

Value added by enterprise size

Key facts

- In most countries, large enterprises account for a considerable part of the value added of the business sector despite constituting less than 1% of businesses. However, the share of value added created by large enterprises varies significantly across countries, partly reflecting economic size, ranging from around 15% in Luxembourg to close to 60% in Mexico.
- Between 2008 and 2013, the relative shares of SMEs and large firms in total value added in manufacturing remained stable in the euro area and in major economies, including Australia, Turkey, the United Kingdom and the United States.
- The share of value added generated by different enterprise size classes varies across sectors. SMEs are the backbone of the services sector in nearly all countries, where they account for 60% or more of total employment and total value added. In contrast, large firms provide a substantive contribution to value added in manufacturing, where increasing returns to scale from more capital-intensive production are decisive. Still, in some smaller economies, such as Latvia and Estonia, SMEs capture a significant share of total employment and value added in manufacturing. This is also the case in some larger economies where small and medium firms have traditionally dominated the business landscape, such as Italy.

Relevance

There are significant differences in entrepreneurship and productivity performance across countries. Part of the explanation for these differences relates to the

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>.

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.

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 Australia, the size class "1-9" refers to "1-19", "20-49" refers to "20-199", "250+" refers to "200+"; 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 Mexico are based on establishments and not on enterprises. Data for Canada, Israel, Japan, Korea, Switzerland, the United States and the Russian Federation refer to employees.

Data for Finland and Portugal exhibit a break in the series in 2013. 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.

Some care is needed when interpreting changes over time, as the data do not track cohorts of firms. Shrinkages 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

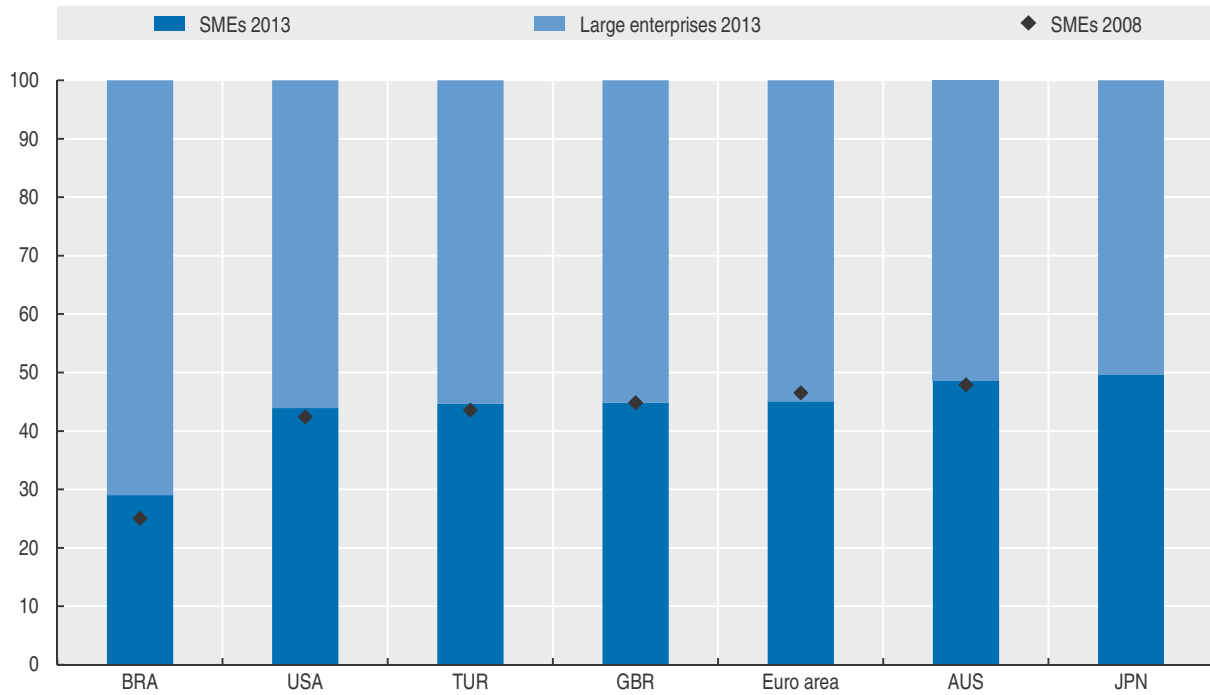
OECD *Structural and Demographic Business Statistics* (SDBS) (database), <http://dx.doi.org/10.1787/sdbs-data-en>.

