




## THE IMPACT OF SMALL AND MEDIUM-SIZED ENTERPRISES ON URBAN AND MUNICIPAL EDUCATIONAL DEVELOPMENT

### O IMPACTO DAS PEQUENAS E MÉDIAS EMPRESAS NO DESENVOLVIMENTO URBANO E EDUCACIONAL MUNICIPAL

### EL IMPACTO DE LAS PEQUEÑAS Y MEDIANAS EMPRESAS EN EL DESARROLLO EDUCATIVO URBANO Y MUNICIPAL

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#### ABSTRACT

This study analyzed how small and medium-sized enterprises influence urban and educational development in Brazilian municipalities, considering economic, social, and structural transformations observed in recent decades. The research was conducted as a qualitative literature review, with the selection of national scientific articles and technical reports published between 2010 and 2023. The results show that the growth of small and medium-sized enterprises increases the tax base, promotes job creation, and demands integrated public policies, creating a more structured urban environment with higher quality educational services. It was evident that municipalities investing in interaction between the productive sector and the educational sector achieve higher human development indexes, better territorial distribution of economic activities, and greater capacity to attract investments and retain qualified professionals. It is concluded that strengthening these enterprises and integrating urban and educational planning form a virtuous cycle of sustainable growth.

**Keywords:** Small and Medium-Sized Enterprises. Urban Development. Educational Policies. Municipal Sustainability. Economic Growth.

#### RESUMO

Este estudo analisou como as pequenas e médias empresas influenciam o desenvolvimento urbano e educacional dos municípios brasileiros, considerando transformações econômicas, sociais e estruturais observadas nas últimas décadas. A pesquisa foi conduzida como revisão bibliográfica qualitativa, com seleção de artigos científicos e relatórios técnicos nacionais publicados entre 2010 e 2023. Os resultados mostram que o crescimento de pequenas e médias empresas amplia a base tributária, promove geração de empregos e exige políticas públicas integradas, criando um ambiente urbano mais estruturado e com serviços educacionais de maior qualidade. Evidenciou-se que municípios que investem na interação entre setor produtivo e setor educacional alcançam índices superiores de desenvolvimento humano, melhor distribuição territorial de atividades econômicas e maior capacidade de atrair investimentos e fixar profissionais qualificados. Conclui-se que o fortalecimento dessas empresas e o planejamento urbano e educacional integrado formam um ciclo virtuoso de crescimento sustentável.



**Palavras-chave:** Pequenas e Médias Empresas. Desenvolvimento Urbano. Políticas Educacionais. Sustentabilidade Municipal. Crescimento Econômico.

## RESUMEN

Este estudio analizó la influencia de las pequeñas y medianas empresas en el desarrollo urbano y educativo de los municipios brasileños, considerando las transformaciones económicas, sociales y estructurales observadas en las últimas décadas. La investigación se realizó mediante una revisión bibliográfica cualitativa, seleccionando artículos científicos e informes técnicos nacionales publicados entre 2010 y 2023. Los resultados muestran que el crecimiento de las pequeñas y medianas empresas amplía la base impositiva, promueve la creación de empleo y exige políticas públicas integradas, creando un entorno urbano más estructurado con servicios educativos de mayor calidad. Se demostró que los municipios que invierten en la interacción entre los sectores productivo y educativo logran mayores índices de desarrollo humano, una mejor distribución territorial de las actividades económicas y una mayor capacidad para atraer inversiones y retener profesionales cualificados. Se concluye que el fortalecimiento de estas empresas y la planificación urbana y educativa integrada conforman un círculo virtuoso de crecimiento sostenible.

**Palabras clave:** Pequeñas y Medianas Empresas. Desarrollo Urbano. Políticas Educativas. Sostenibilidad Municipal. Crecimiento Económico.



## 1 INTRODUCTION

The importance of small and medium-sized enterprises in the urban and educational development of Brazilian municipalities is linked to the ability of these organizations to move local economies, generate jobs and stimulate public and private investments in infrastructure and educational services, which creates a growth cycle that reinforces the sustainability of the territory and the achievement of social goals established by different spheres of government (Pinto, 2012).

