

Presentation of the publication "Structure and Activity of Industry: data by size of enterprises 1987/1988/1989"

This publication contains data according to size of enterprises with 20 or more persons employed in the industry and building and civil engineering sectors, taken from the inquiry on the structure and activity of industry (series D). The data which figure within cover the years 1987-89 and relate to five variables: the number of enterprises (V01), the number of persons employed (V05), labour costs (V18), turnover (V24), and value-added (V73).

This document summarizes the analysis which accompanies the data in the publication and describes the principal trends in the structure of enterprises by size throughout the eighties.

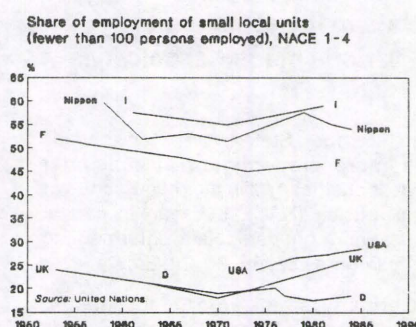
On the basis of the number of persons employed, the enterprises are broken down into small enterprises (20 to 99 persons), medium enterprises (100 to 499) and large enterprises (500 persons or more). The changing importance of small enterprises is analysed via the different classes of manufacturing activity and, although their tendencies are largely comparable, the other analyses are restricted to the two major sectors of industry (NACE 1 to 4) and building and civil engineering (NACE 5).

Evolution of the importance of small enterprises

Up until the start of the 1970s, technological advances and the growth of industrial production went together with an ever increasing concentration of businesses and a decline in small enterprises, especially artisan concerns.

Midway through the 1970s, however, this trend was reversed in the majority of western economies, with small industrial local units increasing in number. This phenomenon was particularly marked in the United Kingdom and the United States (Figure 1).

Figure 1



Since a renewal of this type also occurred during the depression of the 1930s, the context of industrial recession is sometimes put forward as one of the factors explaining the revival of small enterprises. Nevertheless, this phenomenon may be attributed to a multitude of factors, including: the appearance of new technologies (I.T., biotechnology, etc.), leading initially to the creation of many small businesses prior to a stage of sectoral concentration; the development of less capital-intensive technologies more readily accessible to small enterprises; or the shift in demand to more specialised or customized goods, which call for greater flexibility and small-scale production.

The revival of small enterprises was maintained during the eighties in several Member States in both industry and building and civil engineering sectors. In fact, in countries such as France or Italy, the importance of small enterprises grew no matter which criteria was applied: share in the total number of enterprises with 20 or more persons employed, share in total employment

or share in total value-added achieved (Figures 2a and 2b, 3a and 3b, 4a and 4b).

Figure 2a

Percentage of small enterprises, 1979-88 Construction.

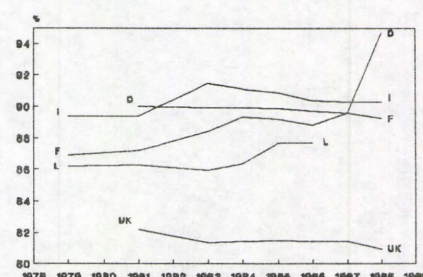


Figure 2b

Percentage of small enterprises, 1979-88 Industry.

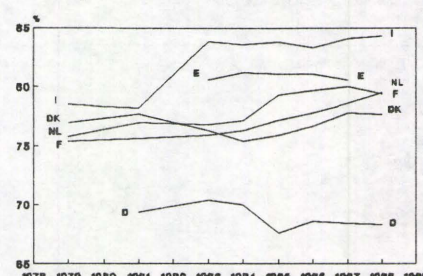


Figure 3a

Share of employment of small enterprises, 1979-88 Construction.

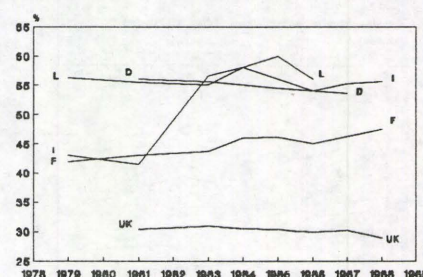


Figure 3b

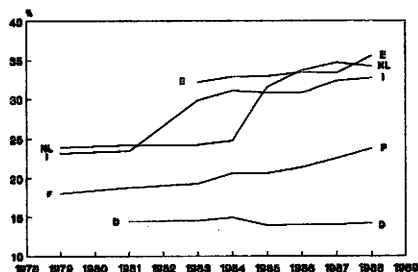
Share of employment of small enterprises, 1979-88
Industry.

