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SMEs' Contribution to Sustainable Development; an Applied Study Focusing on OECD Countries

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Abstract: *The main objective of the study is to empirically evaluate the critical role of SMEs in sustainable economic development as SMEs sector affects GDP growth rate, the structure of production, income distribution and ecological environment. So, the study strives to provide a comprehensive overview of SME sectorsin developed and developing countries with more focus on OECD countries to explore the role of small and medium-sized enterprises in enhancing sustainable development of those countries and determine the effectiveness of programs held by their governments to encourage SMEs sector and increase its contribution to sustainable development, as well as presenting successful examples from international practices in order to adopt them to other countries' conditions.*
Keywords: *Small and Medium Enterprises (SMEs), Sustainable Development, Economic Development, Organization for Economic Co-operation and Development (OECD).*

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I. Introduction

Small and medium-size enterprises (SMEs) are acknowledged globally for their unique contribution to economic development and creating employment opportunities. Both developed and developing countries realize that SMEs have become one of the key instruments can be used to face economic and social problems and to achieve development objectives.

In a world of globalization, SMEs are significant players in transitioning and developing countries. These firms typically account for more than 90% of all firms outside the agricultural sector, constitute a major source of employment and generate substantial domestic and export earnings (OECD, 2009). As such, SMEssector development emerges as a key instrument in further poverty reduction efforts.

World Bank statistics (2012) have shown that SMEs in developing economies contribute to more than 60% of gross domestic product (GDP) and more than 70% of total employment.

On the other hand, developed countries' experiences show that, in the last years, the role of SMEs in the economy has strengthened and the majority of enterprises-almost 90%- have been ranked in the SMEs category(Ayyagari et al, 2011). Especially after the recent economic crisis beginning in 2008, experience has shown that SMEs have been able to respond to the challenges of the crisis more quickly and flexibly than large corporations and they succeeded to survive and thrive. With a view to this observation, many developed countries have devised various kinds of non-financial and monetary incentive mechanisms aimed at enhancing the weight of SMEs in different sectors. This paper goes beyond a study focusing solely on the importance of SMEs sector; ituses quantitative and qualitative methods to answerthe following questions:

1. Why do small & medium enterprises matter for sustainable development?
2. How doOECD countries support SMEs sector to serve developmental goals?
3. What new policies are needed to increase the contribution of SMEs sector to sustainable development?
4.

II. Literature Review

SME has no standard definition. SMEs have been identified differently by various individuals and organizations, such that an enterprise that is considered small and medium in one country is viewed differently in another country. Even within a country, the definition changes over time. Some common indicators employed in the various definitions include total assets, size of the labour force employed and annual turnover and capital investments (Baenol, 1994). In addition, no single definition of SMEs exists among officials of multilateral development institutions because each thinks within the context of the official definition of his own institution (Gibson et al., 2008).

Some researchers use capital assets, profits, production methods, sales or legal status to define SME but the most common categorisation is based on number of employees. According to UNIDO's approach, small firms are categorised as firms having 5–19 workers and medium-sized firms as having 20–99 workers (Elaian, 1996; Abor&Quartey, 2010).

In industrialised countries, medium enterprises are defined as having 100–499 employees, whereas small firms have fewer than 99 employees. This also slightly varies across the United States and European countries (OECD, 2005).

The OECD refers to SMEs as the firms employing up to 249 persons, with the following breakdown: micro (1 to 9), small (10 to 49) and medium (50-249). This provides for the best comparability given the varying data collection practices across countries, noting that some countries use different conventions (OECD, 2017).

Small and medium-sized enterprises (SMEs) are crucial economic actors within the economies of nations (Stanworth and Gray, 1993;NUTEK, 2004; Wolff &Pett, 2006). They are a major source of job creation (Storey et al., 1987;Castro Giovanni, 1996; Clark III &Moutray, 2004) and they represent the seeds for future large companies and corporations (Castro Giovanni, 1996; Monk, 2000).

