

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 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 the United States, 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 can and do arise, however, is 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 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 across countries 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, Electricity, gas and water supply for Belgium, Finland, Greece, Hungary, Ireland and Norway, while for "Employment", it also excludes Mining, Electricity, gas and water supply for Austria, Belgium, Denmark, Finland, Ireland, Japan, Korea, Luxembourg, Portugal and Slovenia. The "Number of establishments" for Korea and Japan refers to Manufacturing only.

Overview

The number of enterprises by size class demonstrates the importance of so-called micro firms: in most countries firms with fewer than ten employees represent three-quarters or more of the employer firm population. In Korea, Japan and the United States their importance seems to be somewhat lower, but this may be due to differences in data collection and coverage. The United States has a very large number of firms with more than 250 employees.

The importance of micro firms is much smaller in terms of employment with a share below 40% in almost all countries. Large firms are responsible for an important share of employment (especially in manufacturing). 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 seems in line with the observation in many countries that young entrepreneurial firms face difficulties for attaining higher growth after their first years of existence.

Source

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

For further reading**Statistical publication**

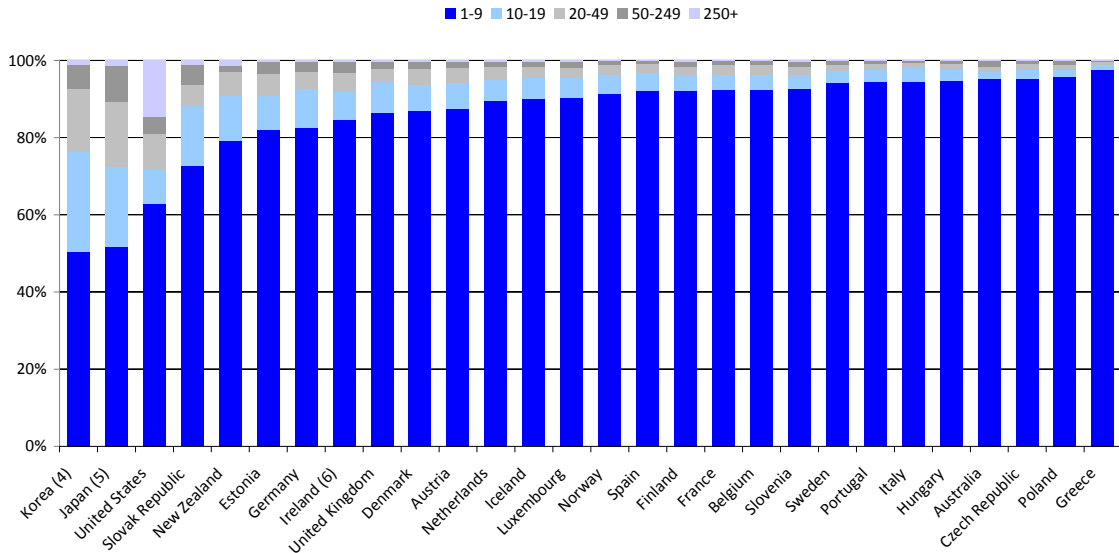
- OECD (2006), *Structural and Demographic Business Statistics 1996-2003*, 2006 Edition, OECD, Paris.

