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MSEs in Spain

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MSEs' location in Spain



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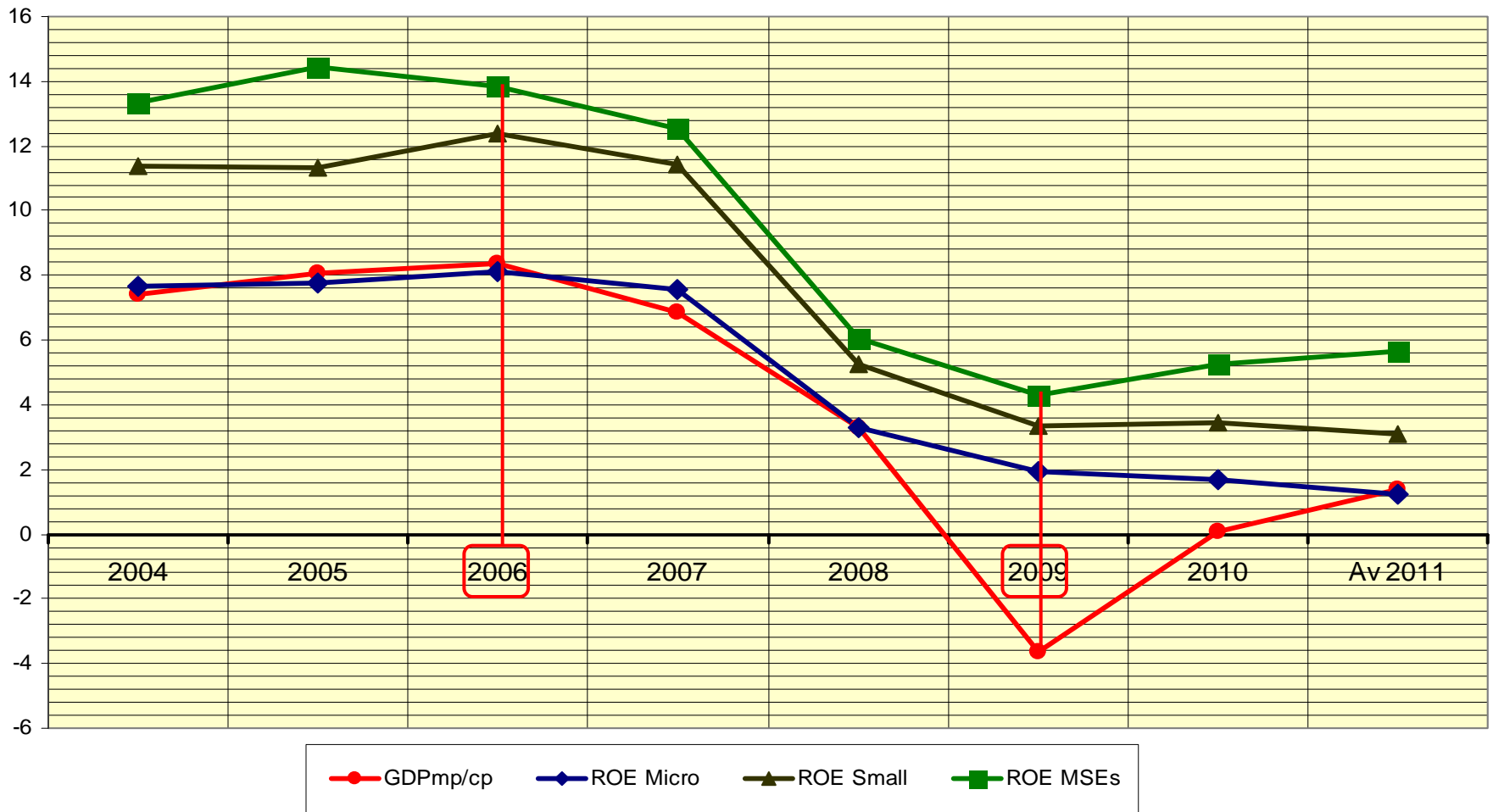
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The economic cycle (interannual variation GDPmp/cp) and the profitability (ROE) by non-financial enterprises size class (SMEs)





