

Business Employment Dynamics

Rick Clayton

**APDU 2011 Annual Conference
Washington, DC
September 22, 2011**



www.bls.gov

What are the BED?

- BED are longitudinally linked QCEW microdata
 - Unit of analysis is the **Establishment** for most BED data
 - **Firm for size class data**
- BED Scope
 - Private sector, excludes private households
 - 6.8 million establishments
 - 107 million employment
- BED reveals the dynamics of the labor market.
- BED data show gross job flows as well as net employment changes

What are the BLS Business Employment Dynamics data?

- A set of statistics measuring changes in employment at the establishment level on a quarterly basis
 - ▶ Job churn
 - ▶ Creative destruction
- Based on the work of Haltiwanger, Scott, Shew

BED: Components of Jobs gains and losses

- BED statistics break down the underlying dynamics of net employment change into the numbers and rates of gross jobs gained and gross jobs lost
 - ▶ Gross job gains
 - Expansions
 - Openings
 - Births
 - ▶ Gross job losses
 - Contractions
 - Closings
 - Deaths

BED Data Release

- High Frequency and Timely Gross Job Flows
- Available 8 months after the reference quarter
 - ▶ <http://www.bls.gov/news.release/pdf/cewbd.pdf>
- 2 week speed-up this year
- Data and charts available on the BLS website:
 - ▶ <http://www.bls.gov/bdm/>

BED Data Series Available

- National Total Private
- National NAICS Sector
- National Firm Size
- State Total Private
- Size of Employment Change (National)
- Annual (National/State)
- Birth Death (National/State)
- National 3-digit NAICS **New!**
- Age Data **New!**
- September 2003
- May 2004
- December 2005
- August 2007
- September 2008
- May 19, 2009
- May 19, 2009
- May 20, 2010
- August 18, 2010

Wait a Few Months Before You Believe the Numbers

“...sometimes the statistics that take the longest to arrive can provide the most important information, particularly when they point to inflection points in the economy.”

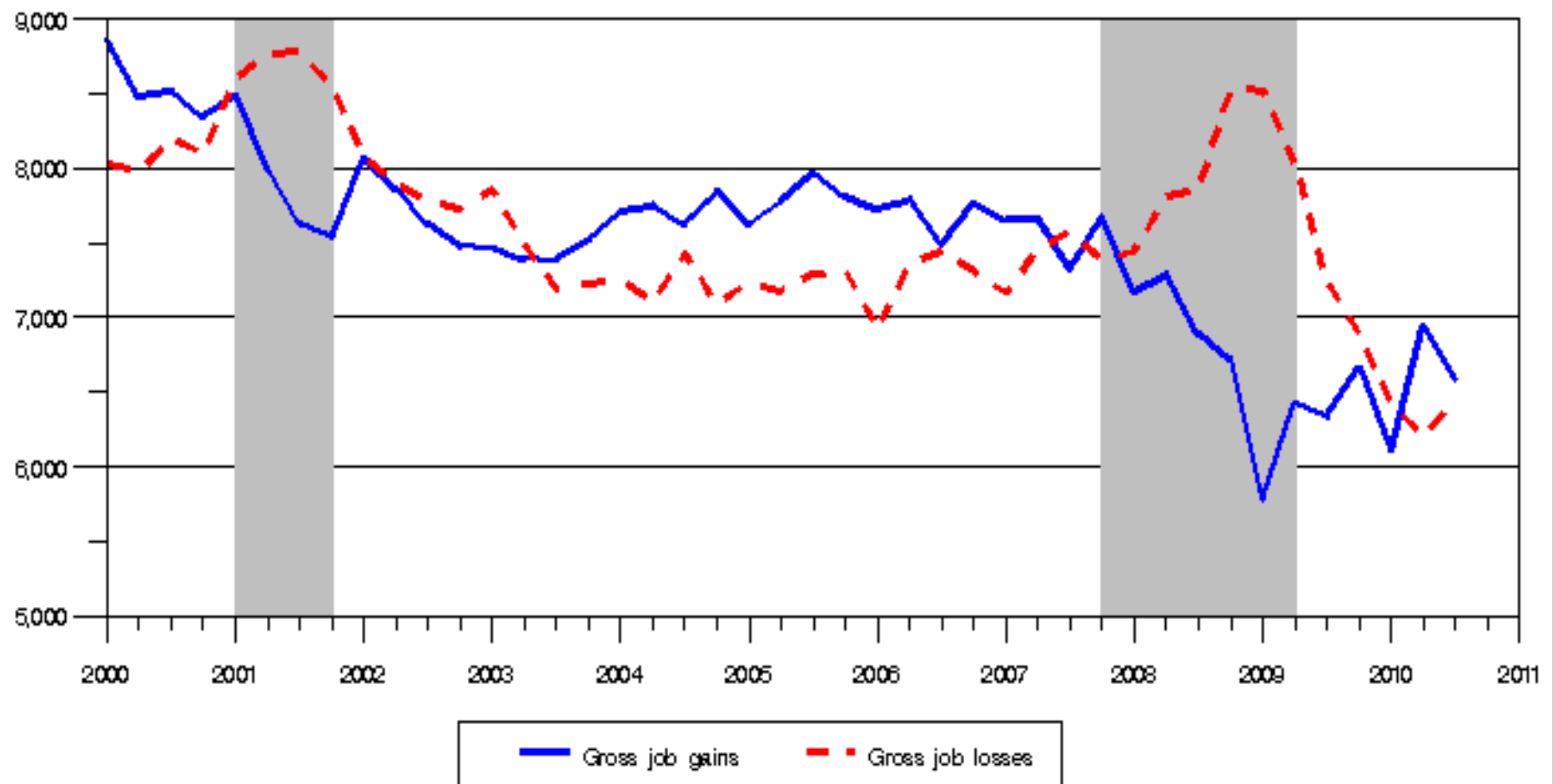
▶ **The New York Times**

May 26, 2007

<http://www.nytimes.com/2007/05/26/business/26charts.html>

Private sector gross job gains and gross job losses, seasonally adjusted
March 2000 – September 2010
Total private