Small and medium-sized enterprises play a structuring role in the generation of jobs and in the retention of qualified labor, reducing migration to large centers and contributing to the strengthening of education networks, as the demand for better prepared professionals leads municipal administrations to intensify educational policies aligned with local needs (Neves, Cruz and Locatelli, 2023).

Studies on the state of Paraná show that municipalities that invested in entrepreneurship had higher rates of socioeconomic development and basic education supply, revealing the relevance of municipal programs that integrate policies to stimulate small businesses and improvements in education (Félix and Farah Júnior, 2013).

The experiences recorded in the analysis of medium-sized Brazilian cities indicate that industrial deconcentration and the formation of new productive poles encourage the creation of technical schools and educational partnerships, expanding the supply of vacancies and strengthening local human capital, which allows for the consolidation of balanced and sustained growth in these regions (Steinberger and Bruna, 2001).

The installation of university campuses in intermediate-sized cities has had significant impacts on economic and urban development, because, in addition to attracting students and professionals, it boosts the demand for services, generates indirect jobs and fosters innovation environments that are reflected in the advancement of municipal educational policies (Baumgartner, 2015).

Quality educational policies, when associated with the strengthening of small and medium-sized enterprises, result in higher municipal revenues and better application of resources in basic and higher education, creating a virtuous circle that contributes to the reduction of regional inequalities and the improvement of learning indicators (Lima et al., 2014).

International reports on education highlight that a municipality's capacity for economic development, fueled by the growth of its small and medium-sized enterprises,



is directly related to educational progress, showing that local strategies that integrate the two sectors present more solid and lasting results (Cruz et al., 2021).

Recent studies on the efficiency of public spending indicate that the presence of smaller business activities increases the revenue base and allows the expansion of municipal educational programs, improving school infrastructure, teacher training, and the provision of full-time education (Rolim Filho, 2023).

The analysis of socioeconomic indicators shows that cities with integrated policies to stimulate entrepreneurship and education have sustainable growth, with higher quality of life, urban mobility and access to education services, which reinforces the need for coordinated actions between different sectors of public management (Félix and Farah Júnior, 2013).

Evidence shows that small and medium-sized enterprises play an active role in the formation of social capital and in the strengthening of the urban fabric, as they promote interactions between different economic and educational agents, favoring innovation and the dissemination of technical and academic knowledge in the municipality (Pinto, 2012).

Local productive arrangements created around smaller activities strengthen the domestic market, stimulate training policies, and encourage investments in basic and professional education, raising the human development index and creating opportunities for collective growth (Neves, Cruz, and Locatelli, 2023).

The impact of new companies in medium-sized cities goes beyond the generation of immediate jobs, as it stimulates the creation of research centers and continuing education programs, elements that contribute to the modernization of education and the expansion of educational opportunities in the territory (Baumgartner, 2015).

Urban planning guided by the valorization of small and medium-sized enterprises favors the expansion of specialized educational services, such as technical courses and partnerships with universities, increasing the retention of young people and preventing the evasion of talent to large centers (Steinberger and Bruna, 2001).

The reported Brazilian experiences demonstrate that the integration between economic policies aimed at micro and small enterprises and consistent investments in municipal education generates positive results for both the economy and society, ensuring orderly and inclusive growth (Lima et al., 2014).

The studies presented indicate that the strengthening of small enterprises and the execution of efficient educational programs create environments conducive to innovation,



ensuring that cities develop local solutions to global challenges, thus consolidating a solid foundation for a more promising urban and educational future (Cruz et al., 2021).

## **2 THEORETICAL FRAMEWORK**

### **2.1 CONTRIBUTION OF SMALL AND MEDIUM-SIZED ENTERPRISES TO URBAN DEVELOPMENT**

Recent analyses on the influence of small and medium-sized enterprises show that, when they settle in different municipalities, they not only generate immediate jobs, but also contribute to profound changes in the local economic dynamics, creating a favorable environment for the circulation of income and strengthening the municipal tax base, which leads public managers to direct investments to urban infrastructure, such as the improvement of roads, expansion of water and sewage services, expansion of public transport and revitalization of central areas, ensuring that the growth of these regions is accompanied by services and equipment appropriate to the new pace of development (Pinto, 2012).

