

Business Employment Dynamics: an introduction

presented by Charles Carson and David Talan

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www.bls.gov



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QCEW

- Quarterly
- Census of
- Employment and
- Wages
 - all employers subject to state and federal unemployment insurance (UI) laws
 - 9.1 million establishments
 - 6.7 million private-sector
 - 123.2 million workers
 - 97.1 % of employees on nonfarm payrolls

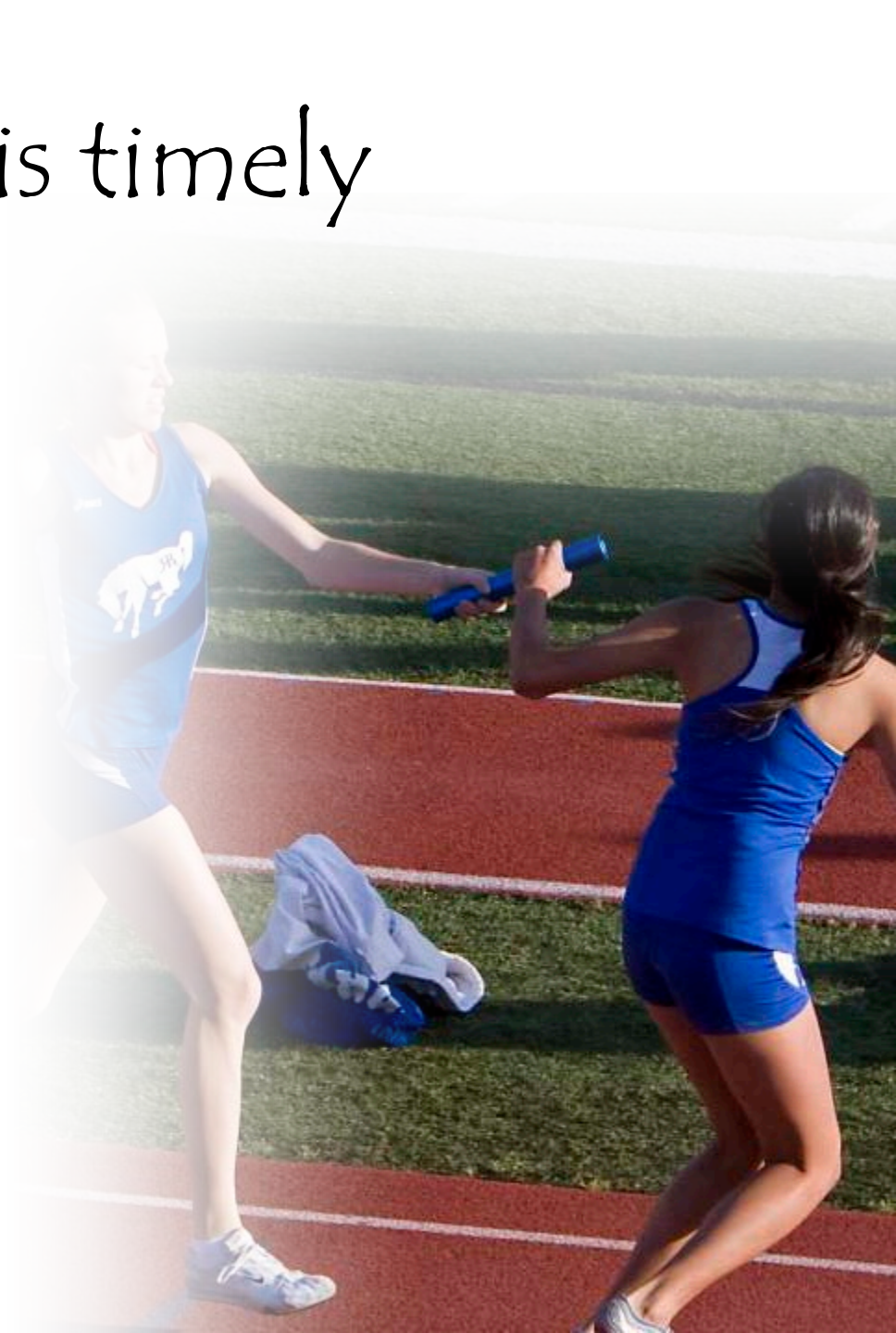
QCEW is accurate

- Multiple Worksite Report collects establishment detail
- State analysts verify data from employers
- Verify and update industry & location on 3-year cycle



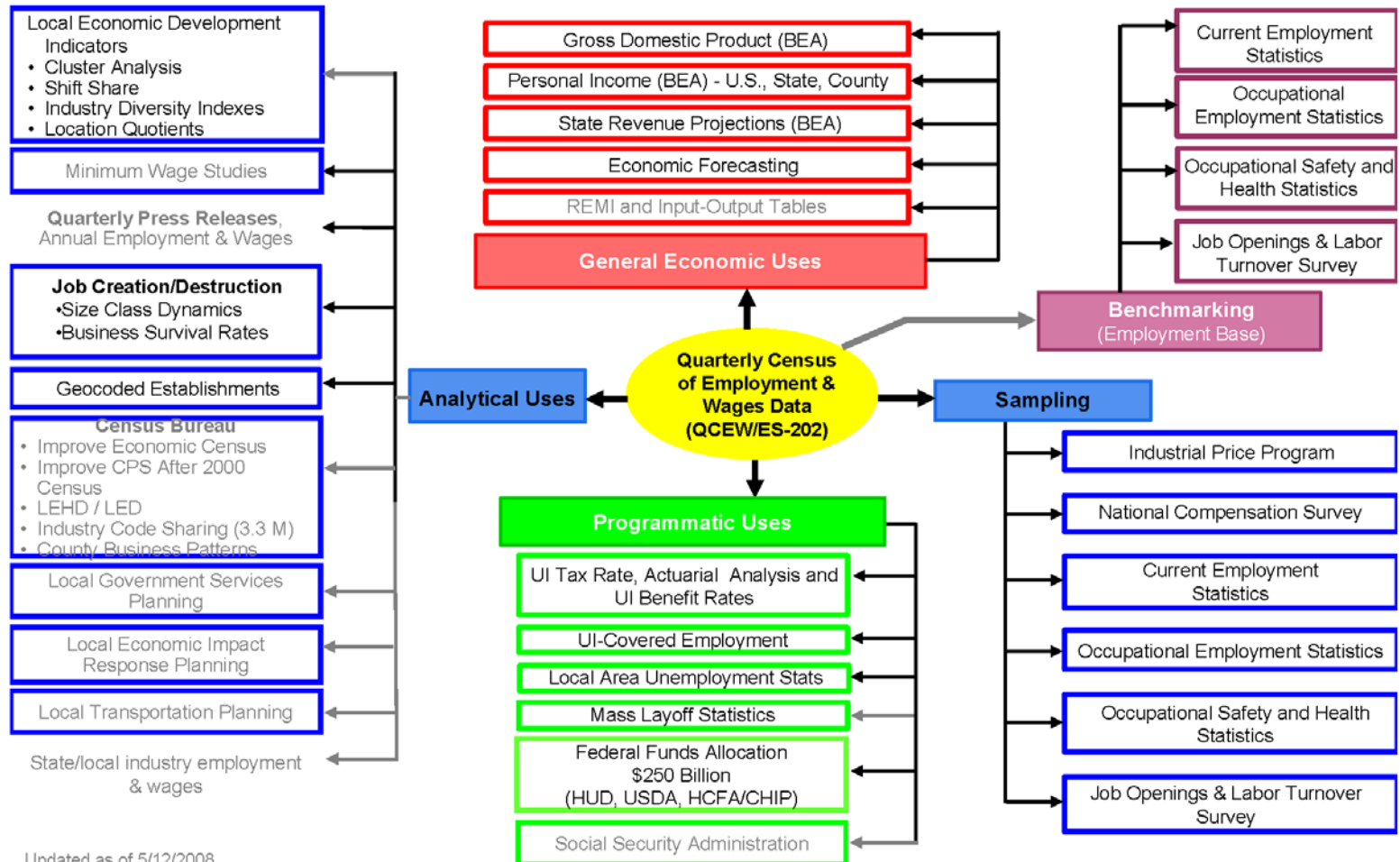
QCEW is timely

- 6 months after reference month
 - County Employment and Wages
- 7 months after reference month
 - Business Employment Dynamics



QCEW is relevant

Uses of Quarterly Census of Employment and Wages Data (QCEW/ES-202)

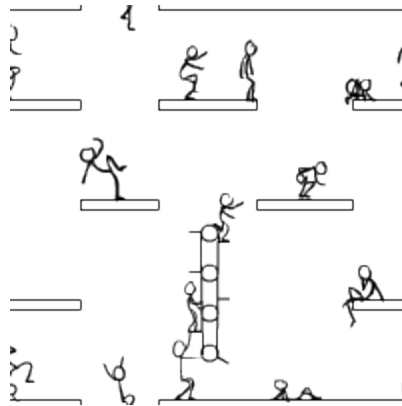
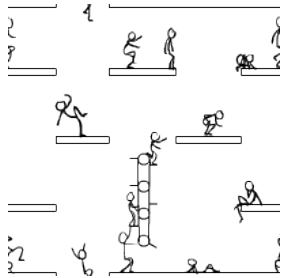


Businesses are Dynamic

some more drop in...

some businesses expand

new employees come in
some businesses open



other employees quit

some businesses close

and then are "let go"

some businesses contract

Business Employment Dynamics Summary

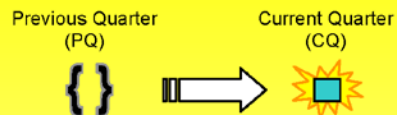
Expanding



Positive employment in previous quarter and current quarter.
--and--
Employment in current quarter is greater than employment in previous quarter.

- $CQ - PQ = \text{Employment added at expanding establishments}$
- For each expanding establishment, number of expanding establishments +1.

Opening



A new unit with positive employment in the current quarter, and no links to any units in the previous quarter.
--or--
An existing (or linked) unit with positive employment in current quarter with zero employment in previous quarter.

- $CQ - PQ = \text{Employment added at opening establishments}$
- For each opening establishment, number of opening establishments +1.

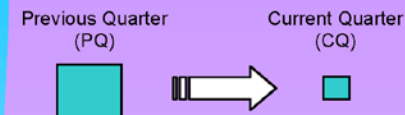
Closing



A unit with positive employment, in previous quarter and no links to any units in the current quarter.
--or--
An existing (or linked) unit with positive employment in previous quarter with zero employment in current quarter.

- $|CQ - PQ| = \text{Employment lost at closing establishments}$
- For each closing establishment, number of closing establishments +1.

Contracting



Positive employment in previous quarter and current quarter.
--and--
Employment in current quarter is less than employment in previous quarter.

- $|CQ - PQ| = \text{Employment lost at contracting establishments}$
- For each contracting establishment, number of contracting establishments +1.

employment added at opening establishments
+ employment added at expanding establishments
= **total gross job gains**

employment lost at closing establishments
+ employment lost at contracting establishments
= **total gross job losses**

number of opening establishments
— number of closing establishments
= **net change in number of establishments**

Note: this is different from the way to calculate net change in employment!

total gross job gains
— total gross job losses
= **net change in employment**

Note: this number will be similar to but not exactly the same as, 3-month net employment change as reported by CES

BED data excludes establishments that report zero employment in both quarters, private households, and government ownership.

Data are Quarterly from 3rd month of previous quarter to 3rd month of current quarter
*Additivity: Data from two or more quarters **should not be summed**, because this results in double-counting of some establishments!*

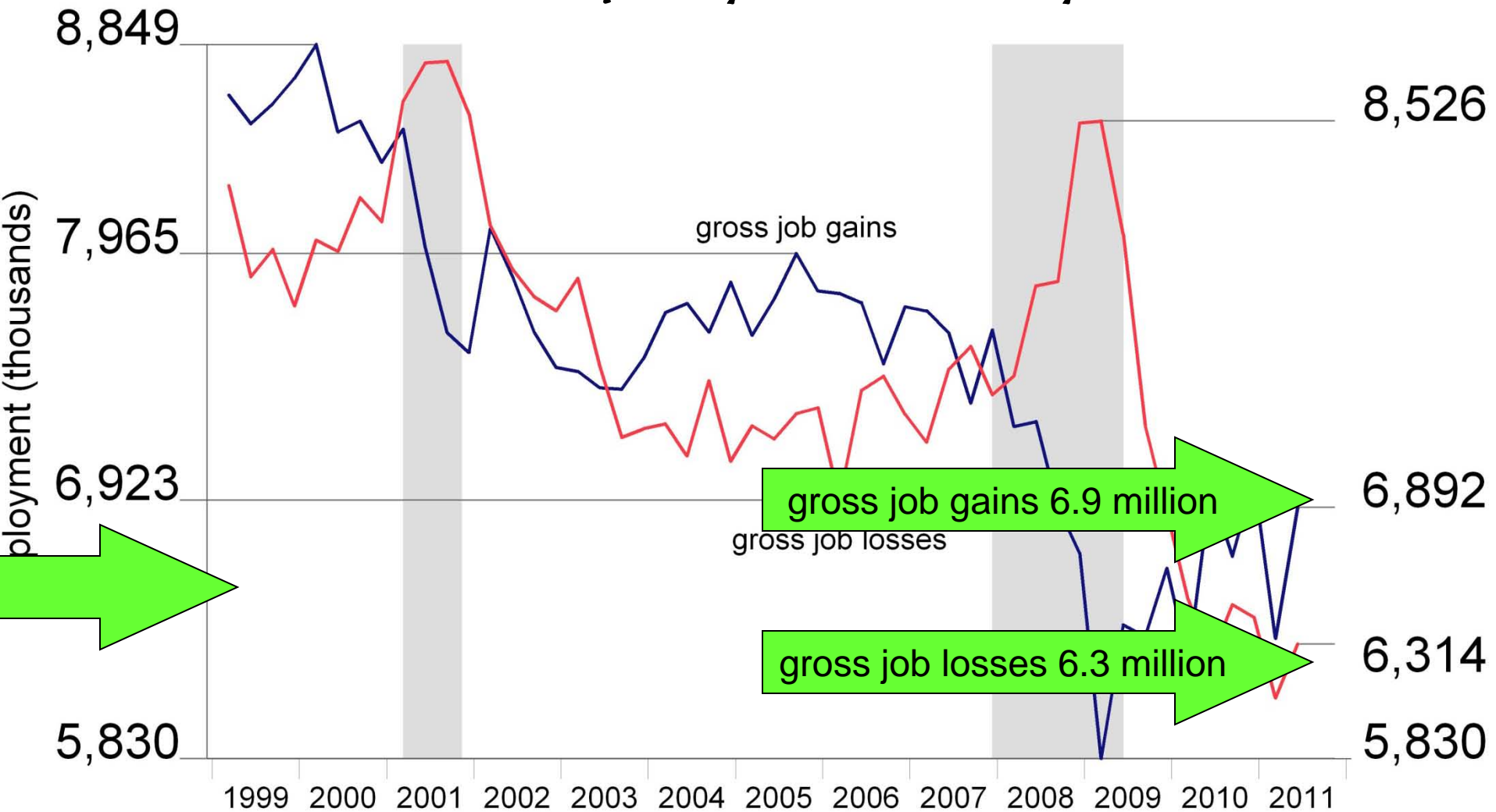
BED Schedule

- BED data released to public 8 months after reference quarter
- Revised data issued in first quarter
 - Not seasonally adjusted – 1 year
 - Seasonally adjusted – 5 years

