



# Mid-Market Enterprise Economy Report 2024

A guide for growing enterprises

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# Background

Small and medium-sized businesses (SMBs) drive a major portion of the US economy.

Small businesses—those with fewer than 500 employees—are critical drivers of employment and economic growth. These firms also play an instrumental role in fostering innovation and adopting digital technologies as they look to gain a competitive edge.

Less well studied are medium and mid-market enterprises (MME), whose scale makes them critical to economic growth

These businesses, with between 500 and 1,000 employees, represent a disproportionate share of the workforce relative to their overall numbers in the economy. While research often focuses on SMBs, which comprise most US businesses, studying this "missing middle" is critical—MMEs provide more expansive career pathways and often test innovative technologies at scale.

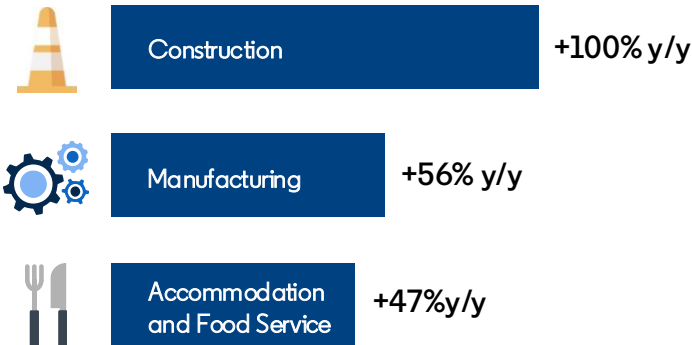
# Trends we're watching in the SMB and MME markets:

It's important for firms to be prepared as the macro environment is changing

## 1. Entrepreneurship flourished post-pandemic

Measures tracking founding events and small business growth have increased since the pandemic. For example, new business formation, as captured by the LinkedIn Company Formation Index, has increased by 29% y/y and more than doubled since 2020.

Industries that experienced exceptional new business creation based on our Company Formation Index:



## 2. Although facing similar challenges to other firms, mid-market enterprises (MMEs) also face unique challenges as they upskill workers

The skills required for a job are changing and impacting SMBs and mid-market enterprises. We expect the skills for a job to change by up to 68% by 2030, due to Generative AI. While this affects all firms, it poses opportunities and challenges for smaller mid-sized firms as they compete with the learning and development programs at large firms.

1 out of 3

LinkedIn Economic Graph data shows that one in every three mid-market enterprises are in the Manufacturing or Professional Services industries.

Our data shows that MMEs have expanded their headcounts faster than other companies, particularly in industries such as Utilities, Professional Services, Education, and Construction. This growth has significant implications on how MMEs approach talent training and development.

Across firms of all sizes, employees are rapidly developing new skills. MMEs stand out in this regard, with employees adding up to six skills to their profiles in the past year—a 27% increase from the previous year.

## 3. Jobs and roles across companies of all sizes will be affected by changes in technology, including Generative AI (GAI)

And it's important for companies to be prepared. Tools like GAI can lower entry barriers for competitors, so MMEs must find ways to protect their market position. Establishing the right frameworks—whether through processes, technological infrastructure, or organizational culture—becomes vitally important.

SMBs and mid-market firms play a critical role in the US economy.

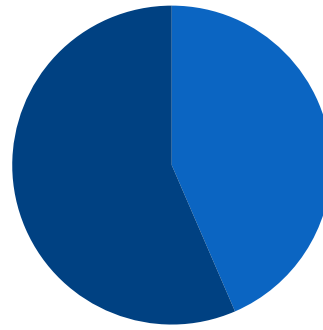
“ Smaller firms faced enormous challenges during the pandemic but have proven their resilience as the economy has bounced back. These firms are often the first to experiment with new technologies to improve their competitive position.”



Karin Kimbrough  
Chief Economist  
LinkedIn

## Visualizing the contribution of SMBs and mid-market firms in the economy

Although firms with fewer than 500 employees are the majority of US firms, research on mid-market enterprises (MMEs)—those with between 500 and 1,000 employees—is more limited.



Number of US firms

 SMBs **43.5%**     Other firms **56.5%**

SMBs defined as firms with less than 500 employees

Source: US Chamber of Commerce, 2024.

# 50%

SMBs employ nearly 50% of all workers in the US.

Source: Bureau of Labor Statistics

# 25x

MMEs employ 25x their proportion in the US economy, 5% of US workers, despite being a much smaller percentage of US firms.

Source: US Census Bureau

# The pandemic and entrepreneurial growth.

“ The pandemic created a surge in entrepreneurship, sometimes borne of necessity. Some of these new businesses are generating meaningful employment and productivity gains.”



**Sharat Raghavan**  
Director of Research, Economic Graph  
LinkedIn

## Post-pandemic growth in entrepreneurship led to significant growth in smaller firms

The Company Formation Index (CFI) is the 3 month average count of unique companies on LinkedIn, measured by the number of LinkedIn members who added a new founder position to their profile. We only include LinkedIn members who added a founder position to their profile in the same month the new job began.

29%

Year over Year (YoY) growth in LinkedIn's CFI since May 2023

Company Formation Index (starting index = 100)







## Entrepreneurship and Industry Growth

The pandemic ushered in a period of rapid entrepreneurship. LinkedIn's Company Formation Index has doubled since the beginning of 2020. Some of this growth has been concentrated in sectors such as: Retail; Technology, Information and Media; and Construction.

This surge in founding events has allowed firms to experiment with a variety of working models, such as remote-only offices, greater use of AI and other productivity tools. The key takeaway, however, is this entrepreneurship boom shows no signs of slowing down.

