

---

## Small and Medium-sized Enterprises in European Regions and Cities

In diesem Forschungsprojekt werden die Strukturen und die Entwicklungsdynamik von KMU auf tiefer regionaler Ebene in Europa untersucht und die entsprechenden regionalen Bestimmungsfaktoren sowie der Einfluss regionalpolitischer Maßnahmen herausgearbeitet.

Die Studie stützt sich dabei vor allem auf die Analyse umfassender, europaweiter statistischer Daten sowie auf Fallstudien ausgewählter europäischer Regionen mit dynamischen KMU-Sektoren. Aus den Ergebnissen werden Schlussfolgerungen gezogen für die Gestaltung wirksamer regionalpolitischer Strategien für KMU.

### Background

What are the factors determining the development of a region's SME sector, and what are the key drivers or obstacles to SME growth and performance at the regional level? The main objective of the ESPON SME study was to map and analyse the territorial patterns and performance of SMEs in Europe, and to propose territorial development strategies that can be considered in different regions and cities to further strengthen the development and sustainability of SMEs. The study was conducted under the general premise that SMEs are the backbone of the economy and that supporting SMEs is therefore of vital interest for the regions.

The SMEs were analysed in four categories according to size: one-person enterprises (0 persons employed), microenterprises (1-9 persons employed), small and medium-sized enterprises (10-249 persons employed), and large enterprises (250 or more persons employed).

### Main findings

In all types of regions, SMEs share certain basic needs across the economic sectors. Regions and cities should consider drivers of SME development identified in this applied research activity with respect to their specific territorial context. These drivers define not only strengths and weaknesses of SME growth, but may also be seen as opportunities or threats. In addition, these territorial circumstances are also different for each region. Key drivers and factors relevant for SME development (with respect to its phase in the life-cycle [start-up or scale-up], and the sector it is operating in) are connected to demography, economic strength, specialisation of the region (for example, existing industries and resources), and available infrastructure, as well as quality of governance.

The study focuses on three specific sectors: knowledge and creative economy, ICT, and low-carbon economy. A high share of knowledge and creative industry goes hand in hand with a high share of or strong increase in SME employment. However, for the ICT sector, such a direct correlation between SME employment and a highly developed knowledge and creative industry cannot be seen in all ESPON countries. In the Nordic countries, Lithuania, large parts of Poland, Switzerland, and Croatia, high shares of employment in SMEs prevail in the carbon-intensive industries.

Overall, predominantly rural and peripheral regions tend to have higher shares of employment in microenterprises (1-9 employed persons) than urban and capital regions. Furthermore, predominantly rural regions tend to have higher shares of employment in SMEs (10-249 employed persons) than intermediate and urban regions. However, in some countries the opposite is the case, e.g. Finland, Italy, France, and Portugal. Very high shares of SMEs are found in the rural regions of Lithuania, Belgium, and Germany.

### The key outcomes of the project are the following

- knowledge of the distribution patterns of SMEs across European regions and cities in terms of size, employment, sectors, location, survival rates, and growth (Chapter 3);
- a complete regionalised dataset of SMEs structural, performance, and context indicators for all ESPON states and – where data could be gathered – also for candidate countries at NUTS 3 level for the period 2008-2014 (see the Scientific Annex);
- a set of maps picturing structural, performance, and context indicators (Chapter 3 and Scientific Annex);
- analysis of the extent and the ways SMEs contribute to business development, job creation, and innovation in European regions and cities (Chapter 4);
- discussion of the particular role of SMEs in the areas of the knowledge and creative economy, ICT, and the low-carbon economy (Chapter 3);
- discussion of specific territorial patterns and identification of key dynamics, drivers, and main opportunities and obstacles to the growth of SMEs, especially after the crisis (Chapter 4);
- a typology of SME regions in Europe (Chapter 4);
- five case studies that explore regional specifics and best practices, with each case study looking at two regions of the same SME region type (Chapter 5 and Scientific Annex);
- conclusions and policy recommendations for targeted investment strategies and policy support options for SME development taking into account the particular role of the public sector and the efficient spending of public money (Chapters 6 and 7).

Based on the territorial context factors, a typology of regions was developed by combining the territorial types identified via cluster analysis with a classification of regions related to employment in SME size classes and sectoral focus.

---

The study findings demonstrate that general rules on how to support SMEs cannot be simplistically deduced, as variations between regions, SME size, the stage in their life cycle, and their sector are significant. Even regions which would be in the same typology according to quantitative findings can be found in different categories when qualitative findings are taken into account. The case studies revealed that the specific circumstances vary across Europe's regions due to their diversity. Thus, any development strategy for regional SME development needs to be tailor-made.

Projektname: **Small and Medium-Sized Enterprises in European Regions and Cities**

Beteiligte Institute: KMU Forschung Austria, ÖIR GmbH (Lead),

Projektverantwortlich KMFA: Mag. Thomas Oberholzner, [t.oberholzner@kmuforschung.ac.at](mailto:t.oberholzner@kmuforschung.ac.at)

Projektdauer: Mai 2016 – Februar 2018

Gesamtbericht: [https://www.espon.eu/sites/default/files/attachments/SME\\_final-report\\_MainReport\\_20.pdf](https://www.espon.eu/sites/default/files/attachments/SME_final-report_MainReport_20.pdf)