Workshop on
Building business linkages that boost SME productivity
About the OECD

The mission of the Organisation for Economic Co-operation and Development (OECD) is to promote policies that will improve the economic and social well-being of people around the world. The OECD provides a forum in which governments can work together to share experiences and seek solutions to common problems. It works with governments to understand what drives economic, social and environmental change; it measures productivity and global flows of trade and investment; it analyses and compares data to predict future trends; and it sets international standards on a wide range of issues.

About INADEM

The National Entrepreneur’s Institute (INADEM) is an administrative office of Mexico’s Ministry of Economy. Its tasks include the design, implementation and coordination of national policies for entrepreneurs and small and medium-sized enterprises (SMEs). It supports the development of an entrepreneurial culture in Mexico as well as the innovation, competitiveness and internationalisation of Mexican SMEs with the aim to strengthen their contribution to national economic development and social welfare.

About the workshop

The workshop “Building business linkages that boost SME productivity” is the third of a series of workshops on the topic of SME productivity organised by the OECD in collaboration with Mexico’s National Entrepreneur’s Institute (INADEM). The first workshop in the series looked into the importance of upgrading managerial skills and management practices to enhance SME productivity (Puerto Vallarta, Mexico, 3-4 November 2016), while the second dealt with the link between workforce skills and SME productivity (Puerto Vallarta, Mexico, 15-16 May 2017). This third workshop will analyse the dimension of business linkages and how strengthening supply chain linkages and other inter-firm collaborations of SMEs can boost SME productivity.

Background information

Small and medium-sized enterprises (SMEs) are the backbone of most OECD and emerging-market economies. In the OECD area, they account for about 60% of total employment and for between 38% and 75% of national value added. As a result, they are a major source of economic growth and social inclusion, providing access to income and public services to high- and low-skilled people, and people living in leading and lagging regions. However, productivity in SMEs is on average only a fraction of that of large firms, affecting wage differentials and income inequality in the society. Public policy can support sustainable and inclusive growth by addressing market and institutional failures which negatively impact on SME productivity. In addition to ensuring a favourable business environment for SMEs, policy can act on the main firm-level determinants of SME productivity, including by upgrading management practices and workforce skills, improving access to finance, strengthening enterprise digitalisation, and promoting business linkages.

Business linkages refer to sales and purchasing linkages and other types of collaboration among firms. For example, firms in clusters can enter in buyer-supplier relationships as well as in collaborative arrangements to undertake innovation, internationalisation or workforce training activities, in some cases with the involvement of other stakeholders such as research organisations. Business linkages can have an important impact on SME productivity by acting as channels for accessing larger markets and for fostering exchange and adoption of knowledge and technologies. The third OECD-INDEM workshop on SME productivity intends to examine the main policy levers for increasing SME productivity by building linkages with other firms, including through policies for SME digital technology adoption, supply-chain finance and fin-tech, cluster development and FDI-SME linkages.
Venue

Hotel Camino Real Polanco
Mariano Escobedo 700 Col. Anzures
México D.F. 11590

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DAY 1: 20 February 2018

The first day of the workshop will be organised in a panel format. Presentations by academic experts, policy makers and private-sector representatives will be followed by questions from the audience.

09:00-09:30 (Main workshop room, 4th floor)

Opening Session

Master of Ceremony: Mr. Jonathan Potter, Senior Economist, OECD Centre for Entrepreneurship, SMEs, Regions and Cities

- Ms. Mari Kiviniemi, Deputy Secretary-General of the Organisation for Economic Co-operation and Development (OECD), Paris, France
- Mr. José Manuel Gonzalez, Member of the Executive Council of COPARMEX, Member Organisation of the Business and Industry Advisory Committee (BIAC) to the OECD, Paris, France

Official Inauguration Message and Declaration

- Mr. Alejandro Delgado, President, National Entrepreneur’s Institute (Instituto Nacional del Emprendedor, INADEM), Mexico