According to OECD (2009), SMEs firms account for more than 90% of all firms outside the agricultural sector, constitute a major source of employment and generate substantial domestic and export earnings. Also these firms create conditions for the more equitable sharing of production facilities and property amongst different layers of society.

There is now a consensus among policy makers that in order to achieve sustainable development, governments and non-state actors need to make greater efforts to integrate economic, social and environmental goals into industry policy and decision making (United Nations, 1998).

III. Data &Methodology

This study aims to assessthe contribution of small and medium sized enterprises to sustainable development with more focus on OECD countries. To achieve that goal, an empirical study will be employed using quantitative and qualitative research methods including descriptive method, analysis and synthesis method. The analytical approach will depend ona combination of inductive and deductive method by using the collected data to evaluate the role of SMEs sector in sustainable development in the selected countries and analyze how the improvement of that sector canincrease its contribution tosustainable development whereas the inductive approach will be employed to process the broad data that can represent the part of our interest. Insuch manner,the mechanisms of increasing the role of SMEs sector in enhancing sustainable development will be suggested.

Furthermore, the comparison method will be used in order to compare the systematic approaches of selected countries to SMEs sector improvement, leading to the task of unifying these systemic approaches in order to apply them to other countries' cultures.

IV. Data analysis and Discussion

4.1 Why do small & medium enterprises matter for sustainable development?

Basing on various researches on the issues of sustainable development, the main point of a concept of «sustainable development» is coordinated and systemic advancement of economic subject towards the aim takes place only when all three dimensions of sustainability-social, economic and ecologic - are incorporated simultaneously into the subject activities. (Cameron et al., 1987; Hockerts, 1999; Fiksel, 2001; Dixon, 2003; Banerjee, 2003; Bansal, 2005; Ruzevicius, Serafinas, 2007; Grybaite, Tvaronaviciene, 2008; Ciegis et al., 2009 and others)

Considerable work has been done to evaluate the role that SMEs play in driving economic development. The evidence advocates that SMEs sector is a key element affects economic performance in high, middle and low income economies.According to Schreyer (1996), SMEs are important to almost all economies throughout the world, particularly those in developing countries and, more specifically, those facing major employment and income distribution challengesas SMEs contribute to output and to the creation of jobs as well as they are a nursery for larger firms of the future, they contribute directly and often significantly to aggregate savings and investment, and are involved in the development of new technology.

Berry et al., (2000) noted that Taiwan, the most successful developingcountry in the past 50 years, is built on a dynamic SME sector and that Japan was the most successful industrial country for decades and relied heavily on SMEs. UNIDO (2000) estimated that SMEs represent more than 90% of private businesses and contribute to more than 50% of GDP in most African countries. As Romijn (2001) noted, SMEs became the main micro-economic pawns in the new context of a revolution of knowledge that entails passing from an economy dominated by physical, tangible resources to an economy dominated by knowledge as SMEs generate the technical innovation applicable in the economy. Almeida (2004) performed empirical research on the unconventional industries in the United States during a ten-year period (1994–2004), found that SMEs play a unique, active and critical role in the innovation process through their ability to invent in new technological spaces and improve high technology information networks. According to Harvie (2008), SMEs are important across East Asian economies, whereas the dynamic role that SMEs play varies widely between the various countries. In Singapore, even though SMEs are not as significant in terms of numbers and employment, they are important because they provide a flexible, skilled production base that attracts larger multinational corporations.In addition, the contribution of SMEs to exports also varies widely. SMEs are relatively more export oriented in China, Korea and Taiwan than they are in Japan, Indonesia, Thailand, Malaysia and Singapore.

A study by Leegwater et al. (2009) explored the role of micro, small and medium enterprises in the growth of per capita income by using an expanded database for firms in the formal manufacturing sector in 60 countries with fewer than 10, 20, 100 or 250 employees. The study employed regression analysis and found evidence of a causal relationship between economic growth and the diffusion of medium-size or smaller firms (250 employees or less). However, the study found only a limited correlative or causal connection between growth and the prevalence of small or micro firms with fewer than 10, 20 or 100 employees.

