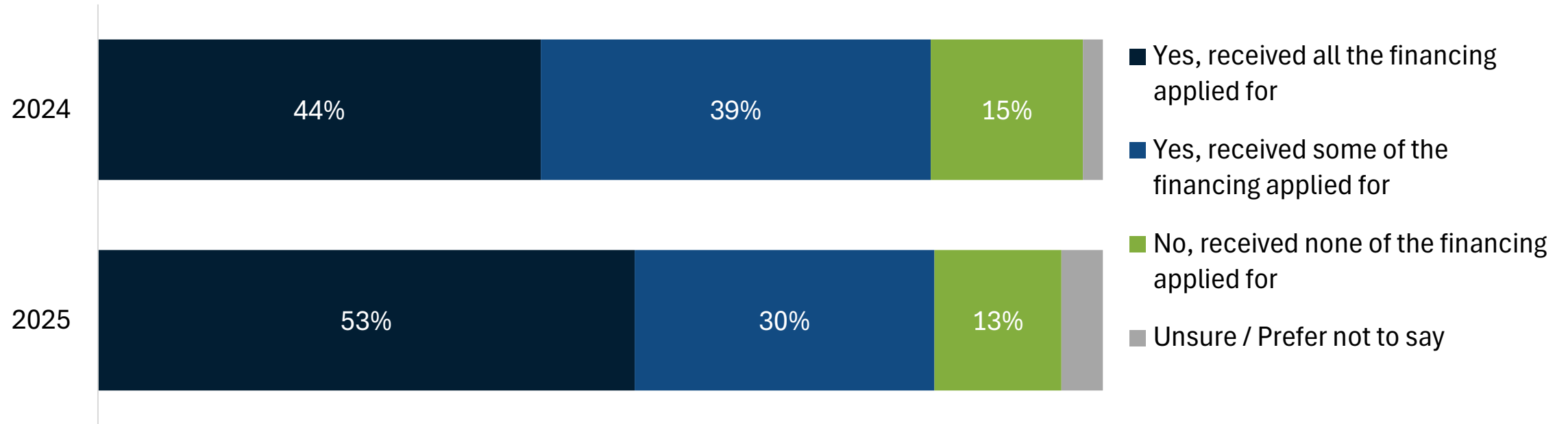
CAPITAL ACCESS

Loan approval gaps appear to have improved

- Capital access appears to have eased since the period of peak interest rates in 2023-24, with about half of applicants receiving all the financing they applied for.

With somewhat easier credit terms, loan approval rates appear to have improved

% who applied for loans in the past 2 years who say _____

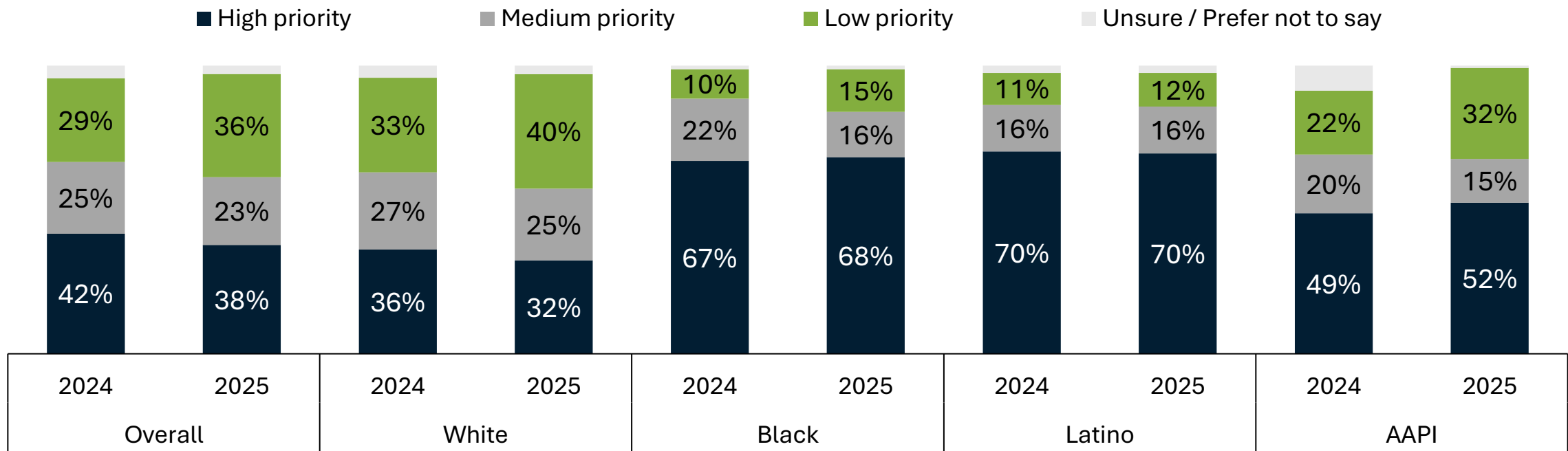


Getting capital still a priority

- Getting capital remains a high priority, and entrepreneurs of color are still more likely to prioritize getting capital.

Getting capital remains a high priority for entrepreneurs of color, similar to 2024

% who say getting capital is a “high priority”



Seeking capital for growth

- Black and Latino owned businesses are more likely to be seeking capital for a range of business needs, speaking to an appetite and capacity for growth.