The strengthening of these companies collaborates directly to reduce the migration of workers towards large metropolises, creating conditions for the population to remain in medium or small cities and build life and career trajectories in them, which results in greater family settling, growth of commerce and expansion of educational services, since the maintenance of qualified labor requires that public management develop integrated policies that contemplate both the improvement of the basic education and technical training aligned with business demands, promoting a virtuous circle of urban and social development (Neves, Cruz and Locatelli, 2023).

Documented experiences in regions of Paraná show that policies to encourage local entrepreneurship work as triggers for the creation of new economic centralities, decentralizing activities that were previously concentrated in capitals and hub cities, leading to a diversification of the urban fabric that includes the installation of new businesses, health services, educational institutions and cultural spaces. so that the urban impact is felt not only in the economic aspect, but also in the improvement of the quality of life and the emergence of new planned neighborhoods and industrial zones integrated into the existing urban space (Félix and Farah Júnior, 2013).

Studies on urban planning indicate that the arrival of micro and small companies generates positive pressures on the public authorities to adapt land use and occupation



legislation, stimulate investments in housing and ensure greater efficiency in urban services, since economic diversification creates a growing demand for housing close to work, reducing displacements and increasing the productivity of cities. which demonstrates that the strengthening of small and medium-sized enterprises goes far beyond financial indicators, being a transforming agent of urban space and municipal policies (Steinberger and Bruna, 2001).

Local productive arrangements formed from the growth of these companies function as centers of innovation and competitiveness, bringing together suppliers, service providers and research institutions in the same territory, which strengthens the regional economy and stimulates the development of specific urban policies, such as planned industrial zones, improved road access and tax incentives that, in turn, they generate more investments and attract new entrepreneurs, consolidating a dynamic urban environment prepared for future challenges (Baumgartner, 2015).

When municipalities recognize the strategic importance of these companies, they begin to develop more detailed master plans, providing for areas of urban expansion, housing policies aimed at workers in specific sectors and qualification programs that integrate technical schools with territorial planning, creating conditions for urban development to be accompanied by sustainable and long-term economic growth. ensuring that the impact of companies goes beyond the immediate and translates into continuous improvements in urban life (Lima et al., 2014).

The growth of these companies generates indirect effects in complementary sectors, such as transportation and logistics, electricity, telecommunications and basic sanitation, as the increase in economic activity requires efficient and modern services, leading municipalities to better plan their investments and seek public-private partnerships that ensure the expansion and maintenance of urban infrastructure, creating an environment conducive to new businesses and raising the quality of life of the population resident and worker of the region (Rolim Filho, 2023).

The incentive to smaller enterprises has a multiplier effect on the local economy, as each new company generates demand for suppliers and support services, creating a network of interconnected businesses that strengthens the urban fabric and reduces inequalities between different areas of the city, since growth is no longer concentrated only in central neighborhoods and starts to reach peripheries and previously



underdeveloped areas. resulting in greater balance in territorial occupation and in the distribution of opportunities (Neves, Cruz and Locatelli, 2023).

The process of economic diversification driven by these companies also gives rise to new needs for urban equipment, such as community centers, squares, living spaces and leisure areas, which are fundamental to ensure that development is not only economic, but also social and cultural, reinforcing the idea that urban policies well aligned with business growth can transform cities into more humane and sustainable environments (Pinto, 2012).

When local administrations establish guidelines to support micro and small companies, they create conditions for the arrival of new investors, which in turn stimulate the increase in municipal revenue, enabling the execution of large-scale infrastructure works, such as the construction of new access roads and the expansion of lighting networks, measures that further strengthen the capacity to attract business and generate a continuous cycle of integrated urban development (Félix and Farah Júnior, 2013).

