The Spanish medium sized enterprise

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Círculo de Empresarios

Index

1. The medium sized enterprise: a new project of Círculo de Empresarios

On December of 2012 a work group was formed at Círculo de Empresarios with the mission to propose a new tool that allows the medium sized enterprise **to be valued through the use and systematization of available information**.

Círculo de Empresarios wants to have strong arguments that add realism to the economic, financial and social analysis of our enterprises, arguments to be used in the dialogue both with the media, particularly the foreign media, as well as with the Public Administration, research centers and the entrepreneurial world.

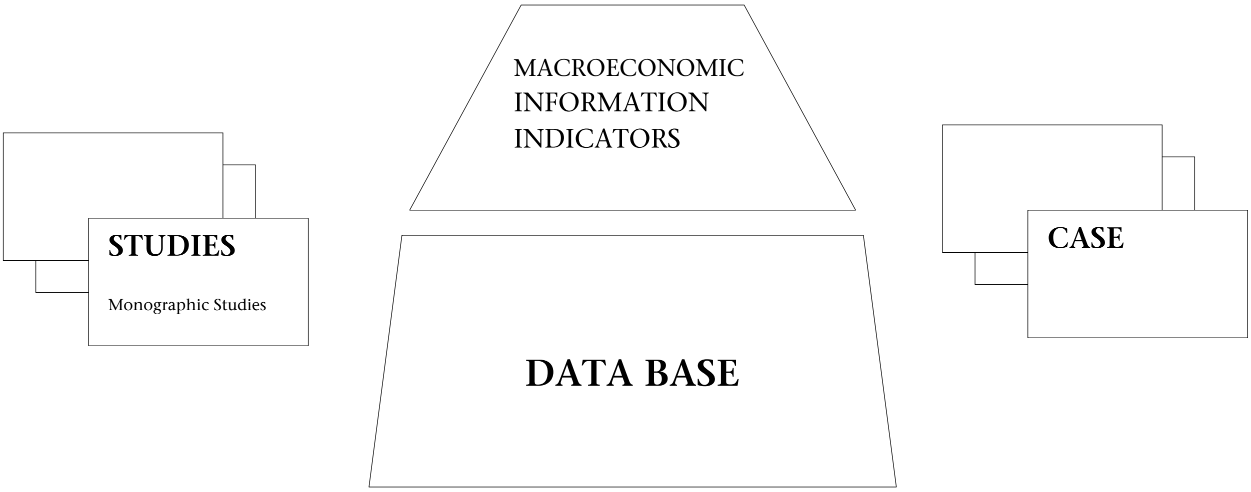
The goal is to come up with a close up diagnosis of the reality and dynamism of the medium sized enterprise in Spain, starting from the conviction that it is the motor of the new model of economic growth.

The systematization and use of this information will allow us to:

- Cover the lack of information about our entrepreneurial network
- Place our companies in the correct segment and have comparables
- Create a platform of knowledge that will allow Círculo de Empresarios to place itself as an opinion leader with the media, the Public Administration and the entrepreneurial world itself.

The systematization of the information will be an open iterative process in which new sources of information and available studies about the medium enterprise will be added.

The Proposal is an INFORMATION SYSTEM structured around 5 PIECES that have entity in themselves but that are complementary and strengthen each other to create a whole system that reflects the reality and dynamism of the medium enterprise.



The purpose is to act as a platform, as an interested connector of the available information and promote in this way the generation of new analysis and policies.

For the Project it is essential to have a data base that allows us to identify specific enterprises beyond official statistics, very complete but "anonymous".

The starting point of this project is **INFORMA's data base**, **once we have corroborated with INE (Spanish Statistical Office) the high coverage of the entrepreneurial population statistics elaborated by** DIRCE. In addition to the wide coverage, it guarantees a systematic periodic update that allows us to identify **trends and successful entrepreneurial strategies**.

The proposal includes the elaboration of an **annual report that reflects the situation of the medium sized enterprise in those key parameters of its activity reflected in its balance sheet and earnings report as well as its performance**. For 2013 we have a first picture with the last available data (2011) and a film since 2007. In this advance the Study Service that BBVA has, has already collaborated and will continue to do so in further editions of this report.

In order to bring the available information together, we will organize meetings with experts and with the institutions that publish statistics. In 2013 we have held meetings with INE and the Bank of Spain that we want to maintain regularly. The possibility of being able to collaborate in the future to include their information in our report opens, as well, a way for Círculo de Empresarios **to channel information demands and analysis** about the Spanish enterprise.

In addition to the Annual Report and the meetings with experts, our goal is to foster the making of monographic analysis and meetings with specific enterprises for them to explain their success story.

In 2013 the monographic analysis is incorporated to the Project, implemented by ATKearny with the goal to identify **success patterns** and trends that are sources of **competitiveness** for enterprises. The targets of the study are the most successful medium-big sized enterprises from different industries. We want to select the 30-50 best ones to analyze in depth the key factors behind their success through interviews with their main executives in order to identify the indentify the key trends.

Therefore, we will have a contrasted tool of information **that will allow Circulo de Empresarios to develop a medium/long term project trough the study of the trends of the medium sized enterprise in Spain as the catalyst of the new economic growth model**.

