

# Dispersion in Dispersion: Measuring Establishment-Level Differences in Productivity

*Sabrina Wulff Pabilonia*

*U.S. Bureau of Labor Statistics*

*Lucia Foster*

*U.S. Census Bureau*

*Cheryl Grim*

*U.S. Census Bureau*

*Jay Stewart*

*U.S. Bureau of Labor Statistics*

*Zoltan Wolf*

*Westat*

*Cindy Zoghi*

*U.S. Bureau of Labor Statistics*

**Paper Abstract:** Productivity measures are critical for understanding economic performance; in this paper, we present work on supplementing official statistics on industry productivity growth with statistics on the second moments of productivity. Official productivity statistics are produced by Bureau of Labor Statistics (BLS) using industry level data. Those official statistics cannot provide insight on the *within-industry* variation in productivity, limiting our understanding of the rich productivity dynamics in the U.S. economy. Research has shown there are large and persistent productivity differences across businesses even within narrowly-defined industries. These differences vary across industries and time and are related to productivity-enhancing reallocation. Dispersion in productivity across businesses is informative about the nature of competition and frictions within sectors. Productivity differences across businesses are also related to wage differences across businesses; growth in productivity dispersion is related to the rising wage inequality across businesses. BLS and the Census Bureau are collaborating to create measures of within-industry productivity dispersion with the goal of developing public-use and restricted-use statistics that complement existing statistics. We construct establishment-level labor productivity using Census Bureau microdata, compare microaggregated industry-level measures to BLS industry-level measures, and examine the variation in our industry-level productivity dispersion measures across industries and time.