

SMALL AND MEDIUM-SIZED ENTERPRISES

Small firms, and especially recent start-ups, can be very dynamic and innovative. A few very high-performance new and small firms can make an important contribution to employment creation and economic growth. Although the majority of small firms have more modest economic impacts individually, together they make an important difference.

Definition

An enterprise is a legal entity possessing the right to conduct business on its own; for example to enter into contracts, own property, incur liabilities and establish bank accounts. It may consist of one or more establishments situated in a geographically separate area. In this section, small enterprises refer to those with less than 20 persons engaged. Data on the number of small enterprises and the number of employees working in them refer to the manufacturing sector.

Employees includes all persons covered by a contractual arrangement, working in the enterprise and receiving compensation for their work. They include salaried managers, students who have a formal commitment whereby they contribute to the unit's process of production in return for remuneration and/or education services, and employees engaged under a contract designed to encourage the recruitment of unemployed persons. They also include persons on sick leave, paid leave or vacation, while excluding working proprietors, active business partners, unpaid family workers and home-workers, irrespective of whether or not they are on the payroll.

Comparability

Most countries present information using the enterprise as the statistical unit. Japan, Korea, and Mexico are exceptions, as data refer to establishments. As most enterprises correspond to a single establishment, these differences do not significantly distort comparisons. An area where considerable differences do arise concerns the coverage of data on enterprises/establishments. In many countries, this information is based on business registers, economic censuses or surveys that may have a size cut off. All countries have thresholds of one sort or another, often depending on tax legislation and legal provisions reducing administrative burdens on small enterprises. For Ireland, only enterprises with 3 or more persons engaged are reflected, while the data for Japan and Korea do not include establishments with fewer than 4 and 5 persons engaged respectively. Also, it is typically difficult, if not impossible, to cover enterprises operating in the underground economy. These differences, however, do not prevent meaningful comparisons across countries.

Employment data for Australia and Switzerland refer to the total number of persons engaged rather than to the number of employees. Data refer to 2006 in the case of Australia, Korea, Norway, Turkey and the United Kingdom, to 2001 for Switzerland, 2003 for Mexico, 2004 for the United States and 2005 for Iceland.

Note that because data do not follow the same enterprise over time, they do not show the contribution that small enterprises make to economic and employment growth as they move from the start-up phase to some optimal size.

Overview

The contribution of small enterprises varies considerably across countries. In most economies, the share of enterprises with less than 20 persons engaged exceeds 70%, ranging between 67% in Ireland and above 95% in Greece. Small enterprises account for a smaller share of the total number of employees, ranging between around 11% in the United States and the Czech Republic and more than 35% in Greece.

Some larger economies are characterised by a lower proportion of small enterprises, partly reflecting the greater scope for growth in larger markets (due to the existence of a greater pool of workers and larger demand) but also due to a statistical phenomenon (i.e. when an enterprise opens a new establishment in the same economy within which it is registered, it will move from being a small to a large enterprise).

Sources

- OECD (2010), *SMEs, Entrepreneurship and Innovation*, OECD, Paris.
- *Structural and Demographic Business Statistics*, OECD database.

Further information

Analytical publications

- OECD (2009), *The Impact of the Global Crisis on SME and Entrepreneurship Financing and Policy Responses*, OECD, Paris.
- OECD (2008), *Enhancing the Role of SMEs in Global Value Chains*, OECD, Paris.
- OECD (2008), *Removing Barriers to SME Access to International Markets*, OECD, Paris.

Statistical publications

- OECD, Eurostat (2009), *Measuring Entrepreneurship – a collection of indicators*, OECD-Eurostat Entrepreneurship Indicators Programme, OECD, Paris.
- OECD (2010), *Structural and Demographic Business Statistics 2009*, OECD, Paris.


Methodological publications

- OECD, Eurostat (2008), *Eurostat-OECD Manual on Business Demography Statistics*, OECD, Paris.

