

### Value added by enterprise size

#### Key findings

- In most countries, large enterprises employing more than 250 persons account for a considerable part of the value added of the business economy, despite constituting less than 1% of businesses. The share of value added created by large enterprises varies significantly across countries, reflecting economic size and the structure of the business population, ranging from 15% in Luxembourg, to 32% in Italy, and more than 60% in Mexico.
- Large industrial firms dominate the business landscape in many countries. In nearly half OECD economies, the industry sector accounts for over half of total business economy value-added generated by large firms; ranging from 26% in the United Kingdom to 85% in Mexico.
- SMEs are the backbone of the services sector in nearly all countries, where they account for 60% or more of total value added. In contrast, large firms provide a significant contribution to value added in manufacturing in most countries, partly reflecting increasing returns to scale from more capital-intensive production. However, in the Baltic States and Southern European economies, SMEs account for the lion's share of manufacturing, albeit reflecting a disproportionate contribution, compared to other countries, from larger SMEs (50-249).
- Between 2008 and 2014, the relative shares of SMEs and large firms in total value added in manufacturing remained stable in virtually all countries, with the exception of Ireland.

#### Relevance

There are significant differences in entrepreneurship and productivity performance across countries. Part of the explanation for these differences relates to the heterogeneity of enterprises. Larger enterprises, for example, typically have higher productivity levels than

smaller enterprises, and while new enterprises are often drivers of innovation, many micro-enterprises have limited growth potential. Measures of value added broken down by enterprise size provide important insights into structural factors that drive growth, employment and entrepreneurial value, but also growing concerns about slowing productivity diffusion and productivity-wage decoupling.

#### Comparability

Data refer to value added at factor costs in European countries and value added at basic prices for other countries; they cover the business economy, excluding financial intermediation.

The size-class breakdown 1-9, 10-19, 20-49, 50-249, 250+ provides for the best comparability given the varying data collection practices across countries. Some countries use different conventions: for Japan, "50-249" refers to "50+"; for Mexico, "1-9" refers to "1-10", "10-19" refers to "11-20", "20-49" refers to "21-50", "50-249" refers to "51- 250", "250+" refers to "251+"; for Turkey "1-9" refers to "1-19".

Data for Korea, Mexico and the United States are based on establishments and not on enterprises. Data for Israel and the United States exclude value added by non-employer enterprises. Manufacturing data for Korea exclude establishments with 10 or less employees. Data for Switzerland exclude information on enterprises with less than three persons employed.

Data exhibit a break in the series in 2013 for Finland and Portugal, and in 2014 for France. Data for the United Kingdom exclude an estimated 2.6 million small unregistered businesses below the thresholds of the value-added tax regime and/or the "pay as you earn (PAYE)" (for employing firms) regime.

Some care is needed when interpreting changes over time, as the data do not track cohorts of firms. Contractions in large firms may lead to them subsequently being recorded as SMEs and correspondingly, expansions in SMEs may result in them being classified as large enterprises.

#### Source

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

#### Further reading

OECD (2017), *Small, Medium, Strong. Trends in SME Performance and Business Conditions*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264275683-en>.

OECD (2010), *Structural and Demographic Business Statistics*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264072886-en>.

System of National Accounts (SNA) 2008, New York. <http://unstats.un.org/unsd/nationalaccount/sna2008.asp>.

