

SMALL AND MEDIUM-SIZED ENTERPRISES

Statistics showing the distribution of enterprises by size class are important in illustrating the potential contribution of small enterprises to economic growth. Of particular relevance in the context of the tables presented here is that small firms are often the most dynamic and innovative, reflecting the fact that many of them are recent start-ups. Note, however, that because they are not longitudinal, the data do not show the contribution that small enterprises make to economic and employment growth over time as they move from the start-up phase to some optimal size. Many studies have used longitudinal datasets to establish their important contribution in this context.

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 for debts, and establish bank accounts. It may consist of one or more local units or establishments corresponding to production units situated in a geographically separate place and in which one or more persons work for the enterprise to which they belong.

The number of employees includes all persons, workers and employees, covered by a contractual arrangement and working in the enterprise and who receive compensation for their work, whether full-time or part-time. In particular, the following are considered as employees: 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, employees engaged under a contract specifically designed to encourage the recruitment of unemployed persons. This category includes persons on sick leave, paid leave or vacation. It excludes working proprietors, active business partners, unpaid family workers and home-workers, irrespective of whether or not they are on the payroll.

Overview

The contribution and importance of small enterprises across economies varies considerably. Generally, the larger the economy the lower the proportion of small enterprises. This partly reflects the greater scope for growth in larger markets, where there is a greater pool of workers and larger demand, but it also partly reflects a statistical phenomenon. For example, when an enterprise opens a new establishment in the same economy within which it is registered, the enterprise will grow and move from being a small to a large enterprise. However, if it opens a new establishment in another country, this will be recorded as the creation of an enterprise in that country.

In most economies, the percentage of businesses with less than 10 persons employed is over 70%. The reverse is true where the number of employees is concerned, where businesses with more than 20 employees contribute around 70% or more.

Comparability

All countries present information using the enterprise as the statistical unit except Japan, Korea, and Mexico, which use establishments. This may create some incomparability but, because most enterprises are also establishments, this is not expected to be significant. An area where considerable differences can and do arise, however, 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-class cut off. Indeed, all countries have thresholds of one sort or another, depending, often, on the tax legislation and permissible business burdens in place across countries. 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. Enterprises that operate purely in the underground economy will naturally be very difficult, if not impossible, to capture, and these are most likely to be small. However, despite these differences, it is possible to make sensible comparisons across countries.

Employment data for Australia and Switzerland refer to the total number of persons engaged rather than the number of employees.

Data for Austria, Iceland, Japan (employment), the Netherlands, Poland, Switzerland, and the United Kingdom are for 2005, data for Turkey are for 2004, data for Mexico are for 2003.

Finally, data in the "Less than 10" and "Less than 20" size classes for New Zealand include statistical units with no persons engaged.

Source

- *Structural and Demographic Business Statistics*, OECD database.

Further information

Analytical publications

- Birch, D. (1979), *The Job Generation Process*, MIT Program on Neighborhood and Regional Change, Cambridge.
- OECD (2005), *Local Economic and Employment Development Entrepreneurship A Catalyst for Urban Regeneration*, OECD, Paris.
- OECD (2006), *The SME Financing Gap (Vol. I): Theory and Evidence*, OECD, Paris.
- OECD (2007), *SMEs in Mexico: Issues and Policies*, OECD, Paris.

Statistical publications

- OECD (2006), *Structural and Demographic Business Statistics: 1996-2003, 2006 Edition*, OECD, Paris.
- OECD, Eurostat (2008), *Measuring Entrepreneurship – a digest of indicators, OECD-Eurostat Entrepreneurship Indicators Program*, OECD, Paris.

Methodological publications

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

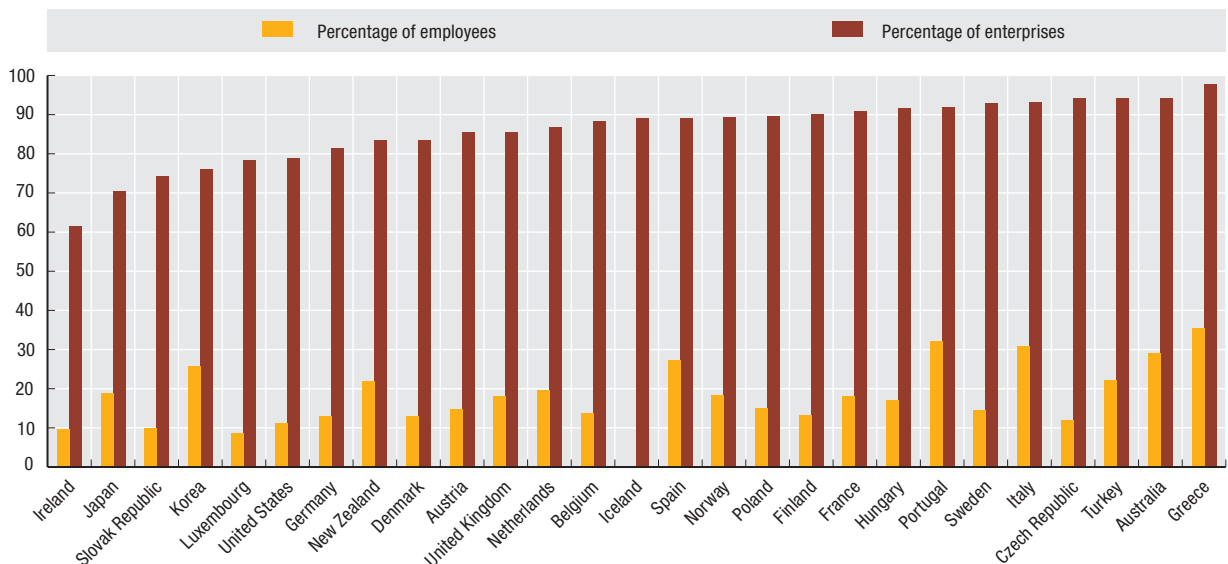
Number of employees and number of enterprises in manufacturing