Industry Name	CAGR* (2020-2024)
Retail	29.10%
Technology, Information and Media	28.90%
Construction	25.74%
Professional Services	24.96%
Education	22.68%
Hospitals and Health Care	19.74%
Financial Services	19.43%
Real Estate and Equipment Rental Services	18.92%
Administrative and Support Services	12.31%
Entertainment Providers	10.90%
Manufacturing	8.91%
Accommodation and Food Services	8.48%

Highest CFI growth since 2020

\*Compound Annual Growth Rate

# Mid-market firms: Industry and talent growth

## What firms are growing their talent?

LinkedIn Economic Graph data shows that one in every three MMEs are in the Manufacturing or Professional Services industries.

MME companies in Utilities (4.78%) and Professional Services (3.48%) have seen their headcounts expand the most over the last year, while Education (2.15%), Construction (2.12%), and Consumer Services (2.07%) are some of the other industries where MME companies are expanding rapidly.

Industry Name	% headcount growth (last 12 months)
Utilities	4.78%
Professional Services	3.48%
Education	2.15%
Construction	2.12%
Consumer Services	2.07%
Government Administration	1.88%
Wholesale	1.79%
Administrative and Support Services	1.76%
Manufacturing	1.14%
Hospitals and Health Care	0.67%
Transportation, Logistics, Supply Chain and Storage	0.56%
Financial Services	0.00%
Oil, Gas, and Mining	-0.13%
Retail	-0.16%
Real Estate and Equipment Rental Services	-0.26%
Entertainment Providers	-0.52%
Technology, Information and Media	-0.58%
Accommodation and Food Services	-0.75%
Farming, Ranching, Forestry	-1.63%

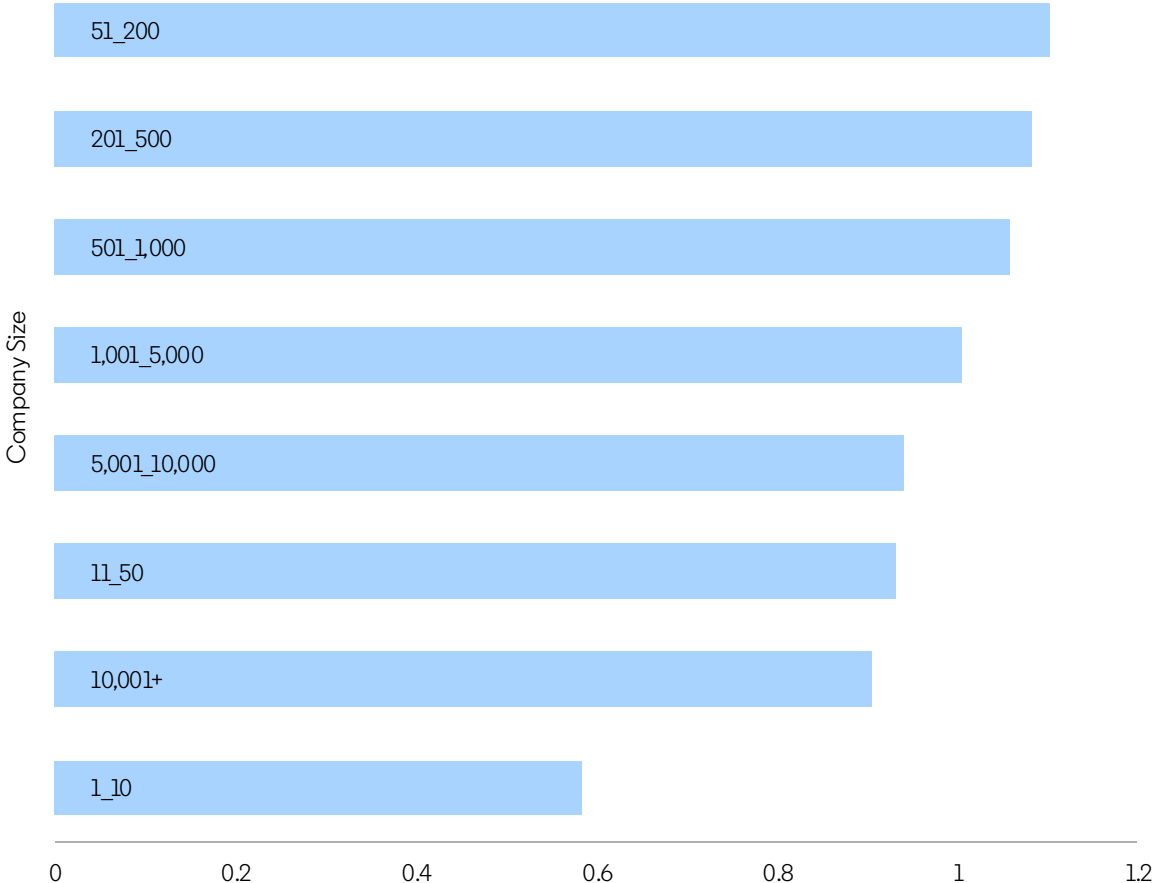
# Mid-market firms: Industry and demographic insights

While the female to male employee ratio for MMEs indicates gender parity (1.05), there is significant variation by industry. On the one hand, Hospitals and Healthcare, Education, and Consumer Services have high ratios of female employees for every male. However, Oil, Gas and Mining, Construction and Utilities continue to be male-dominated for companies of all sizes.

Continuing to foster inclusive and supportive work environments, ensuring pathways to leadership, and addressing issues of bias and stereotypes are all positive efforts in this direction.