Download BED data from BLS

<http://www.bls.gov/bdm/>

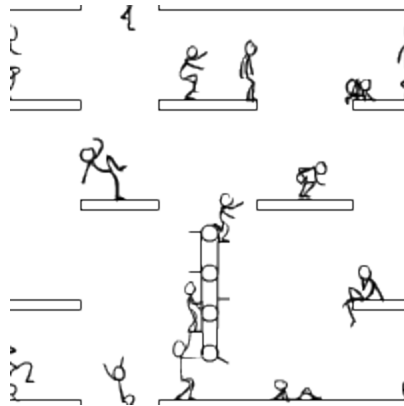
Business Employment Dynamics



Note: Shaded area represents NBER defined recession period

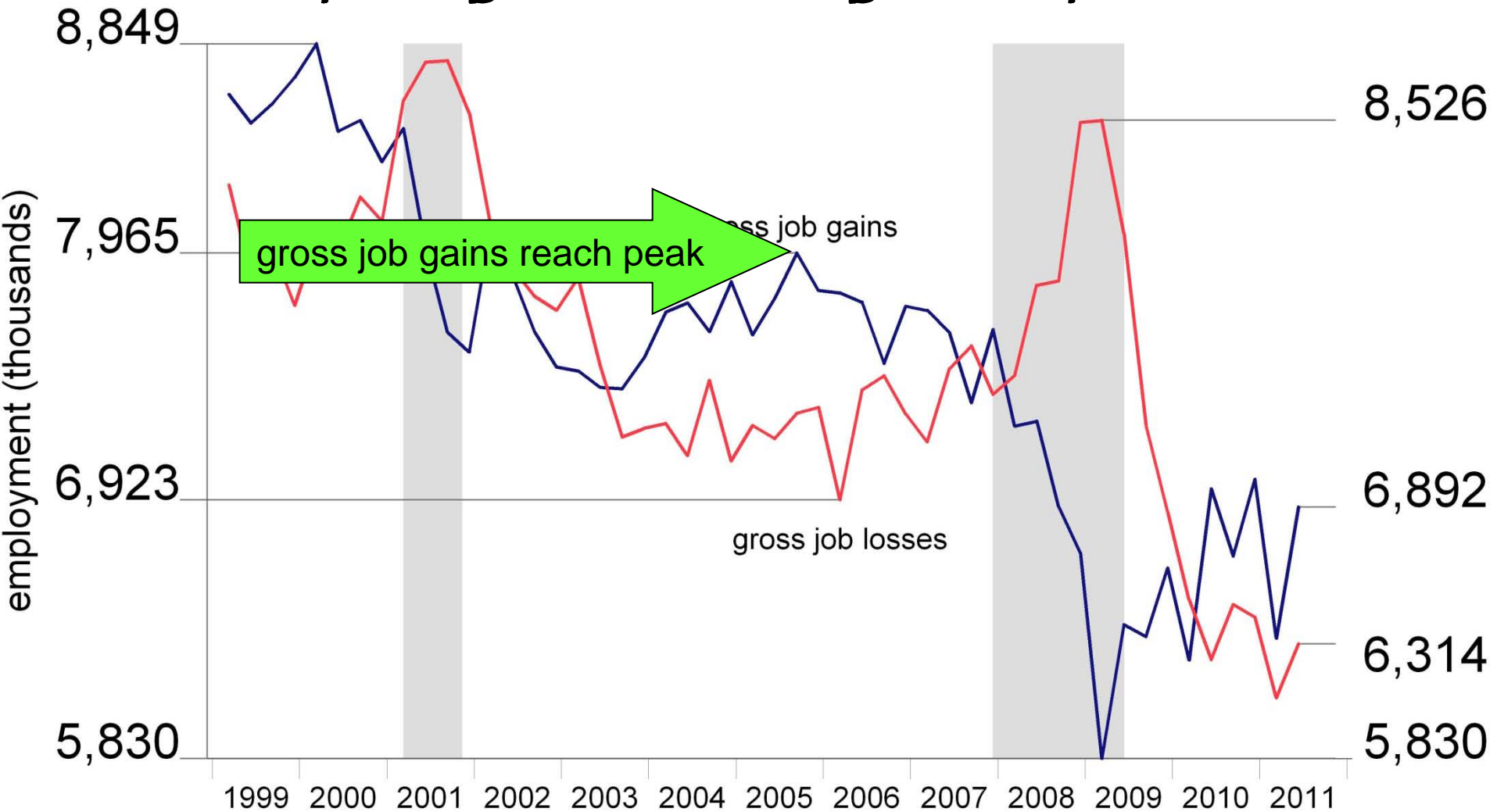
gross job gains
6,892,000

gross job losses
6,314,000



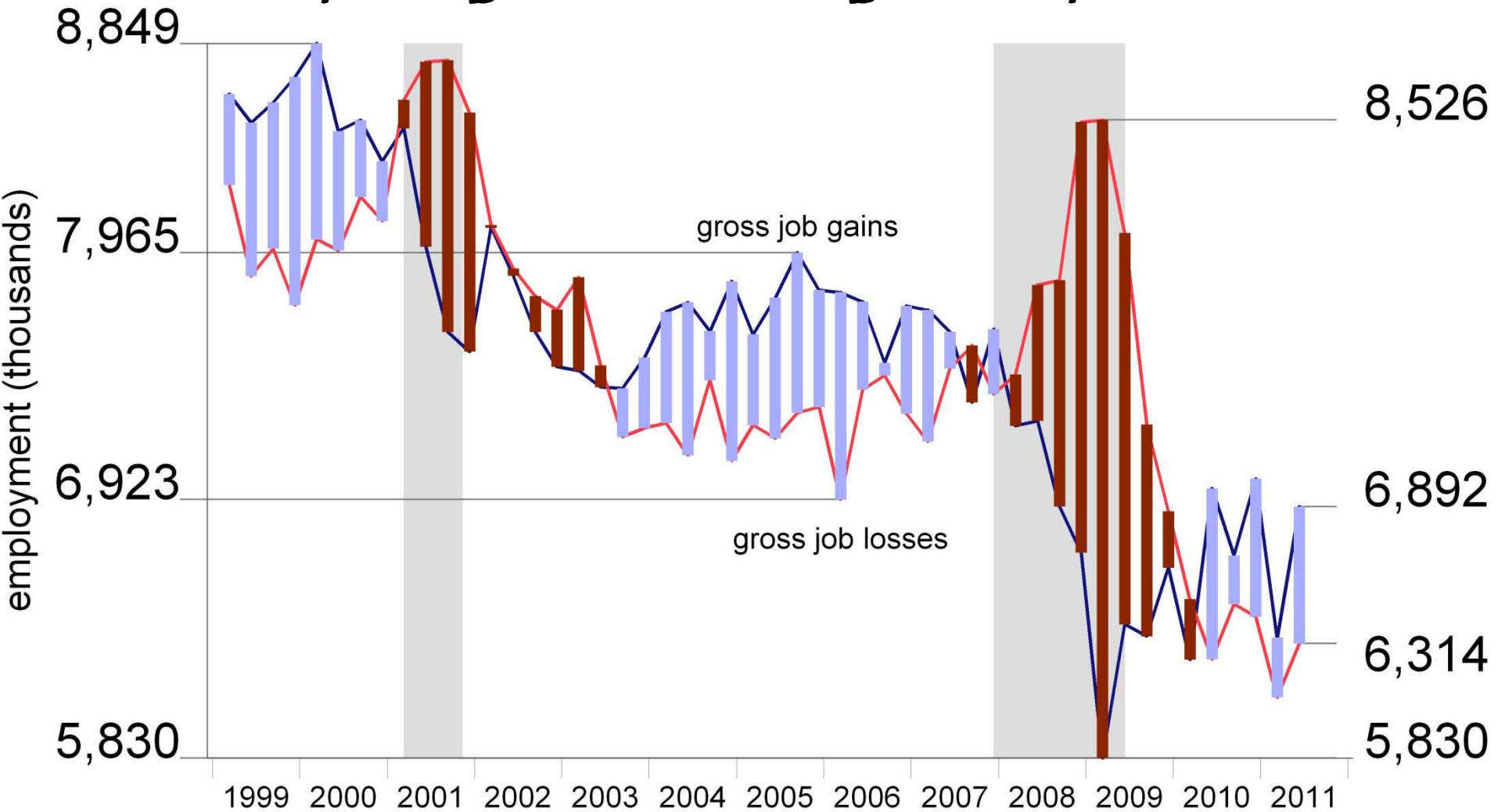
net change
578,000

Gross job gains and gross job losses



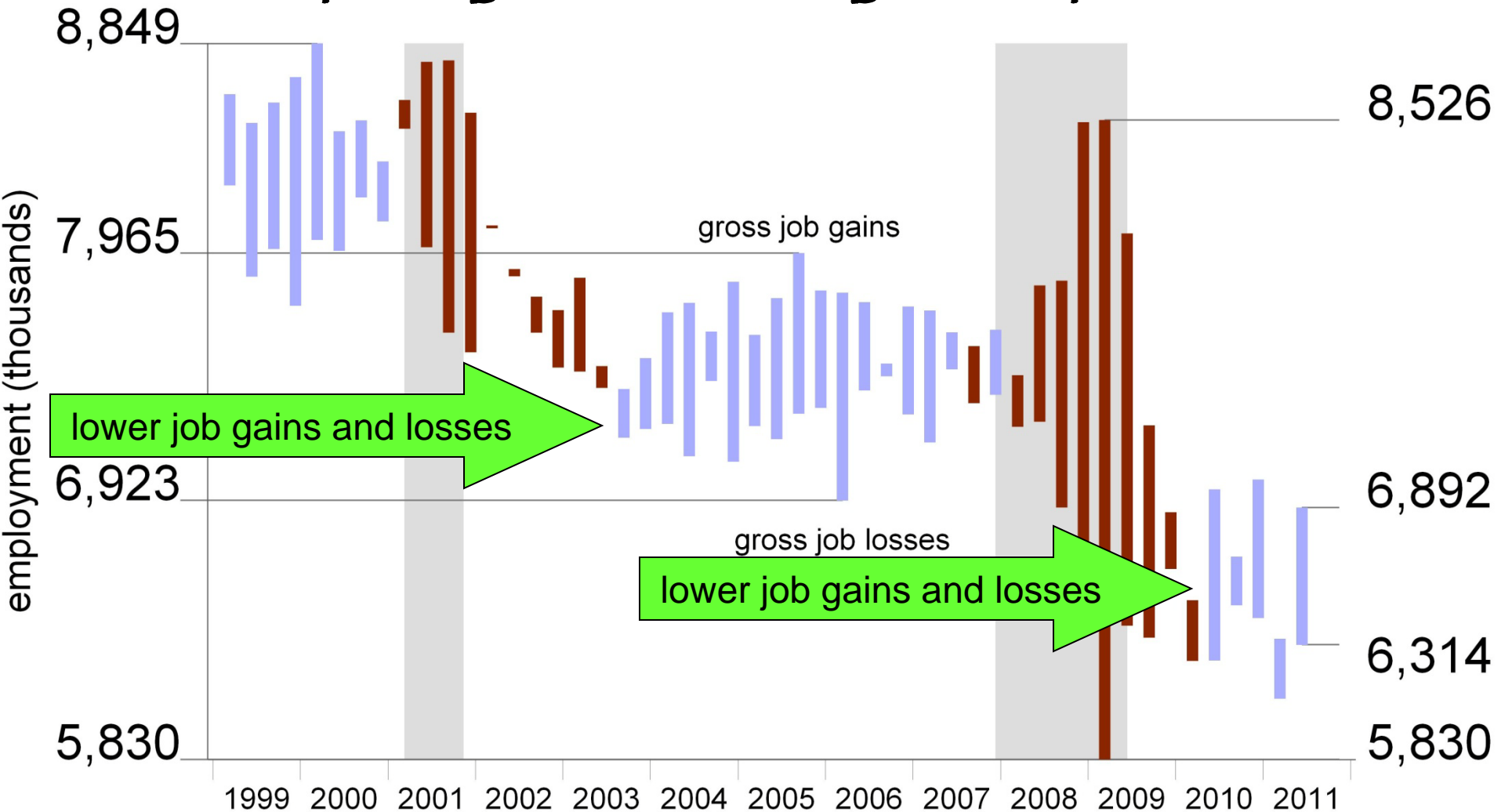
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Gross job gains and gross job losses