The main focus on the medium sized enterprise came up because of the results obtained in recent economic literature that stress the importance of gaining size to increase the entrepreneurial success possibilities. The size of the enterprise, often measured by the number of employees, is set to become one of the most relevant factors when the time comes to open and consolidate positions in foreign markets.[1] Exports and the growing internationalization of the economy form one of the main vectors around the new growth model.

Círculo de Empresarios through this project pretends to create **a platform of knowledge for the analysis** of the reality and dynamism of the Spanish medium sized enterprise.

- Gathering available information
- Acting as a lobby to demand new information
- Promoting monographic studies
- Giving visibility to specific entrepreneurial stories.

[1] See the detailed analysis about the relationship between the size of the company and internationalization in the Economic Observatory "The internationalization of the Spanish enterprise", BBVA Research

What is the medium sized enterprise?

The European Commission classifies companies using various parameters or a combination of them: employees, turnover volume and the total assets, all gathered in the following chart:

The European Union´s definition of the size of a company

Type of company	Employees	Income	Total assets
Micro company	Less than 10	<=2 million	<=2 million
Small company	From 10 to 49	From 2 to 10	From 2 to 10
Medium company	From 50 to 249	From 10 to 50	From 10 to 43
Big company	250 and more	More than 50	More than 43

Source: European Commission

The European Commission's data, based on **Eurostat as a source**, allow us to make comparisons in terms of the number of enterprises, the average entrepreneurial size or the contribution to employment and VAB (Gross Added Value), as well as the **company's productivity by employee stratus**.

Regarding Spain, in order to broaden the analysis with economic and financial information about the companies, we have INFORMA's data base at our disposal once it has been corroborated that it is representative of the entrepreneurial population and that, therefore, it has a greater than necessary scope to avoid biases in the conclusions that arise. For the analysis, all individual data from specific companies will be put together until macroeconomic data is reached. In this way, it will be possible to determine the pondered structure of our companies at two different levels: macro and micro. Any conclusion or trend observed will be corroborated with DIRCE and other data bases as well as with their peers at the European level gathered by Eurostat.

This report also covers, beside the launch of the project, a first photograph of the available information and an advance of the report about the medium sized enterprise using the chosen data base.

2. The available information to analyze the entrepreneurial reality

This project done by Círculo comes up because of the need to deliver a detailed and close up diagnosis of the reality of these companies, that being a necessary pillar for the growth of the Spanish economy, do not have a systematic reference in the economic debate. The project will serve in this sense to set the basis for a very important progress towards the knowledge about the functioning, potential and dynamism of our economy. It must not be forgotten that a country does not produce or compete, it is their companies that do so.

Surprisingly, we have checked that there are barely research studies about this type of medium sized enterprises in other countries, and an effort has not been made to make uniform the existent information to aid in international comparisons. There are more empiric studies at the enterprise level. However, these tend to focus on specific aspects (for example, innovation, internationalization determinants, etc)., but there are less studies that try to systematically analyze the entrepreneurial reality of a country and to identify in a contemporary way the underlying factors to the entrepreneurial behavior.

In this first examination of the available information, existing studies recurrently use the following sources:

- **DIRCE** (INE) (Enterprises Central Directory) (Spanish Statistical Office)
- **Central Balance Sheet Data Office** (Bank of Spain)
- **Entrepreneurial Strategy Survey** (Fundación SEPI)
- **EFIGE Project** (European Firms in a Global Economy)
- **The European Observatory for SMEs** (European Commission)
- **Iberian Balance Sheet Analysis System** (SABI)
- **AMADEUS' data base**

DIRCE (INE): Enterprises Central Directory (Spanish Statistical Office)

Enterprises Central Directory, with a universe of 3,2 million active unities. The last available information dates January first 2012.

The **Enterprises Central Directory (DIRCE)** unites under a unique information system all the Spanish enterprises and their local branches based on national territory. Its primary goal is to make economic surveys possible through samplings. It is updated once a year, creating a new information system every January first of each period.

A statistic use of the results for companies and local branches is published, broken down by Autonomous Communities according to their legal status, main economic activity and payroll stratus assigned. DIRCE generates information associated to: admissions, stays and casualties, classifying them according to the economic sector, legal status and payroll stratus.

Data from DIRCE, January 1st, 2012
Distribution by size of the Spanish enterprises with employees

	Micro (with employees)	Small	Medium	Big	TOTAL
	up to 9 employees	*From 10 to 49*	*From 50 to 199*	*More than 200*	
Number of companies	1,288,390	122.183	19.134	4.923	1.434.630
% over total	89.8%	8,5%	1,3%	0,3%	100,0%
Number of employees	3.446.489	2.478.795	1.917.600	2.833.900	10.676.784
% over total	32,3%	23,2%	18,0%	26,5%	100,0%

Note: DIRCE also collects data from 1,76 million companies without employees on payroll

Source: DIRCE 2012 (INE)

Central Balance Sheet Data Office (Bank of Spain):

Economic-financial information about non financial companies that is analyzed through the sample of companies that voluntarily collaborate.

The last annual report that covers the balance sheet and earning statements of non financial companies dates back to 2011, even though the quarterly economic Bulletin publishes an article with the results of the previous quarter. The annual sample of companies is set at about 10.000 unities with a very high participation of companies with a bigger size.

