

Medium-sized enterprises in Europe: introductory report

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Data analysed

MSES between 50 and 499 staff, annual turnover of €15-330m; independent ownership

- ◆ Italy (2009 and 2006): universe of joint stock companies
- ◆ France (2009): sample covering 35% of universe
- ◆ Germany (2009 and 2006) : sample covering 44% of total universe (50-749 employees)
- ◆ Spain (2009 and 2006): sample covering 23% of total firms

Issues in the analysis

- Distribution of MSEs per size classes
- Distribution of sales and exports by business sectors
- Dynamics of value added and turnover
- Economic efficiency by sectors and regions
- Performances and profitability
- Financial structure
- Performances in industrial districts and LPS

Crucial issues in MSEs' behaviour

- Specific analysis on MSEs allows us to interpret the economic structure of a country indepth
- Opportunity to identify transformations in the organization of industrial production and related trends in different sections of the economy
- The relative importance and role of MSEs in the national economy and their efficiency (all four countries analysed show a higher share of manufacturing production and employment in MSEs in relation to the European average)
- Sustainability and long-term prospects for countries and regions based strongly on MSEs

Similarities between MSEs in Europe

- Production and export orientation of MSEs:
 - a) economic dynamics show better results for MSEs than for large firms in Italy
 - b) MSEs are more oriented towards exports
- Changes in organization structure: ratio between value added and turnover has decreased in Italy in the last 10 years (“lean production” strategy)
- Relationship between performance and size: efficiency and size, profitability and size

Table 1 – Share of MSEs’ manufacturing employment and value added
 (% of total values)

	Germany	Spain	France	Italy
Employment	34.5	30.9	33.0	27.3
Value added	31.3	36.6	29.7	33.9

**Table 2 – Net value added and labour costs per employee
(€'000)**

	Germany	Spain	France	Italy
Net value added per employee				
2009	56.1	47.9	52.1	51.0
2006	59.6	47.7	N/A	52.3
Labour cost per employee				
2009	46.7	36.8	43.6	39.6
2006	46.7	34.0	N/A	37.7

Table 3 – Accounts structure: ratio between value added and turnover

	Germany %	Spain %	France %	Italy %
Total manufacturing	28.7	23.0	26.5	23.2
Mechanical engineering	32.4	25.5	31.4	28.0

Table 4 – Net value added per employee in MSEs grouped by intensity of technology
(€'000)

	Germany	Spain	France	Italy
High technology	61.1	65.3	60.5	66.7
Medium-high technology	59.1	51.1	57.0	57.7
Low-medium technology	53.5	45.4	46.4	49.6
Low technology	55.8	45.4	52.1	51.2

Table 5 – Profitability indicators: NOM/VA and ROI

	Germany %	Spain %	France %	Italy %
NOM/VA				
2009	14.9	19.2	14.9	18.6
2006	19.6	24.0	N/A	23.6
ROI				
2009	12.2	6.7	10.5	6.1
2006	19.4	10.1	N/A	10.0

**Table 6 – Net value added per employee and firm size
(€'000)**

	Germany	Spain	France	Italy
50 - 99	78.1	57.4	62.1	60.4
100 - 249	59.3	44.0	52.1	51.0
250 - 499	55.7	48.9	48.5	46.6
500 - 749	51.4	N/A	N/A	N/A

Table 7 – NOM/VA and firm size

	Germany %	Spain %	France %	Italy %
50 - 99	32.4	27.6	22.9	25.9
100 - 249	16.8	14.1	15.8	17.7
250 - 499	14.3	21.2	9.3	15.4
500 - 749	10.7	N/A	N/A	N/A

Table 8 – ROI and firm size

	Germany %	Spain %	France %	Italy %
50 - 99	19.0	7.6	13.0	8.0
100 - 249	12.9	5.2	10.5	6.0
250 - 499	12.7	8.3	8.9	5.0
500 - 749	9.0	N/A	N/A	N/A

Table 9 – Composition of tangible capital invested

	Germany %	Spain %	France %	Italy %
Tangible net equity	61.7	56.7	66.2	48.2
Indebtedness	38.3	43.3	33.8	51.8
<i>of which: short-term borrowings</i>	<i>21.4</i>	<i>21.8</i>	<i>13.4</i>	<i>29.9</i>

Table 10 – Financial structure: some indicators

	Germany %	Spain %	France %	Italy %
Industrial assets/total assets	65.5	65.5	55.8	72.7
Trade debtors/total assets	20.7	24.7	24.7	28.0

Table 11 – Tax rate
 (% of profits before tax)

	Germany	Spain	France	Italy
2009	27.4	23.5	24.5	38.2
2006	25.8	25.5	N/A	50.3



Some regional differences

- Regional differentiation in tax rate on profits in Germany (lower in southern and western regions), France (favourable tax rate in Paris region) and Spain (due to fiscal competition between autonomous communities)
- Interesting regional differences in profitability in Germany (highest indicators in north-east regions), France (highest values for NOM in Île-de-France) and Spain (highest values in south-south west and north-north west regions)

Policies supporting innovation and internationalization

- Favourable policies supporting R & D (e.g. tax credits on research expenditure); financing schemes (with sovereign funds) have been introduced in France, Germany and Spain to encourage companies to invest
- Intervention policies to strengthen non-price competition and to enter distant international markets have been introduced in France, Germany and Spain

Co-operation schemes

- Introduction of specific schemes to favour implementation of co-operation among firms and between firms and research institutions in France (through the “poles of competitiveness”) and Spain (the “agglomerations poles”)
- Objective of valorizing human resources is clear in Germany, where the logic of innovation is closely linked with investments on ongoing training

Industrial restructuring and adjustment to face crisis

- The good relationship between the social players in Germany (including with local labour agreements) has been the crucial factor in the flexible way (less costly and much more effective) with which the industrial restructuring and adjustment process to face the crisis has been managed. The role of the pro-active strategies of SMEs and MSEs looking for new markets and products.
- Odd that nothing similar to these schemes has been seen in Italy, despite the fact that the seminal studies and interpretations on territorial development and local economic policies were introduced here first more than thirty years ago

Thank you

