

Investigation into Employee Size Bands

Most of the tables in the [Scottish Corporate Sector Statistics publication](#) classify enterprises according to their size. The purpose of this note is to provide information about how these sizes are defined and what impact this has on the statistics.

- An enterprise's size is determined by the total number of UK employees it has. The rationale behind this approach is that the size of the overall enterprise determines its behaviour as an economic agent. An enterprise with a large number of employees in the UK as a whole is likely to behave like a large enterprise, regardless of its level of Scottish employment.
- Analysis was carried out to look at how the distribution of enterprises varies by size when the size bands are based on Scottish employees and UK employees. The results are presented in Table 1 below.

Table 1: Enterprise counts by industrial sector and UK- and Scottish-employee size bands, March 2010

Industry	UK Employee Sizebands					Scottish Employee Sizebands				
	0	0-49	50-249	250+	Total	0	0-49	50-249	250+	Total
A Agriculture, Forestry and Fishing	9,545	7,690	20	5	17,255	9,545	7,695	15	5	17,255
B, D, E Mining and Quarrying, Utilities	205	430	55	65	765	215	455	50	40	765
C Manufacturing	2,240	5,280	625	260	8,405	2,245	5,460	565	130	8,405
F Construction	6,640	11,770	315	125	18,845	6,640	11,855	295	55	18,845
G Wholesale and retail trade; Repair of motor vehicles and motorcycles	7,625	16,595	590	510	25,325	7,640	17,090	460	130	25,325
H Transportation and storage	1,845	2,950	210	155	5,160	1,850	3,110	155	50	5,160
I Accommodation and food service activities	1,290	11,215	280	125	12,910	1,290	11,260	305	60	12,910
J Information and communication	4,110	2,465	115	90	6,775	4,120	2,555	70	30	6,775
K Financial and insurance activities	325	1,145	75	125	1,670	325	1,250	55	40	1,670
L Real estate activities	2,160	2,325	75	45	4,600	2,160	2,365	60	10	4,600
M Professional, scientific and technical activities	11,790	9,810	345	190	22,140	11,810	10,035	235	55	22,140
N Administrative and support service activities	3,820	5,355	305	230	9,715	3,820	5,495	310	90	9,715
P Education	490	1,105	95	85	1,775	490	1,135	90	60	1,775
Q Human health and social work activities	265	5,040	345	135	5,785	265	5,130	310	80	5,785
R Arts, entertainment and recreation	1,040	2,660	105	55	3,860	1,040	2,680	115	20	3,860
S Other service activities	1,555	6,760	100	60	8,475	1,555	6,860	50	10	8,475
Grand Total	54,950	92,595	3,655	2,260	153,455	55,010	94,440	3,140	865	153,455

Main Findings

- Overall, the main effect of using size bands based on Scottish employees instead of UK employees is a considerable reduction in the number of large enterprises (down by 1,395). There is also a modest reduction in the number of medium enterprises (down by 515) and a slight increase in the number of small enterprises (up by 1,845). There is little difference in the number of enterprises with zero employees.
- The effects are similar at an industry level, with all industries experiencing a reduction in large businesses. The greatest reductions are in the Wholesale and retail trade (-380), Administrative Activities (-140) and Professional Activities (-135).
- All industries experience a reduction in medium enterprises with the exception of Accommodation and food services, Arts and recreation and Administrative activities.
- There is no change in the total number of enterprises, nor in the employment and turnover estimates. This is because the same enterprises are included in the analyses – they are simply reclassified within another category according to their level of Scottish employment.