The strengthening of smaller companies also directly influences urban mobility patterns, as the generation of jobs in previously underexplored areas causes new public transport routes to be created, reducing the commuting time of workers and expanding access to opportunities, which generates positive impacts on several indicators of quality of life in the municipalities (Steinberger and Bruna, 2001).

The consolidation of productive arrangements and business networks in medium-sized cities promotes a spatial reorganization that attracts investments in public services, such as schools, health centers and cultural centers, strengthening urban planning and creating a synergy between economic growth and social development that benefits all layers of the population (Baumgartner, 2015).

The positive effects are also reflected in public safety, as economic strengthening reduces social vulnerability rates and enables investments in urban monitoring, street lighting, and community programs, contributing to cities becoming safer and more attractive to new residents and investors, reinforcing the direct relationship between local economic development and urban quality of life (Lima et al., 2014).

By integrating strategies to encourage micro and small companies with urban development policies, municipalities are able to transform previously undervalued neighborhoods into productive and valued regions, attracting new enterprises and consolidating an inclusive and sustainable urban environment, demonstrating that the



impact of these companies goes beyond the economy, also reaching structural and social aspects of cities (Rolim Filho, 2023).

This set of evidence reinforces that small and medium-sized enterprises not only contribute to economic growth, but also become direct agents of transformation in the urban space, by demanding more efficient public policies, by boosting investments in infrastructure, and by creating a virtuous cycle of development that promotes quality of life, social inclusion, and sustainability in the municipalities where they are established (Pinto, 2012).

## 2.2 RELATIONS BETWEEN SMALL AND MEDIUM-SIZED ENTERPRISES AND MUNICIPAL EDUCATIONAL DEVELOPMENT

The impact of small and medium-sized enterprises on municipal educational development is evident when it is observed that the presence of an active business fabric encourages local managers to better qualify the population, directing resources to schools and technical programs, which results in improved educational indicators and increased employability of young people and adults in the regions where these companies operate with greater intensity (Pinto, 2012).

The permanence of micro and small companies in the territory generates a constant demand for specialized labor, leading municipalities to create policies to encourage professional training courses and continuing education programs that align the profile of the population with what the local market requires, generating a cycle in which investment in education feeds back into productivity and business expansion (Neves, Cruz and Locatelli, 2023).

Research carried out in Paraná reveals that cities with greater business dynamism are also those that have presented higher human development indexes, thanks to municipal policies aimed at technical education, internship programs and agreements with educational institutions that provide a qualified base for sectors such as commerce, services and small industries (Félix and Farah Júnior, 2013).

Studies on medium-sized cities show that the arrival of new enterprises and the expansion of small businesses stimulate the construction of technical schools and training centers, as entrepreneurs start to demand trained professionals and city halls, in order to maintain economic attractiveness, invest in adequate educational structures, ensuring quality training for citizens (Steinberger and Bruna, 2001).



The literature also shows that universities located in intermediate-sized cities establish partnerships with local companies, developing applied research, extension programs and training courses that meet the needs of the productive sector, strengthening the integration between academia and the market and directly impacting the educational and economic indicators of the municipality (Baumgartner, 2015).

The creation of local productive arrangements around small and medium-sized enterprises leads public managers to think of education as a long-term strategy, allocating resources for teacher training, updating curricula and introducing educational technologies that prepare students to work in the new productive niches that arise with business expansion (Lima et al., 2014).

Educational development becomes more accelerated when the municipal administration realizes that the growth of companies depends on well-prepared workers, starting to invest in school infrastructure, transportation programs for students, and scholarships, which guarantees higher school attendance and higher completion rates (Rolim Filho, 2023).

The synergy between the public sector and small and medium-sized companies can be observed in the creation of comprehensive education projects, in which the student's time in school is extended and complemented with workshops and practical activities that simulate work routines, promoting the approximation between education and the market and reinforcing employability (Neves, Cruz and Locatelli, 2023).

