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# Enterprises by size class - overview of SMEs in the EU

There were almost 20 million enterprises active within the EU-27 in 2005 in the non-financial business economy (NACE Sections C to I and K). The overwhelming majority of these (99.8%) were SMEs, with less than 250 persons employed. Their relative importance was, however, lower in terms of their contribution to providing jobs and wealth, as 67.1% of the non-financial business economy workforce in the EU-27 was employed in an SME, while 57.6% of the non-financial business economy's value added was generated by SMEs.

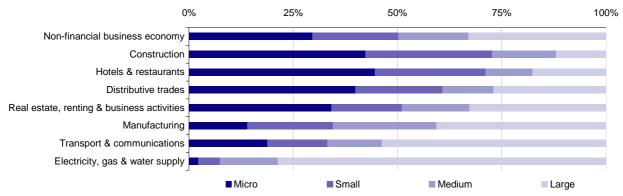
SMEs in the EU-27 employed, on average, 4.3 persons in 2005. This figure varied considerably between Member States from highs of 12 persons per SME in Slovakia and upwards of 7 in Estonia, Ireland, Latvia and Germany, to less than 3 in the Czech Republic (2004) or Greece.

Table 1: Key indicators for enterprises in the non-financial business economy, EU-27, 2005 (1)

	Total	SMEs	Micro	Small	Medium	Large
Number of enterprises (millions)	19.65	19.60	18.04	1.35	0.21	0.04
Share in total (%)	100.0	99.8	91.8	6.9	1.1	0.2
Persons employed (millions)	126.7	85.0	37.5	26.1	21.3	41.7
Share in total (%)	100.0	67.1	29.6	20.6	16.8	32.9
Value added (EUR billion)	5 360	3 090	1 120	1 011	954	2 270
Share in total (%)	100.0	57.6	20.9	18.9	17.8	42.4
Apparent labour productivity						
(EUR 1 000 per person employed)	42.3	36.4	29.9	38.7	44.8	54.4
Relative to total (%)	100.0	86.1	70.7	91.5	105.9	128.6

Source: Eurostat (SBS size class)

Figure 1: Employment share, by enterprise size class, EU-27, 2005 (%) (1)



<sup>(1)</sup> Including rounded estimates based on non-confidential data; micro enterprises and small enterprises, confidential for mining and quarrying (Section C).



<sup>(1)</sup> Including rounded estimates based on non-confidential data; SMEs (1-249 persons employed); micro enterprises (1-9 persons employed); small enterprises (10-49 persons employed); medium-sized enterprises (50-249 persons employed); large enterprises (250 or more persons employed).

Table 2: Key indicators on SMEs (1)