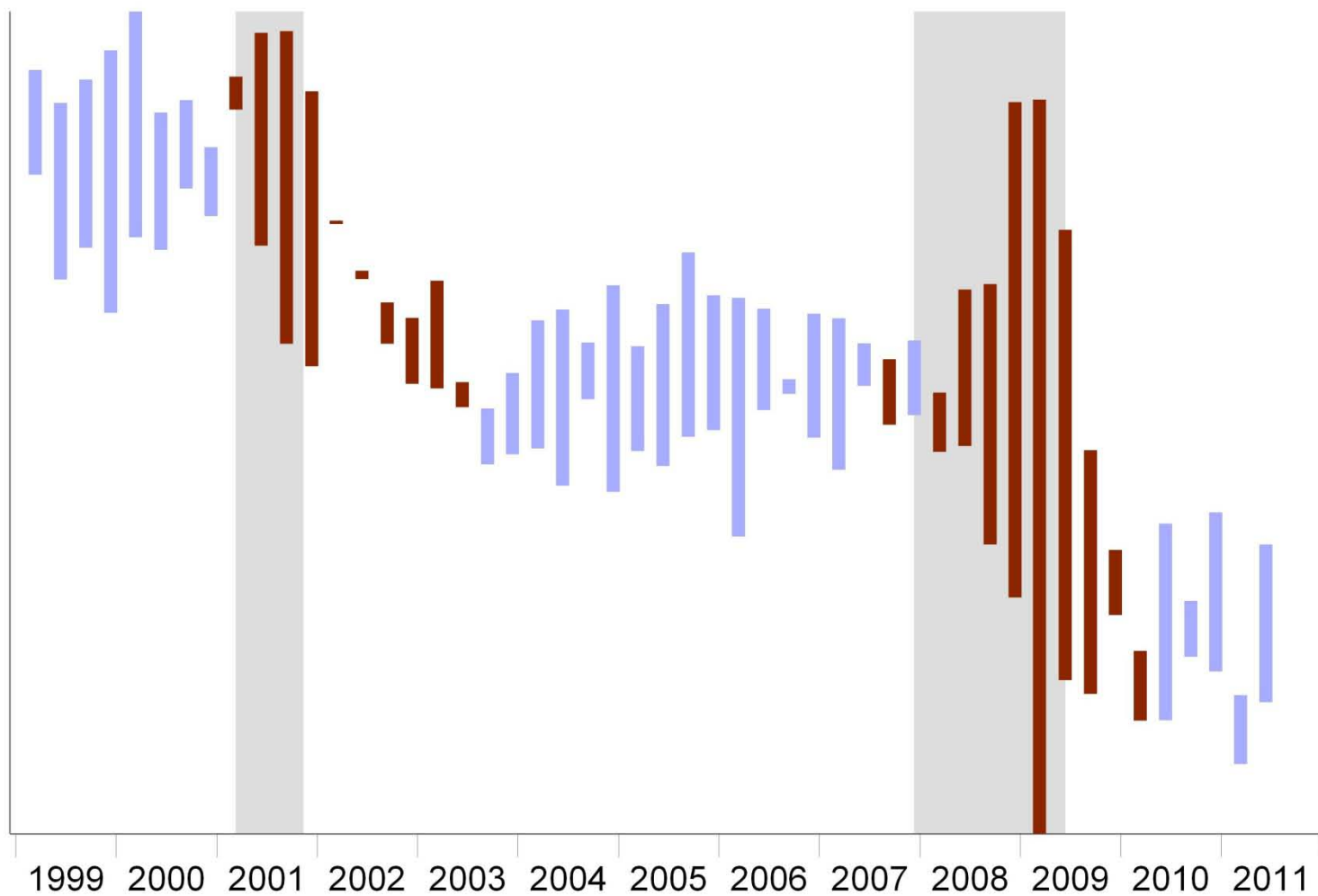
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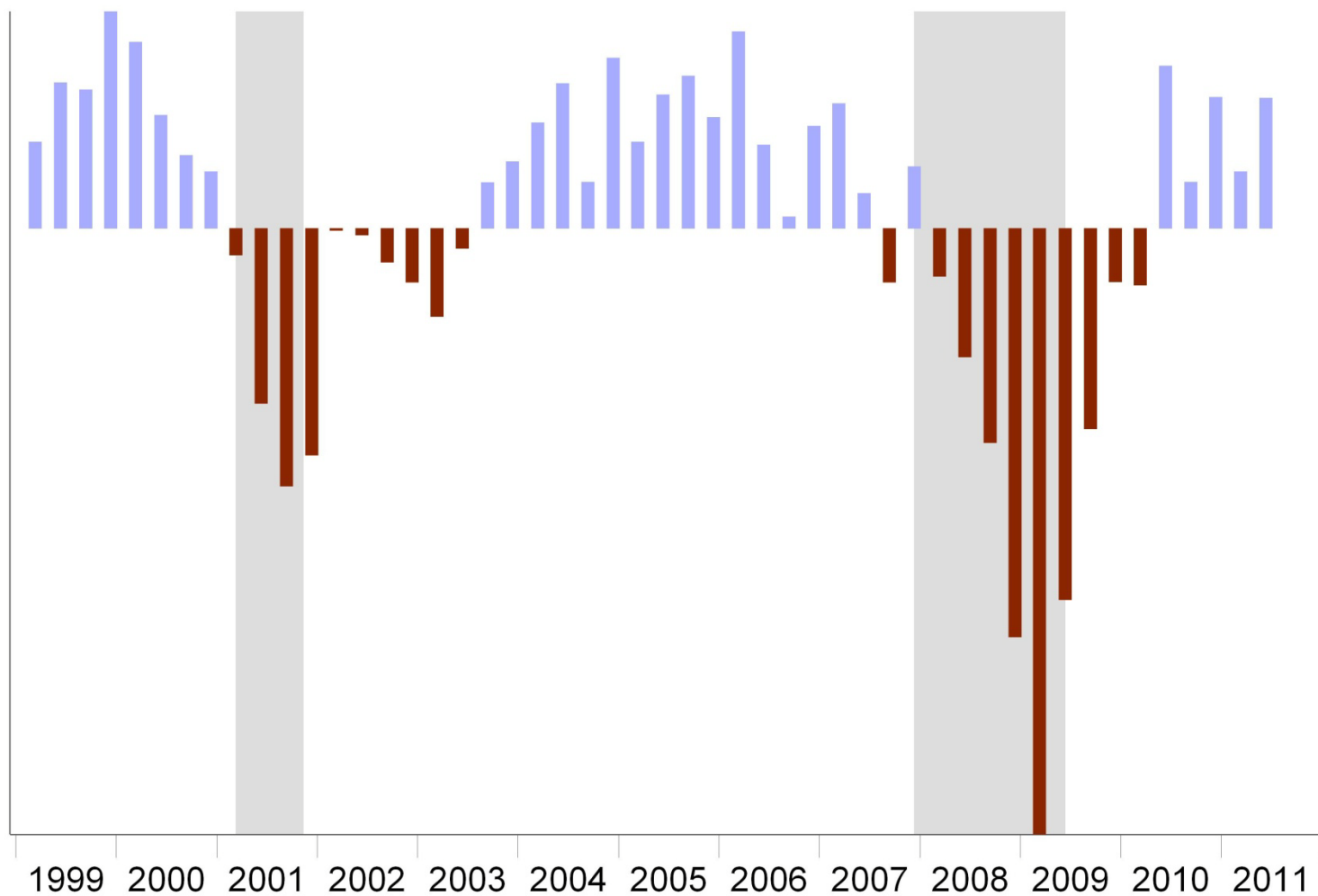
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employment (thousands)



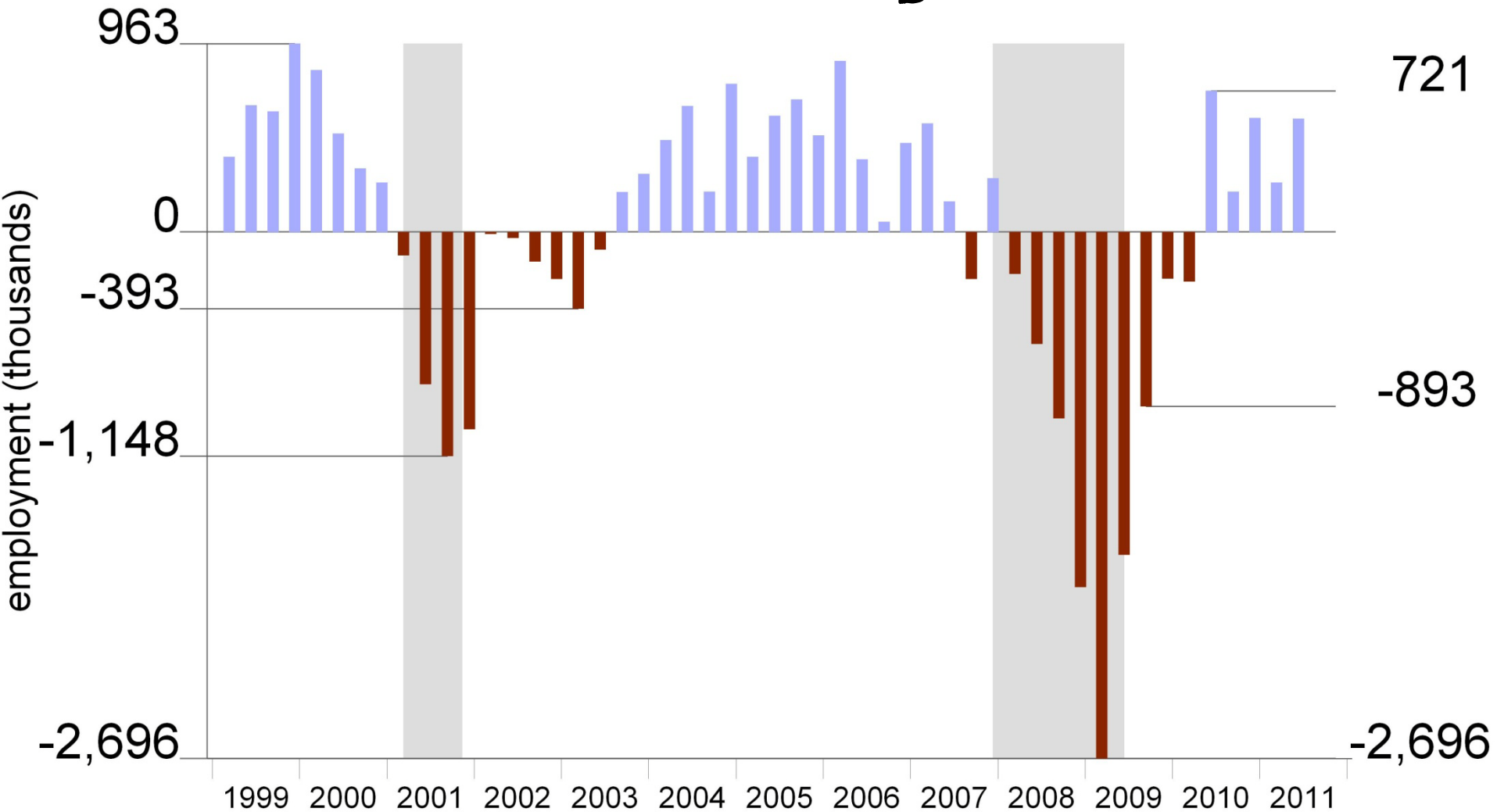
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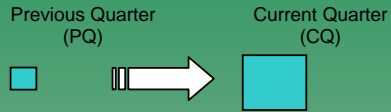
Net Change



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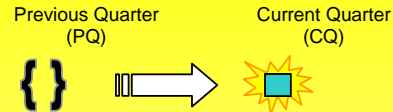
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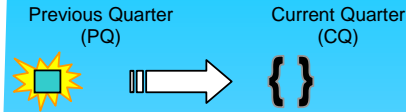