When municipal managers realize the economic potential of small businesses, they begin to invest in literacy programs for young people and adults, understanding that basic qualification is a prerequisite for the absorption of local labor and for the maintenance of educational development indices at high levels (Pinto, 2012).

The strengthening of the local business sector also encourages the creation of technical courses in specific areas, such as logistics, administration and information technology, according to the productive vocation of the municipality, and these courses are developed in partnerships with universities and federal institutes, ensuring greater alignment between training and market demands (Félix and Farah Júnior, 2013).

By establishing themselves in medium-sized cities, small businesses create opportunities for supervised apprenticeships and internships, bringing students closer to the market and allowing them to gain practical experience even before completing their



studies, which significantly increases the local employability rate (Steinberger and Bruna, 2001).

Universities that are installed in smaller cities often implement incubators and technological innovation centers, where students develop projects in collaboration with local companies, expanding the educational repertoire and contributing to the emergence of new ventures and solutions to urban and productive problems (Baumgartner, 2015).

The consolidation of local productive arrangements also results in the need to train specialized technicians and engineers, leading city halls to enter into agreements with public and private institutions to offer short and medium-term courses that directly meet the labor shortages identified in the business sector (Lima et al., 2014).

The strengthening of micro and small companies encourages municipalities to modernize their educational management methods, adopting performance indicators, digital platforms for monitoring students, and continuous assessments, ensuring that municipal education is able to keep up with the evolution of the local market (Rolim Filho, 2023).

Studies indicate that this integration between business and education is not limited to the technical aspect, but also promotes the development of socio-emotional and citizen skills, preparing individuals to become agents of transformation in their communities, ensuring that economic and educational growth go hand in hand towards the sustainable development of the municipality (Neves, Cruz and Locatelli, 2023).

### 2.3 IMPACT OF INTEGRATED PUBLIC POLICIES ON THE GROWTH OF SMALL AND MEDIUM-SIZED ENTERPRISES

Public policies aimed at small and medium-sized companies have shown that the strengthening of the business sector and urban and educational development go hand in hand, because when the municipal government creates tax incentive programs, accessible credit lines and simplification of regulatory processes, space is opened for new entrepreneurs to consolidate their businesses, generate jobs and stimulate the growth of complementary sectors, requiring a more efficient urban structure from the administration and, at the same time, actions aimed at qualifying the population according to the new demands that arise, which translates into long-term educational planning and effective improvements in the quality of life (Pinto, 2012).



The incentive to local productive arrangements allows municipal, state and federal governments to act in an integrated manner to enhance the performance of small and medium-sized enterprises, creating cooperation networks that involve educational institutions, class entities and development agencies, which generates direct impacts on the urban configuration of cities, which now need organized industrial zones, and also in educational indexes, since training and qualification programs are designed based on productive needs and implemented with agility, offering citizens new opportunities for professional and academic growth (Neves, Cruz and Locatelli, 2023).

Studies show that municipalities that implement specific policies to support local entrepreneurship are able to create favorable environments for innovation, attracting private investments and creating partnerships with universities for applied research, business incubation and technology development, transforming the urban landscape and expanding the educational network, which starts to offer courses and programs aligned with the profile of the new market, strengthening the link between teaching, research and extension and consolidating a continuous cycle of development (Félix and Farah Júnior, 2013).

The Brazilian experience with incentive programs for medium-sized cities shows that the coordination between urban and business policies is capable of reducing regional inequalities, bringing resources and knowledge to municipalities that were previously only transit hubs, resulting in the creation of local jobs, retention of talents and improvements in educational infrastructure, with emphasis on the construction of new schools. implementation of laboratories and continuing education of teachers to serve emerging economic sectors (Steinberger and Bruna, 2001).

The analyses of the role of universities in medium-sized cities reveal that the presence of government programs that encourage interaction between academia and the productive sector promotes the creation of courses adapted to regional vocations, impacting the economy and urban configuration, as cities need to adapt to new demands for mobility, housing and services to meet the growth generated by these interactions. which reinforces the need for integrated public policies so that progress is sustainable (Baumgartner, 2015).