Thousands

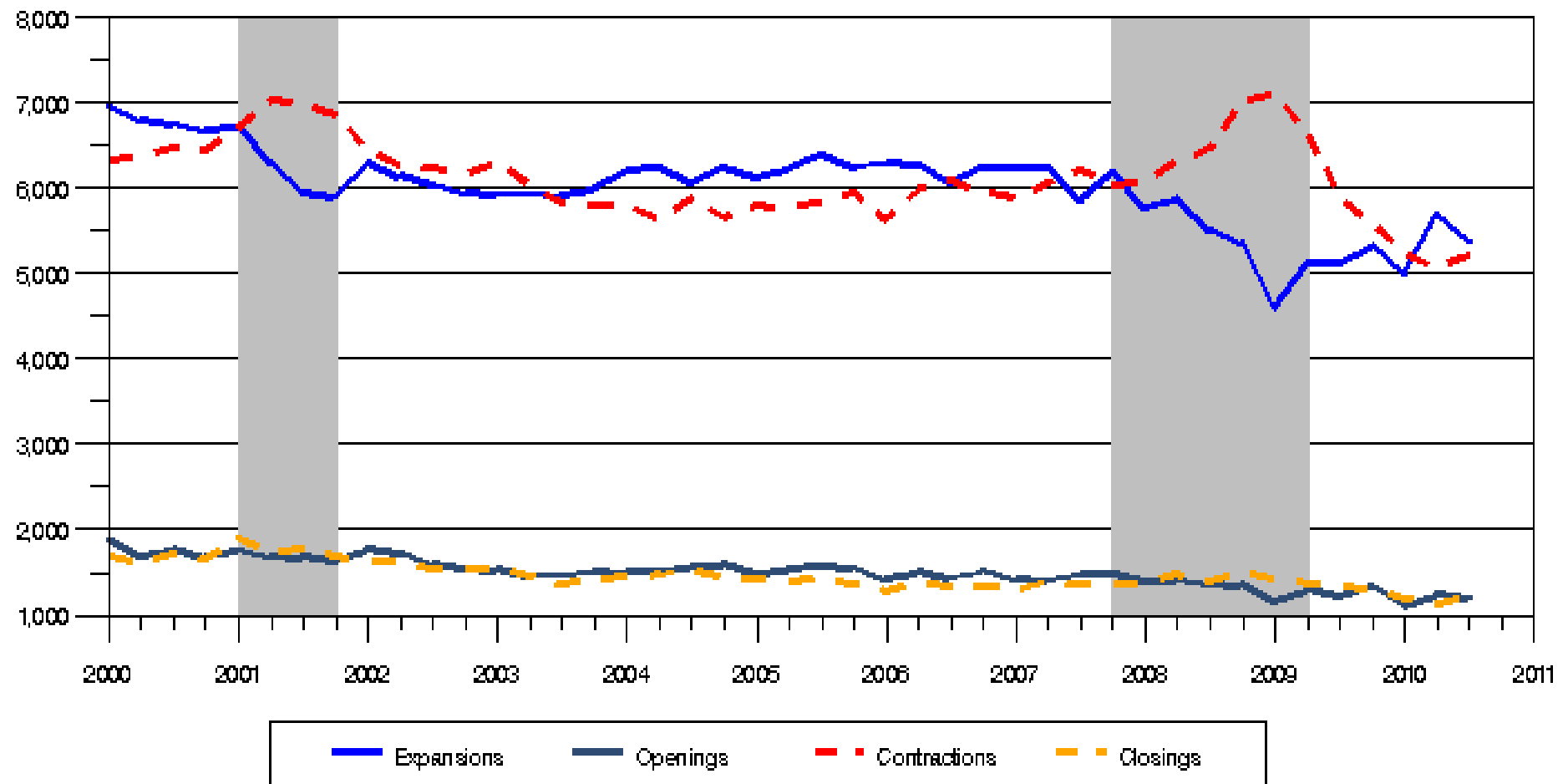


Source: U.S. Bureau of Labor Statistics

Note: Shaded area represents NBER defined recession period.

Components of private sector gross job gains and job losses, seasonally adjusted
March 2000 – September 2010
Total private

Thousands



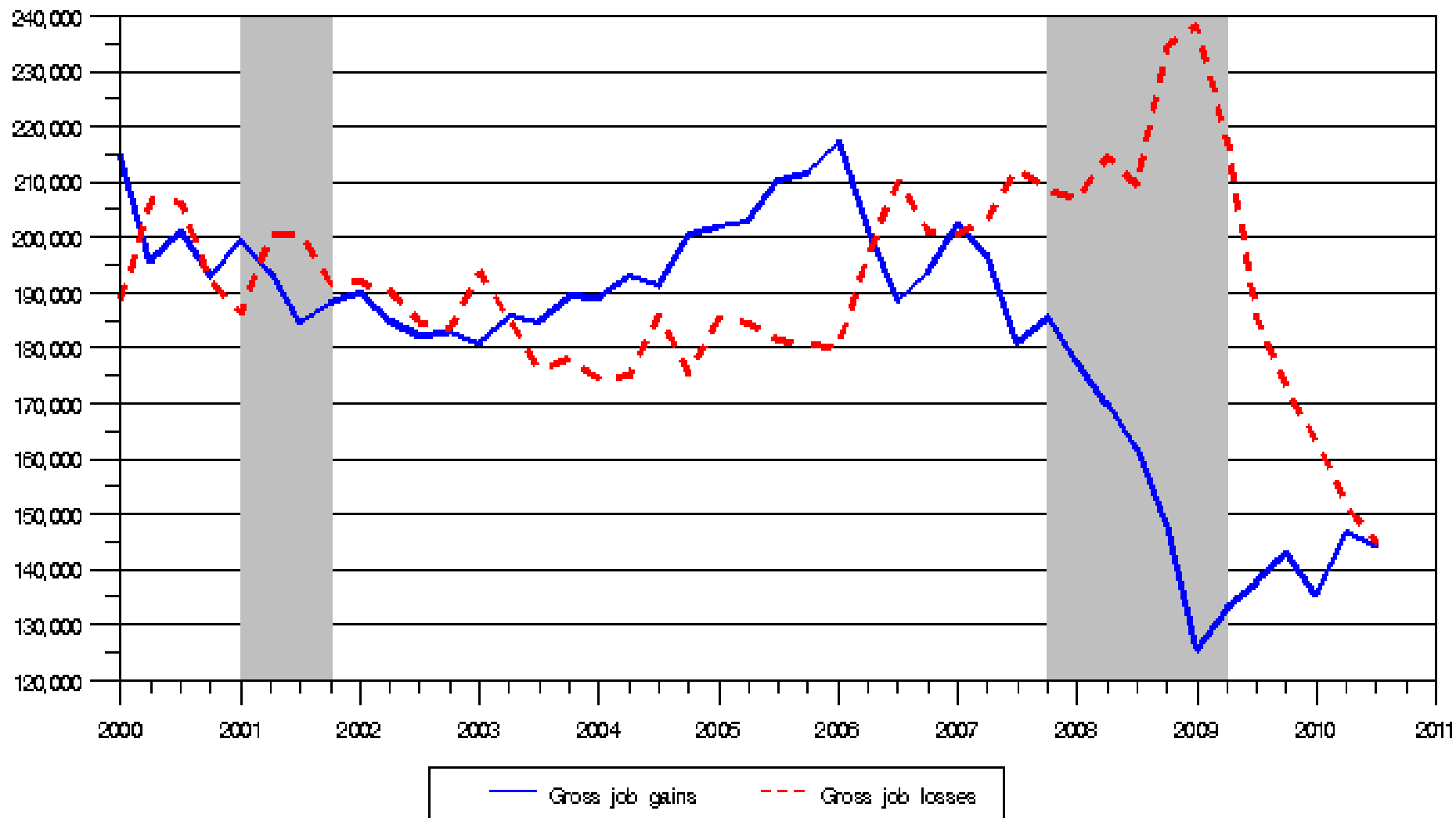
Source: U.S. Bureau of Labor Statistics

Note: Shaded area represents NBER defined recession period.