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Closing

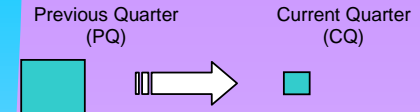


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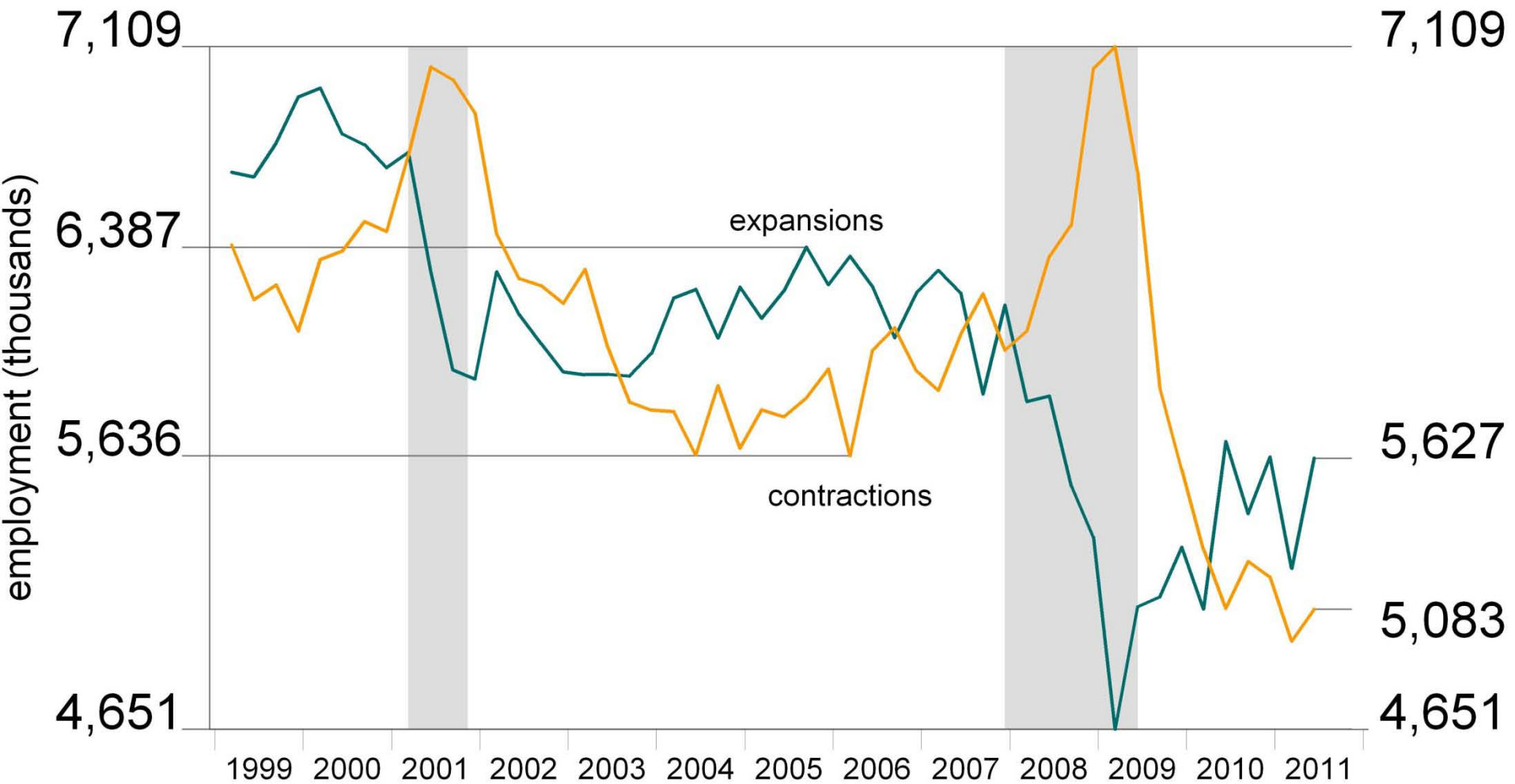
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- State data are available 2 weeks prior to news release

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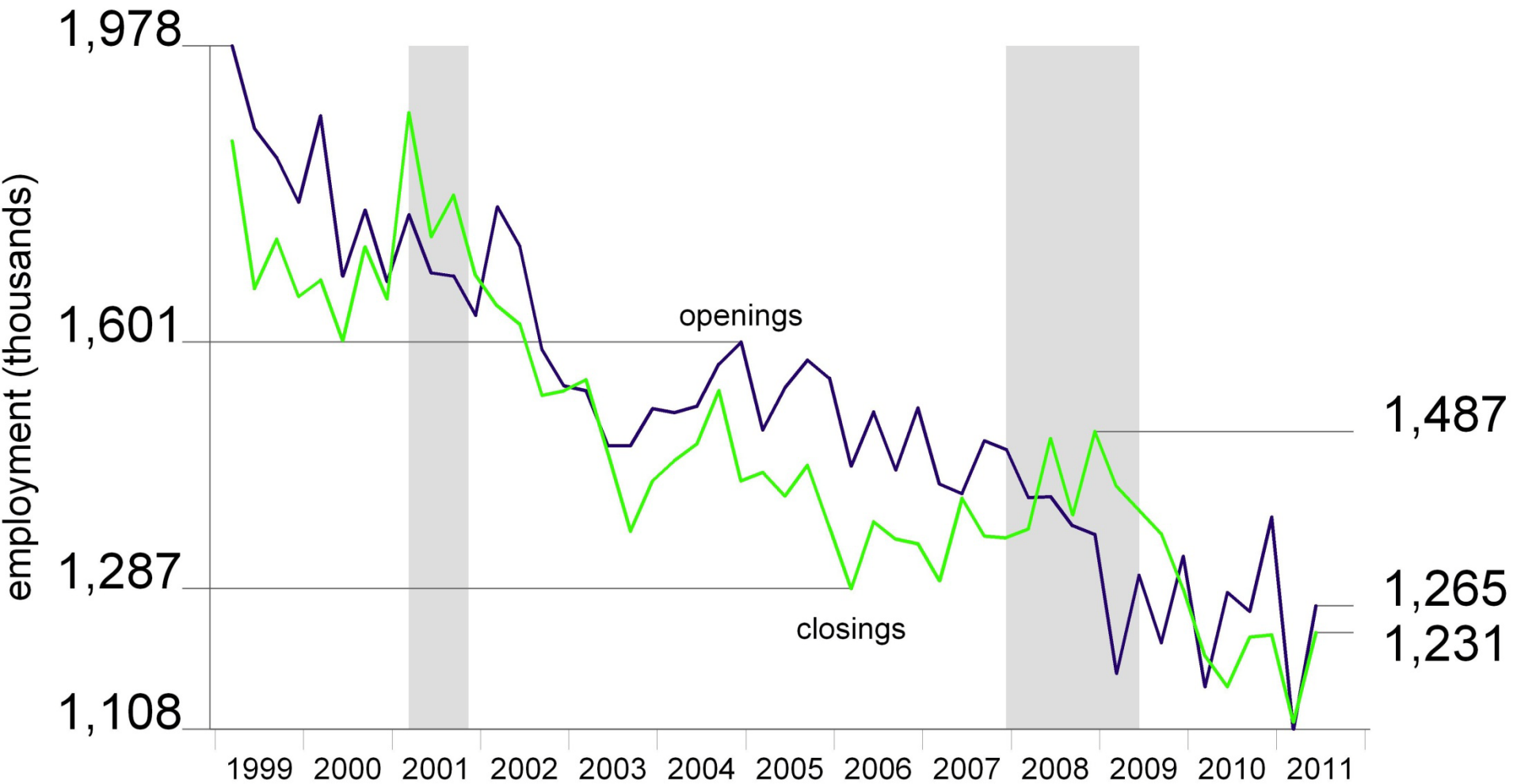
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Expansions and contractions



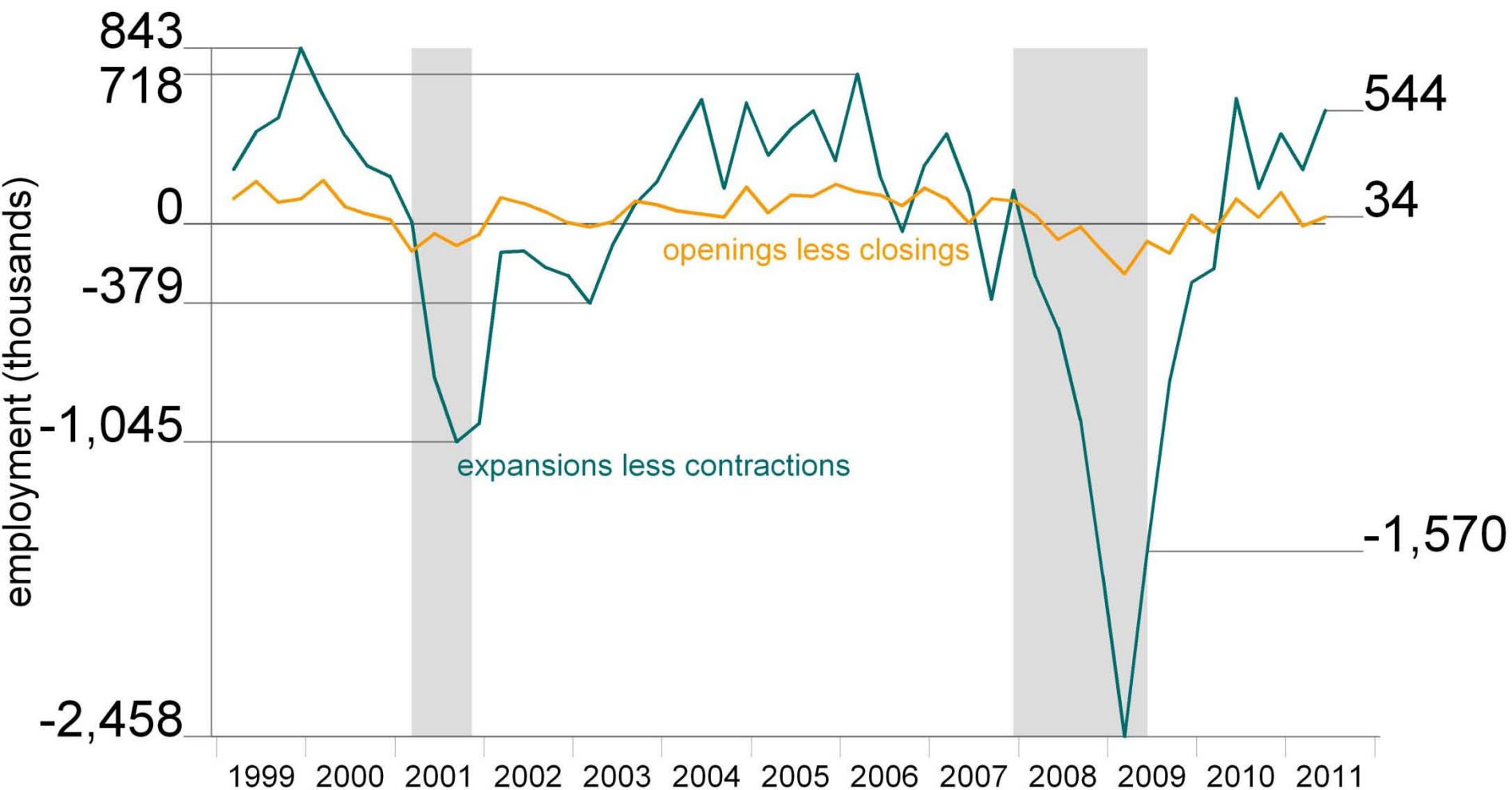
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Openings and closings



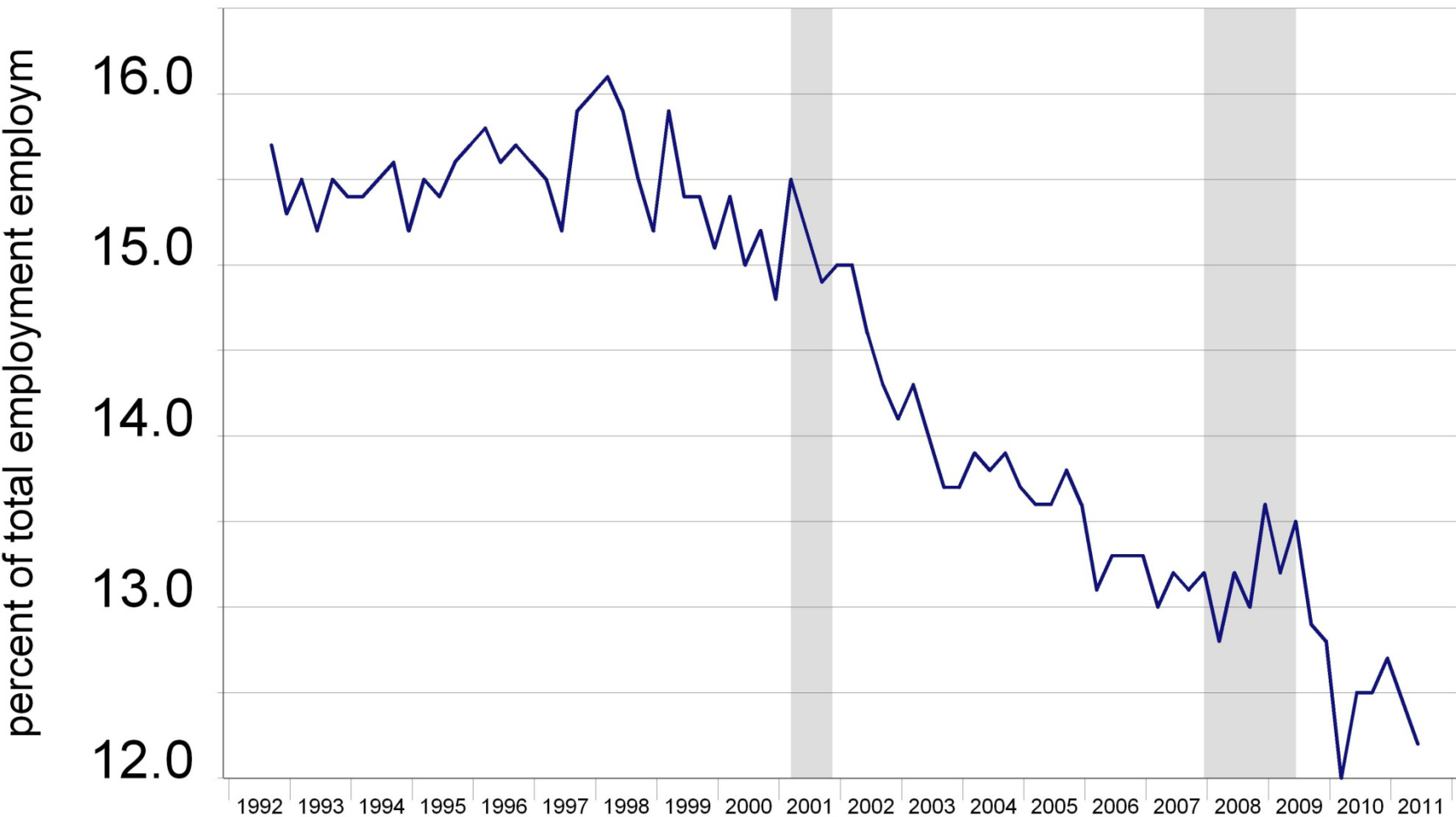
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Composition of net change