Further reading

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

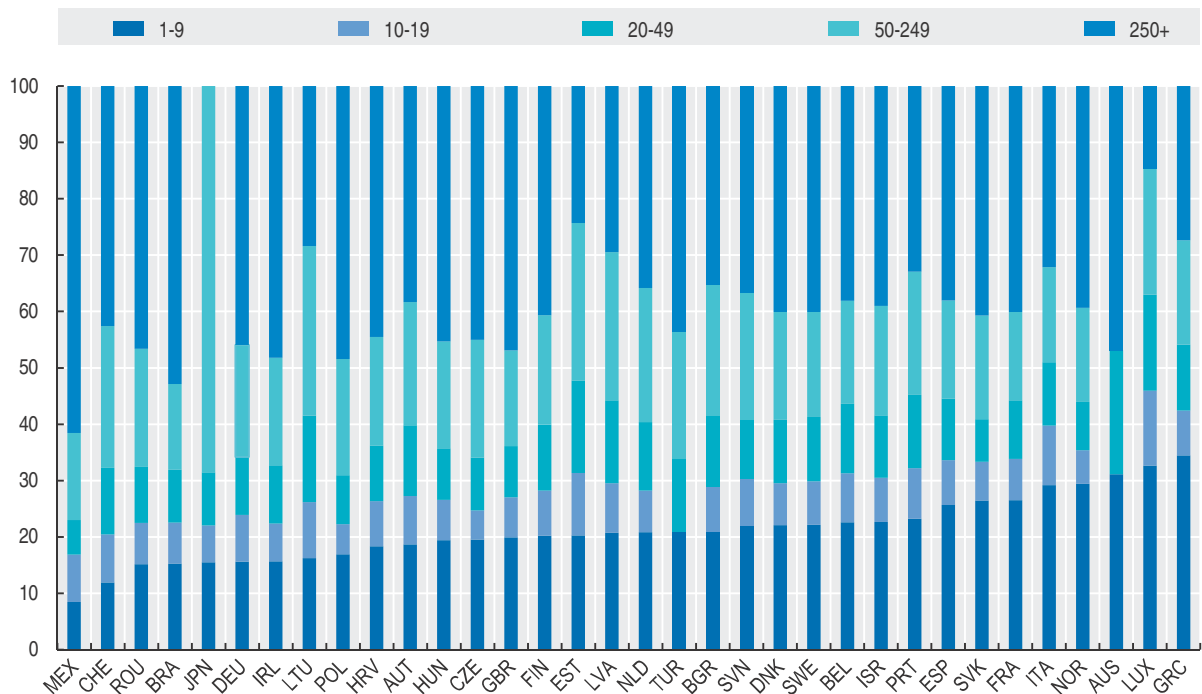
System of National Accounts (SNA) 2008, New York, <http://unstats.un.org/unsd/nationalaccount/sna2008.asp>.

Figure 2.19. **Value added by enterprise size, manufacturing**
Percentage of total value added in manufacturing



StatLink <http://dx.doi.org/10.1787/888933403835>

Figure 2.20. **Value added by enterprise size, total business economy**
Percentage of total value added, total business economy, 2013, or latest available year

