

# Depreciation on Organisational Capital A Micro-Level Analysis for Germany

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# The framework

## Intangible capital (Corrado/Hulten/Sichel, 2009)

- Computerised information
- Innovative property
- Economic competencies
  - Brands
  - Organisational capital
  - Firm-specific human capital

## Value of a team as part of organisational capital

# Aim of the study

**Assessment of depreciation rates  
for organisational capital**

**Focus on the value of a team**

**Have a look on**

- **Public influenced industries**
- **Comparison of results for Germany and the United States**

# Structure of the paper

**Introduction**

**Background**

**Data**

**Results**

**Conclusions**

# Background

## Explaining

- Organisational capital
- Capital value of a team
- Depreciation and asset's service life

## Why service life differ

### The decline in value of organisational capital

- Normal wear and tear
- Obsolescence

# What is „the team“?

**Composition of the team?**

**Related to the management employees  
in a production unit**

**Should be subject to further variations**

**Operationalisation**

- **All employees in some occupations**
- **Employees with higher education in other branches**

Table 1: Basic Team - management staff definition in INNODRIVE

BKdl88 <sup>1</sup>	description <sup>2</sup>	Management staff
31-32	Agricultural engineers and administrators, a.s.	All
601-612	Engineers, physicists, mathematicians, a.s.	High
681	Wholesale, retail trade agents, purchasing agents, a.s.	High
682-688	Sales assistants, a.s.	High
691-692	Banker, a.s.	High
703	Advertising specialists, a.s.	High
751-763	Chief executives, consultants, tax adviser, a.s.	All
771-773	Financial officers, chief accountants, a.s.	High
781-782	Office executives, a.s.	High
784-794	Office clerks, a.s.	High
862-863	Chief executives, consultants of social institutions, a.s.	High
911	Directors of hotels, restaurants, a.s.	High
921	Home economy administrators, a.s.	High

<sup>1</sup>German classification of occupations (IAB 2008; chapter 5). - <sup>2</sup>Translated from German. - All: All employees. - High: Employees with higher education (code numbers 4 to 6 in IAB 2008). - Low: Employees without higher education (all other code numbers)

Sources: IAB 2008, INNODRIVE 2011

# „Public influenced industries“

**No trivial task to differ the public and the private sector**

## **Kind of production**

- **Non-market production of**
  - **General government**
  - **Private Non-profits**
- **Market production controlled by General Government**

## **Operationalisation**

- **Majority of units is either non-market production**
- **or unit under control of governmental institutions**



Table 2: Industry breakdown

Activities	Nace 2
"All other activities"	<b>(AO)</b>
Scientific research and development	<b>MB</b>
Public administration, defence; compulsory social security	<b>O</b>
Education	<b>P</b>
Human health activities	<b>QA</b>
Residential care, social work activities	<b>QB</b>
Creative, arts, entertainment activities; libraries, archives museums, other cultural	<b>R (1)</b>
Gambling, betting activities; sports, amusement, recreation	<b>R (2)</b>

# The data

## **EUKLEED**

- **Micro data set on employment, investment and output**
- **for about 1.6 million German establishments**
- **with around 40 million employment cases per year**