#### Definitions

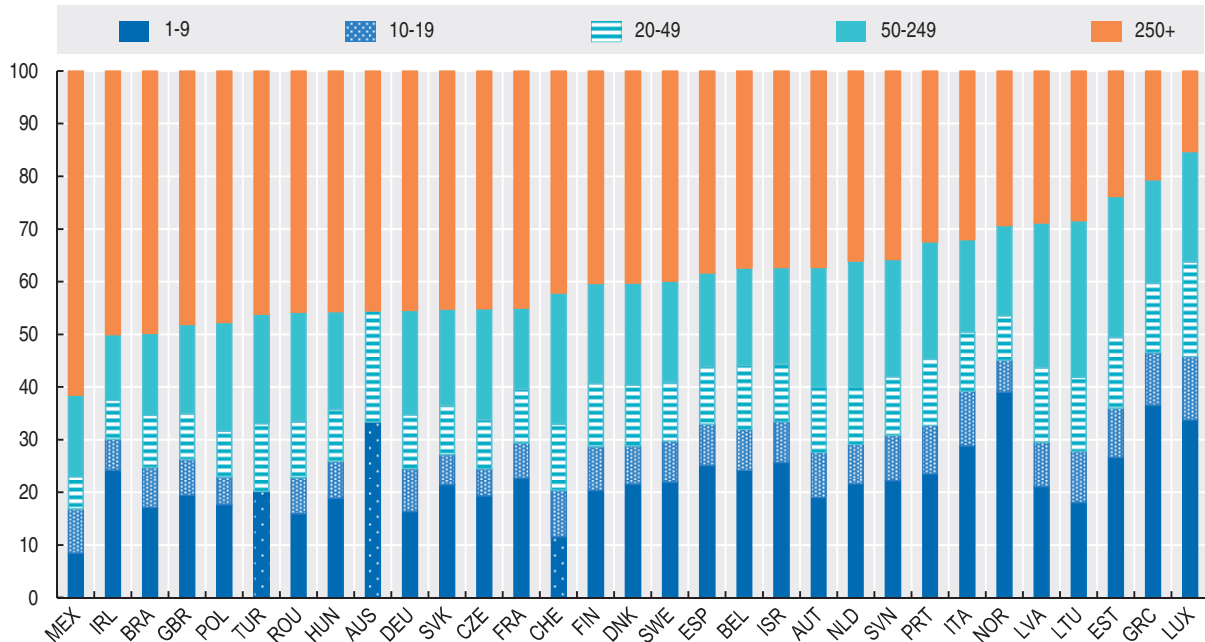
*Value added* corresponds to the difference between production and intermediate consumption, where total intermediate consumption is valued at purchasers' prices. Measures of production used below differ by country and are valued at basic prices or factor costs. Factor cost measures exclude other taxes and subsidies on production as defined in the 2008 System of National Accounts.

Data in this section present the value added in each enterprise size class (defined by the number of persons employed) as a percentage of the value added of all enterprises.

Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

Figure 2.15. **Value added by enterprise size, business economy**

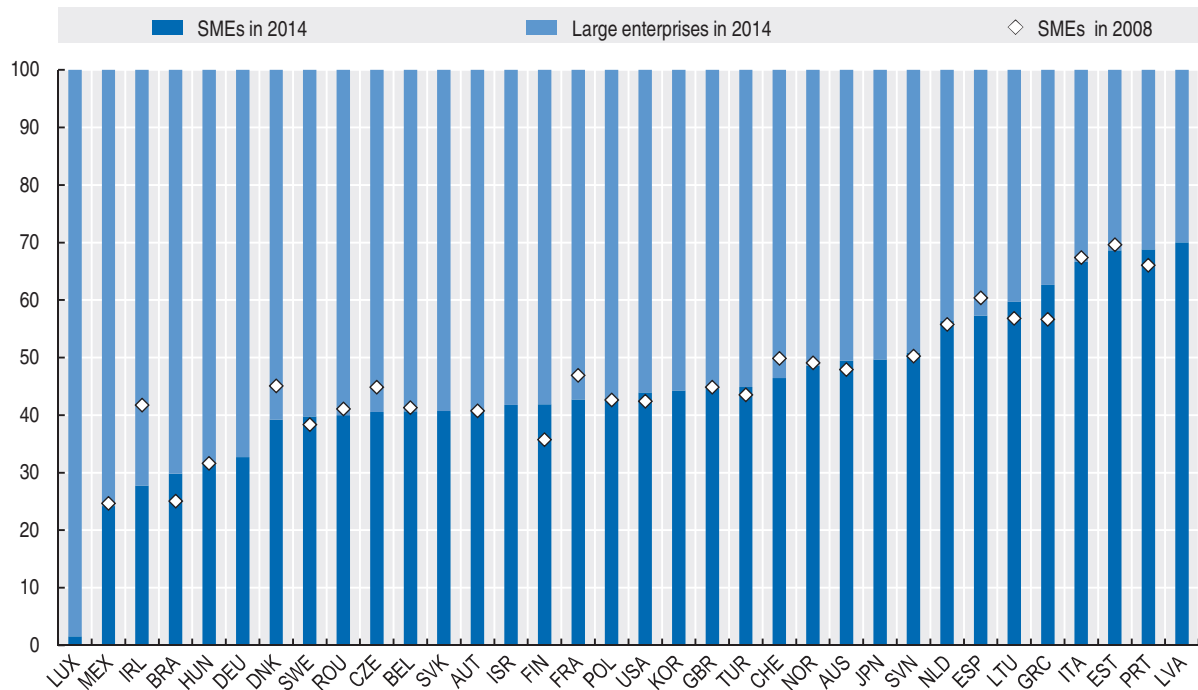
Percentage of total value added, 2014, or latest available year