Black and Latino businesses identify a broader range of capital needs

% who say they are seeking capital for each possible reason

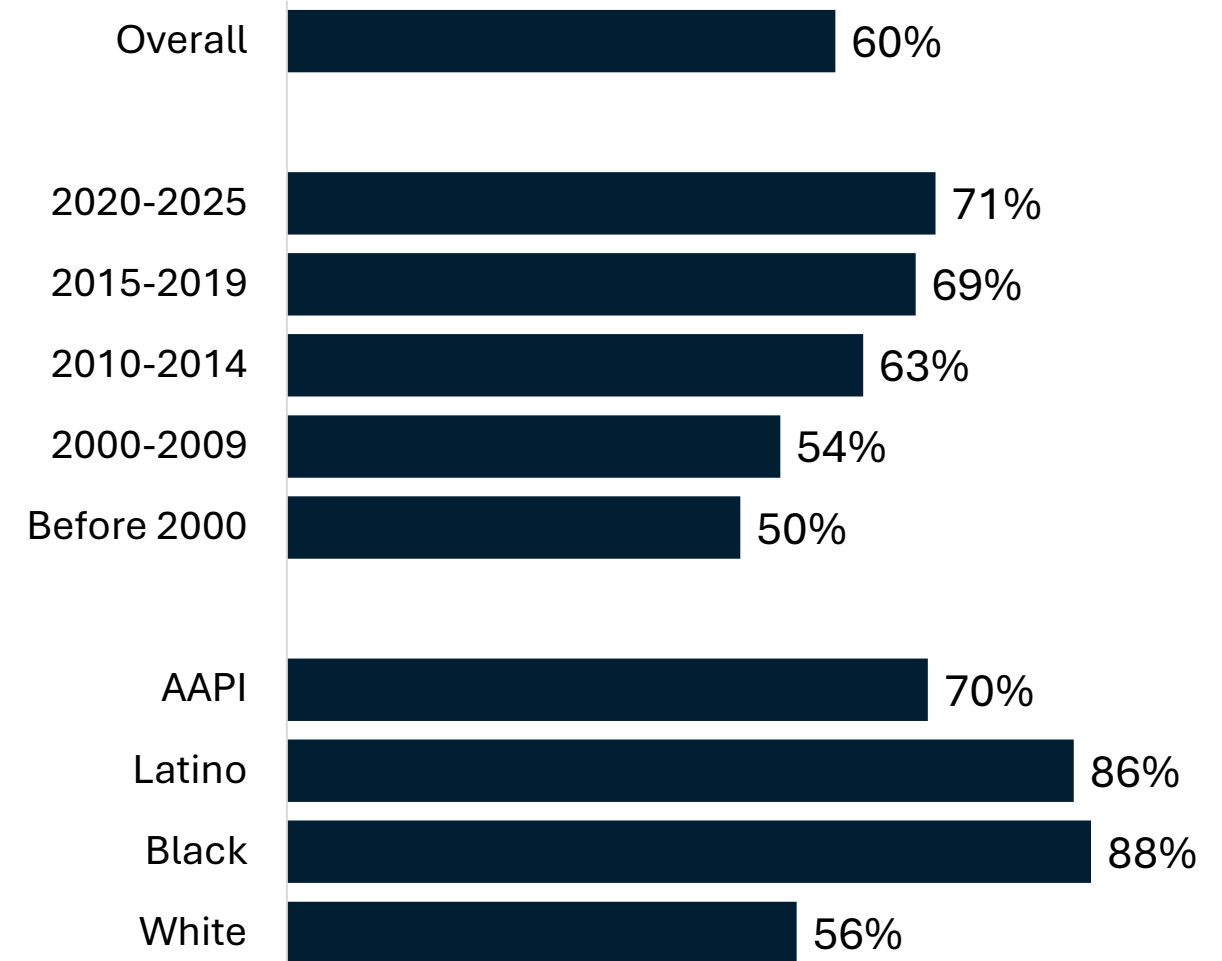
	Overall	White	Black	Latino	AAPI
Equipment purchases	29%	27%	47%	49%	36%
Cover operating costs	26%	24%	42%	36%	36%
Expansion	22%	19%	31%	37%	27%
Hiring	18%	16%	24%	27%	16%
Investment capital	15%	13%	29%	23%	19%
Renovate an existing location	14%	13%	17%	17%	11%
Refinance existing debt	14%	13%	17%	13%	14%
Open a new location	11%	9%	16%	19%	10%
Purchase land or building	11%	9%	20%	18%	16%
Acquiring a competitor	5%	5%	13%	7%	9%
Something else	4%	4%	4%	6%	5%
Total Seeking Capital	60%	56%	88%	86%	70%

Who is seeking capital?

- Newer businesses are more likely to say they are seeking capital for 1 or more reasons.
- Black and Latino owned businesses are most likely to be seeking capital, followed by AAPI owned businesses.

Those seeking capital are newer, more diverse businesses

% who say they are seeking capital for 1 or more reasons



Q: Are you seeking new capital for any of the following purposes at this time? Select all that apply.

Personal asset ownership

- White small business owners are most likely to report owning a range of personal assets, followed by AAPI entrepreneurs.

