

# Statistics on small and medium-sized enterprises

Statistics Explained

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**" In 2015, enterprises employing fewer than 250 persons represented 99 % of all enterprises in the EU. "**

**" In 2015, around 94 % of enterprises in the EU with fewer than 250 persons employed were independent."**

## Dependent and independent SMEs and large enterprises

[Small and medium-sized enterprises](#) (SMEs) are a focal point in shaping enterprise policy in the [European Union \(EU\)](#). The [European Commission](#) considers SMEs and entrepreneurship as key to ensuring economic growth, innovation, job creation, and social integration in the EU. However, in official statistics SMEs can currently only be identified by employment size as enterprises with fewer than 250 persons employed. This is a big category and encompasses enterprises with different ownership structures and varying numbers of employees and levels of economic activity. To facilitate better analysis and understanding of the heterogeneity of SMEs, the 2016 microdata linking (MDL) project linked data from structural business statistics (SBS), [international trade in goods statistics \(ITGS\)](#), business demography (BD) and business registers (BRs). This article presents results of the 2016 MDL project for reference year 2015, based on results from twelve countries.

## General overview

- Enterprises employing fewer than 250 persons are a very important part of the economy, as they represent around 99 % of all enterprises and employ an increasing number of persons.
- Most of these enterprises (about 94 %) are independent; they are neither controlled by another enterprise nor control themselves another enterprise;
- Dependent enterprises (those that are controlled by another enterprise and/or control themselves another enterprise, and thus belong to an enterprise group) are important in terms of employment and turnover, especially in Denmark, Estonia, Latvia, Finland, Sweden and Norway. Therefore, a large proportion of total growth created by SMEs can be attributed to dependent enterprises.
- 0.4 % of the enterprises that employ fewer than 250 persons belong to a group that employs 250 or more persons. Therefore, these enterprises are large enterprises according to the SME definition. They contribute significantly to employment and turnover, especially in Croatia, Finland and Sweden.
- 1.6 % of the enterprises were dependent enterprises belonging to an international group for which it was not possible to know the total number of persons employed by the group. These enterprises contribute highly in terms of employment and turnover especially in Estonia, Latvia, Netherlands, Portugal, and Romania.

## Basic structures: employment size class breakdown in Structural Business Statistics

Table 2 shows the number of enterprises, turnover and persons employed for 2015 and the share of enterprises with fewer than 250 persons employed. In the non-financial business economy (NACE Rev.2 Sections B to J and L to N and Division S95) enterprises employing fewer than 250 persons make up over 99 % of all enterprises in all EU countries, Norway and Switzerland in 2015. They account for around two-thirds of total employment in the EU, ranging from 47 % in the United Kingdom to 85 % in Malta. Enterprises with fewer than 250 persons employed contribute about 56 % of the total turnover in the EU.

Number of enterprises, turnover and persons employed and the share of enterprises with fewer than 250 persons employed, 2015

	Enterprises		Turnover (m €)		Persons employed	
	total	< 250 persons employed %	total	< 250 persons employed %	total	< 250 persons employed %
EU-28	23 500 341	99.8	27 309 775	55.8	137 444 935	66.3
Belgium	602 153	99.9	989 197	65	2 769 085	69.3
Bulgaria	326 219	99.8	121 308	69.9	1 911 916	74.8
Czech Republic	1 001 048	99.8	444 231	56.9	3 591 896	67.6
Denmark	210 726	99.7	479 464	59.3	1 666 048	64.3
Germany	2 408 352	99.5	6 061 400	47.5	28 258 410	62.9
Estonia	68 124	99.7	50 820	77.5	414 763	78.2
Ireland	243 433	:	595 095	:	1 308 019	:
Greece	789 975	:	236 153	:	2 162 572	:
Spain	2 465 540	99.9	1 789 292	62.2	11 109 702	72.8
France	2 908 814	99.9	3 624 869	55.3	14 645 799	61.4
Croatia	146 637	99.7	77 670	60.9	989 598	69.5
Italy	3 683 127	99.9	2 887 615	68.8	14 225 278	78.7
Cyprus	48 329	99.9	25 573	79.9	215 716	83.9
Latvia	109 642	99.8	51 304	77.8	633 450	79.4
Lithuania	186 468	99.8	73 997	68.5	934 440	75.9
Luxembourg	31 926	99.5	151 365	70	255 869	68.3
Hungary	536 610	99.8	277 690	57.1	2 596 236	69.8
Malta	26 059	99.8	18 665	85.1	134 212	79.7
Netherlands	1 092 243	99.9	1 412 433	61.8	5 461 082	65.7
Austria	322 325	99.7	653 111	:	2 742 655	:
Poland	1 606 559	99.8	921 350	56	8 652 063	68.3
Portugal	807 183	99.9	314 227	:	3 007 264	:
Romania	458 122	99.6	263 366	59.1	3 898 199	65.5
Slovenia	134 727	99.8	83 628	68.3	591 340	73.7
Slovakia	429 524	99.9	180 476	56.7	1 502 912	71.8
Finland	229 096	99.7	365 782	56.1	1 454 614	65.6
Sweden	686 433	99.9	811 397	:	3 102 080	:
United Kingdom	1 940 947	99.7	4 348 297	47	19 209 717	53.5
Norway	293 403	99.8	546 504	:	1 610 874	68
Switzerland	142 775	99.2	1 929 684	:	2 737 720	67.1