					share of SMEs	
		Number of		ın	sectoral total)	
	Number of enterprises (thousands)	persons employed (thousands)	Value added (EUR billion)	Number of enterprises	Number of persons employed	Value adde
Non-financial business economy (C-I & K)	19 602	85 000	3 090	99.8	67.1	57.0
Industry (C-E)	2 348	21 120	806	99.0	57.1	42.3
Coal & lignite; extraction of peat (10)	1	17	1	94.8	5.3	7.
Extraction of crude petroleum & natural gas (11)	1	:	16	93.6	:	29.
Mining of uranium & thorium ores (12)	:	:	:	:	:	
Mining of metal ores (13)	0	4	:	90.9	7.9	
Other mining & quarrying (14)	18	197	10	99.2	81.1	74.
Food products & beverages (15)	307	2 952	89	99.1	63.0	47.
Tobacco products (16)	0	10	1	79.0	15.6	6.3
Textiles (17)	80	815	22	99.2	71.5	72.
Wearing apparel; dressing; dyeing of fur (18)	147	1 090	16	99.7	73.6	73.3
Tanning, dressing of leather; luggage (19)	45	446	9	99.7	79.1	78.3
Wood & wood products (20)	197	1 080	27	99.5	84.4	78.
Pulp, paper & paper products (21)	19	390	17	97.3	53.4	41.
Publishing, printing, repro. of recorded media (22)	217	1 320	57	99.4	72.1	59.
Coke, refined petroleum & nuclear fuel (23)	1	24	3	89.8	13.9	6.
Chemicals & chemical products (24)	32	671	46	95.8	35.5	25.
Rubber & plastic products (25)	65	1 110	44	98.9	65.3	57.
Other non-metallic mineral products (26)	105	1 009	39	99.1	63.2	53.
Basic metals (27)	17	368	18	95.4	32.9	25.
Metal products, except machinery & equip. (28)	400	3 270	120	99.8	83.2	78.
Machinery & equipment n.e.c. (29)	174	2 077	91	98.8	57.1	51.
Office machinery & computers (30)	11	77	4	99.1	47.2	33.
Electrical machinery & apparatus n.e.c. (31)	70	724	28	99.2	43.0	37.
Radio, TV & communication equipment (32)	29	266	11	98.4	34.4	23.
Medical, precision & optical instruments (33)	93	685	29	99.4	65.5	51.
Motor vehicles, trailers & semi-trailers (34)	17	390	16	93.9	17.3	12.
Other transport equipment (35)	26	250	8	98.2	27.7	16.
Furniture; manufacturing n.e.c. (36)	233	1 400	37	99.1	75.8	73.
Recycling (37)	15	126	6	100.0	88.5	86.
Electricity, gas, steam & hot water supply (40)	18	210	30	96.3	16.8	17.
Collection, purification & distribution of water (41)	9	136	7	96.5	35.8	33.
Construction (F)	2 791	11 942	386	99.9	88.1	83.
Non-financial services (G-I & K)	14 463	51 906	1 897	99.9	68.2	63.4
Motor trade (50)	789	3 606	120	99.9	87.8	79.
Wholesale trade (51)	1 710	7 991	370	99.9	82.1	77.
Retail trade & repair (52)	3 755	11 029	223	99.9	64.4	56.
Hotels & restaurants (55)	1 643	7 280	127	99.9	82.3	75.
Land transport; pipelines (60)	925	3 540	106	99.9	64.4	58.
Water transport (61)	18	120	14	99.5	56.3	56.
Air transport (62)	3	40	5	94.3	9.9	
Auxiliary transport activities; travel agencies (63)	181	1 409	68	94.3	53.9	18. 46.
Post & telecommunications (64)	69	375	21	99.3		
Real estate activities (70)					12.2	8.3
Renting (71)	1 009	2 340	220	99.9	87.0 75.1	88.7
Computer & related activities (72)	145	464	57	99.9	75.1	76.0
Research & development (73)	520	1 800	98	100.0	66.7	57.4
. , ,	39	223	10	99.4	55.8	45.5
Other business activities (74)	3 650	12 000	459	99.7	66.3 Eurostat (SBS)	70.

Source: Eurostat (SBS size class) (1) Including rounded estimates based on non-confidential data; the rounding of estimates may result in differences between aggregate totals and the sum of their component activities.

A Flash Eurobarometer (no. 196 - Observatory of European SMEs, available at: http://ec.europa.eu/ public\_opinion/flash/fl196\_en.pdf) concluded that besides bureaucracy, the main challenges faced by SMEs in Europe include: a lack of skilled labour, problems of accessing finance, and difficulties with new technology, organisation or regulations. The report underlined that SME growth may be hindered by the risk adverse nature of Europeans lacking entrepreneurial spirit. A relatively low share (45 %) of the EU-27 population was attracted to the challenges associated with starting or running an SME, compared with 61 % in the USA. The report also outlined a reason that might explain skills shortages, insofar as SMEs tended to conduct localised recruitment (89 % of those SMEs surveyed hired their personnel locally from the region in which they were established, compared with 77 % for large enterprises).

At EU policy level, the European Commission launched, on 31 January 2008, a public consultation on the content of a European 'Small Business Act'. Its objective is to put small and medium-sized enterprises at the forefront of decision-making in the EU, with the aim of introducing measures that will unlock the growth potential of SMEs, in particular through highlighting

potential areas for cutting red-tape, administration and bureaucracy. More information is available at: <a href="http://ec.europa.eu/enterprise/sme/index\_en.htm">http://ec.europa.eu/enterprise/sme/index\_en.htm</a>.

