

## SMALL AND MEDIUM-SIZED ENTERPRISES

Small firms, and especially recent start-ups, can be very dynamic and innovative. A few very high-performance new and small firms can make an important contribution to employment creation and economic growth. Although the majority of small firms have more modest economic impacts individually, taken together they make an important contribution.

### Definition

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 and establish bank accounts. It may consist of one or more establishments situated in a geographically separate area. In this section, small enterprises refer to those with less than 20 persons engaged. Data on the number of small enterprises and the number of employees working in them refer to the manufacturing sector.

Employees include all persons covered by a contractual arrangement, working in the enterprise and receiving compensation for their work. They include salaried managers, students who have a formal commitment whereby they contribute to the unit's process of production in return for remuneration and/or education services, and employees engaged under a contract designed to encourage the recruitment of unemployed persons. They also include persons on sick leave, paid leave or vacation, while excluding working proprietors, active business partners, unpaid family workers and home-workers, irrespective of whether or not they are on the payroll.

### Comparability

Most countries present information using the enterprise as the statistical unit. Japan, Korea and Mexico are exceptions, as data refer to establishments. As most enterprises correspond to a single establishment, these differences do not significantly distort comparisons. An area where considerable differences do arise concerns 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 cut-off. All countries have thresholds of one sort or another, often depending on tax legislation and legal provisions reducing

administrative burdens on small enterprises. For Ireland, only enterprises with three or more persons engaged are reflected, while the data for Japan and Korea do not include establishments with fewer than 4 and 5 persons engaged respectively. Also, it is typically difficult, if not impossible, to cover enterprises operating in the underground economy. These differences, however, do not prevent meaningful comparisons across countries.

Employment data for Australia and Switzerland refer to the total number of persons engaged rather than to the number of employees. Data refer to 2007 in the case of France, Greece, Japan, and Norway; to 2006 for Australia and Korea; 2005 for Iceland; 2003 for Mexico; and 2001 for Switzerland.

Because data do not follow the same enterprise over time, they do not show the contribution that small enterprises make to economic and employment growth as they move from the start-up phase to some optimal size.

### Overview

The contribution of small enterprises varies considerably across countries. In most economies, the share of enterprises with less than 20 persons engaged exceeds 70% of the total, ranging between 69% in Ireland and above 95% in Greece. Small enterprises account for a smaller share of the total number of employees, ranging between around 9% in the United States and the Czech Republic and around 35% in Greece.

Some larger economies are characterised by a lower proportion of small enterprises, partly reflecting the greater scope for growth in larger markets (due to the existence of a greater pool of workers and larger demand) but also due to a statistical phenomenon (i.e. when an enterprise opens a new establishment in the same economy within which it is registered, it will move from being a small to a large enterprise).

### Sources

- OECD (2010), *OECD Studies on SMEs and Entrepreneurship*, OECD Publishing.
- OECD (2010), *Structural and Demographic Business Statistics* (database).

### Further information

#### Analytical publications

- OECD (2011), *Entrepreneurship at a Glance 2011*, OECD Publishing.
- OECD (2009), *The Impact of the Global Crisis on SME and Entrepreneurship Financing and Policy Responses*, OECD Publishing.
- OECD (2008), *Enhancing the Role of SMEs in Global Value Chains*, OECD Publishing.
- OECD (2008), *Removing Barriers to SME Access to International Markets*, OECD Publishing.

#### Statistical publications

- OECD (2010), *Structural and Demographic Business Statistics 2009*, OECD Publishing.
- OECD and Eurostat (2009), *Measuring Entrepreneurship – a collection of indicators*, OECD-Eurostat Entrepreneurship Indicators Programme, OECD Publishing.

#### Methodological publications

- OECD and Eurostat (2008), *Eurostat-OECD Manual on Business Demography Statistics*, OECD Publishing.