A.1-A.2

Number of enterprises and employment by size class

Number of enterprises^{1,2}

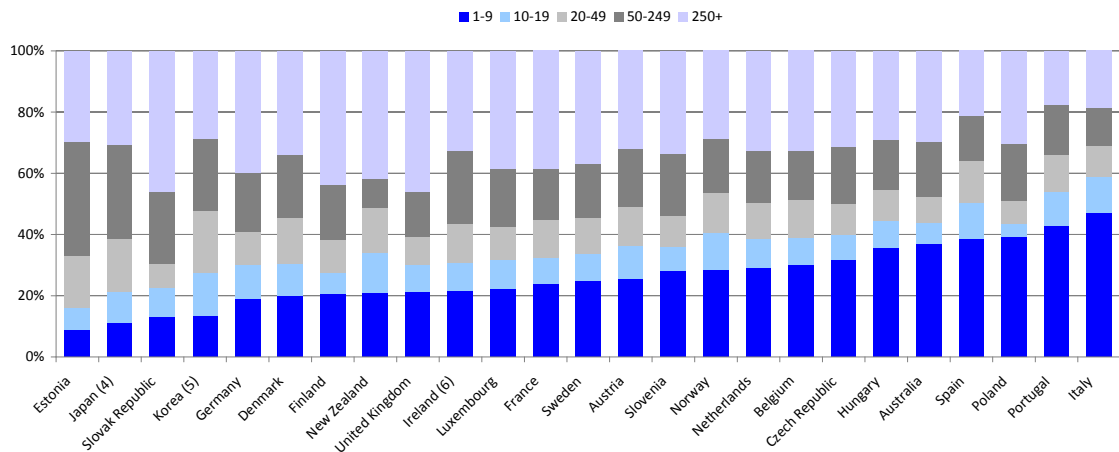
By size class, 2005³



1. Market economy, excluding financial intermediation. Manufacturing sectors only for Japan and Korea.
2. Number of establishments for Japan, Korea and the United States.
3. 2004 for Czech Republic, Greece, Norway, the United Kingdom and the United States.
4. Establishments with 5 or more persons engaged, for manufacturing sectors.
5. Establishments with 4 or more persons engaged.
6. Enterprises with 3 or more persons engaged, for manufacturing sectors.

Employment¹

Number of persons engaged, by size class,² 2005³



1. Market economy, excluding financial intermediation. Manufacturing only for Estonia, Japan and Korea.
2. Number of employees for New Zealand.
3. 2004 for Czech Republic, Norway and the United Kingdom.
4. Establishments with 4 or more persons engaged.
5. Establishments with 5 or more persons engaged, for manufacturing sectors.
6. Enterprises with 3 or more persons engaged, for manufacturing sectors.

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Definitions*Value added*

In very simple terms 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 describes the contribution of enterprises of different sizes to total exports. This allows for analysing the impact of trade on employment.

Comparability*Value added*

For the United States, the percentages presented in the charts refer to turnover and not value added, as they are for all other countries (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 the United States, 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 "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, and to "100-499" for the United States; data shown for "250+" actually refer to "200+" for Australia and Korea, and "500+" for the United States.

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 Luxembourg, Japan and Korea 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 most pronounced in terms of value added and exports. In the majority of countries large firms account for close to 50% of value added; however, in Italy, Spain, Portugal, Greece and Denmark, firms in smaller size classes are responsible for more than half of the value added created in the country, and the group of smallest firms accounts for a major share of the creation of value added in these countries.

Because of the role 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.

