

Productivity growth by enterprise size

Key findings

- In many economies, post-crisis labour productivity growth in SMEs in the manufacturing sector lagged large enterprises, exacerbating existing productivity gaps, especially in Belgium, the Czech Republic, Germany, Latvia and the Slovak Republic. In Lithuania, Poland and Turkey, SME productivity growth significantly outpaced that of large firms, however significant productivity gaps remain.
- In Spain and Portugal, positive labour productivity growth in SMEs in the manufacturing sector occurred against a backdrop of declining employment and value added, suggesting that exits of low-performing firms or from low-performing activities may have played a role in the overall increase in recorded labour productivity.
- The picture for services was more mixed, with SME productivity growth outpacing large firms in many countries in the post-crisis period. However, SME employment growth was relatively weak in many countries.

Relevance

Firm-level performance depends on a variety of factors, including the size of an enterprise and its sector of activity. While larger firms tend to be more productive than smaller ones, productivity growth in smaller firms may be spurred by the intensive use of affordable information and communication technologies (ICT) and competitive advantages in niche, high-brand or high intellectual property content activities.

Definitions

Labour productivity is measured as the current price, gross value added per person employed sourced from OECD Structural and Demographic Business Statistics (database), divided by the industry deflator sourced from OECD National Accounts Statistics (database).

For the definition of “Manufacturing” and “Services”, see the Reader’s guide.

Comparability

Value added data refer to value added at factor costs in European countries and value added at basic prices for other countries. The value added and employment estimates presented by size class are based on OECD Structural and Demographic Business Statistics (database) and will not usually align with estimates produced according to the System of National Accounts. The latter includes

a number of adjustments to reflect businesses and activities that may not be measured in structural business statistics, such as the inclusion of micro-firms or self-employed, or those made to reflect the Non-Observed Economy.

Comparability across size classes, industries and countries may be affected by differences in the shares of part-time employment. For these reasons, in productivity analysis, the preferred measure of labour input is total hours worked rather than employment, but these data are typically not available by size class. Data gaps due to confidentiality rules in reporting countries may also hinder international comparability.

Because the estimates presented here are not based on a fixed cohort of firms, estimates of productivity growth in large enterprises are upward biased and those in SMEs downward biased, as SMEs in the start-period exhibiting higher productivity growth are also more likely to become larger enterprises while low productivity large enterprises are more likely to contract and become SMEs.

Data for the United Kingdom exclude an estimate of 2.6 million small unregistered businesses; these are businesses below the thresholds of the value-added tax regime and/or the “pay as you earn (PAYE)” (for employing firms) regime.

Figures 3.3. to 3.6. cover the period 2009-2014, and not 2008-2014 as in other parts of this publication, due to data availability issues. Employment growth rates shown in Figures 3.5 and 3.6 might differ from those reported in Chapter 2 as the former cover only those activities for which value added statistics are also available.

Sources

OECD Structural and Demographic Business Statistics (SDBS) (database), <http://dx.doi.org/10.1787/sdbs-data-en>.

OECD National Accounts Statistics (database), <http://dx.doi.org/10.1787/na-data-en>.

OECD Productivity Statistics (database), <http://dx.doi.org/10.1787/pdty-data-en>.

Further reading

OECD (2017), *OECD Compendium of Productivity Indicators 2017*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/pdty-2017-en>

Hsieh, C. (2015), “Policies for Productivity Growth”, OECD Productivity Working Papers, No. 3, OECD Publishing, Paris, <http://dx.doi.org/10.1787/5jrp1f5rddtc-en>.

OECD (2001), *Measuring Productivity – OECD Manual: Measurement of Aggregate and Industry-level Productivity Growth*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264194519-en>.

Figure 3.3. **Labour productivity growth by enterprise size, manufacturing**
Real value added per person employed, average annual rate, 2009-2014

