



## ENTREPRENEURSHIP IN US MANUFACTURING: 2005-2022

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### ENTREPRENEURSHIP IN US MANUFACTURING

Manufacturing in the United States – crucial for economic competitiveness, resilience, and for national security – has experienced major labor, technological, market, and logistics change and an associated shift in competitiveness over time. This brief presents yearly trends in entrepreneurship in US manufacturing from 2005 to 2022, as well as trends in hiring and growth intentions. Key trends include:

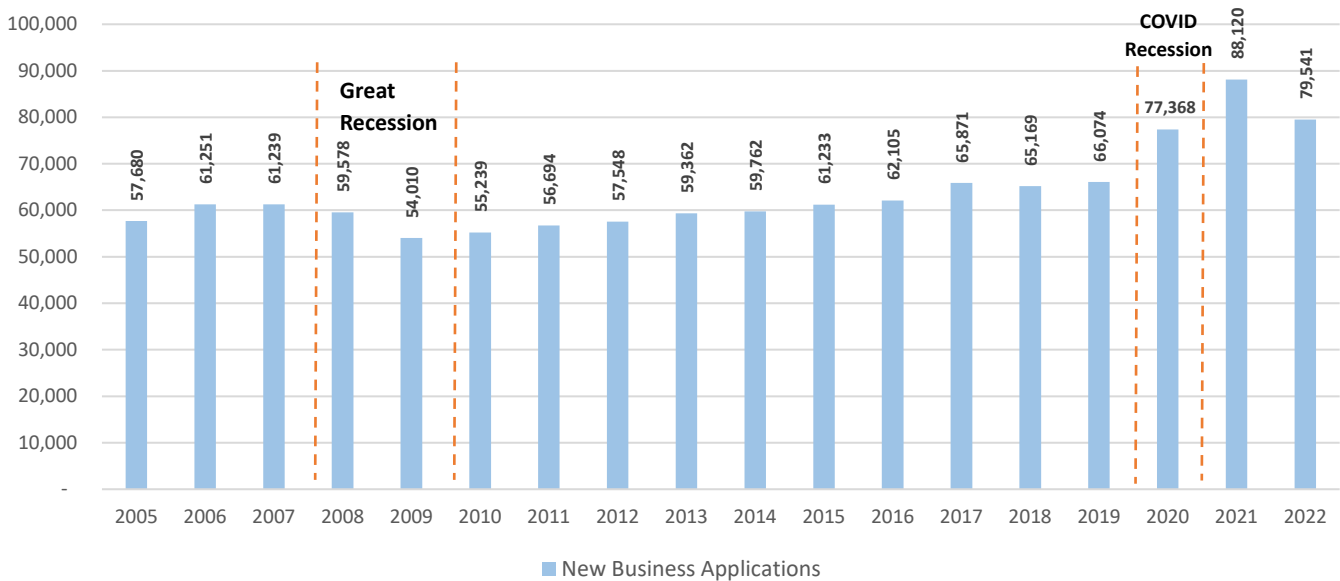
- Entrepreneurship in US manufacturing increased overall by almost 38% between 2005 and 2022. This period included a large decline in manufacturing entrepreneurship during the Great Recession as well as a dramatic increase during the Covid-19 pandemic.
- Despite the overall increase in manufacturing entrepreneurship since 2005, the share that became employers declined by more than half by 2019, with only about 1 in 10 new manufacturing business applications resulting in a first hire within four quarters.
- Hiring expectations also decreased dramatically: about 13% of new manufacturers identified a first wages date, compared to more than 40% in 2005.

*Entrepreneurship in manufacturing is reported as new business applications with manufacturing as the designated industry. The data come from the Business Formation Statistics (US Census Bureau).*

### ENTREPRENEURSHIP IN US MANUFACTURING: 2005-2022

Entrepreneurship in US manufacturing grew overall – by almost 38% - between 2005 and 2022.

New Business Applications in US Manufacturing, 2005-2022



Source: Business Formation Statistics, US Census Bureau



This growth was largely steady with two notable exceptions. During the Great Recession, new manufacturing business applications declined by about 3% between 2007 and 2008, and then more dramatically by almost 9.5% from 2008 to 2009. Recovery was slow, and the economy did not come close to pre-recession numbers until 2015.

In contrast, entrepreneurship in manufacturing jumped during the Covid-19 pandemic: new manufacturing business applications went up by more than 17% from 2019 to 2020, and by almost 14% from 2020 to 2021. Although this was followed by a decline of about 10% from 2021 to 2022, the volume of entrepreneurship in manufacturing in 2022 was higher than in each year from 2005 to 2020.