Note: Shaded area represents NBER defined recession period

Gross job reallocation



Gross job gains + gross job losses = "Job Reallocation"

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Want some more detail?

by industry

by state



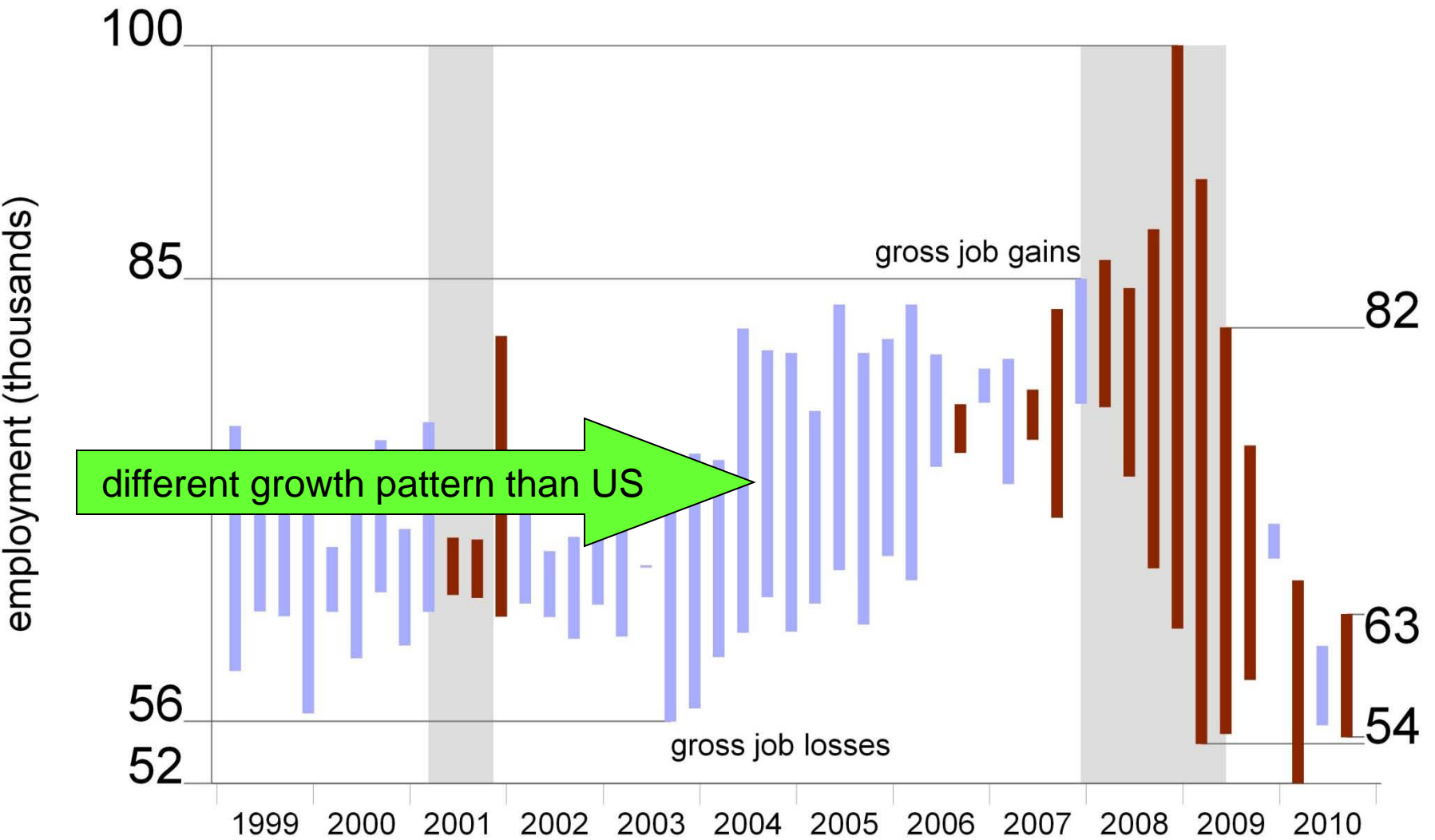
by size of firm

by size of change

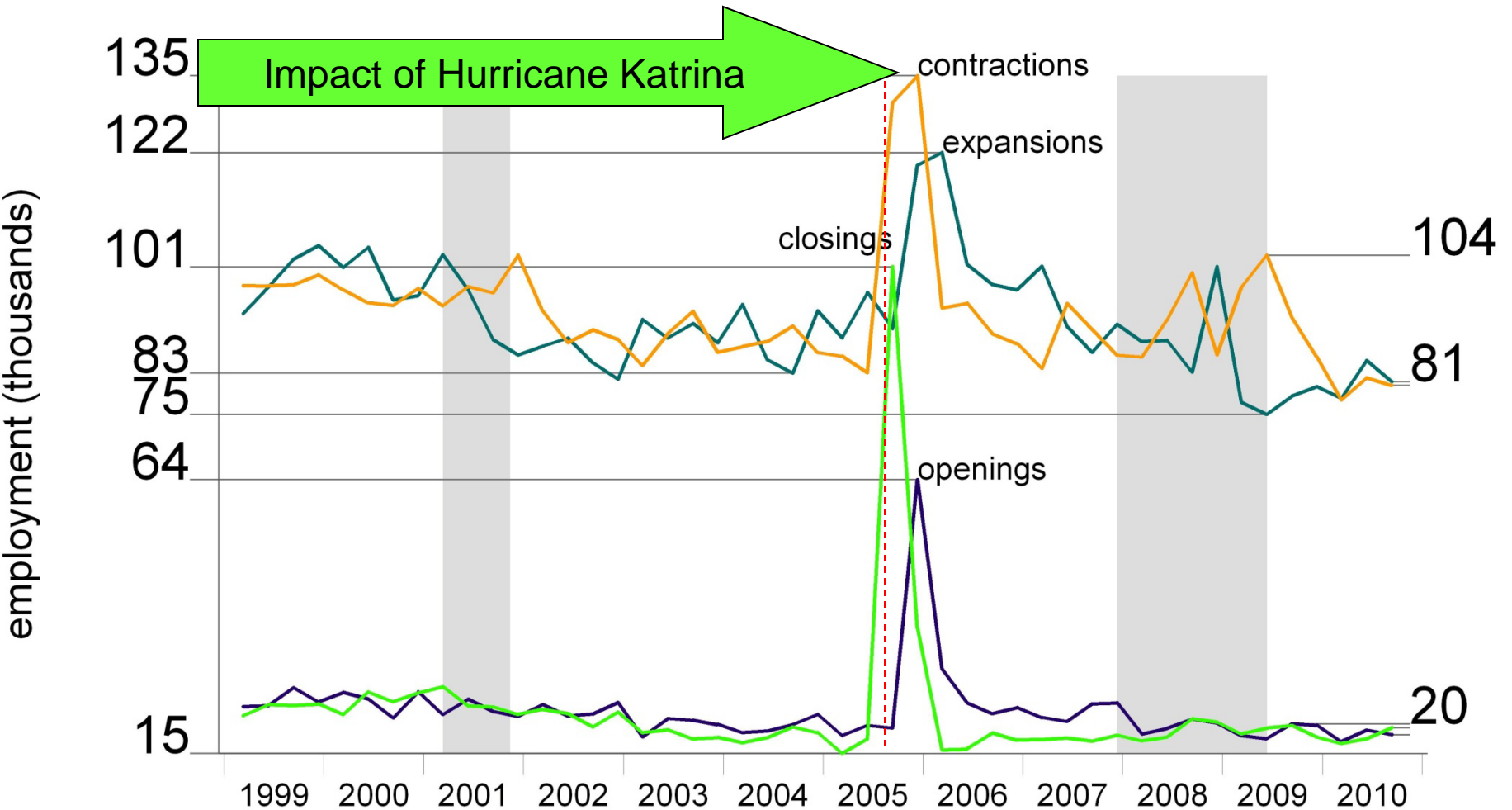
business births and deaths

by number of establishments