**12 out of 20**  
Industries have a gender parity ratio of less than 1 indicating a higher proportion of men compared to women.

Female to Male Employee Ratio by Company Size



# Remote Collaboration

With the growth of fully remote jobs reversing, hybrid work is becoming the standard for many firms

The LinkedIn Economic Graph team has monitored the shift in employer preferences towards remote and hybrid positions. Currently, one in five positions on LinkedIn offer flexible work (remote or hybrid), but the mix between remote and hybrid positions has been changing since the peak of the pandemic. While 8.3% of job postings on LinkedIn offer remote work—down from 16% just two years ago—hybrid jobs now account for over 13% of all positions.

It's clear that the demand for flexible work is not abating. Even though remote jobs account for only 8.3% of job postings, they attract nearly 43% of job applications, illustrating their outsized importance to job seekers.

“ HP’s ongoing Work Relationship Index research found many employees feel they don’t have the right tools and equipment to be successful. This is especially concerning in a hybrid world, where staying connected and feeling connected don’t always mesh. Employees want a more personalized work experience that caters to what they need and want for their workday.”



Anneliese Olson, SVP and MD,  
North America at HP

These trends imply that firms need to continue to invest in technologies that help employees collaborate in secure and innovative ways.



## How do flexible work trends affect MMEs?

There is tension in how smaller firms approach a flexible working environment. On one hand, flexibility provides access to a larger talent pool. On the other, onsite interaction may be necessary, either due to occupational considerations (e.g., healthcare) or the need for in-person collaboration. Data from the LinkedIn Economic Graph reveals that MMEs are the segment that has decreased its reliance on remote work the most while simultaneously growing its base of hybrid and fully onsite employees. SMBs have seen much smaller decreases in remote job postings, possibly due to a desire to compete for talent or the lack of a physical office.

-40%

Y/Y % Change in Share of Remote Job Postings

+23%

Y/Y % Change in Share of Onsite Job Postings





# As the labor market stabilizes, firms are expanding workforces and focusing on enhancing employee experience through technology

Despite recent news about a slowing labor market and an uptick in unemployment, hiring over the past year has remained resilient, with firms actively looking to expand their workforces. LinkedIn Economic Graph data shows that companies of all sizes have increased headcounts in the past year. Notably, MMEs have demonstrated resilience, achieving the second-highest headcount growth rate overall, with firms in the Professional Services, Construction, Education, and Utilities industries leading the way in this hiring trend.

However, as firms expand, attention must also be paid to talent retention and development. Internal mobility, skill development, technology and tools for seamless collaboration and flexible work styles are all critical for maintaining workforce engagement and productivity. MMEs often face a particular challenge in this area, as they typically lack the resources of their larger competitors to absorb the costs of employee turnover.

Although employee attrition for MMEs has improved in the last year, aligning with trends in other company segments, one area where MMEs are outperforming other segments is in encouraging internal mobility. MMEs have the highest rate of internal mobility over the past twelve months compared to other firm sizes, including firms with much larger workforces.

MMEs have a **+12% higher internal mobility rate** than firms with over 10k employees (last twelve months)



Company Size	Average Company Headcount Growth (Last 12 months)
10,001+	1.58%
<b>501_1,000</b>	<b>1.15%</b>
51_200	1.00%
5,001_10,000	0.99%
201_500	0.88%
1,001_5,000	0.47%
1_10	0.29%
11_50	0.16%

### Top 5 MME industries with higher internal mobility rates than firms with over 10K employees

- 1 Technology, Information and Media 92%
- 2 Entertainment Providers 59%
- 3 Financial Services 51%
- 4 Wholesale 40%
- 5 Consumer Services 40%

# How are skills changing?

“ The average job has seen a change in skills of 25% since 2015. We expect this to change by nearly 68% by 2030, with tools like Generative AI accelerating this change.”



**Karin Kimbrough**  
Chief Economist  
LinkedIn

## How skills are changing: examining top skills at MMEs.

Skills are the currency of a job, and in a dynamic labor environment the required skills for a given job can change. How are employers and employees responding to these shifts? One strategy is to upskill and learn on-the-job, especially when it comes to new skills such as Generative AI (GAI). Knowing which skills are growing in importance is just one facet of effective workforce development. Firms must also create technological environments that facilitate learning.

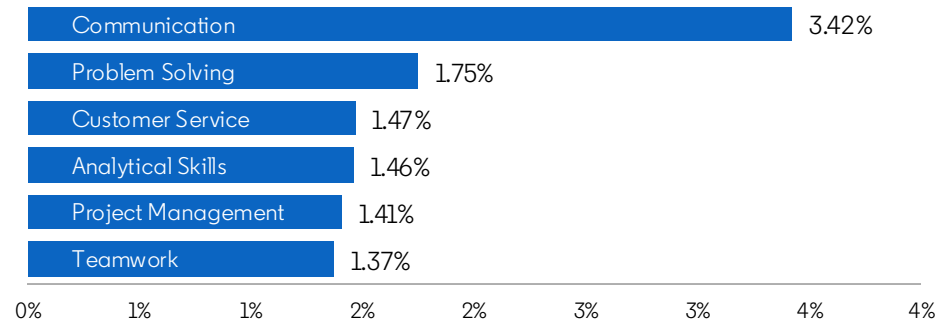
Through the power of LinkedIn Economic Graph's real-time skill updates, we can identify the most in-demand skills—AI and otherwise—being added to member profiles.

For MMEs, the **most popular skills overall** were Communication (3.4% of all skill adds between May 2023 and 2024), Problem Solving (1.8%), and Customer Service (1.5%).

