PANORAMA OF THE EUROPEAN UNION

FIFTH REPORT

Enterprises in Europe

Data 1994-95

4

EUROPEAN COMMISSION

eurostat

THEME 4
Industry, trade and services

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DG XXIII

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Abbreviations and symbols

COUNTRIES

EU	European Union
EU-12	total of the countries of the EU (up until 31 December 1994)
EU-15	total of the countries of the EU (as of 1 January 1995)
B	Belgium
DK	Denmark
D	Germany
EL	Greece
E	Spain
F	France
IRL	Ireland
I	Italy
L	Luxembourg
NL	The Netherlands
A	Austria
P	Portugal
FIN	Finland
S	Sweden
UK	United Kingdom
AL	Albania
BG	Bulgaria
CA	Canada
CH	Switzerland
CZ	Czech Republic
EE	Estonia
HU	Hungary
IS	Iceland
JP	Japan
LT	Lithuania
LV	Latvia
NO	Norway
PL	Poland
RO	Romania
SI	Slovenia
SK	Slovakia
US	United States of America

INSTITUTIONS AND ORGANISATIONS

EAGGF	European Agricultural Guidance and Guarantee Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
Euratom	European Atomic Energy Community (EAEC)
Eurostat	Statistical Office of the European Communities
EUR-OP	Office for Official Publications of th European Communities
MITI	Ministry of International Trade and Industry (JP)
NSI	National Statistical Institute
OECD	Organisation for Economic Cooperation and Development
SESSI	Ministère de l'industrie, service des statistiques industrielles (F)
UN	United Nations

Symbols and abbreviations

OTHERS

BLEU	Belgo-Luxembourg Economic Union
CD-ROM	compact disc read-only memory
CEECs	central and east(ern) European countries
Daisie	Data on European Activities and Industrial Structures
DG	Directorate-general
DG XXIII	Directorate-General for enterprise policy, Distributive Trades, Tourism and Cooperatives
EC	European Community
ECU	European currency unit
EEC	European Economic Community
EEA	European Economic Area
GDP	gross domestic product
HoReCa	hotels and catering
ISIC	International Standard Industrial Classification of all economic Activities (UN)
KAU	kind-of-activity unit
LFS	labour force survey
NACE	general industrial classification of economic activities within the European Communities
NACE 70	general industrial classification of economic activities within the EC (concerning data from 1970 to 1992)
NACE Rev.1	general industrial classification of economic activities within the EC (concerning data from 1993 onwards)
NUTS	nomenclature of territorial units for statistics (Eurostat)
PHARE	Poland-Hungary: aid for economic restructuring (Community aid programme for central and east European countries)
plc	public limited company
R & D	research and development
SEC2	National Accounts — Branches of production, investment goods and Final comsuption of Households — New Cronos Database (Eurostat)
SME	small and medium-sized enterprise
VAT	value added tax

SYMBOLS

NB	nota bene: note
No	number
n.a.	not available
c	confidential data
%	percentage
+	or more (e.g. 500 + : 500 employees or more)
>	greater than
< =	less than or equal to
n.e.c.	not elsewhere classified

Foreword

There are 18 million small and medium-sized enterprises (SMEs) in the European Union. These firms employ 66 % of the workforce and are responsible for 55 % of turnover. They represent 99,8 % of all enterprises excluding those in the agricultural and non-market sectors.

The importance of the role that small and medium-sized enterprises play was recognised by Heads of Government at the Luxembourg Employment Summit on 20/21 November 1997. Specific measures for SMEs have been included in the promotion of Entrepreneurship — one of the 'four pillars' of the Employment Guidelines serving as basis for a coordinated strategy for employment policy for the Member States.

The objective is to support and facilitate the establishment of new enterprises as well as to simplify and improve the environment of existing enterprises. Considering that every year two million new enterprises are created in the European Union, their potential part in creating new jobs is impressive. With this in mind, our objective is not only to support the new enterprises but also to assist them in surviving and growing after their establishment.

We need a complete inventory and comprehensive analysis of the development of SMEs in order to support them in a targeted manner. The present Report, the fifth in the series, gives us the statistical basis for our work. It is developed from a specially created data bank, based exclusively on the use of existing resources of information principally coming from statistical and administrative data. Using these existing data permits us to limit the burden for enterprises making statistical declarations.

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Director-General
DG XXIII

Yves Franchet
Director-General
Eurostat

Introduction

Introduction

The population of European enterprises is very diverse and volatile, because it is made up mainly of very small units which undergo frequent changes (of name, address, owner, activity, etc.). The economic contribution of these smaller enterprises was previously considered small enough to warrant only periodic surveys.

Today, however, we are constantly reminded of the importance of SMEs, because their economic weight is considerable. Their growth potential makes them the focal point of numerous policies for improving competitiveness and creating jobs.

It is therefore essential to have economic information on the whole population of enterprises, in order not only to make it easier for decision-makers to identify the strengths and weaknesses of each type of enterprise, but also to be able to evaluate their role in the economic development of the European Union.

For several years now, Eurostat has been developing, in cooperation with the national statistical institutes and DG XXIII, a statistical programme with the aim of significantly improving the information available on SMEs in particular and enterprises in general.

This programme is divided into two parts:

Firstly, it involves gathering all the available information in order to establish the broadest possible database, namely 'the European statistical system on SMEs'. This system comprises, on the one hand, data and basic estimates relating to the total population of enterprises at the national and EU levels (the SME tabular database) and, on the other hand, certain statistical pilot projects for analysing specific important aspects of economic dynamism, including business start-ups and demography, innovation and the competitiveness of SMEs.

Secondly, it involves the development of statistical tools and infrastructure in the EU Member States with the aim of enhancing the comparability and availability of information and giving a closer insight into the contribution of smaller units to economic growth and employment.

This publication and the databases from which the information has been taken are the result of these efforts. They are the only complete and harmonised source of statistical information on the total population of European enterprises and their demography.

Lastly, it will be interesting in this context to monitor the application of Council Regulation (EC, Euratom) No 58/97 of 20 December 1996 concerning structural business statistics ([1]).

The aim of this Regulation is to establish a common code for the collection, compilation, transmission and evaluation of Community statistics on the structure, activity, competitiveness and performance of enterprises in the Community.

Its objectives include the compilation of statistics for analysing small and medium-sized enterprises.

THE PUBLICATION

This publication is subdivided into several separate parts presenting the information gathered by Eurostat. Each part has been designed for easy consultation and rapid reference to the main facts. The reader is presented with detailed information by country and by sector. For further analysis, a CD-ROM containing the SME database can be ordered.

PART 1 — Overview

This part contains an overview of the main information on European enterprises.

The first chapter presents the key data on enterprises in the European Union, including their number, their economic contribution to employment and total turnover, and their size. The overview is supplemented by comparisons with countries such as Canada, the United States and Japan.

The second chapter is a portrait of enterprises in the countries of central and eastern Europe; it provides information on the productive fabric, activities, size and certain other structural characteristics.

([1]) OJ L 14, 17.1.1997, p. 1.

PART 2 — Thematic analyses

The second part contains specific analyses which are grouped under four thematic headings:

The first theme is the dynamism of European enterprises in general and SMEs in particular. This dynamism is highlighted by the latest results of the study on the demography of enterprises on which Eurostat has been working for the past few years and which is based on such variables as births, deaths and survival rates of enterprises and employment trends.

The second theme highlights the special nature of SMEs in relation to larger enterprises by focusing on one element in particular — employment. This chapter analyses employment in SMEs in terms of such characteristics as the sex, age and level of education of the persons employed in the sector.

The third theme deals with the initial results of the longitudinal studies carried out by Eurostat as part of the SME project. The analysis covers five years of the life of industrial enterprises and in particular their performance in the first half of the 1990s.

The fourth and final theme examines the regional aspect of the European economic fabric from two different angles. The first approach compares the density and size of enterprises in the different regions, while the second seeks to analyse employment in the manufacturing industries in the European regions classified as eligible under Objective 5b.

PARTS 3 and 4 — Analyses by sector and by country

The third and fourth parts consist of analyses by country and by sector presenting, on separate pages, the detailed information available in respect of three variables, namely the number of enterprises, total employment and turnover.

These single-page summaries will give the reader rapid access to the main characteristics of the enterprise populations of the countries of the European Economic Area and the 31 economic sectors presented in detail.

THE SME DATABASE

This database brings together several sources of information on European enterprises in order to build a complete picture. It can be used for comparisons between countries and for sectoral analysis of the structure of enterprises by size class. The total population is covered, i.e. the units of every size class and in every economic activity of the non-agricultural market sector. The main sources used are the business registers which exist in the various European countries: they are either statistical registers developed by national statistical institutes or administrative registers (mainly those kept by social security and VAT authorities).

Only a limited number of economic indicators are available from these sources: employment, turnover, occasionally value added and labour costs, and very rarely investments, total expenditure on R & D, exports and imports. In some cases, comparability and the sectoral breakdowns are questionable. But the figures presented here are the only ones available, and if they are analysed with caution they provide worthwhile information. To assist analysis and to achieve greater harmonisation, Eurostat has, where necessary, supplemented certain figures in order to make the tables comparable in terms of the Member States and the Community totals (see the chapter on methodology).

The data presented here relate mainly to the reference years 1994-95. Since economic structures change relatively slowly, the breakdowns by employment size classes or by activity can still be regarded as quite accurate. Furthermore, the absolute figures for the number of enterprises and employment should also be close to the current situation, because there is fairly little change in the number of enterprises each year and business start-ups tend to be almost totally offset by cessations of activity.

General methodology

General methodology

MAIN ELEMENTS OF THE SME TABULAR DATABASE

National data

Geographical coverage	Country
Analytical unit	Enterprise
Sectoral classification	Up to 1992: NACE 70, three-digit level From 1993 onwards: NACE Rev. 1, three-digit level
Size class breakdown (number of employees)	Up to 1992: 0, 1-9, 10-19, 20-49, 50-99, 100-199, 200-249, 250-499, 500+ From 1993 onwards: 0, 1-9, 10-49, 50-249, 250+
Economic variables	Number of persons employed Number of employees Turnover Value added at factor costs Personnel costs

Regional data

Geographical coverage	NUTS 2 regions
Analytical unit	Local unit
Sectoral classification	From 1993 onwards: NACE Rev. 1, two-digit level
Size class breakdown (number of employees)	From 1993 onwards: 0-19, 20-99, 100+
Economic variables	Number of persons employed Number of employees

Estimates

Geographical coverage	EU Member States and EU-15
Analytical unit	Enterprise
Sectoral classification	Up to 1992: NACE 70, two digit level (only EU-15) From 1993 onwards: NACE Rev. 1, two-digit level for EU-15 and seven sectoral aggregates for the EU Member States
Size class breakdown (number of employees)	Up to 1992: 0, 1-9, 10-19, 20-49, 50-99, 100-199, 200-249, 250-499, 500+ From 1993 onwards: 0, 1-9, 10-49, 50-249, 250 +
Economic variables	Number of persons employed Turnover

General methodology

Introduction

In this publication Eurostat's SME tabular database is mainly used. The present chapter refers to this set of data. In several chapters of this publication data from other sources have been used: the European labour force survey, the enterprise demography project, the SME longitudinal study and others. Methodological information regarding these sources is given in the respective chapters.

The SME tabular data are structural enterprise data, broken down by employment size classes and economic activities at national and regional levels. Although the structure of the data is simple, it does not always allow automatic processing but often requires the consideration of exceptions, due to data availability problems and varying collection systems in the different countries. This chapter starts with some introductory reflections on concepts and practical difficulties the statistician must face when elaborating statistics on SMEs. The following sections explain the major characteristics of the SME tabular database and the possible country deviations.

Users can find the SME database, containing raw data and estimates for several reference years, on a CD-ROM which also provides the detailed information on the country methodologies necessary to analyse and compare the data correctly.

STATISTICS ON SMEs: CONCEPTS FOR REDUCING COMPLEXITY

In the field of SME data, the statistician finds himself in the position of a catalyst between the complex reality of the business world, on the one hand, and the needs of the user for up-to-date, comparable, detailed data of good quality, on the other hand. The role of the statistician is therefore to reduce the diversity of the business reality to a complete, comprehensive and internationally comparable picture of the units carrying out economic activity. This picture should enable users to study the aspects of the business world in which they are interested and it should provide clear guidelines for politicians regarding the orientation of enterprise policy — more specifically regarding their policy *vis-à-vis* SMEs.

Reducing complexity requires basic decisions on certain statistical concepts which concern the portrayal of economic reality, notably:

- the choice of a unit for statistical observation;
- the definition of 'size';
- the definition of 'activity'.

A happy medium has to be found between diversity and the need for categorisation. Categorisation involves a certain degree of covering up of detail which is the price the user pays for international comparability.

Choosing a unit for statistical observation of the productive system

National statistical offices, faced with the diversity of the business population, have different traditions of gathering information on the units constituting the productive system: some put more emphasis on the legal organisation of economic activity and might collect data on legal units, while others focus more on the regional situation and choose the local unit as the reporting unit. Taxation systems, the organisation of social security, legislation regulating the access to different professions, etc., have an influence on how the business population of a specific country is structured.

General methodology

The organisation of the system of economic activity also varies between different sectors. Complex production structures in many industry branches increasingly lead to a network of subcontractors. In other industries, production may be based to a great extent on many individual enterprises, resulting in the existence of numerous very small firms. Other sectors, such as retail trade and financial services, are increasingly characterised by the takeover of control, both nationally and internationally. As a result, new concentration structures arise with enterprise groups gaining domination, while small individual firms lose importance.

The statistical unit chosen for the observation of the productive system should, in principle, be able to reflect the population of units in a comparable way regardless of such various national and sectoral particularities mentioned above. It should also be a unit which corresponds to the population targeted by the user and, in the particular case of the present publication, the population concerned by EU enterprise policy, that is units with a certain amount of decisive power over investment decisions. Amongst the units defined in the EU regulation on statistical units ([1]), the enterprise is the most appropriate one for analytical needs on a national level. It represents the smallest group of legal units producing goods or services and constituting an autonomous economic entity.

Nonetheless, the enterprise does not correspond to the exact need of policy-makers as it contains no information about the belonging of a unit to an enterprise group. Being part of a group of enterprises — an association of enterprises bound together by legal and/or financial links — opens strategic opportunities to a firm which may not exist for independent enterprises. SME policy at the very best should thus be differentiated according to the belonging of a firm to a group. Unfortunately, the enterprise group is at present not available in the business statistics of many Member States. The use of the enterprise hence represents a second-best solution.

([1]) Council Regulation (EEC) No 696/93 of 15 March 1993 (OJ L 76, 30.3.1993, p. 1).

([2]) Commission Recommendation No 96/280/EC of 3 April 1996 concerning the definition of small and medium-sized enterprises (text with EEA relevance).

When the focus lies on the regional analysis of economic activity, the observation of business activities must be restricted according to the geographical location of the enterprise or parts thereof. The local unit here provides a suitable concept.

Applying these standardised concepts in all countries brings us closer to a complete, comprehensive and comparable picture of the productive system. However, country particularities may sometimes prevail and users are strongly advised to always consult country methodologies when making comparisons.

Defining the size of a firm

SME statistics focus on the different nature of small firms compared with large ones — but what makes an enterprise small or large? Many factors can be envisaged in order to define categories of small and large, and countries apply a large variety of criteria, e.g. employment, turnover, share capital, balance-sheet total, etc. Many financial indicators, however, are only available for enterprises of certain legal forms and already exclude a large number of the smallest units. Moreover, the often-used turnover indicator is strongly biased by the economic sector, being naturally higher in small trading firms than in small manufacturers.

In its recommendation of 3 April 1996 ([2]) the European Commission clearly stated the predominance of the number of persons employed, making it an imperative criterion for the delimitation of micro, small, medium-sized and large enterprises. An enterprise classified as an 'SME', therefore, cannot have more than 249 employees. However, there are additional criteria:

- the annual turnover should not exceed ECU 40 million, or
- the annual balance-sheet total should not exceed ECU 27 million, and
- no more than 25 % of the capital of the enterprise should be controlled by one or more other enterprises.

Ideally, all criteria would be applied simultaneously. This would enable us to draw the most appropriate and comparable picture of the dimension 'size' of the enterprise population, thus providing an objective basis for SME-focused enterprise policy. Unfortunately, available statistics cannot provide all these crossed breakdowns. The

limitation to a highly disaggregated employment criterion as applied in Eurostat's SME data is a compromise between users' needs and common practice in most of the Member States. The latter, itself, represents a compromise between usefulness and burden on enterprises.

Defining the main activity of an enterprise

Increasing competition in the internal market due to the globalisation of economic activity requires new business strategies, especially for small firms. Small manufacturers which were able to survive as one-product firms in a market niche during the 1980s may now face a situation where their small size represents a threat to survival.

The answer is often horizontal or vertical integration. Economies of scale, risk diversion, better access to venture capital and less dependency on suppliers as well as on customers in an 'upstream' position of the production process are the main reasons for such strategies. Another consequence is that the importance of turnover due to the sales activities of producing units increases.

The job of the statistician, however, is to find a way of classifying the units in order to get a complete view of the different sectors of activity. Therefore, the main activity of each unit has to be determined. With enterprises becoming more and more complex, this is not always an easy task.

Since 1996, all EU Member States have been obliged to report each active enterprise on a business register for statistical purposes ([1]). 'Activity' there is defined in terms of classes (four-digit level) of the nomenclature for the classification of economic activities applied in the EU, the NACE Rev. 1 ([2]). If an enterprise operates in more than one of the NACE Rev. 1 classes (for example, an enterprise might produce sugar — class 15.83 — but also cocoa, chocolate and sugar confectionery — class 15.84), the 'main' and the 'secondary' activity(ies) have to be defined. The criterion to be applied is the predominant share of value added of all activities. A secondary activity has to be registered if it accounts for more than 10 % of total value added.

The different activities in which a unit is operating can be quite closely related to each other in terms of economic branch (such as in the case of the sugar and chocolate-producing unit mentioned above). In such a case the NACE code where the unit should be classified can be found relatively easily; the classification will thus be 'correct'. The smaller the enterprise, the more frequently such an 'easy' case will occur.

Regarding large, highly integrated enterprises, the situation becomes more complicated. Such companies may produce and sell a lot of very different goods (such as high-tech investment goods in the manufacture of engines and turbines, as well as the manufacture of electric domestic appliances and perhaps also the necessary intermediate goods) and cover themselves throughout all steps of the production or selling process. In such cases the statistical classification always involves a significant loss of information: the company will be classified in one specific sector accounting for the highest share of value added, yet an important part of its turnover and employment are generated by quite different economic activities. Moreover, if national legislation induces different organisational structures of such large firms in the different countries, the user has to bear in mind a lack of comparability in the statistical picture of the business world.

MAIN SOURCES OF THE SME TABULAR DATABASE

For most of the countries data have been produced by public institutions.

These are primarily:

- the national statistical institutes: in many cases they integrate different official data sources such as enterprise censuses, the VAT register, the statistical business register, results of surveys, etc.;
- the social security authority, which is a major source of employment data.

In some cases data come from private institutions.

([1]) Council Regulation (EEC) No 2186/93 of 22 July 1993 (OJ L 196, 5.8.1993, p. 1).

([2]) Council Regulation (EEC) No 3037/90 of 9 October 1990 (OJ L 293, 24.10.1990, p. 1). NACE = general industrial classification of economic activities within the European Communities.

General methodology

In general, the SME tabular data are created from several sources, either at the national level, or by Eurostat.

This is necessary when:

- one source cannot provide all the variables requested (example: the social security authority generally cannot provide data on turnover or value added);
- one source does not cover all economic sectors (example: there are several sectors which are exempted from VAT and therefore not covered in the VAT registers);
- one source cannot provide information on all enterprise sizes (example: industrial censuses generally do not cover the smaller firms; social security registers do not include enterprises without employees).

CLASSIFICATION OF ECONOMIC ACTIVITIES

From the reference year 1993 onwards, data in general is classified by the NACE Rev. 1 nomenclature (see note (2), page 21).

The NACE Rev. 1 nomenclature divides economic activities in 17 broad sections, named from A to Q. These are broken down further by subsections (two letters), divisions (two-digit level), groups (three-digit level) and classes (four-digit level). For example, section 'D' represents 'Manufacturing', division '24' is 'Manufacture of chemicals and chemical products' while group '242' means 'Manufacture of pesticides and other agro-chemical products'. The NACE Rev. 1 is compatible with the ISIC Rev. 3 nomenclature.

The NACE Rev. 1 being a system for data collection and transmission, data transmitted by the countries for the reference years 1993 and onwards are in most cases already broken down according to this classification. However, in some exceptional cases a conversion was necessary.

Data for 1993 onwards cover all non-agricultural market activities, a definition by which the following sections of NACE Rev. 1 are excluded:

- agriculture, hunting and forestry (section A);
- fishing (section B);
- public administration and defence; compulsory social security (section L);
- extra-territorial organisations and bodies (section Q).

In addition to the national raw data, for aims of analysis and comparability seven sectoral aggregates have been calculated for each country:

- Industry and energy (NACE Rev. 1 divisions 10 to 41);
- Construction (NACE Rev. 1 division 45);
- Trade and HoReCa (NACE Rev. 1 divisions 50 to 55);
- Transport and communication (NACE Rev. 1 divisions 60 to 64);
- Financial intermediation (NACE Rev. 1 divi-sions 65 to 67);
- Other business activities (NACE Rev. 1 division 74);
- Other services (NACE Rev. 1 divisions 70 to 73, 85, 90, 92 and 93).

Units

The enterprise is the unit principally used in the national SME data, but several countries cannot provide enterprise data and transmit data on local units, kind-of-activity units or others. For the regional data, the local unit is the analytical unit. Most of the statistical units used are defined in the Council Regulation on the statistical units for the observation and analysis of the production system in the Community (see note (1), page 20).

The enterprise

is the smallest combination of legal units that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources. An enterprise carries out one or more activities in one or more locations. An enterprise may be a sole legal unit.

The local unit

is an enterprise or part thereof (e.g. a workshop, factory, warehouse, office, mine or depot) situated in a geographically identified place. At or from this place economic activity is carried out for which (save for certain exceptions) one or more persons work (even only part-time) for one and the same enterprise.

General methodology

The kind-of-activity unit (KAU)

groups all the parts of an enterprise contributing to the performance of an activity at a detailed sectoral level (four-digit level of NACE Rev. 1) and corresponds to one or more operational subdivisions of the enterprise.

The local kind-of-activity unit (local KAU)

is the part of a KAU which corresponds to a local unit.

Several countries send data on establishments. The definition of an establishment comes closest to the definition of a local KAU.

The enterprise group

is an association of enterprises bound together by legal and/or financial links. A group of enterprises can have more than one decision-making centre, especially for policy or production, sales and profits. It may centralise certain aspects of financial management and taxation. It constitutes an economic entity which is empowered to make choices, particularly concerning the units which it comprises.

The other units used by some countries are legal units: the employer or the VAT unit; they do not correspond directly to one of the definitions above and are defined in national administrative registers.

Due to such specific definitions, data for different statistical units are not fully comparable. The size class breakdown should be read with caution as the definition of a unit strongly influences its size.

Definition of the size classes

The main characteristic of the SME data is its breakdown by employment size classes. The size class boundaries are expressed in terms of employees (salaried employment): this allows us to separate the sole proprietorships (size class zero) from the rest of the enterprise population, as they employ by definition only non-salaried staff, consisting of the entrepreneur and often family members or persons working under a very small contract.

National data

Data have mostly been provided according to the level of detail asked for in Eurostat's data request. However, for the purpose of publication, analysis and meaningful comparisons, these detailed size classes have been aggregated to the following five 'broad' enterprise size classes which correspond to DG XXIII's Recommendation of the definition for SMEs (see note ([2]), page 20):

- 'No salaried staff': 0 employees;
- 'Very small enterprises': 1-9 employees;
- 'Small enterprises': 10-49 employees;
- 'Medium-sized enterprises': 50-249 employees;
- 'Large enterprises': 250 or more employees.

Regional data

A different size breakdown is applied to the regional data. Data have mostly been provided according to the level of detail asked for in Eurostat's data request. However, for the purpose of publication, analysis and meaningful comparisons these detailed classes have been aggregated to the following three broad size groups:

- 0-19 employees
- 20-99 employees
- 100 or more employees.

A detailed size class breakdown is not feasible in all countries. Therefore the aggregations to the broad size classes principally used are not always possible in exactly the same way. In these cases the user should refer to the footnotes added to figures and tables in order not to misinterpret the results.

Economic variables

As well as the number of enterprises by size class, the SME data contain several economic variables ([1]):

- employment: number of persons employed and number of employees;
- turnover;
- value added at factor costs;
- personnel costs.

([1]) The definitions of the variables used in this publication are prior to the Regulation concerning structural business statistics, see note ([1]), page 14.

General methodology

At the national level, information generally exists for all these variables, while at the regional level only data on employment has been produced.

Employment variables

Number of persons employed (total employment)

The number of persons employed is defined as 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 who belong to it and are paid by it (e.g. sales representatives, delivery personnel, repair and maintenance teams). It includes persons absent for a short period (e.g. sick leave, paid leave or special leave), and also those on strike, but not those absent for an indefinite period. It also includes part-time workers who are regarded as such under the laws of the country concerned and who are on the payroll, as well as seasonal workers, apprentices and home workers on the payroll.

The number of persons employed excludes manpower supplied to the unit by other enterprises, persons carrying out repair and maintenance work in the enquiry unit on behalf of other enterprises, as well as those on compulsory military service. On the other hand, persons who are at the disposal of an enterprise for commercial reasons on the basis of a long-term contract (e.g. demonstrators in department stores) should be included as employees of the enterprise where they work rather than in the enterprise with whom they have their employment contract.

Unpaid family workers refer to persons who live with the proprietor of the unit and work regularly for the unit, but do not have a contract of service and do not receive a fixed sum for the work they perform. This is limited to those persons who are not included on the payroll of another unit as their principal occupation.

Number of employees (salaried employment)

The number of employees is defined as those persons who work for an employer and who have a contract of employment and receive compensation in the form of wages, salaries, fees, gratuities, indemnities, piecework pay or remuneration in kind.The number of employees includes part-time workers, seasonal workers, persons on strike or on short-term leave, but excludes those persons on long-term leave.

A worker is considered to be a wage or salary earner of a particular unit if he or she receives a wage or salary from the unit regardless of where the work is done (in or outside the production unit). A worker from a temporary employment agency is considered to be an employee of the temporary employment agency and not of the production unit (customer of the former) in which they work.

Financial variables

Turnover

The turnover is the totals invoiced by the unit during the reference period, that is, all market sales of goods or services supplied to third parties whether these goods or services are manufactured by the unit or bought and resold. Turnover includes all duties and taxes on the goods or services invoiced by the unit with the exception of value added tax (VAT) invoiced by the unit *vis-à-vis* its customers. It includes all other charges (transport, packaging, etc.) ascribed to the customer even if these charges are listed separately in the invoice. Reduction in prices, rebates and discounts, as well as the value of returned packaging must be deducted, but not cash discounts.

Turnover does not include sales of fixed assets. Operating subsidies received from public authorities or the EU are also excluded.

In the banking sector, for this publication, turnover is defined as interest and commission received. In the insurance sector it corresponds to gross premiums written and to pension contributions for the sector of pension funding.

Gross value added at factor cost

This is calculated in the following way:

- *production value*
  - *intermediate consumption*
  - *consumption taxes invoiced by the enterprise to its customers*
  - *other indirect taxes*
  + *operating subsidies*

where *production value* is obtained as follows:

total turnover
– *cost of products for resale (excluding deductible VAT)*
+ *change in stocks of finished and half-finished products and change in stocks of goods for resale*
+ *value of investment goods manufactured or constructed by own personnel for own use*

and intermediate consumption is the result of:

- *purchases of raw materials, intermediate goods, etc. (excluding deductible VAT)*
  + *cost of industrial services received (excluding deductible VAT)*
  – *changes in stocks or raw and ancillary materials, intermediate goods and energy (excluding deductible VAT)*
  + *cost of non-industrial services received (excluding deductible VAT)*

Personnel costs

Personnel costs (formerly known as *total labour costs*) are defined as the total remuneration, in cash or in kind, payable by an employer to an employee (regular and temporary employees as well as homeworkers) in return for work done by the latter during the reference period. Personnel costs also include taxes and employees' social security contributions retained by the unit as well as the employer's compulsory and voluntary social contributions.

Personnel costs are thus made up of:

- gross wages and salaries;
- employer's social security costs.

Gross wages and salaries are defined as the total remuneration paid in return for work done during the reference period, regardless of whether it is paid on the basis of working time, output or piece-work and whether it is paid regularly or not. Also included are all gratuities, performance-related and job-specific bonuses, *ex-gratia* payments, 'thirteenth month payments' (and other fixed bonuses), severance payments, lodging, transport, cost-of-living, and family allowances, tips, commission, attendance fees, etc. received by employees; overtime, night work, as well as taxes, social security contributions and other amounts payable by employees and withheld at source by the employer.

Employer's social security costs include employer's social security contributions to schemes for retirement pensions, sickness, maternity, disability, unemployment, occupational accidents and diseases, family allowances as well as other schemes. These costs are included regardless of whether they are statutory, collectively agreed, contractual or voluntary in nature.

Treatment of confidential data

Due to confidentiality, most countries do not allow the disclosure of data concerning a very small number of enterprises, usually two or three units. As in the SME tabular data the enterprise population is broken down into two dimensions, size and economic sector, there are, especially in the smaller countries, quite a lot of cells which have to be hidden. The additional regional breakdown of the population of local units reduces the size of the aggregates and hence requires an even larger amount of cells to be hidden.

Countries apply their own rules for confidentiality treatment: some of them do not consider any data as confidential, for most of them confidentiality only applies to the economic variables, and there are exceptions where even the number of units has to be treated as confidential.

Two different methods of confidentiality treatment are applied.

- Some countries hide confidential data at the national level and do not provide such data to Eurostat.
- The majority of the countries, on the other hand, provide confidential data which has to be hidden by Eurostat. This allows a better harmonisation of results because the same aggregates can be calculated for each country.

General methodology

Estimations

For the purpose of having data for the whole of the EU, Eurostat has carried out a set of estimations by country. These estimations were necessary because the original data sets provided by the Member States were not always complete or fully harmonised.

Depending on the country, the following main estimation steps were necessary:

- estimation of missing economic sectors;
- estimation of a missing variable;
- estimation of a missing size class (especially the class with no salaried employment);
- splitting aggregated sectors;
- splitting aggregated size classes;
- harmonisation of the statistical units.

The reader should bear in mind that estimations have been made by simple methods using national accounts and other available sources to fill in the major gaps.

Due to the estimation procedure the figures for EU-15 are not always equivalent to the sum of the country raw data published here.

Regional classification

The regional classification applied to the SME tabular data is the NUTS classification (nomenclature of territorial units for statistics) used since 1988 in Community legislation. Data are provided on the level of NUTS 2; this corresponds approximately to the second administrative division after the national level. The NUTS 2 level is not relevant for Denmark, Ireland and Luxembourg; no regional data are supplied for these countries.

Data comparability

Comparability over several years

Countries sometimes change their method of data collection: a new source may be added, the underlying register may be improved, the analytical unit may change, or results of a periodic census may be available one year but not the next. Such factors severely reduce comparability.

Due to the change in the nomenclature of economic activities between the reference years 1992 and 1993, comparability between years using a different classification is particularly low. There exist only very few activity sectors where data of both classifications are comparable on a one-to-one basis. In order to carry out such comparisons, data would be needed on a much higher level of detail than available in the SME database. Comparisons between data of the present publication and the Fourth report of *Enterprises in Europe* should therefore be avoided.

Comparability with other sources

To compile the SME tabular data, countries generally use or combine special sources. These may be different from the sources used for example in the national accounts data or from results of industrial or enterprise censuses.

The SME data cover only non-agricultural market activities which means that an important part of the economy and of employment is excluded.

Differences in the underlying sources and in the sectoral coverage may thus lead to diverging values when comparing the SME data with other statistical sources.

Overview 1

- Essential facts
- Portrait of enterprises in the countries of central and eastern Europe

eurostat

How many enterprises are there in the European Union? What share of the European economy is accounted for by small and medium-sized enterprises? What are the main fields of operation of SMEs and large enterprises? Does the structure of European enterprises resemble that of their American and Japanese counterparts? Are the differences between Member States due to national or sector-specific characteristics?

These are just some of the most frequently asked questions about enterprises in the European Union.

The figures given in this chapter should provide some answers by painting an overall picture of European enterprises. This chapter states some key facts and describes some national and sectoral features. It demonstrates the complexity, dynamism and characteristics of European enterprises.

Most of the data refer to 1995. They are the latest available statistics, which have been supplemented with estimates for the countries, sectors and Community totals which were missing. The data, broken down by sector and country, are also reproduced in Parts 3 — Sectoral analyses — and 4 — Analyses per country. In the latter case, the information for the most recent available year was used.

Given the fairly large differences in the methodology used in the various countries, readers are advised:

- to interpret the data as orders of magnitude rather than as precise figures, and
- to refer to the explanatory notes at the end of this chapter, and those in the chapter on methodology.

In brief ...

- There are about 18 million enterprises in the European Union. Most of them are SMEs.
- Construction, trade, hotels and restaurants are the sectors where SMEs have the biggest presence.
- The European Union, Canada, the United States and Japan are economic entities with different enterprise structures.
- The Member States of the European Union have widely varying enterprise cultures.
- However sector-specific characteristics often influence the enterprise structure.

THE STRUCTURE OF ENTERPRISES IN EU-15

Predominance of SMEs in Europe's economic fabric

In 1995, about 18 million enterprises were operating in the non-agricultural market sectors of the European Union. They employed more than 110 million people, out of a total of almost 150 million, and generated turnover of more than ECU 17 000 billion.

An analysis of their structure by employment size class shows that almost all the units (more than 99 %) are SMEs (enterprises with fewer than 250 employees). They represent nearly two-thirds of total employment and more than half of turnover.

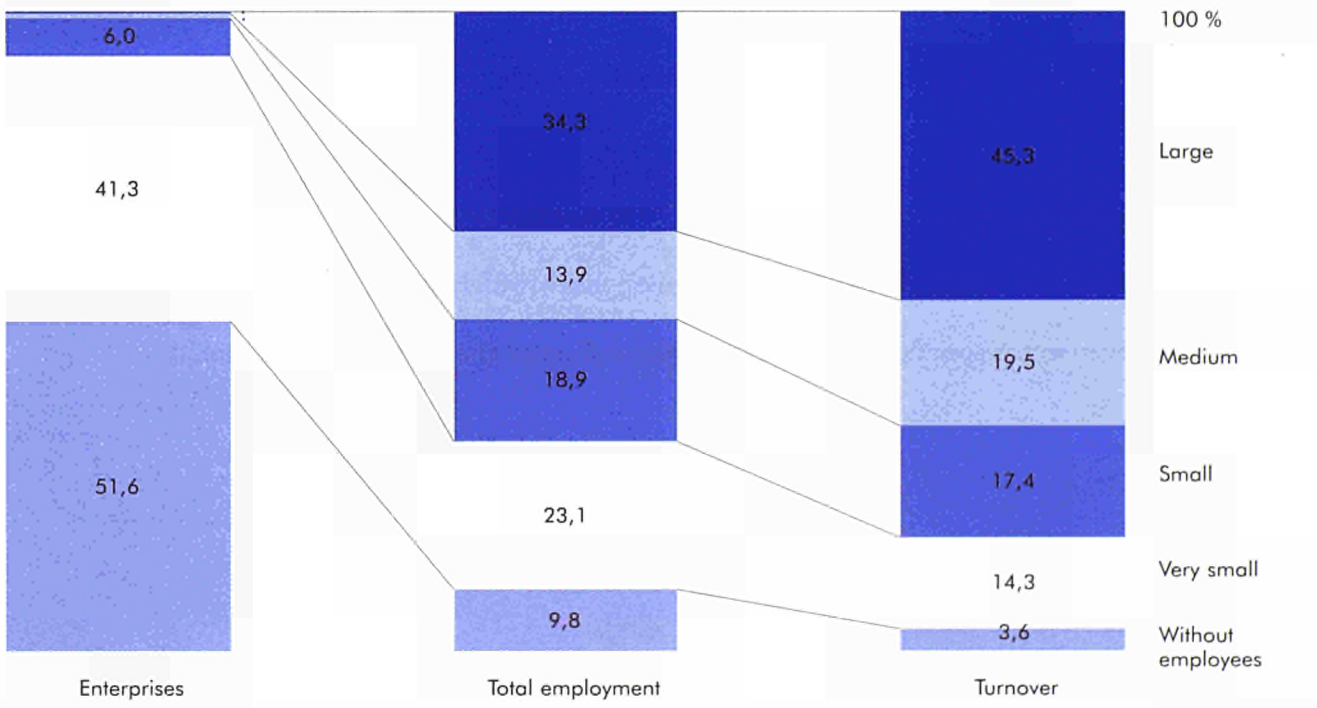
Enterprises without employees and very small enterprises (1 to 9 employees) are important because they constitute 93 % of the total number of enterprises and provide one-third of total employment. One enterprise out of two is a sole proprietorship with no employees, and one employee in five works for a very small enterprise.

More than one million enterprises, i.e. 7 % of the total, come under the category of small and medium-sized enterprises (10 to 249 employees). Although few in number when compared with very small enterprises, they account for nearly one-third of total employment and well over one-third of turnover. This means that they play an important economic role in the EU.

Lastly, a very small number of companies, approximately 36 000, belong to the category of large enterprises (250 employees and more). Their economic significance, however, is beyond question: they account for about 34 % of total employment and 45 % of total turnover.

We can therefore distinguish two main categories of enterprise: on the one hand, enterprises of substantial size — medium-sized and large units with at least 50 employees — and, on the other hand, small units — micro and small enterprises, including those with no employees. The former, although not very numerous, provide almost half of total employment and more than 60 % of turnover, whereas the latter account for half of the total labour force, thanks to their considerable number. These two categories display widely differing characteristics, and the extent of their presence varies from one economic sector to another.

Enterprises in the European Union, 1995 — distribution by employment size class



Source: Eurostat.

Sector-specific characteristics: construction, trade, hotels and restaurants the main areas of SME activity

The analysis of some large sectoral aggregates for 1995 makes it possible to identify the sectors in which SMEs and large enterprises tend to be most active. The more disaggregated data available for 1994 show that there can be variations within large aggregates: although certain sectors are dominated by major enterprises, they may contain sub-sectors with a strong SME presence.

SMEs are dominant in sectors where economies of scale and capital intensiveness are not of crucial importance. The first typical area of activity is the construction industry.

This sector, which employs more than 10 million people, represents more than 9 % of total employment in the EU. SMEs play a leading role in this sector: nearly 90 % of people employed in it work in an enterprise with fewer than 250 employees. More precisely, about six people out of ten are employed in very small or small enterprises (1 to 49 employees). Sole proprietorships with no employees also account for a remarkable 16 % of employment, the highest percentage in the seven large sectoral aggregates considered.

Enterprises in the European Union, 1995 — distribution by employment size class

	Number of employees					
EU-15 — 1995	0	1-9	10-49	50-249	250+	Total
Number of enterprises (thousands)	9 320	7 447	1 084	163	36	18 050
Total employment (millions)	10,9	25,8	21,2	15,5	38,4	111,8
Turnover (in ECU billion)	609	2 447	2 981	3 330	7 742	17 109

Source: Eurostat.

Enterprises in the European Union, 1995 — distribution by sector of activity

	Enterprises		Employment		Turnover		Employment share of SMEs
	Thousands	%	Millions	%	ECU billions	%	%
Industry and energy	2 043	11,3	33,24	29,7	4 454	26,0	52,6
Construction	2 408	13,3	10,14	9,1	905	5,3	87,7
Trade and HoReCa	6 804	37,7	29,82	26,7	4 787	28,0	78,8
Transport and communication	930	5,2	8,16	7,3	715	4,2	46,6
Financial intermediation	326	1,8	4,70	4,2	4 347	25,4	28,3
Other services	2 062	11,4	10,25	9,2	795	4,6	68,9
Other business activities	3 477	19,3	15,46	13,8	1 107	6,5	73,2
All aggregates	18 050	100,0	111,76	100,0	17 109	100,0	65,7

Source: Eurostat.

Another field where SMEs are dominant is the wholesale and retail trades and the HoReCa sector. These activities represent one of the big economic sectors in the EU, with almost seven million enterprises, just under 30 million jobs (about 80 % of which are in SMEs) and turnover of more than ECU 4,7 billion: i.e. about 38, 27 and 28 % of the respective overall totals. Very small enterprises (1 to 9 employees) are of special importance, accounting for nearly half the number of units and more than one-third of employment. On a more detailed level, SMEs have a very strong presence in the sale and repair of motor vehicles sector, where they account for 90 % of total employment.

Finally, there is a strong SME presence in business and other services. About seven out of every ten persons employed in these fields work for an SME. This proportion rises to more than nine out of ten for personal services (laundry, beauty, personal hygiene). Sole proprietorships and very small enterprises in these both service sectors account for a slightly larger share of employment compared with the average for the other sectors.

Major enterprises dominate capital-intensive industries and financial and communications activities

Large enterprises dominate the industrial and energy sectors, transport and communications and financial activities, despite varying company structures in these sectors.

The industrial and energy sectors, although dominated by very large enterprises, also have a large number of small and medium-sized enterprises (10 to 249 employees), which employ nearly 40 % of the labour force. These sectors, which provide nearly 30 % of employment and about 26 % of total turnover, encompass some widely differing activities.

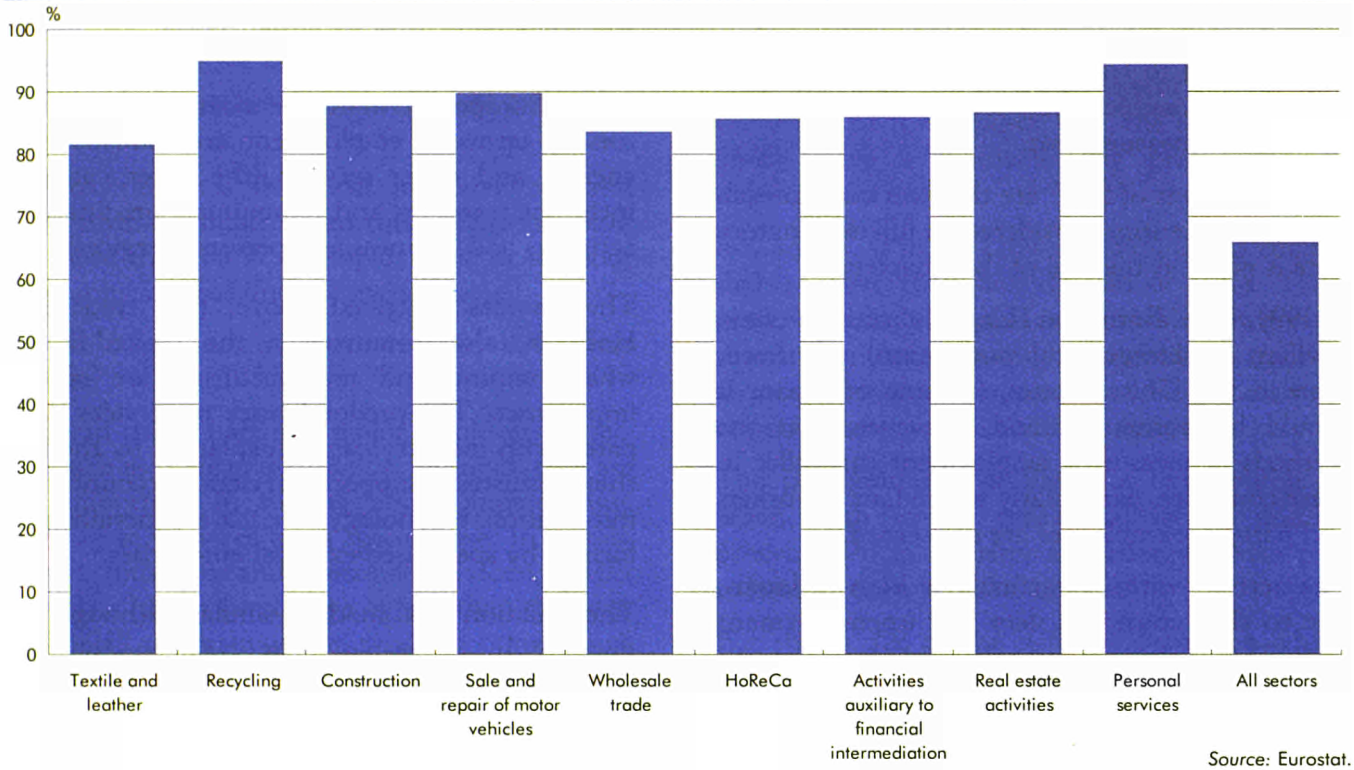
The mining and energy industries and certain manufacturing industries such as chemicals, metallurgy, electrical goods and vehicles, tend to be dominated by large enterprises. Employment in the manufacture of motor vehicles sector is highly concentrated within large units, which account for more than eight jobs out of ten. The figures for the energy and electricity sectors are similar.

On the other hand, in sectors such as the textile and garment industry, the leather- and wood-processing industries or engineering and recycling, SMEs account for a share of employment higher than that for all the sectors taken together. In the clothing and leather industries and in recycling, SMEs account for more than 80 and 90 % of employment respectively.

In terms of employment, the transport and communications sector is characterised by a predominance of large enterprises (more than 50 %), but also by the strong presence of enterprises with no employees (six companies out of ten). In fact, parallel to the major private groups and government enterprises in the air transport sector (nearly 90 % of jobs) or post and telecommunications (more than 90 %), there are small suppliers, especially in the road transport and telecommunications sectors.

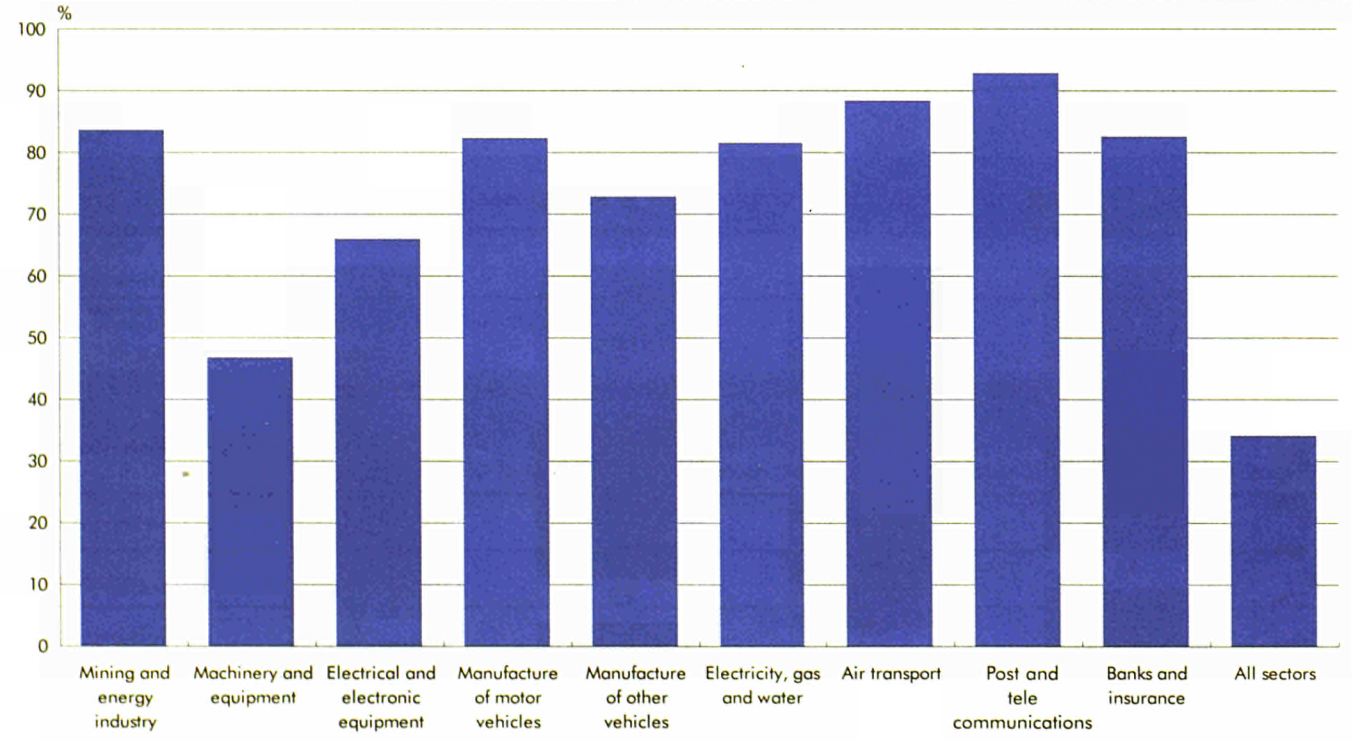
Lastly, employment in the financial sector is extremely concentrated within large enterprises, which account for more than 70 % of the total. However, as in transport and communication, sole proprietorships have a considerable presence: nearly 60 % of all enterprises. They are mainly financial and insurance auxiliaries which support the major banks and insurance companies. The former constitute a subsector where SMEs account for a considerable share of employment (more than 80 %).

Economic sectors dominated by SME — EU-15 — 1994



Source: Eurostat.

Economic sectors dominated by large enterprises — EU-15 — 1994



Source: Eurostat.

THE EUROPEAN UNION IN COMPARISON WITH CANADA, JAPAN & THE UNITED STATES

It is essential to treat these figures with caution, because of possible differences in definitions and methods of measurement.

The definitions of SME are the ones used in each geographical entity considered. A full explanatory note is given at the end of this chapter.

In 1994, the European Union's activity ratio (civilian workforce/total population) was lower than in the United States, Canada or Japan. It should be borne in mind, however, that the methods of measuring employment can differ in these countries, particularly where family workers and part-time employees are concerned.

The activity ratio is particularly high in Japan, due to that country's very low unemployment rate. This is due among other things to Japan's patriarchal enterprise culture (the job for life tradition) and the relative lack of exposure to international competition.

Employment in selected major sectors of activity

The sectoral structure in the EU and the other countries under consideration is typical of highly developed economies, with a preponderance of services (trade, HoReCa and other services). The EU and the other countries are not without their own, specific characteristics, however.

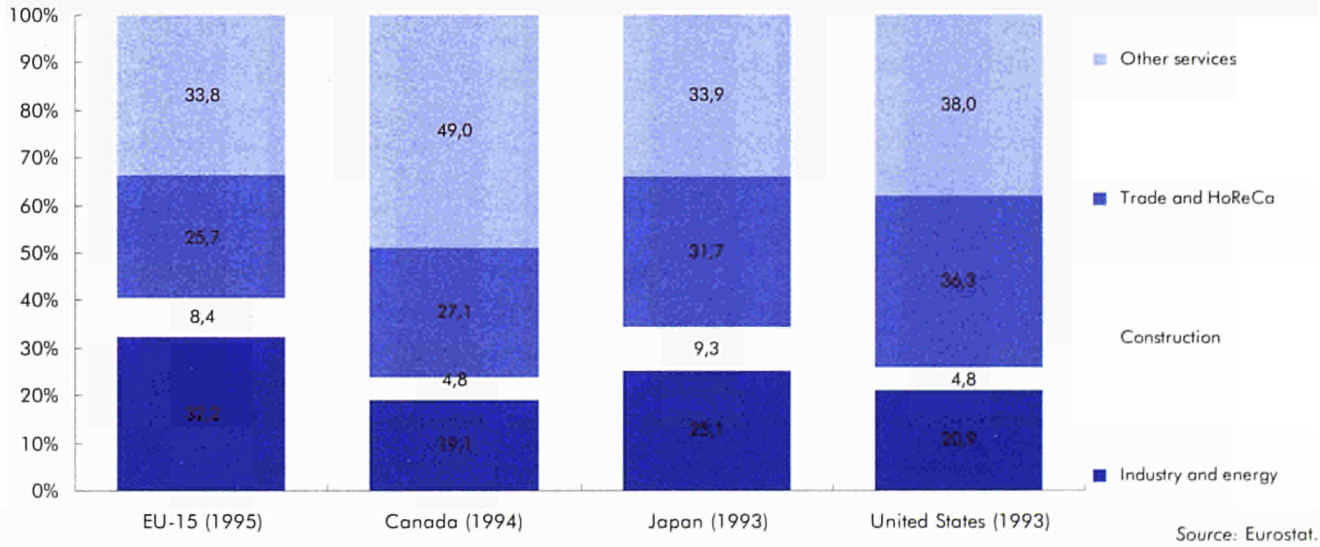
In the European Union, the most important sectors in terms of employment are industry and energy, and other services (the latter category including transport and communication, financial activities and business and personal services).

The services described above, plus trade and HoReCa, also dominate in the United States, where mining and manufacturing are of less importance. The predominance of services compared with industry can be explained by the fact that industrial support services (accountancy, information technology, etc.) are generally performed by specialised external enterprises.

The situation in Canada is similar, although the distribution of employment between the two service branches is rather different. Trade and HoReCa are of less importance, while other services account for nearly half of employment.

Finally, Japan is the only one of the three countries under consideration, apart from the EU, where industry accounts for about one-quarter of total employment, although it is lower than the European average (approximately one-third).

Sectoral distribution of employment in enterprises with employees



Source: Eurostat.

SMEs and employment

The analysis of the share of employment accounted for by SMEs with at least one employee revealed differences in the specific characteristics both of the geographical areas and of the major sectors.

Construction has the most homogeneous and most SME-dominated structure: SMEs account for more than 85 % of employment in the four geographical areas under consideration.

In the other sectors, more marked differences emerge.

SMEs in the EU are also major employers in sectors such as trade and HoReCa, although they are less important in mining and manufacturing. Here again, services are a special case. In certain sectors (business and personal services), SMEs provide a higher percentage of jobs than the average for all sectors together, while in others, such as transport and communication, and financial activities, their presence is less important.

In the United States, SMEs tend to be less important, although the situation in individual sectors resembles that in the European Union. The sectors where SMEs are most important are construction and, to a lesser extent, trade and HoReCa. At the opposite end, the sectors where SMEs have a relatively low profile include industry and energy.

In Canada, as in the United States, SMEs employ slightly more than half the labour force. Their presence in industry and energy is slightly greater than in the United states, but slightly less in other services. Construction, trade and HoReCa are, as always, sectors where SMEs dominate.

The predominance of SMEs is most visible in Japan, both in the traditional sectors and in others. Even in industry and energy, SMEs provide more than 65 % of all jobs.

But this is due to the national definition which considers local units (establishment) rather than enterprise or enterprise group.

Key figures — 1994

	EU-15	Canada	Japan	United States
Population (millions, end December)	372	29	125	262
Total civilian labour force (millions)	147	13	65	123
Unemployment rate (1) (in %)	10,7	11,6	3,1	5,6
Activity ratio (employment/population, in %)	39,5	44,8	52	46,9

(1) The unemployment rate for Canada is that for 1993.

Source: Eurostat.

Share of employment accounted for by SMEs with employees (%)
SME national definitions

	EU-15 (1995)	Canada (1994)	Japan (1993)	United States (1993)
Industry and energy	51,5	44,3	66,9	37,5
Construction	85,3	89,3	95,4	88,9
Trade and HoReCa	75,6	69,3	83,9	58,5
Other services	55,8	41,9	71,3	51,4
All sectors	62,0	52,1	76,5	52,9

Source: Eurostat.

1 Overview
Essential facts

ENTERPRISES IN THE MEMBER STATES OF THE EUROPEAN UNION

Essential facts

This section analyses the data for each Member State, generally for 1995. Whenever possible, estimates carried out on an aggregated sectoral level facilitate comparison between Member States. In addition, Part 4 of this publication — Analyses per country — sets out general macro-economic indicators for each country and much more detailed information on the distribution of enterprises by employment size class and large sectoral aggregate. The data in Part 4 are those for the last available year.

The five biggest countries in the EU in terms of population and GDP (Germany, Spain, France, Italy and the United Kingdom) account for about 80 % of all units, employment and turnover. The distribution of employment among the three major areas of the economy (agriculture, industry and services) is fairly similar, and typical of highly developed countries. The majority of employment is in the service sectors, (between 56 and 72 %, depending on the country) and in industry (23 to 37 %). On the other hand, the share of employment accounted for by agriculture exceeds 10 % in only four cases and only Greece has a high percentage (about 20 %).

Distribution of employment among the five workforce size classes

The SME presence is significant in all the Member States. However, the distribution of employment among the various employment size classes varies from one country to another.

Sole proprietorships without employees account for a higher share of employment than the European average (slightly less than 10 %) in all the countries of southern Europe plus Belgium, France and the United Kingdom. In Greece, they provide nearly 30 % of employment.

Very small enterprises are most widely represented in Italy, where they provide more than one-third of all jobs. This employment size class is also well represented in all the other countries, especially in Belgium, Greece, Spain and Portugal.

The situation regarding small enterprises is more varied: they are particularly important in Portugal, Denmark, Ireland and Luxembourg. In

Enterprises in the European Union in 1995 — distribution by country

	Number of enterprises	Number of persons employed	Turnover	Share of SMEs (1) in total employment
	Thousands	Millions	ECU billions	%
EU-15	18 049,53	111,76	17 108,82	65,7
B	594,64	3,68	468,27	72,6
DK	235,73	1,55	235,78	69,5
D	3 334,78	30,03	3 964,16	57,7
EL	746,86	1,73	356,99	86,5
E	2 349,67	10,93	1 104,55	79,4
F	2 116,24	15,34	2 217,37	65,9
IRL	70,86	0,74	200,11	67,0
I	3 251,88	13,98	1 586,40	79,9
L	17,99	0,18	57,04	71,6
NL	488,61	5,22	655,89	60,6
A	237,39	2,59	401,77	64,5
P	656,76	2,86	182,81	79,5
FIN	180,13	1,07	220,33	57,4
S	243,55	2,11	384,72	61,0
UK	3 355,01	20,12	5 193,81	56,9

(1) SME: enterprises with 0 to 249 employees.

NB: EL, I, NL and A — 1994.

Source: Eurostat.

Germany, when taken together with very small units, they account for more than 40 % of employment.

Medium-sized enterprises are very well represented in small and medium-sized countries such as Denmark, Ireland, Luxembourg and Austria. Their importance in terms of employment, however, is less significant in the countries of southern Europe, with the exception of Portugal.

Large enterprises, finally, employ more than a third of the workforce in Germany, the Netherlands, Finland, Sweden and the United Kingdom, but only two persons out of every 10 in Greece, Spain, Italy and Portugal.

The density of enterprises in the EU Member States and the importance of SMEs

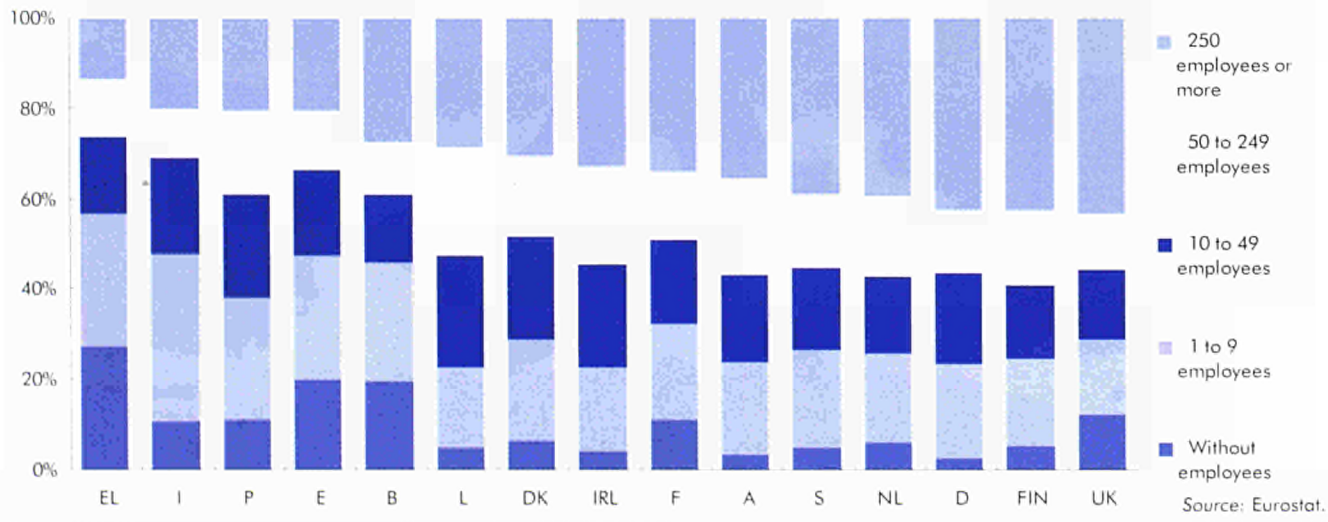
The following maps show, firstly, the density of enterprises in relation to the population of working age in each Member State and, secondly, the importance of SMEs in terms of employment and turnover. Similar maps are found in the chapter on regional analyses, where the specific characteristics of the various regions are described. Within the framework of this analysis, the structure of the country as a whole is analysed. In theory, the data refer to 1995. Where the data for that year were not available, those for the last available year were used.

If we examine the enterprise density (number of enterprises per 1 000 inhabitants of working age), we can identify three groups of countries. Firstly, the countries of southern Europe, plus the United Kingdom and Belgium, have a very high density (at least 67 enterprises per 1 000 persons of working age), which is probably due to the presence of a significant number of sole proprietorships and very small enterprises. The second group comprises countries such as Denmark and Luxembourg: the enterprise density in these two countries is lower than the European average, although it is still above 40. The third and final group comprises countries which have very different economic structures, but a very low overall unit density.

The analysis is somewhat different when the share of employment accounted for by SMEs is examined. It emerges that SMEs are dominant in the southern countries, with a share of more than 80 % in almost all cases. It is interesting to note that in countries such as Belgium and Luxembourg this percentage is also high. On the other hand, the share of employment accounted for by SMEs is decidedly lower than the European average (two-thirds) in certain northern Member States (Finland and the United Kingdom) and Germany.

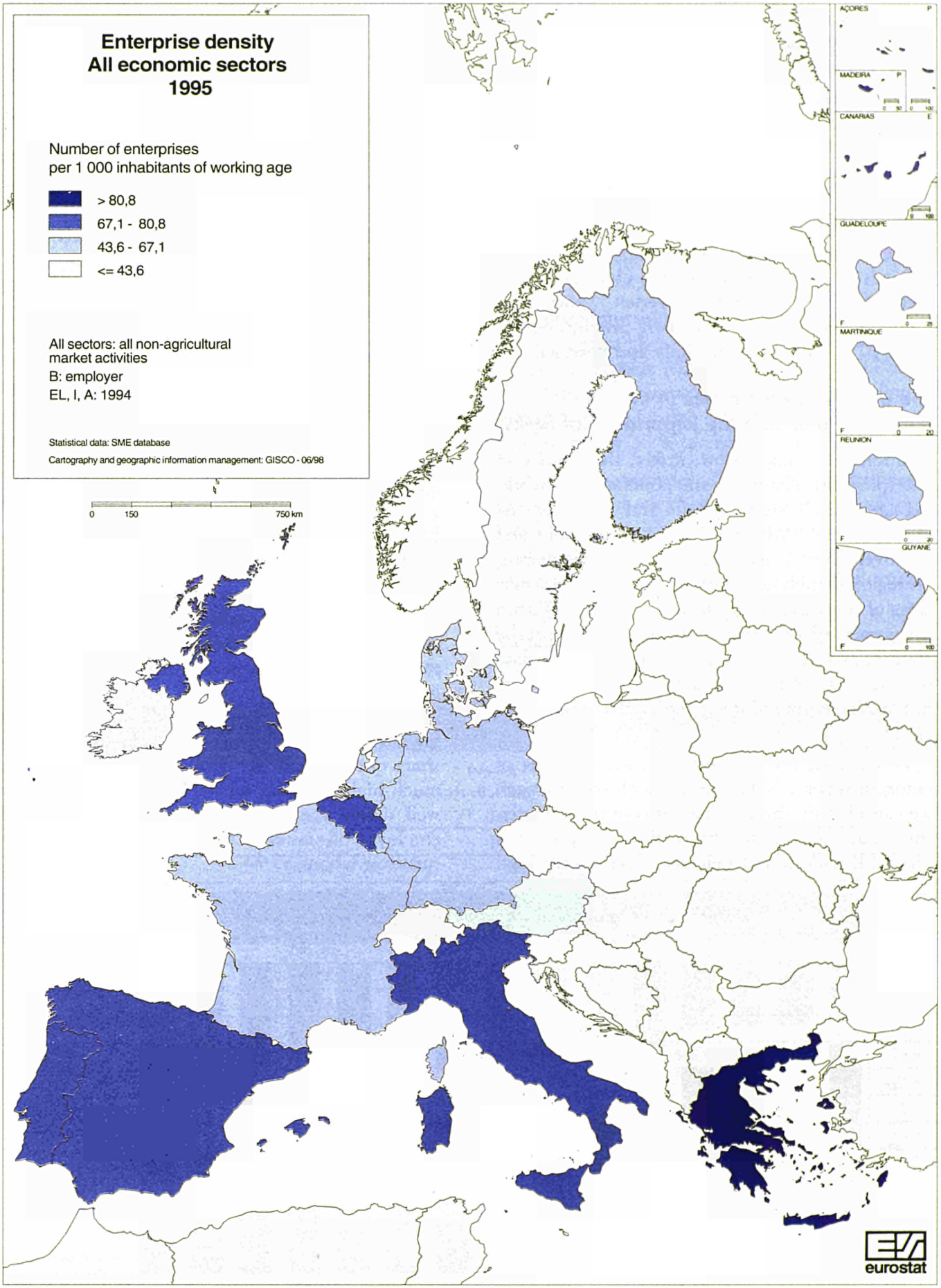
The situation with regard to turnover is different again. In general, countries where employment is concentrated in SMEs show an identical tendency regarding turnover, the only exceptions being Spain, the Netherlands and Austria. The two last countries, although SMEs account for a lower share of employment than the average, the share of total turnover accounted for by SMEs is much higher. Spain, on the other hand, which is well above the European average in terms of employment, is very close to the average for turnover (about 55 %).

Distribution of total employment by employment size class — 1995



Source: Eurostat.

1 Overview
Essential facts



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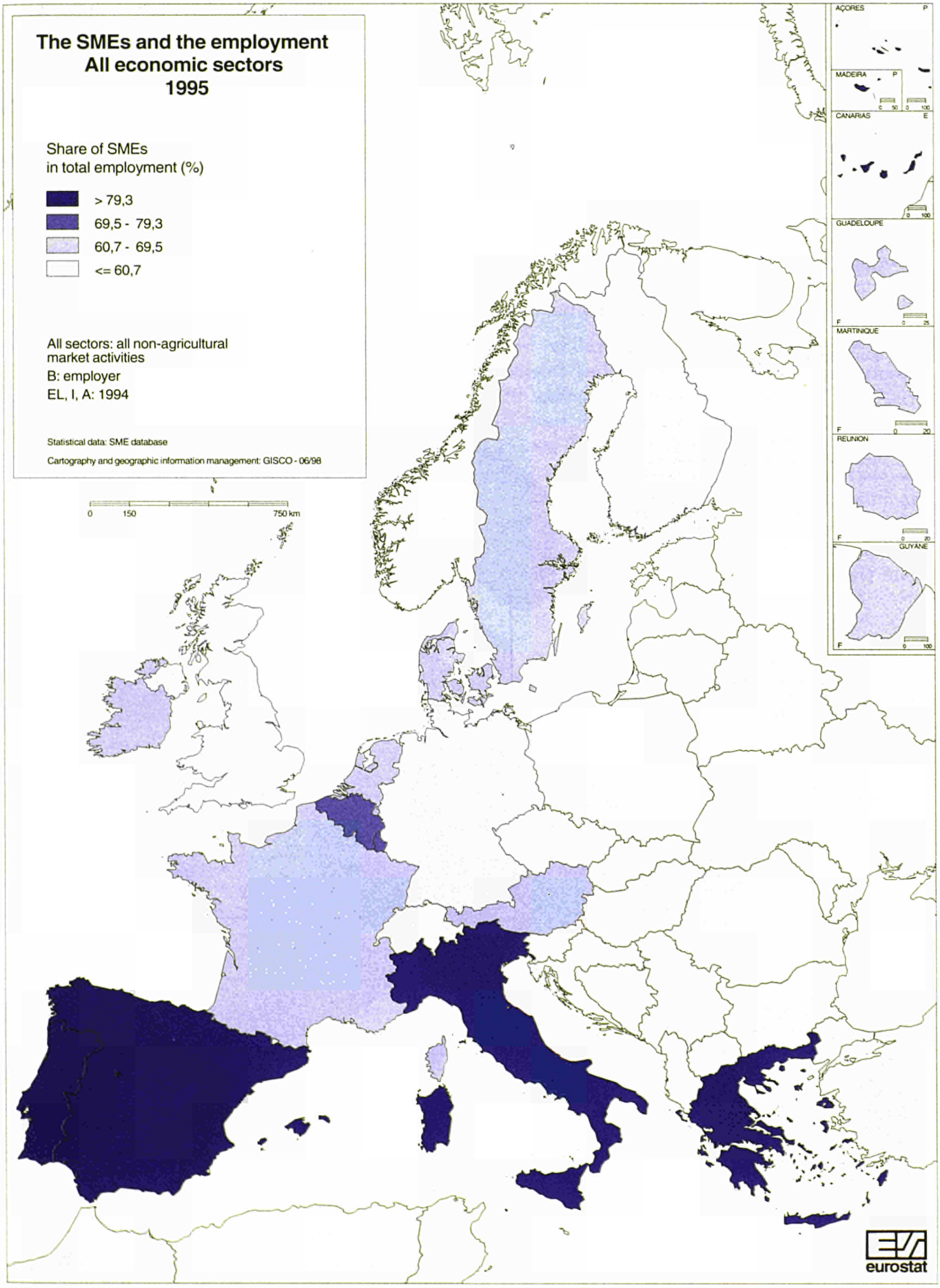
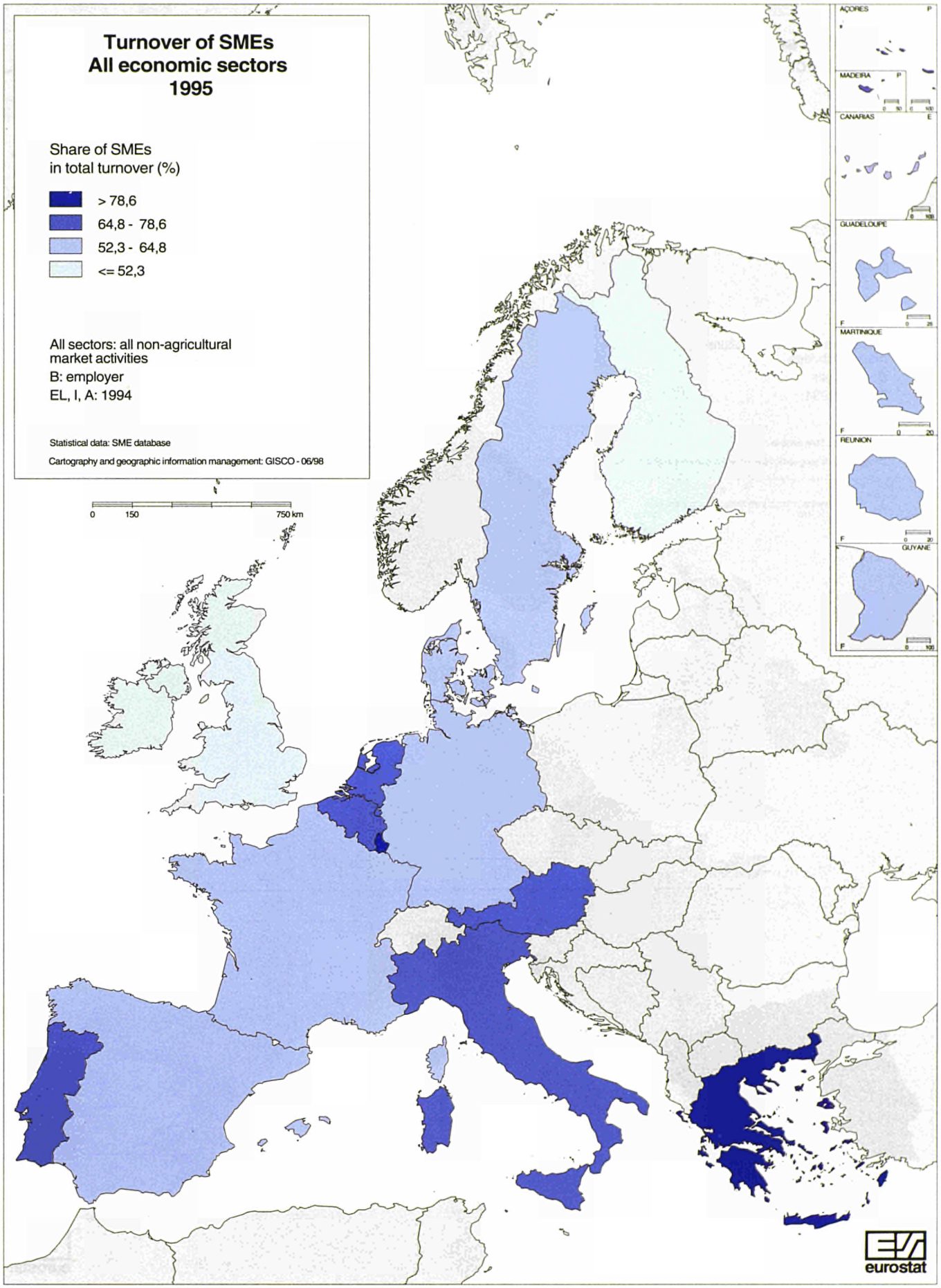

The SMEs and the employment
All economic sectors
1995
Share of SMEs
in total employment (%)
> 79,3
69,5 - 79,3
60,7 - 69,5
<= 60,7
All sectors: all non-agricultural
market activities
B: employer
EL, I, A: 1994
Statistical data: SME database
Cartography and geographic information management: GISCO - 06/98
0 150 750 km
AÇORES P
MADEIRA P
CANARIAS E
GUADELOUPE F
MARTINIQUE F
REUNION F
GUYANE F
eurostat

1 Overview
Essential facts



DG XXIII

SECTORS OF ACTIVITY

Diversity of enterprise cultures in Europe

This part uses specific graphs for all the sectors and each group of activities to illustrate the characteristics of enterprises engaged in these activities in the various Member States. The information covers the average size of enterprises and turnover per enterprise. A table also shows the distribution of employment in these activities in each country under consideration.

More detailed information on the various economic activities in 1994 is given in Part 3, Sectoral analyses. The sectoral level analysed there is much more highly disaggregated (NACE Rev. 1, 2-digit level), and the data refer to the 15 Member States plus Iceland, Norway and Switzerland.

In order to evaluate the differences in the enterprise cultures of each Member State, we need to examine the detailed information on each major sector of activity, because sector-specific characteristics can explain national differences. This allows us to distinguish three groups of Member States.

The average size of enterprises is lower in the southern countries, particularly Greece. Similarly, turnover per unit there is below the European average. In these countries, a multiplicity of small enterprises, many of them family-run, provide many jobs, especially in the trade and HoReCa sectors and the construction industry. However, small industrial enterprises are also important in Italy and Portugal.

Five countries (Belgium, Denmark, France, Finland and the United Kingdom) are close to the average in terms of size, but differ in terms of turnover (which is rather high in the United Kingdom). Actually, these countries have very different economic structures. Trade and HoReCa are predominant sectors in Belgium and the United Kingdom, which are also characterised by high levels of employment in the service sector. Industry is still a major employer in the other countries.

Share of employment accounted for by the principal economic sectors in the Member States of the EU in 1995

%	B	DK	D	EL	E	F	IRL	I
Industry and energy	21,2	33,4	35,5	19,4	24,1	28,4	32,5	36,6
Construction	8,5	10,5	8,0	18,9	11,8	10,1	6,6	8,8
Trade and HoReCa	32,3	32,1	20,0	48,7	33,4	24,5	34,2	29,3
Transport and communication	8,2	5,3	5,1	4,7	8,0	9,0	7,7	7,7
Financial intermediation	3,8	5,2	4,3	0,8	3,9	4,1	5,1	4,0
Other business activities	10,7	9,0	9,6	4,2	10,1	10,4	7,6	6,2
Other services	15,3	4,6	17,5	3,3	8,7	13,4	6,4	7,6

%	L	NL	A	P	FIN	S	UK	EU-15
Industry and energy	21,0	20,4	28,1	37,4	38,4	33,8	23,9	29,7
Construction	14,3	7,3	9,8	11,6	7,2	9,1	7,9	9,1
Trade and HoReCa	27,7	29,6	24,2	32,4	22,0	23,9	28,6	26,7
Transport and communication	9,2	8,3	16,4	5,8	12,6	10,8	7,0	7,3
Financial intermediation	12,2	4,4	4,0	2,8	5,0	4,0	4,8	4,2
Other business activities	9,5	9,4	5,6	5,7	7,3	8,2	10,2	9,2
Other services	6,1	20,8	11,8	4,3	7,5	10,1	17,5	13,8

NB : EL, I, NL, A — 1994.

Source: Eurostat.

The third group includes countries where the average size and turnover of enterprises is higher than the Community average. However, the situation can vary enormously from one country to another. In Germany, the Netherlands, Austria and Sweden, the average size of enterprises is very large. In Ireland and Luxembourg, on the other hand, turnover per company is more than twice the European average. The industrial and energy sectors are often the heavyweights of these economies. Enterprises in those sectors in Germany, Ireland and Sweden employ more than three persons out of ten. Financial services are of considerable importance in Luxembourg, their share of employment being three times the European average. The service sectors (business and other services) in the Netherlands are characterised by high levels of employment (about one-third of the total).

Sector-specific characteristics

The graphs illustrating the various aggregates are based on scales adapted to the average sizes of enterprises in each group of activities and do not, therefore, lend themselves to comparison.

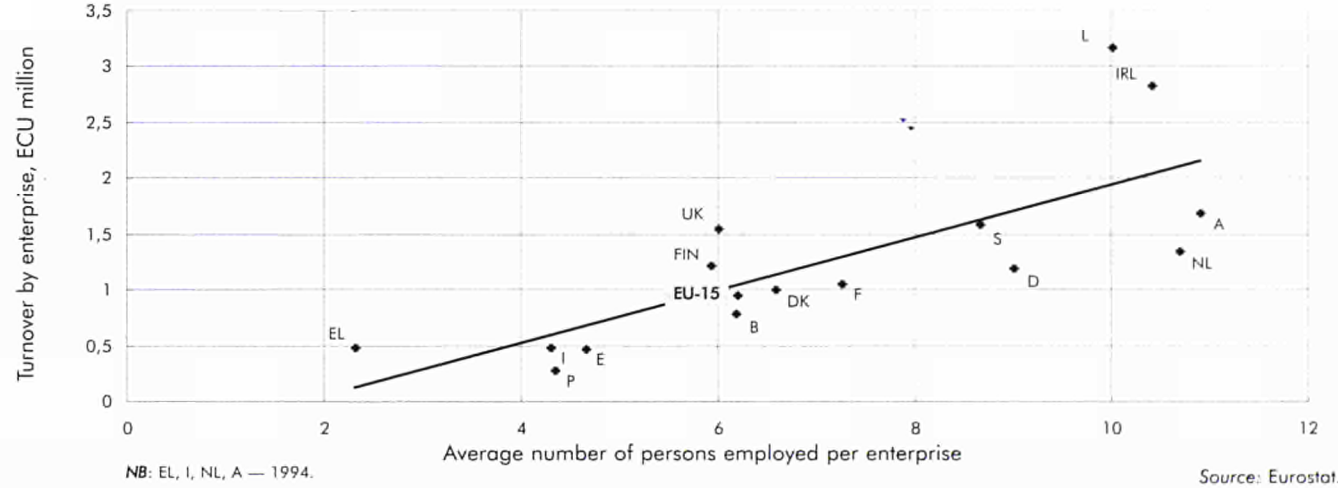
The industrial and energy sectors show a remarkable concentration around the European average. Only in Germany, Luxembourg, the Netherlands and Sweden are the figures signigicantly higher. Except for these countries, industrial and extractive enterprises generally employ between 10 and 20 persons, coupled with a rather homogeneous turnover (in a range between ECU 1 and 4 million). Moreover, the countries are distributed fairly evenly along the curve. This distribution reflects a constant proportional ratio of size (in terms of employment) to turnover.

The same situation applies in the construction industry, where the average size and turnover of enterprises is much smaller. Again, only a few countries stray significantly from the average, the other countries being very close to it, in a range from two to six persons employed per enterprise and from ECU 0,1 to 0,6 million of turnover per enterprise.

In the trade and HoReCa sectors, the values are apparently widely dispersed in relation to the average. However, the differences between countries are not so large: their average size is between 1,8 persons in Greece and 8 persons in the United Kingdom. On the other hand, there is greater variation in turnover: 0,2 million for the country at the lowest end of the scale and 1,6 million at the other end. It is in these activities that the contrast between the northern and southern countries is the most pronounced. The former are characterised by very large units which drag the national averages upwards.

Structure of enterprises in the Member States of the EU

All aggregates — 1995

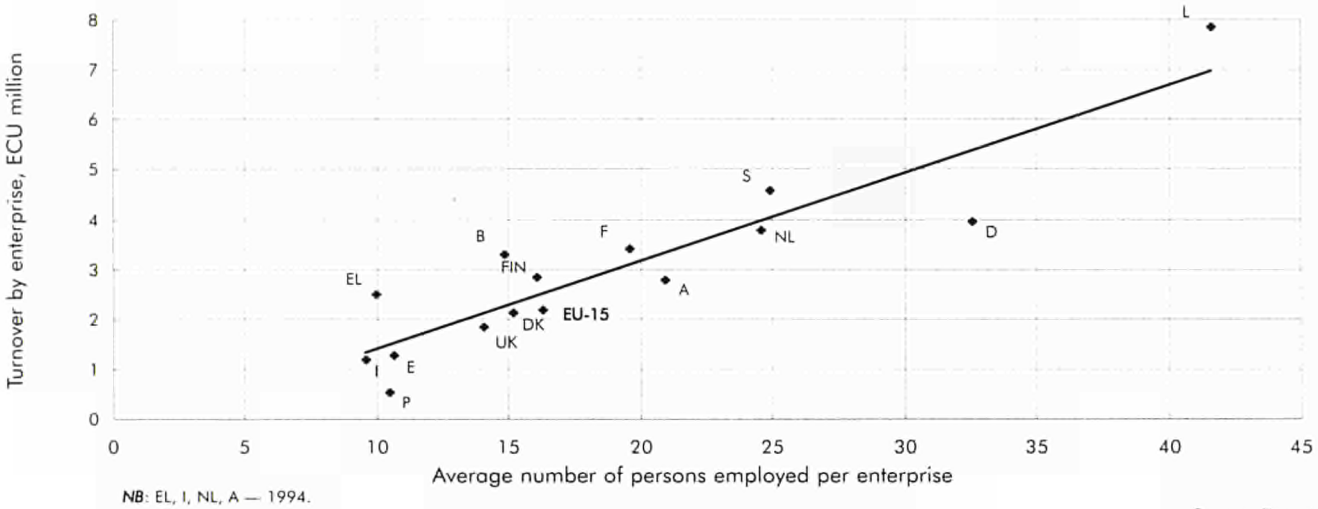


NB: EL, I, NL, A — 1994.

Source: Eurostat.

Structure of enterprises in the Member States of the EU

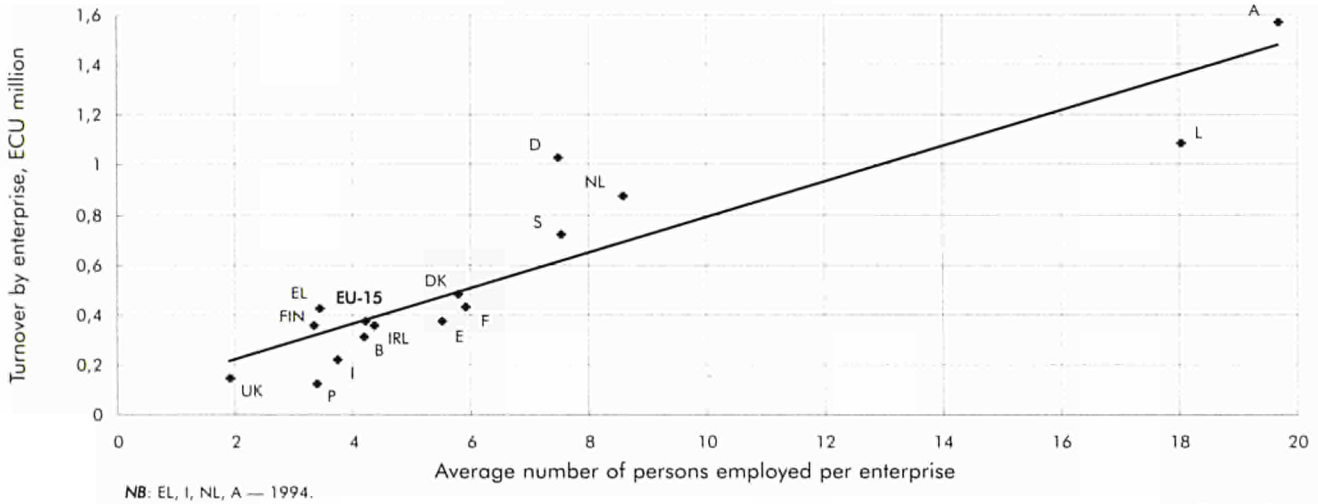
Industry and energy — 1995



NB: EL, I, NL, A — 1994.
IRL — n.a.

Source: Eurostat.

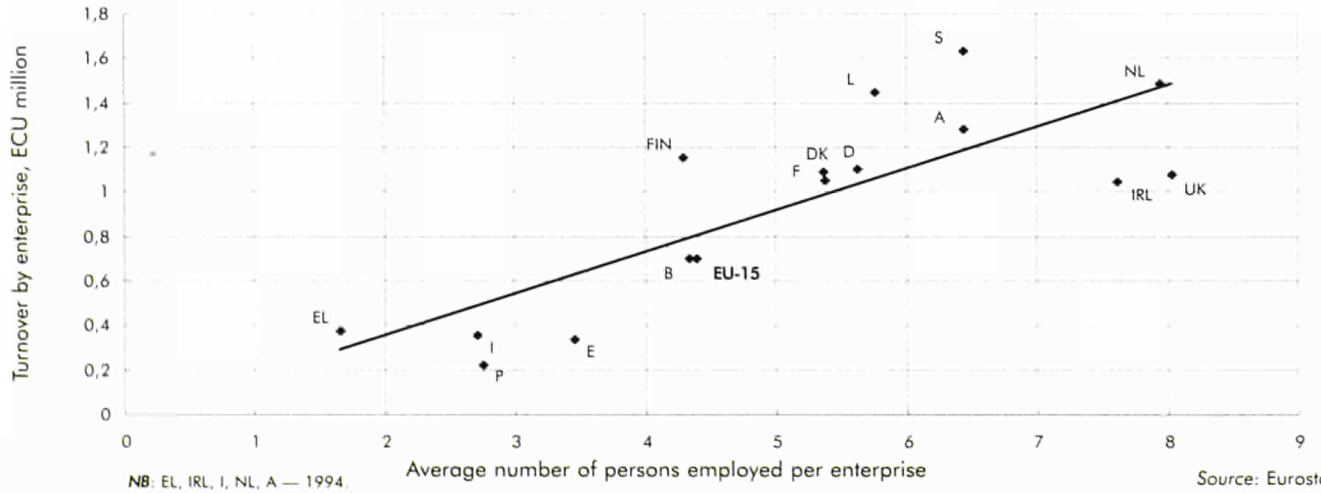
Construction — 1995



NB: EL, I, NL, A — 1994.
IRL — 1993.

Source: Eurostat.

Trade and HoReCa — 1995

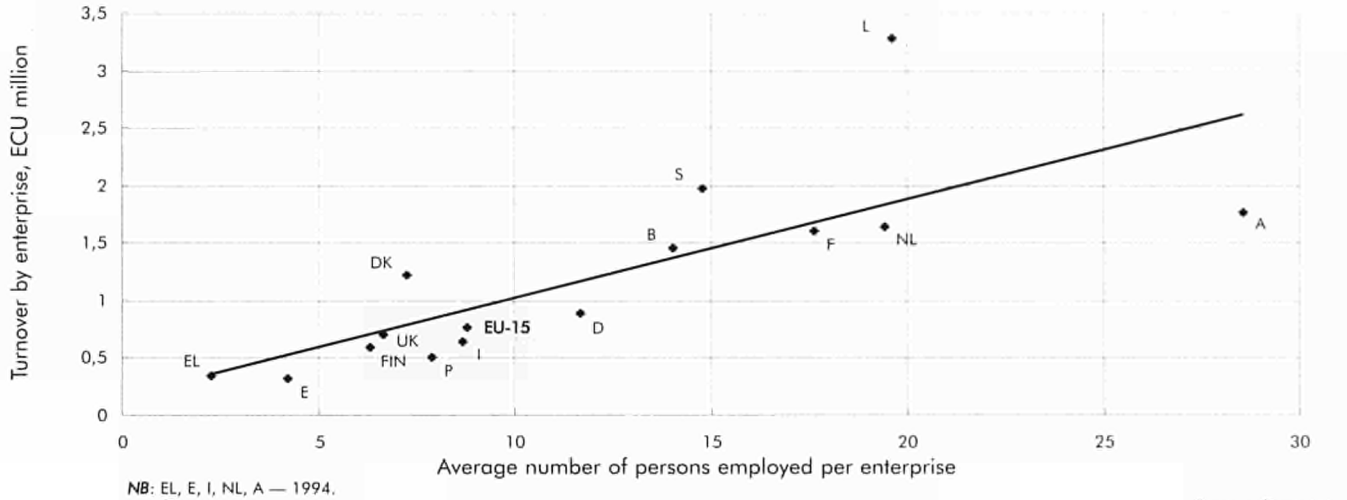


NB: EL, IRL, I, NL, A — 1994.

Source: Eurostat.

Structure of enterprises in the Member States of the EU

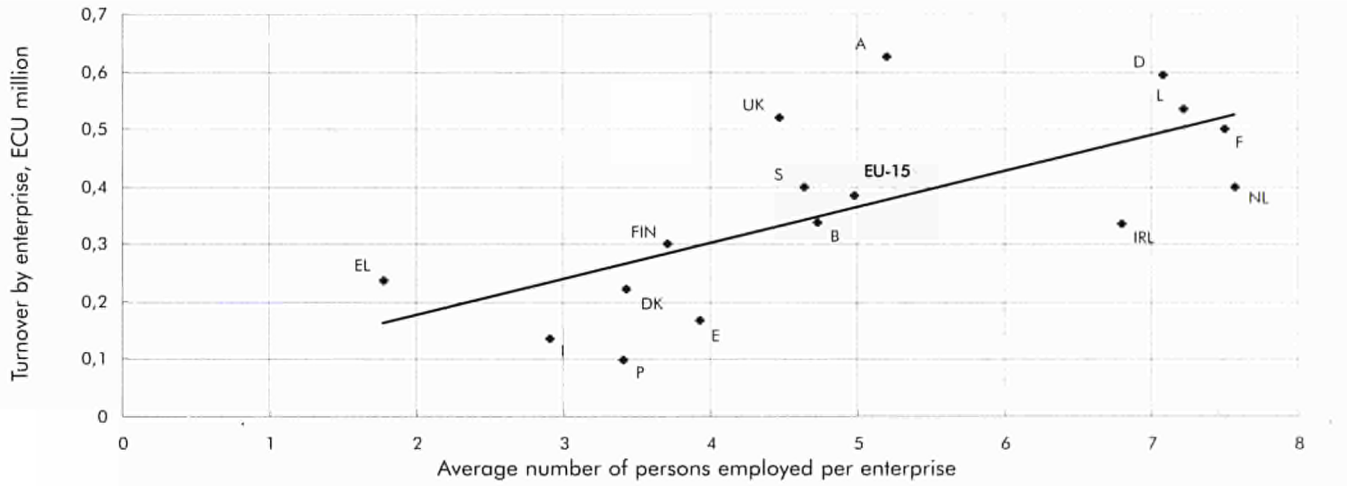
Transport and communication — 1995



NB: EL, E, I, NL, A — 1994.
IRL — n.a.

Source: Eurostat.

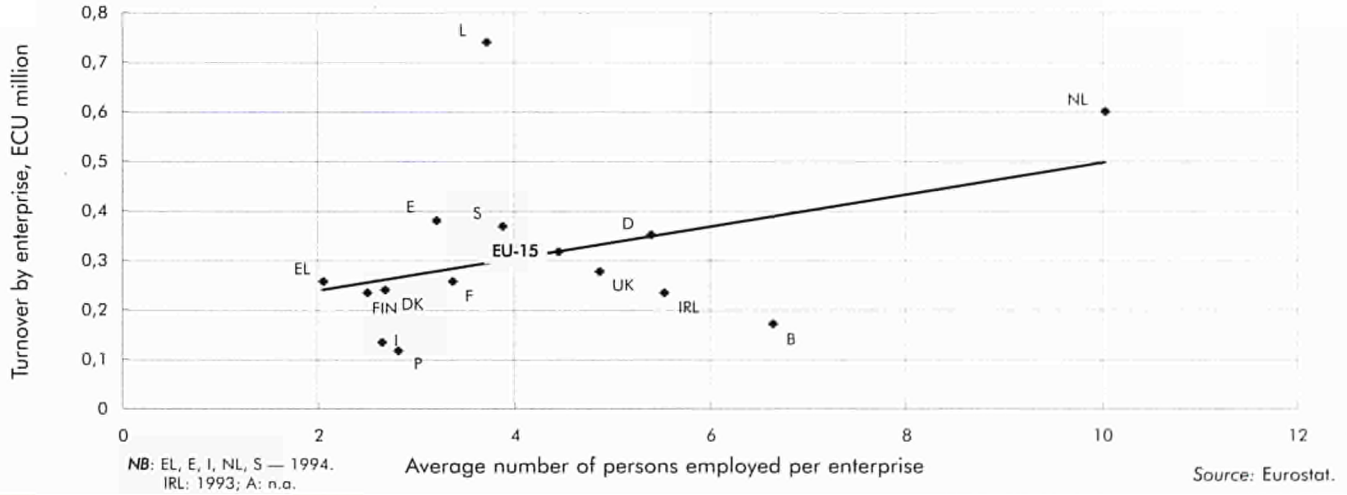
Other business activities — 1995



NB: EL, E, I, NL, A — 1994.

Source: Eurostat.

Other services — 1995



NB: EL, E, I, NL, S — 1994.
IRL: 1993; A: n.a.

Source: Eurostat.

Transport and communication is a field where it is very difficult to identify a common structure, mainly because certain activities in the aggregate (waterway transport or transport services) give a rather incomplete picture which does not readily lend itself to comparison between countries. In some countries, the size of the enterprises is below the average, which is probably due to the presence of a considerable number of self-employed persons and very small enterprises. The differences between the countries can be considerable: thus, the average size of Austrian enterprises is 14 times that of Greek enterprises.

In the financial sector, turnover is fairly high in most countries, but is not affected by the size of the enterprises. Consequently, there is no specific graph for this aggregate, because turnover is not a suitable indicator for studying these activities.

Both service aggregates reveal rather similar situations. The values for units in the business service sector are fairly well dispersed around the line, but are of more or less the same order of magnitude: small enterprises (approximately 2 to 7,5 persons on average) with turnover of not more than 0,6 million. In the other service sectors, all countries except Luxembourg and Netherlands are located fairly close to the average. The average size and turnover are not very high. The coverage of the various sub-sectors in the individual Member States is rather unequal, which is why we are not commenting on the fairly minor differences between countries.

NOTES

EU-15 and the Member States

The SME database

The figures used in this chapter are taken from the SME database, which is also available on CD-ROM. The principal components of this database are described and illustrated in the section on methodology at the beginning of this publication.
It must be stressed, however, that information on EU-15 is based on a Eurostat estimate which is itself based on data collected by country, which in some cases have had to be supplemented by estimates. This was necessary in order to permit a general analysis of the situation regarding enterprises in the EU in 1995. Consequently, only seven large aggregates of economic activity were calculated (the same ones which were used in Part 4, Analyses per country). Where more detailed information is given, the reference year is 1994.
In the third heading of this chapter, Enterprises in the EU Member States, the figures used always refer to the last published year, which is generally 1995. In certain cases where there were problems of confidentiality or reliability, the data refer to 1994 or even 1993.

