

The Decline in Business Dynamism in the U.S.

By

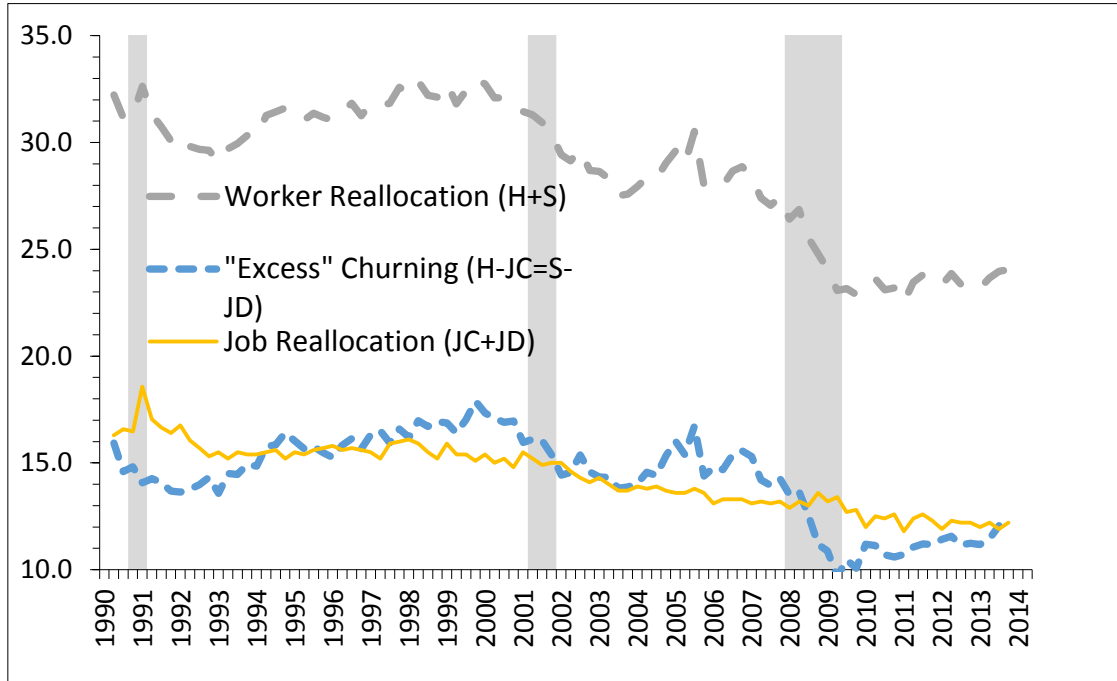
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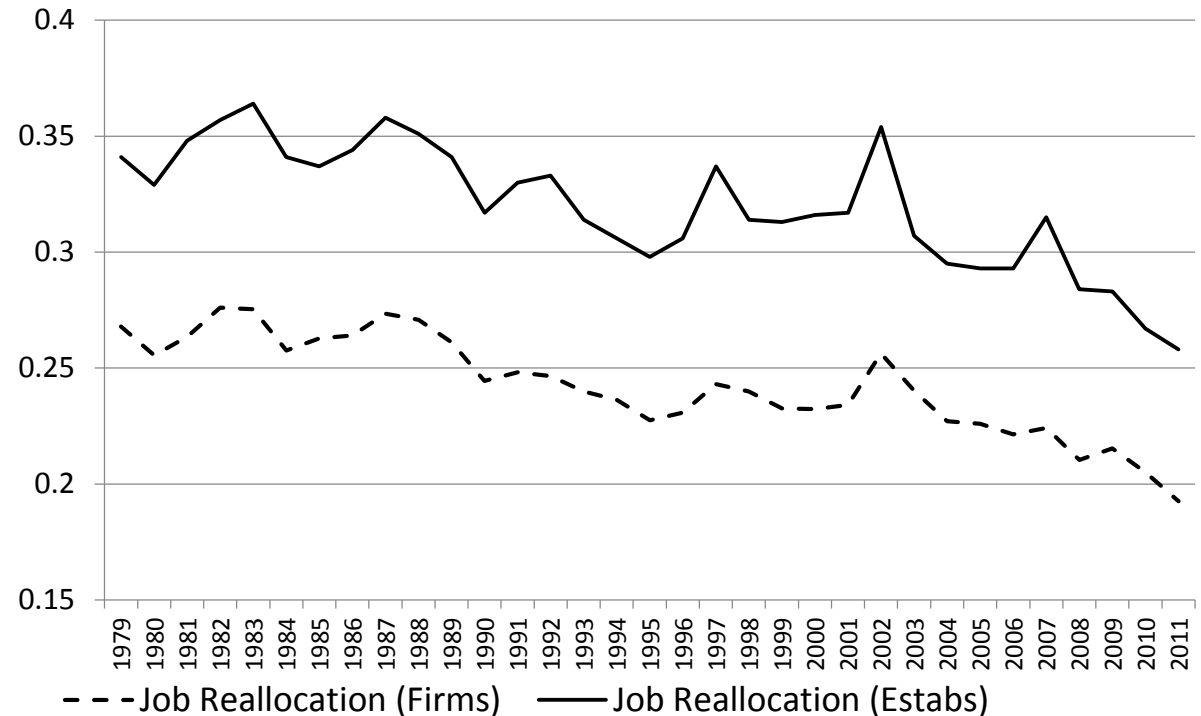
December 2014

(This presentation draws on joint work with Steven Davis, Ryan Decker,
Ian Hathaway, Ron Jarmin and Javier Miranda)

Quarterly Rates of Worker Reallocation, Job Reallocation & Churn, U.S. Nonfarm Private Sector