Central Balance Sheet Data Office, 2011
Distribution of the Spanish enterprise by size

	Micro	Small	Medium	Big	TOTAL
	up to 9 employees	*From 10 to 49*	*From 50 to 249*	*More than 250*	
Number of enterprises	1.411	3.892	2.842	1.893	10.038
% over total	14,1%	38,8%	28,3%	18,9%	
Number of employees	4.711,0	97.736,0	219.411,0	2.264.221,0	2.586.079
% over total	0,2%	3,8%	8,5%	87,6%	

Source: Central Balance Sheet Data Office, Bank of Spain

Survey about Entrepreneurial Strategies (SEPI Foundation)

The SEPI Foundation does an annual panel survey directed at industrial manufacturing companies based in Spain, called Entrepreneurial Strategies Survey (ESEE in Spanish). The ESEE has its origin in an agreement reached in 1990 by the Industry Ministry and the SEPI Foundation, responsible for the design, control and implementation of the survey. From that date about 1.800 industrial companies have been surveyed annually on average thanks to a questionnaire of 107 inquiries, with more than 500 fields, that also include information about their earning statements and balance sheets.

EFIGE (European Firms in Global Economy) Project:

The project started in 2008 and the surveys to companies from 7 European countries (Germany, France, Italy, Spain, Great Britain, Austria and Hungry) have been conducted since 2010. The project covers about 16.000 companies from the manufacturing sector with more than 10 employees (big countries like Spain also have a sample with 3.000 enterprises in the survey). The reports generated are centered on competitiveness and innovation, although they also include aspects related to the internationalization of the companies and their structural characteristics (employment, organization, financial strategy…). Therefore, the information could be used to complete the analysis of the Spanish enterprise in its international comparison but it does not allow a systematic monitoring of the evolution of the entrepreneurial network.

European Observatory for SMEs (European Commission):

An annual report about the small and medium sized enterprise in the EU countries is published based on information compiled by Eurostat (based on National Statistic Offices). It analyses the contribution of the small and medium sized enterprise to growth an employment in the 27 countries that belong to the EU.

Iberian Balance Sheet Analysis System (SABI):

Economic-financial data base elaborated by INFORMA D&B in collaboration with Bureau Van Dijk that includes information about 1.247.469 Spanish enterprises (674.295 companies with balance sheet data dated at the end of 2011). Among the advantages that we highlight it offers a wide coverage over DIRCE's population, it has individual company data that allow us to identify specific companies compared to official statistics, very complete but anonymous. Furthermore it guarantees a periodic update of the information based on the information companies deposit at the Registries.

Amadeus' data base:

Economic-financial information about 20,6 million companies from 43 countries. In Spain's case it is fed by INFORMA D&B.

Some bibliographic references:

European Commission (2012): *Annual report on small and medium-sized enterprises in the EU, 2011/2012*

Bank of Spain (2012): Central Balance Sheet Data Office. *Non financial companies annual results 2011*.

Spanish Statistical Office (2012): *Central Enterprises Directory DIRCE*

SEPI Foundation (2012): *Entrepreneurial Strategies Survey* (ESEE)

Industry General Management and the small and medium-sized enterprise (2012): Small and Medium sized enterprises (PYME in Spanish) Statistics.

Political General Management at the small and medium sized enterprise (2011): *Report of the work group on entrepreneurial growth by The European Observatory for SMEs*.

Sub General Department for the support of SMEs (2013): SME portrait 2013.

Nuria Villalba Villalba, King Juan Carlos University (2001): *Dynamic of the entrepreneurial size in Spain an in the European Union*.

Chambers of Commerce Research (2005): *Spanish enterprises. Competitiveness and Size*

BBVA Research (2013). *The internationalization of the Spanish companies*.

Regarding our project, we are going to consider Eurostat for the macro comparisons with Europe and INFORMA (SABI) for the micro analysis of the Spanish reality, once the representation of the data base is contrasted regarding that of DIRCE.

In any case, the systematization of the information will be an iterative open process in which new sources of information and available studies about the medium sized enterprise that enrich the diagnosis and possible politics to strengthen the dynamism of this type of company will be added.

3. First advance of the Spanish medium sized enterprise

This is Círculo de Empresarios' first report about the Spanish medium sized enterprise. It is the first step of a project that intends to be long term under the certainty that a systematic analysis will bring in arguments to foster entrepreneurial policies that will strengthen our economic model.

The first part aims at an analysis that starts out from a **comparison with our immediate surroundings**, in particular, a selection of countries, using Eurostat data that are estimates of the year 2013. Starting from the **entrepreneurial structure** comparative, the contribution to employment and Gross Added Value (VAB) is analyzed, as well as the productivity segmented by company size, based on the number of employees under payroll, which is the criteria used by Eurostat. It is a starting point so that in further editions a follow up of that structure can be done.

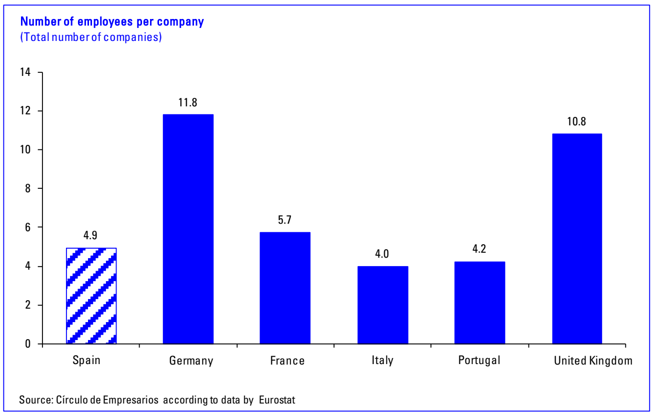
In a second part the **Spanish reality is analyzed centering the attention on the medium sized enterprise**, using as a source annual reports form 2011 disclosed up to June 2012 in the registry and compiled by INFORMA for SABI. In Spain's case a first analysis of the performance can be done since we have consistent data **since 2007**.