: not available

Source: Eurostat (online data code: sbs\_sc\_sca\_r2)

Table 2: Number of enterprises, turnover and persons employed and the share of enterprises with fewer than 250 persons employed, 2015 Source: Eurostat (sbs\_sc\_sca\_r2)

## SME profiling — independent or dependent enterprises?

Table 3 presents the number of enterprises, turnover and employment aggregated result of the 2016 MDL project on enterprises with fewer than 250 persons employed for the eleven participating Member States. The majority of these enterprises are independent (93.6 %). In these 11 Member States, only about 500,000 (6.4 %) of the enterprises with fewer than 250 persons employed are dependent (i.e. belong to a domestic or international group). However, these dependent enterprises have a disproportionately large contribution to turnover and employment: they account for more than half of the turnover (52.4 %) and about a quarter of the employment. The 2016 MDL project also provided a further split of the dependent enterprises: if the number of persons employed by the entire group exceeds the threshold of 250 persons employed then the dependent enterprise should be regarded as a large enterprise following SME definition. Those cases are grouped separately (dependent - in group of 250 or more persons).

### Enterprises with fewer than 250 persons employed by type, 2015

Type	Enterprises		Turnover (m €)		Persons employed	
	total	(%)	total	(%)	total	(%)
Independent	7 308 321	93.6	:	47.6	:	74.9
Dependent	497 762	6.4	:	52.4	:	25.1
In group of < 250 persons	334 798	4.3	:	15.3	:	10.6
In group of 250 or more persons	34 307	0.4	:	13.4	:	4.8
In international group	128 650	1.6	:	23.6	:	9.7

(:) not available

Note: aggregate over the 11 member states that participated in the 2016 microdata linking project (Bulgaria, Denmark, Estonia, Croatia, Italy, Latvia, the Netherlands, Portugal, Romania, Finland and Sweden)

Source: Eurostat



**Table 3: Number of enterprises, turnover and persons employed broken down by type of enterprise with fewer than 250 persons employed, 2015**

Most of the dependent enterprises (about 335,000 enterprises or 4.3 % of the total number) belong to a group which employs fewer than 250 people. Therefore, these enterprises may still be considered as SMEs, based on the employment criterion.

About 34,000 dependent enterprises (0.4 % of the total) belong to a group which employs more than 250 people. Therefore, these 34,000 enterprises are in fact large enterprises; they account for 13.4 % of the total turnover and about 5 % of the total employment.

The last group of dependent enterprises (about 129,000 enterprises or 1.6 % of the total) are those belonging to international groups. As it is not always possible to know the size of the foreign part of the group, enterprises belonging to international groups cannot be split into those that belong to a group of fewer or more than 250 persons (unless the domestic part of the group already employs 250 or more persons). It can be assumed that many of those enterprises (be it foreign controlled enterprises or international group heads) will actually be large enterprises. As shown in Table 3, enterprises with fewer than 250 persons employed and belonging to international groups account for about 23.6 % of the total turnover and 9.7 % of the total employment. These numbers highlight the importance of enterprises belonging to international groups. As a conclusion, taking into account the control criterion (independent/dependent) is important when analysing data of enterprises with fewer than 250 persons employed; dependent enterprises behave in a different way than independent ones.

Similar results were found in a previous study – the voluntary data collection on SMEs - in which 18 countries participated. Table 4 shows the aggregate results over the 18 countries that provided data in the 2016 voluntary data collection: Belgium, Bulgaria, Germany, Spain, France, Croatia, Italy, Latvia, Lithuania, Hungary, the Netherlands, Poland, Portugal, Romania, Slovenia, Finland, Sweden and the United Kingdom.

Enterprises with fewer than 250 persons employed by type and size class, 2013

Size class	Number of Enterprises by type (%)					Persons employed by type (%)				
	Independent	Domestically controlled			Foreign controlled	Independent	Domestically controlled			Foreign controlled
		All domestically controlled	group of <250 persons	group of >=250 persons			All domestically controlled	group of <250 persons	group of >=250 persons	
0 to 9 persons employed	96.6	2.9	1.8	0.6	0.5	95.7	3.6	2.3	0.3	0.7
10 to 49 persons employed	81.3	15.4	9.1	2.3	3.3	77.5	18.3	10.6	2.7	4.1
50 to 249 persons employed	54.3	32.7	13.5	7.1	13.0	49.9	35.0	13.6	8.2	15.1
0-249 persons employed	95.1	4.1	2.4	0.8	0.9	78.3	16.3	7.8	3.2	5.5

Aggregate over the 18 member states that participated in the 2016 voluntary data collection on SMEs.



**Table 4: Enterprises with fewer than 250 persons employed by type and size class, voluntary data collection on SMEs, 2013**

That study included also a size class analysis of the enterprises with fewer than 250 persons employed by splitting them into enterprises with 0 to 9 persons employed, 10 to 49 persons employed, and 50 to 249 persons employed.