Hu (2010) used a data set of both developed and developing economies to examine the contribution of the SME sector to economic growth. He used data covering thirty-seven countries from the 1960s to the 1990s, his empirical results supported the hypothesis that small businesses are beneficial to economic prosperity. In addition, the study highlighted considerable diversity in terms of SME contribution patterns. In the pursuit of economic growth, SMEs in highincome economies generally exploit entrepreneurship, whereas in less-developed economies they tend to drive the job-creation function.

Many empirical literatures support the fact that SMEs are important contributors to total employment and job creation in developed and developing economies. Birch (1979) provided early evidence that supported the notion that SMEs are the primary engines of job growth. His findings showed that 81.5% of all net new jobs in the United States during 1969–1976 were created by firms with 100 or fewer employees. Kirchhoff and Phillips (1988) examined the contribution of small and large firms to U.S. job growth and found that firms with fewer than 100 employees are the major sources of net new job creation. In contrast, firms with more than 1,000 employees provided only 13% of all new jobs despite having a 37% share of employment. OECD (2004) estimated that SMEs account for 60 to 70% of jobs in most OECD countries, with a particularly large share in Italy and Japan and a relatively smaller share in the United States.

The International Labour Organization (ILO) and the German Agency for International Cooperation (GIZ) recently published a study concluded that SMEs provide two-thirds of all formal jobs in developing countries in Africa, Asia and Latin America, and 80% in low-income countries, primarily Sub-Saharan Africa. Similarly, more important than holding the majority of jobs in low-income and emerging economies, SMEs make a key contribution to net job creation, particularly smaller and young firms. From these studies, we conclude that SMEs are the key driver of economic growth and employment generation in both developed and developing economies. Moreover, SMEs make a significant contribution to exports generation, technology assimilation, and skills development and innovation stimulation. Even such contributions vary among different countries and regions. SMEs are sources of wealth creation, contribute to social stability, and generate tax revenues. According to the International Finance Corporation (IFC), a positive relationship exists between a country’s overall level of income and the numberof SMEs per 1,000 individuals. Even in crisis times or periods of recession, SMEs have been linked to employment, economic growth and productivity (WIPO 2010). In the Asian financial crisis, small and medium scaled enterprises were depicted as an ‘army of ants’ for Taiwan to fight the crisis (Hu, 2003). SMEs have a considerable role in a country’s economy as healthy competitors; they stimulate competition which leads to greater efficiency, price reduction and higher quality products (Johnson and Soenen, 2003). Without the existence of SMEs, large enterprises would hold a monopoly on several areas of activity. When discussing increased efficiency, SMEs have a significant role to play.

According to Stephen Jarvis (1996), certain activities can be done better by SMEs than their larger counterparts, particularly with SMEs acting as subcontractors for large enterprises and supplying raw materials and sub-assemblies or distributing manufactured products. An economist, Zoltan J. Acs (1999), observed small businesses in the US and Europe and found an increasing trend in their importance since the nineteen-eighties. For example, U.S.’s General Motors uses some 37,000 SMEs for subassembly and other services. Not only American, but also European companies employ such practices, with one Italian company, Benetton, carrying out approximately 95% of production by means of subcontracting to SMEs (Iordache, 2014).

Lukasc (2005) posited that SMEs are the backbone of the entire British economy, accounting for more than half of the trade turnover of the UK. In Romania, the share of SMEs in total enterprises is 99.47% and 98% of these SMEs are privately owned (Statistical Yearbook, 2012). Not only European countries individually, but the economy of the European Union as a whole is greatly supported by SMEs; SMEs in Europe are the first in generating revenue, innovation, employment and entrepreneurial skills. According to the Annual Report on the Situation of SMEs in the European Union (European Commission, 2014) in 2012, out of the 20 million businesses that were currently registered in the EU, more than 99.8% were SMEs and a vast majority of which, 92% to be exact, consisted of microenterprises having less than 10 employees.