Number of Openings – Closings: U.S. Total Private

| | |
|------------|---------|
| 2007 March | 9,000 |
| June | -11,000 |
| September | 15,000 |
| December | 23,000 |
| 2008 March | -22,000 |
| June | -39,000 |
| September | -23,000 |
| December | -43,000 |
| 2009 March | -89,000 |
| June | -50,000 |
| September | -59,000 |
| December | 15,000 |
| 2010 March | -50,000 |
| June | 5,000 |
| September | -12,000 |

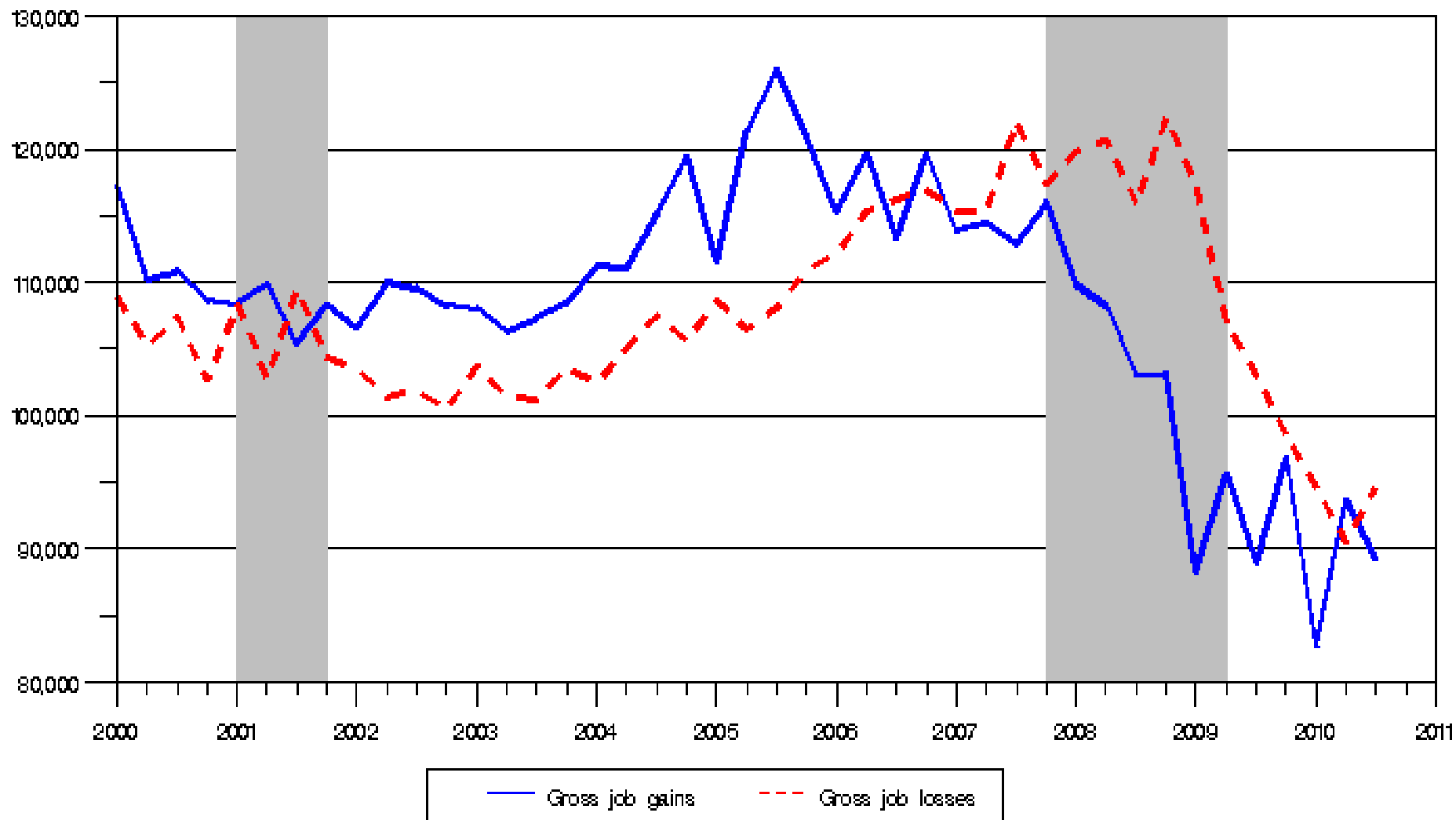
Private sector gross job gains and gross job losses, seasonally adjusted
March 2000 — September 2010
Construction of Buildings



Source: U.S. Bureau of Labor Statistics

Note: Shaded area represents NBER defined recession period.

Private sector gross job gains and gross job losses, seasonally adjusted
March 2000 — September 2010
Real Estate

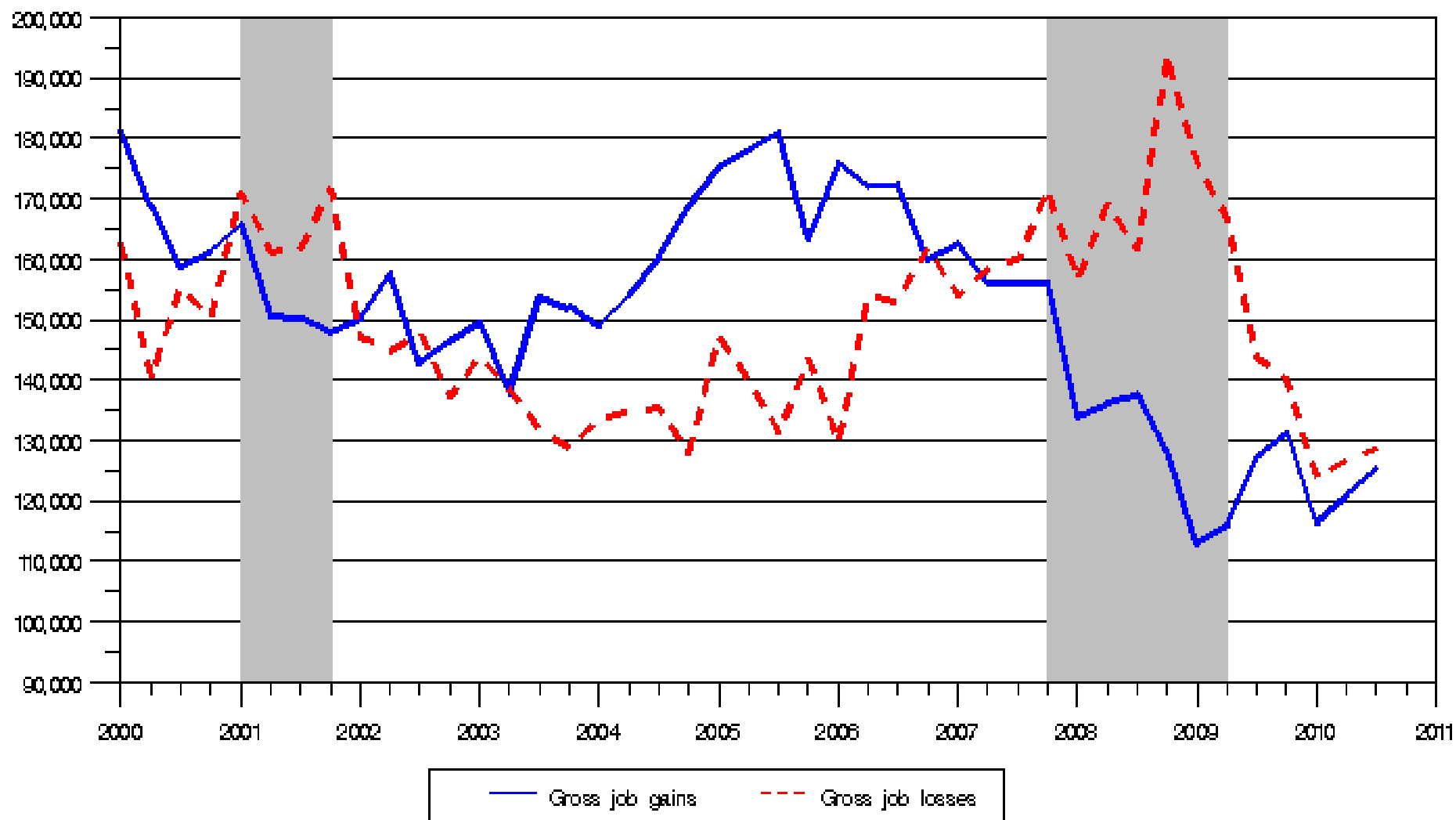


Source: U.S. Bureau of Labor Statistics

Note: Shaded area represents NBER defined recession period.