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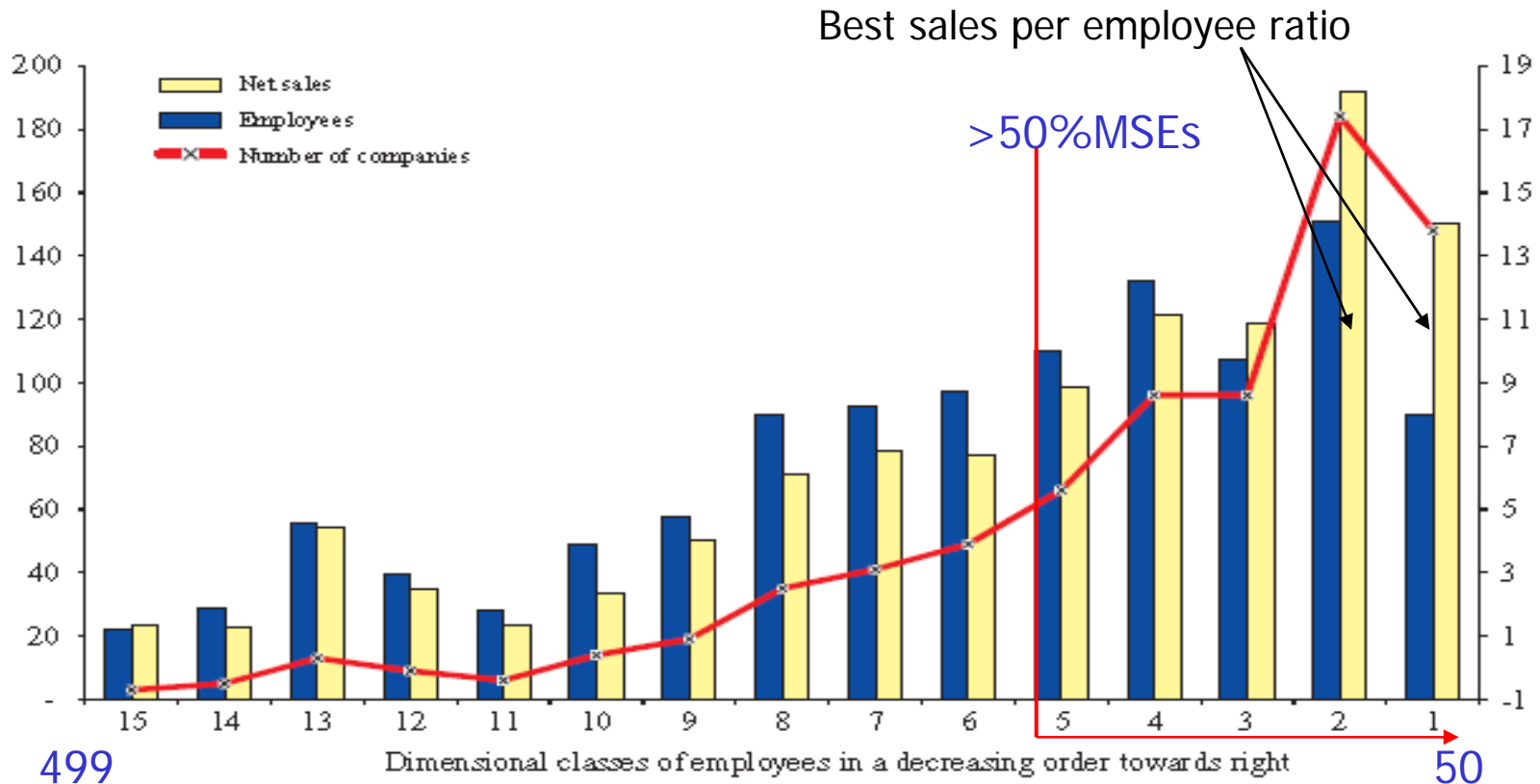
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Chart 5.i – Distribution of MSEs by size as measured by number of employees (2009)

Number of companies (left axis); annual sales and employees (% of total, right axis)





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Size classes and performance indicators

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Table 5.i – Relationship between performance and size of firms for three classes of size

Class of employees	2009					
	Net VA per employee	Labour cost/ VA	GOM/VA	NOM/VA	VA/CI	ROI
	Eur '000	%	%	%	%	%
50-99	57.4	55.9	44.1	27.6	23.9	7.6
100-249	44.0	67.6	32.4	14.1	28.3	5.2
250-499	48.9	62.6	37.4	21.2	34.3	8.3

CI Capital invested; GOM Gross operating margin; I Interest income (exchange gains excluded); NOM Net operating margin; ROI $[(\text{NOM}+\text{I}) / \text{CI}]$; VA Value added. Indicators were calculated based on value added in order to avoid possible distortions arising from complex supply and sub-supply relations typical of MSEs.



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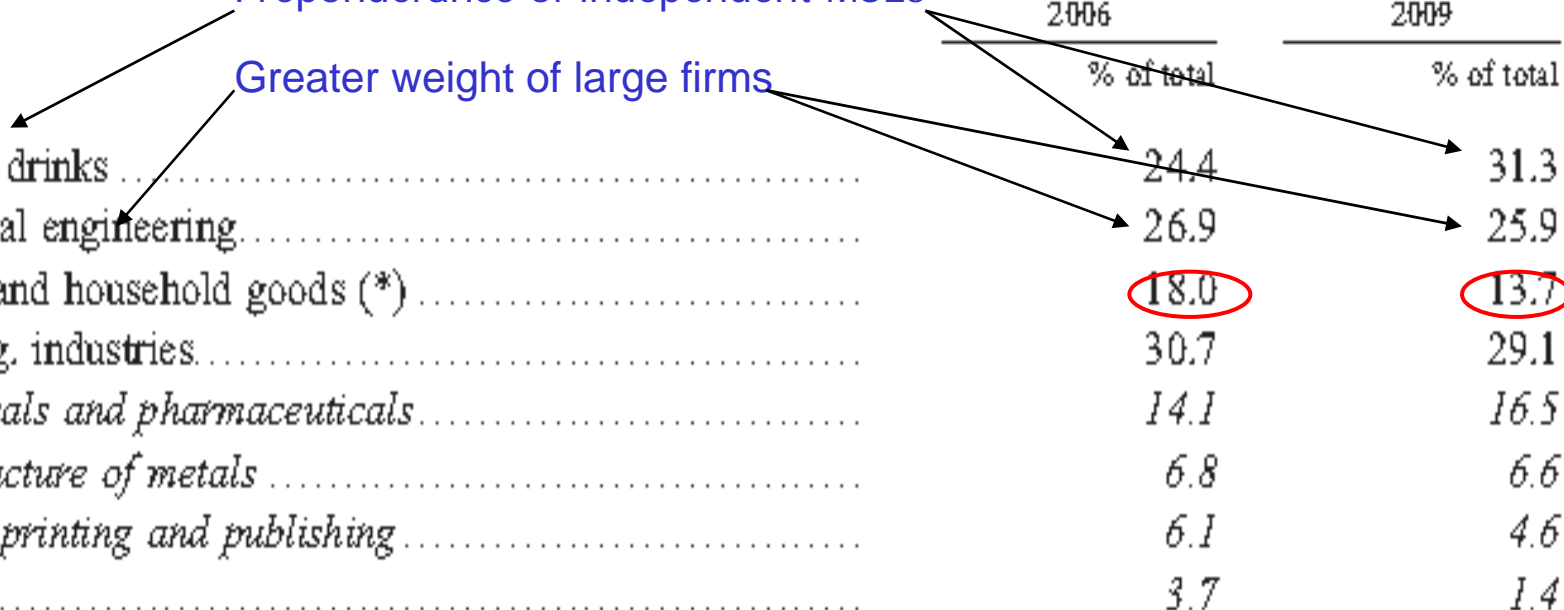


