

# Business Employment by Age and Size of Firms in Mississippi

## Key Takeaways

- Old (11 years or older) and large (with 100 employees or more) establishments support most jobs in Mississippi, indicating that they are stable sources of employment.
- Young and small establishments create most new jobs, demonstrating their importance as a resource for creating new employment opportunities.
- Mature (11 years or older) establishments with 19 employees or more are more likely to be located in urban counties than rural ones.
- Younger (10 years or younger) establishments with 19 employees or fewer are more likely to be located in rural areas than in urban areas.

## Introduction

Business survival is strongly relevant to regional economic growth because its longevity ensures a stable supply of jobs in the region, contributing to the income of residents. Successful job creation and retention can mitigate poverty and raise income levels, which are goals of state economic development policy. Though the importance of business entities in creating jobs is widely known, what types of businesses (in terms of age and size) the state should foster is a matter of debate. The discussion highlights the difficulty in choosing between strategies like 1) attracting new large firms into the region, or 2) assisting the survival and growth of existing small firms. Analyzing the economic contributions of different types of establishments in the labor market might help identify the types of businesses that should get the most attention.

This publication presents an establishment profile for Mississippi, focusing on how businesses contribute to Mississippi's labor market. We break down establishments into categories according to size and age, and assess their contribution to creating and retaining jobs. We also compare the profiles between Mississippi and the United States, and address how similar or different Mississippi profiles are from the U.S. average. Lastly, we illustrate how these establishment categories are distributed in three regions: rural, urban, and mixed. Data used in the analysis come

from the Census Bureau's Business Dynamics Statistics (BDS). It provides an annual number of establishments that opened, closed, or continued operations and jobs created and lost by those companies. The report reflects the annual status of businesses in 2020.

## Business Employment by Age of Firms

Figure 1 presents the share of establishments by five age groups on the left and the percentage of jobs supported by each group on the right in 2020. The establishment age is defined as the years since the firm was officially established until 2020. It shows that establishments aged between 11- 25 years accounted for 35 percent of establishments supporting 40 percent of jobs in 2020. Similarly, establishments older than 25 years represented 18 percent of establishments and supported one out of four jobs. Establishments older than five years supported 80 percent of jobs in 2020. It indicates that older establishments are Mississippi's main source of employment.

Startups under the age of one supported only 3 percent of jobs. However, they generated 28 percent of new jobs in the past 12 months, indicating that the entry of new establishments is essential to create new employment opportunities. Figure 2 shows the percentage of new jobs created in the last 12 months by business age group. Share of establishments, job support, and new job creation by four industry sectors (Manufacturing, Retail Trade, Health Care, and Food) are included in Table A1 in the Appendix.

The average number of jobs and new jobs per establishment, according to the age of the establishment, are shown in Table 1. The average job per establishment is steadily increasing with age. On average, a startup business younger than a year hired eight employees. Establishments older than 25 years employed 25 workers per establishment. The findings imply that older firms are a reliable source of jobs in Mississippi. Older establishments created less than two new jobs on average, but startups created eight new jobs on average, indicating that new firms are essential in generating new employment opportunities.

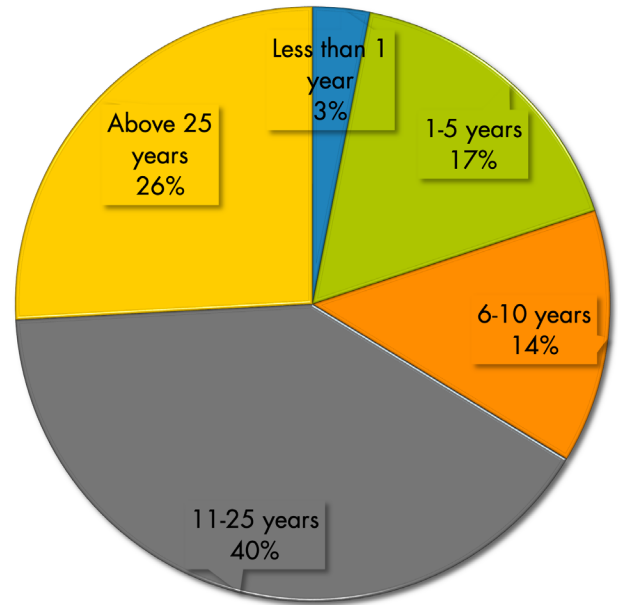
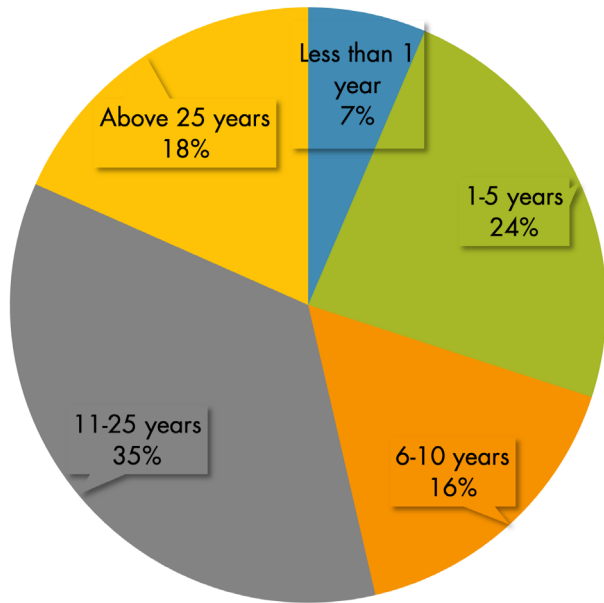


Figure 1. Share of establishments (left) and job support (right) by age group in Mississippi, 2020.