On 7 February 2008 the European Commission launched Enterprise Europe Network, a support network offering a one-stop service to assist enterprises to develop their full potential and innovative capacity. It includes more than 500 contact points spread across Europe, aiming to, among other:

- assist companies go international promoting cross-border trade and investment;
- build technology partnerships and promote innovation;
- help small businesses with technical issues;
- overcome the knowledge gap regarding different sources of EU financing.

The new Enterprise Europe Network is part of the European Commission's integrated policy for promoting entrepreneurship and growth of enterprises. Its aim is to support SMEs from all sectors to take greater advantage of the opportunities offered by the Single Market. More information is available at

http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item\_id=1284.

Table 3: Key indicators on SMEs in the non-financial business economy, 2005 (1)

				(% share of SMEs in national total)			
	Number of enterprises (thousands)	Number of persons employed (thousands)	Value added (EUR billion)	Number of enterprises	Number of persons employed	Value added	
EU-27	19 602	85 000	3 090	99.8	67.1	57.6	
BE	395	1 602	83	99.8	66.6	57.8	
BG	240	1 318	5	99.7	72.6	53.2	
CZ	878	2 461	30	99.8	68.9	56.7	
DK	202	1 129	67	99.7	66.0	64.8	
DE	1 654	12 357	553	99.5	60.6	53.2	
EE	38	305	4	99.6	78.1	75.1	
IE	85	654	53	99.5	67.5	58.2	
EL	820	2 031	44	99.9	81.9	69.6	
ES	2 542	10 538	339	99.9	78.7	68.5	
FR	2 274	8 834	412	99.8	61.4	54.2	
IT	3 819	12 182	420	99.9	81.3	70.9	
CY	43	174	5	99.9	84.3	80.0	
LV	62	469	5	99.7	75.6	71.1	
LT	93	619	5	99.7	72.9	58.5	
LU	21	120	7	99.6	70.8	58.5	
HU	556	1 783	20	99.8	70.9	50.2	
MT	:	:	:	:	:	:	
NL	492	3 146	146	99.7	67.6	61.5	
AT	272	1 589	76	99.7	67.4	60.0	
PL	1 405	5 289	59	99.8	69.8	48.4	
PT	848	2 676	47	99.9	82.0	67.8	
RO	410	2 463	13	99.5	60.8	48.4	
SI	88	371	8	99.7	66.4	60.6	
SK	42	501	7	98.8	54.0	44.5	
FI	187	717	40	99.7	58.5	53.9	
SE	523	1 667	83	99.8	63.2	55.6	
UK	1 535	9 636	501	99.6	54.0	51.0	
NO	241	895	102	99.8	69.6	68.6	

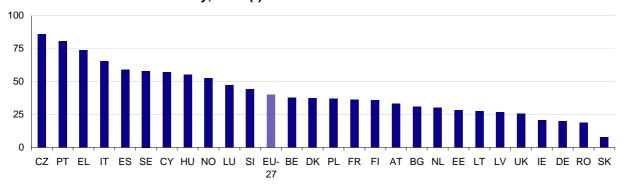
<sup>(1)</sup> EU-27: including rounded estimates based on non-confidential data; data for the Member States are based on the sum of available non-confidential data, partly including data for 2004, see methodological notes for more details of coverage.

In the EU-27 there was an average of 39.3 SMEs within the non-financial business economy per 1 000 inhabitants in 2005 (Figure 2). The highest densities of SMEs were recorded in the Czech Republic (86.0) and Portugal (80.5), followed by the three Mediterranean countries of Greece, Italy and Spain. At the other end of the range, Romania and Slovakia recorded the lowest density of SMEs per 1 000 inhabitants (18.9 and 7.7 respectively).