09:30-11:00 (Main workshop room, 4th floor)

Session I: Seizing digitalisation as a catalyst for SME productivity

Moderator: Mr. Alejandro Gonzalez, Chair of the OECD Working Party on SMEs and Entrepreneurship (WPSMEE)

Digitalisation is a major driver of productivity growth through the improvement of process efficiency and product quality. One way in which digitalisation supports productivity is through increased opportunities for business internationalisation. The map of global opportunities available to SMEs has become significantly enlarged through digitally-enabled access to international buyers, value chain partners and previously unreachable geographic markets, while new digital technologies such as cognitive automation, data analytics and cloud computing hold the potential to foster step-gains in productivity. At the same time, digitalisation changes the skills demand at the firm level, requiring the upskilling of some workers and possibly making other workers redundant. The impact of digitalisation on growth is positive, but it may require complementary measures, such as training, to ensure that everyone benefits from it. This session will address the following questions:

- What are the opportunities and challenges generated by the digital economy for the internationalisation of SMEs?
- What are the main policy options for helping SMEs to capitalise upon internationalisation opportunities enabled by digital technologies?
- How do new technologies – such as big data analytics and cloud computing – affect SME productivity? What can policy makers do to encourage their use in SMEs?
- How does digitalisation change the nature of work? And what are the implications of digitalisation for inclusive growth, including on the workplace?
Speakers

- Prof. Lester Lloyd-Reason, Emeritus Professor, Anglia Ruskin University, Cambridge, United Kingdom
- Ms. Anna Byhovskaya, Policy Advisor, Trade Union Advisory Committee (TUAC) to the OECD, Paris, France
- Mr. Peter Creticos, President and Executive Director, Institute for Work & the Economy, Chaddick Institute for Metropolitan Development, DePaul University, Chicago, Illinois, United States
- Mr. Pierre-Olivier Bedard Maltais, Economist, Business Development Bank of Canada (BDC), Canada
- Ms. Veronika Michalkova, Policy Analyst, Ministry of Economy, Slovak Republic

Coffee Break – 11.00-11:30
11:30-13:00 (Main workshop room, 4th floor)

Session II: Making the most of digital technologies to support business linkages

Moderator: Ms. Miriam Koreen, Deputy Director, OECD Centre for Entrepreneurship, SMEs, Regions and Cities, Paris, France

Adoption of digital technologies is critical to the ability of SMEs to connect with other businesses in ways that support scale up and knowledge absorption. Through digitalisation, SMEs can gain access to new e-commerce markets and can communicate and collaborate more easily with buyers, customers and suppliers. However, SMEs suffer from low digital technology adoption rates. This reflects a number of internal capacity barriers, including low awareness of digital technology opportunities, traditional attitudes and management practices, low levels of digital skills in the workforce, and barriers to the capital investments required. Privacy and security concerns have also further slowed down digital adoption in SMEs. A package of policy measures may be needed to address these barriers and enhance the use of digitalisation in SMEs to build stronger business linkages. Increasingly, large technology-based private sector companies, through their platforms and services, have also facilitated business linkages and access to new markets for SMEs. This session will address the following key questions:

- How can digitalisation support the inclusion of SMEs in business linkages?
- How is digitalisation changing the nature of business linkages and how is this affecting SME productivity? What are the most relevant technologies in this respect?
- What are governments doing to support digitalisation in SMEs, including with the aim to encourage business linkages with other small and large companies? What barriers are governments addressing?
- What is the role and what are the experiences of the technology corporate sector in helping SMEs connect with each other and enter new markets?
**Speakers:**

- Ms. Hafsah Hashim, Chief Executive Officer, SME Corp., Malaysia
- Mr. Gonzalo Villarán, Head of Innovation, Technology Transfer and Business Development Services, Ministry of Production, Peru
- Mr. Tunc Uyanık, Chief Executive Officer (CEO), World SME Forum, Istanbul and Washington
- Mr. Paolo Casini, Economic Analyst, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, Office of the Chief Economist, European Commission, Brussels, Belgium
- Mr. Juan Francisco Aguilar, Head of DELL Mexico, Mexico City