Data source: Business Dynamics Statistics, 2020, U.S. Census Bureau

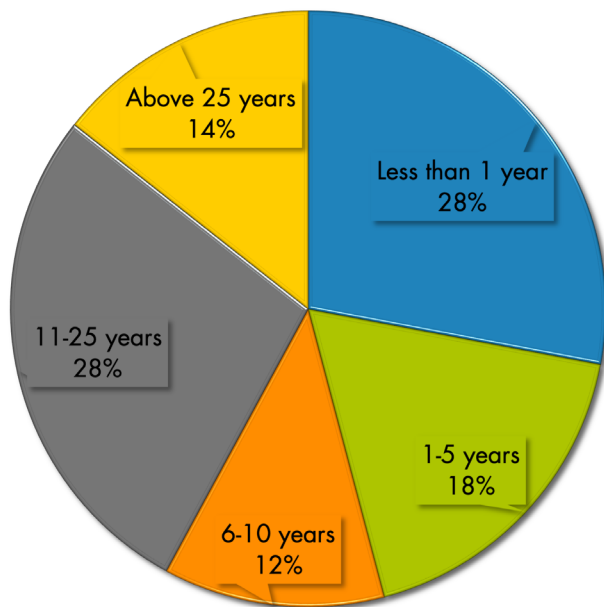


Figure 2. New jobs created by establishment's age group in Mississippi, 2020.

Data source: Business Dynamics Statistics, 2020, U.S. Census Bureau

## Business Employment by Size of Firms

The size of an establishment is measured by the number of employees. Business Dynamics Statistics (BDS) categorizes establishments into six size groups based on the number of employees. Following the same

classification, Figure 3 presents the share of establishments and job support according to the size group. The majority of establishments (70.4%) were small establishments that hired less than ten employees. About half of the establishments had less than five employees, and about 22 percent of establishments hired five to nine employees. Although small establishments with fewer than 10 employees represented a substantial share of 70.4 percent of total establishments, they only supported 15 percent of total jobs in Mississippi. However, this does not mean that small establishments are less important to the regional economy. They are crucial in creating new jobs, as shown in Figure 4. Twenty-seven percent of the new jobs in the last 12 months came from establishments with fewer than 10 employees.

Of the 54,697 establishments actively operating in Mississippi in 2020, less than 1 percent were establishments that hired more than 500 workers. However, these establishments not only supported nearly 20,000 jobs (20 percent of total jobs) but also newly hired 10,000 jobs (11 percent of new jobs) within that year, indicating their importance in the Mississippi economy. Similarly, establishments with more than 100 employees supported 43 percent of jobs even though they represented only 2.3 percent of total establishments. These statistics indicate that those larger establishments are the main source of jobs in Mississippi, and are an essential part of the economy. The relevant information has been included in Table A2 in the Appendix.

**Table 1. Job support and job creation per establishment by age group.**

Age group	Average jobs	Average new jobs (last 12 months)
Less than 1 year	8	7.5
1–5 years	12	1.3
6–10 years	15	1.3
11–25 years	20	1.4
Above 25 years	25	1.4
Overall Average	17	1.8

Data source: Business Dynamics Statistics, 2020, U.S. Census Bureau

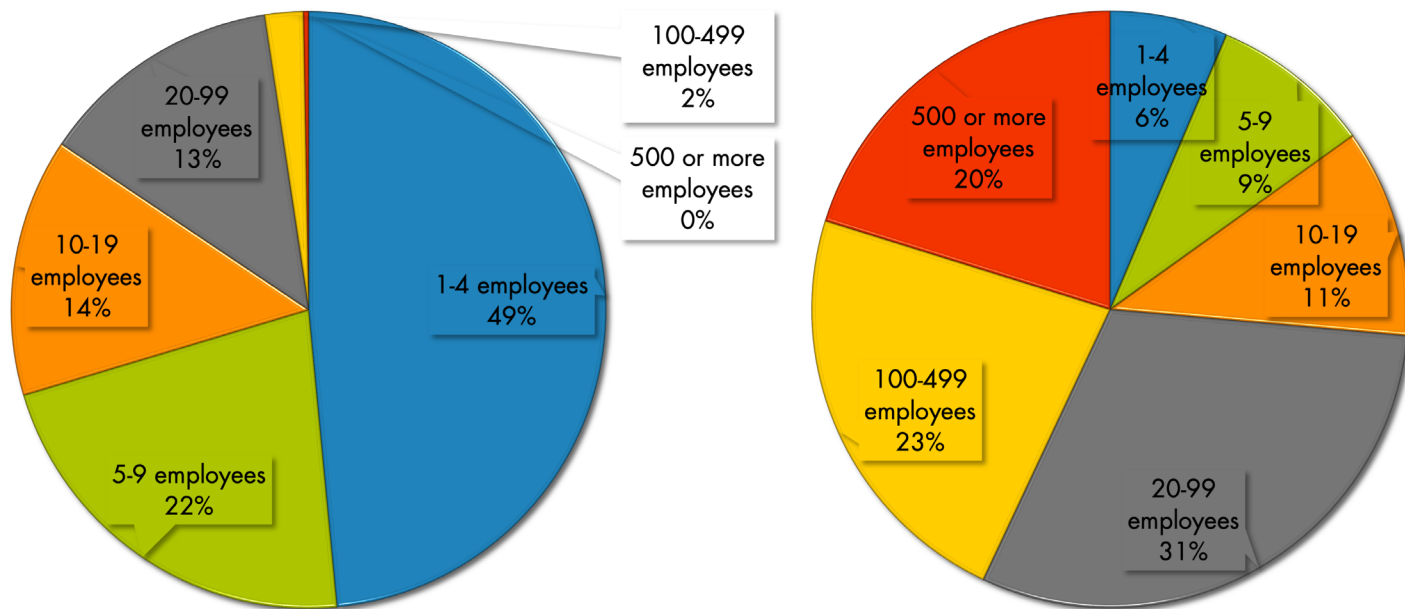


Figure 3. Share of establishments (left) and job support (right) by size group in Mississippi, 2020.

