



NERI Webinar

The Composition of Employment in Small and Large Firms, 2002-2017

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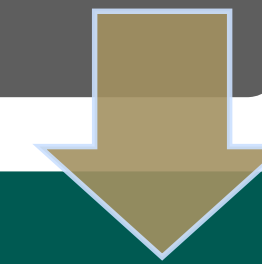
IGEES

Irish Government Economic and Evaluation Service

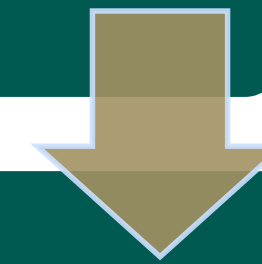
Overview of Presentation



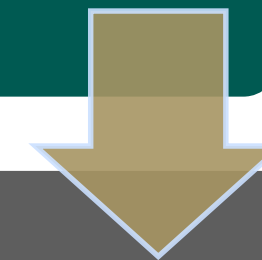
Overview of IGEEES



Composition of Employment Paper



Overview of the Analysis



Key Messages and Ideas for Further Research

Overview of the Irish Government Economic and Evaluation Service



Irish Government Economic & Evaluation Service

- Cross Governmental network of economists and policy analysts
- Network of 200+ analysts across 17 Government Departments
- Publications and further information on igees.gov.ie

The Composition of Employment in Small and Large Firms, 2002-2017



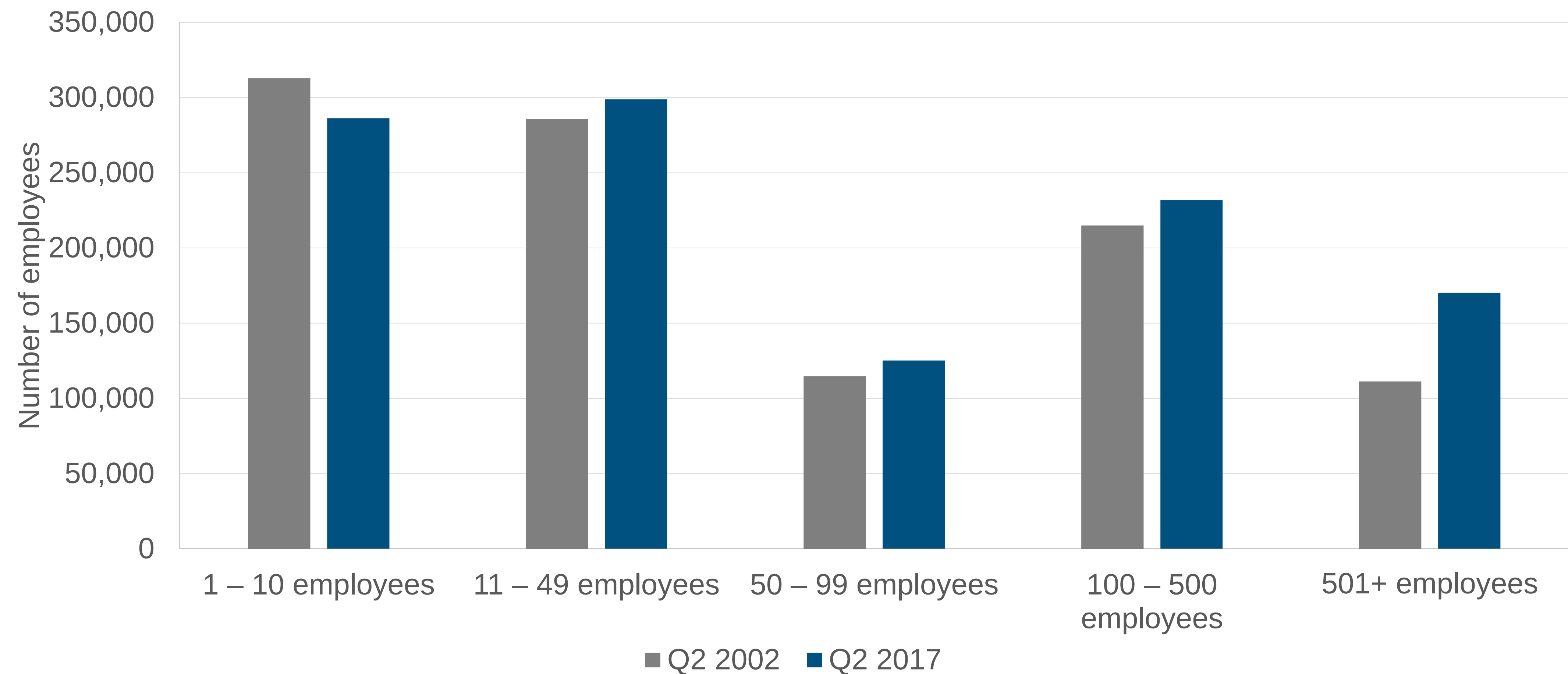
- Published in October 2020 as part of the Spending Review.
- Authored by Rob Keogh, co-authored by Cathal McDermott and Jasmina Behan (Department of Public Expenditure and Reform).