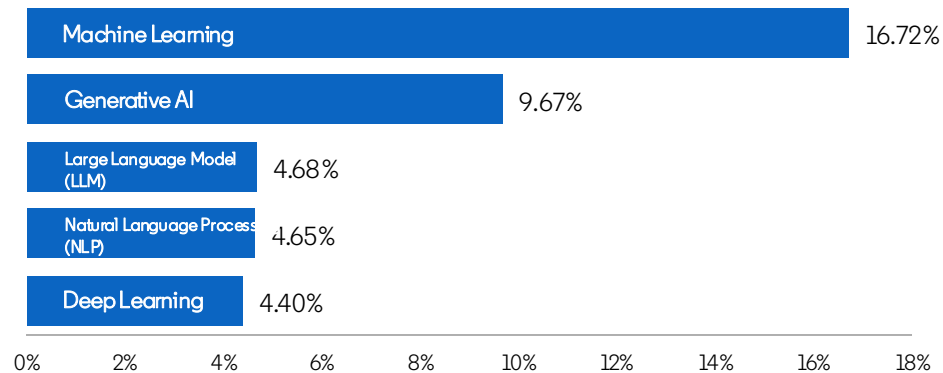
The **most popular AI Technical skills** being added by employees at MMEs were Machine Learning (16.7% of all AI skill adds between May 2023 and 2024), Generative AI (9.7%), and Large Language Models (4.7%).

Beyond AI, **digital skills** such as Troubleshooting (2.7%), Social Media (2.4%), and Technical Support (2%) were popular with MME employees.

**Top Skills Added by MME Employees in the United States**  
% of all skill adds between May 2023 and May 2024

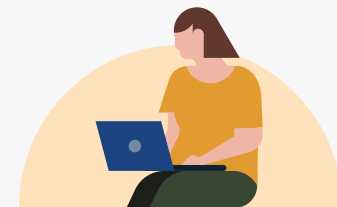


**Top 20 AI Skills Added by MME Employees in the United States**  
% of all AI skills added between May 2023 and May 2024



**Top Digital Skills Added by MME Employees in the United States**

- 1 Troubleshooting
- 2 Social Media
- 3 Technical Support
- 4 Adobe Photoshop
- 5 Networking

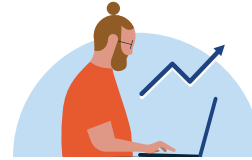


## How Generative AI (GAI) is affecting the mid-market segment

Across our platform we have seen a 142x increase since 2023 in members adding AI aptitude skills, and **75% of knowledge workers are already using GAI at work**. MMEs are not immune to this with skills like Large Language Models (LLMs) and Prompt Engineering in the top AI skills added by employees over the past year. Survey data from the **Microsoft and LinkedIn Work Trend Index** shows that those who use AI extensively at work report more manageable workloads (92%) and increased creativity (92%). HP's Work Relationship Index revealed that 66% of employees and 88% of business leaders have used AI in work in 2024—with 60% of knowledge workers agreeing that AI plays a key role in improving work-life balance.

Using LinkedIn's skills-based framework of GAI impact, we can understand how various industries might be impacted in different ways by this shift in technology. Using our data on the percentage of core skills that are potentially replicable by or complementary to GAI, **we can classify occupations into Augmented, Disrupted, and Insulated occupations.**

In the United States, we expect 23% of workers to fall in the Augmented category i.e. GAI may affect a large share of skills in these jobs leaving more time to focus on higher value-added skills and work. However, the impact of GAI across industries is not uniform, and we take a closer look at the Professional Services industry next as they represent a wide variety of job functions.



### Share of members who can expect their work to be Augmented by GAI in the United States



## Industry Focus: The impact of generative AI (GAI) on professional services.

Professional Services firms make up a significant proportion of MMEs, and represent a heterogeneous group of occupations and markets that serve as a window into a broad cross-section of the economy.

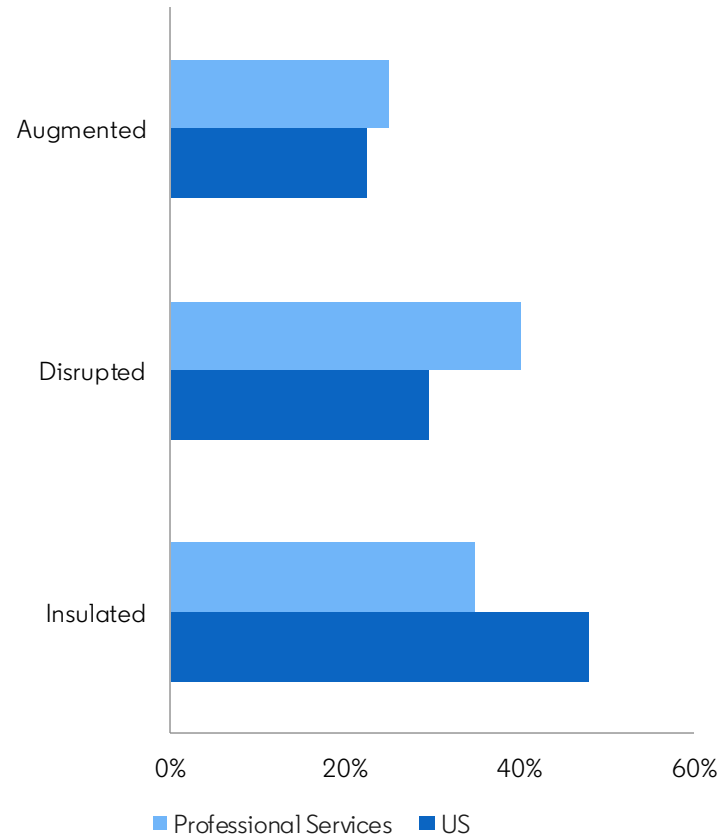
Within the US Professional Services industry, we expect 25% of workers—regardless of company size—to fall into the Augmented category, which is higher than the 23% across all US workers.