Data source: Business Dynamics Statistics, 2020, U.S. Census Bureau

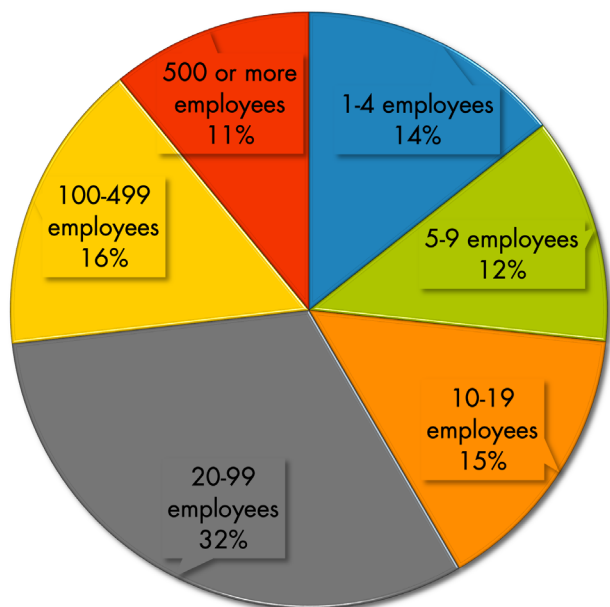


Figure 4. New jobs created by establishment's size group in Mississippi, 2020.

Data source: Business Dynamics Statistics, 2020, U.S. Census Bureau

Table 2 shows the average number of jobs and new jobs per establishment according to the size group. The average number of jobs per establishment increases steadily with size, which is intuitive since the classification of establishments is based on the number of employees. However, establishments with more than 500 employees

should not be overlooked. The average number of jobs per establishment for this size group is 1,265. This statistic implies that the closure of larger establishments could lead to significant job loss in Mississippi and highlights that the survival of larger establishments is crucial to the regional economy.

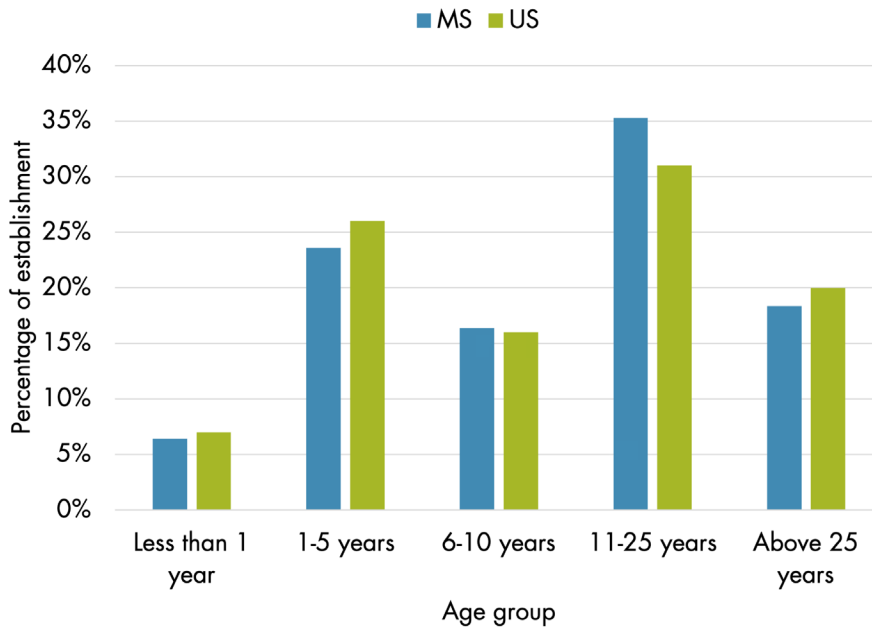
<b>Table 2. Job support and job creation per establishment by size group.</b>		
<b>Size group</b>	<b>Average jobs</b>	<b>Average new jobs (last 12 months)</b>
1–4 employees	2	0.5
5–9 employees	7	1.0
10–19 employees	14	1.7
20–99 employees	40	4.0
100–499 employees	190	17.4
500 or more employees	1,265	83.8
Overall Average	17	1.8

Data source: Business Dynamics Statistics, 2020, U.S. Census Bureau

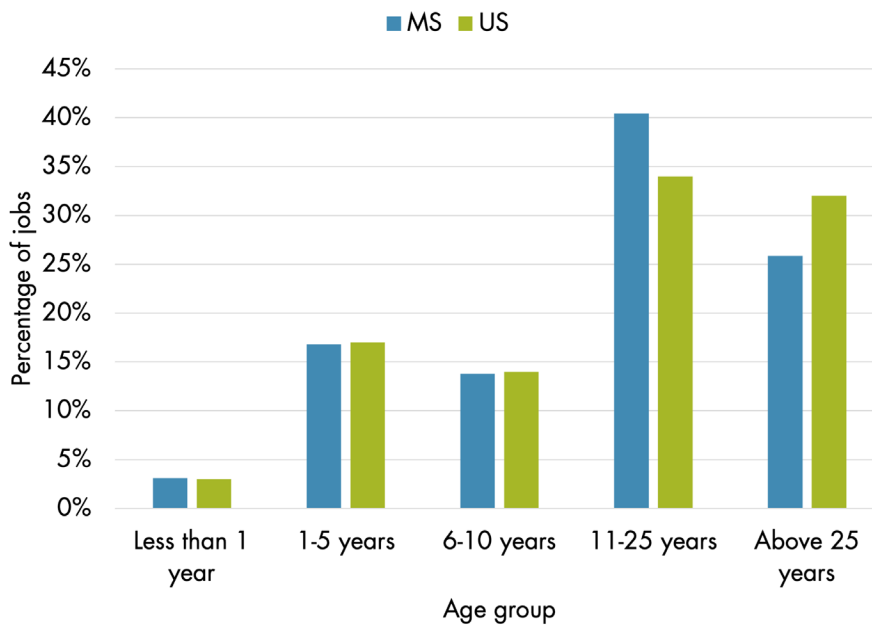
### ***Comparison between the U.S. and Mississippi***