Rationale For This Paper



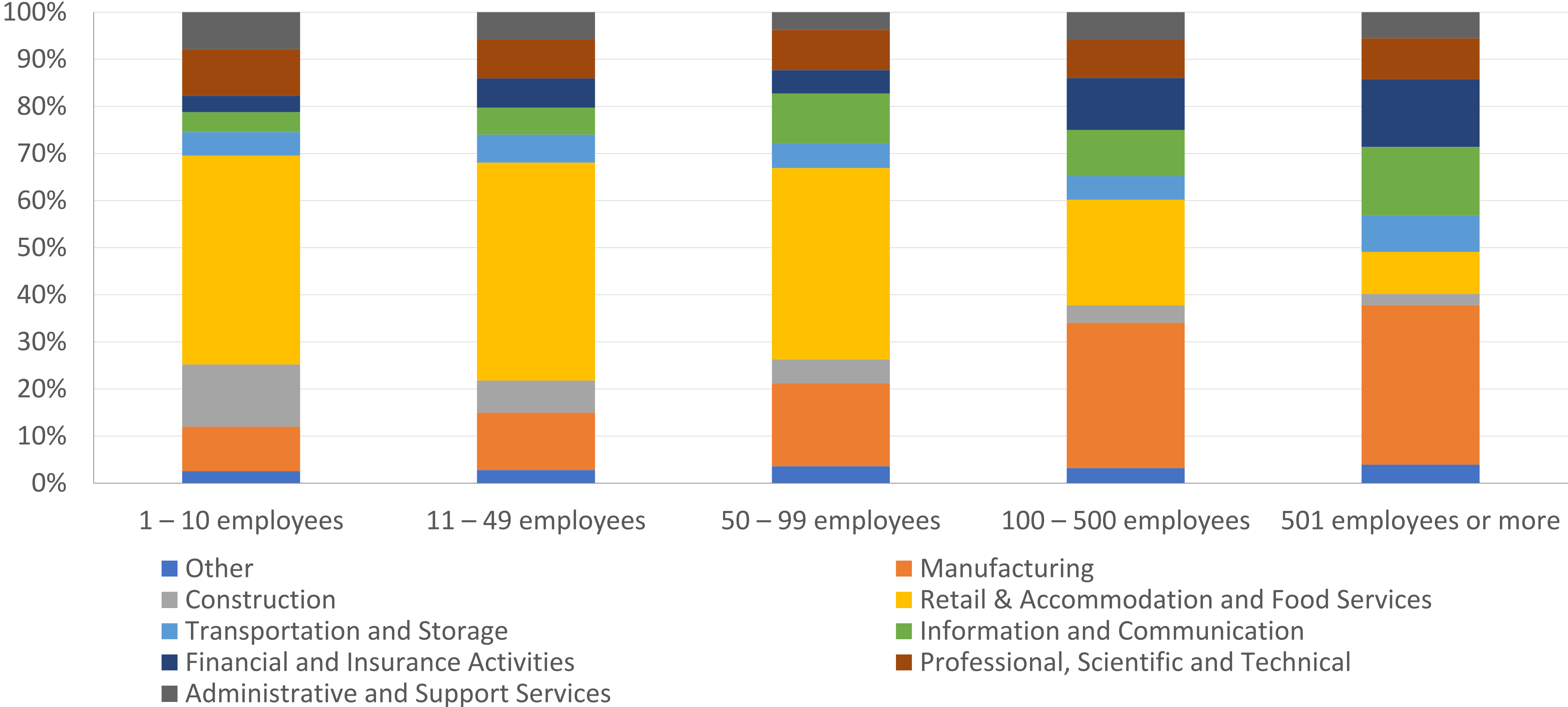
- **Expanding productivity gap** between the most and least productive firms in Ireland since the mid 2000's.
- OECD have suggested that **skills shortages, poor internal management practices**, and low levels of workforce training hinder the performance of SMEs in the economy.
- Survey results also suggest that small enterprises in Ireland **struggle to compete** against larger multinationals to attract talent.
- A need to better understand the extent to which employment by firm size differs in terms of skill levels and quality of employment.
- Access to the Labour Force Survey Microdata through the CSO's Research Microdata Files (RMF) platform.