## **Calculation of quit rates**

Figure 1: Employment patterns over the year

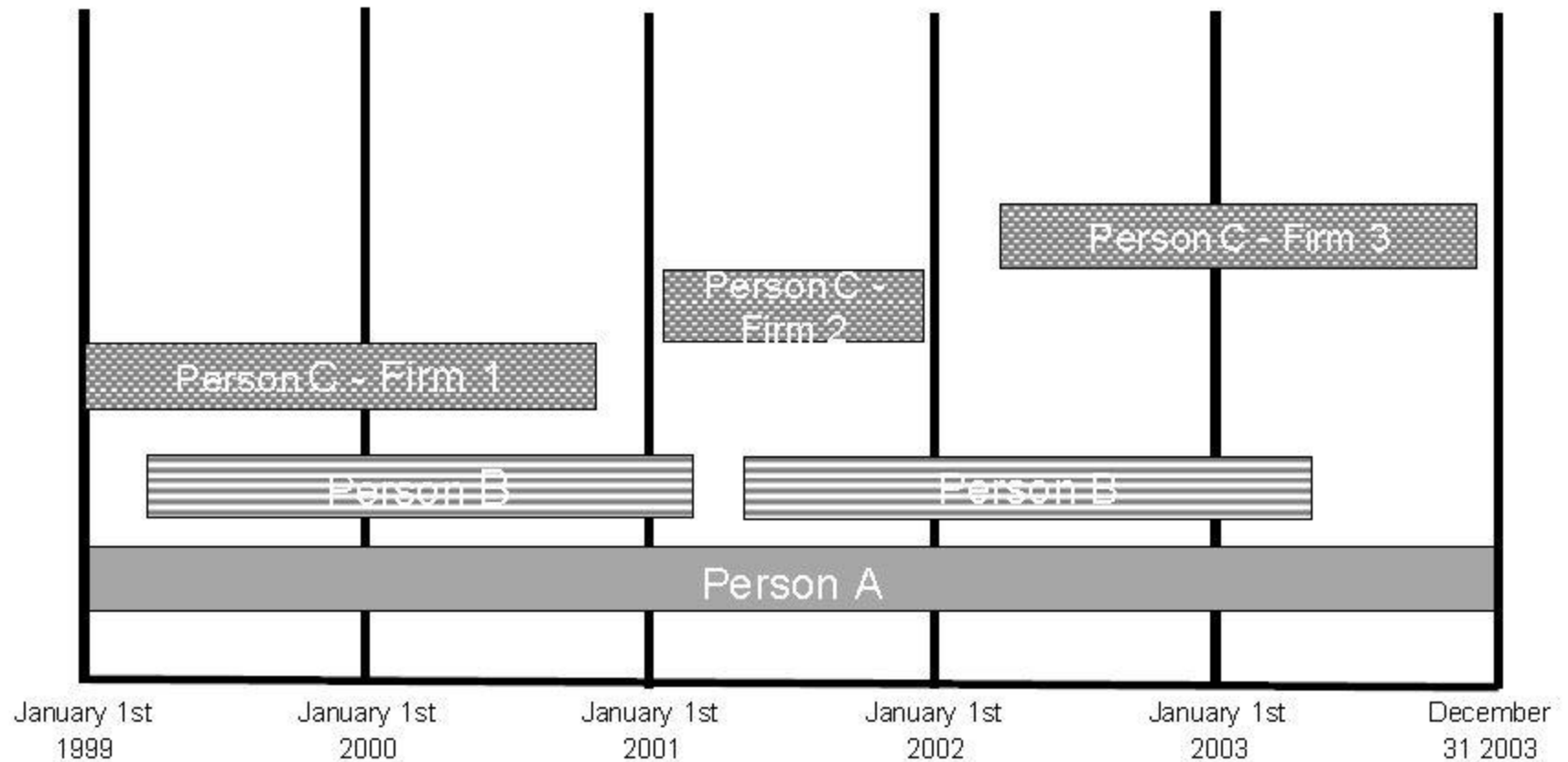


Table 3: Aggregated results

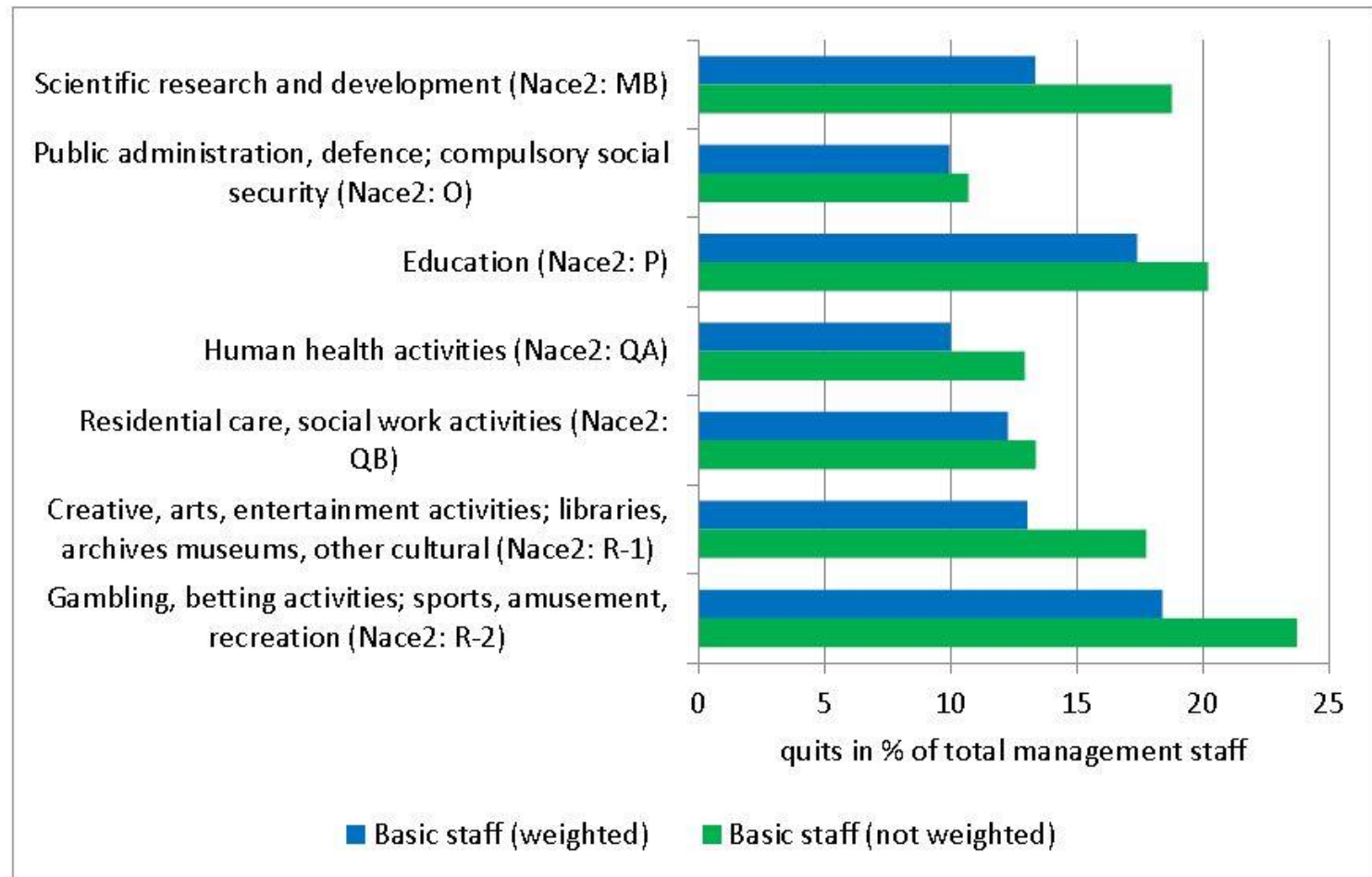
	Averages 1999- 2003	SPINTAN related industries <sup>1</sup>	All other industries
Establishments	million	0,301	1,473
Employees	million	5,641	18,492
Management staff <sup>2</sup>	million	0,462	2,259
Management quits	million	0,059	0,295
Average establishment size	employees	19	13
Average management share	per cent	8	12
Average management quit rate	per cent	13	13
<sup>1</sup> Nace 2 industries MB, O, P, Q, R. - <sup>2</sup> As defined in INNODRIVE (see table 1). - Sources: Eukleed, Own calculations.			

Table 5: Comparison of depreciation rates for public influenced industries

Public influenced industries - Nace 2		Depreciation rates in % of the team value		US NAICS 2007 - NACE Rev. 2 CORRESPONDENCE TABLE AT TWO-DIGIT LEVEL - primary links only <sup>2</sup>	
		Germany <sup>1</sup>	US <sup>2</sup>		
Scientific research and development	72	19	20	54	Professional & technical services
Public administration, defence; compulsory social security	84	11	9	92	Public administration
Education	85	20	18	61	Educational services
Human health activities	86	13	17-18	62	Health care services, hospitals, and social assistance
Creative, arts, entertainment activities; libraries, archives museums, other cultural, gambling, betting activities; sports, amusement, recreation	90-93	24	25	71	Arts, entertainment & recreation

<sup>1</sup> Non-weighted averages across all production units. - <sup>2</sup> Squicciarini/Le Mouel (2012), table 5. - <sup>3</sup> Commission of the European Communities (2010).- Own calculations.

Figure 2: Quit rates for public influenced industries (weighted and not weighted)



# Comments/questions

**Is it management only that makes the team?**

**Stages of a team**

**EUKLEED, INNODRIVE, SPINTAN?**

# Thanks for your attention!

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