Private sector gross job gains and gross job losses, seasonally adjusted
March 2000 – September 2010

Arizona

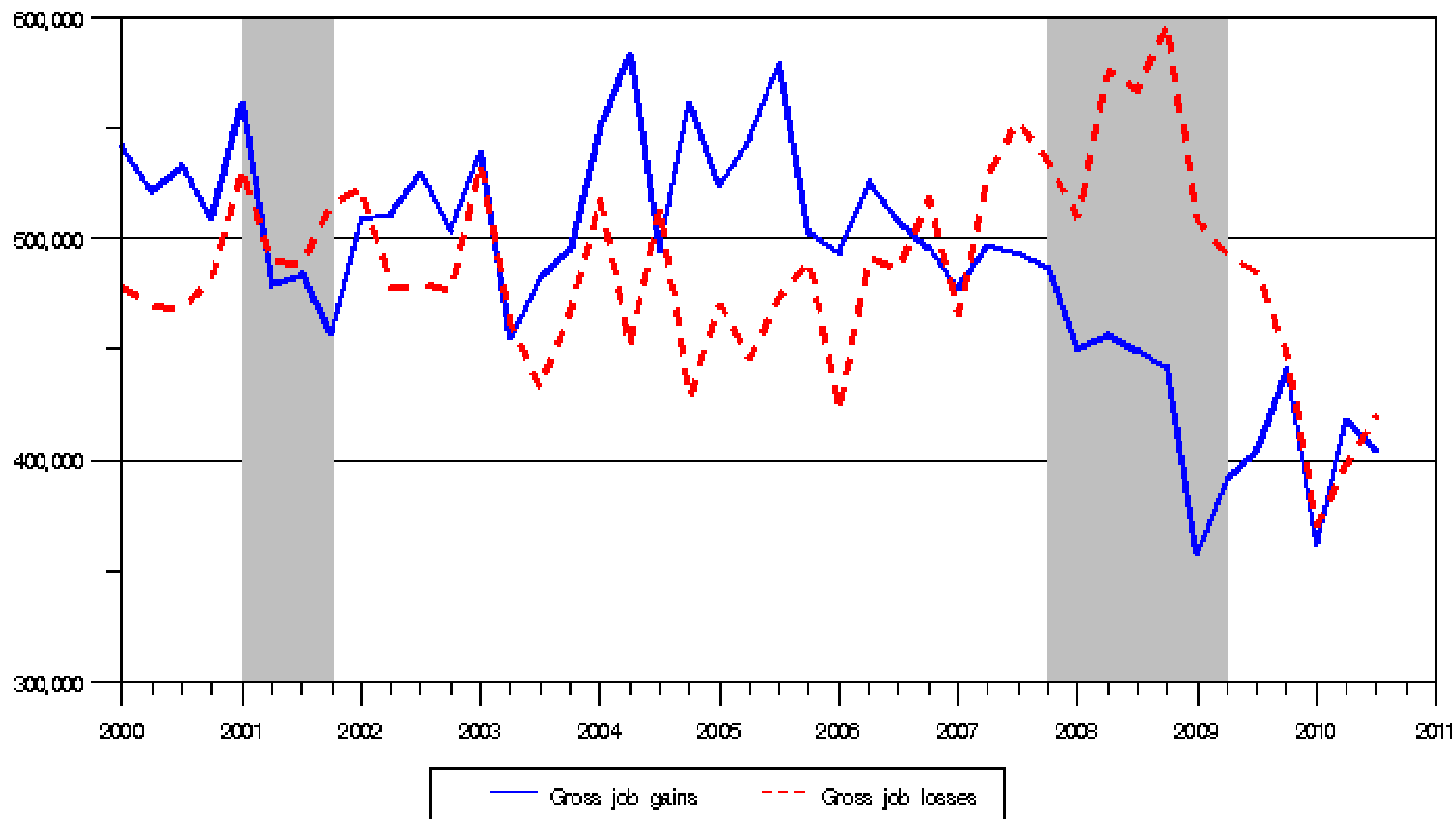


Source: U.S. Bureau of Labor Statistics

Note: Shaded area represents NBER defined recession period.

Private sector gross job gains and gross job losses, seasonally adjusted
March 2000 – September 2010

