

High-Growth Firms in the United States: Key Trends and New Data Opportunities

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Bottom Line: New Public-Use Data!

bringing the LBD to you, >14M cells, firm growth \times [firm age, firm size, sector, geography]

Business Dynamics Statistics of High Growth Firms (BDS-HG)

The Business Dynamics Statistics of U.S. High Growth Firms (BDS-HG) is an [experimental data product](#) extending the set of statistics published by the [Business Dynamics Statistics](#) program. BDS-HG is a component of a broader set of approaches aimed at better measuring the business dynamics of innovative firms (BDS-IF), described in greater detail in [Goldschlag & Perlman \(2017\)](#). BDS-HG provides annual measures of business dynamics by the firm growth rate distribution. Additional details on the computation of firm growth rates can be found on the [Methodology](#) page and [Kim et al. \(2024\)](#).



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Related Information

[Business Dynamics Statistics \(BDS\)](#)

[Experimental Data Products](#)

TABLE
[ABS - Technology Characteristics of Businesses: 2019 Tables \(Employer Businesses\)](#)

BDS-HG data tables show key economic data including the number of establishments, firms, and employment, job creation and destruction, and establishment openings and closings along the firm growth rate distribution. The BDS-HG series provides annual statistics for 1978 to 2021 by firm growth rates and a series of firm and establishment characteristics including size, age, industry, and geography. Below we summarize some of the findings of [Kim et al. \(2024\)](#), who provide a first-look at patterns in the BDS-HG tabulations.

The share of high-growth firms has been declining over time, shown in Figure 1. The share of firms that are high-growth fell from just under 20% in 1978 to less than 13% in 2020. This is in part due to the well documented decline in firm entry, but it also appears that fewer continuing firms are growing quickly. The percent of high-growth continuing firms fell from 4.8% in 1978 to 2% in 2020.

year	fempgr_gr	fagecoarse	fsizecoarse	firms
2021	h) [0.8 to 2)	b) 1 to 5	a) 1 to 19	66,354
2021	h) [0.8 to 2)	b) 1 to 5	b) 20 to 499	4,631
2021	h) [0.8 to 2)	b) 1 to 5	c) 500+	60
2021	h) [0.8 to 2)	c) 6 to 10	a) 1 to 19	17,507
2021	h) [0.8 to 2)	c) 6 to 10	b) 20 to 499	1,208
2021	h) [0.8 to 2)	c) 6 to 10	c) 500+	35
2021	h) [0.8 to 2)	d) 11+	a) 1 to 19	30,230
2021	h) [0.8 to 2)	d) 11+	b) 20 to 499	1,959
2021	h) [0.8 to 2)	d) 11+	c) 500+	100

2022 Data Release this October!

<https://www.census.gov/programs-surveys/ces/data/public-use-data/experimental-bds/bds-high-growth.html>

Methodology

Establishment (i) Growth (TVV/DHS)

$$g_{i,t} = \frac{E_{i,t} - E_{i,t-1}}{X_{i,t}}; \quad X_{i,t} = \frac{(E_{i,t} + E_{i,t-1})}{2}$$

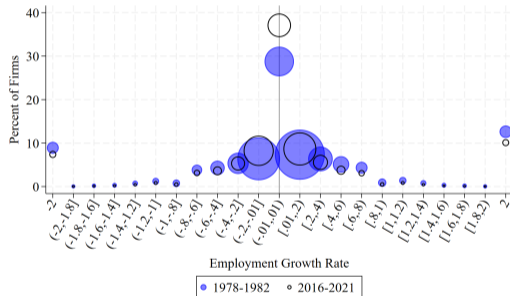
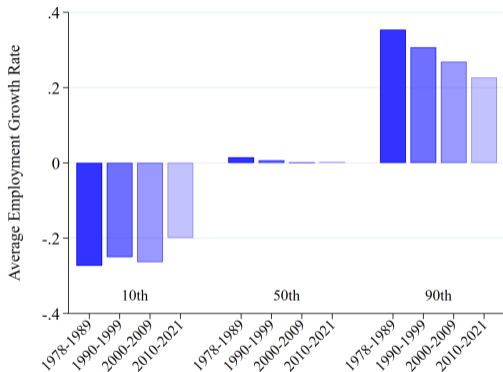
Firm (f) Growth (organic)

$$g_{f,t} = \frac{\sum_{i \in f} E_{i,t} - E_{i,t-1}}{\sum_{i \in f} X_{i,t}} = \sum_{i \in f} \left(\left(\frac{X_{i,t}}{\sum_{i \in f} X_{i,t}} \right) \left(\frac{E_{i,t} - E_{i,t-1}}{X_{i,t}} \right) \right)$$

- ▶ Two growth classification methodologies:
 - ▶ Employment weighted within-year percentiles.
a) p1-p10; b) p11-p25; c) p26-p75; d) p76-p90; e) p91-p99.
 - ▶ Time-invariant TVV/DHS bins:
a) -2; b) (-2 to -0.8]; c) (-0.8 to -0.2]; d) (-0.2 to -0.01]; e) (-0.01 to 0.01); f) [0.01 to 0.2); g) [0.2 to 0.8); h) [0.8 to 2); i) 2.