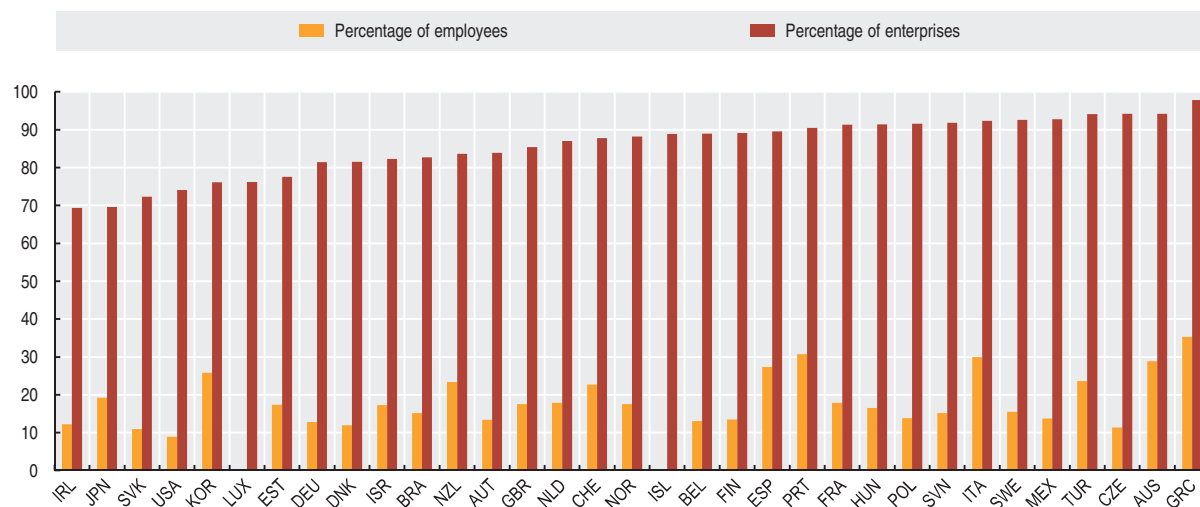
**Number of employees and number of enterprises in manufacturing**