Sectoral aggregates

The seven major groups of activity, defined according to the standard classification of economic activities (NACE Rev. 1), and used for the data analysis at EU-15 and national levels, are:

- industry and energy, including mining and quarrying: NACE 10 to 14; manufacturing: NACE 15 to 37; and energy: NACE 40 and 41;
- construction: NACE 45;
- trade and HoReCa, including wholesale and retail distribution, and the repair of motor vehicles and domestic articles: NACE 50 to 52; and hotels and restaurants: NACE 55;
- transport and communication, including all transport activities (by land, air and water) and supporting transport activities: NACE 60 to 63; and post and telecommunications: NACE 64;
- financial intermediation, including financial intermediation and insurance: NACE 65 and 66, and activities auxiliary to financial intermediation: NACE 67;
- other business activities: NACE 74;
- other services, including real estate and computer activities, leasing and research and development: NACE 70 to 73; health: NACE 85; sanitation and refuse disposal: NACE 90; entertainment, cultural and sporting activities: NACE 92; and personnel services: NACE 93.

NOTES

International comparison

Source

The data for the United States and Canada are taken from the OECD databank, which contains data collected under the joint Eurostat-OECD project for the creation of a common database on SMEs.

The data on Japan were obtained from *Small Business in Japan, 1995 White paper on SMEs in Japan* (Small enterprises Agency, MITI). They come from the 1993 general census of establishments carried out by the Management and Coordination Agency for Statistics.

The most recent available data for each country were used.

Methodological differences

There are some fundamental differences between the units and definitions of SMEs used in each economic area.

For the European Union, the unit is, in theory, the enterprise. In the United States, the unit used corresponds to the European concept of group of companies, whereas, in Japan, the unit is the establishment, the definition of which is fairly similar to that of the local kind-of-activity unit (see the chapter on methodology).

In the EU and Canada, a SME is an enterprise employing fewer than 250 persons. In the United States, it is a company (or group of companies) employing fewer than 500 persons. In Japan, finally, an SME is an establishment employing fewer than 300 persons, although there are exceptions for some sectors, such as wholesale distribution (fewer than 100 persons), retailing and business and personal services (fewer than 50 persons).

Because data on enterprises with no employees were not available for Canada and Japan, only those units with at least one employee are represented in the tables and graphs.

For the same reason, the last four aggregates used for the analysis at European level (transport and communications, financial activities, business and personal services) were aggregated in only one defined field (other services). This group is therefore larger than the aggregate other services used for comparisons within the EU, with which it should not be confused.

Portrait of enterprises in the countries of central and eastern Europe

In all the countries of eastern Europe, the end of the 1980s saw the failure of planned economy systems. Economic reforms had already been implemented relatively early in certain central and eastern European countries (CEECs) — Hungary, Poland and Slovenia — whilst in others the spirit of reform was born later. Clearly, these countries all face the same challenge: to develop economic structures generating effective and competitive production. Moreover, with most of them applying for future accession to the European Union, these 11 countries have inevitably taken the course of adapting their economic and legal system to that of the Union.

In Eurostat, the 'PECO Panel' project follows the development of the new fabric of enterprises in these 11 countries, comprising Albania, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia. The survey took place in 1995 in each of these countries, on the basis of a stratified random sample of enterprises. The field of analysis covers enterprises in the private sector, registered for more than nine months, and exercising a non-agricultural commercial activity. For the first time, thanks to this survey, it is possible to have a complete and comparable view of private sector enterprises in the CEECs covering, for example, activities, size, legal form, entrepreneurs, as well as other structural characteristics.

Detailed comparison of the structure of CEEC enterprises with that of EU enterprises is difficult. First, the fabric of private enterprises in the Union is characterised by an economic structure, which has been in the building for decades, while that of the CEECs is a still-young tradition. Moreover the raw data available on these two areas are not homogeneous, so only analyses at a relatively aggregated level of detail are possible ([1]). Owing to these restrictions, comparison of the structures of European and CEEC enterprises forms only a small part of this study, which aims mainly at a general description of the structure of enterprises in the countries of central and eastern Europe.

In brief ...

- In 1995, 3,3 million enterprises were registered in the CEECs. Unlike those of the European Union, they are directed more towards industry and less towards the services sector. But they are characterised in particular by a higher proportion of new, one-man businesses than in the Union. In the CEECs, one enterprise in eight has its origins in a previously existing production unit, in the majority of cases one that has been privatised. Enterprises are on average very young and, for the most part, choose the legal form of the one-man business.

- The larger the enterprise, the more likely the entrepreneur is to be a former manager of an older enterprise, and the higher his or her educational level. Women are found relatively often as heads of fairly small enterprises, though in the major units their numbers are negligible. The staff have mostly employee status in the major units, while in small enterprises other forms of employment such as non-salaried tend to dominate. Invested was widespread in 1994, even amongst the smallest enterprises. Even so, the share of enterprises which invested is higher amongst the majors.

([1]) This study is principally based on *Panorama of enterprises of the central and eastern European countries in 1995*, Eurostat, Luxembourg, 1997.

1 OVERVIEW

Portrait of enterprises in the countries of central and eastern Europe

WHAT ARE THE CEECs?

The 11 CEECs have very different political origins and three strands can be identified:

- first, the three Baltic republics formerly part of the ex-Soviet Union: Estonia, Latvia and Lithuania;
- next, the countries created from the break-up of other countries: Slovenia, the Czech Republic and Slovakia;
- and finally a number of countries which already existed as such before: Albania, Bulgaria, Hungary, Poland and Romania.

Today, all are close neighbours of the European Union and, from an economic point of view, *vis-à-vis* European enterprises, they represent two functions:

- they constitute new markets;
- they are new competitors.

The CEECs as a new market

The population of the CEECs totals 109 million inhabitants, that is almost 30 % of the population of the European Union. Even if since 1996 GDP has been growing in all the CEECs except Bulgaria, the level of this GDP is still generally below that of 1989 ([1]). Given the upward adjustment potential of the CEECs' GDP of between 65 % and 90 % (see Figure next page), one can suppose that the economic rebuilding of these countries will give rise to substantial additional demand for the Union.

The CEECs as competitors

In all, these 11 countries have 3,3 million enterprises in the non-agricultural market-orientated sectors, equivalent to 18,4 % of the enterprises of the EU. As in the Union, the density of enterprises, i.e. the number of enterprises per 1 000 inhabitants, varies widely between countries: from 68 in the Czech Republic to 10 in Latvia. In the CEECs, a close relation exists between economic power (measured in terms of upward adjustment potential) and the density of the enterprises: the lower the density, the greater the potential (or the lower the level of per capita GDP). Within the European Union, on the other hand, this relationship is not so significant ([2]).

([1]) Fuller information on the economic performance indicators of the CEECs can be found in European Bank for Reconstruction and Development: *Transition report update 1997*, London, 1997.

([2]) For the 11 CEECs, the coefficient of correlation between the density of enterprises and the correction potential is – 0,79 indicating a relatively close negative linear relation. For the 15 Member States of the EU, this coefficient is + 0,56.

KEY TO THE FIGURE

The concept of 'upward adjustment potential' attempts to measure the 'technology gap' which can exist between various countries. A country considered to be economically and technologically particularly advanced is taken as a reference point. The upward adjustment potential of a country is then calculated by dividing that country's per capita GDP (with equal purchasing power parity) by the per capita GDP of the reference country. Expressed in percentage terms, the difference between the ratio obtained and 100 % can highlight differences in prosperity levels. For Figure on the next page, the per capita GDP of the USA was taken as a reference point.

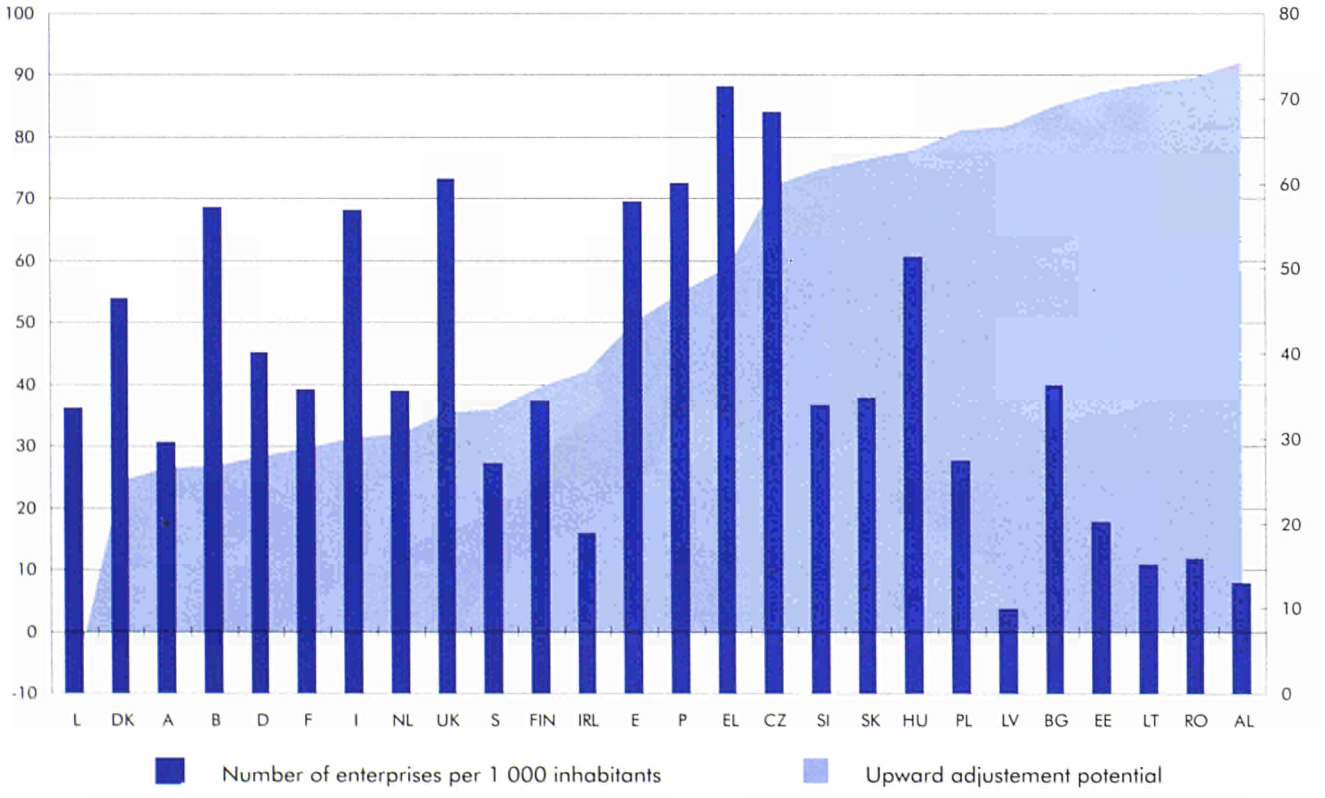
CEECs and the Member States of the EU — Key figures — 1995

	CEEC	EU
Number of countries	11	15
Surface (1 000 km²)	1 103,7	3 236,2
Number of inhabitants (1 000s)	109 120	365 710
Density per km²	98,4	115,2
Working population (non-agricultural, in 1 000s)	40 555	160 440
Share of employment in agriculture (%)	22,3 (*)	5,3
Number of non-agricultural enterprises (1 000s)	3 362	17 912

(*) 1993.

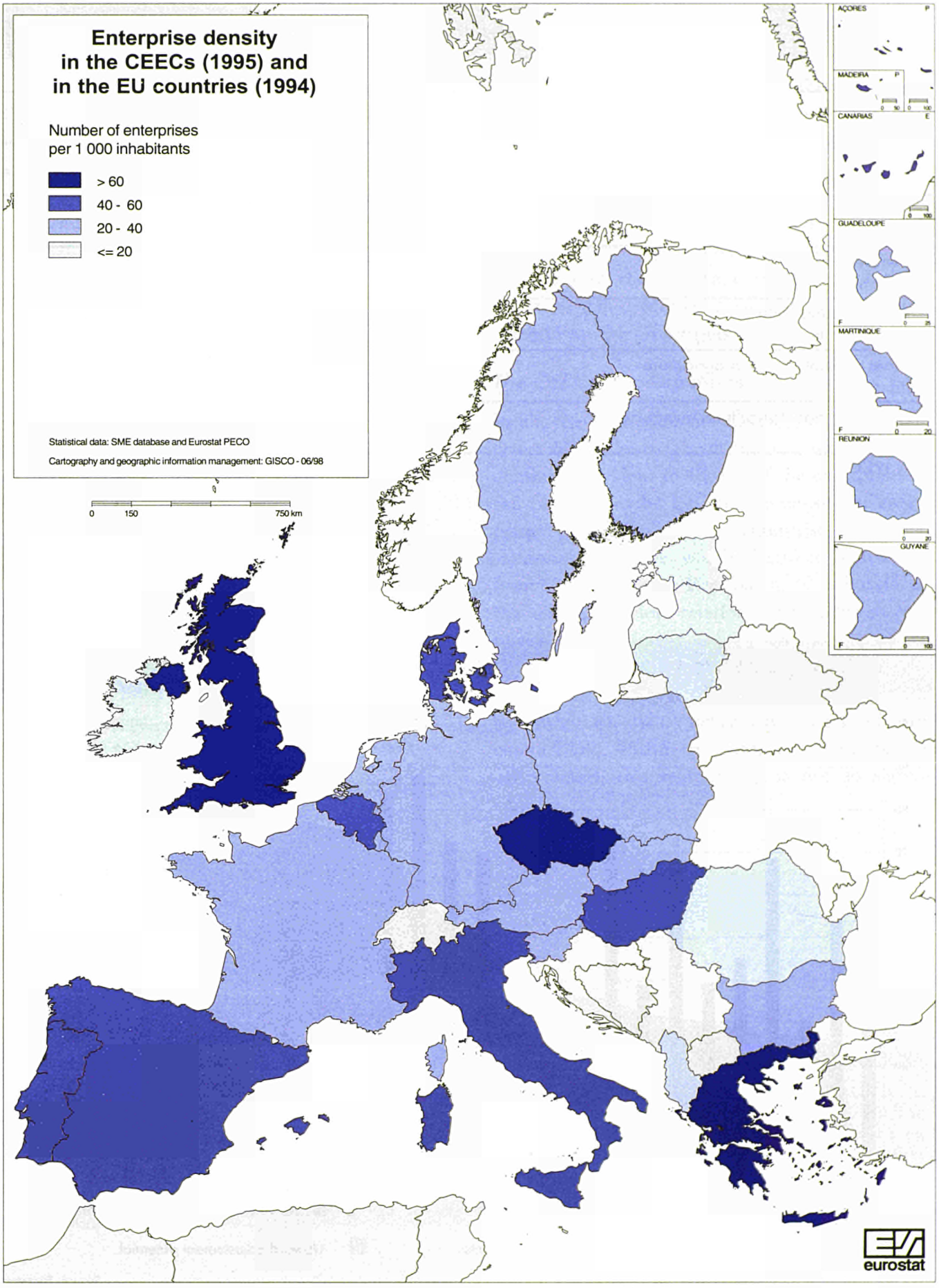
Source: Eurostat.

Density of enterprises and upward adjustment potential in the CEECs and in the EU — 1995



Source: Eurostat.

Portrait of enterprises in the countries of central and eastern Europe



CEECS AND EU ENTERPRISES: SOME KEY COMPARISONS

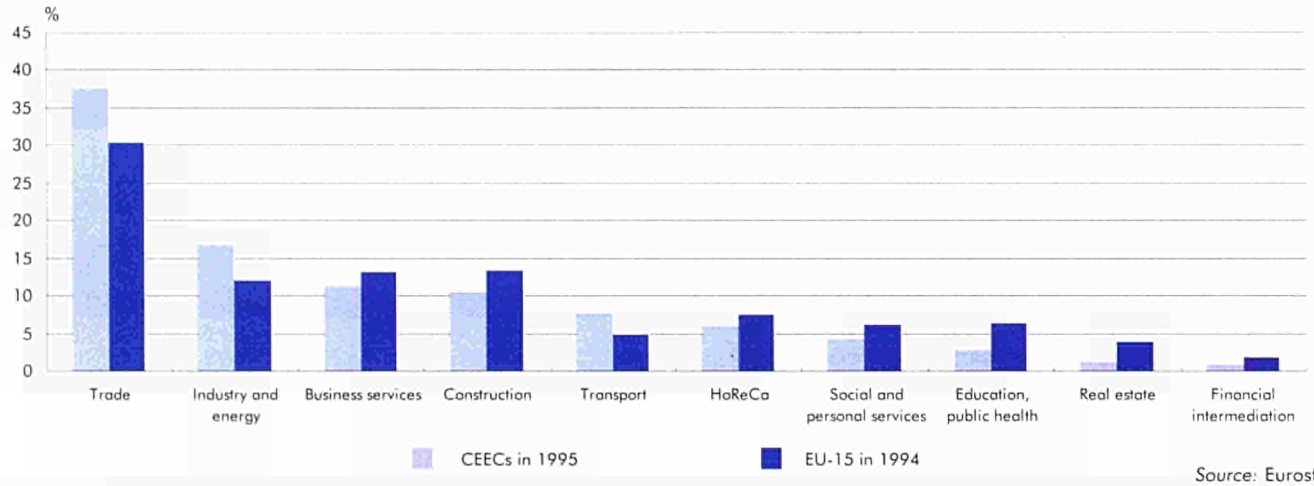
The weight of industry is higher in the CEECs

Of the 3 million companies located in the CEECs, 16,9 % are involved in industrial activities. Taking the whole of industry, they account for almost 45 % of the total employment of non-agricultural market-orientated enterprises. The industrial sector in the CEECs therefore has a significantly greater weight than that in the European Union where it accounts for only 12 % of enterprises and only 30,2 % of total employment. This discrepancy can be explained by the substantial weight of the intermediate industries: mining and chemicals, electricity, gas and water, metalworking, the manufacture of electric and electronic equipment and certain parts of the textile industry. These are the industrial branches which have traditionally been promoted in the eastern European countries.

Moreover, social and personal services are clearly more widespread within the Member States of the EU, where they cover 18,4 % of enterprises, i.e. twice the rate of the CEECs, and 15,4 % of total employment, equivalent to almost three times the share of this sector in the CEECs.

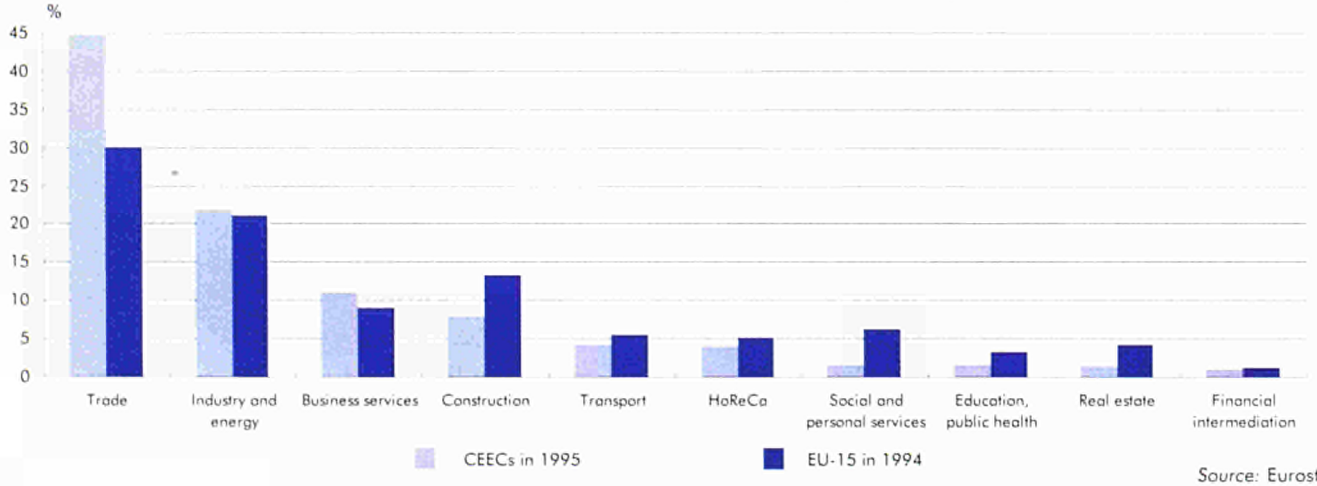
On the other hand, in the CEECs as much as in the countries of the Union, the distributive trade sector is the most important in terms of number of units, accounting for respectively 37,6 and 30,5 % of enterprises and approximately 21 % of persons occupied.

Breakdown of the number of enterprises by sector of activity



Source: Eurostat.

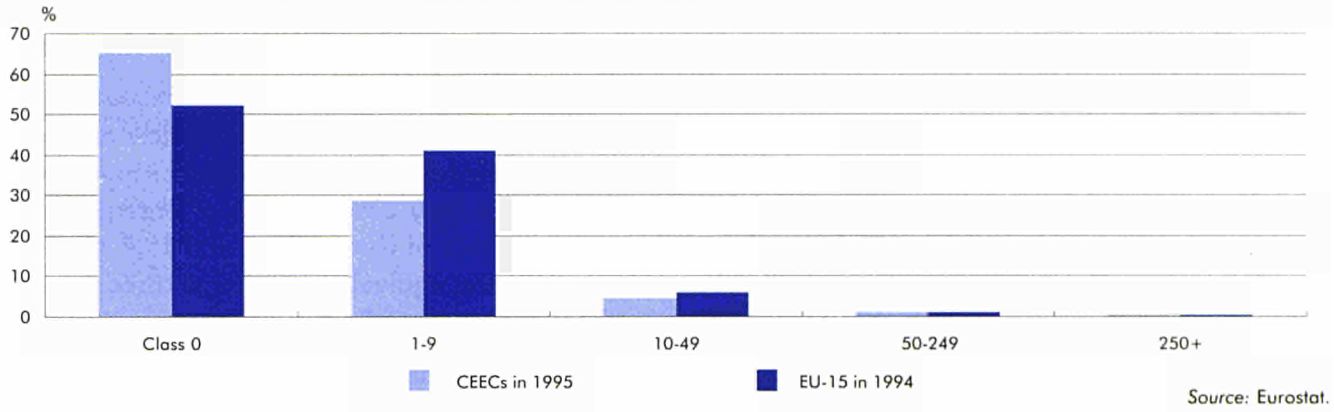
Breakdown of total employment by sector of activity



Source: Eurostat.

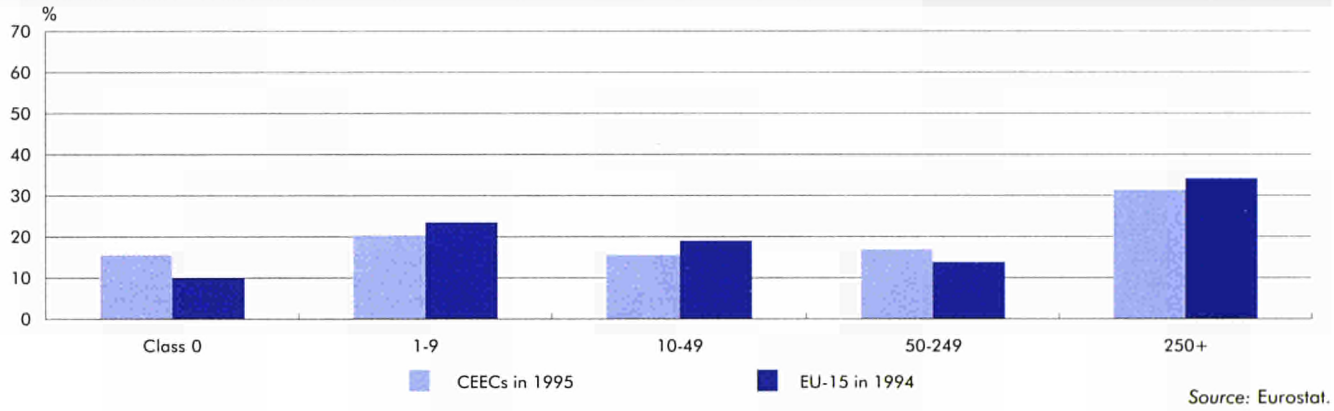
1 Overview
Portrait of enterprises in the countries of central and eastern Europe

Breakdown of the number of enterprises by employment size class (number of employees)



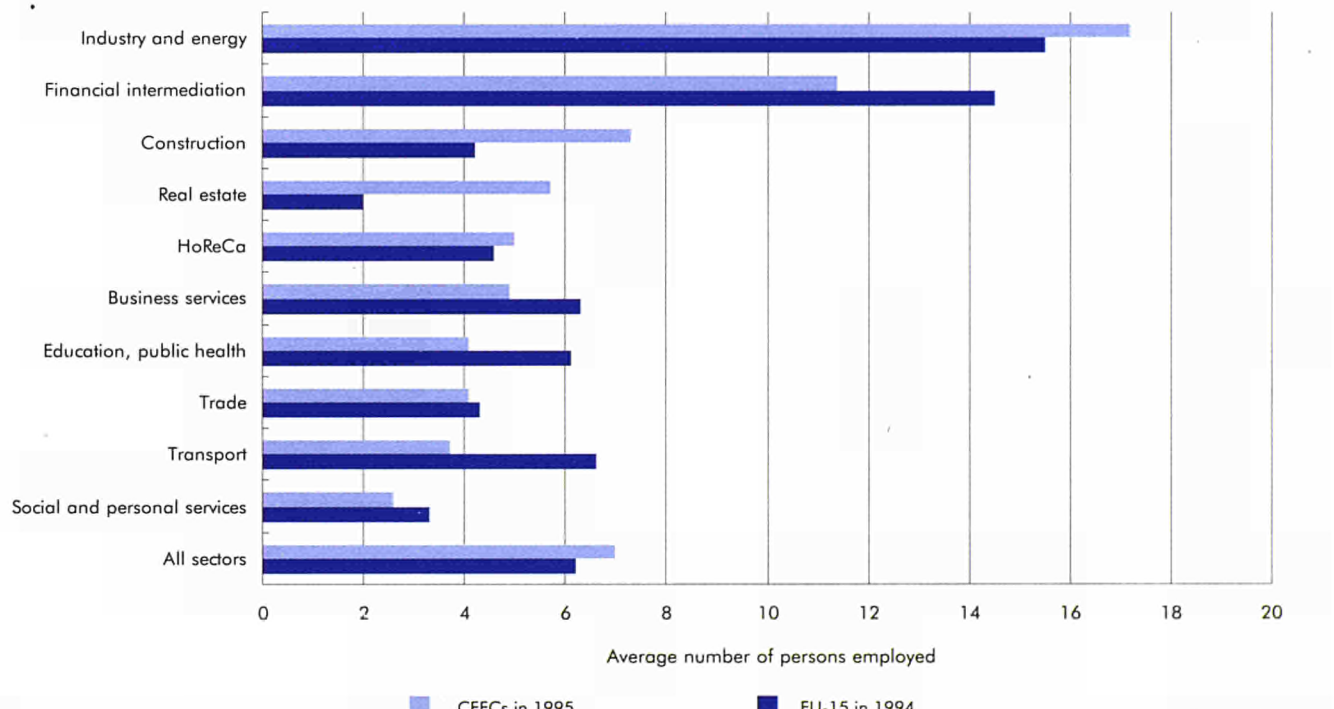
Source: Eurostat.

Breakdown of total employment by employment size class (number of employees)



Source: Eurostat.

Average size of enterprises by aggregated sector



Source: Eurostat.

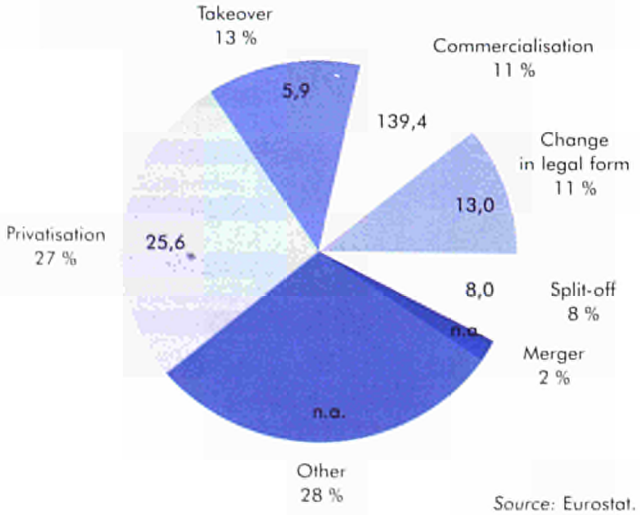
Two-thirds of CEECs' enterprises have no salaried personnel

As in the EU, the one-man business is the most frequently-found size of enterprise in the CEECs, and practically two thirds of activities do not have any employees (EU: 52 %). On the other hand, the 'very small' enterprises with 1 to 9 employees are much more widespread in the European Union, covering 40,9 % of the population, while their share is only 28,8 % in the CEECs. However, when comparing the distribution of enterprises in the CEECs and the EU by employment size class, one must take account of the fact that wage-earning as a form of employment is less widespread in the CEECs than in the Union. On the other hand, in the CEECs, enterprises with no employees often provide jobs for several people, but under a different contractual form of employment. More detailed comparison of the numbers of enterprises without any employees should therefore be avoided.

The concentration of total employment in major units is comparable in the two economic regions. Less than 0,5 % of enterprises employ approximately a third of all persons occupied.

As in the European Union, CEECs enterprises are on average 'very small' (seven persons). At the level of aggregated sectors, differences are again fairly minor. Nevertheless, in the industrial sector, great differences in the average size of enterprises are visible at sub-branch level, while a broad view of the sector masks them. Thus for example, in the manufacture of intermediate goods, the average European Union enterprise is almost twice the size of its CEEC counterpart. The opposite is the case in capital goods where on average, the CEECs enterprises have double the staff of enterprises in the Union (see the last Figure page 52).

Enterprises created from old units according to their method of creation, and average size of the resultant enterprises



Source: Eurostat.

ORIGIN AND ORGANISATION OF ENTERPRISES IN THE CEECs

The opening-up of the markets of eastern European countries forced many enterprises to close. This was especially the case with the huge and antiquated State sector units where production methods proved inefficient. The fabric of enterprise is thus undergoing renewal. It is becoming younger and the population of enterprises consequently has very different origins. The following section reviews briefly the origin, age and legal form of CEECs enterprises.

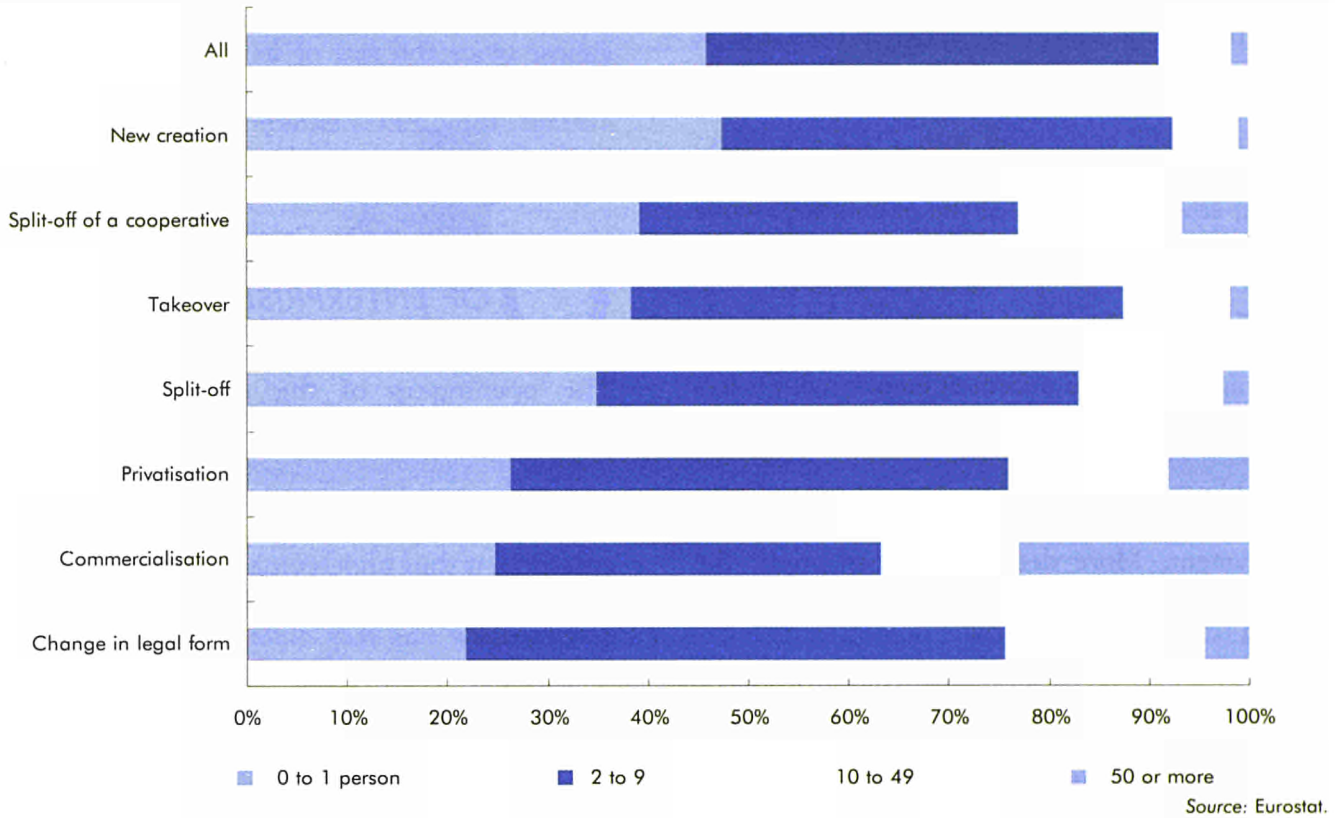
13 % of existing enterprises originate in one or more older units

In the process of the renewal of economic structures, some players on the market inevitably disappear entirely. Others, previously in the public sector, find a buyer, are turned into going concerns and privatised. Old units can also be restructured in other ways: takeover, merger, split-off, or change of legal form. In fact, among the enterprises existing in the CEECs in 1995, one in eight evolved from one or more units which already existed before. Among the various forms of restructuring of old enterprises, privatisation is the most common, accounting for as much as a quarter of the total, while only 13 % are takeovers, i.e. the acquisition of an old private enterprise.

It goes without saying that the enterprises resulting from old production units are much bigger than newly created activities, and their average size in terms of persons employed ranges from 5,9 for takeover to 139,4 for commercialisation, compared with 4,3 in newly created units. Enterprises occupying at most one person represent almost half of all new creations, and only slightly more than a fifth of enterprises result from a change of legal form.

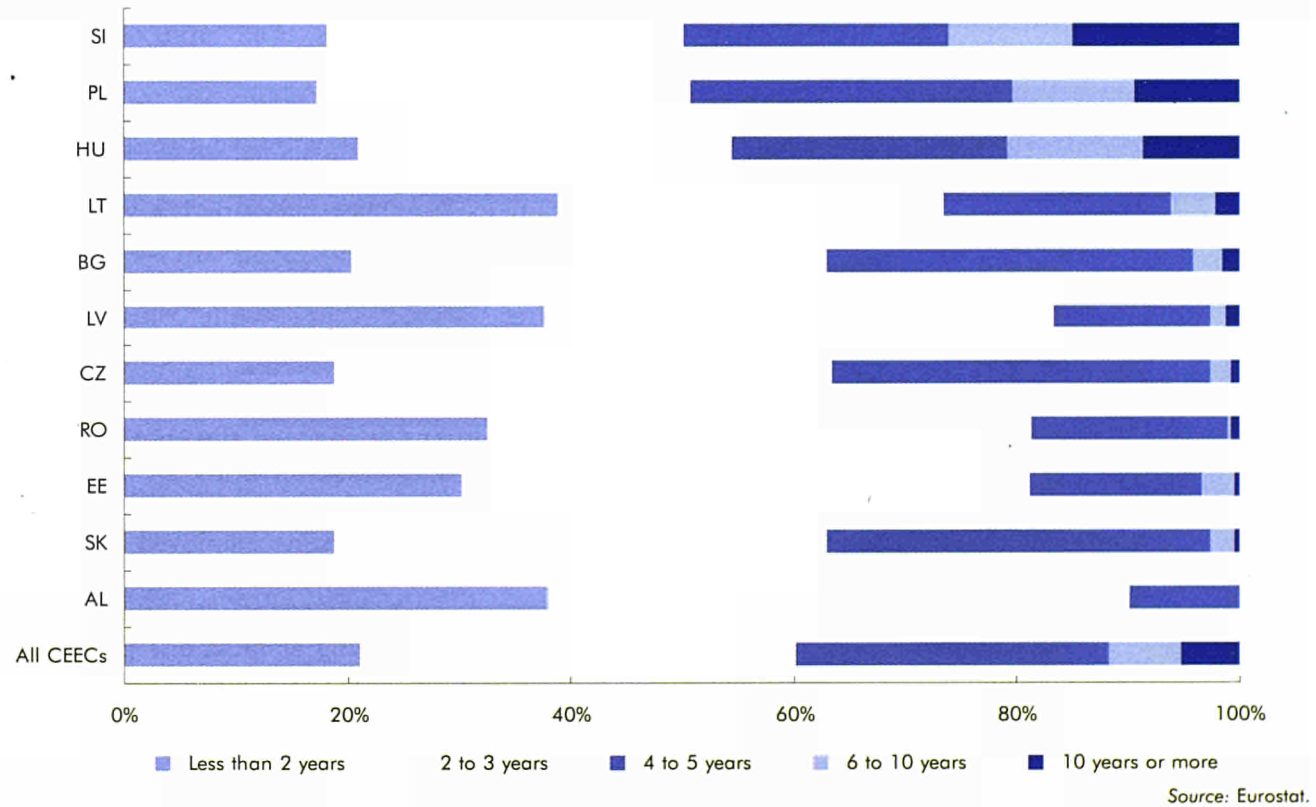
1 Overview
Portrait of enterprises in the countries of central and eastern Europe

Breakdown of the number of enterprises by size class according to method of creation



Source: Eurostat.

Breakdown of enterprises by age and country



Source: Eurostat.

Portrait of enterprises in the countries of central and eastern Europe

In the CEECs, one enterprise in five has existed for less than two years

Enterprises in these countries are on average very young, and one in five has existed for less than two years. Enterprises which have been in business for more than 10 years, account for only approximately 5 %, but the figure is significantly higher in Slovenia, Poland and Hungary — the countries where renewal of the economic fabric started during the first half of the 1980s (see Figure on the previous page).

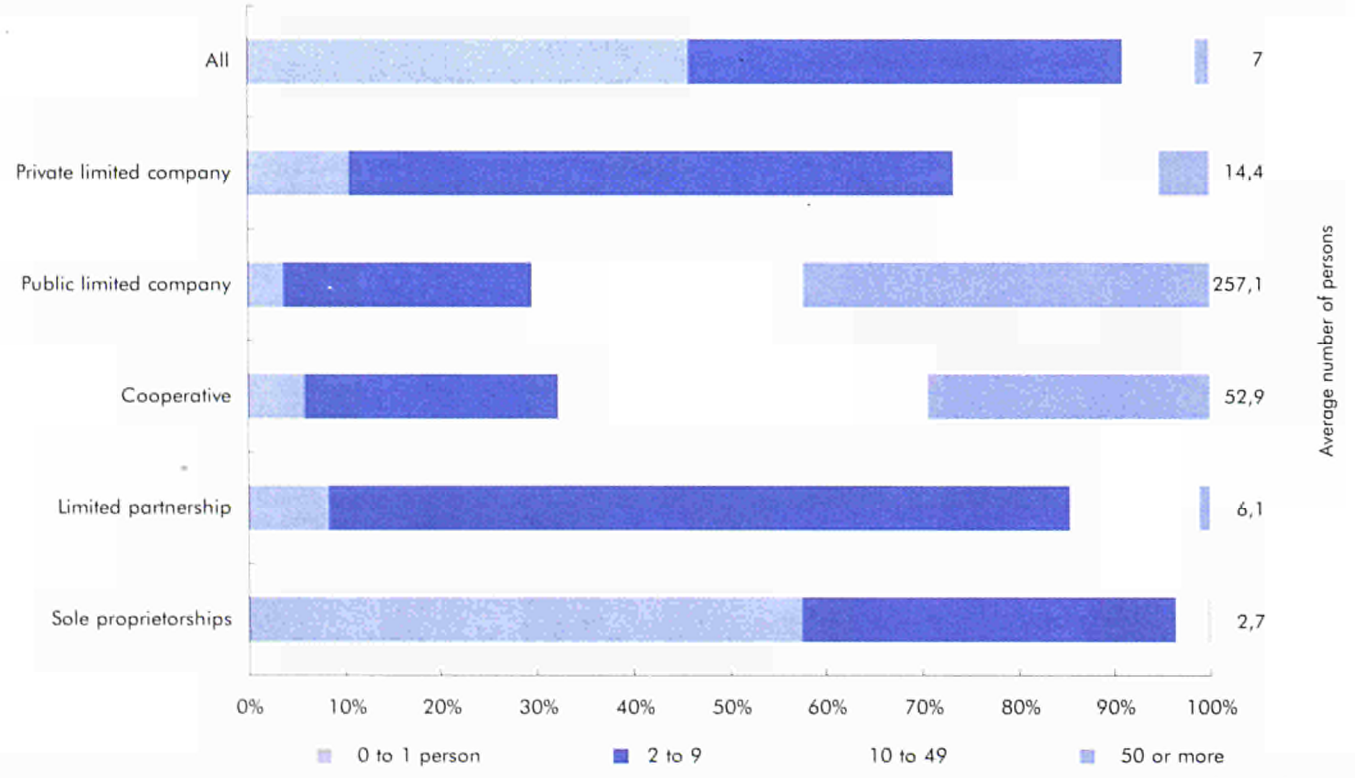
Among the youngest enterprises (less than two years old) more than half are in distributive trade, compared with approximately 40 % for all enterprises regardless of age. On the other hand, almost a third of the enterprises which have existed for at least 10 years are in the industrial sector, against 17 % for all enterprises and 13 % for the youngest. This also reflects the sectoral distribution of newly-created enterprises, where generally a greater than average number chooses an activity in the distributive trades, while new creations in the industrial sector are rarer.

The one-man business is the commonest legal form

The vast majority of enterprises in the CEECs — three quarters of the total — are one-man businesses. This legal form is frequently chosen by enterprises newly created from nothing, and thus having no origin in an old unit, and by enterprises whose origin is the takeover of an existing private-sector unit. Of the enterprises with corporate status, either a partnership or a company, almost two thirds chose the form of limited company, almost a third are partnerships, and the remainder have taken the form of cooperative or public limited company (plc).

Of the various legal forms, sole proprietorships are the smallest and only 0,2 % of them employ more than 50 people, the average being 2,7. At the other end of the scale, amongst plcs, 42,2 % have a payroll of more than 50 and are therefore classed as medium or large. Nevertheless, the number of very small enterprises with share capital is also significant: practically a quarter of private companies and 29,7 % of plcs are very small enterprises, employing no more than nine persons.

Breakdown of the number of enterprises by size according to legal form



Source: Eurostat.

1 Overview
Portrait of enterprises in the countries of central and eastern Europe

A PROFILE OF CEECs ENTERPRISES BY MAIN SIZE CLASSES

This part of the study seeks to depict the economic life of CEECs enterprises of different sizes from several points of view: sectors of activity, heads of enterprise, staffing, propensity to investment, capital structure. To this end, and taking into consideration the level of detail of the data available, three groups of enterprises can be identified according to their size: very small (enterprises occupying up to nine persons), small (10 to 49 persons) and medium and large with a manpower of 50 or more.

In order to draw the profile of each main size class, it was necessary to select some relevant indicators among the large number of variables analysed in the survey. The problem is the strong correlation between the majority of the structural variables: a phenomenon observed by examining one of these variables can as a rule also be explained by one or more other variables in correlation. For example, the fact that in the CEECs there are more enterprises which invest among the medium and large enterprises can be explained by the fact that many major units belong to industrial branches where the propensity to invest is particularly high. This is the case in the agri-foods and capital goods industries.

In the following analyses, CEECs enterprises are classified according to the total number of persons working in the unit. This total includes the head of enterprise, non-wage-earners and salaried employees, whether full or part-time, working under a temporary contract or subcontracting.

Very small enterprises with 1 to 9 persons employed

Out of the total of all CEECs enterprises, 91,2 % are 'very small,' employing a maximum of nine persons. They cover 24 % of total employment in the non-agricultural private sector. Data availability barely permits the analysis of this size class at aggregated level. On the other hand, it is possible to examine the following sub-groups: less than 1 person occupied, 1 person, 2, 3 or 4 persons and 5 to 9 persons.

Sectors of activity

Very small units are most visible in the personal and social services, where they represent 96,8 % of the enterprises, as well as in transport services (95,6 %). The importance of the various subgroups of this class varies greatly with the sector of activity. Thus in transport services, two thirds of very small units are one-man businesses, compared with half for all sectors. Enterprises occupying from five to nine persons, on the other hand, account for more than a quarter of very small firms in the agri-food industry, while for all sectors, their weight is only 12,2 %.

The vast majority of the very small enterprises remain in the branch where they began their activities. Contrary to what one might expect, this stability has no connection with the age of the enterprise, because there is virtually no correlation between a unit's age and its size. On the other hand, it goes without saying that very small units have an ancillary activity in addition to their principal activity less frequently than the average.

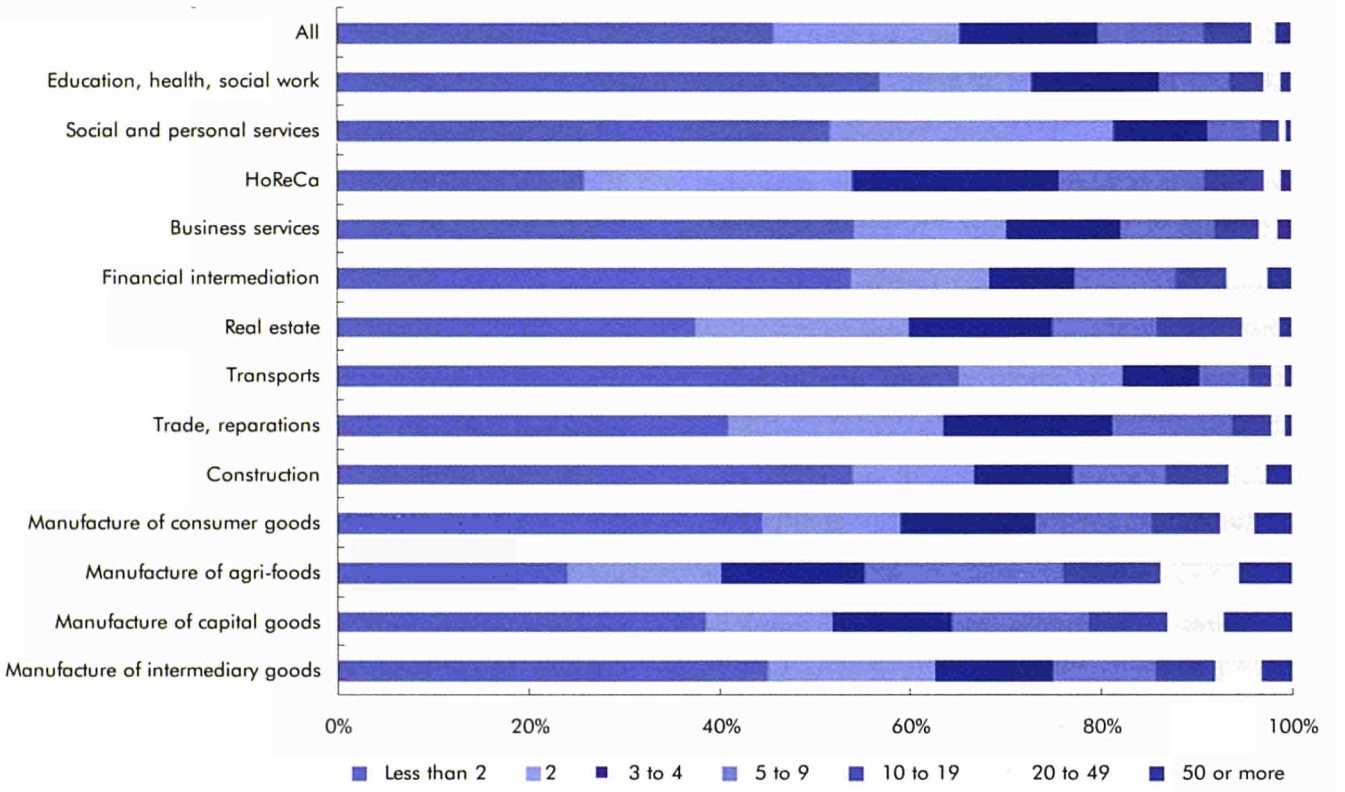
Heads of enterprise

Of the smallest enterprises employing fewer than five persons, approximately 29 % are headed by women. For units with a payroll of five to nine persons, the share of women heads of enterprise is already significantly lower, at a little under a quarter.

The heads of enterprise of the very small units are young: 10,7 % are aged under 30 in firms with five to nine employees, up to 17 % for those occupying fewer than one person part-time. In the latter case, we can suppose that these are mainly enterprises newly created by young entrepreneurs, frequently in tandem with another job. The mean age of the heads of these very small enterprises is at most 42.

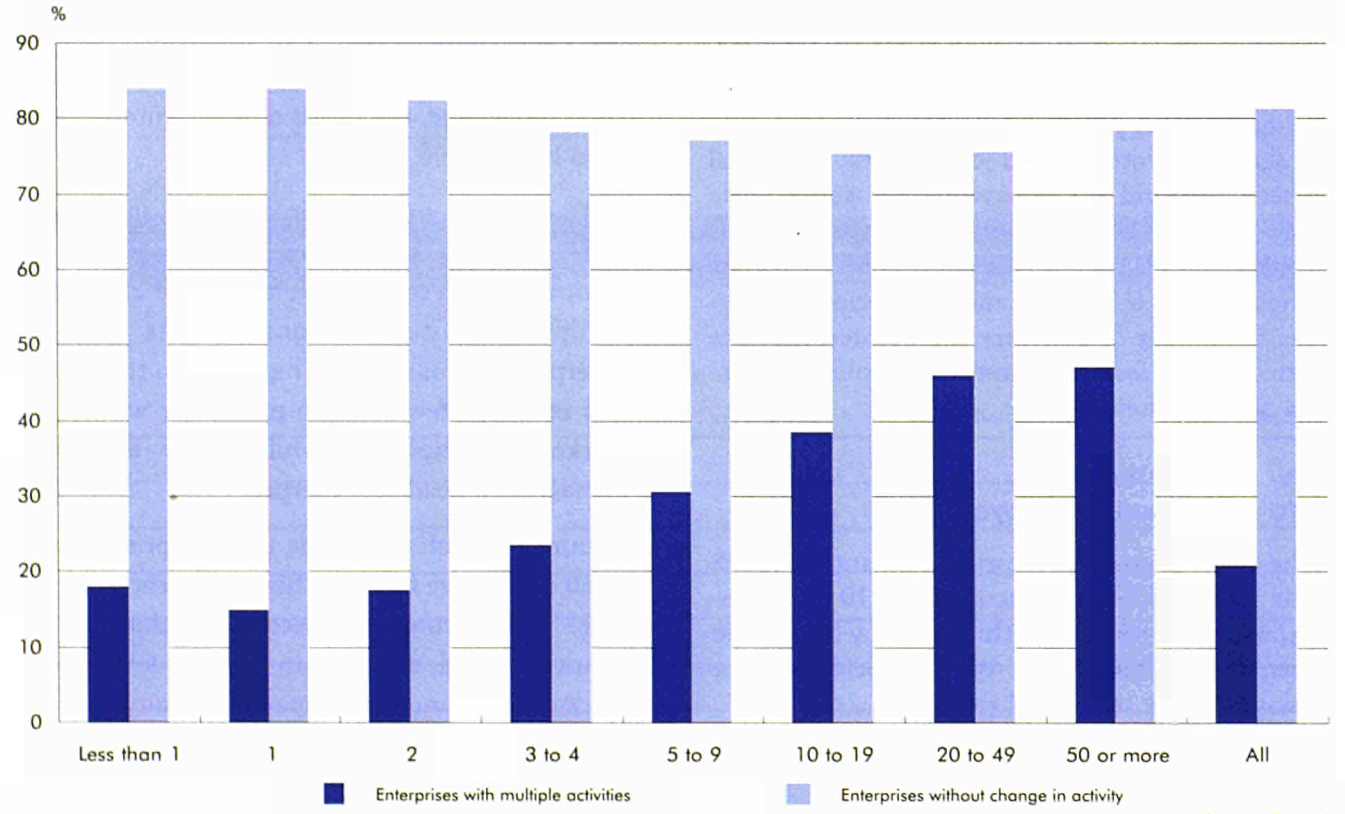
For the educational level and the occupational background of heads of enterprise, the largest group amongst the very small units, i.e. one-man businesses, is a one-off case. It is here that the heads of enterprise have the occupational experience and education level which are most directly 'practical'. Very often they have followed occupational training, and seldom higher education, and frequently they are former workers, whilst very few are former technical or administrative managers.

Breakdown of the number of enterprises by size according to the sector of activity



Source: Eurostat.

Percentage share of enterprises — Stability of main activity and multiple activities



Source: Eurostat.

Personnel

The presence of wage-earning employees in very small enterprises is not uniform and can vary from 1,1 % for one-man businesses to 84 % for those with five to nine persons. It is in the latter category that salaried employees are most numerous in relation to total staff: more than half (52,6 % of employees). It is also in this sub-group that the other forms of employment, including contract work, subcontracting and others, play the most important role, accounting for 18,5 % of the total manpower occupied.

In the smallest units employing one person only, this usually means the heads of enterprise themselves, and the percentage of employees is thus close to zero. On the other hand, the lower the proportion of salaried employees, the greater the proportion of them work part-time. Regarding the sub-group of very small units employing at most two persons, more than a quarter of the employees work part-time, while this figure is only 15,4 % for the population as a whole.

Investments and capital

At least one in five one-man enterprises invested during 1994, and 45,4 % of those employing five to nine persons also invested during the year. The sub-groups of the very small units employing at least three persons invested more than 10 % of annual turnover with greater than average frequency.

Among the very small enterprises with share capital (both private limited companies and plcs) between 2 % and 4,5 % have capital ties of more than 30 % with other national enterprises. Either these enterprises themselves hold shares, or a part of their capital is held by another national enterprise. Practically 5 % of very small enterprises are controlled by foreign enterprises holding more than 50 % of their capital.

Small enterprises with 10 to 49 persons employed

In the CEECs, small enterprises account for 7,4 % of the total. Two-thirds occupy from 10 to 19 persons, while the remaining third employ from 20 to 49 persons. Almost one in five private-sector employees work in a small enterprise.

Sectors of activity

It is in the industrial branches and the construction industry that small enterprises are found with more than average frequency. Some 10,8 % of enterprises in the consumer goods industries and 18,4 % of those in the agri-foods industries are small. It is in this agri-foods sector that small units from 20 to 49 persons are the most frequent, covering more than 8 % of enterprises compared with 2,5 % for all sectors.

A significant number of small enterprises have at least one ancillary activity over and above their principal activity; this is the case for 38,5 % of those with from 10 to 19 employees, and practically 50 % for the larger firms employing up to 49 persons. One in five of these small enterprises has already changed its principal activity since it was first set up, and a further 7 to 8 % intend to change. In contrast, almost three small units out of four are still carrying out the same activity as when they were set up.

Heads of enterprise

In the CEECs, the heads of small enterprises are seldom women, who run only approximately 12 to 16 % of the enterprises of this size. Heads of enterprise aged from 45 to 60 are to be found especially among the units with 20 to 49 employees. On average, the heads of small enterprises are aged between 42 and 44.

Very often — one case in three — small enterprises are run by a former technical manager, compared with one in five for all size classes. The occupational qualifications of the heads of enterprise in this class are higher than the average, and relatively few of them previously worked as a worker or employee, while many are former managers or heads of enterprise.

Around half of the heads of enterprise of these small units have followed higher education and 36 to 40 % have completed secondary education. On the other hand, only one in 10 has a level of studies corresponding to occupational training.

Heads of enterprises — Demographic indicators

	Very small enterprises					Small		Medium and large	
	Less than 1	1	2	3 to 4	5 to 9	10 to 19	20 to 49	50 or more	All
Share (%) of heads of enterprises with									
Less than 30 years	17,0	13,1	11,1	12,6	10,7	7,7	5,9	3,3	11,8
30 to 44 years	41,4	49,6	54,5	53,0	55,3	53,8	47,3	40,0	51,7
45 years or more	30,9	30,1	30,3	30,0	30,3	35,1	42,7	51,3	31,0
Mean age	42,0	41,9	41,1	41,0	41,3	42,2	43,9	45,9	41,7
Part of women heads of enterprises	29,7	28,2	29,1	29,5	24,7	16,4	12,4	8,7	26,9
Share (%) of heads of enterprises with									
Primary education	4,5	9,2	5,1	3,7	2,2	1,4	0,4	0,1	6,0
Occupational qualification	25,8	33,7	27,8	21,8	18,2	11,5	8,0	2,9	26,8
Secondary education	36,4	36,6	43,8	42,3	41,2	40,7	36,4	24,0	39,3
Higher education	33,4	20,5	23,3	32,3	38,5	46,3	55,3	73,0	27,9
Former job of heads of enterprises:									
Head of enterprise (private or public)	4,2	3,1	4,4	5,9	9,4	16,1	22,0	30,8	5,9
Technical manager	21,1	16,8	19,5	21,6	28,0	31,0	34,4	36,0	20,8
Administrative manager	11,6	6,9	8,8	9,9	8,5	8,4	11,6	12,0	8,2
Employee, sales person, trader	14,6	13,1	18,4	18,8	15,3	13,9	8,1	7,8	15,1
Worker	31,9	43,7	36,5	29,8	23,9	18,4	13,5	5,7	35,4
Other	16,6	16,4	12,4	14,0	14,9	12,2	10,4	7,6	14,5

Source: Eurostat.

Capital ties with other enterprises (private limited companies and plcs) Share of enterprises in %

	Share higher than 30 %		Share of	
	in a national company	of a national company	a foreign company ... lower than 50 %	a foreign company ... higher than 50 %
1	2,5	2,7	1,9	4,0
2	3,2	2,3	2,0	2,5
3 to 4	2,9	2,9	2,5	3,7
5 to 9	4,0	4,5	3,1	4,7
10 to 19	5,4	5,1	4,3	5,8
20 to 49	9,4	8,6	4,3	8,1
50 or more	17,0	16,9	7,3	9,4
All	5,0	4,9	3,2	4,8

Source: Eurostat.

Personnel

Between 5 and 10 % of small enterprises have no salaried employees. However, in those with salaried employees, they account for between two thirds and three quarters of all personnel. In this size class, at most one employee in 10 works part-time. A staff structure comprising only employees and non wage-earners (and thus excluding 'other' forms of employment) is the most widespread and covers 42 % of small units.

However, the personnel structure of some small enterprises does also include persons working in other forms of employment. In more than a third of small enterprises, the personnel is structured in this way. This tends to involve units of the 'family' type in which the head of enterprise is assisted by several non wage-earners, mainly members of his family.

Investments and capital

Many small enterprises invest — 56,6 % of the sub-group with 10 to 19 employees and almost two-thirds of those with 20 to 49 did so in 1994. Moreover, one small enterprise in four invests more than 10 % of its annual turnover, and it is in this class of small units that 'major' investment occurs most frequently.

Of the small enterprises with share capital, 5 to 10 % have a holding of more than 30 % in another domestic enterprise. On the other hand, for practically the same percentage of small enterprises, it is another domestic enterprise which holds more than 30 % of the capital. When part of the capital is held by a foreign enterprise, it is generally a small enterprise with 20 to 49 employees. For two thirds of small enterprises with a foreign holding, that holding exceeds 50 %.

Medium and large enterprises with 50 or more persons employed

In the CEECs, 1,7 % of enterprises employ at least 50 people. In all they account for more than half the total employment of the private sector.

Sectors of activity

Almost 40 % of the medium and large enterprises are in the industrial sector. Their presence is most common in the intermediate goods industries, where they account for 7,2 % of enterprises. However, their weight is low in distributive trade and in all the service branches, except for financial activities where their weight in terms of enterprises is slightly above average.

Only a very small percentage (4,3 %) of large units intend to change activities and this figure is only half the average for all sizes. On the other hand, half of the largest enterprises have at least one secondary activity.

Heads of enterprise

The heads of medium and large enterprises are the oldest, aged almost 46 on average. In this category, more than half are 45 or older (compared with a third for all enterprises regardless of size) while only 3,3 % are aged under 30 (11,8 % for the whole). With only one woman head of enterprise for 11 men, it is in this size class that women are least represented.

The heads of enterprise of the major units have the highest education level, three quarters of them having followed higher education, while only 3 % have an occupational qualification or primary education only. Almost 80 % of the heads of medium and large enterprises were previously managers or directors. Former workers account for only 5,7 %, compared with a third for all enterprises regardless of size.

Personnel

Almost all medium and large enterprises (96,3 %) have salaried employees. In this size class, nine persons out of ten are salaried, and the share of those in part-time employment is the lowest of all size classes. At 1,6 % the share of non wage-earning persons is marginal. Moreover, the 'family' enterprise managed by a non-wage-earning head in collaboration with family members is seldom found amongst medium and large enterprises.

In 30 % of medium and large enterprises the personnel consists solely of salaried employees, including the head of enterprise. This staff structure is the most frequently found in this size class, especially for enterprises with issued capital.

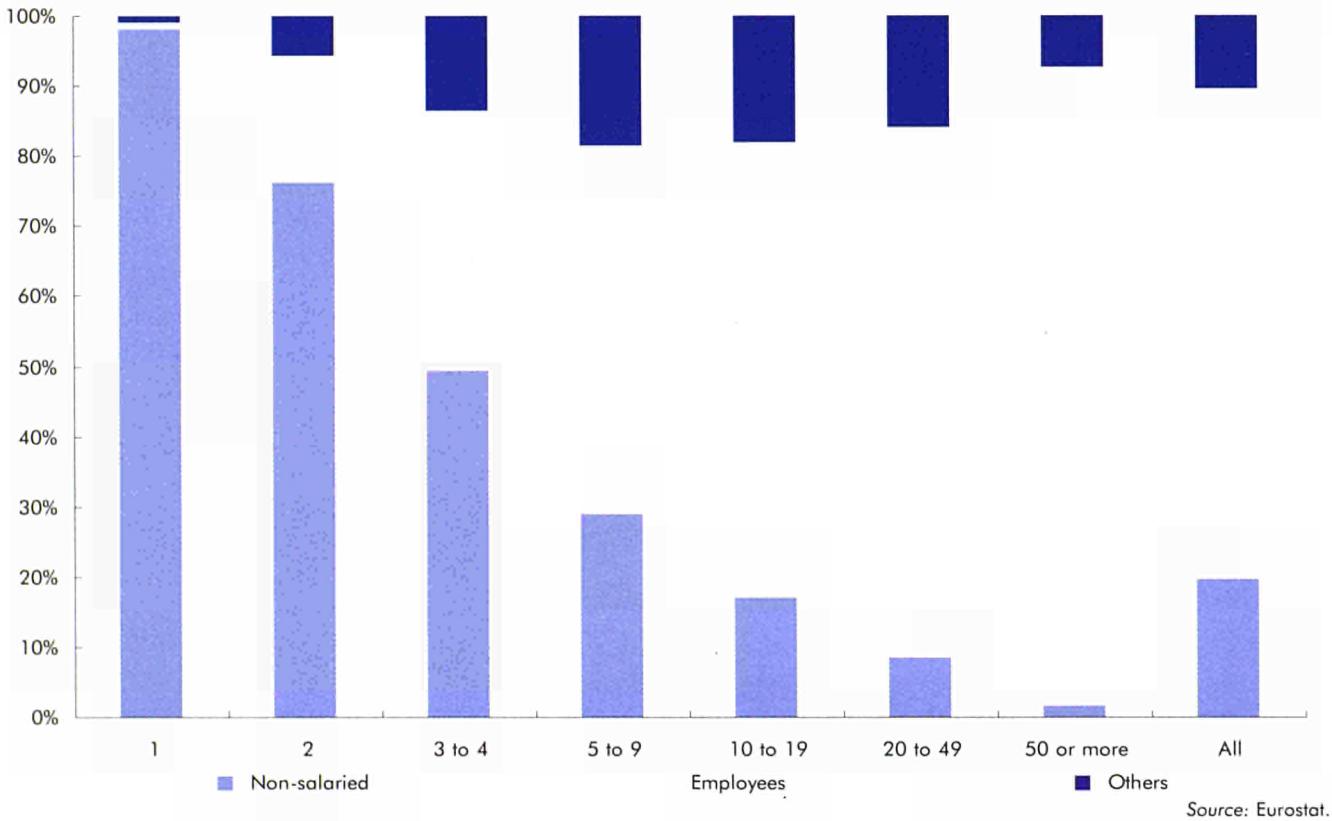
Investments and capital

The largest enterprises are not the most representative with regard to the size of their investments compared with their turnover. Thus, only a fifth of them invested more than 10 % of their annual turnover in 1994 (this figure being a quarter for

enterprises of the smaller size classes). On the other hand, it is the large enterprises which invest most frequently: almost three quarters did so during 1994, compared with an average of approximately a third.

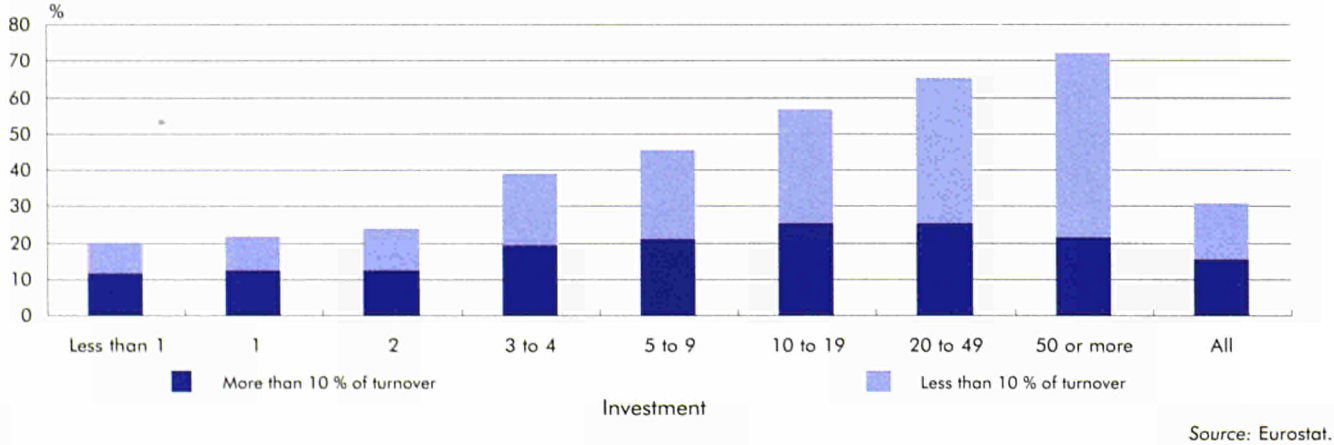
In practice one medium or large enterprise in eight has capital ties of more than 30 % with another domestic enterprise. Capital ties with foreign enterprises are also strong in this category: for seven enterprises out of eight employing at least 50 persons, some part of the firm's capital is held by a foreign enterprise. In contrast, control by the foreign enterprise (more than half the capital), is found slightly less frequently than amongst smaller units.

Personnel structure by employment size class



Source: Eurostat.

Enterprises investing during 1994 by size class



Source: Eurostat.

1 Overview
Portrait of enterprises in the countries of central and eastern Europe

METHODOLOGY

Aim and organisation of the 'CEECs Panel' project

This project aims by means of a panel to observe the enterprises of the participating countries, in order to obtain information on their economic fabric, activities, size or other structural features. The 'PECO Panel' project is coordinated by Eurostat, in collaboration with the statistical institutes of the participating CEECs, and is financed by the PHARE programme of the European Union.

Participating countries and their abbreviations

Albania (AL), Bulgaria (BG), Czech Republic (CZ), Estonia (EE), Hungary (HU), Latvia (LV), Lithuania (LT), Poland (PL), Romania (RO), Slovakia (SK) and Slovenia (SI).

Information on the survey and the questionnaire

Stratified random sample of between 4 500 and 11 000 enterprises per country, consisting of enterprises registered in the national business register (in total 92 000 enterprises were surveyed). The first survey took place in 1995. The second series of surveys was held during the autumn of 1997.

The questionnaire used is identical in all countries as regards the concepts, definitions and classifications applied. It comprises several aspects: identification of the enterprise, current situation, start-up conditions and development.

The fields of analysis

The enterprises covered by the survey:

- are in private-sector ownership,
- have been registered for more than nine months,
- are active, and
- are involved in a non-agricultural market-orientated activity.

The analysis therefore excludes public-sector enterprises, unregistered enterprises, enterprises registered in 1995, dormant enterprises and agricultural activities.

Sectoral aggregates

In this analysis, the following aggregates were used — in terms of divisions of the NACE Rev. 1:

- Industry and energy: NACE 10 to 41,
- Construction: NACE 45,
- Trade: NACE 50 to 52,
- HoReCa: NACE 55,
- Transport: NACE 60 to 63,
- Other services: NACE 64 to 93 — excluding NACE 75 and NACE 91.

Thematic analyses 2

The enterprise population is not a stable entity — on the contrary, each year a large number of new firms appears on the markets while a similar number stops operating and vanishes. Measuring these 'demographic events' of business life, that is the 'birth' and 'death' of enterprises, gives an insight into the renewal process of the business population.

However it is not easy to measure the demography of enterprises. For several years Eurostat has been coordinating a project to improve the availability of such data at the European level. In the majority of the Member States, business statistics nowadays allow basic indicators to be provided on enterprise creations and closures and their breakdown by economic sector and by employment size class. The countries for which data is presented in this study are Denmark, Germany, Spain, France, Italy, the Netherlands, Portugal, Finland, Sweden and the United Kingdom.

Data on business demography always risks being misinterpreted as national concepts on the measuring of enterprise births and deaths are not fully harmonised. Country comparisons of absolute figures should therefore be avoided and the reader should consult the methodology at the end of this chapter for details.

In brief ...

- In the mid-1990s, enterprise creations generally exceeded the number of cessations in the EU Member States. Consequently the business population increased. This increase was sustained to a large extent by creations in trade and in the services sectors.
- Demographic figures clearly reveal 'modern' economic sectors. In the industry area, the greatest increase in the number of enterprises was in the recycling business and in the manufacturing of computers and office machinery. In services, the business services domains and communications showed the fastest growth in terms of the number of firms.
- Starting-up and closing down a business is mostly a one-man affair; the share of new firms with more than four employees is negligible. The renewal of the enterprise population thus clearly happens 'from below'.
- However, every year, a considerable number of the one-man businesses attains small size and a share of SMEs grow to become large-sized firms.

2 THEMATIC ANALYSES

Creations exceed closures in 1994-95

Creations, closures and the stock of businesses: breakdown by sector of economic activity

Country	Year	Sector	Creations	Closures	Stock
Denmark	1994	All (1 000s)	16	n.a.	244
		of which (%):			
		Industry and energy	6,5	n.a.	15,2
		Construction	7,5	n.a.	11,7
		Trade and HoReCa	42,2	n.a.	39,4
		Services	43,8	n.a.	33,7
Germany	1995	All (1 000s)	528	407	n.a.
Spain	1995	All (1 000s)	365	284	2 385
		of which (%)			
		Industry and energy	8,7	10,3	10,4
		Construction	14,5	14,0	9,9
		Trade and HoReCa	41,2	46,1	44,4
		Services	35,6	29,7	35,4
France	1995	All (1 000s)	285	254	2 357
		of which (%)			
		Industry and energy	9,1	10,4	11,6
		Construction	12,9	14,3	13,6
		Trade and HoReCa	42,1	45,9	36,5
		Services (1)	35,9	29,4	38,4
Italy	1996	All (1 000s)	287	270	3 523
		of which (%)			
		Industry and energy	15,4	18,6	18,2
		Construction	16,3	15,4	14,5
		Trade and HoReCa	35,8	43,1	44,2
		Services	32,5	22,9	23,1
Netherlands	1994	All (1 000s)	25	15	388
		of which (%)			
		Industry and energy (2)	8,3	6,7	11,4
		Construction	11,1	10,0	10,8
		Trade and HoReCa	41,9	51,3	49,8
		Services (1)	38,7	32,0	28,1
Portugal	1994	All (1 000s)	96	85	651
		of which (%)			
		Industry and energy	16,1	12,6	15,9
		Construction	16,6	18,3	15,0
		Trade and HoReCa	45,0	47,6	50,8
		Services	22,3	21,5	18,3
Finland	1995	All (1 000s)	31	23	212
		of which (%)			
		Industry and energy	11,9	12,7	13,8
		Construction	12,9	14,1	12,9
		Trade and HoReCa	33,4	38,0	30,9
		Services	41,9	35,2	42,4
Sweden	1995	All (1 000s)	51	37	411
		of which (%)			
		Industry and energy	9,0	8,7	10,9
		Construction	8,3	10,0	11,4
		Trade and HoReCa	34,1	38,3	31,2
		Services	48,7	43,1	46,5
United Kingdom	1995	All (1 000s)	161	170	1 441
		of which (%)			
		Industry and energy (2)	8,6	9,3	11,3
		Construction	10,4	13,2	12,6
		Trade and HoReCa	33,0	40,7	35,8
		Services	48,0	36,8	40,3

(1) Without financial services.
(2) Without electricity, gas and hot water supply.

Source: Eurostat.

A CREATION SURPLUS IN THE MID-1990s

In the mid-1990s, most of the economies of the EU Member States were characterised by the number of newly created firms which was greater than the number of business closures. In the countries reviewed, creations exceeded closures by between 6,3 % in Italy (1996) and 66,7 % in the Netherlands (1994). Only in the United Kingdom were there more closures than creations; they exceeded the number of new units by 5,6 % (1995). Compared to 1992, which has to be seen against the background of the recession of the early 1990s, the situation clearly became more favourable. At that time, fewer firms were created and, in most countries, creations were overcompensated by closures ([1]).

It is difficult to sum up creation and closure figures or to compare creation and closure rates between different countries. An initial problem is the varying reference years for which data is available — 1996 for Italy and 1994 or 1995 for the rest of the countries ([2]). Moreover, definitions of enterprise creations and closures are not fully harmonised across the countries. Some countries take into account all administrative registrations and de-registrations of businesses in the 'creation' and 'closure' data. Others distinguish between creations *ex nihilo* and definitive closures on the one hand, and, on the other hand, those which are of a purely administrative nature or result from minor changes in the characteristics of the businesses, or from restructuring movements such as mergers, takeovers, changes between enterprise groups, etc.

However, it can be stated that in the 10 countries reviewed (Denmark, Germany, Spain, France, Italy, the Netherlands, Portugal, Finland, Sweden and the United Kingdom) during a year in the period of the mid-1990s, approximately 1,85 million new firms appeared annually in the business statistics. On the other hand, about 1,55 million firms disappeared. Based on these figures, one could dare to make the cautious estimate that in the mid-1990s, in the 15 EU Member States approximately 2 million 'new' firms turned up in the business statistics — around 12 % of the total stock of EU enterprises — while on the other hand between 1,6 and 1,8 million — 9 to 10 % of the total stock — vanished every year.

New businesses in services: the north-south divide

Between 22,3 % of all new creations (in Portugal) and 48,7 % (in Sweden) happen in the services sectors. A clear country-specific pattern can be seen: in the Mediterranean countries as well as in France the share of creations in services is about one third or less. As a consequence, the second big group of creations, those in trade and HoReCa, is of greater importance in these countries. In all other — northern — countries reviewed, that is Denmark, the Netherlands, Finland, Sweden and the United Kingdom, the contrary applies: the share of creations in service activities lies between approximately 40 % (Netherlands: 38,7 %) and 50 % and is thus clearly higher than the share of creations in trade and HoReCa activities.

Creations in industrial sectors and in the construction business fill the remaining part; the share of these sectors in total creations goes from approximately 7 to 16 %.

Trading businesses: more present in enterprise closures than in creations

In all countries reviewed, the share of enterprise closures in trade and HoReCa is higher than that of creations. The situation is the other way round in services: the share of newly created firms operating in this economic area is higher than that of closures. With the exception of Sweden, where the number of service businesses in firm closures reaches 43,1 %, this share normally lies between about one fifth and one third. In fact, the services sector is the only one where the absolute number of creations exceeds the number of closures in all countries reviewed.

([1]) For the situation in 1992 see *Enterprises in Europe, Fourth Report*, Luxembourg 1996, p. 58.

([2]) As data availability does not allow the production of tables and figures for an identical reference year for all countries reviewed, the most recent year available is generally shown.

Creations exceed closures in 1994-95

Components of the net change in the number of businesses

Country	Year	Net change in activities	Components of the net change in activities			
			Industry and energy	Construction	Trade and HoReCa	Services
Spain	1995	80 637	2 627	12 977	19 406	45 627
France	1995	31 068	- 544	554	3 327	27 731
Italy	1996	16 813	- 5 887	5 225	- 13 878	31 353
Netherlands	1994	10 300	1 100	1 300	2 900	5 000
Portugal	1994	10 857	4 777	321	2 695	3 064
Finland	1995	8 026	771	753	1 635	4 867
Sweden	1995	14 112	1 381	541	3 272	8 918
United Kingdom	1995	- 8 272	- 1 882	- 5 664	- 15 874	15 148

Source: Eurostat.

NEW GROWTH INDUSTRIES: DEMOGRAPHIC INCREASE IN THE NUMBER OF BUSINESSES

In growth industries, during the mid-1990s, a larger number of new-firm creations than closures induced a significant increase in the number of businesses in the countries reviewed. One of these rising industries is the recycling business, covering the recycling of metallic and non-metallic waste and scrap (NACE Rev. 1 division 37). In Italy, the Netherlands, Portugal, Finland and Sweden the number of firms in this sector showed a significantly above average evolution with an increase of between 4,9 % (Italy) and 44,6 % (Netherlands). Spain represents the exception; there the number of activities in the recycling business decreased by 6,6 % ([1]).

The computer and office machinery manufacturing industry (NACE Rev. 1 division 30) represents another area where in five of the six countries for which data of this detail is available more new firms came on to the market than existing ones closed. The number of firms in this area increased by between 6,5 % (Sweden) and 18,4 % (Spain), while only in the Netherlands did this industry face a decline in activity of 5 %.

On the other hand, on the downwards side of industrial activity, the manufacture of wearing apparel (NACE Rev. 1 division 18) clearly stands out. Due to more firm closures than new creations, the number of enterprises in this area decreased in all countries reviewed with the exception of Finland. There, the number of firms increased by just 0,4 %. However, this evolution was significantly below the overall industry average in this country. The observed evolution pattern reflects the overall decline of the clothing industry since the early 1990s, together with a significant decrease of production and employment.

Business services: still on a dynamic trend

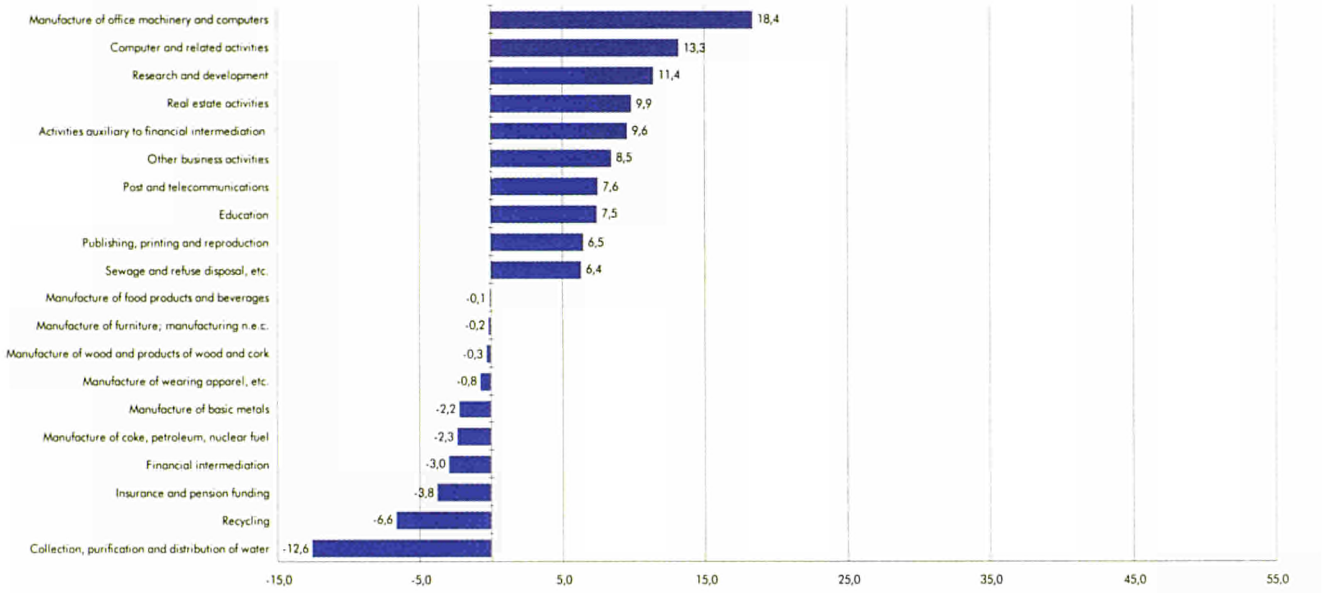
In the various domains of business services, strong creation movements exceeding firm closures increased the number of enterprises in all countries reviewed. By business services we understand in this context computer and related activities (NACE Rev. 1 division 72), research and development (division 73), and other business activities which include, amongst others, legal advisor services, management consultancy, architectural and technical services, advertising, labour recruitment and security activities (division 74). The net change in the number of activities due to the firm creation surplus in these sectors was always far above the average. Net enterprise creation rates were particularly high in research and development, ranging from 5,4 % (Portugal) to 15,1 % (Italy).

Communication services (division 64) are another area of the services sectors where the number of firms had a clearly above average evolution due to strong creation movements. Activities increased by 7,4 % in Sweden and up to 18,6 % in Portugal. Rapid technical progress and the gradual abandon of State monopolies are structural elements encouraging this evolution.

([1]) 'Recycling' is an industrial activity which is new in the NACE Rev. 1 nomenclature and which did not exist as a single code in other 'older' nomenclatures. Enterprises operating in this activity might therefore have been covered by other activities in former reference years. A certain part of 'new' firms in this sector can therefore be the result of a recent up-date of the business registers.

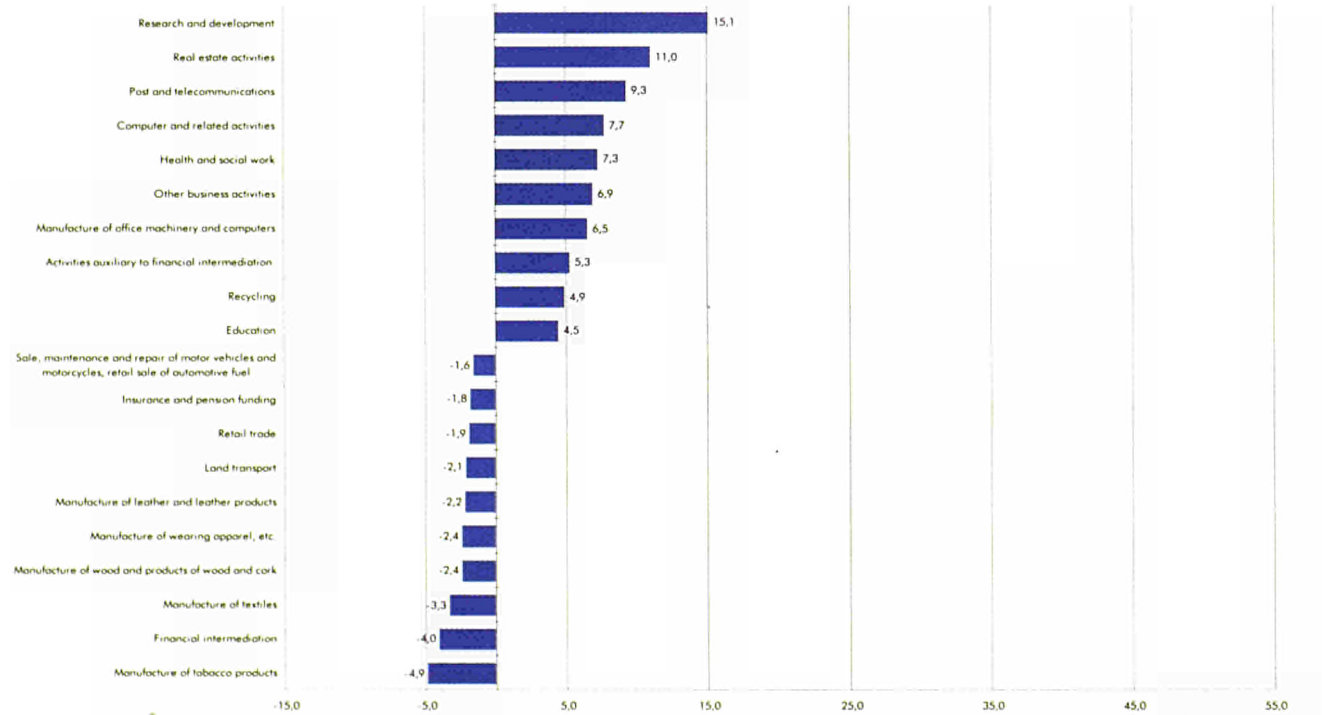
Change in the number of firms due to creations and closures
Sectors with the strongest and the weakest growth (%)

Spain — 1995



Source: Eurostat.

Italy — 1996



Source: Eurostat.

KEY TO THE FIGURES

These Figures show, within each country reviewed, the 10 economic sectors where the number of businesses has increased most strongly and those where it has decreased most strongly (or increased the least) due to creations and closures.

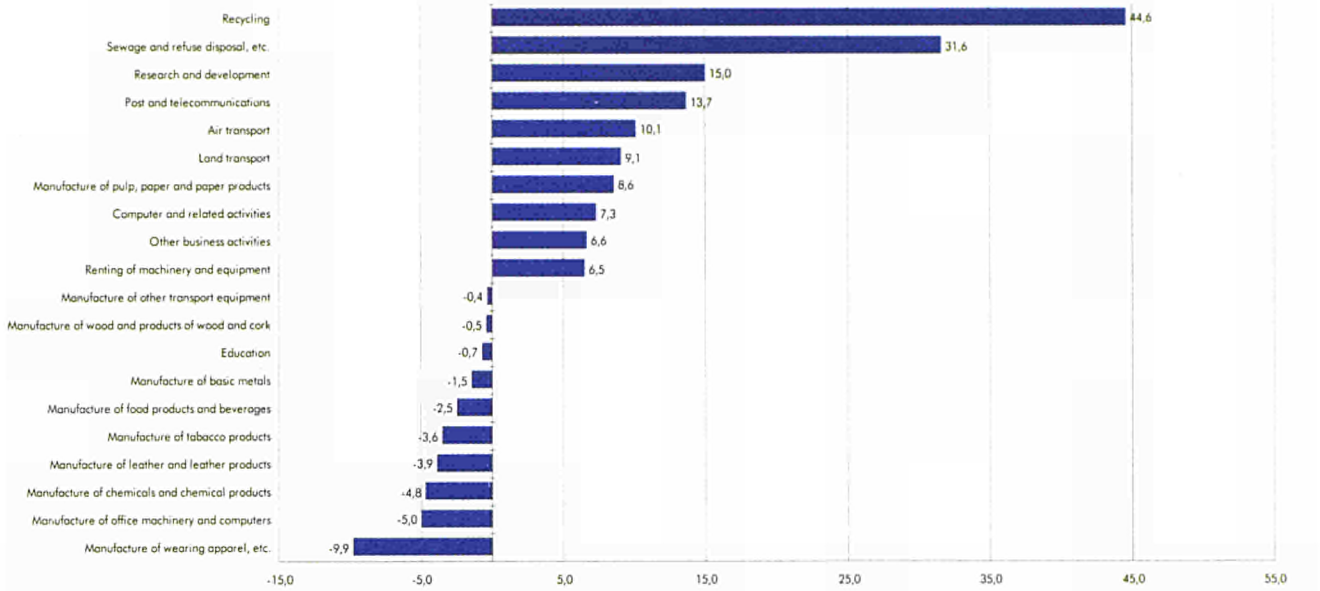
For example, in the Netherlands in 1996 (Figure on the next page) the number of enterprises in the recycling business showed the strongest increase (of 44,6 %) due to firm creations exceeding closures, while in the manufacture of wearing apparel the number of firms showed the strongest decrease (– 9,9 %) as closures exceeded creations.

For the definition of the sectors with the strongest evolution, NACE C (Mining and quarrying), that is the divisions 10 to 14, has not been taken into account as the number of units in these sectors is mostly very small and quite extreme variations can often be observed.

2 THEMATIC ANALYSES
Creations exceed closures in 1994-95

Change in the number of firms due to creations and closures Sectors with the strongest and the weakest growth (%)

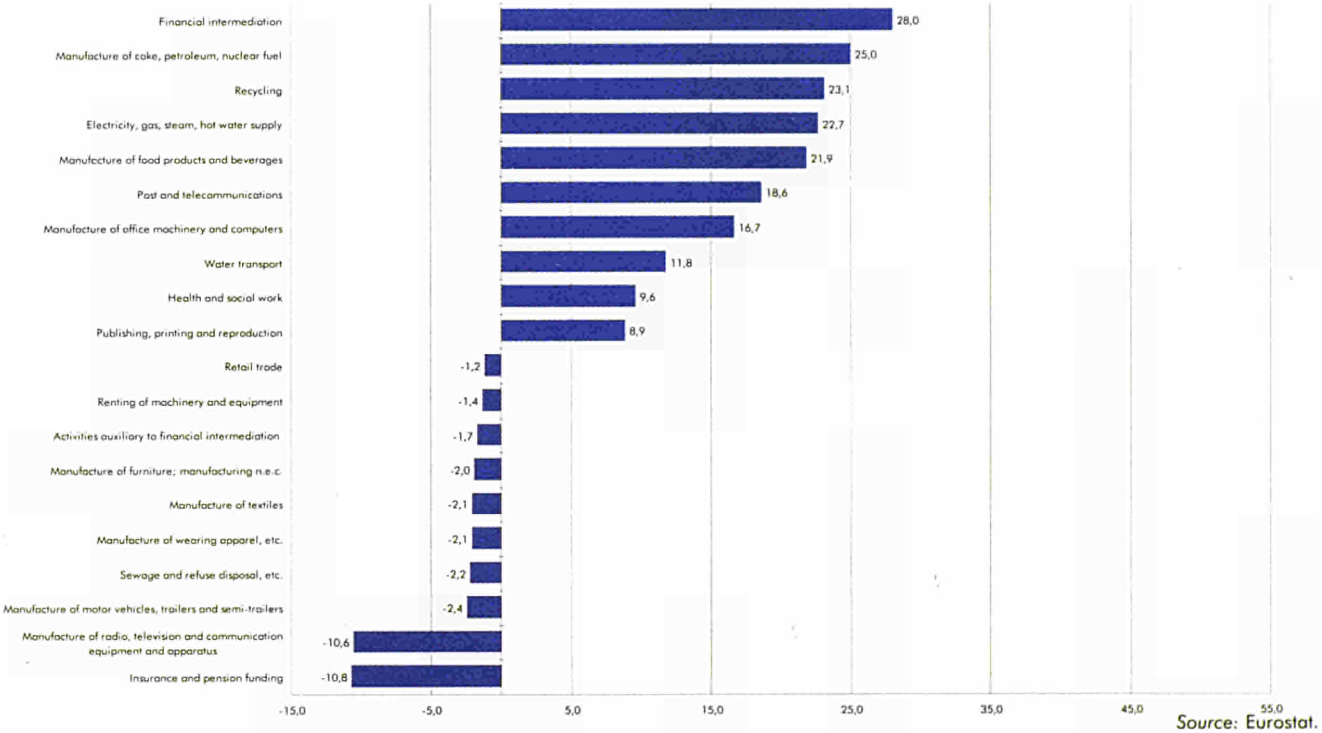
The Netherlands — 1996 ([1])



([1]) Due to a lack of detailed demographic data, for the Netherlands the change in the number of business has been calculated using the percentage variation between the number of units in each sector between 1995 and 1996.

Source: Eurostat.

Portugal — 1994



Source: Eurostat.

KEY TO THE FIGURES

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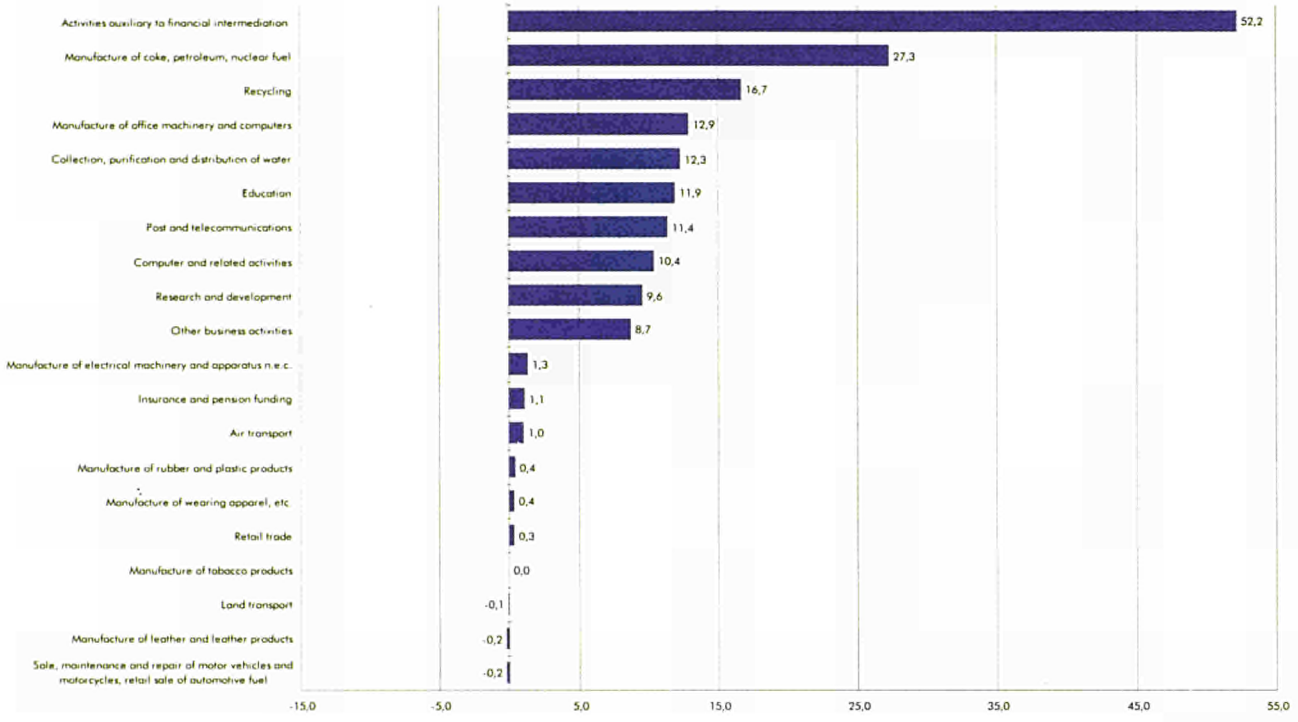
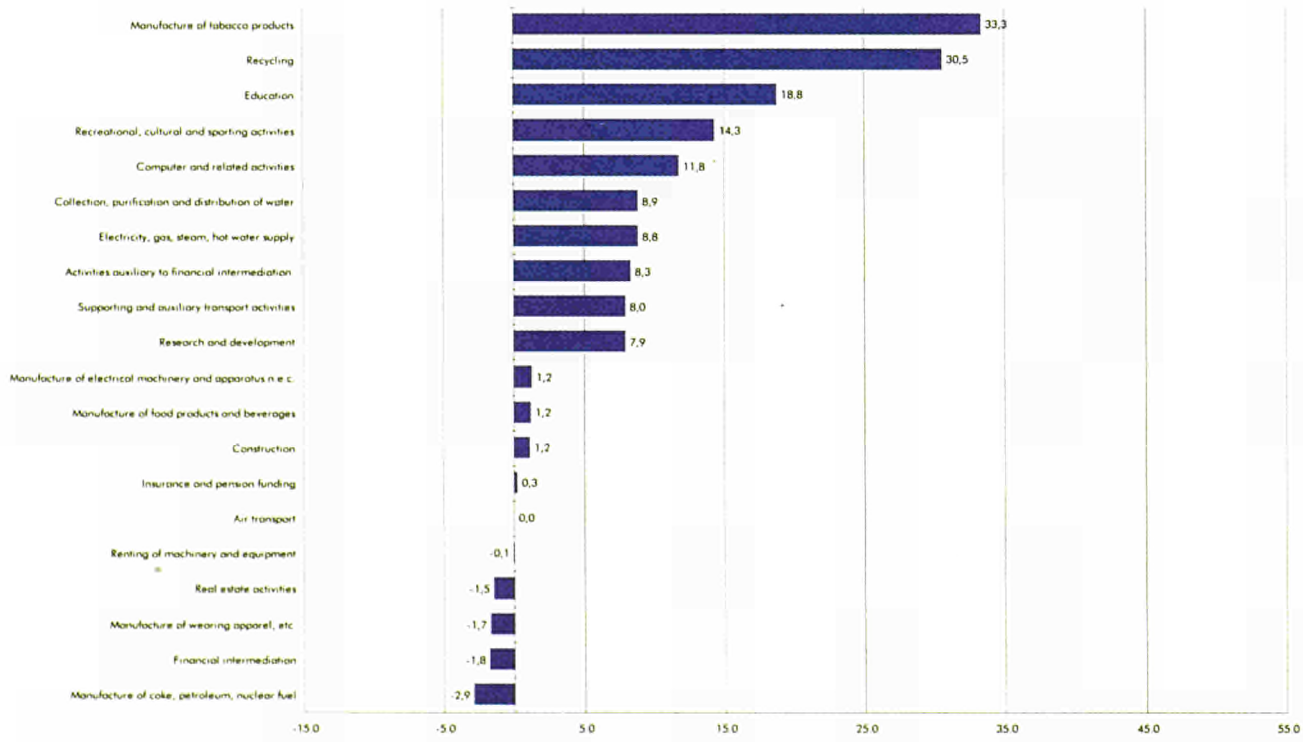
Change in the number of firms due to creations and closures
Sectors with the strongest and the weakest growth (%)

Finland — 1995



Source: Eurostat.