Florida

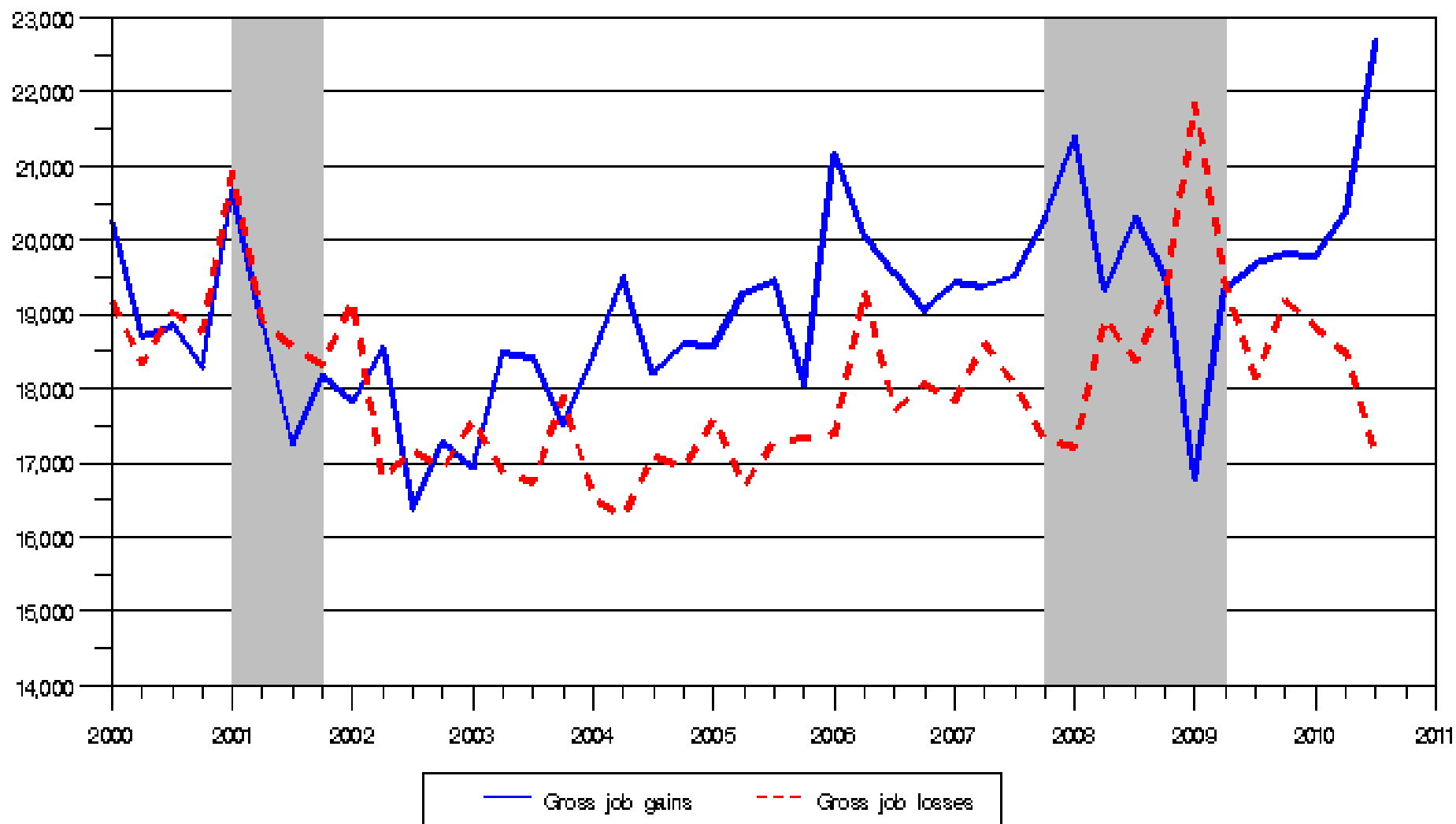


Source: U.S. Bureau of Labor Statistics

Note: Shaded area represents NBER defined recession period.

Private sector gross job gains and gross job losses, seasonally adjusted
March 2000 – September 2010

North Dakota



Source: U.S. Bureau of Labor Statistics

Note: Shaded area represents NBER defined recession period.

Small Firms Lagging, With Bulk of Job Losses

“Most of the job losses at the end of last year took place at the smallest firms, underscoring how small businesses are lagging in the recovery.”



August 19, 2010

http://online.wsj.com/article/SB10001424052748704557704575437650742168186.html?mod=W SJ_economy_LeftTopHighlights



Net Employment Change By Firm Size

| Year | 3 Months Ended | 1 to 4 | 5 to 9 | 10 to 19 | 20 to 49 | 50 to 99 | 100 to 249 | 250 to 499 | 500 to 999 | 1,000 or more |
|------|----------------|--------|--------|----------|----------|----------|------------|------------|------------|---------------|
| 2007 | March | 18 | 38 | 50 | 70 | 46 | 58 | 31 | 43 | 76 |
| | June | -40 | -15 | 9 | 43 | 46 | 73 | 51 | 30 | 4 |
| | September | -18 | -25 | -41 | -51 | -23 | -36 | -13 | -6 | -51 |
| | December | 14 | -19 | -10 | -2 | 10 | 42 | 29 | 12 | 190 |
| 2008 | March | -79 | -34 | -22 | -18 | -7 | 0 | -1 | -4 | -147 |
| | June | -106 | -58 | -50 | -46 | -20 | -7 | -15 | -24 | -197 |
| | September | -93 | -66 | -79 | -122 | -73 | -95 | -49 | -59 | -391 |
| | December | -136 | -147 | -174 | -250 | -183 | -199 | -126 | -113 | -540 |
| 2009 | March | -245 | -178 | -220 | -341 | -274 | -320 | -211 | -178 | -681 |
| | June | -114 | -83 | -95 | -141 | -114 | -146 | -115 | -133 | -763 |
| | September | -145 | -72 | -82 | -122 | -62 | -78 | -60 | -42 | -382 |
| | December | -3 | -40 | -60 | -67 | -36 | -16 | -16 | -17 | -20 |

NOTE: Some smaller firms had net employment losses before the start of the recession in December 2007

Share of total private employment losses by firm size, recent downturn vs. 2001 downturn