Table 5.ii – Breakdown of net sales between business sectors

	2006	2009
	% of total	% of total
Food and drinks	24.4	31.3
Mechanical engineering	26.9	25.9
Personal and household goods (*)	18.0	13.7
Other mfg. industries	30.7	29.1
<i>Chemicals and pharmaceuticals</i>	14.1	16.5
<i>Manufacture of metals</i>	6.8	6.6
<i>Paper, printing and publishing</i>	6.1	4.6
<i>Other</i>	3.7	1.4
Total	100.0	100.0

Preponderance of independent MSEs

Greater weight of large firms



(*) Textiles and clothing, hide and leather, wood and furniture, ceramics and construction materials, gold and jewellery, miscellaneous personal and household goods.

N.B. Breakdown of non-domestic sales not available.



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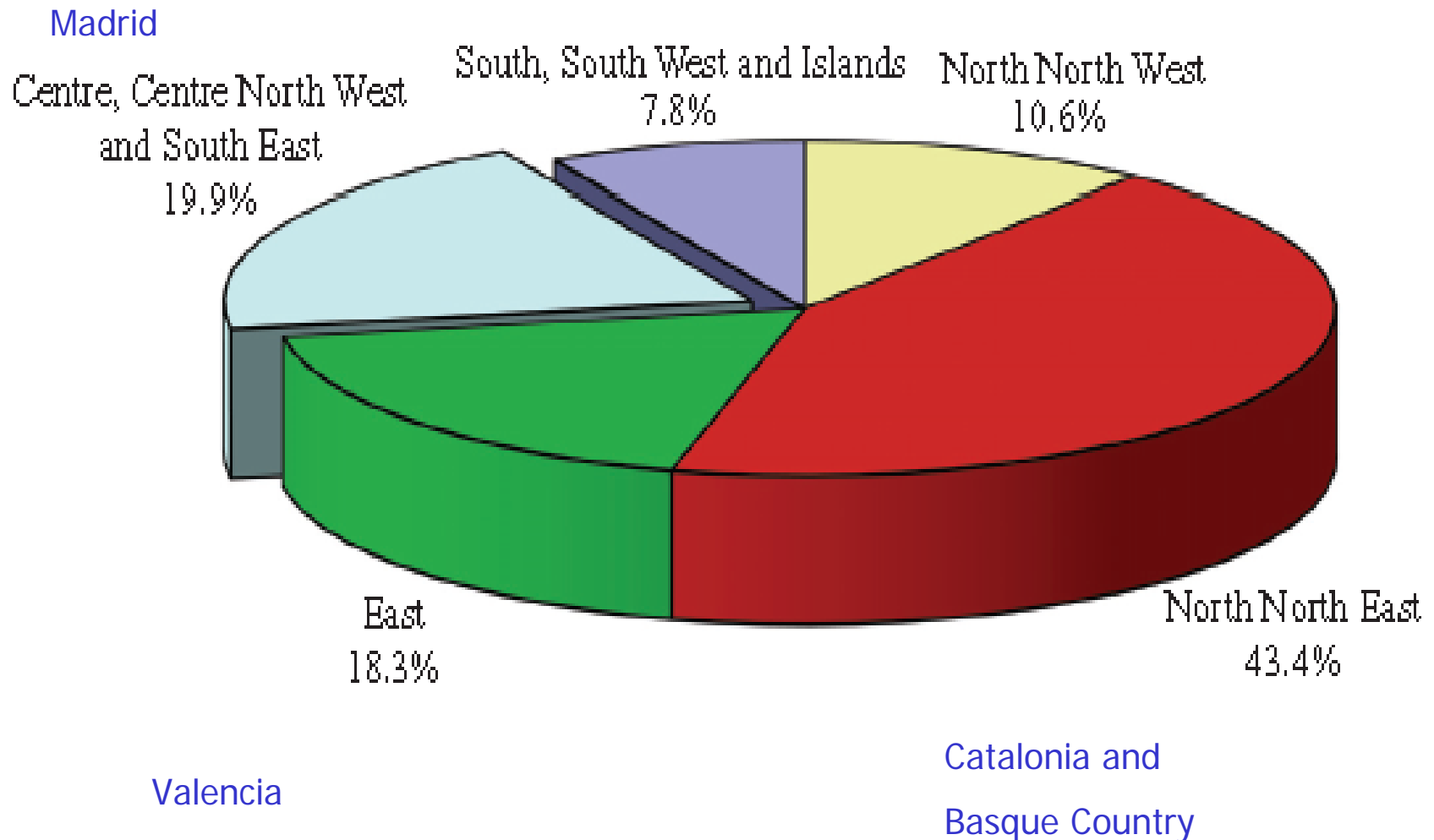
