



## EN RLMM Anthology 2020

### Call for Papers

#### **The Importance of SMEs as Innovators of Sustainable Inclusive Employment: New Evidence from Regional Labour Markets**

Each year the EN RLMM publishes an Anthology. The topic for the next call is “The Importance of SMEs as Innovators of Sustainable Inclusive Employment: New Evidence from Regional Labour Markets” and we are now looking for new contributions from labour market researchers and practitioners. A number of papers from the Anthology will be presented at the Annual Meeting of the EN RLMM taking place 17<sup>th</sup> and 18<sup>th</sup> September 2019 in Sardinia.

Regional and local labour market observatories provide information on the current and prospective developments in the labour market, for example on employment structures or the matching of labour and skills supply and demand. This monitoring is based on the classical classes used for presenting the business ecosystem which separates small and medium sized enterprises (SMEs) with 1-249 persons employed from large enterprises with 250 or more persons employed.

SMEs are often referred to as the backbone of the European economy, providing a potential source for jobs and economic growth. In 2015, following Eurostat, enterprises employing fewer than 250 persons represented 99 % of all enterprises in the European Union (EU). Among them, a vast majority are micro-sized firms, that is to say with less than 9 employees. Indeed, in 2017, they represent 93% of the total of the 24.5 Million SMEs of the EU<sup>1</sup>. If we look in terms of number of employees, SMEs employ 66.3% of total EU employees in 2015<sup>2</sup>.

A special SME envoy has been set up in the European Commission Directorate-General for Enterprise and Industry with the objective of better integration of the SME dimension into EU policies. In its SME regional policies, the EU explains that *“maintaining a broad base of small and medium-sized enterprises is very important for the economic development, wealth and sustainability of a region. To help create a business friendly environment and boost SMEs' competitiveness on a regional level as well, the European Commission provides analysis, shares best practices, programmes and policy initiatives.”*<sup>3</sup>

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<sup>1</sup> <https://www.statista.com/statistics/878412/number-of-smes-in-europe-by-size/>

<sup>2</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php/Statistics\\_on\\_small\\_and\\_medium-sized\\_enterprises#General\\_overview](https://ec.europa.eu/eurostat/statistics-explained/index.php/Statistics_on_small_and_medium-sized_enterprises#General_overview)

<sup>3</sup> <https://ec.europa.eu/growth/smes/business-friendly-environment/regional-policies/>



All these elements illustrate, as do others discussed below, the important but specific contributions of SMEs. For its 2020 anthology, the EN RLMM decided to highlight SMEs' potential role as innovators of sustainable inclusive employment as demonstrated by the means of evidence and knowledge produced by regional and local labour market observatories.

A number of European or national statistics exist to analyse SMEs' but they generally use the same categories as for large firms and are, in general, constructed from a large firm perspective or in any case not from a framework based on SME characteristics. Many academic papers focusing on SMEs show that they cannot fully be understood using the same categories as with large firms. The general idea is that firstly, SMEs are same as large ones, just smaller. Secondly, the assumption that they will grow up to become Midcaps, then large firms, is incorrect. Torres and Julien (2005) start their article explaining that *"Most, if not all, researchers in small business have accepted the idea that small business is specific (the preponderant role of the owner-manager, low level of functional breakdown, intuitive strategy, etc.)"*. A 2019 French publication directed by Bentabet and Gadille tackles the issue of SMEs focussing on their specific "social worlds", their "action models and logics", while elsewhere the influences of institutional logics and multi-rationalities of SMEs have been considered. The entry of social worlds highlights the great diversity of micro-enterprises and SMEs, which often makes it difficult to analyse them. As a counterpoint, specific knowledge of these companies is required because they are at the heart of the debates on flexibility, labour market dynamics, skilled labour shortage and disruptions in the vocational training system.

**While public policies, both European and national, have made business creation and SMEs key elements to support employment growth, these companies are still struggling to hire and retain the necessary skilled staff. How do they recruit? What are the specific forms of labour relations and management in these structures? Are we witnessing the emergence of a modernized human resources management? As the title of the call says, are they innovators of sustainable inclusive employment? This question could also be linked to the 2019 Anthology of the EN RLMM topic which was the informal employment. Indeed, political, fiscal and economic support of SMEs in their structuration, development and strategy could give an alternative for workers being in informal jobs.**

**Regional labour market monitoring is a relevant level to tackle the issue of SMEs because many authors show how SMEs are closely linked with their territories, especially small and medium-sized cities, deeply engaged with them in terms of activities but hiring and training too.**

Over the years, regional and local labour market observatories have provided reliable and targeted labour market information and intelligence for regional and local decision-makers (Larsen et al., 2013). To extend this support to decision-makers in the fields of the peculiar actors which are SMEs, they need both to integrate their specificity in their data, analyses, productions and to pass on this idea to decision-makers.



As an example of this point, Métailler (2016) examines the links between human resource management (HRM) and knowledge management (KM) in the context of technological SMEs. While recognising that KM practices within SMEs are likely to be informal and not well documented, he found that the HRM processes set up by entrepreneurs do, in fact, demonstrate the adoption of implicit KM practices. The study shows that, while the role of the entrepreneur is central, it is supported by distributed expertise following implicit KM processes established through HRM practices. Other works from Métailler on technological SMEs also teach us that even if intermediaries and policies provide SMEs with norms and tools, this is not enough to ensure their usages and appropriation.

Consequently, we are looking for contributions which would address questions such as:

**How can regional labour market observatories address SMEs issues?**

- Which types of data do they use to produce SMEs figures in the territories/cities and sectors (agriculture, industry and services)? What data and methods do they use to measure and assess the contribution of SMEs to local development, the set-up of industrial districts, the spread of new social models in the territories in relation to the organization of different times of life and work and the related preferences of the people?
- What monitoring actions do they organize to assess the effects of national and regional public policies, programs of university and specialized centres as well as of business plans in relation to the spread of corporate culture, the promotion of SMEs with the creation of start-ups, the involvement of young people in such initiatives, in particular the inclusion of NEETs in the production processes? Which types of action do they set up to support SMEs' development?
- In which ways do they support or equip decision-makers concerning SMEs' issues?

**How are SMEs Innovators of Sustainable Inclusive Employment?**

- To what extent do SMEs contribute to changing value chains in current transformations of productive systems and manpower management? Examples in local or regional territories are of interest.
- To what extent are SMEs (start-ups) involved in the spread of new employment and new forms of work linked, for example, to the transformation of production systems induced by the digitalisation and robotization (smart working, platform working, etc.) as well as by regional, national and global competition? Will these processes generate more jobs in some regions and less in others and therefore support regional inequalities? Will these processes create better jobs in SMEs?
- How are SMEs embedded within local actor's networks in order to proceed with training and labour market supply policies?
- What type of innovative HR practices and work organisations, if any, do SME develop when they participate in sustainable development strategies? Examples from national, regional and local territories are of interest.



- How far are culture, structure and processes/governance of SMEs drivers for the better inclusion of women, foreigners, older and young employees, low skilled and other target groups of the labour market? What makes them different to large companies?

If you would like to submit a paper, please send the preliminary title of the contribution and a short abstract to Christa Larsen, by **1 March 2020**. The full papers should be submitted to Christa Larsen latest by **20 May 2020**. If you have any further questions, please contact Christa Larsen: [c.larsen@em.uni-frankfurt.de](mailto:c.larsen@em.uni-frankfurt.de). We look forward to your contributions!

### **Bibliography:**

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