Figure 4a

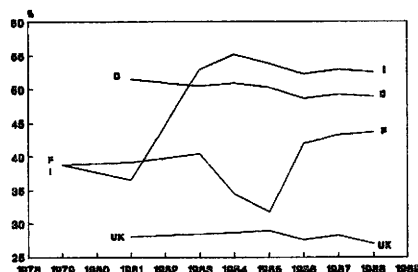
Share of value added of small enterprises, 1979-88
Construction.

Figure 4b

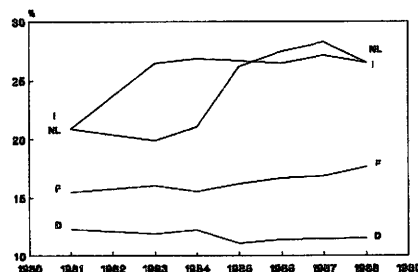
Share of value added of small enterprises, 1979-88
Industry.

Figure 5a

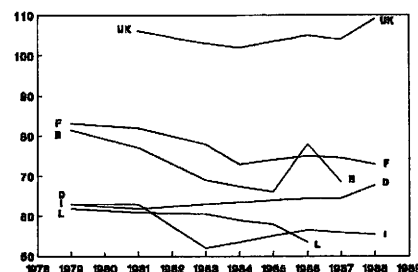
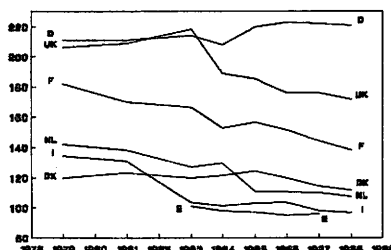
Average size of enterprises (20+), 1979-88
Construction.

Figure 5b

Average size of enterprises (20+), 1979-88
Industry.

The greater share of small enterprises, in terms of the number of units and jobs, led to a reduction in the average size of enterprises (Figures 5a and 5b).

In contrast, the position of small enterprises in Germany declined during the 1980s, in both industry and building and civil engineering sectors.

In fact, moving from 211 persons employed in 1979 to 220 in 1988, Germany was the only country where the average size of industrial enterprises (with 20 or more persons employed) grew. The average size of German industrial enterprises is now more than double that of Italian and Spanish counterparts (97 and 96 persons employed respectively).

Consequently, in terms of size, the structure of German industrial enterprises diverged still further from that of other countries, with medium and large enterprises playing a greater role. However, in the building and civil engineering sector the size pattern of German enterprises drew closer to French and Belgian patterns.

Trends in the structure of the various industrial activities

In all Member States, small enterprises were more predominant in consumer goods industries and in the manufacture of metal articles (NACE 31) than in capital goods, and more particularly, intermediate goods (Figures 6a, 6b, 6c and 6d).

In Germany small enterprises gained ground in terms of jobs in the capital goods industries, but fell back in intermediate goods. The situation was less clear-cut in consumer goods industries, where small enterprises made headway in economically threatened sectors and the paper, printing and publishing industry (NACE 47), but lost ground in the timber and wooden furniture industry (NACE 46).

Trends in employment

Employment in industry slackened off in response to the acute problems experienced by some European industries (iron and steel, textiles, clothing, leather and footwear, etc.) in the face of international competition from newly industrialised countries in particular, and because new technological advances (automation of production processes, computerization of administrative and accounting tasks, etc.) tended increasingly to substitute capital for labour.

Figure 6a

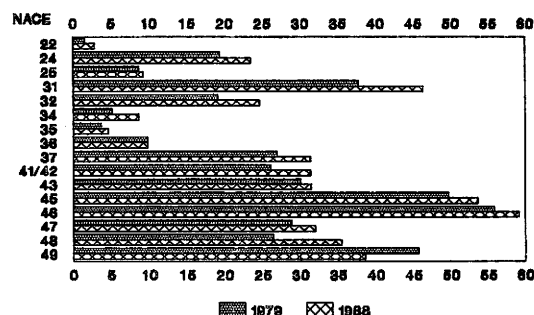
Share of small enterprises by sector, in percent
Belgium.