A) The Spanish enterprise in Europe

In Spain, the average number of employees per company is 4,9, less than half the number in Great Britain or Germany and one of the smaller sizes of the main EU countries. This smaller entrepreneurial size is explained by the limited presence in our economy of big and medium sized enterprises, that represent a 0,8% share of the total number of companies, according to Eurostat's data dated 2013.

Year 2013. Eurostat Estimates

Number of companies (% over total)	Spain	Germany	France	Italy	Portugal	UK
Micro (from 0-9)	93,8%	83,2%	93,0%	94,6%	94,1%	89,6%
Small (from 10-49)	5,4%	13,7%	5,9%	4,8%	5,0%	8,5%
Medium (from 50-249)	0,7%	2,6%	0,9%	0,5%	0,7%	1,5%
Big (more than 250)	0,1%	0,5%	0,2%	0,1%	0,1%	0,4%
TOTAL	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%



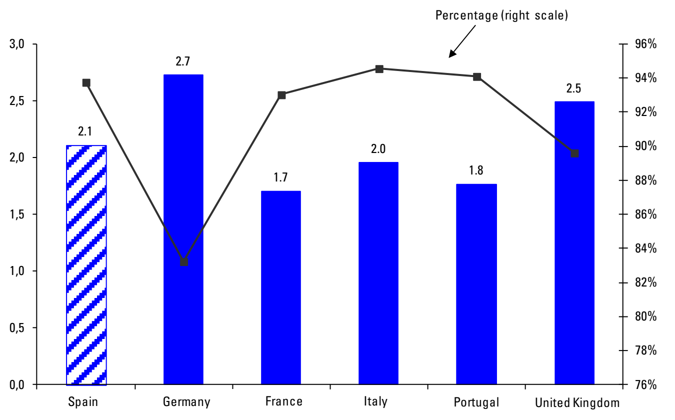
- The analysis of the average size by company type indicates that the average size of the Spanish micro company is bigger than that in France and Portugal and very close to Italian companies. Italy and Spain also have a similar share of companies of less than 10 employees over the entire entrepreneurial population, around 94%.

- The small sized Spanish enterprise (from 10 to 49 employees) has 19,3 employees on average, a size very similar to that in Germany and France. However, the percentage of this type of company is about 14% of the total number of enterprises in Germany while in Spain of France it does not reach 6%.

- From the group of companies analyzed Germany is the one that has the higher presence of medium enterprises (2,6% of the total), which is almost three times the rate in Spain. However, the average size of the medium German companies is one of the smallest, with 94,2 employees per company, compared to the almost 100 employees in the Spanish and French medium sized enterprises. This ratio is only exceeded by the United Kingdom where medium sized enterprises employ on average about 107 employees.

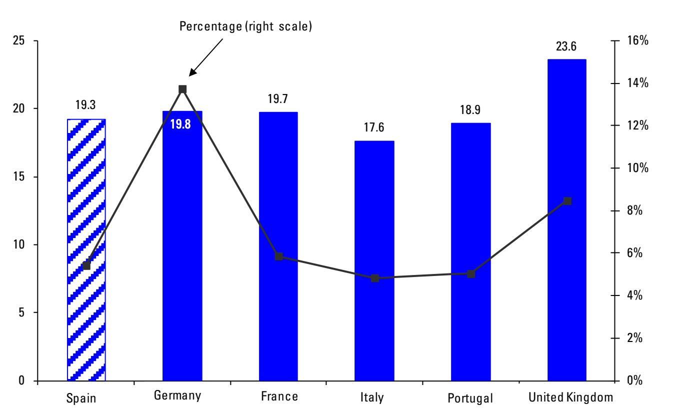
- The average big sized Spanish companies (1.017 employees on average) are similar to the average French enterprises and bigger than the German companies of that size, that, in any case, have a much wider representation than in our country. Similarly to the medium sized enterprise case, the United Kingdom is the economy with the greatest big sized enterprises and a high share of them of the total number of companies, only exceeded by Germany.

Number of employees per company and % of companies over the total
(Micro enterprises)