White and AAPI entrepreneurs own a broader range of personal assets

% who say they personally own each type of asset

	Overall	White	Black	Latino	AAPI
Your home	67%	71%	53%	58%	60%
Retirement account	55%	59%	46%	43%	50%
Stocks	46%	49%	40%	30%	50%
Mutual funds	37%	41%	30%	26%	38%
Your business location(s)	29%	31%	26%	21%	24%

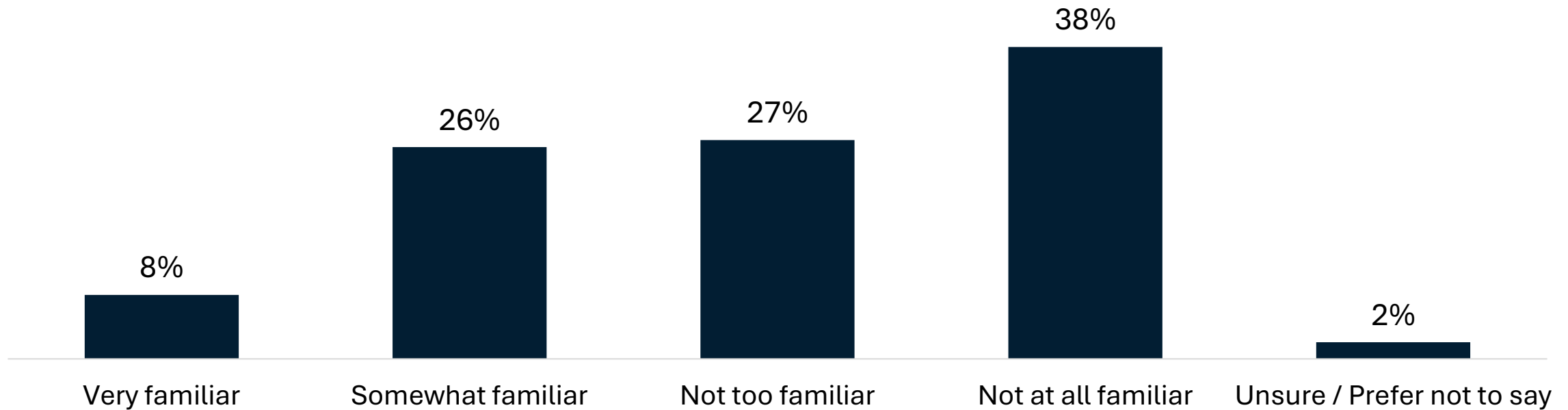
CLEAN ENERGY

Familiarity with clean energy opportunities

- Very few express much familiarity with opportunities in the clean energy sector, with just 8% saying they are “very familiar”.

Small business clean energy opportunities are not a familiar concept to most business owners

% who say they are familiar / unfamiliar with clean energy contracting opportunities

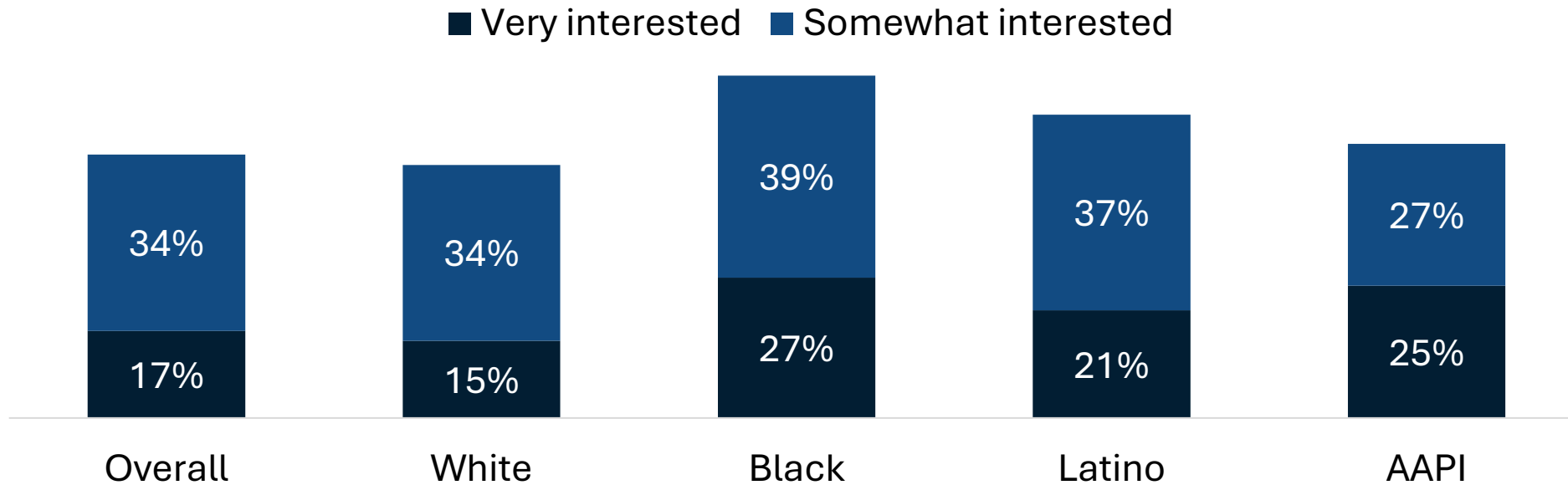


Interest in clean energy opportunities

- Although few are familiar, half show are at least somewhat interested in potential opportunities in clean energy for their businesses.

Half express interest in clean energy opportunities, Black owned business most interested

% who say they are interested in pursuing business opportunities in the clean energy sector



Clean energy sector perceived barriers

- Information gaps, capital and relationships are all barriers to entering the clean energy sector, especially for entrepreneurs of color.
- High “none of the above” and “unsure” responses suggest many are not immediately engaged in the idea.