Sources

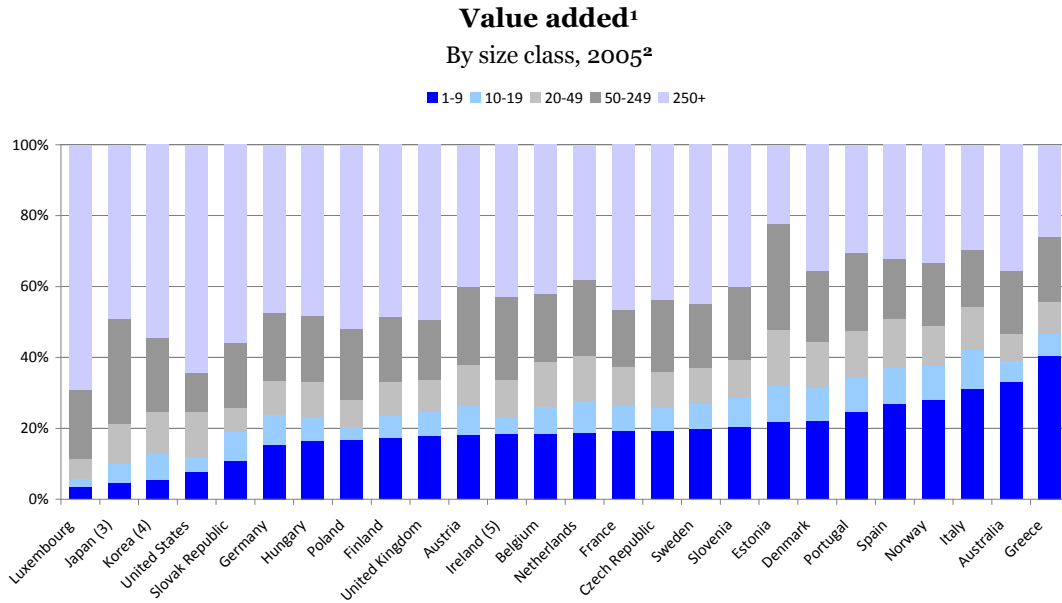
- OECD, Structural and Demographic Business Statistics (SDBS), OECD Database (value added data).
- Eurostat (2006), *External Trade by Enterprise Characteristics, Methodologies and Working Papers* (trade data).

For further reading**Statistical publications**

- OECD (2006), *Structural and Demographic Business Statistics 1996-2003*, 2006 Edition, OECD, Paris
- Eurostat (2006), *External Trade by Enterprise Characteristics, Methodologies and Working Papers* (trade data).
- 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

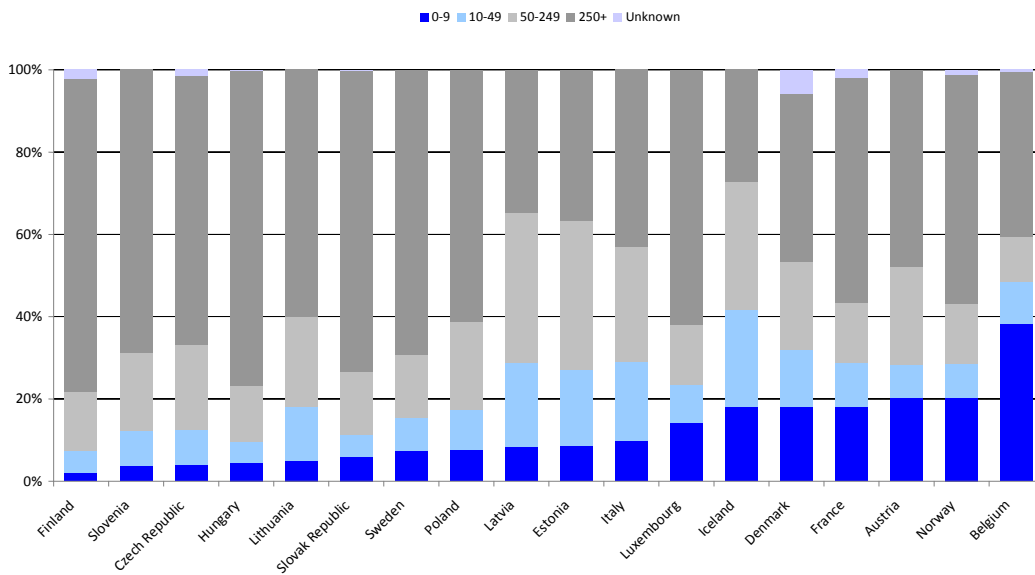
Value added and exports by size class



1. Market economy, excluding financial intermediation. Manufacturing sectors only for Japan, Korea and Luxembourg.
2. 2004 for Czech Republic, Greece, Norway and the United Kingdom; 2002 for the United States.
3. Establishments with 4 or more persons engaged.
4. Establishments with 5 or more persons engaged, for manufacturing sectors.
5. Enterprises with 3 or more persons engaged, for manufacturing sectors.

Export performance: total exports by size class¹

2003, as a percentage of total value



1. Total economy.

Source: Eurostat.