Figure 6b

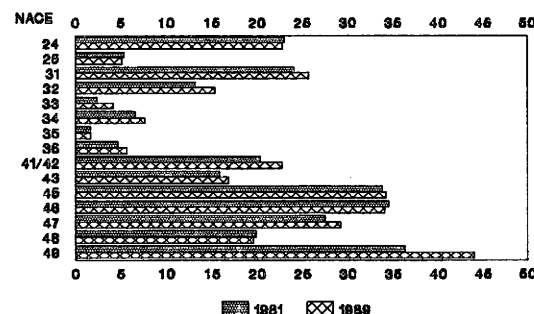
Share of small enterprises by sector, in percent
Germany.

Figure 6c

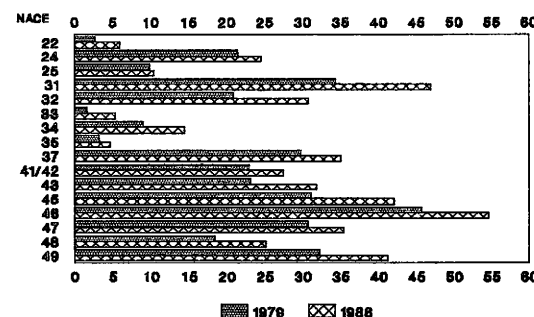
Share of small enterprises by sector, in percent
France.

Figure 6d

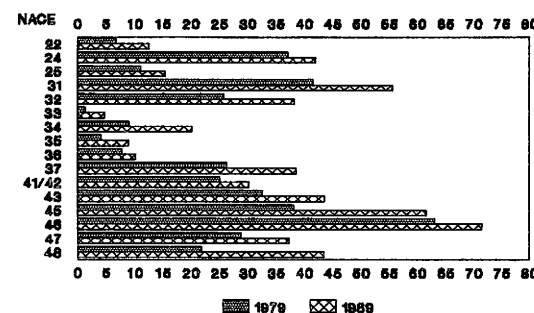
Share of small enterprises by sector, in percent
Italy.

Figure 7a

Total employment in size-class 20+, 1979-88
Construction.

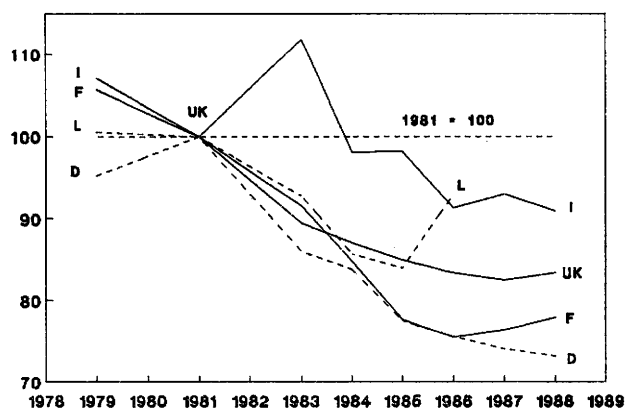
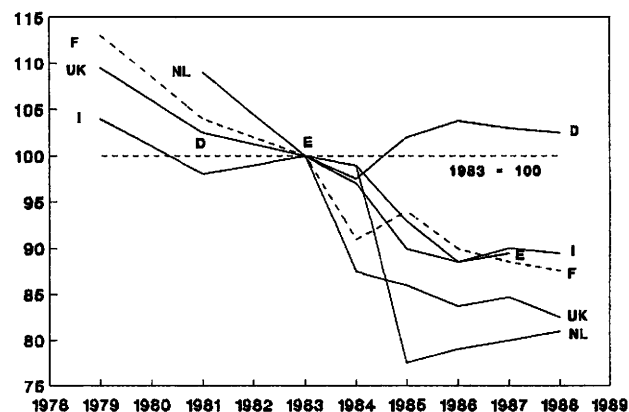


Figure 7b

Total employment in size-class 20+, 1979-88
Industry.



With the exception of the industrial sectors in Denmark, the 1980s saw substantial job losses in all countries examined for both industry and civil engineering sectors (Figures 7a and 7b).

