

Introduction

This edition of Kevin's Corner reviews employment in Vermont by the size class of the firm. We look at how many firms of each size class exist and what percentage of the state's employment that size holds. The analysis will rely on data from Vermont's Quarterly Census of Employment and Wages (QCEW), a count of all employment covered by the state's unemployment insurance program. Because it is a census it is considered the most accurate available count. Data about size classes for both firms and establishments can be found on our website at <http://www.vtlni.info/indnaics.htm#size>. The data is also available by industry, by county and by labor market area.

For the purposes of this review we count employment and wages of private industry firms in the state. Local, State and Federal Government employment is excluded.

Definitions

This review compares employment by firm size in Vermont. It is important to understand the defining difference between an establishment and a firm, two common units of measurement in the QCEW program. According to the Bureau of Labor Statistics an *establishment* is "...a single economic unit, such as a farm, a mine, a factory, or a store, that produces goods or services. Establishments are typically at one physical location and engaged in one, or predominantly one, type of economic activity for which a single industrial classification may be applied."

"A *firm*, or a company, is a business and may consist of one or more establishments, where each establishment may participate in different predominant economic activity."ⁱ

Firms might be a single establishment or they might have multiple locations, each a separate establishment. For example a firm might

have headquarters in one location, a production facility in another location and a retail sales unit in yet another. In this case a single firm would have three establishments in Vermont. Another example might be a firm that has multiple convenience stores in a region. Each store comprises one establishment while the combination of all of them is likely to constitute a single firm.

It is important to note that when we discuss firm size we are referring to employment each firm has in Vermont. If a US corporation has employees in Vermont in addition to other states, only the employees working in Vermont count towards the firm's size.

Current Concentration by Firm Size

In the first quarter of 2020 there were 22,689 private-industry firms in Vermont. 67.1% (15,219) of those firms had between 1 and 4 employees. Another 14.5% (3,291) had between 5 and 9 employees. Combined, this means that 81.6% of Vermont firms have fewer than 10 employees. Nationally, 74.5% have fewer than 10.ⁱⁱ

At the other end of the spectrum twenty firms in Vermont (0.1%) had a thousand or more workers compared to 0.22% nationwide. 3.3% of firms in Vermont and 4.8% nationwide have fifty or more. In short, Vermont has a greater concentration of small firms and a smaller concentration of large firms than national averages.

While firms with fewer than 10 employees make up 81.6% of all private firms in the state they hold 16.9% of all private employment statewide and 16.8% of private wages. The twenty firms with 1,000 or more workers represent 14.0% of all employment and 14.5% of all wages. The 749 Vermont firms with 50 or greater employees represent 3.3% of all firms, 55.9% of all employment and 60.2% of all private wages in the state. See Table 1 for more information.



Table 1: Employment by Size Class in Vermont

Employees Per Firm	% of Firms		% of Employment	
	Discrete Share	Cumulative share	Discrete Share	Cumulative share
1 -4	67.1	67.1	8.3	8.3
5 - 9	14.5	81.6	8.7	16.9
10 - 19	9.3	90.8	11.2	28.2
20 - 49	5.9	96.7	15.9	44.1
50 - 99	1.8	98.5	11.1	55.1
100 - 249	1.1	99.5	14.0	69.2
250 - 499	0.3	99.8	8.2	77.4
500 - 999	0.1	99.9	8.6	86.0
1,000+	0.1	100.0	14.0	100.0

Differences by Labor Market Area

Many of Vermont's labor market areas are small enough that we are unable to publish size class data for various sizes due to confidentiality. This is especially true for data on larger firms. For purposes of this analysis, therefore, we review the concentration of firms with fewer than 10 employees.

As mentioned previously, 81.6% of private firms statewide have fewer than 10 employees. The highest concentration of such firms among Vermont-specific Labor Market Areas is Newbury with 87.0% followed by Manchester (85.6%) and Northfield-Waitsfield (84.7%)

The lowest concentration is in Bennington where 75.4% of all firms have fewer than 10 employees. Next lowest is Barre-Montpelier (77.6%) followed by Rutland (78.0%) and St. Johnsbury (78.1%). See Table 2 for more information.

Table 2: Share of firms with < 10 employees by labor market area

Area	% of firms	% of employment
Statewide	81.6	16.9
Barre-Montpelier	77.6	17.5
Bennington	75.4	15.6
Brattleboro	81.7	20.3
Burlington-South Burlington	78.2	14.3
Derby	79.0	18.5
Highgate	81.5	28.8
Manchester	85.6	26.2
Middlebury	81.0	21.1
Morristown-Waterbury	81.9	*
Newbury	87.0	44.8
Northfield-Waitsfield	84.7	18.6
Randolph	84.6	25
Rutland	78.0	*
Springfield	80.3	17.9
St Johnsbury	78.1	*
White River Junction	82.5	*
Woodstock	83.5	22.4

*Data suppressed to protect confidentiality

Statewide Changes since 2000

Since the year 2000 the share of all firms that are firms with fewer than 10 employees has increased from 60.9% to 67.1%. Firms with 50 or more employees have declined from 3.6% of all firms to 3.3%. During that same period, however, the share of all employment that is held by firms larger than 50 employees has grown from 53.8% to 55.9%; meanwhile the share among firms with fewer than 10 has declined from 18.4% to 16.9%.



Kevin's Corner is a continuing series of brief reviews of Vermont Economic and Demographic data. It is written by Kevin Stapleton, Assistant Director of Economic and Labor Market Information for the Vermont Department of Labor with support from other E&LMI staff. Kevin can be reached at kevin.stapleton@vermont.gov. For more information visit our website at www.vtlni.info.

Citations

ⁱ Bureau of Labor Statistics, Quarterly Census of Employment and Wages FAQ.

<https://www.bls.gov/cew/questions-and-answers.htm>

ⁱⁱ Bureau of Labor Statistics. Business Employment Dynamics Quarterly Series. *Distribution of Employment and Wages by Size Class, Table G.*

https://www.bls.gov/web/cewbd/table_g.txt

All other data: Quarterly Census of Employment & Wages, Economic & Labor Market Information Division, Vermont Department of Labor.

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