We see employees in professional services integrating GAI into their workflows to boost productivity, reduce repetitive tasks, and find candidates faster. Data from LinkedIn reveals that globally, the 10 occupations with the highest proportion of members actively developing their AI skills are in creative roles like content writers, graphic designers and marketing managers.

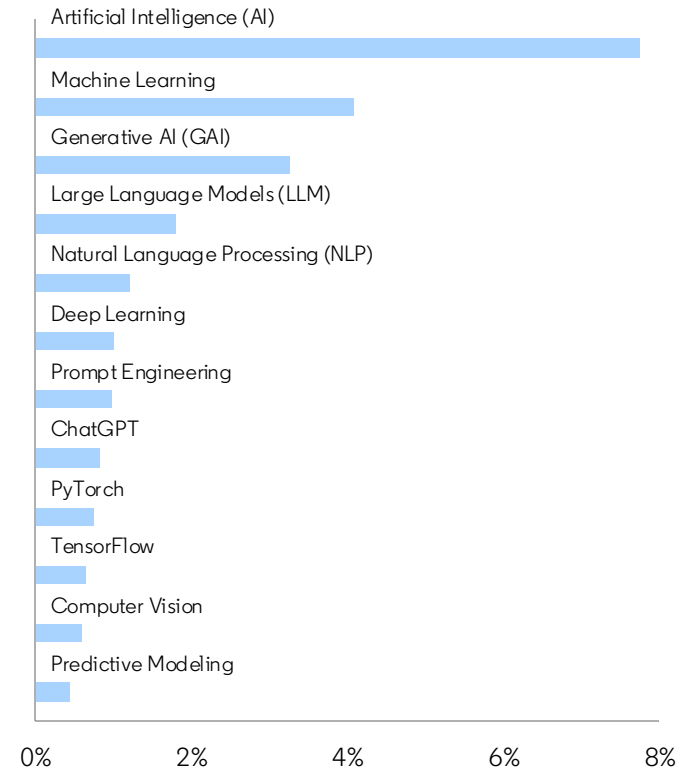
MME members are already preparing for this change by showcasing that knowledge on their LinkedIn profiles. Skills like “Large Language Models” and “Prompt Engineering” were featured in the top 10 most added skills by MME members in this industry over the past year.

This growth in AI skills creates recruiting challenges. There’s been a strong demand for AI technical talent: Over the past eight years, hiring for those roles on LinkedIn has increased 323%. Additionally, the number of companies with a Head of AI position has tripled in the past five years globally, growing by more than 28% in 2023 alone.

Impact of GAI on the Professionals Services Industry in the US



Top 20 AI Skills Added by MME Employees in the Professional Services Industry in the United States





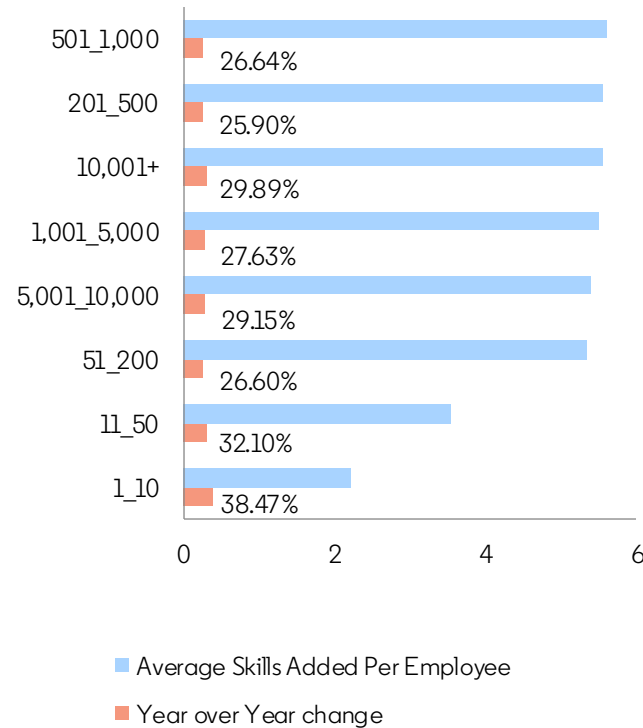
# Future-proofing the SMB and mid-market enterprise.