This section compares Mississippi’s profile with national data to help understand Mississippi’s businesses in the macroeconomic context. Figure 5 compares the shares of establishments and their job support according to age group. In both Mississippi and the U.S., about half of the establishments are older than ten years. Business establishments aged 11 to 25 years are the largest group in both Mississippi and the U.S., and it was four percentage points higher in Mississippi in 2020. However, the share of establishments younger than six years is slightly lower in Mississippi than in the U.S. Establishments starting their business in the last 12 months were almost the same portion in Mississippi and the U.S. Sixty-six percent of Mississippi and U.S. jobs were supported by establishments older than ten years. Mississippi and the U.S. present slightly different shares by the groups, but overall, they have similar patterns in age groups.

Figure 6 compares the share of establishments and job support according to size group. It shows that Mississippi and the U.S. have similar patterns by size group, but Mississippi is around 3 percent higher in the share of establishments with five to nine employees. The share of establishments with one to four employees is 2.5 percent lower in Mississippi than in the U.S. Establishments with more than 100 employees comprised 2.4 percent and 2.7 percent of establishments in Mississippi and the U.S., respectively. However, these establishments supported 43 percent of jobs in Mississippi and 47 percent of jobs in the U.S. In both instances, 85 percent of jobs are provided by establishments with more than ten employees. However, establishments with fewer than ten employees provide 15 percent of jobs in Mississippi and 17 percent in the U.S. Overall, there is no significant difference in the share of establishments and their job support by size and age between the national level and the state of Mississippi.

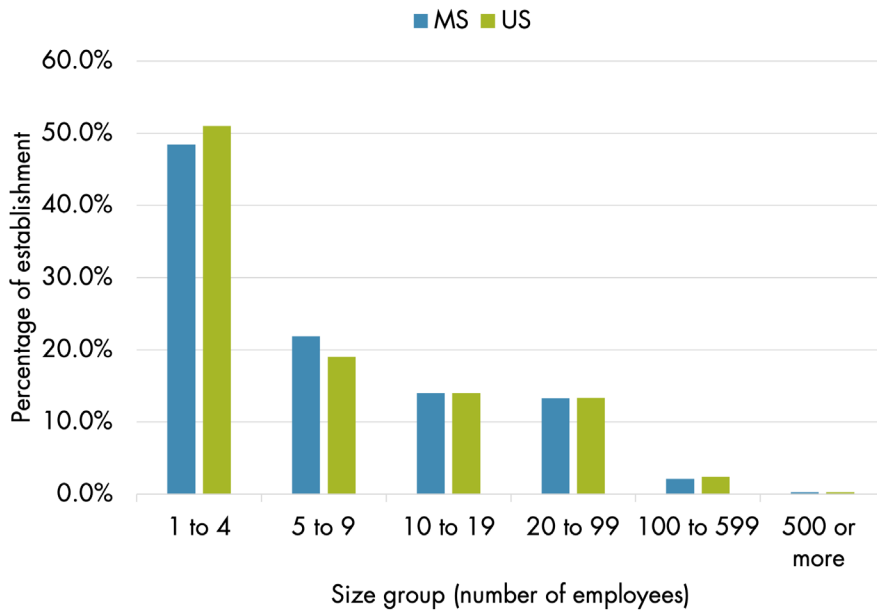


Share of establishments by age group.		
Age group	MS	U.S.
Less than 1 year	6%	7%
1-5 years	24%	26%
6-10 years	16%	16%
11-25 years	35%	31%
Above 25 years	18%	20%

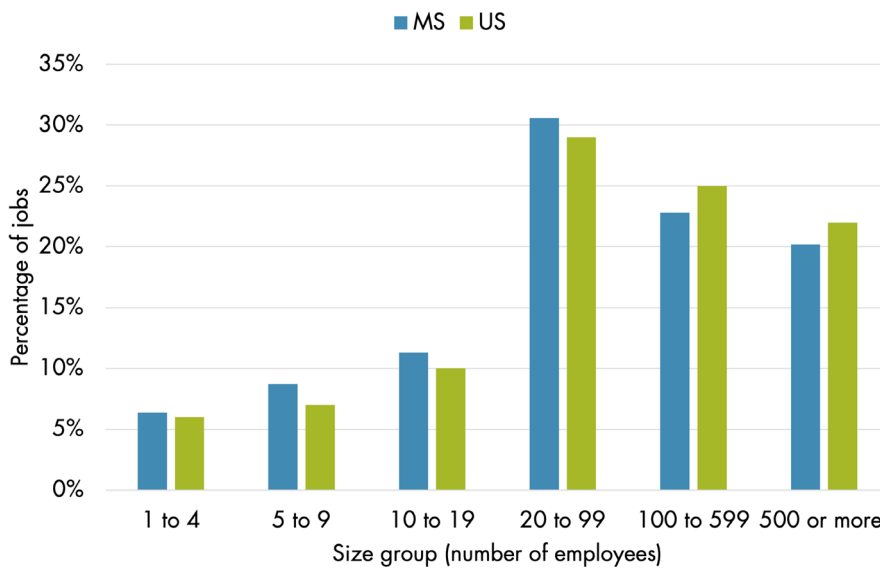


Share of job support by age group.		
Age group	MS	U.S.
Less than 1 year	3%	3%
1-5 years	17%	17%
6-10 years	14%	14%
11-25 years	40%	34%
Above 25 years	26%	32%