The results of the voluntary data collection on SMEs show that the vast majority of enterprises with 0 to 9 persons employed (96.6 %) are independent. Only 0.6 % of these enterprises belong to a group that employs 250 persons or more.

More than half (54.3 %) of enterprises with 50 to 249 persons employed are independent, while 7 % are actually large ones, since they belong to a group that employs 250 or more persons.

## Country by country analysis

Table 5 presents the results for each participating country. The totals in this table may not exactly agree with official SBS data, due to the innovative, non-standard methods used in the MDL project. However, Table 5 provides insight into the breakdown of three SBS characteristics according to the control situation of the enterprise (independent vs. dependent enterprises).

## Enterprises with fewer than 250 persons employed, by type and country, 2015

country	Type	Enterprises		Turnover (m €)		Persons employed	
		total	%	total	%	total	%
Bulgaria	<b>Independent</b>	<b>311 533</b>	<b>95.7</b>	<b>52 006</b>	<b>61.3</b>	<b>1 189 988</b>	<b>83.2</b>
	<b>Dependent</b>	<b>14 017</b>	<b>4.3</b>	<b>32 792</b>	<b>38.7</b>	<b>239 453</b>	<b>16.8</b>
	<i>In group of &lt;250 persons</i>	7 025	2.2	8 318	9.8	95 192	6.7
	<i>In group of 250 or more persons</i>	2 093	0.6	11 053	13.0	65 149	4.6
	<i>In international group</i>	4 899	1.5	13 421	15.8	79 112	5.5
Denmark	<b>Independent</b>	<b>155 611</b>	<b>74.3</b>	<b>85 672</b>	<b>30.8</b>	<b>453 118</b>	<b>42.3</b>
	<b>Dependent</b>	<b>53 757</b>	<b>25.7</b>	<b>192 480</b>	<b>69.2</b>	<b>617 584</b>	<b>57.7</b>
	<i>In group of &lt;250 persons</i>	46 344	22.1	101 046	36.3	406 204	37.9
	<i>In group of 250 or more persons</i>	1 731	0.8	34 534	12.4	68 077	6.4
	<i>In international group</i>	5 682	2.7	56 900	20.5	143 303	13.4
Estonia	<b>Independent</b>	<b>59 069</b>	<b>86.9</b>	<b>16 676</b>	<b>42.2</b>	<b>200 893</b>	<b>62.7</b>
	<b>Dependent</b>	<b>8 889</b>	<b>13.1</b>	<b>22 870</b>	<b>57.8</b>	<b>119 601</b>	<b>37.3</b>
	<i>In group of &lt;250 persons</i>	5 362	7.9	5 976	15.1	43 182	13.5
	<i>In group of 250 or more persons</i>	127	0.2	974	2.5	4 464	1.4
	<i>In international group</i>	3 400	5.0	15 919	40.3	71 955	22.5
Croatia	<b>Independent</b>	<b>140 337</b>	<b>96.0</b>	<b>28 531</b>	<b>60.3</b>	<b>552 148</b>	<b>80.3</b>
	<b>Dependent</b>	<b>5 919</b>	<b>4.0</b>	<b>18 765</b>	<b>39.7</b>	<b>135 385</b>	<b>19.7</b>
	<i>In group of &lt;250 persons</i>	3 619	2.5	6 640	14.0	59 091	8.6
	<i>In group of 250 or more persons</i>	1 560	1.1	10 687	22.6	65 064	9.5
	<i>In international group</i>	740	0.5	1 437	3.0	11 230	1.6
Italy	<b>Independent</b>	<b>3 479 094</b>	<b>94.5</b>	<b>1 011 925</b>	<b>50.9</b>	<b>8 928 585</b>	<b>79.6</b>
	<b>Dependent</b>	<b>200 871</b>	<b>5.5</b>	<b>975 455</b>	<b>49.1</b>	<b>2 289 209</b>	<b>20.4</b>
	<i>In group of &lt;250 persons</i>	160 685	4.4	364 443	18.3	1 237 643	11.0
	<i>In group of 250 or more persons</i>	13 169	0.4	338 442	17.0	470 572	4.2
	<i>In international group</i>	27 017	0.7	272 571	13.7	580 994	5.2
Latvia	<b>Independent</b>	<b>97 888</b>	<b>89.5</b>	<b>17 173</b>	<b>43.0</b>	<b>370 031</b>	<b>73.7</b>
	<b>Dependent</b>	<b>11 540</b>	<b>10.5</b>	<b>22 732</b>	<b>57.0</b>	<b>132 360</b>	<b>26.3</b>
	<i>In group of &lt;250 persons</i>	3 592	3.3	4 428	11.1	42 272	8.4
	<i>In group of 250 or more persons</i>	611	0.6	4 049	10.1	21 111	4.2
	<i>In international group</i>	7 338	6.7	14 255	35.7	68 977	13.7
Netherlands	<b>Independent</b>	<b>1 067 822</b>	<b>97.9</b>	<b>460 000</b>	<b>51.4</b>	<b>2 836 893</b>	<b>76.4</b>
	<b>Dependent</b>	<b>22 959</b>	<b>2.1</b>	<b>435 000</b>	<b>48.6</b>	<b>877 862</b>	<b>23.6</b>
	<i>In group of &lt;250 persons</i>	805	0.1	6 500	0.7	20 357	0.5
	<i>In group of 250 or more persons</i>	757	0.1	27 435	3.1	163 123	4.4
	<i>In international group</i>	21 389	2.0	401 000	44.8	694 374	18.7
Portugal	<b>Independent</b>	<b>785 202</b>	<b>97.4</b>	:	<b>53.9</b>	:	<b>83.5</b>
	<b>Dependent</b>	<b>21 194</b>	<b>2.6</b>	:	<b>46.1</b>	:	<b>16.5</b>
	<i>In group of &lt;250 persons</i>	10 236	1.3	:	8.6	:	5.3
	<i>In group of 250 or more persons</i>	612	0.1	:	1.6	:	0.8
	<i>In international group</i>	10 346	1.3	:	35.9	:	10.4
Romania	<b>Independent</b>	<b>421 876</b>	<b>92.4</b>	<b>89 337</b>	<b>58.0</b>	<b>2 016 457</b>	<b>78.9</b>
	<b>Dependent</b>	<b>34 632</b>	<b>7.6</b>	<b>64 815</b>	<b>42.0</b>	<b>538 797</b>	<b>21.1</b>
	<i>In group of &lt;250 persons</i>	6 966	1.5	9 103	5.9	125 128	4.9
	<i>In group of 250 or more persons</i>	944	0.2	2 926	1.9	47 914	1.9
	<i>In international group</i>	26 722	5.9	52 786	34.2	365 755	14.3
Finland	<b>Independent</b>	<b>214 033</b>	<b>93.6</b>	<b>93 279</b>	<b>44.1</b>	<b>672 362</b>	<b>69.1</b>
	<b>Dependent</b>	<b>14 514</b>	<b>6.4</b>	<b>118 273</b>	<b>55.9</b>	<b>300 769</b>	<b>30.9</b>
	<i>In group of &lt;250 persons</i>	8 074	3.5	28 969	13.7	112 925	11.6
	<i>In group of 250 or more persons</i>	2 937	1.3	48 875	23.1	106 964	11.0
	<i>In international group</i>	3 503	1.5	40 429	19.1	80 880	8.3
Sweden	<b>Independent</b>	<b>575 856</b>	<b>84.0</b>	:	<b>28.5</b>	:	<b>45.2</b>
	<b>Dependent</b>	<b>109 470</b>	<b>16.0</b>	:	<b>71.5</b>	:	<b>54.8</b>
	<i>In group of &lt;250 persons</i>	82 090	12.0	:	26.6	:	28.4
	<i>In group of 250 or more persons</i>	9 766	1.4	:	24.0	:	13.3
	<i>In international group</i>	17 614	2.6	:	21.0	:	13.0
Norway	<b>Independent</b>	<b>226 074</b>	<b>77.2</b>	:	<b>26.3</b>	<b>482 855</b>	<b>44.1</b>
	<b>Dependent</b>	<b>66 709</b>	<b>22.8</b>	:	<b>73.7</b>	<b>613 068</b>	<b>55.9</b>
	<i>In group of &lt;250 persons</i>	54 960	18.8	:	34.0	361 664	33.0
	<i>In group of 250 or more persons</i>	4 285	1.5	:	14.9	109 259	10.0
	<i>In international group</i>	7 464	2.5	:	24.8	142 145	13.0