For 2012, it is estimated that SMEs accounted for 67% of total employment, representing over 87 million people and 58% of gross value added. The aforementioned numbers indicate that SMEs are the backbone of the EU economy; they are a main source of private investment, economic growth and jobs. Most countries' economies, both less or more developed, are based on the strength and dynamism of private enterprises (Hallberg, 2000).

In Asian developing countries such as Indonesia, Philippines, Thailand, Hong Kong, Japan, Korea, India and Sri Lanka, 90% of businesses are small businesses.Additionally, small business provide employment for 98% of those employed in Indonesia, 78% in Thailand, 81% in Japan and 87% in Bangladesh (Fadahunsi&Daodu ,1997).Not only in Asia, but the activities of SMEs are also vital for developing African countries, particularly for the promotion of economic growth, job creation and eradicating poverty (Anderssonet al., 2007) emphasizes another relevant facet of SMEs; namely, the importance of women-owned SMEs in the economy as women entrepreneurs are more likely to hire women, not only creating more jobs throughout the country, but also decreasing gender discrimination in the labour market. The reduction of female unemployment helps in thefight against trafficking in women by reducing the risk of being trafficked, while women do not have to search for jobs outside of their communities. Finally, women entrepreneurs can stimulate younger generations by empowering them to execute their own ideas and demonstrating that there are opportunities for them in the workplace and community.

SMEs play a vital role in promoting economic growth and creating employment, and they have fuelled social development in a constantly changing economic environment. SMEs are flexible and have significant capacity to adjust, encouraged by low dimensions and rapid decision making. Their relative closeness to the market makes it easy for them to adapt to consumers' requirements and demands. SMEs also assist in regional development and export market expansion (Cravoy et al., 2009)

4-2 How doOECD countries support SMEs sector to serve developmental goals?

In OECD countries, 99% of all firms are SMEs and they add 50-75% of value addition. SMEs play an important role in employment (between 40 to 80% according to different countries data and statistics). In OECD countries, main arguments to promote SMEs are:their capacity to substitute for jobs lost due to downsizing of large enterprises, their innovation potential due to specialization potentials, their flexibility to adapt to new market conditions which becomes especially important during structural change processes and their potential to become the root of new emerging sectors with radical innovation tendencies (OECD, 2010).

SME participation in the movement toward more sustainable patterns of production and consumption is essential for the greening of economic development. Although the individual environmental footprint of small businesses may be low, their aggregate impacts can, in some sectors, exceed that of large companies. Reducing the environmental impact of SMEs by achieving and going beyond environmental compliance with existing rules and regulations in both manufacturing and services, is a key factor for success in the green transformation. This is particularly urgent for SMEs in the manufacturing sector, which accounts for a large part of the world's consumption of resources, air and water pollution and generation of waste (OECD, 2013a).The green transition also opens up business opportunities for SMEs as important suppliers of green goods and services.

In many OECD countries, innovative SMEs play a pivotal role in the eco-industry and clean-tech markets. For instance, in the United Kingdom and Finland, SMEs represent respectively over 90% and 70% of clean technology businesses (Carbon Trust, 2013; ETLA, 2015).

SMEs are especially well positioned to seize opportunities of greener supply chains in local clean tech. markets, which may be unattractive or impenetrable for large global firms, including in emerging economies and low-income countries (IBRD, 2014). Furthermore, small "green entrepreneurs" driven by financial profit combined with environmental consciousness, can drive a bottom-up transformation and job creation, by developing new business models and pioneering green business practices that influence mass markets and eventually are adopted by the wider business community (OECD, 2013a). The willingness and capability of SMEs to adopt sustainable practices and seize green business opportunities often face size-related resource constraints, skill deficits and knowledge limitations.