Figure 5. Comparison of share of establishments (top) and job support (bottom) by age group in Mississippi and the U.S., 2020. Data source: Business Dynamics Statistics, 2020, U.S. Census Bureau



Share of establishments by size group.		
Size group	MS	U.S.
1-4	48.5%	51.0%
5-9	21.9%	19.0%
10-19	14.0%	14.0%
20-99	13.3%	13.3%
100-599	2.1%	2.4%
500 or more	0.3%	0.3%



Share of job support by size group.		
Size group	MS	U.S.
1-4	6%	6%
5-9	9%	7%
10-19	11%	10%
20-99	31%	29%
100-599	23%	25%
500 or more	20%	22%

Figure 6. Comparison of share of establishments (top) and job support (bottom) by size group in Mississippi and the U.S., 2020. Data source: Business Dynamics Statistics, 2020, U.S. Census Bureau

## Urban, Mixed, and Rural Areas

This section compares the establishment profiles across areas in Mississippi: urban, rural, and mixed areas. Figure 7 compares the share of establishments among different areas based on four age groups. In the state-level data, five classes of age groups were reported. However, this figure is generated by aggregating the county-level data, in which only four classification levels are available: less than 1 year, 1 to 5 years, 6 to 10 years, and 11 or more years. It shows that 58 percent of establishments in urban counties are 11 years or older compared to 50 percent in rural counties, indicating that older establishments are more concentrated in urban areas. Conversely, half of establishments in rural counties are younger than 11 years compared to 42 percent in urban counties, indicating that younger establishments are slightly more concentrated in rural areas.

Figure 8 compares the share of establishments among different areas based on three size groups. Six classes of age groups were reported in the state-level data, while county-level data only provided three levels: 1 to 19, 20 to 499, and 500 or more employees. It shows that 40 percent of establishments in urban counties have more than 19 employees compared to 33 percent in rural counties, indicating that larger establishments are more concentrated in urban areas. Conversely, 67 percent of establishments in rural counties have fewer than 11 years compared to 60 percent in urban areas, indicating that smaller establishments are slightly more concentrated in rural areas.

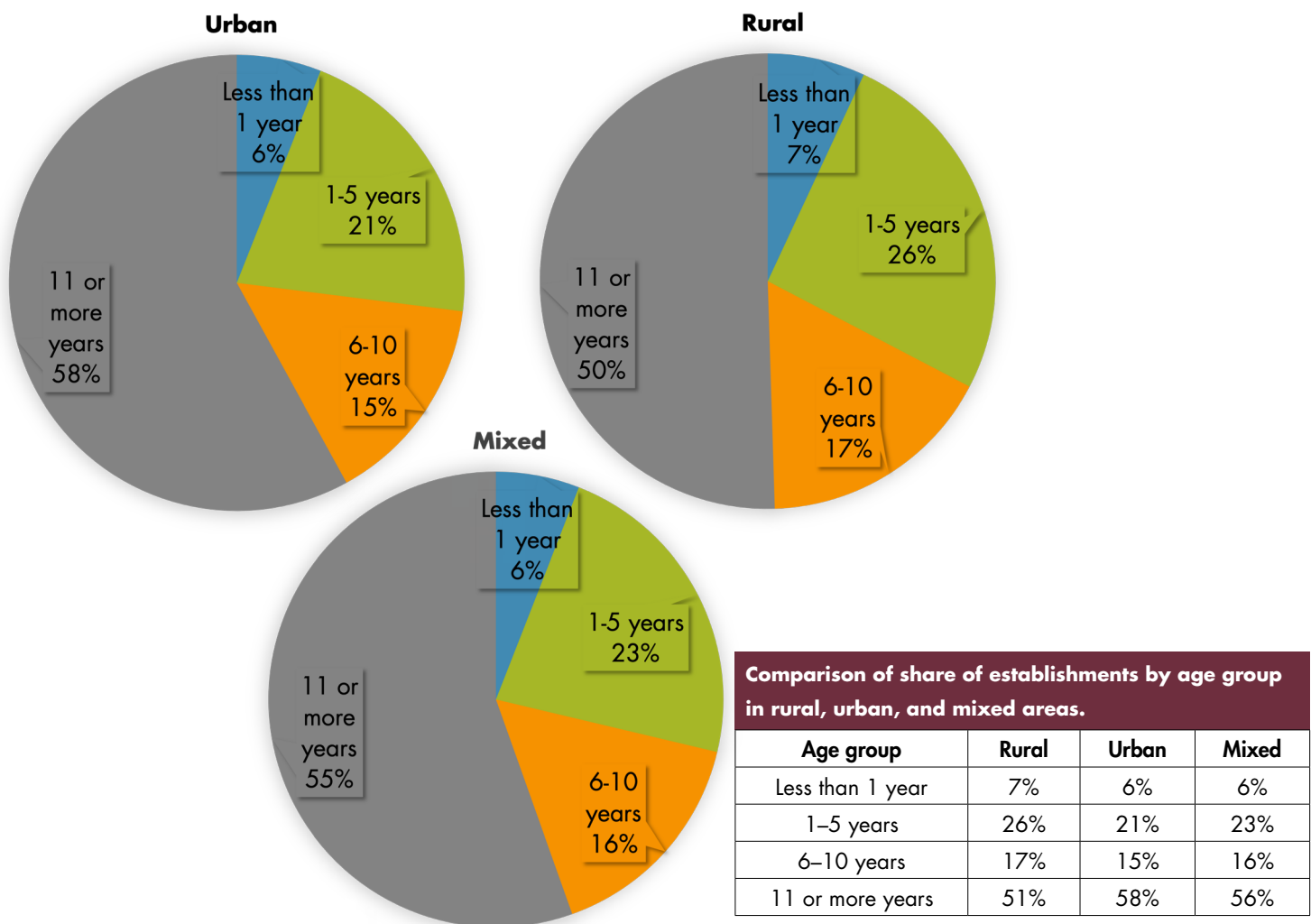


Figure 7. Share of establishments by age group: A comparison between urban, mixed, and rural areas in Mississippi.