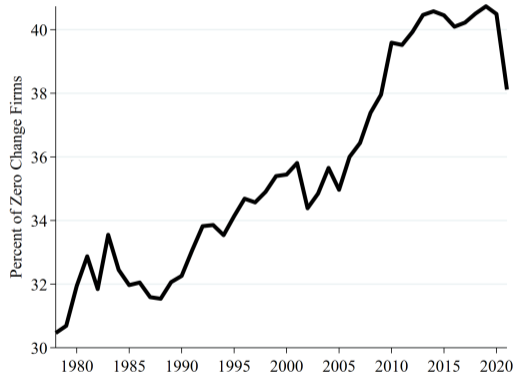
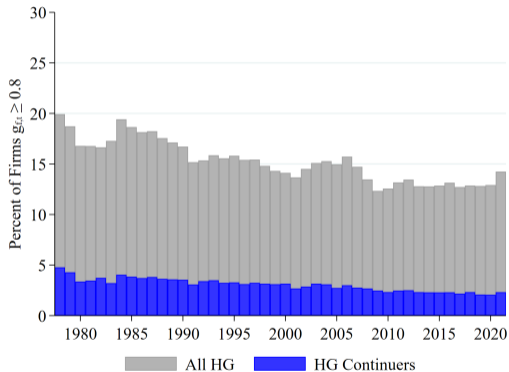
Growth Rates Change Over Time

growth distribution contracting over time



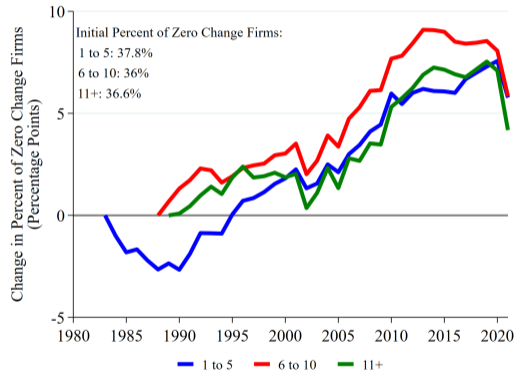
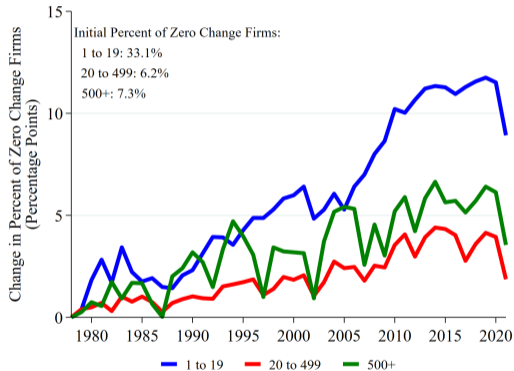
Fewer High-Growth Firms, More Zero Change Firms

high-growth is $g_{f,t} \geq 0.8$, $\geq 130\%$ increase in employment for continuers



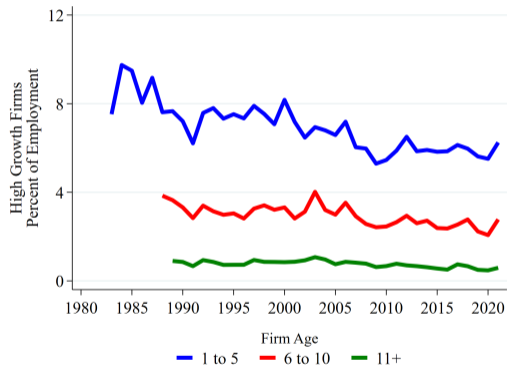
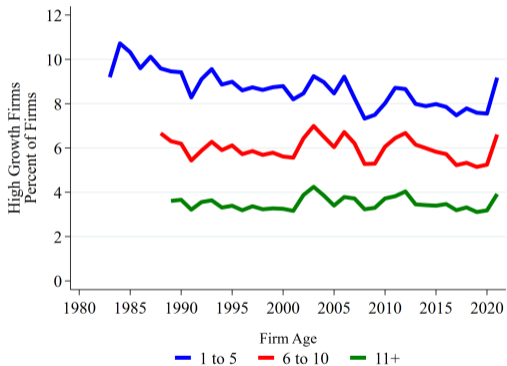
Zero Change Firms Rising Across Size & Age Distribution