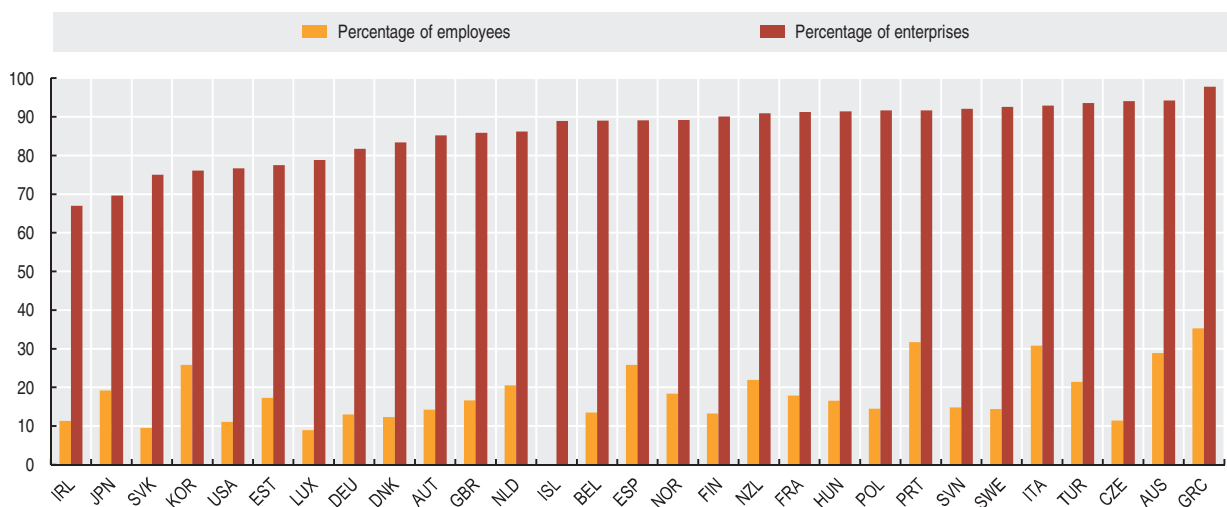

Number of employees and number of enterprises in manufacturing

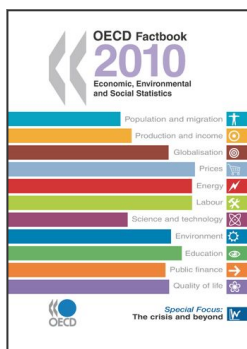
Breakdown by size-class of enterprise, 2007 or latest available year

