

A microscope on small businesses: Spotting opportunities to boost productivity

9

May 2024

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We analyzed **MSMEs across 16** varied economies



Note: Year for which data is available/represented varies by country from 2016 to 2019. Analysis excludes notable sectors: Agriculture, Financial services, Real estate, among others.

Source: A microscope on small businesses, May 2024

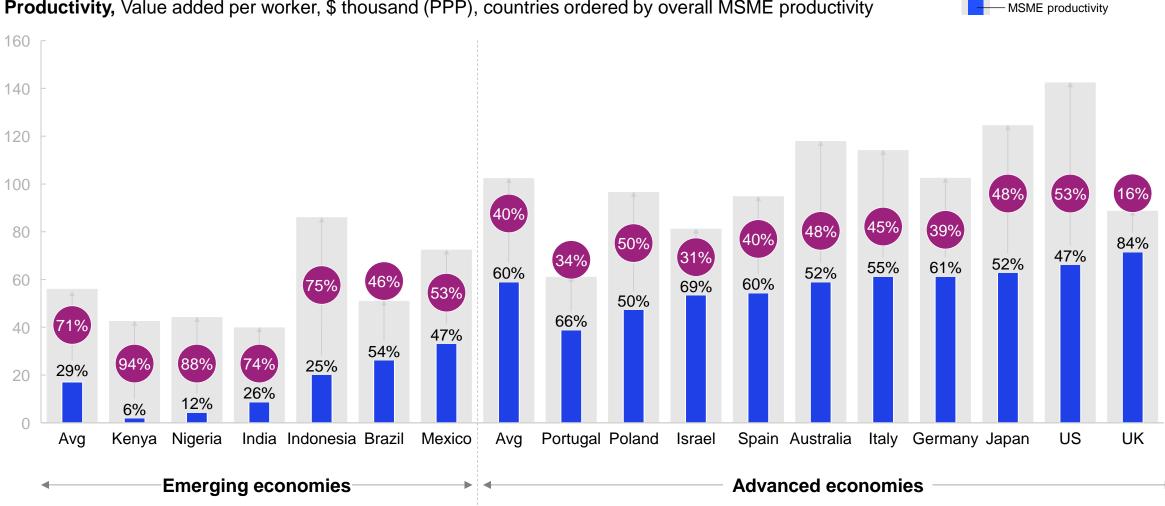
Micro

1-9 people

employed

000

MSME productivity lags larger firms'



Productivity, Value added per worker, \$ thousand (PPP), countries ordered by overall MSME productivity

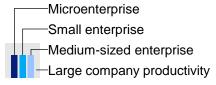
Source: A microscope on small businesses, May 2024