Environmentally, sustainable improvements in SMEs are often held back by perceived technical complexities, burdens and costs, as well as lack of awareness about financially attractive opportunities. Furthermore, a lack of appropriate skills and expertise often prevents SMEs from acting upon win-win opportunities, and resource constraints often lead to SMEs to be more risk-averse and less willing to invest in new technologies than larger firms (Mazur, 2012; EaP Green, 2016). SMEs create job opportunities across geographic areas and sectors, employing broad segments of the labour force, including low-skilled workers, and providing opportunities for skills development. They also help support their employees' access to health care and social services. SMEs that generate jobs and value added are therefore an important channel for inclusion and poverty reduction, especially but not exclusively in emerging and low-income economies. In this regard, upgrading productivity in a large population of small businesses, including in traditional segments and the informal economy, can help governments achieve both economic growth and social inclusion objectives, including escaping from low productivity traps and improving the quality of jobs for low-skilled workers (OECD, 2009&2017b). Small businesses also represent an effective tool to address societal needs through the market and provide public goods and services. This is the case of social enterprises, which bring innovative solutions to the problems of poverty, social exclusion and unemployment, and fill gaps in general-interest service delivery (EU/OECD, 2016).

In many OECD countries, the economic weight of the social and solidarity economy, in which social enterprises operate, has increased steadily in recent years, including in the aftermath of the global crisis. For instance, in France, in 2014, the social economy accounted for 10% of the GDP. In Belgium, over 2008-14, employment in social enterprises increased by 12% and accounted, in 2015, for 17% of total private employment (EU, 2016). In the United Kingdom, in 2015, 41% of social enterprises had created jobs compared to 22% of SMEs (SEUK, 2015).

By committing to sound labour and environmental practices and good community relations, small businesses contribute to sustainable and inclusive development in OECD countries but these contributions vary widely across firms. Established medium-sized enterprises that innovate and scale up are the driving force behind growth in many OECD economies, often ensuring the coordination, upgrading and participation in supply chains of smaller suppliers. For instance, in Switzerland, medium-sized enterprises (50-249 employees) represent about 4% of the business population, but account for 23% of employment and 25% of value added (OECD, 2016b). There are also many viable small enterprises in mid or low-tech sectors which are embedded in competitive local production systems, and which generate innovation, largely incremental, and contribute to employment, social inclusion and territorial cohesion. At the same time, many small enterprises do not go beyond small local markets. These firms, which produce limited innovation and do not have strong growth aspirations, often remain small throughout their life cycle.

Significant cross-country differences are observed in the contribution of small enterprises to employment and value added. For instance, in the services sector, their share in employment ranges from more than 60% in Greece to 20% in Denmark and Germany, while their share in value added ranges from about 45% in Luxembourg to 15% in Switzerland (OECD, 2016b). SME performance also varies across sectors within OECD countries. In services, SMEs account for 60% or more of total employment and value added in nearly all countries. In contrast, in manufacturing, although relatively few in number, large firms provide a disproportionate contribution to employment and value added, in large part reflecting increasing returns to scale from more capital-intensive production, as well as entry barriers related to investment. In some countries, such as Germany and Mexico, large manufacturing groupscapture a significant share of total employment and value added.

Stronger participation by SMEs in global markets also help to strengthen their contributions to economic development and social well-being, by creating opportunities to scale up, accelerating innovation, facilitating spill-overs of technology and managerial know-how, broadening and deepening the skill-set, and enhancing productivity. In addition, greater flexibility and capacity to customise and differentiate products can give SMEs a competitive advantage in global markets relative to larger firms, as they are able to respond rapidly to changing market conditions and increasingly shorter product life cycles. Some niche international markets are dominated by SMEs, and innovative small enterprises are often key partners of larger multinationals in developing new products or serving new markets. At the same time, closer global integration increases competition for SMEs in local markets, in some cases with disruptive effects, demanding enhanced market knowledge and increased competitiveness also for small businesses that do not operate internationally.