## Learning, skill development, and the technologies that facilitate them.

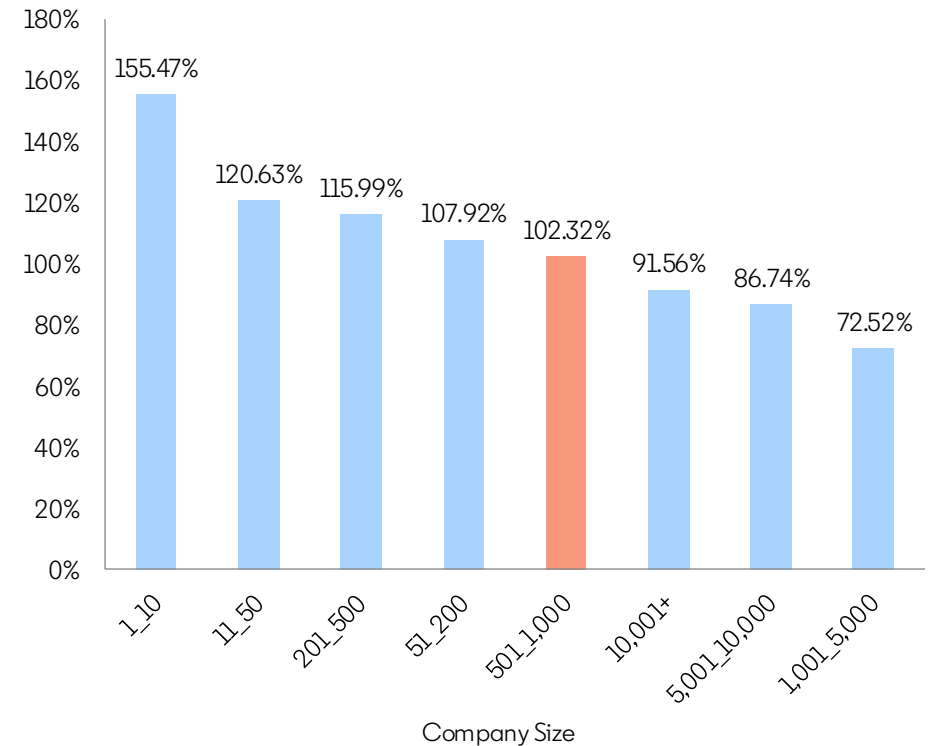
Employees are rapidly developing workplace skills. Workers at MMEs are particularly excelling in skill development, adding up to six skills to their profiles over the last year—a 26.6% increase from the previous year. While the pace of skill development has increased the most at smaller companies, the overall trend of formal and informal learning among workers should encourage firms of all sizes.

The Microsoft LinkedIn Work Trend Index found that a staggering 78% of respondents using AI are bringing their own AI tools to work (BYOAI)—it's even more common at small and medium-sized companies (80%). Remarkably, we found that almost two-thirds (61%) of respondents globally who use AI at work have not received AI training from their company.