1 to 19 emp 33% to 45% ; 1 to 5 y.o. 38% → 45%



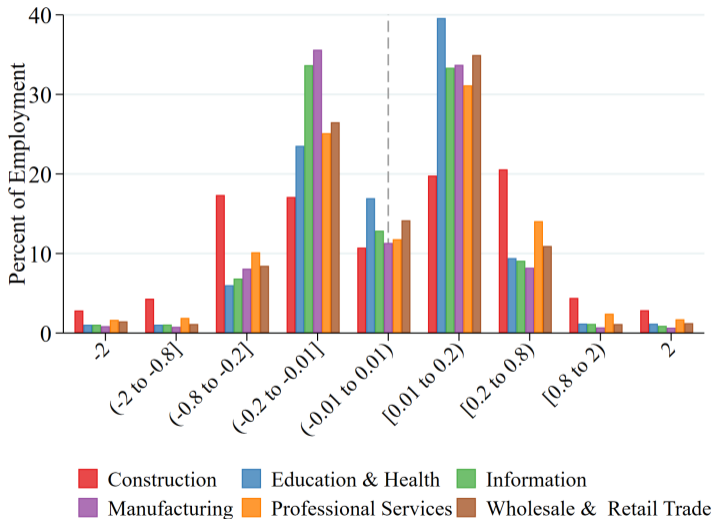
High-Growth Firms and Firm Age

1 to 5 y.o. HG firm share $\sim 10.1\%$ \rightarrow $\sim 7.5\%$, emp share $\sim 8.9\%$ to $\sim 5.8\%$



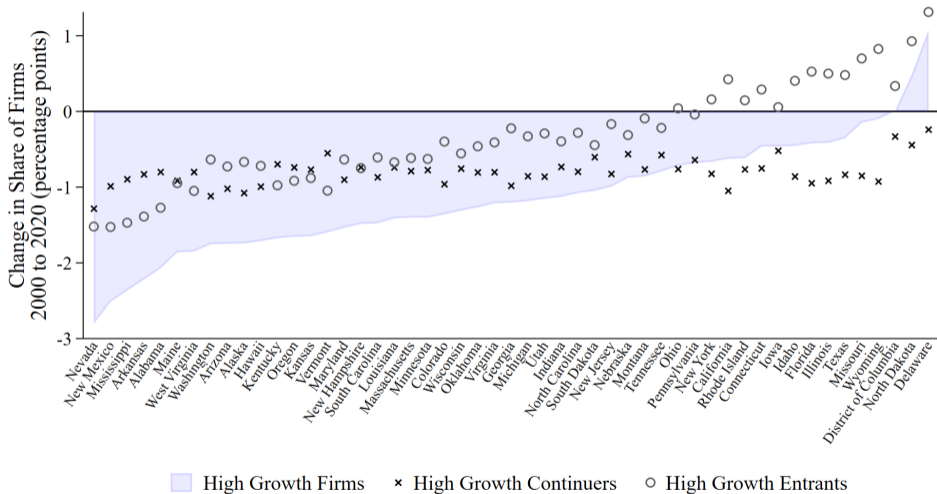
Firm Growth Rate Distribution by Sector

construction shows up in both tails, positive skew for professional services



Change in High-Growth Firm Share by State (2000 to 2020)

variation in change by state driven by entry

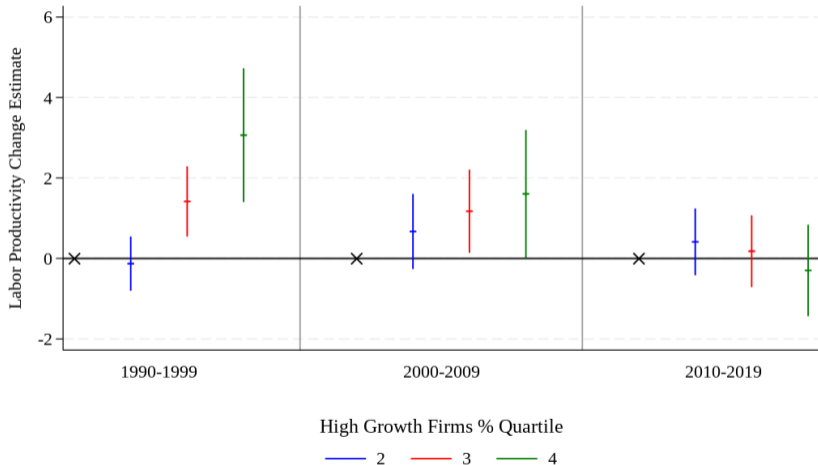


Rich Potential of These Data

- ▶ How does the enforceability of non-competes impact the growth of firms?
- ▶ How does employment protection affect distribution of firm growth?
- ▶ How do changes in bank lending affect young firms' growth distributions?
- ▶ How does foreign import competition impact entry and growth of domestic firms?
- ▶ What explains the rise of young firms with zero employment change?
- ▶ What are the causes and consequences of changes in US business dynamism?

For Example...High-Growth Firms & Labor Productivity

weakening relationship between LP and high-growth firm share across industries



$$LP_{it} = \sum_{q=1}^4 \lambda_q d[q]_{it} + \epsilon_{it}$$

paper here:



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