In contrast to this overall decline in employment, numbers employed in small industrial enterprises increased from the early 1980s onwards in Italy, France and the Netherlands (Figures 8a, 8b and 8c).

The same was true of small enterprises in the building and civil engineering sector in Italy (Figure 9).

Figure 8a

Evolution of employment by size-class
Italy, NACE 1-4.

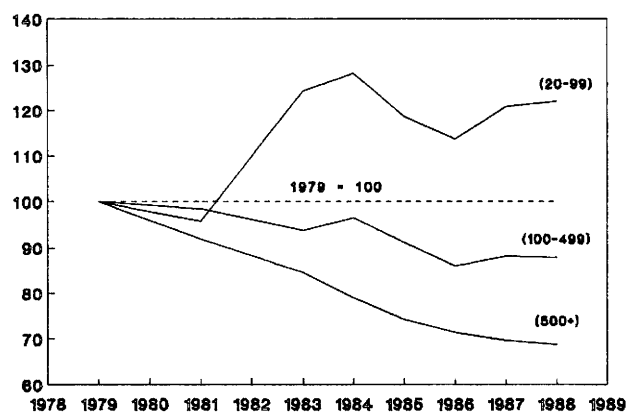


Figure 8b

Evolution of employment by size-class
France, NACE 1-4.

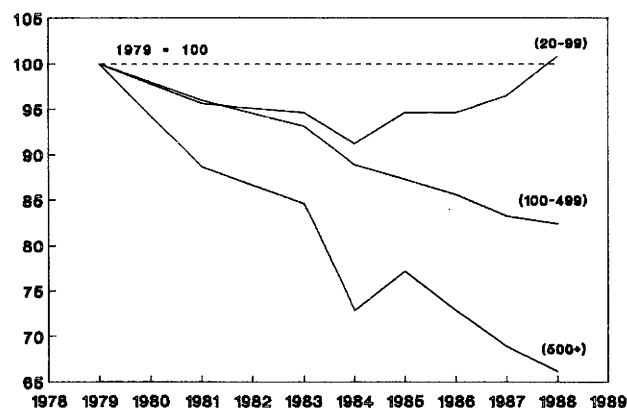


Figure 8c

Evolution of employment by size-class
Netherlands, NACE 1-4.

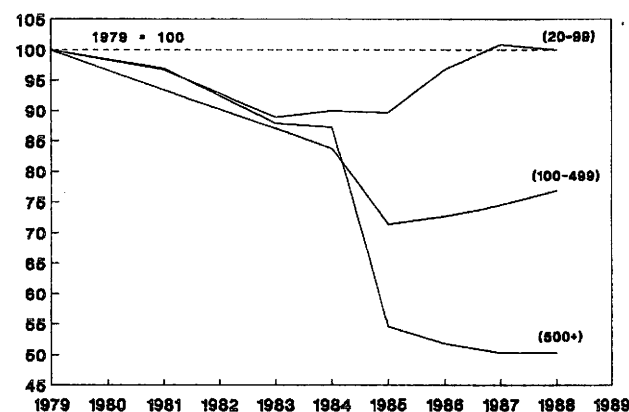


Figure 9

Evolution of employment by size-class
Italy, NACE 5.

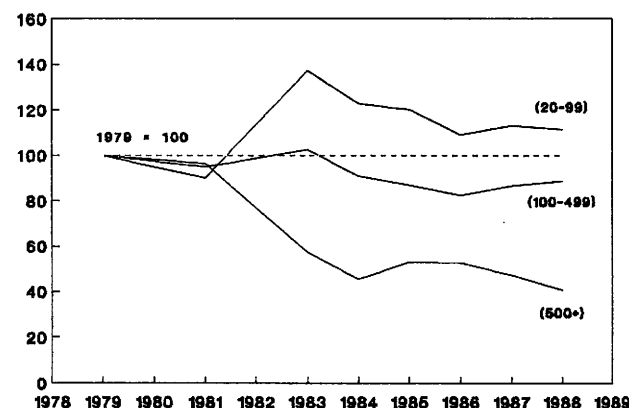
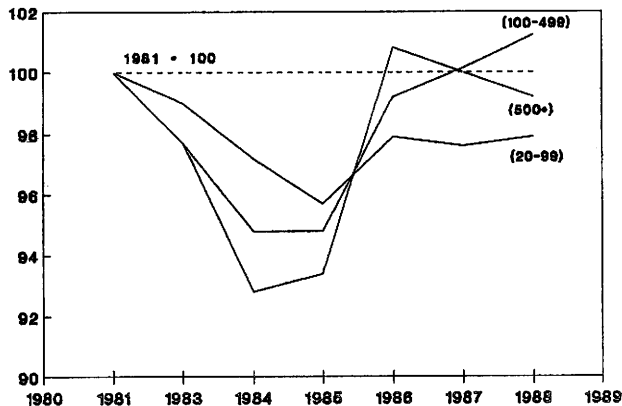


