

# **Expanding LED Employer Characteristics: Firm Age and Firm Size**

# Firm Size and Firm Age

- Objective to add firm size and firm age to LEHD data infrastructure and LED products
- Source: Census Business Register and Longitudinal Business Database (LBD)
- Important to distinguish between firm and establishment size and age
- Census BR has the unique advantage of capturing national firm at the enterprise level
  - Firm defined not at the taxpayer ID ( Federal EIN) level but all activity under operational control
  - Many large, national companies have multiple FEINs

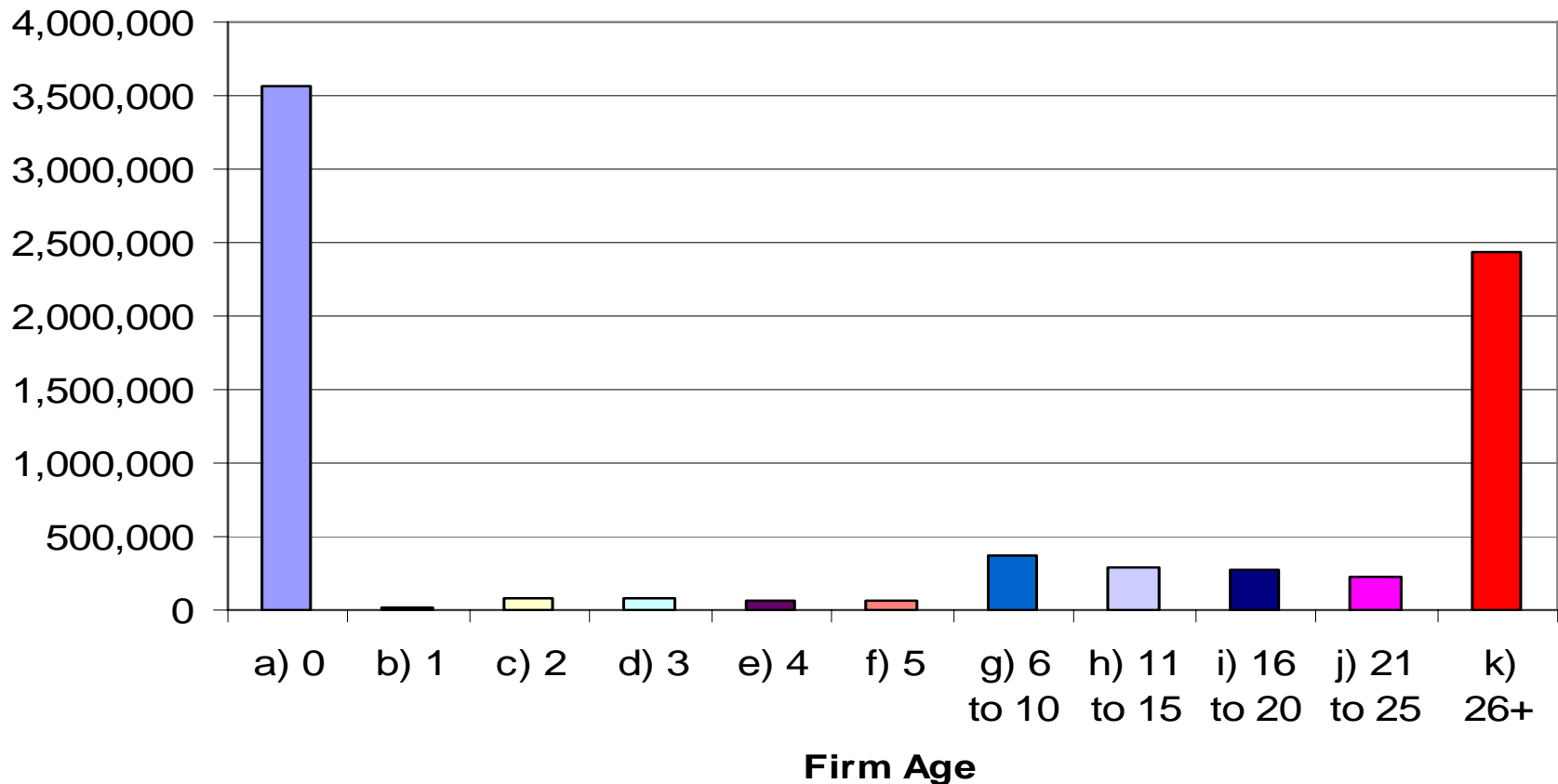
# Enhance LED products

- QWI classified by firm size and age
  - Contribution of business startups to job creation and hires
  - What types of workers are hired at business startups?
  - Do young firms hire young workers?
  - How does the gender mix of hires vary by firm size and age?
- OTM including firm size and age:
  - Location of business startups and their workforce
  - Location of establishments that are part of large, national chains

# Plans and Challenges

- Census Bureau has a new public domain data product:
  - Business Dynamic Statistics
    - Derived from LBD
    - LEHD data infrastructure not used in LBD/BDS
  - Job Creation and Destruction including contribution of establishment entry and exit by firm size and firm age
  - Firm size is measured as total employment in the national firm
  - Firm age is measured by the age of the oldest establishment in the firm

### Number of Jobs Created at Establishment Births by Firm Age in the U.S. Non-Farm Business Sector, 2005



BDS highlights importance of business startups and distinguishing between establishment and firm age. A large fraction of establishment entry from mature firms.

# Plans and Challenges

- BDS firm size and age measures at the FEIN level can be integrated with LEHD data infrastructure
  - UI business units (SEIN) also have Federal EIN identifier
  - Census BR has enterprise corporate structure:
    - Enterprise level identifier (alpha) that link all FEINs within that enterprise (as well as all establishments)
    - Implies in principle a unique assignment of firm identifier to an SEIN
    - With unique assignment, LBD/BDS firm size and age can be added to LEHD data infrastructure
  - No unique establishment link – but adding firm size and age does not require this link

# Plans and Challenges

- Integration of large administrative business databases challenging
  - Research shows two business universes have non-trivial discrepancies
    - Each universe has some units (FEINs) not found on other universe
    - Even for matched units, some disagreement on industry, employment, payroll and geography
    - Some evidence that discrepancies more prevalent for entering businesses and large, complex multi-units

All of these challenges impact assignment of firm size and firm age