Note: The percentages in the figure come from the aggregation of data at the county level. Four classification levels are only available in the county data, unlike the state data, where five category groups are reported.

Data source: Business Dynamics Statistics, 2020, U.S. Census Bureau

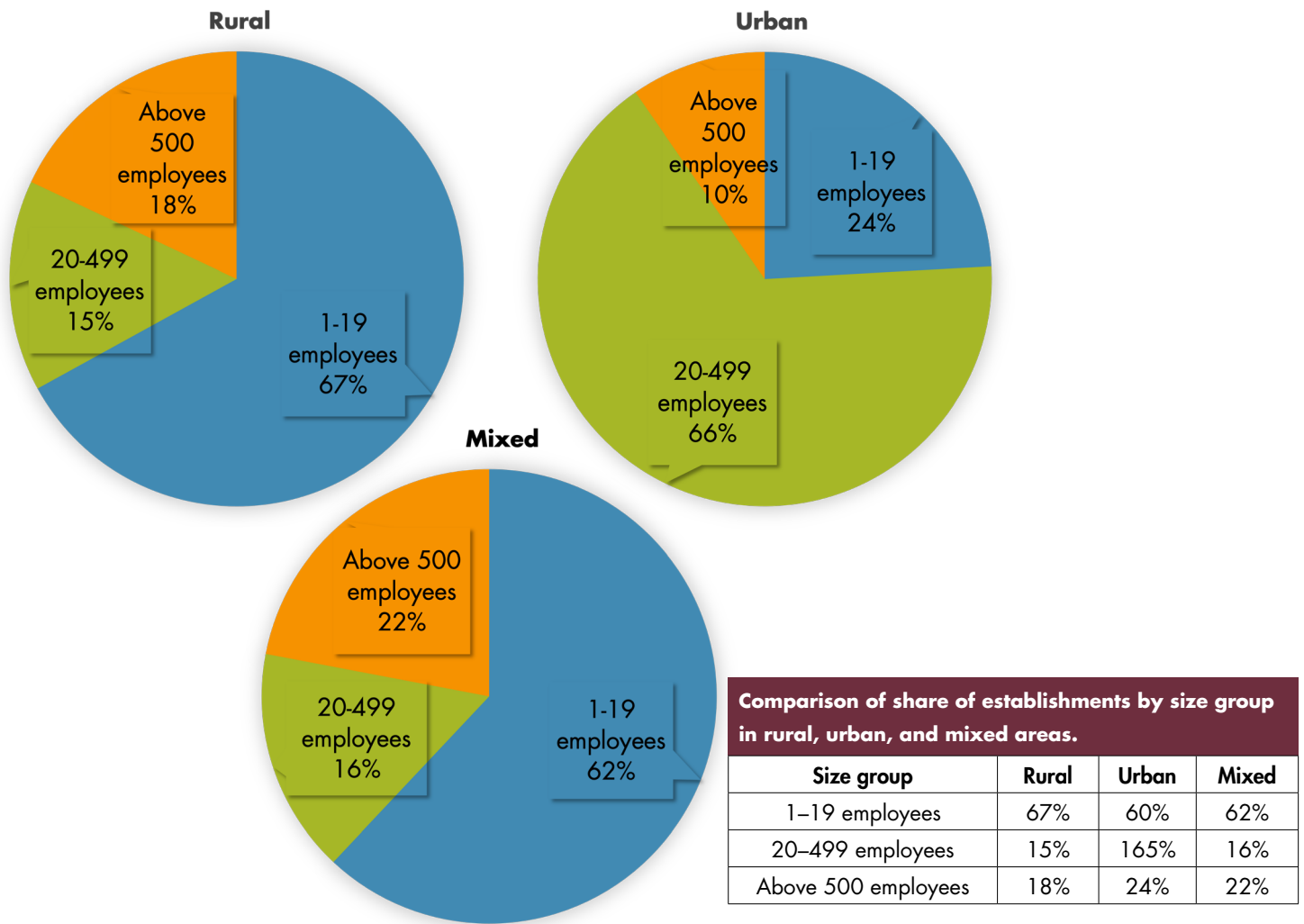


Figure 8. Share of establishments by size group: A comparison between urban, mixed, and rural areas in Mississippi.  
 Note: The percentages in the figure come from the aggregation of county data. Three classification levels are only available at the county level, unlike the state-level data, where six levels are reported.  
 Data source: Business Dynamics Statistics, 2020, U.S. Census Bureau



## Conclusion

This publication has explored the characteristics of Mississippi establishments that are critical contributors to the state economy. Based on size and age, establishments are assessed for their contribution to job support and creation.

Larger and more mature establishments have been identified as the major sources of jobs. Smaller and younger establishments are major job creators. Establishments operating for 11 years or longer supported 66 percent of Mississippi jobs in 2020. Younger businesses created 58 percent of new jobs over the same year. It implies that helping establishments survive is vital to maintain a resilient labor market and regional economy.