During the last 2-3 decades many OECD countries went through different generations of promotion policies to strengthen the role of SMEs. It has contributed to a laboratory of experiences in which many different approaches, tools and methodologies have been tested. During these years a certain wisdom was commonly accepted: that there are very different (un)successful ways of promoting SMEs and that SME development strategies need to fit to the local and national socio-political context.

In OECD countries, the competitiveness of SMEs and the emergence of new start-ups are often valued as an indicator for future economic growth potentials and as the prerequisite for healthy structural change processes, in which traditional sectors are declining and new, more knowledge-intensive sectors are emerging.There is no one-fits-all solution.

Many countries had success with decentralized SME strategies.Others, especially smaller countries, were able to promote competitive SMEs through rather centralized approaches. Some countries focused rather on the promotion of large enterprises in which SMEs became the followers rather than leaders of growth. Others again focused mainly on SME promotion and created a highly competitive entrepreneurial class (e.g. like the GermanMittelstand with its famous “hidden champions”, SMEs with a highly specialized and export orientation).

Despite these differences in SME strategies and promotion policies, there are common learning experiences and certain success criteria which have emerged out of the SME promotion laboratory. Since the end of the 1980s, SME promotion became an important focus in private sector development policies in OECD countries. The discovery of industrial districts in countries like e.g. Italy, the start of the cluster promotion approach through analysis by Michael Porter and the increasing role of more knowledge-intensive and growth-oriented businesses has also given more attention to the promotion of SMEs. Whereas in many industrialized countries (IC) former support approaches based on the welfare state model in the 1970s and 1980s rather focused on the support of larger enterprises or a more isolated and individual support of SMEs, the liberalization efforts in the 1990s and the breakdown of socialistic and import substitution development models in East Europe and Latin America contributed internationally to an increasing awareness about the importance of SMEs for the discovery of new business opportunities, innovation, employment promotion and value added production.

Even though, there was some kind of government failures; bureaucratic obstacles, corruption and regulatory disadvantages for SMEs, lack of the provision of the necessary institutional and physical infrastructure that supports SMEs in their growth, and the non-provision of certain public goods and policies to overcome market failures.

In general it can be said that in most of OECD countries, institutions and businesses tried to overcome government failures as well as market failures through certain interventions. OECD countries' governments have in the last decades set up a wide range of policies and programs to overcome the challenges of SMEs. To understand the reason of good SME policies and the difference between weaker and stronger implementation success, it is necessary to have a closer look into the different systemic elements which are relevant for success. The support necessary for SMEs involve market-oriented business organizations or cooperatives instead of socially oriented business networks. The latter provide businesses with access to certain services that goes beyond lobby function. It rather entails market information, skills, technology, finance and/or access to new markets. In several OECD countries (e.g. in Germany) chambers and certain business organisations take over a strong role in the provision of some of these services or in the development and quality assurance of apprenticeship programs and exams. Training, education and R&D institutions that provide skills and capacity building which is related to the need of the SMEs and that encourage knowledge flows and innovation in knowledge intensive and less intensive businesses to improve their competitiveness in the market local and regional economic development agencies that understand the local business needs and sector potentials and supports these competitive advantages and potentials through network management activities, promotion initiatives and support measures.

SMEs have higher skills deficiencies than large firms and SME training effort is on average significantly weaker per employee than in larger firms (OECD, 2013b). SMEs often face challenges in attracting and retaining highly qualified personnel and staff with relevant skills, and have greater difficulties in identifying workers with sought-after skills in the labour market. Furthermore, SMEs appear to be relatively behind in establishing collaboration with education and training institutions, and in the use of company-level learning strategies, i.e. the use of managerial practices and methods that promote learning and autonomy (OECD, 2015b). Lack of investments in this area also limits the uptake of digital technologies and their effective use to enhance productivity and access markets. In addition, lack of entrepreneurial skills may hold back adjustment to and greater participation of SMEs and entrepreneurs in the “new world of work” brought about by increasing digitalisation and fragmentation of production processes

Access to finance and low demand are the chief factors affecting small businesses in the current downturn. Governments have responded by loosening monetary policy, strengthening banks, encouraging lending and providing demand stimulus through fiscal policies.

