

## U.S. counties with thriving small businesses have healthier residents

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*Summary:* U.S. counties and parishes with a greater concentration of small, locally-owned businesses have healthier populations — with lower rates of mortality, obesity and diabetes — than do those that rely on large companies with “absentee” owners, according to a national study.

### FULL STORY

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Counties and parishes with a greater concentration of small, locally-owned businesses have healthier populations -- with lower rates of mortality, obesity and diabetes -- than do those that rely on large companies with "absentee" owners, according to a national study by sociologists at LSU and Baylor University.

"What stands out about this research is that we often think of the economic benefits and job growth that small business generates, but we don't think of the social benefits to small communities," said Troy C. Blanchard, Ph.D., lead author and associate professor of sociology at LSU. "This study highlights not only the economic benefits of small business, but its contributions to health and well-being."

The study of 3,060 counties and parishes in the contiguous United States, published online in the *Cambridge Journal of Regions, Economy and Society* and forthcoming in its March print issue, brings new evidence to a body of research literature and a debate among sociologists, who traditionally have advanced two competing hypotheses about how small business impacts public health.

Some sociologists argue that small businesses -- unlike chain retail "big box" stores and large manufacturing plants -- have a greater investment in the community and thus have more at stake when it comes to the well-being of employees, customers and other local citizens. The LSU and Baylor researchers, who analyzed national population, health, business and housing data, found that the greater the proportion of small businesses, the healthier the population.

"Some communities appear to have thriving small business sectors that feature entrepreneurial cultures that promote public health. A place like this has a can-do climate, a practical problem-solving approach in which a community takes control of its own destiny," said co-author Charles M. Tolbert, Ph.D., chair of the sociology department at Baylor. "The alternative is the attitude that 'Things are out of our control.'" Communities may become dependent on outside investment to solve problems, the researchers wrote.

Their findings are a departure from the traditional conclusion that "bigger is better." Beginning in the 1970s, communities courted large employers from the outside, with a goal of providing high-paying jobs with benefits. In contrast, small local employers offered lower pay, few -- if any -- benefits, little chance for advancement, vulnerability to competition and sometimes, nepotism, the researchers wrote.

"The old way of thinking was that you wanted to work for a big company because of pension plans, health insurance, dental insurance," said co-author Carson Mencken, Ph.D., professor of sociology at Baylor University. "But many of them have moved overseas to cheaper labor markets. So what we see are larger retailers, usually next to interstates, that pay low wages and may not even offer full-time jobs with benefits, but instead hire people to work 30 hours a week. There's a high turnover."

Larger companies showed a large drop in wages -- 33 percent in real dollars -- and access to health insurance between 1988 and 2003, previous research has shown. Amid restructuring and globalization, some large businesses are giving employees furloughs from full-time jobs, then rehiring them as short-time contract workers with no benefits.

While locally owned businesses are not adding greater compensation or benefits, the pay gap is shrinking.

"It's in their financial interest to take a stake in the community, to make it a place where people want to live and work," Mencken said.

Said Tolbert: "When someone creates a 'mom and pop' business, it's a huge step to bring that first employee on board. If it's a relative or neighbor, they'll bend over backward to hire and retain them. They're going to bring on board somebody they trust, and they'll pull every hair and every tooth in their head before they lay off someone who's their neighbor." For some workers, self-employment is a way to escape the "roller coaster" cycle of furloughs and call-backs. Given that health insurance and access to medical care will be limited, poorer health might be expected of those workers.

But small businesses are more likely to support bond issues for health infrastructures, recruit physicians, push for local anti-smoking legislation, promote community health programs and activities and support local farmers' markets, researchers said.

They found that counties with a greater proportion of small businesses have a healthier population. They analyzed the number of small businesses per 100,000 people, categorizing small business as those with four or fewer employees; large manufacturing establishments as those with 500 or more employees; and large retailers as those with 100 or more employees.

"Our findings suggest that the rewards of a vibrant small business sector are multi-dimensional," Blanchard said. "In addition to job creation, small businesses yield important non-economic rewards to communities that may improve the health of local residents. "

LSU and Baylor researchers analyzed data from the 2000 Census of Population and Housing, the 2007 Centers for Disease Control Obesity and Diabetes Estimates, the National Center for Health Statistics Compressed Mortality records from 1994 to 2006, the 2002 County Business Patterns and the 2002 Nonemployer Statistics.

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### Journal Reference:

1. T. C. Blanchard, C. Tolbert, C. Mencken. **The health and wealth of US counties: how the small business environment impacts alternative measures of development.** *Cambridge Journal of Regions, Economy and Society*, 2011; DOI: 10.1093/cjres/rsr034

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