Simultaneously, encouraging entrepreneurship is important for Mississippi to bolster a vibrant economy and accelerate economic growth. In urban and rural settings, we found that old (11 years or older) and large (with 19 employees or more) establishments are likely to be clustered in urban areas, while young (10 years or younger) and small (with 19 employees or fewer) establishments are likely to be concentrated in rural areas. Older or larger establishments benefit residents in urban areas by providing stable job opportunities, and younger or smaller establishments benefit rural areas by creating new jobs. Therefore, urban and rural communities may need different strategies for helping businesses foster a vibrant economy and maintain a resilient labor market. Economic development policy helps existing urban businesses survive and encourages rural entrepreneurs to establish businesses.

## References

- U.S. Census Bureau. 2020 Business Dynamics Statistics Data Tables. Available at <https://www.census.gov/data/tables/time-series/econ/bds/bds-tables.html>
- USDA Economic Research Service. 2020. Rural-Urban Continuum Codes: 2013. Available at <https://www.ers.usda.gov/data-products/rural-urban-continuum-codes.aspx>

## Appendix

**Table A.1. Share of establishments by age group and industrial sectors.**

Age Group	Manufacturing		Retail Trade		Healthcare		Food Industry		All Sectors	
	N	%	N	%	N	%	N	%	N	%
Less than 1 year	78	5%	558	6%	371	6%	464	9%	3504	6%
1–5 years	266	16%	2239	23%	1506	26%	1460	28%	12909	24%
6–10 years	200	12%	1714	17%	990	17%	980	19%	8954	16%
11–25 years	636	38%	3692	37%	2063	35%	1672	32%	19293	35%
Above 25 years	482	29%	1685	17%	908	16%	678	13%	10037	18%
<b>Total</b>	<b>1662</b>	<b>100%</b>	<b>9888</b>	<b>100%</b>	<b>5838</b>	<b>100%</b>	<b>5254</b>	<b>100%</b>	<b>54697</b>	<b>100%</b>

**Table A.2. Share of job support by age group and industrial sectors.**

Age Group	Manufacturing		Retail Trade		Healthcare		Food Industry		All Sectors	
	N	%	N	%	N	%	N	%	N	%
Less than 1 year	909	1%	3275	3%	2964	2%	6609	5%	29534	3%
1–5 years	7507	7%	20020	16%	25045	19%	25500	20%	159985	17%
6–10 years	8944	9%	15940	13%	16802	13%	20271	16%	131438	14%
11–25 years	42421	42%	51539	42%	50675	38%	55687	43%	385085	40%
Above 25 years	41569	41%	33010	27%	37839	28%	22319	17%	246124	26%
<b>Total</b>	<b>101350</b>	<b>100%</b>	<b>123784</b>	<b>100%</b>	<b>133325</b>	<b>100%</b>	<b>130386</b>	<b>100%</b>	<b>952166</b>	<b>100%</b>

**Table A.3. Share of new jobs by age group and industrial sectors.**

Age Group	Manufacturing		Retail Trade		Healthcare		Food Industry		All Sectors	
	N	%	N	%	N	%	N	%	N	%
Less than 1 year	909	13%	3275	29%	2964	23%	6609	37%	26906	28%
1–5 years	720	10%	2318	20%	2985	23%	2592	15%	17219	18%
6–10 years	841	12%	1267	11%	1507	12%	1870	11%	11554	12%
11–25 years	2578	37%	3035	26%	3457	27%	4655	26%	26651	28%
Above 25 years	1881	27%	1588	14%	2036	16%	2082	12%	13835	14%
<b>Total</b>	<b>6929</b>	<b>100%</b>	<b>11483</b>	<b>100%</b>	<b>12949</b>	<b>100%</b>	<b>17808</b>	<b>100%</b>	<b>96165</b>	<b>100%</b>

Note: Manufacturing, retail trade, health care and social assistance, and food and accommodation are the four sectors that are responsible for most jobs in Mississippi. Nearly half of the jobs in the state come from these sectors, with each sector contributing to at least 10% of jobs in 2020.

Data source: Business Dynamics Statistics, 2020, U.S. Census Bureau

**Table A.4. Distribution of establishments, jobs, and new jobs based on size.**

Size Group	Establishments		Job Support		New Jobs	
	N	%	N	%	N	%
1–4 employees	26515	48.5%	60619	6%	13790	14%
5–9 employees	11982	21.9%	83158	9%	11869	12%
10–19 employees	7659	14.0%	107680	11%	14352	15%
20–99 employees	7248	13.3%	291158	31%	30391	32%
100–499 employees	1141	2.1%	217252	23%	15279	16%
500 or more employees	152	0.3%	192299	20%	10484	11%
<b>Total</b>	<b>54697</b>	<b>100%</b>	<b>952166</b>	<b>100%</b>	<b>96165</b>	<b>100%</b>

Data source: Business Dynamics Statistics, 2020, U.S. Census Bureau

**Table A.5. Counties in three geographical regions.**

Region	Counties
Rural (40 counties)	Alcorn, Amite, Bolivar, Calhoun, Carroll, Chickasaw, Choctaw, Clairborne, Clarke, Clay, Coahoma, Covington, Franklin, Greene, Grenada, Issaquena, Itawamba, Jasper, Jefferson, Jefferson Davis, Kemper, Lawrence, Monroe, Montgomery, Neshoba, Newton, Noxubee, Pontotoc, Prentiss, Sharkey, Smith, Sunflower, Tallahatchie, Tishomingo, Walthall, Wayne, Webster, Wilkinson, Winston, Yalobusha
Urban (17 counties)	Benton, Copiah, Desoto, Forrest, Hancock, Harrison, Hinds, Jackson, Lamar, Madison, Marshall, Perry, Rankin, Simpson, Tate, Tunica, Yazoo
Mixed (25 counties)	Adams, Attala, George, Holmes, Humphreys, Jones, Lafayette, Lauderdale, Leake, Lee, Leflore, Lincoln, Lowndes, Marion, Oktibbeha, Panola, Pearl River, Pike, Quitman, Scott, Stone, Tippah, Union, Warren, Washington