The remainder of this publication details the distribution of employment among SMEs, in terms

of country and activity patterns. Before looking in turn at each of the individual size classes, it is worth bearing in mind that the overall contribution of SMEs to total employment within the non-financial business economy in the EU-27 in 2005 was 67.1 %. This figure was composed as follows: micro enterprises provided jobs to 29.6 % of the workforce, small enterprises to 20.6 % and medium-sized enterprises to 16.8 %, leaving large enterprises as the main employer (according to these size classes) with a 32.9 % share.

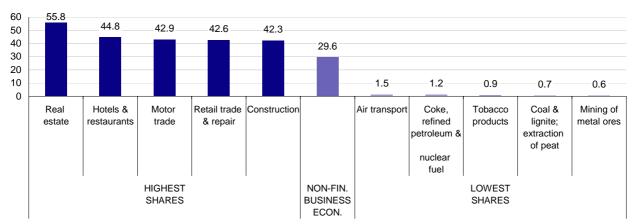
Figure 2: Density of SMEs – number of SMEs per 1 000 inhabitants, non-financial business economy, 2005 (1)



Source: Eurostat (SBS size class) (1) EU-27: including rounded estimates based on non-confidential data; data for the Member States are based on the sum of available non-confidential data, partly including data for 2004, see methodological notes for more details of coverage.

Focus on micro enterprises (1-9 persons employed)

Figure 3: Micro enterprises – highest and lowest shares in sectoral employment, EU-27, 2005 (%) (¹)



Source: Eurostat (SBS size class)

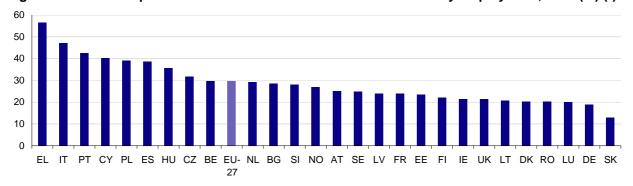
(1) Including rounded estimates based on non-confidential data; extraction of crude petroleum and natural gas (NACE Division 11) and mining of uranium and thorium ores (NACE Division 12), not available.

On the basis of an analysis of activities on the level of NACE divisions, real estate services constituted the only activity where the majority (55.8 %) of sectoral employment was concentrated within micro enterprises (employing between 1 and 9 persons). Between 42 % and 45 % of sectoral employment was concentrated within micro enterprises for three other service activities: hotels and restaurants; motor trade; and retail trade and repair; as well as for the construction sector (Figure 3). Within some of the Member States these shares were considerably higher, for example in Italy, where micro enterprises within real estate activities employed 93.3 % of the sectoral workforce.

The distribution of employment across the Member States shows that a relatively high proportion of the non-financial business economy workforce was employed in micro enterprises in many of the southern Member States, such as Greece, Italy, Portugal, Cyprus and Spain, as well as in Poland (Figure 4).

There was however a considerable variation between Member States, as the relative contribution of micro enterprises to non-financial business economy employment ranged from a high of 56.5 % in Greece to a low of just 13.0 % in Slovakia; this range was larger than that recorded for either small or medium-sized enterprises, where the contribution of each size class to total employment was considerably more uniform across countries.

Figure 4: Micro enterprises – share of non-financial business economy employment, 2005 (%) (1)

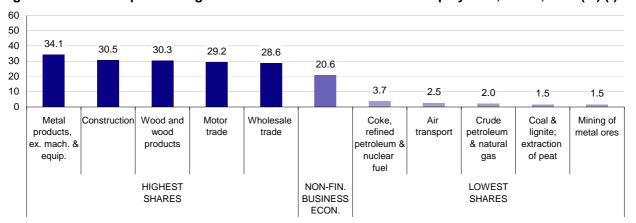


Source: Eurostat (SBS size class)

(1) EU-27: including rounded estimates based on non-confidential data; data for the Member States are based on the sum of available non-confidential data, partly including data for 2004, see methodological notes for more details of coverage.