: not available

Countries participating in the 2016 Microdata linking project.



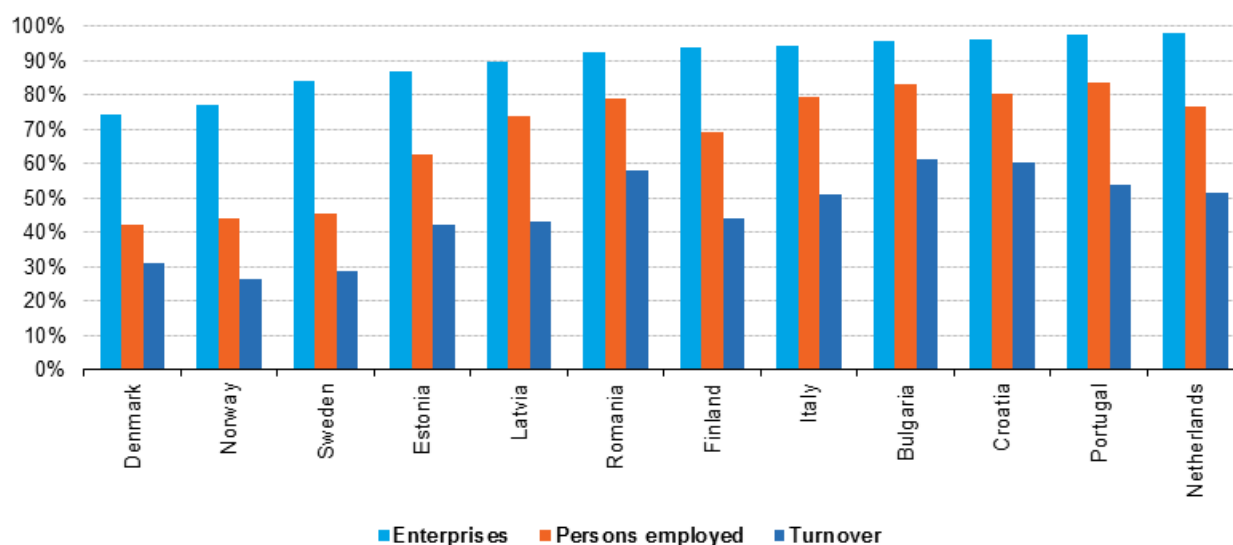
Although the share of dependent enterprises is relatively low in most countries their contribution to turnover and employment is significant. In particular, the share of dependent enterprises belonging to international groups is very low (ranging from 0.5 % in Croatia to 5.9 % in Romania). However, the contribution of the same group of enterprises in terms of turnover and employment is much more significant, typically above 10 % in all cases. The only exceptions are Croatia (3 % turnover and 1.6 % of the employment), Bulgaria, Italy and Finland (respectively about 5.5 %, 5.2 % and 8.3 % of the employment of enterprises with fewer than 250 persons is due to the enterprises in international group).

