

SME's and Jobs

A few years ago, I produced a report with Marc de Vries on the impact of the (then proposed) free and open data policy for Copernicus (then GMES). We called it *GMES and Data: Geese and Golden Eggs* as it looked at the trend towards open data and the impact this is expected to have on economies and then linked this to the Copernicus Sentinel data. We argued that as the data had been paid for out of public resources, users (taxpayers) should not be asked to pay a second time. The title reflected the view that opening up the data had no cost but much potential benefit for SME's. The report was well received and certainly played a small part in convincing the politicians to introduce the FODP policy.

One of the principle arguments rested on research showing that job creation relies strongly on SME's. At the time, in 2012, this was a relatively new finding. It followed the 2008 financial crisis where policies for re-starting growth were highly sought after. Many reports were published including one for the EC produced by EIM (a Netherlands consultancy) entitled "Do SME's create more and better jobs?"

Recently, I came across some new research on the impact of SME's on jobs and the economy. Classically, the mantra has been that "SME's are the backbone of the economy". In other words, it is the SME's collectively which create new jobs and employment. The research around 10 years ago looked into the impact of SME's on the economy and found that almost all net job creation came from SME's.

Some further research shows that this mantra should be refined to "Young SME's are the backbone of the Economy". In a paper by John Haltiwanger, Ron Jarmin, and Javier Miranda "*Who Creates Jobs? Small vs. Large vs. Young?*", the authors show this effect - which also seems logical since an SME which has not grown significantly after 10 years is almost certainly not going to suddenly change.

The report shows that the first year is the most significant and almost 50% of net job creation comes from these start-ups and close to 100% in the first 5 years. Note that this is net creation as 50% of the jobs created in the first 5 years of the start-up's life are also lost. The turnover is even faster in older firms where the net creation is close to zero ie as many jobs are lost as are gained.

This underpins the EC policy towards Copernicus and the effort being put into the various incubator and accelerator schemes.

On a final note, I start to question whether the free and open data policy is the best one. The principles certainly are correct but as we see more power being concentrated in the hands of one or two giant corporations maybe the policy should be adjusted, or at least other measures should be taken to rebalance the benefits which these exploiters of surveillance capitalism enjoy. But this is more a question for society at large rather than just our space community.