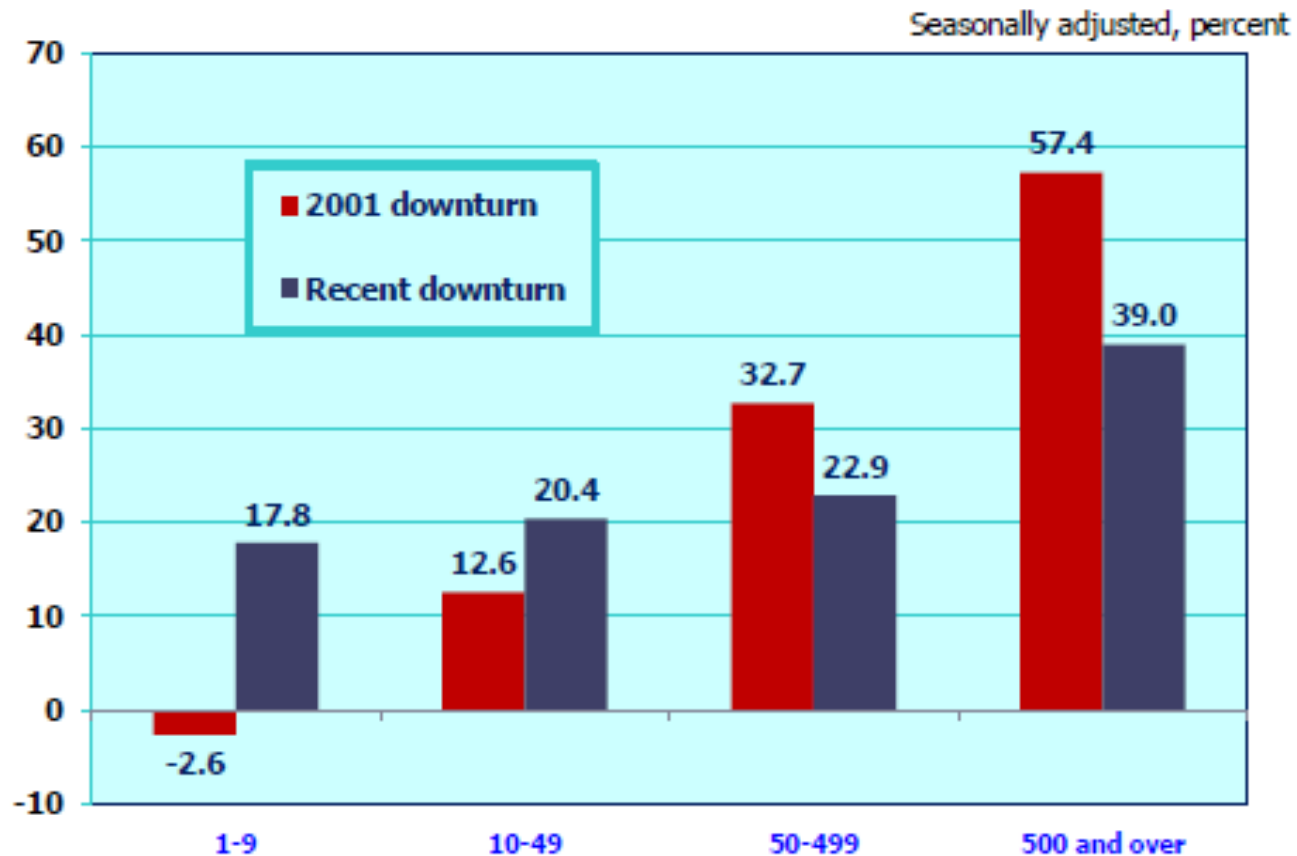
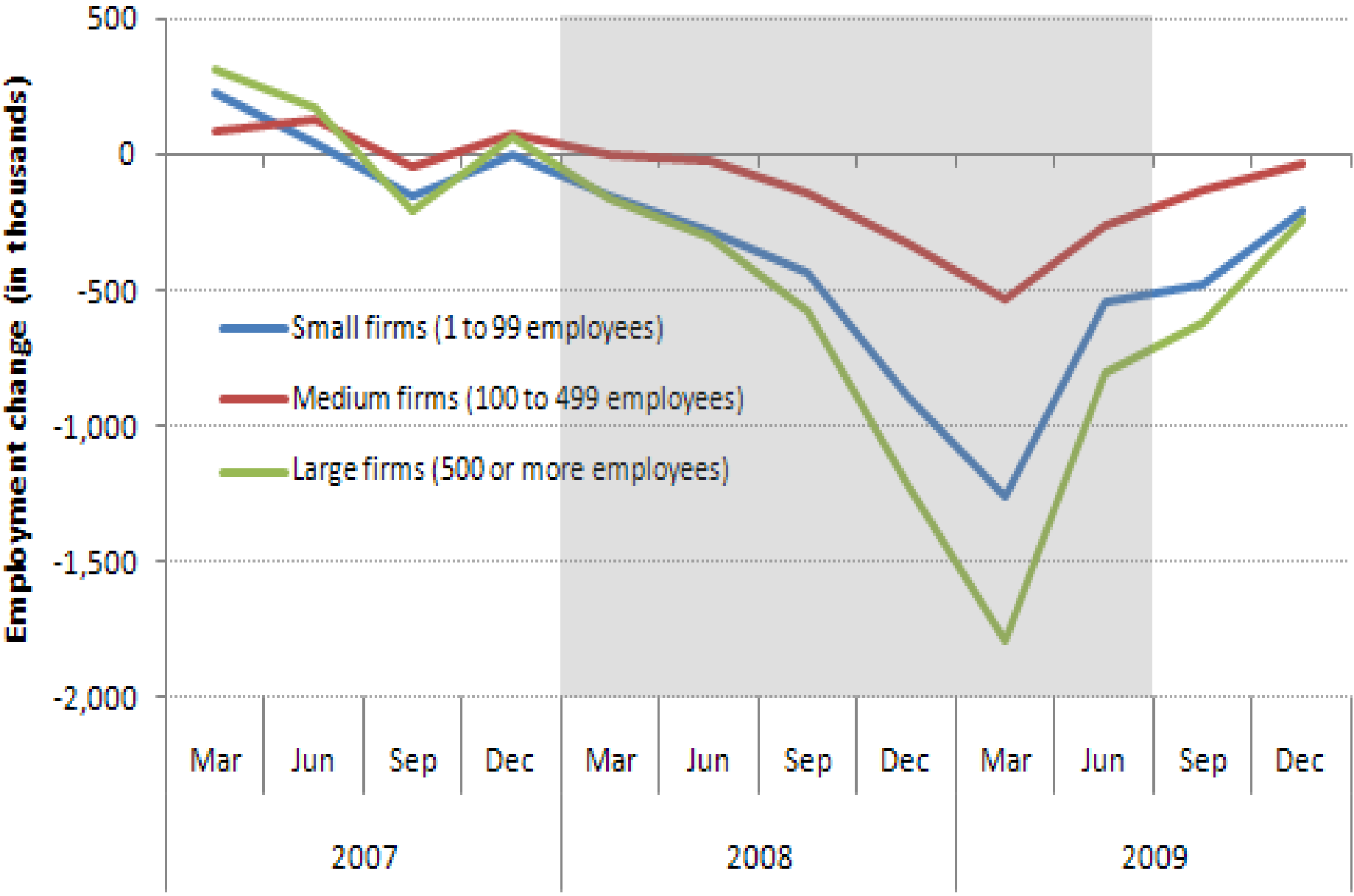


Chart 8. Quarterly net change in employment by size of firm, 2007–2009



Source: U.S. Bureau of Labor Statistics

Why BED data by establishment age?

- The Committee on National Statistics recommended employment dynamics data by age.
- Age and survival data along will complete 'demographic' profile of US businesses.
- Unsettled debate on who creates the most jobs: young or old firms? A debate similar to the small vs. large firms contribution to employment growth.
- The impact of age of firm/establishment on employment growth and productivity is inconclusive.

“Weak Pace of Start-Ups could hurt Recovery”

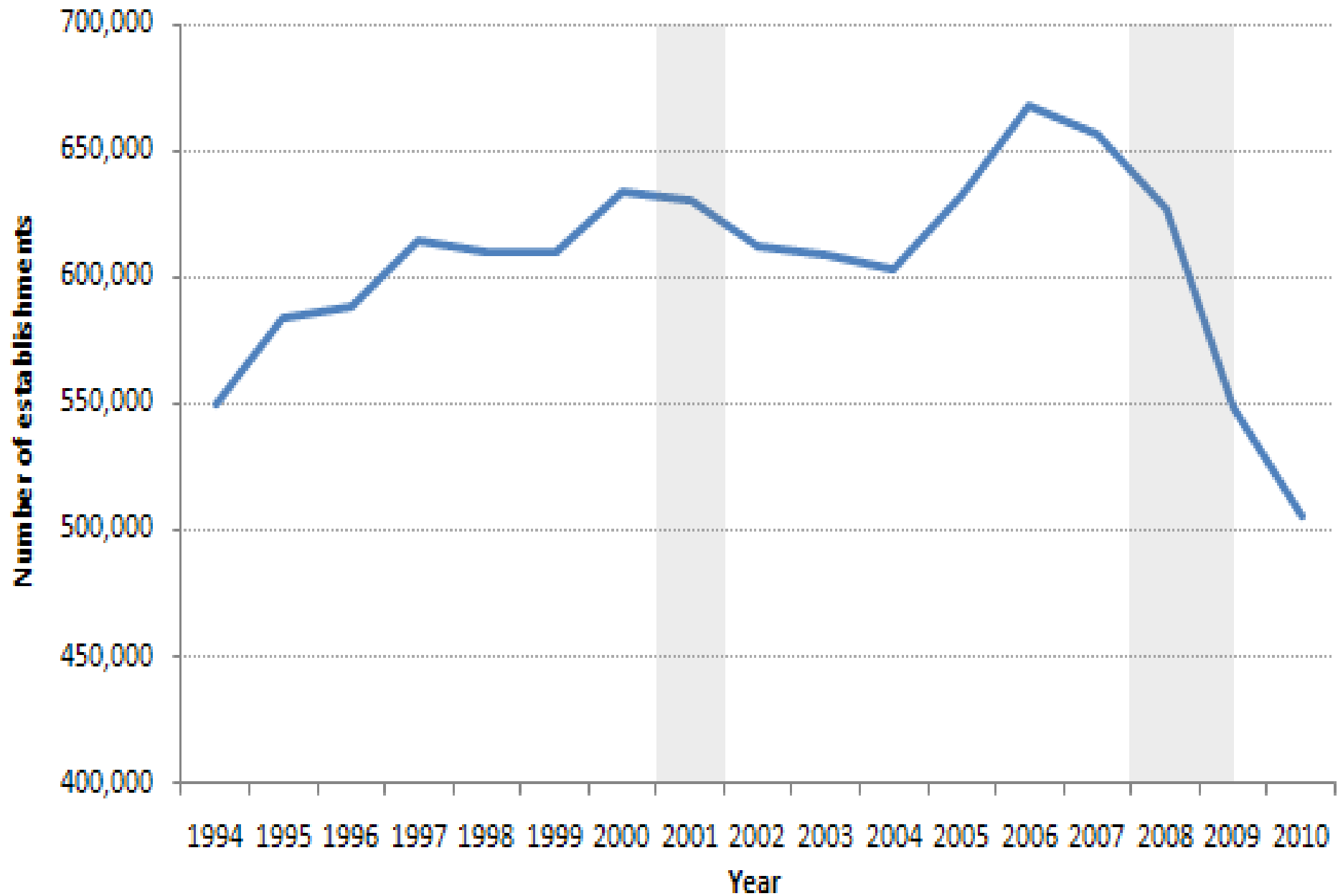
“Entrepreneurs have started up the fewest new U.S. businesses in more than a decade, according to government figures that could spell more bad news for job creation.”