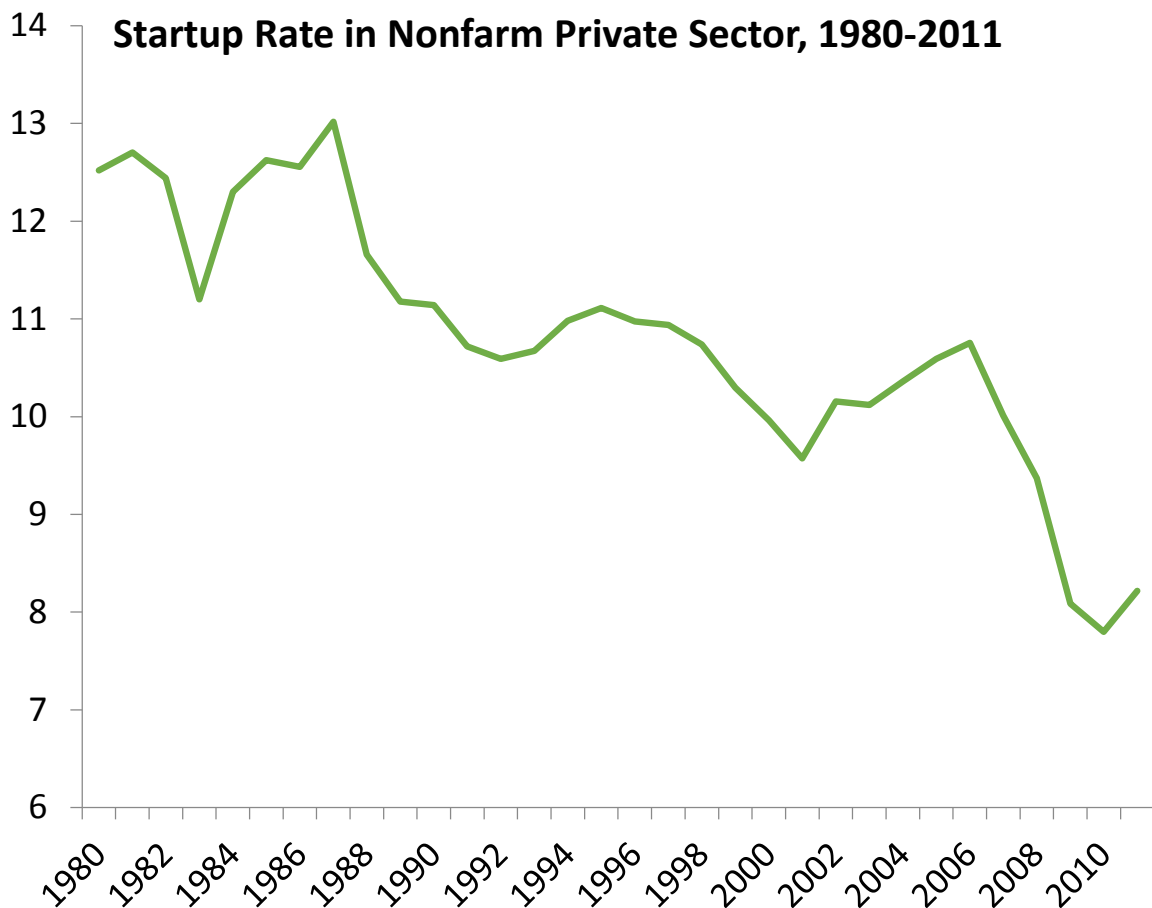


Annual Rates of Job Reallocation Across Firms and Establishments, U.S. Nonfarm Private Sector

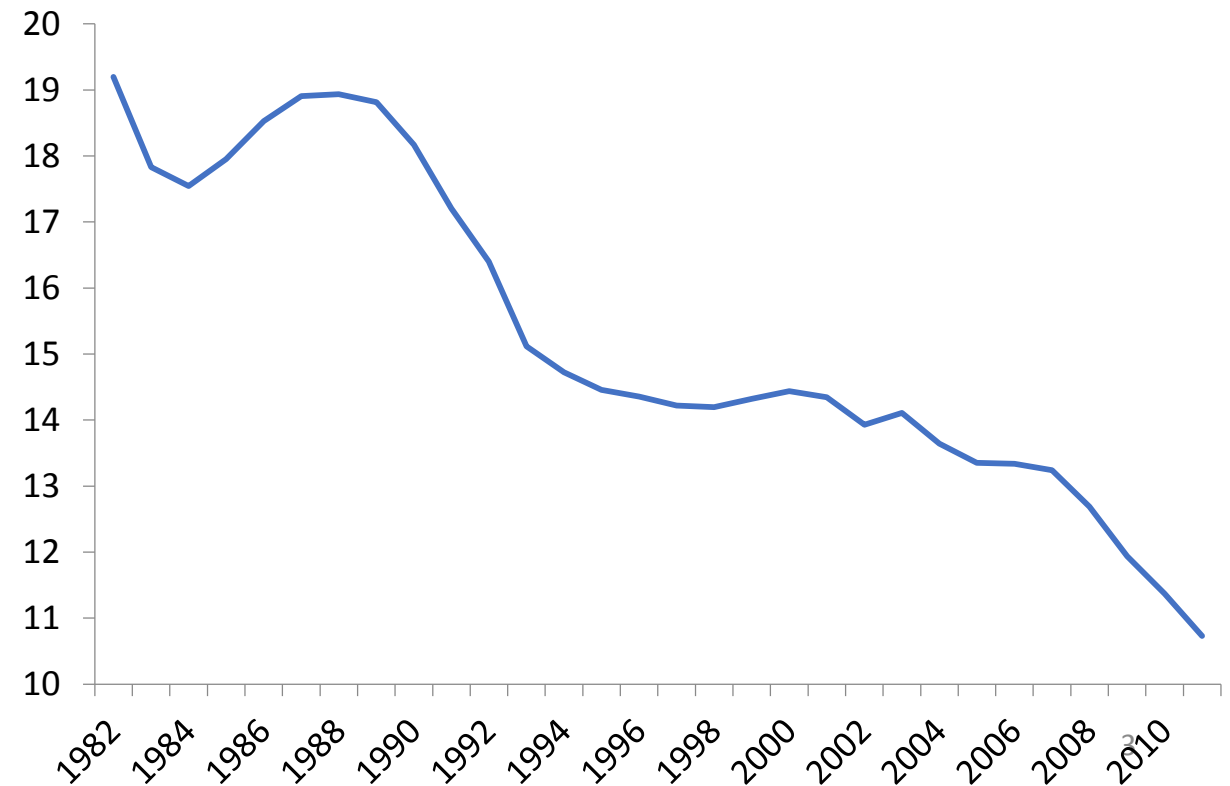


Worker Reallocation = Job Reallocation + Churn
(Hires + Separations) (Creation + Destruction)