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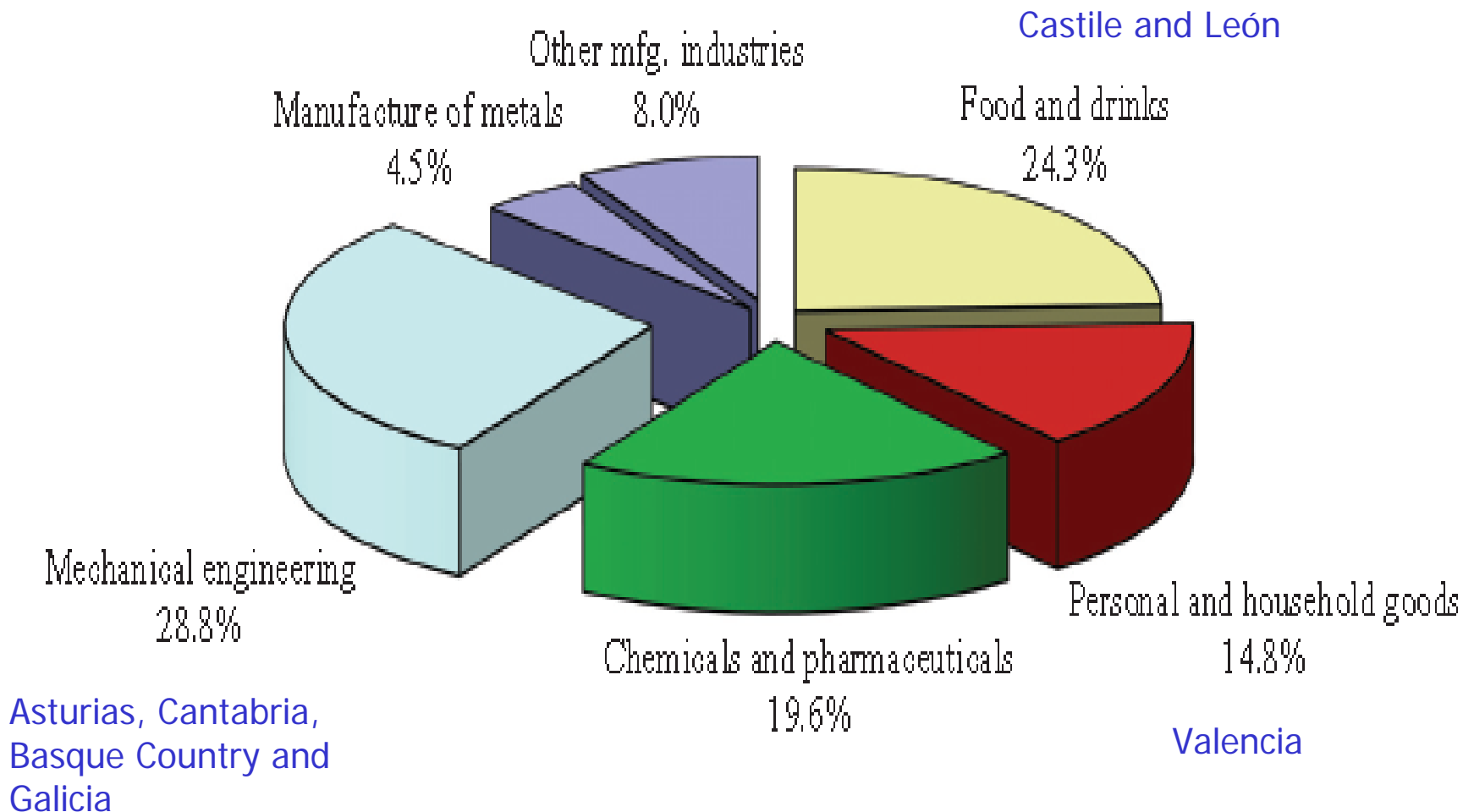
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Table 5.iii – MSEs grouped by intensity of technology based on net sales

	2006		2009	
	Net sales	Net VA per employee	Net sales	Net VA per employee
	% of total	Eur '000	% of total	Eur '000
High technology.....	7.4	63.7	6.8	65.3
Medium-high technology	18.0	49.5	16.6	51.1
Low-medium technology	35.0	46.6	32.7	45.4
Low technology	39.6	44.2	43.9	45.4
Total	100.0	47.7	100.0	47.9

Source: compiled based on OCSE classification (ISIC Rev.3 - Technology Intensity Definition - OECD, online document; <http://www.oecd.org/dataoecd/43/41/48350231.pdf>).