Skills Added per Employee and Year over Year change



Year over Year change in AI Skills Added per Employee

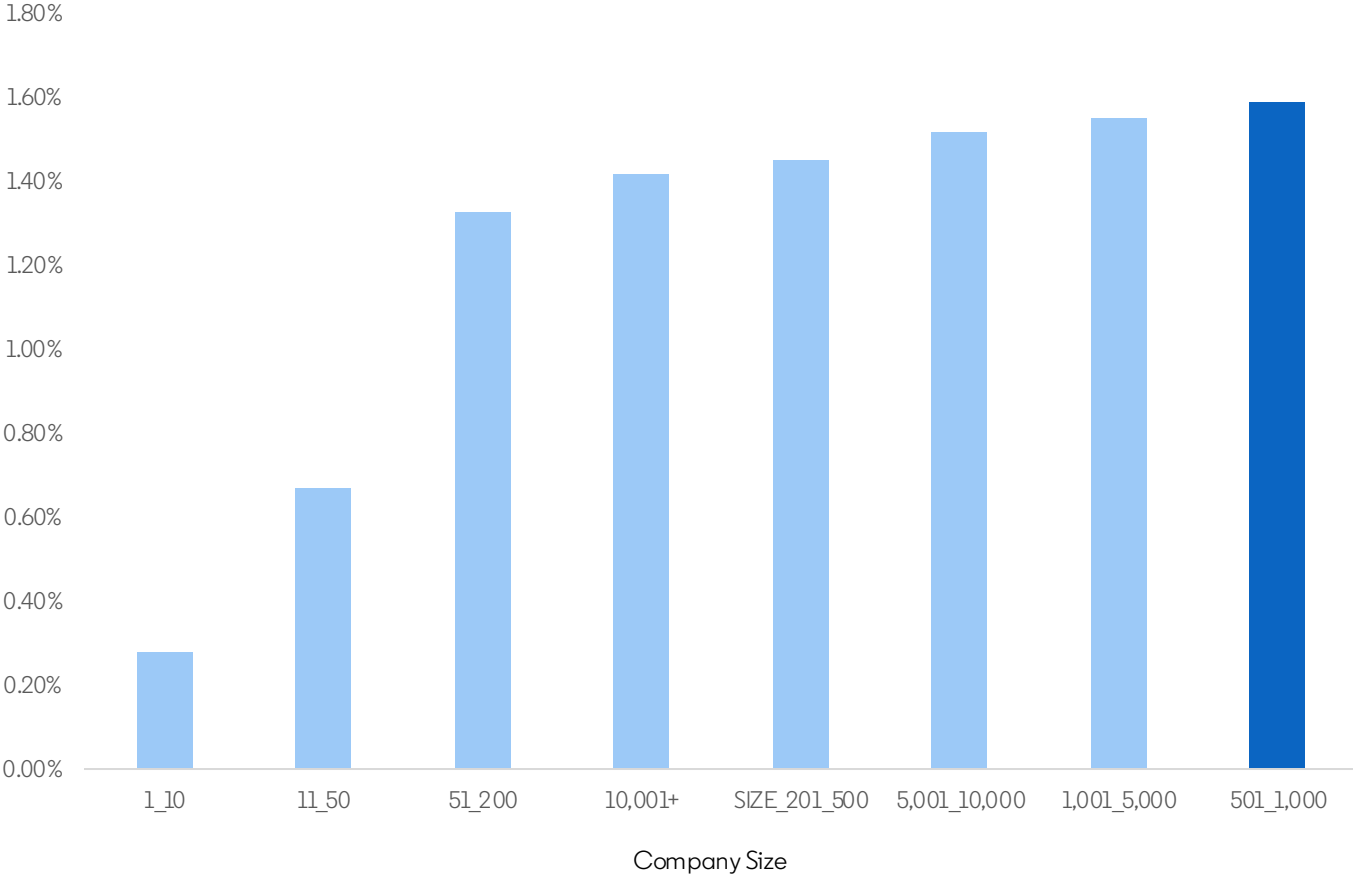


# Internal mobility can create career pathways.

MMEs are leading the way in internal mobility, outpacing companies of all sizes. While down slightly from 2.0% the previous year, an average of 1.6% of employees at MMEs changed roles internally within the last 12 months, and research has shown that internal mobility is an effective way to reduce turnover and increase employee satisfaction.



Share of employees switching roles within the same company in the last 12 months



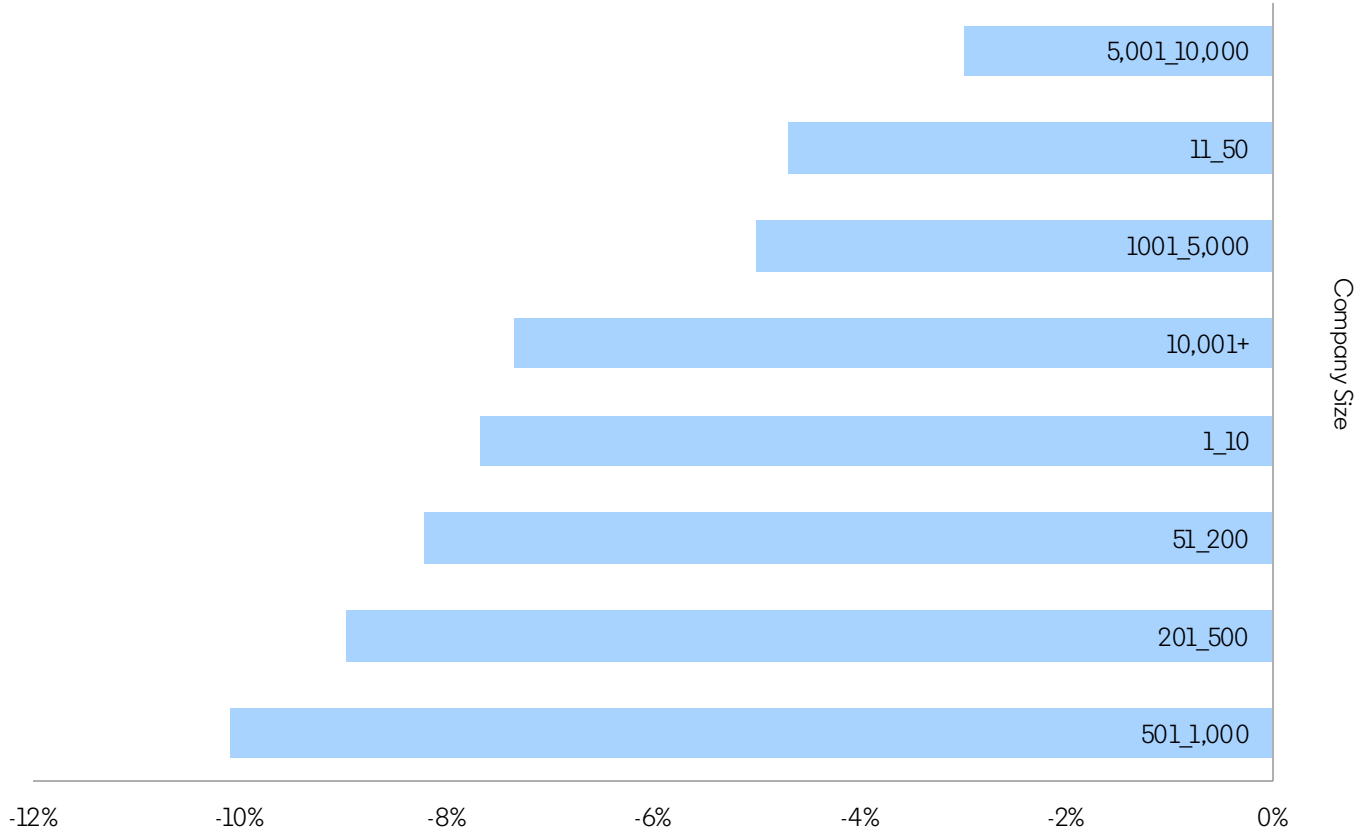
# The evolving technology landscape and the human connection.

In the age of AI, leveraging shared human knowledge is increasingly critical for maximizing the potential of rapidly evolving technologies. LinkedIn Economic Graph data shows that the pace of development of internal connections has slowed across all company sizes, with MMEs being most impacted by this downward trend. Firms are still experimenting with how to facilitate remote collaboration—and more effective software, productivity tools, and organizational routines may be crucial to bridging the gap.

Internal connectivity has fallen the most at MMEs over the past year



Year over Year change in Internal Connectivity



# The evolving technology landscape and the human connection.

“ Organizations that will be set up for success in today’s flexible world of work have supportive environments that value open communication, recognize employees’ contributions, and provide opportunities for growth.”



**Anneliese Olson**  
SVP and MD,  
North America at HP

“ As the velocity of skills changing accelerates with GAI, the most human of skills, like teamwork, critical thinking, abstract problem solving, and communication, will be especially important.”