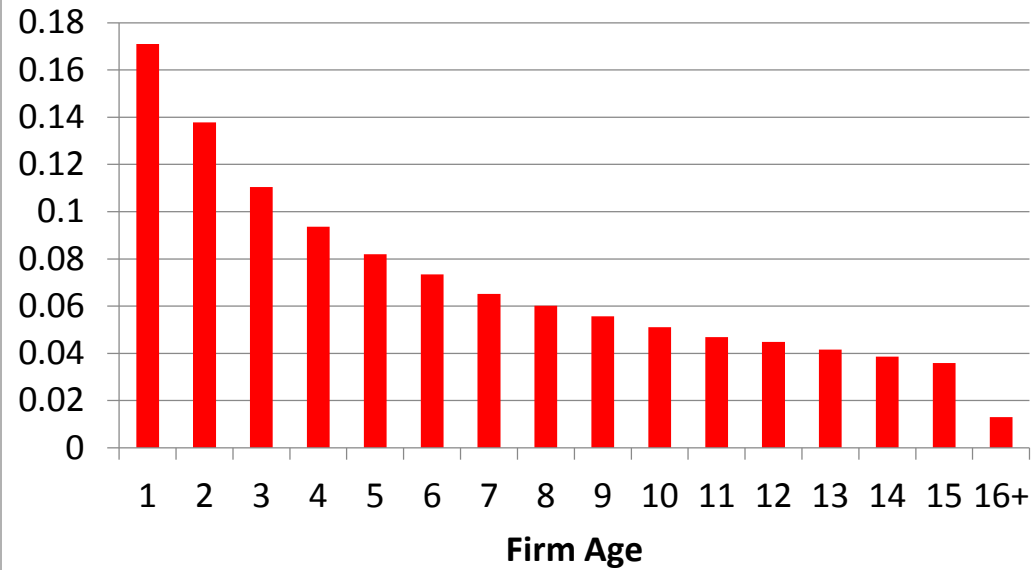
Startup Rate in Nonfarm Private Sector, 1980-2011