Employment by firm size



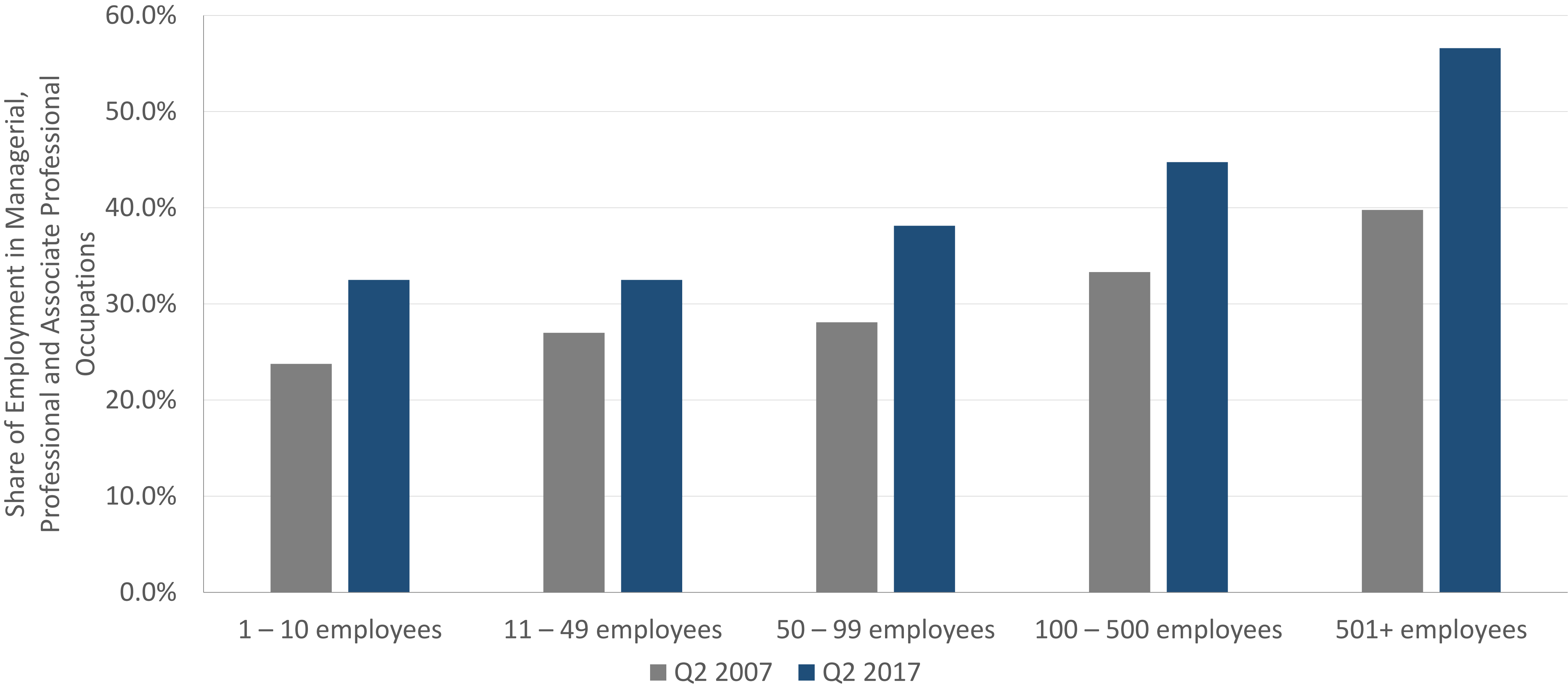
Source: LFS. Excludes missing values and self-employed without employees