Nevada

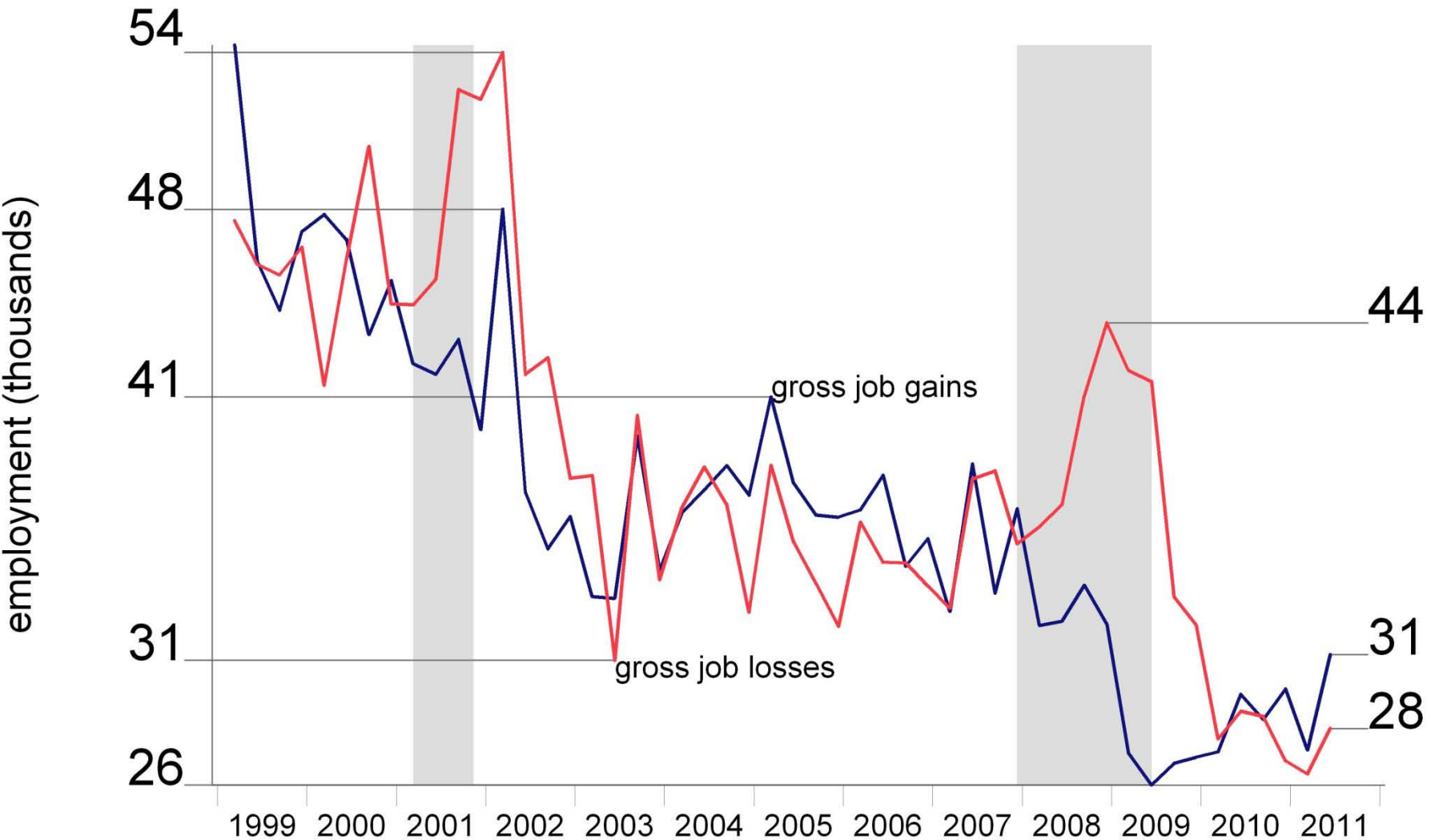


Louisiana

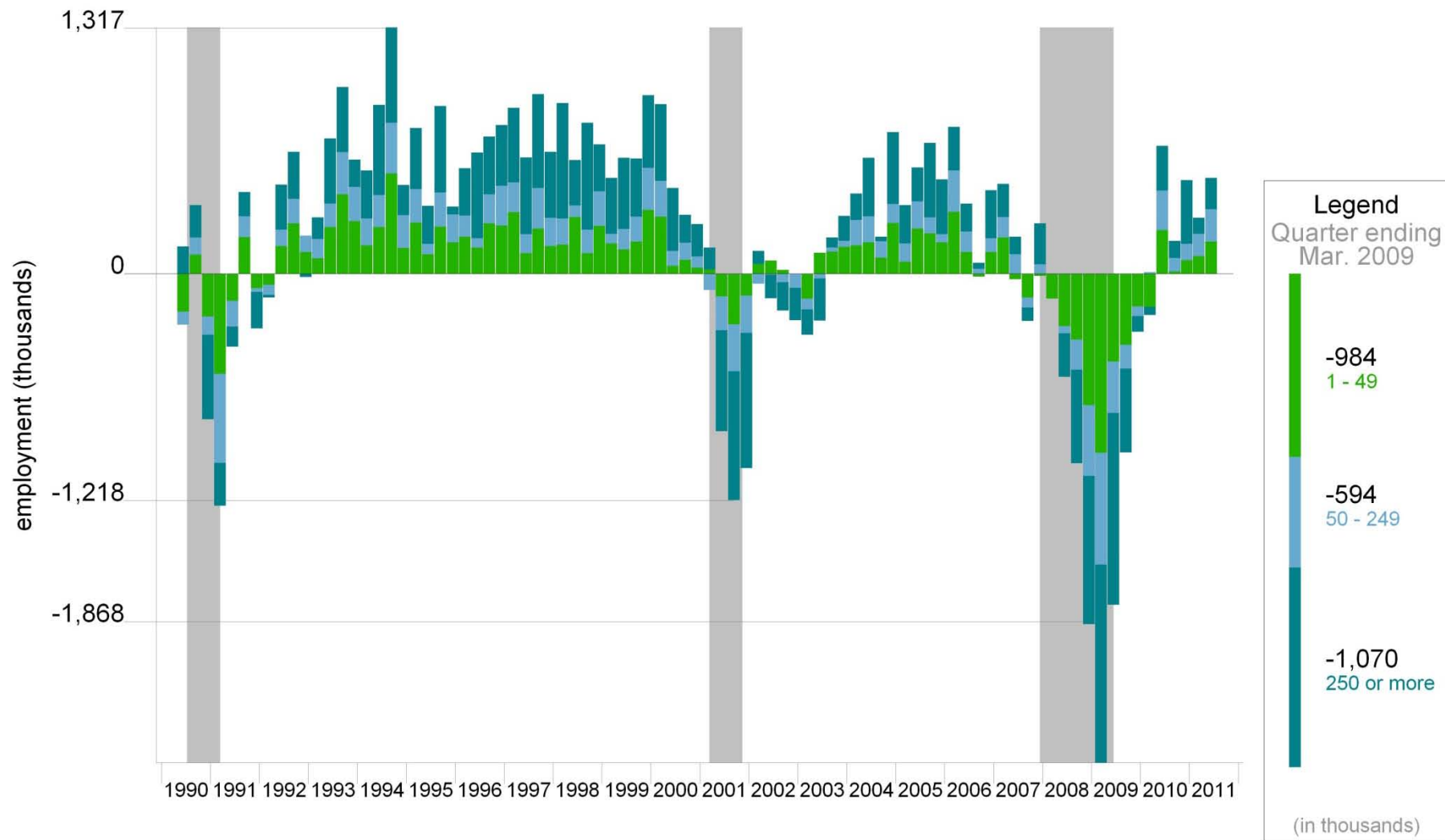


Note: Dotted red line represents Hurricane Katrina landfall, August 29, 2005

New York: Financial Activities

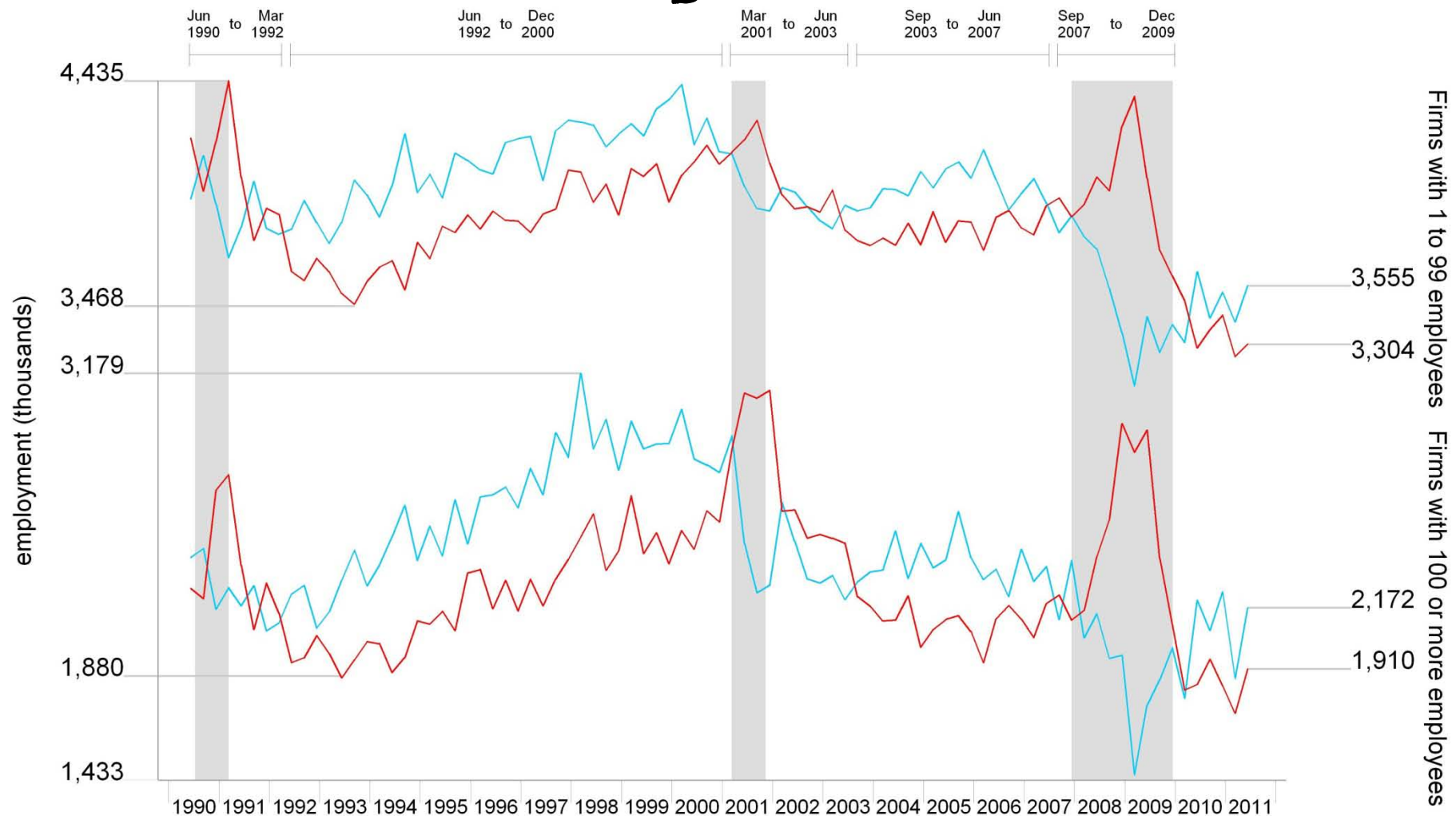


Size of firm: net change



Note¹ - Data from June 1990 to December 1991 are research data only

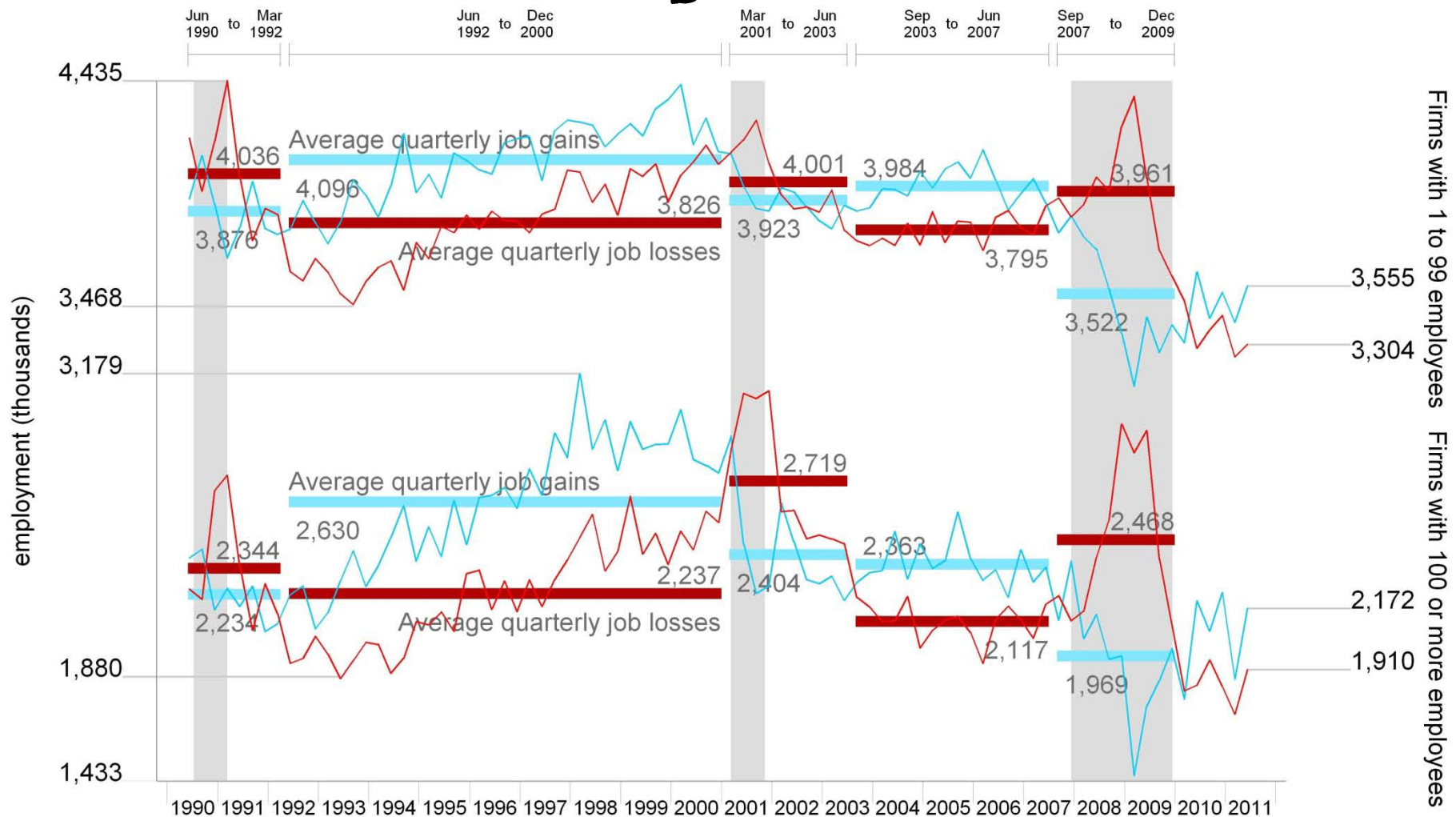