MSME productivity gap

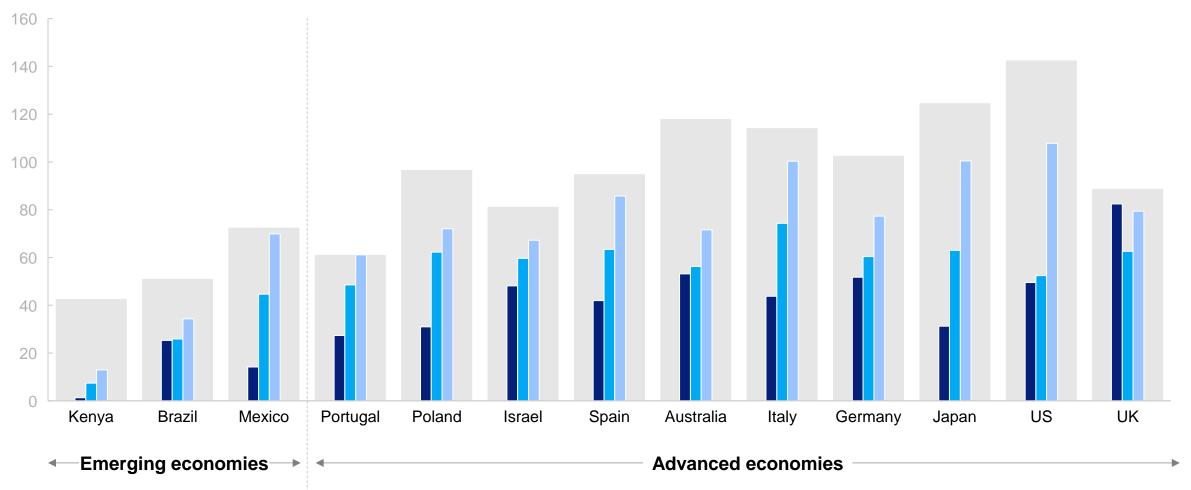
MSME productivity ratio

Large company productivity

Scale matters - even within MSMEs



Productivity, value added per worker, \$ thousand (PPP)



Source: A microscope on small businesses, May 2024

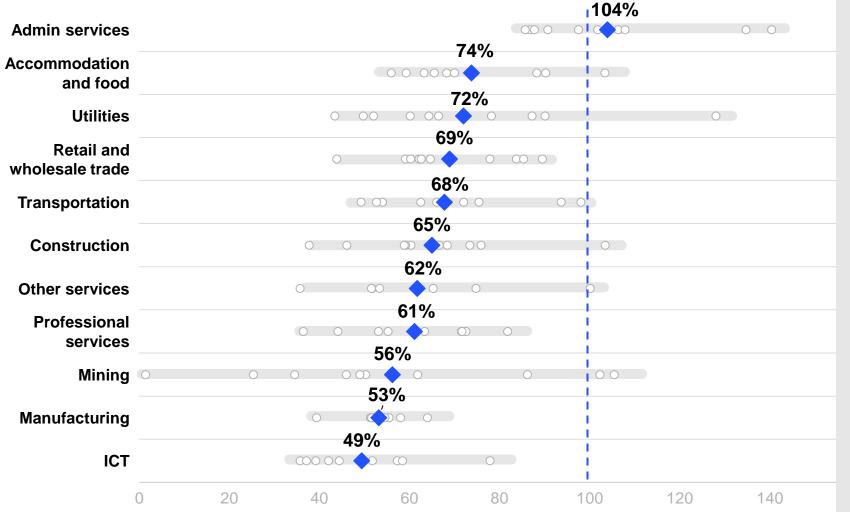
MSME productivity gaps vary by sector

Gaps equivalent to Ac % GDP ecc

Advanced 5 10

Emerging economies

MSME productivity to large company productivity ratio for sectors in advanced economies, %



Source: A microscope on small businesses, May 2024

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Each dot represents a country
Advanced economy average