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Table 5.iv – Profitability indicators by geographical area and business sector

	2009		
	NOM/VA %	VA/CI %	ROI %
North North West	24.6	33.0	9.9
North North East	17.5	31.5	6.5
East	17.8	26.4	5.9
Centre, Centre North West and South East	17.7	24.8	5.4
South, South West and Islands	28.6	29.8	9.4
Total	19.2	28.9	6.7
Chemicals and pharmaceuticals	27.9	31.6	10.0
Food and drinks	24.4	27.8	7.8
Paper, printing and publishing	18.3	31.7	6.4
Mechanical engineering	14.1	32.6	5.8
Personal and household goods	16.7	23.9	5.5
Manufacture of metals	-6.1	20.3	-0.8
Other	22.3	39.6	10.0

(*) Business sector data are sorted by decreasing values of ROI.



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Table 5.v – Tax rate (*)

	2006	2009
	as % of profit before tax	
North North West	21.1	24.2
North North East	23.8	20.7
East	27.7	26.2
Centre, Centre North West and South East	30.7	26.1
South, South West and Islands	24.0	22.9
Total	25.5	23.5

(*) Tax rate does not include loss-making before tax companies.

Pro Memoria.-

ROE of the Spanish industrial firms (after tax): 11,8% (2006) and 4,3% (2009)

Nominal corporations tax rate: 35% (2006) and 30% (2009)



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Table 5.vi – Net value added, labour cost and capital invested per employee: breakdown by business sectors (*)

		2009		
Apparent Labour Productivity: VA/LC		Net VA per employee	Labour cost per employee	Capital invested per employee
		Eur '000		
Chemicals and pharmaceuticals	1,49	59.8	40.0	224.5
Paper, printing and publishing	1,30	54.7	41.9	220.0
Mechanical engineering	1,20	47.5	39.6	171.2
Personal and household goods	1,26	45.8	36.5	235.1
Food and drinks	1,43	43.0	30.2	188.8
Manufacture of metals	0,93	37.5	40.6	245.2
Other	1,34	50.9	37.9	147.5
Total		47.9	36.8	199.9

(*) Business sector data are sorted by decreasing values of net VA per employee.



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Table 5.vii – Capital invested: composition and coverage

	2006	2009
<i>% of tangible capital invested</i>		
Short-term borrowings	22.8	21.8
Medium- and long-term borrowings	17.0	21.5
Tangible net worth	60.2	56.7
Total	100.0	100.0
<i>Represented by:</i>		
Fixed assets	52.7	55.0
Working assets	39.6	36.4
Cash and marketable securities	7.7	8.6
Medium- and long-term borrowings + net worth as % of tangible capital invested	77.2	78.2
Medium- and long-term borrowings as % of total borrowings	42.7	49.7
Working assets plus cash and marketable securities less short-term borrowings as % of tangible capital invested	24.5	23.2



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Number of firms and location

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Table 5.viii – Number of IDs and LE areas

	<u>IDs</u>	<u>LE areas</u>
North North West	10	10
North North East	65	29
East	61	7
Centre, Centre North West and South East	44	20
South, South West and Islands	31	5
Total	205(*)	66(^)

(*) Excluding 6 IDs falling in more than one area.

(^) Excluding 5 LE areas falling in more than one area.

Source: compiled based on Boix-Trullén (2009).



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Average size of MSEs

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Table 5.ix – Average size of MSEs in IDs and LE areas

	2009			Total MSEs
	Firms in IDs	Firms in LE areas	Firms in other areas	
Number of firms.....	316	128	340	784
Average size of firms by:				
Capital invested (€m).....	28.5	33.0	34.0	31.6
Net sales (€m).....	36.9	43.8	40.5	39.6
Value added (€m).....	8.0	10.1	9.8	9.1
Employees (number).....	148	178	159	158

Source: compiled based on Boix-Trullén (2009).



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Table 5.x – Profitability indicators in IDs and LE areas

	2006			2009		
	NOM/VA	VA/CI	ROI	NOM/VA	VA/CI	ROI
	%	%	%	%	%	%
Firms in IDs	22.0	35.3	9.0	16.3	28.2	5.7
Firms in LE areas	19.9	39.7	8.7	16.5	30.7	5.9
Firms in other areas	27.1	39.4	11.6	22.4	28.9	7.7
Total	24.0	37.8	10.1	19.2	28.9	6.7

Source: compiled based on Boix-Trullén (2009).



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Table 5.xi – Capital invested: composition and coverage for MSEs in IDs and LE areas

	2009		
	Firms in IDs	Firms in LE areas	Firms in other areas
<i>% of tangible capital invested</i>			
Short-term borrowings	22.5	21.8	21.3
Medium- and long-term borrowings	22.8	24.0	19.5
Tangible net worth	54.7	54.2	59.2
Total	100.0	100.0	100.0
<i>Represented by:</i>			
Fixed assets	51.9	54.0	57.7
Working assets	40.5	39.0	32.3
Cash and marketable securities	7.6	7.0	10.0
Medium- and long-term borrowings + net worth as % of tangible capital invested	77.5	78.2	78.7
Medium- and long-term borrowings as % of borrowings	50.3	52.4	47.8
Working assets plus cash and marke- table securities less short-term bor- rowings as % of tangible capital invested	25.6	24.2	21.0