Sectoral Mix by Firm Size, 2017 Q2



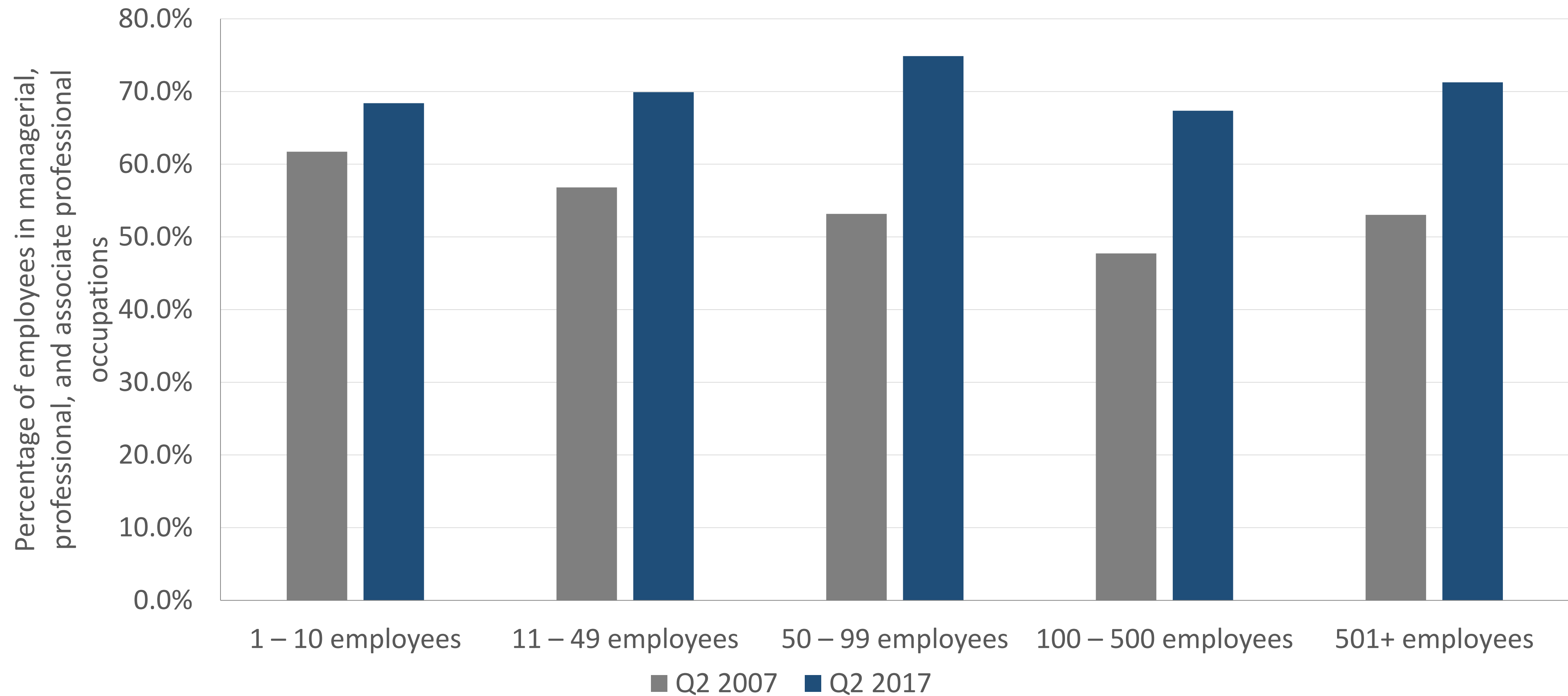
Source: LFS. Excludes missing values and self-employed without employees