Large firms are more likely to deploy productivity drivers than small firms

Technology

2.0X on CRM and AI

Human capital

1.9-2.4 X on skilling and performance management

Global connections

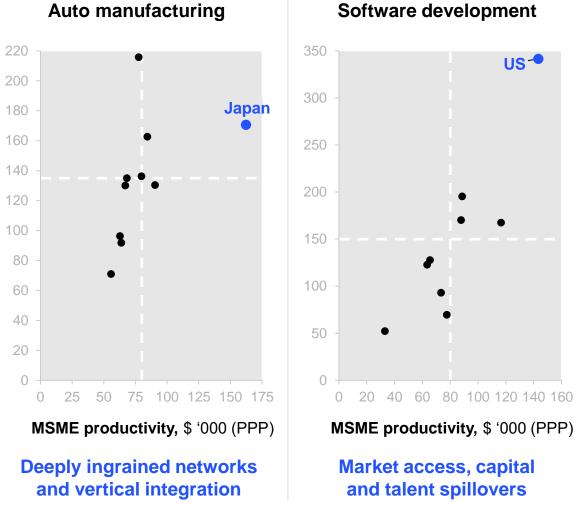
3.2X on access to markets

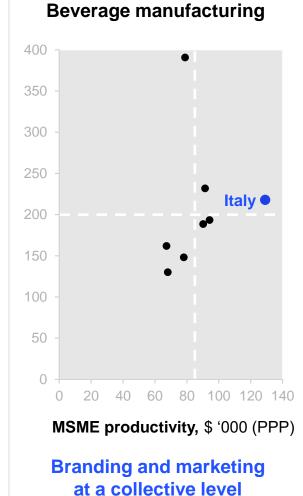
Financial capital

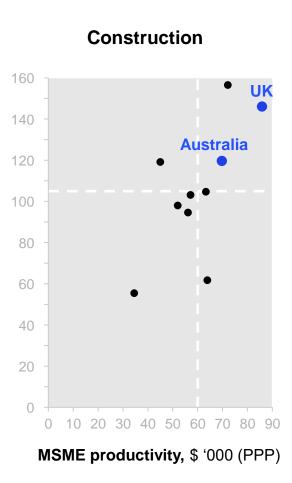
1.5X on access to finance

Examples of 'win-win' domains

Large company productivity, USD '000 PPP







Payment acceleration, strategic sub-contracting

Source: A microscope on small businesses, May 2024

Granular MSME productivity and employment "matrices" can support development initiatives

Scaled perfo	rmance ¹					
Sector (perform	ance vs labor-intensive)	Self-Emp.	Micro	Small	Medium	Large
Labor-intensive services [1.0x]	Accom & food					
	Admin services					
	Personal services					
	Logistics					
	Construction					
	Retail trade					
Knowledge- intensive services [1.4x]	Healthcare					
	Prof. services					
	IT					
	Finance & insurance					
Manufacturing [3.0x]	Food					
	Auto					
	Electronics					
	Other mfg					
Wholesale trade						

Source: America's small businesses, October 2024

1. Performance calculated as revenues per worker or productivity

We create granular MSME matrices for

- **37 COUNTRIES** (and additional 57 countries without productivity)
- Subnational US example
 - Region: 50 states, 1875 counties, 380 MSAs)
 - Demographics: Gender, Ethnicity

Share of total	workforce, Hig	Busin	sess size (Performance vs self-	employed)							
5, 2021			-		_						
Sector									10.00		
Labor-ir	[Ctoto]		nt lan daaana								
servicer	[State] employment landscape										
	Business size (Performance vs self-employed)										
	State of total werkforde, High Low										
	Scaled										
	Sector (pe	US emplo	yment lands	cape: En	ıployme	nt varies	across s	ectors	and		
Knowler services	Labor-inter										
				Business size /Do	formance vs self-er						
		Share of total workforce, %, 2021	High Low	susmoss sate (renormance vs seremptoyes)		(proyect)					
		Scaled performance?		1x	54	41	5x				
Manufac		Sector (performance)	rs labor-intensive)	Self-Employed	Micro	Small ²	Medium ²	Large	Tota		
		Labor-intensive services [1.0x]	Accom & food services [0.4x]	0%	1%	3%	1%		8%		
	Knowledge services [1		Admin services (0.5x)	2%	1%	1%	1%	6%	105		
			Other services [0.6x]	2%	1%	1%	0%	0%	5%		
Wholes			Logistics (0.9x)	2%	0%	1%	0%	2%	6%		
Other [1			Construction [1.6x]	2%	1%	2%	1%	1%	6%		
ontotali Total Isame UB Partama Conf DDY	Manufactur		Retail trade [1.8x]	2%	1%	1%	1%	7%	115		
		Knowledge-intensive services [1.4x]	Healthcare [0.8x]	1%	1%	2%	2%	7%	155		
			Professional services [0.9x]	2%	1%	1%	1%	5%	115		
			IT [2.7x]	0%	0%	0%	0%	2%	2%		
	Wholesale		Finance & insurance [4.0x]	0%	0%	0%	0%		5%		
	Other [1.2x] ordertainme	Manufacturing (3.0x)	Food [3.2x]	0%	0%	0%	0%	1%	1%		
	Total		Auto [4.0x]	0%	0%	0%	0%	1%	1%		
	Bourse: UB Cere 1. Participation c		Electronics [2.5x]	0%	0%	0%	0%	0%	1%		
			Other manufacturing [2.8x]	0%	0%	1%	1%	3%	5%		
	CONFERNIVAL	Wholesale trade (8.8x)		0%	1%	1%	1%	2%	4%		
		Other [1.2x] (mining, util ordertainment, real estat		4%	1%	1%	1%		9%		



Explore the research, country data snapshots and US deep-dive











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