Figure 10

Evolution of employment by size-class
Germany, NACE 1-4.



In these countries, employment trends in small enterprises were much healthier than in medium-sized and, in particular, large enterprises.

In Germany, however, numbers employed in small enterprises decreased (Figures 10 and 11), while numbers employed in medium-sized and large enterprises began to regain ground from 1985 onwards.

With the exception of Germany, large enterprises suffered substantial job losses. This was the main factor behind the collapse of employment in industry in France and the Netherlands in 1984-1985.

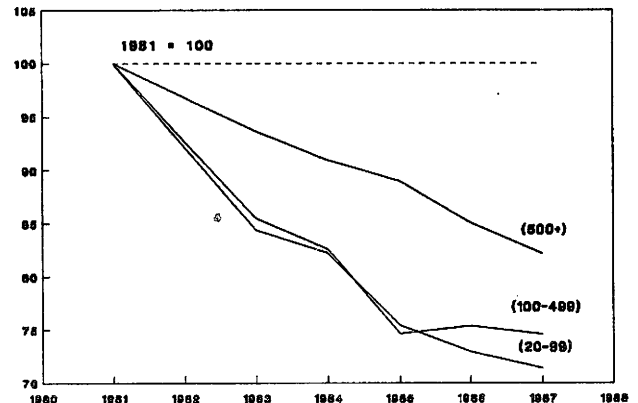
Trends in apparent productivity and labour costs

Productivity and labour costs per person or by turnover varied considerably, not only from one industrial sector to another but also from one size class to another.

In both the industry and building and civil engineering sectors, apparent productivity, measured in terms of value-added per person, increased with the size of enterprises. In French, Italian and Dutch industry, apparent productivity grew at a faster rate in large enterprises than in their small counterparts (Figure 12). The productivity gap therefore widened in favour of large enterprises throughout the decade.

Figure 11

Evolution of employment by size-class
Germany, NACE 5.



Reducing labour costs was central to the efforts made in the 1980s to restore enterprises to a firm financial footing and increase their competitiveness. Wage bills were cut back in order to boost the cash-flow available for investment via an increase in the gross operating surplus.

The 1980s also witnessed industrial enterprises with 20 or more persons employed, whether large or small, reducing the proportion of value-added channelled into labour costs. Taking all size classes together (20 or more persons employed), the greatest reduction was in the Netherlands, where wages and salaries accounted for only 62% of value-added in 1988 as opposed to 78% in 1981 (Figure 13).

Figure 12

Value-added per person by size-class
1981-88, NACE 1-4.

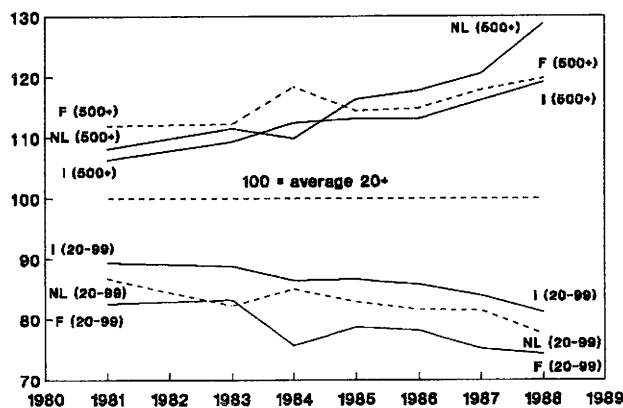


Figure 13

Labour cost as a percentage of the value-added
1981-88, NACE 1-4.