▶ USATODAY

June 13, 2011

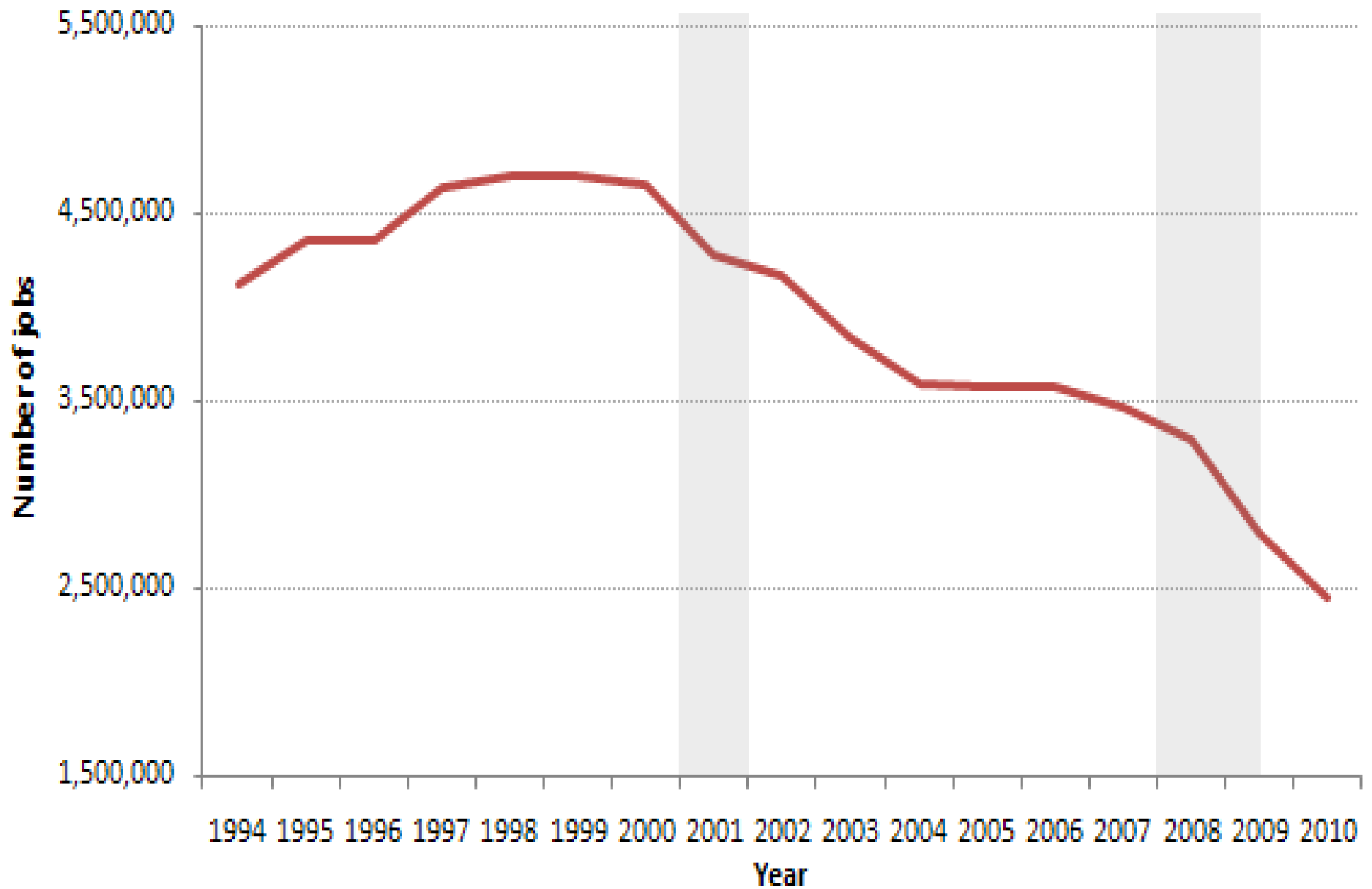
http://www.usatoday.com/money/smallbusiness/2011-06-13-small-business-start-ups-fewer_n.htm