Share of Employment for Young Firms, 1982-2011, Nonfarm Private Sector



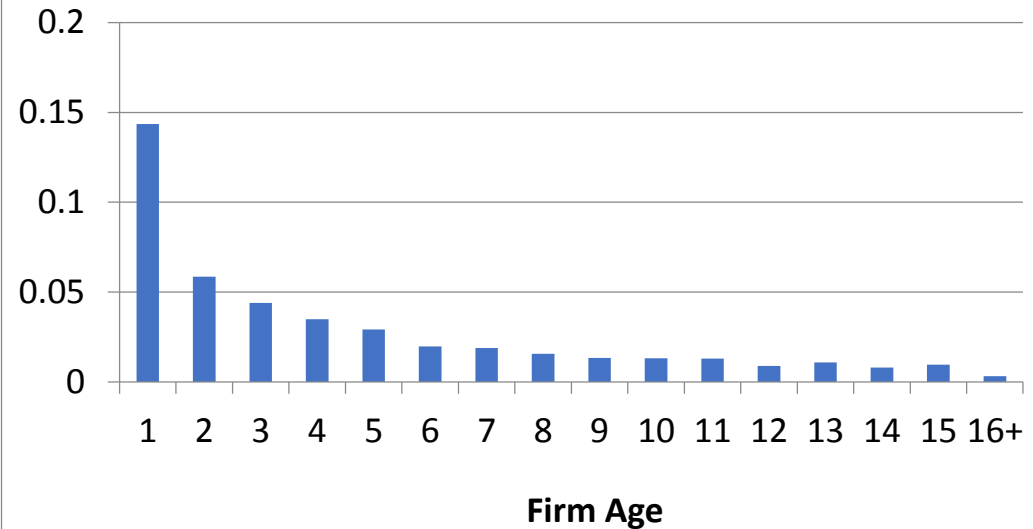
High Exit Rates of Young Firms



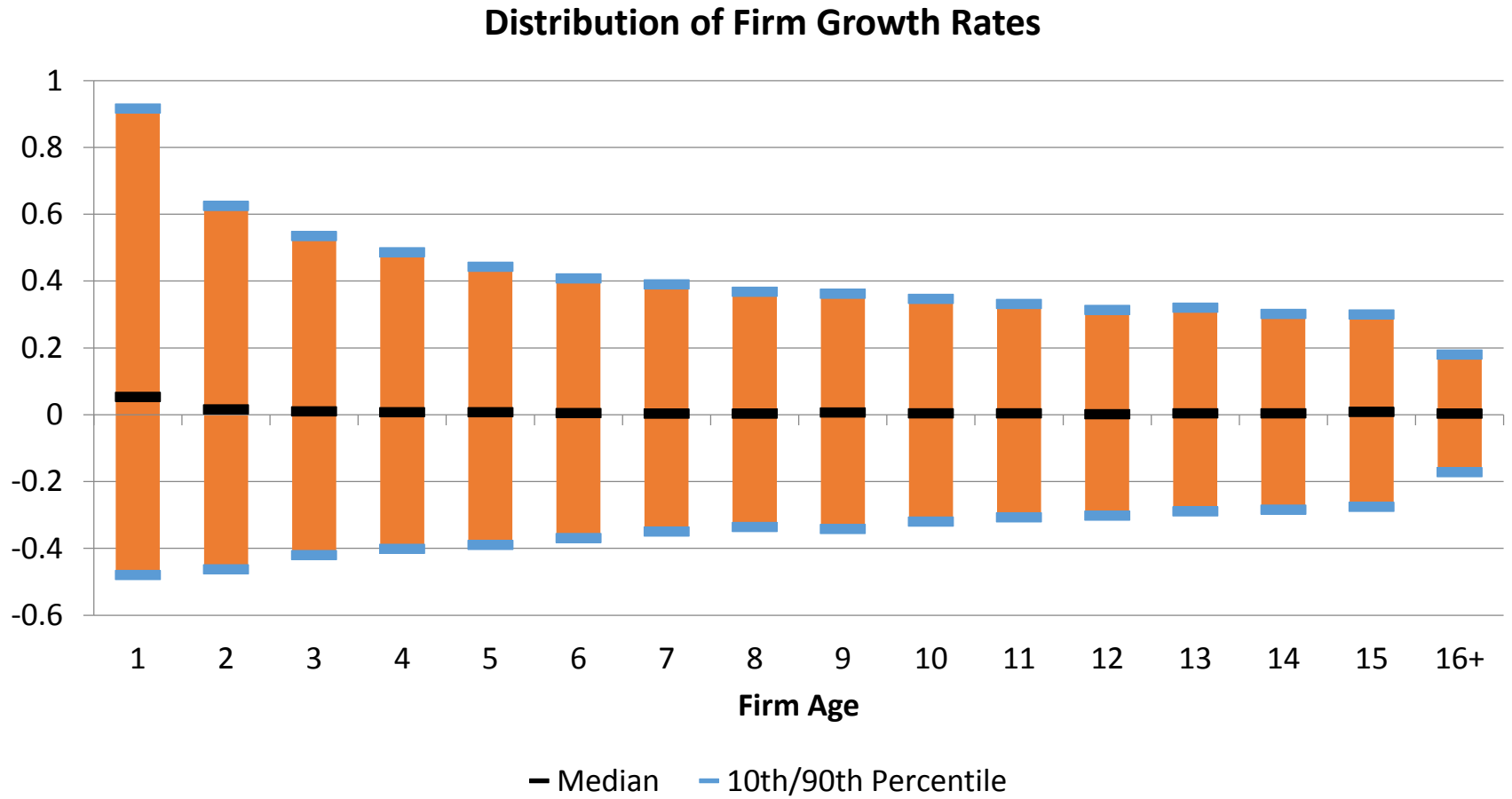
Up or Out Dynamics of Young Firms

Statistics are for U.S. Nonfarm Private Sector

High Mean Net Growth of Surviving Young Firms

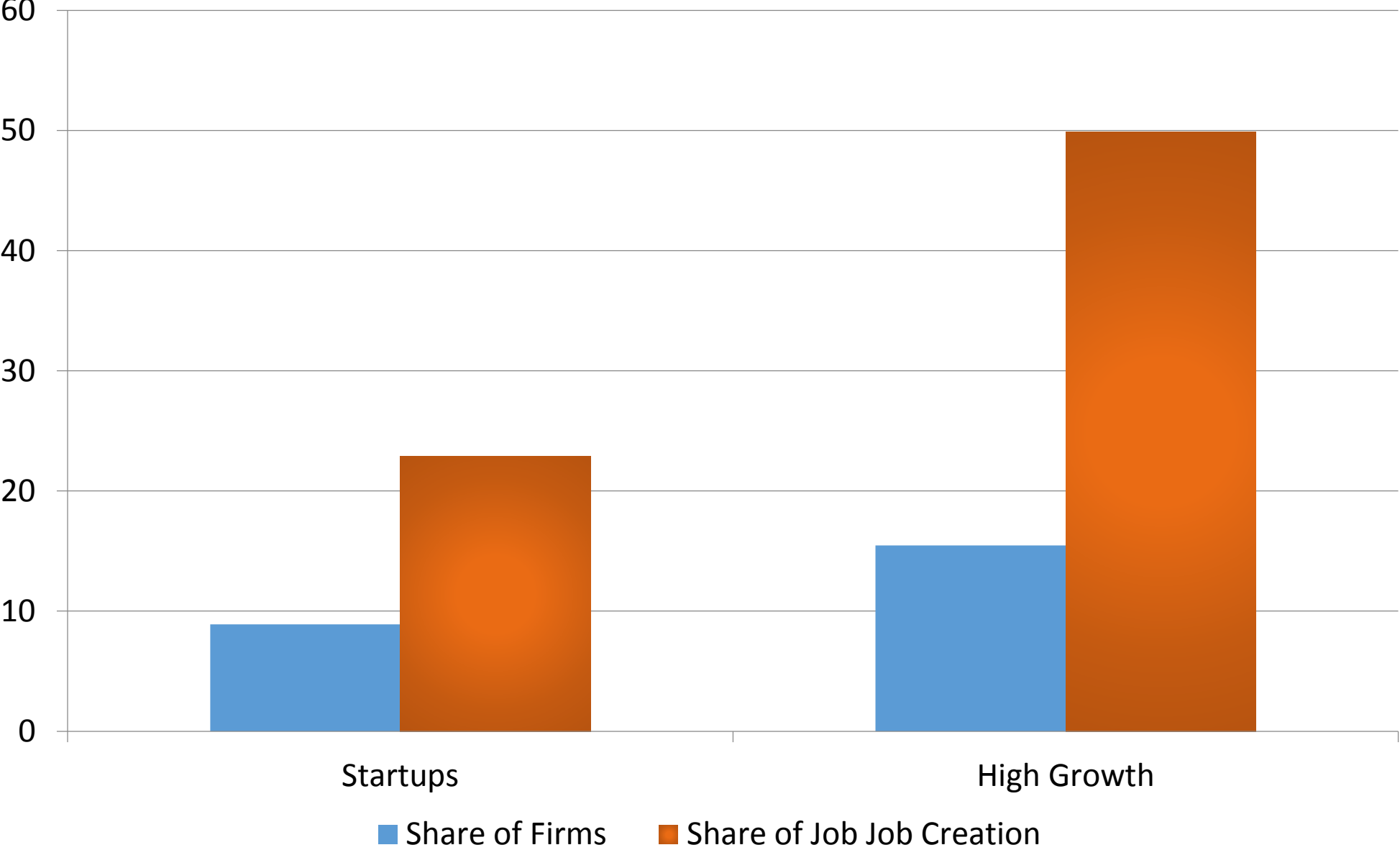


Most Young Firms Fail or Don't Grow – But a Small Fraction Grow Very Rapidly – They Account for the Sustained Contribution of Startups