## Focus on small enterprises (10-49 persons employed)

Figure 5: Small enterprises – highest and lowest shares in sectoral employment, EU-27, 2005 (%) (1)



<sup>(1)</sup> Including rounded estimates based on non-confidential data; extraction of crude petroleum and natural gas (NACE Division 11), not available; mining of uranium and thorium ores (NACE Division 12), not available; manufacture of tobacco products (NACE Division 16), not available.

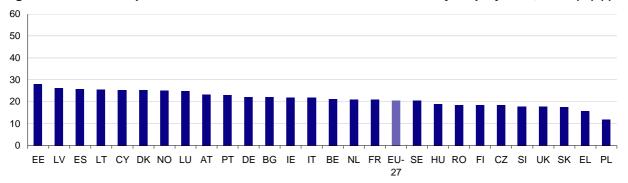
The distribution of employment in small enterprises (employing between 10 and 49 persons) was more evenly spread across activities. The manufacture of fabricated metal products and of wood products recorded high shares of sectoral employment among small enterprises, as did the construction sector, motor and wholesale trades. In Spain, the employment share of small enterprises rose to above 40 % for the manufacture of fabricated metal products and wood products.

There was a high degree of similarity between the activities recording the lowest shares of sectoral employment across small enterprises when compared with the ranking for micro enterprises, as air transport, the manufacture of coke, refined petroleum and nuclear fuel, the mining of coal and lignite and extraction of peat, and the mining of

metal ores appeared in the bottom five for both size classes. All of these activities tend to be characterised by high minimum efficient scales of production, high levels of capital investment, or the need for networks for the delivery or distribution of goods and/or services; in other words, activities in which large enterprises tend to dominate.

Among the countries that recorded an employment share among micro enterprises above the EU average, only Belgium, Spain, Italy, Cyprus and Portugal also recorded a share for small enterprises above the EU average. In contrast, among those Member States that reported an employment share for micro enterprises below the EU average, Romania, Slovakia, Slovenia, Finland, Sweden and the United Kingdom did the same for small enterprises.

Figure 6: Small enterprises – share of non-financial business economy employment, 2005 (%) (1)

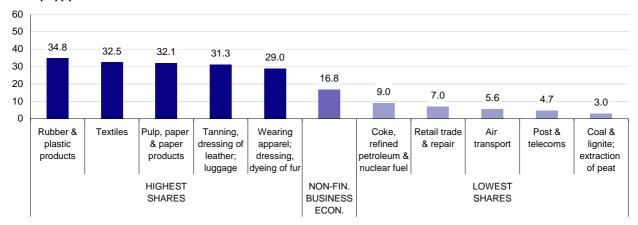


Source: Eurostat (SBS size class)

(1) EU-27: including rounded estimates based on non-confidential data; data for the Member States are based on the sum of available non-confidential data, partly including data for 2004, see methodological notes for more details of coverage.

Focus on medium-sized enterprises (50-249 persons employed)

Figure 7: Medium-sized enterprises – highest and lowest shares in sectoral employment, EU-27, 2005 (%)(1)

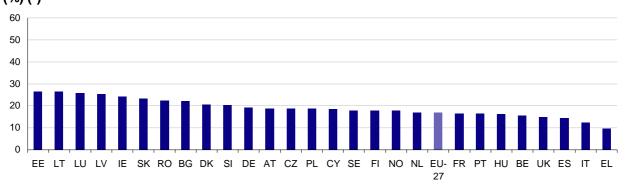


<sup>(1)</sup> Including rounded estimates based on non-confidential data; extraction of crude petroleum and natural gas (NACE Division 11), not available; mining of uranium and thorium ores (NACE Division 12), not available.

Medium-sized enterprises (employing 50 to 249 persons) accounted for the smallest share (16.8 %) of the EU-27's non-financial business economy workforce, although relatively high shares of employment were concentrated within several traditional manufacturing activities, with over a third (34.8 %) of those employed in the rubber and plastic products sector, and around 30 % of those employed in the manufacture of textiles; pulp, paper and paper products; leather; and clothing and fur.