Chart 1. Number of establishments less than 1 year old, March 1994–March 2010



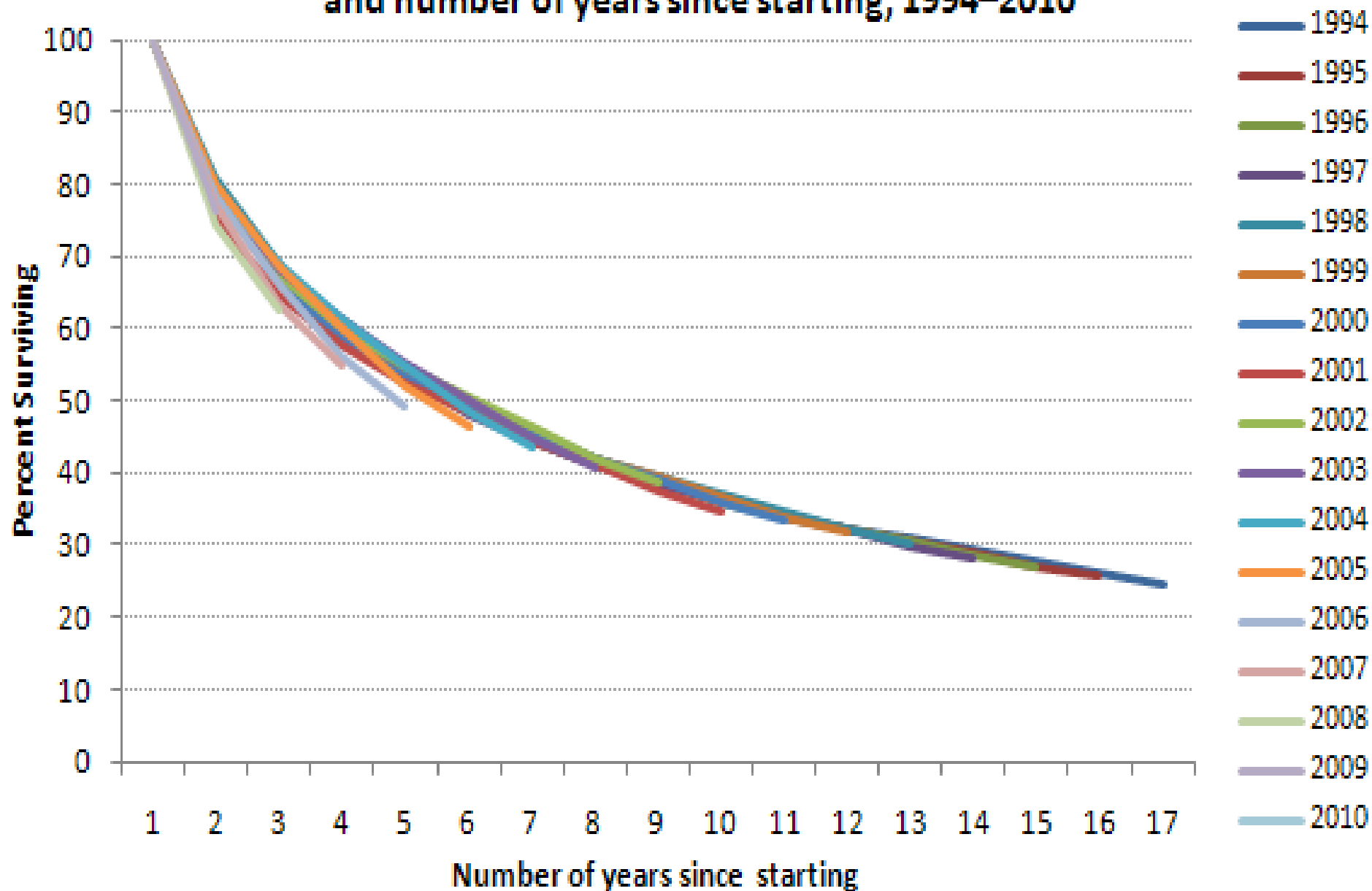
Source: U.S. Bureau of Labor Statistics

**Chart 2. Jobs created by establishments less than 1 one year old,
March 1994–March 2010**



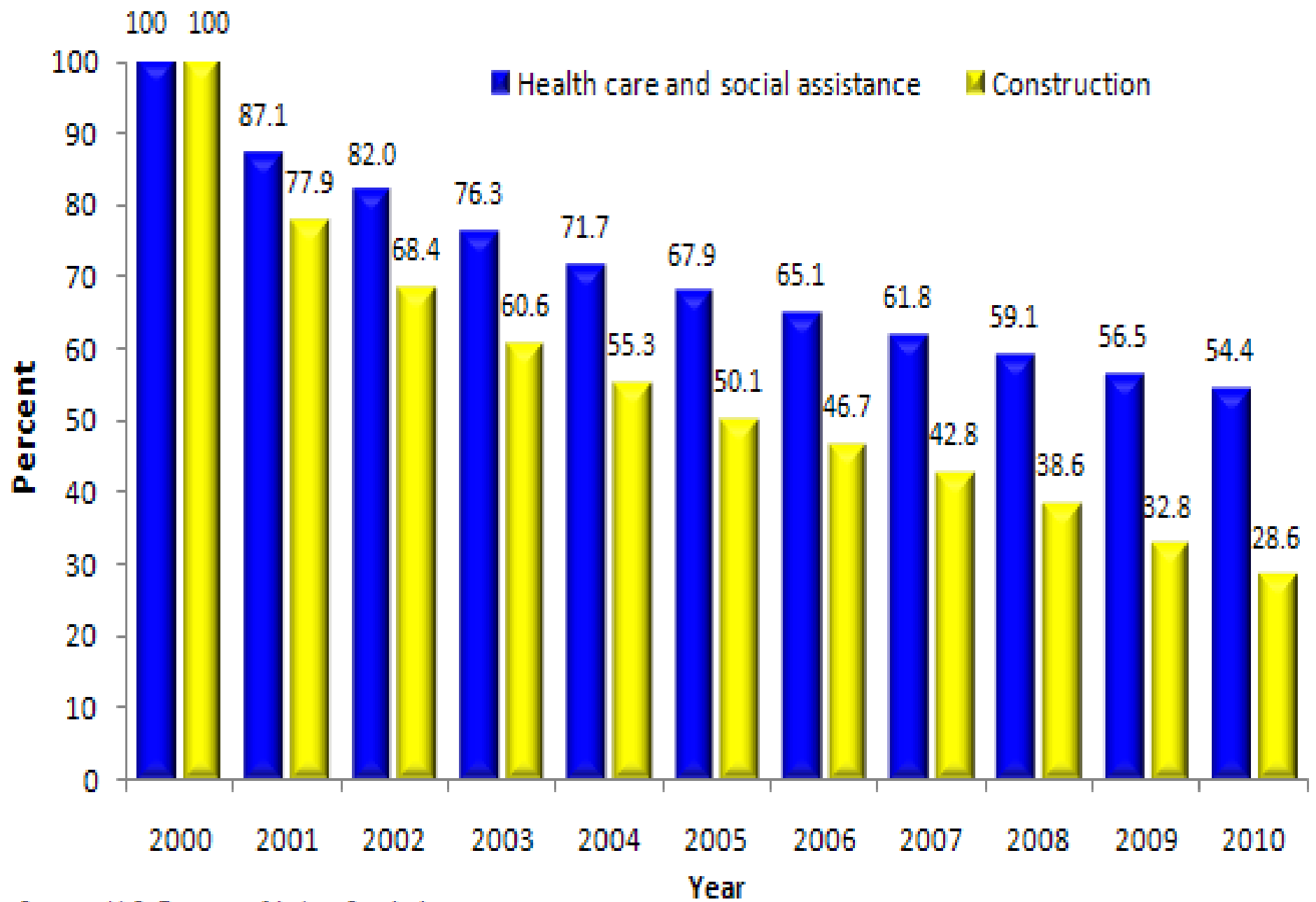
Source: U.S. Bureau of Labor Statistics

Chart 3. Survival rates of establishments, by year started and number of years since starting, 1994–2010



Source: U.S. Bureau of Labor Statistics

Chart 4. Survival rate by selected industries, 2000 birth cohort, 2000–2010



Source: U.S. Bureau of Labor Statistics

Customer Feedback

- What new products would you like?
 - ▶ Detailed State Data
 - ▶ 6-Digit County Level Birth/Death Counts
 - ▶ Firm Size by Industry, State
 - ▶ Firm v. Establishment Data?
 - ▶ Age
 - ▶ Others?
- Please let us know!

Contact Information

Rick Clayton

Phone: (202) 691-6515

Email: clayton.rick@bls.gov

Website: www.bls.gov/bdm