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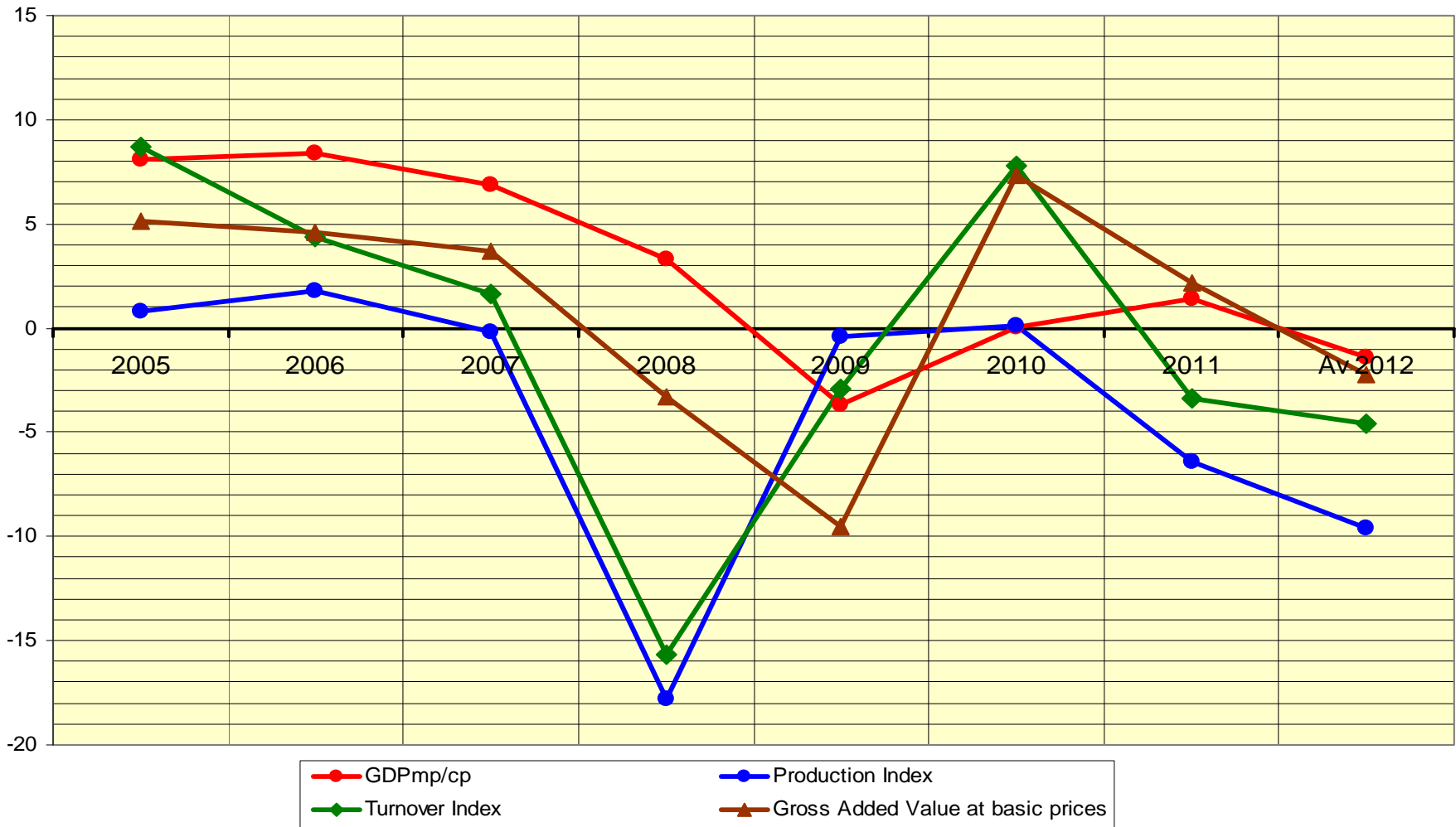
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The economic cycle and the manufacturing industry (annual variation rates)





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**Table 5.xii – Breakdown and rate of change in net sales between business sectors
(2009-2011 trends)**

	2009	2010	2011	2010 vs 2009	2011 vs 2010
	% of total	% of total	% of total	variation (%)	
Food and drinks	28.5	26.7	28.4	2.6	12.8
Mechanical engineering.....	21.9	21.6	21.7	8.2	6.9
Personal and household goods	10.3	9.7	9.2	3.1	0.2
Chemicals and pharmaceuticals	23.7	24.2	24.6	11.7	8.0
Manufacture of metals	8.4	10.5	9.0	37.3	-9.1
Paper, printing and publishing	4.5	4.6	4.7	12.4	7.9
Other	2.7	2.7	2.5	9.9	-1.5
Total	100.0	100.0	100.0	9.6	6.2



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Table 5.xiii – Profitability indicators by business sectors (2009-2011 trends)

	NOM/VA			VA/CI			ROI		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
	%	%	%	%	%	%	%	%	%
Food and drinks	24.9	25.5	25.1	21.9	20.7	20.8	7.1	6.4	6.5
Mechanical engineering.....	6.0	16.4	14.7	20.8	23.9	24.0	2.6	5.0	4.7
Personal and household goods	15.2	12.0	14.3	16.0	17.3	16.6	4.7	4.1	3.5
Chemicals and pharmaceuticals ...	19.2	21.9	22.6	25.6	27.4	27.6	6.7	7.8	7.6
Manufacture of metals	-7.4	24.9	21.8	14.4	20.3	17.6	-0.2	5.9	4.6
Paper, printing and publishing	10.3	21.2	18.1	27.2	28.7	29.2	4.3	6.8	6.1
Other	23.5	24.8	24.4	34.4	36.0	35.4	9.5	9.8	9.6
Average	15.3	20.7	20.2	21.5	23.1	22.9	4.9	6.1	5.8
Rate of change.....		35.3	-2.1		7.6	-0.7		24.6	-4.7