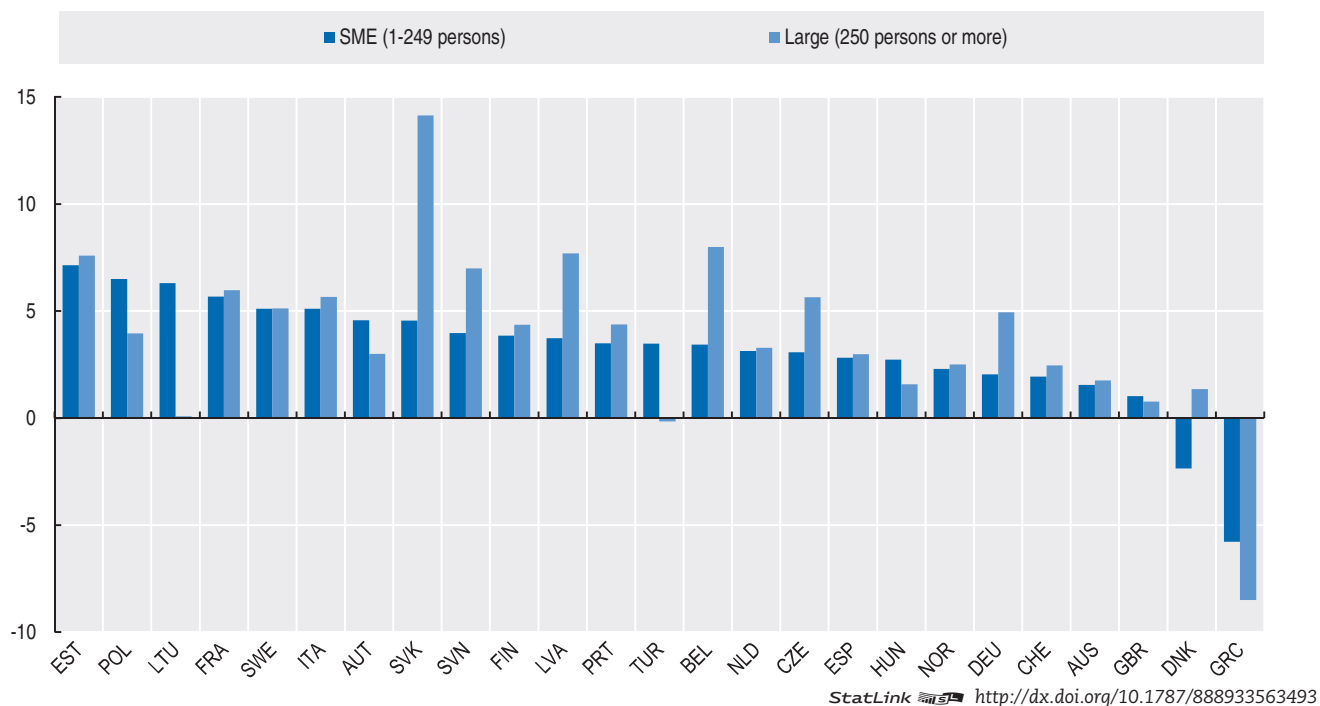
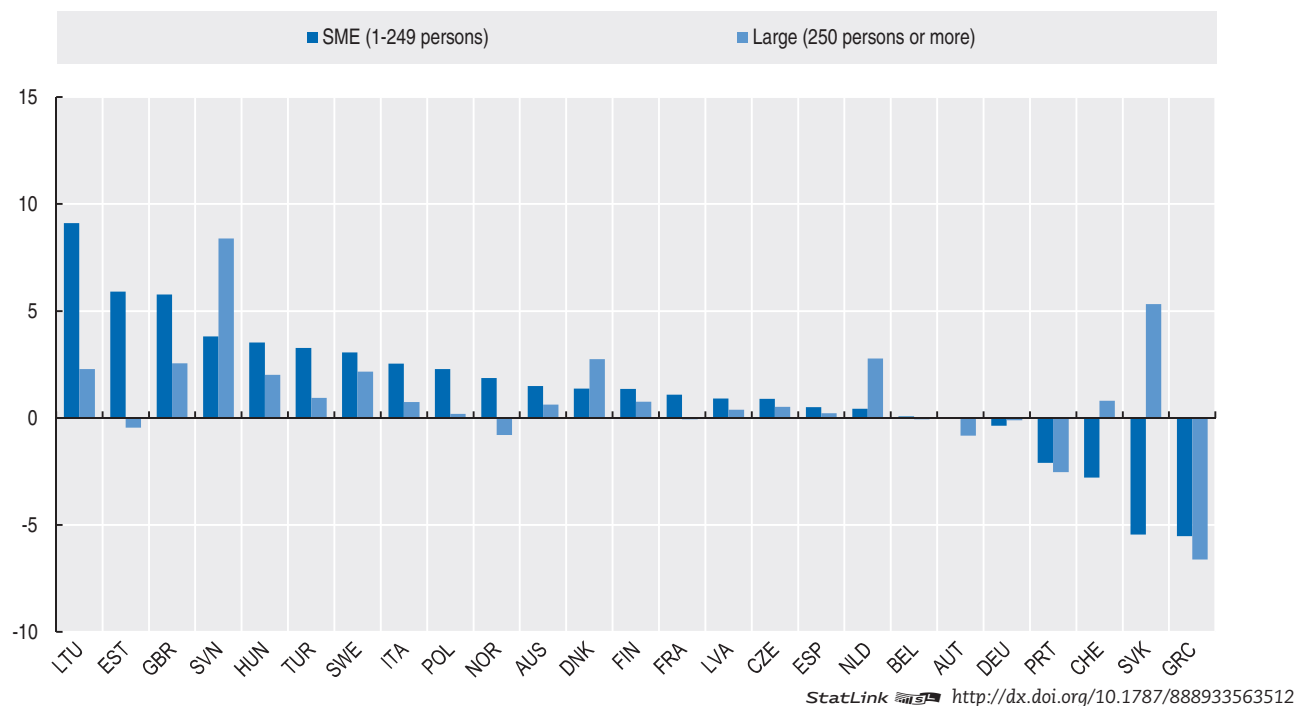