The elaboration of master plans that incorporate the strengthening of small and medium-sized enterprises as a strategic axis has shown that, when local governments prioritize the stimulation of entrepreneurship, they are able to organize the urban space



in order to enhance the creation of jobs and the retention of investments, while parallel educational programs offer technical training, scholarships and pedagogical support to train professionals who will meet the new demands of the market, ensuring that economic and educational development advance simultaneously (Lima et al., 2014).

Studies on the efficiency of public spending show that when municipalities direct part of their revenue from business growth to specific educational programs, the quality of education increases, resulting in better performance rates and greater community satisfaction, demonstrating that fiscal, urban and educational policies need to be thought of in an integrated way so that their effects multiply and generate effective transformations in the territory (Rolim Filho, 2023).

The implementation of policies to promote local entrepreneurship leads to the creation of regional consortia, where neighboring cities cooperate to share infrastructure and educational services, allowing small and medium-sized companies to have access to a wider market and a more qualified workforce, while municipalities reduce costs and expand their capacity to invest in urban equipment and educational programs, strengthening territorial development in a collaborative way (Neves, Cruz and Locatelli, 2023).

The stimulus to the formalization of micro and small companies through tax simplification and targeted credit programs has shown consistent results in strengthening the local economy, as it increases revenue and allows the government to invest in schools, innovation centers and social programs, which directly impacts urban and educational organization, creating more structured cities with greater capacity to offer quality services to the population (Pinto, 2012).

Experiences with public policies integrated with entrepreneurship indicate that the creation of special development zones and planned industrial districts, when accompanied by educational incentives such as technical courses and internship programs, creates an ecosystem of sustainable growth, in which companies and schools walk together to strengthen human capital and develop local solutions to urban and productive challenges (Félix and Farah Júnior, 2013).

By stimulating the growth of small and medium-sized companies, local governments create conditions for universities and federal institutes to set up in medium-sized cities, bringing scientific knowledge, technology and innovation to regions that were previously lacking in these resources, which promotes significant advances in the



educational level of the population and at the same time strengthens the local economy, reducing regional inequalities and improving the quality of urban space (Steinberger and Bruna, 2001).

Public policies to encourage urban development that consider the importance of small and medium-sized enterprises promote the revitalization of degraded areas, transforming former underused spaces into commercial, cultural and educational centers, which generates employment, income and training opportunities, creating a dynamic and integrated urban environment, where education occupies a prominent place in growth strategies (Baumgartner, 2015).

Financing programs that link corporate credit to the creation of local social and educational programs show that it is possible to align economic growth with social responsibility, ensuring that the advancement of companies results in direct benefits for communities, such as the construction of libraries, laboratories and living spaces that increase the quality of education and urban vitality (Lima et al., 2014).

By integrating support for small businesses with educational goals, municipalities are able to improve local governance, monitoring results, adjusting policies, and ensuring that resources are applied efficiently, resulting in simultaneous advances in the economy and education, essential factors for medium-sized cities to become competitive and inclusive (Rolim Filho, 2023).

These data reinforce the importance of urban, business and educational policies being developed jointly, because only then is it possible to consolidate a development model capable of transforming local realities, strengthening small and medium-sized enterprises, improving the infrastructure of cities and ensuring that municipal education reaches quality levels that benefit the entire population. creating a virtuous cycle of sustainable and balanced growth (Neves, Cruz and Locatelli, 2023).

### **3 METHODOLOGY**

The present study was developed through a qualitative approach, structured as a bibliographic review, with the objective of gathering, interpreting and analyzing information from different scientific articles and technical reports on the performance of small and medium-sized enterprises in urban and municipal educational development, prioritizing the understanding of concepts, experiences and results applied to Brazilian



realities, allowing a critical and reasoned view of the influence of these companies on social and economic indicators (Pinto, 2012).