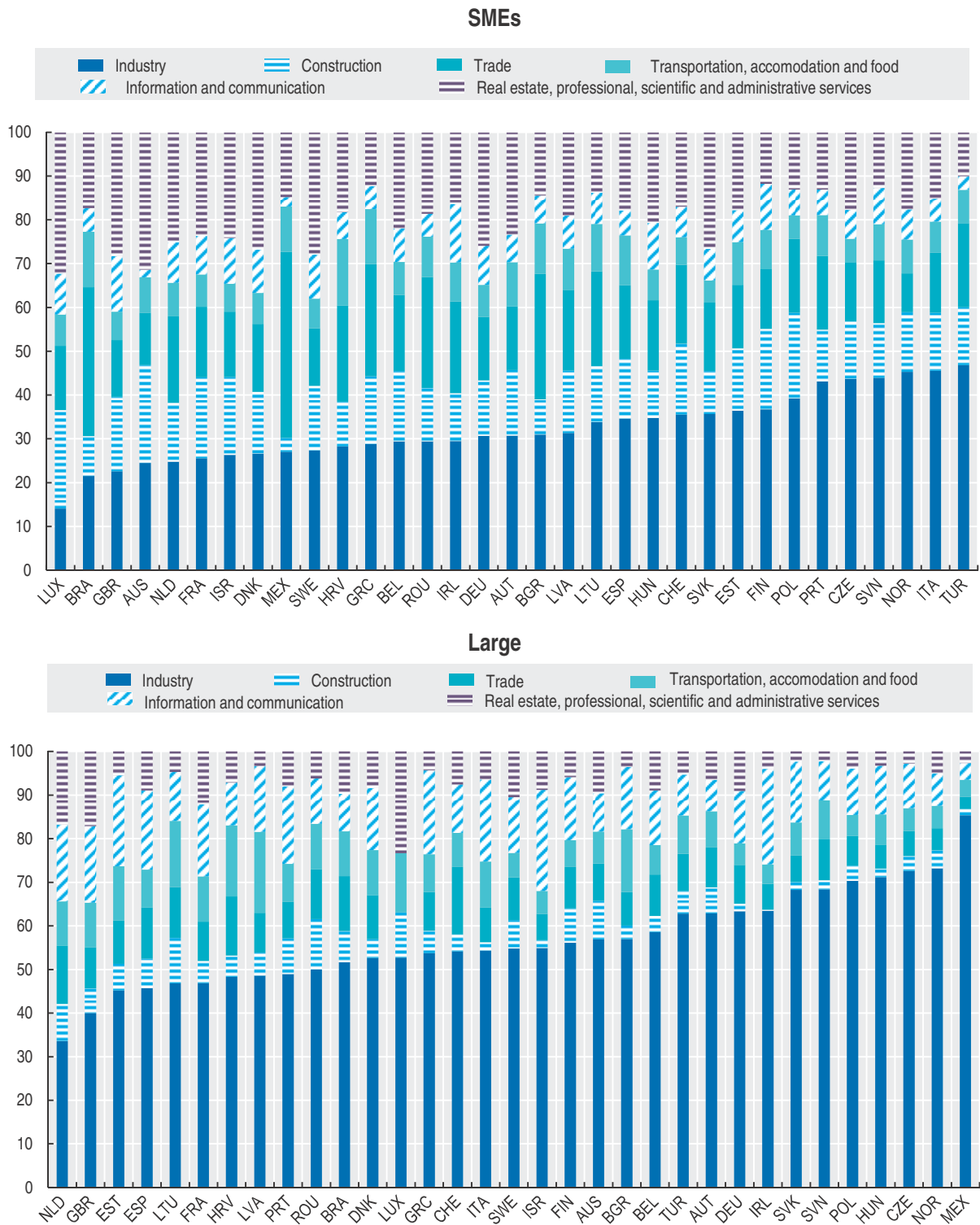


StatLink <http://dx.doi.org/10.1787/888933403846>

2. STRUCTURE AND PERFORMANCE OF THE ENTERPRISE POPULATION

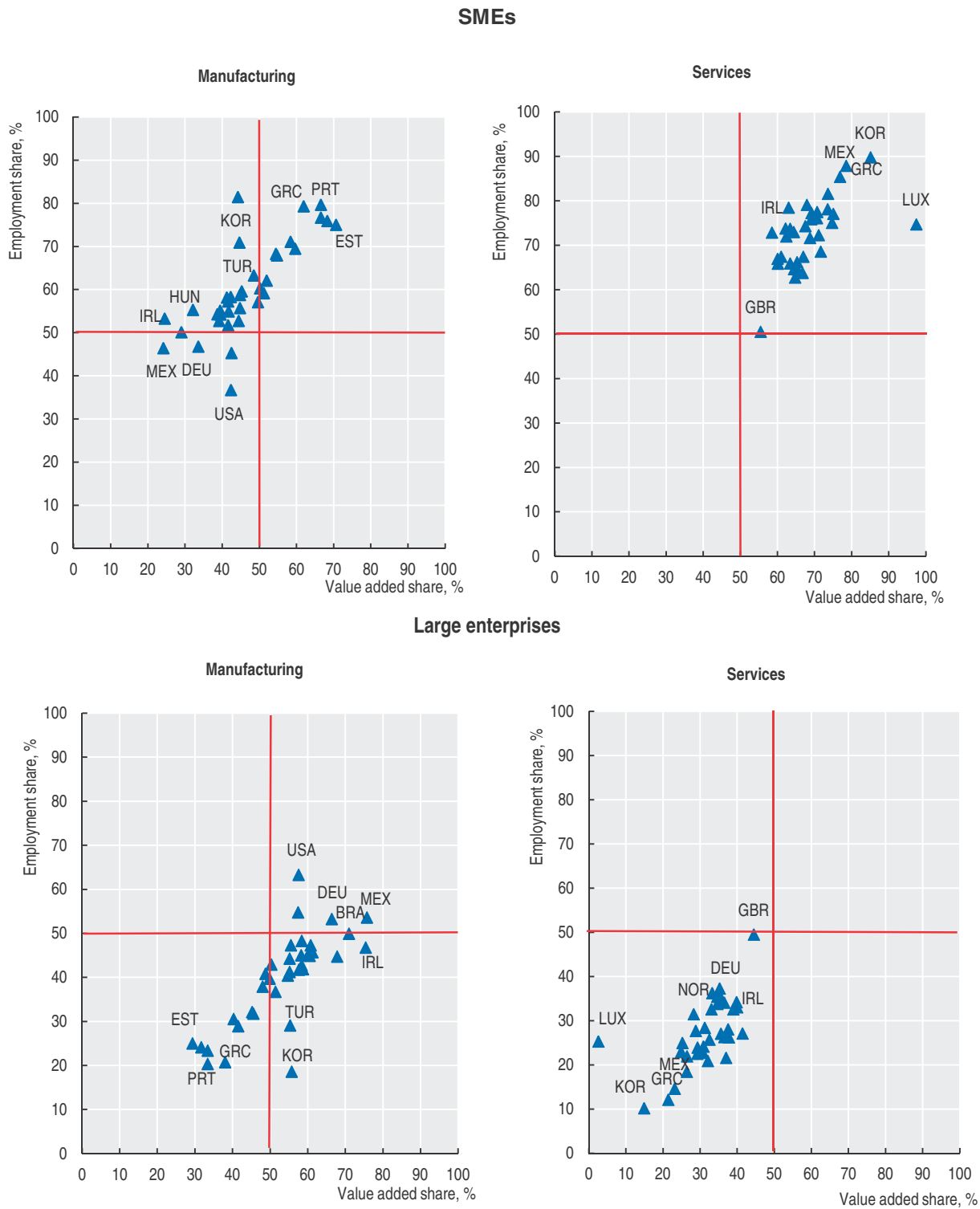
Value added by enterprise size

Figure 2.21. **Value added by economic activity**
Percentage of total value added by enterprise size class, 2013, or latest available year

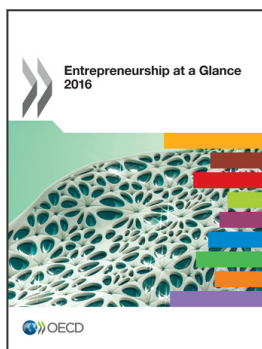


StatLink  <http://dx.doi.org/10.1787/888933403854>

Figure 2.22. **Contribution of SMEs and large enterprises to employment and value added**
 Percentage of total employment and of total value added, 2013 or latest available year



StatLink <http://dx.doi.org/10.1787/888933403867>



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