Size of firm: gains and losses



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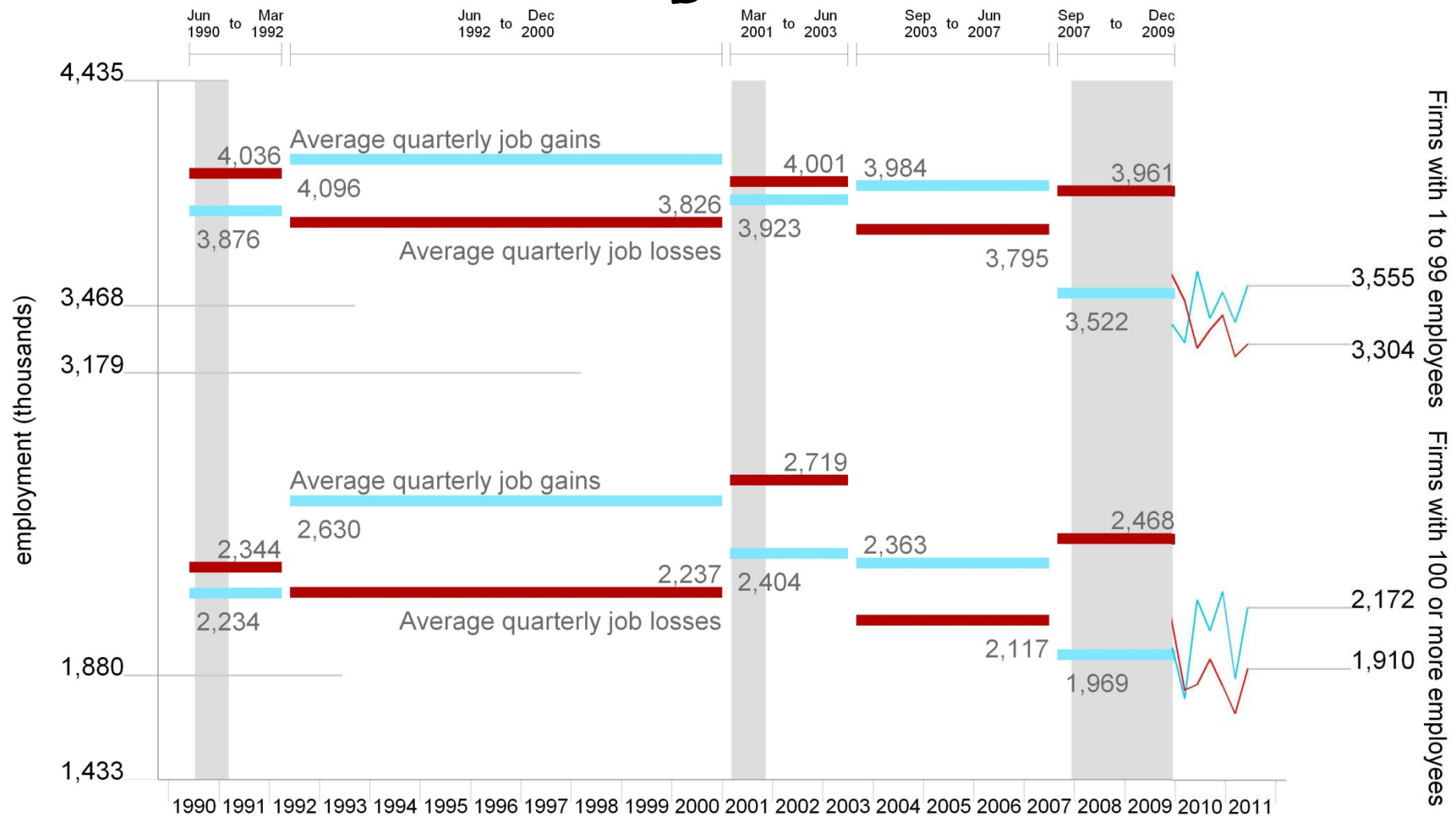
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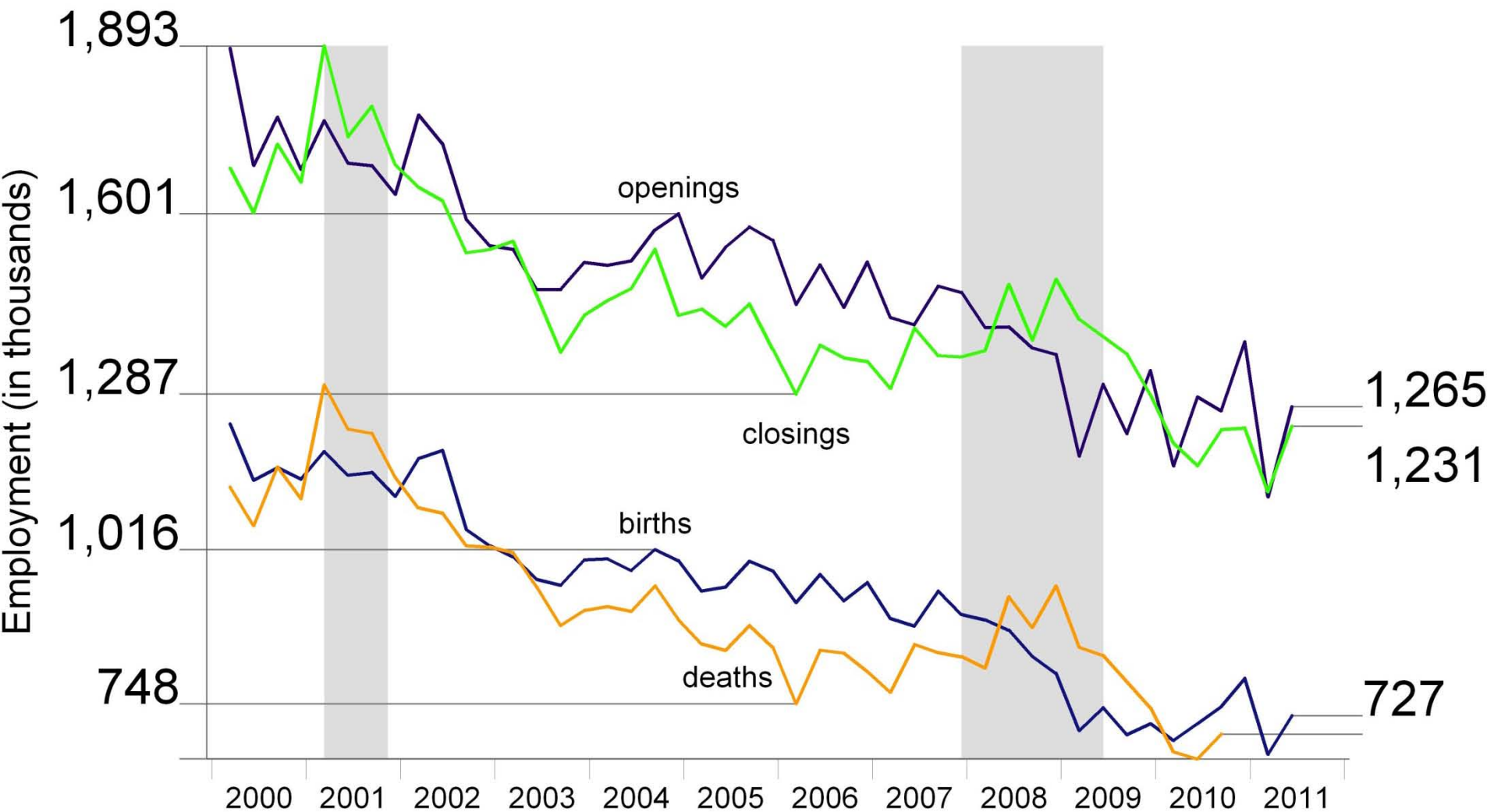
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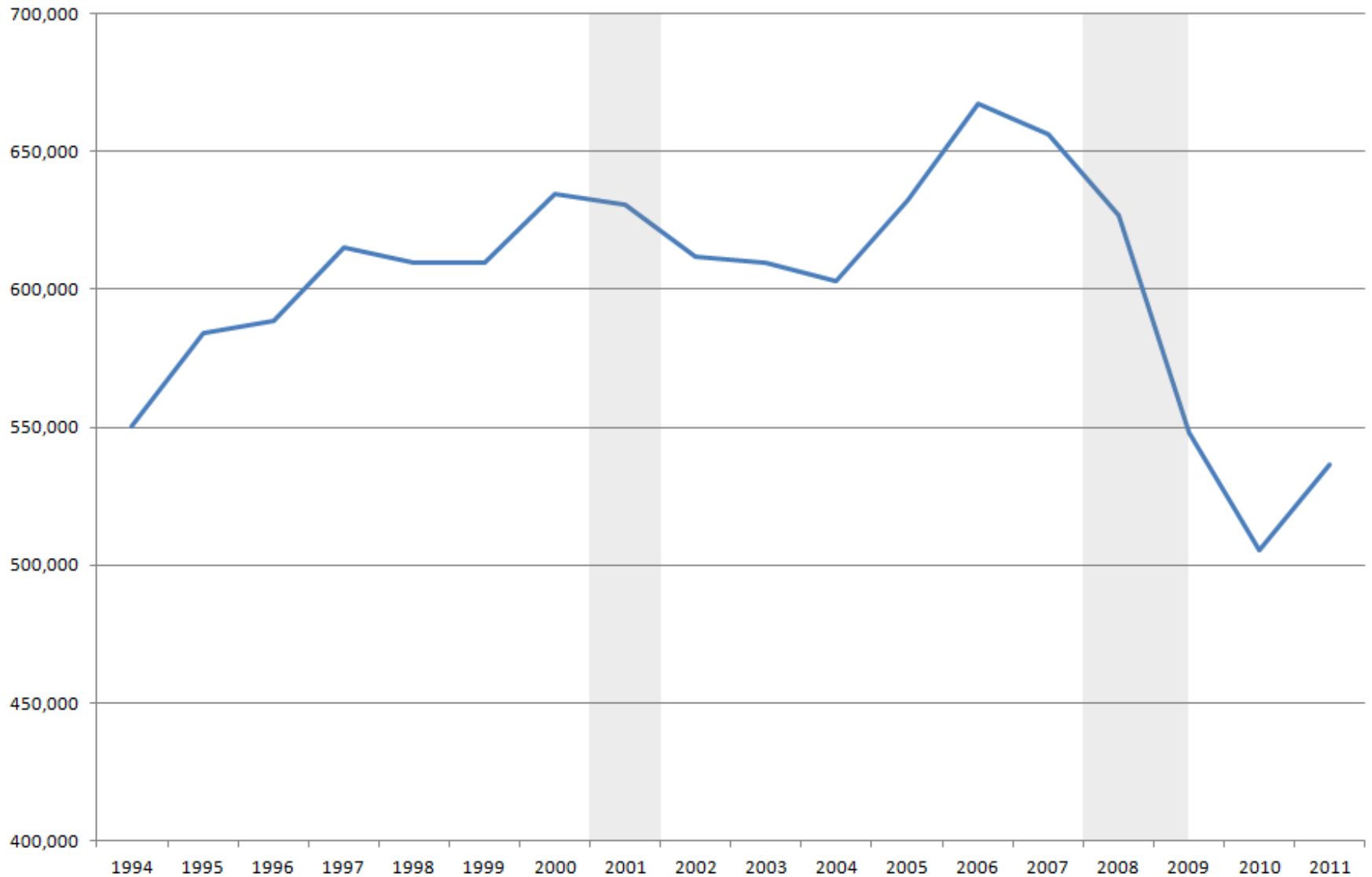
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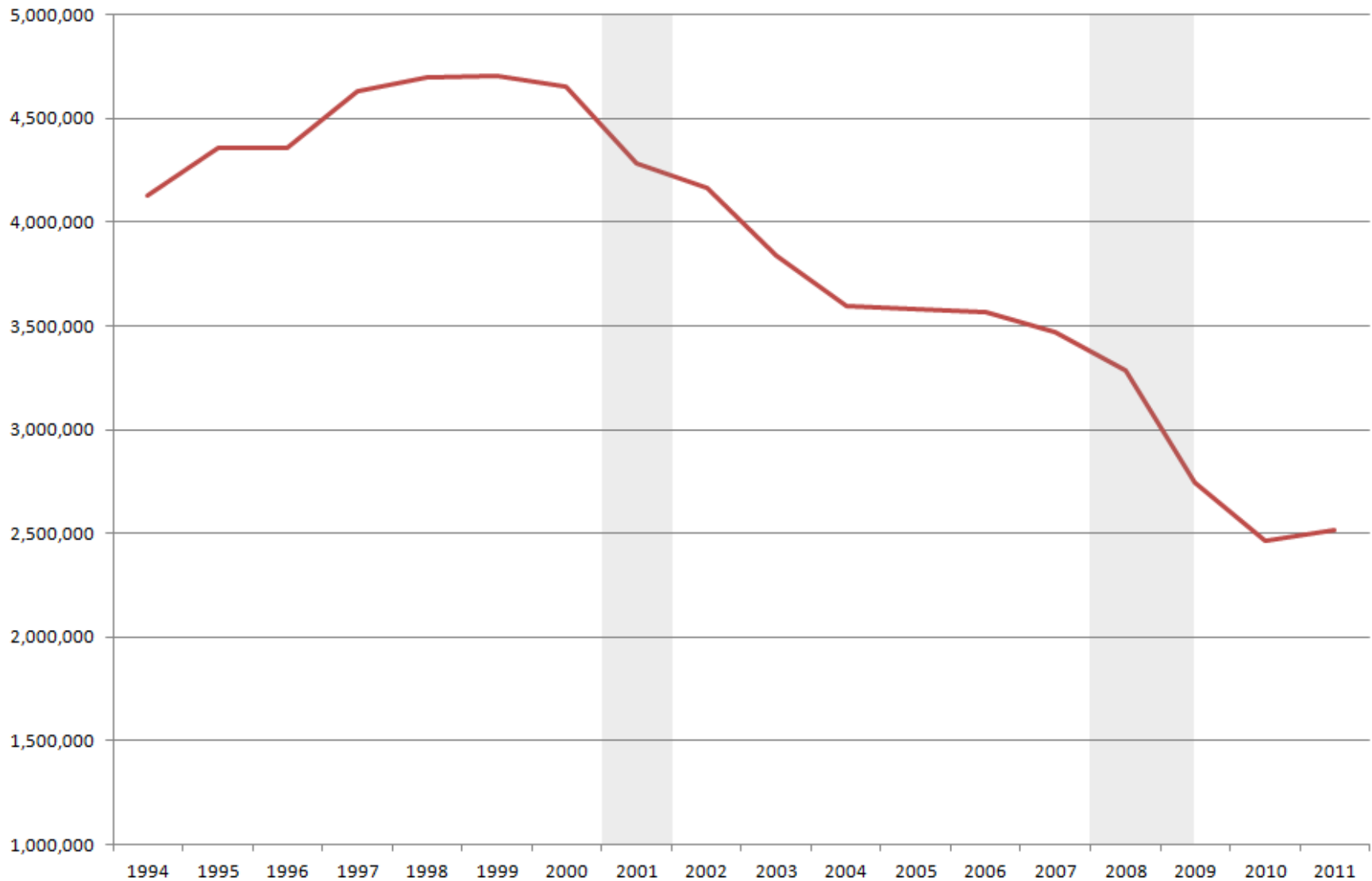
Age data

