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Getting smaller: size dynamics of employer enterprises in Portugal¹

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Abstract

We describe the size dynamics of active employer enterprises in Portugal, from 1985 to 2007, by applying to the *Quadros de Pessoal* dataset (Employment Administrative Records by the Portuguese Ministry of Labour and Social Security), the methodology and definitions of the OECD/Eurostat “Manual on Business Demography Statistics” (Eurostat/OECD, 2007). This methodology grants international comparability, for instance with the Eurostat/OECD’s “Entrepreneurship Indicators Programme”. We describe the main patterns of firm size evolution in Portugal over the last 22 years and look at the decomposition of firm size into specialisation and within sector effects, the importance of employment creation by small firms, and the issue of firm size distribution over time. We observe that firm size has been decreasing in Portugal over all broad sectors, regions and entrants and exiters from the market and also that firm size distribution is right-skewed, evolving over time towards a lognormal distribution.

Keywords: Business Demography, Entrepreneurship, Firm Size Distribution; Portugal.

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