Sweden — 1995



Source: Eurostat.

KEY TO THE FIGURES (cont.)

For the definition of the sectors with the strongest evolution, NACE C (Mining and quarrying), that is the divisions 10 to 14, has not been taken into account as the number of units in these sectors is mostly very small and quite extreme variations can often be observed.

Creations exceed closures in 1994-95

STARTING AND CLOSING A BUSINESS: MOSTLY A ONE-MAN AFFAIR

The majority of entrepreneurs operate on their own or with members of their family: between 73 % (Spain) and 90 % (Denmark) of all newly created firms in the country reviewed do not have a salaried staff. In the United Kingdom only newly created firms which are liable for VAT are included in the figures. The share of very small creations is therefore lower in this country. In trade and services, the share of one-man businesses amongst entrepreneurs is generally even higher than the average. The remaining part of the new firms mostly has no more than four employees. Only in industry sectors is the share of entrepreneurs with a starting size of 10 or more employees a little higher (7 % in the United Kingdom and 5 % in Spain and France). However, in many cases 'big creations' can be suspected not to be 'real births' — they may represent reactivations, takeovers, mergers or similar restructuring events amongst the already existing enterprises. It is very difficult to distinguish such events from pure enterprise births. The less 'clear' the creation figures are, the more likely it is that the share of relatively large creations becomes significant.

The same applies to enterprises ceasing activities. The majority of closures again concerns one-man businesses, between 51 % (United Kingdom) and 92 % (Portugal). In some countries (Spain, France and Sweden) firms closing down are on average a little larger than the newly created ones; the share of one-man businesses amongst the closures is clearly lower than in creations. In the rest of the countries reviewed the contrary applies: the average creation size is generally greater than the average size when closing down.

Newly created enterprises breakdown by initial firm size in %

Country	Year	Economic sector	Size class at creation time (No of employees — %)				
			0	1-4	5-9	10+	All
Denmark	1994	Industry and energy	85	15			100
		Construction	84	16			100
		Trade and HoReCa	88	12			100
		Services	94	6			100
		All sectors	90	10			100
Spain	1995	Industry and energy	54	33	8	5	100
		Construction	60	30	6	4	100
		Trade and HoReCa	73	24	2	1	100
		Services	83	15	2	1	101
		All sectors	73	22	3	2	100
France	1995	Industry and energy	64	27	5	5	101
		Construction	72	23	3	2	100
		Trade and HoReCa	74	23	2	1	100
		Services (1)	82	16	2	1	101
		All sectors	76	21	2	1	100
Italy	1996	Industry and energy	74	26			100
		Construction	83	17			100
		Trade and HoReCa	83	17			100
		Services	61	39			100
		All sectors	74	26			100
Netherlands	1996	Industry and energy (2)	61	36	2	2	101
		Construction	65	31	2	2	100
		Trade and HoReCa	54	42	2	1	99
		Services (1)	65	33	2	1	101
		All sectors	61	36	2	1	100
Portugal	1994	Industry and energy	55	35	6	4	100
		Construction	91	7	1	1	100
		Trade and HoReCa	81	16	1	1	99
		Services	81	18	1	1	101
		All sectors	78	18	2	1	99
Finland	1995	Industry and energy	75	20	2	3	100
		Construction	75	23	1	1	100
		Trade and HoReCa	78	19	2	1	100
		Services	81	17	1	1	100
		All sectors	78	19	1	1	99
Sweden	1995	Industry and energy	83	11	2	3	99
		Construction	86	11	1	1	99
		Trade and HoReCa	86	11	2	2	101
		Services	89	9	1	1	100
		All sectors	87	10	1	1	99
United Kingdom	1995	Industry and energy (2)	35	48	10	7	100
		Construction	56	39	3	2	100
		Trade and HoReCa	43	46	8	4	101
		Services	42	50	4	3	100
		All sectors	43	48	6	3	100

(1) Without financial services.
(2) Without electricity, gas and hot water supply.

Source: Eurostat.

2 THEMATIC ANALYSES

Creations exceed closures in 1994-95

Enterprises closing down breakdown by closing size in %

Country	Year	Economic sector	Size class at closing time (No of employees — %)				
			0	1-4	5-9	10+	All
Spain	1995	Industry and energy	45	42	8	5	100
		Construction	55	36	6	3	100
		Trade and HoReCa	68	29	2	1	100
		Services	74	22	2	1	99
		All sectors	65	29	3	2	99
France	1995	Industry and energy	51	32	9	9	101
		Construction	54	36	7	4	101
		Trade and HoReCa	65	29	4	2	100
		Services ([1])	72	22	4	2	100
		All sectors	64	28	5	3	100
Italy	1996	Industry and energy	74	26			100
		Construction	77	23			100
		Trade and HoReCa	82	18			100
		Services	67	33			100
		All sectors	76	24			100
Portugal	1994	Industry and energy	76	15	3	5	99
		Construction	95	4	1	1	101
		Trade and HoReCa	92	7	1	0	100
		Services	96	3	0	0	99
		All sectors	92	6	1	1	100
Finland	1995	Industry and energy	82	11	2	4	99
		Construction	89	10	1	1	101
		Trade and HoReCa	85	12	1	1	99
		Services	86	12	1	1	100
		All sectors	86	12	1	1	100
Sweden	1995	Industry and energy	72	15	5	8	100
		Construction	79	14	3	4	100
		Trade and HoReCa	79	15	3	3	100
		Services	81	14	3	3	101
		All sectors	79	15	3	3	100
United Kingdom	1995	Industry and energy ([2])	75		12	14	101
		Construction	91		5	4	100
		Trade and HoReCa	87		8	5	100
		Services	89		6	5	100
		All sectors	88		7	6	101

([1]) Without financial services.
([2]) Without electricity, gas and hot water supply.

Source: Eurostat.

TRACING BACK THE SIZE OF EXISTING BUSINESSES: WHERE DO THEY COME FROM?

Tracing back the stock of enterprises to their size one year before does not only provide some insight into the renewal speed of the business population. It also reveals how permeable the different size strata are in terms of employment growth and the decline of enterprises.

The given breakdown of enterprises according to their size structure at the previous reference point can also give an indication of the general economic climate. If the economic situation is characterised by strong employment losses, a considerable part of enterprises in the lower size classes will have been of larger size in the previous period. Likewise, in times of healthy economic growth not only should an important number of new creations be observed, but there should also be a significant share of units in the higher size strata which were of smaller size in the previous period and which have thus grown.

Renewal of the business population 'from below'

According to the figures presented here, between approximately 20 and 30 % of the existing one-man businesses were not present in the enterprise population of the previous year and were thus created during the reference period. This clearly reflects the high creation rates of sole proprietorships. The share of SMEs (defined as enterprises with 1 to 249 employees) created during the reference period is already significantly lower, between around 3 and 10 %, while the share of large firms representing new creations is mostly below 7 %. The reasons for the above average figures for Finland may be twofold. First, Finland experienced an extremely severe economic crisis in the early 1990s which resulted in important restructuring movements in the enterprise population. Second, the definition of creations is relatively wide: it also includes creations due to events such as takeovers, mergers, split-offs, etc. which inflate the creation figures especially of large enterprises.

Much 'exchange' between SMEs and one-man businesses

Depending on the country concerned, between 7 % and one third of SMEs with at least one employee were one-man businesses one year before the reference period. They must have therefore increased their staff in the meantime. Likewise, a considerable part of the existing large enterprises — up to 17,8 % in the Portuguese construction business — were SMEs one year before, having had a staff of less than 250 employees. The share of large firms which 'grew up' from the SME size is particularly low in Finland: 5,5 % on average over all sectors compared to 15,9 % in Spain, 7,9 % in Portugal and around 10 % in France and Sweden. Similarly, a comparatively small share of Finnish SMEs grew from a one-man business to the SME size in the reference period. In fact, between 1993 and 1994 the Finnish economy faced an overall employment decline of 3,1 %, while the situation was clearly more favourable in the three other countries (Spain: – 0,6 %, France: + 0,1 %, Portugal: – 0,2 %, Sweden: – 1,0 %). As already mentioned above, an unfavourable economic evolution is clearly reflected in small numbers of enterprises experiencing growth in the reference period.

A small share of the large enterprises seem to have even managed the 'jump' from a one-man business to a large firm. These few cases, however, should be interpreted cautiously. They might actually be the outcome of restructuring processes among legal units and look more like takeovers. However, on average, movements between size classes seem to have been slightly more 'upwards' than 'downwards'. Very few of the existing SMEs are the result of a large firm which shrunk, and the share of the existing one-man businesses having had some employees one year ago is also quite small.

2 THEMATIC ANALYSES

Creations exceed closures in 1994-95

Cautious interpretations

The figures presented here have of course the disadvantage of only covering a time span of two consecutive years. The size of an enterprise in one particular year does not necessarily say a lot about its intended or 'healthy' size. Instead, it may rather be the result of changes of a transitory nature such as adaptations to an occasional peak in demand, seasonal employment drops or increases, etc. Alternatively it may be due to structural reasons such as a general decline in demand, outsourcing of parts of the production or related services, emergence of competition on foreign markets, etc. Employment growth of a single firm from one year to another may therefore be as much the result of a positive evolution as of chance.

Firms without employees in the reference year: where do they come from?

Country	Sector	Situation in the previous year: without employees	SME with employees	large enterprise	did not exist (creation)	All
Spain 1995	All sectors	77,1	3,5	0,0	19,4	100
France 1995	All sectors	78,0	4,2	0,0	17,8	100
	Industry and energy	76,6	5,8	0,0	17,6	100
	Construction	76,8	5,3	0,0	17,9	100
	Trade and HoReCA	74,3	4,5	0,0	21,2	100
	Services (1)	81,5	3,3	0,0	15,2	100
Portugal 1994	All sectors	73,2	1,5	0,0	25,3	100
	Industry and energy	65,0	4,8	0,0	30,2	100
	Construction	75,5	0,8	0,0	23,7	100
	Trade and HoReCA	75,7	1,0	0,0	23,2	100
	Services	67,9	1,9	0,0	30,2	100
Finland 1994	All sectors	64,1	8,3	0,0	27,7	100
	Industry and energy	65,5	8,8	0,0	25,7	100
	Construction	61,3	10,2	0,0	28,5	100
	Trade and HoReCA	62,3	9,6	0,0	28,1	100
	Services	65,7	6,6	0,0	27,7	100
Sweden 1994	All sectors	65,7	7,2	0,0	27,1	100
	Industry and energy	67,5	7,0	0,0	25,4	100
	Construction	70,9	7,3	0,0	21,8	100
	Trade and HoReCA	66,2	7,5	0,0	26,4	100
	Services	64,0	7,0	0,0	29,0	100

(1) Without financial services.

Source: Eurostat.

KEY TO THE TABLES

The tables show, for each given size-country-sector combination, the situation of the enterprises existing in the reference year as it has been the year before.

Take the example of the table for SMEs, it should be read as follows: of all SMEs existing in the Portuguese construction business in 1994, 28,6 % were a one-man business in the previous year, 67,4 % were already an SME, none of them was of large size, but 4 % did not yet exist and were thus created in the meantime.

SMEs — 1 to 249 employees — in the reference year: where do they come from?

Country	Sector	Situation in the previous year: without employees	SME with employees	large enterprise	did not exist (creation)	All
Spain 1995	All sectors	8,5	81,7	0,0	9,8	100
France 1995	All sectors	7,8	86,2	0,0	5,9	100
	Industry and energy	5,4	89,3	0,1	5,2	100
	Construction	9,4	84,7	0,0	5,9	100
	Trade and HoReCa	7,6	85,6	0,0	6,8	100
	Services (1)	8,5	86,3	0,0	5,2	100
Portugal 1994	All sectors	25,8	68,3	0,0	5,8	100
	Industry and energy	2,9	87,8	0,1	9,3	100
	Construction	28,6	67,4	0,0	4,0	100
	Trade and HoReCa	32,3	63,2	0,0	4,5	100
	Services	33,3	60,0	0,0	6,7	100
Finland 1994	All sectors	7,7	84,3	0,1	7,9	100
	Industry and energy	6,6	86,4	0,1	6,8	100
	Construction	9,6	80,2	0,1	10,1	100
	Trade and HoReCa	7,1	85,7	0,0	7,3	100
	Services	8,1	83,5	0,0	8,3	100
Sweden 1994	All sectors	15,0	80,3	0,1	4,6	100
	Industry and energy	10,2	85,6	0,2	4,0	100
	Construction	12,9	83,8	0,0	3,3	100
	Trade and HoReCa	13,9	81,0	0,0	5,1	100
	Services	18,4	76,7	0,0	4,8	100

(1) Without financial services.

Source: Eurostat.

2 THEMATIC ANALYSES
Creations exceed closures in 1994-95

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Large firms — 250 or more employees — in the reference year: where do they come from?

Country	Sector	Situation in the previous year: without employees	SME with employees	large enterprise	did not exist (creation)	All
Spain 1995	All sectors	0,8	15,9	82,2	1,2	100
France 1995	All sectors	1,2	10,3	87,9	0,6	100
	Industry and energy	0,9	7,6	90,9	0,6	100
	Construction	0,6	6,7	91,3	1,3	100
	Trade and HoReCa	1,8	13,6	84,5	0,1	100
	Services ([1])	1,4	14,4	83,5	0,7	100
Portugal 1994	All sectors	0,9	7,9	88,3	2,9	100
	Industry and energy	0,8	5,1	91,1	3,0	100
	Construction	0,0	17,8	79,5	2,7	100
	Trade and HoReCa	3,2	8,6	86,0	2,2	100
	Services	0,0	11,2	85,5	3,4	100
Finland 1994	All sectors	0,2	5,5	87,4	6,9	100
	Industry and energy	0,4	5,6	87,3	6,7	100
	Construction	0,0	0,0	84,6	15,4	100
	Trade and HoReCa	0,0	6,7	91,1	2,2	100
	Services	0,0	4,8	84,8	10,5	100
Sweden 1994	All sectors	2,8	10,2	84,3	2,8	100
	Industry and energy	0,7	7,5	90,6	1,2	100
	Construction	2,7	10,8	83,8	2,7	100
	Trade and HoReCa	0,8	9,9	84,7	4,6	100
	Services	7,7	15,0	72,5	4,7	100

([1]) Without financial services.

Source: Eurostat.

METHODOLOGY

Denmark

- Source
  Financial and business register
- Statistical unit
  Enterprise
- Contents of creations and closures
  Real births (closures not available)

Germany

- Source
  IFM — *Institut für Mittelstandsforschung*
- Statistical unit
  Enterprise
- Contents of creations and closures
  Adjusted registrations and de-registrations

Spain

- Source
  DIRCE register — *Directorio Central de Empresas del Instituto Nacional de Estadistica*
- Statistical unit
  Enterprise
- Contents of creations and closures
  Creations = appearence of new activities; closures = disappearence of activities

France

- Source
  SIRENE register — *Système informatique pour le répertoire des entreprises et des établissements*
- Statistical unit
  Enterprise
- Contents of creations and closures
  Real births and creations due to other events ([1]); real deaths and closures due to other events

Italy

- Source
  Business register
- Statistical unit
  Enterprise
- Contents of creations and closures
  Administrative registrations and de-registrations

([1]) Other events are for example mergers, takeovers, split-off, ect. which cause administrative registrations and de-registrations.

Creations exceed closures in 1994-95

METHODOLOGY (cont.)

Netherlands

- Source
  Business register
- Statistical unit
  Kind-of-activity unit
- Contents of creations and closures
  Real births and deaths and events due to discontinuation

Portugal

- Source
  FUE register — *Ficheiro de Unidades Estatisticas*
- Statistical unit
  Enterprise
- Contents of creations and closures
  Real births and creations due to other events ([1]); real deaths and closures due to other events

Finland

- Source
  Business register
- Statistical unit
  Enterprise
- Contents of creations and closures
  Real births and creations due to other events ([1]); real deaths and closures due to other events

Sweden

- Source
  Business register
- Statistical unit
  Legal unit
- Contents of creations and closures
  Administrative registrations and de-registrations

United Kingdom

- Source
  IDBR — interdepartmental business register
- Statistical unit
  VAT-registered enterprises
- Contents of creations and closures
  VAT registrations and de-registrations

([1]) Other events are for example mergers, takeovers, split-off, ect. which cause administrative registrations and de-registrations.

Aggregated statistics give the total employment change between two points of observation. But this net change results from the many gross employment changes that occur due to movements in the underlying population of enterprises (creations, closures, restructurations, growth and decline; see page 82 for terminology). The total number of jobs affected by these events can amount to 10 % of the working population. If one considers different size classes of enterprises, the story becomes even more complicated: during the observation period, enterprises might shift between the different size classes.

Looking at the different components of employment change helps us to understand the engine of employment creation and, in particular, to put to the test the myth of small firms being the most important creators of employment.

The present study investigates in detail employment changes in seven countries: France, the Netherlands, Austria, Portugal, Finland, Sweden and the United Kingdom. Data were collected within the framework of the SME enterprise demography project (for information on the methodology refer to the last page of this chapter). Statistics on the demography of enterprises are a new field of research and they are still difficult to ascertain, as they require each enterprise to be followed up individually. Another difficulty arises if — as in this article — the focus is put on international comparisons. Differences in the structure and reference periods of the data for the different countries do not allow detailed factual analyses, and conclusions have to be drawn very cautiously. Moreover, the same analyses, tables and figures cannot be produced for all the countries reviewed. However, the data show sufficient evidence to begin to build a model of links between employment changes and enterprise demography.

In brief ...

- The creation of new firms cannot alone guarantee employment growth. During a given year, the positive and negative effects of enterprise creations and closures can compensate each other. Furthermore, the net employment effect of demographic events happening in the business population depends on several different factors — general economic conditions, sector of activity, firm size, etc. — and on a fair amount of chance.
- But the employment changes affecting the surviving firms — expansions and contractions — are as important for growth as the demographic events. In fact, each economy needs a 'pool' of newcomers whose survival may be uncertain but, once achieved, it is the economic performance of the surviving firms which seems to be critical for employment growth or decline.

TERMINOLOGY OF THE COMPONENTS OF EMPLOYMENT CHANGE

The enterprise demography domain and especially the analysis of the different components of employment change require their own terminology which is not easy and is often used in a misleading way. For a proper understanding of the phenomena analysed in this study, the main elements of the terminology used are therefore introduced below.

The base year employment is the stock of employment at the beginning of the observation period.

The net employment change between two observation points is the result of two kinds of economic events:

- demographic events: creation and closure of enterprises, and
- the evolution of existing enterprises which may be positive (expansions) or negative (contractions).

By job turnover we understand the number of jobs concerned by these events. If one defines 'jobs' as 'filled employment positions' ([1]), job turnover means the number of employment movements.

The total job turnover is then:

- employment (creations) + employment (closures)
  + Δ employment (expansions) + Δ employment (contractions).

The demographic job turnover is the part of total job turnover caused by demographic events:

- employment (creations) + employment (closures).

If the amount of demographic job turnover is expressed as a percentage relation with the base year employment, it is called the demographic job turnover effect.

([1]) See Grey, Alex: Recent trends in labour market research using establishment data, in: *Job creation and loss*, OECD documents, Paris 1996.

Enterprise demography and employment creation

The evolution of employment: the result of creations, closures and restructurations of enterprises and their growth process.

GENERAL OVERVIEW

Net employment change: the result of a much higher total job turnover

The net employment change which can be seen between two observation points is the result of much more significant employment movements which have shaped the economy during the period concerned. For example, as the available figures show, a decline in employment of roughly 500 000 people in French enterprises between 1992 and 1995 was the final outcome of a total volume of job turnover of nearly 3,8 million persons during this period. The Finnish economy lost approximately 105 000 jobs during 1992, but nearly three times as many job movements occurred in the period (United Kingdom 1989-91: a gain of roughly 350 000 jobs, but more than 4,4 million job movements; Portugal 1992-93: 86 000 jobs gained, but a turnover of 600 000 job movements).

The pie charts (on the next page) show the breakdown of total job turnover by its components for the periods indicated in the different countries. Employment movements caused by demographic events in the enterprise population represented more or less half of the total job turnover in France, Portugal and Finland and a little less (39 %) in the United Kingdom, the rest being due to the growth or decline in employment of existing firms.

Looking at these demographic events with respect to the size of enterprises leads to the trivial conclusion that, as the majority of the demographic events happen in the smallest enterprises ([1]), a high proportion of the job turnover will consequently occur in the lowest size classes.

As regards the expansion and contraction of existing firms, such evidence of a specific 'size behaviour' does not exist. To shed some light on this, the components of job turnover are described individually, with a review of size class movements, in the following paragraphs.

Demographic events affect many jobs ...

The latest figures published by Eurostat show that during 1992 the business populations of France, the Netherlands, Austria, Portugal, Finland and Sweden experienced approximately 912 000 demographic events: while 454 000 new firms appeared in the registers, another 458 000 were deleted. As a result, nearly one million jobs in the six countries reviewed were affected by the creation of new businesses and another 1,2 million jobs by enterprise closures (see Table on page 85).

In this particular year, the effect was negative due to sluggish economic conditions. Usually during times of expansion the net effect is positive. What we should note from this example is that the net effect on employment of the creation and closure of enterprises is relatively small in relation to the total number of jobs concerned: the demographic job turnover effect, that is the percentage of the demographic job turnover in the employment stock at the beginning of the reference period, represented between 3 and nearly 15 % of the total employment stock for 1992 in France, Austria, Portugal, Finland, Sweden and the United Kingdom (see Table on page 86).

It should be noted that only some of these movements are completely new job creations and definitive job destructions. In reality, many enterprise creations or closures occur for purely administrative reasons and hence do not correspond to a 'real' enterprise creation or closure. Instead, they may correspond to registrations and deregistrations due to particular rules adopted in the management of the business registers, our main source of information.

The employment figures coming from these registers therefore include a significant number of 'administrative' job movements which can even have occurred completely unnoticed by the people working in the business concerned.

([1]) See Eurostat: *Enterprises in Europe, Fourth Report*, Luxembourg 1996, page 60.

2 THEMATIC ANALYSES
Enterprise demography and employment creation

An 'administrative' creation ([1]), in contrast to a 'real' creation, can happen, for example, if an enterprise changes its legal form or switches from a partnership to a joint-stock company. Likewise, an 'administrative' closure followed by an 'administrative' creation can happen with the change in location of an enterprise or in the case of a merger of two firms.

... and this happens mainly in small firms

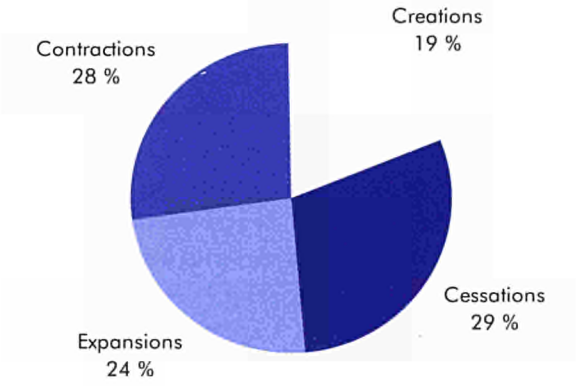
The enterprises which keep the business population moving are very small: in 1992, new firms appearing in the business statistics of France, the Netherlands, Austria, Portugal, Finland and Sweden had an average staff of 2,1 persons. Firms which de-registered and therefore disappeared from business statistics were also very small: their average size in the countries reviewed was 2,6 persons.

Consequently, we can observe a job turnover due to demographic events which is particularly high for very small firms. In Portugal, Finland and

([1]) 'Administrative' creations and closures are usually due to the restructuring of businesses, while 'real' creations and closures are comparable to 'births' and 'deaths' of businesses. Unfortunately, for the moment our figures cannot make the difference between 'real' and 'administrative' events.

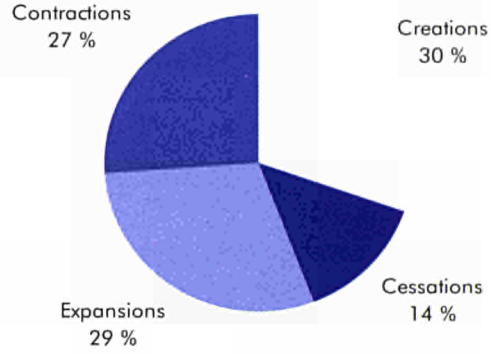
The components of total job turnover (*)

France



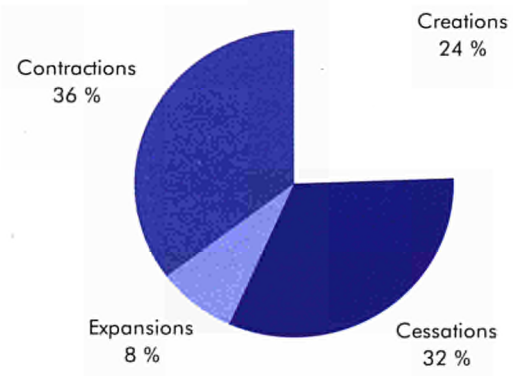
Employment evolution 1992-95: - 3,6 %

Portugal



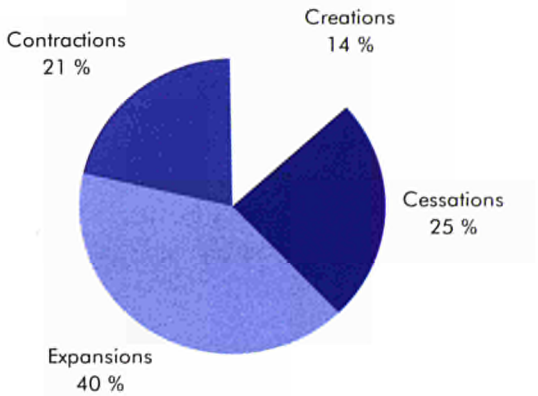
Employment evolution 1992-93: + 3,0 %

Finland



Employment evolution 1992-93: - 9,0 %

United Kingdom



Employment evolution 1989-91: + 7,7 %

(*) The figures have been produced only for the countries where all necessary information was available.

Source: Eurostat.

Sweden, the number of jobs affected by a demographic event during 1992 in enterprises with less than five employees accounted for one fifth to one quarter of total employment in this size class. The same applied to French enterprises with less than 10 employees, where the number of jobs involved in a demographic event during the year 1992 equalled one fifth of total employment in this size class (see Figure on page 86).

In the United Kingdom, demographic job turnover within the smallest enterprises (one to four employees) actually exceeded one third of the stock of jobs in this size class. But one should note that the reference period here is longer, lasting from 1989 to 1991. Creation and closure figures taken into account are cumulative for all three years. Effects should thus be compared cautiously with the other countries. However, the British enterprises reflect the same size pattern of demographic job turnover effect as the other countries.

On the other hand, looking at enterprises with more than 100 employees, the job turnover due to demographic events is clearly the lowest, being roughly 2 % in France, Austria and Portugal, 9 % in Finland and 15 % in Sweden. In France, Portugal, Finland and the United Kingdom the share of jobs having been involved in a demographic event declines with increasing firm size. However, 'real' enterprise creations rarely happen with 100 or more employees. It is therefore plausible to presume that the majority of movements occurring in the largest firms are 'administrative' and mostly represent restructurations within the business population.

Creations and closures of enterprises and corresponding employment movements in 1992

Country	Number of creations	Employment in creations	Number of cessations	Employment in cessations
F (1)	274 541	517 202	306 005	808 530
NL (2)	24 000	39 900	16 300	26 500
A (3)	658	15 277	787	12 442
P	90 670	183 461	44 746	81 866
FIN	18 565	71 342	46 725	82 921
S (1)	45 365	145 407	43 597	194 440
Total	453 799	972 589	458 160	1 203 699

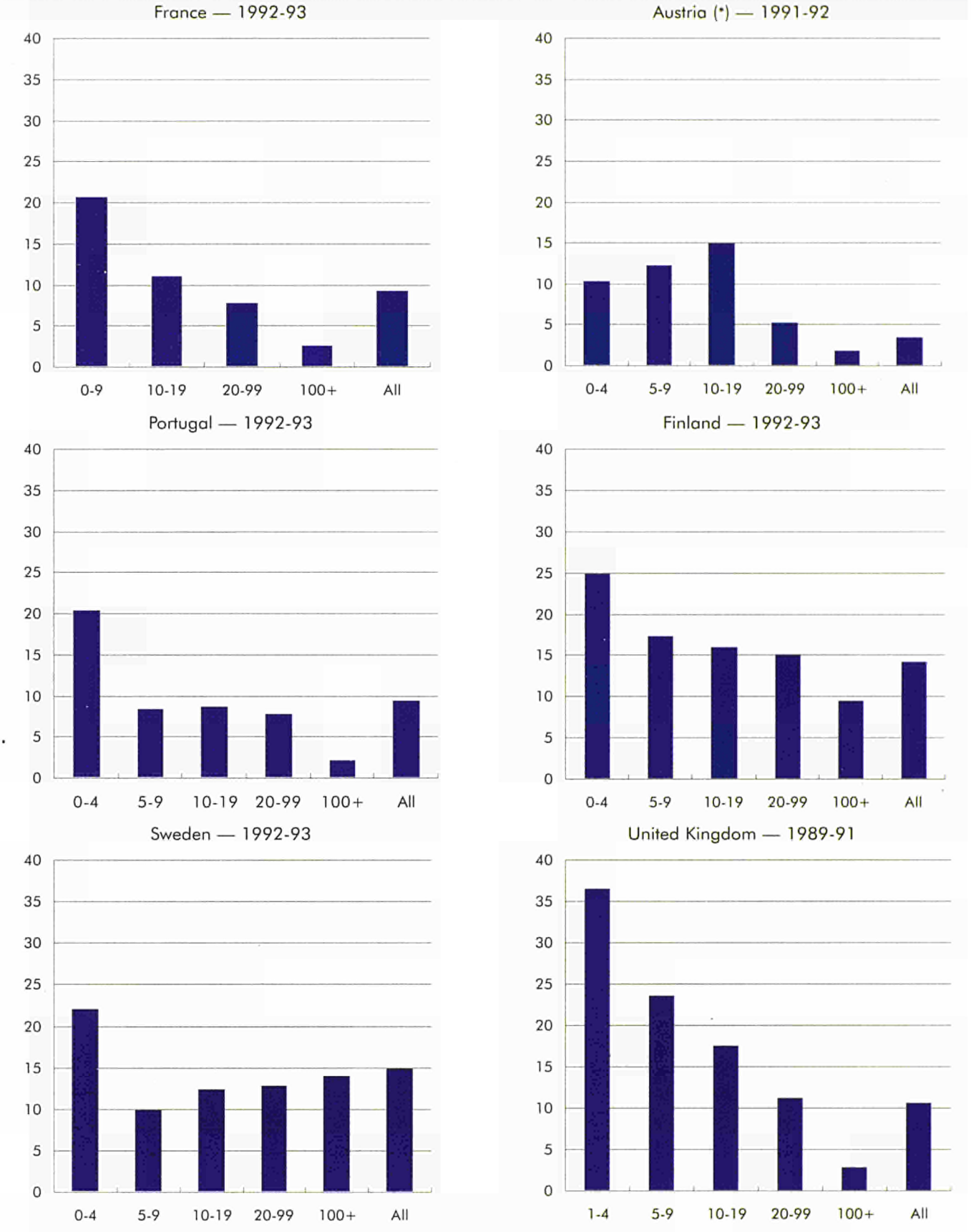
(1) Employment in creations and cessations with 0 employees has been estimated by Eurostat.

(2) Only creations and cessations with less than 10 employees.

(3) Enterprises with less than 20 employees only partially covered; only industry and construction.

Source: Eurostat.

The demographic job turnover effect by employment size class (%)



(*) As establishments with less than 20 employees are only partially covered and figures do not contain data for trade and services, the pattern of the lower size classes is not comparable with other countries.

Source: Eurostat.

Expansions and contractions result in roughly 10 % of all firms changing their size class

Approximately half of total job turnover is due to firms which have existed during the whole reference period and have experienced job expansions or contractions. The analysis of these movements is complicated by the fact that at the end of the reference period, enterprises can be found in higher or lower size classes, depending on their evolution in the meantime.

At the end of the observation period, the total amount of expansions (or contractions) for enterprises of one size class comprises of two elements. On the one hand, there are all the positive (or negative) employment changes of those enterprises whose employment remained within the class boundaries. On the other hand, there are also the positive (or negative) employment changes of those businesses that moved into a higher (or lower) size class.

It is interesting to note that the proportion of units having experienced an employment change which led to a size class shift has been similar in the different countries reviewed, even if we look at reference periods which are not only of different length but also where the overall economy developed quite differently. Of all units having existed during the whole reference period, between 3 and 5 % experienced expansions in employment to such an extent that they moved to a higher size class (see Table below).

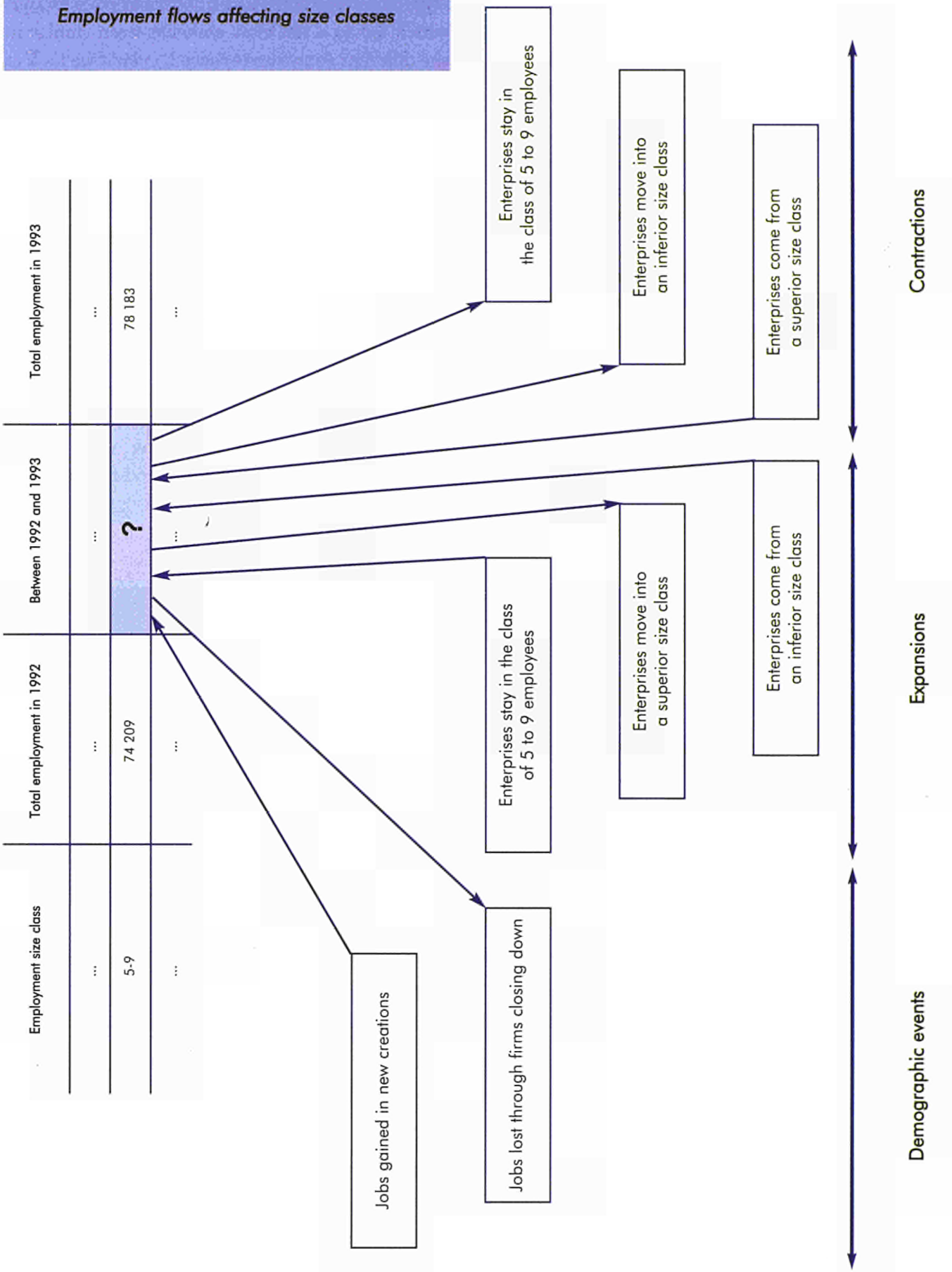
In the United Kingdom, nearly 10 % of all units which existed during the whole reference period moved into a higher class. This might be explained by the economic circumstances of the late 1980s which were in fact much more favourable to growth than the early 1990s which is used as the reference period for the other countries reviewed.

Firms having existed during the whole reference period

Country and reference period	Number of existing firms	% of which remained in initial class	% of which expanded to a higher class	% of which contracted to a lower class
F: 1992-95	1 641 207	90,0	5,3	4,7
NL: 1994-95	650 300	95,8	2,6	1,6
A: 1991-92	12 347	88,7	4,4	6,9
P: 1992-93	556 420	93,2	5,0	1,7
FIN: 1992-93	160 854	94,1	3,1	2,8
S: 1992-93	329 638	94,3	3,0	2,7
UK: 1989-91	798 769	87,1	9,8	3,1

Source: Eurostat.

Employment flows affecting size classes



Source: Eurostat.

For the proportion of units shrinking to a lower size class the difference between the countries is as low; between 2 and 7 % of all enterprises experienced job losses which led to a move into a lower class.

These figures apply to a common size breakdown in all countries reviewed, that is 0, 1-4, 5-9, 10-19, 20-99 and 100 or more employees. The share of firms involved in a shift between classes strongly depends, of course, on the underlying breakdown: the more detailed it is, the more likely it is that we can observe a high amount of firms moving across the boundaries.

The Figure on the previous page provides a visual overview of all employment flows influencing the different size classes.

Small existing firms are the engine of gross employment increase

Looking at expanding firms by their initial size, it was basically firms belonging to the lowest size classes which expanded their staffs and therefore contributed most to the overall expansion. This result can be seen to be more or less accentuated in all major economic sectors. As for employment contractions, the contribution of the very small firms was in most cases negligible. Instead, being very small, they cannot shrink to any great extent but simply die if they face economic problems.

The largest enterprises show a pattern which is opposite to that of the smallest: they contributed the highest share of all employment contractions of existing firms — much more than would have been expected from comparing their contribution to the total number of job contractions in all size classes with their share in total employment. On the other hand, they contributed almost nothing to the expansion of existing firms.

So it is in the smallest and the largest enterprises where the gap between the contribution to expansions and contractions is widest. In the size classes in-between, such a gap is not generally observed: contributions to expansions and contractions are, in all countries and sectors observed, closer to each other.

These patterns lead to the conclusion that, in general, very small surviving firms generate strong gross employment growth. But it has to be borne in mind that this constitutes only one component of total job turnover. It is clear that the net result of the various components of employment change, in particular regarding specific size of enterprises, is not predictable.

Net employment growth depends on the balance between contractions and expansions

Having now introduced the structure and number of different components of job turnover, we can have a better insight into the movements which finally caused a certain net employment change during the observation period.

Looking again at the pie charts leads to the following conclusions for the countries under review: the Finnish economy faced a net employment decrease of 9 % during 1992. Both a negative demographic effect and important job losses in existing enterprises were responsible for this result. Employment in firm creations accounted for roughly one quarter of total job turnover, however the total number of jobs lost due to enterprises closing down was about 30 % higher. Moreover, existing firms could not prevent this negative trend: while the dynamic ones added 24 000 jobs, another 104 000 jobs were lost by enterprises reducing their staff.

On the other hand, in the United Kingdom, the years 1987 to 1989 showed a net employment increase of 7,7 %, even though demographic movements in the enterprise population here also led to an overall employment loss of 480 000 jobs. As the pie chart for this country shows, the overall positive evolution was mainly sustained by the expansion of existing businesses. These expansions accounted for 40 % of the total job turnover and involved firms which added nearly twice as many jobs as were lost by contracting enterprises. This means that it was existing firms that were, on balance, dynamic enough to keep the economy growing, even though the political and economical climate seems to have been less favourable for the setting-up of new businesses.

Looking at the employment evolution of the Portuguese economy between 1992 and 1993, the climate seems to have been favourable for the setting-up of new businesses: employment gains in newly created firms accounted for more than double the losses from businesses closing down. Furthermore, the existing enterprises could, on balance, increase their employment and, as a consequence, the whole economy experienced a small employment increase of 3 %.

For French enterprises the situation was less favourable in the early 1990s. Contrary to what happened in Portugal, not only did the employment losses of closing down firms exceed the gains of newly created ones, but contractions in existing enterprises were also more important than expansions. Both kinds of events caused a decline in employment of 3,6 %.

Looking at these figures at different observation periods, with a strongly varying pattern of economic evolution, allows us to verify that if it is the setting-up of new businesses which provides the base for further growth, it is the economic performance of existing firms which seems to be critical for employment growth or decline, with the balance between expansions and contractions dramatically varying with the economic climate.

In this respect, movements of expansions and contractions affecting big enterprises which have a heavy weight in overall employment can play an important role. For example the year 1992, to which most of our figures relate, was, in most European countries, a period of economic stagnation in industry and construction, but not in services.

SECTORAL ANALYSIS

There is some empirical evidence ([1]) that large industrial enterprises contributed the most to the overall employment decrease in industry, much more than would have been expected from looking at their employment share in industry. On the other hand, in the service sectors, and especially in financial services and retail business, large enterprises contributed more than proportionally to the overall increase in employment.

A more detailed investigation will now be made into the economic evolution of the size classes in the four main economic sectors: industry (that is energy, extraction and manufacturing industry), construction, trade and HoReCa (Hotels, Restaurants and Catering) and the services sectors (banking, finance and insurance services, transport and communication services and other services). It illustrates how the events shaping each firm generate the final outcome: the net aggregated employment change.

Within each of the broad sectors, two graphs are presented for all countries reviewed where complete data is available, i.e. France, Portugal and Finland. Swedish data did not allow for both kinds of graph and is therefore not presented here, but is commented on when possible.

The first graph shows how the demographic events — creations and closures — affected the base year employment of each size class in the countries reviewed. The second graph, on the other hand, shows how expansions and contractions in employment of existing enterprises affected the base year employment of each size class in each of the countries.

Industry: negative employment trends mostly due to contractions in large firms

At the beginning of the 1990s, the countries reviewed all faced an overall employment decrease in industry. In Portugal, Finland and Sweden (no graph) there were, on the whole, more jobs added by newly created industrial enterprises than were lost in the meantime by businesses ceasing activities. But it is only the biggest enterprises with 100 or more employees which were responsible for a gain which overcompensated the job losses which could be observed in all lower size classes. In France, on the other hand, the balance of jobs lost by firm closures and added by new creations was negative for enterprises of all sizes.

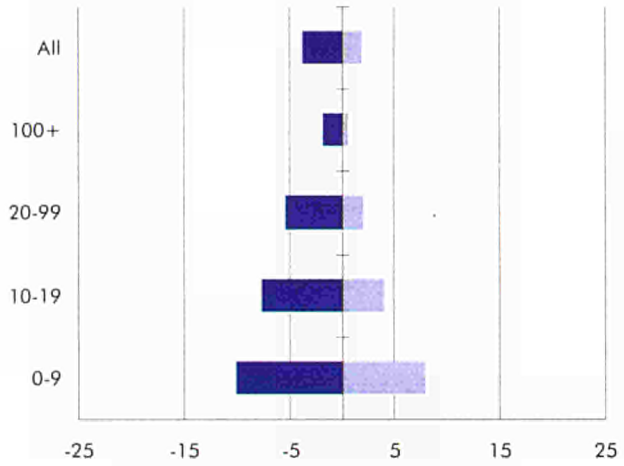
As stated before, the majority of demographic movements in the largest size classes are more the result of restructuring procedures in the industry sectors than of 'real' creations and closures of enterprises. In fact, 'real' new businesses are rarely created with a large number of staff. Instead, smaller firms might have merged and now reappear as 'new' — larger — enterprises in the business register. We can also imagine that restructuring procedures only affected the large firms.

The overall employment gain due to demographic movements in the population of industrial enterprises in the countries reviewed was, however, not strong enough to prevent the general decline in employment in this sector. This means that the existing enterprises reduced their staff.

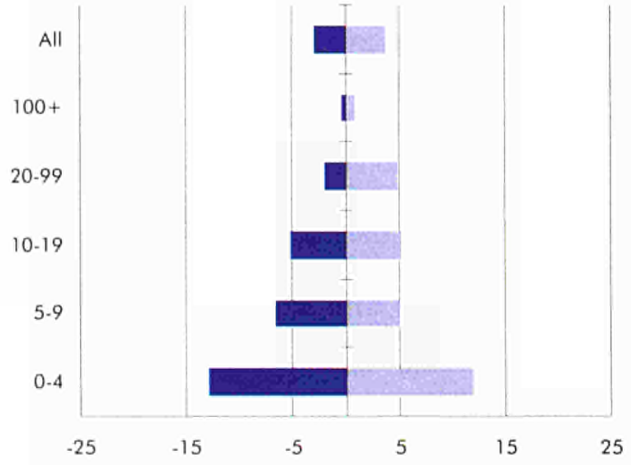
([1]) See Eurostat: *Enterprises in Europe, Fourth Report*, Luxembourg 1996, page 94 onwards.

Demographic employment effects in % of the base year employment of each size class (*)

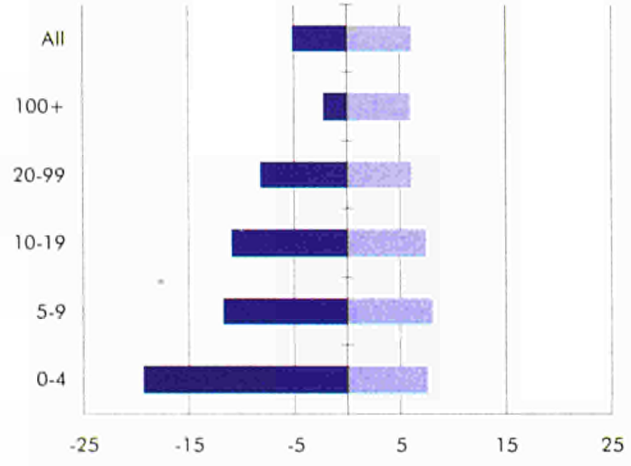
INDUSTRY — France — 1992-95



INDUSTRY — Portugal — 1992-93

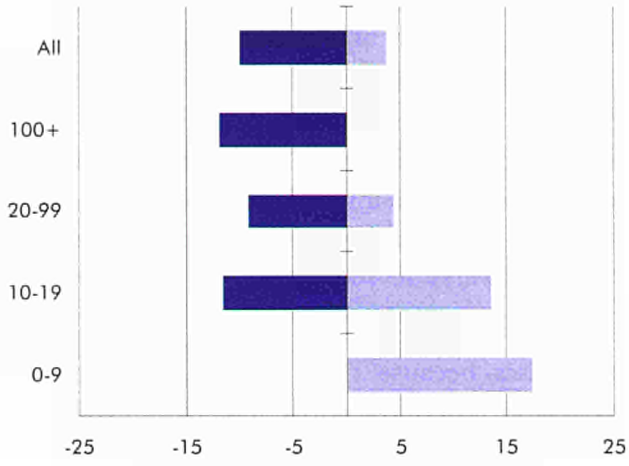


INDUSTRY — Finland — 1992-93

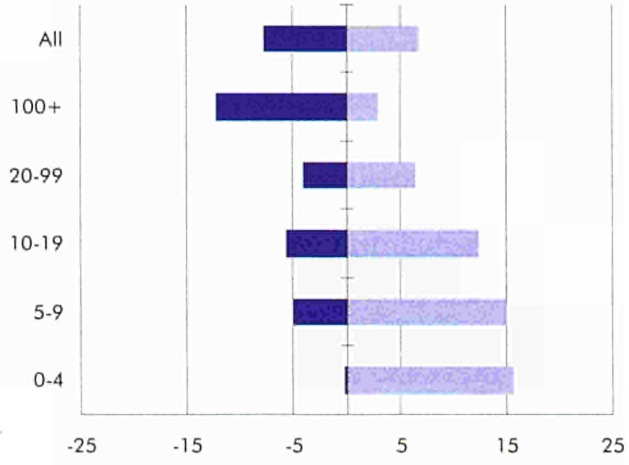


Employment effects of expansions and contractions in % of the base year employment of each size class (*)

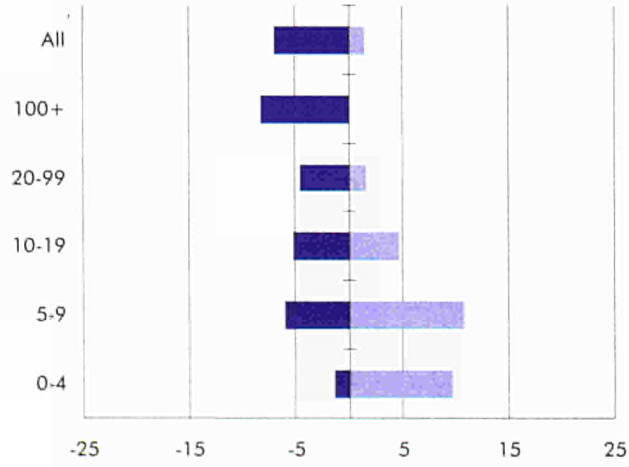
INDUSTRY — France — 1992-95



INDUSTRY — Portugal — 1992-93



INDUSTRY — Finland — 1992-93



Rate of employment loss due to closures
Rate of employment creation due to new firms

Rate of employment loss due to contractions
Rate of employment creation due to expansions

(*) It should be noted that the percentages indicated in these figures cannot provide a proper representation of employment weight of the different size classes.

Source: Eurostat.

2 THEMATIC ANALYSES
Enterprise demography and employment creation

Very small enterprises sustained an above average contribution to employment expansions

In France, industrial enterprises having existed between 1992 and 1995 expanded their staff by 183 000 jobs but, in the meantime, the less dynamic of the existing firms lost nearly 500 000 jobs. Portuguese industrial businesses gained 77 000 jobs in 1992, compared to a loss of 89 000. Corresponding figures for Finland are 6 500 gains and 30 000 losses.

This was not true for the smaller of the existing enterprises because they created more jobs by expansions than they lost due to contractions. However, the larger existing firms had to face important employment losses in contractions and nearly no jobs at all were added due to expansions (see Figures, page 91). The low performance of the large firms dominated the general picture simply by their strong weight in overall employment.

Compared to their share in the stock of jobs, the very small industrial enterprises contributed an extremely high proportion of total employment expansions. For example, French industrial enterprises with less than 10 employees accounted for 11 % of the employment in this sector, but for 53 % of the total amount of expansions. In Portugal, very small industrial enterprises provided 15 % of jobs in industry but added 35 % of all new jobs due to expansions. The corresponding figures for Finland were 10 and 68 %. In fact, the positive employment effect due to expansions within the smallest firms of the industry sectors is clearly highest compared to the other sectors reviewed.

Large industrial enterprises, on the other hand, were clearly responsible for the greatest contribution to overall employment contractions; they generally contributed significantly more to the job losses of existing firms than would have been expected considering their share of total employment in industry.

Construction and trade: job losses mostly due to closures and contractions of big enterprises

In the construction and the trade and HoReCa sectors, the size pattern of employment effects of demographic events was very similar. In France, Finland and Sweden there were, in general, more jobs lost in de-registering enterprises than were generated by the creation of new businesses. In all size classes, the same evolution could be observed: more jobs were lost than created due to demographic events. For example, newly created very small Finnish construction businesses added roughly 2 100 jobs in 1992 (7,6 % of the employment stock in construction in 1992), but in the meantime 5 000 jobs were lost in those construction businesses which ceased their activities (17,8 % of the initial stock). In Sweden, jobs in new construction businesses with less than five employees accounted for 7,4 % of the initial employment, while jobs lost due to firms closing down accounted for 10,2 %.

Contrary to what happened in industry, the unfavourable economic conditions seem to have forced a significant amount of large construction businesses to cease their activities. In fact, the percentage of jobs lost in the larger construction businesses due to firm closures in France and Finland is much bigger than in the industry sectors.

Portugal is one of the few countries whose enterprises were less badly hit by the recession of the early 1990s than the average of the European economies. In both the construction and trade sectors, more jobs were created by new enterprises than were lost by those ceasing activities.

Low performance in existing large enterprises

Large existing construction firms caused a loss of employment between 11 % (France) and 23 % (Finland) of the reference year employment in this size class. Of all enterprises having existed during the whole observation period, it is again the largest ones with 100 or more employees which added most to overall employment contractions.

In general, they did not increase their staff at all: between 40 and 50 % of all job losses in contractions in construction and trade were the result of the low performance of larger businesses. Their share of job losses is significantly higher than their employment share in these sectors which barely exceeds one third of the employment stock.

Only the larger Portuguese trading and HoReCa enterprises contributed much less to employment losses in contractions — only 8,5 %. However, this result can be explained by the size structure of the Portuguese enterprise landscape which is even more dominated by very small businesses than the European average. In fact, just 11,5 % of total employment in the Portuguese trading enterprises is generated by enterprises with a staff of 100 or more employees.

Very small expanding enterprises both in construction and in trade, on the other hand, caused an employment increase of between approximately 4 and 10 % of the base year employment of this size class, which — in the case of France and Portugal — exceeded the losses due to very small contracting firms. Indeed, the smallest businesses were the main job-creators within the existing enterprises: between approximately 50 and 80 % of all employment expansions were contributed by very small existing firms with less than 10 employees. This is not very surprising since both are economic areas which are strongly dominated by very small enterprises. At the EU-15 level, in 1992 this size class represented 44 % and 49 % of total employment respectively. However, the contribution of the very small firms to the total amount of employment expansions is still higher than their employment share would have suggested.

In the construction sector in France and Portugal, it is interesting to observe that those enterprises with 20 to 99 employees could resist the disadvantageous economic conditions significantly better than firms employing at least 100 employees. Both size classes had a very similar employment share, approximately 20 %. But enterprises belonging to the lower size class did not only lose clearly fewer jobs in contractions, they also added a much greater share of job expansions.

Services: a positive employment evolution, but not sustained by demographic movements

In the services sectors, the employment evolution was slightly more favourable than in the other economic areas. In most countries, a small increase in employment could be observed (France: + 3,4 %, Portugal: + 5,6 %, Sweden: + 1,2 %).

However, this positive trend was not sustained by demographic movements within the enterprise population: in France, Finland and Sweden more jobs were lost in enterprises closing down than in new ones starting a service business.

The services sectors include a mixture of very different economic activities: areas like the typically SME-dominated business and personal services, but also very large service suppliers in the banking and insurance sector and big transportation and communication enterprises. This makes it difficult to observe a 'typical' size pattern in the job creation and closure rates. Unlike the other sectors, no clear decline of the demographic employment effects can be observed with increasing firm size.

Very small enterprises contributed most to expansions, but large firms resisted better than in the other sectors

Looking at the performance of existing enterprises in the service sectors it can, however, be observed that their resistance to the recession was better than in the other sectors. In France and Portugal, the positive employment effect due to expansions over-compensated the negative effect due to contractions in all size classes except for the largest firms with 100 or more employees.

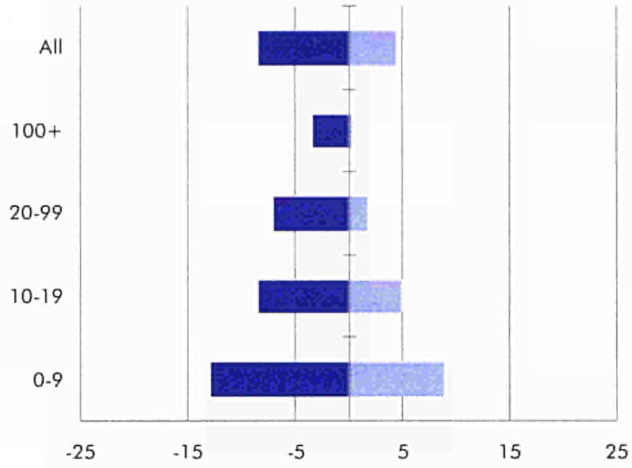
Again, it was the smallest enterprises which contributed most to employment expansions; they added a higher percentage of new jobs than expected in relation to their overall employment share. Finnish services businesses with less than five employees, for example, accounted for 41,5 % of all expansions which is nearly double their employment weight in the services sector (21,5 %).

2 THEMATIC ANALYSES

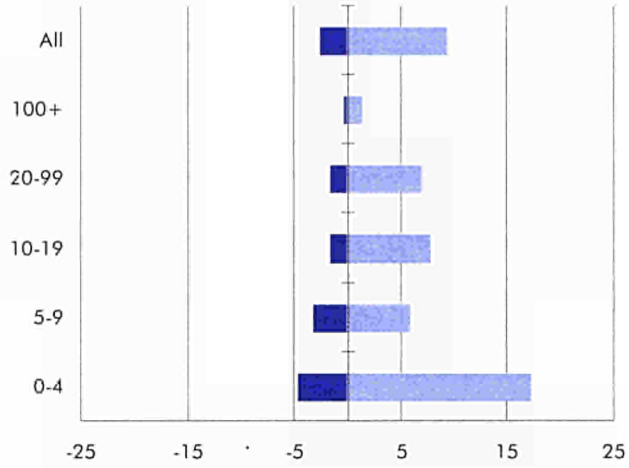
Enterprise demography and employment creation

Demographic employment effects in % of the base year employment of each size class (*)

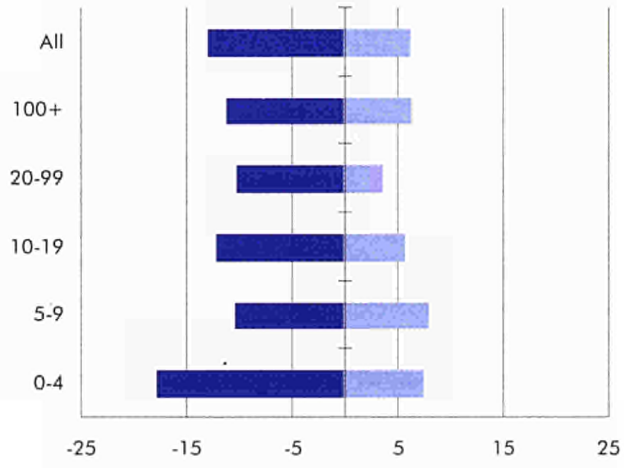
CONSTRUCTION — France — 1992-95



CONSTRUCTION — Portugal — 1992-93

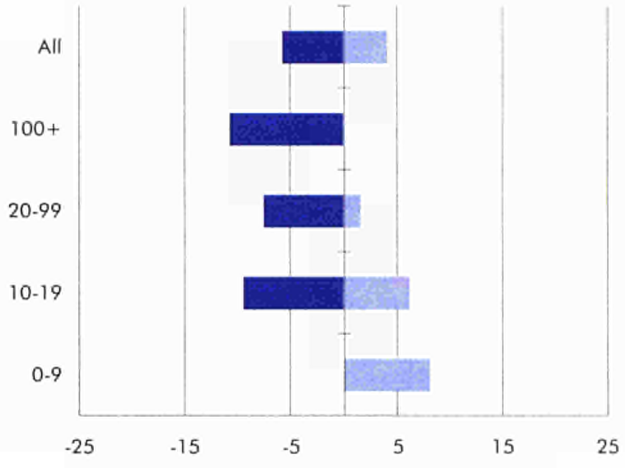


CONSTRUCTION — Finland — 1992-93

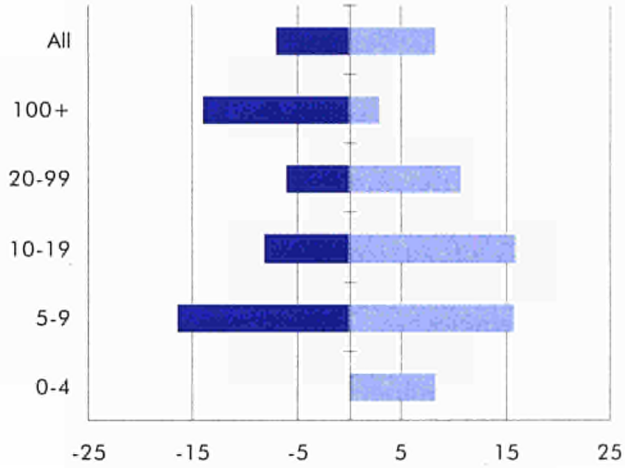


Employment effects of expansions and contractions in % of the base year employment of each size class (*)

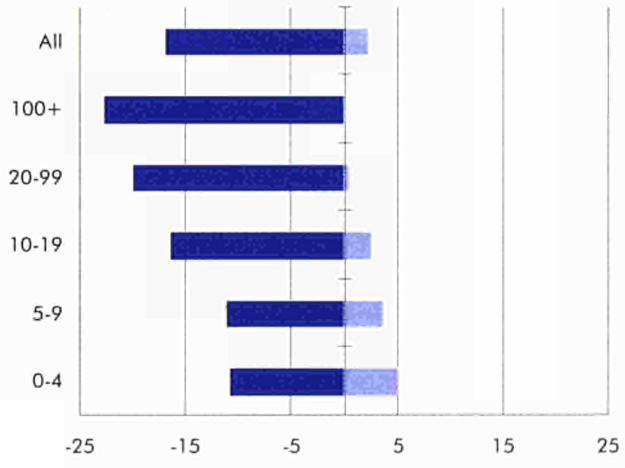
CONSTRUCTION — France — 1992-95



CONSTRUCTION — Portugal — 1992-93



CONSTRUCTION — Finland — 1992-93



Rate of employment loss due to closures
Rate of employment creation due to new firms

Rate of employment loss due to contractions
Rate of employment creation due to expansions

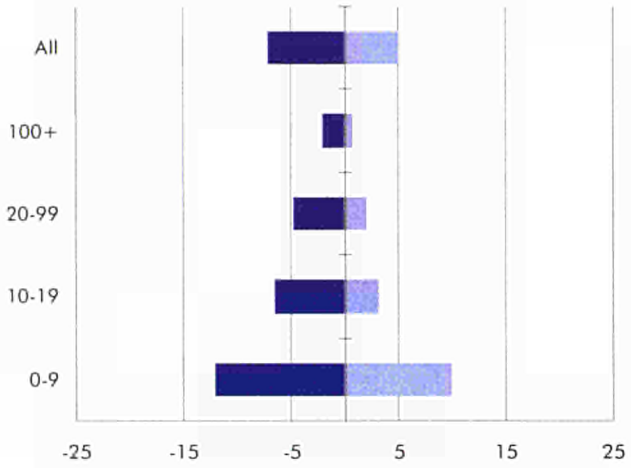
(*) It should be noted that the percentages indicated in these figures cannot provide a proper representation of employment weight of the different size classes.

Source: Eurostat.

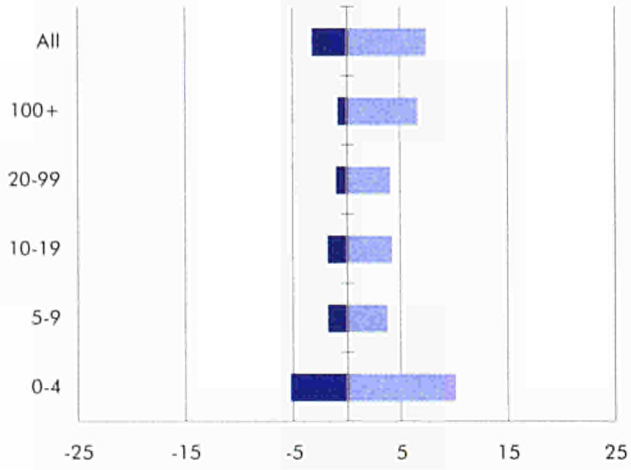
Enterprise demography and employment creation

Demographic employment effects in % of the base year employment of each size class (*)

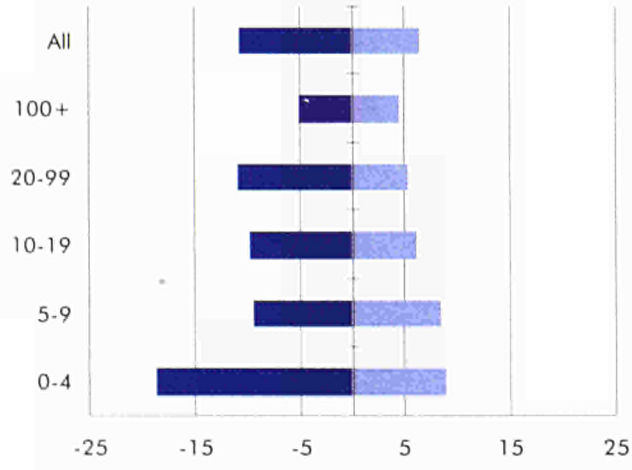
TRADE and HORECA — France — 1992-95



TRADE and HORECA — Portugal — 1992-93

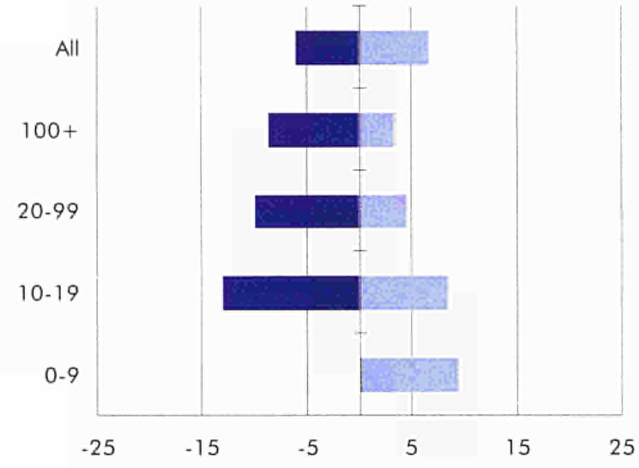


TRADE and HORECA — Finland — 1992-93

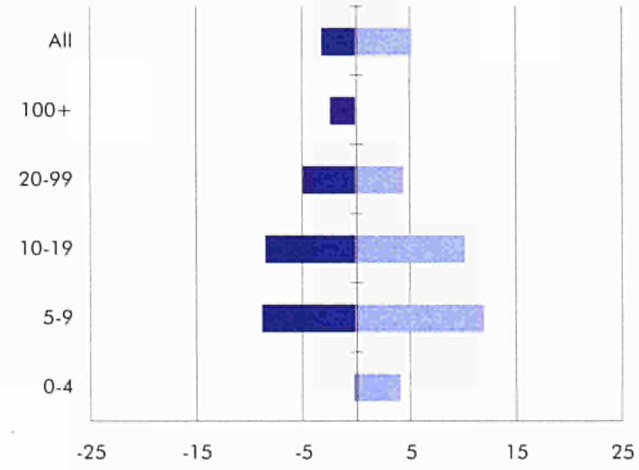


Employment effects of expansions and contractions in % of the base year employment of each size class (*)

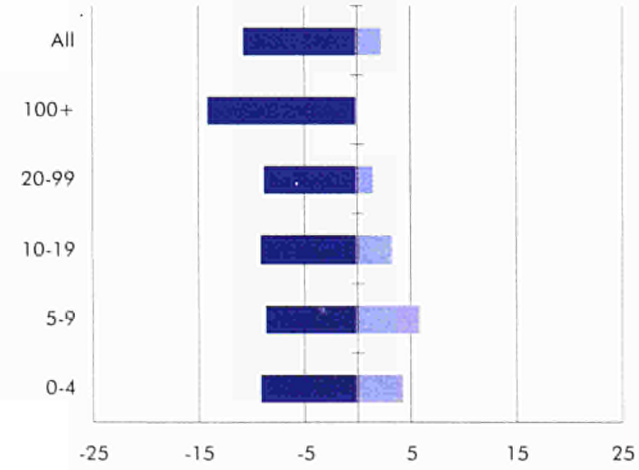
TRADE and HORECA — France — 1992-95



TRADE and HORECA — Portugal — 1992-93



TRADE and HORECA — Finland — 1992-93



Rate of employment loss due to closures
Rate of employment creation due to new firms

Rate of employment loss due to contractions
Rate of employment creation due to expansions

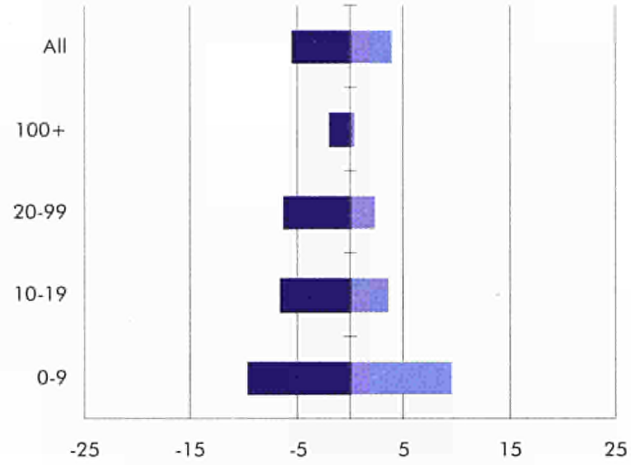
(*) It should be noted that the percentages indicated in these figures cannot provide a proper representation of employment weight of the different size classes.

Source: Eurostat.

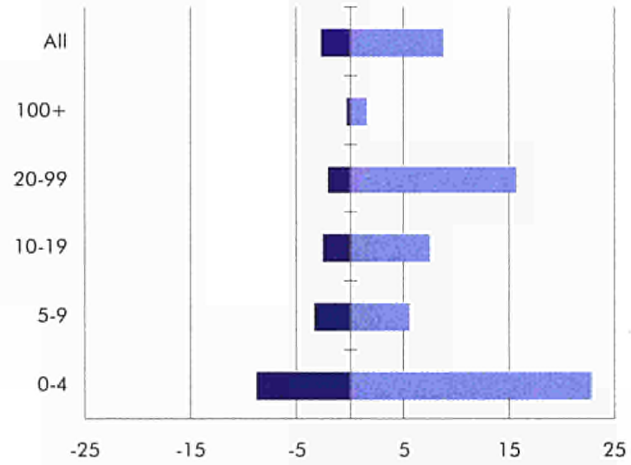
2 THEMATIC ANALYSES
Enterprise demography and employment creation

Demographic employment effects in % of the base year employment of each size class (*)

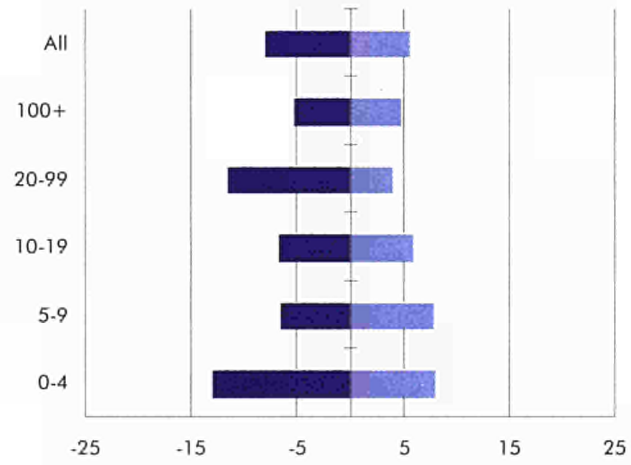
SERVICES — France — 1992-95



SERVICES — Portugal — 1992-93

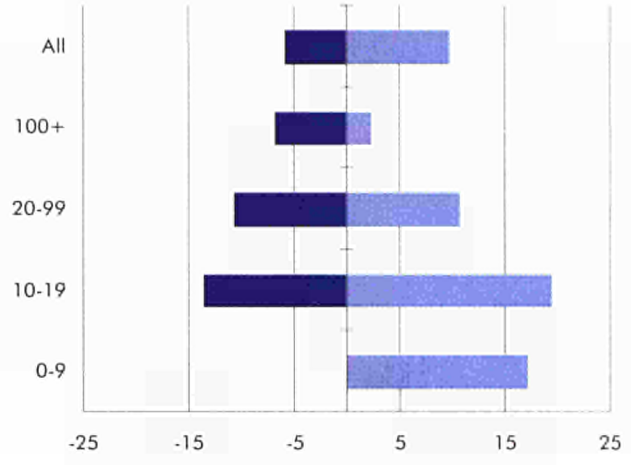


SERVICES — Finland — 1992-93

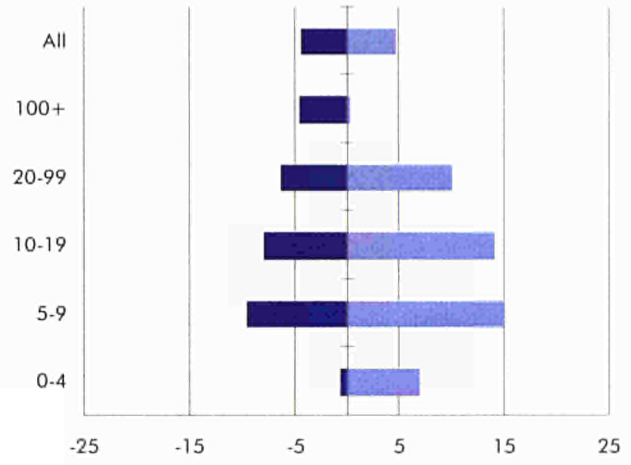


Employment effects of expansions and contractions in % of the base year employment of each size class (*)

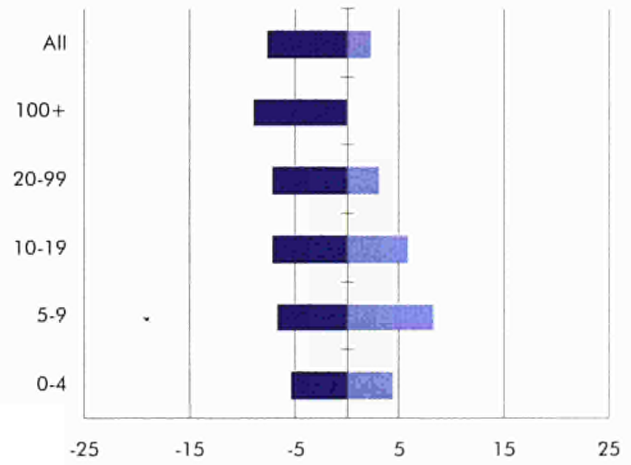
SERVICES — France — 1992-95



SERVICES — Portugal — 1992-93



SERVICES — Finland — 1992-93



Rate of employment loss due to closures
Rate of employment creation due to new firms

Rate of employment loss due to contractions
Rate of employment creation due to expansions

(*) It should be noted that the percentages indicated in these figures cannot provide a proper representation of employment weight of the different size classes.

Source: Eurostat.

The gap between the employment share of very small enterprises and their contribution to employment changes is even more accentuated when looking at the contractions of existing enterprises: for example, 3,4 % of all contractions in Portugal happened in very small firms (0 to 4 employees), while they had a share of nearly one quarter of the employment in services.

Large firms with 100 or more employees, on the other hand, had again the smallest part in the expansions: in Finland, they did not contribute at all to expansions, even though they accounted for roughly half of total employment in this sector. In France, there was a contribution from large firms of 10 % to expansions in contrast to an employment share of over 40 %. In the Portuguese services sectors, more than half of all employment was in firms of 100 or more employees but they contributed only 4 % of all expansions.

However, contrary to what is observed in the other big economic sectors, the contribution of the largest enterprises to employment contractions was about as high as their employment share. Unlike the evolution of the other sectors, the largest enterprises did not make an above average contribution to the job losses of existing firms.

METHODOLOGY

Data sources

For this study data from France, the Netherlands, Austria, Portugal, Finland, Sweden and the United Kingdom have been used. The data were provided by the national statistical institutes, except in the case of the United Kingdom where data came from the Department of Trade and Industry. The collection of data on business demography and employment creation is a subproject within the framework of Eurostat's SME Project.

Data availability and comparability

Data on enterprise demography, and especially on the employment effects of demographic movements, is very difficult to ascertain. Countries generally have to carry out special studies to provide the kind of data sets envisaged. For the analysis of employment expansions and contractions and the possible shifts of enterprises between different size classes it is necessary to link individual data over a time-span of at least two years. Such analysis has been possible only in a limited number of countries. The analyses, tables and figures therefore do not contain in any case the same countries. The reference years for the different countries also vary.

The data provided by the countries are not fully harmonised. This means that the content of the aggregates used — mainly the number of enterprise creations and closures and their corresponding employment — is not completely comparable between countries. The methods for calculating the expansions and contractions in employment of the existing enterprises also vary. The exact content of the creation figures is described below.

In view of these limitations in comparability it is therefore recommended not to compare absolute figures or ratios between the different countries. Instead it is possible to compare the evolution patterns of enterprises of different size.

METHODOLOGY (cont.)

National definitions of firm creations

The following summarises briefly how the countries reviewed arrive at their figures for newly registered enterprises.

- France
  Creations are derived from the monthly register of enterprise movements;
  they exclude registrations of economically non-active units but include activations and resumptions of dormant units.

- Netherlands
  Start-up of an active economic unit which does not represent the continuation of a unit already in existence. Most cases of takeovers and changes of ownership or legal status are recognised as continuations and are therefore not counted as creations.
  Figures only contain creations with less than 10 employees.

- Austria
  The number of creations is reached by comparing two consecutive annual series.
  Figures only comprise industry and construction. Creations of establishments with less than 20 employees are only partially covered.

- Portugal
  Creation figures refer to the administrative recognition of a legal unit.

- Finland
  Creation figures refer to administrative openings.

- Sweden
  Creation figures refer to administrative registrations in the business register and also contain changes in ownership and legal form.

- United Kingdom
  Creation figures refer to administrative registrations.

The demographic and job structure of employment in small firms

Employment statistics can give an overview of the structure of the labour force. They may describe the structure of workers as well as characteristics of the jobs they are holding. Such statistics are often elaborated on quite a detailed level. Studies may, for example, be carried out on the structure of persons working in manufacturing industries, in regions with industrial decline or for young persons having their first job.

However, the dimension of the size of the firms where people are working is rarely analysed. Firms are considered as one single group, regardless of the fact that they may be very distinct in size and structure. For example, half of all EU enterprises are one-man businesses, while only 1,2 % are of medium or large size (50 or more employees), yet the latter employ nearly half of all persons.

In this context, a view of the persons in employment gives rise to the question whether differences exist between the demographic and job characteristics of small and large enterprises.

To find an answer to this question, the European Labour Force Survey (LFS) represents a unique source. Based on a harmonised questionnaire applied in all EU Member States, this survey not only investigates numerous demographic characteristics of the EU labour force but also contains information about the working situation: Do people work full-time or part-time? What is their professional status? What occupation and level of education do they have? In which economic sector are they active and — most important in this context — How big is the firm for which they are working?

In this article, a view of the structure of small firm employment is given using the following characteristics: sex and age, the structure of self-employment, level of education and the professional structure which shed a light on the demographic structure, and the frequency of full-time and part-time work, the duration of jobs (permanent or limited) and the time workers have already spent with their current employer which can give some indication of the stability of jobs in smaller and larger firms.

In brief ...

- The characteristics of persons working in very small firms are quite distinct from those in larger ones.
- The share of women is higher in smaller enterprises, workers are younger than the average, and their level of education is in several economic sectors lower than that of people working in larger enterprises. Moreover, very small manufacturers show a much higher share of crafts and related trades jobs, while in larger ones managerial, scientific and administrative jobs, as well as elementary and basic technical occupations, are more important. Trade and HoReCa firms show a shift from service and sales workers towards more administrative and elementary jobs when the firm's size is increasing.
- Furthermore, jobs in very small firms seem to be less stable than in larger ones: a higher share of employees work part-time, jobs in very small enterprises are more often of limited duration than in larger ones and workers remain with the same employer for a shorter period.

METHODOLOGY AND DEFINITIONS

For the present study an extraction of LFS data has been used ([1]). The LFS database contains individual information on persons and their status in the labour force based on a sample of the population living in private households in each EU country. The reference period for the sample should be a normal week in spring. Sampling results are weighted using independently derived population estimates for various categories of age, sex, region, nationality, etc. For more detailed information on the methodology of this survey, refer to the publication: *European Labour Force Survey, methods and definitions*, Luxembourg 1996.

To avoid problems of data confidentiality, aggregations appropriate to the goals of the study had to be chosen. The range of variables to be analysed therefore had to be limited a priori. Information about the different variables used from the LFS and their specific dimensions can be found in the methodological annex at the end of this article.

All data used for this study has been filtered according to the variable 'work status during the reference week' with which it is defined if a person is classified as employed.

An employed person is defined as any person who

- is aged 15 years or more;
- lives in a private household;
- did any work for pay or profit during the reference week; or
- was not working but had a job or business from which he was temporarily absent in the reference week; or
- is an unpaid family worker.

The labour force is defined as the sum of persons in employment and unemployed persons.

For the key variable — number of persons working in the local unit — an aggregation to three firm size classes has been done according to the categories of the LFS questionnaire: very small units with 1 to 10 persons, small units with 11 to 49 persons and larger units with 50 or more persons. For the question 'number of persons working in the local unit' the LFS questionnaire also provides the possibility of answering exact number unknown, but more than 10 persons. Not being detailed enough, this category has not been taken into account in the analysis. The persons employed are also classified according to the sector of economic activity to which their employing unit belongs: manufacturing industries, construction, trade and HoReCa, and services. The reference year is 1995 for all countries except for Sweden where it is 1996.

The Eurostat publication *Labour Force Survey, Results 1995* covers many more aspects of the EU labour force but without going into the breakdown by firm size.

([1]) We would like to thank Joachim Recktenwald and Didier Lesnicki of Eurostat's unit E1 for their kind cooperation.

The demographic and job structure of employment in small firms

Smaller firms employ more women

For all non-agricultural market sectors considered as a whole, in 1995, 44 % of all persons employed in EU-15 were women. In very small firms with a maximum of 10 persons the share of women goes up to 47 %, while in firms with at least 50 persons it decreases to 39 %. A higher percentage of women in very small firms can be found in all EU countries except Ireland, Denmark, Finland, Sweden and the United Kingdom. In Greece, Spain and Italy, the share of women in total employment is lower than the EU average, however, the relation between firm size and the employment share of women also applies. In Finland and Sweden, on the other hand, employment shows an above average share of women which is especially apparent in the service sector. One explanation for the higher percentage of women working in very small firms might be that they more often work as unpaid family workers, a sort of job which occurs typically in very small enterprises. In fact, all sectors considered as a whole, of the women working in very small firms 8,7 % are family workers, while it is only 3,9 % for all size classes together (men: 2,8 and 1,1 % respectively).

It is also interesting to see that extremely high differences between the share of women in very small and in small firms can be observed in the three German-speaking countries, Germany, Luxembourg and Austria.

In manufacturing industries and in construction, the share of men in total employment is above average, 71 and 89 % respectively for EU-15. However, very small manufacturers still employ relatively more women than larger ones; their share is 33 % compared to 29 % all size classes considered as a whole.

In services sectors, the general trend of less women working in larger businesses also applies, even though it is less accentuated. In fact, in several EU Member States, the share of women in the workforce is highest in businesses with a staff of 11 to 49 persons.

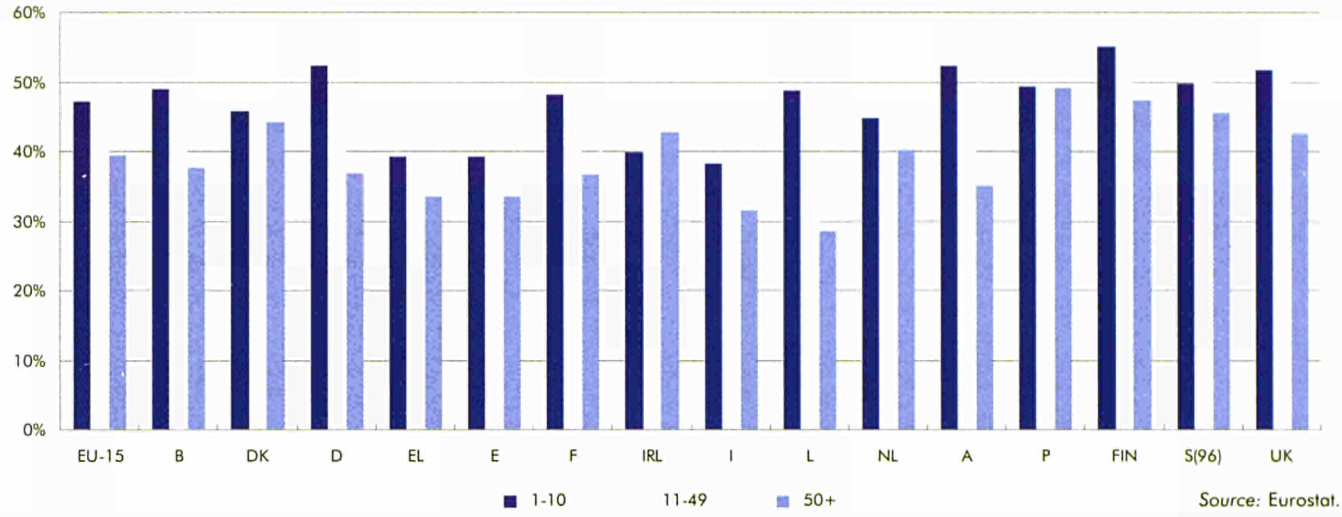
On the aggregated level of EU-15, there are as many men as women working in the trade and HoReCa area. This equality in the share of jobs between men and women applies to all firm sizes. Looking at the detail of the different countries, the share of women may sometimes be higher or lower in small firms, but no common rule can be established.

Breakdown of sectoral employment by sex and firm size (%) — EU-15 — 1995

	No of persons							
	1-10		11-49		50+		All sizes	
	Men	Women	Men	Women	Men	Women	Men	Women
Manufacturing	67,1	32,9	70,4	29,6	74,0	26,0	71,4	28,6
Construction *	89,3	16,7	89,6	10,4	89,5	10,5	89,4	16,6
Trade and HoReCa	49,0	51,0	52,4	47,6	49,3	50,7	49,9	50,1
Services	42,3	57,7	40,9	59,1	48,7	51,3	44,4	55,6
All sectors	53,0	47,0	55,6	44,4	60,7	39,3	56,4	43,6

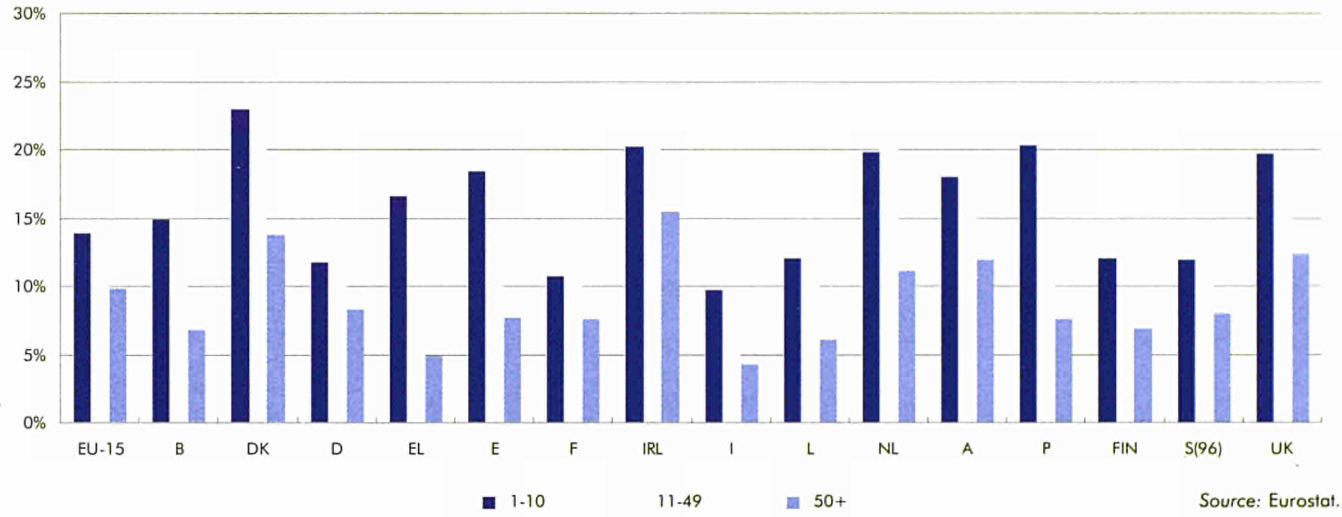
Source: Eurostat.

Share of women in total employment, all sectors — 1995



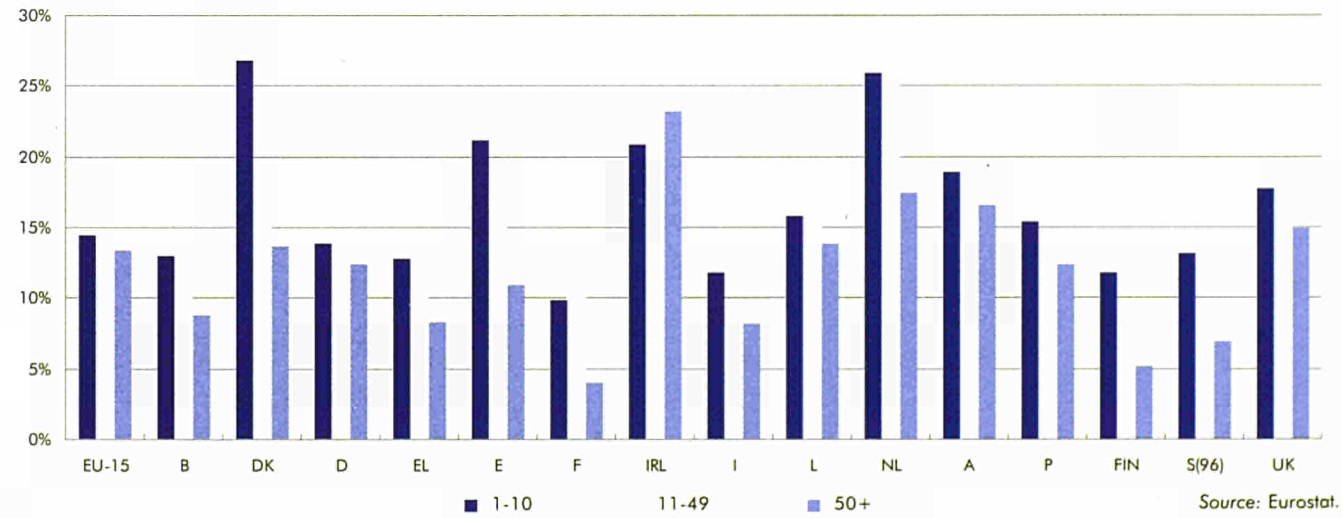
Source: Eurostat.

Share of young workers (15-24 years) in male persons employed — 1995



Source: Eurostat.

Share of young workers (15-24 years) in female persons employed — 1995



Source: Eurostat.

The demographic and job structure of employment in small firms

Smaller firms employ more younger workers

Looking at the average of all economic sectors, in most countries reviewed the share of young workers (between 15 and 24 years) in the total staff is higher in smaller firms. This applies for both men and women. The highest share of young employees can be found in the trade and HoReCa sector where approximately one fifth of both male and female workers are between 15 and 24 years (all sectors as a whole: 12 and 14 % respectively).

In most countries and over all size classes the share of young women is higher than for men. This reflects the later participation of women in the workforce in most countries. In fact, during the past 20 years a general increase can be observed in the participation rate of women, culminating at the beginning of the 1990s.

Finland and Sweden represent an exception: both are countries where the participation rate of women has traditionally been above average. As women here are in the working process for a longer than average time, the share of young female workers is lower than that of men, while, on the other hand, a greater share of women than men belongs to the highest age group.

One fifth of all self-employed with employees are women

Of the approximately 5,1 million self-employed persons who have at least one employee in the non-agricultural market sectors of EU-15, one fifth are women. Amongst the self-employed with employees, women are much less represented than in total employment as a whole. However, the share of women in the self-employed sector reaches 22 % in very small firms but is only 16 % in businesses with over 10 employees.

In the trade and HoReCa area as well as in services, women are more present than in other sectors; at least one quarter of all self-employed are female. In the very small trading and services businesses the rate of self-employed women goes up to 28 and 27 % respectively. In manufacturing, where there are generally less working women, the female rate of all self-employed is clearly lower and practically does not vary with the firm size. In construction, there are less than 5 % of self-employed who are female.

In EU-15, 13,9 million persons work completely on their own without employees. This way of working is the least common in manufacturing where only 3,4 % of all persons employed are concerned, compared to 9 % over all sectors together. In construction and in trade and HoReCa, rates even go up to 13 and 14 % respectively. While on average for EU-15, 29 % of all these self-employed are women, so are 35 % in trade and HoReCa and 36 % in services.

Breakdown of sectoral self-employment by sex and firm size (%) — EU-15 — 1995

		Without employees	Self-employed with ... employees 1-10	11-49	50+	All with employees
Manufacturing industries	Men	75,2	86,4	86,5	87,4	86,4
	Women	24,8	13,6	13,5	12,6	13,3
	All	100,0	100,0	100,0	100,0	100,0
Construction	Men	98,3	95,7	96,8	93,9	95,8
	Women	1,7	4,3	3,2	6,1	4,2
	All	100,0	100,0	100,0	100,0	100,0
Trade and HoReCa	Men	65,0	72,3	78,9	77,8	72,9
	Women	35,0	27,7	21,2	22,2	27,1
	All	100,0	100,0	100,0	100,0	100,0
Services	Men	63,9	73,5	80,4	82,6	74,6
	Women	36,1	26,5	19,6	17,4	25,4
	All	100,0	100,0	100,0	100,0	100,0
All sectors	Men	71,0	78,1	83,7	84,3	78,8
	Women	29,0	21,9	16,3	15,7	21,1
	All	100,0	100,0	100,0	100,0	100,0

Source: Eurostat.

Level of education: highest for the labour force in services

Looking at the four big economic areas — manufacturing, construction, trade and HoReCa and services — one can observe that it is in the service sectors where workers show the highest level of education. Both for men and women, roughly one third of persons working in services have a 'high' level of education, compared to an average over all sectors of 23 % of all men employed and 21 % of all women. The share of persons employed with a 'low' level is clearly lowest in services, just 24 % both for women and men compared to one third over all sectors.

By 'level of education' we understand different dimensions of a variable — the level may be 'high', 'medium' or 'low' — which combines information about the highest level of school education and the highest level of professional education. The matching of these two variables has been performed in order to eliminate a lack of comparability between the results of different countries. However, the direct comparison of percentages is to be avoided, while the focus is put more on the resemblance of size patterns.

Regarding the different firm size bands, no strong differences between the level of education of people working in smaller or larger service businesses can be observed. However, the aggregated view on EU-15 masks a certain size pattern of the female labour force, as in 9 of the 15 EU Member States the share of women with a high level of education is clearly greatest in small firms with 11 to 49 persons.

Manufacturing industries and construction: level of education goes up with increasing firm size

The bigger a firm in manufacturing industries or in the construction business, the higher qualified are the men working there: while only 12 % of men working in a very small manufacturing firm have a high level of qualification, it is 14 % in firms with 11 to 49 persons and 21 % in larger units with at least 50 persons. Germany, France and the Netherlands are the only countries where the share of men with a high level of education in very small firms is significantly higher than in those with a staff of 11 to 49 persons.

Accordingly, the share of men with a low level of qualification clearly decreases with increasing firm size, being 47 % in very small businesses and 31 % in the largest ones in manufacturing (construction: 48 % and 27 % respectively).

