

3. PRODUCTIVITY BY ENTERPRISE SIZE

Productivity growth by enterprise size

Key facts

- In many economies, post-crisis labour productivity growth in the manufacturing sector was broadly similar in SMEs and large enterprises. However, in Denmark, the Czech Republic, the Slovak Republic and Slovenia, large firms outperformed SMEs, while in Greece the opposite was true.
- In most countries, labour productivity growth rates both in SMEs and large firms occurred against a backdrop of declining employment and value added, suggesting that exits of low-performing firms or activities may have played a strong role in the overall increase in recorded labour productivity.

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”, see the Reader’s guide.

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

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.

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/pdtvy-data-en>.

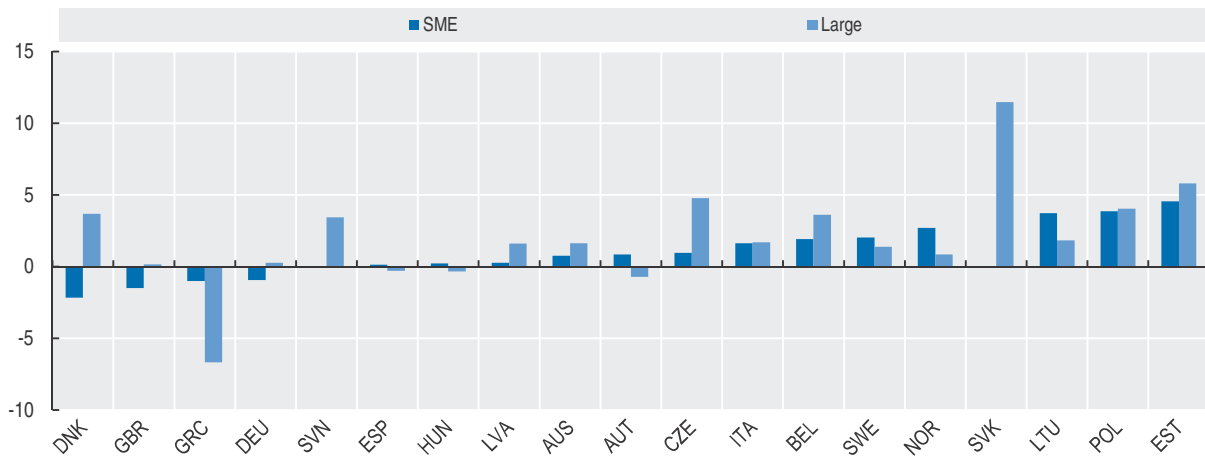
Further reading

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 (2016), *OECD Compendium of Productivity Indicators 2016*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/pdtvy-2016-en>.

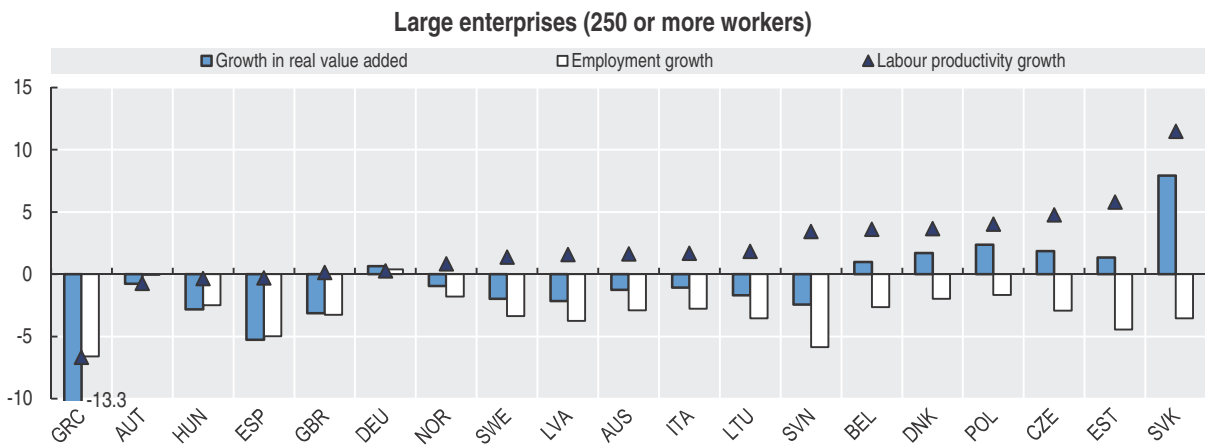
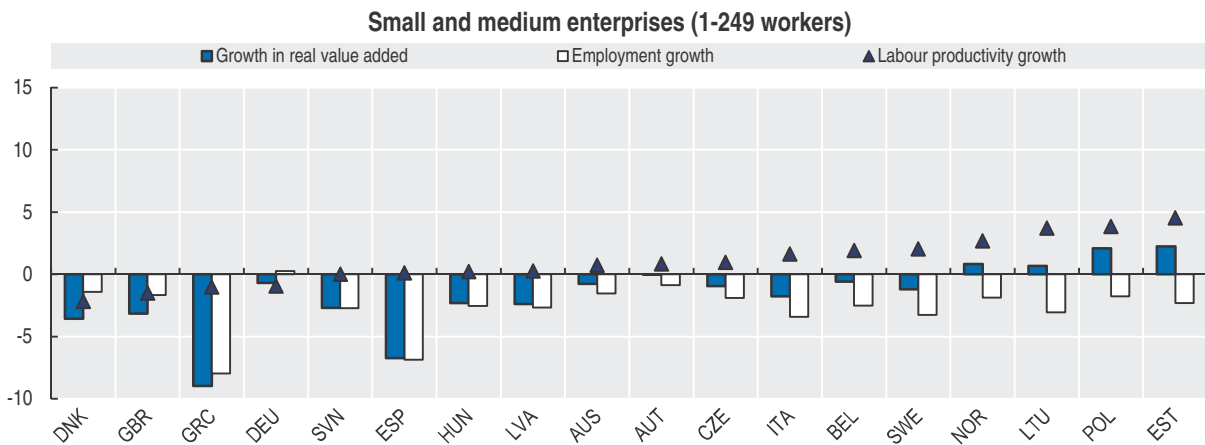
OECD (2001), *Measuring Productivity – OECD Manual: Measurement of Aggregate and Industry-level Productivity Growth*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264194519-en>.

Figure 3.5. Labour productivity growth by enterprise size, manufacturing
Real value added per person employed, average annual rate, 2008-2013

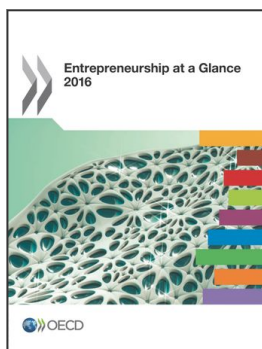


StatLink <http://dx.doi.org/10.1787/888933403940>

Figure 3.6. Growth in real value added and employment by enterprise size, manufacturing
Average annual rate, percentage, 2008-2013



StatLink <http://dx.doi.org/10.1787/888933403957>



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