



**Division of Research  
and Statistics**

# **Industry Structure in New York State**

**June 2016**

**A Division of the New York State Department of Labor**

# Industry Structure in New York State

---

## **What is Industry Structure, and Why is It Important?**

“Industry structure” refers to the number of firms or establishments in an industry and the size distribution of those businesses, among other things. Examining “industry structure” helps us to answer questions such as “Who employs the most workers – small, large, or mid-sized businesses?” Or, “Which industry has the greatest percentage of its employment at small (or large) businesses?” These and many related questions can be answered with size-of-establishment data, which help to confirm or dispel popular conceptions about the economy.

## **About this Report**

In this report, we examine industry structure at the statewide level using data from the Quarterly Census of Employment and Wages (QCEW). These data are based on employers’ Unemployment Insurance (UI) records. QCEW data encompass approximately 97% of New York State's nonfarm employment, providing a virtual census of employees and their wages. The self-employed are not counted in the QCEW as they are not typically eligible for UI.

It is important to note that this analysis was conducted at the “establishment” level, which usually refers to one location. For example, a fast-food chain with 100 locations in the state is counted as one firm with 100 establishments in the QCEW. Additionally, a firm’s size is defined by the number of workers employed at each establishment.

The major industry sectors analyzed in this report follow the 2012 North American Industry Classification System (NAICS). These NAICS-based major industry sectors roughly correspond to the supersectors reported in the New York State Department of Labor’s monthly employment report. The one main exception is Educational and Health Services, which was broken into its two principal sectors -- Educational Services, and Health Care and Social Assistance. Altogether, the report analyzes the structure of 10 industry groups.

Only statewide establishment and employment size-of-establishment data are analyzed in this report. Comparable data for each of the state’s 10 labor market regions may be found in a separate Excel worksheet, available on the New York State Department of Labor’s statistics website at <http://labor.ny.gov/stats/index.shtm>.

## Some Industry Structure Basics

Industry structure data can be used to prove (or disprove) some long-held popular beliefs about the overall economy. For instance, conventional wisdom has held that most jobs are found at small businesses. The vast majority (about 75%) of New York State's more than 523,000 business establishments are classified as very small (i.e., they employ fewer than 10 workers). However, as of September 2015, establishments in this smallest-size class accounted for only 1.2 million — just 16% — of the nearly 7.7 million private sector jobs in New York State.

In contrast, New York State has about 1,300 “super-sized” establishments (employing 500 or more workers). This group accounts for less than one percent of establishments, but it employed more than 1.6 million people, or about 21% of the state's private sector workforce.

The balance of this analysis is based on the data found in Table 1 and Table 2 at the end of this report. More specifically:

- Table 1 depicts the distribution of all private sector establishments in the state across the five size classes used in this report: 1-9, 10-49, 50-249, 250-499 and 500 or more.
- Table 2 depicts the distribution of all private sector employment in New York State across the same five size classes used in Table 1.

## The Structure of Major Industry Sectors in New York State: Analysis of Establishment Data

**1-9 workers size class** – As of September 2015, more than three in four (76%) business establishments in New York State have fewer than 10 workers. The major industry sectors that have a greater-than-average concentration (i.e., greater than 76%) of establishments in this smallest size class include:

- Other Services (89%)
- Financial Activities (81%)
- Professional and Business Services (79%)
- Natural Resources, Mining and Construction (78%)

**10-49 workers size class** – One in five (20%) establishments in New York State fall into this size class. The major industry sectors with a greater-than-average share (i.e., greater than 20%) of establishments in this size class include:

- Leisure and Hospitality (35%)
- Manufacturing (31%)
- Educational Services (27%)

- Health Care and Social Assistance (26%)
- Information (23%)
- Trade, Transportation and Utilities (22%)

**50-249 workers size class** – There are just over 21,000 private sector establishments in this size class, but they only represent 4% of establishments in New York State. The major industry sectors with a greater-than-average share of establishments in this size class include:

- Educational Services (11%)
- Manufacturing (10%)
- Information (8%)
- Health Care and Social Assistance (6%)
- Leisure and Hospitality (6%)

**250-499 workers size class** – There are just over 2,000 private sector establishments in New York State in this size class. However, when rounded to full integer values, its share of total establishments is 0%. The major industry sectors with a greater-than-average share of establishments in this size class include:

- Educational Services (1%)
- Health Care and Social Assistance (1%)
- Information (1%)
- Manufacturing (1%)