Although much fewer women work in the manufacturing business, it turns out to be the same result as for men, but less accentuated: the bigger the firm, the higher the qualification level of the staff. While 7 % of all female employees in manufacturing have a high qualification level, so do 11 % in the largest businesses. On the other hand, the qualification level of 50 % of women working in very small units is low, while only 45 % in the biggest firms. The presence of women in the construction business is too low to find certain size patterns by country. On the EU level, however, no clear interdependence of women's level of education and the size of the construction business they are working in can be found.

The fact that the level of education goes up with increasing firm size for both men and women may explain the finding that larger manufacturers and building contractors have significantly higher labour costs per person employed than small ones. In fact, average labour costs of manufacturing firms with 50 to 249 employees (medium-sized firms) may easily exceed those of very small ones by up to 10 to 80 %, while average costs of large enterprises with 250 or more employees can even be more than double those of the smallest ones ([1]).

([1]) See Eurostat: *Enterprises in Europe, Fourth Report*, Luxembourg 1996, pp. 75-81.

Level of education of male persons employed by sector and size class (%) EU-15 — 1995

	Education level	Firm size (No of persons) 1-10	11-49	50+	All sizes
Manufacturing industries	High	11,8	14,1	20,9	17,3
	Medium	41,5	48,4	48,0	46,4
	Low	46,7	37,5	31,1	36,3
	All levels	100,0	100,0	100,0	100,0
Construction	High	8,4	11,2	18,5	11,6
	Medium	43,9	57,2	54,5	50,3
	Low	47,7	31,6	27,0	38,1
	All levels	100,0	100,0	100,0	100,0
Trade and HoReCa	High	11,6	13,0	15,7	12,9
	Medium	45,5	53,5	51,7	48,9
	Low	42,9	33,5	32,6	38,2
	All levels	100,0	100,0	100,0	100,0
Services	High	34,5	37,3	39,9	37,4
	Medium	39,6	38,9	37,7	38,6
	Low	25,9	23,8	22,4	24,0
	All levels	100,0	100,0	100,0	100,0
All sectors	High	18,1	21,4	27,9	22,8
	Medium	42,3	47,5	45,2	44,6
	Low	39,6	31,1	26,9	32,6
	All levels	100,0	100,0	100,0	100,0

Source: Eurostat.

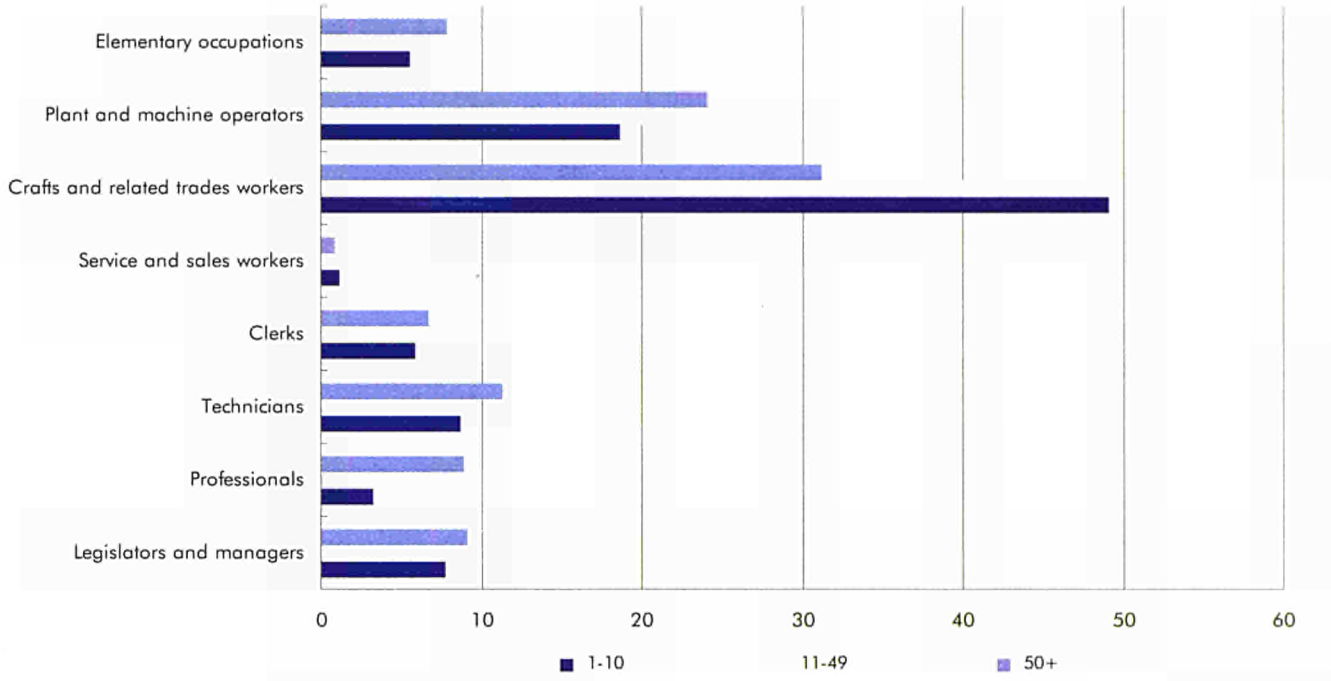
Level of education of female persons employed by sector and size class (%) EU-15 — 1995

	Education level	Firm size (No of persons) 1-10	11-49	50+	All sizes
Manufacturing industries	High	7,4	8,3	10,8	9,2
	Medium	42,2	45,1	44,2	43,8
	Low	50,4	46,5	45,0	47,0
	All levels	100,0	100,0	100,0	100,0
Construction	High	8,9	14,1	14,0	11,6
	Medium	56,7	64,8	58,8	59,5
	Low	34,5	21,1	27,2	29,0
	All levels	100,0	100,0	100,0	100,0
Trade and HoReCa	High	8,5	7,6	8,9	8,4
	Medium	47,4	52,8	49,7	49,2
	Low	44,1	39,6	41,3	42,4
	All levels	100,0	100,0	100,0	100,0
Services	High	28,0	35,5	35,0	32,3
	Medium	46,5	39,8	42,1	43,2
	Low	25,5	24,7	22,9	24,4
	All levels	100,0	100,0	100,0	100,0
All sectors	High	17,2	24,3	24,9	21,4
	Medium	44,5	44,8	45,1	44,8
	Low	38,3	30,8	30,0	33,8
	All levels	100,0	100,0	100,0	100,0

Source: Eurostat.

Breakdown of occupations by firm size (number of persons) (%) EU-13(*) — 1995

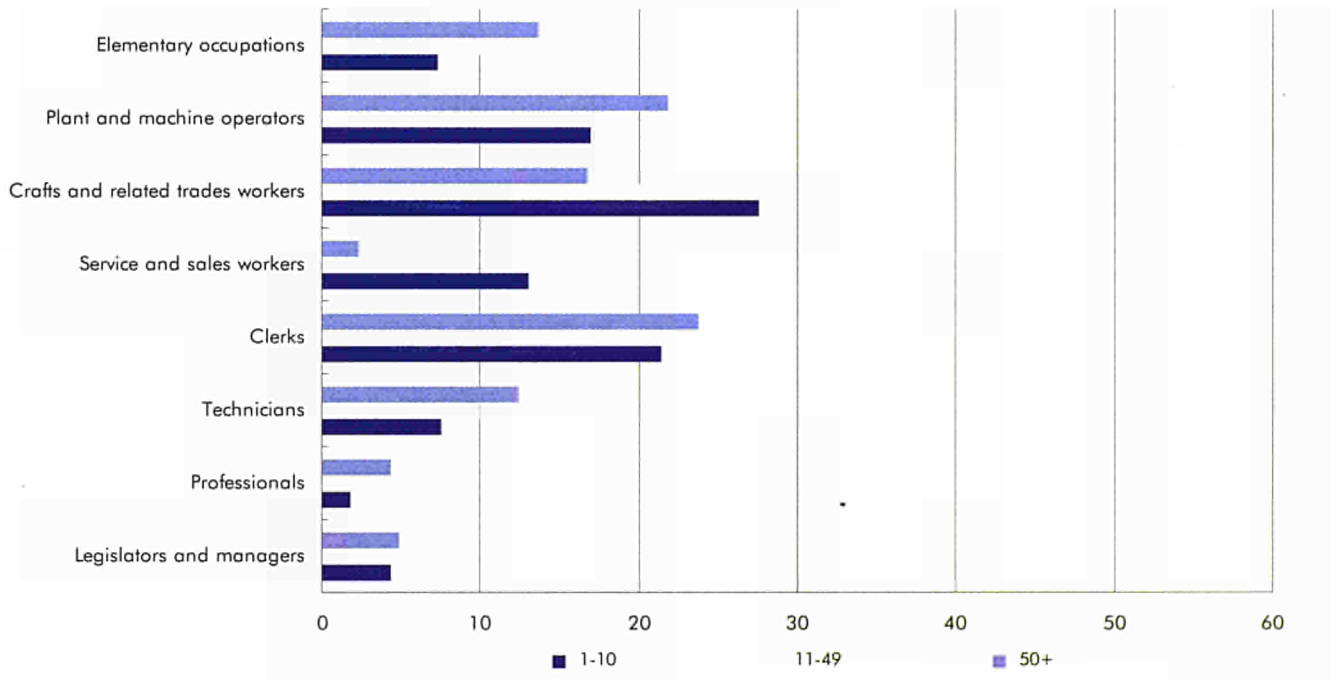
MEN in manufacturing industries



(*) Excluding Finland and Sweden.

Source: Eurostat.

WOMEN in manufacturing industries

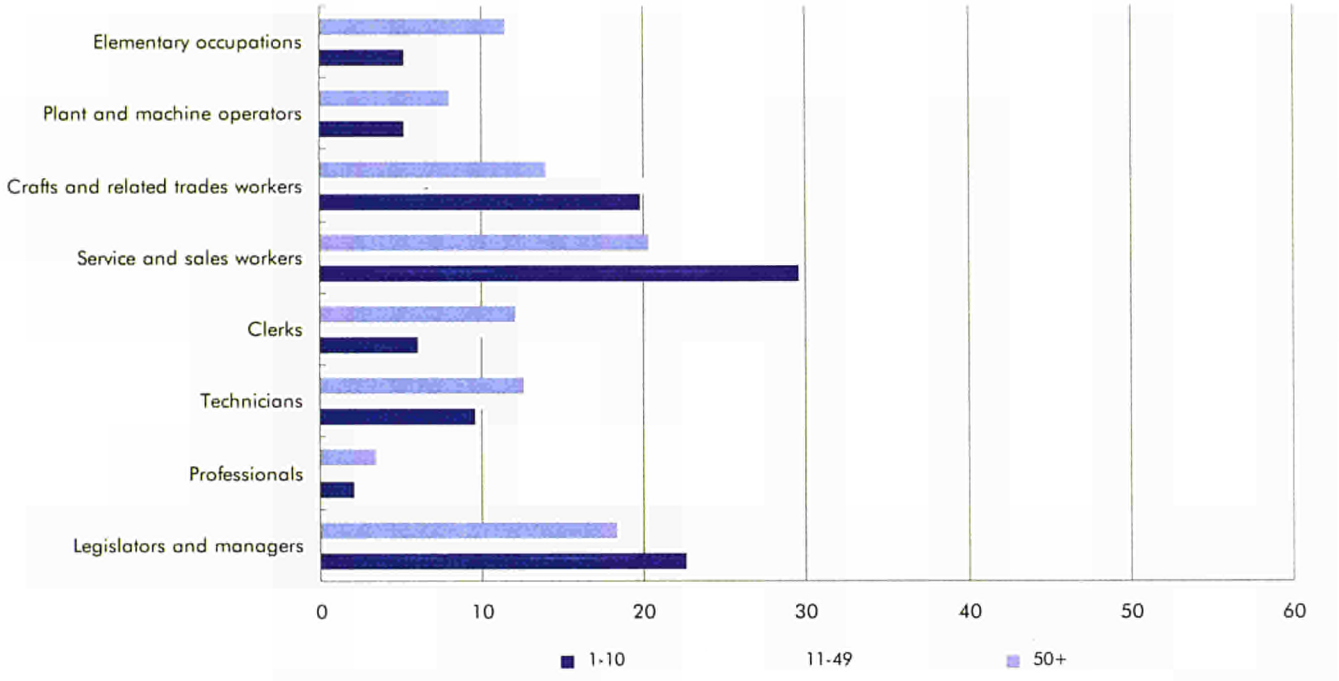


(*) Excluding Finland and Sweden.

Source: Eurostat.

Breakdown of occupations by firm size (number of persons) (%) EU-13(*) — 1995

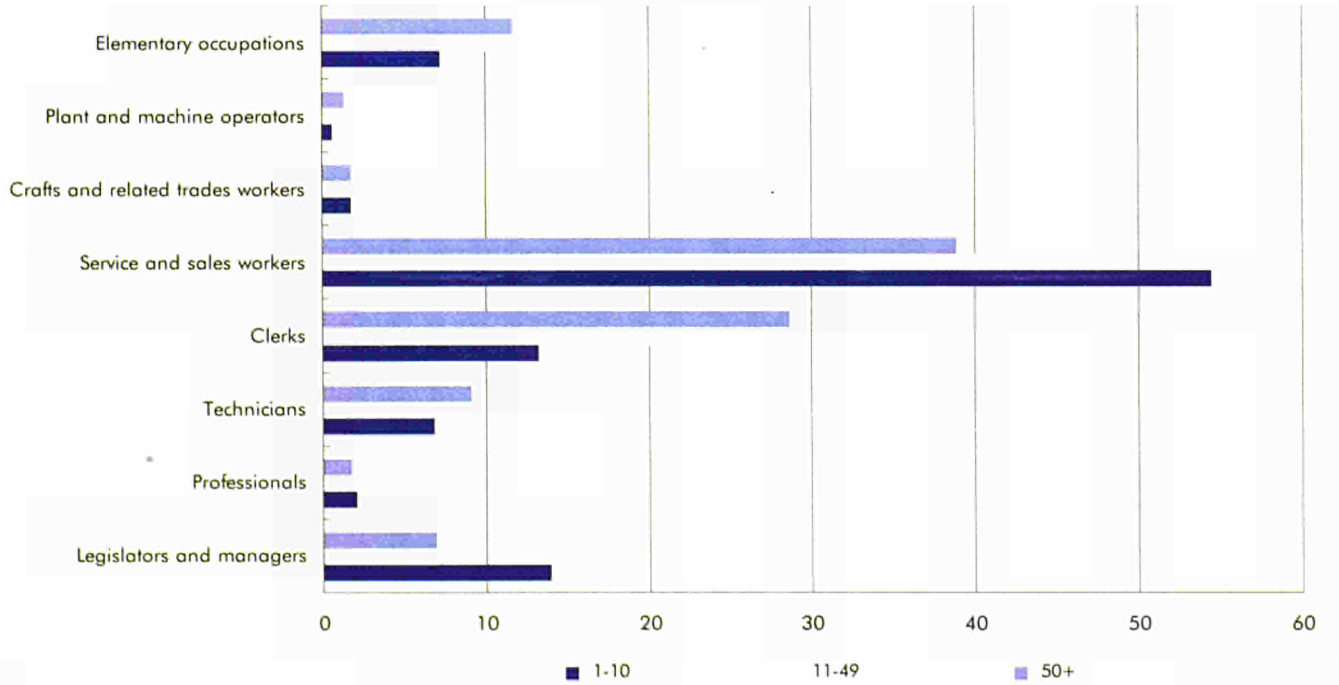
MEN in trade and HoReCa



(*) Excluding Finland and Sweden.

Source: Eurostat.

WOMEN in trade and HoReCa



(*) Excluding Finland and Sweden.

Source: Eurostat.

Manufacturing: a different professional structure of men and women, but the same firm size pattern

Men working in the manufacturing industries occupy more frequently than women technical jobs in crafts and related trades as plant and machine operators, but also positions of authority as legislators and managers and as scientists ('professionals'). Women, on the other hand, show a higher share of positions in administration ('clerks') and also in elementary occupations (unskilled workers).

But besides this division of occupations by sex, it turns out that occupations in manufacturing follow a certain pattern of firm size which is generally identical for men and women. The staff of larger manufacturers generally shows a higher share of managerial, scientific and administrative positions, but on the production side there are more 'basic' occupations such as, for example, plant and machine operators. Larger firms also employ a higher share of unskilled workers occupying the elementary positions.

On the other hand, there are many more persons working in crafts and related trades occupations in smaller firms. For this kind of occupation the difference between the smallest and the largest companies is close to 20 percentage points for the male persons employed.

Trade and HoReCa: more persons working in administrative jobs in larger firms

Women working in trade and HoReCa have more often than men a service or administrative occupation, while men work more often in the related crafts trades and in managerial positions. With increasing firm size, the services jobs in this sector lose importance, while there are more jobs in administration (clerks) as well as more elementary positions for unskilled workers. This result applies to both male and female employees. While 6 % of all men working in very small firms in this sectors are clerks, so are 12 % of the male employees of firms with 50 or more employees (women: 13 and 29 % respectively). On the other hand, in the smallest firms 30 % of the men are service and sales workers, while the share of men with this occupation is only 20 % in the largest businesses (women: 54 % and 39 % respectively).

Contrary to what is seen in manufacturing and in trade and HoReCa, in the services sectors the shares of different occupations do not follow any specific size pattern. As observed for the other sectors, there are differences in the occupational structure of men and women, but the levels of the different occupations are quite constant and do not vary with the firm size.

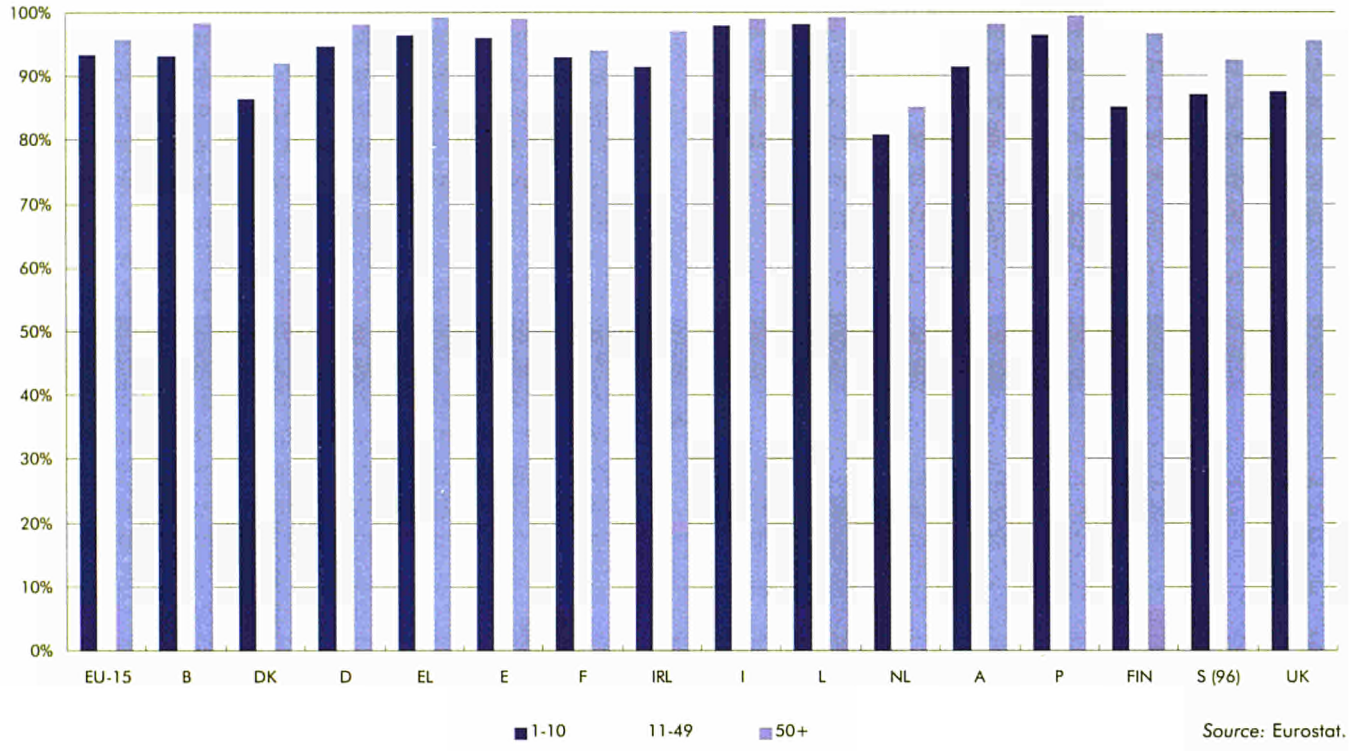
More part-time jobs in smaller firms

The smaller the size of a business, the more frequently people work part-time. As a consequence, in all EU countries the highest share of full-time jobs can be observed in larger firms with 50 or more persons. The relation found between firm size and the weight of full or part-time work appears to be quite stable. It can be found both for men and for women whose levels of full or part-time work are in general very different. On the EU-15 level, 95 % of all male persons employed have a full-time job, but only two thirds of all women, all market sectors considered as a whole.

But the relation also applies to very different country groups. For example, in Denmark, the Netherlands, Finland or Sweden part-time work is much more common than on average for Europe. In the southern European countries, on the contrary, labour markets are organised differently, and the share of persons working part-time is very low. However, both country groups show the same pattern of less full-time jobs in smaller firms.

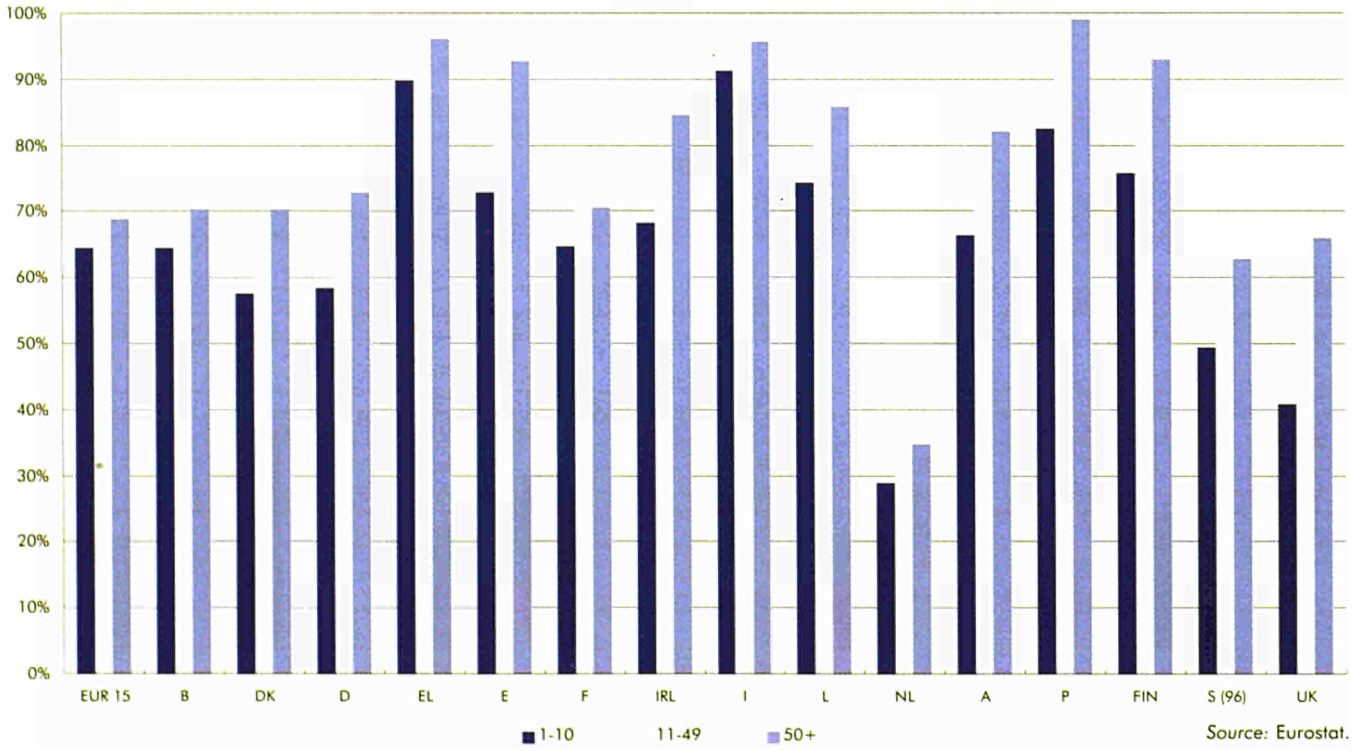
Share of persons working full-time by firm size (number of persons) — All sectors — 1995

MEN



Source: Eurostat.

WOMEN



Source: Eurostat.

2 THEMATIC ANALYSES

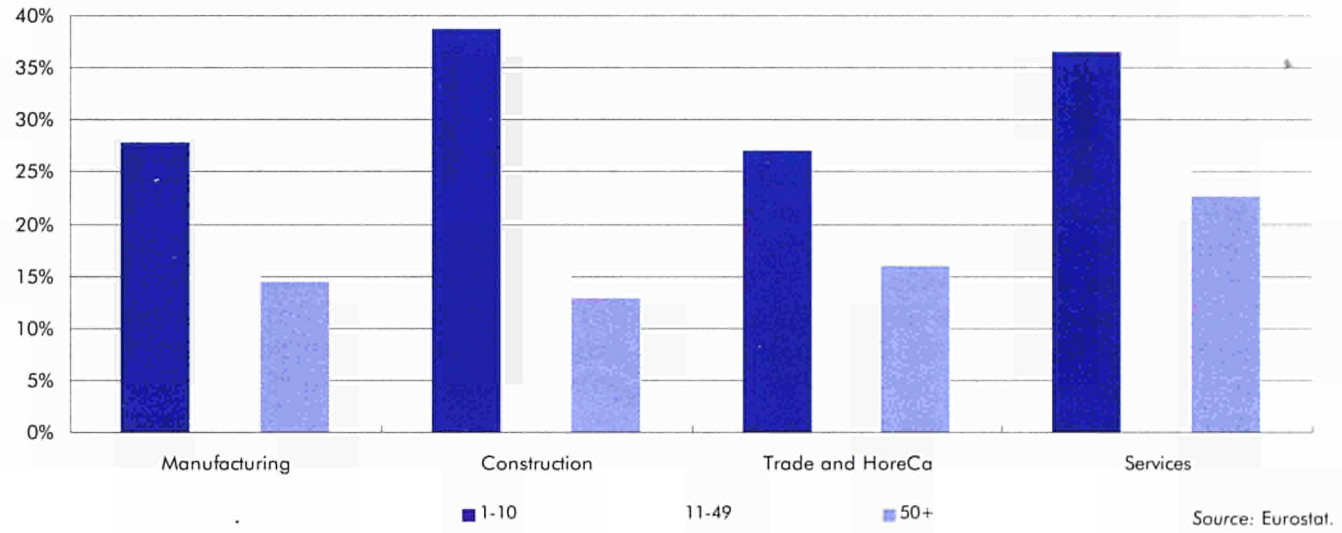
The demographic and job structure of employment in small firms

One fifth of part-time workers in small firms would prefer to work full-time

Only a certain number of the part-time workers really prefers not to have a full-time job. In fact, 26 % of all men working part-time and 16 % of all women did not manage to find a full-time job. In the smallest firms, the share of part-time workers who would prefer to work full-time is particularly significant. Part-time workers having a job in businesses with more than 10 persons employed, on the other hand, seem to work more often according to their own choice. This pattern applies to both men and women, but in all combinations of economic sectors and firm sizes the share of men who would prefer to work full-time is higher than that of women. In the construction business, the share of men working part-time because they did not find a full-time job reaches nearly 40 % in the smallest firms. On average, it is the services area where the share of part-time workers preferring a full-time job is highest.

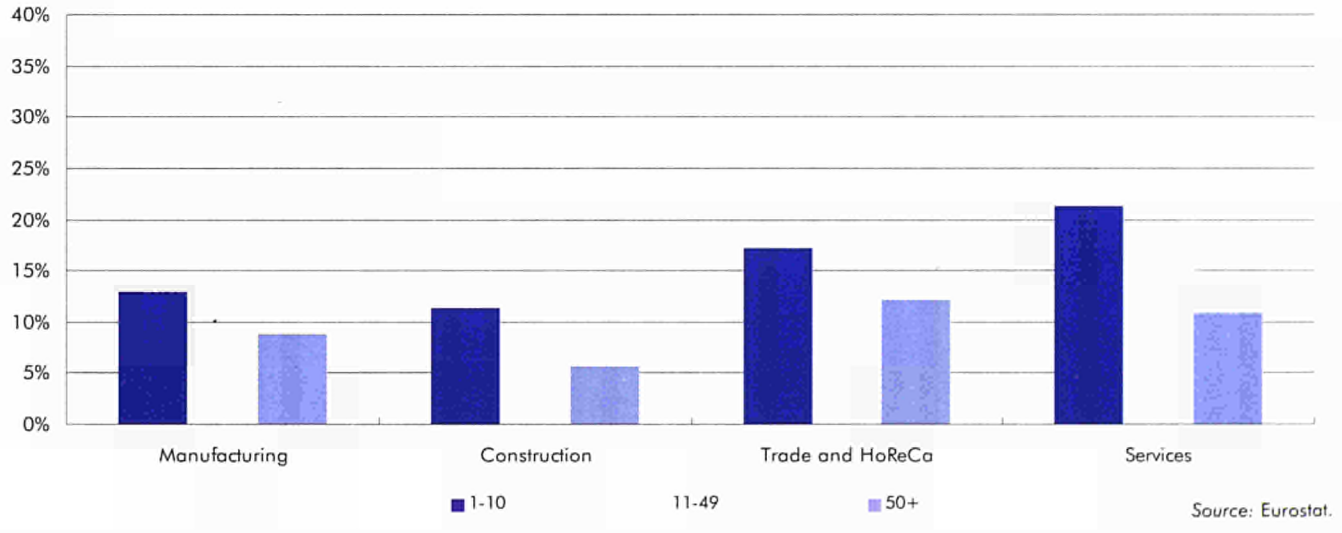
Share of part-time workers who did not find a full-time job — EU-15 1995
Breakdown by firm size (number of persons) — All sectors

MEN



Source: Eurostat.

WOMEN



Source: Eurostat.

The demographic and job structure of employment in small firms

Workers in very small firms less often have a permanent job

10 % of all men and 12 % of all women working in the non-agricultural market sectors in EU-15 have a job of limited duration. This may be due to different 'technical' reasons such as an apprenticeship or a probationary period. But people also work on limited contracts because no permanent job is to be found or because they are not interested in having a permanent contract. Whatever the reason for not having a permanent working contract might be, permanent jobs are less frequent in very small firms, for both women and men and in all economic sectors. The lowest share of permanent jobs can be observed for men working in very small construction businesses. Very small businesses might prefer to choose this way of employing workers in order to remain more flexible for adaptations to demand and financial constraints.

However, results for the different countries strongly reflect particularities in administrative and legislative conditions ([1]). The direct comparison of country levels of permanent or limited activities may therefore lead to inappropriate conclusions. This is the case if one compares the share of the different countries in the total number of the various kinds of jobs. For example, Spain accounts for 8 % of all persons in employment in EU-15 but for 23 % of all persons on limited contracts. On the other hand, only 11 % of the latter are to be found in the United Kingdom, while this country accounts for 17 % of all persons in employment.

([1]) See also European Commission: *Employment in Europe 1995*, Luxembourg 1995.

Breakdown of persons employed by the type of job (%) — EU-15 — 1995

Economic sector	Sex	Job	Firm size (No of persons)			
			1-10	11-49	50+	All sizes
Manufacturing industries	Men	Permanent	90,1	92,1	94,1	92,8
		Limited	9,9	7,9	5,9	7,2
		All jobs	100,0	100,0	100,0	100,0
	Women	Permanent	89,9	89,5	92,0	90,9
		Limited	10,1	10,5	8,0	9,1
		All jobs	100,0	100,0	100,0	100,0
Construction	Men	Permanent	79,8	85,8	89,9	84,3
		Limited	20,2	14,2	10,1	15,7
		All jobs	100,0	100,0	100,0	100,0
	Women	Permanent	90,5	88,7	90,8	90,0
		Limited	9,5	11,3	9,2	10,0
		All jobss	100,0	100,0	100,0	100,0
Trade and HoReCa	Men	Permanent	85,0	89,8	90,9	88,0
		Limited	15,0	10,2	9,1	12,0
		All jobs	100,0	100,0	100,0	100,0
	Women	Permanent	86,1	89,3	89,7	87,8
		Limited	13,9	10,7	10,3	12,2
		All jobs	100,0	100,0	100,0	100,0
Services	Men	Permanent	88,4	90,7	90,9	90,0
		Limited	11,6	9,3	9,1	10,0
		All jobs	100,0	100,0	100,0	100,0
	Women	Permanent	86,1	88,0	88,7	87,5
		Limited	13,9	12,0	11,3	12,5
		All jobs	100,0	100,0	100,0	100,0

Source: Eurostat.

The demographic and job structure of employment in small firms

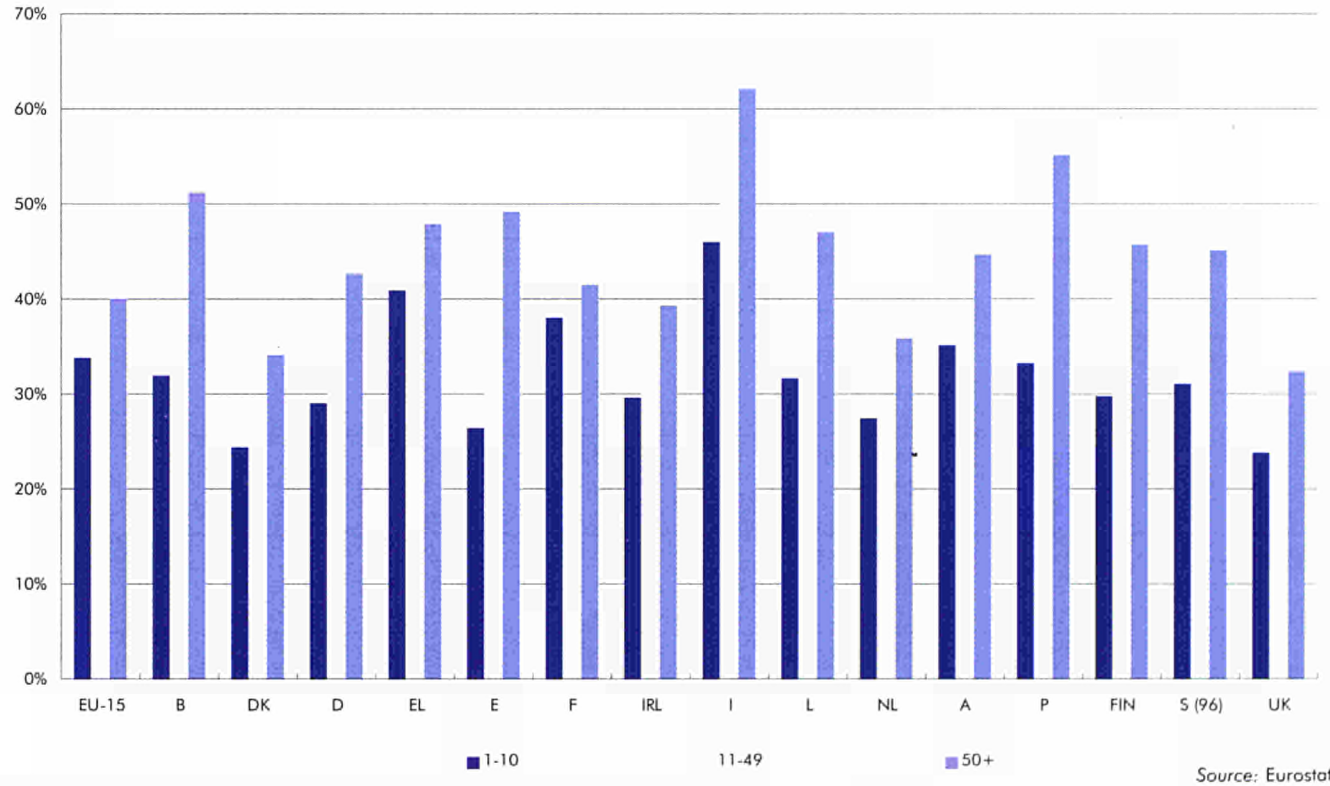
Workers stay longest with larger employers

Of all men working in firms with 50 or more persons employed, 45 % have had the same employer for more than 10 years (women: 33 %). The share of persons staying with the same employer for over 10 years is clearly highest in the largest businesses in most of the EU countries, a result which is masked to a certain extent when looking only at the aggregated figures for EU-15. It may be explained by a purely 'demographic' reason: newly created firms are mostly of very small size and, after five years of existence, on average 50 % of the new firms of one cohort have died ([1]). As a consequence, persons starting a job in a newly created very small enterprise might not even get the chance to stay with the same employer for more than a couple of years.

For both men and women, jobs seem to last the shortest time in the trading and HoReCa area. Only 28 % of all men and 22 % of women have had the same work place for over 10 years. This cannot only be explained by the huge volatility of firms and jobs in this sector but also because many persons work on seasonal contracts. Moreover, the relation between firm size and time worked for the same employer does not apply as strictly in this sector.

([1]) See Eurostat: *Enterprises in Europe, Fourth Report*, Luxembourg 1996, p. 62.

Share of persons employed being at the same employer for more than 10 years, by firm size (number of persons) — All sectors — EU-15 — 1995



Source: Eurostat.

Breakdown of persons employed by the time staying at the current employer (%) — EU-15 — 1995

Men	Firm size (No of persons)	No of years being at the same employer <5	5-10	>10	All
Manufacturing industries	1-10	46,0	19,4	34,6	100,0
	11-49	45,8	19,3	34,9	100,0
	50+	33,2	20,0	46,8	100,0
	All sizes	39,0	19,7	41,3	100,0
Construction	1-10	56,6	15,1	28,3	100,0
	11-49	56,1	16,3	27,6	100,0
	50+	45,7	18,0	36,4	100,0
	All sizes	53,9	16,1	30,0	100,0
Trade and HoReCa	1-10	54,3	17,6	28,2	100,0
	11-49	57,9	17,2	24,9	100,0
	50+	51,0	18,5	30,5	100,0
	All sizes	54,5	17,7	27,8	100,0
Services	1-10	42,2	16,5	41,3	100,0
	11-49	44,8	18,3	36,9	100,0
	50+	37,9	18,7	43,4	100,0
	All sizes	41,0	17,8	41,2	100,0

Women	Firm size (No of persons)	No of years being at the same employer <5	5-10	>10	All
Manufacturing industries	1-10	50,3	20,5	29,2	100,0
	11-49	51,9	20,1	28,0	100,0
	50+	44,0	21,1	34,9	100,0
	All sizes	47,6	20,7	31,7	100,0
Construction	1-10	50,3	16,2	33,5	100,0
	11-49	55,7	18,0	26,3	100,0
	50+	48,7	22,7	28,6	100,0
	All sizes	51,4	18,3	30,4	100,0
Trade and HoReCa	1-10	59,9	17,4	22,7	100,0
	11-49	63,2	17,3	19,6	100,0
	50+	58,6	20,5	20,9	100,0
	All sizes	60,4	18,1	21,5	100,0
Services	1-10	50,9	17,9	31,3	100,0
	11-49	48,5	20,1	31,4	100,0
	50+	45,1	21,5	33,4	100,0
	All sizes	48,2	19,7	32,0	100,0

Source: Eurostat.

ANNEX

Description of the variables of the European Labour Force Survey questionnaire used for this study

The numbering of the variables in the list below refers to the numbering used in the Eurostat publication *The European Labour Force Survey, Methods and definitions*, Luxembourg 1996.

Variable number	Variable table	Description
2		*Sex*
	1	Male
	2	Female
3/4		*Year of birth*
	15-24	1971-80
	25-49	1946-70
	50+	Before 1946
15		*Professional status*
	1	Self-employed with employees
	2	Self-employed without employees
	3	Employee
	4	Family worker
16/17	*NACE Rev.1*	*Economic activity of the local unit of the establishment*
	D	Manufacturing industries
	F	Construction
	G+H	Trade and HoReCa
	I, J, K, M, N, O	Services
18/20	*ISCO-88(COM):*	*Occupation*
	1	Legislators, senior officials and managers
	2	Professionals
	3	Technicians and associate professionals
	4	Clerks
	5	Service workers and shop and market sales workers
	7	Crafts and related trades workers
	8	Plant and machine operators and assemblers
	9	Elementary occupations
21/22		*Number or persons working at the local unit of the establishment*
	01-10 + 14	1 to 10 persons
	11 + 12	11 to 49 persons
	13	50 or more persons
	15	10 or more persons
	01-15	Total
27/28		*Year in which a person started working in current employment*
	< 1	
	1-5	
	6-10	
	10+	
31		*Full-time / Part-time distinction*
	1	Full-time job
	2, 3, 5-7	Part-time job (training, illness, no full-time job wanted, other reasons)
	4	Person could not find a full-time job
32		*Permanency of the job*
	1	Permanent job
	2-6	Temporary job
86/87		*Education level*
	86: 4 or 87: 5, 6, 7	High level
	86: 3 or 87: 2, 4	Medium level
	86: 1,2,5 or 87: 1, 3, 8	Low level

After a period of economic growth at the end of the 1980s, the first half of the 1990s was characterised by a stagnation in the EU manufacturing industry: enterprise cessations, slowing down of the industrial production and an overall employment decline.

Previous studies have shown that the effects of the economic slump observed during this period, though not independent from sectoral changes, were also different when looking at the size of the units. For instance — as presented in the fourth report of *Enterprises in Europe* — it came out that, in most of the activity sectors, the largest enterprises had been more affected by employment losses than the small and medium-sized enterprises (SMEs).

To complete this outcome — but also to put new statistical techniques to the test — Eurostat has launched a 'longitudinal study'. The basic idea was to analyse further the diverse behaviours of the enterprises, according to their size, over a definite period of time.

Being a 'pilot' exercise, this longitudinal study only refers to 11 industrial sectors and to five countries — Denmark, France, Portugal, Finland and Sweden — as well as one German *Länder* (Lower Saxony). The reference period covers the years 1990 to 1994 (1992 to 1994 for Denmark).

First conclusions obtained from the analysis of the longitudinal data are given in this article. Mainly focused on the employment issue, these conclusions complete the results presented on the employment creation in the article entitled 'Enterprise demography and employment creation'.

In brief ...

- Whatever the country, a general employment decline is observed for the selected sectors covered by the longitudinal study. Nevertheless, SMEs — and more particularly the smallest units — performed better than the large enterprises in regard to employment changes over the reference period.
- During the stagnation period of the early 1990s, production or turnover changes showed their best results in the medium sized enterprises, and more precisely those occupying between 50 and 99 employees.
- Large units generally faced an employment decline between 1990 and 1994, together with changes of personnel costs per head well above the general mean. Combined with a positive evolution of the apparent labour productivity, these changes seem to reflect job restructuring towards more skilled workers.
- Smallest enterprises which survived the recession years show better profitability growth rates than the large ones. However, smallest units are also the most hit by closures.

THE ORGANISATION OF THE SME PROJECT LONGITUDINAL STUDY AND ITS RELATED ANALYTICAL TOOLS

This pilot study basically corresponds to what is known as a 'cohort study'. A number of units (enterprises or local units according to the country) were selected at the beginning of the reference period, i.e. usually in 1990. Each of these units was attached to a definite stratum in 1990 — resulting from a sector and employment size class combination — and has been followed through time, up to the end of the reference period, i.e. 1994. Therefore, only those units, which remained active all the time between 1990 and 1994, were taken into account for the analyses. They are called 'longitudinal units'. New units entering the population were, thus, disregarded which, in turn, implied that the subset of units was not representative all along the period under review.

Due to the exploratory nature of this longitudinal study, the data request had been simplified as much as possible. So, for instance, the coverage of a limited number of industrial sectors and an optional participation which explains why results for only six 'countries' are presented in this paper: Denmark, France, Portugal, Finland, Sweden and the German *Länder* of Lower Saxony.

Assessing to which extent each enterprise diverges from the overall average sectoral growth rates recorded for the reference period will allow the identification of enterprise micro-groups. If a micro-group shows a better growth rate than the overall average, it is said to perform above average. On the contrary, if the growth rate is lower, it is said to perform below average. Consequently, the sum of enterprises of one sector classified under the above and under the below average groups coincides to the total population of enterprises of that corresponding sector in the subset, regardless of their performance ([1]).

Most of the comments on the longitudinal data made in this paper are the result of the calculation of the relative weights of each micro-group in the total population of a particular sector. Then, writing that a certain size class is over-represented (under-represented) means that the weight of the units of that particular size class in all the above or all the below average units is higher (lower) than its corresponding weight in the total sectoral population.

(1) However, one has to pay attention when interpreting the above or below average trends. Indeed, an above the overall sectoral average employment growth rate, for instance, does not necessarily mean that employment has grown between 1990 and 1994. As an example, in the Finnish wearing apparel industry, the 105 sampled units showed an average employment decrease of around 39 % between 1990 and 1994. The 76 enterprises which performed above their overall sectoral average growth rate (i.e. minus 39 %) presented a decrease of 22 % between 1990 and 1994, with growth rate ranking from minus 4 % to minus 28 % according to the size class.

The SME tabular data allows us to evaluate, at definite points in time, the value of different variables — like employment, turnover or value added — broken down by sector and employment size class. It is then possible, for instance, to answer questions relating to the yearly changes in employment in the different size classes or to follow, year by year, the weight of each size class in the total turnover. But such analyses — based on what is referred to as 'cross-sectional data' — are limited in the sense that they rely on values collected at specified dates and, therefore, only give a partial picture of the various changes affecting the population of enterprises. Longitudinal data, however, is constructed by linking units through time. As a result, it permits a better assessment over a period of time of the potential courses followed by the enterprises forming that population.

Consequently, longitudinal studies allow the identification of enterprise 'micro-groups', i.e. groups of enterprises sharing a same characteristic (units presenting better employment growth rates than the corresponding average sectoral rate, units showing both below the overall sectoral average changes in their employment and in their production, and so forth). Using the data collected in the framework of the SME Project longitudinal study, we will try, in this paper, to identify such micro-groups and to determine whether they are related to size classes.

The longitudinal study is briefly described in the separate box on the previous page. Since longitudinal data requires the manipulation of more complex analytical tools than the usual cross-sectional data, it is strongly recommended to read this box, which also presents the terminology used to describe the performance of each enterprise micro-group. More details, as well as sector definitions, are given at the end of this chapter (pages 137 and 138).

SMALL ENTERPRISES GENERALLY PRESENT A BETTER PERFORMANCE AS REGARDS EMPLOYMENT

Data for the number of persons employed (employees for Sweden) shows that, during the reference period and in most of the selected sectors, employment clearly decreased in all countries reviewed. Cutbacks were especially strong in the wearing apparel and accessories industry, where in some countries job losses of almost 40 % could be counted (Finland and Sweden). However, also in the other branches the employment decline reached easily up to 20 % in several countries.

Economic decline in the industrial activities: different patterns according to the size and the sector

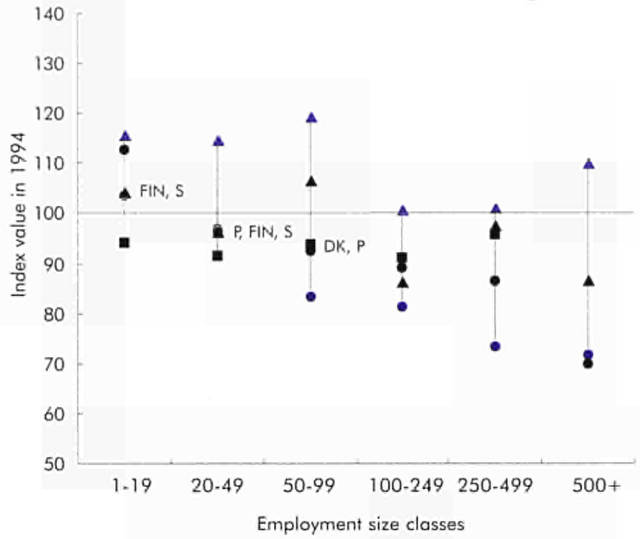
The employment decline did not hit all size strata to the same extent. Instead, large firms (250 employees or more) usually faced a stronger rate of employment decrease. This can be observed from the first set of graphs illustrating the employment changes by size class over the reference period (see Figure on the next page). This pattern shows the most clearly in the human food and beverages industry, the wearing apparel manufacturing, the plastic sheets and plates industry, the office machinery, the computers and communication apparatus manufacturing and the production of medical, precision and optical instruments. In the other sectors, such a correlation between the size and the rate of employment change is not clear.

This size pattern, which is also observed in cross-sectional data, is more obvious here because shifts between size classes are not taken into account in the study, i.e. units remained in their 1990 size class throughout the reference period.

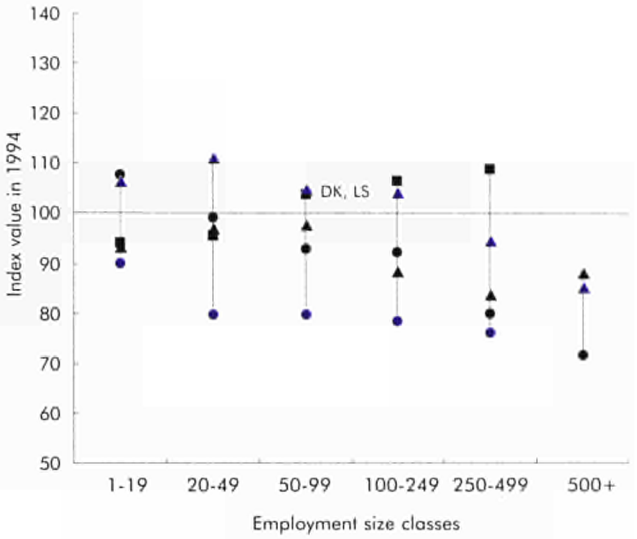
2 THEMATIC ANALYSES
Five years in the life of enterprises

Employment changes by size class over the reference period — results by sector

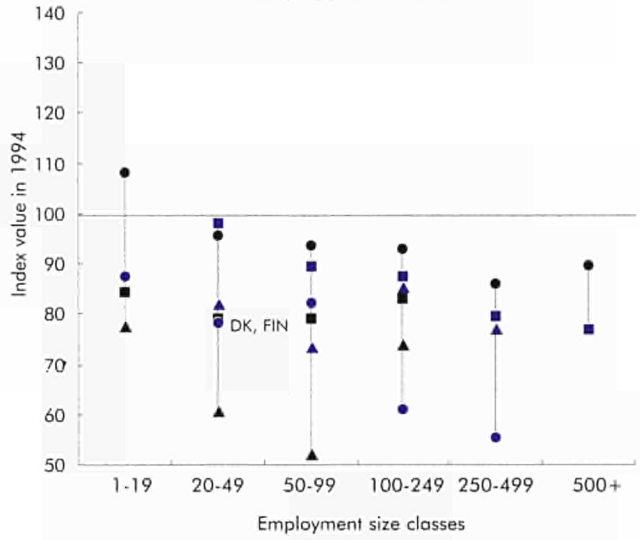
S1A — Human current food and beverages



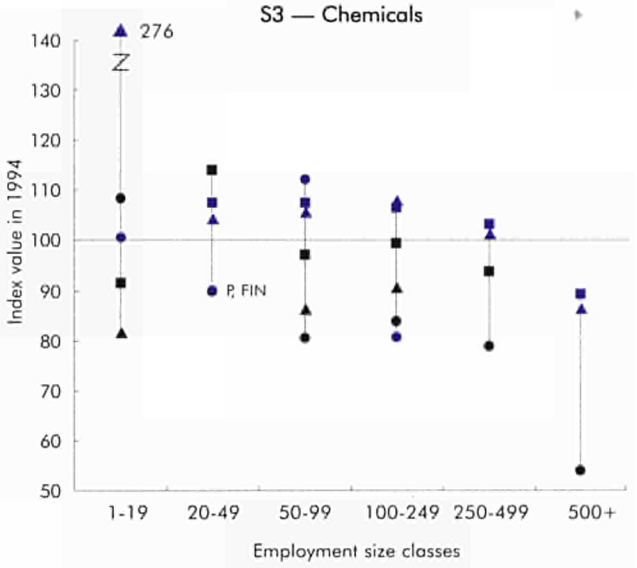
S1B — Other food



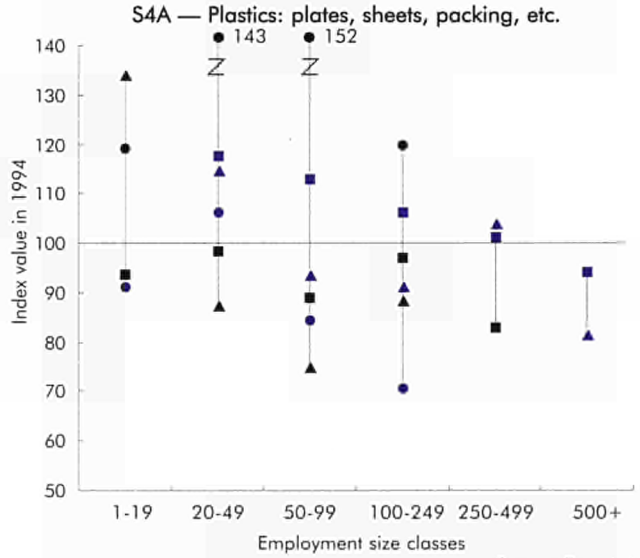
S2 — Wearing apparel and accessories



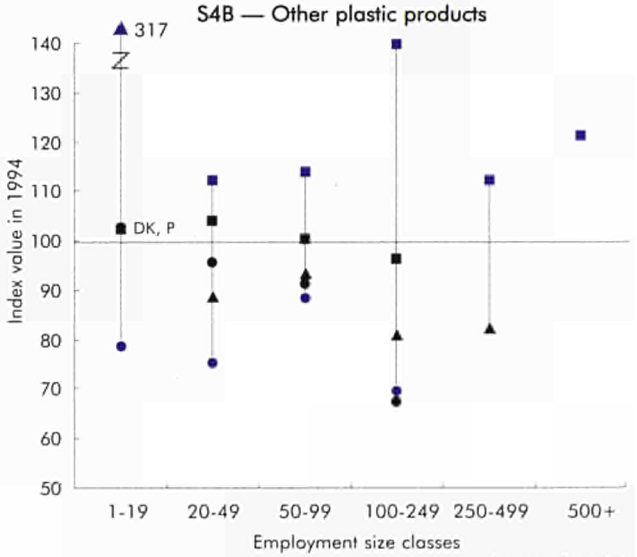
S3 — Chemicals



S4A — Plastics: plates, sheets, packing, etc.



S4B — Other plastic products



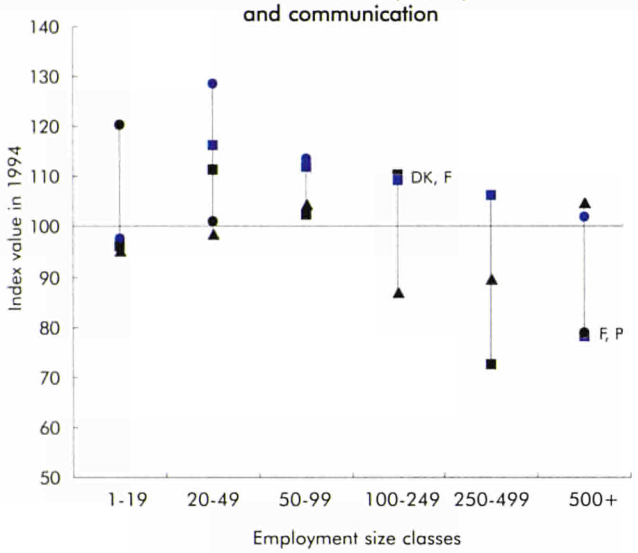
Source: Eurostat.

Source: Eurostat.

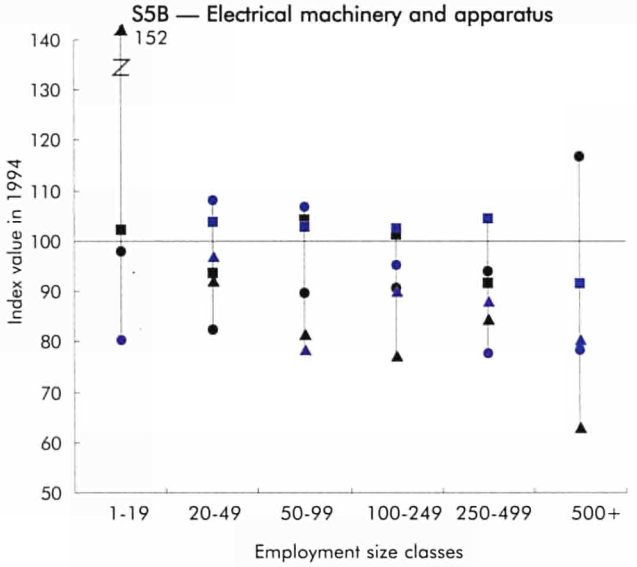
■ Denmark ■ France ● Portugal ● Finland ▲ Sweden ▲ Lower Saxony

Employment changes by size class over the reference period — results by sector

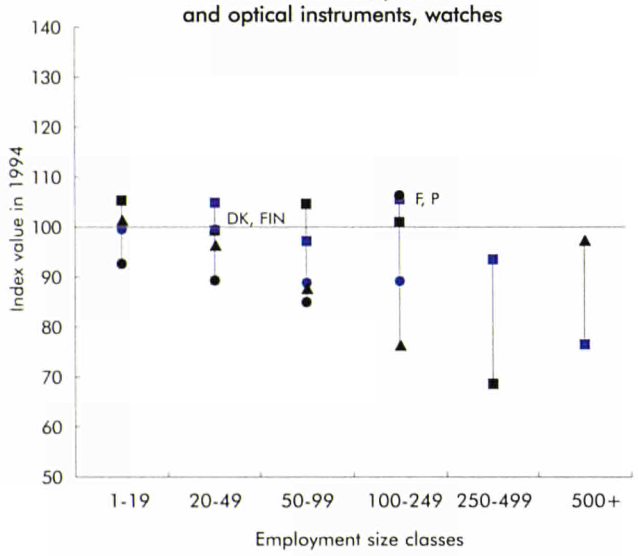
S5A — Office machinery, computers and communication



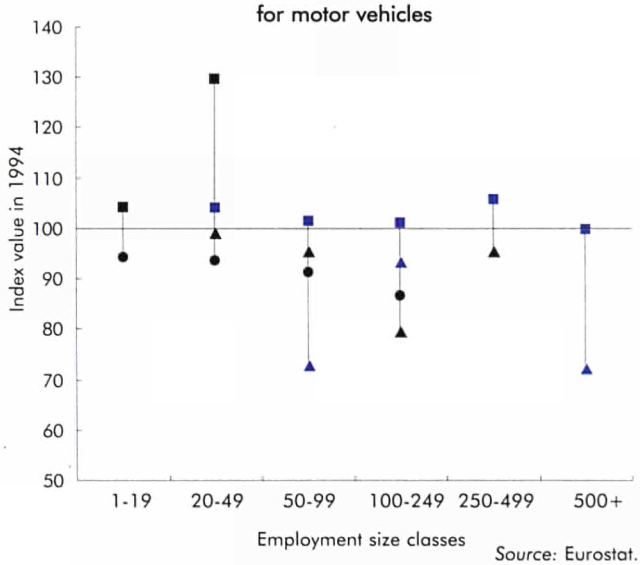
S5B — Electrical machinery and apparatus



S5C — Medical, precision and optical instrumentes, watches



S6B — Parts and accessories for motor vehicles



Source: Eurostat.

HOW TO READ THESE GRAPHS

The markers represent the level of employment as recorded at the end of the reference period. Data is expressed as indexes with a value of 100 at the beginning of the reference period (i.e. 1990 or 1992 = 100). Indexes relating to cases where less than five enterprises are counted are not reproduced (not relevant or confidential results).

NOTES

- Employment: number of persons employed (number of employees for Sweden);
- Size classes: expressed in terms of employees (persons employed for Finland and Lower Saxony);
- Denmark: reference period is 1992-94 and to size class 50-499 employees corresponds data for enterprises with 250 employees or more;
- Lower Saxony: data recorded in graph S4A corresponds to sector S4, i.e. S4A + S4B.

■ Denmark ■ France ● Portugal ● Finland ▲ Sweden ▲ Lower Saxony

More small firms amongst the units which perform rather better than their sector as a whole

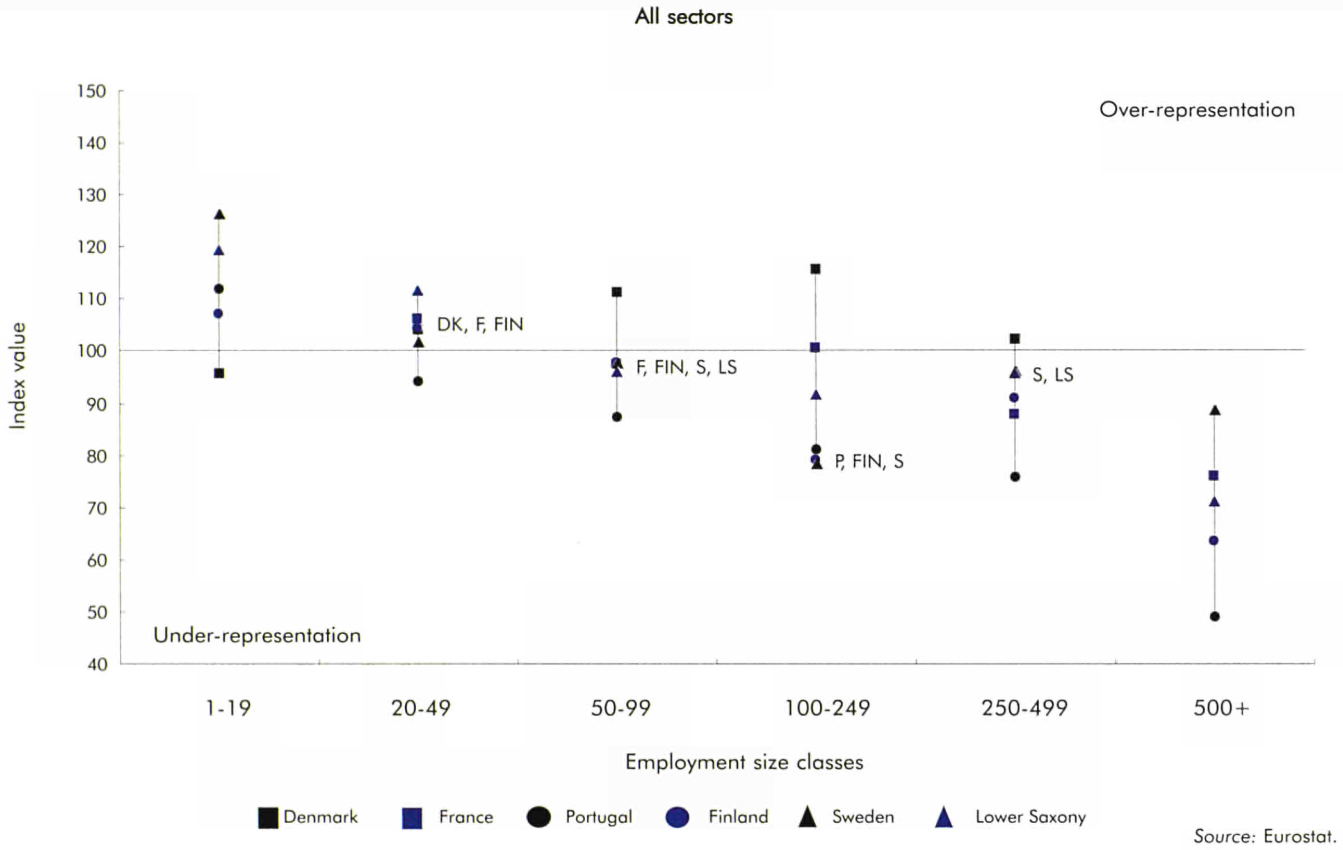
These differences in employment changes can be explained by distributing the enterprises according to the fact that they performed above or below their overall sectoral average employment growth rate between 1990 and 1994. In general, the small enterprises (1 to 49 employees) performed better than the medium (50 to 249 employees) and, mainly, the large enterprises if analysing employment changes. The weight of small units in the total number of units showing better growth rates than the average is bigger than their corresponding weight in the total population under review — i.e. they are over-represented in the above average businesses. This undoubtedly comes out in Figure (on the next page) aggregating all sectors together: the smallest size classes are over-represented in the enterprises having performed above average for all the countries but one and, inversely, the large enterprises are under-represented for all the countries reviewed. As an example, in Sweden, the weight of smallest enterprises (1 to 19 employees) is around 14 % in the employment of all the reviewed units. This percentage is a bit less than 18 % if looking only to those enterprises which had an above average growth rate between 1990 and 1994, and around 8 % if looking only to those enterprises which had a below average growth rate between 1990 and 1994. Hence, an over-representation of the smallest size class as shown in the Figure on page 121.

Looking at the same type of results at the sectoral level shows that, whatever the country, it is in the human food and beverages industry that such a pattern — a higher weight of small firms in the more dynamic businesses and, on the other hand, a below average performance of the larger units — turns out the most clearly. Quite a similar pattern is observed for the chemical industry as well as for the plastic plates, sheets and packing and, to a lesser extent, for the other food industries and for the wearing apparel manufacturing. In the other economic sectors, the evolution of the different groups of enterprises is more diverse between the countries.

Do small businesses also perform better when looking at other characteristics?

A rapid screening of changes in other variables than employment shows, that at first sight, there exists much less clear size class patterns. Specific sectoral characteristics seem to play a more prominent role as a factor explaining the different performances of enterprises over the reference period, with regard to turnover or value added for instance. Nevertheless, when looking at the weight of each size class within the businesses performing above or below average, some evidence turns up. For all the sectors as a whole, as far as total personnel costs are concerned, larger enterprises are more present in the below average performance group, whatever the country chosen — reflecting the employment decrease already put forward. Similar results are observed for turnover and production. On the contrary, medium-sized firms, and more precisely those employing between 50 and 99 employees, usually performed better for these three variables.

Weight of enterprises with an above average employment change over the reference period
Results by size class for all the sectors together



Source: Eurostat.

HOW TO READ THIS GRAPH?

The markers represent the weight of the enterprises which experienced above average employment changes over the reference period. Results are presented as indexes where a value of 100 corresponds to the weight of all units regardless of their performance. Hence, an index value higher than 100 means that the weight of the enterprises belonging to a particular size class in all the above average enterprises is higher than its corresponding weight in the total population: over-representation. Vice versa to define under-representation.

NOTES

- Statistical unit: enterprise (local unit for Lower Saxony);
- Size classes: expressed in terms of employees (persons employed for Finland and Lower Saxony);
- Denmark: reference period is 1992-94 and to size class 250 to 499 employees corresponds data for enterprises with 250 employees or more;
- France: without sectors S1A and S1B;
- Lower Saxony: without sectors S5A, S5C and S6A.

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Five years in the life of enterprises

EMPLOYMENT AND PERFORMANCE OF THE ENTERPRISES

Combining results obtained for two different variables makes it possible to break down units into four possible options for each of the covered sectors and size classes: both variables are above average (+, +), both are below average (–, –) or one is above and the other below average (+, –) or (–, +).

Combinations for employment (L) and production (PT) as well as for employment and average personnel costs (APC) are analysed below.

Attitude towards the recession of the early 1990s: more negative impacts on employment in larger units

As it can be observed from the series of graphs in figures ([1]) on the following pages, the most striking point when performing the joint analysis of employment and production changes is that the large enterprises are usually over-represented in the below average combination for both variables (L–, PT–). The most perceptible exceptions to this situation relate to the chemical sector (Finland), the office machinery, computers and communication industry (Finland), the electrical machinery (Sweden), the manufacture of medical, precision and optical instruments (Finland) and the accessories for motor vehicles (Sweden) where the biggest enterprises, instead, are under-represented.

On the other hand, the small enterprises are frequently over-represented in the (L+, PT+) combination. Noticeable exceptions occur in the other plastic products (France, Finland), the electrical and optical equipment (Finland) and the motor vehicles industry (France). In the (L+, PT–) combination, the small enterprises are also over-represented with deviations only observed for the plastic plates and sheets (France) as well as for the other plastic products (Sweden).

The picture is more contrasted for the medium-sized enterprises. In Portugal and Sweden, over-representations tend to be more numerous in the (L–, PT+) and (L–, PT–) combinations, whereas for the other countries no undeniable trends emerge.

This analysis can be complemented by results relating to a series of indicators that are calculated for each of the groups of enterprises pertaining to one of the four possible combinations. Indicators were computed both at the beginning and at the end of the reference period and they related to measures of performance, profitability and cost structure. For those expressed in terms of national currencies, they have been deflated — by using the corresponding sectoral domestic industrial production price indexes — so to obtain the 'real' or 'volume' growth rates. Hence we obtain a better cross-country comparability. Finally, due to the actual stage of data analysis, only results for all the sectors as a whole will be presented.

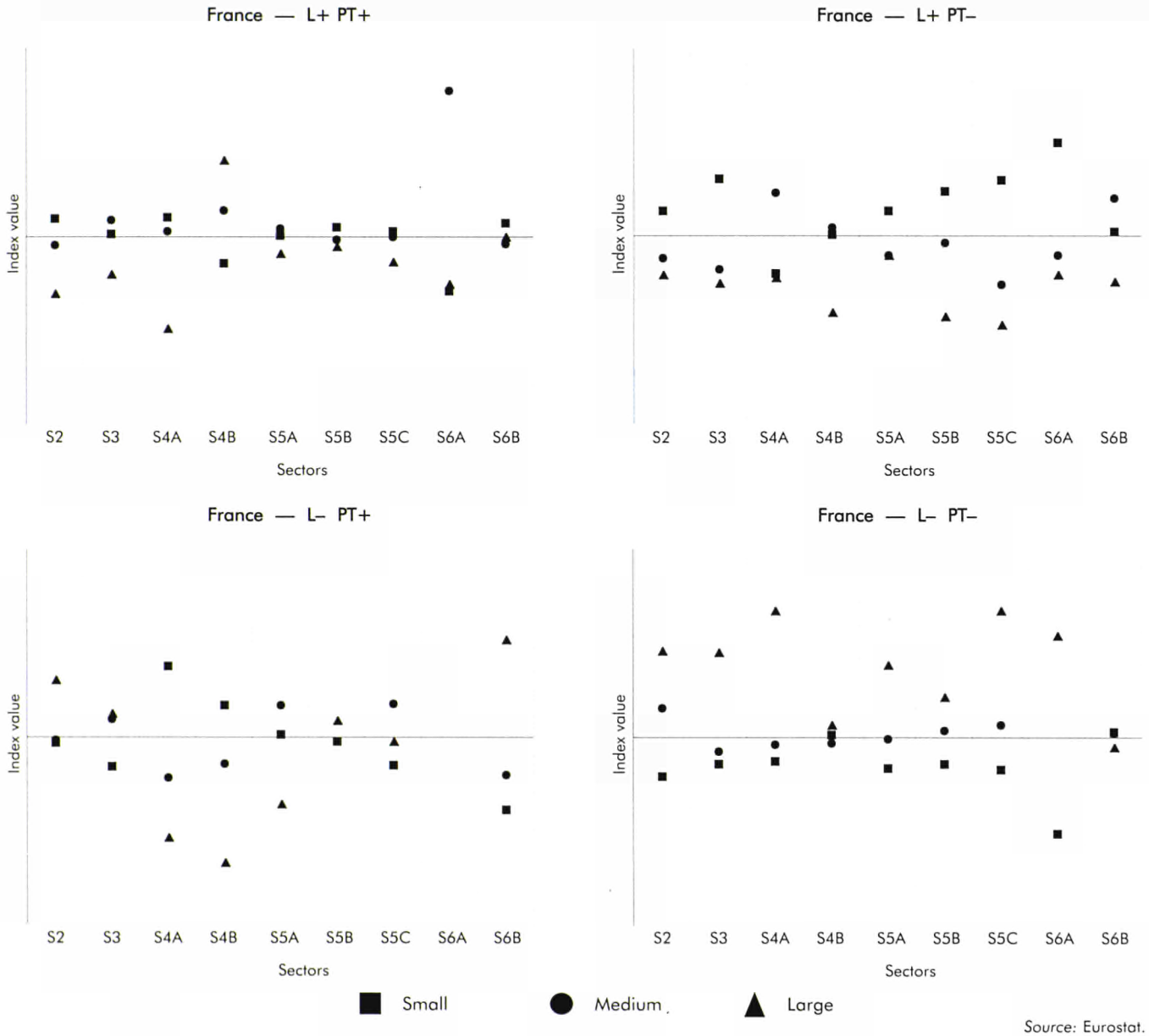
Better performance and profitability over the period when an above average production growth has been encountered

A first set of indicators relates to measures of enterprise performance: total turnover per head, production value per head and apparent labour productivity (calculated as gross value added at factor costs per head). Looking at the growth rates of these indicators for the employment–production combinations shows that most of the units which experienced an above average production growth over the reference period have also recorded a growth — in constant prices — for these three ratios. This observation is even more striking if looking only at units which, besides an above average production change, also undergone a below average growth for employment, i.e. (L–, PT+) combination.

These results are in fact quite evident, at least for the turnover and production per head. From the third indicator, it can be concluded that a better 'real' apparent labour productivity growth goes together with an above average production change. Only large Swedish units present a rather different pattern: most of them ameliorated their apparent productivity if they faced a below average production growth between 1990 and 1994 than the opposite.

([1]) No data available for Denmark.

Weight of enterprises by size class according to employment and production changes over the reference period — Results by sector



Source: Eurostat.

HOW TO READ THESE GRAPHS?

The markers represent the weight of the enterprises according to the changes they experienced over the reference period for both employment and production. Results are presented as indexes where a value of 100 corresponds to the weight of all units regardless of their performance. Hence, an index value higher than 100 means that the weight of the employment-production combination of that particular size class is higher than the weight of all the enterprises pertaining to that size class: over-representation. Vice versa to define under-representation. Indexes relating to cases where not enough enterprises are counted are not reproduced because they lead to not relevant results.

NOTES

- Employment: number of persons employed;
- Production: value excluding VAT;
- Size classes: expressed in terms of employees;
- Small enterprises correspond to units with 20 to 49 employees.

EMPLOYMENT — PRODUCTION COMBINATIONS

- L+ PT+ over the reference period, both employment and production changes were above average;
- L+ PT– over the reference period, employment changes were above average and production changes below average;
- L– PT+ over the reference period, employment changes were below average and production changes above average;
- L– PT– over the reference period, both employment and production changes were below average.

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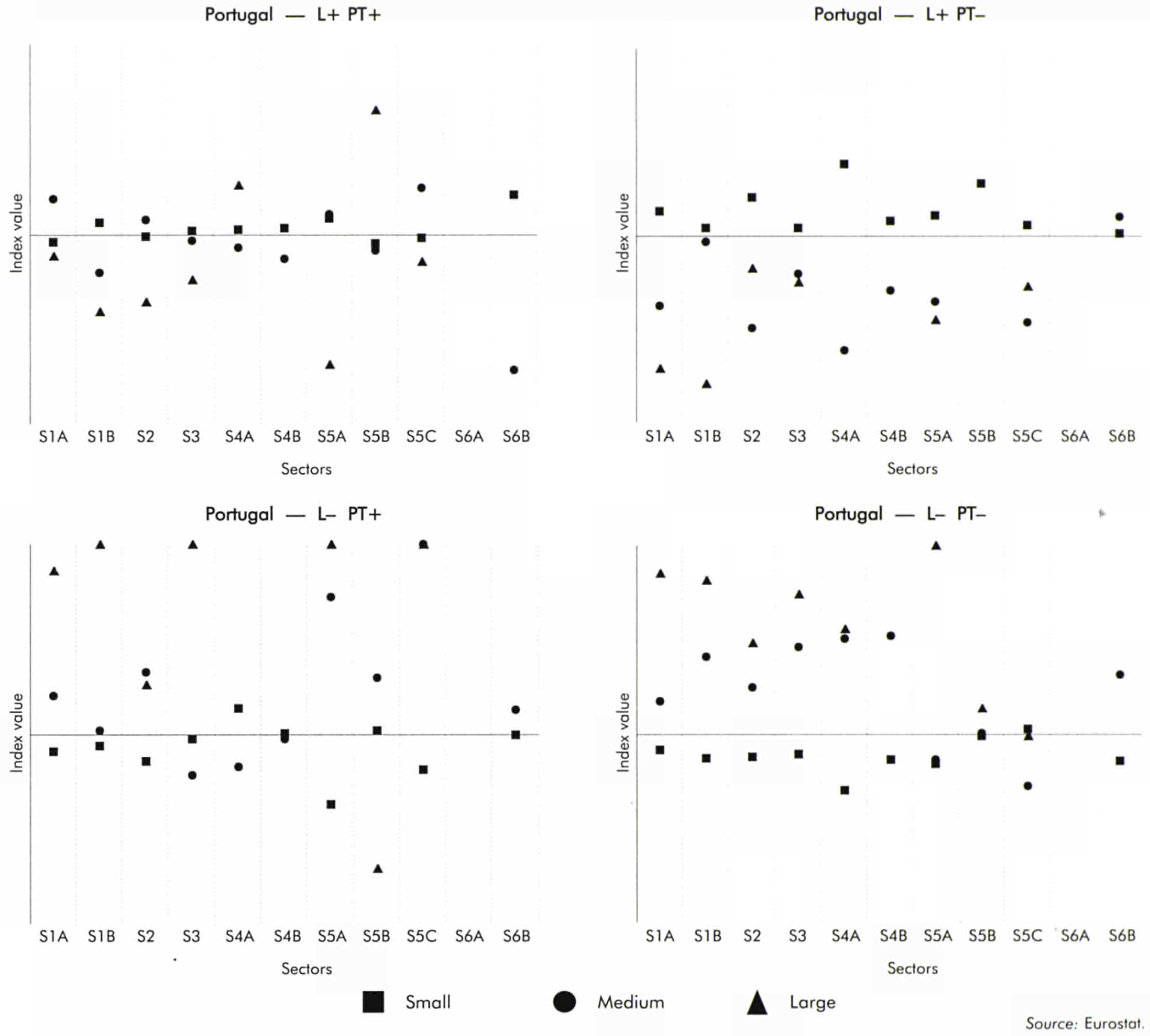
Weight of enterprises by size class according to employment and production changes over the reference period — Results by sector



Source: Eurostat.

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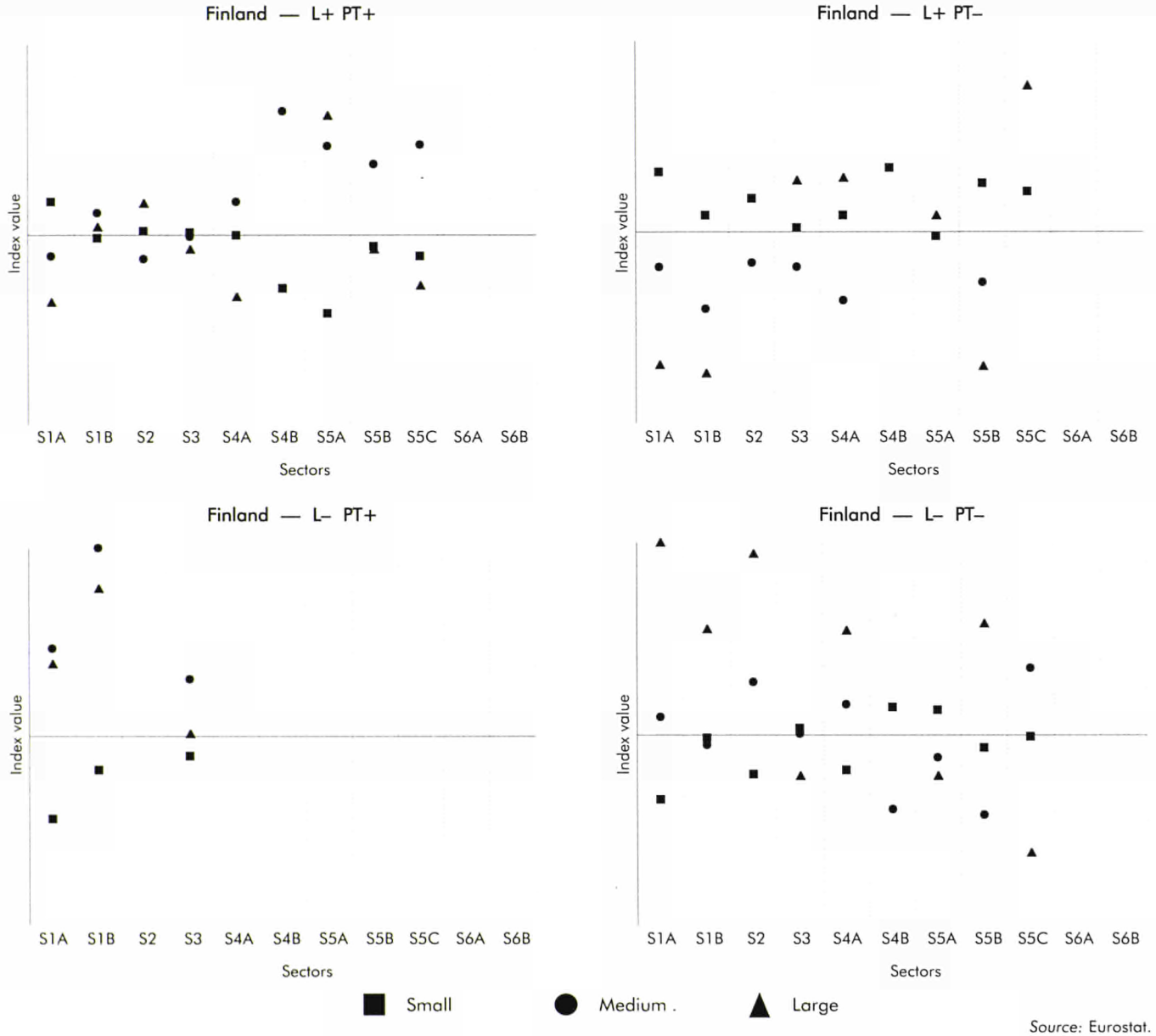
NOTES

- Employment: number of persons employed;
- Production: value excluding VAT;
- Size classes: expressed in terms of employees.

EMPLOYMENT — PRODUCTION COMBINATIONS

- L+ PT+ over the reference period, both employment and production changes were above average;
- L+ PT– over the reference period, employment changes were above average and production changes below average;
- L– PT+ over the reference period, employment changes were below average and production changes above average;
- L– PT– over the reference period, both employment and production changes were below average.

Weight of enterprises by size class according to employment and production changes over the reference period — Results by sector



Source: Eurostat.

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NOTES

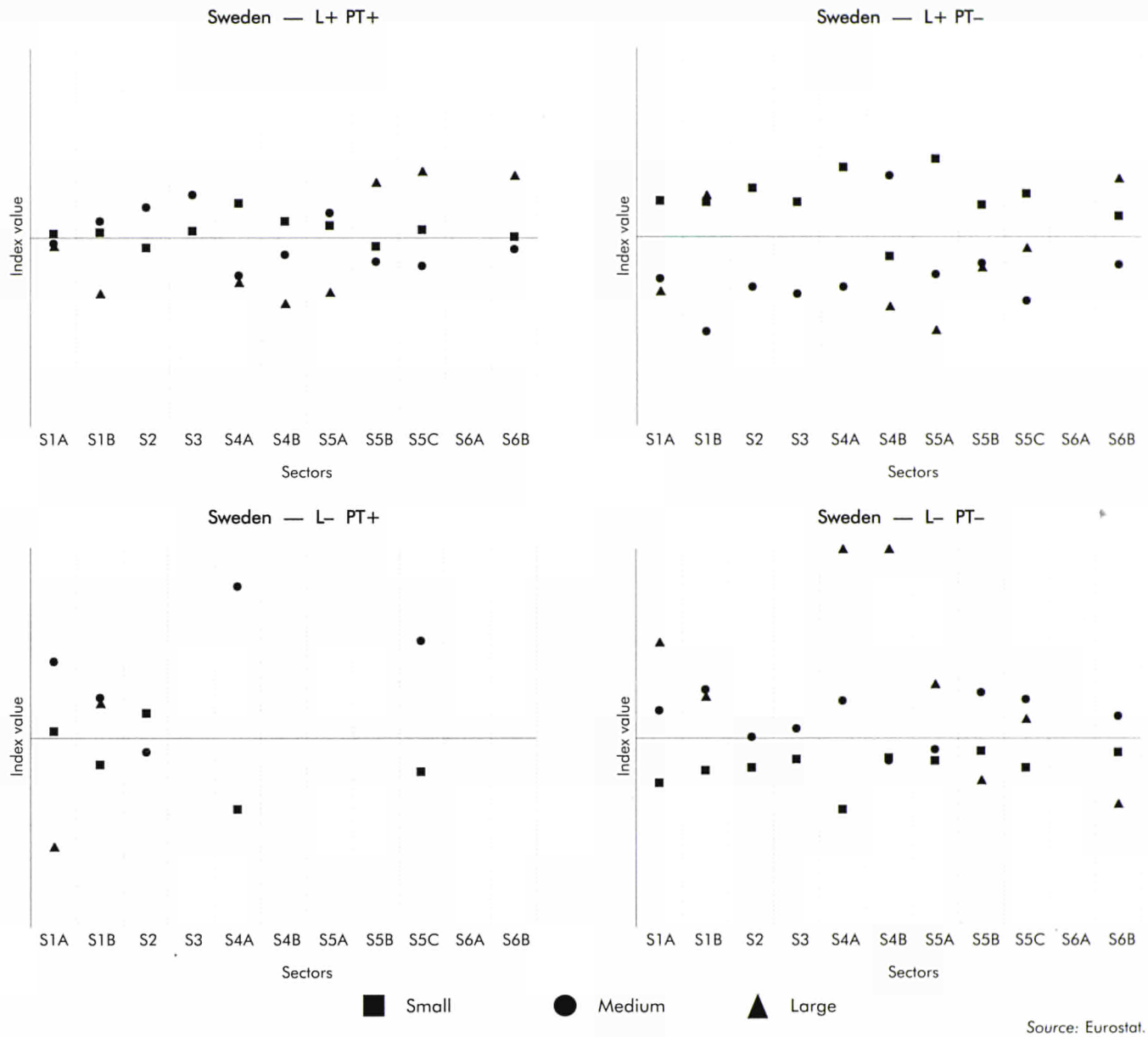
- Employment: number of persons employed;
- Production: value excluding VAT;
- Size classes: expressed in terms of persons employed.

EMPLOYMENT — PRODUCTION COMBINATIONS

- L+ PT+ over the reference period, both employment and production changes were above average;
- L+ PT– over the reference period, employment changes were above average and production changes below average;
- L– PT+ over the reference period, employment changes were below average and production changes above average;
- L– PT– over the reference period, both employment and production changes were below average.

2 THEMATIC ANALYSES
Five years in the life of enterprises

Weight of enterprises by size class according to employment and production changes over the reference period — Results by sector



Source: Eurostat.

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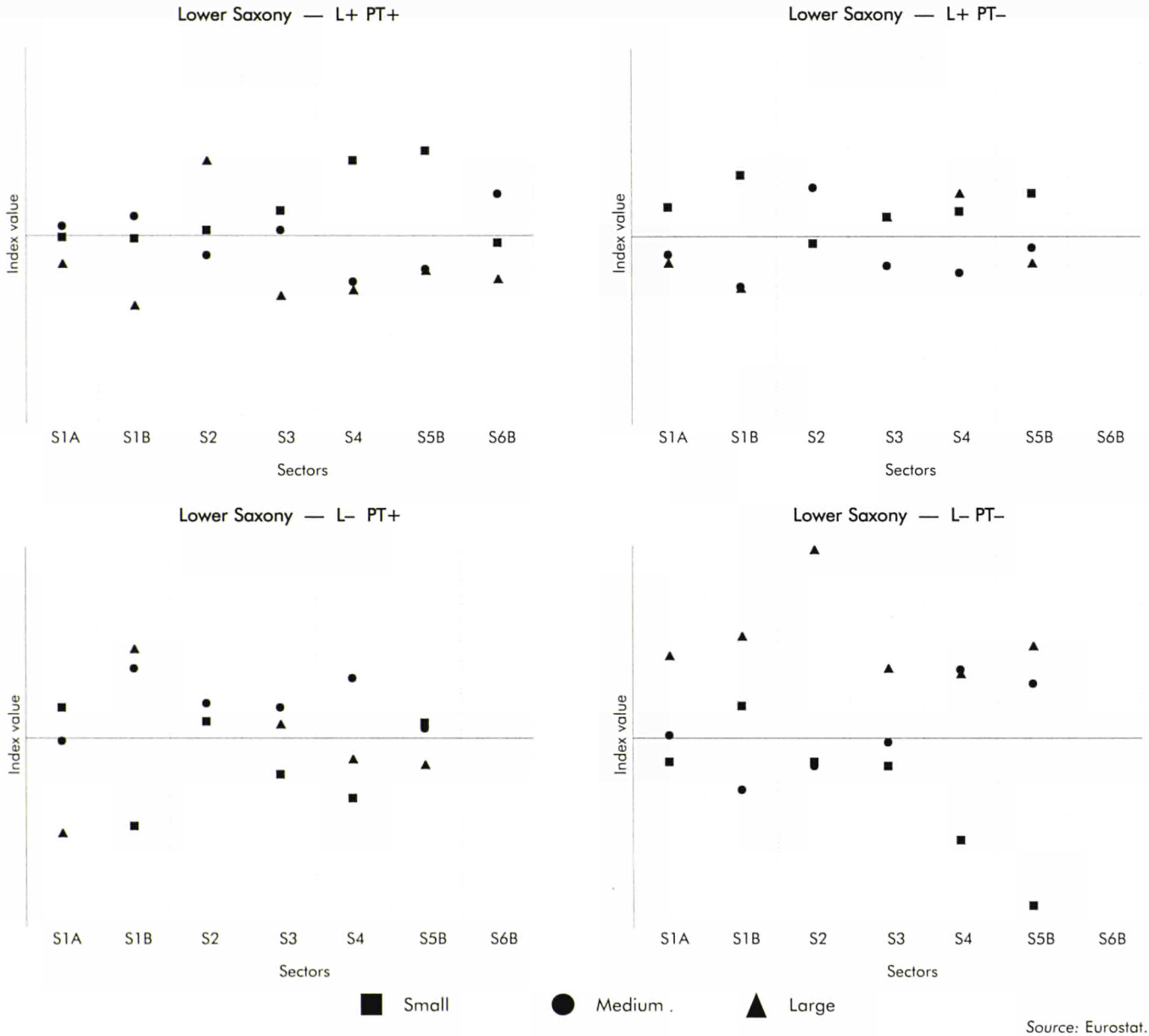
NOTES

- Employment: number of employees;
- Production: total turnover;
- Size classes: expressed in terms of employees;

EMPLOYMENT — PRODUCTION COMBINATIONS

- L+ PT+ over the reference period, both employment and production changes were above average;
- L+ PT– over the reference period, employment changes were above average and production changes below average;
- L– PT+ over the reference period, employment changes were below average and production changes above average;
- L– PT– over the reference period, both employment and production changes were below average.

Weight of enterprises by size class according to employment and production changes over the reference period — Results by sector



Source: Eurostat.

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NOTES

- Employment: number of persons employed;
- Production: value excluding VAT;
- Size classes: expressed in terms of persons employed;

EMPLOYMENT — PRODUCTION COMBINATIONS

- L+ PT+ over the reference period, both employment and production changes were above average;
- L+ PT– over the reference period, employment changes were above average and production changes below average;
- L– PT+ over the reference period, employment changes were below average and production changes above average;
- L– PT– over the reference period, both employment and production changes were below average.

The gross operating rate — i.e. the gross operating surplus divided by turnover — is a measure to assess enterprise profitability. This indicator can be used as a proxy to the amount of resources available, within companies, to remunerate the capital ([1]). Results observed are in line with those obtained for the apparent labour productivity. In all countries reviewed, except Sweden, an above average production growth leads to a higher rate of units which increased their profitability indicator. Again, this rate is even higher if, at the same time, employment encountered a below average trend, i.e. (L–, PT+). Nevertheless, large firms usually show lower growth rates than SMEs for this indicator. This could be seen as a negative impact of the recession that was more perceptible in the larger enterprises than in the others.

Enterprise micro-groups which performed better as regard production usually increased their average personnel costs

An additional interesting result obtained from the indicators is that those enterprises which had an above average production growth rate over the reference period also seem to have experienced an increase of their labour costs per head at constant prices. This is particularly true for the largest enterprises and if combined with a below average trend for employment: all the large and medium-sized groups of businesses which are recorded in the (L–, PT+) combination faced an increase of their average real personnel costs. This is the case for the five countries reviewed (indicator not available for Denmark). Such an observation can also be done for the smallest units, but to a lesser extent. Anyway, that seems to illustrate the fact that units which did rather better over the period, as far as production is concerned, are those which restructured employment: decrease (or slower increase than the overall sectoral average) together with higher real wages, that is to say to refocus employment towards tasks requiring more skilled people.

([1]) The gross operating surplus gives the difference between the value added and the personnel costs. Hence, the gross operating rate shows the share, in the turnover, of the value added left after having paid the labour production factor, i.e. the remaining amount released for the capital production factor.

EMPLOYMENT AND AVERAGE PERSONNEL COSTS

Another interesting combination of variables to study is employment (L) and average personnel costs at current prices (APC).

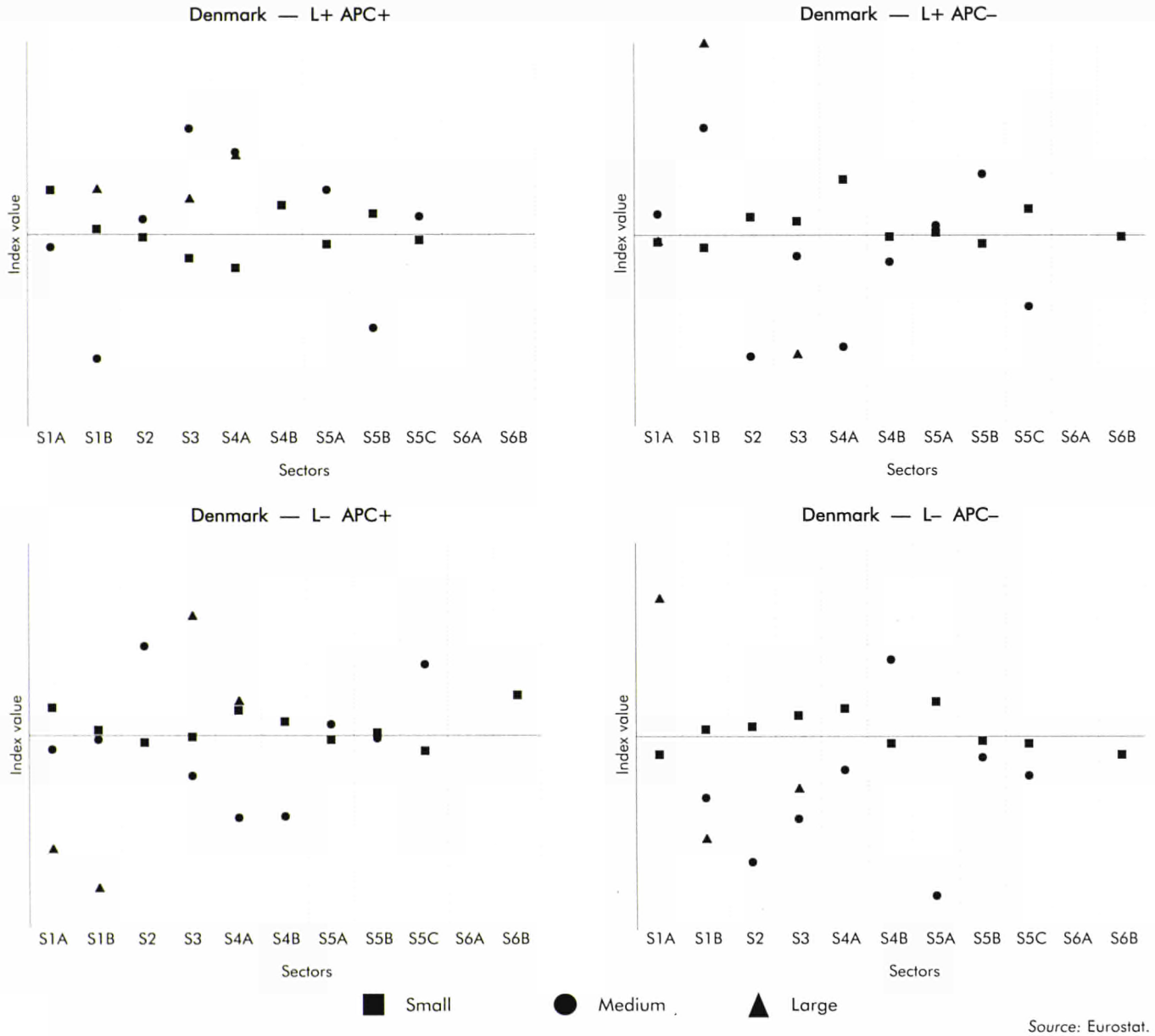
Again a different pattern between small and large units

As far as large enterprises are concerned — except for Lower Saxony where results are less obvious — they are usually over-represented in the (L–, APC+) and (L–, APC-) combinations. Moreover, in three countries — France, Portugal and Sweden — the over-representation is the most remarkable in the (L–, APC+) combination (see next figures). This might indicate that the large enterprises have reduced the number of unskilled workers by restructuring the jobs towards more elaborate or complex tasks, a result already anticipated when analysing indicators for the employment–production combinations. In Finland, such a trend cannot be distinguished: large businesses are also over-represented in the (L+, APC+) combination.