**Karin Kimbrough,**  
Chief Economist, LinkedIn

# Conclusion

The mid-market enterprise segment is a vital part of the US economy, providing employment, innovation, and growth opportunities. However, this segment also faces unique challenges in the post-pandemic era, such as adapting to changing skills, embracing Generative AI, and fostering employee engagement and retention. To succeed in this dynamic environment, mid-market enterprises need to adopt the right technologies, tools, and processes that can enhance their productivity, security, and collaboration. Company leaders and employees in the mid-market enterprise segment have a unique opportunity to shape their organizations and stay ahead of the competition.





# Methodology & Validation

## Mid Market Enterprises (MMEs) and Small and Medium Businesses (SMBs):

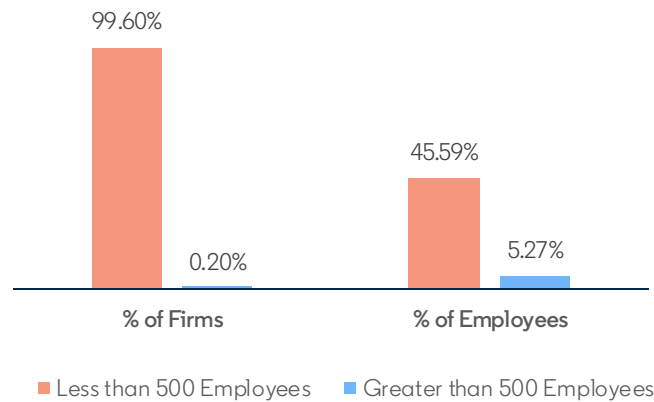
LinkedIn maintains a standardized taxonomy of company size e.g. 1-10, 11-50, 51-200 etc. For the purposes of this report, we classify companies with fewer than 500 employees as SMBs, and refer to companies with 501-1,000 employees as MMEs.

Government and other public sources of data generally align on the scale and employment impact of SMBs. For example, the US Census reports that nearly 46% of US workers are employed at an SMB. This aligns nearly exactly from data from the LinkedIn Economic Graph as seen in Figure 2 (although the latest available US Census Data is from 2021).

Mid-Market Enterprises employ an outsized proportion of talent compared to their presence in the economy. LinkedIn data finds that even though only 1.2% of firms are in the MME category, nearly 7.5% of LinkedIn members currently work at an MME. US Census data, which is more weighted towards the smallest establishments, generates a similar pattern.

### From US Census

Distribution of firms in the US by size

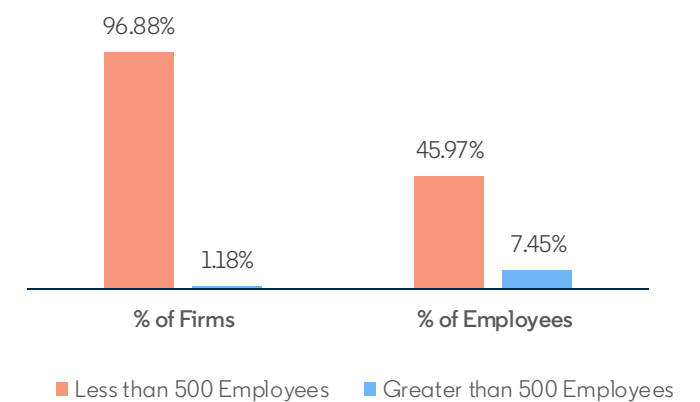


### SMBs

Firms with less than 500 employees. These represent over 99% of all firms in the US and nearly 50% of total employment based on data from the US Census. This is also reflected in LinkedIn data, which shows that 99% of all firms are SMBs, employing 46% of employees.

### From LinkedIn Data

Distribution of firms in the US by size



### Mid-market Enterprises (MMEs)

Firms with 500-1000 employees. While a smaller percentage of firms (less than 0.2%), they engage an outsized proportion of talent, at over 5% of the workforce. Based on LinkedIn data, 2% of firms can be considered MMEs, employing 7.5% of employees.

## Company Formation Index:

The Company Formation Index (CFI) is the three month average count of unique companies on LinkedIn, measured by the number LinkedIn members who added a new founder position to their profile. We only include LinkedIn members who added a founder position to their profile in the same month the new job began. By only analyzing the timeliest data, we can make accurate month-to-month comparisons and account for any potential lags in members updating their profiles. This number is then indexed to the count in January 2016, which is itself set to 100; for example, an index of 105 indicates that company formation is 5% higher than in January 2016.

## Internal Connectivity:

Internal Connectivity is measured based on internal connections as a share of total connections formed, by company size. This helps us understand what proportion of connections formed are directed towards other employees at the company, after joining the company.

## Skills (AI Engineering & AI Literacy Skills):

LinkedIn members self-report their skills on their LinkedIn profiles. Currently, more than 41,000 distinct, standardized skills are identified by LinkedIn. These have been coded and classified by taxonomists at LinkedIn into 249 skill groupings, which are the skill groups represented in the dataset.

Skill groupings are derived by expert taxonomists through a similarity-index methodology that measures skill composition at the industry level. LinkedIn's industry taxonomy and their corresponding NAICS codes can be found [here](#).

AI Engineering Skills involve programming, machine learning, statistics or software engineering related skills required to develop AI tools and technology. This includes skills like Predictive Modeling, Deep Neural Networks (DNN), Hyperparameter Optimization, Autoencoders, Synthetic Data Generation, Image Synthesis etc.

AI Literacy or GAI skills pertain to using AI tools and include skills like Prompt Engineering, Generative Art, GPT-3, Google Bard etc.



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