

LABOUR PRODUCTIVITY AND FIRM-SIZE HETEROGENEITY

Differences in labour productivity across business enterprises of different sizes can be illustrated by showing normalised labour productivity figures in the manufacturing sector according to employment size class.

Definition

Labour productivity is calculated as the ratio of value added to the number of persons engaged, with the exception of the United States, for which it is the ratio of turnover to the number of employees and New Zealand, for which it is the ratio of value added to the number of employees. The normalised labour productivity figures shown here are calculated as labour productivity in a given size class as a percentage of the labour productivity across enterprises in all size classes.

Comparability

The size class breakdown used provides for the best comparability across countries given the varying data collection practices across countries. For some countries slightly different conventions are needed. The data for Mexico refer to the following size classes: "0-10", "11-20", "21-50", "51-250" and "251+". Data shown for "20-49" actually refer to "20-99" for the United States; data shown for "50-249" actually refer to "50-199" for Australia, Korea and Turkey, and "100-499" for the United States; data shown for "250+" actually refer to "200+" for Australia, Korea, and Turkey, and "500+" for the United States.

For Ireland, only enterprises with 3 or more persons engaged are reflected, while the data for Japan, Korea and Turkey do not include establishments with fewer than 4, 5 and 10 persons engaged respectively.

The data shown refer to 2005 for all countries except for Turkey (2001), The United States (2002), Mexico and New Zealand (2003), the Czech Republic, Japan and Norway (2004).

Overview

For every country, the highest labour productivity is observed in the biggest enterprise size class, possibly reflecting more intensive capital investment by larger businesses or indicating economies of scale.

For the majority of countries (about 75 %), labour productivity increases monotonically with size class. Interestingly in Denmark, the Slovak Republic and, to a lesser extent, the United Kingdom and the United States, labour productivity across small and medium-size enterprises seems significantly more homogeneous than in other countries but this in part reflects the result of averaging throughout the manufacturing sector. At the ISIC 2-digit level, for example, the picture is more heterogeneous.

Source

- Structural Business Demographic Statistics, OECD database.

Further information

Analytical publications

- Ahmad, N., F. Lequiller, P. Marianna, D. Pilat, P. Schreyer and A. Wölfl (2003), *Comparing Labour Productivity Growth in the OECD Area: The Role of Measurement*, OECD Science, Technology and Industry Working Papers, No. 2003/14, OECD, Paris.
- OECD (2001), *OECD Science, Technology and Industry Scoreboard: Towards a Knowledge-based Economy 2001 Edition*, D.4., OECD, Paris.
- OECD (2003), *OECD Science, Technology and Industry: Scoreboard 2003*, Section D and Annex 1, OECD, Paris.

Statistical publications

- OECD (2006), *Structural and Demographic Business Statistics: 1996-2003*, 2006 Edition, OECD, Paris.

Methodological publications


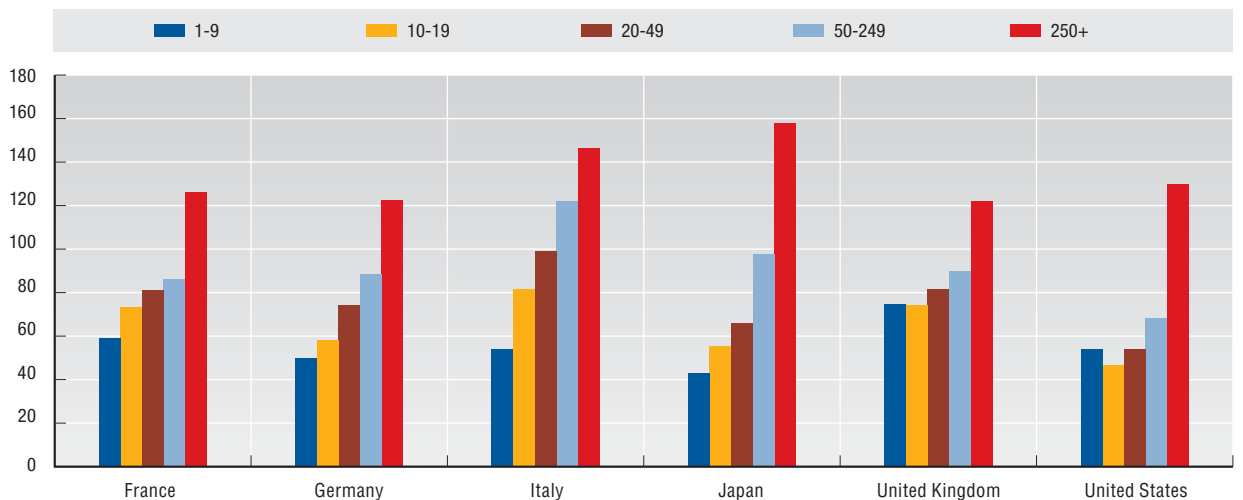
- OECD (2001), *Measuring Productivity – OECD Manual Measurement of Aggregate and Industry-level Productivity Growth*, OECD, Paris.

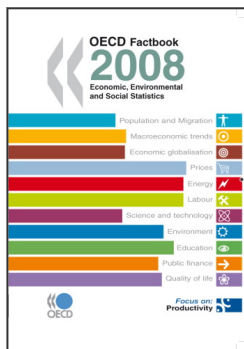
Websites

- www.oecd.org/statistics/productivity/compendium.

Normalised labour productivity in manufacturing*As a percentage of total average, breakdown by size-class of enterprise, 2005*

	1-9	10-19	20-49	50-249	250+
Australia	68.0	61.3	73.5	86.4	139.5
Austria	58.7	64.8	73.6	92.0	126.5
Belgium	47.2	60.1	72.5	90.9	132.0
Czech republic	56.1	66.2	77.6	90.5	130.6
Denmark	78.0	72.9	83.0	93.4	116.7
Finland	72.5	68.3	69.2	82.1	121.9
France	59.1	73.3	81.0	86.0	126.0
Germany	49.8	58.1	74.3	88.7	122.5
Hungary	29.7	47.3	55.2	73.6	156.3
Ireland	30.0	28.1	31.6	67.8	154.7
Italy	54.0	81.6	99.0	122.1	146.2
Japan	42.9	55.4	65.8	97.8	157.8
Korea	41.3	50.9	59.3	88.0	189.8
Luxembourg	68.0	61.2	65.0	90.9	113.2
Mexico	21.9	47.4	58.2	89.0	141.7
Netherlands	46.2	73.7	76.2	94.0	146.5
Norway	64.9	75.1	84.7	98.7	123.9
Poland	35.0	58.2	60.6	75.9	162.1
Portugal	49.3	66.6	79.8	105.4	191.6
Slovak republic	90.0	72.7	71.9	76.7	117.6
Spain	53.4	67.7	77.6	101.4	165.5
Sweden	47.1	70.1	77.9	85.7	127.7
Turkey		32.7	46.7	69.9	130.6
United Kingdom	74.5	74.4	81.4	90.1	122.0
United States	54.1	46.8	53.8	68.3	129.8

StatLink  <http://dx.doi.org/10.1787/27612247188>**Normalised labour productivity in manufacturing***As a percentage of total average, breakdown by size-class of enterprise, 2005*StatLink  <http://dx.doi.org/10.1787/271661407008>



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