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Table 5.xiv – Net value added and labour cost per employee: breakdown by business sectors (2009-2011 trends)

	Net VA per employee			Labour cost per employee			Capital invested per employee		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
	Eur '000			Eur '000			Eur '000		
Food and drinks	56.6	56.0	55.5	35.9	36.4	36.7	309.2	328.9	324.5
Mechanical engineering.....	49.7	54.2	54.9	43.7	42.5	44.0	283.1	264.7	264.6
Personal and household goods	43.3	50.8	46.9	40.4	40.9	41.5	350.7	364.8	356.9
Chemicals and pharmaceuticals ...	61.9	70.0	70.0	48.1	47.4	48.0	296.2	304.8	302.1
Manufacture of metals	41.4	66.8	64.7	44.1	44.7	45.7	374.0	389.2	432.8
Paper, printing and publishing	54.7	59.2	57.7	45.6	45.9	45.9	252.5	254.7	243.4
Other	65.4	69.5	70.0	46.6	49.1	48.9	210.3	215.2	221.6
Average	53.5	59.5	58.9	42.7	42.6	43.3	303.2	307.9	306.7
Rate of change.....		11.2	-1.0		-0.3	1.8		1.5	-0.4



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Table 5.xv – Capital invested: composition and coverage (2009-2011 trends)

	2009	2010	2011
<i>% of tangible capital invested</i>			
Short-term borrowings	31.5	28.6	28.4
Medium- and long-term borrowings	19.2	20.6	19.9
Tangible net worth	49.3	50.8	51.8
Total	100.0	100.0	100.0
<i>Represented by:</i>			
Fixed assets	57.5	56.0	56.1
Working assets	29.6	29.5	29.2
Cash and marketable securities	12.9	14.5	14.7