Since, as underlined above, medium-sized enterprises do not show any particular pattern as regards the distribution between above or below average employment changes, it is not surprising that the same occurs when looking at the cross-combination of employment and average personnel costs. Very often, there are no big differences between the overall weights and the above or below average ones, hence an index value close to 100. Nevertheless, in Portugal, Finland and Sweden, there is a strong tendency to have an over-representation of the medium-sized firms in the (L+, APC+) and (L–, APC+) combinations, whatever the sector is. And, in Portugal and Finland, over-representation is observed for all the sectors when looking at the (L–, APC+) group.

As far as the small enterprises are concerned, there is an inclination towards an over-representation in the (L+, APC–) combination in most of the countries reviewed. However, in Denmark as well as in France, though to a lesser extent, the picture varies significantly from one sector to the other.

Weight of enterprises by size class according to employment and average personnel costs changes over the reference period — Results by sector



Source: Eurostat.

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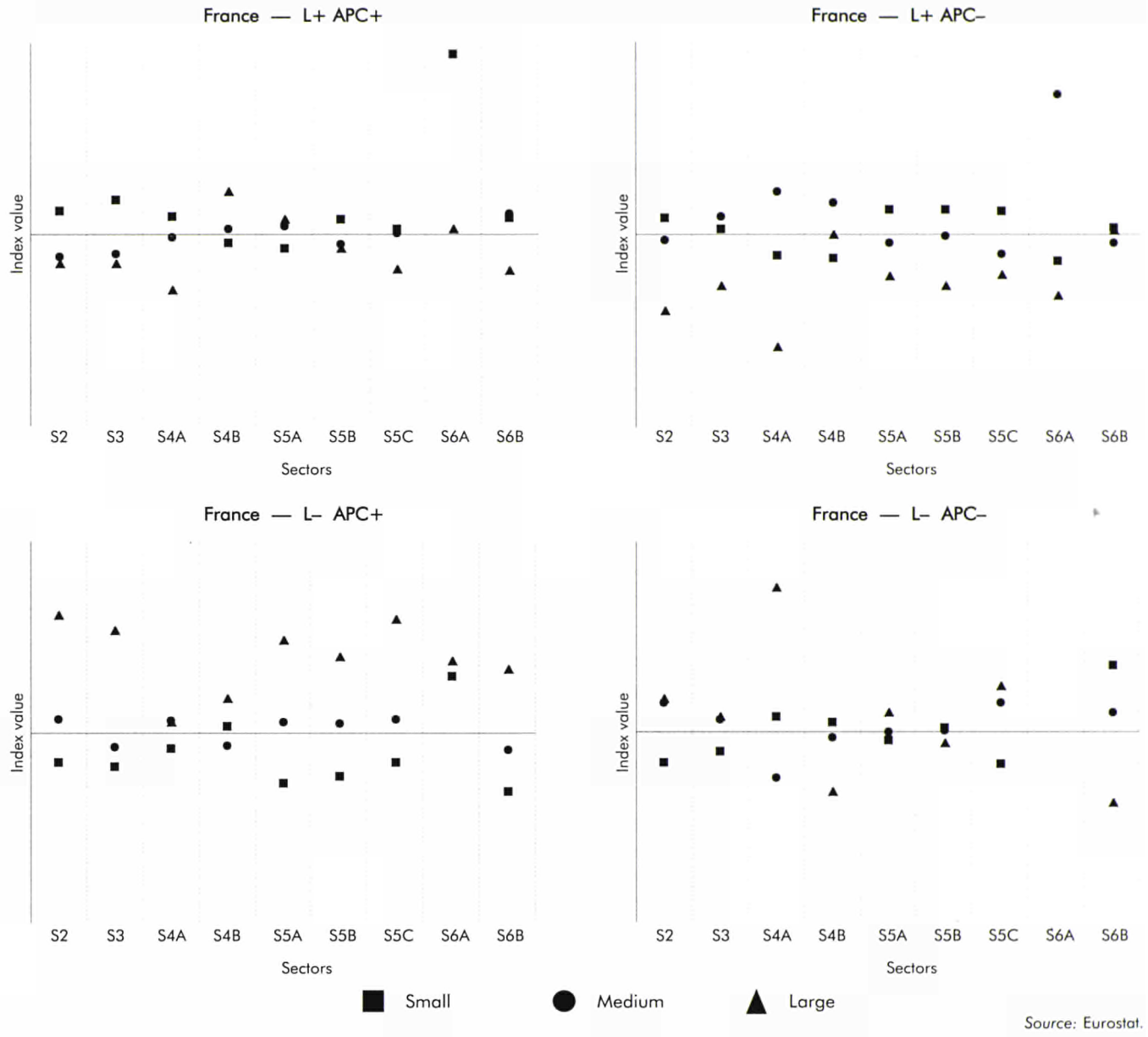
NOTES

- Employment: number of persons employed;
- Average personnel costs: personnel costs divided by the number of persons employed;
- Size classes: expressed in terms of employees.

EMPLOYMENT — AVERAGE PERSONNEL COSTS (APC) COMBINATIONS

- L+ APC+ over the reference period, both employment and APC changes were above average;
- L+ APC– over the reference period, employment changes were above average and APC changes below average;
- L– APC+ over the reference period, employment changes were below average and APC changes above average;
- L– APC– over the reference period, both employment and APC changes were below average.

Weight of enterprises by size class according to employment and average personnel costs changes over the reference period — Results by sector



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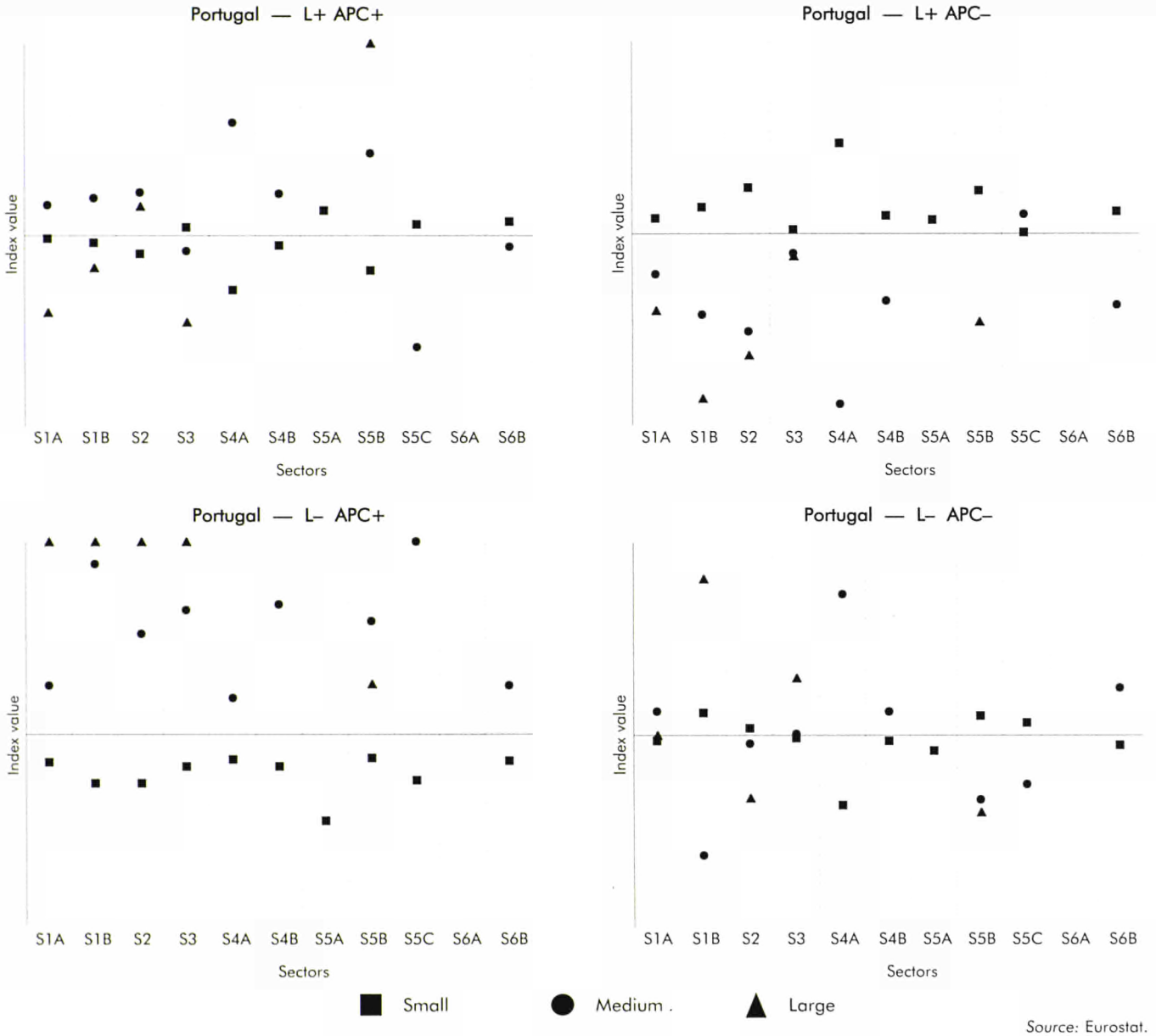
NOTES

- Employment: number of persons employed;
- Average personnel costs: personnel costs divided by the number of persons employed;
- Size classes: expressed in terms of employees;
- Small enterprises correspond to units with 20 to 49 employees.

EMPLOYMENT — AVERAGE PERSONNEL COSTS (APC) COMBINATIONS

- L+ APC+ over the reference period, both employment and APC changes were above average;
- L+ APC– over the reference period, employment changes were above average and APC changes below average;
- L– APC+ over the reference period, employment changes were below average and APC changes above average;
- L– APC– over the reference period, both employment and APC changes were below average.

Weight of enterprises by size class according to employment and average personnel costs changes over the reference period — Results by sector



Source: Eurostat.

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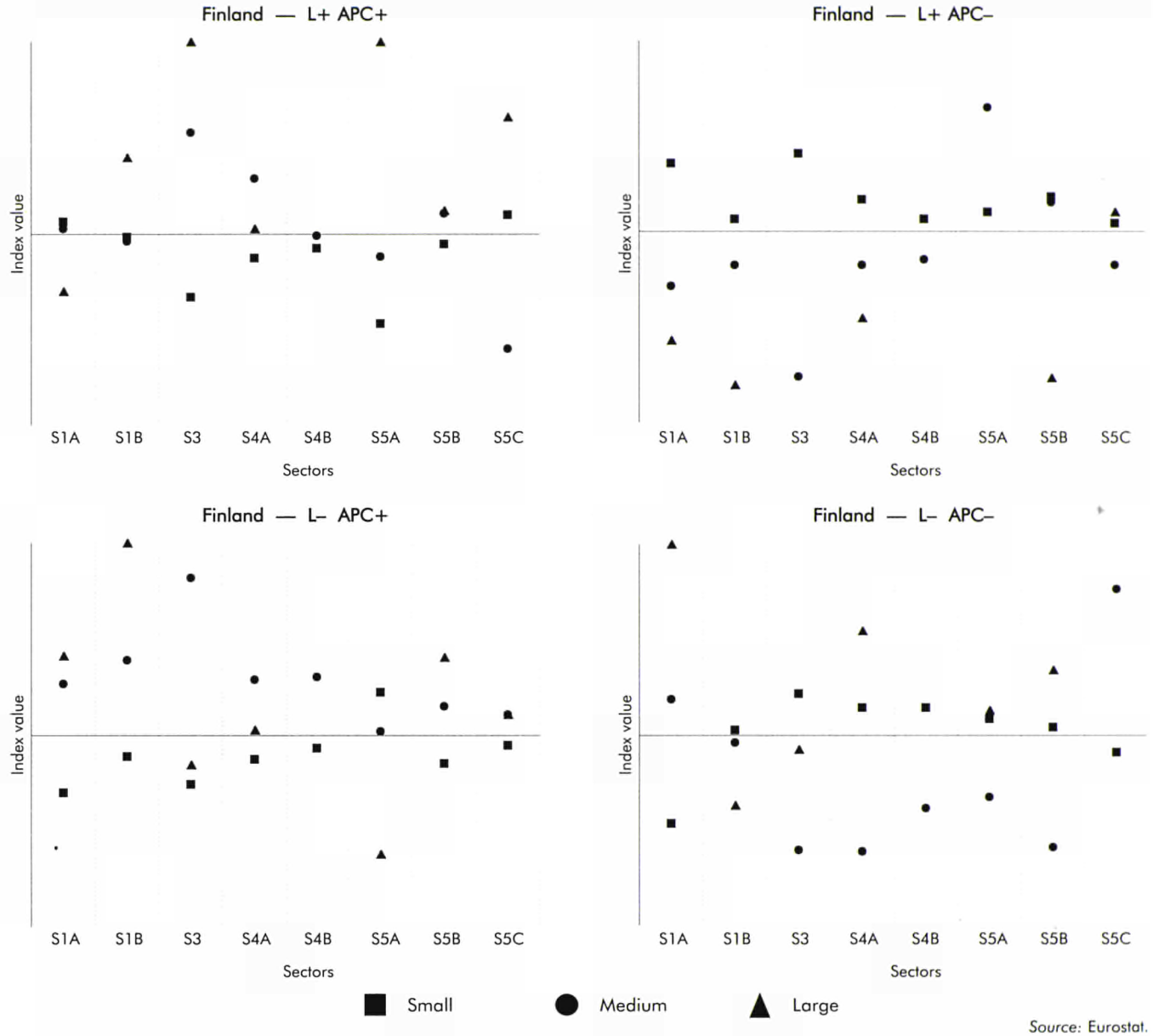
NOTES

- Employment: number of persons employed;
- Average personnel costs: personnel costs divided by the number of persons employed;
- Size classes: expressed in terms of employees.

EMPLOYMENT — AVERAGE PERSONNEL COSTS (APC) COMBINATIONS

- L+ APC+ over the reference period, both employment and APC changes were above average;
- L+ APC– over the reference period, employment changes were above average and APC changes below average;
- L– APC+ over the reference period, employment changes were below average and APC changes above average;
- L– APC– over the reference period, both employment and APC changes were below average.

Weight of enterprises by size class according to employment and average personnel costs changes over the reference period — Results by sector



Source: Eurostat.

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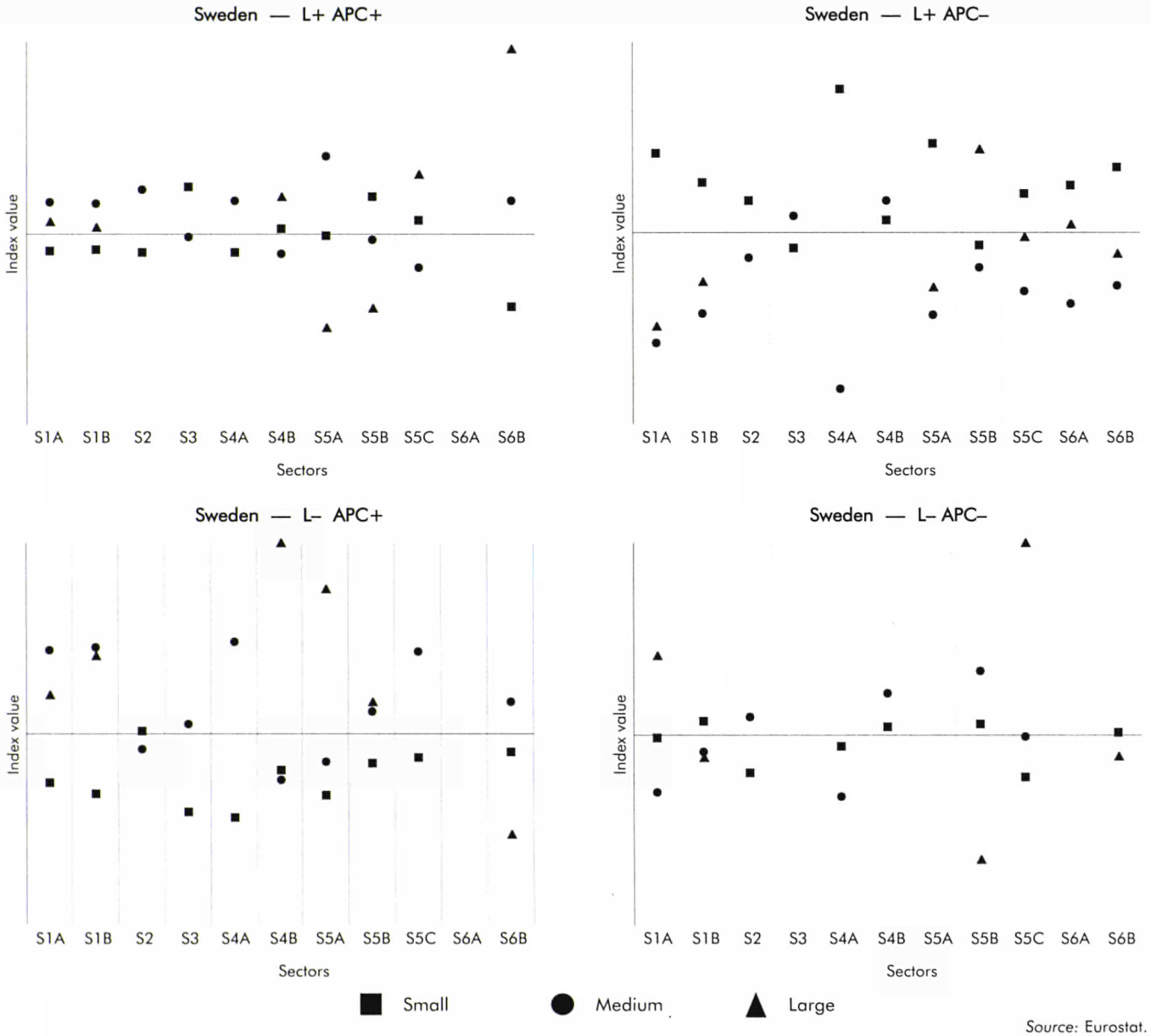
- Size classes: expressed in terms of persons employed.

EMPLOYMENT — AVERAGE PERSONNEL COSTS (APC) COMBINATIONS

- L+ APC+ over the reference period, both employment and APC changes were above average;
- L+ APC– over the reference period, employment changes were above average and APC changes below average;
- L– APC+ over the reference period, employment changes were below average and APC changes above average;
- L– APC– over the reference period, both employment and APC changes were below average.

Weight of enterprises by size class according to employment and average personnel costs changes over the reference period — Results by sector



Source: Eurostat.

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- Employment: number of employees;
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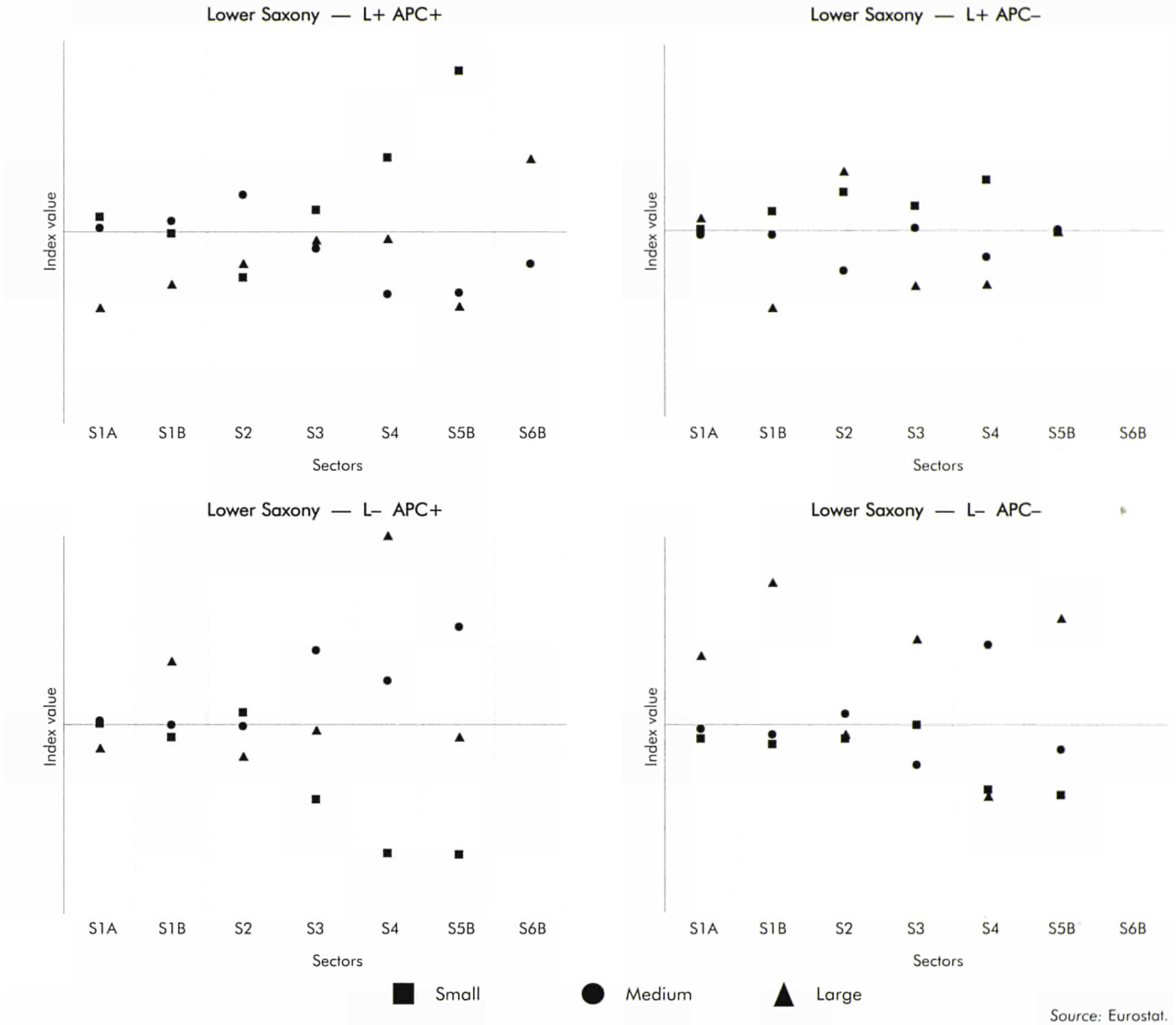
- Size classes: expressed in terms of employees.

EMPLOYMENT — AVERAGE PERSONNEL COSTS (APC) COMBINATIONS

- L+ APC+ over the reference period, both employment and APC changes were above average;
- L+ APC– over the reference period, employment changes were above average and APC changes below average;
- L– APC+ over the reference period, employment changes were below average and APC changes above average;
- L– APC– over the reference period, both employment and APC changes were below average.

2 THEMATIC ANALYSES
Five years in the life of enterprises

Weight of enterprises by size class according to employment and average personnel costs changes over the reference period — Results by sector



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EMPLOYMENT — AVERAGE PERSONNEL COSTS (APC) COMBINATIONS

- L+ APC+ over the reference period, both employment and APC changes were above average;
- L+ APC– over the reference period, employment changes were above average and APC changes below average;
- L– APC+ over the reference period, employment changes were below average and APC changes above average;
- L– APC– over the reference period, both employment and APC changes were below average.

Higher productivity is positively correlated with above average personnel costs changes

Looking at performance indicators shows that units with an above average trend for the personnel costs per head usually experienced increases of both the 'real' turnover and production value per person between 1990 and 1994. These increases are even more numerous within groups of companies in the (L–, APC+) combination. In some countries, and more precisely France and Finland, most groups of businesses that are characterised by above average personnel costs per head changes, whatever the employment growth rates, also improved their 'real' turnover or production per person.

The same observations can be done for the 'real' apparent labour productivity. Consequently, the previous conclusions on employment — reduction of unskilled tasks replaced by more elaborate ones, generally together with a decrease or a slower increase of the employment — are verified here too. As far as profitability is concerned, however, analysis of the gross operating rate does not lead to the identification of enterprise micro-groups performing better or worse than others did.

ENTERPRISES WHICH CEASED ACTIVITY OVER THE REFERENCE PERIOD: DIFFERENCES IN PERFORMANCE WITH THE LONGITUDINAL UNITS?

The longitudinal study also records information on the enterprises which left the subset during the reference period 1990-94. These units are those which ceased their activities between 1991 and 1994. They have been characterised by some of the indicators mentioned above for both the starting year (1990, 1992 for Denmark) and the last year they were active (T–1 for units leaving the subset in year T). There is no material of this kind for France.

Direct cross-country comparisons will be avoided since the concept of 'continuous activity' used by each participating countries is different (see pages 137 and 138). Hence, only trends or weights are analysed.

A higher share of enterprises closures in the smallest units

All sectors put together, the smallest units are over-represented in closures, whatever the cessation year is. That is to say, that the weight of the small enterprises in the total number of units which stopped activities in a particular year is higher than their weight calculated for all the longitudinal units included in the subset. On the opposite, the medium or large firms present lower weights than those obtained for the complete set of units. There is only one exception: Swedish large units which ceased business in 1994 represents slightly more than 19 % of all units stopping business this year against an average of around 15 % or large longitudinal units in the subset. On the whole, the picture remains the same if analysing results at the sector level. There are, of course, more exceptions particularly encountered in the medium-sized enterprises.

The observations we have just made are in line with results obtained in the enterprise demography studies presented in other sections of this publication.

Performance and profitability: no real differences between those enterprises which ceased activity and the 'longitudinal units'

In order to determine whether or not enterprises which stopped their activities between 1991 and 1994 presented poorer results as regards performance and profitability, their indicators levels in 1990 have been compared with those recorded for the longitudinal units.

Results obtained from this simple comparison are not very conclusive. At the most — besides Portugal where no real tendency emerges (sectoral divergences) — medium-sized enterprises which terminated their business show, in general, lower levels of apparent labour productivity than the longitudinal units. The same is observed for the gross operating surplus as a share of value added at factor costs. For the largest enterprises, too, the same fact is noticed but there are not enough cases of closures to draw any relevant conclusions.

Consequently, the evolution of the indicators between 1990 and the last year of full activity have been analysed for the enterprises which stopped their activities. Unfortunately, no conclusive results stem from this exercise. At the most, one can notice that gross operating surplus as a share of value added is weaker for those business groups which left the subset when compared to their corresponding enterprise groups which remained active throughout the period. This outcome is observed whatever the closure year and the size class are.

However, the options chosen to organise the SME Project longitudinal study do not allow for identifying precursor signs of closures. Moreover, in general, indicator values obtained for the last activity year for closed companies do not diverge with those obtained for the longitudinal units. Therefore, information on factors helping to explain higher survival enterprise rates are difficult to obtain from the actual dataset.

MAIN CHARACTERISTICS OF THE SME PROJECT LONGITUDINAL DATA

Longitudinal datasets — the cohorts — have mainly been constructed from the annual structural surveys conducted by the national statistical institutes (NSIs) and will eventually be completed by additional information coming from business registers. Hence, this approach made use of already available information within the NSIs and implied that no special inquiry should have been introduced.

The option chosen in the SME Project was to build tables containing aggregated results for each of the longitudinal units sharing a same characteristic. The use of tables means that no individual data was requested. As these groupings were realised for each of the defined stratum — i.e. for each of the defined sectors and employment size classes — they allow determining different enterprise micro-groups which performed rather better or worse than the sector considered as a whole.

Methodologies applied by the participating countries are not fully identical. In particular, they did not define the longitudinal units in the same way, hence different concepts of what is a 'continuous activity'. Other methodological differences affect the cross-country comparability of the longitudinal data. They relate to the definitions of the statistical units and of the variables. These problems reinforce the choice made of using relative weights to perform the analyses.

The informations below summarise the main characteristics of the study.

Participating countries and sources

- Denmark (DK) — Danmarks Statistik;
- France (F) — Ministère de l'Industrie, service des Statistiques Industrielles (SESSI);
- Portugal (P) — Instituto Nacional de Estatística;
- Finland (FIN) — Tilastokeskus/Statistics Finland;
- Sweden (S) — Statistiska Centralbyrån/Statistics Sweden;
- German *Länder* of Lower Saxony (LS) — Universität Lüneburg on the basis of data collected by the Lower Saxonian Statistical Office (Niedersächsisches Landesamt für Statistik).

Reference period

Structural surveys' years 1990 to 1994, except Denmark (1992 to 1994).

Statistical unit

Enterprise, except Lower Saxony (local unit)

MAIN CHARACTERISTICS OF THE SME PROJECT LONGITUDINAL DATA (cont.)

Sectoral coverage expressed in NACE Rev. 1 codes

11 NACE Rev. 1 sectors, i.e. the following sector groups:

1. S1 — Manufacture of food and beverages
   - S1A: Human current food and beverages: 15.1 to 15.6+15.9
   - S1B: Other food industry: 15.7+15.8

2. S2 — Wearing apparel and accessories: 18.2

3. S3 — Chemicals and chemicals products: 24.1+24.2+24.3+24.5+24.6

4. S4 — Plastic products
   - S4A: Plates, sheets, tubes, profiles, packing: 25.21+25.22
   - S4B: Other plastic products: 25.23+25.24

5. S5 — Electrical and optical equipment
   - S5A: Office machinery, computers and communication: 30+32
   - S5B: Electrical machinery and apparatus: 31
   - S5C: Medical, precision and optical instruments, watches: 33

6. S6 — Motor vehicles and their parts and accessories
   - S6A: Motor vehicles: 34.1
   - S6B: Parts and accessories for motor vehicles: 34.3

For France, S1A and S1B are not available.
For Lower Saxony, S5A, S5C and S6A are not available and only S4 is given.

The location of enterprises and their local units is governed by numerous criteria, depending on the type of economic activity they are involved in.
These criteria include:

- the existence of heavily populated areas, essential for activities such as personal services, retailing and the construction sector;
- proximity to markets, a particularly important criterion for service activities and for the manufacture of products on a small scale or of products which are sensitive to transport costs;
- the density of transport networks, a decisive factor in large-scale manufacturing;
- proximity to certain natural resources or energy sources, an important consideration for industries which consume large amounts of these;
- the level and nature of the existing economic activity in the area, a key consideration in terms of the development of subcontracting and business service activities at local level.

It is essential for those responsible for devising and assessing regional development policies to be aware of these criteria and their impact on the number of businesses. While the factors described above are fairly easily identifiable, especially with the help of data on the regional and sectoral breakdown of local units, there is also a cultural dimension, i.e. the business structure and, more particularly, the number of sole proprietorships or small family businesses in the economy as a whole. There are relatively more very small units in the countries of southern Europe than in northern Europe, as can be seen from the indicators used to produce the maps in this section.

In brief ...

An analysis of regional data from the 10 Member States for which figures can be published reveals many disparities between regions. An examination of the size of local units shows that they are smaller on average in the southern Member States (Spain, Italy and Portugal) than in the north. This is due in part to the higher density of local units in southern than in northern regions. While the enterprise culture has a role to play in determining the degree of concentration of economic activity, the types of economic activity and their relative importance in each of the regions are also decisive factors. The greatest regional disparities in terms of average unit size are in the industry and energy sector, where the north-south divide is very clear. On the other hand, the differences between countries are considerably less pronounced in sectors such as construction, trade and hotels and catering, where regional differences depend more on factors such as proximity to large conurbations, the quality of the communications infrastructure, the specialisation of the region (for example tourist region, administrative capital), etc.

A series of maps for each NUTS 2 region of the European Union show local units according to two features — their economic activity and their size in terms of the number of people they employ. The data are generally for 1994. Several indicators are required to identify regional characteristics. While for the sake of clarity these indicators are shown on separate maps, they need to be linked if they are to be interpreted correctly. To make it easier to read the different types of map, a brief explanation is given of how they were produced, pointing out their most salient features. The methodology used to produce the maps is summarised in the text boxes next pages.

METHODOLOGICAL NOTE 1 — REGIONAL DATA FROM THE SME DATABASE

The figures used in this section are taken from the 'regional data' domain of the SME regional database, which contains information on the number of units and employees. As a rule, the reference unit is the local unit ([1]). A single enterprise may have several production sites or sales outlets which constitute separate entities, so the unit used in the analysis of geographical breakdown is the local unit.

The regional data in the SME database are broken down as follows:

- By country
  Basically, all EU Member States plus Norway are covered. However, no data are available for the Netherlands or the United Kingdom.
  In Denmark, Ireland and Luxembourg the NUTS 2 level is the same as the national level.

- By region
  NUTS 2 level.

- By economic sector
  2-digit level of NACE Rev. 1 (division) for all non-agricultural market sectors.

- By size class (four classes)
  — units with fewer than 20 employees, including enterprises with no employees;
  — units with 20 to 99 employees;
  — units with 100 or more employees;
  — total.

METHODOLOGICAL NOTE 2 — SPECIFIC FEATURES OF THE MAP DATA

- Countries
  For methodological reasons or reasons of confidentiality, the data for Greece, Ireland, Luxembourg and Norway are not included in the maps.

- Sectors
  The activities are broken down into five major groups for the purposes of analysis and map production:
  — industry and energy, covering the extractive industries (NACE 10 to 14), manufacturing industry (NACE 15 to 37) and energy (NACE 40 and 41);
  — construction (NACE 45);
  — trade (NACE 50 to 52);
  — the hotel and catering sector (HoReCa): hotels, restaurants and cafés (NACE 55);
  — other services: transport and communications, financial operations, business and personal (NACE 60 to 64, NACE 65 to 67 and NACE 70 to 95, excluding NACE 75 and 80).

([1]) 'The local unit is an enterprise of part thereof (e.g. a workshop, factory, warehouse, office, mine or depot) situated in a geographically identified place. At or from this place economic activity is carried out for which — save for certain exceptions — one or more persons work (even if only part-time) for one and the same enterprise'. OJ L 76, 30.3.93, p. 8.

METHODOLOGICAL NOTE 2 — SPECIFIC FEATURES OF THE MAP DATA (cont.)

- Size classes
  The need for clarity and consistency between countries meant that the breakdown by employee size-class had to be different from the one used in the SME regional database, as follows:
  — units with no employees;
  — units with 1 to 99 employees (small and medium-sized local units);
  — units with 100 or more employees (large local units).
  Germany provided no data on the size-class of units with no employees. Given the vast numbers of such units, they are not included in most of the maps to ensure greater comparability between Germany and the other countries.

- Units
  Since no information was available on local units in Denmark and Portugal, the data relate to enterprises. As a result, the number of units is slightly underestimated. While this difference between statistical units means that caution must be exercised when making comparisons between Denmark and the other countries, the problem is probably twice as great in the case of Portugal, where the number of units in the Lisbon region has been overestimated while the number of units in the other regions of the country has been underestimated.

- Reference year
  The data are for 1994 with the exception of Spain (1993), Italy (1991), Austria (1991) and Portugal (1993).

METHODOLOGICAL NOTE 3 — INFORMATION FROM SOURCES OTHER THAN THE SME DATABASE

Some indicators were constructed using data from Eurostat's REGIO database, as follows:

- regional data on the population of working age (persons aged 15 and over);

- data on gross domestic product at market prices (GDP) by region. Source: regionalised integrated national economic accounts.

A point to bear in mind in relation to regional GDP is that many enterprises have their head offices in or around capital cities. As a result, regional GDP tends to be overestimated in those regions.

Finally, some of the data are taken from *Portrait of the Regions*, published by Eurostat, the Office for Official Publications of the European Communities, Luxembourg, 1993.

DIVERSITY WITHIN THE EUROPEAN UNION

There is a higher density of small local units in the south but productivity is higher in the north.

In the first three maps, the regional density of the productive sector is analysed by relating the number of local units to the potential labour force by size-class of employees for all economic sectors combined. The potential labour force is the population of working age, i.e. persons aged 15 and over.

The first map shows the density of local units with no employees at NUTS 2 level in eight European Union countries. The highest densities are clearly in Spain, Portugal and, in particular, Italy, since the enterprise culture in these regions favours sole proprietorships and family businesses.

This also partly explains the comparatively higher density of local units with no employees in the regions of the south of France, where there are 26,1 per 1 000 persons of working age in Languedoc-Roussillon, 29 in Provences-Alpes-Côte d'Azur and as many as 37,6 in Corsica, while in the north and centre of the country (apart from Île de France) the density is between 13,7 in Alsace and 20,5 in Poitou-Charentes.

In Italy too, there is a dividing line between the centre/north of the country on the one hand (ranging from 49 in Lombardy to 63 in Emilia-Romagna), and the Mezzogiorno ([1]) on the other (ranging from 40,7 in Sicily to 52,9 in Abruzzi). Nevertheless, the lowest density of local units is in the central/northern region of Lazio (38,8).

The Iberian peninsula also has relatively high densities, but the regional differences are more marked than in Italy. In Spain, for example, the lowest density is in Castile-Leon (23,3) and the highest in Navarre (74,7). The low values for Castile-Leon and Extremadura are due to their low population density, combined with a production structure based mainly on the primary sector. In contrast, Navarre has the highest density of units in the eight countries examined. This autonomous region combines a solid industrial base with a skilled labour force.

In Portugal, the lowest density of units is in the island regions of the Açores and Madeira, while the highest density is in Algarve (60), a region characterised by sole proprietorships run with assistance from family members.

In Sweden, with the exception of the largest conurbations: the Stockholm region (42,2) and the regions encompassing Gothenburg (34,6) and Malmö (34,5), the regions have densities of between 25 and 30 units per 1 000 persons aged 15 and over.

The second and third maps show the densities of small and medium-sized local units with between 1 and 99 employees and of larger units with 100 or more employees.

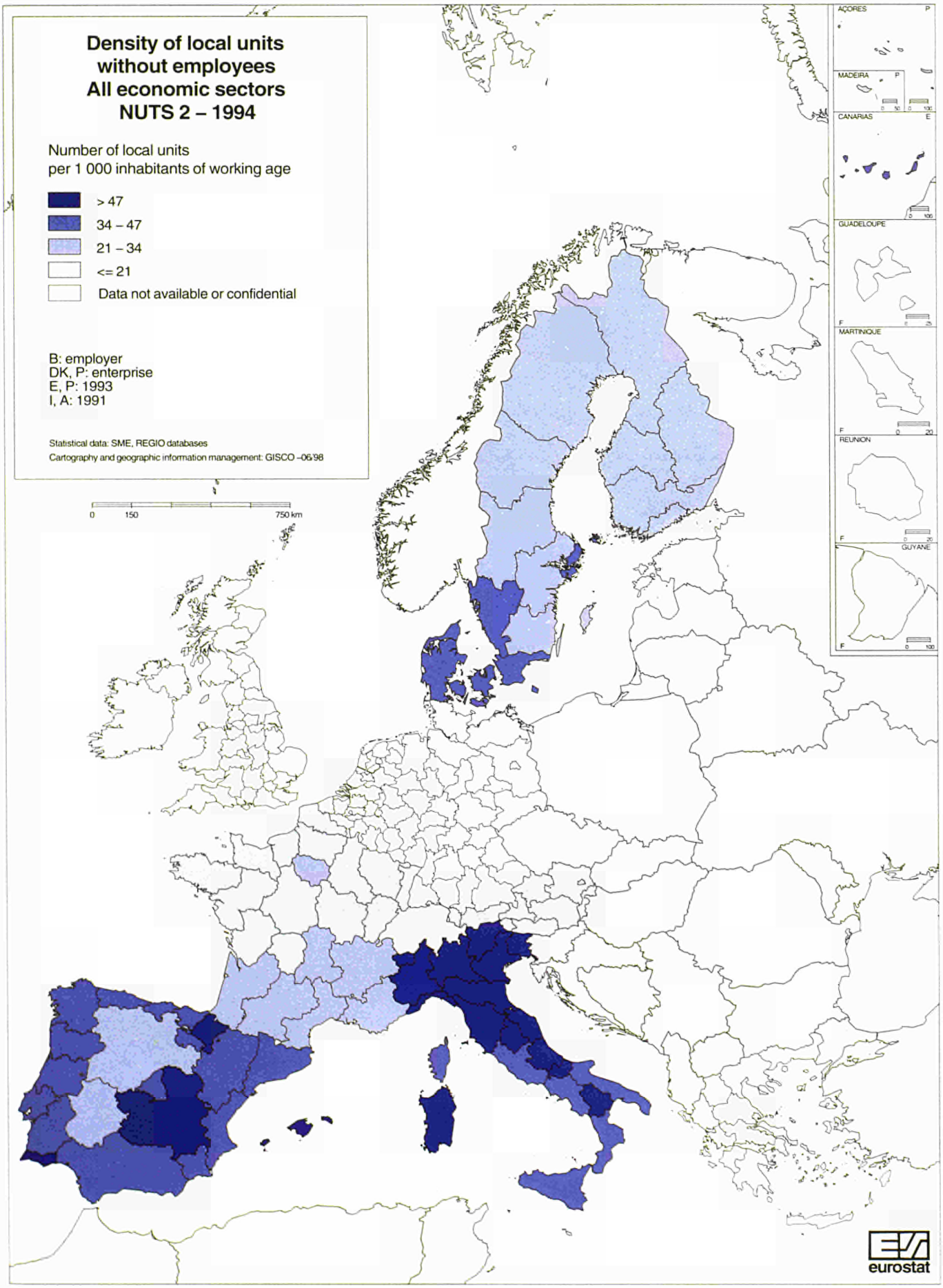
Small and medium-sized units form the basis of the productive fabric. The regional distribution of local units relative to the population of working age is concentrated to a greater extent in this employee size-class than in the other two classes.

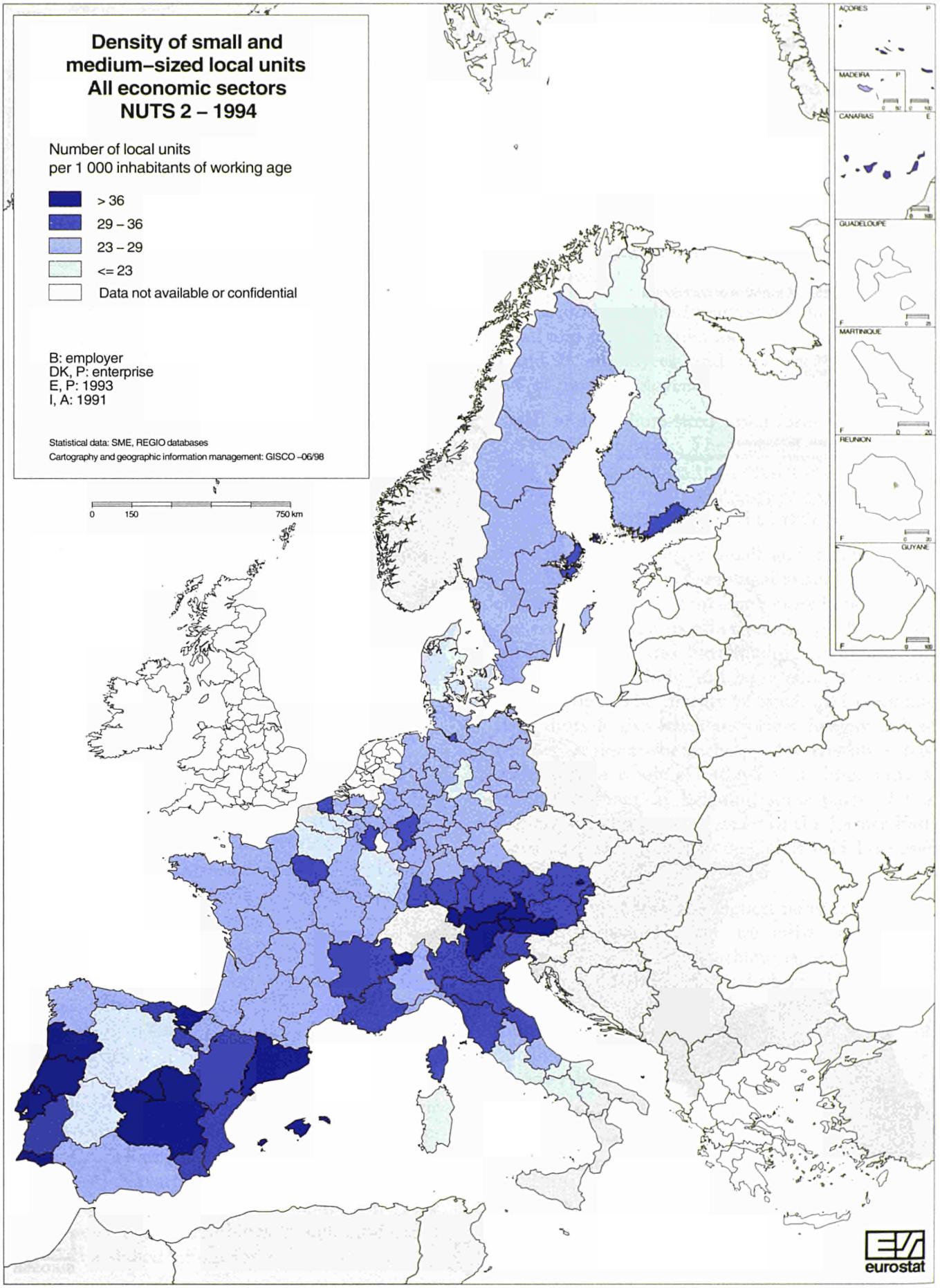
The lowest densities of small and medium-sized units are found in geographical areas where agriculture or natural resources are more important to the economy than in other regions of the Union — Castile-Leon and Extremadura in Spain, the Mezzogiorno in Italy and large areas of Finland and Sweden. The density of small and medium-sized units is also lower in former heavily industrialised regions where the productive fabric has suffered as a result of industrial decline. This is true of Hainaut in Belgium, some parts of the Ruhr Valley and some *Länder* of the former East Germany, and Nord-Pas-de-Calais and Lorraine in France.

On the other hand, the highest densities of small and medium-sized units are either in regions encompassing large conurbations, e.g. Brussels, Hamburg, Madrid, Paris, Lisbon, Helsinki or Stockholm, or in regions that are well-established industrial centres, such as the north region of Portugal, the Basque Country in Spain, the Rhône-Alpes region of France, etc.

Finally, there is a relatively dense fabric of small and medium-sized units in the south of Germany and in Austria.

([1]) The Mezzogiorno comprises Abruzzi, Molise, Campania, Puglia, Basilicata, Calabria, Sicily and Sardinia.


Density of local units without employees All economic sectors NUTS 2 – 1994
Number of local units per 1 000 inhabitants of working age
> 47
34 – 47
21 – 34
<= 21
Data not available or confidential
B: employer
DK, P: enterprise
E, P: 1993
I, A: 1991
Statistical data: SME, REGIO databases
Cartography and geographic information management: GISCO –06/98
0
150
750 km
AÇORES
P
MADEIRA
P
CANARIAS
E
GUADELOUPE
F
MARTINIQUE
F
REUNION
F
GUYANE
F
eurostat


Density of small and medium–sized local units
All economic sectors
NUTS 2 – 1994
Number of local units
per 1 000 inhabitants of working age
> 36
29 – 36
23 – 29
<= 23
Data not available or confidential
B: employer
DK, P: enterprise
E, P: 1993
I, A: 1991
Statistical data: SME, REGIO databases
Cartography and geographic information management: GISCO –06/98
0
150
750 km
AÇORES
MADEIRA
CANARIAS
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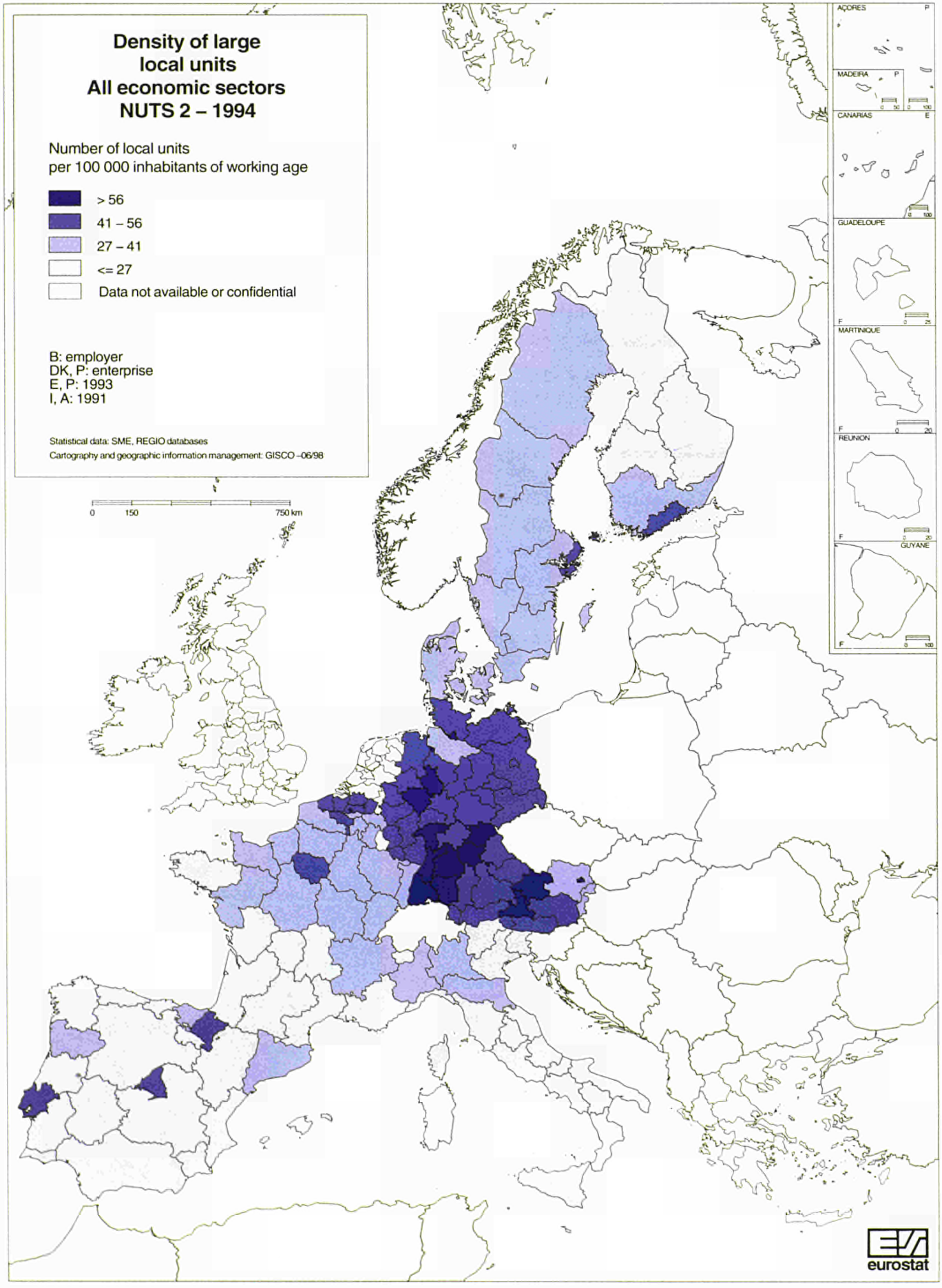
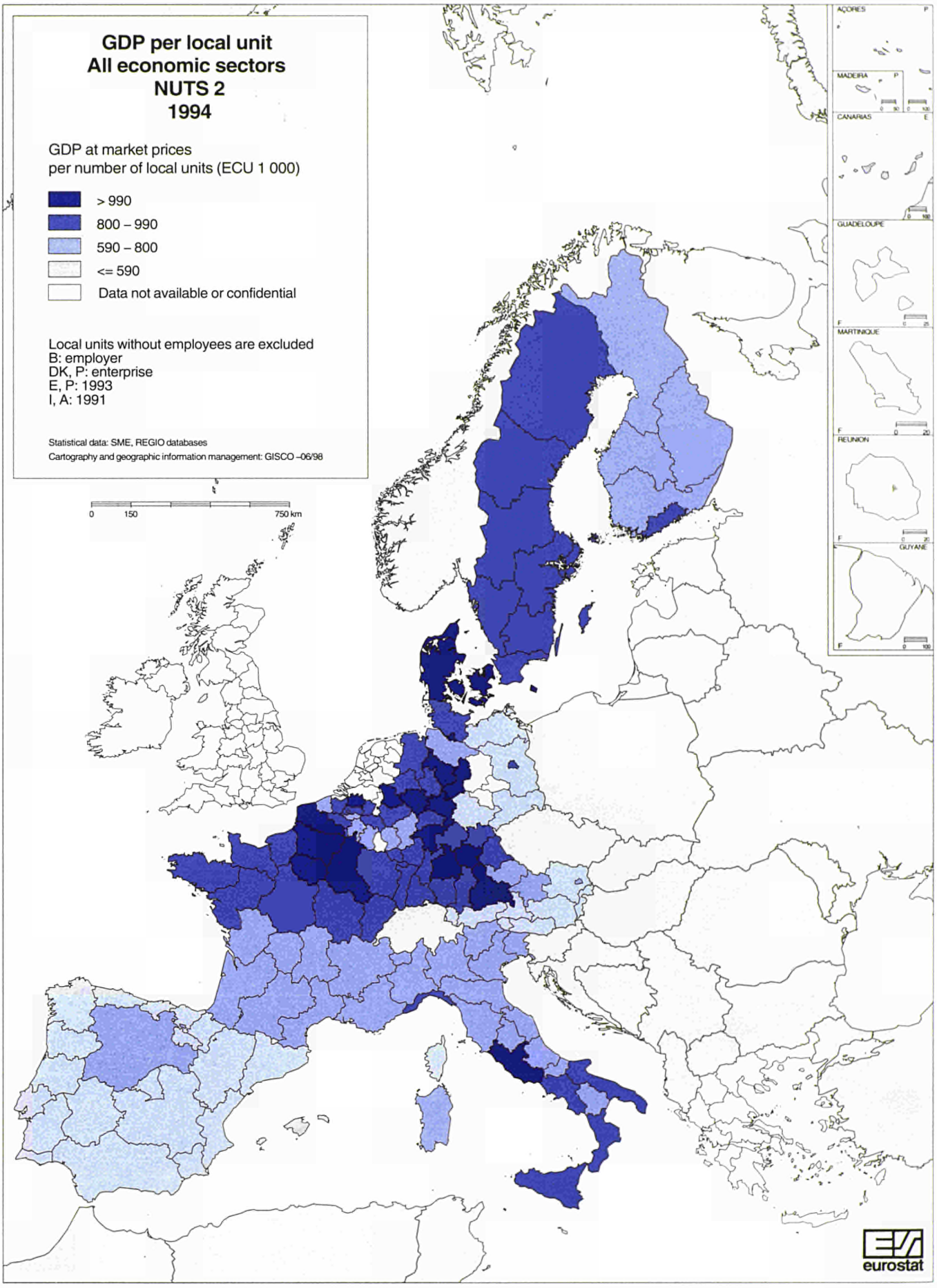

Density of large local units
All economic sectors
NUTS 2 – 1994
Number of local units per 100 000 inhabitants of working age
> 56
41 – 56
27 – 41
<= 27
Data not available or confidential
B: employer
DK, P: enterprise
E, P: 1993
I, A: 1991
Statistical data: SME, REGIO databases
Cartography and geographic information management: GISCO –06/98
0 150 750 km
AÇORES P
MADEIRA P
CANARIAS E
GUADELOUPE F
MARTINIQUE F
REUNION F
GUYANE F
eurostat

2 THEMATIC ANALYSES
Regional analyses



DG XXIII

The regional contrasts are more pronounced where large local units are concerned. There are a relatively large number of such units in heavily industrialised regions and regions around large conurbations or capital cities. Regions bordering capital cities are also major providers of financial services, telecommunications or other services. A number of regions in the Iberian peninsula have a high density of large local units — particularly Madrid (services), Navarre (industry and market services) and, to a lesser extent, Catalonia (industry, trade and tourism) in Spain, and Lisbon (services) and the North region (industry) in Portugal.

In Belgium, the Flemish region (industry, services and transport) and the province of Hainaut (industry) have high densities of large local units but the Brussels region (services) takes first prize, with a density of 92,4 large units per 100 000 persons of working age, the highest density of the 10 countries examined in this map.

A number of German regions have a high density of large local units — particularly the *Länder* of Bremen, Hamburg, Baden-Württemberg and practically all of Franconia, as well as a large part of the Rhine valley and its tributaries, the Ruhr, the Neckar and the Main.

In France, large local units are concentrated in regions with a solid industrial base: la Haute-Normandie which encompasses Rouen and Le Havre, the Rhône-Alpes region, and Picardie and Champagne-Ardennes — two regions where there is a strong agro-food industry based around a particularly highly developed agricultural sector. Given the heavy economic and administrative centralisation around Paris, Île de France is also on this list of regions.

There are, however, regions with a relatively high density of large units despite the fact that industrial activity and even services are not highly developed. This is often true of less-populated regions such as some Austrian *Länder*, e.g. Carinthia, Styria and the Salzburg region.

To complete the regional analysis with an examination of all economic sectors combined, a map was produced using data on regional gross domestic product (GDP), or gross regional product. This map provides a breakdown, at NUTS 2 level, of GDP at market prices relative to the number of local units with at least one employee. This gives an approximation of the average added value provided by a local unit in the non-agricultural market sector in each of the regions.

There is a distinct difference between most of the regions of northern and southern Europe in terms of GDP per unit. The exceptions are the agricultural and woodland regions of Belgium (West Flanders, Namur, Luxembourg) and Germany (Koblenz, Trier, Lower Bavaria), the *Länder* of the former East Germany, and Finland, with the exception of the Åland Islands and the Helsinki region.

The average amount of wealth generated by a local unit is therefore higher in northern than in southern Europe, even when Catalonia, Lombardy and Piedmont, the most dynamic southern regions, are included. The average size per unit partly explains this phenomenon, unit size being generally larger in northern than in southern regions (there are more units in the south but they are smaller).

However, some Italian regions do not fit in with the overall pattern. Liguria has developed a strong tertiary sector and has a large number of high-technology SMEs, and some regions of the Mezzogiorno have a high GDP per unit, no doubt as a result of the combination of relatively low GDP with a relatively low density of units (excluding units with no employees).

DIFFERENCES BETWEEN REGIONS ARE RELATED TO THEIR SPECIFIC SECTORAL STRUCTURE

The previous maps have shown that the size of local units depends on their geographical location, with a tendency for units in the south of the Union to be smaller.

However, the breakdown of units by employee size-class is also determined by the economic structure of the regions and the activities carried out. To illustrate this, five sectoral maps were produced for five major sectoral groups, showing employment in small and medium-sized units (1 to 99 employees) as a proportion of total regional salaried employment in the sector under examination. Units with no employees were excluded from these maps.

An analysis of the maps shows that the greatest contrasts are in the industry and energy group (extractive and manufacturing industries, and energy production and distribution), with big differences between the regions. This would appear to prove that regional differences are due mainly to the scale of heavy industrial activity. The proportion of employment accounted for by small and medium-sized industrial units is greatest in the regions of the south (except in the areas around the capital cities of Madrid, Rome and Lisbon) and in the regions of the former East Germany. Large industrial units also have a smaller share in employment in regions that are more agriculture-based, or that are wooded or mountainous, such as the provinces of West Flanders and Luxembourg in Belgium, the Tyrol and Salzburg regions of Austria and the Jönköping region in Sweden.

In the construction sector, with the exception of Spain and Sweden, the differences between Member States are greater than the differences between regions within countries. The largest units are in Germany, Denmark, Austria and Sweden.

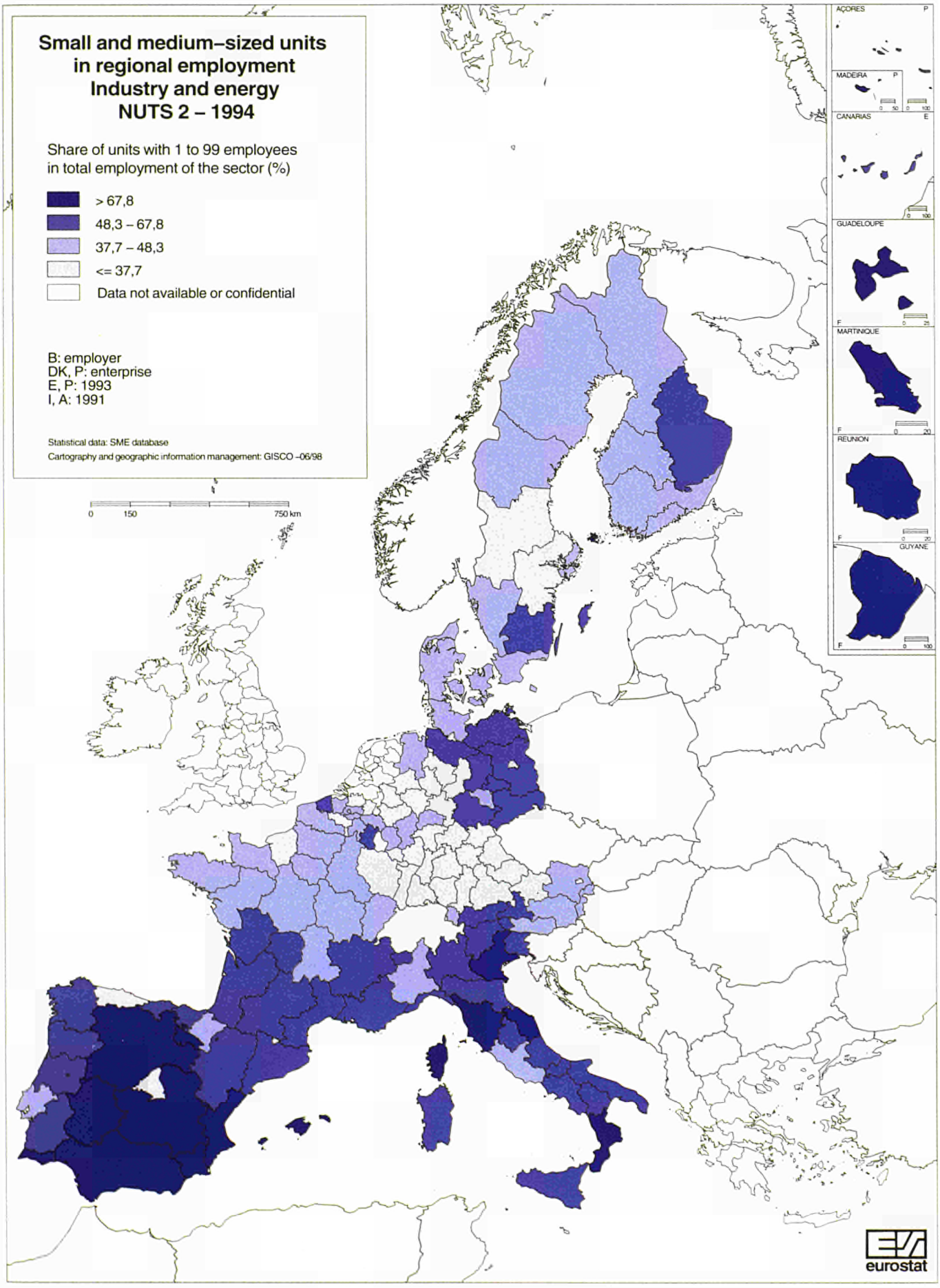
Generally speaking, however, small units account for a very high proportion of employment and the differences between regions are fairly slight. Thus, almost 80 % of the NUTS 2 regions considered have more than 75 % of their employment in small and medium-sized units. In over one-third of the regions, the percentage is higher than 90 %.

In trade, like the construction sector, small and medium-sized units account for a very high proportion of employment in the vast majority of regions, with little difference between the regions. Just over 80 % of the NUTS 2 regions examined have more than 75 % of their employment in small and medium-sized local units.

However, large units account for a higher proportion of employment around major cities or in densely-populated regions, such as the Saarland and the areas around Cologne, Düsseldorf, Frankfurt-am-Main or Stuttgart in Germany, and the coastal areas of Valencia extending into Murcia in Spain.

The hotel and catering sector (HoReCa) consists mainly of small and medium-sized units in all the Member States. Only in a very small number of regions do large units account for more than 15 % of total employment. These regions include big cities and European capitals as well as some areas where there is large-scale tourism — in the Balearic and Canary islands, Catalonia and Andalusia in Spain, Algarve and Madeira in Portugal, Guadeloupe and Martinique in France.

Finally, it is more difficult to determine broad trends for activities in the other services (business and personal services, financial operations, transport and communications), which cover a very wide range of sectors. What can be said, however, is that the share in employment of small and medium-sized units varies greatly from region to region, and that large units account for a high proportion of employment in regions around large german conurbations and in Denmark.


Small and medium–sized units in regional employment
Industry and energy
NUTS 2 – 1994
Share of units with 1 to 99 employees in total employment of the sector (%)
> 67,8
48,3 – 67,8
37,7 – 48,3
<= 37,7
Data not available or confidential
B: employer
DK, P: enterprise
E, P: 1993
I, A: 1991
Statistical data: SME database
Cartography and geographic information management: GISCO –06/98
0 150 750 km
AÇORES P
MADEIRA P
CANARIAS E
GUADELOUPE F
MARTINIQUE F
REUNION F
GUYANE F
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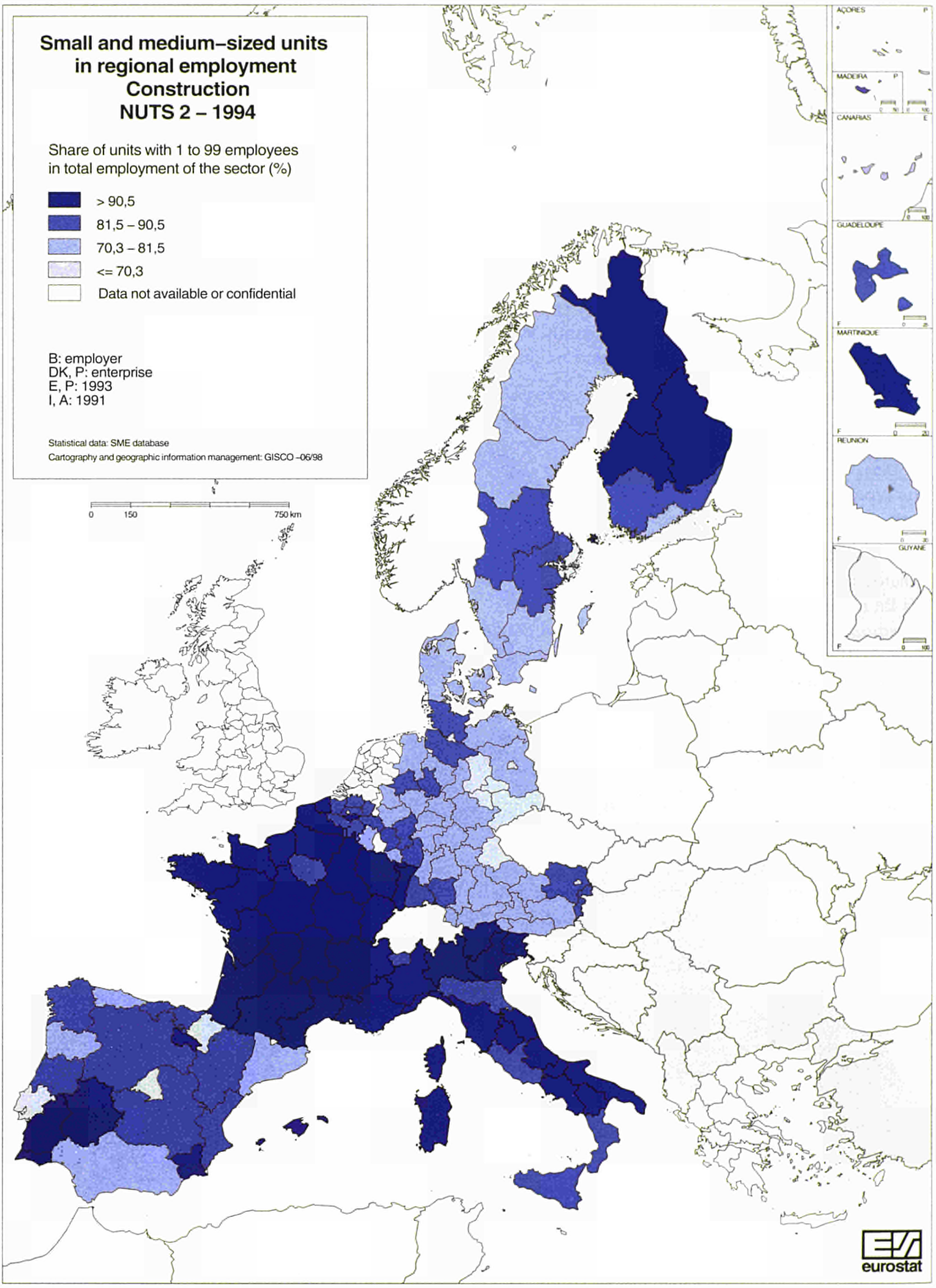
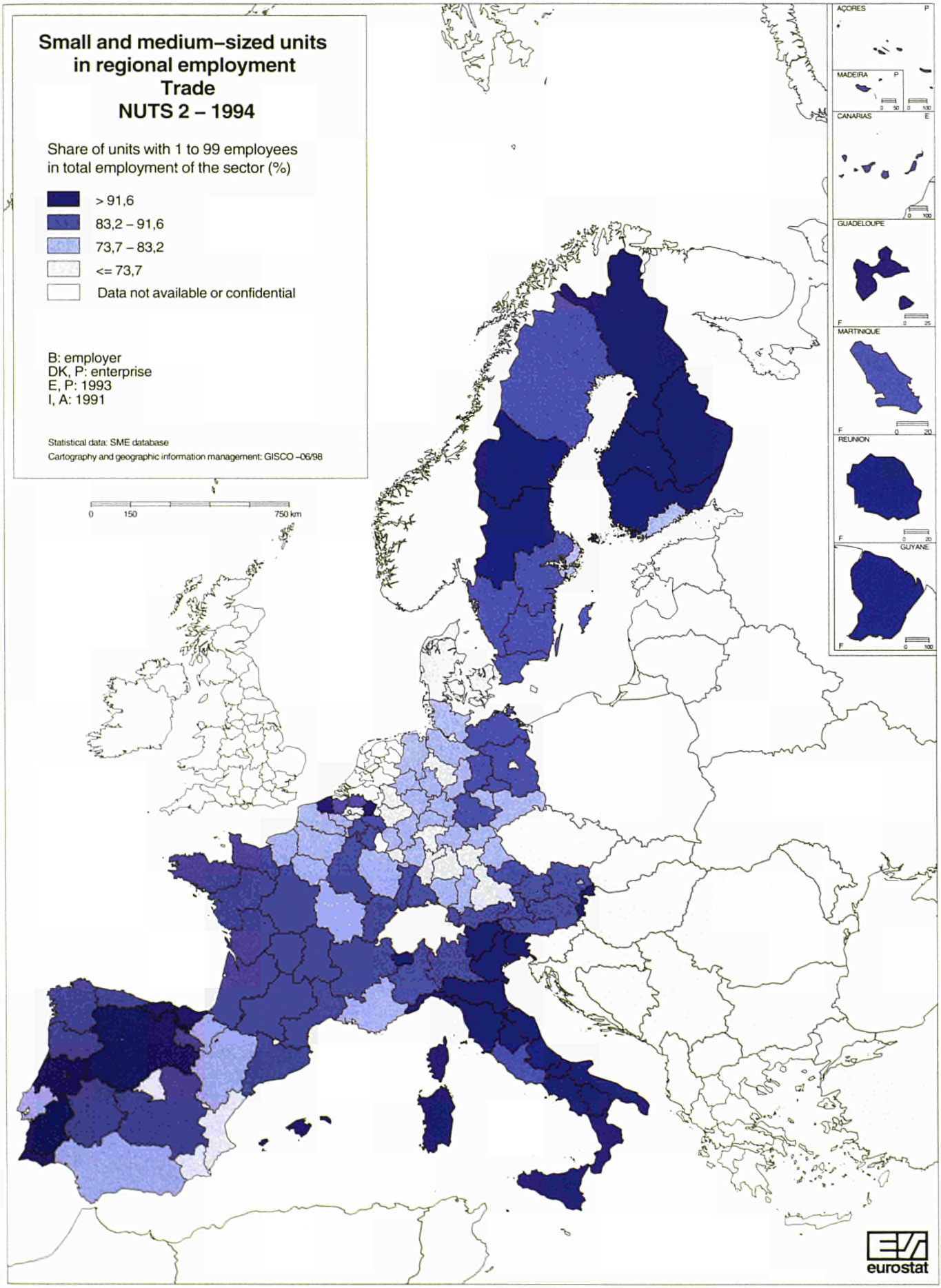
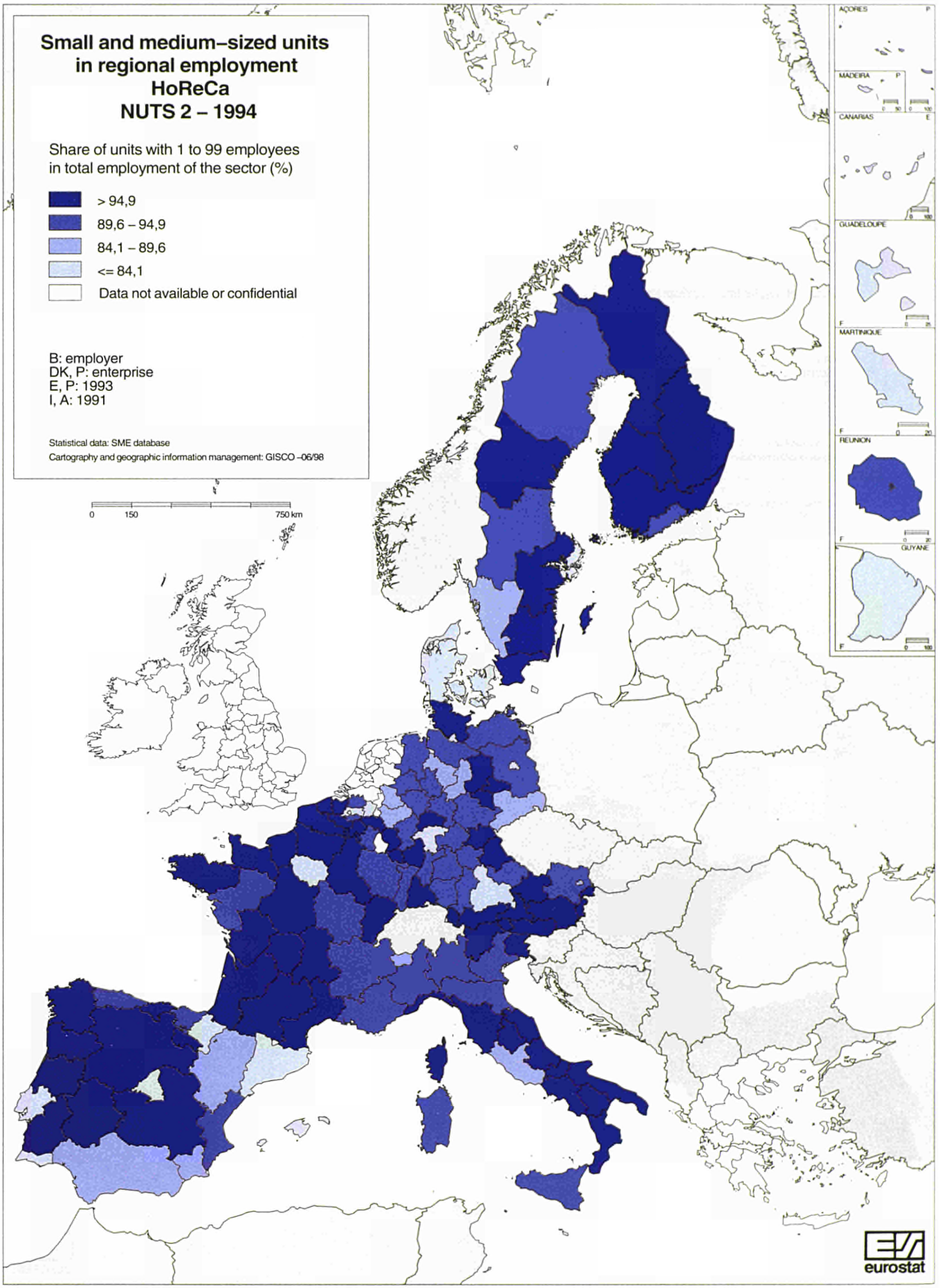
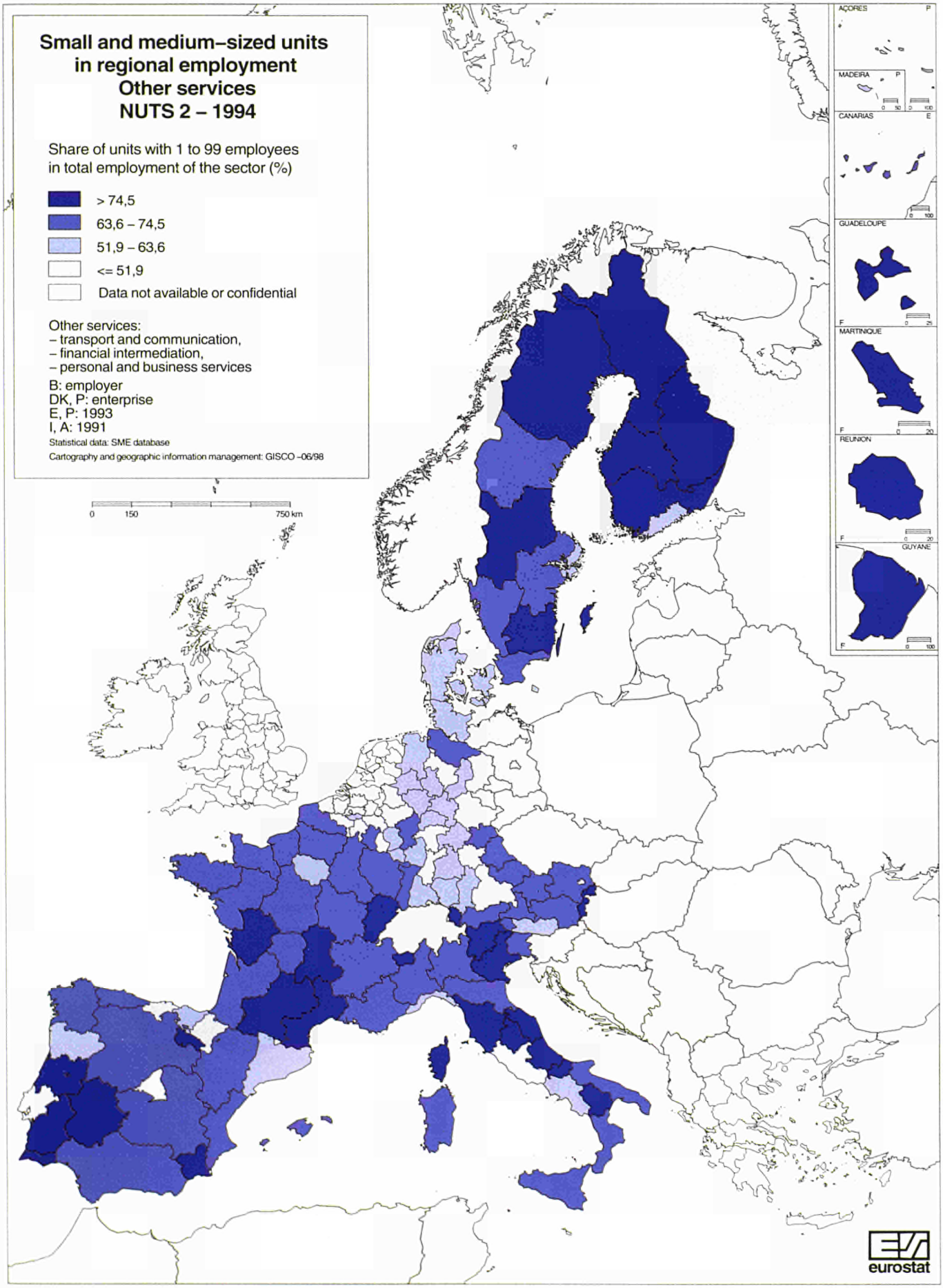



Small and medium-sized units in regional employment
Trade
NUTS 2 – 1994
Share of units with 1 to 99 employees in total employment of the sector (%)
> 91,6
83,2 – 91,6
73,7 – 83,2
<= 73,7
Data not available or confidential
B: employer
DK, P: enterprise
E, P: 1993
I, A: 1991
Statistical data: SME database
Cartography and geographic information management: GISCO -06/98
0 150 750 km
AÇORES P
MADEIRA P
CANARIAS E
GUADELOUPE F
MARTINIQUE F
REUNION F
GUYANE F
eurostat

2 THEMATIC ANALYSES
Regional analyses




Small and medium-sized units in regional employment
Other services
NUTS 2 – 1994
Share of units with 1 to 99 employees in total employment of the sector (%)
> 74,5
63,6 – 74,5
51,9 – 63,6
<= 51,9
Data not available or confidential
Other services:
– transport and communication,
– financial intermediation,
– personal and business services
B: employer
DK, P: enterprise
E, P: 1993
I, A: 1991
Statistical data: SME database
Cartography and geographic information management: GISCO –06/98
0 150 750 km
AÇORES P
MADEIRA P
CANARIAS E
GUADELOUPE F
MARTINIQUE F
REUNION F
GUYANE F
eurostat

REGIONAL EMPLOYMENT BY COUNTRY

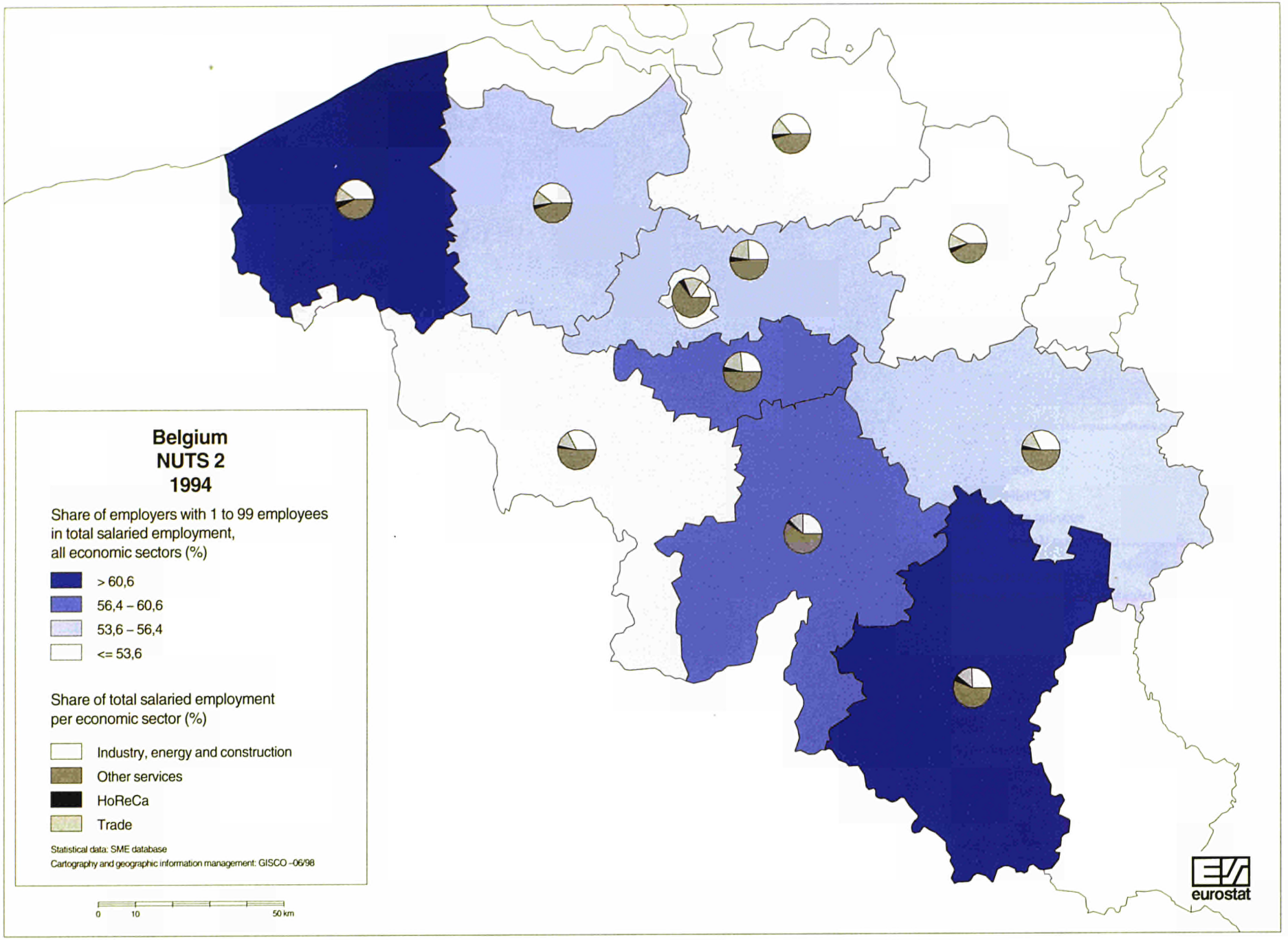
The following maps focus on the countries for which NUTS 2 regional data are available, and show both size and economic activity.

The background colour shows the share of small and medium-sized local units in total regional employment for all economic sectors. The pie charts provide a sectoral breakdown of total regional employment, in %.

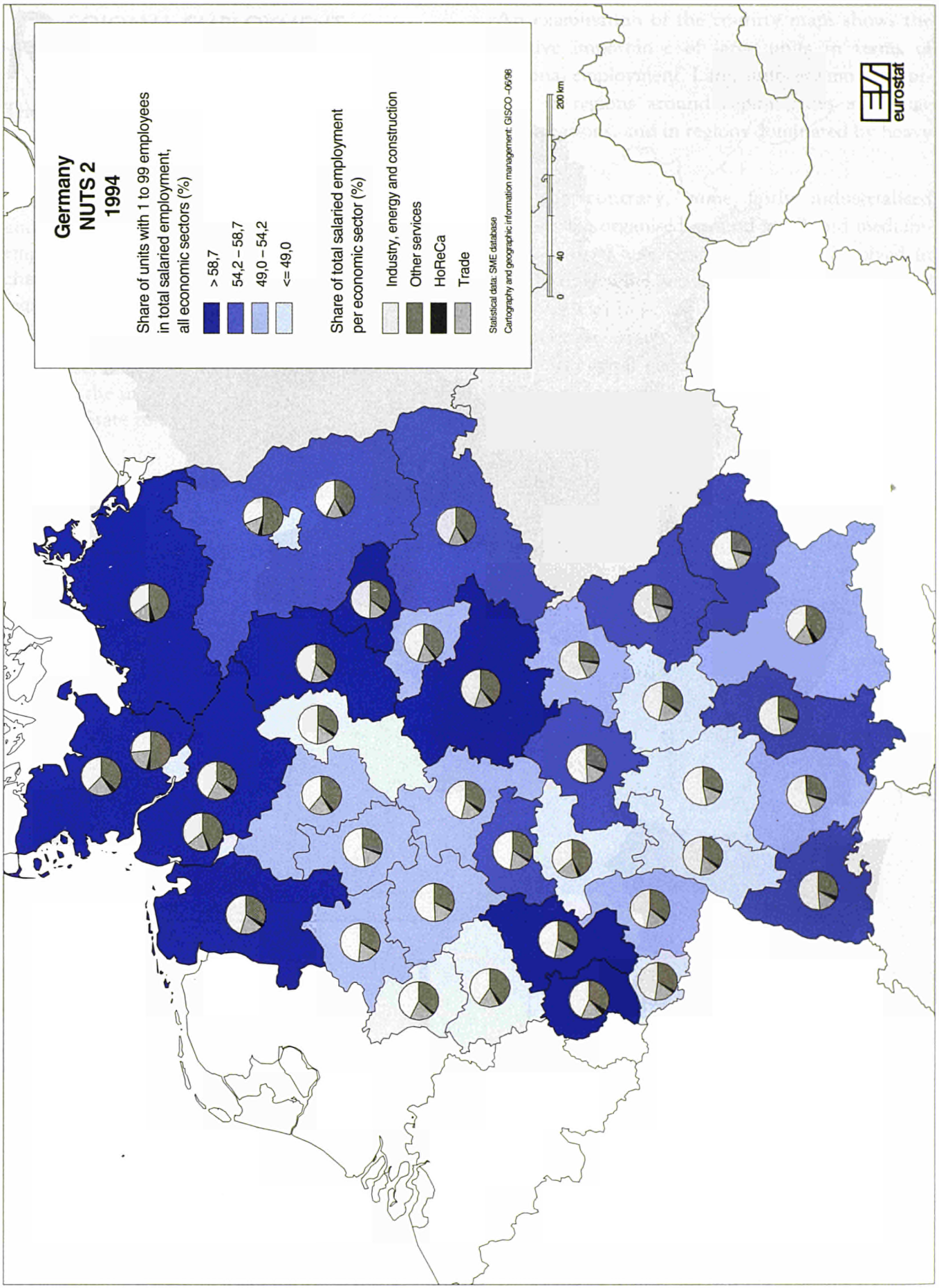
These maps should not be used to compare countries since, in order to bring out the regional differences, the intervals used are different from one Member State to another.

An examination of the country maps shows the relative importance of large units in terms of regional employment. Large units are most important in regions around capital cities and large conurbations, and in regions dominated by heavy industry.

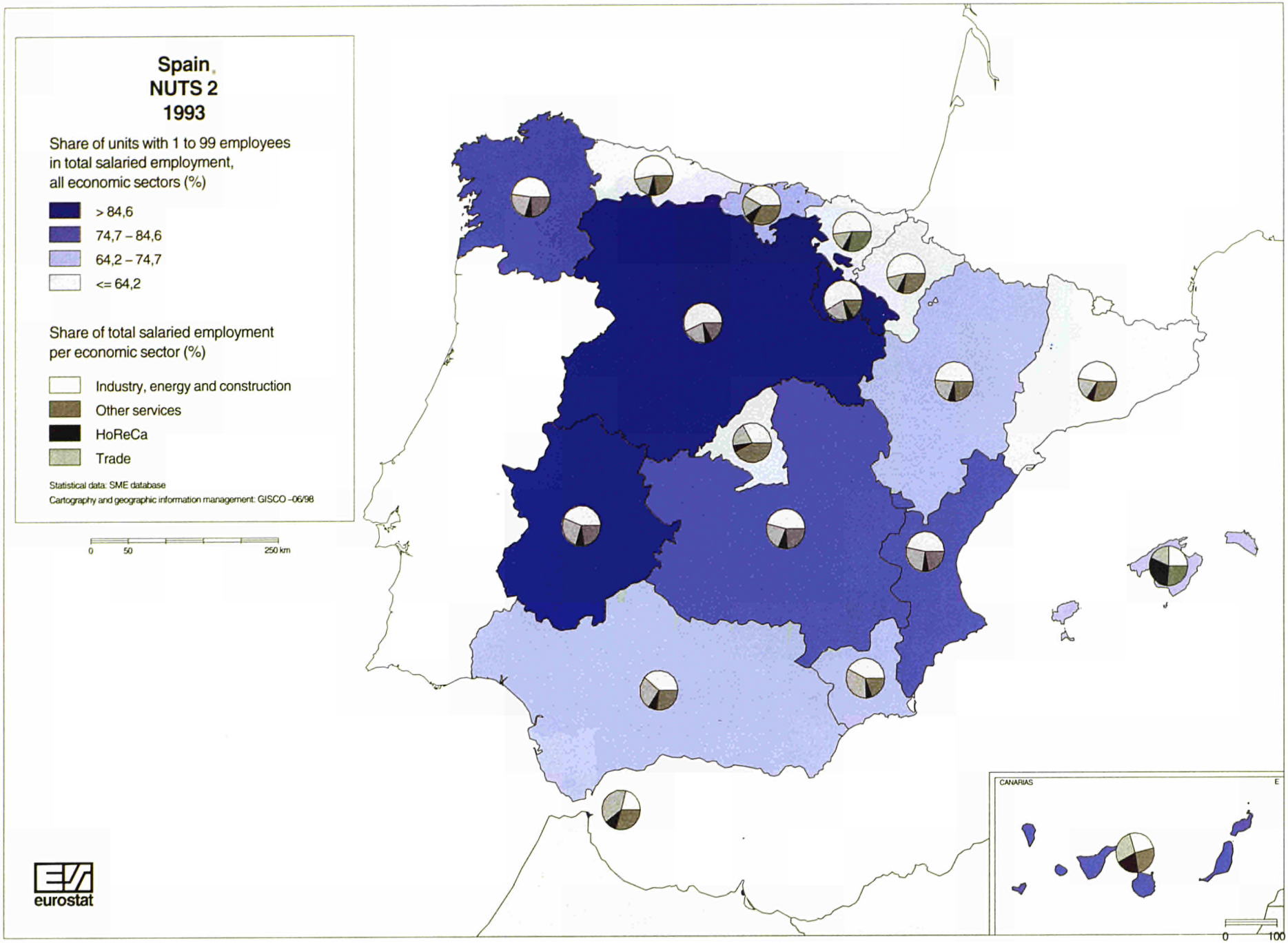
On the contrary, some fairly industrialised regions are organised around small and medium-sized units. These regions are often involved in highly diversified activities or specialise in areas such as clothing, metalworking or mechanical engineering, which do not require heavy investment in capital goods. Small and medium-sized units predominate in the majority of regions where industry is less important.