All Private Sector: Proportion of employees in Managerial & Professional Roles



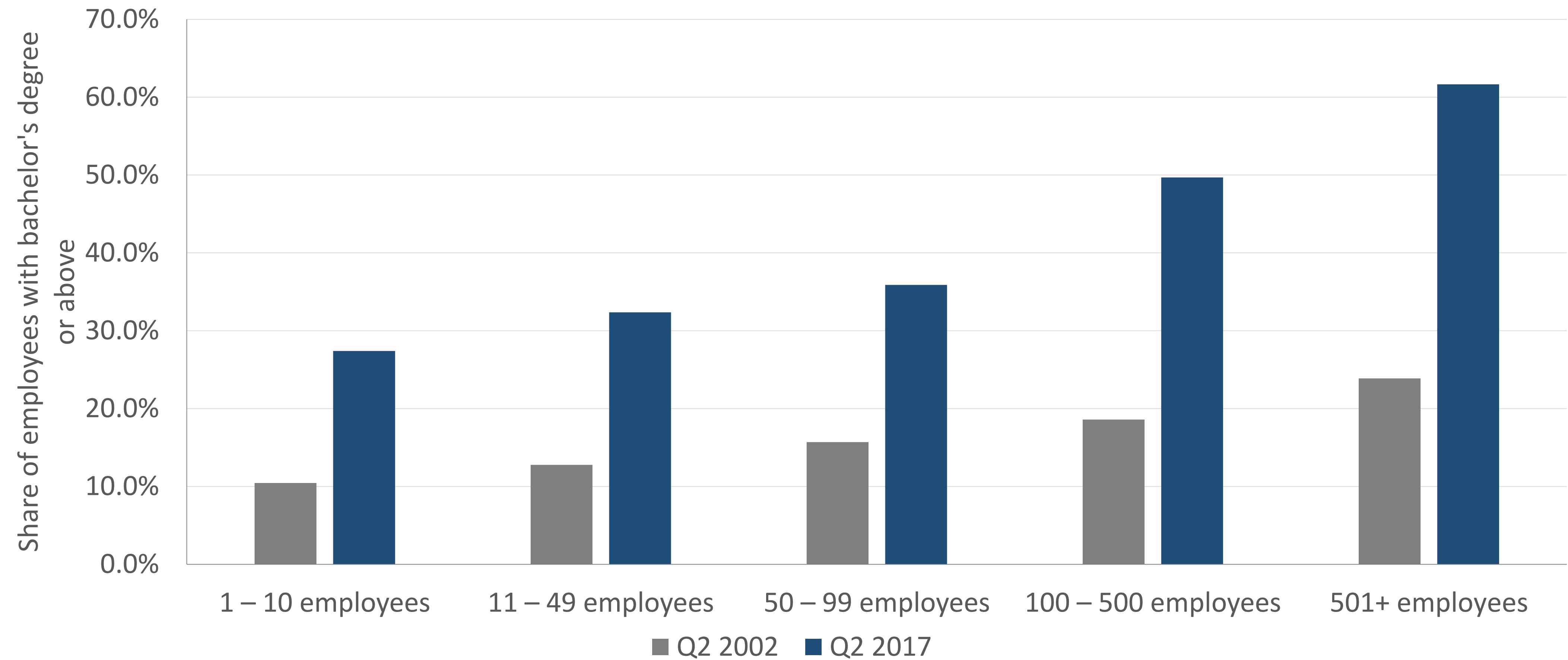
Source: LFS. Excludes missing values and self-employed without employees

MNE Dominated Sectors: Proportion of employees in Managerial & Professional Roles



