



Let's talk

# SIZE of Firm

This issue of Trendlines is dedicated to the “Frequently Asked Questions” genre. Rarely do we talk about the labor market dimension of size. And size in this context means employment size, or the number of workers. We collect much information from companies in Utah including employment, industry, occupation, total payroll wages, and location. This article analyzes Utah employers in this different context, the employment size of the firm.

## How Do We Count—Firm or Establishments?

First, some definitions are needed so we can compare apples and apples. You will see data in the news on firms, establishments, or companies in the context of industry or area. “Firm” means all the establishments of that firm in an area. “Establishment” means the physical locations of the firms. For example, all the 7-Eleven’s in Weber County constitute one firm but have many physical locations (establishments or worksites). We count both. In this analysis we look specifically at establishments (physical worksites) in Utah. That count of establishments in 2009 was 83,264. The count of firms was 67,339.

## Employment Size Groups

Establishments are grouped into employment size classes. In our publication on size (see link on page 9) we

use the company’s March employment (company employment varies throughout the year but March tends to be most stable). These size classes start at zero (no employees in March) and increase in size increments (1-4, 5-9, 10-19, 20-49, 50-99 and so on up to 1000+). The graph shows the size groupings used in this article. For ease of understanding, the smallest three size classes have been summed into a 0-9 size class, and everything 500 and over combined into one very large size class.

## Lots of Companies, Very Little Employment, and Vice Versa

A whopping 75-percent of all the establishments in Utah account for just 14 percent of all the jobs in the state. That’s right, 62,000 of the 83,000 establishments each employ fewer than 10 workers. Those companies claim a 13-percent slice of total wages paid in Utah. On the other end of the size spectrum, the top 0.2 percent (174 companies) claim nearly 20 percent of total employment and 23 percent of all dollars on Utah payrolls.

In between these small and extra-large companies are the rest, and they fall into five size classes. They account for what’s left; that is 25 percent of the firms and two-thirds of all workers, and 65 percent of total wages.

## Does a Company’s Industry Have Anything to Do With the Employer Size?

Yes and no. Different industries are larger, or smaller than others. Business activity that requires more workers will obviously have a higher average size. Government in general (federal, state, and local) averages about 60 employees per location. That sounds high, but remember government establishments tend to be centralized, so would be larger. Private educational institutions also are larger by nature and have a high average employment size. The average size of company for all industries is 14.4 workers, and the average employment size for the private sector is 12.3 workers. Industries that have the smallest average sizes were real estate and rental/leasing companies, construction, and professional and business services.

## Average Establishment Employment Size by Major Industry 2009

	Average Employment Size
Government	59.9
Educational Services	32.4
Manufacturing	29.9
Utilities	22.1
Mining	19.9
Accommodation and Food Services	19.8
Transportation and Warehousing	19.0
Information	17.9
Health Care and Social Services	17.0
Total Nonfarm Employment	14.4
Private Sector	12.3
Finance and Insurance	10.1
Trade	7.8
Other Services	7.6
Professional and Business Services	6.3
Construction	5.9
Real Estate and Rental and Leasing	3.6

Source: Utah Department of Workforce Services

## Average Establishment Employment Size by County in Utah 2009

County	Average Employer Size	County	Average Employer Size
Weber	16.5	Iron	10.9
Tooele	15.9	Uintah	10.4
Salt Lake	15.8	Duchesne	10.3
Cache	15.2	Washington	10.3
Box Elder	15.1	Summit	10.0
Carbon	14.6	Beaver	9.2
Utah	14.5	Garfield	8.3
<b>STATE TOTAL</b>	<b>14.4</b>	Kane	8.3
Davis	13.9	Grand	7.9
Emery	13.6	Wayne	7.4
Sanpete	12.9	Wasatch	7.0
Sevier	12.1	Morgan	6.6
Juab	11.9	Daggett	6.1
San Juan	11.7	Rich	5.0
Millard	11.1	Piute	4.9

Source: Utah Department of Workforce Services

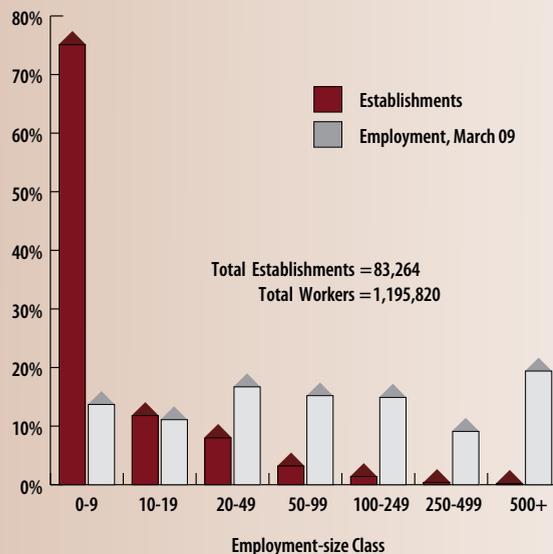
### Is There a Relationship Between Rural and Urban in the Size of Firm Perspective?

Yes, small rural counties have smaller establishments. Typically, the largest employers in rural areas tend to be in a dominant industry like natural resources (mining), the local hospital, and the local school district. In Utah, the top five counties ranked by average employer size all had 15 or more workers. The state average is 14.4 workers. Interesting to note is Weber County has the highest average size with 16.5 workers per company. The three smallest, and rural, counties in the state—Daggett, Piute, and Rich—also have the smallest average size with six or fewer workers. ⓘ

For more information about Utah companies by employment size see:

<http://jobs.utah.gov/opencms/wi/pubs/em/uews/>

### Utah Employment By Establishment Size 2009



Source: Utah Department of Workforce Services

*A small number of employers employ a huge proportion of Utah's workers. 75% of all Utah establishments employ fewer than 10 workers. They employ 14% of all workers. At the other end of the spectrum, only 0.2% or 174 of Utah's employers employ more than 500 workers, but they employ about 20% of all Utah workers. Large firms dominate Utah's employment environment.*