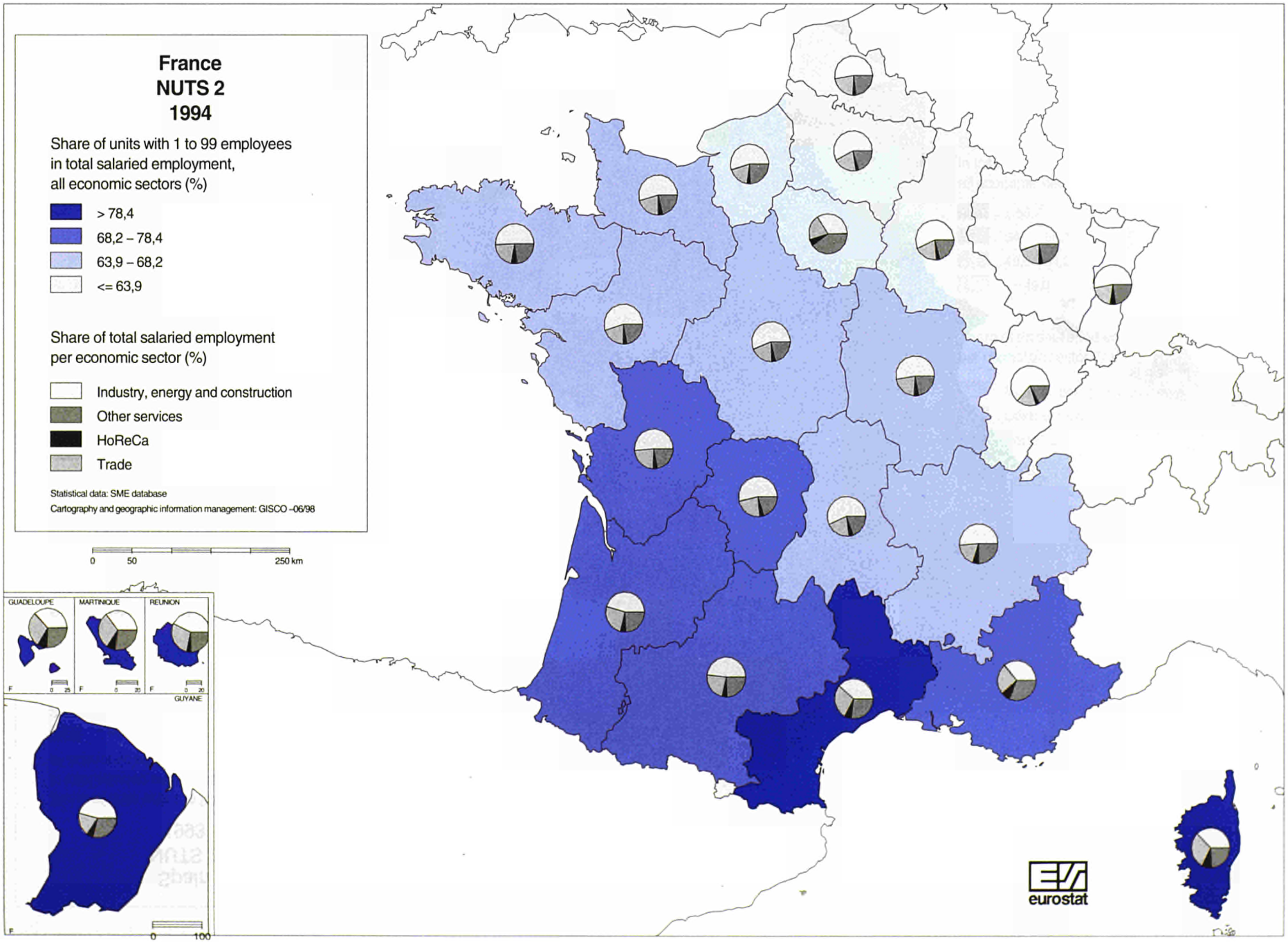

Belgium
NUTS 2
1994
Share of employers with 1 to 99 employees in total salaried employment, all economic sectors (%)
> 60,6
56,4 – 60,6
53,6 – 56,4
<= 53,6
Share of total salaried employment per economic sector (%)
Industry, energy and construction
Other services
HoReCa
Trade
Statistical data: SME database
Cartography and geographic information management: GISCO –06/98
0
10
50 km
eurostat

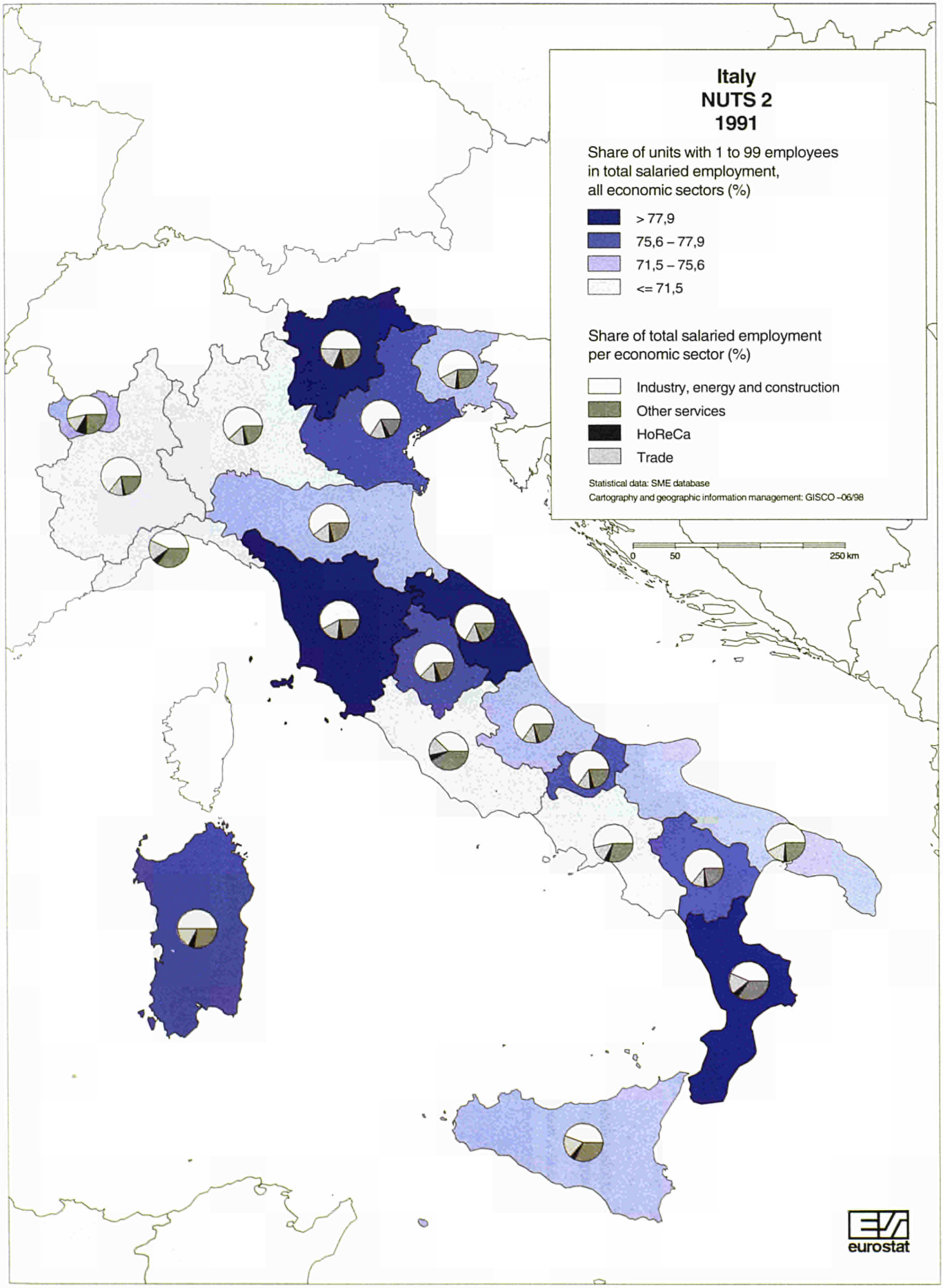
2 THEMATIC ANALYSES
Regional analyses

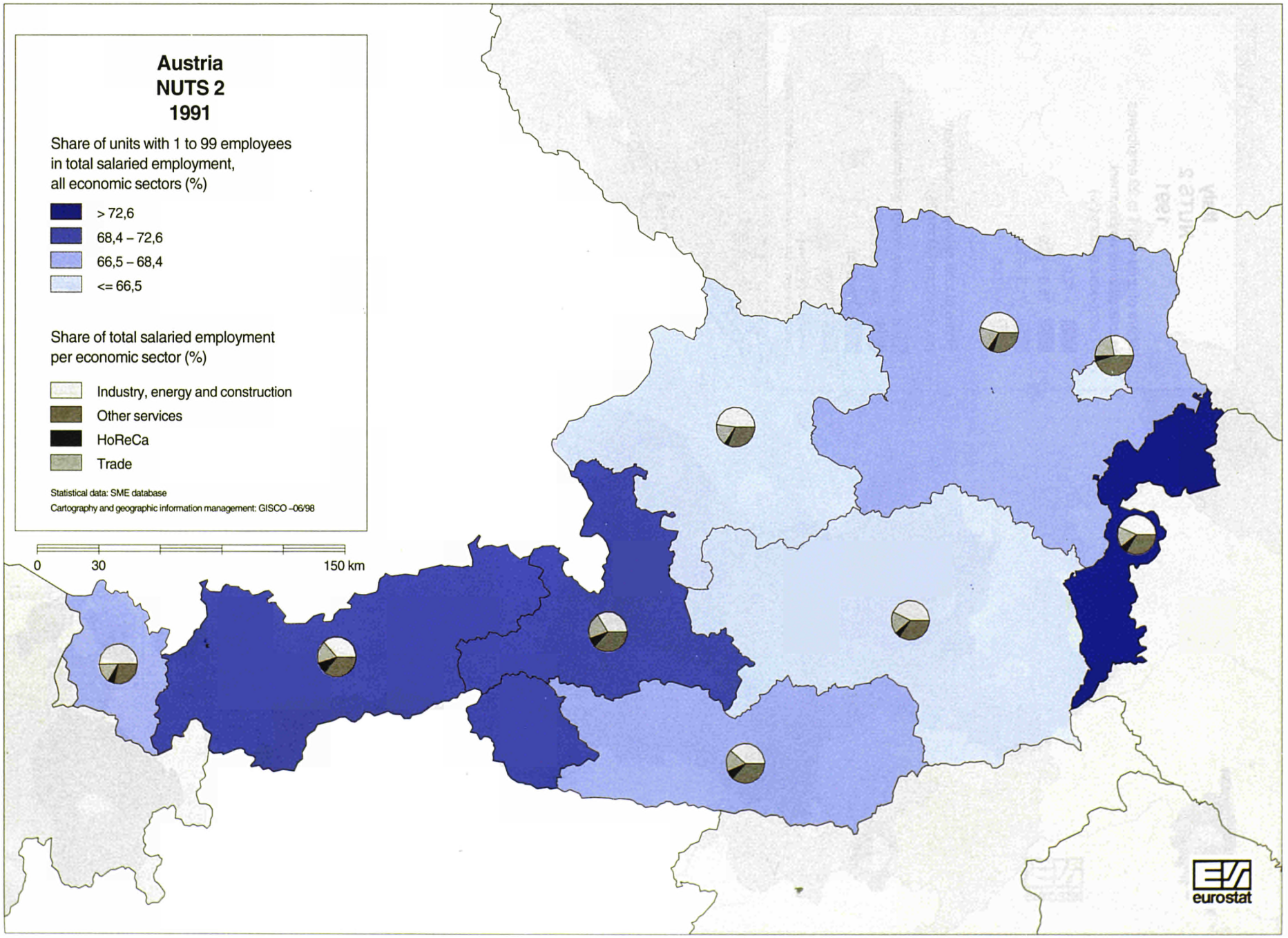


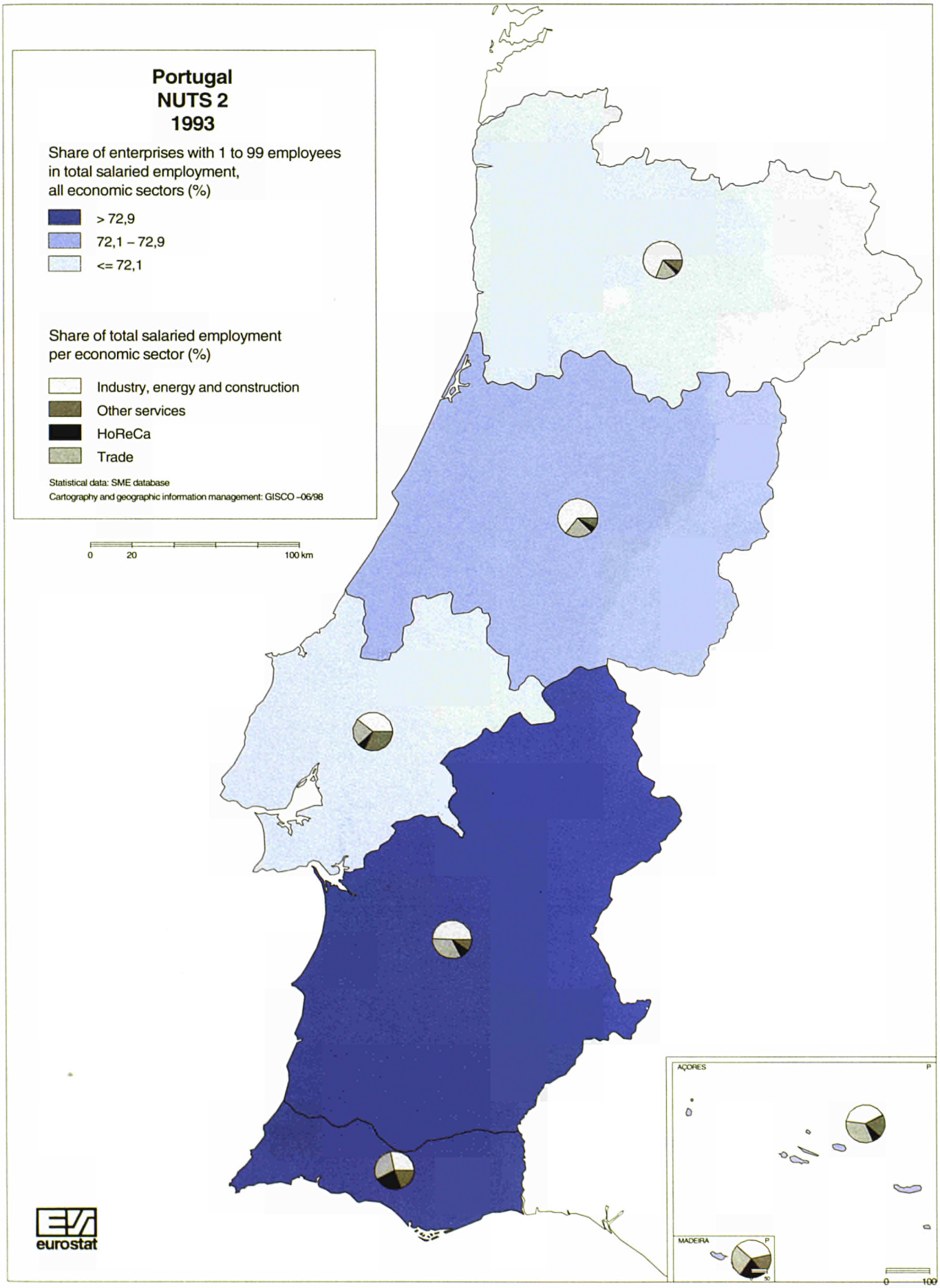
DG XXIII


Spain
NUTS 2
1993
Share of units with 1 to 99 employees in total salaried employment, all economic sectors (%)
> 84,6
74,7 – 84,6
64,2 – 74,7
<= 64,2
Share of total salaried employment per economic sector (%)
Industry, energy and construction
Other services
HoReCa
Trade
Statistical data: SME database
Cartography and geographic information management: GISCO –06/98
0
50
250 km
CANARIAS
E
0
100
eurostat

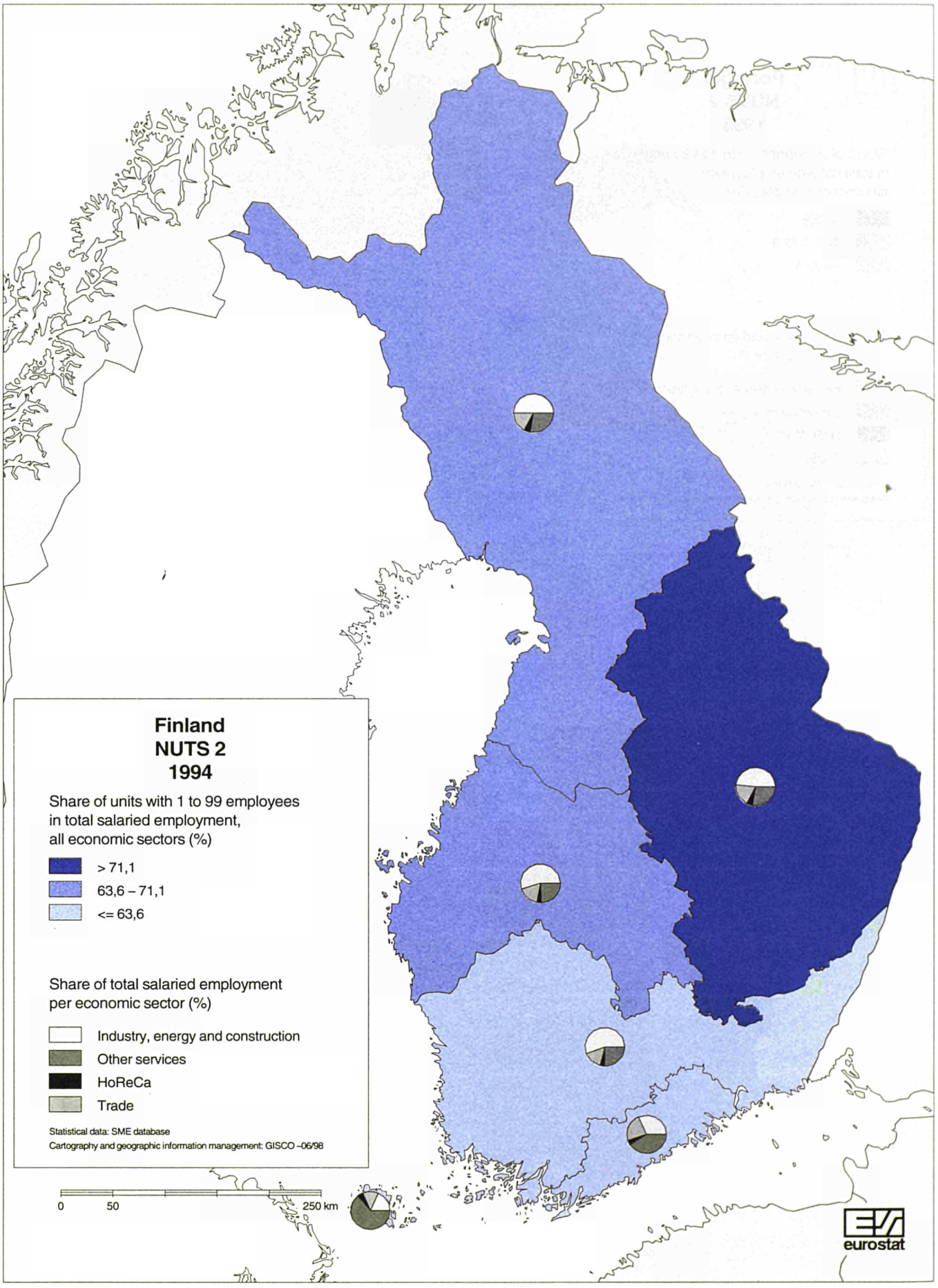

France
NUTS 2
1994
Share of units with 1 to 99 employees
in total salaried employment,
all economic sectors (%)
> 78,4
68,2 – 78,4
63,9 – 68,2
<= 63,9
Share of total salaried employment
per economic sector (%)
Industry, energy and construction
Other services
HoReCa
Trade
Statistical data: SME database
Cartography and geographic information management: GISCO -06/98
0 50 250 km
GUADELOUPE
MARTINIQUE
REUNION
GUYANE
0 100
eurostat

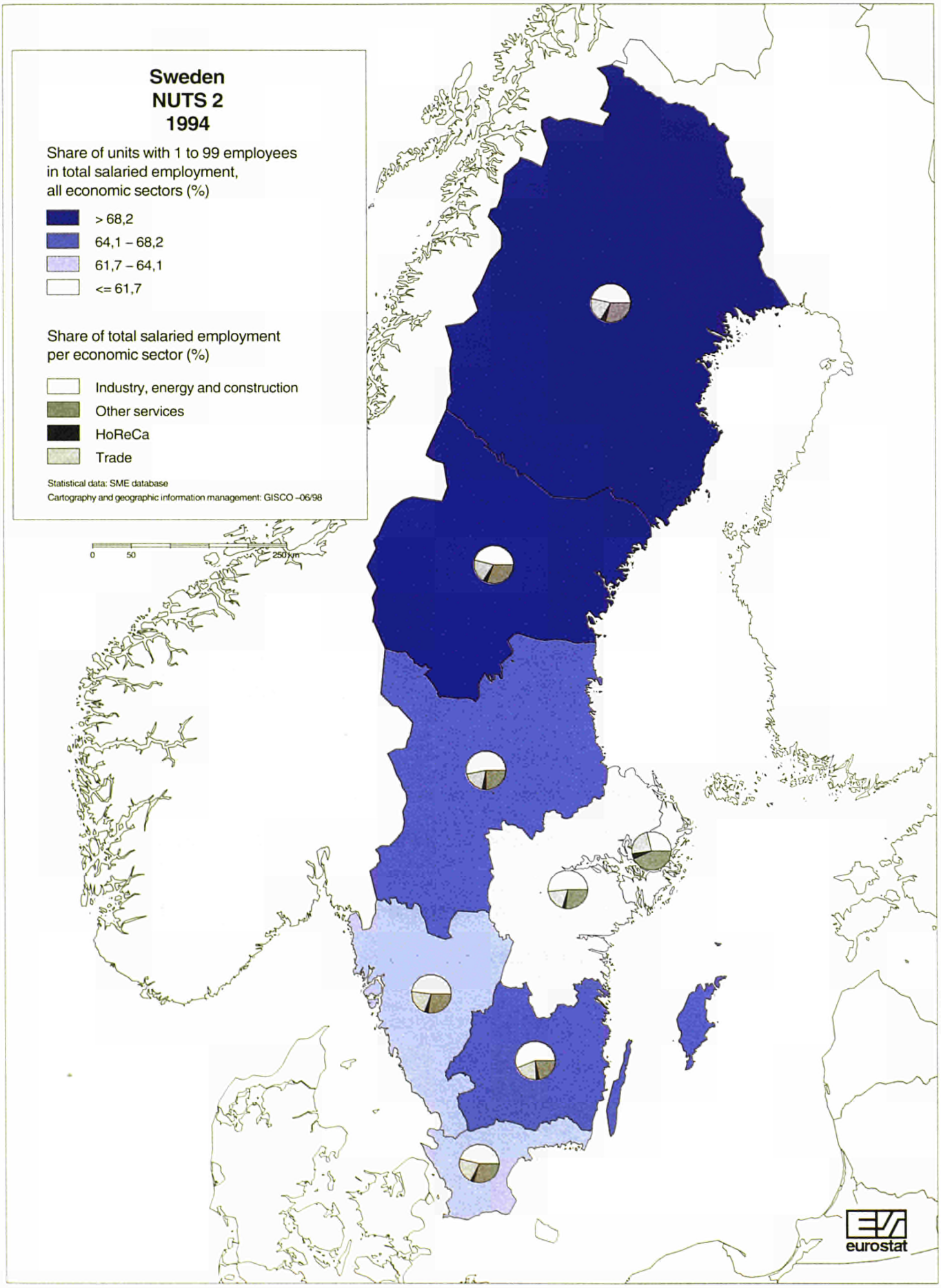

Italy
NUTS 2
1991
Share of units with 1 to 99 employees in total salaried employment, all economic sectors (%)
> 77,9
75,6 – 77,9
71,5 – 75,6
<= 71,5
Share of total salaried employment per economic sector (%)
Industry, energy and construction
Other services
HoReCa
Trade
Statistical data: SME database
Cartography and geographic information management: GISCO –06/98
0
50
250 km
eurostat


Austria
NUTS 2
1991
Share of units with 1 to 99 employees in total salaried employment, all economic sectors (%)
> 72,6
68,4 – 72,6
66,5 – 68,4
<= 66,5
Share of total salaried employment per economic sector (%)
Industry, energy and construction
Other services
HoReCa
Trade
Statistical data: SME database
Cartography and geographic information management: GISCO –06/98
0
30
150 km
eurostat


Portugal
NUTS 2
1993
Share of enterprises with 1 to 99 employees in total salaried employment, all economic sectors (%)
> 72,9
72,1 – 72,9
<= 72,1
Share of total salaried employment per economic sector (%)
Industry, energy and construction
Other services
HoReCa
Trade
Statistical data: SME database
Cartography and geographic information management: GISCO -06/98
0
20
100 km
AÇORES
P
MADEIRA
P
0
100
eurostat

2 THEMATIC ANALYSES
Regional analyses




Sweden
NUTS 2
1994
Share of units with 1 to 99 employees
in total salaried employment,
all economic sectors (%)
> 68,2
64,1 – 68,2
61,7 – 64,1
<= 61,7
Share of total salaried employment
per economic sector (%)
Industry, energy and construction
Other services
HoReCa
Trade
Statistical data: SME database
Cartography and geographic information management: GISCO –06/98
0
50
250 km
eurostat

Development of manufacturing employment in Objective 5b areas

The underlying goal of Community structural policies is to reduce disparities between the regions in terms of their socio-economic situation and development. The first comprehensive Structural Funds programme was designed for the period 1989 to 1993. Efforts were directed towards six special objectives. (See box on the Structural Funds programme 1989-93 for further detail).

The measures set up under Objective 5b were aimed especially at the development of rural areas. In nine Member States, the regions found eligible covered a population of about 16,5 million people or roughly 5 % of the 12 countries of the European Union as they were before 1995. It should be noted, however, that large rural areas can also be found in the regions which were supported under Objective 1 (i.e. the regions whose development is lagging behind).

Community assistance is implemented by way of Community support frameworks that contain the range of programmes and measures to be financed in the regions concerned. In general, it is very difficult to evaluate the success of such programmes and, in particular, to separate effects which are due to the funds from those which are linked to economic development at international, national or local levels. In order to contribute to an ex post evaluation of the programmes, Eurostat, helped by the national statistical institutes of the EU, developed a database of sectoral indicators on the manufacturing industries present in the areas concerned.

Using these data, Eurostat devised a series of analyses on developments in the economic fabric of these areas and the related employment changes; these analyses gave a broad view of the economic situation. The available data concerns six Member States, covering 93 % of the eligible population under Objective 5b. In these rural areas, most of the units operate on a small to medium-size scale and the dynamism of SMEs is crucial to maintain populations there.

In brief ...

- Community assistance: ECU 2,6 billion for the period 1989-93.
- Employment trends in manufacturing industry: better than in the whole Union with some exceptions.
- Local effects in the eligible areas: largely positive.
- Industrial structure: predominance of weak demand industries.

STRUCTURAL FUNDS PROGRAMME 1989-93

General

Following the major reforms in 1988, the following six objectives for Community structural policies were established:

- Objective 1
  Development and structural adjustment of regions whose development is lagging behind.
- Objective 2
  Converting regions or parts of regions seriously affected by industrial decline.
- Objective 3
  Combating long-term unemployment.
- Objective 4
  Occupational integration of young people.
- Objective 5a
  Speeding up the adjustment of agricultural structures.
- Objective 5b
  Development of rural areas.

While Objectives 3, 4 and 5a are horizontal objectives covering the whole Community, Objectives 1, 2, and 5b are specifically regional in nature. They involve measures restricted to certain eligible regions or parts of regions.

Objective 5b

Areas eligible under Objective 5b have to satisfy the following three main criteria:

- low level of socio-economic development;
- high share of agricultural employment;
- low level of agricultural income.

The Structural Funds programmes supporting the Objective 5b areas have been financed through three funds:

- the European Regional Development Fund (ERDF),
- the European Social Fund (ESF) and,
- the European Agricultural Guidance and Guarantee Fund (EAGGF).

For all eligible regions, a set of regional priority axes had to be defined. For the Objective 5b areas, the Community Support Frameworks concentrated on the following priorities:

- diversification of agriculture,
- diversification/development of the non-agricultural sector (especially the manufacturing sector),
- development of tourism,
- development of human resources,
- environmental protection.

A closer look will be taken in this study at the effects of the Structural Funds programmes with respect to the second priority: the diversification and development of the non-agricultural sector, especially the manufacturing sector.

COMMUNITY ASSISTANCE: ECU 2,6 BILLION FOR THE PERIOD 1989-93

Community assistance for the development of rural areas amounted to ECU 2 607 million (at 1989 prices) for the period 1989-93. This accounted for 4,6 % of the total ECU 56 162 million for Structural Funds for this period. However, the assistance from Structural Funds is not meant to be independent from the Member States' efforts. Instead, the Community co-finances national aid (this term is used in the CSFs). Thus, Community assistance was supplemented by the Member States with various national and regional sources as well as with contributions from the private sector. On average, around 30 % of total assistance was financed through the Community and the private sector, respectively, while almost 40 % was contributed by national public resources.

The table below gives an overview of the funds allocated to each Member State. In addition, the number of inhabitants in the Objective 5b areas is given. France, Germany (referring to the size of its population in 1989, before unification) and Spain were the countries whose population was most concerned by this Objective (5 to 10 % of the total population), while the affected part for almost all other countries was under 3 %. The last column in the table shows the intervention intensity of the Community support per inhabitant of the eligible areas during the first programming period. It ranges from ECU 99,3 and 111,9 per person for the Netherlands and Belgium, respectively, to ECU 287,5 and 487,6 per person for Spain and Luxembourg. However, the highest value may be partly explained by the low number of inhabitants in the eligible areas of Luxembourg.

This article will consider the employment and sectoral developments between 1986 and 1993 for which data is available for the eligible regions of Belgium, Germany, France, Italy, the Netherlands and the United Kingdom (see the end of this chapter for data definitions and sources).

Structural Funds support for Objective 5b areas — 1989-93

	Total amount of Structural Funds (all funds allocated) Mio ECU at 1989 prices	Share of EEC funding within total assistance (in %)	Inhabitants of eligible areas (in thousands)	Inhabitants of eligible areas in % of total population	EEC funding per inhabitant of eligible areas (ECU per person)
EU-12	8 419,4	31,0	16 506	5,4	157,9
B	97,4	33,4	291	2,9	111,9
DK	68,0	33,8	107	2,1	214,7
D (*)	1 720,9	30,5	4 612	7,4 (*)	113,8
E	693,7	41,1	991	2,5	287,5
F	3 413,5	28,1	5 830	10,2	164,7
I	1 509,5	25,5	2 905	5,1	132,5
L	11,2	22,4	5	1,3	487,6
NL	165,9	26,5	443	2,9	99,3
UK	739,2	47,3	1 322	2,3	264,8

(*) West Germany only.

Sources: Commission of the European Communities: Community Support Frameworks 1989-93; Eurostat.

2 THEMATIC ANALYSES

Development of manufacturing employment in Objective 5b areas

EMPLOYMENT TRENDS IN MANUFACTURING INDUSTRY

Better than in the whole Union with some exceptions

In the countries reviewed, the eligible areas supported under Objective 5b experienced a clearly more positive development in manufacturing employment than the European Union as a whole. They were hit one year later by the downturn in employment which had started for the European Union as a whole in 1991. Despite a decline in 1992 and 1993, a net increase of 46 000 persons was recorded in manufacturing employment between 1989 and 1993 in the eligible areas.

This result coincides with the overall objective of developing rural areas. It can be seen as fairly modest, but in the context of a general decline in manufacturing employment it should be acknowledged.

Out of a total of 41 regions, half of them experienced a positive employment evolution in manufacturing industry. However, as can be seen in the graphs (pages 169 and 170), the situation varies greatly from one country to another.

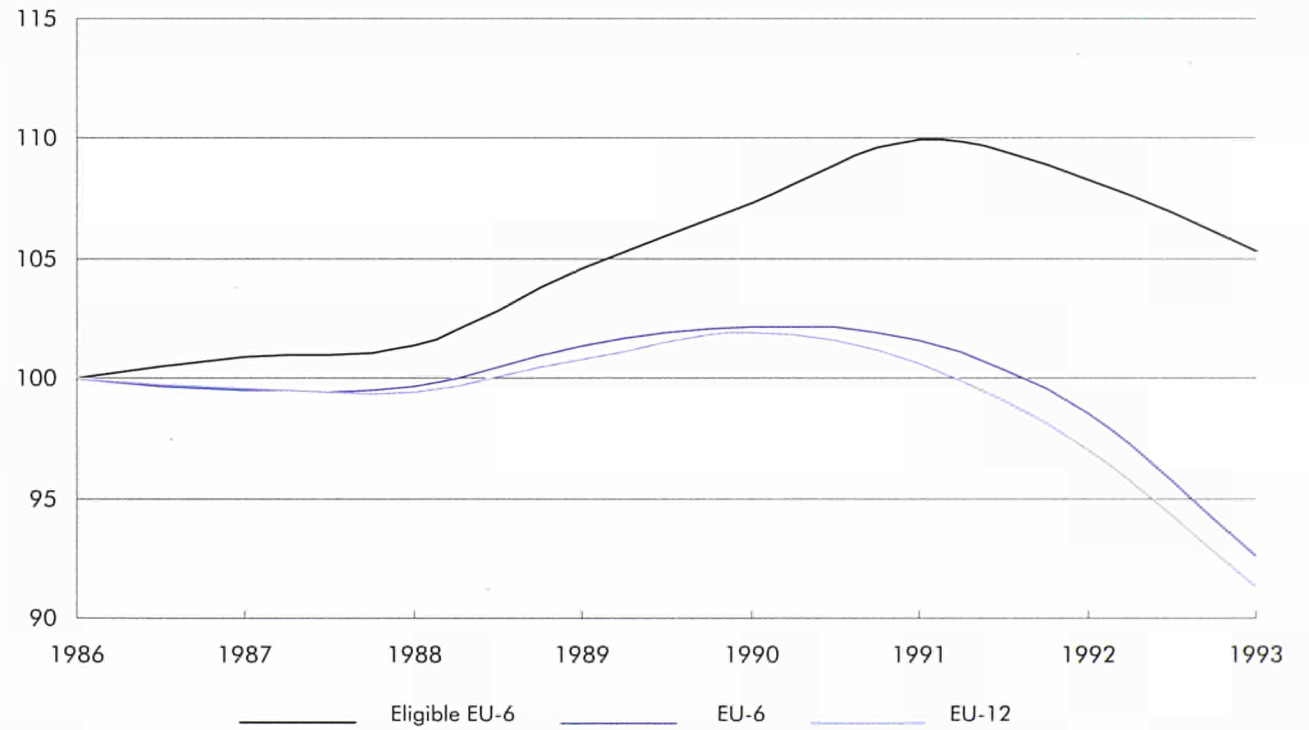
The two regions with the greatest positive (Cornwall/Devon) and the greatest negative (Highlands/Islands) relative changes are both to be found in the United Kingdom, whose eligible areas experienced in total a decline in manufacturing employment of 17 % between 1989 and 1993. Italian areas show with 3,7 % the highest average employment growth during this period, followed by the eligible areas in Germany (3,0 % on average). In France, the eligible region with the lowest employment (Franche-Comté) showed the highest positive relative change, whereas the second largest region (Limousin) recorded the highest negative absolute change.

- Eligible EU-6: Eligible Objective 5b areas in the six Member States of Belgium, Germany, France, Italy, the Netherlands and the United Kingdom.

KEY TO THE FIGURES

- EU-6: Total of the above-mentioned six Member States.
- EU-12: Total of the countries of the European Union until 31 December 1994.

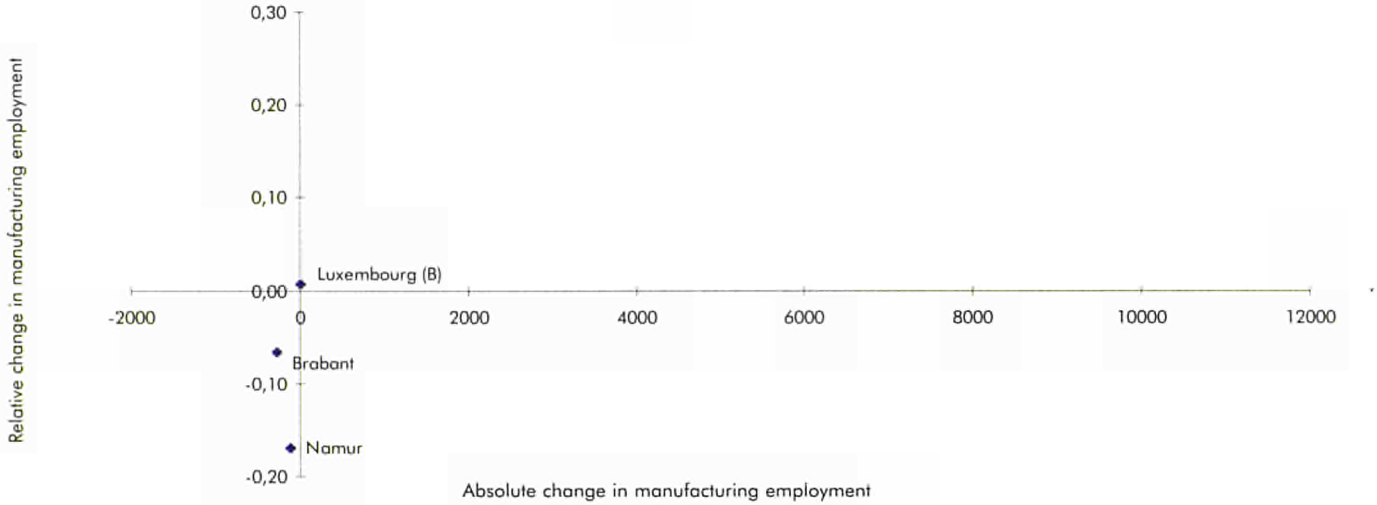
Employment trends in the manufacturing industry — 1986 = 100



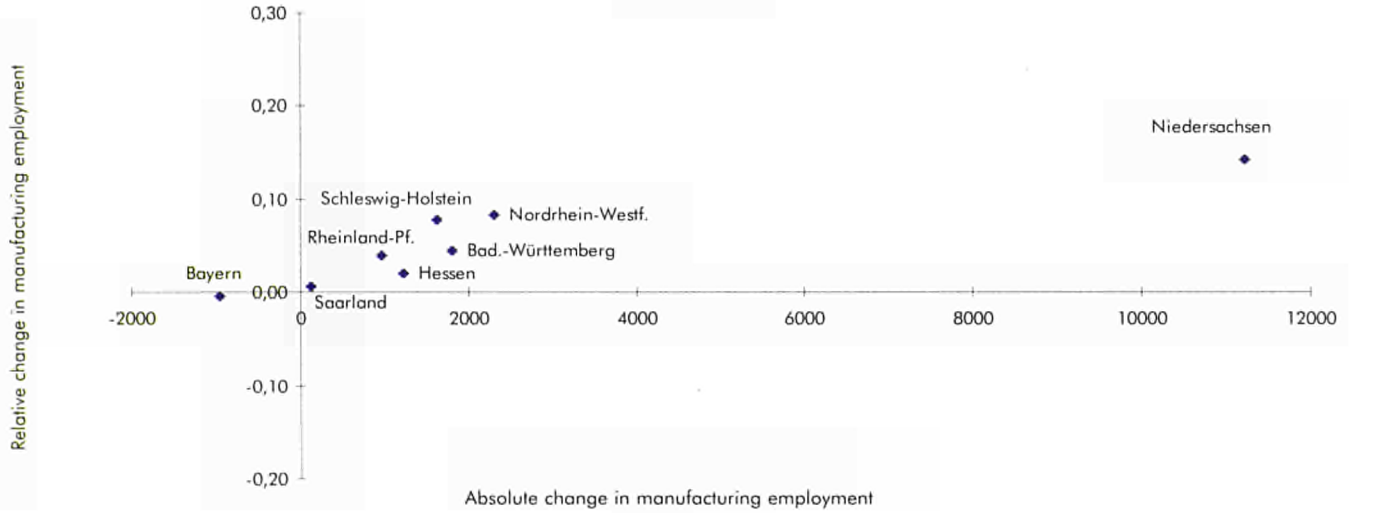
Source: Eurostat.

Changes in manufacturing employment between 1989 and 1993 in the Objective 5b areas of each country

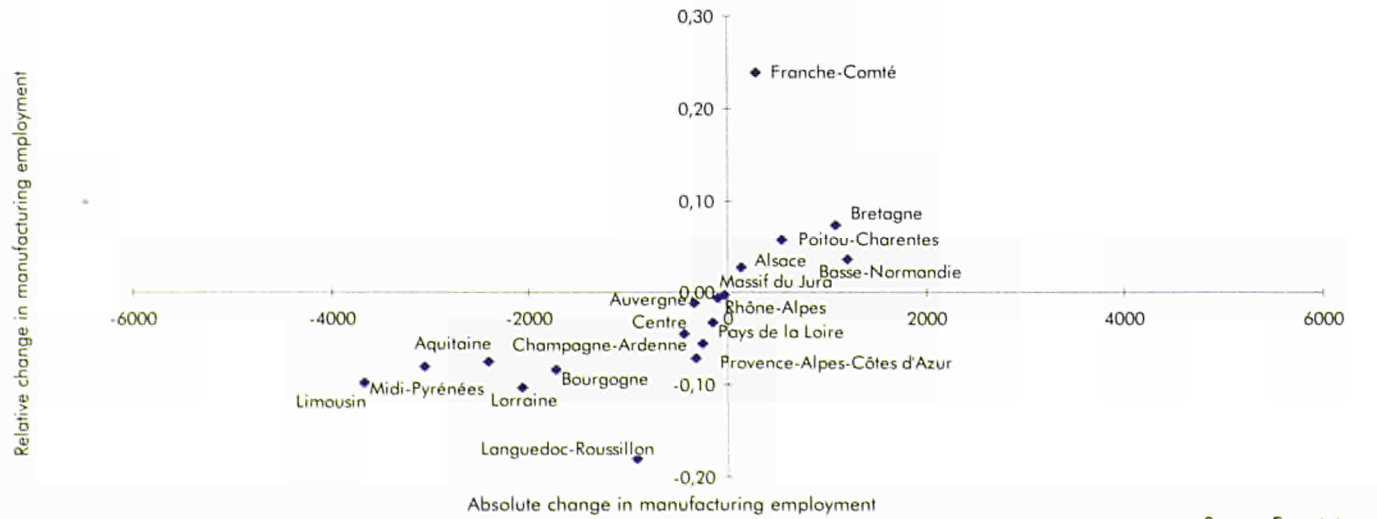
Belgium



Germany



France



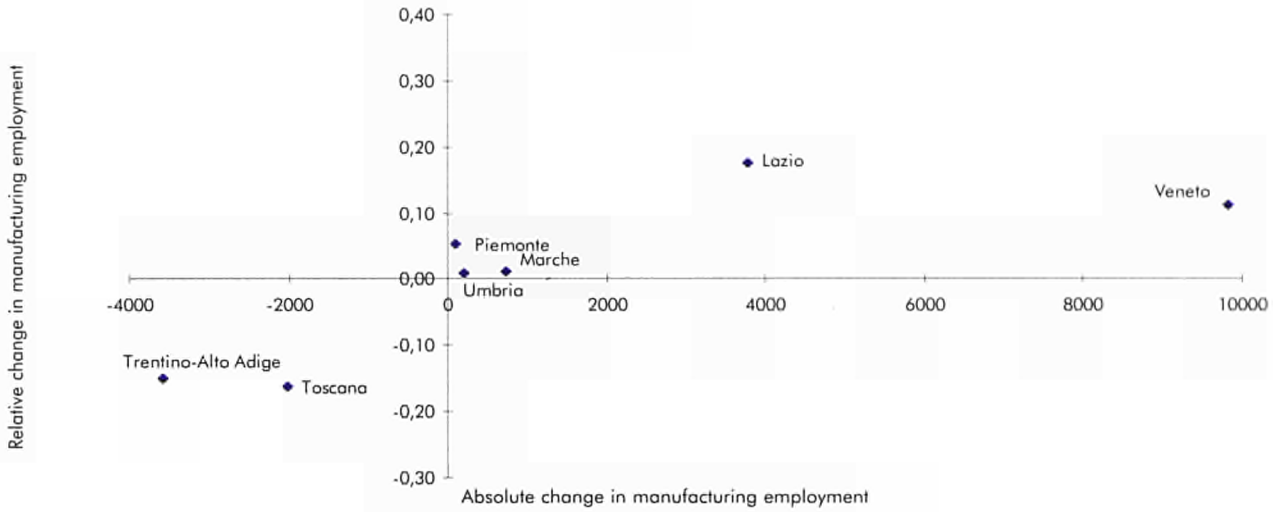
Source: Eurostat.

2 THEMATIC ANALYSES

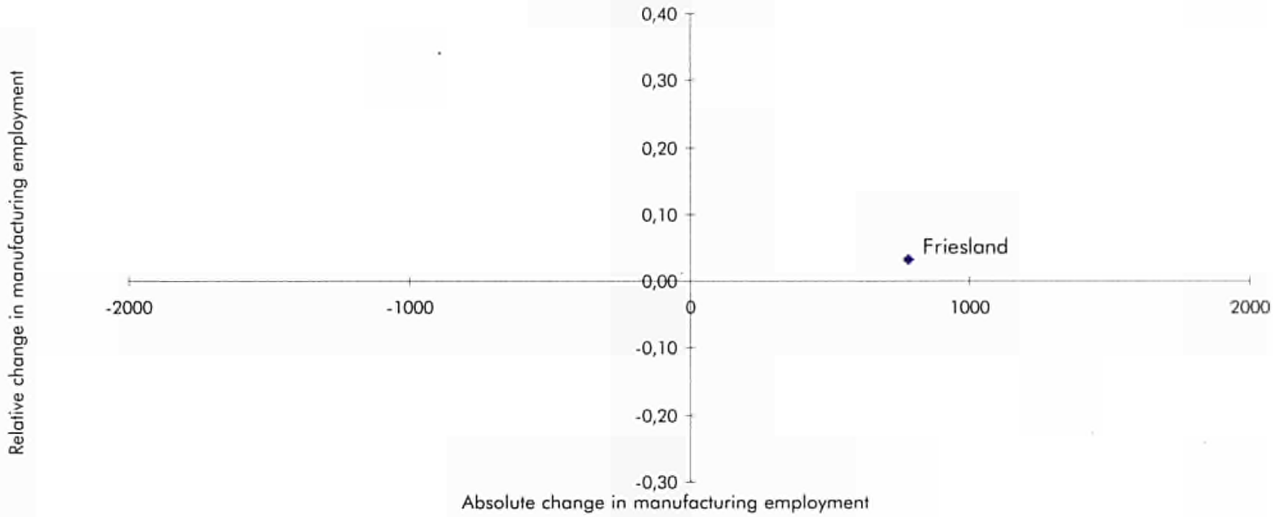
Development of manufacturing employment in Objective 5b areas

Changes in manufacturing employment between 1989 and 1993 in the Objective 5b areas of each country

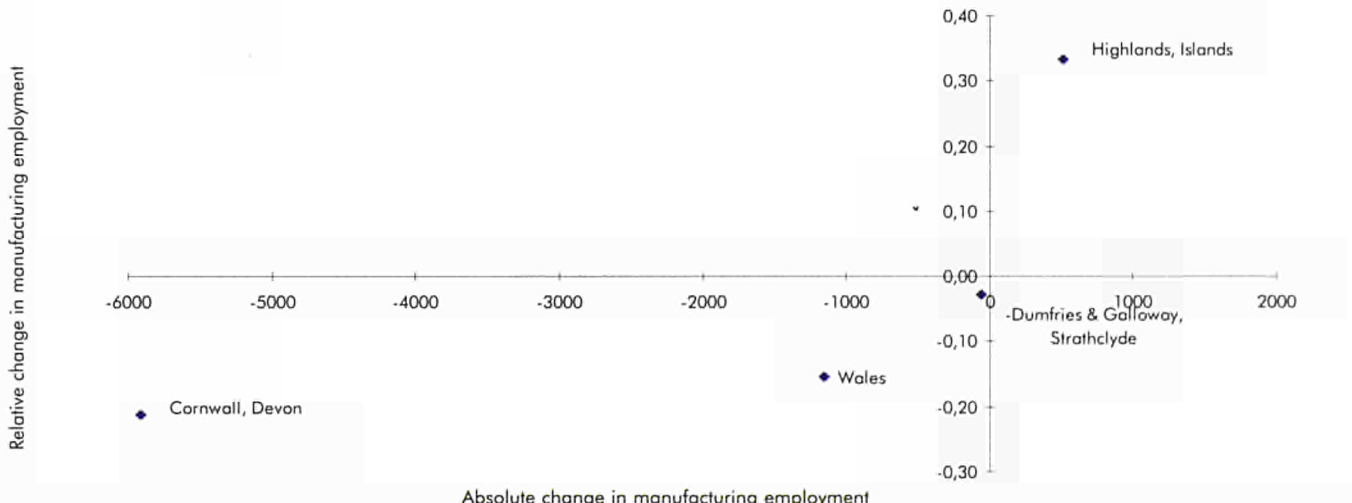
Italy



The Netherlands



United Kingdom



Source: Eurostat.

DG XXIII

LOCAL EFFECTS IN THE ELIGIBLE AREAS: LARGELY POSITIVE

Within the overall employment trends it is possible to single out the share attributable to non-structural factors, which may also be called local effects. The local effects are measured by calculating the difference between the recorded employment changes in the manufacturing industry of a given area and the expected employment changes in this area. The latter are derived by applying the average European Union employment changes in each industry to the industries in the area. During the period 1989 to 1993, these included the impact of the allocation of Structural Funds, although it is not possible to separate this from other possible local economic effects.

For the eligible areas taken as a whole, these local effects were clearly positive, even during the decline in manufacturing employment in the early 1990s (see figure below).

At the country level, a variety of developments emerge.

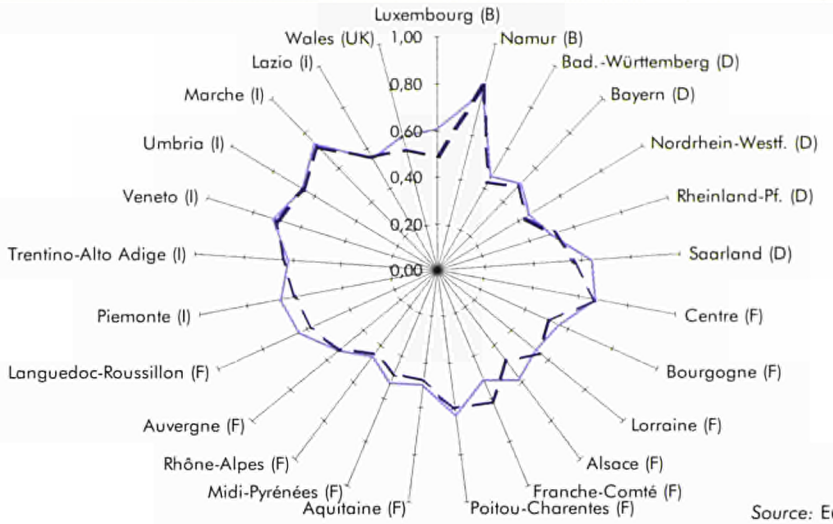
- Local effects had a positive impact on the development of eligible areas in Belgium (except in 1991), which was rather strong in 1989 yet less so in 1992 and 1993.
- In the eligible areas of Germany and France positive local effects could be recorded during most of the period 1989-93.
- Except in 1990, local effects in the eligible regions of Italy were always positive, especially from 1989 onwards with an 'anticyclical' employment increase in 1992.
- In the eligible areas of the Netherlands the development was quite contrasted: positive local effects in 1987, 1990 and 1992 alternated with negative local effects.
- Contrary to the positive developments in the other countries, the evolution of manufacturing employment in eligible areas of the United Kingdom was worse than that which could have been expected during almost the whole period, except in 1989.

Annual changes in manufacturing employment

Source: Eurostat.

Development of manufacturing employment in Objective 5b areas

'Weak demand regions' in 1989 and 1993

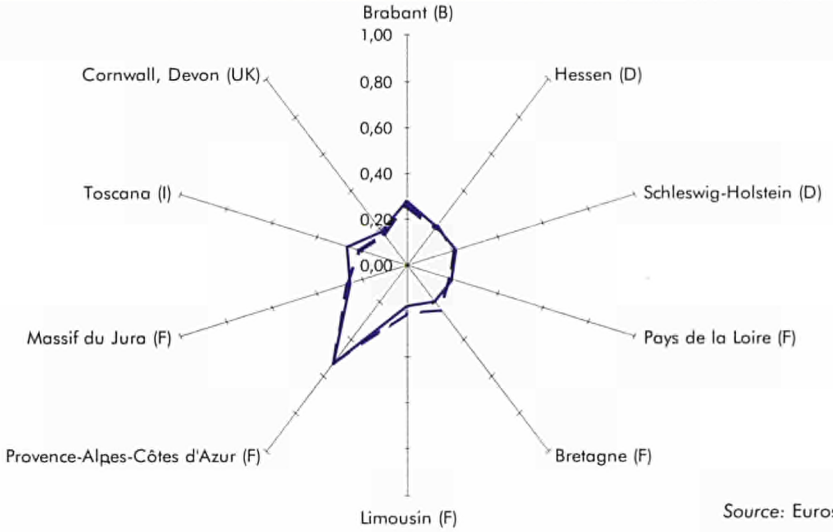


Weight of low demand industries in 1989

Weight of low demand industries in 1993

Source: Eurostat.

'Strong demand regions' in 1989 and 1993



Weight of high demand industries in 1989

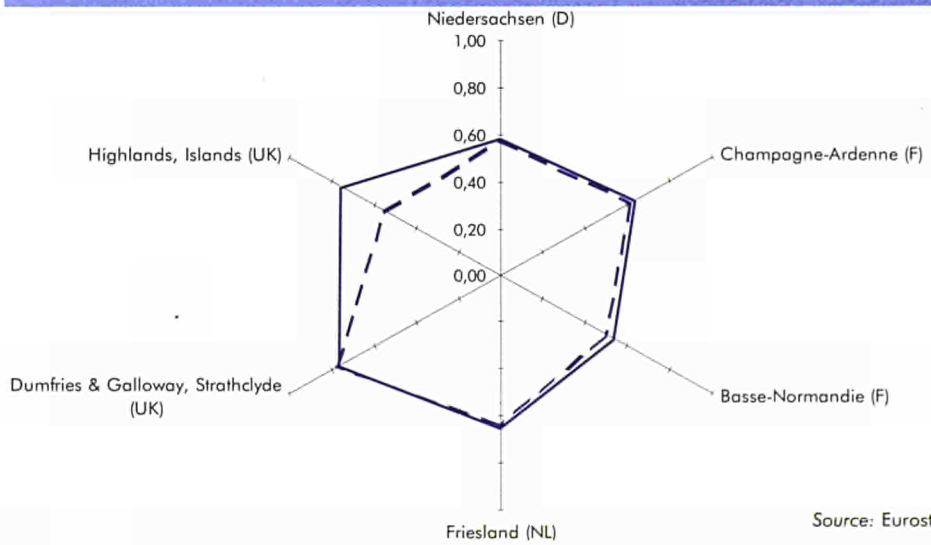
Weight of high demand industries in 1993

Source: Eurostat.

NOTES

- The order of the regions follows the Nomenclature of territorial units for statistics (NUTS).
- The lines connecting the regions serve only to enhance the readability.

'Medium demand regions' in 1989 and 1993



Weight of medium demand industries in 1989

Weight of medium demand industries in 1993

Source: Eurostat.

INDUSTRIAL STRUCTURE: PREDOMINANCE OF WEAK DEMAND INDUSTRIES

The areas supported under Objective 5b are characterised by an industrial structure with a fairly low or medium level of technology. With almost 50 % of manufacturing employment taken up by so-called 'weak demand' industries, the share of these sectors is way above the EU average of around 35 % (see 'Definitions and Sources' at the end of this chapter).

Employment gains in the eligible regions can be mainly attributed to the 'medium demand' sectors which, in 1989, accounted for 38 % of the manufacturing employment (compared to a European average of 43 %). The share of 'strong demand' sectors in the total manufacturing employment of the eligible areas stayed at around 13 % during the programming period and almost 10 percentage points below the EU average.

Analysing the industrial structure at the regional level, three groups of regions can be distinguished.

In 25 of the 41 areas under review, more than 45 % of the persons employed in the manufacturing sector worked in weak demand industries in 1989. A more detailed analysis of the data at the sectoral level reveals that the manufacture of 'non-metallic mineral products' and of 'metal articles', the 'footwear and clothing' as well as the 'timber and wooden furniture' industries were the most important sectors, accounting on average for more than 40 % of manufacturing employment. In nearly three quarters of these weak demand regions the employment situation improved between 1989 and 1993.

In only 10 ([1]) of the regions, strong demand industries accounted for more than 15 % of the manufacturing employment. On average, 'electrical engineering' was the most important, before the 'chemical industry' and 'instrument engineering'.

In the remaining regions, the medium demand industries played an important role, with shares ranging between 50 and 77 % of manufacturing employment.

([1]) The Italian Toscana region has been listed with the high demand regions. The share of strong demand sectors was more than 22 % in 1989, although the share of weak demand industries exceeded 45 %.

SECTORAL DEVELOPMENT IN THE ELIGIBLE AREAS: COUNTRY REVIEW

The following describes the relative contribution of the different sectors to the development of manufacturing employment in the eligible areas of each country. Average employment during 1986-89 has been compared to 1990-93.

Belgium

In 1989, Office machinery, electrical and instrument engineering and timber and wooden furniture sectors accounted for 37 % of the manufacturing employment in the eligible areas. The latter deserves special attention because it contributed most to the average increase of 600 jobs. The development of this industry is in line with one of the main goals of the Structural Funds support for the Belgian Objective 5b areas: the best exploitation of the forestry potential through favouring the development of an appropriate industrial structure.

Germany

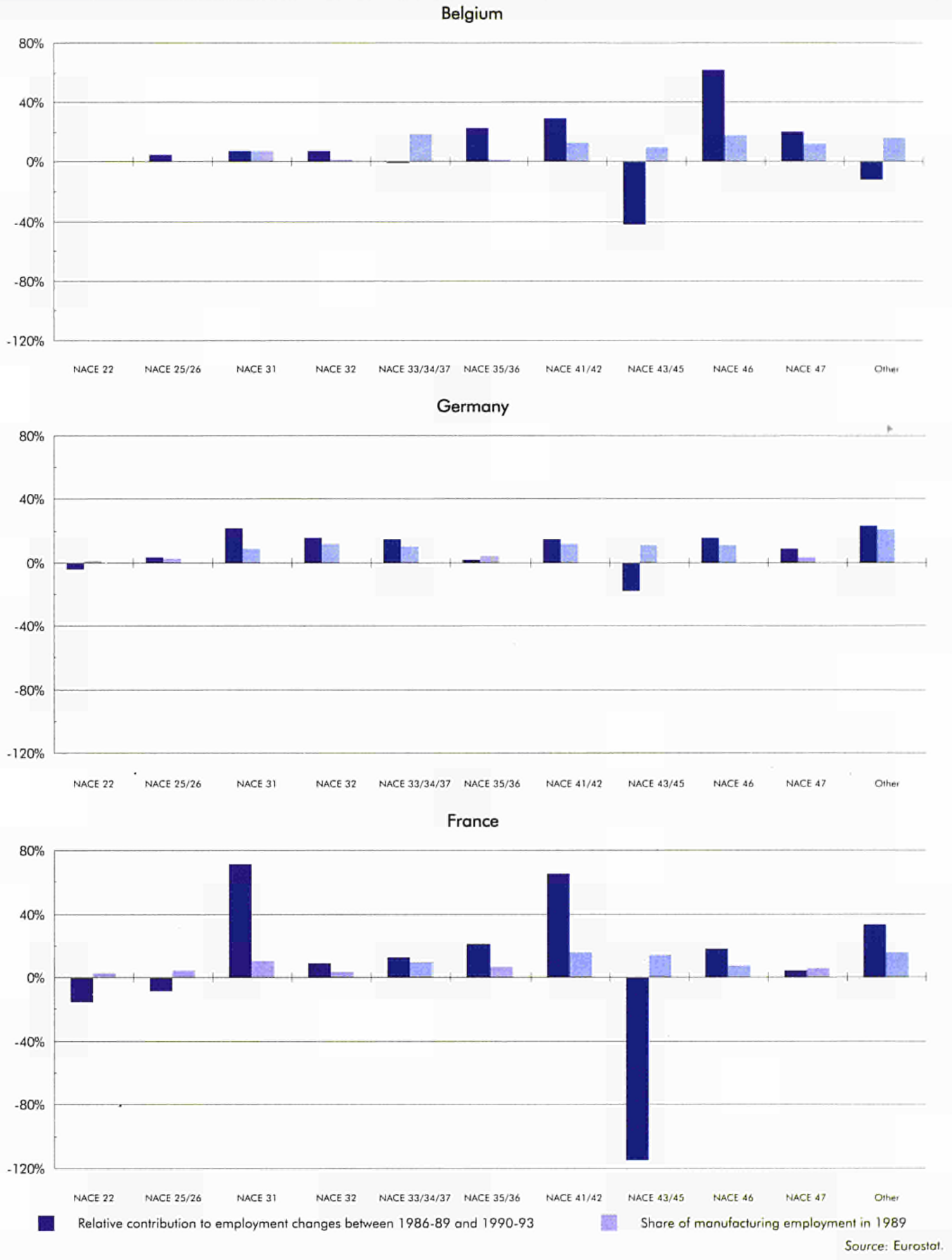
The average level of manufacturing employment between 1990 and 1993 was 8 % (or 48 000 jobs) higher than during 1986 to 1989. Here, the manufacture of metal articles and processing of rubber and plastics sectors (included in the restgroup) contributed 22,1 % and 21,0 % respectively to employment growth in the eligible areas. Textile and clothing was the sector with the highest job losses between the two periods.

France

The two sectors with the largest shares in manufacturing employment in 1989 — manufacture of metal articles, 11,0 % and food, drink and tobacco, 16,1 % — also recorded the highest contributions to employment growth in the eligible areas: 71,9 and 65,7 % respectively. However, the high amplitudes for the contributions of the sectors result from a modest 2 % relative increase in the employment level between the two periods, which represents nonetheless 7 000 more jobs in the eligible areas.

Development of manufacturing employment in Objective 5b areas

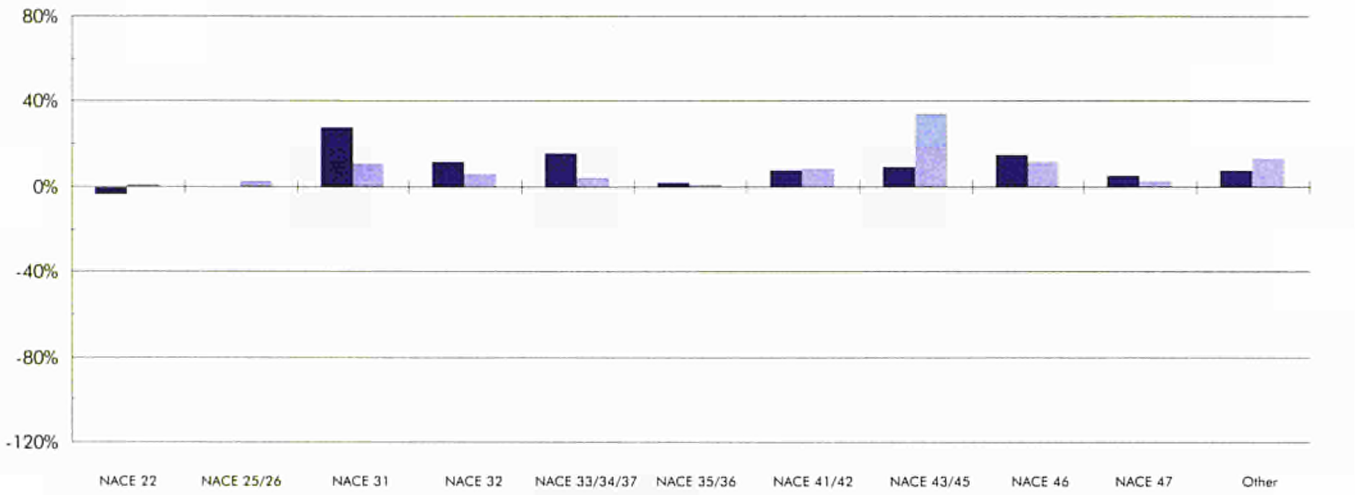
Employment structure and sectoral contributions to the employment changes in the Objective 5b areas between the periods 1986-89 and 1990-93



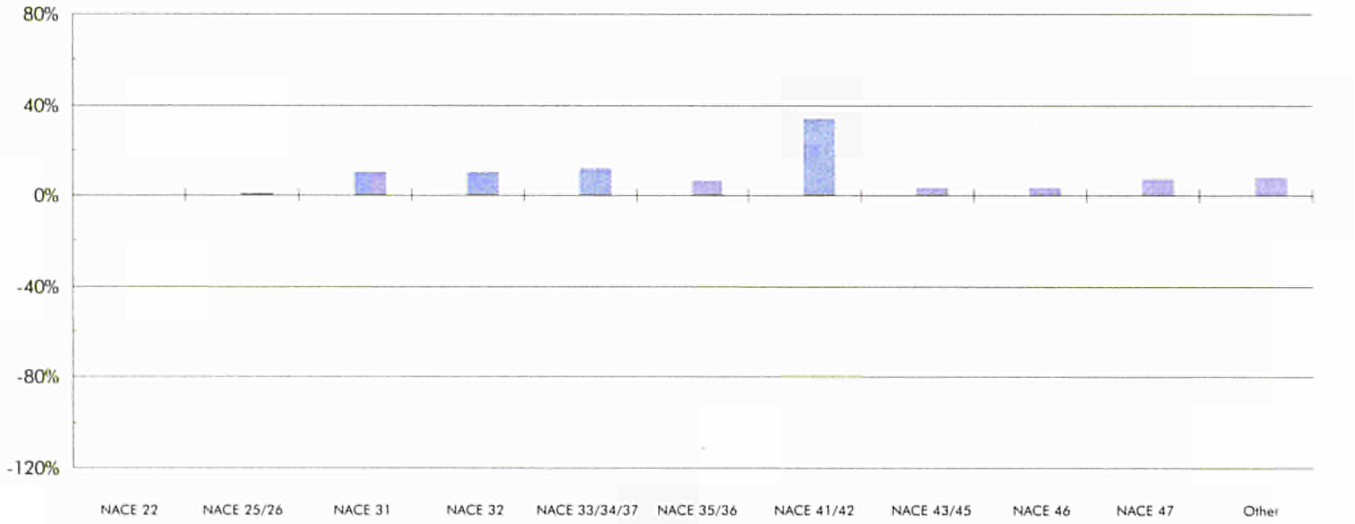
Source: Eurostat.

Employment structure and sectoral contributions to the employment changes in the Objective 5b areas between the periods 1986-89 and 1990-93

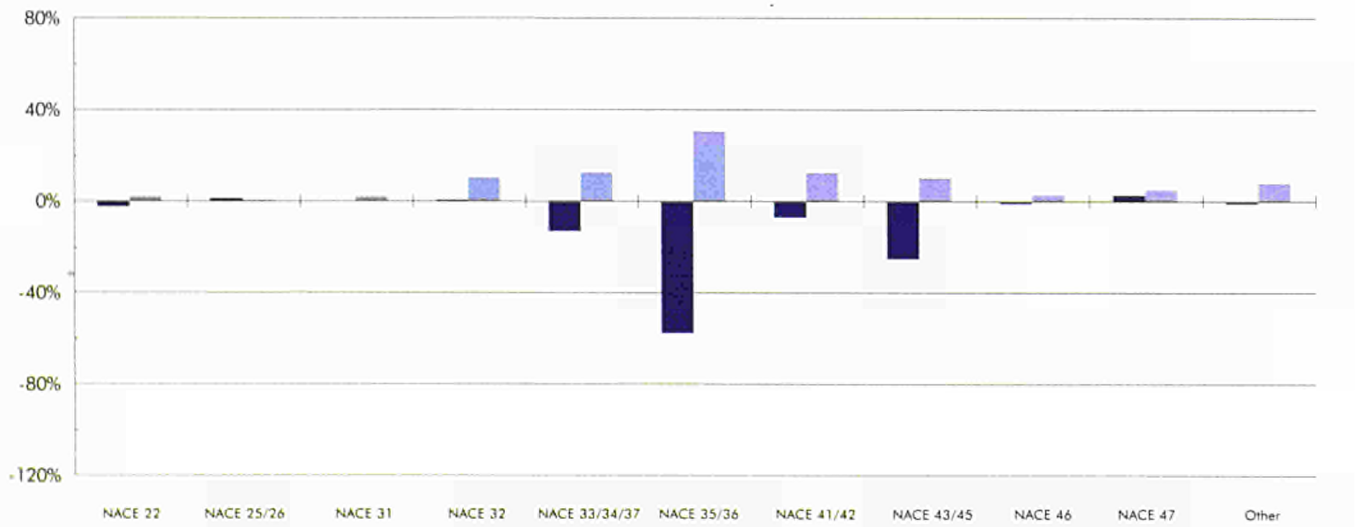
Italy



The Netherlands



United Kingdom



Relative contribution to employment changes between 1986-89 and 1990-93

Share of manufacturing employment in 1989

Source: Eurostat.

2 THEMATIC ANALYSES

Development of manufacturing employment in Objective 5b areas

Italy

The textile and clothing industry held with 34,7 % the highest share of the manufacturing employment in 1989. Only in Italy did this sector contribute positively to employment growth in the eligible areas. The manufacture of metal articles, which accounted for 11,4 % of manufacturing employment in 1989, added 27,9 % to the overall positive development. The average level of manufacturing employment rose between the two periods by 9 % or almost 20 000 jobs.

Netherlands

Although the average level of total manufacturing employment stayed basically the same, at the sectoral level some shifts were recorded between the two periods. In 1989, the two sectors food, drink and tobacco and office machinery, electrical and instrument engineering covered 46 % of manufacturing employment. Between the two periods, the employment level in these two industries dropped by 1 600 jobs although the decline was slightly overcompensated by employment gains in most of the other sectors.

United Kingdom

The most important industry in 1989 — manufacture of transport equipment — also experienced one of the greatest declines in employment. Between 1990 and 1993 the average level of manufacturing employment was 13 % (or almost 5 000 jobs) lower than between 1986 and 1989.

The economic sectors which seem to have experienced an increase in their employment are mostly sectors characterised by a predominance of SMEs: manufacture of metal articles, manufacture of timber and wooden furniture, processing of plastics and rubber, and the agro-food industry. On the contrary, sectors characterised by large-scale production like electrical engineering or the production of transport equipment lost many jobs in the areas reviewed. It is also interesting to note that the textile and clothing industry which experienced a very severe crisis is the source of employment growth in Italian eligible areas. This good result can probably be linked to a flexible approach to organising production (using a network of subcontractors) which has been developed in these regions.

These sectoral changes show that SMEs are really at the core of industrial development in rural areas. There are some spectacular and successful examples which should be further studied.

NACE 70 CODES

- NACE 22: Production and preliminary processing of metals;
- NACE 25: Chemical industry;
- NACE 26: Man-made fibres industry;
- NACE 31: Manufacture of metal articles (except for mechanical, electrical and instrument engineering and vehicles);
- NACE 32: Mechanical engineering;
- NACE 33: Manufacture of office machinery and data processing machinery;
- NACE 34: Electrical engineering;
- NACE 35: Manufacture of motor vehicles and of motor vehicle parts and accessories;
- NACE 36: Manufacture of other means of transport;
- NACE 37: Instrument engineering;
- NACE 41/42: Food, drink and tobacco industry;
- NACE 43: Textile industry;
- NACE 45: Footwear and clothing industry;
- NACE 46: Timber and wooden furniture industries;
- NACE 47: Manufacture of paper and paper products; printing and publishing.

DEVELOPMENT AND STRUCTURE OF THE STOCK OF UNITS

In the Objective 5b areas of Belgium, France, Italy, the Netherlands and the United Kingdom, 20 500 units employing 20 or more persons were recorded in 1989 (see 'Definitions and Sources' for country-specific coverage). This number decreased by almost 10 % until 1993 from which three-quarters in Italy. In France and the United Kingdom a decrease in the average size was also observed.

For the eligible areas of France, Italy and the United Kingdom, some information on smaller units is available which shows somewhat different trends: more dynamism implying that there has been some creation of units or the growth of very small units and, especially in Italy, an orientation towards more strong demand industries.

However, the data is generally quite difficult to analyse and only a few conclusions on the available data are described for each country.

Belgium

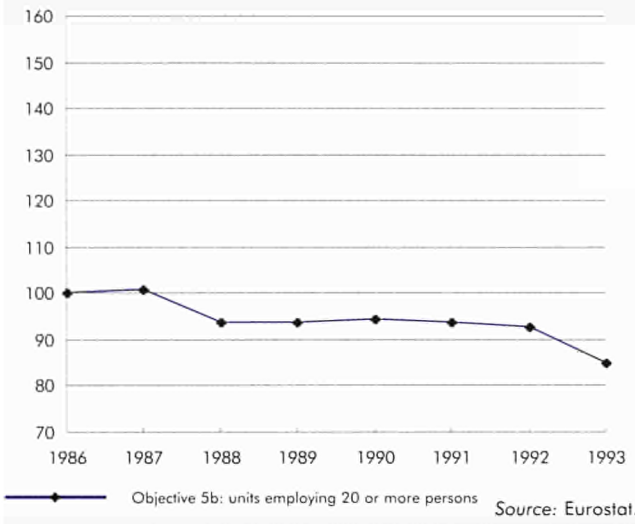
In the eligible areas local units with more than 20 persons employed witnessed a decline during the first programming period. In 1989, 78 units were recorded, compared to only 66 in 1993 (see the Table page 179). These figures hide, however, a peak of 82 units in 1990. The local units were concentrated mainly in the food, drink and tobacco and the timber and wooden furniture industries.

France

The local units situated in the eligible areas showed a more positive trend than for corresponding development at the national level. The smaller units (10 to 19 persons employed), accounting for one fifth of all units, showed a steep increase in 1989 and 1991, the last year available for these units. These trends can be partly attributed to shrinking larger units. Indeed, the average size of units employing more than 20 persons dropped by 10 persons between 1986 and 1993, following the same trend at the national level.

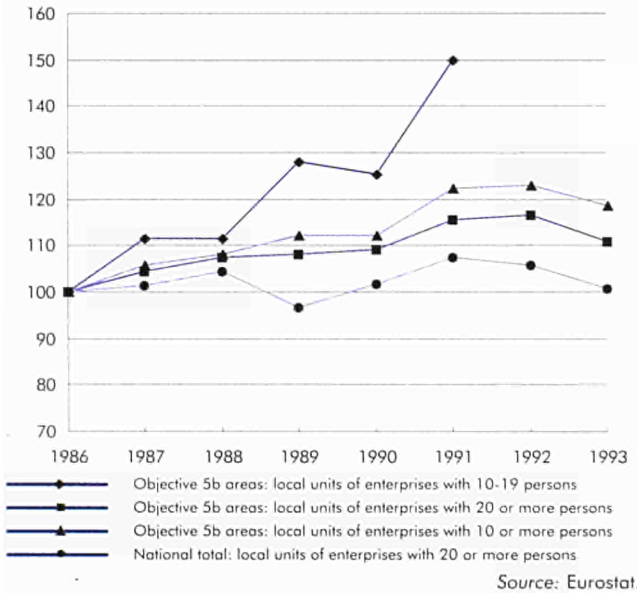
The figure beside shows the absolute and relative changes, by economic activity, in the number of local units employing 10 or more persons in the French Objective 5b areas between 1986-89 and 1990-93. Apart from the 'Textile and clothing' sector, all activities showed some development.

Trend in the number of local units
Eligible EU-5 — 1986 = 100



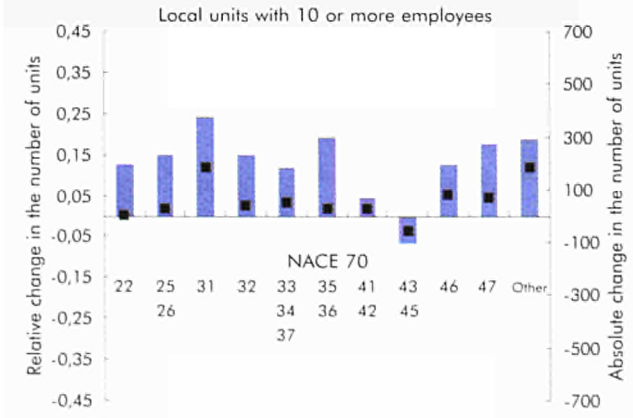
Source: Eurostat.

Trend in the number of local units
France — 1986 = 100



Source: Eurostat.

Absolute and relative changes
in the number of units by sector — France

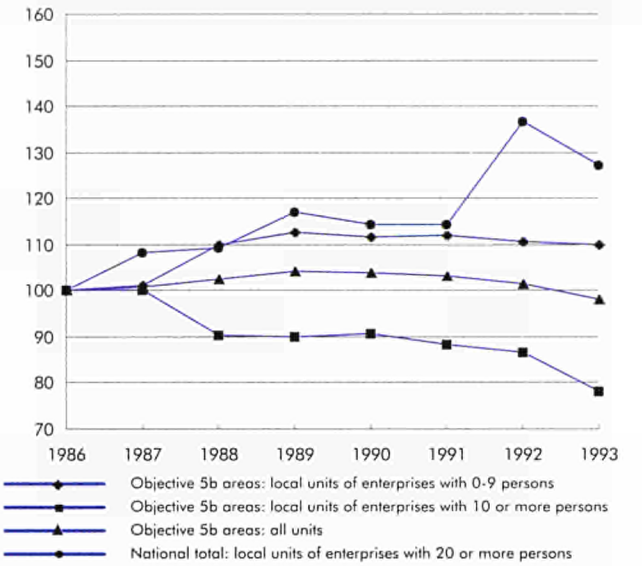


Source: Eurostat.

2 THEMATIC ANALYSES

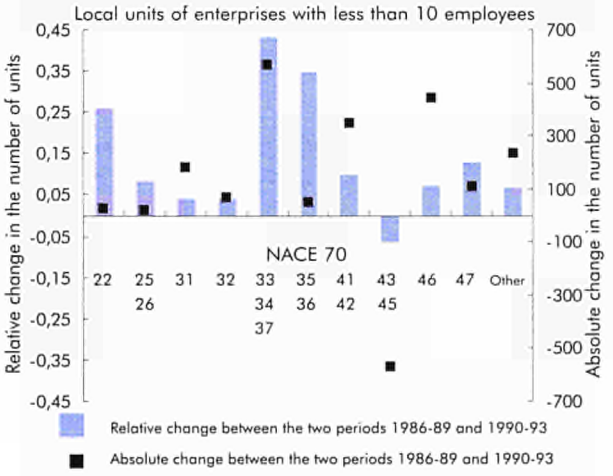
Development of manufacturing employment in Objective 5b areas

Trend in the number of local units
Italy — 1986 = 100

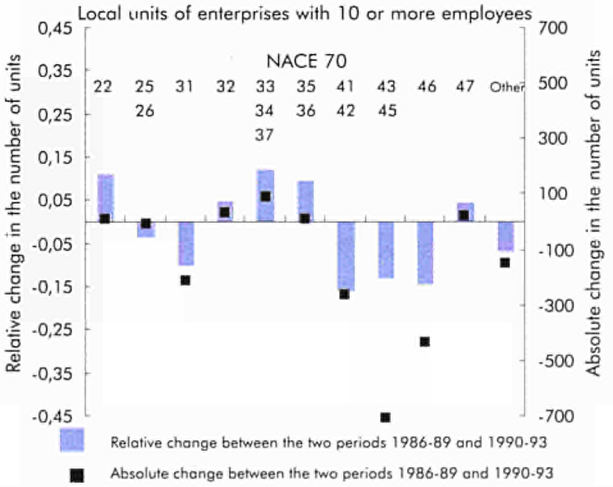


Source: Eurostat.

Absolute and relative changes
in the number of units by sector — Italy



Source: Eurostat.



Source: Eurostat.

As concerns figures for enterprises employing more than 10 persons, the increase in the number of units does not always mean the creation of a new unit. It can also result from the growth of the number of persons employed in smaller units. Nonetheless, the sectoral developments show a noticeable dynamism especially in the 'manufacture of metal articles', the 'timber and wooden furniture' sector, and 'other manufacturing industries' including jewellry, toys, etc.

Italy

In the Objective 5b areas of Italy, units employing less than 10 persons outnumbered those with 10 or more persons by roughly 2 to 1. However, the positive trend of the smaller units could not outweigh the less favourable development of the larger units, as can be seen from the slight decrease in the number of all local units towards 1993. This drop in the number of units, however, was accompanied by a net growth in employment and thus the average size of the larger units increased over the period.

At the sectoral level, very clear changes can be observed in certain industries. A very strong decrease can be seen in the textile and clothing and in the timber and wooden furniture sectors. On the other hand, there is a spectacular increase of almost the same dimension in the office machinery, electrical and instrument engineering industry and a slight increase in the agro-food industry.

The Netherlands

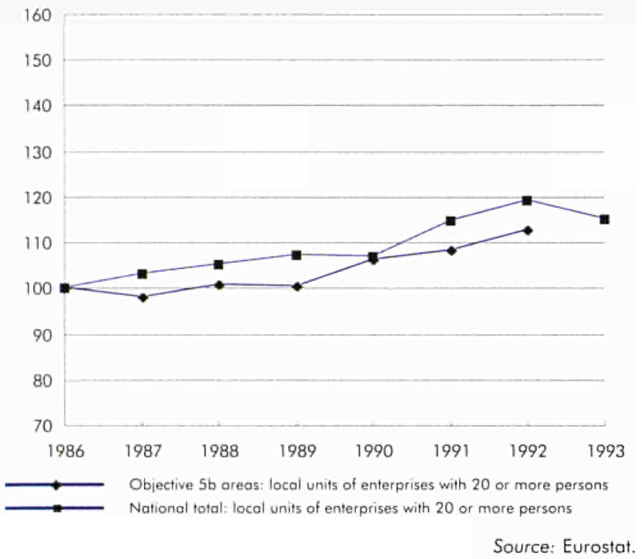
The development of the number of enterprises employing 20 or more persons in the supported regions was generally positive, but lagged behind the trend of the corresponding aggregate at the national level (see the Figure next page). The average size of the considered enterprises in the Objective 5b areas steadily declined between 1986 and 1993.

United Kingdom

In the eligible areas of the United Kingdom, local units employing less than 20 persons outnumbered those with 20 or more persons by almost 4 to 1. A crisis in the development of small units is evident in 1990 and 1991. For larger units the crisis does not show in their number, which remains fairly stable, but in their average size which dropped by nearly 40 persons between 1986 and 1992 as the striking result of restructuring movement in the British manufacturing industry.

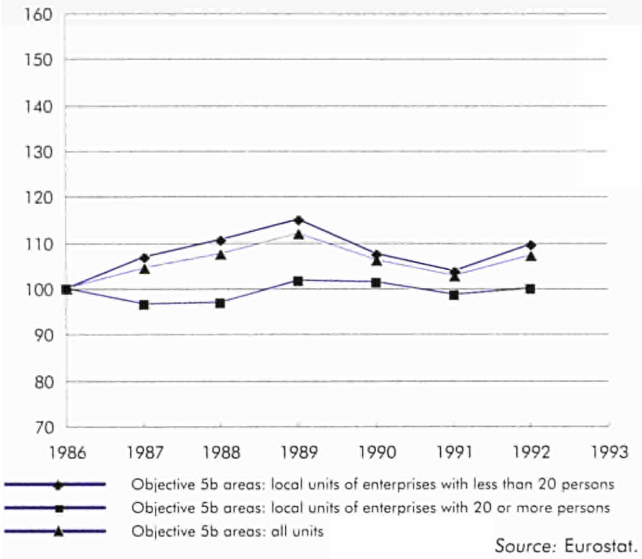
Development of manufacturing employment in Objective 5b areas

Trend in the number of local units Netherlands — 1986 = 100



Source: Eurostat.

Trend in the number of local units United Kingdom — 1986 = 100



Source: Eurostat.

Number of units and employment in the 'small' size class

Eligible areas	1989		1993		Relative change in ... %	
	Number of units	Employment	Number of units	Employment	Number of units	Employment
France (*)	1 260	19 226	1 478	21 457	17	12
Italy	32 854	76 965	32 093	78 807	-2	2
United Kingdom	882	3 589	839	3 909	-5	9

(*) Data refer to 1991.

Source: Eurostat.

Number of units and employment in the 'large' size class

Eligible areas	1989		1993		Relative change in ... %	
	Number of units	Employment	Number of units	Employment	Number of units	Employment
Belgium	78	5 739	66	5 362	-15	-7
France	4 354	300 679	4 462	286 193	2	-5
Italy	15 558	164 245	13 508	171 321	-13	4
Netherlands	306	23 776	344	24 552	12	3
United Kingdom	228	35 376	224	28 423	-2	-20

Source: Eurostat.

Development of manufacturing employment in Objective 5b areas

DEFINITIONS AND SOURCES

Data used

To evaluate the impact of the Structural Funds operations on the eligible areas, the Member States were asked to supply information on the following variables:

- number of local units;
- number of persons employed;
- gross wages and salaries;
- turnover;
- gross value added;
- total investment, less disposals.

This article covers six of the nine Member States where regions received Structural Funds support according to Objective 5b: Belgium, Germany, France, Italy, the Netherlands, and the United Kingdom. For Denmark, Spain and Luxembourg no appropriate data could be gathered.

In principle the data covers the period 1986-93 except for the Netherlands and the United Kingdom where 1993 is not yet available. For Germany, no data on the number of local units were received.

Covered enterprises population

- Belgium
  Local units with 20 or more persons employed.
- Germany
  All local units with at least one employee.
- France
  Local units of enterprises employing 10 or more persons (without armament) except for the 'food, drink and tobacco industry' which concerns more than 20 persons employed.
- Italy
  All local units.
- The Netherlands
  Enterprises with 20 or more persons employed.
- United Kingdom
  All local units.

When comparing developments in the eligible areas with the situation in the European Union as a whole, data from the Industry domain of Eurostat's Daisie database has been used which cover only industrial enterprises employing 20 or more persons.

DEFINITIONS AND SOURCES (cont.)

Geographical breakdown

For the purpose of analysis, the data on the eligible regions has been aggregated at the NUTS 2 level. However, in the case of Germany it was not possible to only collect the information on the eligible areas. Here, all NUTS 3 regions containing eligible areas were selected and — according to the programming level — aggregated at the NUTS 1 level.

Definition of weak, medium and strong demand industries

In 1994, Directorate General II, responsible for economic and financial affairs, defined a list of weak, medium and strong demand industries on the basis of the observed and expected development of their value added.

Weak demand industries in NACE 70

- Production and preliminary processing of metals — NACE 22;
- Manufacture of non-metallic mineral products — NACE 24;
- Manufacture of metal articles (except for mechanical, electrical and instrument engineering and vehicles) — NACE 31;
- Textile industry — NACE 43;
- Leather and leather goods industry (except footwear and clothing) — NACE 44;
- Footwear and clothing industry — NACE 45;
- Timber and wooden furniture industries — NACE 46;
- Other manufacturing industries — NACE 49.

Medium demand industries in NACE 70

- Mechanical engineering — NACE 32;
- Manufacture of motor vehicles and of motor vehicle parts and accessories — NACE 35;
- Manufacture of other means of transport — NACE 36;
- Food, drink and tobacco industry — NACE 41/42;
- Manufacture of paper and paper products; printing and publishing — NACE 47;
- Processing of rubber and plastics — NACE 48.

Strong demand industries in NACE 70

- Chemical industry — NACE 25;
- Man-made fibres industry — NACE 26;
- Manufacture of office machinery and data processing machinery — NACE 33;
- Electrical engineering — NACE 34;
- Instrument engineering — NACE 37.

Sectoral analyses 3

31 sectors analysed

- Energy products
- Extraction of metals and manufacture of metals
- Non-metallic mineral products
- Agricultural and food industries
- Textiles industry
- Clothing and leather
- Manufacture of wood and paper
- Publishing, printing and reproduction
- Chemicals, rubber and plastics industry
- Machinery and equipment
- Electrical and electronic equipment
- Motor vehicle industry
- Transport equipment (excluding motor vehicles)
- Other manufacturing
- Recycling
- Electricity, gas and water
- Construction
- Sale and repair of motor vehicles
- Wholesale trade and commission trade
- Retail trade
- Hotels and restaurants
- Land transport
- Air transport
- Post and telecommunications
- Banking and insurance
- Financial and insurance auxiliaries
- Real estate and renting activities
- Computer activities
- Other business activities
- Recreational, cultural and sporting activities
- Personal services

The purpose of this chapter is to present the specific characteristics of most sectors of the European economy, with the focus on size structure. A total of 31 sectors (at the two-digit level of NACE Rev. 1) are examined and presented in a one-page summary analysis. Some of the sectors presented have been produced by aggregating several very similar categories of activity. The following sectors, on the other hand, have been excluded from the analysis for a variety of reasons such as the non-availability of data, data confidentiality or the limited coverage of the data: NACE 61 (water transport), NACE 63 (auxiliary transport activities), NACE 73 (research and development), NACE 80 (education), NACE 85 (health and social work), NACE 90 (sewage and refusal disposal and sanitation activities), NACE 91 (activities of membership organisation) and NACE 95 (domestic services).

The size classes observed correspond to the definitions proposed by the European Commission, as explained in detail in the chapter on the 'General methodology'. Similarly, the acronym SME refers to all enterprises with fewer than 250 employees, including those without employees.

For each of the sectors examined, the data are presented for EU-15 — using a Eurostat estimate — and, in most cases, for each of the 15 Member States of the European Union, as well as for Iceland, Norway and Switzerland. However, we have been unable to present data broken down by sector for each table for Greece, Ireland and Austria, because of changes in the methodology or for reasons of confidentiality.

Moreover, total employment in size class '0' is always equal to 0 for methodological reasons in Norway.

In addition, each sectoral page contains a small blue-shaded text box indicating features which are peculiar to each country, in order to alert the reader to certain differences which might affect the comparability of the data.

More detailed information are presented in the chapter 'General methodology' and in the explanatory text of the SME database.

Structure of the sectoral page

Two figures offer a pictorial view of the main characteristics of the sector by comparing the EU-15 estimates for the sector with those for all sectors combined. The latter estimates relate to all non-agricultural market activities with the exception of NACE 80, 91 and 95.

Two types of information are given:

- A histogram comparing the figures for SMEs in the sector in question and SMEs in the economy as a whole, for the two variables 'total employment' and 'turnover'.
- A pie chart indicating the sector's share of total employment, all size classes combined.

A first table presents, for EU-15 and the individual countries, the percentage breakdown of total employment by main size classes in each sector analysed.

A second table provides EU-15 and individual country data for three variables: the number of enterprises, total employment and turnover.

NB: In every table presented in these pages, estimates or totals including at least one estimated value are written in blue.

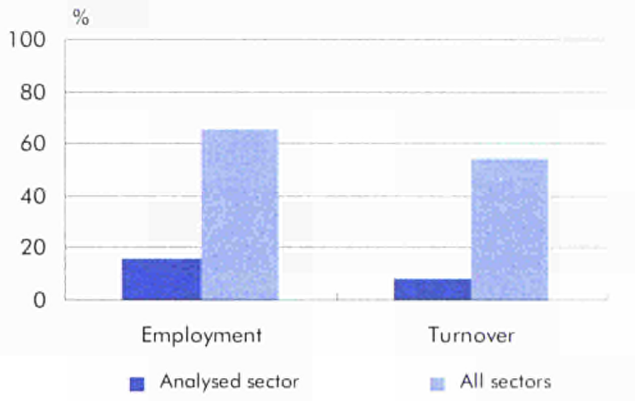
3 SECTORAL ANALYSES NACE 10/11/12/23

Energy products

This sector covers the mining and extraction of solid fuels (hard coal, lignite and peat — NACE 10), the extraction and production of crude petroleum and natural gas and related service activities (NACE 11) and the mining of uranium ores (NACE 12). It also covers the manufacture of coke, refined petroleum products and nuclear fuel (NACE 23).

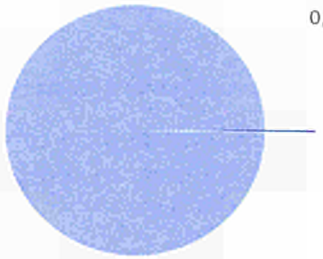
With just over 7 000 enterprises throughout EU-15, the energy products sector only accounts for 0,4 % of all industrial enterprises in the EU. Their economic clout in the industrial sector is nevertheless quite significant, as in 1994, for example, these enterprises produced 6,3 % of turnover by EU industry. The technical conditions encountered in these sectors mean that the production units are particularly large: 3,5 % of these enterprises have over 250 employees, compared to 0,2 % for all sectors combined.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
I: 1993.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Key figures by country — 1994

	Enterprises	Employment	Turnover
			ECU million
EU-15	7 152	462 575	279 365
B	88	6 127	4 790
DK	73	c	c
D	351	189 754	87 207
EL	n.a.	n.a.	n.a.
E	c	c	c
F	248	60 725	c
IRL	n.a.	n.a.	n.a.
I	161	33 537	28 374
L	0	0	0
NL	110	13 851	10 549
A	n.a.	n.a.	n.a.
P	24	c	c
FIN	764	5 677	5 079
S	311	4 879	926
UK	5 378	80 170	46 172
IS	n.a.	n.a.	n.a.
NO	137	30 636	17 727
CH	32	904	n.a.

Source: Eurostat.

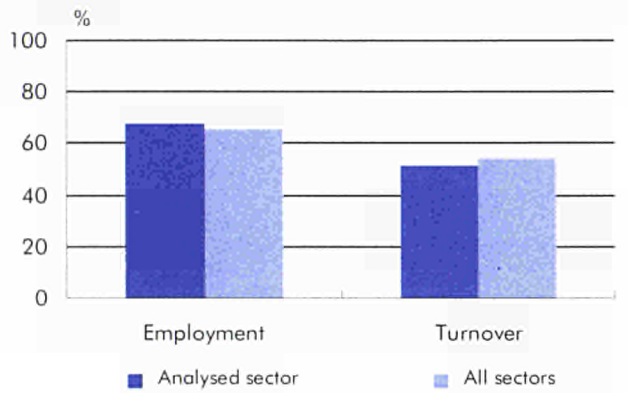
Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	0,9	1,0	3,8	10,7	83,6
B	1,0	1,1	2,3	12,0	83,5
DK	c	c	c	c	c
D	0,0	0,2	1,3	4,3	94,2
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	c	c	c	c	c
F	0,1	0,4	2,2	3,7	93,6
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	c	c	6,9	c	c
L	0,0	0,0	0,0	0,0	0,0
NL	1,1	1,3	c	c	88,6
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	c	c	c	c	c
FIN	4,1	c	c	c	c
S	3,6	18,3	15,6	c	c
UK	5,8	c	4,4	c	c
IS	n.a.	n.a.	n.a.	n.a.	n.a.
NO	0,0	0,4	0,9	8,9	89,7
CH (*)	6,1		20,2	73,7	0,0

(*) Total employment for CH.

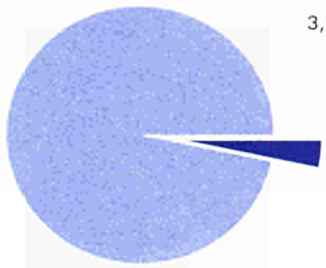
Source: Eurostat.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

Extraction and manufacture of metals

This sector covers a number of traditional 'heavy' industries: the mining of iron ores and non-ferrous metal ores (NACE 13); the manufacture of basic metals (NACE 27) including the manufacture of basic iron and steel, the first processing of steel, non-ferrous metals and the casting of metals; and metal working (NACE 28) which encompasses the manufacture of all sorts of fabricated metal products.

An analysis of all three of these three sectors shows that the metal working sector contains the vast majority of enterprises (95 %) and the largest number of employees (75 %), but only accounts for around 60 % of the turnover. The structure by size of enterprise varies widely between the three sectors: whilst employment is concentrated heavily in the large iron ore mining and basic metals manufacturing enterprises — between 70 and 86 % of employment is in large units — SMEs play a more important role in the metal working sector.

B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	2,8	16,1	27,2	21,9	31,9
B	5,0	11,9	22,5	17,7	42,9
DK	3,2	14,9	29,8	30,4	21,7
D	1,1	11,8	21,2	22,4	43,5
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	4,7	25,1	31,0	c	c
F	1,8	10,7	28,8	24,2	34,4
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	c	26,2	c	17,1	14,7
L	c	2,1	8,6	8,9	c
NL	0,9	14,9	26,2	25,6	32,3
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	c	25,5	28,8	c	c
FIN	c	c	c	c	c
S	2,3	14,5	c	c	38,8
UK	4,9	c	25,3	24,8	c
IS	6,0	30,7	26,6	9,3	27,4
NO	0,0	11,9	22,0	23,0	43,1
CH (*)	17,7		29,6	32,2	20,5

(*) Total employment for CH.

Source: Eurostat.

Key figures by country — 1994

	Enterprises	Employment	Turnover
			ECU million
EU-15	316 880	4 099 300	444 906
B	8 177	117 395	18 869
DK	5 248	57 200	5 418
D	55 449	1 222 550	145 404
EL	n.a.	n.a.	n.a.
E	41 241	344 965	33 589
F	27 110	545 752	62 827
IRL	n.a.	n.a.	n.a.
I	88 537	734 003	70 588
L	141	13 183	2 098
NL	6 424	126 223	13 821
A	n.a.	n.a.	n.a.
P	16 787	94 108	3 487
FIN	3 974	c	c
S	6 029	106 324	15 037
UK	51 537	573 121	54 249
IS	532	2 612	n.a.
NO	2 219	30 946	5 251
CH	7 699	101 334	n.a.

Source: Eurostat.

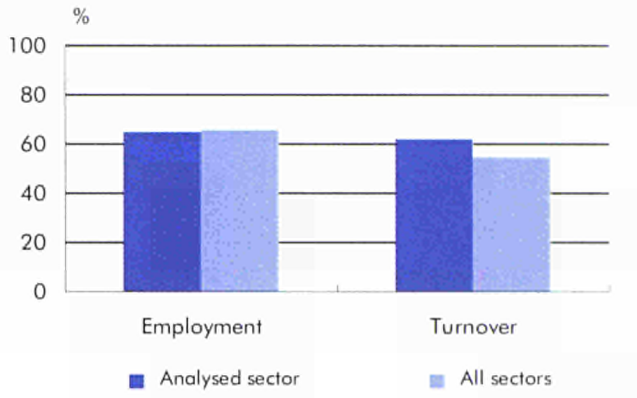
3 SECTORAL ANALYSES NACE 14/26

Non-metallic mineral products

In the European Union, there are around 110 000 enterprises engaged in the manufacture of non-metallic minerals products; together, they employ over 1,6 million people. This sector covers other mining and quarrying industries (NACE 14 — mining, quarrying and production of stone, sand, salt, etc.) and the manufacture of non-metallic mineral products (NACE 26) such as glass and ceramics, cement, plaster, concrete, stone, etc.