Data source: Rural–Urban Continuum Codes (RUCC) 2013, USDA ERS

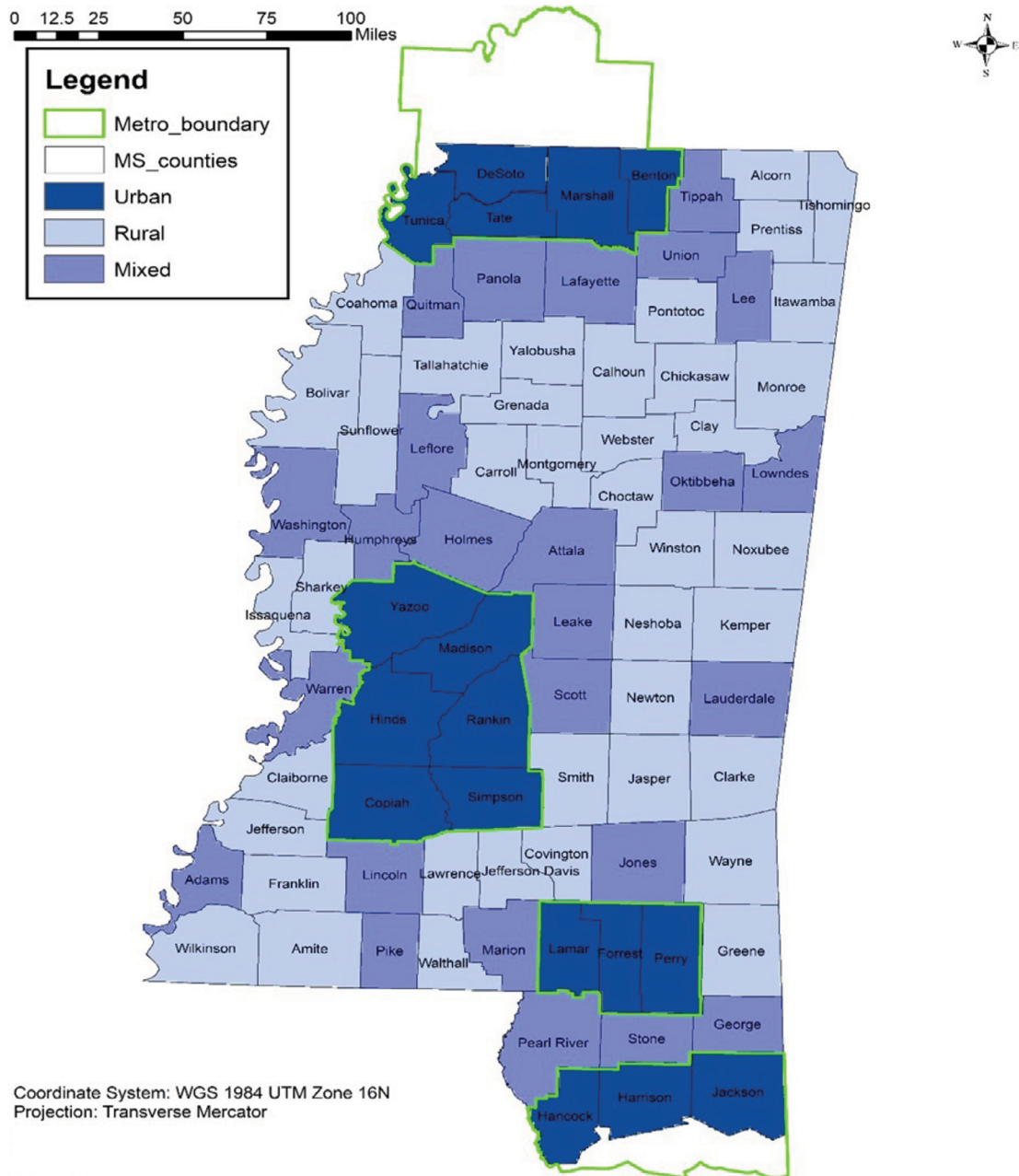


Figure A.1. Urban, mixed, and rural counties in Mississippi.  
Note: Urban, mixed, and rural counties are defined using Rural-Urban Continuum Code 2013 by USDA ERS. The green boundaries represent metropolitan statistical areas (MSA).

The information given here is for educational purposes only. References to commercial products, trade names, or suppliers are made with the understanding that no endorsement is implied and that no discrimination against other products or suppliers is intended.

**Publication 3868** (POD-06-23)

By **Sabin Dawadi**, Graduate Student, Agricultural Economics; **Ayoung Kim**, PhD, Assistant Professor, Agricultural Economics; and **Alan Barefield**, PhD, Extension Professor, Agricultural Economics.

Copyright 2023 by Mississippi State University. All rights reserved. This publication may be copied and distributed without alteration for nonprofit educational purposes provided that credit is given to the Mississippi State University Extension Service.

Produced by Agricultural Communications.

Mississippi State University is an equal opportunity institution. Discrimination in university employment, programs, or activities based on race, color, ethnicity, sex, pregnancy, religion, national origin, disability, age, sexual orientation, gender identity, genetic information, status as a U.S. veteran, or any other status protected by applicable law is prohibited.

Extension Service of Mississippi State University, cooperating with U.S. Department of Agriculture. Published in furtherance of Acts of Congress, May 8 and June 30, 1914. STEVE MARTIN, Interim Director