The biggest shares of dependent enterprises with fewer than 250 persons employed are found in Denmark (25.7 %), Norway (22.8 %) and Sweden (16 %). The biggest contribution by dependent enterprises of fewer than 250 persons employed to the total turnover is noted in Norway (73.7 %), Sweden (71.5 %) and Denmark (69.2 %). The biggest contribution by dependent enterprises with fewer than 250 persons employed to the total employment is noted again in the same three countries (Norway 55.9 %, Sweden 54.8 % and Denmark 57.7 %).

## Contribution of independent enterprises

Figure 1 presents the contribution of independent enterprises (as a share of all enterprises with fewer than 250 persons employed) in terms of number of enterprises, employment and turnover, for the 12 countries participating in the 2016 MDL project.

**Number of enterprises, persons employed and turnover, independent enterprises share of all enterprises with fewer than 250 persons employed**



Countries participating in the 2016 Microdata linking project.

eurostat 

**Figure 1: Number of enterprises, persons employed and turnover, independent enterprises as a share of all enterprises with fewer than 250 persons employed, 2015**

In seven out of the twelve countries, at least 90 % of enterprises employing fewer than 250 persons are independent. In Denmark, Norway, Sweden, Estonia and Latvia, the share of independent enterprises was lower than 90 % but more than 70 %. The highest shares of independent enterprises among enterprises with fewer than 250 persons were recorded in the Netherlands (97.9 %) and Portugal (97.4 %).

As regards the employment contribution, the share of independent enterprises ranges between 42.3 % for Denmark

and 83.5 % for Portugal. In the majority of countries, independent enterprises with fewer than 250 persons employed accounted for around 70 % to 80 % of the total employment of enterprises in this size class. The employment share of independent enterprises was considerably lower, around 40 % to 45 %, in Denmark, Norway and Sweden.

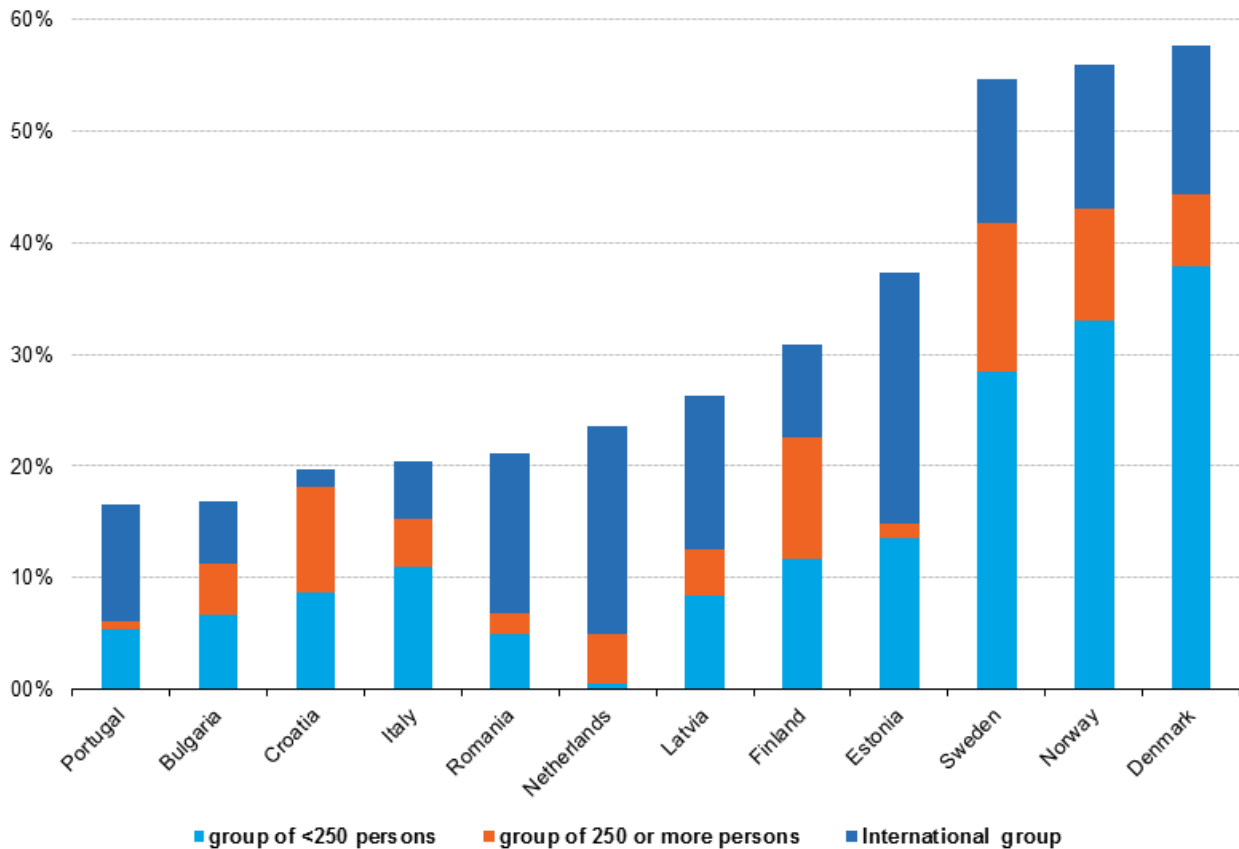
As regards turnover, independent enterprises with fewer than 250 persons employed account for around 25 % to 30 % of total turnover by all enterprises of fewer than 250 persons in Denmark, Norway and Sweden. In Estonia, Latvia and Finland the contribution of independent enterprises to turnover is in the range 40 % to 45 %. The highest turnover shares for independent enterprises with fewer than 250 persons employed are recorded for Bulgaria (61 %), Croatia (60 %) and Romania (58 %). Even though there are differences across studied countries, the data suggest that, in terms of turnover generation, both dependent and independent enterprises with fewer than 250 persons are roughly equal in importance.