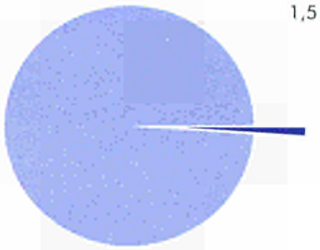
Demand for these products is very closely tied to the construction sector. In employment terms, small and medium-sized enterprises — 10 to 249 employees — are of above average importance, employing almost half of all those working in these sectors, compared to one-third for all sectors combined.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

B, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Key figures by country — 1994

	Enterprises	Employment	Turnover ECU million
EU-15	108 389	1 606 840	180 055
B	2 464	42 851	7 487
DK	1 760	21 808	2 456
D	17 404	401 789	52 078
EL	n.a.	n.a.	n.a.
E	15 471	191 675	17 299
F	9 962	197 333	25 061
IRL	n.a.	n.a.	n.a.
I	28 198	285 025	28 231
L	51	3 304	970
NL	1 461	39 763	5 098
A	n.a.	n.a.	n.a.
P	8 558	93 748	3 761
FIN	1 260	15 978	1 880
S	908	19 611	2 551
UK	13 984	205 159	18 478
IS	122	771	n.a.
NO	1 271	12 941	1 860
CH	1 744	26 212	n.a.

Source: Eurostat.

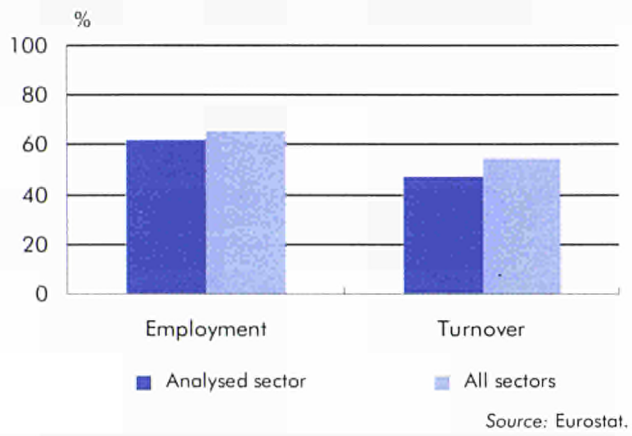
Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	2,4	13,9	25,5	23,2	35,0
B	3,4	11,0	22,5	19,5	43,5
DK	3,8	9,5	c	c	c
D	1,0	10,7	20,9	23,4	44,0
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	2,4	18,6	c	26,6	c
F	2,1	10,2	22,9	19,6	45,2
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	3,1	22,7	c	20,5	c
L	c	c	7,5	c	62,3
NL	1,2	10,9	24,2	23,4	40,4
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	c	16,5	31,7	30,8	c
FIN	1,8	10,2	14,9	22,6	50,5
S	2,2	9,9	14,2	33,1	40,6
UK	4,6	8,1	13,1	c	c
IS	3,8	27,0	41,4	14,4	13,4
NO	0,0	16,1	20,4	19,1	44,4
CH (*)	14,2		33,7	37,0	15,0

(*) Total employment for CH.

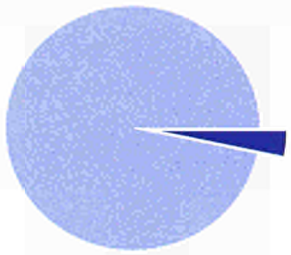
Source: Eurostat.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

Agricultural and food industries

The food products and beverages industries (NACE 15) and tobacco products industry (NACE 16) are amongst the largest industrial employers in the European Union: these enterprises employ almost 3,9 million people — 11,6 % of all jobs in industry and almost 3,5 % of total employment in all sectors.

In 1994, the European Union was the world's leading producer of agricultural and food products. Enterprises operating in this sector produced a total turnover of nearly ECU 700 000 million. Over half of the enterprises are in the very small size category (1 to 9 employees), compared with a figure of 40 % for all sectors combined. The number of small units — with a staff of between 10 and 49 employees — is also significantly higher than average: one enterprise in seven is small, compared to one in 16 for all sectors combined.

B, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	2,3	18,8	21,1	19,5	38,3
B	5,6	28,3	19,2	18,9	28,0
DK	0,7	c	c	16,1	c
D	0,4	17,8	29,6	18,2	34,1
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	3,9	19,2	c	22,8	c
F	4,0	25,5	18,4	18,7	33,4
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	3,3	35,8	23,0	15,8	22,1
L	0,4	c	22,7	44,6	c
NL	0,7	12,0	c	c	60,4
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	3,7	c	25,2	c	c
FIN	0,9	5,7	12,8	c	c
S	1,1	7,4	12,7	c	c
UK	1,9	3,6	8,9	14,7	70,9
IS	0,8	10,8	29,3	19,1	39,9
NO	0,0	6,7	23,9	22,0	47,5
CH (*)	11,1		12,8	32,1	43,9

(*) Total employment for CH.

Source: Eurostat.

Key figures by country — 1994

	Enterprises	Employment	Turnover
			ECU million
EU-15	288 482	3 857 046	679 028
B	11 440	119 548	27 455
DK	2 659	95 048	20 634
D	57 778	978 915	161 209
EL	n.a.	n.a.	n.a.
E	39 082	428 034	65 252
F	63 245	620 727	c
IRL	n.a.	n.a.	n.a.
I	61 331	463 235	82 413
L	225	3 839	657
NL	5 935	222 553	38 435
A	n.a.	n.a.	n.a.
P	15 565	138 187	10 449
FIN	1 792	45 744	8 167
S	1 880	66 871	12 732
UK	16 862	512 704	78 850
IS	649	9 377	n.a.
NO	1 814	50 426	10 482
CH	2 857	62 295	n.a.

Source: Eurostat.

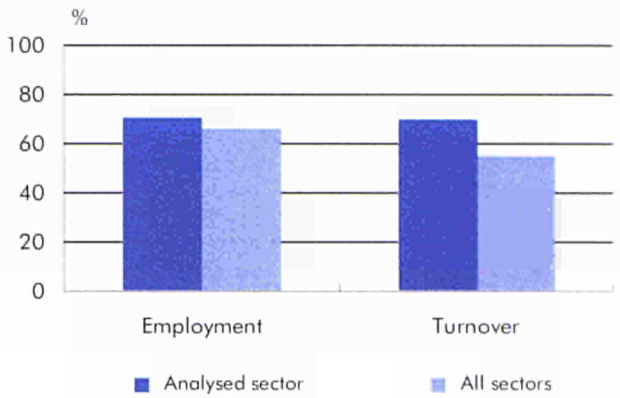
3 SECTORAL ANALYSES NACE 17

Textiles industry

The textiles industry (NACE 17) covers activities such as the spinning, weaving and finishing of natural and artificial fibres, the manufacture of textile articles and the manufacture of knitted and crocheted fabrics and articles.

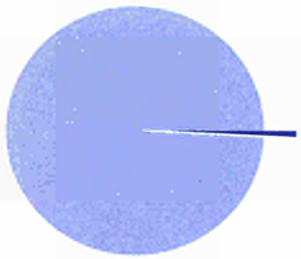
There are over 100 000 enterprises operating in this sector in the EU, and an above average number of these are small or medium-sized enterprises. In 1994, enterprises in this sector employed around 1,3 million people — 4 % of total employment in industry. In recent years, the EU textiles industry has faced increasing competition from low-cost developing countries. The result has been a sharp increase in extra-Community imports and a fall in the output and employment figures of EU enterprises.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Key figures by country — 1994

	Enterprises	Employment	Turnover ECU million
EU-15	101 508	1 343 408	115 531
B	2 316	53 015	7 049
DK	1 111	11 911	1 215
D	7 401	182 918	20 106
EL	n.a.	n.a.	n.a.
E	11 197	112 207	8 345
F	5 454	147 733	15 915
IRL	n.a.	n.a.	n.a.
I	41 317	379 959	36 069
L	25	678	230
NL	1 312	24 568	2 166
A	n.a.	n.a.	n.a.
P	6 524	129 555	4 161
FIN	1 013	7 071	627
S	711	9 614	1 080
UK	19 000	203 643	13 390
IS	68	439	n.a.
NO	765	5 616	586
CH	924	19 591	n.a.

Source: Eurostat.

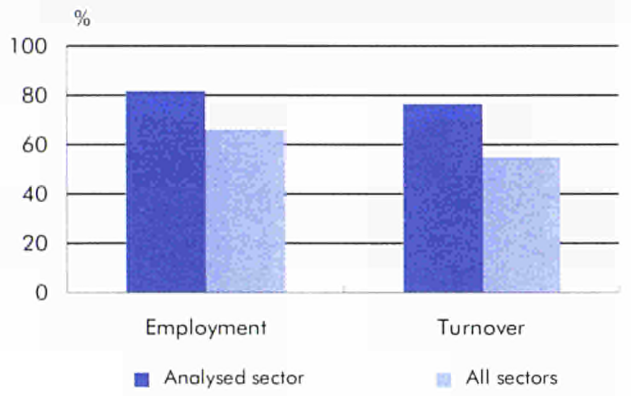
Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	3,3	12,4	25,3	29,2	29,8
B	2,4	8,9	23,4	34,1	31,2
DK	3,8	12,9	35,0	c	c
D	1,0	5,1	14,0	23,1	56,9
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	4,7	18,5	31,3	30,1	15,4
F	1,7	6,9	25,9	37,2	28,3
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	**3,4**	**21,6**	36,7	24,0	14,2
L	**1,8**	**13,1**	c	0,0	c
NL	**1,6**	**12,5**	24,5	31,7	29,8
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	1,4	6,2	19,0	36,0	37,5
FIN	4,4	12,5	19,7	30,4	32,9
S	4,1	15,3	28,4	36,5	15,8
UK	7,5	7,3	16,2	29,0	40,0
IS	1,9	21,7	32,6	16,1	27,7
NO	0,0	14,4	31,2	40,5	13,9
CH (*)	9,2		21,0	48,8	21,0

(*) Total employment for CH.

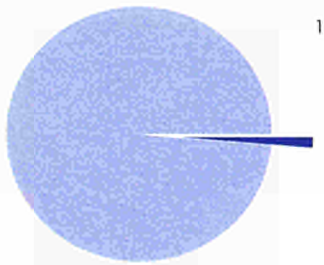
Source: Eurostat.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

Clothing and leather

The clothing and leather industry includes the manufacture of leather and textile clothes and the fur industry (NACE 18), as well as the tanning and dressing of leather, and the manufacture of luggage, handbags and footwear (NACE 19).

Total employment in this sector amounts to around 1,88 million persons and it is strongly concentrated in small and medium-sized enterprises. As is the case with the textiles industry, EU enterprises operating in this sector are very vulnerable to competition from low-cost countries. In the last few years, the number of persons employed in the sector has fallen by several hundred thousand. Trends observed in recent years include subcontracting to extra-EU operators and the use of very flexible production structures. These are ways of maintaining a certain level of activity in the Member States.

B, DK, E, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	4,7	17,1	34,9	25,0	18,3
B	10,5	15,1	33,6	26,1	14,8
DK	c	16,1	34,1	c	c
D	5,8	16,1	22,0	29,6	26,4
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	5,5	21,8	42,8	20,4	9,5
F	4,0	11,6	25,8	34,4	24,2
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	4,5	23,7	48,5	16,2	7,1
L	1,1	13,5	c	c	c
NL	3,3	29,7	32,5	26,0	8,5
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	2,4	9,4	30,6	37,4	20,2
FIN	3,8	10,8	25,6	40,8	19,0
S	8,4	28,2	27,3	36,2	0,0
UK	5,8	10,4	20,3	19,8	43,6
IS	3,0	16,6	21,7	27,1	31,5
NO	0,0	17,2	45,2	37,6	0,0
CH (*)	19,3		26,3	31,7	22,7

(*) Total employment for CH.

Source: Eurostat.

Key figures by country — 1994

	Enterprises	Employment	Turnover
			ECU million
EU-15	204 210	1 876 454	130 361
B	3 226	26 464	2 801
DK	1 728	10 749	1 089
D	31 766	238 863	20 874
EL	n.a.	n.a.	n.a.
E	24 621	189 973	10 978
F	13 133	199 955	16 617
IRL	n.a.	n.a.	n.a.
I	77 296	610 061	47 036
L	28	930	288
NL	2 460	17 602	1 542
A	n.a.	n.a.	n.a.
P	17 930	235 114	5 460
FIN	1 650	12 212	758
S	611	4 839	481
UK	20 708	230 053	12 602
IS	116	712	n.a.
NO	625	2 874	252
CH	1 473	14 423	n.a.

Source: Eurostat.

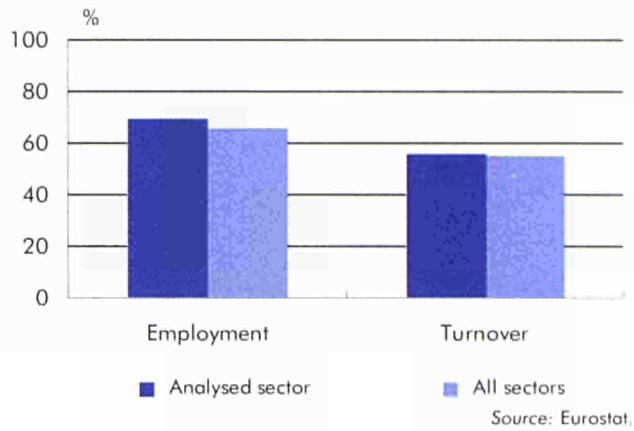
3 SECTORAL ANALYSES NACE 20/21

Manufacture of wood and paper

This sector encompasses both the processing of wood (sawing, planing, impregnation and manufacture of wood products — NACE 20) and the paper and paperboard industry (NACE 21).

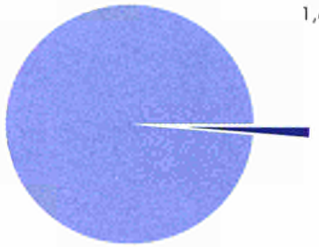
Whilst the latter activity is carried out by only 11 % of the 180 000 enterprises, it accounts for 42 % of those employed and almost 60 % of total turnover by this sector, which is characterised by the strong presence of very small and small units. EU production levels increased substantially when Austria, Finland and Sweden joined — by an estimated 30 % in the wood processing sector and by a similar amount for the manufacture of pulp, paper and paperboard, in which Finland and Sweden are EU-15's top two producers.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Key figures by country — 1994

	Enterprises	Employment	Turnover ECU million
EU-15	180 511	1 814 529	201 398
B	2 626	35 079	6 206
DK	1 471	26 378	3 168
D	27 959	484 548	51 830
EL	n.a.	n.a.	n.a.
E	22 299	151 226	14 104
F	11 689	200 884	25 273
IRL	n.a.	n.a.	n.a.
I	57 625	264 804	25 171
L	106	1 447	218
NL	2 639	45 704	6 265
A	n.a.	n.a.	n.a.
P	11 298	74 761	3 924
FIN	3 010	68 849	16 084
S	2 991	79 862	16 828
UK	19 886	220 662	24 393
IS	363	1 239	n.a.
NO	2 269	22 670	3 422
CH	7 003	56 908	n.a.

Source: Eurostat.

Breakdown of employment by size class (%)

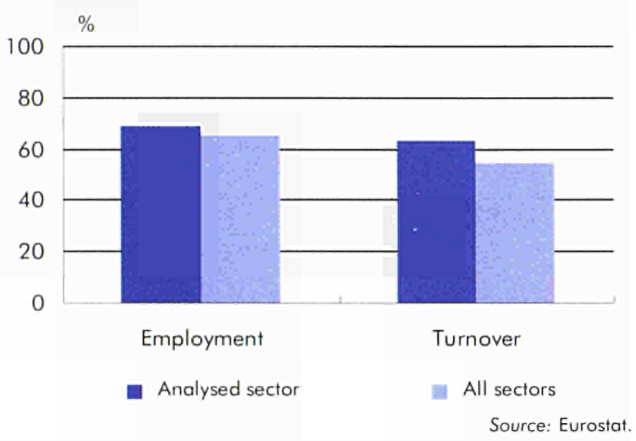
	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	4,0	19,5	23,9	21,6	30,9
B	5,5	16,7	25,8	25,9	26,0
DK	1,7	8,7	27,8	30,4	31,4
D	1,2	15,7	21,2	22,2	39,7
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	7,7	28,6	31,3	19,5	13,0
F	2,9	12,4	27,2	27,1	30,4
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	9,2	35,0	30,9	15,0	10,0
L	1,6	c	41,0	22,5	c
NL	1,8	19,0	17,0	29,1	33,0
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	3,6	25,4	32,4	22,6	16,0
FIN	1,1	5,2	7,9	11,5	74,4
S	1,7	6,9	14,1	19,5	57,8
UK	5,1	12,9	20,5	25,3	36,1
IS	9,3	30,9	46,5	0,0	13,2
NO	0,0	14,5	23,8	26,9	34,8
CH (*)	31,7		34,4	17,3	16,7

(*) Total employment for CH.

Source: Eurostat.

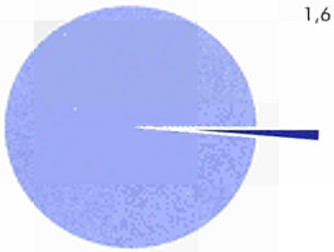
DG XXIII

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

Publishing, printing and reproduction

Publishing, printing and reproduction (NACE 22) covers all the stages involved in turning creative output into products available for distribution to the public: books, newspapers, journals, musical scores, postcards, photos, posters, records, etc. This sector therefore comprises publishing, printing-related activities such as composition, photoengraving or binding, as well as the reproduction of sound, video recording and computer media.

Enterprises active in this field provide almost 1 800 000 jobs, and their structure differs somewhat from that of the economy as a whole and from the general structure of manufacturing industry in particular. SMEs play an extremely important role, accounting for around 70 % of jobs and over 60 % of turnover. In particular, almost half of the workforce is employed by small and medium-sized enterprises of between 10 and 249 employees.

B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	5,1	17,7	25,5	21,1	30,6
B	14,0	18,7	21,6	22,1	23,6
DK	2,8	13,1	21,1	19,2	43,8
D	1,4	12,2	22,6	21,5	42,3
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	6,6	27,7	31,7	21,3	12,7
F	3,9	19,7	29,7	22,9	23,8
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	4,0	29,9	33,2	15,1	17,8
L	1,8	0,0	c	0,0	c
NL	1,5	17,5	23,5	17,6	40,0
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	3,1	22,5	35,6	25,2	13,7
FIN	1,8	13,5	18,7	28,1	37,8
S	3,6	19,4	22,6	30,6	23,8
UK	11,5	15,6	21,8	18,9	32,2
IS	4,3	21,2	25,2	11,0	38,2
NO	0,0	14,7	19,9	21,6	43,8
CH (*)	20,1		27,3	28,8	23,8

(*) Total employment for CH.

Source: Eurostat.

Key figures by country — 1994

	Enterprises	Employment	Turnover
			ECU million
EU-15	184 164	1 755 430	182 138
B	7 355	47 604	5 668
DK	4 590	52 554	3 895
D	27 931	445 238	53 235
EL	n.a.	n.a.	n.a.
E	18 726	129 336	12 097
F	20 345	221 636	28 710
IRL	n.a.	n.a.	n.a.
I	23 423	181 878	17 073
L	78	992	98
NL	6 494	97 571	10 280
A	n.a.	n.a.	n.a.
P	4 587	38 048	1 752
FIN	2 521	29 951	3 172
S	4 748	52 887	6 341
UK	61 071	395 852	34 962
IS	377	1 822	n.a.
NO	3 239	36 411	3 036
CH	4 596	53 218	n.a.

Source: Eurostat.

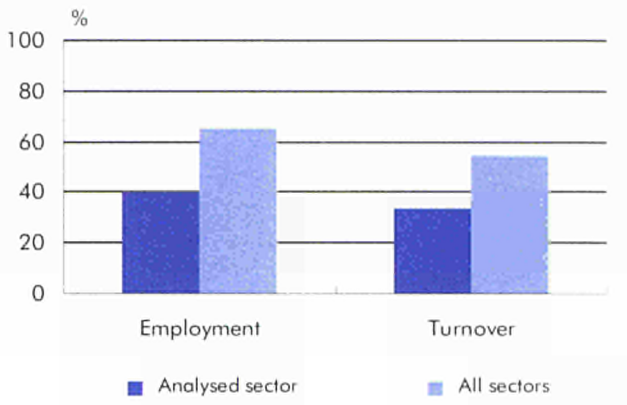
3 SECTORAL ANALYSES NACE 24/25

Chemicals, rubber and plastics industry

Nearly 90 000 enterprises in the EU are engaged in the manufacture of chemicals (basic chemicals, agro-chemical and pharmaceutical products, paints, varnishes, soaps, cleaning and polishing preparations, etc. — NACE 24) and the manufacture of rubber and plastic products (NACE 25).

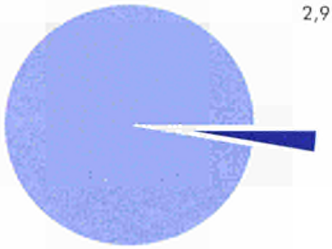
Enterprises in the chemicals sector make up only 39 % of the units operating in this branch of industry, but produce about three-quarters of the turnover. With the 3,8 % of enterprises classified as 'large' employing 71 % of all those working in the sector, the chemicals industry is one of the most highly-concentrated sectors of the economy. Enterprises in the rubber and plastics industries, on the other hand, are a little smaller, and SMEs account for over half of total employment, as opposed to two-thirds for all sectors combined.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Key figures by country — 1994

	Enterprises	Employment	Turnover ECU million
EU-15	91 300	3 238 171	548 808
B	1 907	96 321	31 037
DK	1 365	47 774	7 303
D	12 063	1 026 125	146 053
EL	n.a.	n.a.	n.a.
E	10 539	244 831	38 849
F	8 302	497 183	100 179
IRL	n.a.	n.a.	n.a.
I	17 253	400 233	72 649
L	38	6 458	874
NL	1 923	144 334	24 267
A	n.a.	n.a.	n.a.
P	2 453	50 233	4 167
FIN	864	31 389	5 677
S	1 558	55 136	11 486
UK	27 779	564 044	103 948
IS	127	1 244	n.a.
NO	589	19 573	4 307
CH	1 626	87 909	n.a.

Source: Eurostat.

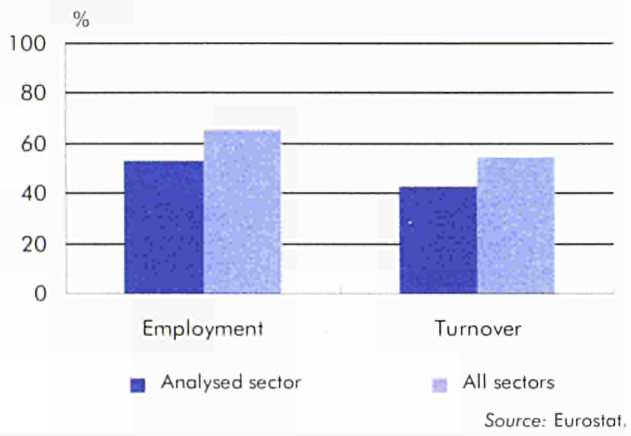
Breakdown of employment by size class (%)

	Number of employees 0	1-9	10-49	50-249	250+
EU-15	1,0	5,0	14,0	20,5	59,5
B	0,9	3,3	10,8	25,5	59,6
DK	0,6	4,8	16,0	27,0	51,6
D	0,1	2,7	9,9	12,3	75,0
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	1,1	8,6	21,3	28,2	40,8
F	0,4	3,1	11,8	21,2	63,5
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	0,8	9,9	24,3	23,4	41,6
L	c	c	4,8	14,4	c
NL	0,4	4,8	7,2	18,8	68,7
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	0,8	9,0	27,7	39,3	23,2
FIN	0,4	4,5	12,3	22,4	60,4
S	0,8	5,4	14,4	26,3	53,1
UK	3,4	4,7	12,1	21,3	58,5
IS	1,2	15,2	44,9	29,6	9,1
NO	0,0	4,7	14,2	20,2	60,8
CH (*)	3,7		12,2	26,6	57,5

(*) Total employment for CH.

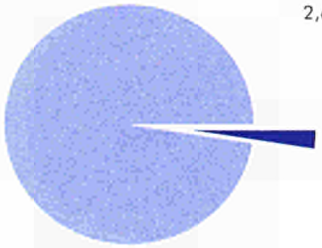
Source: Eurostat.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

Machinery and equipment

Enterprises which manufacture machinery and equipment (NACE 29) account for 12 % of large industrial units, twice the average figure for all sectors of industry combined. The bulk of production in this sector takes the form of capital goods: machinery for the production and use of mechanical power, general or special purpose machinery, agricultural and forestry machinery and machine-tools. In addition, this sector includes the manufacture of weapons and ammunition and the manufacture of domestic appliances.

In 1994, the latter accounted for 12 % of total output by the sector. About one in every five enterprises is small (10 to 49 employees), which is the highest percentage for any sector of industrial activity, 6 % for all sectors combined.

B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	1,4	8,0	20,8	22,9	47,0
B	2,9	7,7	18,9	24,4	46,1
DK	0,8	5,7	18,9	27,1	47,5
D	0,2	3,7	15,4	16,9	63,9
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	3,9	17,2	32,4	24,0	22,5
F	1,6	8,4	20,0	23,5	46,5
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	1,7	13,2	29,7	26,9	28,5
L	0,5	c	6,0	27,6	c
NL	1,2	9,6	26,4	36,7	26,0
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	2,4	14,3	36,6	32,7	14,1
FIN	1,6	7,4	14,4	26,7	50,0
S	1,4	7,2	14,0	20,4	57,1
UK	2,7	8,1	18,6	25,3	45,3
IS	n.a.	n.a.	n.a.	n.a.	n.a.
NO	0,0	16,0	19,9	29,6	34,6
CH (*)	6,8		15,2	28,5	49,4

(*) Total employment for CH.

Source: Eurostat.

Key figures by country — 1994

	Enterprises	Employment	Turnover
			ECU million
EU-15	132 200	2 922 556	341 454
B	2 134	47 102	7 829
DK	2 729	75 841	7 966
D	25 393	1 018 866	134 338
EL	n.a.	n.a.	n.a.
E	14 395	157 630	14 187
F	13 935	324 720	41 068
IRL	n.a.	n.a.	n.a.
I	32 606	510 290	60 182
L	35	2 104	521
NL	4 071	86 159	8 867
A	n.a.	n.a.	n.a.
P	4 342	47 209	1 819
FIN	3 242	52 743	7 311
S	3 166	102 606	14 887
UK	23 762	424 228	43 652
IS	n.a.	n.a.	n.a.
NO	2 237	21 464	2 526
CH	3 693	111 384	n.a.

Source: Eurostat.

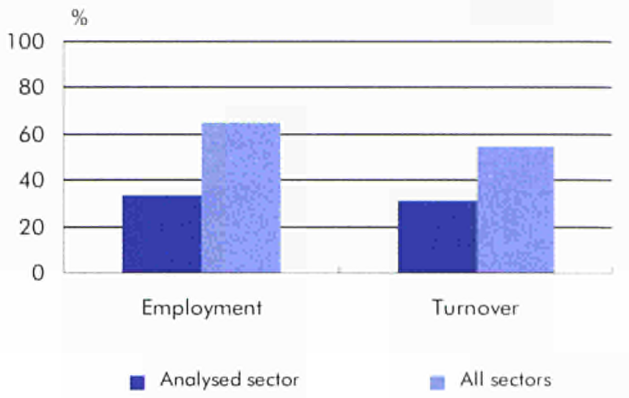
3 SECTORAL ANALYSES NACE 30/31/32/33

Electrical and electronic equipment

This NACE subsection covers the manufacture of office machinery (NACE 30), electrical machinery and apparatus (NACE 31), radio, television and communication equipment and apparatus (NACE 32) and medical, precision and optical instruments, watches and clocks (NACE 33).

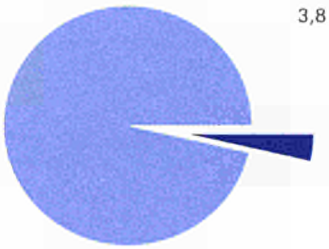
It contains a total of around 160 000 enterprises employing 4,2 million people and has a relatively similar size structure: a fair number of 'large' SMEs, as well as an above average percentage of large enterprises. In terms of the number of enterprises, the manufacturing of precision instruments sector is the largest, accounting for 44 % of all units. The manufacture of electrical machinery and apparatus is, however, the sector which produces the highest proportion of turnover — 37 %.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

B, DK, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Key figures by country — 1994

	Enterprises	Employment	Turnover
			ECU million
EU-15	159 247	4 208 849	383 752
B	3 246	58 980	9 122
DK	3 007	46 298	5 029
D	27 099	2 030 800	118 139
EL	n.a.	n.a.	n.a.
E	12 022	173 109	16 631
F	17 015	492 983	69 328
IRL	n.a.	n.a.	n.a.
I	48 956	467 742	49 731
L	59	1 924	251
NL	2 927	113 284	17 344
A	n.a.	n.a.	n.a.
P	2 724	52 093	3 083
FIN	1 550	48 352	8 224
S	2 779	84 825	14 775
UK	34 463	577 214	69 699
IS	n.a.	n.a.	n.a.
NO	1 032	17 191	2 454
CH	5 150	129 957	n.a.

Source: Eurostat.

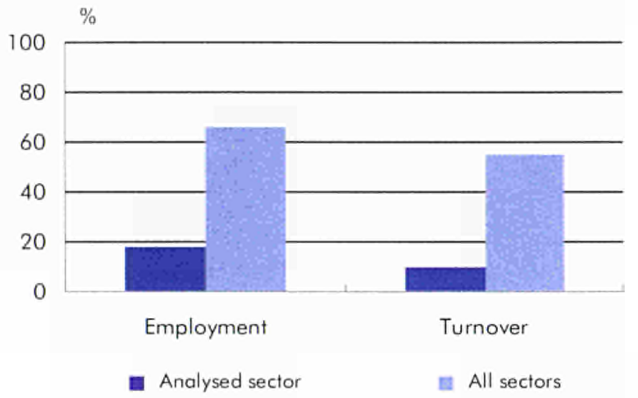
Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	1,4	6,6	11,7	14,3	66,0
B	5,6	7,5	10,3	13,3	63,4
DK	1,9	8,7	18,0	c	c
D	0,2	2,3	7,9	9,0	80,5
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	2,9	13,4	19,5	c	c
F	1,3	7,4	12,7	18,1	60,5
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	2,9	19,3	23,7	16,6	37,5
L	c	c	c	c	c
NL	1,1	15,3	9,6	11,9	62,0
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	1,4	7,9	c	c	63,1
FIN	0,7	c	9,2	c	66,6
S	1,3	8,9	10,9	15,1	63,8
UK	3,9	6,2	12,0	21,4	56,5
IS	n.a.	n.a.	n.a.	n.a.	n.a.
NO	0,0	10,9	16,3	24,6	48,2
CH (*)	8,4		14,6	26,1	51,0

(*) Total employment for CH.

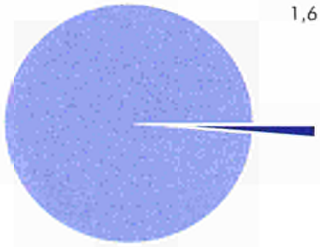
Source: Eurostat.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

Motor vehicle industry

This sector (NACE 34) is made up of three parts: the manufacture of motor vehicles, the manufacture of coachwork, trailers and semi-trailers and the manufacture of parts and accessories for motor vehicles and their engines.

With large enterprises making up 3 % of the total, this is the sector of industry in which large production units play the most significant role. SMEs only offer 18 % of total employment in this sector, as opposed to 53 % in all sectors of industry combined. The motor vehicle sector has a very highly-organised system of industrial subcontracting, particularly in equipment domain. Many of the subcontractors belong to other 'affiliated' sectors of industry, such as those in the electronics, rubber and plastics industries. As a result, total employment in the motor vehicle industry tends to be underestimated, due to the large number of persons employed in enterprises which are dependent upon this branch of industry.

B, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	0,4	1,8	4,9	10,6	82,2
B	0,4	1,6	4,7	6,7	86,6
DK	0,7	7,2	19,5	44,0	28,6
D	0,1	0,6	2,0	8,8	88,5
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	0,3	2,9	7,3	14,1	75,4
F	0,1	1,2	4,1	6,2	88,4
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	0,1	1,7	9,3	13,4	75,5
L	1,0	c	34,7	c	0,0
NL	0,5	21,5	8,9	19,9	49,2
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	0,2	4,1	16,7	19,7	59,3
FIN	0,7	6,7	15,2	31,2	46,2
S	0,2	1,4	4,1	10,5	83,8
UK	2,1	2,7	5,4	13,8	76,0
IS	0,0	100,0	0,0	0,0	0,0
NO	0,0	5,3	26,1	25,4	43,2
CH (*)	11,8		24,4	26,2	37,6

(*) Total employment for CH.

Source: Eurostat.

Key figures by country — 1994

	Enterprises	Employment	Turnover
			ECU million
EU-15	20 739	1 776 643	353 800
B	517	54 796	16 264
DK	264	7 554	821
D	3 639	720 721	140 860
EL	n.a.	n.a.	n.a.
E	2 262	156 563	35 186
F	1 967	295 943	71 921
IRL	n.a.	n.a.	n.a.
I	1 988	195 155	26 651
L	14	294	19
NL	775	26 313	5 314
A	n.a.	n.a.	n.a.
P	534	21 966	2 683
FIN	266	6 440	798
S	439	66 663	17 013
UK	7 461	253 702	43 070
IS	5	2	n.a.
NO	131	3 735	413
CH	222	4 468	n.a.

Source: Eurostat.

3 SECTORAL ANALYSES NACE 35

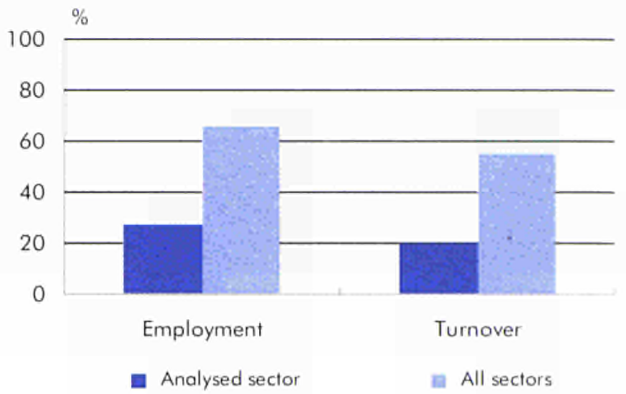
Transport equipment (excluding motor vehicles)

The manufacture of other transport equipment (NACE 35) covers a vast range of products: the building and repair of ships, the manufacture of railway and tramway locomotives and rolling stock, the manufacture of aircraft and spacecraft, and the manufacture of motorcycles, bicycles and other transport equipment.

With 20 000 enterprises, this sector contains roughly the same number of units as the motor vehicle sector, but employs less than half the number of persons employed. The average size of the enterprises is nevertheless fairly large at 37 employees compared with 16 per unit for manufacturing industry as a whole. As in many branches of this industry, small enterprises — of between 10 and 49 employees — make up a considerably larger-than-average share of the total.

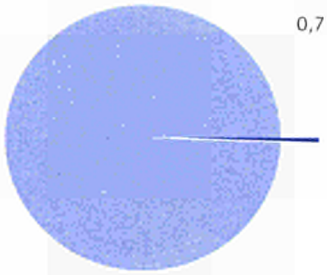
B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

Key figures by country — 1994

	Enterprises	Employment	Turnover ECU million
EU-15	20 597	772 000	88 798
B	415	11 381	1 610
DK	664	14 985	1 664
D	2 290	154 672	23 402
EL	n.a.	n.a.	n.a.
E	2 217	57 272	3 997
F	2 191	134 065	25 943
IRL	n.a.	n.a.	n.a.
I	3 452	107 990	11 326
L	0	0	0
NL	1 197	29 375	3 817
A	n.a.	n.a.	n.a.
P	553	16 392	578
FIN	497	13 042	1 346
S	659	19 680	2 411
UK	5 789	167 987	15 906
IS	76	383	n.a.
NO	986	32 105	3 484
CH	357	6 089	n.a.

Source: Eurostat.

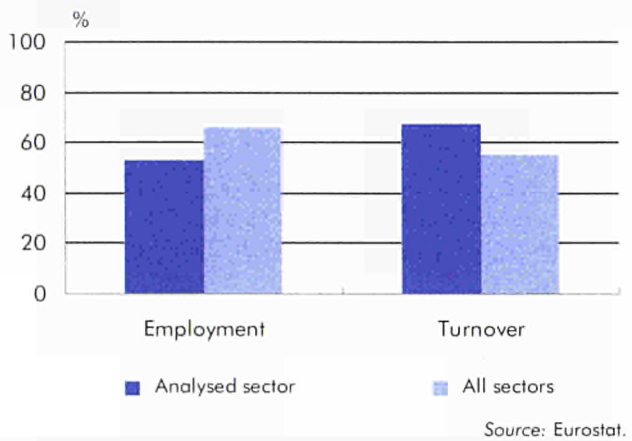
Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	1,1	4,4	8,8	12,9	72,8
B	2,8	5,7	8,5	15,9	67,1
DK	1,5	6,3	10,4	13,8	68,0
D	0,2	3,6	11,1	19,2	65,9
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	1,7	6,4	13,1	12,4	66,4
F	0,7	2,7	5,0	8,5	83,2
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	1,0	6,3	14,3	10,9	67,6
L	0,0	0,0	0,0	0,0	0,0
NL	1,3	6,0	12,7	20,2	59,9
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	1,0	4,6	13,2	18,8	62,4
FIN	0,8	4,3	7,6	11,3	75,9
S	1,4	6,8	7,3	16,3	68,2
UK	2,0	3,7	5,1	10,4	78,8
IS	5,3	21,0	45,2	0,0	28,5
NO	0,0	4,0	11,1	20,2	64,7
CH (*)	14,4		11,2	23,9	50,5

(*) Total employment for CH.

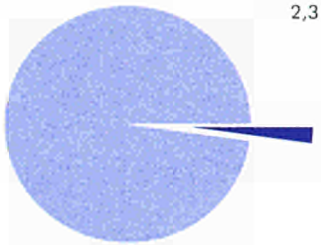
Source: Eurostat.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

Other manufacturing

Over 2,5 million people work in other manufacturing industries (NACE 36), which include the manufacture of different groups of consumer goods such as furniture, jewellery, musical instruments, sports goods, games and toys, and others.

Of the different sub-branches in this sector, the manufacture of furniture is by far and away the most important in terms of production and employment. This sector is characterised by a very large number of enterprises — some 200 000 in total — amounting to virtually one in ten of all industrial enterprises. This is also a branch of industry in which enterprises without employees are particularly numerous, almost half of them being one-man businesses.

B, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	4,2	12,5	18,6	17,4	47,3
B	14,3	23,0	28,4	25,4	8,9
DK	4,8	10,2	30,4	34,5	20,1
D	0,3	3,0	9,1	14,6	72,9
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	11,0	31,7	36,1	14,1	7,0
F	10,9	18,8	21,7	23,1	25,5
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	8,1	30,7	39,1	15,9	6,2
L	3,5	58,3	38,2	0,0	0,0
NL	1,2	17,9	18,4	16,8	45,7
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	4,9	31,6	38,8	21,8	2,9
FIN	4,6	18,5	27,4	23,8	25,8
S	3,9	15,0	22,9	38,5	19,7
UK	10,9	17,3	19,8	26,6	25,3
IS	23,4	39,3	37,3	0,0	0,0
NO	0,0	17,8	32,5	31,5	18,1
CH (*)	25,7		30,4	28,8	15,1

(*) Total employment for CH.

Source: Eurostat.

Key figures by country — 1994

	Enterprises	Employment	Turnover
			ECU million
EU-15	197 710	2 504 648	116 906
B	6 098	39 727	5 927
DK	3 578	35 809	3 226
D	23 953	1 381 843	23 402
EL	n.a.	n.a.	n.a.
E	30 738	164 528	8 406
F	22 624	184 731	15 620
IRL	n.a.	n.a.	n.a.
I	52 114	308 531	25 995
L	67	343	23
NL	5 387	46 116	2 368
A	n.a.	n.a.	n.a.
P	11 498	63 128	1 398
FIN	2 277	14 350	1 217
S	1 596	22 113	2 414
UK	34 004	219 679	15 683
IS	152	272	n.a.
NO	1 624	11 608	1 025
CH	4 024	29 386	n.a.

Source: Eurostat.

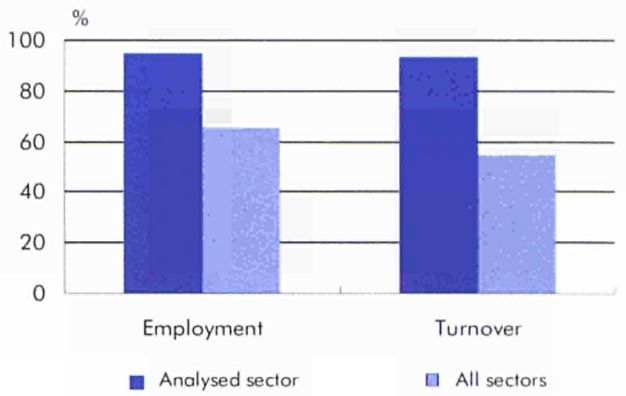
3 SECTORAL ANALYSES NACE 37

Recycling

The recycling of metal and non-metal waste and scrap sector (NACE 37) contains almost 8 000 enterprises, employs 56 600 people and produces a total turnover of ECU 10 300 million.

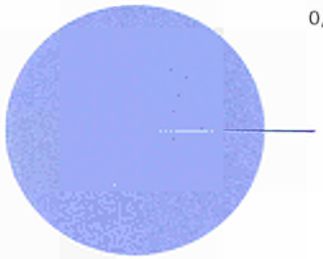
It is a 'young' sector when it comes to classifying its activities and contains an ever-expanding number of units. Half of the units are in the very small size category of 1 to 9 employees (as opposed to 41 % for all sectors combined) and the proportion of small units is over twice the average — 13 % compared to 6 %. The collection and processing of metals, glass, paper and textiles are the longest-established activities in this field, but the processing of plastics and composites is expanding rapidly.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Key figures by country — 1994

	Enterprises	Employment	Turnover ECU million
EU-15	7 831	56 577	10 308
B	511	4 112	903
DK	33	384	126
D	881	4 714	1 534
EL	n.a.	n.a.	n.a.
E	271	3 223	463
F	3 391	24 456	3 788
IRL	n.a.	n.a.	n.a.
I	1 338	6 913	877
L	9	219	34
NL	86	612	48
A	n.a.	n.a.	n.a.
P	91	564	48
FIN	83	202	39
S	34	407	175
UK	736	8 378	1 730
IS	n.a.	n.a.	n.a.
NO	120	509	62
CH	299	2 103	n.a.

Source: Eurostat.

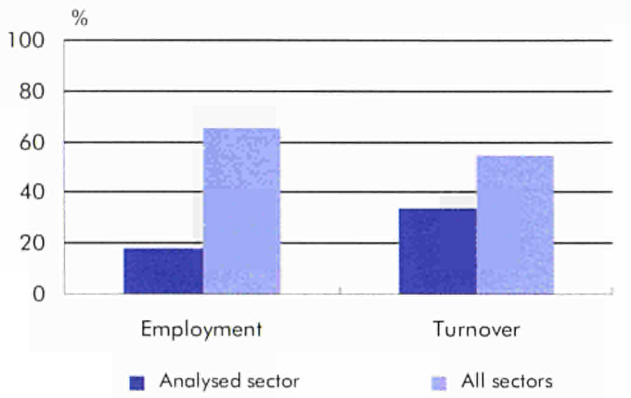
Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	7,1	32,6	39,0	16,0	5,2
B	8,9	31,1	31,4	20,8	7,7
DK	2,3	10,7	26,8	60,2	0,0
D	6,9	34,5	38,8	19,8	0,0
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	c	22,8	58,5	c	0,0
F	10,0	35,1	36,5	17,1	1,4
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	8,3	c	28,8	4,2	c
L	1,4	11,0	c	c	0,0
NL	5,2	45,8	49,0	0,0	0,0
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	3,7	27,1	38,5	30,7	0,0
FIN	15,3	58,4	26,2	0,0	0,0
S	4,7	19,2	c	c	0,0
UK	0,0	25,3	43,5	c	c
IS	n.a.	n.a.	n.a.	n.a.	n.a.
NO	0,0	61,5	38,5	0,0	0,0
CH (*)	34,8		46,5	18,7	0,0

(*) Total employment for CH.

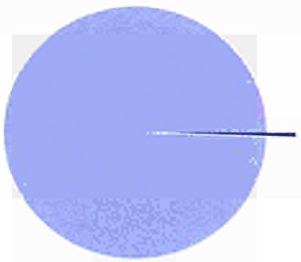
Source: Eurostat.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

Electricity, gas and water

This sector encompasses the production and distribution of electricity, gas and heating fuels (NACE 40), and the collection, purification and distribution of water (NACE 41).

It is a sector in which employment is very much concentrated in large units. Over 21 000 enterprises employ over 1,07 million people, 81,7 % of whom work for large enterprises of 250 or more employees. The average workforce per unit in this sector is 50 employees, compared with 16 for the industrial sector as a whole. Each of the two sub-sectors accounts for approximately half of the enterprises. Enterprises engaged in the production and distribution of electricity, gas and heating fuels, however, account for almost 70 % of total employment in the sector and their total turnover is ten times higher than that of enterprises in the water distribution sub-sector.

B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	0,5	2,6	4,3	10,9	81,7
B	1,3	0,1	0,6	0,2	97,8
DK	12,1	c	c	16,2	52,8
D	0,3	3,5	8,3	22,0	65,9
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	0,8	4,9	6,2	11,5	76,6
F	0,4	0,4	1,8	2,9	94,5
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	0,0	0,0	2,5	7,3	90,2
L	0,8	c	7,5	c	c
NL	0,2	0,2	0,0	21,7	77,8
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	0,4	2,0	1,5	c	c
FIN	0,7	4,9	11,8	29,7	53,0
S	0,7	1,7	c	c	c
UK	0,7	0,4	c	1,5	c
IS	0,0	4,8	14,0	26,6	54,6
NO	n.a.	n.a.	n.a.	n.a.	n.a.
CH (*)	2,8		12,9	29,1	55,1

(*) Total employment for CH.

Source: Eurostat.

Key figures by country — 1994

	Enterprises	Employment	Turnover
			ECU million
EU-15	21 232	1 070 359	371 603
B	256	21 089	20 974
DK	4 210	14 535	6 711
D	6 644	271 829	139 501
EL	n.a.	n.a.	n.a.
E	2 574	87 727	25 135
F	1 346	199 804	47 062
IRL	n.a.	n.a.	n.a.
I	283	163 158	37 616
L	24	1 358	407
NL	185	30 106	14 401
A	n.a.	n.a.	n.a.
P	245	22 178	3 103
FIN	708	13 625	5 175
S	560	25 066	13 474
UK	1 453	182 048	56 435
IS	26	606	n.a.
NO	n.a.	n.a.	n.a.
CH	347	19 647	n.a.

Source: Eurostat.

3 SECTORAL ANALYSES NACE 45

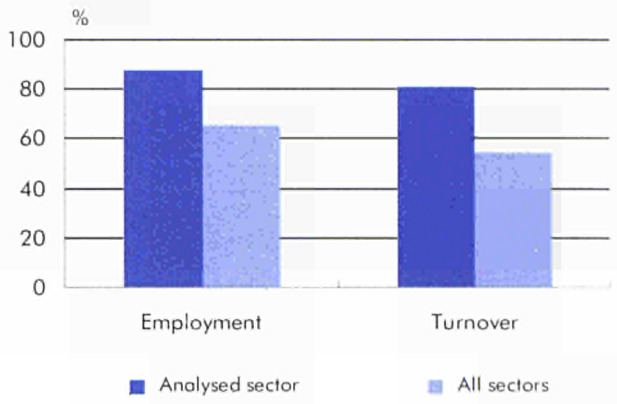
Construction

With 2,4 million enterprises and over 10 million persons employed, the construction sector (NACE 45) plays a significant role in the European economy. The sector includes activities such as site preparation, the building of complete constructions or parts thereof, civil engineering, building installation and completion, and the renting of construction or demolition equipment with operator.

Very small enterprises — with and without employees — play a particularly important role, accounting for over 45 % of total employment and 29 % of the sector's turnover, compared with figures of 33 % and nearly 18 % respectively for all sectors combined. Medium-sized and large units are of almost importance in terms of employment (between 12 and 13 %) and turnover (between 19 and 20 %), although it is worth pointing out that the figures for all sectors combined show the proportion of large enterprises to be more than twice that of medium-sized enterprises.

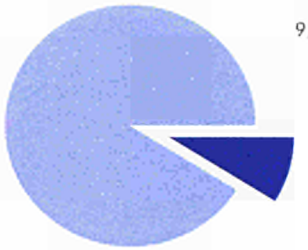
EL, I, NL, A, IS, NO: 1994.
IRL: 1993.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

Key figures by country — 1995

	Enterprises	Employment	Turnover ECU million
EU-15	2 408 228	10 142 732	904 723
B	74 676	312 459	23 515
DK	28 247	163 194	13 661
D	320 162	2 390 738	329 157
EL	95 644	327 644	40 690
E	235 001	1 290 375	88 681
F	263 263	1 555 292	113 546
IRL	10 370	45 119	3 695
I	328 037	1 224 937	72 176
L	1 424	25 675	1 545
NL	44 211	378 872	38 787
A	12 933	254 468	20 292
P	98 570	331 717	12 150
FIN	23 139	77 174	8 332
S	25 423	191 036	18 366
UK	836 702	1 587 659	124 874
IS	4 048	7 680	n.a.
NO	29 215	102 730	9 636
CH	32 374	315 982	n.a.

Source: Eurostat.

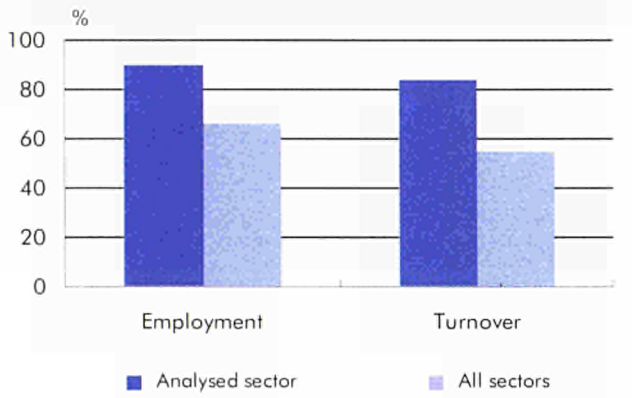
Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	16,3	29,3	28,6	13,5	12,3
B	22,4	35,8	23,0	12,5	6,3
DK	6,6	33,7	32,9	13,0	13,8
D	1,5	25,6	42,2	17,8	13,0
EL	19,8	25,0	25,7	15,8	13,7
E	19,6	31,6	26,3	13,3	9,1
F	12,9	33,2	26,3	12,5	15,0
IRL	11,6	35,4	28,0	18,9	6,1
I	11,7	46,7	28,9	7,7	5,0
L	0,8	13,4	38,7	37,1	10,1
NL	2,5	42,1	14,5	26,1	14,8
A	0,6	17,8	30,5	26,2	24,9
P	20,2	26,6	24,8	15,5	13,0
FIN	8,6	35,6	24,3	11,9	19,6
S	8,1	31,6	22,0	9,2	29,1
UK	48,6	19,3	12,7	7,6	11,8
IS	24,7	35,8	20,2	8,1	11,2
NO	0,0	47,8	25,3	9,1	17,8
CH (*)	25,1		38,8	26,5	9,6

(*) Total employment for CH.

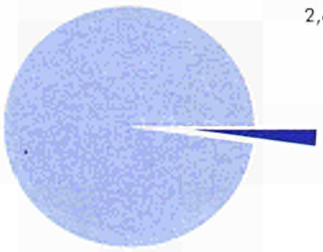
Source: Eurostat.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

Sale and repair of motor vehicles

Enterprises engaged in the sale and repair of motor vehicles make up 12,7 % of all units operating in the trade sector — motor vehicle trade, wholesale, retail and commission trade — and claim a similar share of total employment and turnover. This sector (NACE 50) covers the sale, maintenance and repair of motor vehicles, parts and accessories; the sale, maintenance and repair of motorcycles, parts and accessories; and service stations (retail sale of automotive fuel).

Over half of the 680 000 enterprises in this branch are very small, employing 1 to 9 persons, compared with 41 % for all sectors combined. One in every 10 persons employed works in a large enterprise, compared to the overall figure for the distributive trade sector of around one in five.

B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	10,3	42,2	26,5	10,8	10,2
B	27,2	43,7	19,6	5,1	4,4
DK	7,8	42,5	33,8	c	c
D	3,6	35,7	25,7	8,3	26,7
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	14,2	41,9	32,2	8,0	3,7
F	7,1	42,0	31,3	13,9	5,7
IRL	5,8	42,2	46,8	n.a.	n.a.
I	11,1	65,8	20,0	2,2	0,9
L	5,9	29,6	34,8	29,7	0,0
NL	8,5	40,7	31,8	16,6	2,3
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	10,8	38,1	29,8	17,7	3,6
FIN	8,3	37,7	24,2	18,3	11,5
S	6,3	37,7	19,9	27,7	8,4
UK	16,5	26,2	23,0	14,5	19,8
IS	9,0	26,1	17,2	10,1	37,7
NO	0,0	36,8	48,6	12,8	1,7
CH (*)	48,5		29,7	12,8	8,9

(*) Total employment for CH.

Source: Eurostat.

Key figures by country — 1994

	Enterprises	Employment	Turnover
			ECU million
EU-15	681 730	2 903 669	604 012
B	28 833	114 490	26 636
DK	12 732	62 997	11 378
D	99 709	492 526	132 983
EL	n.a.	n.a.	n.a.
E	68 204	271 251	32 156
F	69 787	432 000	85 122
IRL	3 385	17 703	3 176
I	172 176	463 837	78 320
L	1 126	7 977	1 751
NL	20 412	127 900	39 006
A	n.a.	n.a.	n.a.
P	30 298	116 241	15 109
FIN	7 986	29 217	8 554
S	9 937	55 715	18 264
UK	141 509	668 363	123 821
IS	737	2 876	n.a.
NO	6 894	42 833	11 638
CH	13 747	74 435	n.a.

Source: Eurostat.

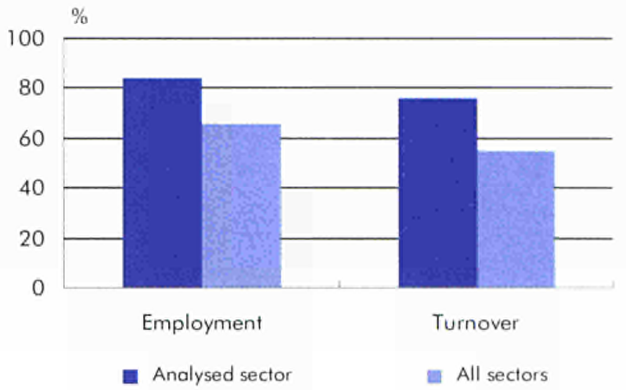
3 SECTORAL ANALYSES NACE 51

Wholesale trade and commission trade

This sector (NACE 51) encompasses wholesale activities on a fee or contract basis as well as wholesale trade in all forms of consumer and capital goods.

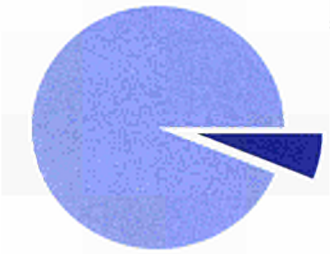
This is an important sector across the EU, accounting for over 6 % of enterprises, 6 % of total employment and 14,7 % of total turnover. A general analysis of the breakdown by size of agents and wholesalers does not reveal the broad diversity of structures which results from the different 'technical' organisation of the two sub-sectors: unlike wholesalers, agents do not own the goods they are trading, and as a result these enterprises tend to be much smaller. For the sector as a whole, very small and small enterprises have a stronger presence than the average for all sectors combined.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Key figures by country — 1994

	Enterprises	Employment	Turnover
			ECU million
EU-15	1 194 811	6 925 823	2 361 446
B	73 189	321 037	114 872
DK	28 326	168 957	61 987
D	218 573	1 566 031	644 045
EL	n.a.	n.a.	n.a.
E	177 646	844 331	162 953
F	113 813	965 004	363 014
IRL	3 029	44 440	14 612
I	233 213	857 441	240 045
L	1 726	11 711	2 816
NL	47 780	478 592	183 558
A	n.a.	n.a.	n.a.
P	54 764	235 309	33 697
FIN	14 800	71 772	32 922
S	26 280	185 853	71 310
UK	173 713	1 072 148	381 828
IS	1 276	4 992	n.a.
NO	15 007	97 488	40 323
CH	19 158	168 839	n.a.

Source: Eurostat.

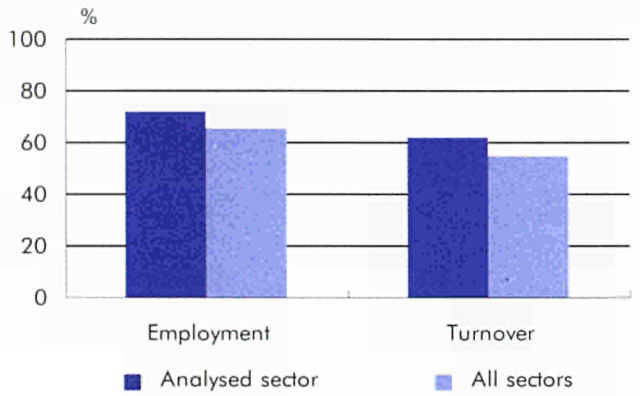
Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	8,6	27,9	30,1	17,1	16,3
B	26,3	32,0	22,6	12,2	6,8
DK	5,5	21,2	30,7	23,2	19,4
D	3,5	23,1	32,3	16,0	25,1
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	13,9	28,4	26,2	16,4	15,1
F	6,1	22,0	33,3	21,3	17,3
IRL	0,6	17,6	40,1	33,9	7,8
I	10,6	47,8	28,0	9,4	4,2
L	7,4	23,6	29,9	c	c
NL	11,3	20,3	35,6	20,3	12,5
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	9,7	34,2	34,1	16,8	5,2
FIN	5,1	26,5	23,3	19,3	25,8
S	5,3	30,6	29,1	17,7	17,3
UK	9,0	21,4	25,4	19,8	24,4
IS	3,7	37,4	33,5	13,7	11,8
NO	0,0	30,3	31,5	20,5	17,7
CH (*)	25,0		30,6	25,8	18,6

(*) Total employment for CH.

Source: Eurostat.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment

Source: Eurostat.

Retail trade

Almost one in five enterprises in the non-agricultural market sectors carried out retail trade (NACE 52) and one in eight employees works in this branch.

With 3,5 million enterprises employing 13,5 million people, it is by far the largest sector of the EU economy. The vast majority of enterprises are very small. Some 18 % of the enterprises are one-man businesses— double the rate for all sectors combined — and very small units (1 to 9 employees) account for over one-third of all employees in the sector, as against the sectoral average of 23,3 %. In addition, large units — generally large chains of shops which often have international operations — also feature prominently, offering over one-quarter of all jobs.

B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	17,7	36,3	13,4	5,1	27,5
B	33,8	40,5	9,5	2,3	13,9
DK	9,7	32,9	17,7	7,4	32,3
D	3,7	34,3	19,5	5,3	37,3
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	39,6	35,7	9,5	3,6	11,6
F	16,6	32,6	16,6	8,8	25,3
IRL	9,2	36,4	22,3	7,5	24,7
I	23,9	59,6	8,1	2,3	6,1
L	7,1	37,6	33,4	c	c
NL	10,4	30,9	14,5	5,7	38,5
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	26,3	50,2	13,1	4,0	6,4
FIN	7,8	30,5	20,7	10,0	31,0
S	7,5	35,7	20,7	7,2	28,9
UK	5,2	21,8	10,7	4,8	57,5
IS	3,7	33,2	25,5	8,7	28,8
NO	0,0	44,7	30,3	10,4	14,6
CH (*)	34,3		17,2	8,5	40,0

(*) Total employment for CH.

Source: Eurostat.

Key figures by country — 1994

	Enterprises	Employment	Turnover
			ECU million
EU-15	3 500 368	13 497 269	1 461 393
B	113 437	523 603	44 573
DK	38 050	186 633	24 616
D	472 243	2 798 630	347 576
EL	n.a.	n.a.	n.a.
E	555 518	1 645 060	135 917
F	338 718	1 614 188	229 223
IRL	20 423	122 602	12 783
I	890 396	1 960 728	192 880
L	3 289	18 007	4 442
NL	85 330	646 220	56 874
A	n.a.	n.a.	n.a.
P	185 921	367 224	18 369
FIN	23 053	93 073	18 441
S	30 433	183 505	31 221
UK	252 759	2 547 084	211 568
IS	1 707	7 709	n.a.
NO	28 055	145 914	18 191
CH	40 863	280 842	n.a.

Source: Eurostat.

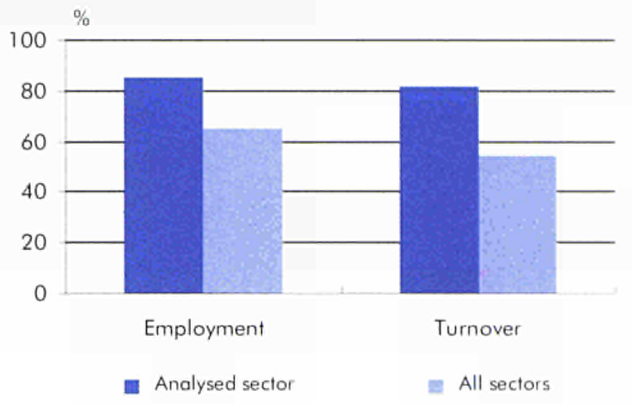
3 SECTORAL ANALYSES NACE 55

Hotels and restaurants

The European Union has over 1,35 million hotels, restaurants, camp sites, bars, canteens and caterers (NACE 55) employing around 6,17 million people and producing a turnover of some ECU 255 000 million.

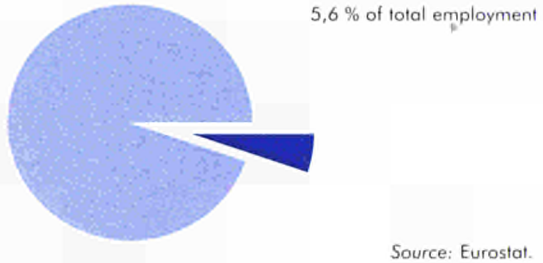
In 1994, Europe claimed around 50 % of the total international market in revenue from tourism, this proportion having remained relatively constant since the end of the 1980s. Over half of the enterprises in this sector are very small units (51,3 %). With 43,5 % of the jobs total, this size class is represented more strongly here than in any other sector of the European economy. In fact, in EU-15 as a whole, almost one very small enterprise in ten belonging to the non-agricultural market sector carries out its activities in the 'hotels and restaurants' sector.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Key figures by country — 1994

	Enterprises	Employment	Turnover ECU million
EU-15	1 351 298	6 170 826	255 693
B	59 002	229 299	6 464
DK	13 657	78 923	3 334
D	280 404	1 237 378	51 732
EL	n.a.	n.a.	n.a.
E	256 167	886 738	27 393
F	169 762	707 475	34 437
IRL	3 581	46 626	1 309
I	219 602	807 044	32 553
L	2 222	10 425	2 224
NL	40 945	290 598	9 755
A	n.a.	n.a.	n.a.
P	59 863	188 672	3 625
FIN	8 930	40 544	3 192
S	10 256	70 008	4 661
UK	148 866	1 468 868	55 247
IS	634	3 107	n.a.
NO	6 372	60 945	2 917
CH	23 233	178 272	n.a.

Source: Eurostat.

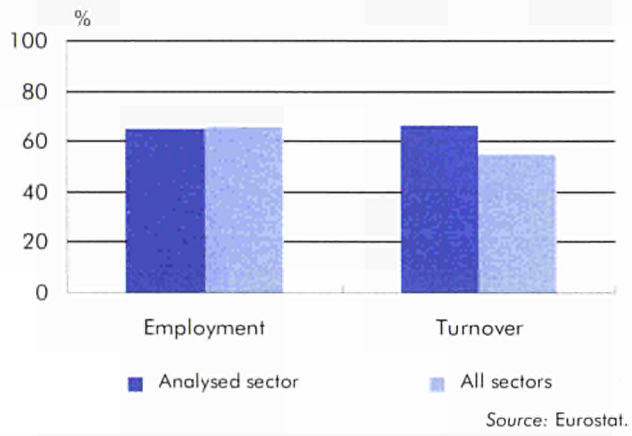
Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	11,8	43,5	21,8	8,5	14,4
B	27,6	45,5	15,6	4,8	6,6
DK	11,2	48,6	22,6	c	c
D	3,0	49,3	29,7	8,7	9,3
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	24,3	41,6	16,2	10,1	7,8
F	19,2	42,5	18,4	6,2	13,7
IRL	0,5	20,6	30,4	n.a.	n.a.
I	12,8	59,8	16,0	4,3	7,1
L	16,5	39,5	27,8	c	c
NL	10,6	52,2	17,8	9,7	9,7
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	12,8	47,7	20,4	10,1	9,0
FIN	7,9	34,1	19,2	12,0	26,8
S	6,9	32,3	29,3	14,9	16,6
UK	3,9	27,6	21,3	9,5	37,7
IS	2,5	30,2	43,1	17,6	6,5
NO	0,0	24,5	36,7	21,7	17,1
CH (*)	41,0		35,4	15,8	7,8

(*) Total employment for CH.

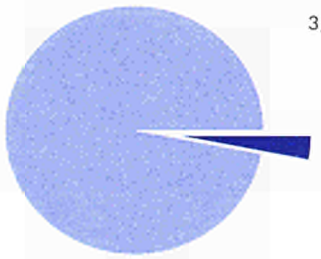
Source: Eurostat.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

Land transport

With over 700 000 enterprises, land transport (NACE 60) makes up a very substantial part of the transport and communications sector — around 80 % of the total number of units.

This sector plays a fairly important role in the EU, as it employs over 7 % of the EU labour force and produces around 4 % of its turnover. More particularly, land transport covers all activities associated with the scheduled and unscheduled road and rail transport of passengers and freight. It also covers the transport of materials via pipeline, with the exception of the distribution of gas, water and steam. The size structure of enterprises here is a little different compared to all sectors combined, as side by side with a small number of large enterprises offering one-third of all employment opportunities, there are also 400 000 sole proprietorships — almost 65 % of all the units in the sector.

B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	16,2	19,8	18,5	10,8	34,7
B	9,0	23,3	22,2	7,5	38,0
DK	12,3	35,8	35,9	c	c
D	4,6	28,9	30,5	13,2	22,8
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	43,9	26,1	10,9	5,1	14,0
F	9,8	12,6	19,9	13,6	44,2
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	12,9	18,3	12,3	6,6	50,0
L	2,7	11,2	21,7	c	c
NL	3,4	15,7	28,5	18,0	34,4
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	8,2	22,8	13,5	c	c
FIN	14,3	32,1	15,8	11,7	26,1
S	4,1	35,6	24,2	12,0	24,1
UK	23,3	13,4	14,7	9,8	38,8
IS	58,7	17,2	21,5	2,6	0,0
NO	0,0	57,5	13,7	15,4	13,3
CH (*)	16,2		19,0	15,2	49,6

(*) Total employment for CH.

Source: Eurostat.

Key figures by country — 1994

	Enterprises	Employment	Turnover
			ECU million
EU-15	716 679	3 834 451	221 969
B	12 333	151 994	10 027
DK	8 982	36 861	3 409
D	89 985	580 233	45 766
EL	n.a.	n.a.	n.a.
E	185 381	590 858	n.a.
F	67 711	650 980	39 185
IRL	n.a.	n.a.	n.a.
I	102 328	522 490	25 360
L	576	9 110	1 343
NL	11 190	190 381	10 239
A	n.a.	n.a.	n.a.
P	17 504	84 240	2 216
FIN	19 288	54 670	3 838
S	12 016	86 018	6 755
UK	152 385	604 583	40 550
IS	2 090	2 591	n.a.
NO	15 643	45 619	3 095
CH	6 998	85 761	n.a.

Source: Eurostat.

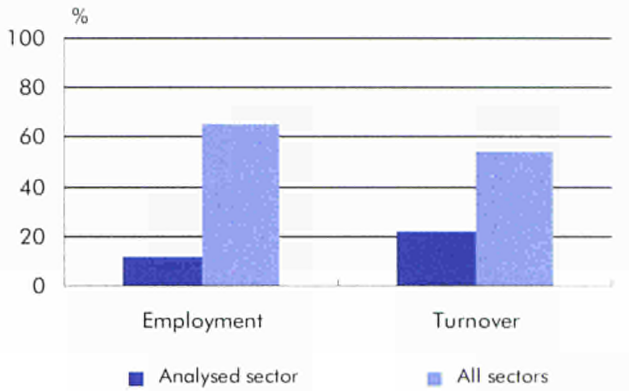
3 SECTORAL ANALYSES NACE 62

Air transport

In the European Union, there are some 3 000 enterprises operating in the field of air freight and passenger transport (NACE 62). This sector comprises air transport on scheduled and non-scheduled routes, as well as space transport and satellite-launching.

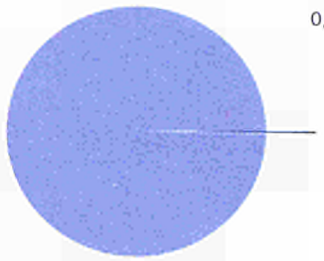
Despite the limited number of enterprises, this sector accounts for 4 % of all jobs and over 8 % of turnover in the whole field of transport activities. The low number of units is, of course, offset by the very high average size of the enterprises: 110 employees as against six for all sectors combined. The predominance of large enterprises in this sector is incontestable: they employ almost nine in every ten employees and produce just under 80 % of total turnover by the sector. This situation could, however, change with the increase in competition which would result from large-scale liberalisation of the market.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Key figures by country — 1994

	Enterprises	Employment	Turnover ECU million
EU-15	3 041	335 841	58 480
B	197	12 629	2 456
DK	5	184	5
D	430	68 620	7 495
EL	n.a.	n.a.	n.a.
E	194	32 825	n.a.
F	314	59 793	10 800
IRL	n.a.	n.a.	n.a.
I	161	22 959	5 594
L	6	1 951	348
NL	140	29 946	4 538
A	n.a.	n.a.	n.a.
P	49	10 033	1 032
FIN	78	7 446	1 251
S	122	10 120	2 060
UK	1 160	64 927	16 173
IS	26	1 265	n.a.
NO	56	9 815	1 424
CH	146	17 591	n.a.

Source: Eurostat.

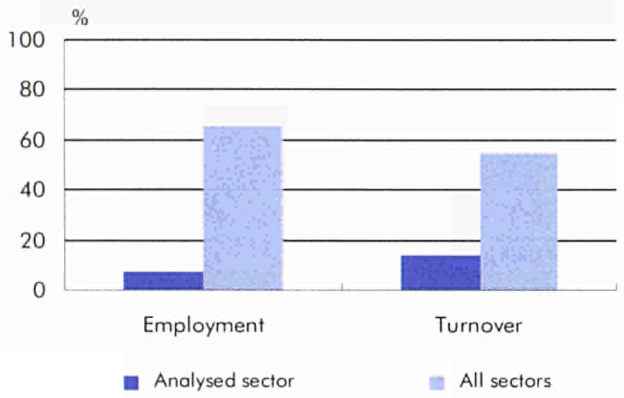
Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	0,2	1,6	3,3	6,6	88,3
B	1,0	2,4	5,9	6,9	83,8
DK	c	c	c	c	0,0
D	0,2	1,5	3,2	11,1	83,9
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	0,1	1,0	3,1	7,8	88,1
F	0,3	0,6	1,5	1,7	95,9
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	0,2	1,2	7,5	8,3	82,8
L	0,0	c	c	0,0	c
NL	0,3	0,9	0,4	2,5	95,9
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	0,2	0,4	4,3	2,9	92,3
FIN	c	1,1	2,5	c	c
S	0,4	1,5	3,8	5,5	88,8
UK	0,4	2,5	2,7	7,7	86,7
IS	0,3	2,4	8,0	0,0	89,3
NO	0,0	1,3	3,0	5,4	90,4
CH (*)	1,4		5,7	5,7	87,1

(*) Total employment for CH.

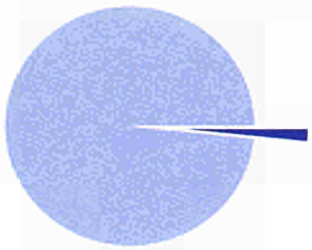
Source: Eurostat.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

Post and telecommunications

Over two million people in the EU, i.e. 2 % of the total EU workforce, are employed in this sector (NACE 64), despite the fact that its enterprises make up only 0,2 % of the total. On the one hand, it covers postal and courier services carried out by the national authorities or other private bodies. On the other, it contains all telecommunications-related activities: the broadcasting of radio and television programmes, telephone communications and the transmission of information by satellite.

The size structure of the enterprises reveals that employment is very highly concentrated in large enterprises — over 90 % of the total. Apparently, these are better able to solve the specific organisational problems encountered by this sector. Nevertheless, operating side by side with these are a remarkable number (almost 70 %) of units without employees.

B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	1,5	2,1	1,8	1,7	92,9
B	3,5	0,9	0,7	1,2	93,8
DK	0,1	0,5	1,9	c	c
D	0,7	3,8	0,8	0,7	94,0
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	2,5	5,5	8,0	5,9	78,1
F	0,1	0,3	0,8	0,4	98,4
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	0,2	0,7	0,7	0,7	97,7
L	1,0	6,3	5,1	c	c
NL	0,9	1,5	3,7	1,3	92,6
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	0,2	0,5	1,0	2,3	95,9
FIN	0,2	1,1	2,8	5,8	90,1
S	0,1	0,6	0,6	1,5	97,1
UK	4,9	3,9	2,7	2,7	85,7
IS	0,0	0,1	0,7	0,0	99,2
NO	n.a.	n.a.	n.a.	n.a.	n.a.
CH (*)	0,8		1,1	1,5	96,5

(*) Total employment for CH.

Source: Eurostat.

Key figures by country — 1994

	Enterprises	Employment	Turnover
			ECU million
EU-15	39 853	2 248 415	150 352
B	2 139	80 295	4 517
DK	73	15 253	2 894
D	3 720	405 398	6 843
EL	n.a.	n.a.	n.a.
E	4 794	122 000	n.a.
F	1 093	457 386	35 271
IRL	n.a.	n.a.	n.a.
I	1 350	316 997	21 632
L	38	3 029	244
NL	1 355	123 137	11 004
A	n.a.	n.a.	n.a.
P	161	38 677	2 461
FIN	351	44 576	2 890
S	231	78 148	8 093
UK	24 944	437 558	39 449
IS	6	2 372	n.a.
NO	n.a.	n.a.	n.a.
CH	312	75 471	n.a.

Source: Eurostat.

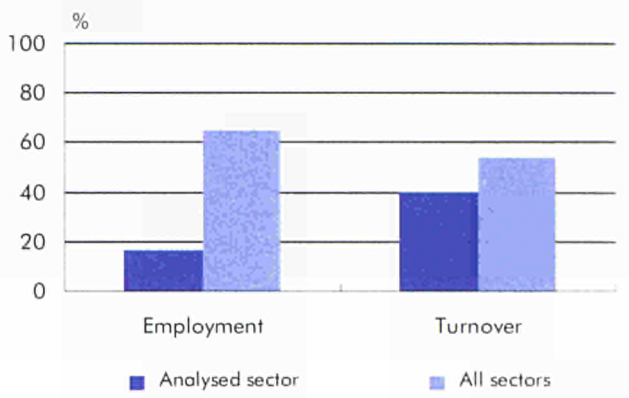
3 SECTORAL ANALYSES NACE 65/66

Banking and insurance

Banking and insurance (NACE 65 and 66) are the two largest sectors of financial activity in the EU, in terms of both employment — over 84 % of the total employment in this sector — and turnover, 89 %. All financial and monetary intermediation, as well as different types of insurance — life, health, car insurance and pensions funds — are included.

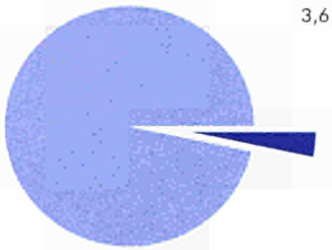
Despite the low number of units, these employ a total of 4 million people and have a turnover of close to ECU 3 000 billion, which represents 3,6 and 20 % respectively of all economic activities. The structure of enterprises in both sub-sectors is similar, with large enterprises offering over two-thirds of the jobs, as against one-third for all sectors combined. Similarly, the average size of enterprises in the sector is also higher.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

B, DK, E, FIN, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Key figures by country — 1994

	Enterprises	Employment	Turnover ECU million
EU-15	70 462	3 980 775	3 210 887
B	1 611	119 149	4 004
DK	1 164	76 970	18 021
D	5 969	1 086 287	403 623
EL	n.a.	n.a.	n.a.
E	4 647	342 576	n.a.
F	10 572	551 134	216 616
IRL	n.a.	n.a.	n.a.
I	n.a.	n.a.	n.a.
L	363	19 466	26 845
NL	1 715	192 001	34 356
A	n.a.	n.a.	n.a.
P	989	84 590	18 862
FIN	1 214	51 325	48 645
S	1 161	76 349	39 875
UK	25 617	760 585	2 679 135
IS	203	4 434	n.a.
NO	n.a.	n.a.	n.a.
CH	2 231	158 324	n.a.

Source: Eurostat.

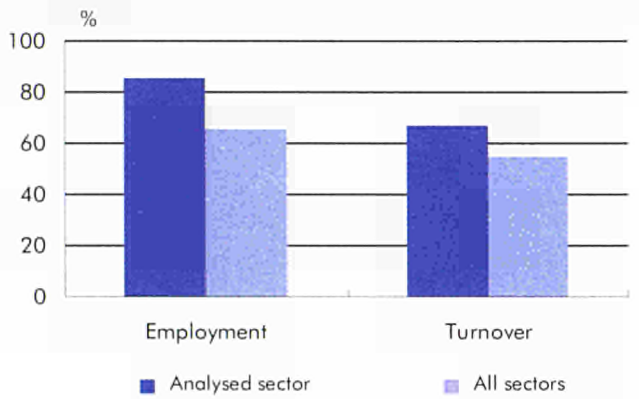
Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	0,8	2,1	4,9	9,5	82,7
B	0,7	4,7	6,7	8,2	79,7
DK	0,3	1,3	3,5	11,3	83,6
D	0,0	0,6	5,9	12,8	80,7
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	0,3	2,0	2,9	c	c
F	1,3	1,2	3,2	6,6	87,8
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	n.a.	n.a.	n.a.	n.a.	n.a.
L	0,1	c	17,6	c	49,0
NL	0,0	1,1	3,3	7,5	88,0
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	1,1	1,4	6,0	6,3	85,3
FIN	0,1	3,2	10,3	c	c
S	0,8	1,5	3,5	c	c
UK	1,6	4,0	3,4	6,3	84,6
IS	0,6	4,5	17,9	5,2	71,7
NO	n.a.	n.a.	n.a.	n.a.	n.a.
CH (*)	3,0		4,8	9,6	82,6

(*) Total employment for CH.

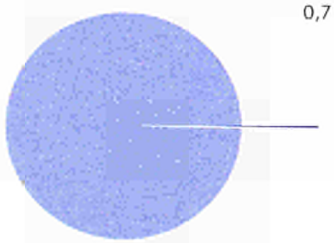
Source: Eurostat.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

Financial and insurance auxiliaries

NACE 67 covers the supply of services associated with financial intermediation or the management of insurance and pension funds, since these operations do not in themselves involve financial intermediation. This sector therefore includes the management of portfolios, the activities of foreign exchange offices, and the activities of insurance agents.

SMEs are very well-represented in this field in the EU, employing eight persons in 10 and producing two-thirds of the sector's total turnover. The average size of enterprises in this sector is in fact fairly low at just three, compared to the overall average of six. Very small enterprises in particular (1 to 9 employees) make up a large share of the employment total, accounting for around 40 % of staff in this sector. Similarly, small and medium-sized enterprises (10 to 249 employees) produce almost 60 % of the total turnover, whereas the figure for all sectors combined is under 40 %.

B, DK, E, FIN, UK, CH: 1995.
D: 1993 for turnover.
IRL: 1993.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	24,3	40,8	12,1	8,6	14,2
B	8,7	61,2	13,1	11,7	5,4
DK	9,8	21,3	33,2	27,5	8,1
D	28,9	59,3	4,8	3,8	3,2
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	48,1	34,6	8,5	c	c
F	16,3	30,9	18,6	18,1	16,1
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	22,9	66,0	11,1	0,0	0,0
L	13,8	c	24,6	11,4	c
NL	15,5	29,6	24,2	15,5	15,2
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	35,2	40,0	19,7	5,0	0,0
FIN	1,7	22,3	43,8	c	c
S	14,2	30,1	27,0	c	c
UK	13,9	15,5	14,5	13,7	42,5
IS	n.a.	n.a.	n.a.	n.a.	n.a.
NO	n.a.	n.a.	n.a.	n.a.	n.a.
CH (*)	43,7		32,2	8,0	16,1

(*) Total employment for CH.

Source: Eurostat.

Key figures by country — 1994

	Enterprises	Employment	Turnover
			ECU million
EU-15	245 061	751 162	403 814
B	1 794	21 876	310
DK	580	3 181	268
D	93 729	205 312	3 885
EL	n.a.	n.a.	n.a.
E	28 701	86 679	n.a.
F	17 605	76 145	9 761
IRL	539	3 988	224
I	42 263	104 379	4 991
L	407	1 603	2 432
NL	9 790	36 786	1 976
A	n.a.	n.a.	n.a.
P	4 841	8 506	367
FIN	907	1 562	1 318
S	1 649	6 258	2 662
UK	35 055	214 348	395 168
IS	n.a.	n.a.	n.a.
NO	n.a.	n.a.	n.a.
CH	1 188	5 760	n.a.

Source: Eurostat.

3 SECTORAL ANALYSES NACE 70/71

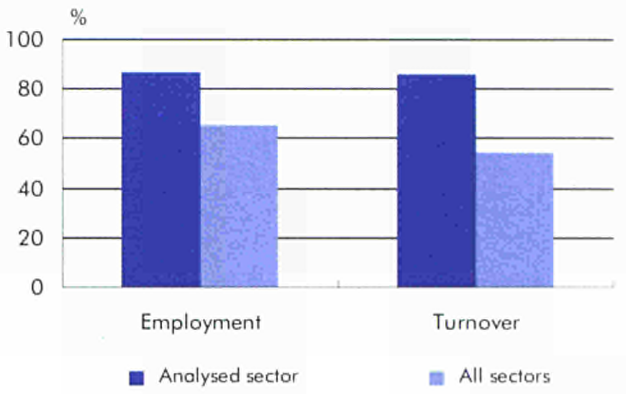
Real estate and renting activities

This field covers activities such as the development and selling of real estate, the buying and selling of own real estate and the management of real estate on a fee or contract basis (NACE 70). It also includes different types of rental: the renting of transport equipment, other machinery and equipment, and personal and household goods (NACE 71).

The 800 000 enterprises which are active in this field are characterised by the very low profile of large enterprises, and this not just in terms of numbers. The latter in fact only employ 13 % of the workforce, compared to 34 % for all sectors combined. One-man business and very small enterprises, on the other hand, predominate. Over four in 10 employees in the rental sector work for very small enterprises and this figure rises to six in 10 for real estate activities — almost double the overall average.

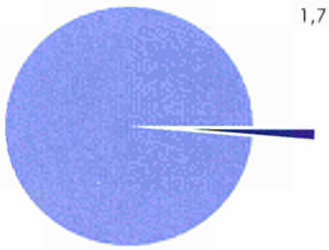
B, DK, E, FIN, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

Key figures by country — 1994

	Enterprises	Employment	Turnover ECU million
EU-15	822 311	1 862 445	410 689
B	19 167	69 624	5 752
DK	6 593	13 263	1 340
D	257 598	378 855	126 358
EL	n.a.	n.a.	n.a.
E	67 084	148 184	n.a.
F	202 155	486 986	63 607
IRL	n.a.	n.a.	n.a.
I	50 252	106 790	7 139
L	527	2 095	307
NL	22 830	62 942	6 975
A	n.a.	n.a.	n.a.
P	12 165	32 481	2 538
FIN	7 554	20 034	1 726
S	36 010	84 453	6 918
UK	138 662	463 127	46 332
IS	580	696	n.a.
NO	2 439	8 163	1 023
CH	4 021	16 290	n.a.

Source: Eurostat.

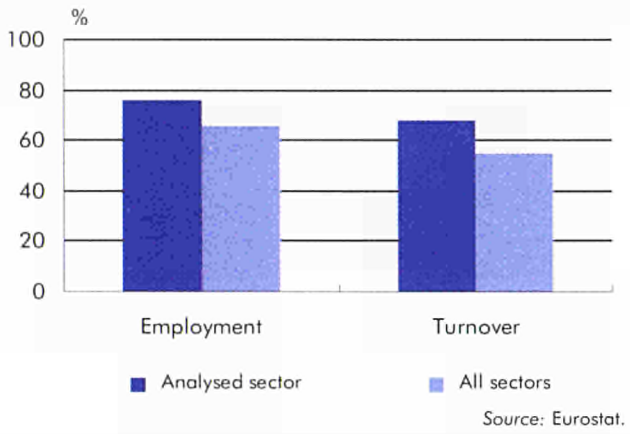
Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	24,8	32,6	16,8	12,4	13,4
B	41,6	43,0	10,0	5,4	0,0
DK	14,8	48,9	21,7	14,6	0,0
D	10,8	42,7	20,3	16,0	10,1
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	26,6	42,7	19,1	c	c
F	41,0	21,4	12,8	12,8	12,0
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	38,0	45,9	9,9	c	c
L	26,3	c	26,8	c	0,0
NL	13,1	24,0	34,8	23,3	4,8
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	18,7	46,6	22,8	11,9	0,0
FIN	11,1	39,4	c	13,5	c
S	35,2	21,3	10,2	15,9	17,4
UK	19,1	29,7	16,4	12,3	22,5
IS	17,7	70,4	11,9	0,0	0,0
NO	0,0	43,6	30,9	11,9	13,6
CH (*)	47,7		26,2	23,9	2,2

(*) Total employment for CH.

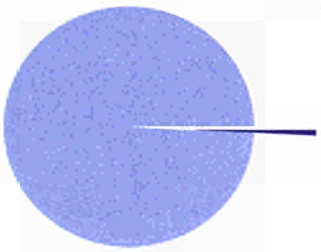
Source: Eurostat.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

Computer activities

Computer activities (NACE 72) constitute a fairly recent sector which covers numerous aspects of information technology. The services and products offered include the supply of software, data processing, the development of databases, consultancy in computer systems, and the maintenance and repair of computing machinery and equipment.

The EU enterprises operating in this sector number just under 200 000 units and employ over one million people. Whilst their size structure is close to the European average for the economy as a whole, there is a slight bias in favour of SMEs. The latter provide over three-quarters of the total employment, mainly concentrated in enterprises with at least one employee — 67 % of sectorial sector.

B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	9,0	24,2	23,0	19,9	23,9
B	27,4	21,7	21,6	16,6	12,6
DK	10,7	16,0	20,7	24,1	28,6
D	5,2	16,2	28,9	25,2	24,5
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	18,6	18,2	16,2	24,5	22,5
F	3,4	16,5	23,7	25,3	31,1
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	5,8	39,8	26,3	13,5	14,6
L	21,1	25,4	31,5	22,0	0,0
NL	16,7	14,3	16,0	22,3	30,8
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	10,8	44,2	28,8	16,2	0,0
FIN	4,9	20,2	20,5	22,2	32,2
S	6,3	19,9	20,5	19,7	33,6
UK	10,6	37,2	15,0	14,5	22,7
IS	18,8	37,6	43,6	0,0	0,0
NO	0,0	17,7	25,3	14,8	42,1
CH (*)	36,4		25,5	23,1	15,1

(*) Total employment for CH.

Source: Eurostat.

Key figures by country — 1994

	Enterprises	Employment	Turnover
			ECU million
EU-15	197 566	1 116 360	92 564
B	7 463	29 833	3 247
DK	6 734	21 515	2 624
D	30 947	272 691	16 954
EL	n.a.	n.a.	n.a.
E	13 060	72 183	n.a.
F	13 201	178 687	17 025
IRL	n.a.	n.a.	n.a.
I	30 287	171 156	10 624
L	808	2 914	536
NL	9 381	55 183	4 312
A	n.a.	n.a.	n.a.
P	2 588	8 282	421
FIN	2 579	15 511	1 566
S	5 514	37 608	4 809
UK	84 261	278 482	23 442
IS	313	506	n.a.
NO	1 246	11 745	1 440
CH	5 454	27 876	n.a.

Source: Eurostat.

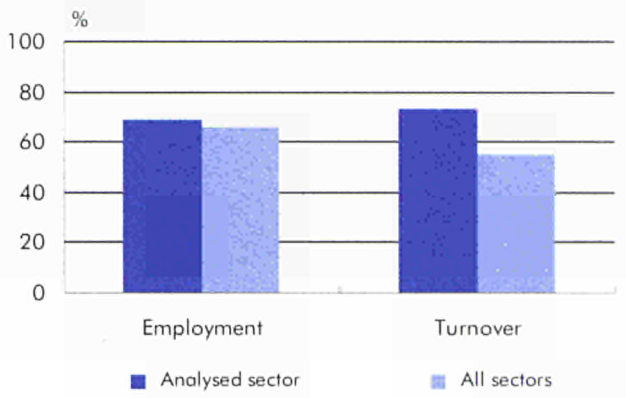
3 SECTORAL ANALYSES NACE 74

Other business activities

This sector (NACE 74) encompasses a variety of activities such as legal activities, accounting and management consultancy, and market research, as well as architectural activities, advertising, labour recruitment and the provision of personnel, investigation and security activities, and cleaning activities.

It is a fairly appreciably-sized sector in the EU, with one EU enterprise in 10 carrying out its activities in this field. It also accounts for 9 % of jobs — 10 million people — and almost 5 % of total turnover. The breakdowns by number of units and employment by size class do not diverge significantly from the general averages for all sectors combined. When it comes to turnover, however, SMEs claim a substantially higher-than-average share at almost 70 % compared to 55 %.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment

Source: Eurostat.

EL, I, NL, A, IS, NO: 1994.
ES: 1994 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Key figures by country — 1995

	Enterprises	Employment	Turnover ECU million
EU-15	2 061 688	10 246 820	794 526
B	83 081	392 280	28 072
DK	40 713	139 116	9 056
D	407 184	2 878 677	241 958
EL	40 927	72 351	9 651
E	271 631	1 103 116	41 517
F	211 917	1 587 669	106 108
IRL	8 221	55 847	2 751
I	298 409	865 227	40 289
L	2 371	17 093	1 268
NL	64 657	489 005	25 826
A	28 147	146 027	17 624
P	47 825	162 571	4 766
FIN	21 147	78 206	6 337
S	39 202	181 545	15 676
UK	458 826	2 048 023	238 233
IS	3 399	4 389	n.a.
NO	16 744	97 360	6 281
CH	45 981	198 419	n.a.

Source: Eurostat.

Breakdown of employment by size class (%)

	Number of employees 0	1-9	10-49	50-249	250+
EU-15	12,6	25,2	17,9	13,2	31,1
B	28,5	20,5	9,7	9,7	31,6
DK	13,3	26,4	22,3	14,9	23,1
D	4,6	22,6	21,6	10,7	40,5
EL	39,5	29,2	20,4	7,9	2,9
E	20,7	26,8	13,3	14,8	24,4
F	8,6	20,3	20,2	17,9	33,0
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	18,6	45,8	15,2	10,5	9,9
L	9,7	19,2	24,3	27,5	19,3
NL	12,1	15,2	15,0	22,6	35,2
A	11,9	64,2	5,8	4,0	14,1
P	18,5	26,0	13,5	14,3	27,7
FIN	8,0	31,8	18,9	19,0	22,3
S	8,5	36,5	22,1	14,4	18,5
UK	15,7	21,4	16,9	14,1	32,0
IS	26,5	37,0	20,9	5,3	10,3
NO	0,0	31,0	20,2	16,7	32,0
CH (*)	49,6		26,3	12,8	11,2

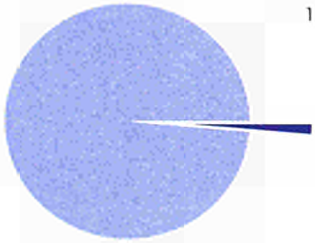
(*) Total employment for CH.

Source: Eurostat.

SMEs' share of employment and turnover

Source: Eurostat.

Sector's share of employment



Source: Eurostat.

Recreational, cultural and sporting activities

In EU-15, just under two million people work in the recreational, cultural and sporting domain (NACE 92). This sector covers a huge range of activities: entertainment activities such as film production and distribution, radio and television programmes, public performances and the operation of arts facilities. It also encompasses news agencies, cultural activities such as the running of libraries and museums or management of the natural heritage, as well as sporting activities.

SMEs are clearly predominant when it comes to jobs, employing over 1,4 million people. Sole proprietorships in particular make up a considerable proportion of the active enterprises in this sector — 70 % of the total number — and also account for over 20 % of all jobs — as against 10 % for all sectors combined.

B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	20,4	24,5	18,9	12,6	23,6
B	38,1	21,8	14,3	10,2	15,7
DK	14,7	28,1	32,6	c	c
D	8,4	32,8	22,7	11,7	24,3
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	17,7	24,9	21,2	11,4	24,8
F	26,8	21,8	17,9	13,7	19,7
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	21,2	41,6	19,2	4,6	13,4
L	27,8	26,8	26,0	19,4	0,0
NL	0,0	23,3	29,5	22,5	24,6
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	c	26,8	15,6	8,6	c
FIN	7,0	18,8	13,4	11,0	49,7
S	6,5	22,0	17,5	18,5	35,5
UK	32,2	15,2	14,3	14,5	23,8
IS	29,6	32,0	19,0	8,0	11,4
NO	0,0	44,7	31,3	16,1	8,0
CH (*)	50,7		30,1	12,9	6,4

(*) Total employment for CH.

Source: Eurostat.

Key figures by country — 1994

	Enterprises	Employment	Turnover
			ECU million
EU-15	457 968	1 879 287	175 730
B	17 931	66 759	2 553
DK	2 499	8 510	710
D	73 564	450 799	30 987
EL	n.a.	n.a.	n.a.
E	46 705	244 474	n.a.
F	46 821	211 634	22 112
IRL	n.a.	n.a.	n.a.
I	38 944	133 650	12 215
L	744	2 155	403
NL	12 650	79 759	9 133
A	n.a.	n.a.	n.a.
P	4 750	20 350	934
FIN	3 007	14 629	2 223
S	3 792	27 623	4 609
UK	187 772	526 213	44 803
IS	1 383	1 693	n.a.
NO	826	3 726	333
CH	4 900	18 452	n.a.

Source: Eurostat.

3 SECTORAL ANALYSES NACE 93

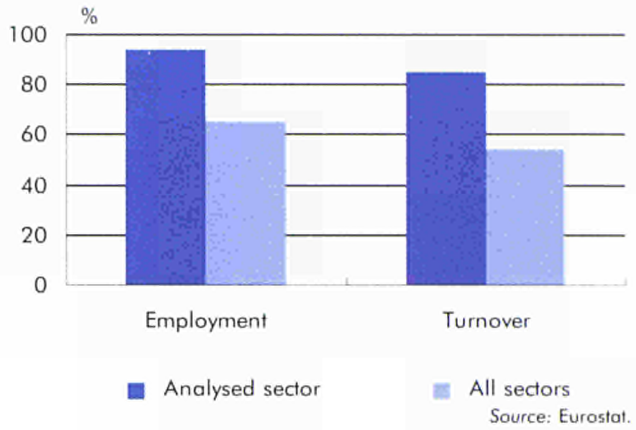
Personal services

Virtually all enterprises in this sector of the economy (NACE 93) are SMEs. They are small-scale providers of various services such as laundrettes, beauty and hairdressing salons, funeral services or activities related to physical well-being.