Entrepreneurs say they lack information about clean energy opportunities

% who say they have experienced each barrier to pursuing clean energy sector contracting

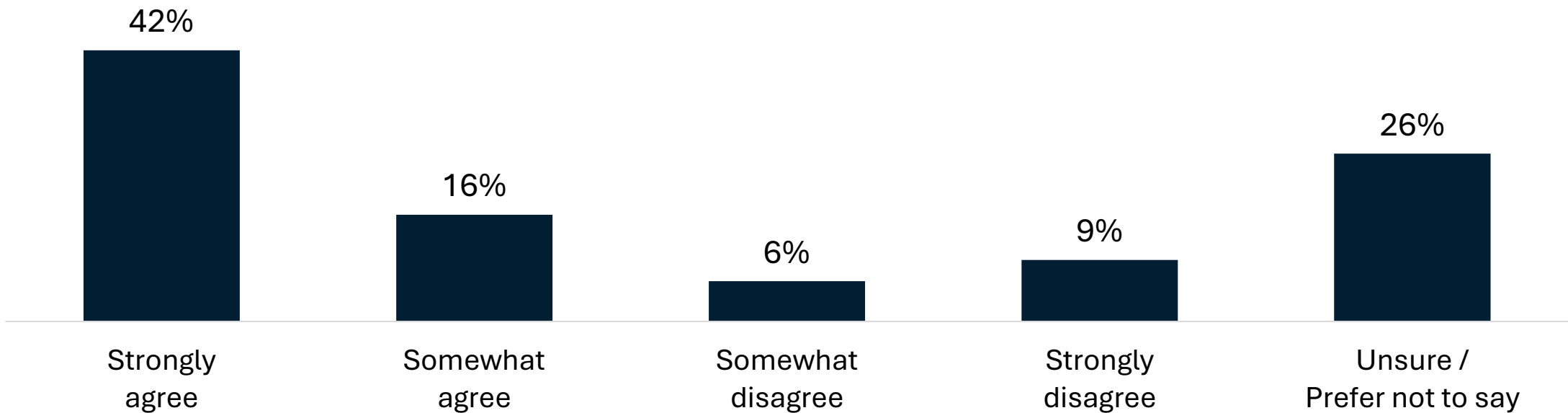
	Overall	White	Black	Latino	AAPI
Lack of information about available opportunities	25%	24%	36%	34%	37%
Lack of capital or cash flow to start projects	18%	18%	25%	16%	22%
Limited relationships or networks in the sector	14%	14%	23%	14%	19%
We are not interested in pursuing opportunities in the clean energy sector	12%	13%	14%	9%	18%
Complex application or bidding process	10%	10%	20%	11%	20%
Insufficient technical expertise or workforce	9%	9%	13%	12%	15%
Certification or licensing requirements	9%	9%	11%	4%	12%
Insurance or bonding requirements	4%	4%	8%	6%	6%
Language or cultural barriers	2%	2%	4%	6%	5%
Other	5%	5%	3%	4%	1%
None of the above	25%	26%	15%	20%	20%
Unsure / Prefer not to say	22%	20%	20%	26%	13%

Obstacles from the administration

- A majority (58%) of business owners at least somewhat agree that the current administration is an obstacle to clean energy development.

Business owners believe the current administration is an obstacle to clean energy development

% who say they ___ that the current administration is an obstacle to clean energy development



BUSINESS CERTIFICATION

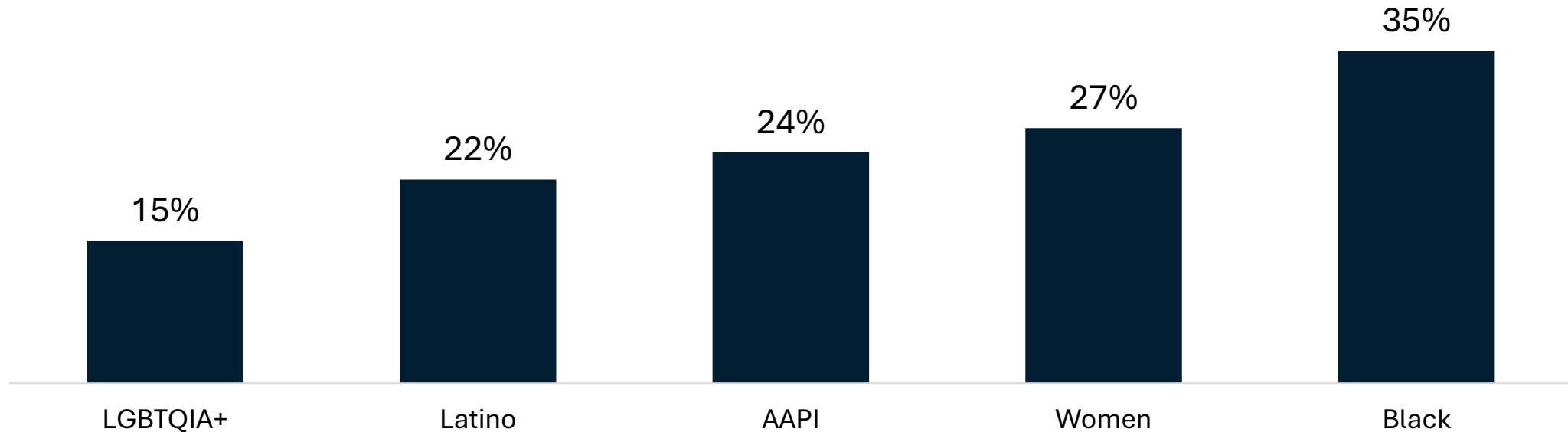
Certified businesses

- Most businesses that would be eligible for various types of certification are not certified.