To ensure breadth and consistency in the analyses, publications available in recognized journals and academic databases were selected, as well as technical documents from public agencies and research institutes, with a time frame that includes studies produced between 2010 and 2023, in order to consider recent transformations that have occurred in the Brazilian scenario, especially in relation to the growth of medium-sized cities and policies to stimulate local entrepreneurship (Neves, Cruz and Locatelli, 2023).

The descriptors used in the research included terms such as "small and medium-sized enterprises", "urban development", "municipal educational development", "local productive arrangements" and "public policies for MSEs", being applied in combination in searches carried out in portals of academic journals, institutional repositories and open access platforms, ensuring the diversity of sources and the regional representativeness of the data obtained (Félix and Farah Júnior, 2013).

After collecting the material, each text was carefully read to identify the central elements of analysis, highlighting information on direct and indirect economic impacts, transformations in urban planning and educational initiatives associated with the growth of small and medium-sized enterprises, in order to allow the triangulation of data and the construction of a coherent and contextualized interpretation (Steinberger and Bruna, 2001).

The methodology adopted allowed the construction of a comprehensive and grounded panorama of the interaction between small and medium-sized enterprises and the urban and educational development of the municipalities, serving as a basis for in-depth analyses, interpretation of trends and identification of opportunities for public policies that promote economic growth in line with the strengthening of local education, resulting in collective benefits (Pinto, 2012).

This methodological path, by integrating a systematic review of the literature with the categorization of information and the critical analysis of results, ensures the consistency of the study and the possibility of practical application of the findings, allowing public managers, researchers and entrepreneurs to better understand the relationships between local economy, urban planning and educational policies, paving the way for new



research and more effective interventions in their territories (Félix and Farah Júnior, 2013).

#### **4 RESULTS AND DISCUSSION**

The analysis of the selected studies shows that the presence of small and medium-sized enterprises in the municipalities generates immediate impacts on the local economy, with an increase in the generation of jobs and income circulation, which encourages municipal administrations to expand investments in urban infrastructure and to create educational support policies, ensuring that business expansion is accompanied by perceptible social improvements for the population (Pinto, 2012).

The data reveal that municipalities that have adopted incentives for micro and small companies have higher rates of balanced urban growth, characterized by new areas of commerce, implementation of public services, and expansion of planned neighborhoods, factors that together reinforce the importance of these companies as agents of transformation of urban space (Neves, Cruz, and Locatelli, 2023).

The results also indicate that, in medium-sized cities, the strengthening of local productive arrangements led to the installation of technical education centers and partnerships with universities, so that the demand for qualified labor was met, allowing economic growth and the increase in educational indicators to occur simultaneously (Félix and Farah Júnior, 2013).

Research indicates that, by becoming regional hubs, these cities begin to attract private and public investments, which accelerates urban development with the opening of new access roads, construction of cultural facilities and implementation of health and education services, creating a more favorable environment for new businesses and for the permanence of families in search of quality of life (Steinberger and Bruna, 2001).

Studies show that the installation of university campuses in medium-sized municipalities is directly related to the growth of small and medium-sized companies, as these enterprises provide academic support, innovation and applied research, which strengthen the local economy and stimulate the creation of educational services aligned with the needs of the population (Baumgartner, 2015).

The discussion also highlights that well-structured educational policies benefit from business dynamism, since the increase in revenue enables new investments in teacher



training programs, purchase of pedagogical materials and school renovations, improving the learning experience and expanding opportunities for students (Lima et al., 2014).

It was observed that, in municipalities with a higher density of small and medium-sized companies, there was an increase in the number of young people enrolled in technical and vocational courses, as a result of the perception that the local market demands qualified professionals, which motivates students to seek training in line with regional opportunities (Rolim Filho, 2023).

Another crucial result shows that the permanence of small businesses in municipalities generates a network of suppliers and service providers that complement each other, stimulating the diversification of the economy and strengthening the tax base, allowing the government to invest in urban improvements and long-term educational programs (Neves, Cruz, and Locatelli, 2023).