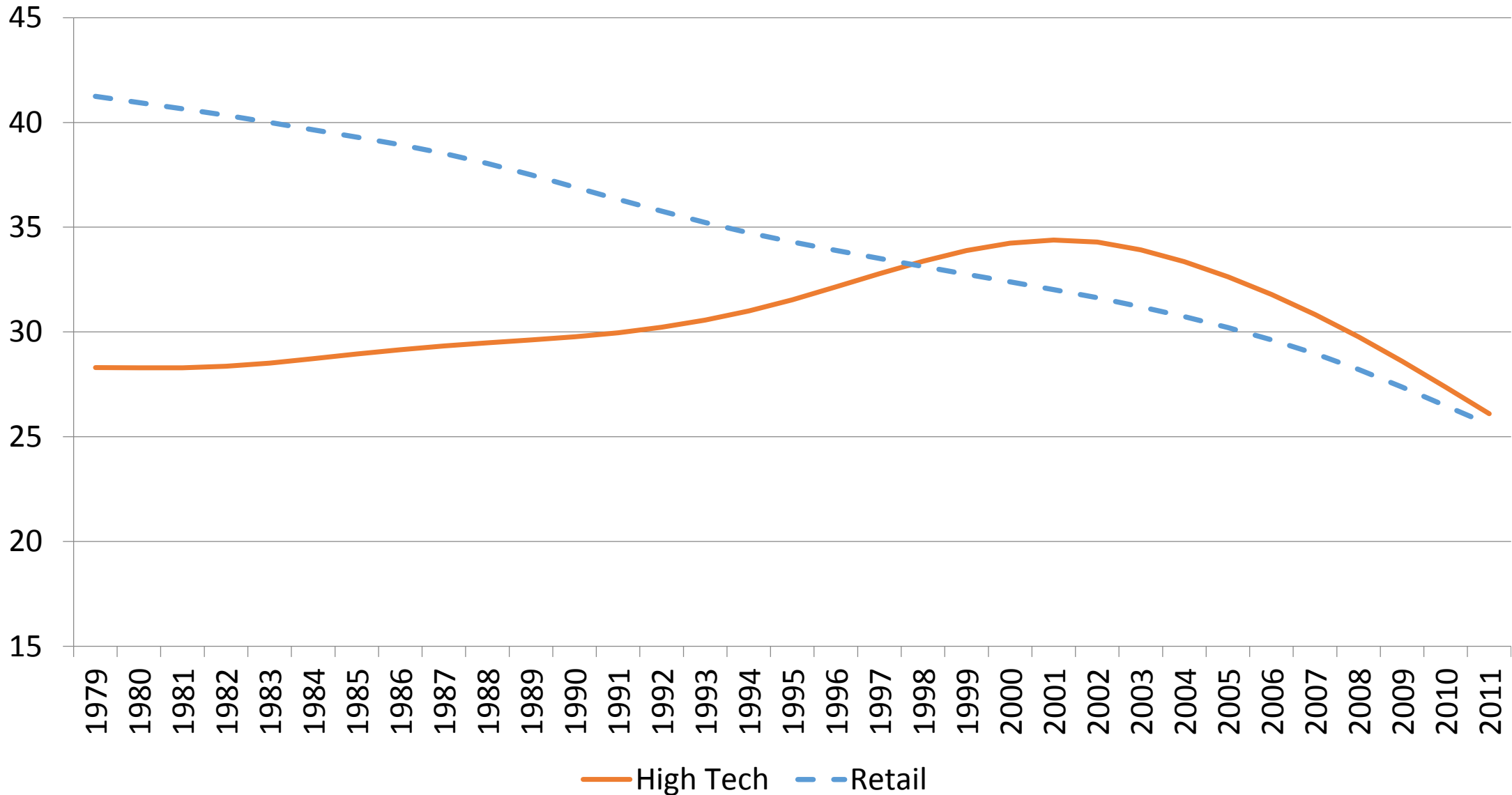
Statistics are for U.S. Nonfarm Private Sector

Startups Plus High Growth Firms (that are disproportionately young) account for about 70 percent of Gross Job Creation