## Contribution of dependent enterprises

Figure 2 presents the employment share of dependent enterprises with fewer than 250 persons employed broken down by the three groups studied:

- Enterprises belonging to a group of fewer than 250 persons employed;
- Enterprises belonging to a group of 250 or more persons employed; and
- Enterprises belonging to an international group.

**Share of persons employed by enterprises in groups of fewer than 250 persons, groups of 250 or more persons, and international groups, 2015**



Countries participating in the 2016 Microdata linking project.



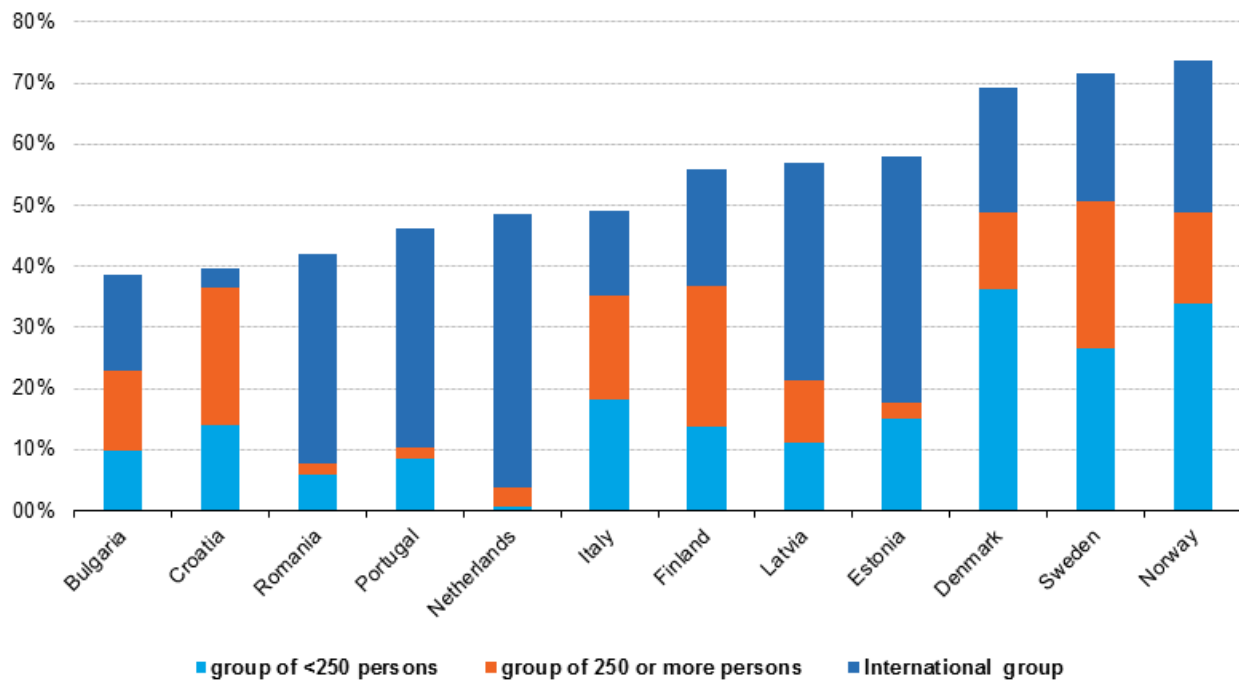
**Figure 2: Share of persons employed by enterprises in groups of fewer than 250 persons, groups of 250 or more persons, and international groups, 2015**

In some countries enterprises belonging to an international group have considerable contribution to employment. This is valid particularly for the Netherlands (18.7 %) and Estonia (22.5), and to a somewhat lesser extent in Latvia, Romania, Portugal, Denmark, Sweden and Norway (between 10 % to 15 % in any of these countries). The most significant employment shares of enterprises belonging to a group of fewer than 250 persons employed were noted in Sweden (28.4 %), Norway (33 %) and Denmark (37.9 %). The contribution of enterprises belonging to groups with 250 or more persons were highest in Sweden (13.3 %) Finland (11 %) and Norway (10 %).