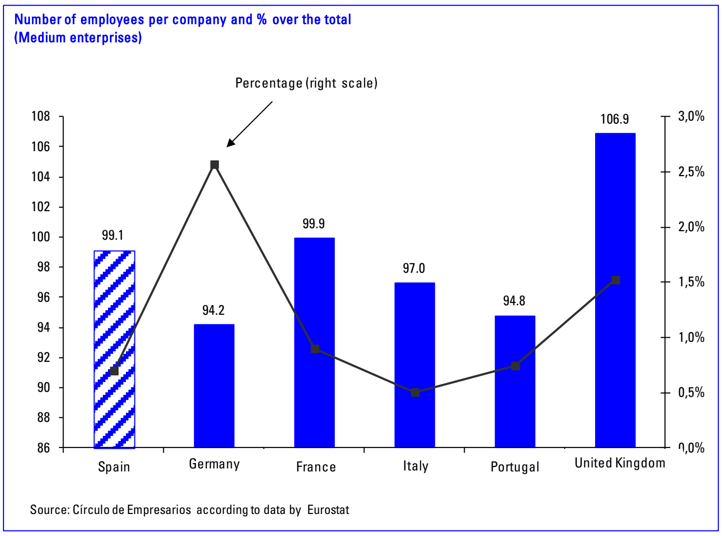


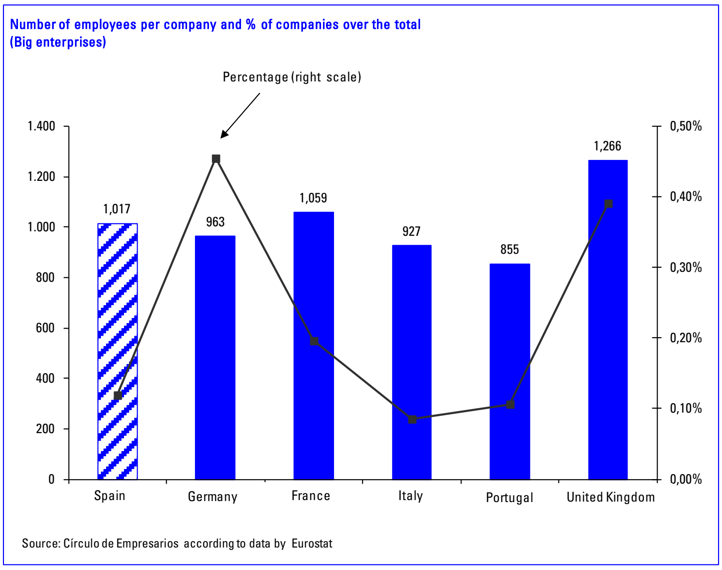
Source: Circulo de Empresarios according to data by Eurostat

Number of employees per company and % of companies over the total
(Small enterprises)



Source: Circulo de Empresarios according to data by Eurostat





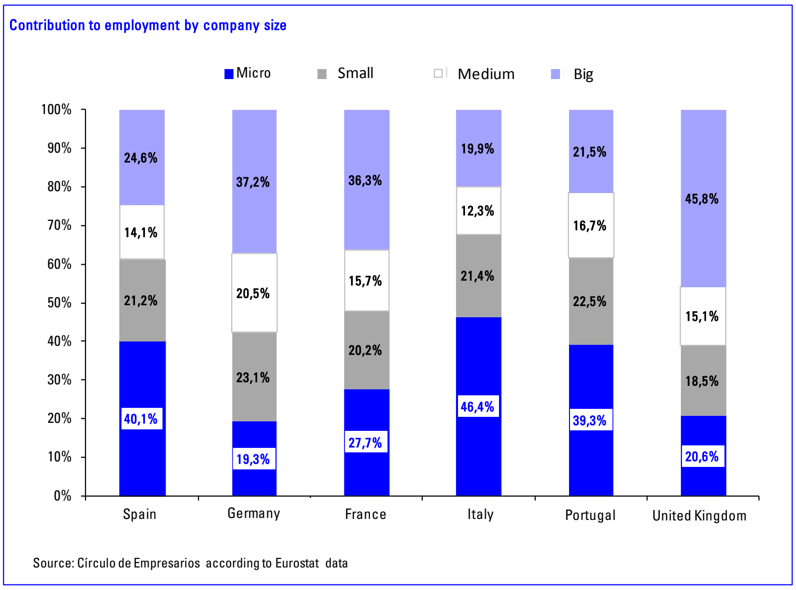
Contribution to employment and VAB

- Spanish micro sized enterprises employ 40% of the occupied workforce, a percentage only exceeded by Italy (46%) where this type of companies represent 94,6% of the total, above the 93% that corresponds to Spain.

- Small enterprises employ 21,2% of the workforce in Spain, similar to small Italian enterprises and below the 23,1% that corresponds to Germany, where this type of companies concentrate 13,7% of total employment, the biggest percentage of all countries considered.

- Spain is with Italy the country **with the lowest contribution to employment from the medium sized enterprise, with 14,1%** of the total occupation, compared to the 20,5% that corresponds to Germany.

- The **big British companies** have a greater size than the average in the rest of the countries considered and concentrate about 46% of total employment, compared to the 24,6% that corresponds to Spain. In our country big companies have an important size but they have a small share of the entrepreneurial network and employment.



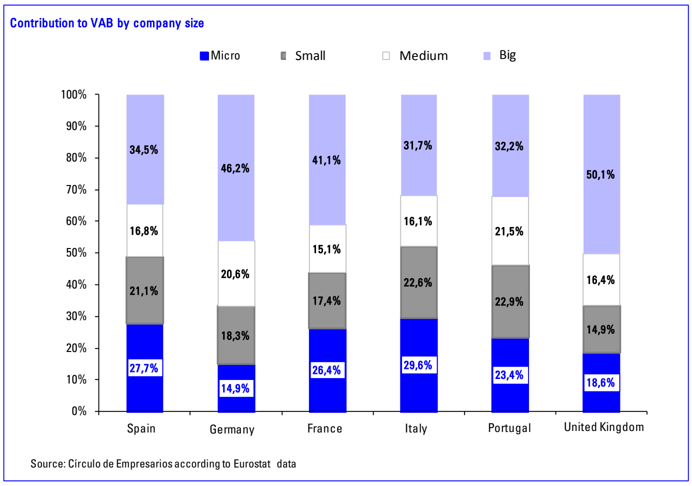
- The contribution to the Gross Added Value (VAB) of the different categories of Spanish companies is more like that of the rest of the EU than what their contribution to employment is.