The contribution of medium-sized enterprises to total employment in 2005 ranged from 26.6 % in Estonia and Lithuania down to 12.4 % and 9.7 % in Italy and Greece. The United Kingdom was the only Member State to report employment shares below the EU-27 average for micro, small and medium size classes.

Figure 8: Medium-sized enterprises – share of non-financial business economy employment, 2005



Source: Eurostat (SBS size class)

(1) EU-27: including rounded estimates based on non-confidential data; data for the Member States are based on the sum of available non-confidential data, partly including data for 2004, see methodological notes for more details of coverage.

## METHODOLOGICAL NOTES

#### **DATA SOURCE**

The data presented here are part of Structural Business Statistics (SBS). Size class data within SBS are available from Eurostat's database within the industry, trade and services theme - see back page for more details. More information in relation to structural business statistics broken down by size class may be found on the Dedicated Section (portal) concerning European Business, located on Eurostat's website (1). SBS data are available by activity according to the activity classification NACE Rev. 1.1. This publication presents standard division (2-digit) and section (1-letter) levels, although the Eurostat database contains information down to the NACE group (3-digit) level. This publication includes some special activity aggregates, such as the non-financial business economy (an aggregate of NACE Sections C to I and K), industry (NACE Sections C to E), and non-financial services (NACE Sections G to I and K).

Employment size classes are used for breakdowns in all sectors. Turnover size classes are also available for distributive trades and sales area size classes are defined for a specific series applying only to retail trade.

## **DEFINITION OF INDICATORS**

**Number of enterprises:** a count of the number of enterprises active during at least a part of the reference period. Micro enterprise: 1-9 persons employed; small enterprise: 10-49 persons employed; medium-sized enterprise: 50-249 persons employed; large enterprise: 250 or more persons employed.

**Number of persons employed:** the total number of persons who work in the observation unit (inclusive of working proprietors, partners working regularly in the unit and unpaid family workers), as well as persons who work outside the unit

(1) Available at the following address: http://ec.europa.eu/eurostat/europeanbusiness.

who belong to it and are paid by it (e.g. sales representatives). Includes persons absent for a short period (e.g. sick or paid leave), and also those on strike, but not those absent for an indefinite period. Includes part-time workers, seasonal workers, apprentices, and home workers on the payroll.

Value added (at factor cost): can be calculated from turnover, plus capitalised production, plus other operating income, plus or minus the changes in stocks, minus the purchases of goods and services, minus other taxes on products which are linked to turnover but not deductible, minus the duties and taxes linked to production. Alternatively it can be calculated from gross operating surplus by adding personnel costs.

#### **DATA AVAILABILITY**

As noted under several tables and graphs – the coverage of data is not complete. The following list details by Member State the information that is not available, at the time of writing, when trying to make an analysis of the non-financial business economy (NACE Sections C to I and K) for 2005.

BE: excluding Section C, 2004 for Section E; CZ: 2004; DK: excluding Section C, 2004 for Section E; EE: excluding Section C, 2004 for Section H; IE: excluding Sections C and E; EL: excluding Section C; CY: excluding Section E, Section K excludes Divisions 71-73; LT: 2004 for Sections I and K; LU: Section C excludes NACE 14, excluding Section E, 2004 for Section I; MT: not available; AT: excluding Section C, Section E excludes Division 41; PT: excluding Section C, 2004 for Section E; SI: excluding Section C and E; FI: excluding Section C, 2004 for Section F; UK: 2004 for Sections H, I and K; NO: Section E excludes Division 41.

In addition to the list above, the following information is not included in Table 3 and in Figure 2:

DE: excluding Section E; LV: excluding Section C; HU: excluding Section C; NL: 2004 for Section C, excluding Section E; RO: 2004 for Section C.

# **Further information**

Data: Eurostat Website: http://ec.europa.eu/eurostat

Select your theme on the left side of the homepage and then 'Data' from the menu.

## Industry, trade and services

🗦 🔄 Industry, trade and services - horizontal view

= Structural Business Statistics (Industry, Construction, Trade and Services)

🔁 🔁 Annual enterprise statistics broken down by size classes

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