Figure 3 presents the results as regards the turnover share of dependent enterprises with fewer than 250 persons employed. The turnover contribution of enterprises with fewer than 250 persons employed belonging to international groups is even more pronounced than their contribution to employment. The largest turnover share for these enterprises were observed in the Netherlands (44.8 %), Estonia (40.3 %), Portugal (35.9 %), Latvia (35.7 %) and Romania (34.2 %).



### Share of turnover by enterprises in groups of fewer than 250 persons, groups of 250 or more persons, and international groups, 2015



Countries participating in the 2016 Microdata linking project.

eurostat 

**Figure 3: Share of turnover by enterprises in groups of fewer than 250 persons, groups of 250 or more persons, and international groups, 2015**

Typically approximately 10 % to 20 % of the total turnover can be allocated to enterprises that belong to a group with fewer than 250 persons employed. In Denmark and Norway the corresponding share was higher at around 35 % and in Sweden it reached 24 %. The turnover share of enterprises with fewer than 250 persons employed belonging to large groups (and thus not fulfilling the criteria to be considered as SMEs) was larger in Sweden (24 %), Finland (23.1 %), Croatia (22.6 %) and Italy (17 %).

### SME definition

The European Commission defines SMEs as those enterprises employing fewer than 250 persons that have a turnover of less than 50 million euros and/or a balance sheet total of less than 43 million euros (see Commission Recommendation 2003/361/EC). SMEs are further broken down into micro, small and medium enterprises (see table 1 for details). According to the SME definition, the SME status of an enterprise which is part of an enterprise group may need to be determined on the basis of data on persons employed, turnover and the balance sheet from the whole group, and not only on data of the enterprise itself. The SME recommendation contains detailed guidelines on how much of the group's figures should be included to determine the SME status of an individual enterprise. These guidelines are relatively complex to be fully implemented in statistical systems; additionally, for example, Structural Business Statistics or other data sources of the project contain no information on the balance sheet total of the enterprises.

Enterprise category	Persons employed	Turnover or	Balance sheet total
Medium	< 250	≤ € 50 m	≤ € 43 m
Small	< 50	≤ € 10 m	≤ € 10 m
Micro	< 10	≤ € 2 m	≤ € 2 m

**Table 1: Criteria for medium, small and micro -sized enterprises**

For these reasons, statistics often use size class information based only on the number of persons employed in the enterprise itself, without looking at the employment, turnover or balance sheet data from the group that the enterprise belongs to. However, doing this has consequences for statistics, since enterprises belonging to a domestic or international enterprise group may be in a different position from independent enterprises, for example, in their ability to access finance, their bargaining power, possibilities to expand to foreign markets, and various other aspects of doing business.

### Why is the 'SME vs large enterprise' discussion relevant?

The growth-generating potential of SMEs has been the subject of many academic studies<sup>1</sup>. Although there is no general agreement in the literature on whether SMEs generate more growth than large enterprises, some recent studies<sup>2</sup> suggest that large enterprises are more pro-cyclical, which means that they are more affected by international business cycles than SMEs are. This fact may have implications for how different business sectors, and therefore national economies, behave in times of economic depression.

Recently, economic literature<sup>3</sup> has shifted towards analysing the role of the largest enterprises in understanding aggregate fluctuations. Trade integration, globalisation and industry consolidation have the potential to make large enterprises ever larger and thus more significant in explaining business cycles and economic developments. Large enterprises can account for a sizeable portion of a country's economic output. Therefore, if global demand for even one product falls, a country can face severe consequences that show in the aggregated measures of economic activity. This has been the case for example in Finland<sup>4</sup>. These microeconomic shocks may also affect the large enterprises' networks<sup>5</sup>; a fall in demand can have an adverse impact on the whole supply chain, across industries and countries<sup>6</sup>.

### Breaking down the population into independent and dependent enterprises

In order to facilitate better analysis and understanding of the heterogeneity of enterprises, Eurostat's 2016 microdata linking (MDL) project linked enterprise level data for reference year 2015 from the following sources: structural business statistics (SBS), international trade in goods statistics (ITGS), business demography (BD) and

<sup>1</sup>One early contribution was the Gibrat study (GIBRAT, R.(1931): Les Inegalites Economiques, Sirey. Paris.

<sup>2</sup>An empirical example with US data: Moscarini, Giuseppe, and Fabien Postel-Vinay. 2012. 'The Contribution of Large and Small Employers to Job Creation in Times of High and Low Unemployment.' *American Economic Review*, 102(6): 2509-39.

