

A. STRUCTURAL INDICATORS ON ENTERPRISE POPULATION

Definitions

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 different production units situated in a geographically separate place and in which one or more persons work for the enterprise to which they belong.

The total number of persons engaged is defined as the total number of persons who worked in or for the concerned unit during the reference year.

Total employment excludes directors of incorporated enterprises and members of shareholders' committees who are paid solely for their attendance at meetings, labour force made available to the concerned unit by other units and charged for, persons carrying out repair and maintenance work in the unit on the behalf of other units, and home workers. It also excludes persons on indefinite leave, military leave or those whose only remuneration from the enterprise is by way of a pension.

Comparability

All countries present information using the enterprise as the statistical unit except Japan, Korea and Mexico, which use establishments. This may create some lack of comparability but, because most enterprises are also establishments, this is not expected to be significant.

An area, in which considerable differences do arise, however, is the coverage of data on enterprises or 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 three or more persons engaged are covered, while the data for Japan and Korea do not include establishments with fewer than four and five persons engaged, respectively (for information, see OECD SDBS database).

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.

The size-class breakdown used provides for the best comparability given the varying data collection practices across countries. Some countries use slightly different conventions. 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 and Korea, "50-99" for New Zealand and "100-499" for the United States; data shown for "250+" actually refer to "200+" for Australia and Korea, "100+" for New Zealand and "500+" for the United States.

Data typically refer to the total market economy excluding financial intermediation (ISIC 65-67), but for the "Number of enterprises" it also excludes Mining and Electricity, gas and water supply for Belgium, Greece and Hungary, while for "Employment", it also excludes Mining and Electricity, gas and water supply for Austria, Belgium, Estonia, Finland, Greece, Hungary, the Netherlands, Portugal and Slovenia. Data for Ireland, Japan, Korea, Luxembourg and the Slovak Republic refer to manufacturing only.

Overview

Since the presented indicators reflect structural characteristics of the business sector across countries, observations do not change much from one year to the next. Hence, they are in line with the observations made last year.

The large majority of enterprises are so-called micro-firms: firms with fewer than ten employees represent three-quarters or more of the employer firm population in most countries. Their importance is somewhat smaller in a couple of countries but this seems due to differences in data collection and coverage (Ireland, Korea, Japan, Luxembourg and the Slovak Republic). In the United States micro-firms are less prominent.

The importance of micro-firms is much smaller in terms of employment with a share below 40% in all countries. In most countries micro-firms are responsible for between 20% and 30% of total employment in the economy. The employment share of large firms averages between 30% and 40% across countries. The employment share of the middle size classes of firms, especially firms with 10-50 employees, is significantly lower in all countries. This largely reflects the claim made in empirical research that young entrepreneurial firms face difficulties for attaining higher growth after their first years of existence.

Source

- OECD Structural and Demographic Business Statistics (SDBS) Database.

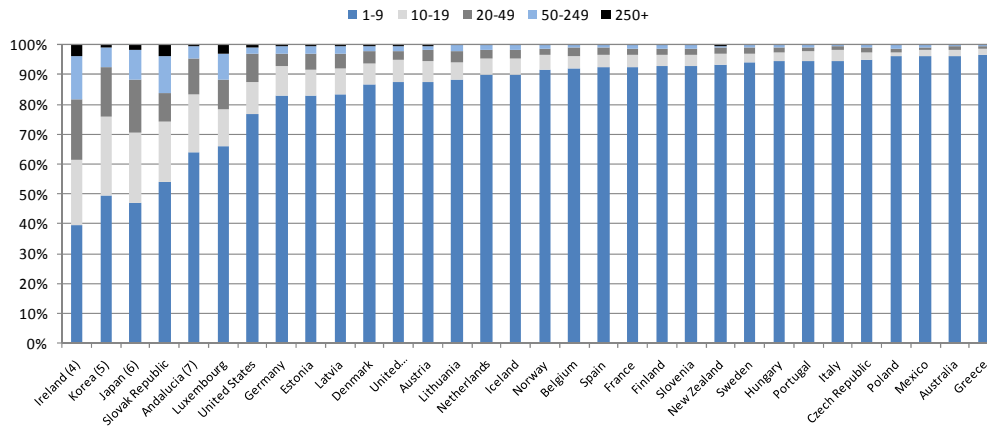
For further reading

Statistical publication

- OECD (2010), *Structural and Demographic Business Statistics*, OECD, Paris; forthcoming.