Large enterprises therefore have a very minor presence, both in employment terms — less than 6 % of the total workforce — and with regard to turnover, producing just 15 % of the sectoral total. These values are well below the average figures for all sectors combined, which stand at 34 and around 45 % respectively. Personal services are therefore undoubtedly the preserve of SMEs. Furthermore, units without employees and very small enterprises feature particularly prominently, employing seven persons in 10. Their share of turnover is also well above average at 55 %, compared to an average figure of 18 %.

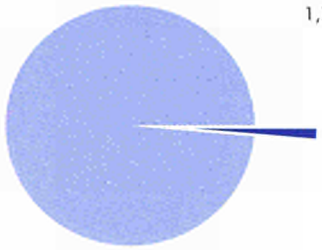
B, DK, E, FIN, S, UK, CH: 1995.
D: 1993 for turnover.
IRL: 1993.
IS: size class 50-249 = 50-99; size class 250+ = 100+.
NO: size class 50-249 = 50-200; size class 250+ = 200+.

SMEs' share of employment and turnover



Source: Eurostat.

Sector's share of employment



Source: Eurostat.

Key figures by country — 1994

	Enterprises	Employment	Turnover ECU million
EU-15	664 075	1 878 211	66 227
B	34 078	98 420	1 531 099
DK	9 497	20 000	613 124
D	148 087	574 163	30 722 214
EL	n.a.	n.a.	n.a.
E	70 996	151 682	n.a.
F	77 291	246 185	6 675 113
IRL	3 110	12 518	245 035
I	153 274	279 336	5 018 929
L	567	1 815	297 500
NL	21 893	62 357	1 460 893
A	n.a.	n.a.	n.a.
P	20 060	35 417	311 186
FIN	9 051	9 829	456 561
S	3 374	14 221	688 727
UK	99 031	295 880	12 674 270
IS	1 231	1 875	n.a.
NO	6 294	15 434	498 496
CH	13 481	35 338	n.a.

Source: Eurostat.

Breakdown of employment by size class (%)

	Number of employees				
	0	1-9	10-49	50-249	250+
EU-15	21,0	52,6	15,6	5,1	5,6
B	51,9	37,5	6,9	2,2	1,5
DK	32,8	43,8	10,5	c	c
D	8,9	51,9	23,8	6,9	8,4
EL	n.a.	n.a.	n.a.	n.a.	n.a.
E	41,1	42,7	10,9	c	c
F	24,3	59,5	10,1	2,7	3,5
IRL	n.a.	n.a.	n.a.	n.a.	n.a.
I	23,3	66,5	7,3	2,4	0,5
L	13,8	57,6	28,6	0,0	0,0
NL	27,6	46,3	13,2	7,8	5,1
A	n.a.	n.a.	n.a.	n.a.	n.a.
P	33,9	51,4	11,0	3,7	0,0
FIN	40,0	33,3	12,9	c	c
S	12,4	50,2	13,6	c	c
UK	20,6	48,7	15,3	5,2	10,2
IS	20,9	48,2	23,9	7,0	0,0
NO	0,0	71,0	23,4	5,6	0,0
CH (*)	76,2		14,9	8,0	0,9

(*) Total employment for CH.

Source: Eurostat.

Country analyses 4

18 countries and EU economic area analysed ●

- Belgium ○
- Denmark ○
- Germany ○
- Greece ○
- Spain ○
- France ○
- Ireland ○
- Italy ○
- Luxembourg ○
- Netherlands ○
- Austria ○
- Portugal ○
- Finland ○
- Sweden ○
- United Kingdom ○
- Iceland ○
- Norway ○
- Switzerland ○
- EU-15 ○

How many enterprises are there in France? Is the number of SMEs in Germany significant? Are enterprises in Sweden smaller or larger than the Community average? What is the share of very small Italian enterprises operating in the building sector?

This chapter attempts to provide answers to these questions. On one page for each country of Europe of the Fifteen as well as Iceland, Norway and Switzerland, the main information on enterprises is presented, i.e. the number of jobs and turnover, as well as the size and branch breakdown.

Each page has an identical layout.

Structure of the 'country' page

- The first table develops the basic data, i.e. the number of enterprises, total employment and turnover, broken down by size class and economic sector.
  Enterprises are classed as:
  - 'without employees',
  - 'very small' (1 to 9 employees),
  - 'small' (10 to 49 employees),
  - 'medium' (50 to 249 employees) and,
  - 'large' (250 or more employees).

  The sectoral breakdown covers seven economic areas:

  - 'industry and energy' — the extractive and manufacturing industries and the energy industry;
  - 'construction' — building and civil engineering;
  - 'trade and HoReCa' — wholesale, retail, intermediary trading, repair, catering and accommodation;
  - 'transport and communication' — land, air and water transport, transport intermediaries, post and telecommunications;
  - 'financial intermediation' — financial intermediation and insurance, and activities auxiliary to financial intermediation,
  - 'other business activities',
  - 'other services' — real estate activities, renting, computer and related activities, research and development, health and social work, sanitation and refuse disposal, recreational, cultural and sports activities, and personal services.
- A diagram presents the sectoral structure of the analysed country and especially the percentage of jobs provided by SMEs (1 to 249 employees) in the major sectors compared with the Community average.
- Finally, macroeconomic indicators compared with the EU-15 figures are presented for each country. These data are taken from the 'ESA National Accounts, tables for individual branches' available in the SEC2 database of New Cronos. For Germany, data on employment is taken from the Labour Force Survey and data on value added from the *Volkswirtschaftliche Gesamtrechnung, Fachserie 18, Reihe 1.3*.

  It should be stressed that the coverage of indicators is different from that of the SME data, which only concern non-agricultural market enterprises.

NB: In every table presented in these pages, estimates or totals including at least one estimated value are written in blue.

4 COUNTRY ANALYSES BELGIUM

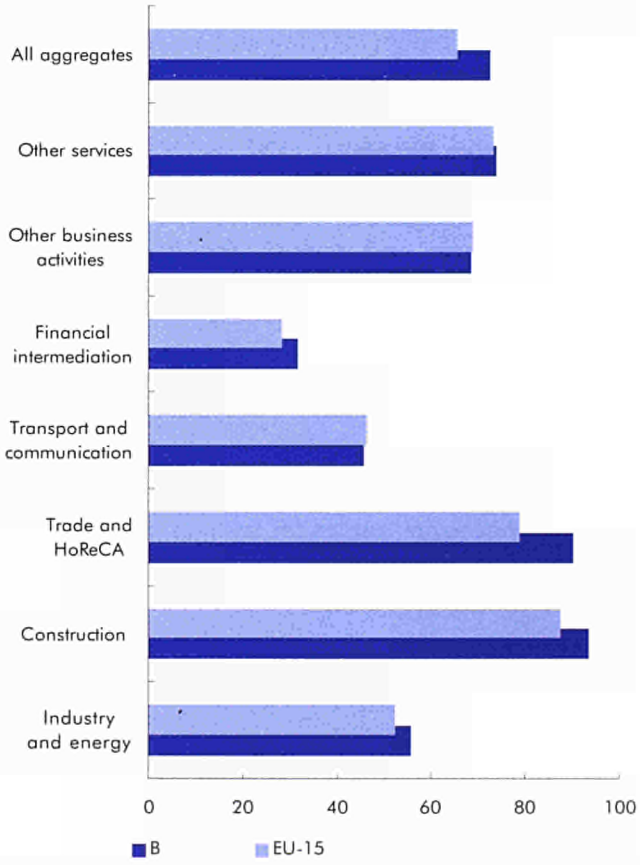
VAT units in Belgium — Key figures in 1995

		Number of employees					
		0 (in %)	1-9 (in %)	10-49 (in %)	50-249 (in %)	250+ (in %)	All size classes in 1 000s (*)
Industry and energy	VAT units	51,2	34,5	10,7	2,6	0,9	52,8
	Total employment	5,0	12,7	18,1	20,1	44,1	781,6
	Turnover	7,3	5,3	15,1	15,2	57,0	173 989,9
Construction	VAT units	63,6	31,5	4,3	0,5	0,1	74,7
	Total employment	22,4	35,8	23,0	12,5	6,3	312,5
	Turnover	15,8	28,0	27,0	16,6	12,5	23 515,4
Trade and HoReCa	VAT units	68,6	28,2	2,9	0,2	0,1	274,5
	Total employment	30,0	39,5	15,2	5,7	9,7	1 188,4
	Turnover	12,5	30,1	26,4	11,7	19,4	192 544,9
Transport and communication	VAT units	62,5	27,5	8,6	1,2	0,2	21,4
	Total employment	7,6	15,0	15,3	8,0	54,1	300,5
	Turnover	6,2	17,4	27,8	16,6	32,1	31 199,1
Financial intermediation	VAT units	59,0	30,4	7,8	1,4	1,4	3,4
	Total employment	2,0	13,4	7,7	8,8	68,1	141,0
	Turnover	14,0	6,3	11,4	25,2	43,1	4 314,6
Other business activities	VAT units	83,2	14,7	1,7	0,3	0,1	83,1
	Total employment	28,5	20,5	9,7	9,7	31,6	392,3
	Turnover	14,8	16,5	28,3	13,7	26,7	28 071,9
Other services	VAT units	81,9	16,5	1,3	0,2	0,1	84,8
	Total employment	21,9	23,9	13,9	14,4	26,0	562,4
	Turnover	26,5	22,0	23,6	16,4	11,5	14 635,9
All aggregates	VAT units	70,1	25,6	3,6	0,5	0,2	594,6
	Total employment	19,7	26,1	15,4	11,4	27,4	3 678,6
	Turnover	10,9	18,6	22,2	14,0	34,3	468 271,6

(*) Except turnover expressed in ECU million.

Source: Eurostat.

Share of SMEs in total employment (%) Sectoral profile — Belgium — 1995



Source: Eurostat.

As macroeconomic indicators were provided by an other source, every comparaison with SME data should be extremely difficult for methodological reasons. However, these indicators are published here, in order to complete the country economic structure.

General macroeconomic indicators Belgium — 1995

		B	EU-15
Macroeconomic indicators			
Employment (1 000)		3 695	142 424
GVAmp (in ECU billion)		200	5 982
Sectoral breakdown of employment and gross value added at market price (in %)			
Agriculture	Employment	2,3	5,4
	GVAmp	1,2	2,3
Industry	Employment	26,4	28,3
	GVAmp	29,4	31,2
Services	Employment	71,3	66,3
	GVAmp	69,4	66,5

Source: Eurostat.

Enterprises in Denmark — Key figures in 1995

		Number of employees 0 (in %)	1-9 (in %)	10-49 (in %)	50-249 (in %)	250+ (in %)	All size classes in 1 000s (*)
Industry and energy	Enterprises	57,9	26,0	11,9	3,4	0,8	34,2
	Total employment	2,3	10,3	20,3	25,8	41,4	518,3
	Turnover	3,8	5,7	16,7	23,9	49,9	73 188,0
Construction	Enterprises	51,8	38,8	8,5	0,8	0,1	28,2
	Total employment	6,6	33,7	32,9	13,0	13,8	163,2
	Turnover	8,0	26,2	29,9	15,7	20,2	13 661,4
Trade and HoReCa	Enterprises	62,3	31,7	5,3	0,6	0,1	92,8
	Total employment	8,3	32,6	24,9	13,8	20,4	497,5
	Turnover	6,7	20,7	27,2	19,7	25,6	101 315,5
Transport and communication	Enterprises	60,4	31,4	7,1	1,0	0,2	11,4
	Total employment	6,2	21,0	23,1	15,8	34,0	82,5
	Turnover	7,7	13,0	21,2	16,3	41,8	13 901,1
Financial intermediation	Enterprises	32,2	45,1	11,4	7,4	4,0	1,7
	Total employment	0,7	2,1	4,7	11,9	80,6	80,2
	Turnover	0,5	1,5	3,9	13,0	81,1	18 288,8
Other business activities	Enterprises	78,5	18,3	2,8	0,3	0,1	40,7
	Total employment	13,3	26,4	22,3	14,9	23,1	139,1
	Turnover	13,5	23,5	27,0	16,3	19,7	9 055,8
Other services	Enterprises	77,2	20,4	2,0	0,4	0,1	26,6
	Total employment	17,5	33,1	19,4	15,6	14,3	71,3
	Turnover	18,3	23,5	21,3	19,8	17,1	6 366,9
All aggregates	Enterprises	64,6	28,2	6,0	1,0	0,2	235,7
	Total employment	6,5	22,5	22,6	17,9	30,5	1 552,0
	Turnover	6,0	14,6	21,8	19,9	37,6	235 777,4

(*) Except turnover expressed in ECU million.

Source: Eurostat.

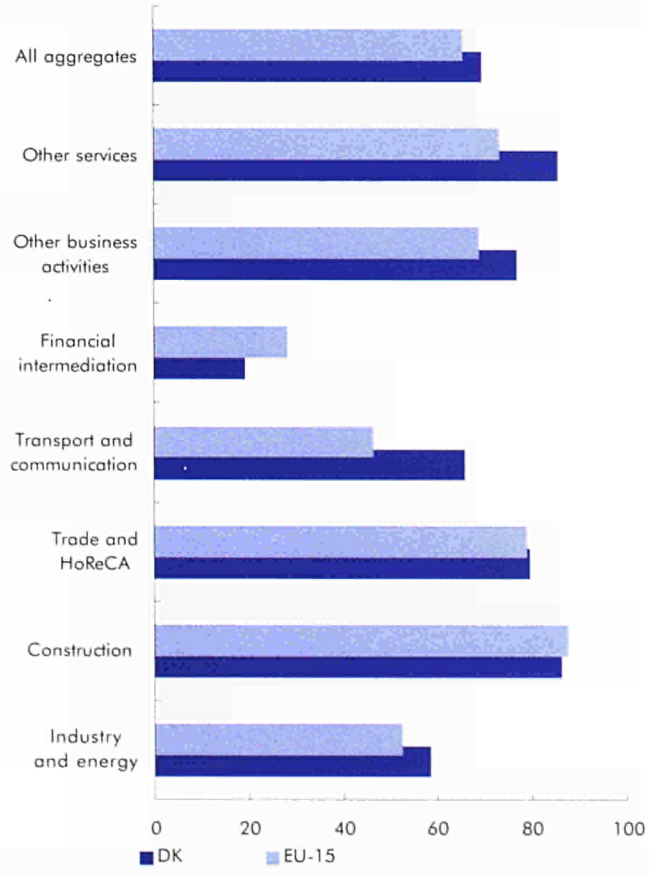
As macroeconomic indicators were provided by an other source, every comparaison with SME data should be extremely difficult for methodological reasons. However, these indicators are published here, in order to complete the country economic structure.

General macroeconomic indicators Denmark — 1995

		DK	EU-15
Macroeconomic indicators			
Employment (1 000)		2 521	142 424
GVAmp (in ECU billion)		120	5 982
Sectoral breakdown of employment and gross value added at market price (in %)			
Agriculture	Employment	4,8	5,4
	GVAmp	4,1	2,3
Industry	Employment	26,9	28,3
	GVAmp	27,7	31,2
Services	Employment	68,3	66,3
	GVAmp	68,3	66,5

Source: Eurostat.

Share of SMEs in total employment (%) Sectoral profile — Denmark — 1995



Source: Eurostat.

4 COUNTRY ANALYSES GERMANY

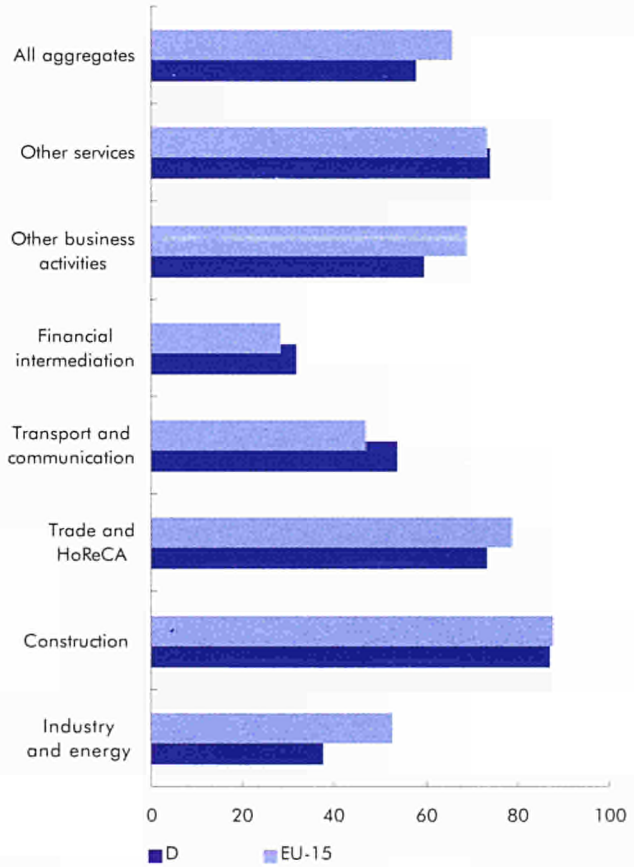
Enterprises in Germany — Key figures in 1995

		Number of employees 0 (in %)	1-9 (in %)	10-49 (in %)	50-249 (in %)	250+ (in %)	All size classes in 1 000s (*)
Industry and energy	Enterprises	19,1	49,8	23,2	6,2	1,7	327,3
	Total employment	0,6	6,7	14,3	16,0	62,4	10 654,5
	Turnover	0,2	3,1	8,9	20,4	67,4	1 298 077,4
Construction	Enterprises	16,1	57,8	23,7	2,3	0,1	320,2
	Total employment	1,5	25,6	42,2	17,8	13,0	2 390,7
	Turnover	0,6	17,0	40,0	26,5	15,9	329 156,8
Trade and HoReCa	Enterprises	39,3	52,1	7,8	0,6	0,1	1 069,6
	Total employment	3,6	35,0	25,6	9,1	26,7	6 011,6
	Turnover	2,3	19,6	26,7	16,7	34,8	1 178 458,0
Transport and communication	Enterprises	33,4	52,9	12,1	1,4	0,2	132,4
	Total employment	3,1	18,0	21,2	11,5	46,3	1 540,6
	Turnover	1,5	13,2	24,0	27,6	33,7	117 409,0
Financial intermediation	Enterprises	55,5	39,5	2,8	1,6	0,6	100,6
	Total employment	4,7	10,1	5,7	11,2	68,4	1 286,3
	Turnover	0,0	1,0	6,9	23,8	68,2	454 221,4
Other business activities	Enterprises	38,9	49,8	9,8	1,2	0,4	407,2
	Total employment	4,6	22,6	21,6	10,7	40,5	2 878,7
	Turnover	2,4	17,5	21,6	11,2	47,2	241 958,3
Other services	Enterprises	42,6	50,6	5,6	1,0	0,2	977,4
	Total employment	5,0	33,2	19,2	16,4	26,1	5 270,4
	Turnover	4,8	24,7	21,3	24,1	25,2	344 879,8
All aggregates	Enterprises	36,3	51,3	10,5	1,6	0,4	3 334,8
	Total employment	2,7	20,8	20,3	13,9	42,3	30 032,8
	Turnover	1,4	12,0	18,9	20,2	47,6	3 964 160,7

(*) Except turnover expressed in ECU million.

Source: Eurostat.

Share of SMEs in total employment (%) Sectoral profile — Germany — 1995



Source: Eurostat.

As macroeconomic indicators were provided by an other source, every comparaison with SME data should be extremely difficult for methodological reasons. However, these indicators are published here, in order to complete the country economic structure.

General macroeconomic indicators Germany — 1995

Macroeconomic indicators		D	EU-15
Employment (1 000)		35 782	142 424
GVAmp (in ECU billion)		1 779	5 982
Sectoral breakdown of employment and gross value added at market price (in %)			
Agriculture	Employment	3,2	5,4
	GVAmp	1,1	2,3
Industry	Employment	36,0	28,3
	GVAmp	34,4	31,2
Services	Employment	60,8	66,3
	GVAmp	64,6	66,5

Source: Eurostat.

Enterprises in Greece — Key figures in 1994

		Number of employees					
		0 (in %)	1-9 (in %)	10-49 (in %)	50-249 (in %)	250+ (in %)	All size classes in 1 000s (*)
Industry and energy	Enterprises	37,4	43,7	15,6	2,8	0,5	33,6
	Total employment	4,1	12,1	28,4	28,3	27,1	335,3
	Turnover	1,3	5,9	21,4	29,1	42,4	84 715,0
Construction	Enterprises	63,2	31,5	4,7	0,6	0,1	95,6
	Total employment	19,8	25,0	25,7	15,8	13,7	327,6
	Turnover	9,2	22,5	24,7	18,8	24,8	40 690,2
Trade and HoReCa	Enterprises	51,7	47,5	0,8	0,1	0,0	510,8
	Total employment	38,2	38,5	8,7	5,4	9,2	843,5
	Turnover	7,0	52,3	16,4	12,8	11,4	193 220,9
Transport and communication	Enterprises	59,4	37,8	2,4	0,3	0,0	36,5
	Total employment	32,8	23,4	22,9	14,3	6,6	81,6
	Turnover	5,3	31,5	31,9	22,6	8,7	12 684,9
Financial intermediation	Enterprises	60,3	34,1	2,2	2,4	1,0	1,4
	Total employment	7,4	4,7	4,9	26,0	57,1	14,2
	Turnover	0,9	3,0	6,9	31,2	57,9	8 886,9
Other business activities	Enterprises	57,1	41,1	1,6	0,2	0,0	40,9
	Total employment	39,5	29,2	20,4	7,9	2,9	72,4
	Turnover	8,2	30,4	43,1	15,7	2,6	9 651,4
Other services	Enterprises	59,4	38,6	1,8	0,2	0,0	27,9
	Total employment	34,2	27,9	18,5	12,0	7,4	56,8
	Turnover	8,9	25,7	25,4	26,5	13,5	7 138,3
All aggregates	Enterprises	53,5	44,1	2,1	0,3	0,0	746,9
	Total employment	27,5	29,1	17,2	12,7	13,5	1 731,4
	Turnover	5,8	34,8	19,7	18,5	21,2	356 987,7

(*) Except turnover expressed in ECU million.

Source: Eurostat.

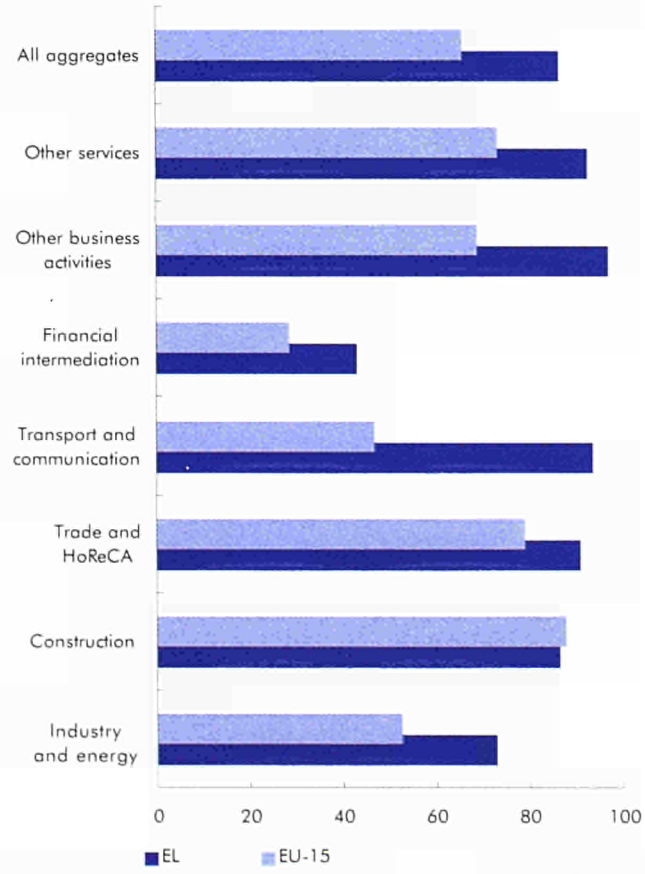
As macroeconomic indicators were provided by an other source, every comparaison with SME data should be extremely difficult for methodological reasons. However, these indicators are published here, in order to complete the country economic structure.

General macroeconomic indicators Greece — 1994

		EL	EU-15
Macroeconomic indicators			
Employment (1 000)		3 834	141 566
GVAmp (in ECU billion)		72	5 798
Sectoral breakdown of employment and gross value added at market price (in %)			
Agriculture	Employment	20,8	5,7
	GVAmp	14,9	2,3
Industry	Employment	24,6	28,5
	GVAmp	25,0	31,1
Services	Employment	54,6	65,9
	GVAmp	60,0	66,6

Source: Eurostat.

Share of SMEs in total employment (%) Sectoral profile — Greece — 1994



Source: Eurostat.

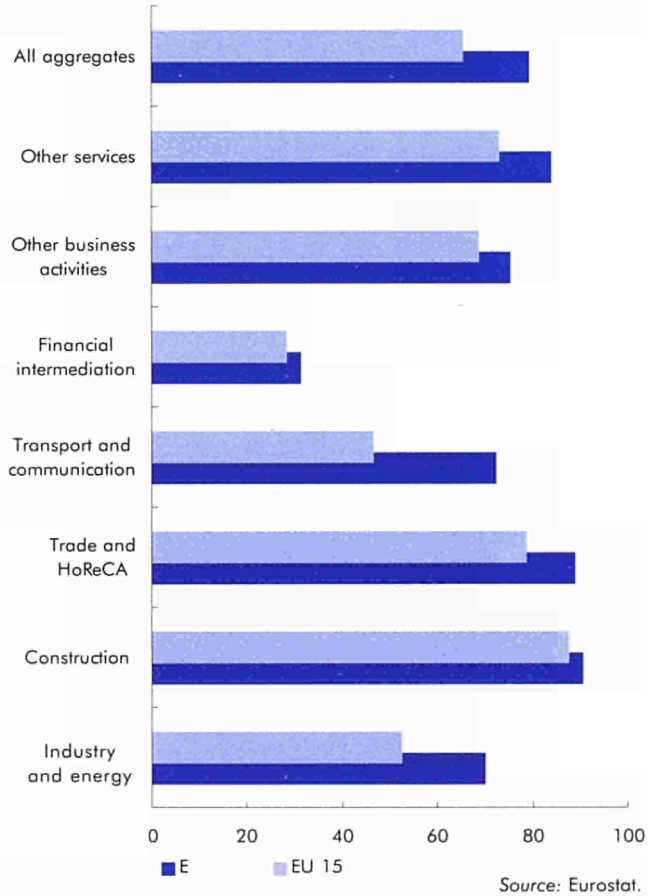
4 COUNTRY ANALYSES SPAIN

Enterprises in Spain — Key figures in 1995

		Number of employees 0 (in %)	1-9 (in %)	10-49 (in %)	50-249 (in %)	250+ (in %)	All size classes in 1 000s (*)
Industry and energy	Enterprises	34,5	49,4	13,6	2,2	0,4	248,2
	Total employment	4,1	18,4	26,9	20,8	29,8	2630,8
	Turnover	1,8	8,8	18,6	22,1	48,7	317642,0
Construction	Enterprises	47,9	44,0	7,2	0,8	0,1	235,0
	Total employment	19,6	31,6	26,3	13,3	9,1	1290,4
	Turnover	7,8	33,0	29,5	16,0	13,8	88681,4
Trade and HoReCa	Enterprises	57,2	39,6	2,9	0,3	0,0	1057,5
	Total employment	28,1	35,9	16,7	8,5	10,9	3647,4
	Turnover	8,0	28,0	17,5	17,7	28,9	358418,5
Transport and communication	Enterprises	71,6	25,6	2,5	0,3	0,1	207,6
	Total employment	30,7	21,9	12,0	7,8	27,5	878,6
	Turnover (**)	14,2	22,2	17,0	10,4	36,2	64849,7
Financial intermediation	Enterprises	65,5	30,5	2,4	1,0	0,6	33,3
	Total employment	10,0	8,6	4,0	9,0	68,4	429,3
	Turnover (**)	4,0	5,2	4,5	13,2	73,1	127163,7
Other business activities	Enterprises	70,5	26,3	2,5	0,5	0,1	271,6
	Total employment	20,7	26,8	13,3	14,8	24,4	1103,1
	Turnover (**)	22,3	27,5	16,3	17,2	16,7	41517,0
Other services	Enterprises	62,9	34,2	2,5	0,4	0,1	296,4
	Total employment	27,7	29,0	16,0	11,4	15,9	954,3
	Turnover (**)	24,5	17,8	11,6	6,8	39,3	105380,3
All aggregates	Enterprises	57,5	37,5	4,3	0,6	0,1	2349,7
	Total employment	20,0	27,5	19,0	12,9	20,6	10933,5
	Turnover	8,5	19,2	16,8	16,9	38,6	1104547,3

(*) Except turnover expressed in ECU million.
(**) Turnover for Transport and communication, financial intermediation, other business activities and other services: 1994. *Source:* Eurostat.

Share of SMEs in total employment (%) Sectoral profile — Spain — 1995



Source: Eurostat.

As macroeconomic indicators were provided by an other source, every comparaison with SME data should be extremely difficult for methodological reasons. However, these indicators are published here, in order to complete the country economic structure.

General macroeconomic indicators Spain — 1995

		E	EU-15
Macroeconomic indicators			
Employment (1 000)		12 758	142 424
GVAmp (in ECU billion)		403	5 982
Sectoral breakdown of employment and gross value added at market price (in %)			
Agriculture	Employment	8,2	5,4
	GVAmp	3,2	2,3
Industry	Employment	29,5	28,3
	GVAmp	34,1	31,2
Services	Employment	62,2	66,3
	GVAmp	62,8	66,5

Source: Eurostat.

DG XXIII

Enterprises in France — Key figures in 1995

		Number of employees					
		0 (in %)	1-9 (in %)	10-49 (in %)	50-249 (in %)	250+ (in %)	All size classes in 1 000s (*)
Industry and energy	Enterprises	30,4	50,3	14,5	3,7	1,0	222,6
	Total employment	2,3	10,8	18,1	20,0	48,7	4 361,3
	Turnover	1,5	5,3	12,6	17,4	63,2	759 091,6
Construction	Enterprises	43,6	48,6	6,9	0,8	0,1	263,3
	Total employment	12,9	33,2	26,3	12,5	15,0	1 555,3
	Turnover	6,8	24,1	26,4	17,6	25,1	113 546,5
Trade and HoReCa	Enterprises	46,5	47,3	5,4	0,7	0,1	700,6
	Total employment	13,3	32,9	23,0	12,1	18,8	3 764,2
	Turnover	5,3	22,8	27,6	19,3	25,0	736 963,7
Transport and communication	Enterprises	59,7	29,4	8,7	1,8	0,3	78,7
	Total employment	5,0	7,2	12,3	10,3	65,2	1 384,7
	Turnover	3,0	7,4	13,9	12,7	62,9	126 202,1
Financial intermediation	Enterprises	60,9	31,2	5,1	1,6	1,2	28,3
	Total employment	3,2	4,8	5,0	8,0	79,1	629,7
	Turnover	7,7	3,4	8,9	15,9	64,1	217 521,7
Other business activities	Enterprises	51,9	40,0	6,7	1,2	0,2	211,9
	Total employment	8,6	20,3	20,2	17,9	33,0	1 587,7
	Turnover	8,7	22,9	23,5	19,0	26,0	106 108,1
Other services	Enterprises	67,0	30,5	2,0	0,4	0,1	610,9
	Total employment	32,1	29,1	13,6	13,7	11,5	2 052,3
	Turnover	22,7	24,4	15,7	17,7	19,4	157 938,1
All aggregates	Enterprises	51,6	41,3	5,8	1,0	0,2	2 116,2
	Total employment	11,0	21,3	18,7	14,9	34,1	15 335,3
	Turnover	5,6	14,2	18,8	17,7	43,7	2 217 371,9

(*) Except turnover expressed in ECU million.

Source: Eurostat.

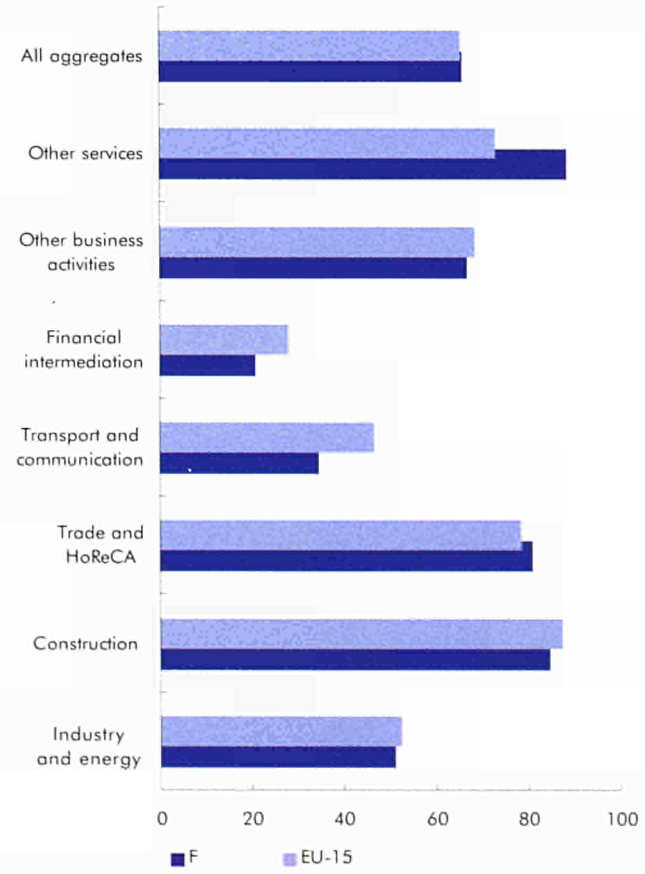
As macroeconomic indicators were provided by an other source, every comparaison with SME data should be extremely difficult for methodological reasons. However, these indicators are published here, in order to complete the country economic structure.

General macroeconomic indicators France — 1995

		F	EU-15
Macroeconomic indicators			
Employment (1 000)		22 284	142 424
GVAmp (in ECU billion)		1 126	5 982
Sectoral breakdown of employment and gross value added at market price (in %)			
Agriculture	Employment	4,6	5,4
	GVAmp	2,5	2,3
Industry	Employment	25,8	28,3
	GVAmp	27,7	31,2
Services	Employment	69,6	66,3
	GVAmp	69,8	66,5

Source: Eurostat.

Share of SMEs in total employment (%) Sectoral profile — France — 1995



Source: Eurostat.

4 COUNTRY ANALYSES IRELAND

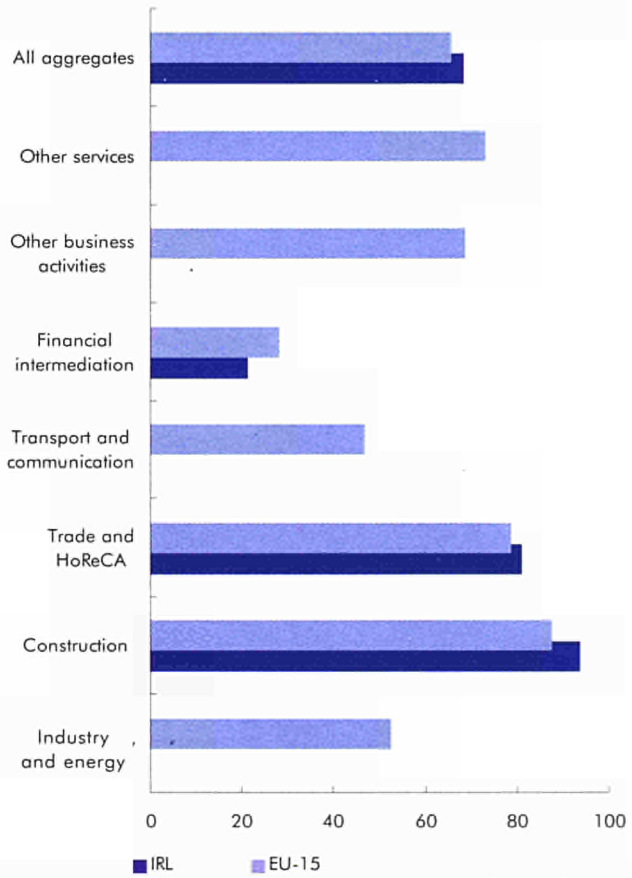
Enterprises in Ireland — Key figures in 1994

		Number of employees 0 (in %)	1-9 (in %)	10-49 (in %)	50-249 (in %)	250+ (in %)	All size classes in 1 000s (*)
Industry and energy	Enterprises	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Total employment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Construction (**)	Enterprises	46,3	46,3	6,5	0,9	0,1	10,4
	Total employment	11,6	35,4	28,0	18,9	6,1	45,1
	Turnover	4,6	35,7	27,3	23,0	9,4	3 695,1
Trade and HoReCa	Enterprises	28,2	57,9	12,1	1,6	0,2	30,4
	Total employment	5,5	30,1	29,2	16,2	19,0	231,4
	Turnover	2,1	20,7	34,3	24,9	18,0	31 880,7
Transport and communication	Enterprises	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Total employment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Financial intermediation	Enterprises	14,1	59,2	16,1	6,3	4,3	0,6
	Total employment	0,2	3,1	4,5	13,4	78,7	37,6
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other business activities (***)	Enterprises	n.a.	n.a.	n.a.	n.a.	n.a.	8,2
	Total employment	n.a.	n.a.	n.a.	n.a.	n.a.	55,8
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	2 751,4
Other services	Enterprises	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Total employment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
All aggregates	Enterprises	33,9	50,8	12,5	2,3	0,4	67,7
	Total employment	4,3	18,8	23,0	22,5	31,5	695,8
	Turnover	0,7	6,2	10,5	18,3	64,4	191 633,5

(*) Except turnover expressed in ECU million.
(**) 1993.
(***) 1995.

Source: Eurostat.

Share of SMEs in total employment (%) Sectoral profile — Ireland — 1994



Source: Eurostat.

As macroeconomic indicators were provided by an other source, every comparaison with SME data should be extremely difficult for methodological reasons. However, these indicators are published here, in order to complete the country economic structure.

General macroeconomic indicators Ireland — 1994

Macroeconomic indicators		IRL	EU-15
Employment (1 000)		1 221	141 566
GVAmp (in ECU billion)		43	5 798
Sectoral breakdown of employment and gross value added at market price (in %)			
Agriculture	Employment	13,7	5,7
	GVAmp	6,0	2,3
Industry	Employment	28,7	28,5
	GVAmp	39,4	31,1
Services	Employment	57,7	65,9
	GVAmp	54,6	66,6

Source: Eurostat.

Enterprises in Italy — Key figures in 1994

		Number of employees					
		0	1-9	10-49	50-249	250+	All size classes
		(in %)	(in %)	(in %)	(in %)	(in %)	in 1 000s (*)
Industry and energy	Enterprises	33,7	48,8	15,5	1,8	0,3	535,9
	Total employment	3,5	21,5	31,0	18,1	25,8	5 113,4
	Turnover	1,8	8,1	25,3	21,9	42,9	636 089,6
Construction	Enterprises	44,6	48,9	6,2	0,3	0,0	328,0
	Total employment	11,7	46,7	28,9	7,7	5,0	1 224,9
	Turnover	8,5	31,0	34,8	15,3	10,5	72 176,0
Trade and HoReCa	Enterprises	47,7	49,7	2,4	0,1	0,0	1 515,4
	Total employment	17,5	57,9	15,2	4,2	5,3	4 089,1
	Turnover	8,8	42,5	26,4	10,1	12,2	543 799,0
Transport and communication	Enterprises	59,6	34,7	4,9	0,6	0,2	123,7
	Total employment	6,9	13,3	11,0	7,8	61,1	1 071,5
	Turnover	4,0	13,8	18,7	11,9	51,6	79 127,5
Financial intermediation	Enterprises	57,8	36,9	4,1	0,8	0,5	50,7
	Total employment	5,2	14,6	6,4	7,8	66,0	557,7
	Turnover	5,7	3,1	10,4	15,9	64,8	161 671,2
Other business activities	Enterprises	53,7	43,4	2,5	0,3	0,1	298,4
	Total employment	18,6	45,8	15,2	10,5	9,9	865,2
	Turnover	14,2	40,8	22,3	11,0	11,7	40 289,1
Other services	Enterprises	55,8	41,9	2,0	0,2	0,0	399,8
	Total employment	21,1	47,2	13,6	8,6	9,4	1 057,4
	Turnover	17,9	32,6	19,8	12,5	17,3	53 243,1
All aggregates	Enterprises	47,2	47,2	5,0	0,5	0,1	3 251,9
	Total employment	10,9	36,9	21,4	10,7	20,1	13 979,2
	Turnover	5,8	22,4	24,0	15,9	31,9	1 586 395,5

(*) Except turnover expressed in ECU million.

Source: Eurostat.

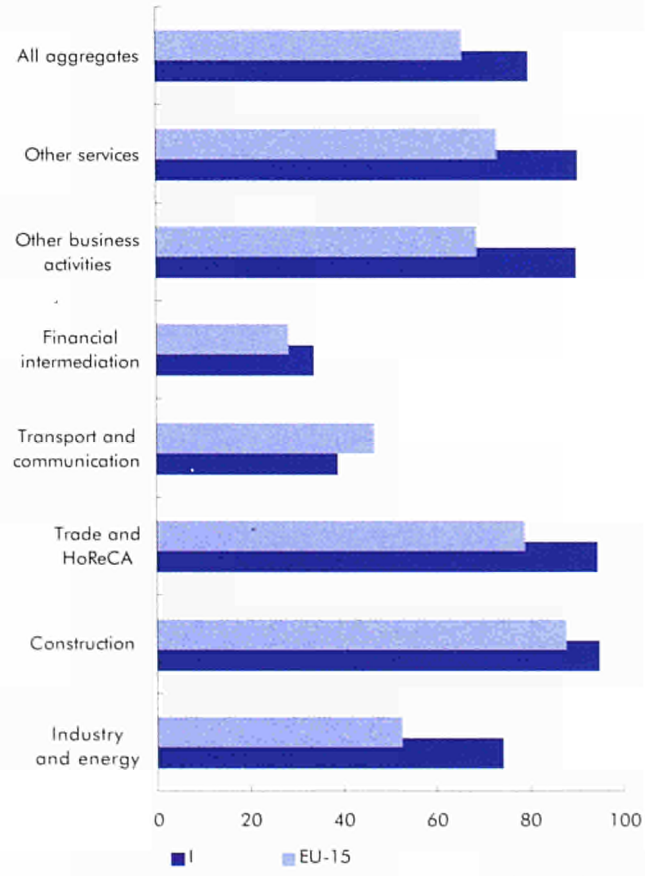
As macroeconomic indicators were provided by an other source, every comparaison with SME data should be extremely difficult for methodological reasons. However, these indicators are published here, in order to complete the country economic structure.

General macroeconomic indicators Italy — 1994

		I	EU-15
Macroeconomic indicators			
Employment (1 000)		22 290	141 566
GVAmp (in ECU billion)		844	5 798
Sectoral breakdown of employment and gross value added at market price (in %)			
Agriculture	Employment	8,5	5,7
	GVAmp	2,9	2,3
Industry	Employment	28,6	28,5
	GVAmp	31,7	31,1
Services	Employment	63,0	65,9
	GVAmp	65,3	66,6

Source: Eurostat.

Share of SMEs in total employment (%) Sectoral profile — Italy — 1994



Source: Eurostat.

4 COUNTRY ANALYSES LUXEMBOURG

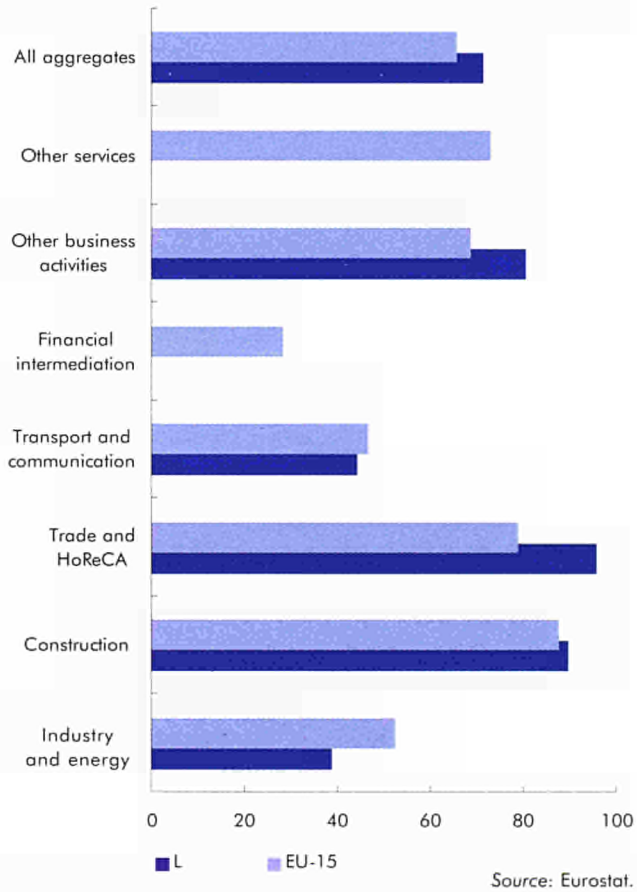
Enterprises in Luxembourg — Key figures in 1994

		Number of employees					
		0 (in %)	1-9 (in %)	10-49 (in %)	50-249 (in %)	250+ (in %)	All size classes in 1 000s (*)
Industry and energy	Enterprises	20,3	46,0	23,2	7,8	2,7	0,9
	Total employment	0,5	5,7	12,3	20,6	60,9	37,1
	Turnover	0,5	2,1	8,5	22,2	66,8	6 687,5
Construction	Enterprises	13,9	46,9	32,2	6,5	0,5	1,4
	Total employment	0,8	13,4	38,7	37,1	10,1	25,4
	Turnover	1,2	11,9	36,0	39,0	11,9	1 478,5
Trade and HoReCa	Enterprises	36,9	52,9	9,0	1,2	0,1	8,4
	Total employment	9,0	33,3	31,6	22,2	4,0	48,1
	Turnover	8,9	28,4	35,8	22,6	4,2	11 232,3
Transport and communication	Enterprises	32,3	48,1	15,3	3,6	0,7	0,8
	Total employment	2,1	10,2	17,2	14,8	55,7	16,0
	Turnover	10,0	19,9	13,4	19,6	37,1	2 414,6
Financial intermediation	Enterprises	30,3	39,6	21,0	7,5	1,6	0,8
	Total employment	1,1	4,9	18,1	c	c	21,1
	Turnover	0,3	1,5	15,4	c	c	29 277,8
Other business activities	Enterprises	51,5	38,6	7,5	2,0	0,4	2,3
	Total employment	9,6	19,2	24,3	27,6	19,3	16,3
	Turnover	29,8	21,8	23,4	15,8	9,3	1 108,4
Other services	Enterprises	52,9	41,6	4,8	0,6	0,1	2,8
	Total employment	20,2	33,4	26,3	c	c	10,5
	Turnover	17,2	28,8	24,7	c	c	1 917,0
All aggregates	Enterprises	38,2	47,5	11,6	2,4	0,4	17,4
	Total employment	5,1	17,7	24,6	24,0	28,6	174,5
	Turnover	3,8	9,6	19,8	45,3	21,5	54 116,1

(*) Except turnover expressed in ECU million.

Source: Eurostat.

Share of SMEs in total employment (%) Sectoral profile — Luxembourg — 1994



Source: Eurostat.

As macroeconomic indicators were provided by an other source, every comparaison with SME data should be extremely difficult for methodological reasons. However, these indicators are published here, in order to complete the country economic structure.

General macroeconomic indicators Luxembourg — 1994

		L	EU-15
Macroeconomic indicators			
Employment (1 000)		208	141 566
GVAmp (in ECU billion)		13	5 798
Sectoral breakdown of employment and gross value added at market price (in %)			
Agriculture	Employment	2,7	5,7
	GVAmp	1,0	2,3
Industry	Employment	28,2	28,5
	GVAmp	24,1	31,1
Services	Employment	69,2	65,9
	GVAmp	75,0	66,6

Source: Eurostat.

Enterprises in the Netherlands — Key figures in 1994

		Number of employees					
		0 (in %)	1-9 (in %)	10-49 (in %)	50-249 (in %)	250+ (in %)	All size classes in 1 000s (*)
Industry and energy	Enterprises	31,8	42,9	17,9	5,8	1,6	43,4
	Total employment	1,0	12,5	16,1	20,3	50,1	1 064,1
	Turnover	0,5	6,0	13,2	28,8	51,5	164 583,7
Construction	Enterprises	40,4	42,9	14,0	2,4	0,3	44,2
	Total employment	2,5	42,1	14,5	26,1	14,8	378,9
	Turnover	1,4	17,8	30,9	31,3	18,6	38 787,4
Trade and HoReCa	Enterprises	39,1	53,2	6,6	0,9	0,2	194,5
	Total employment	10,5	32,4	23,1	11,9	22,0	1 543,3
	Turnover	7,2	23,4	32,3	19,1	18,0	289 193,0
Transport and communication	Enterprises	39,6	42,9	14,2	2,8	0,5	22,2
	Total employment	3,8	11,0	18,2	12,5	54,6	431,7
	Turnover	2,8	9,6	17,0	13,6	57,1	36 319,5
Financial intermediation	Enterprises	26,1	64,9	6,5	1,7	0,7	11,5
	Total employment	2,5	5,7	6,7	8,8	76,3	228,8
	Turnover	0,3	1,7	5,6	12,6	79,7	36 331,2
Other business activities	Enterprises	66,0	28,2	4,3	1,1	0,4	64,7
	Total employment	12,1	15,2	15,0	22,6	35,2	489,0
	Turnover	7,2	14,3	17,6	34,2	26,6	25 826,4
Other services	Enterprises	48,1	44,8	5,1	1,4	0,6	108,1
	Total employment	4,9	10,2	12,5	22,2	50,2	1 083,0
	Turnover	3,6	7,5	14,7	24,6	49,6	64 845,4
All aggregates	Enterprises	43,8	46,0	8,0	1,7	0,5	488,6
	Total employment	6,1	19,9	17,0	17,7	39,4	5 218,8
	Turnover	4,2	14,8	22,8	22,7	35,5	655 886,6

(*) Except turnover expressed in ECU million.

Source: Eurostat.

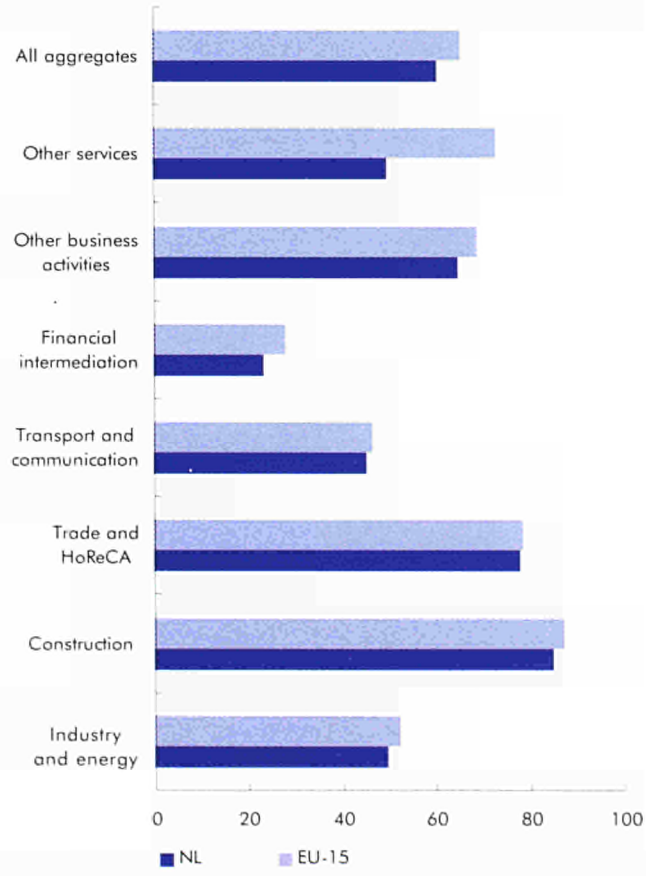
As macroeconomic indicators were provided by an other source, every comparaison with SME data should be extremely difficult for methodological reasons. However, these indicators are published here, in order to complete the country economic structure.

General macroeconomic indicators the Netherlands — 1994

		NL	EU-15
Macroeconomic indicators			
Employment (1 000)		5 305	141 566
GVAmp (in ECU billion)		270	5 798
Sectoral breakdown of employment and gross value added at market price (in %)			
Agriculture	Employment	4,8	5,7
	GVAmp	3,5	2,3
Industry	Employment	24,8	28,5
	GVAmp	28,1	31,1
Services	Employment	70,5	65,9
	GVAmp	68,4	66,6

Source: Eurostat.

Share of SMEs in total employment (%) Sectoral profile — the Netherlands — 1994



Source: Eurostat.

4 COUNTRY ANALYSES AUSTRIA

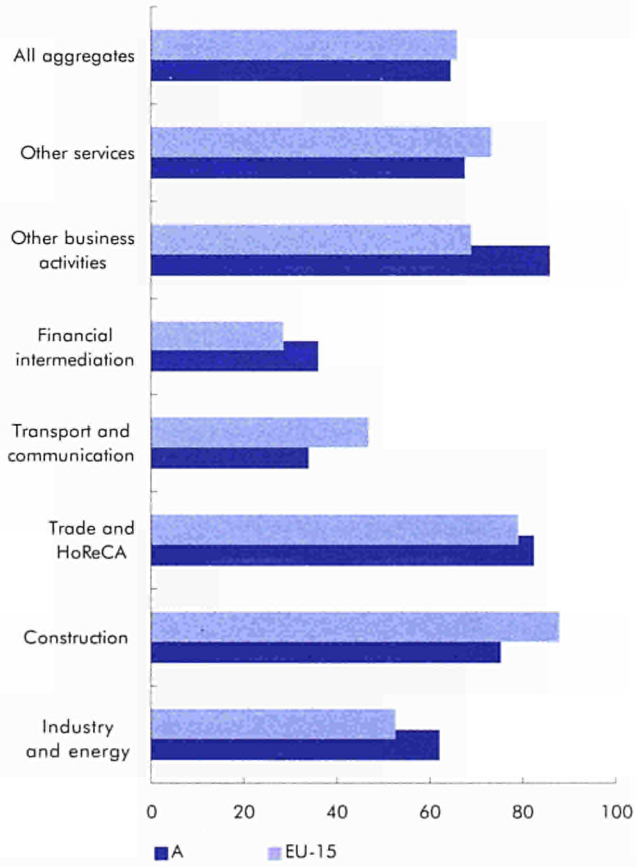
Enterprises in Austria — Key figures in 1994

		Number of employees 0 (in %)	1-9 (in %)	10-49 (in %)	50-249 (in %)	250+ (in %)	All size classes in 1 000s (*)
Industry and energy	Enterprises	18,1	55,4	19,3	5,8	1,3	34,7
	Total employment	1,2	12,5	18,9	29,3	38,1	725,7
	Turnover	2,5	6,7	14,1	29,7	47,0	96 834,2
Construction	Enterprises	10,7	55,3	27,8	5,4	0,8	12,9
	Total employment	0,6	17,8	30,5	26,2	24,9	254,5
	Turnover	1,2	14,5	27,9	26,8	29,7	20 292,1
Trade and HoReCa	Enterprises	29,0	61,1	8,5	1,1	0,2	97,5
	Total employment	4,6	32,0	27,9	17,9	17,6	627,2
	Turnover	2,0	23,5	22,2	20,8	31,5	125 399,5
Transport and communication	Enterprises	26,8	53,5	13,8	3,7	2,2	14,9
	Total employment	1,5	8,1	10,7	13,7	66,0	424,3
	Turnover	1,3	6,6	12,3	19,5	60,3	26 211,2
Financial intermediation	Enterprises	39,8	40,1	14,2	4,6	1,4	3,2
	Total employment	1,2	2,3	12,3	20,2	64,0	104,8
	Turnover	0,1	3,3	10,1	11,8	74,7	30 510,8
Other business activities	Enterprises	56,1	42,7	1,0	0,1	0,1	28,1
	Total employment	11,9	64,2	5,8	4,0	14,1	146,0
	Turnover	5,2	28,6	38,2	22,1	5,8	17 624,4
Other services	Enterprises	47,2	47,1	3,7	1,6	0,4	46,1
	Total employment	7,2	22,4	13,2	24,5	32,7	304,4
	Turnover	4,3	42,6	29,9	10,8	12,4	84 902,0
All aggregates	Enterprises	33,2	54,3	9,7	2,2	0,6	237,4
	Total employment	3,3	20,7	19,2	21,3	35,5	2 586,9
	Turnover	2,5	20,6	21,3	20,4	35,1	401 774,3

(*) Except turnover expressed in ECU million.

Source: Eurostat.

Share of SMEs in total employment (%) Sectoral profile — Austria — 1994



Source: Eurostat.

As macroeconomic indicators were provided by an other source, every comparaison with SME data should be extremely difficult for methodological reasons. However, these indicators are published here, in order to complete the country economic structure.

General macroeconomic indicators Austria — 1994

	A	EU-15
Macroeconomic indicators		
Employment (1 000)	3 375	141 566
GVAmp (in ECU billion)	159	5 798

Sectoral breakdown of employment and gross value added at market price (in %)		A	EU-15
Agriculture	Employment	5,3	5,7
	GVAmp	2,3	2,3
Industry	Employment	31,3	28,5
	GVAmp	32,1	31,1
Services	Employment	63,4	65,9
	GVAmp	65,6	66,6

Source: Eurostat.

Enterprises in Portugal — Key figures in 1995

		Number of employees					
		0	1-9	10-49	50-249	250+	All size classes
		(in %)	(in %)	(in %)	(in %)	(in %)	in 1 000s (*)
Industry and energy	Enterprises	27,0	55,8	13,5	3,2	0,5	102,4
	Total employment	2,7	14,8	27,2	29,8	25,6	1 067,8
	Turnover	0,9	8,1	18,7	26,8	45,5	56 606,9
Construction	Enterprises	62,1	32,8	4,5	0,5	0,1	98,6
	Total employment	20,2	26,6	24,8	15,5	13,0	331,7
	Turnover	10,1	25,4	22,9	17,6	24,1	12 150,3
Trade and HoReCa	Enterprises	45,7	50,6	3,4	0,3	0,0	338,0
	Total employment	17,2	44,0	22,2	10,4	6,3	926,9
	Turnover	6,1	33,3	28,3	20,5	11,8	74 578,4
Transport and communication	Enterprises	35,9	57,8	5,2	0,9	0,2	20,9
	Total employment	4,7	15,4	13,4	12,2	54,2	164,4
	Turnover	1,8	13,3	21,6	15,8	47,5	10 615,9
Financial intermediation	Enterprises	57,5	35,1	5,6	1,1	0,7	5,0
	Total employment	4,2	4,9	7,3	6,2	77,5	80,5
	Turnover	7,3	2,0	8,3	9,0	73,3	18 946,0
Other business activities	Enterprises	56,5	40,4	2,5	0,5	0,1	47,8
	Total employment	18,5	26,0	13,5	14,3	27,7	162,6
	Turnover	13,8	32,5	27,1	15,6	11,0	4 766,2
Other services	Enterprises	45,0	51,8	2,9	0,3	0,0	44,1
	Total employment	17,9	42,9	18,5	9,2	11,5	123,4
	Turnover	10,1	39,0	29,5	12,0	9,4	5 149,1
All aggregates	Enterprises	45,7	48,2	5,1	0,8	0,1	656,8
	Total employment	11,1	27,2	22,8	18,4	20,5	2 857,3
	Turnover	4,9	20,7	22,5	20,4	31,4	182 812,8

(*) Except turnover expressed in ECU million.

Source: Eurostat.

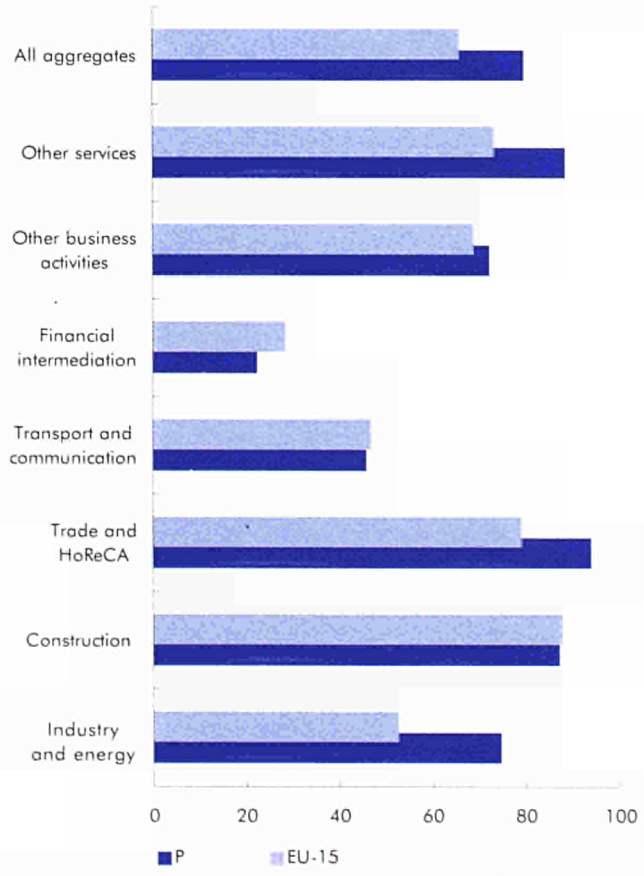
As macroeconomic indicators were provided by an other source, every comparaison with SME data should be extremely difficult for methodological reasons. However, these indicators are published here, in order to complete the country economic structure.

General macroeconomic indicators Portugal — 1995

	P	EU-15
Macroeconomic indicators		
Employment (1 000)	4 422	142 424
GVAmp (in ECU billion)	76	5 982
Sectoral breakdown of employment and gross value added at market price (in %)		
Agriculture — Employment	14,2	5,4
Agriculture — GVAmp	4,1	2,3
Industry — Employment	32,5	28,3
Industry — GVAmp	33,6	31,2
Services — Employment	53,3	66,3
Services — GVAmp	62,3	66,5

Source: Eurostat.

Share of SMEs in total employment (%) Sectoral profile — Portugal — 1995



Source: Eurostat.

4 COUNTRY ANALYSES FINLAND

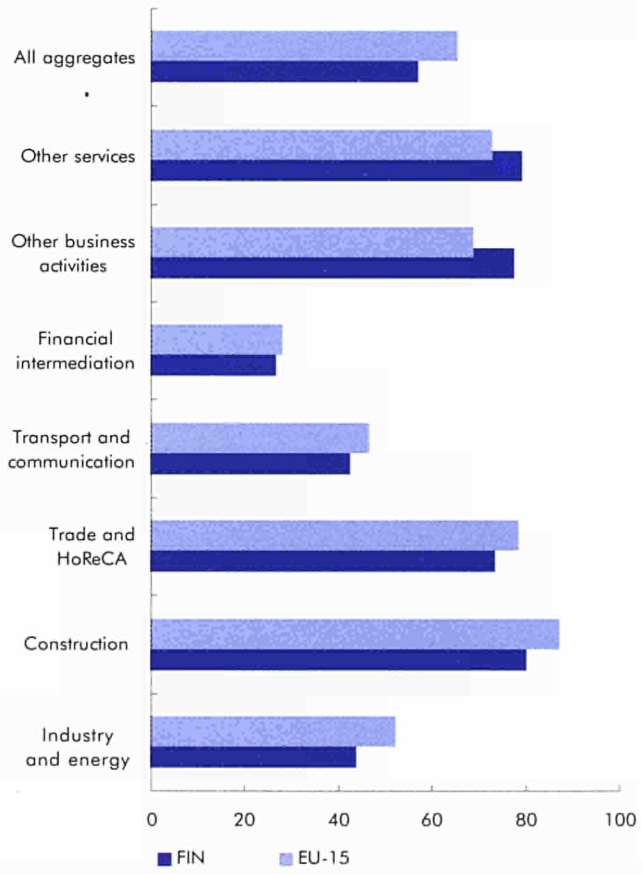
Enterprises in Finland — Key figures in 1995

		Number of employees					
		0 (in %)	1-9 (in %)	10-49 (in %)	50-249 (in %)	250+ (in %)	All size classes in 1 000s (*)
Industry and energy	Enterprises	45,5	39,8	10,5	3,2	1,1	25,5
	Total employment	1,5	8,1	13,8	20,8	55,9	409,0
	Turnover	1,1	4,5	8,7	16,9	68,9	72 407,9
Construction	Enterprises	52,6	42,3	4,6	0,4	0,1	23,1
	Total employment	8,6	35,6	24,3	11,9	19,6	77,2
	Turnover	7,4	27,8	22,6	15,4	26,7	8 332,4
Trade and HoReCa	Enterprises	50,0	44,2	5,0	0,6	0,2	54,8
	Total employment	7,1	30,8	21,7	14,2	26,3	234,6
	Turnover	3,7	21,3	21,6	18,6	34,8	63 108,1
Transport and communication	Enterprises	57,8	37,9	3,4	0,7	0,2	21,3
	Total employment	6,2	15,2	10,2	11,2	57,1	134,3
	Turnover	6,0	13,6	14,5	16,0	49,9	12 668,8
Financial intermediation	Enterprises	55,8	26,3	14,1	2,6	1,2	2,1
	Total employment	0,1	3,8	11,3	11,6	73,2	52,9
	Turnover	0,1	4,0	10,5	11,9	73,6	49 963,0
Other business activities	Enterprises	50,3	45,2	3,7	0,7	0,1	21,1
	Total employment	8,0	31,8	18,9	19,0	22,3	78,2
	Turnover	6,9	25,0	20,3	26,0	21,7	6 337,0
Other services	Enterprises	67,9	29,3	2,4	0,3	0,1	32,2
	Total employment	16,1	31,1	18,2	14,0	20,6	80,0
	Turnover	10,8	20,8	17,0	15,3	36,1	7 512,3
All aggregates	Enterprises	53,9	39,8	5,0	0,9	0,3	180,1
	Total employment	5,3	19,2	16,4	16,4	42,6	1 066,2
	Turnover	2,6	11,8	14,3	16,3	55,0	220 329,5

(*) Except turnover expressed in ECU million.

Source: Eurostat.

Share of SMEs in total employment (%) Sectoral profile — Finland — 1995



Source: Eurostat.

As macroeconomic indicators were provided by an other source, every comparaison with SME data should be extremely difficult for methodological reasons. However, these indicators are published here, in order to complete the country economic structure.

General macroeconomic indicators Finland — 1995

		FIN	EU-15
Macroeconomic indicators			
Employment (1 000)		1 949	142 424
GVAmp (in ECU billion)		87	5 982
Sectoral breakdown of employment and gross value added at market price (in %)			
Agriculture	Employment	8,1	5,4
	GVAmp	4,4	2,3
Industry	Employment	27,7	28,3
	GVAmp	34,7	31,2
Services	Employment	64,2	66,3
	GVAmp	60,9	66,5

Source: Eurostat.

Enterprises in Sweden — Key figures in 1995

		Number of employees 0 (in %)	1-9 (in %)	10-49 (in %)	50-249 (in %)	250+ (in %)	All size classes in 1 000s (*)
Industry and energy	Enterprises	38,6	37,4	17,5	5,0	1,5	29,0
	Total employment	1,7	9,1	15,0	21,0	53,2	721,4
	Turnover	1,2	4,5	11,3	19,8	63,2	132 611,1
Construction	Enterprises	52,7	37,5	8,9	0,7	0,2	25,4
	Total employment	8,1	31,6	22,0	9,2	29,1	191,0
	Turnover	5,8	18,6	23,9	11,4	40,3	18 366,2
Trade and HoReCa	Enterprises	34,7	55,4	8,8	1,0	0,2	76,9
	Total employment	6,5	33,5	25,0	14,5	20,5	495,1
	Turnover	4,7	23,5	25,9	19,8	26,1	125 456,3
Transport and communication	Enterprises	23,2	64,7	10,0	1,6	0,4	15,0
	Total employment	2,0	16,3	13,2	10,6	57,9	222,3
	Turnover	2,4	13,1	17,9	14,4	52,3	29 742,3
Financial intermediation (**)	Enterprises	53,8	35,0	6,9	3,3	1,0	2,8
	Total employment	1,8	3,7	5,3	12,5	76,7	82,6
	Turnover	2,6	2,0	6,3	22,8	66,3	42 537,4
Other business activities	Enterprises	35,1	58,6	5,6	0,6	0,1	39,2
	Total employment	8,5	36,5	22,1	14,4	18,5	181,5
	Turnover	7,3	32,0	30,7	17,4	12,6	15 675,9
Other services (**)	Enterprises	63,4	32,6	3,3	0,7	0,1	53,3
	Total employment	18,1	24,7	16,1	17,2	24,0	206,5
	Turnover	15,2	18,8	15,4	24,3	26,3	19 618,3
All aggregates	Enterprises	42,8	47,3	8,2	1,4	0,3	243,6
	Total employment	5,2	21,4	18,2	16,1	39,0	2 109,8
	Turnover	3,7	13,6	17,7	19,4	45,6	384 715,5

(*) Except turnover expressed in ECU million.
(**) 1994.

Source: Eurostat.

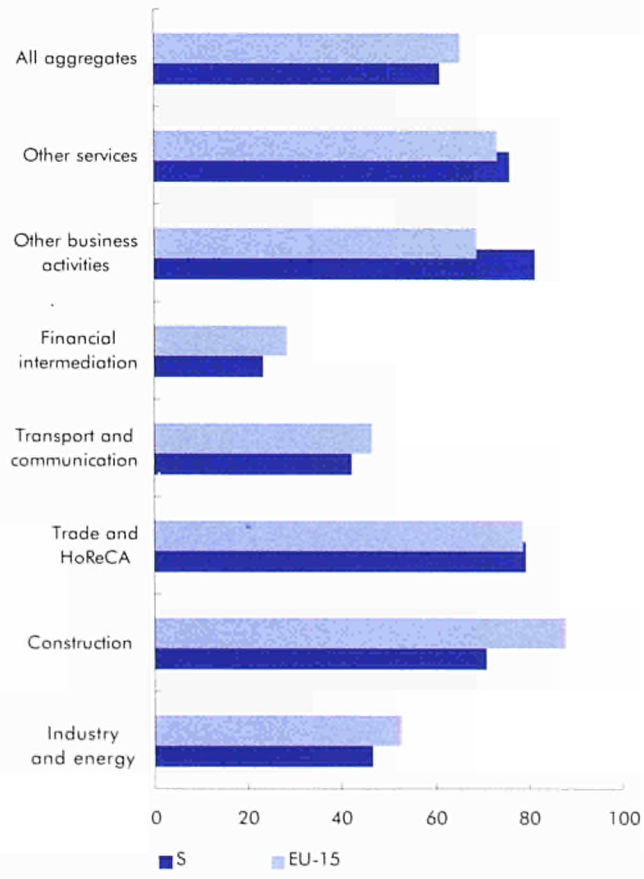
As macroeconomic indicators were provided by an other source, every comparaison with SME data should be extremely difficult for methodological reasons. However, these indicators are published here, in order to complete the country economic structure.

General macroeconomic indicators Sweden — 1995

		S	EU-15
Macroeconomic indicators			
Employment (1 000)		4 079	142 424
GVAmp (in ECU billion)		169	5 982
Sectoral breakdown of employment and gross value added at market price (in %)			
Agriculture	Employment	3,7	5,4
	GVAmp	2,0	2,3
Industry	Employment	25,1	28,3
	GVAmp	29,6	31,2
Services	Employment	71,2	66,3
	GVAmp	68,3	66,5

Source: Eurostat.

Share of SMEs in total employment (%) Sectoral profile — Sweden — 1995



Source: Eurostat.

4 COUNTRY ANALYSES UNITED KINGDOM

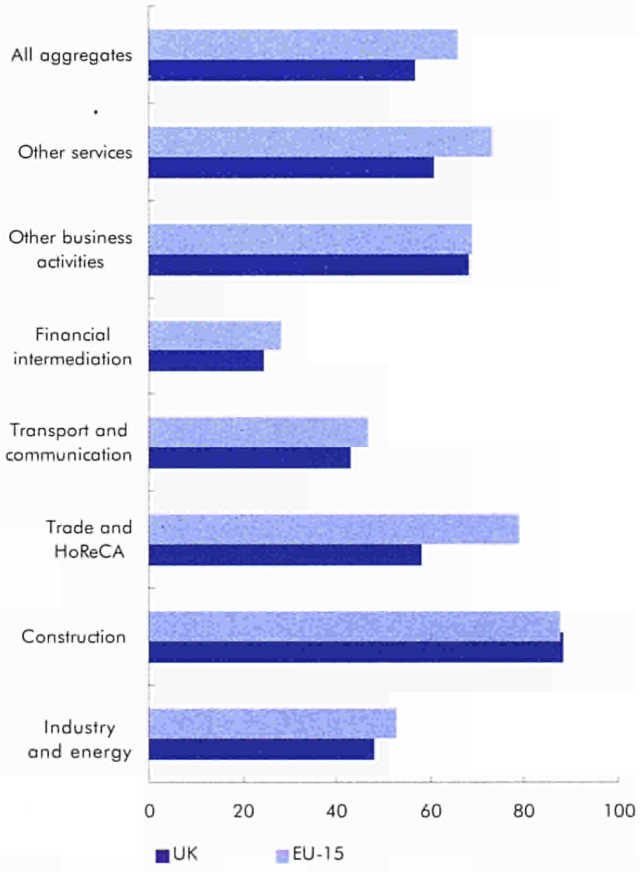
Enterprises in United Kingdom — Key figures in 1995

		Number of employees 0 (in %)	1-9 (in %)	10-49 (in %)	50-249 (in %)	250+ (in %)	All size classes in 1 000s (*)
Industry and energy	Enterprises	56,9	29,6	10,0	2,7	0,8	343,9
	Total employment	4,7	8,1	14,9	20,2	52,1	4 818,6
	Turnover	1,1	6,4	10,4	14,9	67,3	633 220,4
Construction	Enterprises	87,0	11,5	1,3	0,1	0,0	836,7
	Total employment	48,6	19,3	12,7	7,6	11,8	1 587,7
	Turnover	21,5	25,4	17,7	13,7	21,7	124 874,4
Trade and HoReCa	Enterprises	43,9	47,5	7,7	0,8	0,2	716,8
	Total employment	6,9	23,7	17,6	9,9	41,9	5 756,5
	Turnover	3,0	26,1	20,0	13,8	37,2	772 464,1
Transport and communication	Enterprises	77,3	18,3	3,6	0,6	0,2	213,3
	Total employment	13,0	10,1	10,7	9,2	57,0	1 413,8
	Turnover	4,0	12,6	12,7	12,4	58,3	149 341,7
Financial intermediation	Enterprises	59,3	34,0	5,0	1,2	0,6	60,7
	Total employment	4,3	6,5	5,9	7,9	75,3	974,9
	Turnover	0,1	3,6	9,0	26,4	61,0	3 074 303,2
Other business activities	Enterprises	63,2	32,1	3,8	0,6	0,1	458,8
	Total employment	15,7	21,4	16,9	14,1	32,0	2 048,0
	Turnover	4,6	36,2	30,7	15,3	13,2	238 232,6
Other services	Enterprises	66,4	28,8	4,1	0,5	0,1	724,8
	Total employment	15,4	18,0	17,0	10,5	39,2	3 524,6
	Turnover	6,8	23,5	16,2	11,8	41,8	201 368,9
All aggregates	Enterprises	65,9	28,4	4,7	0,7	0,2	3 355,0
	Total employment	12,3	16,6	15,3	12,6	43,1	20 124,1
	Turnover	1,7	10,4	12,4	21,3	54,2	5 193 805,3

(*) Except turnover expressed in ECU million.

Source: Eurostat.

Share of SMEs in total employment (%) Sectoral profile — United Kingdom — 1995



Source: Eurostat.

As macroeconomic indicators were provided by an other source, every comparaison with SME data should be extremely difficult for methodological reasons. However, these indicators are published here, in order to complete the country economic structure.

General macroeconomic indicators United Kingdom — 1995

		UK	EU-15
Macroeconomic indicators			
Employment (1 000)		25 890	142 424
GVAmp (in ECU billion)		817	5 982
Sectoral breakdown of employment and gross value added at market price (in %)			
Agriculture	Employment	2,1	5,4
	GVAmp	1,5	2,3
Industry	Employment	23,4	28,3
	GVAmp	31,7	31,2
Services	Employment	74,6	66,3
	GVAmp	66,7	66,5

Source: Eurostat.

Enterprises in Iceland — Key figures in 1994

		Number of employees					
		0 (in %)	1-9 (in %)	10-49 (in %)	50-99 (in %)	100+ (in %)	All size classes in 1 000s (*)
Industry and energy	Enterprises	38,0	48,4	10,8	1,7	1,1	2,8
	Total employment	3,1	18,4	31,0	16,0	31,4	20,2
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Construction	Enterprises	63,4	34,3	2,0	0,2	0,1	4,0
	Total employment	24,7	35,8	20,2	8,1	11,2	7,7
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Trade and HoReCa	Enterprises	33,1	59,3	6,4	0,7	0,5	4,4
	Total employment	4,3	32,8	29,4	11,8	21,7	18,7
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Transport and communication	Enterprises	77,8	19,6	2,2	0,2	0,2	2,3
	Total employment	18,0	8,6	13,7	3,5	56,2	8,0
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Financial intermediation	Enterprises	25,1	52,2	17,2	1,5	3,9	0,2
	Total employment	0,6	4,5	17,9	5,2	71,7	4,4
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other business activities	Enterprises	72,0	26,6	1,4	0,1	0,0	3,4
	Total employment	26,5	37,0	20,9	5,3	10,3	4,4
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other services	Enterprises	62,7	34,6	2,0	0,4	0,3	5,2
	Total employment	9,2	16,8	12,1	7,8	54,1	18,4
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
All aggregates	Enterprises	56,5	38,5	4,0	0,5	0,4	22,3
	Total employment	9,2	22,0	22,4	10,1	36,2	81,8
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

(*) Except turnover expressed in ECU million.
NB: A residual size class is included in the total employment, but not in the breakdown of employment by size class.

Source: Eurostat.

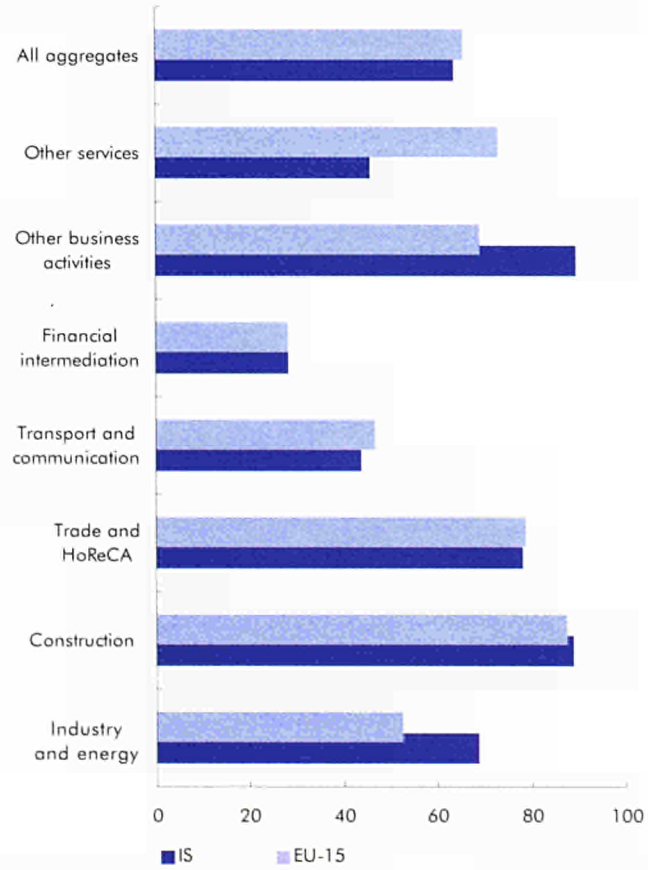
As macroeconomic indicators were provided by an other source, every comparaison with SME data should be extremely difficult for methodological reasons. However, these indicators are published here, in order to complete the country economic structure.

General macroeconomic indicators Iceland — 1994

		IS	EU-15
Macroeconomic indicators			
Employment (1 000)		122	141 566
GVAmp (in ECU billion)		4	5 798
Sectoral breakdown of employment and gross value added at market price (in %)			
Agriculture	Employment	10,0	5,7
	GVAmp	11,0	2,3
Industry	Employment	26,6	28,5
	GVAmp	26,8	31,1
Services	Employment	63,5	65,9
	GVAmp	62,2	66,6

Source: Eurostat.

Share of SMEs in total employment (%) Sectoral profile — Iceland — 1994



Source: Eurostat.

4 COUNTRY ANALYSES NORWAY

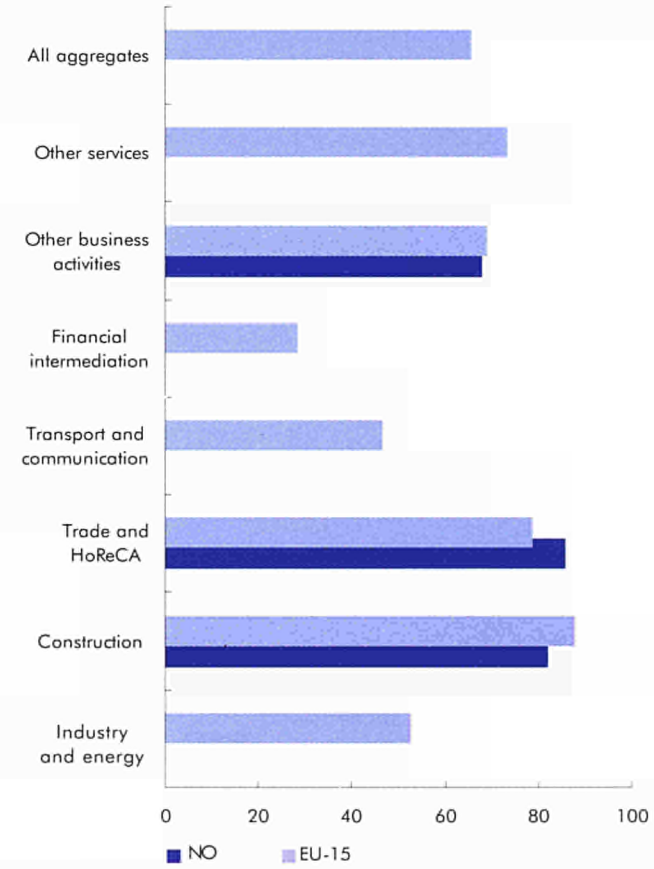
Enterprises in Norway — Key figures in 1994

		Number of employees 0 (in %)	1-9 (in %)	10-49 (in %)	50-199 (in %)	200+ (in %)	All size classes in 1 000s (*)
Industry and energy	Enterprises	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Total employment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Construction	Enterprises	3,6	90,9	5,1	0,4	0,1	29,2
	Total employment	0,0	47,8	25,3	9,1	17,8	102,7
	Turnover	0,4	31,7	26,2	14,0	27,7	9 635,8
Trade and HoReCa	Enterprises	5,0	82,1	11,6	1,1	0,2	56,3
	Total employment	0,0	36,1	34,0	15,5	14,3	347,2
	Turnover	3,0	25,9	34,5	c	c	73 069,2
Transport and communication	Enterprises	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Total employment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Financial intermediation	Enterprises	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Total employment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other business activities	Enterprises	7,0	85,4	6,3	1,1	0,2	16,7
	Total employment	0,0	31,0	20,2	16,7	32,0	97,4
	Turnover	0,9	31,5	31,0	16,4	20,2	6 281,5
Other services	Enterprises	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Total employment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
All aggregates	Enterprises	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Total employment	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

(*) Except turnover expressed in ECU million.
NB: For methodological reasons, the total employment in size class '0' is ever equal to 0.

Source: Eurostat.

Share of SMEs in total employment (%) Sectoral profile — Norway — 1994



Source: Eurostat.

As macroeconomic indicators were provided by an other source, every comparaison with SME data should be extremely difficult for methodological reasons. However, these indicators are published here, in order to complete the country economic structure.

General macroeconomic indicators Norway — 1994

Macroeconomic indicators		NO	EU-15
Employment (1 000)		n.a.	141 566
GVAmp (in ECU billion)		n.a.	5 798
Sectoral breakdown of employment and gross value added at market price (in %)			
Agriculture	Employment	n.a.	5,7
	GVAmp	n.a.	2,3
Industry	Employment	n.a.	28,5
	GVAmp	n.a.	31,1
Services	Employment	n.a.	65,9
	GVAmp	n.a.	66,6

Source: Eurostat.

Enterprises in Switzerland — Key figures in 1995

		Number of employees 1-9 (in %)	10-49 (in %)	50-249 (in %)	250+ (in %)	All size classes in 1 000s (*)
Industry and energy	Enterprises	77,0	17,2	4,8	1,0	42,0
	Total employment	12,9	20,6	28,7	37,7	725,8
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.
Construction	Enterprises	77,3	19,6	2,9	0,2	32,4
	Total employment	25,1	38,8	26,5	9,6	316,0
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.
Trade and HoReCa	Enterprises	88,1	10,5	1,2	0,2	97,0
	Total employment	35,3	26,4	15,0	23,3	702,4
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.
Transport and communication	Enterprises	84,4	12,6	2,6	0,5	10,0
	Total employment	9,6	11,7	11,5	67,1	214,6
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.
Financial intermediation	Enterprises	80,5	12,7	4,3	2,5	3,4
	Total employment	4,4	5,7	9,6	80,3	164,1
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.
Other business activities	Enterprises	92,8	6,5	0,6	0,1	46,0
	Total employment	49,6	26,3	12,8	11,2	198,4
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.
Other services	Enterprises	95,2	4,1	0,7	0,1	46,1
	Total employment	55,8	19,8	16,8	7,7	176,1
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.
All aggregates	Enterprises	86,9	11,0	1,8	0,3	277,0
	Total employment	25,9	23,2	19,7	31,2	2 497,3
	Turnover	n.a.	n.a.	n.a.	n.a.	n.a.

(*) Except turnover expressed in ECU million.

Source: Eurostat.

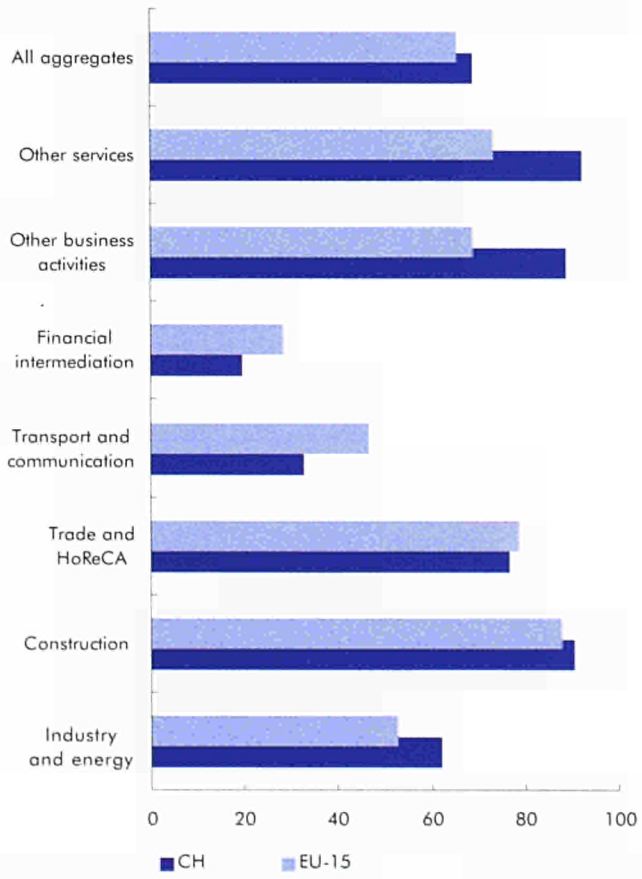
As macroeconomic indicators were provided by an other source, every comparaison with SME data should be extremely difficult for methodological reasons. However, these indicators are published here, in order to complete the country economic structure.

General macroeconomic indicators Switzerland — 1995

	CH	EU-15
Macroeconomic indicators		
Employment (1 000)	n.a.	142 424
GVAmp (in ECU billion)	239	5 982
Sectoral breakdown of employment and gross value added at market price (in %)		
Agriculture — Employment	n.a.	5,4
Agriculture — GVAmp	2,5	2,3
Industry — Employment	n.a.	28,3
Industry — GVAmp	31,2	31,2
Services — Employment	n.a.	66,3
Services — GVAmp	66,3	66,5

Source: Eurostat.

Share of SMEs in total employment (%) Sectoral profile — Switzerland — 1995



Source: Eurostat.

4 COUNTRY ANALYSES EU-15

Enterprises in EU-15 — Key figures in 1995

		Number of employees 0 (in %)	1-9 (in %)	10-49 (in %)	50-249 (in %)	250+ (in %)	All size classes in 1 000s (*)
Industry and energy	Enterprises	35,7	45,0	15,2	3,3	0,8	2 042,8
	Total employment	2,4	11,3	19,4	19,5	47,4	33 240,1
	Turnover	1,3	5,5	13,6	19,8	59,8	4 454 074,0
Construction	Enterprises	57,9	34,2	7,1	0,7	0,1	2 408,2
	Total employment	16,3	29,3	28,6	13,5	12,3	10 142,7
	Turnover	6,8	22,7	31,1	20,5	18,9	904 723,0
Trade and HoReCa	Enterprises	47,9	47,0	4,5	0,4	0,1	6 804,0
	Total employment	13,2	36,0	20,2	9,5	21,2	29 818,7
	Turnover	5,1	26,7	24,9	16,5	26,7	4 786 560,0
Transport and communication	Enterprises	60,6	32,4	5,8	0,9	0,2	929,8
	Total employment	9,0	13,4	14,0	10,2	53,4	8 163,8
	Turnover	4,4	13,2	17,6	15,9	48,9	714 897,0
Financial intermediation	Enterprises	59,2	34,8	3,9	1,3	0,7	325,6
	Total employment	4,5	8,3	6,0	9,6	71,7	4 695,6
	Turnover	0,8	3,3	8,5	24,1	63,3	4 346 787,0
Other business activities	Enterprises	57,0	37,3	4,8	0,7	0,2	2 061,7
	Total employment	12,6	25,2	17,9	13,2	31,1	10 246,8
	Turnover	6,8	26,4	25,4	14,8	26,5	794 526,0
Other services	Enterprises	57,6	38,0	3,6	0,6	0,1	3 477,4
	Total employment	14,7	27,6	16,6	14,3	26,8	15 456,0
	Turnover	11,0	24,6	18,7	17,1	28,6	1 107 250,0
All aggregates	Enterprises	51,6	41,3	6,0	0,9	0,2	18 049,5
	Total employment	9,8	23,1	18,9	13,9	34,3	111 763,8
	Turnover	3,6	14,3	17,4	19,5	45,3	17 108 816,0

(*) Except turnover expressed in ECU million.

Source: Eurostat.

Structural evolution of Europeen enterprises EU-15 — 1993-95

Number of enterprises (in thousand)

	SME	Large	All
1993	17 417,779	35,912	17 453,691
1994	17 810,007	35,398	17 845,405
1995	18 013,731	35,798	18 049,529

Total employment (in million)

	SME	Large	All
1993	72,105	39,062	111,166
1994	72,997	37,689	110,686
1995	73,398	38,366	111,764

Turnover (in ECU billion)

	SME	Large	All
1993	8 697,069	7 212,275	15 909,344
1994	9 144,239	6 965,860	16 110,099
1995	9 366,812	7 742,004	17 108,816

Source: Eurostat.

NOTE

The data contained in this volume are those for the years 1993 to 1995, which are included in the NACE Rev. 1 SME database. Considerable caution should be exercised when comparing the data with those in the former NACE 70 database, and hence with the Fourth Report on *Enterprises in Europe*. This is because of changes to the nomenclature of economic activities. Comparison is made even more difficult by methodological differences between the various countries.

Nevertheless, a comparison of the data for the reference years available in NACE Rev. 1 shows that economic structures are changing fairly slowly. The biggest changes relate to turnover. An important factor to be borne in mind when measuring trends in turnover is the conversion rates between national currencies and the ECU (this publication uses the annual average for the year in question).

NACE Rev. 1 — Classification of economic activities — 2 digit level

eurostat

NACE Rev. 1

CLASSIFICATION OF ECONOMIC ACTIVITIES IN THE EU

NACE 01	Agriculture, hunting and related service activities
NACE 02	Forestry, logging and related service activities
NACE 05	Fishing, operation of fish hatcheries and fish farms; service activities incidental to fishing
NACE 10	Mining of coal and lignite; extraction of peat
NACE 11	Extraction of crude petroleum and natural gas; service activities incidental to oil and gas extraction excluding surveying
NACE 12	Mining of uranium and thorium ores
NACE 13	Mining of metal ores
NACE 14	Other mining and quarrying
NACE 15	Manufacture of food products and beverages
NACE 16	Manufacture of tobacco products
NACE 17	Manufacture of textiles
NACE 18	Manufacture of wearing apparel; dressing and dyeing of fur
NACE 19	Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear
NACE 20	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
NACE 21	Manufacture of pulp, paper and paper products
NACE 22	Publishing, printing and reproduction of recorded media
NACE 23	Manufacture of coke, refined petroleum products and nuclear fuel
NACE 24	Manufacture of chemicals and chemical products
NACE 25	Manufacture of rubber and plastic products
NACE 26	Manufacture of other non-metallic mineral products
NACE 27	Manufacture of basic metals
NACE 28	Manufacture of fabricated metal products, except machinery and equipment
NACE 29	Manufacture of machinery and equipment n.e.c.
NACE 30	Manufacture of office machinery and computers
NACE 31	Manufacture of electrical machinery and apparatus n.e.c.
NACE 32	Manufacture of radio, television and communication equipment and apparatus
NACE 33	Manufacture of medical, precision and optical instruments, watches and clocks
NACE 34	Manufacture of motor vehicles, trailers and semi-trailers
NACE 35	Manufacture of other transport equipment

CLASSIFICATION OF ECONOMIC ACTIVITIES IN THE EU (cont.)

NACE 36	Manufacture of furniture; manufacturing n.e.c.
NACE 37	Recycling
NACE 40	Electricity, gas, steam and hot water supply
NACE 41	Collection, purification and distribution of water
NACE 45	Construction
NACE 50	Sale maintenance and repair of motor vehicles and motorcycles; retail sale of automotive fuel
NACE 51	Wholesale trade and commission trade, except of motor vehicles and motorcycles
NACE 52	Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods
NACE 55	Hotels and restaurants
NACE 60	Land transport; transport via pipelines
NACE 61	Water transport
NACE 62	Air transport
NACE 63	Supporting and auxiliary transport activities; activities of travel agencies
NACE 64	Post and telecommunications
NACE 65	Financial intermediation except insurance and pension funding
NACE 66	Insurance and pension funding except compulsory social security
NACE 67	Activities auxiliary to financial intermediation
NACE 70	Real estate activities
NACE 71	Renting of machinery and equipment without operator and of personal and household goods
NACE 72	Computer and related activities
NACE 73	Research and development
NACE 74	Other business activities
NACE 75	Public administration and defence; compulsory social security
NACE 80	Education
NACE 85	Health and social work
NACE 90	Sewage and refuse disposal, sanitation and similar activities
NACE 91	Activities of membership organisation n.e.c.
NACE 92	Recreational, cultural and sporting activities
NACE 93	Other service activities
NACE 95	Private households with employed persons
NACE 99	Extra-territorial organisations and bodies

European Commission

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The European Commission has for some years been stressing the major contribution of small and medium-sized enterprises (SMEs) to growth and employment. SMEs make up more than 99% of all businesses and provide two-thirds of all jobs in the European Union. Enterprises in Europe has for a number of years proved to be a source of comprehensive, high-quality data on European enterprises, broken down by size class. It contains interesting and easy-to-read analyses accompanied by tables, diagrams and maps.

This, the Fifth Edition, is concerned primarily with data for the reference years 1994-95, classified according to NACE Rev.1.

It is divided into four parts:

Part One affords a general overview of the main characteristics of enterprises in the EU: their number and size, their contribution to employment and total turnover, and a comparison with their counterparts in the Canada, Japan and United States. This is supplemented by information on the structure of enterprises in the central and eastern European countries.

Part Two provides analyses, grouped according to specific themes such as the demography of enterprises, the structure of employment, the first results of longitudinal studies and regional analyses.

Parts Three and Four comprise country and sectoral analyses, each having a page to itself. At a glance, the reader can gain a precise impression of the main characteristics of European enterprises and the 31 economic sectors to which they belong.

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