<sup>3</sup>An example: Xavier Gabaix. The granular origins of aggregate fluctuations, *Econometrica*, 79(3):733–772, 05 2011.

<sup>4</sup>See the discussion in: Jyrki Ali-Yrkkö (Ed.): *Nokia and Finland in a Sea of Change*. ETLA B244, pp. 37–67, Taloustieto Oy, Helsinki, Finland, 2010.

<sup>5</sup>This is closely related to the discussion on dependent enterprises.

<sup>6</sup>A theoretical discussion can be found at: Acemoglu, Daron, Vasco M Carvalho, Asuman Ozdaglar, and Alireza Tahbaz-Salehi (2012), 'The Network Origins of Aggregate Fluctuations', *Econometrica*.

business registers (BRs). One important aim of this work was to provide results broken down by the control criterion i.e. separate results for independent vs. dependent enterprises. Similar results are provided also in the exercise "voluntary data collection on SMEs". The voluntary data collection took place in 2016 (for 2013 reference year) and will be repeated during 2018.

Twelve EU Member States and two EFTA countries participated in the 2016 MDL project. Out of these, eleven Member States and one EFTA country participated in the module exploring the control dimension. These twelve countries are: Bulgaria, Denmark, Estonia, Finland, Croatia, Italy, Latvia, the Netherlands, Portugal, Romania, Sweden and Norway.

This article presents results from the above eleven Member States and Norway broken down into dependent and independent enterprises. Dependent enterprises are further split (where possible) into those enterprises that would still be considered as SMEs based on the employment criterion (because the entire group to which they belong employs fewer than 250 people) and those enterprises that are actually large ones. In the latter case, while the enterprise itself employs fewer than 250 persons, the group to which the enterprise belongs employs 250 persons or more. This means that the statistics still do not completely reflect the recommended SME definition, but they do make it possible to distinguish between independent and dependent enterprises as well as those dependent enterprises that are actually large enterprises (on the basis of persons employed by the whole group).

Aggregate results from the 2016 voluntary data collection on SMEs are also analysed in this article. These two projects demonstrate that statistics which are closer to the European Commission's SME definition can be produced by microdata linking, and provide useful insight on the economic behavior of SMEs.

In this article, the following terms are used to distinguish between the different categories of enterprises:

- Enterprise with fewer than 250 persons employed: this is an enterprise which employs 0 to 249 persons. We do not call these enterprises 'SME' as there is no information on whether they also fulfill the remaining criteria of the SME definition;
- Large enterprise: an enterprise that employs at least 250 persons;
- Independent Enterprise: an enterprise which, according to the business register (BR), is not controlled by another enterprise (neither domestic nor foreign), and at the same time, it does not itself control another enterprise (neither in the country of residence nor abroad);
- Dependent enterprise: an enterprise which, according to the BR, is controlled by another enterprise (either domestic or foreign), and/or, it controls itself another enterprise (either in the country of residence or abroad). Dependent enterprises belong to an enterprise group;
- Domestic enterprise group: a group containing enterprises which are all resident in the same country;
- International enterprise group: a group containing at least two enterprises which are all resident in two different countries.

In this article dependent enterprises were further broken down into three subgroups:

- Enterprises belonging to a group of fewer than 250 persons employed. The total number of persons employed by all the enterprises in the group is fewer than 250;
- Enterprises belonging to a group of 250 or more persons employed. The total number of persons employed by all the enterprises in the group is 250 or more (therefore, the dependent enterprise is not an SME, according to the SME definition) and
- Enterprises belonging to an international enterprise group. For these enterprises it may not be possible to know the number of persons employed by the entire group, e.g. because the employment in the non-resident part of the group is unknown. These enterprises are grouped separately as enterprises belonging to an international group.

## Source data for tables and graphs

- [Tables and figures on dependent and independent enterprises with fewer than 250 persons employed](#)

## Data sources and availability

In this article enterprises that employ fewer than 250 persons are split into those who do not belong to a group (either domestic or international) and those who do belong to a group. Data are available for twelve countries that participated in the 2016 microdata linking project.

New statistics on enterprises have traditionally been produced by carrying out surveys. Microdata linking presents an innovative approach to obtaining new information on the economic performance of enterprises by linking different existing statistical sources at individual enterprise level (microdata level). This approach does not require new surveys to be carried out and thus does not increase the burden placed on enterprises. Eurostat will continue to publish results based on microdata analysis.

## Context

Small and medium-sized enterprises (SMEs) are the backbone of Europe's economy, providing the majority of all new jobs. The European Commission aims to promote entrepreneurship and improve the business environment for SMEs to allow them to realise their full potential in today's global economy. The new Programme for the [Competitiveness of Small and Medium-sized Enterprises](#) (COSME) will run from 2014 to 2020, with a planned budget of EUR 2.5 billion.

## Other articles

- [Business economy - size class analysis](#)
- [Foreign affiliates employment by business function](#)
- [Entrepreneurship - statistical indicators](#)

## Dedicated section

- [Entrepreneurship indicators](#)

## Publications

- [Features of International Sourcing in Europe in 2001-2006 - Statistics in focus 73/2009](#)
- [International Sourcing in Europe - Statistics in focus 4/2009](#)
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