



# Analytics

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**RE: Development by the Numbers**

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**If the objective of Delaware's economic development efforts is jobs, the available data may provide a logic for allocating development resources.**

**Over any particular year, the net change in employment comes from business start-up and expansion minus business closures and contractions. For 2015-16 the Census records a net change in employment for Delaware of 3,621. This comes from 17,758 jobs from start-ups and 34,893 from expansions minus a loss of 14,092 from closures and 34,938 from contractions.**

**The 52,651 jobs in and the 49,840 jobs out is called "churning." The turnover of more than 102 thousand jobs to produce a net gain of 3,621. This goes on continually.**

**Since 2 out of every 3 of the jobs gained in Delaware are from the expansion of existing business establishments, it would make sense for two-thirds of the state's economic development efforts to focus on expansion of existing establishments. However, there are 7.2 jobs gained per start-up establishment compared to 5.6 jobs per expanding establishment. And start-ups can introduce new technology and services to an economy.**

**The source of jobs varies by size of establishment and industry.**

**Not surprisingly, 61% of the start-ups have four employees or less compared to just 26% of expanding establishments. And over half the start-ups and expanding establishment jobs added are in firms with 500 or more employees. Focusing economic development resources on larger establishments makes sense, although there is the occasional start-up or existing firm that is ready to take-off.**

**By industry the largest proportion of jobs gained from start-ups is in food services (52% new jobs from start-ups), followed by real estate (52%) and manufacturing (49%). The returns from manufacturing are greatest with 43 jobs per start-up, compared to 17 jobs in food services and only 5 jobs per start-up in real estate.**

**The industry where the fewest jobs come from start-ups (15%) is financial services. Expansion of financial service establishments in 2015-16 provided over 5,000 high paying jobs to Delaware's economy. Similarly, only 19% of healthcare industry jobs came from start-ups, with 4,700 solid jobs coming from industry expansion.**

**Certainly, there are other factors to consider beyond net new jobs when considering where to focus economic development resources. The evidence from churning does, however, emphasize the**



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**importance of paying attention to existing Delaware business relative to start-ups and recruiting firms from outside of the state.**

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