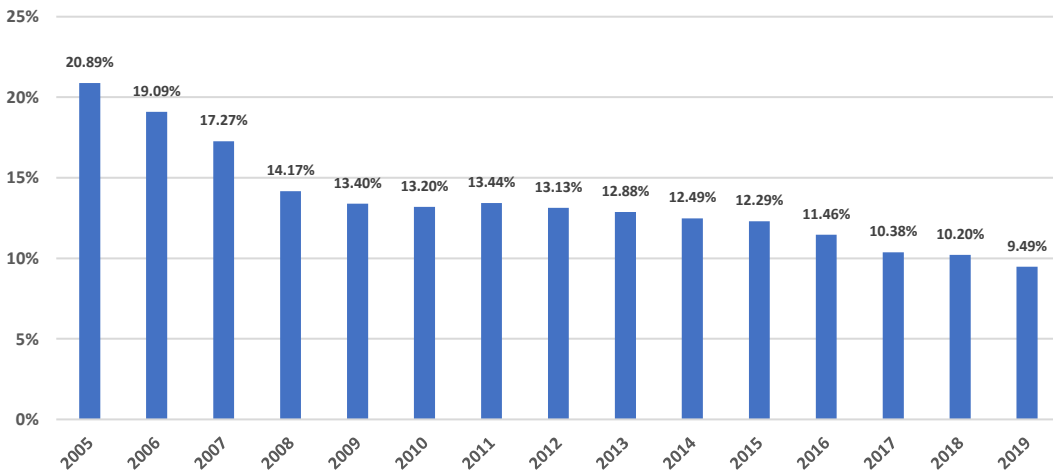
HIRING AMONG NEW US MANUFACTURERS

Although entrepreneurship in US manufacturing has been trending upward overall since 2005, the share of these new business applications who became employers declined.

*New manufacturing employers are reported as the share of new business applications that resulted in a first payroll within four quarters. The data come from the Business Formation Statistics (US Census Bureau).*

Between 2005 and 2019, the share of new manufacturing business applications that became employers declined by more than half: about one in five in 2005 to about one in ten by 2019. A substantial dip between 2007 and 2008 (~18%) was followed by relatively steady decline until 2019.

**New Manufacturing Employers, 2005-2019**



Share of New Manufacturing Employers Within 4 Quarters

Source: Business Formation Statistics, US Census Bureau

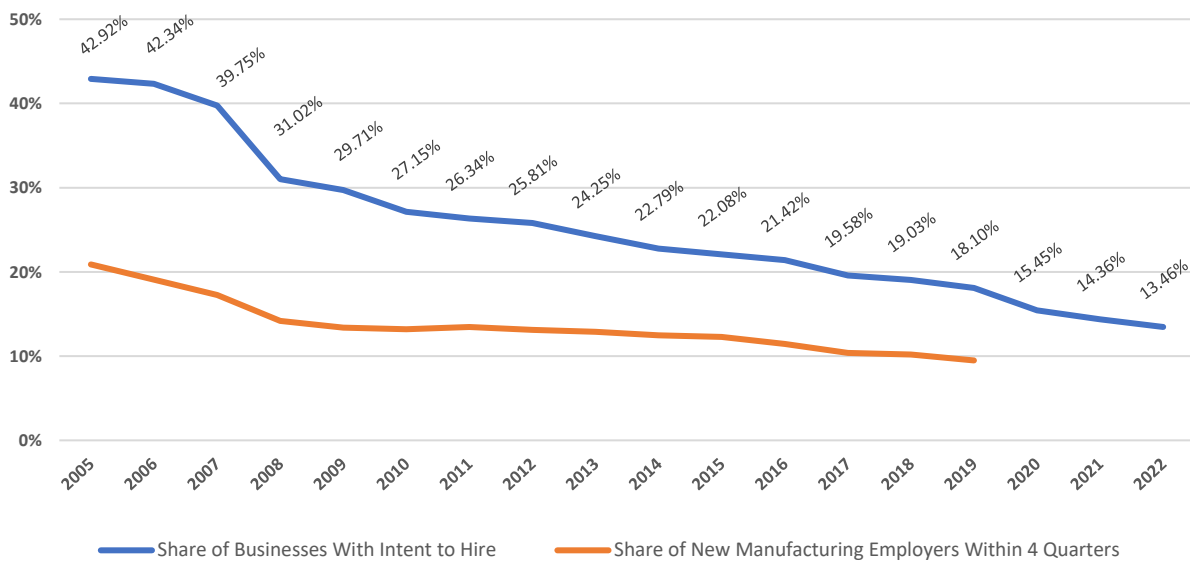


In addition, hiring expectations of new manufacturers decreased dramatically. Between 2005 and 2018, hiring expectations were more than halved, from about four in ten to one in five. During the pandemic, hiring expectations fell further, to just about one in seven by 2022.

Hiring expectations reflects new business applications that identified an expected future date for a first payroll. The data come from the Business Formation Statistics (US Census Bureau).

For every year between 2005 and 2022, hiring expectations exceeded hiring activity (within four quarters) among new manufacturing businesses. The gap between hiring expectations and actual hiring over time has been decreasing over time, with the decline in hiring expectations outpacing the decline in actual hiring.

Hiring Expectations of New US Manufacturing Business Applications: 2005-2022



Source: Business Formation Statistics, US Census Bureau

Data, Sources, and Notes

The data come from the Business Formation Statistics (BFS), which tracks new business applications and formations using multiple originating sources and is available from the US Census Bureau. This analysis includes entrepreneurship in manufacturing (new business applications by industry), new manufacturing employers (business formations within four quarters), and hiring expectations (business applications with planned wages). Data was extracted in May 2023. See <https://www.census.gov/econ/bfs/technicaldocumentation/methodology.html> for BFS data and methodology.

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