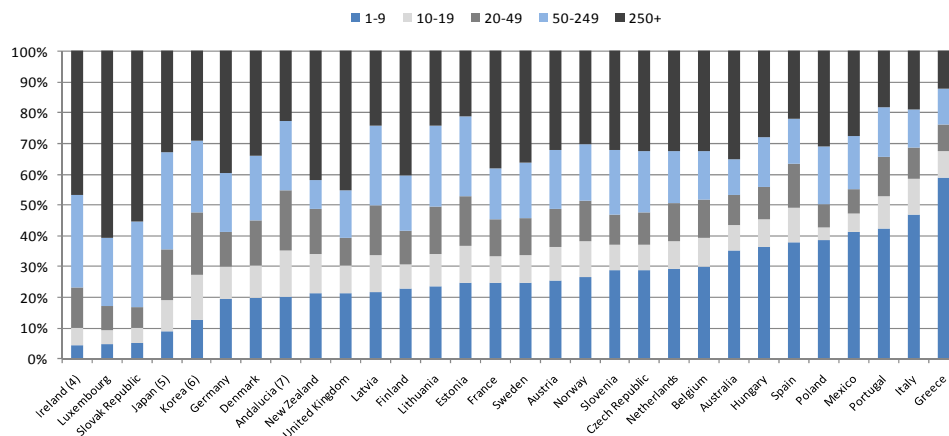
A.1-A.2

Number of enterprises and employment by size class
Enterprises^{1,2} by size class

 Percentages, 2006³


1. Market economy, excluding financial intermediation. Manufacturing sectors only for Ireland, Japan, Korea, Luxembourg and the Slovak Republic.
2. Number of establishments for Korea, Japan and Mexico.
3. 2005 for Iceland, 2003 for Mexico.
4. Enterprises with 3 or more persons engaged.
5. Establishments with 5 or more persons engaged.
6. Establishments with 4 or more persons engaged.
7. Data are based on the Establishments & Business Frame of the Regional Statistical Institute of Andalucia (IEA). The data refer to active enterprises, with 4 or more persons engaged and with headquarters in Andalucia.

Employment^{1,2} by size class

 Persons engaged, percentages, 2006³


1. Market economy, excluding financial intermediation. Manufacturing sectors only for Ireland, Japan, Korea, Luxembourg and the Slovak Republic.
2. Number of employees for New Zealand.
3. 2003 for Mexico.
4. Enterprises with 3 or more persons engaged.
5. Establishments with 4 or more persons engaged.
6. Establishments with 5 or more persons engaged.
7. Data are based on the Establishments & Business Frame of the Regional Statistical Institute of Andalucia (IEA). The data refer to active enterprises, with 4 or more persons engaged and with headquarters in Andalucia.

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Definitions

Value added

Value added corresponds to the difference between production and any intermediate consumption; the definition used here for intermediate consumption varies, depending on the valuation used for value added.

The valuation of value added can be made according to any of the following: factor costs, basic prices, market prices and producers' prices, depending on the treatment applied to indirect taxes and subsidies.

Trade

Export data are compiled according to the EU harmonised concept (special trade), including processing. Exports by size classes describe the contribution of enterprises of different sizes to total exports. This allows for analysing the impact of trade on employment.

Comparability

Value added

Data refer to value added at factor costs in the EU countries and value added at basic prices for Australia, Japan and Korea.

All countries present information using the enterprise as the statistical unit except Japan, Korea and Mexico, which use establishments.

For Ireland, only enterprises with three or more persons engaged are covered, while the data for Japan and Korea do not include establishments with fewer than four and five persons engaged, respectively.

The size class breakdown used provides for the best comparability across countries given the varying data collection practices across countries. Some countries use slightly different conventions. Data shown for "50-249" actually refer to "50-199" for Australia, and Korea; data shown for "250+" actually refer to "200+" for Australia and Korea.

Data typically refer to the total market economy excluding financial intermediation (ISIC 65-67), but for a certain number of countries, they also exclude Mining and Electricity, gas and water supply. Data for Japan, Korea, Luxembourg, the Netherlands and the Slovak Republic refer to Manufacturing only.

Trade

Data on intra-EU and extra-EU exports are treated separately, owing to different data collection systems and thresholds. Total exports are compiled by adding intra-EU and extra-EU exports. Since the data refer to years before the recent EU enlargement, exports between the pre-enlargement EU countries and the new EU countries are treated as extra-EU exports.

Overview

The importance of large firms, *i.e.* firms with more than 250 employees, is more pronounced in terms of value added and exports. In the majority of countries large firms account for close to 50% of value added. In countries such as Italy and Greece, however, firms in smaller size classes are responsible for more than 40% of the value added created in the country. The group of smallest firms (*i.e.* micro-firms) accounts for a major share of the creation of value added in these countries.

Because of the importance of scale economies and fixed costs in exporting, micro (1-9 employees) and small (10-49 employees) firms represent only a small share of total exports. Large firms are responsible for the majority of exports in most countries. Previous research has shown that multinational enterprises play a major role, as they often localise production and exporting facilities in one country to service not only that country's market but also markets in neighbouring countries.

