Enterprise Surveys data for more than 45,000 firms in 106 economies show that on average firms in the services sector have experienced higher employment growth than those in manufacturing in recent years. Among firms in services, employment grew 8.8% over the previous two years, while those in manufacturing grew 5.2%. This pattern holds across all regions and all income categories. This difference between sectors is driven particularly by employment growth in retail firms (10.2% growth), as they experienced higher employment growth than firms in other services (8.0%).

This pattern of firms in services experiencing faster employment growth than those in manufacturing was most pronounced in Eastern Europe and Central Asia (ECA), where employment growth in services was 9.8% and only 2.7% in manufacturing (Figure 1). Firms in Turkey had the highest overall employment growth in services at 31.5%, while manufacturing firms in Turkey grew by 4.2%.

However, the difference in employment growth rates between manufacturing and services was not as pronounced in other regions. For instance, this difference was smallest in Sub-Saharan Africa (AFR), due mainly to high employment growth in manufacturing, led by Lesotho (27.8%) and Sierra Leone (27.1%).

Although firms in services grew faster than firms in manufacturing in all regions, this was driven by different industries in different regions. In Sub-Saharan Africa, East Asia and Pacific (EAP), and Latin America and Caribbean (LAC), retail firms had faster employment growth than firms in other services. This difference was especially large in LAC, where retail firms had 10.5% employment growth and firms in other services only had 4.9% growth. The ECA region shows different patterns as firms in other services grew faster than those in retail (8.5% and 7.8% employment growth, respectively).

The overall pattern of faster employment growth in services holds across income groups (Figure 2). Employment growth was more than 4 percentage points (pps) higher for firms in services than for firms in manufacturing in high-income economies (5.9% and 1.6% employment growth, respectively), and close to 4 pps in lower-middle-income (3.9) and upper-middle-income countries (3.7). This difference was smallest (2.7 pps) in low-income countries, mainly because job growth in manufacturing was also relatively strong.

Source: Enterprise Surveys. AFR=Sub-Saharan Africa, EAP=East Asia and Pacific, ECA=Europe and Central Asia, LAC=Latin America and Caribbean.

Figure 1: Employment Growth by Region (in %)

Figure 2: Employment Growth by Country Income Group (in %)
In addition to having the greatest difference between employment growth rates in services and manufacturing firms, high-income countries had a different group of firms that was responsible for the faster employment growth of services firms compared to other income groups. In high-income countries, firms in other services grew faster than firms in retail (7.3% and 3.6% growth, respectively), and this faster growth in other services was driven by IT and wholesale trade—the fastest-growing industries. But, as mentioned above, for all other income groups, firms in retail experienced faster employment growth than firms in other services. This pattern was especially strong in upper-middle-income countries, where employment growth was 11.8% in retail firms and 6.6% in other services firms.

**Data and definitions**

The World Bank’s Enterprise Surveys (ES) provide a unique source of information that can be used to measure employment growth across a large set of developing countries. The data used for employment growth analysis in this note cover manufacturing and services firms in 106 countries from different world regions. Data used in this analysis were collected from surveys conducted since 2006.

The employment growth rate for a subcategory of firms in a given country is calculated as the total number of jobs created in that particular subcategory in the country in the past two years divided by the total number of jobs that exist among all firms in that subcategory in the country in the current year. In order to find the employment growth rate for a subcategory across countries, the simple average across countries is used.

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《Endnotes》

1. Surveys were conducted between 2006 and 2010, and employment growth was assessed over a two-year period.

2. Other services include construction, wholesale trade, repair of motor vehicles, motorcycles, and personal and household goods, hotels and restaurants, transport, storage, and communications. The following sectors are excluded: financial intermediation, real estate, renting and business activities (except sub-sector IT), and public or utilities sectors.

3. Only four regions are considered in this study: Sub-Saharan Africa, East Asia and Pacific (EAP), Latin America and Caribbean (LAC), and Eastern Europe and Central Asia (ECA).