Most businesses eligible for certification have not become certified

% of ____ owners who say they are certified as WBE / MBE / LGBTQIA+ Business Enterprises*

* Too few veteran- and disabled-owned businesses responded to allow for separate analysis.

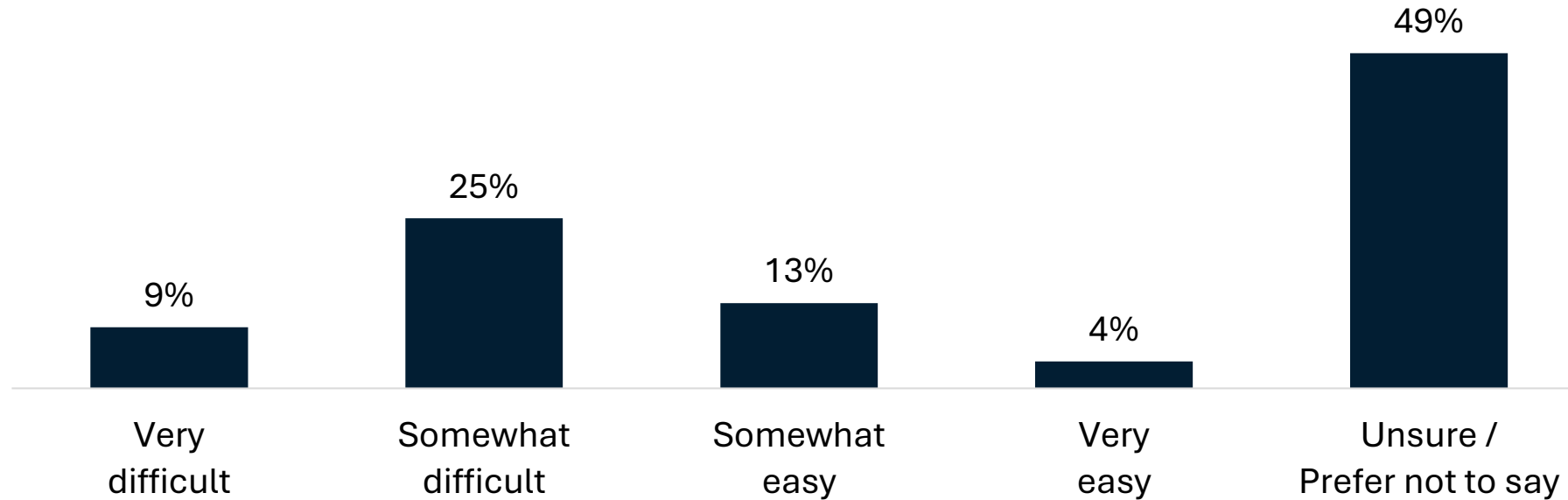


Difficulties of certification process

- Few see the certification process as easy. Far more either think it will be difficult or are unsure.

Most anticipate a difficult certification process or say they are unsure

% who think the certification process would be _____

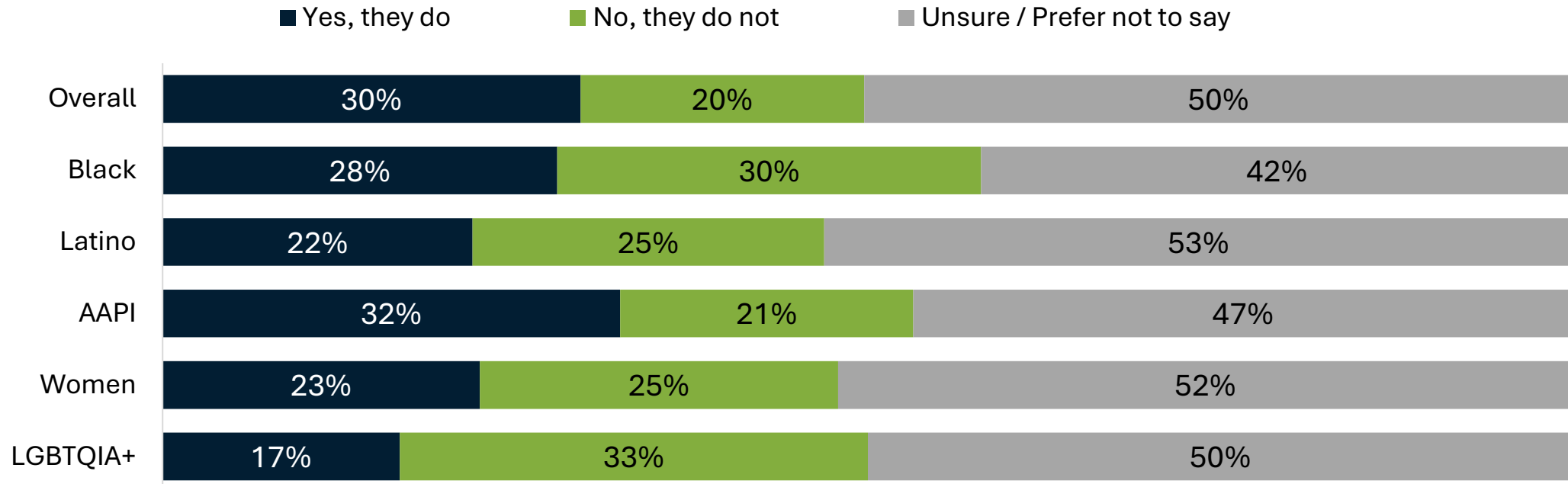


Lack of awareness of certification advantages

- Only 30% know that business owned by women, minorities, and other groups can receive preferred treatment on public bids; 50% are unsure.