**500 or more workers size class** – There are almost 1,300 private sector establishments in New York State in this size class. However, when rounded to full integer values, its share of total establishments is 0%. The major industry sectors with a greater-than-average share of establishments in this largest size class include:

- Educational Services (1%)
- Health Care and Social Assistance (1%)
- Information (1%)
- Manufacturing (1%)

**General Comments** -- As noted above, the distribution of establishments is heavily skewed toward the two smallest size classes. The 1-9 workers category has more than 75% of all establishments in the state. When this category is combined with the next larger category (10-49 workers), together they account for more than 95% of establishments in the state. The major industry sectors with the largest concentration of establishments in the combined 1-49 workers category include:

- Other Services (99%)
- Financial Activities (97%)

- Natural Resources, Mining and Construction (97%)
- Professional and Business Services (95%)

The Other Services major industry sector has the highest concentration of employment at small establishments. This sector includes establishments engaged in the following activities: personal and laundry services; repair and maintenance; and religious, grant making, civic and professional organizations.

## The Structure of Major Industry Sectors in New York State: Analysis of Employment Data

**1-9 workers size class** – As noted previously, establishments with fewer than 10 workers account for about one in six private sector workers in New York State, as of September 2015. The major industry sectors that have a greater-than-average concentration (i.e., greater than 16%) of employment in this smallest size class include:

- Other Services (42%)
- Natural Resources, Mining and Construction (25%)
- Financial Activities (20%)
- Trade, Transportation and Utilities (18%)

**10-49 workers size class** – Just over one-quarter (27%) of private sector employment in New York State, representing about 2.1 million workers, are in this size class. Establishments in this category are tied with those in the 50-249 size class for employing the most workers. The major industry sectors with a greater-than-average share (i.e., greater than 27%) of employment in this size class include:

- Leisure and Hospitality (44%)
- Natural Resources, Mining and Construction (38%)
- Other Services (32%)
- Trade, Transportation and Utilities (31%)

**50-249 workers size class** – Like the 10-49 workers size class, establishments in this category employ about 2.1 million workers, accounting for 27% of private sector employment in New York State. The major industry sectors with a greater-than-average share (i.e., greater than 27%) of jobs in this size class include:

- Manufacturing (36%)
- Trade, Transportation and Utilities (31%)
- Leisure and Hospitality (30%)
- Information (29%)
- Professional and Business Services (29%)

**250-499 workers size class** – Private sector establishments in this size class employ about 712,000, or 9% of workers in New York State. The major industry sectors with a greater-than-average share (i.e., greater than 9%) of jobs in this size class include:

- Information (15%)
- Manufacturing (14%)
- Professional and Business Services (12%)
- Health Care and Social Assistance (10%)
- Trade, Transportation and Utilities (10%)

**500 or more workers size class** – The almost 1,300 private sector establishments in this size class employ 21% of private sector workers, or 1.6 million people, in the state. Four major industry sectors have a greater-than-average share of employment (i.e., greater than 21%) in this largest size class, including:

- Educational Services (51%)
- Health Care and Social Assistance (41%)
- Information (32%)
- Financial Activities (27%)

**General Comments** -- The distribution of employment is much less skewed than the distribution of establishments. It is neither skewed toward larger nor smaller establishments, as most employment is found at mid-sized businesses – those with 10 to 49 and 50 to 249 workers. Each of those size classes has about 27% of total private sector employment in New York State. Together, these two groups account for a slight majority (54%) of overall private sector jobs in the state.

For example, while the 1-9 workers category has more than 75% of all establishments in the state, it only has 16% of employment. When this category is combined with the next larger category (10-49 workers), together they account for more than 95% of establishments in the state, but less than one-half (43%) of employment.

One of the most interesting industry results is that “super-sized” establishments (employing 500 or more workers) dominate both the educational services and the health care and social assistance sectors. In the case of educational services, “super-sized” establishments are responsible for more than one-half (51%) of industry employment. For the health care and social assistance sector, the comparable figure is 41%. These results speak to the fact that hospitals and universities are among the largest private sector employers in New York State. As of 2014, they accounted for six of the 10 largest statewide employers.