Number of establishments less than 1 year old



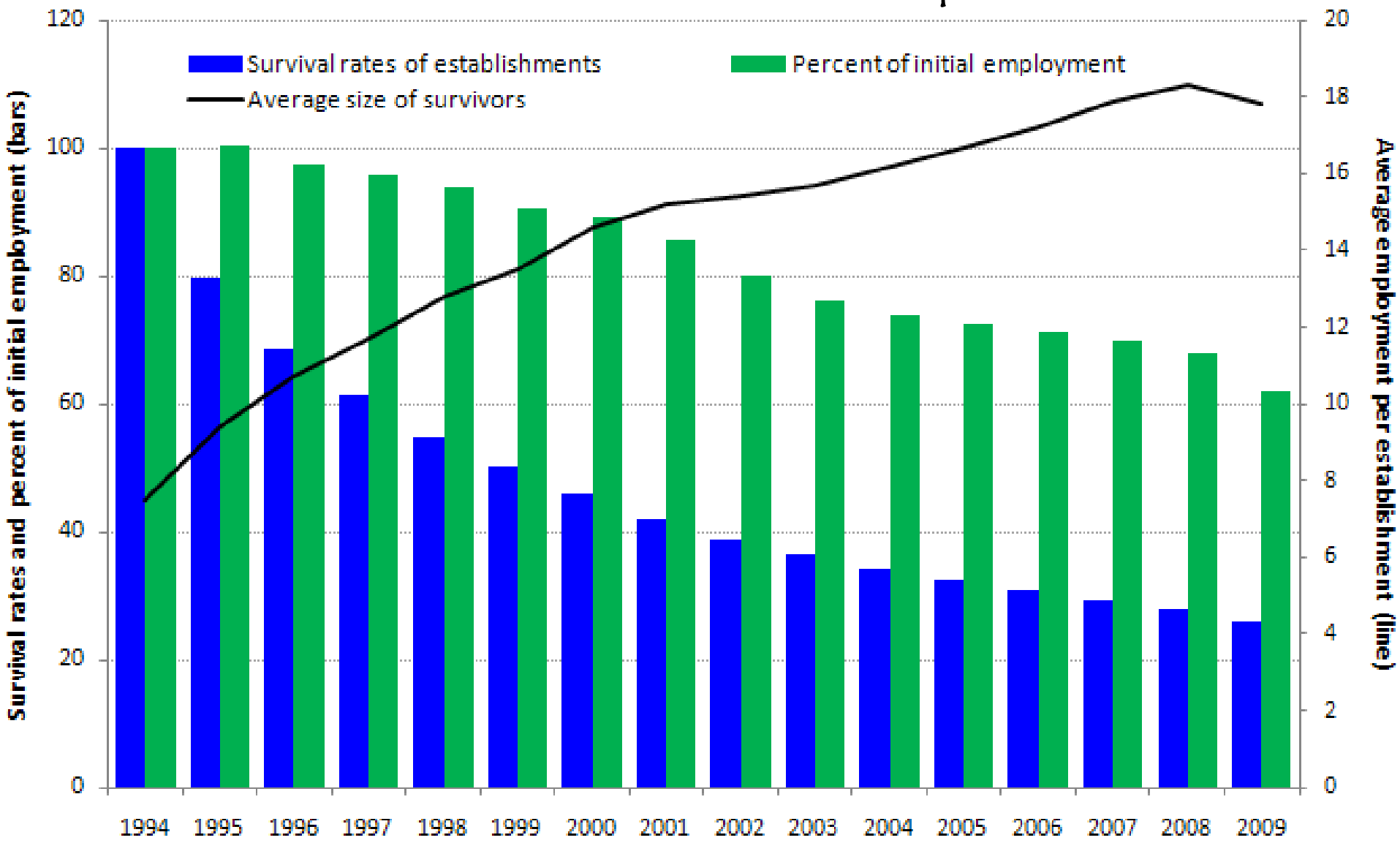
Age data

Total jobs at establishments less than 1 year old



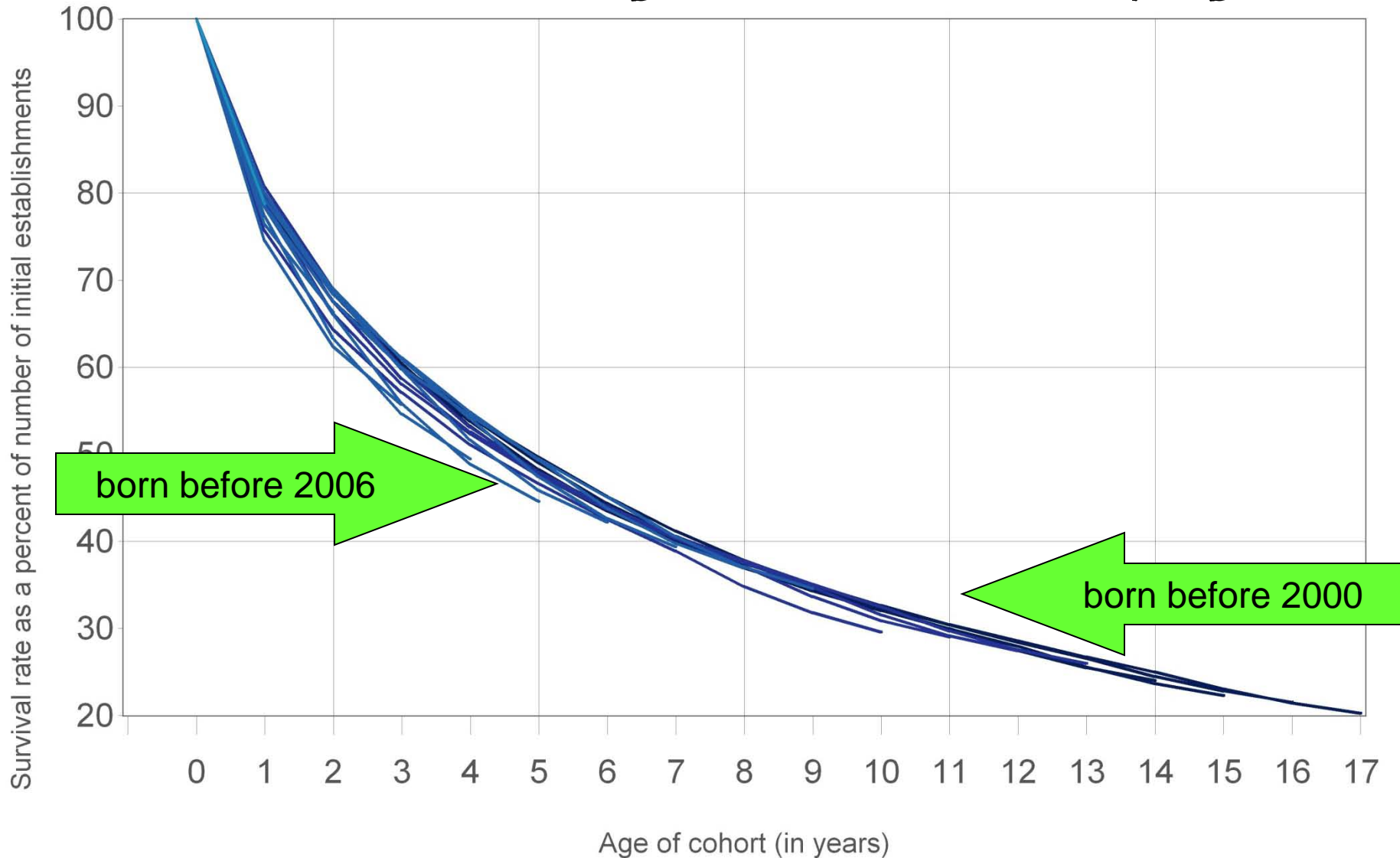
Age data

Cohort of establishments that opened in 1994



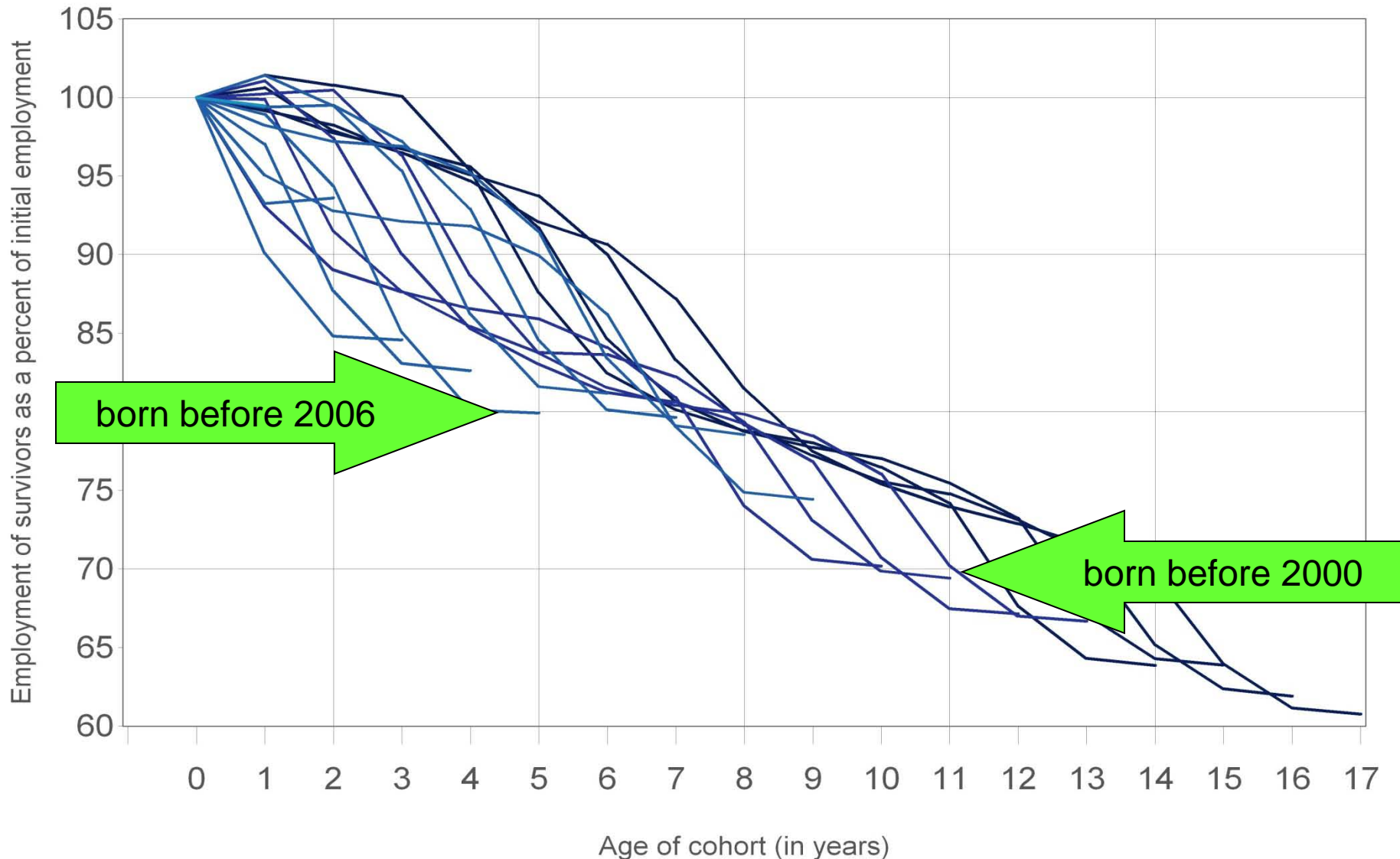
Age data

Percent of surviving establishments by age



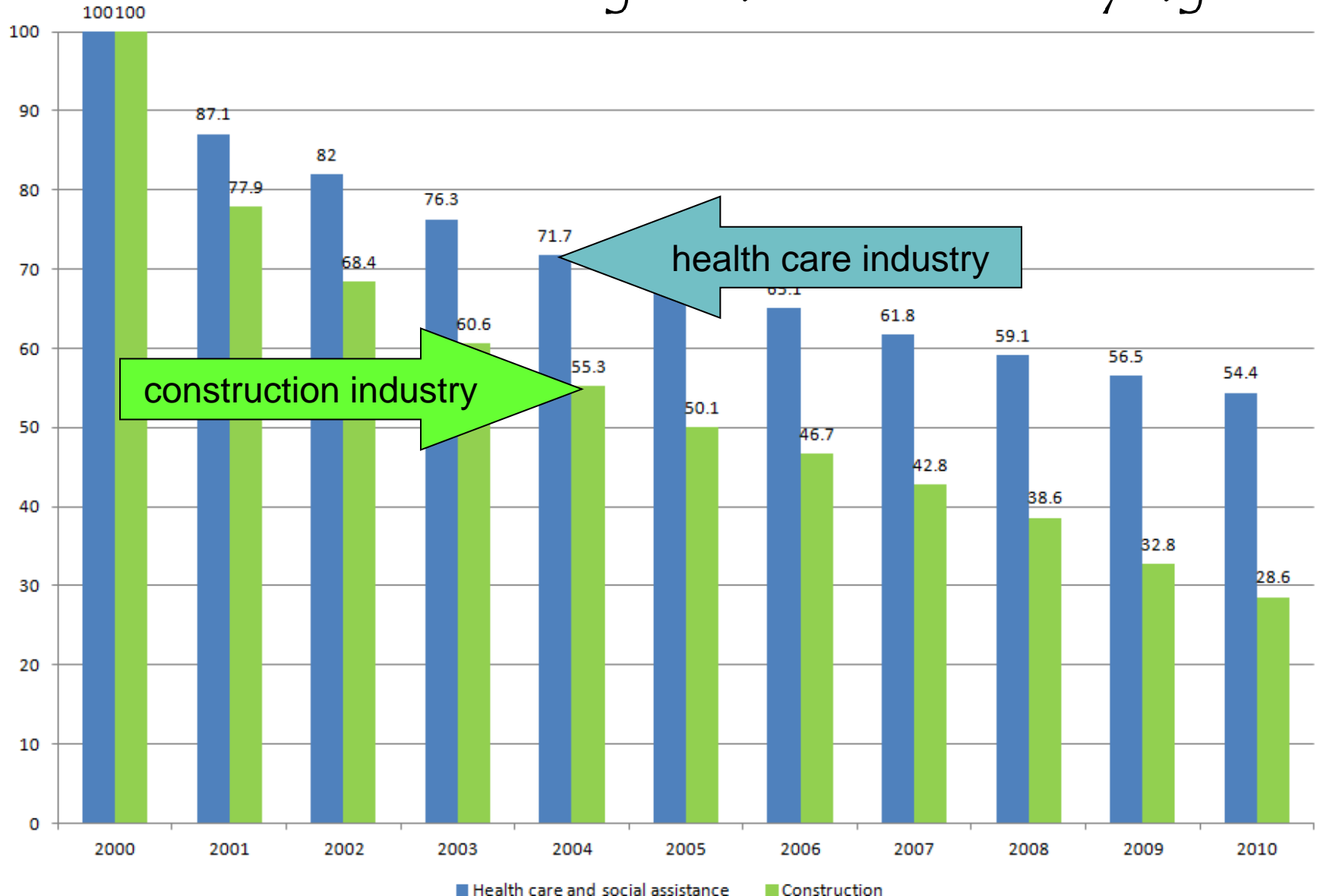
Age data

Percent of initial employment by age

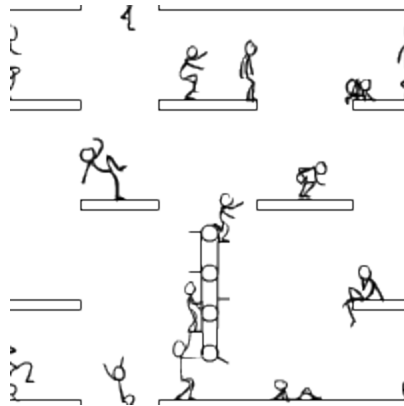


Age data: health care vs construction industry

Percent of surviving establishments by age



...future directions...



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BDMinfo@bls.gov

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