Public contracting advantages are unfamiliar to most businesses who could benefit

% who say diverse businesses receive ____ preferential treatment in public contracting



Reasons for not being certified

- Eligible business that have not gotten certified either do not know about the opportunities or are unsure of the process itself.

Many potentially eligible businesses are unfamiliar with the process and potential benefits

% of eligible businesses who have not gotten certified for each reason

	Overall	Black	Latino	AAPI	Women	LGBTQIA+
Not sure what the benefits of certification would be	41%	37%	31%	29%	42%	46%
I didn't know about certification	37%	28%	34%	16%	40%	46%
Not sure how to begin	36%	37%	34%	29%	35%	40%
The process is too complicated	14%	18%	7%	27%	15%	15%
Our business is not interested in certification	6%	11%	2%	3%	4%	1%
Another reason	9%	9%	12%	10%	9%	11%
Unsure / Prefer not to say	10%	8%	16%	19%	7%	5%

Challenges with disabilities, in their words...

I have a physical and learning disability. I find I get no help or accommodations and just have to work twice as hard to be able to keep up.

Being able to be present every day can be difficult for those who are mobility impaired.

Some days treatments or limited energy slow me down, and that can make it tough to be as hands-on as I'd like. On top of that, finding the right funding and resources isn't always easy. But I don't let that stop me—I lean on my faith, my team, and my community to keep the vision alive and growing.

Working through pain.

Accessing capital for disabled individuals.

Mobility challenges make it hard to shop locally for supplies and inventory.

It's very challenging, but we've adjusted our administrative team to ensure we have leadership on site, and that decisions can be made in a timely manner.

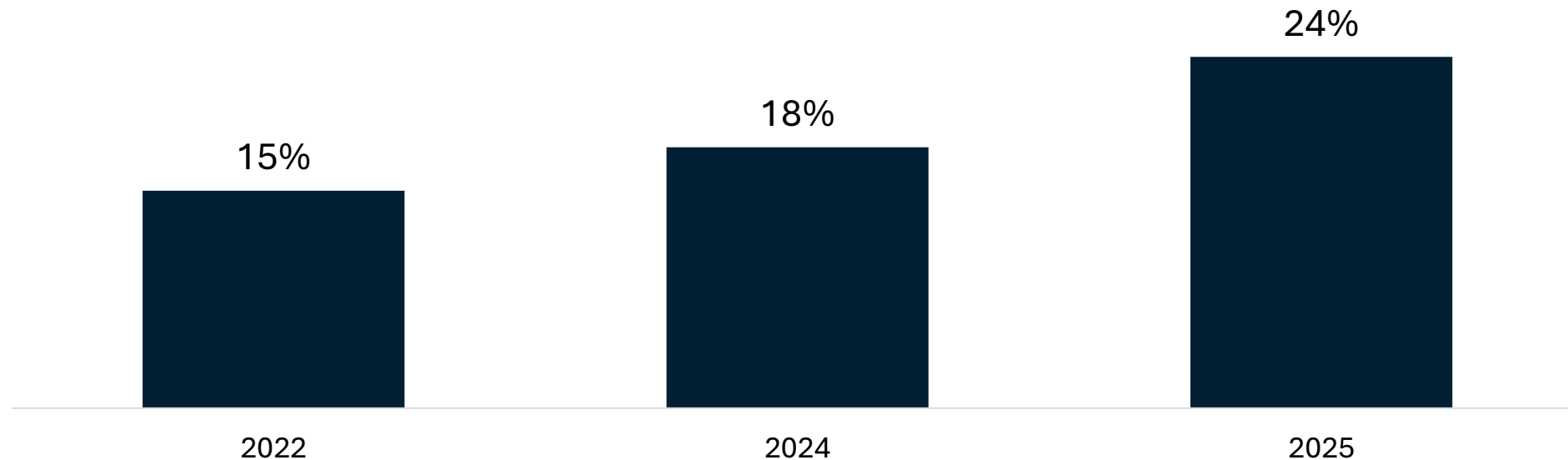
TECHNICAL ASSISTANCE

Technical assistance – who has gotten it?

- More this year say they have received TA compared to previous waves. This may be due to the updated question wording, educational efforts of TA providers, or an actual shift.