Breakdown by size-class of enterprise, 2006 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	71.0	19.3	9.6	13.9	..	..	94.2	5.8	88.5	5.7	3.8	..	..
Austria	14.8	85.2	7.7	7.1	11.4	27.2	46.6	85.4	14.6	73.9	11.5	7.9	5.2	1.5
Belgium	13.7	86.3	7.1	6.6	13.0	25.5	47.8	88.3	11.7	80.2	8.2	6.8	3.9	1.0
Czech Republic	11.8	88.2	5.8	6.0	10.5	29.4	48.4	94.1	5.9	90.2	3.9	2.9	2.3	0.6
Denmark	12.8	87.2	5.9	6.9	12.5	28.2	46.5	83.5	16.5	72.3	11.2	9.1	6.0	1.4
Finland	13.1	86.9	7.5	5.7	10.2	24.5	52.1	90.0	10.0	83.3	6.7	5.2	3.7	1.0
France	18.0	82.0	10.8	7.2	12.2	22.5	47.3	90.8	9.2	83.4	7.5	5.4	3.0	0.8
Germany	13.0	87.0	4.9	8.1	7.5	25.0	54.5	81.4	18.6	60.2	21.1	8.1	8.4	2.1
Greece	35.3	64.7	30.2	5.1	10.0	26.3	28.4	97.8	2.2	96.5	1.3	1.0	1.0	0.2
Hungary	17.1	82.9	10.2	6.9	11.6	25.7	45.6	91.7	8.3	85.5	6.2	4.6	3.0	0.8
Iceland	..	..	..	..	..	..	..	88.9	11.1	80.2	8.7	6.7	3.8	0.7
Ireland	9.6	90.4	3.9	5.7	12.9	30.1	47.3	61.4	38.6	39.5	21.8	20.5	14.2	3.9
Italy	30.9	69.1	15.3	15.5	17.8	25.1	26.2	93.0	7.0	82.9	10.1	4.7	2.0	0.3
Japan	20.5	79.5	10.3	10.2	17.6	31.0	30.9	72.4	27.6	51.7	20.7	16.8	9.2	1.5
Korea	25.8	74.2	11.3	14.5	20.9	23.9	29.4	76.1	23.9	49.5	26.6	16.5	6.4	1.1
Luxembourg	8.5	91.5	4.1	4.3	7.7	22.6	61.2	78.4	21.6	65.9	12.5	9.8	8.8	3.1
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	19.5	80.5	10.3	9.2	14.9	29.8	35.8	86.8	13.2	77.1	9.7	7.4	4.8	1.1
New Zealand	21.8	78.2	11.6	10.2	14.5	11.0	52.8	83.3	16.7	67.1	16.2	10.3	3.4	3.0
Norway	18.3	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	14.9	85.1	10.5	4.3	10.1	32.1	43.0	91.8	8.2	88.1	3.7	3.9	3.5	0.8
Portugal	32.1	67.9	20.1	12.0	19.3	29.7	18.9	91.9	8.1	84.3	7.6	5.3	2.5	0.3
Slovak Republic	9.9	90.1	4.9	5.0	6.9	27.6	55.6	74.2	25.8	54.1	20.1	9.7	12.2	3.9
Spain	27.3	72.7	14.9	12.5	20.6	24.7	27.4	89.1	10.9	78.6	10.5	7.6	2.8	0.5
Sweden	14.4	85.6	8.4	6.1	10.2	23.7	51.7	92.8	7.2	87.7	5.2	3.9	2.6	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	22.1	77.9	..	..	15.0	25.6	37.3	94.2	5.8	..	..	3.6	1.8	0.4
United Kingdom	18.1	99.4	10.4	7.6	14.0	35.3	50.2	85.5	14.5	74.5	11.0	8.0	5.3	1.2
United States	11.1	88.9	5.7	5.4	..	..	..	78.8	21.2	64.3	14.5	..	..	1.2
EU27 total	..	..	..	..	..	..	..	89.7	10.1	80.7	9.3	5.8	3.6	0.8

 StatLink  <http://dx.doi.org/10.1787/541361750571>
Enterprises with less than 20 persons engaged

As a percentage of total number of employees or total number of enterprises, 2006 or latest available year


 StatLink  <http://dx.doi.org/10.1787/535375263345>



From:
OECD Factbook 2009
Economic, Environmental and Social Statistics

Access the complete publication at:
<https://doi.org/10.1787/factbook-2009-en>

Please cite this chapter as:

OECD (2009), "Small and medium-sized enterprises", in *OECD Factbook 2009: Economic, Environmental and Social Statistics*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/factbook-2009-23-en>

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