An OECD Strategy for SMEs would bring value added by delivering a comprehensive framework, which would identify key levers for enhancing SME contributions to sustainable and inclusive growth, provide guidance to support policy making.

In this way, an OECD Strategy would support countries in developing their own strategies tailored to specific national contexts and circumstances and different types of firms. It would also build on the knowledge gained from experiences with designing and implementing SME strategies at the national and sub-national levels.

For more than two decades, OECD has been at the forefront of international SME policy dialogue and efforts to provide an evidence base for more effective SME policies in both OECD and non-OECD Members. It can leverage effectively its unique expertise in developing, collecting and understanding business statistics across members and non-members, and build on the strong foundation of policy analysis developed across OECD committees, in areas such as SME finance, innovation, taxation, regulation, digitalisation, employment, skills, trade, internationalisation and environment. By supporting the development and implementation of effective policies for SMEs, OECD can help to level the playing field and enable SMEs to increase their contribution to sustainable and inclusive growth. OECD's experience shows that propagation of technologies, initiatives and services can be enhanced if the best practices are used at all levels, strategic and program levels as well as the service provision level.

4-3 What new policies are needed to increase SMEs' contribution to sustainable development?

Governments should promote SMEs because of their higher economic benefits in terms of job creation, efficiency, and growth.Right policies are needed for SMEs to thrive including:

a. Macroeconomic policies that promote aggregate demand such as labour market policies to ensure employment protection and decent wage levels, fiscal policies to support investment in public infrastructure and an industrial policy that spans sectors and regions.
b. Social dialogue which leads to a higher degree of formalisation of the SME workforce, the establishment of higher standards in the negotiating of collective agreements on wages and working conditions, better compliance with occupational and health standards, and more employee training. Governments, employer organisations and trade unions all have the responsibility to integrate SMEs better into existing collective frameworks. SMEs and their employees need to have the same access to support services and information.
c. Although many donors and national governments have introduced micro finance schemes in many countries, this often does only cover a small number of businesses and not match the credit demands for larger investments. Policies must be put to overcome the lack of access to finance for SMEs through programs for collateral insurances, cooperation and research between SMEs and R&D institutions, as well as specific credit lines for long term investments.
d. Governments must provide SMEs increasing support to reduce their environmental costs and to increase resource efficiency in their production processes. This contributes not only to the reduction of running costs and expenditures but often also involves the introduction of technological and organizational innovations.
e. Clusters or the agglomeration of certain businesses in specific and related sectors and related knowledge institutions can make a big difference in the promotion of competitiveness for SMEs when they are closely cooperating with each other. In this framework, SME support policies require certain information about data like the competitiveness of certain sectors as well as concrete economic of SMEs to improve their position in the market. This data often does only exist insufficiently which also makes it difficult to define sustainable interventions.
f. There is a need to strength the relationships and cooperation between public sector and private sector, especially in developing countries as the private sector is still weakly organized and the publicsector is the main driver of development.
g. High informality of the SME sector in many developing countries as most small businesses are informal and they are not registered. Although a certain percentage of these businesses might have potential to grow it is difficult to reach and identify them. Moreover, many small businesses in those countriesare self-employed due to a lack of other employment opportunities. These self-employed individuals lack basic business and market skills and in general are mainly working in the trading and service sector. It would be necessary to address these businesses with rather educational and social approaches to support them in their situation and in regard to small business improvements.
h. Governments should complement and encourage the development of the small industries by providing opportunities to improve qualifications and skills of those involved in this activity. They mustalso develop effective policies to encourage and support the provision of risk capital. Such policies should focus on development banks, loan securing schemes, tax incentives, innovations and rules that govern investments of insurance companies and pension funds in private capital and granting loans at incentive rates.
i. Addressing the taxation issue as a proper tax reform can boost the development of small businesses. Arguments in favour of rendering support to small businesses imply definite types of such support: supporting companies in dynamically developing sectors of the economy, supporting companies that have difficulties in raising funds, etc. The tax system can be used to reduce the high costs borne by small businesses in order to comply with the tax law requirements; stimulate the establishment of new small enterprises; ensure the small business continuity in cases where the management passes from the founder of the company to another person.
j. To increase efficiency and effectiveness of small and medium-sized enterprises and maintain sustainable development, there is an increasing need to complementing indicators of the enterprise management system with economic, environmental and social indicators which correspond to the specifics of the sector of the particular enterprise. It must be done to define standard and planned indicators in each dimension of sustainability.
k. Most SMEs distribute their products and services through their own shops or wholesalers in the same region. For sustainable economic development and an increase in trade activities, firms must have adequate access to marketing channels and make use of them. The development of an efficient information and