- Despite the high contribution to employment of micro companies in Spain (40%), their participation in the VAB is 27,7%, which implies that the **productivity per worker is reduced in this entrepreneurial typology**. In fact, the VAB per employee is stated around 30.000 euros, compared to the 40.000 euro average in the countries analyzed.

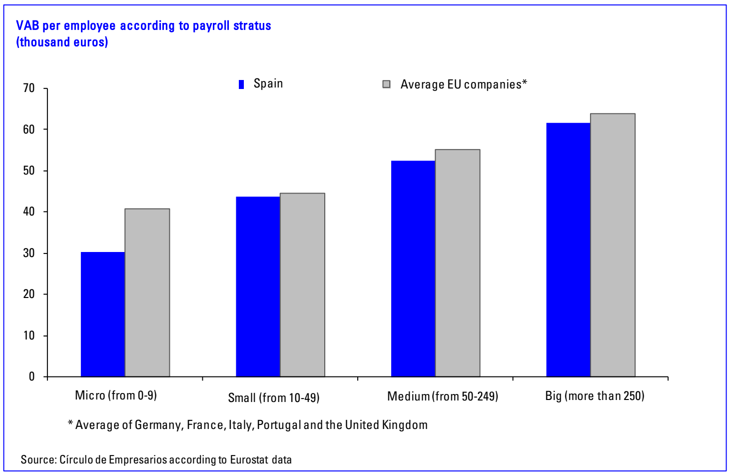
- Spanish companies' **productivity levels increase with size**, so that small enterprises have a more balanced participation in employment (21%) and in VAB (21%) than micro companies.

- In the **medium enterprises** the VAB per employees is set around 52.300 euros, the lowest ratio of all countries considered if we exclude Portugal (33.500). The contribution to VAB of the medium Spanish enterprise is 16,8% of the total, above that corresponding to countries like the United Kingdom or France.

- In the United Kingdom half of VAB is generated by the big enterprise group while in Germany more than 46% of the contribution is concentrated on this entrepreneurial typology.



In Spain **the productivity increase is bigger when there is a jump from one category size to the next one up**, if it is compared to the increase that other European companies from other countries also experiment. This jump is especially relevant in the case of the small enterprises that increase their productivity 45% in comparison to the lower tranche company size, and compared to the 9% increase corresponding on average to the companies of the countries of the EU considered.



Conclusions

Spanish ***enterprises are smaller on average*** *than those of the main countries of the EU due to the small proportion of medium and big companies in our economy. This share has been stable compared to the years before the crisis, around 0,9% of the total number of enterprises if we add the medium and big enterprise group.*

Number of companies in Spain. Evolution

Size	2008	% over total	2013	% over total
Micro (0-9)	2.450.102	93,1%	2.293.749	93,8%
Small (from 10-49)	157.551	6,0%	132.660	5,4%
Medium (from 50-249)	20.497	0,8%	17.137	0,7%
Big (more than 250)	3.250	0,1%	2.922	0,1%
TOTAL	2.631.400	100,0%	2.446.468	100,0%

Source: Círculo de Empresarios according to Eurostat data

The Spanish small and micro enterprise contribution to employment *is above 60%, compared to the 50% average in the main countries of the EU. However, the contribution to the VAB of these two enterprise groups is 48,8%, closer to the 42% that corresponds to the average in the countries of the EU considered a reference.*

While in economies like Germany and, especially, the United Kingdom, around 50% of VAB is generated by big companies, in Spain the medium and big sized enterprises need to be aggregated to get this participation in the Gross Added Value (VAB).

In Spain there is a ***smaller participation*** *in the entrepreneurial network of companies with a* ***higher scale*** *that are more productive. Therefore, to improve productivity levels in our economy and to achieve sustainable growth it is necessary to have a source of medium enterprises that can compete in international markets and with the capacity to innovate.*

In fact, if Spain had Germany's composition by company size, available estimates suggest that the aggregated productivity would be 13% higher than the current one.

Therefore, in order for our economy to register productivity gains it would be necessary to eliminate all sort of bureaucratic, fiscal and labor barriers that hamper the normal growth of the companies in our country.

B) The medium sized Spanish enterprise

This second part of the report analyzes the Spanish reality focusing on the medium enterprise, with the characteristics and profiles that are disclosed on Box 1, using as a source 2011 annual earnings reports disclosed up to June 2012 in the registry and compiled by INFORMA for SABI. In Spain's case a first analysis of the performance can be done since we have consistent data from 2007.