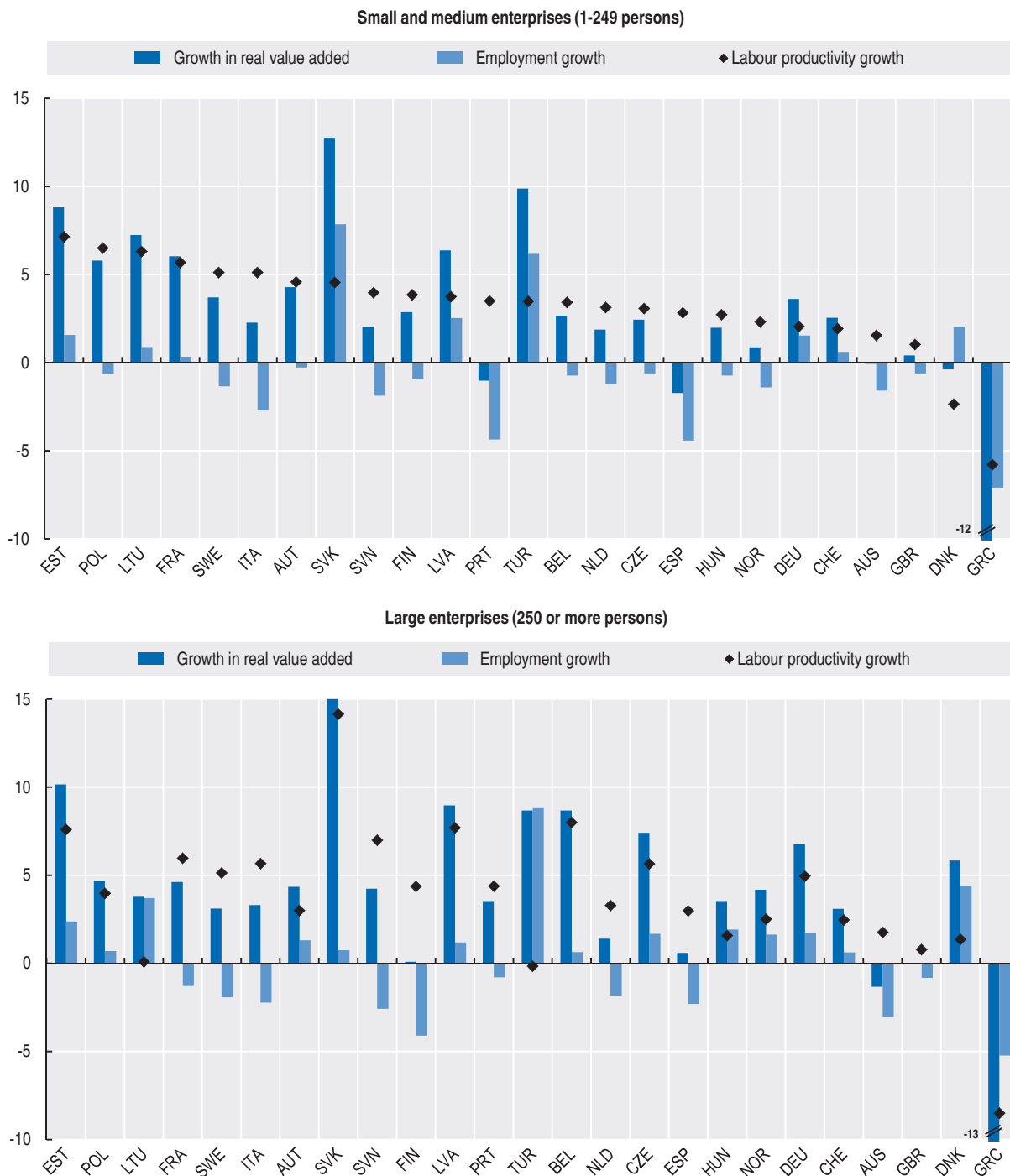
Figure 3.4. **Labour productivity growth by enterprise size, services**
Real value added per person employed, average annual rate, 2009-2014