**Lunch – 13:00-14:30 (4th floor, next to the main workshop room)**

14:30-15:45 (Main workshop room, 4th floor)

**Session III: Financing business linkages: the role of supply chain finance for SME productivity**

*Moderator: Mr. Alejandro Delgado, President, National Entrepreneur’s Institute (Instituto Nacional del Emprendedor, INADEM), Mexico*

Supply-chain finance refers to a set of solutions that optimise cash flow along the supply chain, making it important for the ability of SMEs to participate in global or domestic supply chains. Supply chain finance arrangements can enable a business to lengthen its payment terms to its suppliers, or enable it to secure early payment from its customers. It can offer advantages to SMEs that use it proactively. Supply-chain finance methodologies typically involve the integration of procurement, invoicing and financing processes on one single online platform. Policy makers have a role to play in supply-chain finance by putting in place an appropriate legal and regulatory framework and providing capacity-building support in this field for SMEs. Policy makers may also encourage public and commercial financial institutions to offer supply-chain finance solutions. This session will address the following key questions:

- What is the role of supply chain finance in building stronger buyer-supplier relationships and strengthening productivity growth in SMEs?

- What has been the recent experience of OECD countries in supporting supply-chain finance? What are the key aspects of the legal and regulatory framework that needs to be in place for supply-chain finance to thrive? Is there a role for governments beyond setting an appropriate regulatory framework?

- What is the experience of banks in making supply-chain finance possible? What are their needs vis-à-vis companies and the government?

**Speakers**

- Prof. Costantin Blome, University of Sussex, Brighton, United Kingdom
- Mr. Alberto Wyderka, Head of Latin America Office, FCI (Facilitating Open Account – Receivables Finance), Buenos Aires, Argentina
- Mr. Ary Naim, Country Manager for Mexico and the Caribbean, World Bank Group - International Finance Corporation, Mexico City
- Mr. Javier Carbajal, Principal Economist, Latin American Association of Development Financing Institutions (Asociación Latinoamericana de Instituciones Financieras para el Desarrollo, ALIDE), Lima, Peru
Coffee Break – 15:45-16:00
16:00-17:45 (Main workshop room, 4th floor)

Session IV: Fintech and SME productivity: the role of crowdfunding and venture capital/initial coin offerings (ICOs)

Moderator: Mr. Greg Medcraft, Director, OECD Directorate for Financial and Enterprise Affairs, Paris, France

Fintech refers to the use of technology, including the Internet, in the context of financial activities. This session will explore the roles of crowdfunding and initial coin offerings (ICO), which hinge on block-chain technology, as potential vehicles to boost SME productivity.

Crowdfunding is a technique to raise external finance from a large audience, rather than a small group of specialised investors (e.g. banks, business angels, venture capitalists), where each individual provides a small amount of the funding requested, generally through the intermediation of an internet platform. Initial coin offering (ICO) is an instrument to raise capital through secured bilateral transactions made possible by block-chain technology, which facilitates a shared understanding of the value attached to specific data. The combination of transparency of transactions, strict rules and constant oversight provides the conditions for users of a block-chain-based network to trust the transactions conducted on it, and eliminates the need for intermediation by a platform. This session will discuss the emergence of crowdfunding and ICOS and their potential for enhancing SME productivity. It will analyze the different forms of crowdfunding, focusing on those most relevant to SME productivity (debt- and equity-based), and the potential for ICOS and block-chain technologies to facilitate access to finance by reducing the need for intermediation to undertake secure transactions.

The following questions will be addressed in this session:

- What are the most recent trends in the crowdfunding industry across OECD countries?
- What is the potential and what are the limitations of crowdfunding as a main source of productivity investments in SMEs?
- What are the different possible economic applications of block-chain technologies and what is the potential for ICOS to unleash productivity investments in small businesses?
- What are the main regulatory reforms and policies which policy makers need to put in place to support the development of crowdfunding and block-chain-based secured transactions?