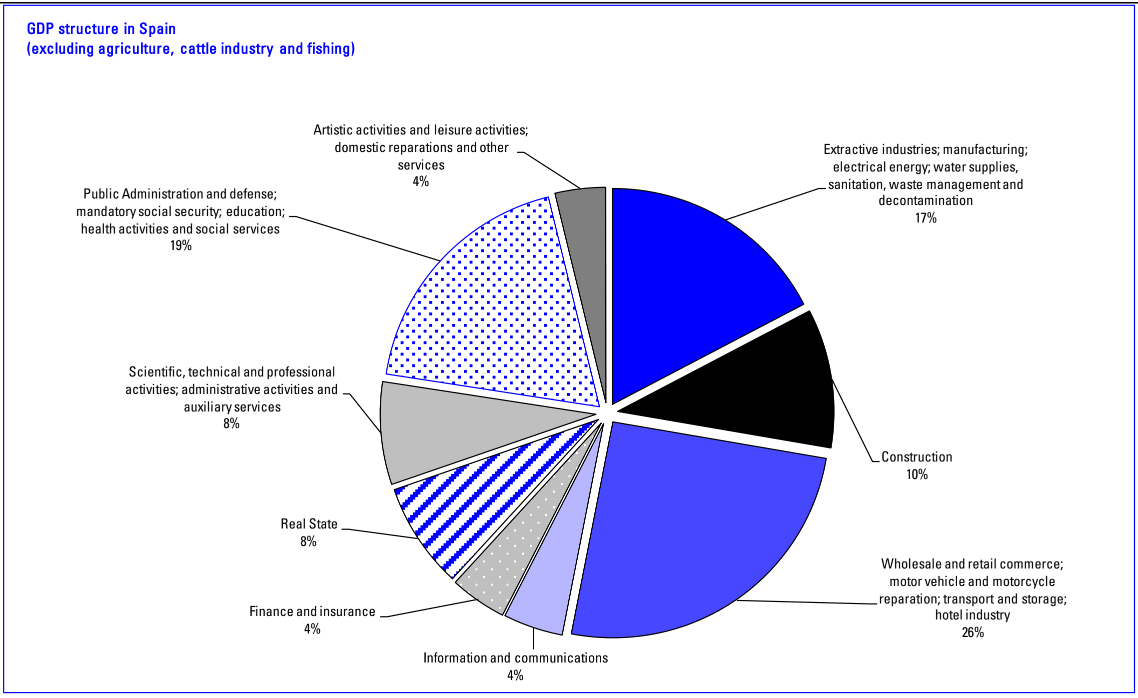
Box 1. Profile of the companies considered for this report

The **representation** of medium enterprises in INFORMA's data base is very high (with a **size between 50 and 249 employees, according to EU criteria**)

Medium enterprises are about 0,7% of the total number of companies, they concentrate about 14,1% of total employment and generate 16,8% of Gross Added Value in Spain.

In order to define the characteristics of the companies under study, those that are quoted on the Ibex exchange and big enterprises of more than 250 employees are excluded.

Additionally, companies that belong to the real state sector or financial intermediaries are excluded because of their special casuistry and the fact that they are in a restructuring process, as the Public Administration is. According to National Accounting data, these two sectors add 12% to the GDP over the total and the Public Administration a 19%.



For our analysis of the **medium sized enterprise** we have INFORMA's data base with balance sheets y earnings reports of over 10.000 companies that have from 50 to 249 employees, segmented into more than 15 economic sectors.

It should be noted that for the comparison of Spanish companies to those of the EU, according to Eurostat's data base, the entire entrepreneurial network is considered and not only the enterprise characteristics detailed before.

Indicators for the analysis

To make the analysis of the medium enterprise we have identified the most significant variables to characterize the model "type" enterprise building a set of indicators and ratios from which to compile the most remarkable information about these companies; following the criteria that any company analyst would use.

The data are averages and therefore there will be a big dispersion among the different sectors and company sizes, although we could say that those averages are the best approximation to the reality of the group that we are analyzing, given the high representation of the sample that we are using.

The main ratios included in the analysis are:

- The average number of employees per company. This ratio is representative of the entrepreneurial size.
- Asset average per company. It is another measure of the size of the company and it quantifies in economic terms the means necessary to generate business.
- Revenue per employee. This ratio can be considered a productivity indicator.
- Average cost per employee (thousand euros). It allows knowing the cost of the workforce. It could serve as an approximation of the competitiveness of different groups of companies.
- Current assets/Current liabilities. It is a liquidity indicator since it shows if the company has enough resources in the short term to meet its obligations. It is important to point out that certain sectors have a ratio lower than one are perfectly solvent.
- Equity ratio. It measures the weight of equity over assets and if offers information about the entrepreneurial debt level.
- Debt to equity. It is a solvency ratio. It will allow to analyze if different types of enterprises finance themselves more with debt or with capital, in other words, if the company size has an influence over the capital structure.
- Debt service coverage ratio. It is another solvency ratio. It allows measuring financial risk since it points out the effect of interest rate movements, credit risk and investments financed with debt or with the generated results.
- Return on Assets (ROA). It is a profitability ratio. It measures the profitability of the company against equity. It reflects the return of the investment for the shareholder.

Portrait the medium enterprise

- In **Spain the average number of workers in the medium sized enterprise is 97**, very close to the average in the countries of the EU considered in the previous section (Germany, France, Italy, Portugal and United Kingdom). The **average cost per employee** is slightly above 36.000 euros annually.
- **Asset average per company is set at 26,3 million euros**, so that Spanish medium enterprises are in the middle of the range considered by the European Commission's parameters (from 10 up to 43 million euros). The **average turnover**, it is set at 22 million euros, in the lower part of the range considered as a medium enterprise by the EC, from 10 up to 50 million euros.
- Medium enterprises **show a an equity ratio of 33,4%, the debt to equity ratio is set at an elevated 61%** and the coverage levels are reduced to minimum levels over the period analyzed due to the earnings slump.
- The intensity of the economic crisis has an amplified effect on the entrepreneurial earning results measured by the **economic profitability** over assets, that was set at 0,9% on average in 2011, as well as the financial return.