communication technology (ICT) infrastructure, as well as enhanced interoperability and standards, are also increasingly important to access global markets as they facilitate information exchange and communication as well as participation in e-commerce platforms (BIAC et al., 2016; OECD, 2017a).

l. Digitalisation offers new opportunities for SMEs to participate in the global economy as digital technologies allow SMEs to improve market intelligence, reach scale without mass and access global markets and knowledge networks at relatively low cost. The use of digital technologies can also ease SMEs' access to skills and talent, through better job recruitment sites, outsourcing and online task hiring, as well as connection with knowledge partners (OECD, 2017f). It can also facilitate enhanced access to a range of financing instruments.

m. A major effort is needed to better understand the combined effects of structural reforms on the SME business environment, as well as on the role and impact ofpolicies targeted to SMEs,including fostering innovation, sustaining business dynamism, support skills development, ease access to finance, and enable access to public markets. Such an effort should consider the potential synergies and trade-offs across diverse policy areas, including distortionary effects that may be introduced by some policy actions, recognise the heterogeneity of the SME population and acknowledge the multidimensional contributions SMEs make to the economy and society. It should also recognise that countries have different priorities for different populations of firms, depending on the specific national contexts and circumstances.

n. Additional work is also needed to craft policies across different domains and levels of government in a coherent and mutually reinforcing way. A holistic approach is critical because the broad umbrella of "SME policy" includes areas that cut across the boundaries of different ministries and government agencies, and that require close consultation with other stakeholders such as the business sector, trade unions and financial institutions among others. Attention also needs to be paid to how policies which are being developed at national level can be tailored to local conditions, as well as to framework conditions and policies that are shaped at the regional or territorial level (OECD, 2016e).

V. Conclusion

SMEs have an important role to play in enhancing sustainable development by promoting inclusive and sustainable economic growth, providing employment and decent work for all, promoting sustainable industrialization and fostering innovation and reducing income inequalities.

SMEs contributionto sustainable development depends on their access to strategic resources such as skills, knowledge, networks and finance, and on public investments in areas such as education and training, innovation and infrastructure.Several OECD countries took specific emphasis on promoting programs in which SMEs have a better access to financial and non-financial business development services. Incentives and certain grants were provided to small businesses to make use of professional consultancy services and promoting access to new markets especially for more competitive SMEs to increase their outreach and growth potentials. Several programs and services are provided to support SMEs to activate their participations in achieving sustainable development goals throughpromoting access to skills at all stages of a business cycle as whereas in the past years, many OECD countries focused especially on the provision of further capacity building opportunities for start-ups, it becomes more and more important to support the access to skills for SMEs in their different stages of development. After answering the three main question of the study, many policies recommendations were concluded to support SMEs sector as a key driver for sustainable development in developed and developing countries in addition to emerging economies.

VI. Future Studies

Based on the above research results, future studies and researches are needed to concentrate on a deeper analysis of challenges and opportunities for the improvement of SME policies in specific developing countriesin light of international practices to adopt them according to each country's conditions.

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