Speakers

- Ms. Kristin Schreiber, Director of SME Policy and COSME Programme, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, European Commission, Brussels, Belgium
- Mr. Endre Spaller, Vice President, National Research, Development and Innovation Office, Hungary
- Mr. Benjamin Yablon, Executive Vice President and Director of Global Strategy, SALT Lending, Denver, Colorado, United States
- Mr. Johannes Ranscht, Chief Executive Officer (CEO), Seed-match Crowdfunding Platform, Dresden, Germany
- Ms. Rebeca Azaola, Mexico Country Manager, Afluenta Crowdfunding Platform, Mexico City
- Mr. Mattia Corbetta, Senior Advisor on Innovation and Startups, Ministry of Economic Development, Italy
17:45-18:00 (Main workshop room, 4th floor)

Conclusions of Day 1

*Moderator:* Alejandro Gonzalez, Chair of the OECD Working Party on SMEs and Entrepreneurship (WPSMEE)

- Ms. Lucia Cusmano, Senior Economist, OECD Centre for Entrepreneurship, SMEs, Regions and Cities, Paris, France
- Mr. Marco Marchese, Economist, OECD Centre for Entrepreneurship, SMEs, Regions and Cities, Paris, France

*Networking Reception – 18:00-19:00 (4th floor, next to the main workshop room)*
DAY 2: 21 February 2018

The second day of the workshop will follow a roundtable format, where initial kick-off interventions will be followed by commentaries and an open discussion among all participants of the roundtable.

09:30-11:30 (Main workshop room, 4th floor)

Roundtable discussion on local-global linkages: how clusters can help SMEs join global value chains

Moderator: Mr. Mario Pezzini, Director of the OECD Development Centre and Special Advisor to the OECD Secretary General on Development, Paris, France

Industry clusters are local concentrations of companies, typically SMEs, working in the same or related industries and whose development is helped by the co-existence of suppliers of intermediate inputs and specialised services. Increased trade integration over the last two decades has changed the nature of industry clusters by further disintegrating the stages of production and increasing the share of a cluster’s production that is offshored or outsourced. This session will discuss how participation in clusters can support productivity growth and business internationalisation in SMEs, either through direct exporting or through supplying exporters, and how national and regional cluster policies have adapted to an increasingly global knowledge-based economy.

The key questions that will be addressed in this session are:

- What are the main opportunities for SMEs that become part of clusters and what are the main barriers they face to become active players in these clusters?
- How have clusters in OECD countries adapted to an increasingly global and knowledge-based economy?
- How can policy support SME development in local clusters and how do policies need to adapt to changing competition and technologies?

Initial kick-off interventions

- Prof. Elisa Giuliani, University of Pisa, Italy, and Massachusetts Institute of Technology-Sloan School of Management, Cambridge, Massachusetts, United States
- Mr. Jonathan Potter, Senior Economist, OECD Centre for Entrepreneurship, SMEs, Regions and Cities, Paris, France
- Mr. Kenny Richmond, Head of Economics, Scottish Enterprise, Scotland, United Kingdom
- Mr. Javier Gutiérrez, Executive Director, Secretariat for Central American Economic Integration (Secretaría de Integración Económica Centroamericana, SIECA), Guatemala City, Guatemala

Commentators

- Mr. Sergio Arzeni, President, International Network for SMEs (INSME), Rome, Italy
- Mr. Alvaro Ramirez-Bogantes, Senior Enterprise Specialist, International Labour Organisation (ILO), Office for Central America, Haiti, Panama and Dominican Republic, San José, Costa Rica
- Ms. Leda Peralta Quesada, Associate Economic Affairs Officer, Economic Commission for Latin America and the Caribbean (ECLAC), Sub-regional Headquarters in Mexico, Mexico City
- Mr. Eduardo Piña, Economist, Latin American and Caribbean System (Sistema Económico Latinoamericano y del Caribe, SELA), Caracas, Venezuela
Open discussion