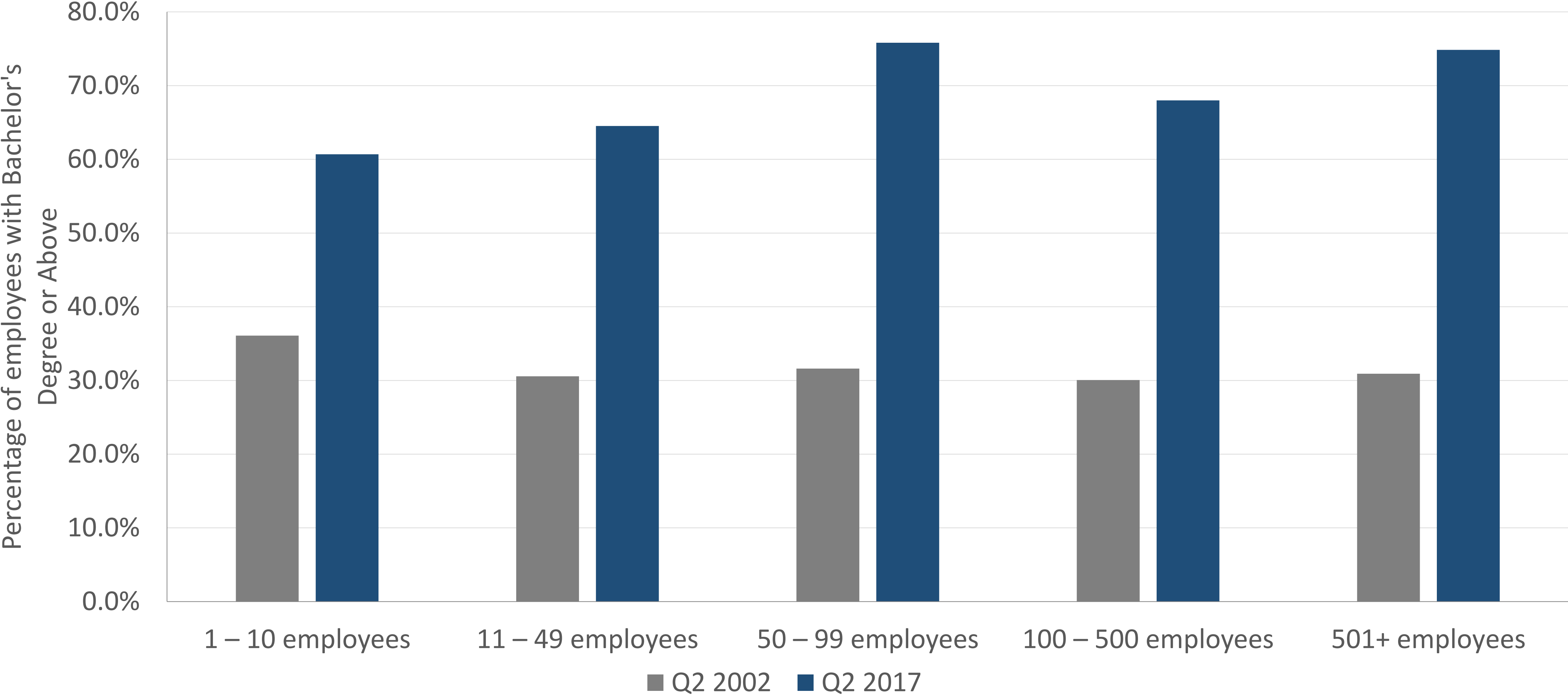
Source: LFS. Excludes missing values and self-employed without employees