More businesses say they have received technical assistance than in past waves

% in each wave who said they have received technical assistance

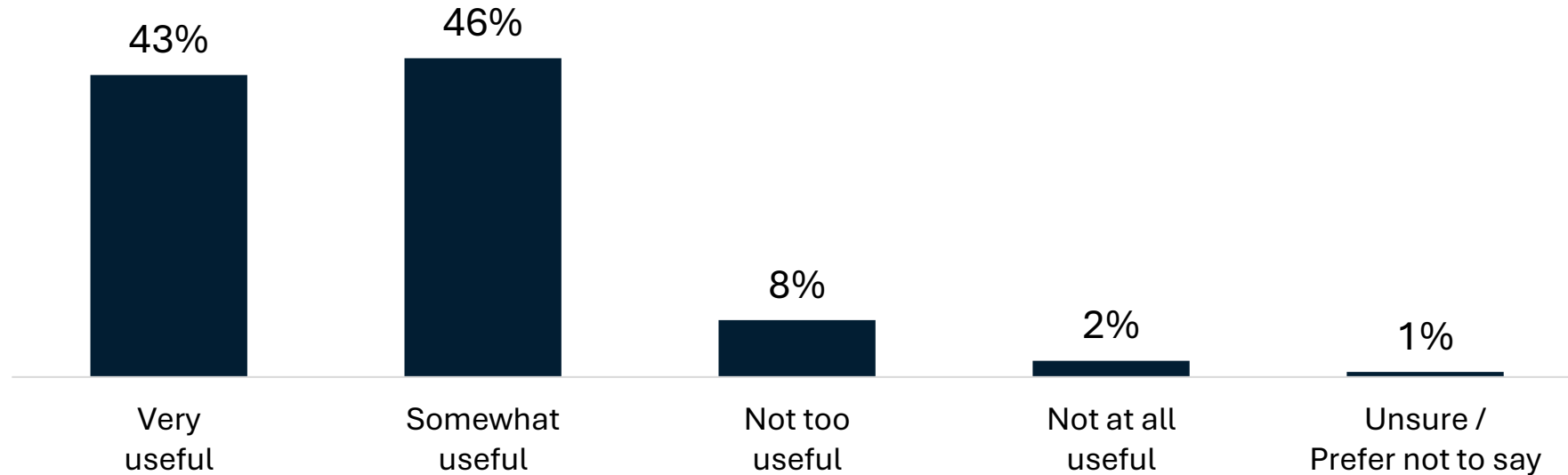


Technical assistance is useful

- A large majority of businesses who have received technical assistance say that it has been useful, with just under half saying it was “very useful”.

Businesses that have received technical assistance in the last year say it was useful

% who have received TA in the past year who say it was _____

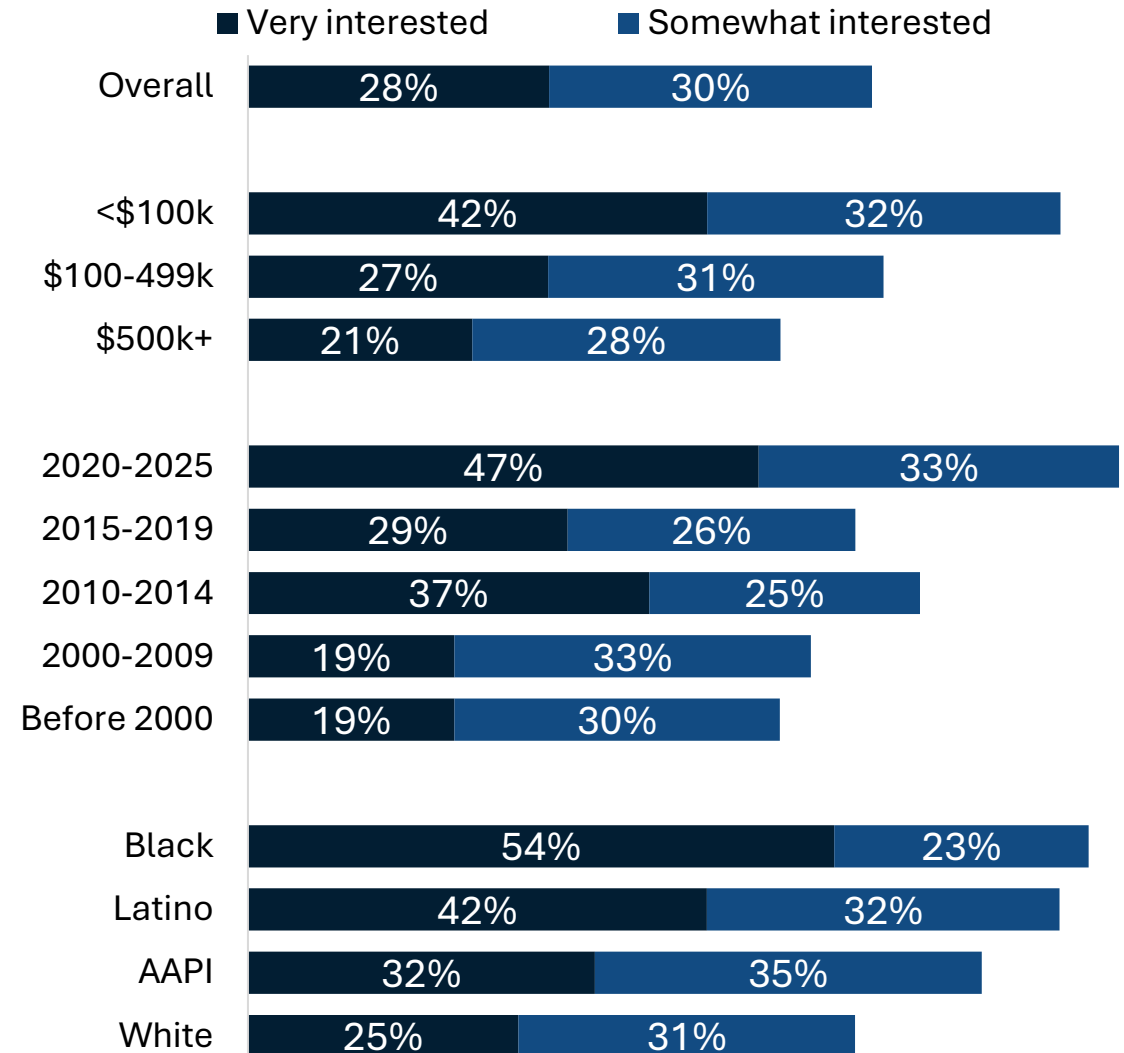


Who is interested in technical assistance?