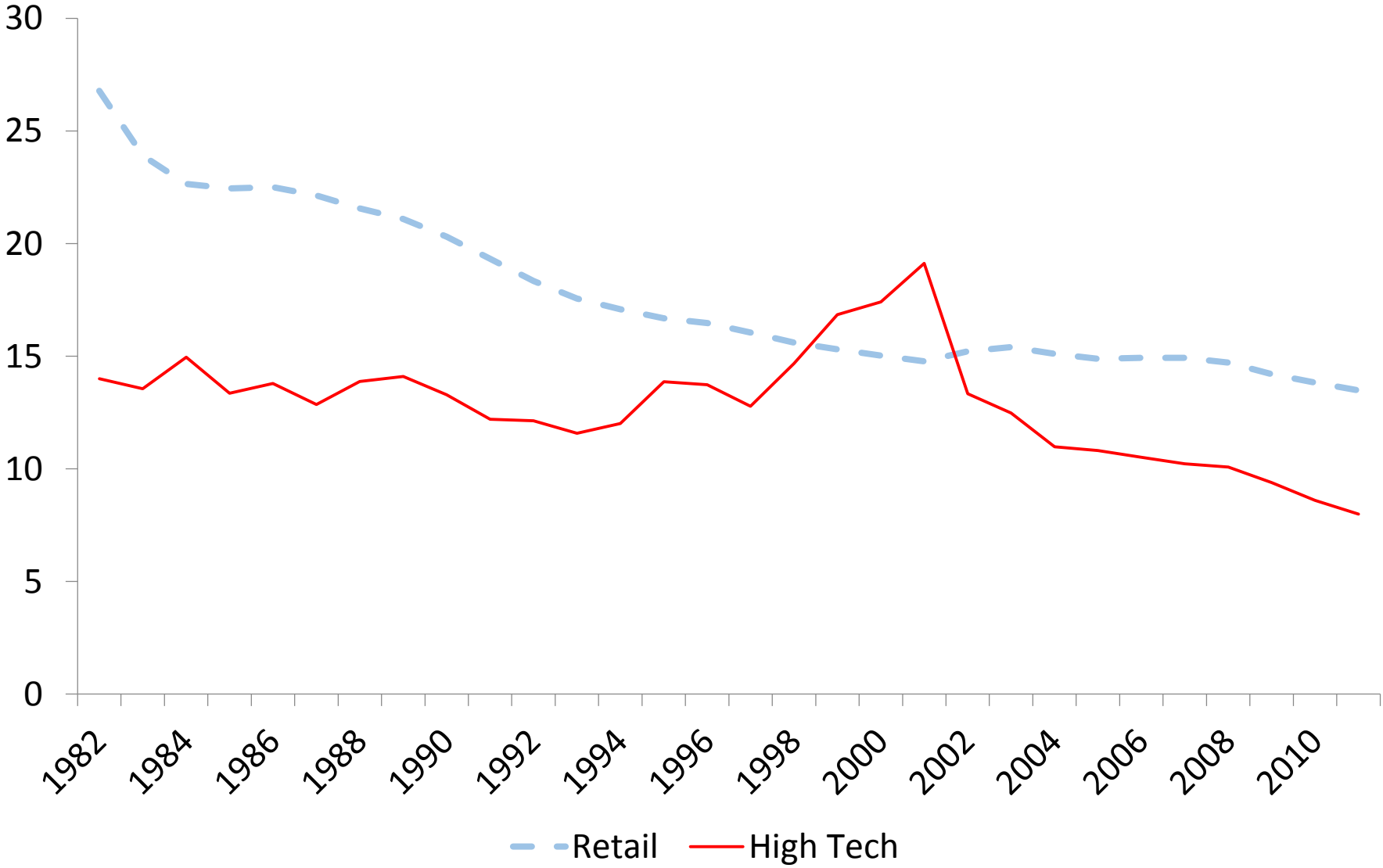


Statistics are for U.S. Nonfarm Private Sector

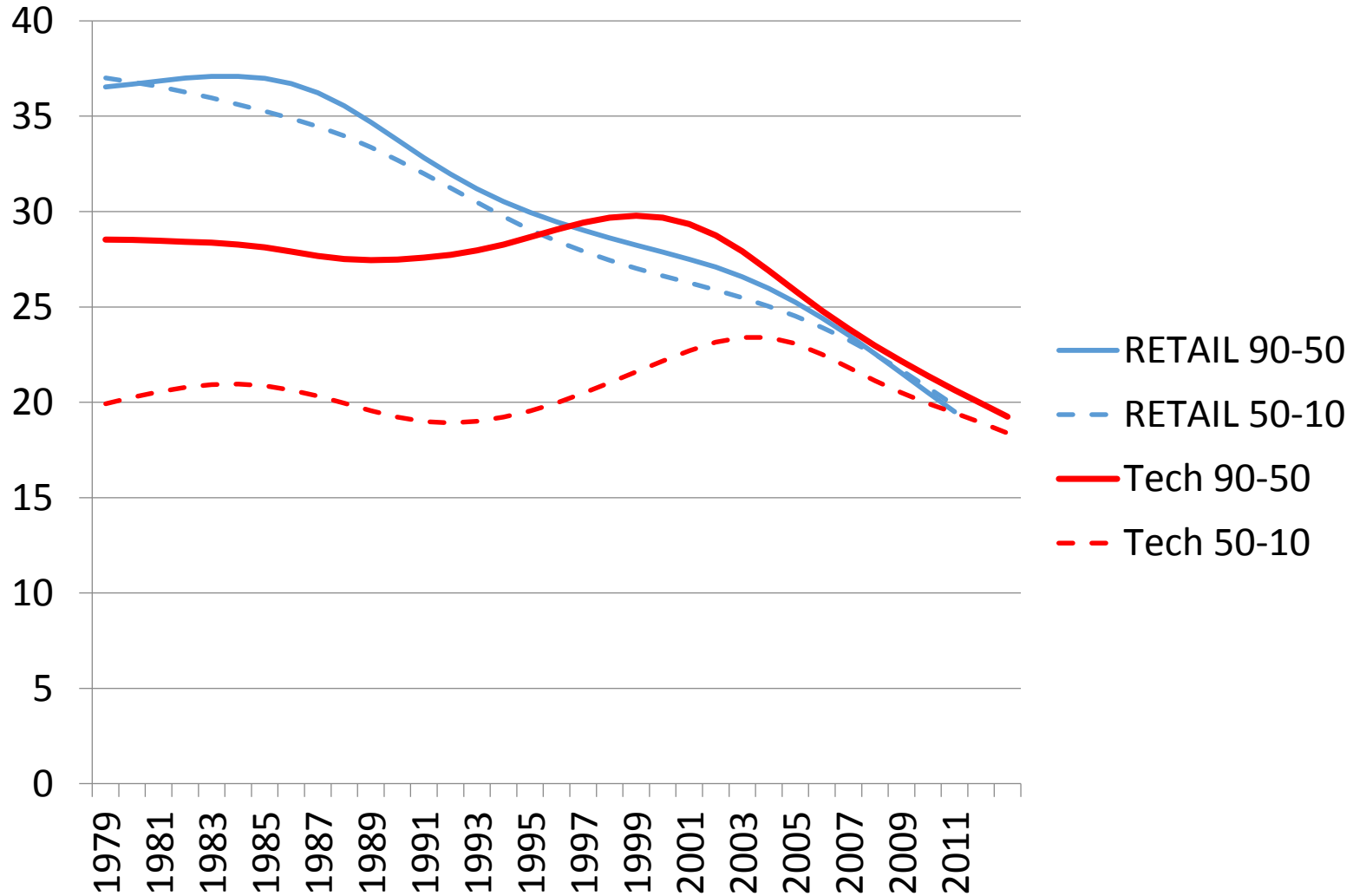
A Tale of Two Sectors: Reallocation Rates in High Tech vs. Retail