Source

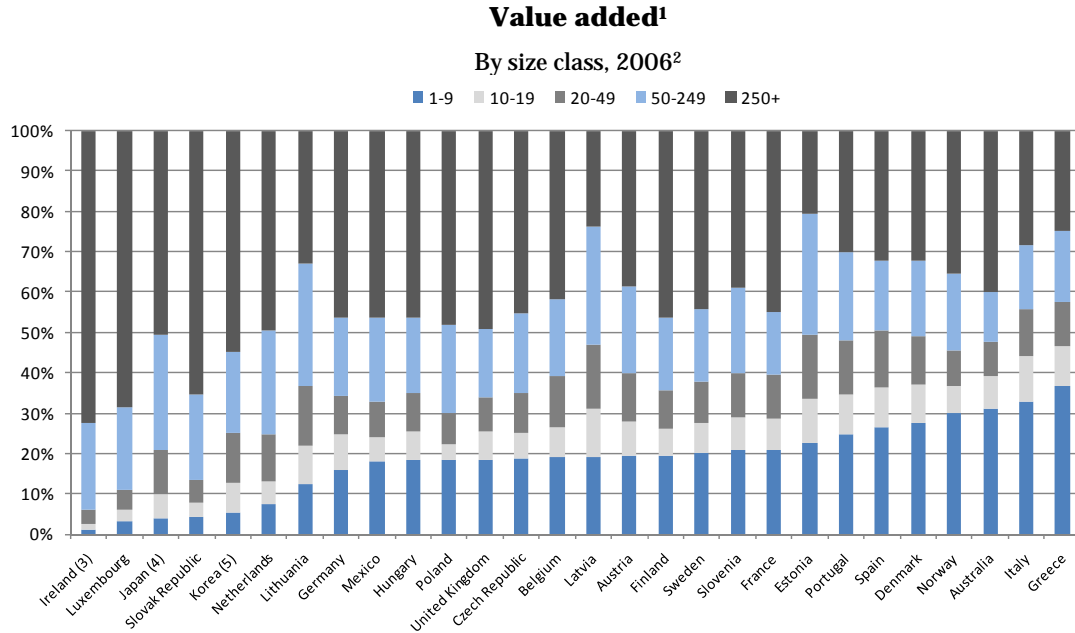
- Eurostat (2009), External Trade by Enterprise Characteristics
- OECD Structural and Demographic Business Statistics (SDBS) Database.

For further reading

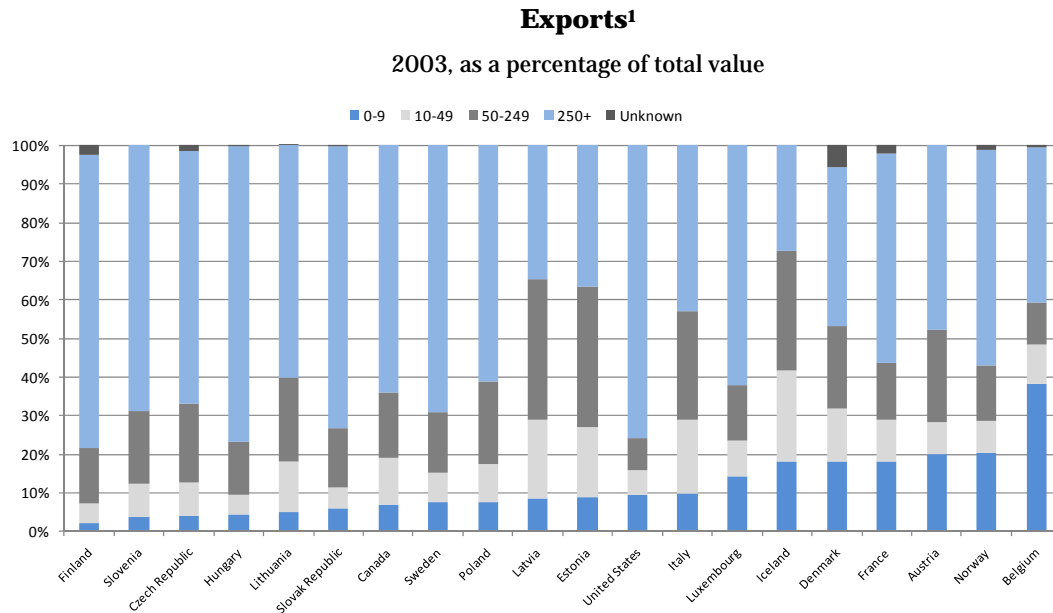
- Eurostat (2006), External Trade by Enterprise Characteristics, Methodologies and Working Papers (trade data).
- OECD (2010), *Structural and Demographic Business Statistics*, OECD, Paris, forthcoming.
- OECD (2008), "Linking Trade with Structural Business Statistics: OECD Progress Report", paper prepared for the Working Party on International Trade in Goods and Trade in Services Statistics, OECD, Paris.

A.3-A.4

Value added and exports by size class



1. Market economy, excluding financial intermediation. Manufacturing sectors only for Ireland, Japan, Korea, Luxembourg, Netherlands and the Slovak Republic.
2. 2003 for Mexico.
3. Enterprises with 3 or more persons engaged.
4. Establishments with 4 or more persons engaged.
5. Establishments with 5 or more persons engaged.



1. Total economy.

Source: OECD Trade by Enterprise Characteristics (TEC) Database.