Business Establishment Changes in the Fifth District

This issue of 5th District Footprint explores changes in the number of business establishments between 2011 and 2012. The U.S. Census Bureau’s County Business Patterns series provides data on an annual basis about businesses with paid employees in the U.S. as well as Puerto Rico and Island Areas. A business establishment is “a single physical location at which business is conducted or services or industrial operations are performed.” With relatively slow growth in the U.S. since the Great Recession ended, business openings and entrepreneurship are often discussed as a harbinger of a stronger economic recovery. Between 2011 and 2012, the number of establishments in the U.S. grew by just over one percent. This is the first growth since an increase of 1.4 percent was achieved between 2006 and 2007. North Carolina was the only state in the Fifth District to match or exceed the national average. Thirty-five percent of counties in the Fifth District were above the U.S. rate. West Virginia was the only state in the Fifth District to have an overall decline in the number of establishments. Slightly over half of the counties within Fifth District states experienced positive growth in the number of establishments between 2011 and 2012. Roughly two percent had no net annual change in the number of establishments. Forty-six percent of counties lost more establishments than they gained for the time period.

The largest county-level decline in the number of establishments between 2011 and 2012 (10.8 percent) took place in Doddridge County, W.Va. The highest growth (16.5 percent) occurred in Warren County, N.C. Warren County borders the Virginia/North Carolina state line around Lake Gaston. North Carolina has designated the county as “Tier 1,” qualifying it for the state’s highest level of economic development financial incentives. Construction, health care and social assistance, and accommodation and food services were the county’s top three industries with business establishment growth. A net decline in the number of establishments in a county does not necessarily mean a decline in the number of paid employees in a county. For example, although the number of establishments in Doddridge County is lower for 2012 compared to 2011, the number of paid employees is actually higher. While Doddridge County lost establishments in the employee size categories of 1-4, 5-9 and 10-19, it gained an establishment in the 100-249 category. Further, in the six counties with no net annual change in the number of establishments, the number of paid employees increased in four of the counties while the other two counties experienced a decline.