Performance of the medium enterprise in a crisis phase

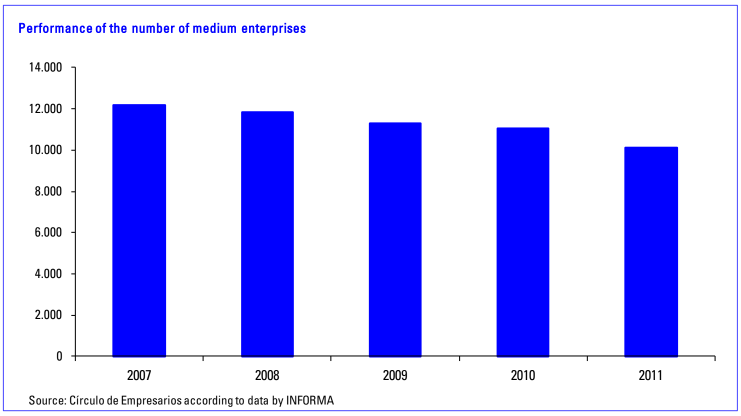
Once the picture of the last year for which we have information is done we center our analysis on the performance of the medium enterprise over the last few years. The **number of medium enterprises** has been reduced by 17% from the period 2007-2011, a smaller percentage than the 20% decrease registered in the entire set of enterprises.

Average enterprises (from 50 to 249 employees)
Main ratios

	2011
Average number of employees per company	97,2
Average asset per company (million euros)	26,3
Turnover per company (million euros)	22,0
Turnover per employee (thousand euros)	225,99
Average cost per employee (thousand euros)	36,03
Current assets/current liabilities (solvency)	1,34
Equity ratio	33,4%
Debt to equity ratio	61,0%
Debt Service Coverage Ratio	2,72
Economic return	0,9%
Financial return	1,7%

Source: Círculo de Empresarios according to data by INFORMA

- **Employment** has also been reduced during the crisis, it has decreased 19% in the entire set of companies, with a cumulative variation of -16% in medium enterprises, a -22% in small enterprises and 0% in big enterprises.
- In the medium sized enterprises, **the average number of employees** has lightly increased, which points out that the companies that survive, independently of the quantity, find themselves in a better competitive position. It is possible that the growth in the average number of employees comes from those companies that were big the year before and that with the crisis, become medium sized.
- The increase in the **average asset per company** has been greater. It has exceeded 26 millon euros compared to the 17 million corresponding to 2007, as a reflection of the greater dimension of the medium sized enterprise.
- Turnover per company has also experimented important growth over the period under analysis, something that points out the **productivity increase for the medium sized Spanish en**terprise. In fact **turnover per employee** was above 225.000 euros in 2011, compared to the 192.000 that corresponded to the year before the crisis phase started.
- **Return ratios**, the other side of the coin, have slumped over the last years. Economic return, measured by the ratio of income before taxes over assets, show an abrupt fall since 2008 and a minimum is reached at 0,9% in 2011 for the entire set of medium enterprises. Profitability returns are able to rebound in 2010 as a consequence of the temporary improvement of entrepreneurial earnings that year.
- **Debt levels** have been significantly reduced since the highest levels reached in 2008 as the 12 percentage point decrease of the debt to equity ratio shows. The coverage ratio worsens due to an EBITDA fall greater than financial costs.



Conclusions

*Spanish **medium sized enterprises** have an average size similar to those of the main EU countries, the asset per company is set on the average range considered by the European Commission as a medium enterprise and the turnover on the lower part of the range considered.*

*Spanish **medium enterprises have strengthened in terms of size during the crisis**, measured by the average number of employees, the average assets per company and the average turnover.*

*The medium enterprise has been **able to increase its productivity** over the last few years as is shown by the cumulative increase of the turnover per employee.*

Despite the volatility of the ratios analyzed over the last years, their performance allows to extract some facts like the deleveraging of the medium enterprise since 2008.

4. Recent publications by Círculo de Empresarios

Taking stands, *Employment and entrepreneurial competitiveness proposals*, September 2013.

The entrepreneurial situation is… monthly publication from June 2012 to September 2013.

The economic situation is… monthly publication from February 2011 to September 2013.

The entrepreneurial law that Spain needs, April 2013.

Círculo de Empresarios Documents, *Economic growth from the perspective of the Spanish Enterprise*, January/February 2013.

2012 Yearbook, *The internationalization of the Spanish enterprise*, Wharton School and Círculo de Empresarios, December 2012.

Círculo de Empresarios Documents, *State General Budget (PGE) -2013: the time of the Territorial Administrations*, September/October 2012

Círculo de Empresarios Documents, *A sustainable system (II),* June/July 2012.

XXVIII Edition of the Brown Book, *The future of the euro*, July 2012.

Facing the crisis in Spain and the euro, June 2012.

Círculo de Empresarios Documents, State General Budget (PGE) -2012: *emergency consolidation as the first step*, March/ April 2012.