The divergence in the size distribution of establishments and employment has important implications for job seekers. By virtue of its size, a large establishment will be more likely to

have job openings, regardless of whether or not the company is growing. Most job opportunities arise due to the need to replace workers who have separated from the workforce, rather than due to underlying industry growth. This generalization will vary by industry, however, since larger firms account for a much higher share of employment in certain sectors -- such as Educational Services, and Health Care and Social Assistance – while smaller establishments have the most jobs in sectors such as Other Services and Natural Resources, Mining and Construction.

### **For Further Information**

Questions regarding this report should be directed to Kevin Jack, Statewide Labor Market Analyst. He can be reached via email at [Kevin.Jack@labor.ny.gov](mailto:Kevin.Jack@labor.ny.gov) or by phone at (518) 457-3800.

**Table 1: Percent Distribution of Private Sector Establishments,  
by Sector and Size Class (Number of Workers),  
New York State, September 2015**

<b>Sector</b>	<b>1 to 9</b>	<b>10 to 49</b>	<b>50 to 249</b>	<b>250 to 499</b>	<b>500 or more</b>	<b>Total</b>
<b>All Industries</b>	<b>76%</b>	<b>20%</b>	<b>4%</b>	<b>0%</b>	<b>0%</b>	<b>523,593</b>
<b>Natural Resources, Mining and Construction</b>	78%	19%	3%	0%	0%	<b>41,952</b>
<b>Manufacturing</b>	57%	31%	10%	1%	1%	<b>15,659</b>
<b>Trade, Transportation and Utilities</b>	73%	22%	4%	0%	0%	<b>111,090</b>
<b>Financial Activities</b>	81%	16%	3%	0%	0%	<b>56,451</b>
<b>Information</b>	67%	23%	8%	1%	1%	<b>9,319</b>
<b>Professional and Business Services</b>	79%	16%	4%	0%	0%	<b>87,478</b>
<b>Educational Services</b>	60%	27%	11%	1%	1%	<b>7,434</b>
<b>Health Care and Social Assistance</b>	67%	26%	6%	1%	1%	<b>50,767</b>
<b>Leisure and Hospitality</b>	58%	35%	6%	0%	0%	<b>53,597</b>
<b>Other Services</b>	89%	10%	1%	0%	0%	<b>64,067</b>

Source: Quarterly Census of Employment and Wages

**Table 2: Percent Distribution of Private Sector Employment,  
by Sector and Size Class (Number of Workers),  
New York State, September 2015**

<b>Sector</b>	<b>1 to 9</b>	<b>10 to 49</b>	<b>50 to 249</b>	<b>250 to 499</b>	<b>500 or more</b>	<b>Total</b>
<b>All Industries</b>	<b>16%</b>	<b>27%</b>	<b>27%</b>	<b>9%</b>	<b>21%</b>	<b>7,696,062</b>
<b>Natural Resources, Mining and Construction</b>	25%	38%	27%	6%	3%	<b>412,003</b>
<b>Manufacturing</b>	7%	23%	36%	14%	19%	<b>453,868</b>
<b>Trade, Transportation and Utilities</b>	18%	31%	31%	10%	10%	<b>1,554,276</b>
<b>Financial Activities</b>	20%	24%	20%	9%	27%	<b>696,178</b>
<b>Information</b>	7%	17%	29%	15%	32%	<b>263,928</b>
<b>Professional and Business Services</b>	15%	23%	29%	12%	21%	<b>1,265,372</b>
<b>Educational Services</b>	4%	14%	23%	8%	51%	<b>329,464</b>
<b>Health Care and Social Assistance</b>	9%	19%	21%	10%	41%	<b>1,395,282</b>
<b>Leisure and Hospitality</b>	13%	44%	30%	5%	7%	<b>916,803</b>
<b>Other Services</b>	42%	32%	20%	5%	2%	<b>355,787</b>

Source: Quarterly Census of Employment and Wages

This workforce product was funded by a grant awarded by the U.S. Department of Labor's Employment and Training Administration. The product was created by the recipient and does not necessarily reflect the official position of the U.S. Department of Labor. The Department of Labor makes no guarantees, warranties, or assurances of any kind, express or implied, with respect to such information, including any information on linked sites and including, but not limited to, accuracy of the information or its completeness, timeliness, usefulness, adequacy, continued availability, or ownership. This product is copyrighted by the institution that created it. Internal use by an organization and/or personal use by an individual for non-commercial purposes is permissible. All other uses require the prior authorization of the copyright owner.

## **A Division of the Department of Labor**

The New York State Department of Labor is an Equal Opportunity Employer/Program. Auxiliary aids and services are available upon request to individuals with disabilities.