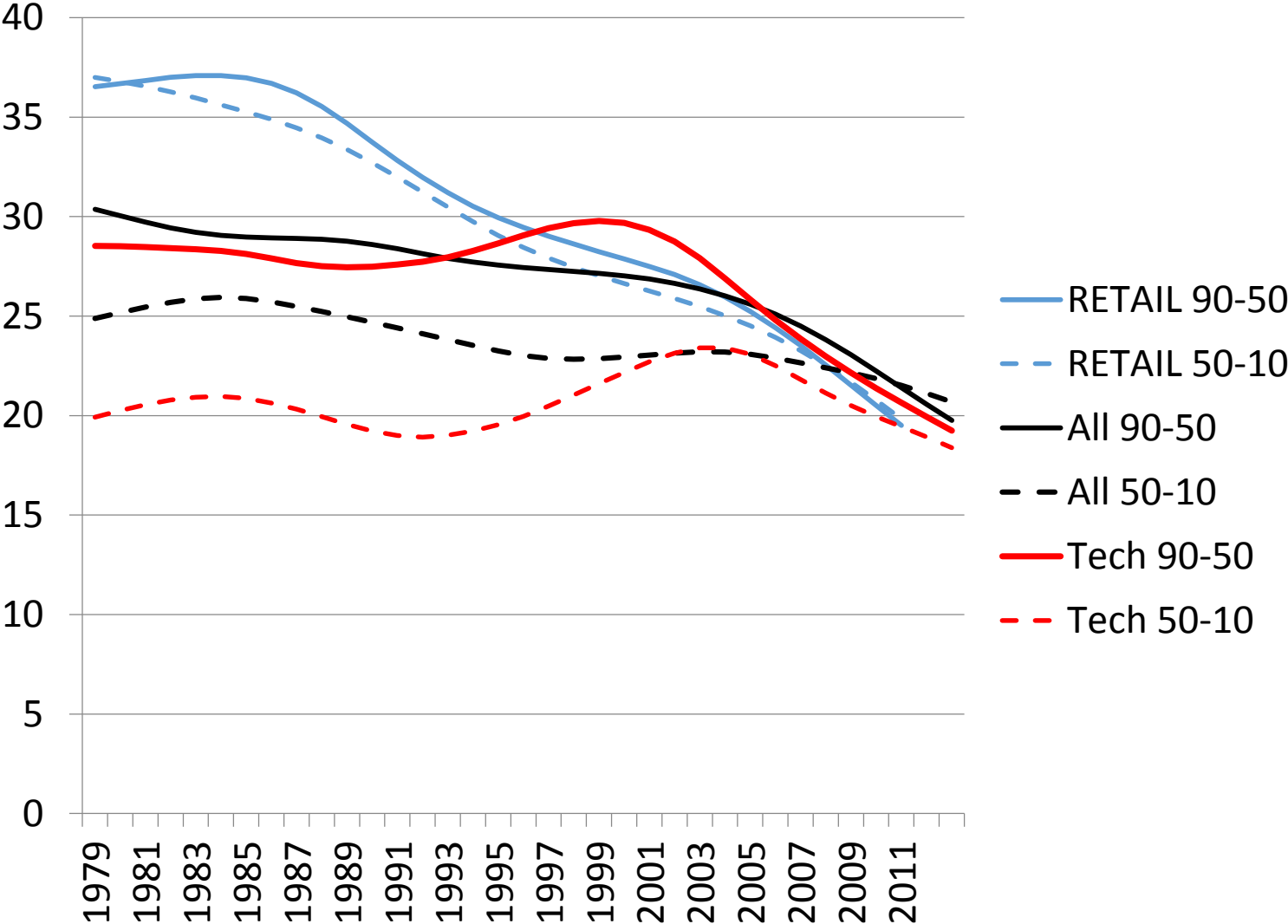
Share of Employment from Young Firms (Firm Age Five or Less)



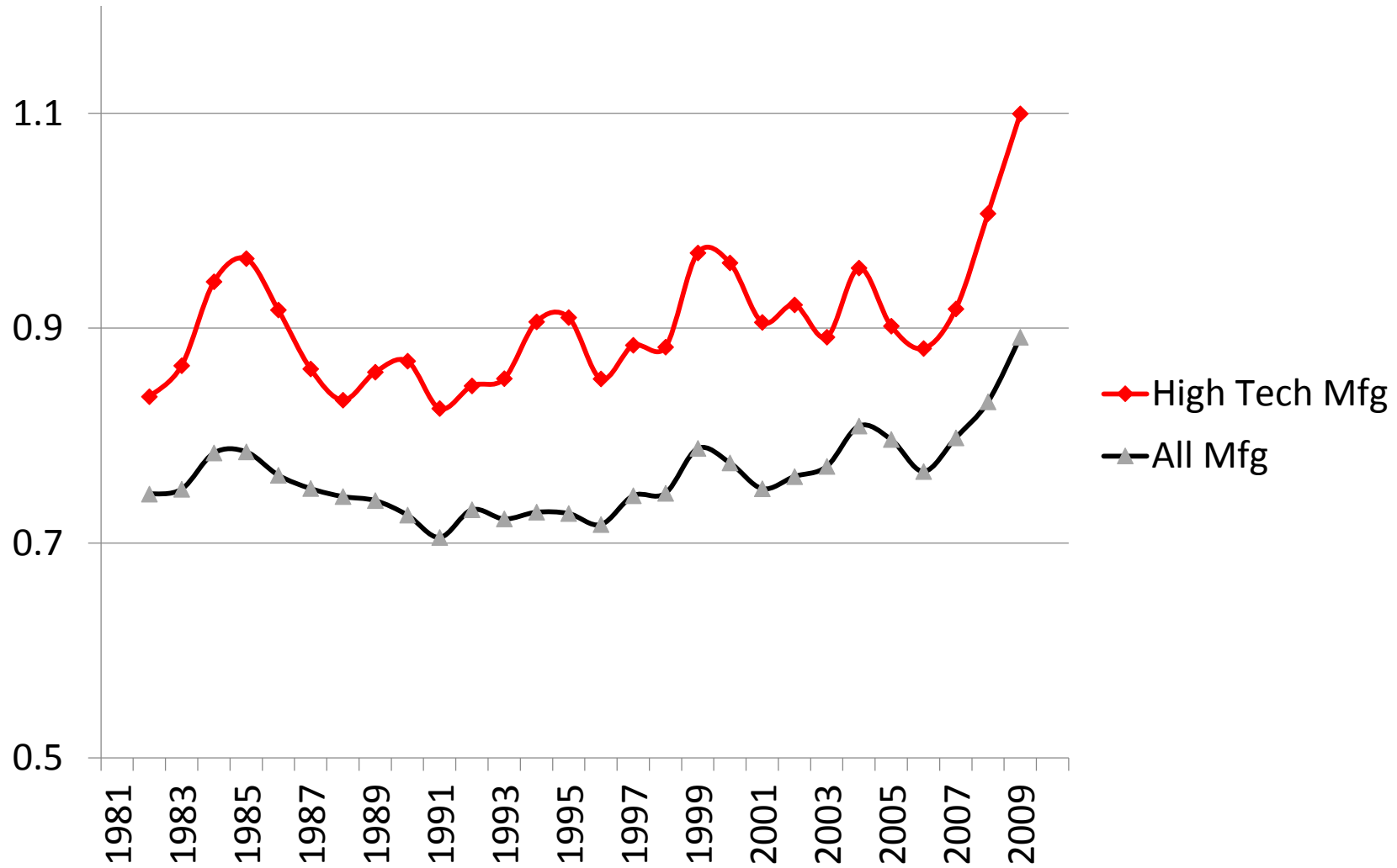
Declining (Positive) Skewness in High Tech but not in Retail Trade