3. PRODUCTIVITY BY ENTERPRISE SIZE

Productivity growth by enterprise size

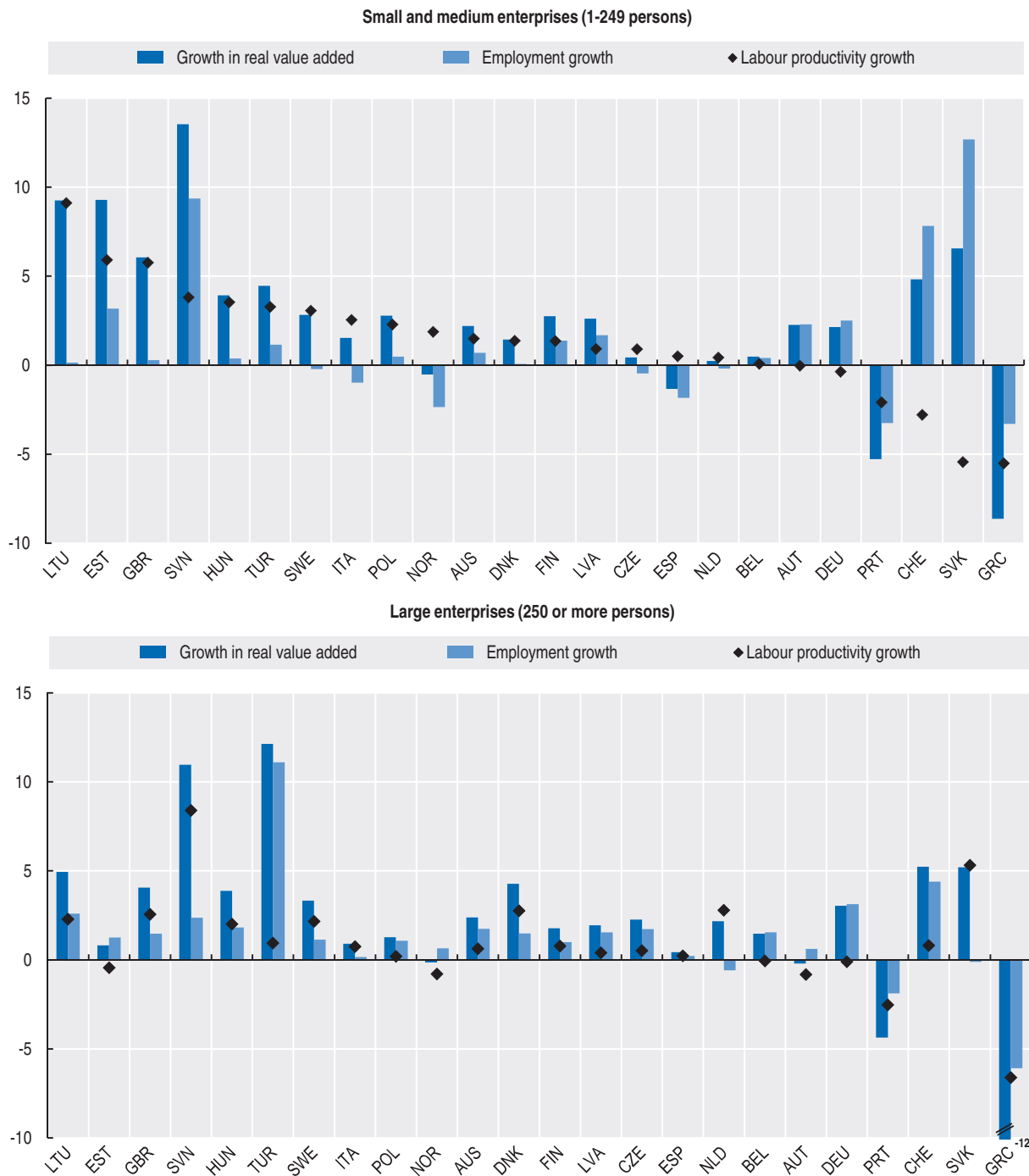
Figure 3.5. **Growth in real value added and employment by enterprise size, manufacturing**
Average annual rate, percentage, 2009-2014



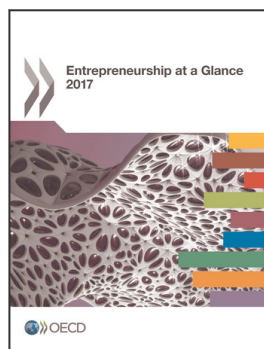
StatLink <http://dx.doi.org/10.1787/888933563531>

Figure 3.6. **Growth in real value added and employment by enterprise size, services**

Average annual rate, percentage, 2009-2014



StatLink <http://dx.doi.org/10.1787/888933563550>



From:
Entrepreneurship at a Glance 2017

Access the complete publication at:
https://doi.org/10.1787/entrepreneur_aag-2017-en

Please cite this chapter as:

OECD (2017), “Productivity growth by enterprise size”, in *Entrepreneurship at a Glance 2017*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/entrepreneur_aag-2017-11-en

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