In medium-sized cities analyzed, the presence of integrated policies led to the development of well-structured industrial and commercial neighborhoods, with accessibility and adequate services, creating new urban centralities and promoting balance in territorial occupation, which contributes to reducing inequalities and improving the living conditions of the population (Pinto, 2012).

The discussions point out that the partnership between local companies and educational institutions generates concrete results in the formation of human capital, as internship, extension and applied research projects create a cycle of innovation and learning that benefits both students and entrepreneurs, resulting in new solutions to local problems (Félix and Farah Júnior, 2013).

Studies also show that the joint action of government, companies and universities has the potential to stimulate more assertive public policies, capable of promoting improvements in urban mobility, public lighting and safety, aspects directly related to the quality of life and the ability to attract new investments to the municipality (Steinberger and Bruna, 2001).

It was also found that the growth of small and medium-sized companies increases the negotiation capacity of municipalities with state and federal agencies, which results in raising additional funds for educational works and programs, enhancing local actions and expanding the reach of the projects implemented (Baumgartner, 2015).

The results show that cities that have invested in education integrated with business growth have higher human development indexes, as the population finds better



employment conditions, quality services and diversified educational opportunities, creating a favorable environment for sustainable growth (Lima et al., 2014).

The evidence collected reinforces that the creation of dynamic business environments directly influences urban development, as the need to serve new enterprises leads to the creation of transport routes, leisure areas and public facilities, in addition to boosting innovative educational policies that prepare the population for the challenges of the contemporary labor market (Rolim Filho, 2023).

These analyses allow us to conclude that the strengthening of small and medium-sized enterprises, combined with well-structured public policies, creates a virtuous cycle in which economy, education and urbanism feed each other, ensuring that Brazilian municipalities advance towards models of sustainable, inclusive development capable of offering better living conditions to their inhabitants (Neves, Cruz and Locatelli, 2023).

## **5 FINAL CONSIDERATIONS**

The results presented allow us to understand that the strengthening of small and medium-sized enterprises is not limited to an isolated economic phenomenon, but is consolidated as an essential mechanism for the advancement of public policies that integrate urban growth and quality education, generating positive effects in different dimensions of municipal development.

The critical analysis of the studies shows that the presence of small entrepreneurs transforms the reality of cities, creating job opportunities and requiring new infrastructures, which induces local managers to plan more strategically, ensuring that the physical growth of the city is accompanied by improvements in the network of educational services.

It was noted that municipalities with a greater diversity of small and medium-sized companies are able to increase their own revenues and, with this, invest in schools, technical training centers and qualification programs, creating an environment in which the productive and educational sectors walk together to meet the demands of contemporary society.

The data reinforce that urban development cannot be dissociated from human development, as economic growth only remains sustainable when accompanied by investments in knowledge, culture and training, elements that strengthen the capacity for innovation and the resilience of cities in the face of crises.



The experience accumulated by the different studies points out that the integration between business and educational policies generates significant impacts on territorial planning, reducing the excessive concentration of activities in central areas and promoting the emergence of new centralities with quality services and opportunities.

The stimulus to micro and small companies in the municipalities also proves to be an effective tool to combat the evasion of talent, as the generation of qualified jobs combined with training courses keeps young people in the territory, expanding the base of professionals prepared to boost the local economy.

The reflections brought up throughout the study demonstrate that public managers need to see small and medium-sized companies as strategic partners, capable of generating positive social indicators and directly influencing the formulation of integrated development plans that contemplate education, urbanism and innovation.

The balanced and sustainable growth of cities depends on joint actions, and the strengthening of the business sector combined with educational investment creates a development cycle that reduces inequalities, broadens learning horizons and improves the quality of life of the entire community.

By integrating local entrepreneurship with urban and educational policies, municipalities build solid foundations to face future challenges, creating more resilient territories, capable of generating opportunities, attracting investments, and offering services that ensure the well-being of their inhabitants.

It is concluded that the impact of small and medium-sized enterprises on urban development and municipal education goes beyond the economic sphere, configuring itself as a consistent path to promote smarter, more inclusive cities prepared to transform the social reality of their citizens.



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