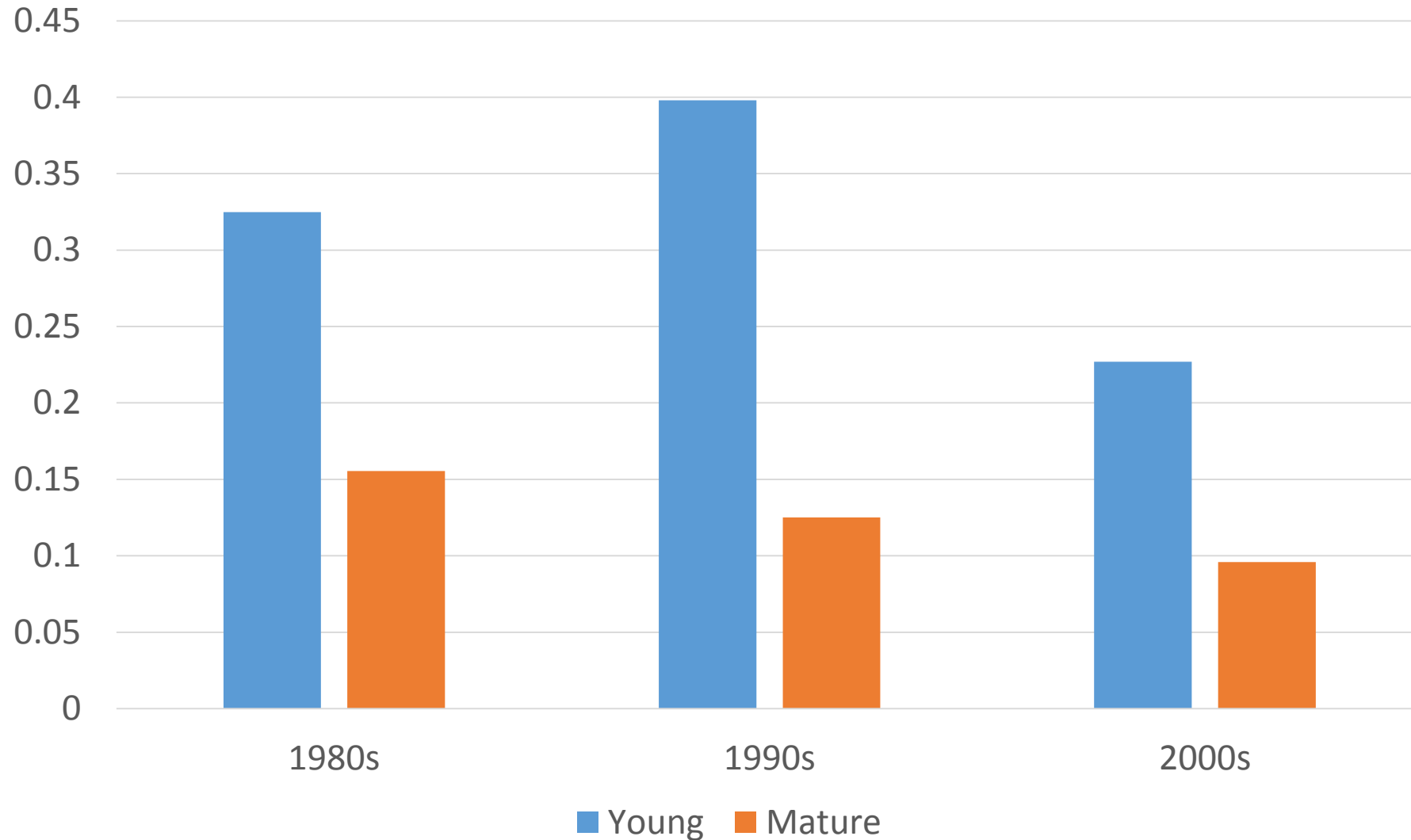
Declining Skewness in High Tech has contributed to overall decline in Skewness for Private Sector



Within Industry Dispersion in TFP over time in High Tech Mfg vs. All Mfg (3-year MA, 90-10)



Marginal Response of Plant-Level Growth to TFP Shock in High Tech Manufacturing



Actual and Predicted Changes in Employment Rates Implied by Changes in Fluidity, 1998-00 to 2010-11, Males

