

# SME growth outlook 2018-19 – TOP 5 insights

As economic growth forecasts across Europe continue to improve, SMEs with international ambitions remain optimistic about their future growth. The Enterprise Europe Network's 2018 survey data shows consistent levels of confidence among SMEs in Europe in terms of growth and job creation compared to 2017. This year, traditional companies showed an upswing in confidence and globally ambitious companies were the most upbeat about gaining market share. Hot-spots of positivity were spread across Denmark, Portugal, Slovakia and Sweden. Outside the EU28, SMEs in Serbia and in Bosnia & Herzegovina showed the highest levels of optimism for the future.



## 1. A healthy outlook for turnover

**63 % of SMEs who internationalise expect to increase their turnover in the next 12 months.**

Around two thirds of small businesses continue to be optimistic that expanding their businesses beyond their home countries will pay off within the coming year. Of these, 65 % were traditional companies – showed a resurgence in confidence among this group. Danish and Slovakian SMEs (85 %) were most confident about increasing their turnover while small businesses in Belgium (46 %) had the lowest expectations.



## 2. A steadily growing workforce

**33 % of SMEs expect to create jobs in the next year.** The positive trend in Europe's employment levels is reflected among Europe's internationally ambitious SMEs. Around a third of them expect to create jobs in the coming year. Around 40 % of these are innovative companies, suggesting a wide variety of employment opportunities. Swedish SMEs (46 %) had the highest expectations for job creation while SMEs in the Netherlands (20 %) were the least optimistic.



## 3. Optimism for future growth

**54 % of SMEs expect to increase their market share in the next 12 months.** Small businesses remain bullish about their growth prospects with more than half expecting to increase their market share. Of these, more than a third also expect to improve their products or services through innovation. While this represents a slightly lower proportion compared to 2017, innovation nevertheless remains a driver for growth. We found the most optimistic SMEs in Portugal (70 %). SMEs in Lithuania (37 %) were the most cautious about their near-term growth prospects.



## 4. Positive prospects for globally ambitious SMEs

**Companies with global growth ambitions are the most confident: 67 % of companies targeting their international expansion beyond the EU were confident of increasing their market share** (compared to 54 % whose focus was primarily within the EU). This globally ambitious breed of company is growing. Whereas in 2009 they represented just 3 % of business partnerships supported by the Enterprise Europe Network, by 2017 this figure was close to 9 % of the total volume.



## 5. An innovation growth hub in the Balkans

**Outside the EU, small businesses in Serbia and Bosnia & Herzegovina show the highest degree of optimism in terms of creating jobs and growing their businesses.** In Serbia, 80 % of SMEs seeking to internationalise were confident that they would increase their turnover and 87 % expected to increase their market share in the next 12 months. Of these, over 50 % were innovative companies. In Bosnia & Herzegovina, 45 % expected to create jobs in the coming year, of which 62 % were innovative companies.