StatLink <http://dx.doi.org/10.1787/888933563322>

Figure 2.16. **Value added by enterprise size, manufacturing**

Percentage of total value added in manufacturing



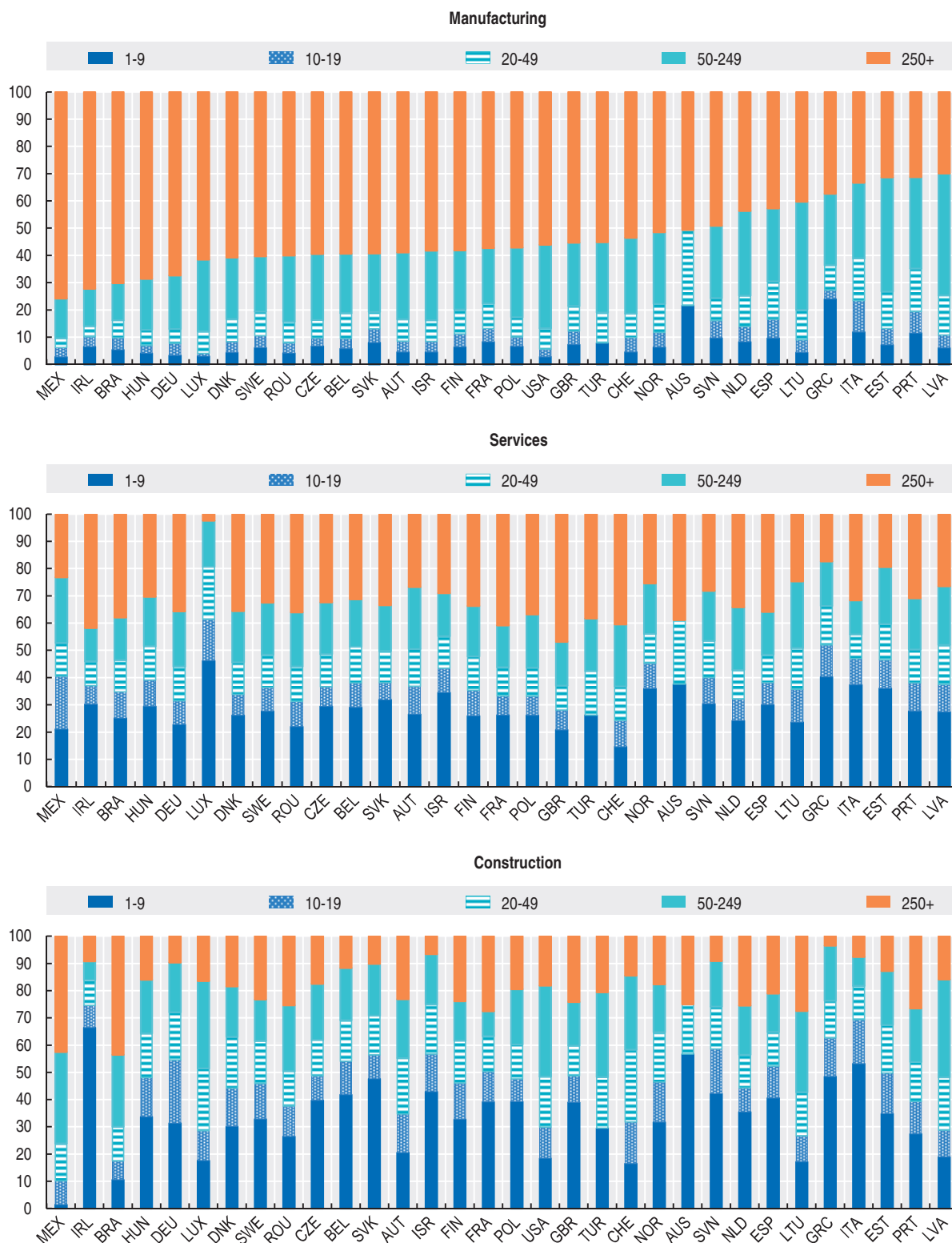
StatLink <http://dx.doi.org/10.1787/888933563341>