All Sectors: Proportion of employees with bachelor's degree or above



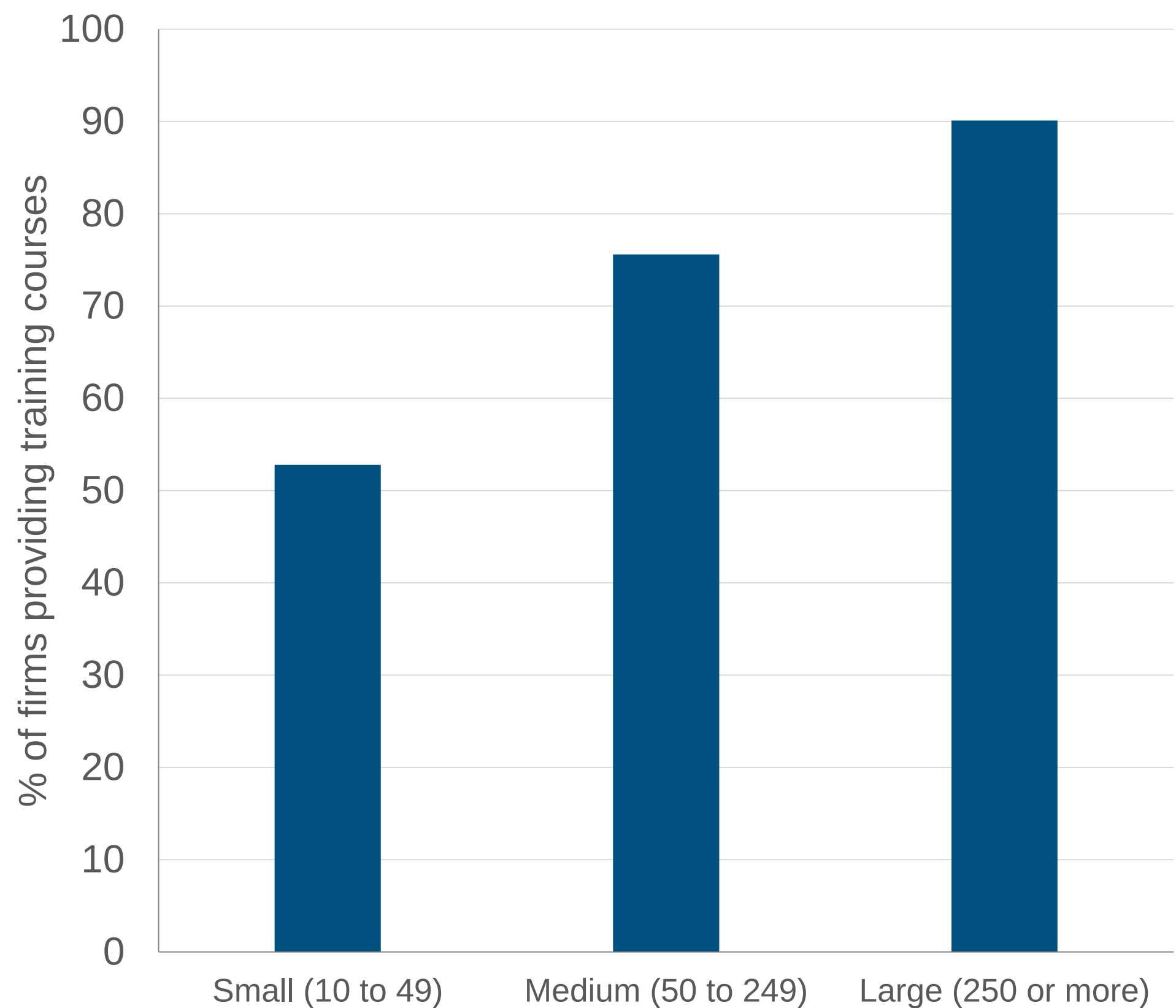
Source: LFS. Excludes missing values and self-employed without employees

MNE Dominated Sectors: Proportion of employees with bachelor's degree or above



Source: LFS. Excludes missing values and self-employed without employees

Lifelong Learning by Firm Size



Source: CSO, Continuing Vocational Training Survey, 2015

Firm size	Formal education	Non-formal education
1 – 10	3.0%	7.4%
11 – 99	3.6%	7.8%
100 – 500	4.2%	7.7%
501+	4.4%	9.2%
All firms	3.7%	7.9%

Source: LFS. Excludes missing values, self-employed without employees, and response ‘don’t know but more than 10 employees’.

Key messages



- SMEs are still the **largest employer**
- Employment growth between 2002 and 2017 across enterprise base, BUT
- Larger firms accounted for most jobs growth between
- Difference in **sectoral mix** by firm size
- Educational and occupational mix improving across all enterprise base, BUT
- Difference in education levels and occupation mix by firm size
- However, **within higher tech sectors** similar educational and skill profile
- Evidence that SMEs offer high skilled jobs, but still small in scale
- Difference in participation in **Lifelong Learning** by firm size
- Challenge may be exacerbated by COVID19 (and Brexit)

Potential Further Research



- Assuming the data were available...
- Estimate spill over effects in terms of movement of skills from large employers to small over time.
- Account for demand in skills among smaller firms Vs larger firms. Do they need those skills? Are they losing out to larger employers for these skilled workers?
- Extend the analysis into market outcomes. Do employees of similar occupations and skills earn more in larger employers.