Coffee break – 11:30-12:00

12:00-13:00 (Media room, 4th floor)

Launch event: Financing SMEs and Entrepreneurs 2018: An OECD Scoreboard

- Mr. Angel Gurría, Secretary-General of the OECD
- Mr. Ildefonso Guajardo Villarreal, Minister of Economy of Mexico

Lunch – 13:00-14:30 (China Grill Restaurant, 4th floor)

Roundtable discussion on local-global linkages: embedding foreign investors in the local economy

Moderator: Ms. Martine Durand, OECD Chief Statistician and Director of the Statistics Directorate

While governments often place strong attention on the attraction of foreign direct investment (FDI) for its direct contributions to economic growth and job creation, there has been less emphasis in many countries on stimulating SME productivity growth through knowledge and technology spillovers stemming from closer FDI-SME linkages. The encouragement of FDI-SME linkages tends to involve three main activities: adopting FDI attraction approaches that seek to steer projects to areas of strong local supplier potential; matchmaking and brokering connections between foreign investor operations and local SMEs; and working directly with potential SME suppliers to improve their efficiency, quality, and flexibility.

The key questions that will be addressed in this session are:

- What is the potential for strengthening SME productivity performance through linkages with foreign direct investors?
- What improvements do SMEs need to make to be able to supply or partner with foreign direct investors located in their regions?
- What are the existing success stories in building healthy FDI-SME linkages? What makes these approaches successful and more inclusive of the local economy?
- What types of policies have been shown to be effective in supporting SME-FDI linkages and what are the most promising recent trends?

Kick-off interventions

1 Running in parallel to the “Roundtable discussion on local-global linkages: embedding foreign investors in the local economy” and the following “Brainstorming session on enhancing public-private sector dialogue on SME and entrepreneurship policy”, there will be a side event on “women’s entrepreneurship” jointly organized by the OECD and INADEM.
Mr. Mariano Mayer, State Secretary for Entrepreneurs and SMEs, Ministry of Production, Argentine
Mr. Rudiger Ahrend, Head of the Economic Analysis, Statistics and Multi-level Governance Section, OECD Centre for Entrepreneurship, SMEs, Regions and Cities, Paris, France.
Mr. Jean-Marie Avezou, Principal Administrator, Enterprise Europe Network and Internationalisation of SMEs, Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs, European Commission, Brussels, Belgium
Mr. Joseph Collum, Growth Markets Division, Investment Development Authority (IDA), Ireland
Ms. Cathy Feingold, Director of the International Department, The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), United States

Commentators

- Mr. Tunc Uyanik, Chief Executive Officer (CEO), World SME Forum, Istanbul and Washington
- Mr. Kenny Richmond, Head of Economics, Scottish Enterprise, Scotland, United Kingdom

Open discussion

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<th>Coffee Break – 16:00-16:15</th>
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<td>16:15-17:45 (Main workshop room, 4th floor)</td>
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Brainstorming session on enhancing public private sector dialogue on SME and entrepreneurship policy

Moderator: Ms. Lamia Kamal-Chaoui, Director, OECD Centre for Entrepreneurship, SMEs, Regions and Cities, Paris, France

This session will involve a discussion among private-sector stakeholders and policy makers on how to enhance public-private sector exchange in the context of OECD dialogue on SME and entrepreneurship policy. This brainstorming session will help to clarify priorities and objectives for public-private dialogue on SMEs and entrepreneurship.

17:45-18:00 (Main workshop room, 4th floor)

Closing Remarks

- Mr. Alejandro Delgado, President, National Entrepreneur’s Institute (Instituto Nacional del Emprendedor, INADEM), Mexico

Welcome Reception for the Ministerial - 19:00 (Soumaya Museum)