Breakdown by size-class of enterprise, 2008 or latest available year

| Number of persons engaged | As a percentage of total number of employees in manufacturing |            |              |       |       |        | As a percentage of total number of enterprises in manufacturing |              |            |              |       |       |        |             |
|---------------------------|---|------------|--------------|-------|-------|--------|---|--------------|------------|--------------|-------|-------|--------|-------------|
|                           | Less than 20  | 20 or more | Less than 10 | 10-19 | 20-49 | 50-249 | 250 or more   | Less than 20 | 20 or more | Less than 10 | 10-19 | 20-49 | 50-249 | 250 or more |
| Australia                 | 28.9  | 71.1       | 19.3         | 9.6   | 13.9  | ..     | ..  | 94.2         | 5.8        | 88.5         | 5.7   | 3.8   | ..     | ..          |
| Austria                   | 13.4  | 86.6       | 6.8          | 6.6   | 11.0  | 26.8   | 48.7  | 83.9         | 16.1       | 72.0         | 11.9  | 8.6   | 5.8    | 1.8         |
| Belgium                   | 13.1  | 86.9       | 6.6          | 6.4   | 13.3  | 25.6   | 48.1  | 89.0         | 11.0       | 81.3         | 7.6   | 6.5   | 3.6    | 0.9         |
| Czech Republic            | 11.4  | 88.6       | 5.7          | 5.7   | 10.6  | 29.8   | 48.3  | 94.1         | 5.9        | 90.5         | 3.6   | 3.0   | 2.3    | 0.6         |
| Denmark                   | 12.0  | 88.0       | 5.6          | 6.4   | 14.0  | 27.7   | 46.3  | 81.5         | 18.5       | 70.8         | 10.7  | 10.6  | 6.5    | 1.4         |
| Estonia                   | 17.4  | 82.6       | 9.4          | 8.0   | 16.2  | 39.1   | 27.4  | 77.5         | 22.5       | 65.0         | 12.5  | 12.4  | 8.8    | 1.3         |
| Finland                   | 13.5  | 86.5       | 7.4          | 6.1   | 10.6  | 23.5   | 52.4  | 89.2         | 10.9       | 81.6         | 7.5   | 5.9   | 3.9    | 1.1         |
| France                    | 17.9  | 82.1       | 10.7         | 7.3   | 12.1  | 22.2   | 47.8  | 91.3         | 8.7        | 84.1         | 7.2   | 5.1   | 2.8    | 0.8         |
| Germany                   | 12.8  | 87.2       | 5.0          | 7.8   | 7.5   | 25.5   | 54.3  | 81.4         | 18.6       | 61.1         | 20.3  | 7.9   | 8.6    | 2.1         |
| Greece                    | 35.3  | 64.7       | 30.4         | 4.9   | 12.1  | 25.6   | 27.1  | 97.8         | 2.3        | 96.5         | 1.2   | 1.3   | 0.8    | 0.2         |
| Hungary                   | 16.5  | 83.5       | 9.8          | 6.8   | 11.1  | 26.0   | 46.4  | 91.4         | 8.6        | 84.9         | 6.5   | 4.6   | 3.2    | 0.8         |
| Iceland                   | ..  | ..         | ..           | ..    | ..    | ..     | ..  | 88.9         | 11.1       | 80.2         | 8.7   | 6.7   | 3.8    | 0.7         |
| Ireland                   | 12.2  | 87.8       | 5.8          | 6.4   | 12.9  | 30.4   | 44.6  | 69.4         | 30.7       | 50.2         | 19.2  | 16.5  | 11.3   | 2.9         |
| Israel                    | 17.3  | 82.7       | 9.8          | 7.6   | 13.3  | 30.5   | 38.9  | 82.3         | 17.7       | 69.8         | 12.5  | 9.8   | 6.7    | 1.1         |
| Italy                     | 30.0  | 70.0       | 14.3         | 15.7  | 18.4  | 24.9   | 26.8  | 92.3         | 7.7        | 81.3         | 11.0  | 5.3   | 2.1    | 0.3         |
| Japan                     | 19.2  | 80.8       | 8.6          | 10.7  | 17.6  | 31.0   | 32.2  | 69.6         | 30.4       | 45.4         | 24.2  | 18.4  | 10.2   | 1.8         |
| Korea                     | 25.8  | 74.2       | 11.3         | 14.5  | 20.9  | 26.8   | 26.5  | 76.1         | 23.9       | 49.5         | 26.6  | 16.5  | 6.7    | 0.8         |
| Luxembourg                | ..  | ..         | ..           | ..    | ..    | ..     | ..  | 76.2         | 23.8       | 63.3         | 12.9  | 11.3  | 9.3    | 3.3         |
| Mexico                    | 13.7  | 86.3       | 9.4          | 4.3   | 7.3   | 21.6   | 57.3  | 92.8         | 7.2        | 89.7         | 3.1   | ..    | ..     | ..          |
| Netherlands               | 17.9  | 82.1       | 8.8          | 9.1   | 16.3  | 31.6   | 34.2  | 87.0         | 13.0       | 77.8         | 9.2   | 7.7   | 4.4    | 0.9         |
| New Zealand               | 23.3  | 76.7       | 12.5         | 10.9  | 15.8  | 24.9   | 36.0  | 83.6         | 16.4       | 67.7         | 15.9  | 10.5  | 5.0    | 0.9         |
| Norway                    | 17.5  | 82.5       | 9.3          | 8.2   | 14.6  | 28.2   | 39.6  | 88.2         | 11.8       | 79.6         | 8.6   | 6.9   | 4.1    | 0.9         |
| Poland                    | 13.9  | 86.2       | 9.5          | 4.3   | 10.0  | 30.7   | 45.5  | 91.6         | 8.5        | 87.6         | 3.9   | 4.1   | 3.5    | 0.9         |
| Portugal                  | 30.7  | 69.3       | 18.4         | 12.3  | 19.6  | 30.7   | 19.0  | 90.5         | 9.5        | 81.7         | 8.8   | 6.2   | 3.0    | 0.3         |
| Slovak Republic           | 10.9  | 89.1       | 3.5          | 7.5   | 7.5   | 26.5   | 55.1  | 72.3         | 27.7       | 42.1         | 30.2  | 10.6  | 13.0   | 4.1         |
| Slovenia                  | 15.2  | 84.8       | 9.3          | 5.9   | 9.7   | 29.4   | 45.8  | 91.8         | 8.2        | 86.2         | 5.6   | 4.0   | 3.4    | 0.9         |
| Spain                     | 27.4  | 72.6       | 15.2         | 12.2  | 19.8  | 24.3   | 28.4  | 89.5         | 10.5       | 79.3         | 10.3  | 7.3   | 2.7    | 0.5         |
| Sweden                    | 15.5  | 84.5       | 9.0          | 6.6   | 10.7  | 24.4   | 49.4  | 92.6         | 7.4        | 87.2         | 5.4   | 4.0   | 2.7    | 0.7         |
| Switzerland               | 22.7  | 77.3       | 14.9         | 7.8   | 13.0  | 29.2   | 35.1  | 87.8         | 12.2       | 79.1         | 8.7   | 6.7   | 4.5    | 0.9         |
| Turkey                    | 23.6  | 76.4       | ..           | ..    | 14.4  | 26.2   | 35.8  | 94.1         | 5.9        | ..           | ..    | 3.5   | 2.0    | 0.4         |
| United Kingdom            | 17.5  | 82.5       | 10.5         | 7.0   | 12.0  | 26.8   | 43.6  | 85.4         | 14.6       | 74.7         | 10.7  | 8.1   | 5.3    | 1.3         |
| United States             | 8.9   | 91.1       | 4.3          | 4.6   | ..    | ..     | ..  | 74.1         | 25.9       | 58.5         | 15.6  | ..    | ..     | ..          |
| Brazil                    | 15.2  | 84.8       | 6.9          | 8.3   | 12.7  | 21.6   | 50.5  | 82.7         | 17.3       | 66.2         | 16.5  | 10.8  | 5.4    | 1.2         |

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**Manufacturing enterprises with less than 20 persons engaged**

As a percentage of total number of employees or total number of enterprises, 2008 or latest available year


 StatLink  <http://dx.doi.org/10.1787/888932503683>

