

Using the Business Dynamics Statistics: Definitions and Tools

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Business Dynamics Statistics (BDS): Background

- Content
 - Annual summary statistics from a database of businesses 1978-2021
- Source data: Census Bureau Business Register
 - IRS quarterly payroll tax filings (IRS Form 941)
 - IRS annual income tax filings (IRS Form depends on legal form of org.)
 - Census annual surveys (Survey of Organization)
 - Economic Census (every 5 years)
- Publication schedule
 - Released every year in September
 - 2-year lag

Comparison to QWI

- Main differences
 - Unit of observation is a business establishment vs. a worker
 - Federal vs. state data sources
- BDS limitations
 - Annual (although some quarterly data is available for single-units)
 - Longer delay (hope to improve)
- BDS useful features
 - Long time series (1978-2021)
 - Business estabs. are linked together across state lines to create firms
- **Dynamics of business estabs. complement dynamics of workers**

Establishment

An economic unit, *usually at a single physical location*, where business is conducted or where services or industrial operations are performed



Also:

- The BR's smallest, most discrete business unit
- The unit to which NAICS (industry codes) apply
- The basic enumeration unit for the economic census (most industries)
- Comparable to a unit operating under a state UI account

Enterprise/Firm

An economic unit comprising ***one or more establishments under common ownership or control***



A BR enterprise consists of:

- Top U.S. parent (legal entity) and its establishments
- U.S. subsidiaries of foreign-owned companies in which the top U.S. parent has more than 50% ownership/control
- Not directly comparable to UI system
 - as if linked related UI accounts across all states
 - BR firm data is matched to LEHD infrastructure to add firm age/size

BDS Statistics: Businesses

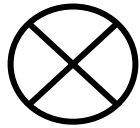


- Establishments with positive employment (March 12th pay period)



- Firms that own the establishments

- Establishment entrants/births: hire employees



Hire 10 workers



- Establishment exits/deaths: layoff employees



Layoff 10 workers



BDS Statistics: Business Characteristics

- Geography
 - National, state, MSA, county
- Firm age
 - Detailed (12 categories), Coarse (5 categories)
- Firm size
 - Detailed (10 categories), Coarse (3 categories)
- Industry
 - Sector, 3-digit, 4-digit

BDS Statistics: Connect employment to type of firms

- Job Creation

- True start-ups

- Entering establishments belonging to firms that are age 0



- New establishments opening at existing firms

- Entering establishments belonging to firms older than age 0



- Existing establishments

- Increase in employment for continuing establishments



BDS Statistics: Connect employment to type of firms

- Job Destruction

- Firm death

- All establishments at the firm permanently exit



- Establishments closing at existing firms

- Exiting establishments belonging to firms older than age 0



- Existing establishments

- Fall in employment for continuing establishments



BDS Explorer: Web-based data visualization tool

[Business Dynamics Statistics \(BDS\) Explorer \(census.gov\)](https://www.census.gov/bds-explorer)

brought to you by the makers of QWI Explorer

Conclusion: Key Points

- BDS is a useful companion to the QWI
 - Information about growing and shrinking businesses
- Future development
 - BDS-Single Units with Revenue
 - [Business Dynamics Statistics of Single Unit Firms with Revenue \(BDS-SU-REV\) \(census.gov\)](https://www.census.gov/data/tables/economic-research/business-dynamics-statistics-of-single-unit-firms-with-revenue.html)
 - BDS-Human Capital
 - Classify firms by the characteristics of their workforce
 - Show entry/exit for firms with high percentages of minorities, women, older workers
 - Provide information on how business dynamics affect certain types of workers
 - Provide more information about how businesses start
 - Business owner characteristics – on-going project at Census that will benefit the BDS
 - Was there a transition from “self-employment” to “employer”

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Thank you!