Number of persons engaged	As a percentage of total number of employees in manufacturing							As a percentage of total number of enterprises in manufacturing						
	Less than 20	20 or more	Less than 10	10-19	20-49	50-249	250 or more	Less than 20	20 or more	Less than 10	10-19	20-49	50-249	250 or more
Australia	28.9	71.1	19.3	9.6	13.9	..	..	94.2	5.8	88.5	5.7	3.8	..	..
Austria	14.2	85.8	7.3	6.9	11.3	27.0	47.5	85.2	14.8	73.8	11.4	7.9	5.3	1.6
Belgium	13.5	86.5	7.0	6.5	13.2	25.9	47.5	89.0	11.0	81.4	7.6	6.4	3.7	0.9
Czech Republic	11.4	88.6	5.7	5.7	10.6	29.8	48.3	94.1	5.9	90.5	3.6	3.0	2.3	0.6
Denmark	12.3	87.7	5.8	6.5	12.0	28.4	47.4	83.4	16.6	72.8	10.7	8.9	6.3	1.4
Finland	13.2	86.8	7.4	5.9	10.1	24.8	51.9	90.1	9.9	83.2	7.0	5.2	3.8	1.0
France	17.9	82.1	10.7	7.3	12.1	22.2	47.8	91.3	8.7	84.1	7.2	5.1	2.8	0.8
Germany	13.0	87.0	5.0	8.0	7.5	25.3	54.3	81.7	18.3	60.5	21.3	7.8	8.4	2.1
Greece	35.3	64.7	30.4	4.9	12.1	25.6	27.1	97.8	2.3	96.5	1.2	1.3	0.8	0.2
Hungary	16.5	83.5	9.8	6.7	11.6	26.4	45.4	91.4	8.6	85.3	6.2	4.7	3.1	0.8
Iceland	..	..	..	..	..	..	..	88.9	11.1	80.2	8.7	6.7	3.8	0.7
Ireland	11.3	88.7	5.0	6.2	12.9	30.1	45.8	67.0	33.0	46.8	20.2	17.7	12.1	3.2
Italy	30.8	69.2	15.1	15.7	18.2	24.7	26.3	92.9	7.1	82.7	10.3	4.8	2.0	0.3
Japan	19.2	80.8	8.6	10.7	17.6	31.0	32.2	69.6	30.4	45.4	24.2	18.4	10.2	1.8
Korea	25.8	74.2	11.3	14.5	20.9	..	..	76.1	23.9	49.5	26.6	16.5	..	..
Luxembourg	8.9	91.1	4.3	4.6	7.6	23.1	60.5	78.8	21.2	66.5	12.3	9.3	8.9	3.0
Mexico	13.7	86.3	9.4	4.3	7.3	21.6	57.3	92.8	7.2	89.7	3.1	2.2	1.8	0.7
Netherlands	20.5	79.5	10.7	9.8	15.9	29.4	34.2	86.2	13.8	76.8	9.4	8.1	4.7	1.1
New Zealand	21.9	78.1	11.6	10.3	14.8	..	..	90.9	9.1	82.1	8.8	5.7	..	..
Norway	18.4	81.7	9.9	8.5	14.5	28.3	38.9	89.2	10.8	81.0	8.2	6.3	3.8	0.8
Poland	14.5	85.5	10.8	3.7	9.4	30.7	45.4	91.7	8.3	88.3	3.4	3.9	3.5	0.9
Portugal	31.7	68.3	19.7	12.0	19.4	30.1	18.9	91.7	8.3	84.0	7.7	5.4	2.6	0.3
Slovak Republic	9.5	90.5	4.5	5.0	8.1	26.1	56.3	75.0	25.0	51.1	23.9	9.9	11.4	3.7
Spain	25.8	74.2	14.0	11.8	20.6	25.3	28.3	89.1	10.9	79.1	10.0	7.5	2.9	0.5
Sweden	14.4	85.6	8.2	6.1	10.3	23.7	51.6	92.6	7.4	87.3	5.3	3.9	2.7	0.7
Switzerland	22.7	77.3	14.9	7.8	13.0	29.2	35.1	87.8	12.2	79.1	8.7	6.7	4.5	0.9
Turkey	21.4	78.6	..	..	17.3	25.9	35.4	93.6	6.4	..	..	4.2	1.9	0.4
United Kingdom	16.6	83.4	9.5	7.1	11.8	26.7	44.9	85.9	14.2	75.0	10.9	7.8	5.2	1.2
United States	11.1	88.9	5.7	5.4	..	..	..	76.7	23.3	62.6	14.2	..	..	..
Estonia	17.3	82.7	9.1	8.2	16.8	38.4	27.6	77.5	22.5	64.4	13.1	12.6	8.6	1.3
Slovenia	14.8	85.2	9.3	5.5	9.0	28.4	47.8	92.1	8.0	86.7	5.3	3.8	3.3	0.9

 StatLink  <http://dx.doi.org/10.1787/824283220655>
Manufacturing enterprises with less than 20 persons engaged

As a percentage of total number of employees or total number of enterprises, 2007 or latest available year


 StatLink  <http://dx.doi.org/10.1787/818387841621>



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