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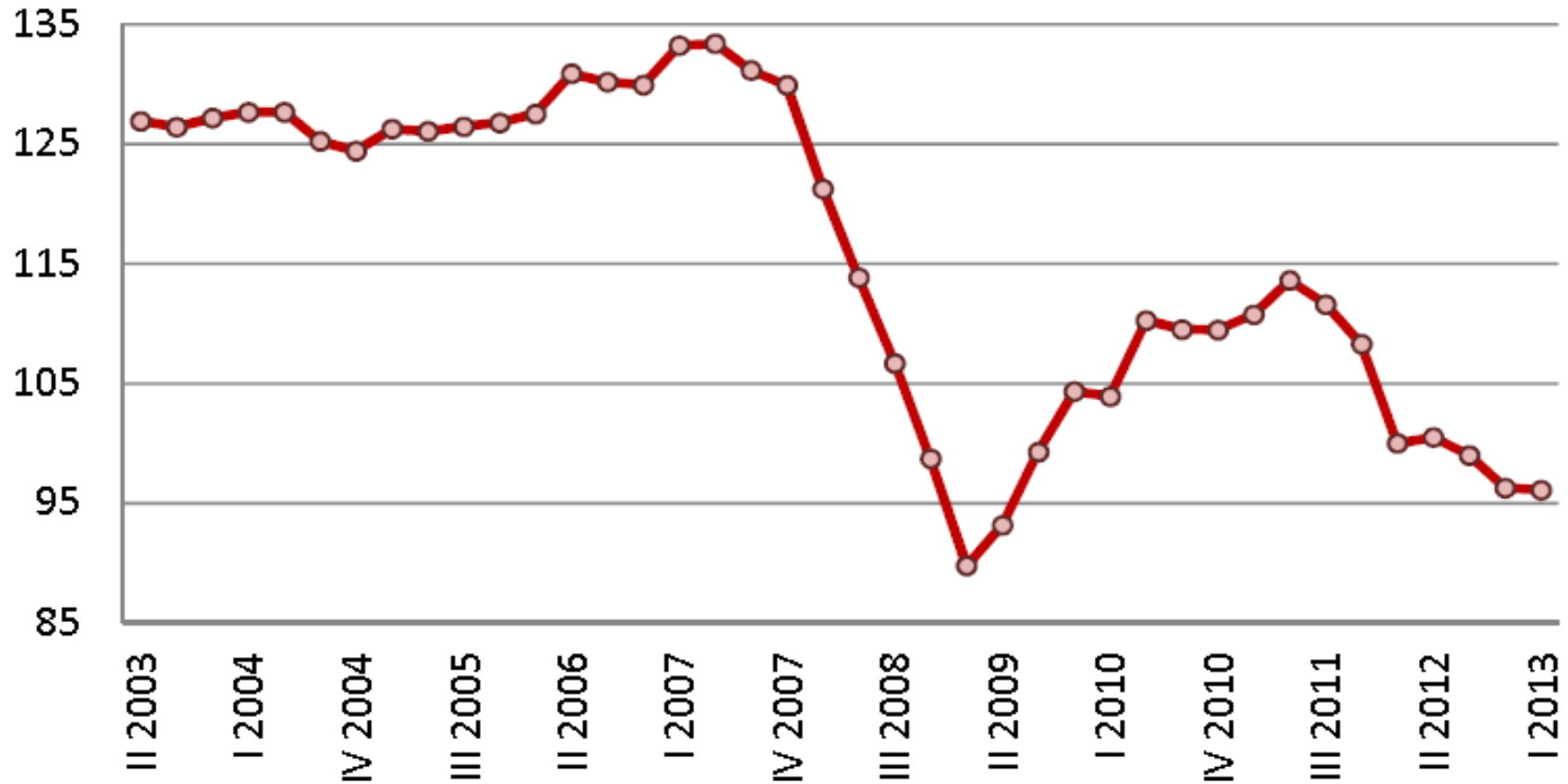
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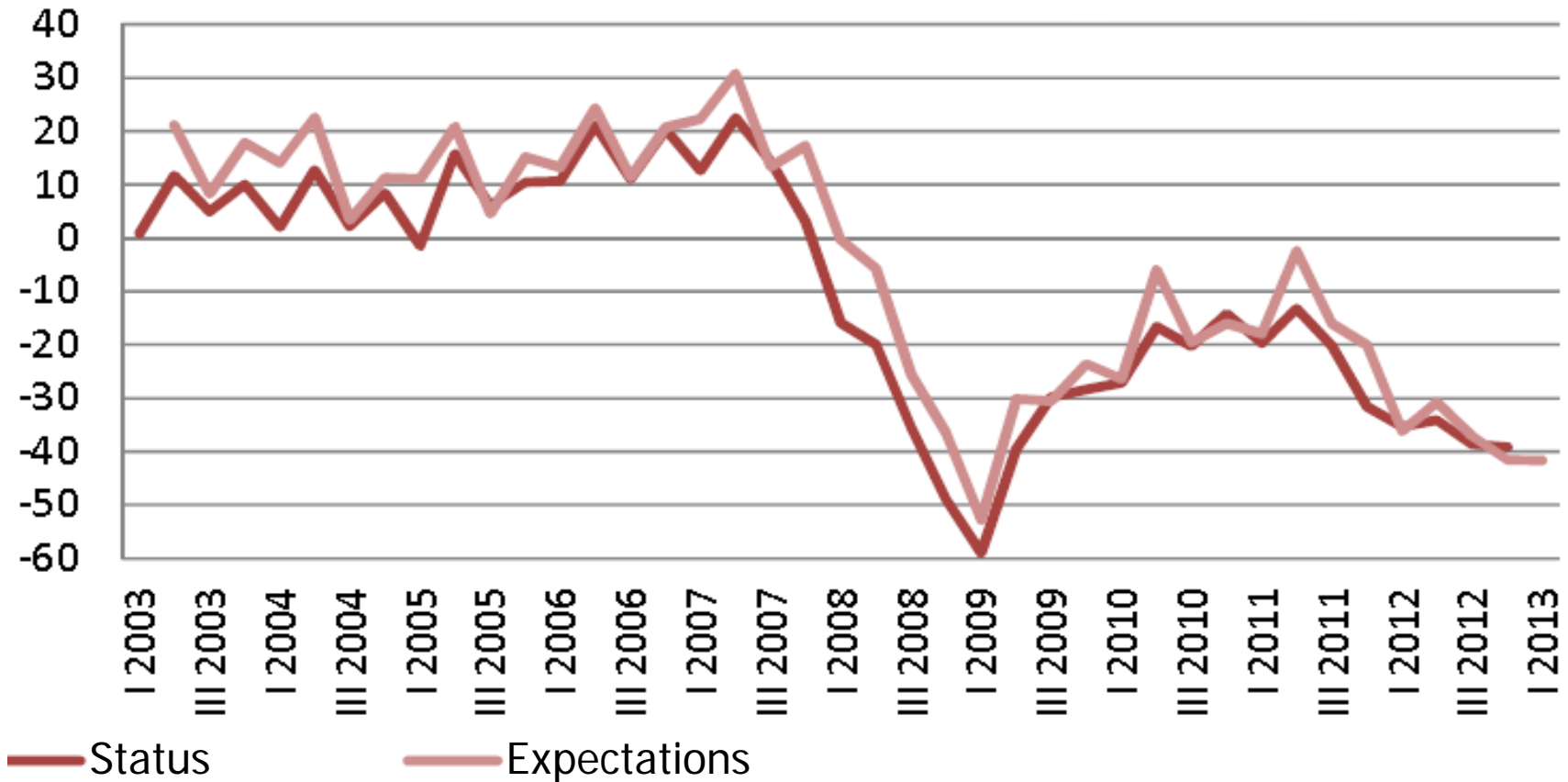
Business Confidence Indicator: Industry



Business Confidence Indicator. It has been constructed from a properly normalized geometric mean between the Status and Expectations.



Business Confidence Indicator: Industry



Status: Is the difference or balance between the percentage of favorable and unfavorable responses for the ending quarter.
Expectations: Reflects the difference or balance between the percentage of favorable and unfavorable responses for the next quarter. Status and Expectations can range from -100 to +100 .



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Main competitive advantages of MSEs:

- General conclusion: The greater size of firms provides competitive advantages, while small firms derive benefit from greater flexibility.
- Specifically:
 - Positive correlation between firm size and the likelihood of developing some kind of innovative activity.
 - Greater propensity to export and other internationalization formulas with more commitment than mere foreign trade.
 - The share of non-material investment (including R&D) is more pronounced in medium-sized firms.



Public support schemes: Objectives

- 1. Improving competitiveness in industry
- 2. Promoting innovation and R&D
- 3. Encouraging growth and dynamism in the SMEs
- 4. Favouring the orientation of firms towards international markets
- 5. Strengthening strategic sectors