- Businesses who are most interested in TA are newer and smaller.
- Black and Latino owned businesses are express elevated interest.

Newer and smaller businesses most interested in TA

% who have not received TA in past year who are interested in receiving it



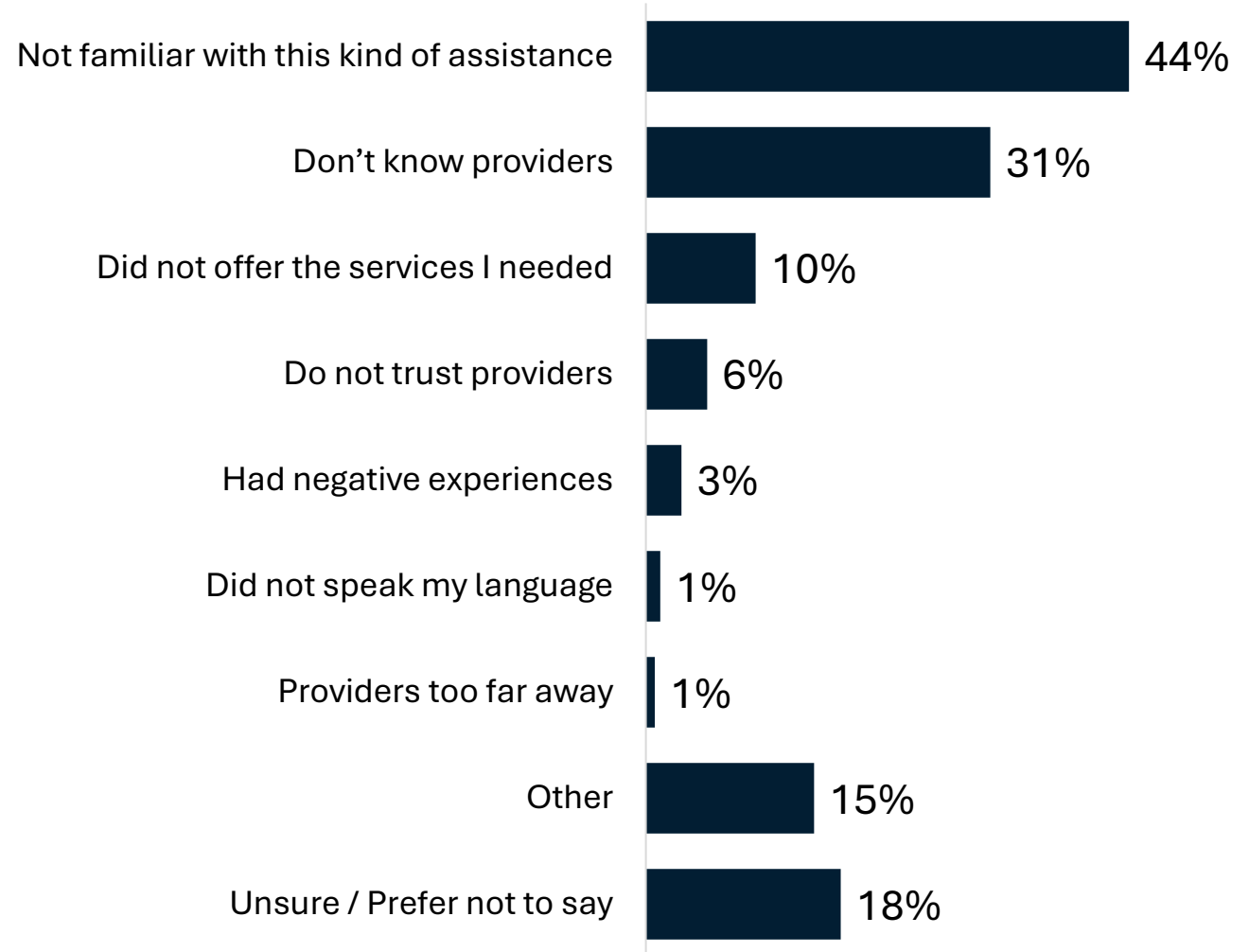
Q: How interested are you in receiving technical assistance business opportunities in the form of help, coaching, and advice to businesses on a pro bono (free) basis on issues like business planning, accounting services, marketing, and legal services?

Why aren't people using technical assistance?

- Many businesses who have not received technical assistance are not familiar with it or do not know TA providers.
- This follows overall themes seen in previous waves.

Q: What are some of the reasons you have not used a technical assistance provider for help, coaching, or advice in the last 12 months? Select all that apply.

Lack of familiarity and not knowing providers top reasons to not using TA
% who have not received TA in past year who give each reason why





Coalition for an

EQUITABLE
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