## 2. STRUCTURE AND PERFORMANCE OF THE ENTERPRISE POPULATION

### Value added by enterprise size

Figure 2.17. **Value added by enterprise size and main sector**

Percentage of total value added, 2014 or latest available year

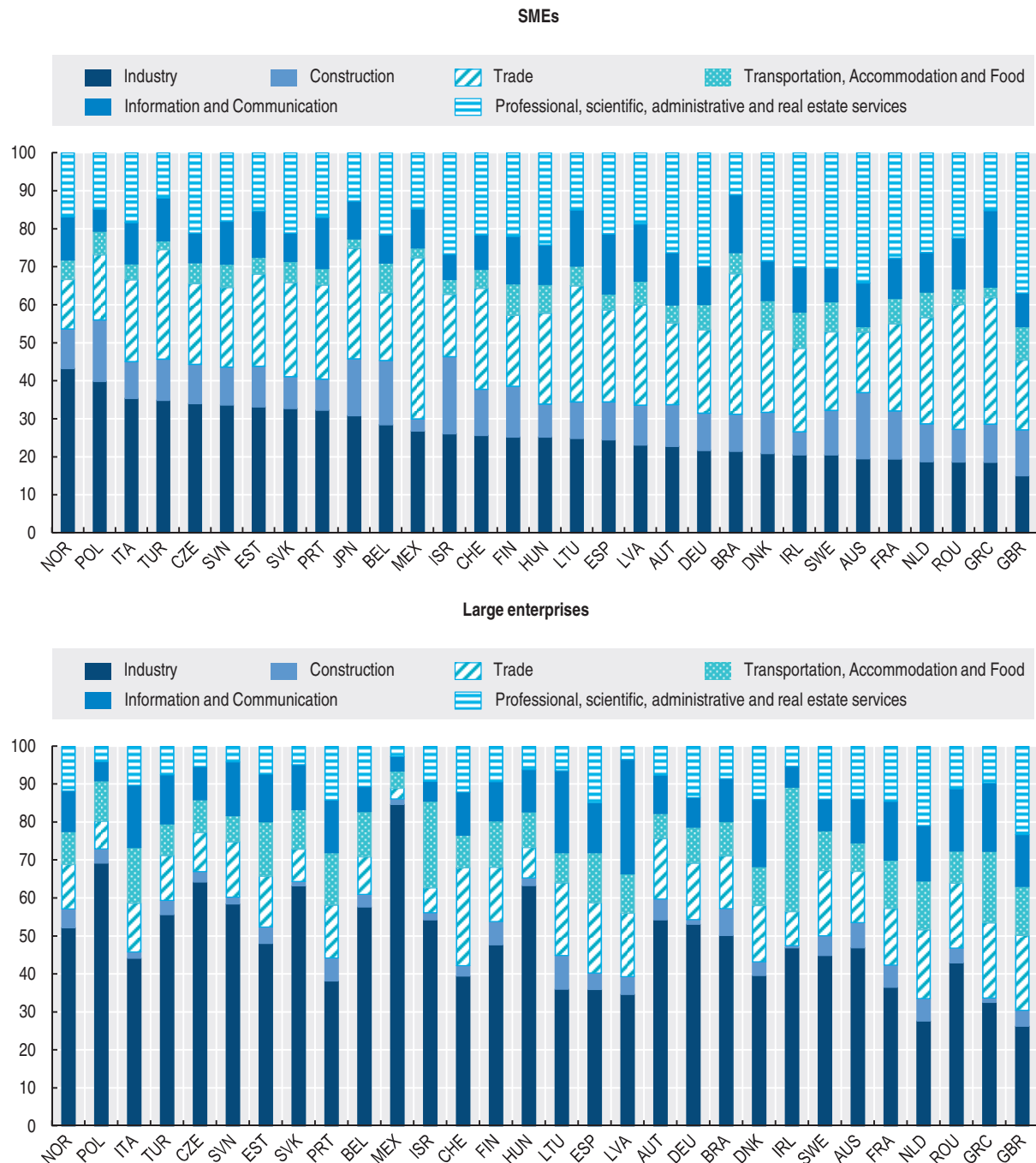


StatLink <http://dx.doi.org/10.1787/888933563360>

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Figure 2.18. **Value added of SMEs and large firms by economic activity**  
Percentage of total value added of SMEs (Large enterprises), 2014, or latest available year



StatLink <http://dx.doi.org/10.1787/888933563379>



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