Small and medium-sized enterprises (SMEs) and entrepreneurs have been hit hard during the COVID-19 crisis. Policy responses were quick and unprecedented, helping cushion the blow and maintain most SMEs and entrepreneurs afloat. Despite the magnitude of the shock, available data so far point to sustained start-ups creation, no wave of bankruptcies, and an impulse to innovation in most OECD countries. However, government support has been less effective at reaching the self-employed, smaller and younger firms, women, and entrepreneurs from minorities. Countries were not all even in their capacity to support SMEs either. As vaccine campaigns roll out and economic prospects brighten, governments have to take the turn of a crisis exit and create the conditions to build back better. The OECD SME and Entrepreneurship Outlook 2021 brings new evidence on the impact of the crisis and policy responses on SMEs and entrepreneurs. It reflects on longer-term issues, such as SME indebtedness or SME role in more resilient supply chains or innovation diffusion. The report contains country profiles that benchmark impact, factors of vulnerability, and sources of resilience in OECD countries, and give a policy spotlight on liquidity support and recovery plans for SMEs.
Portugal

Figure 6.88. COVID-19 impact on business dynamics and policy responses in Portugal

Stringency of government measures

Portugal has remained under particularly restrictive conditions since the start of the pandemic.

Business dynamics

Firm creation has declined in 2020 as compared to 2019 in Portugal, with a cumulative difference of firm entries on a year-on-year basis of more than -40%.

Policy spotlight

Portugal has several COVID-19 Credit Lines with State Guarantee to support SME and entrepreneurs' liquidity, including:
- EUR 6.2 billion Economy Support for sectors under stress (restaurants, entertainment, tourism);
- EUR 1 billion for micro and small enterprises;
- EUR 1.05 billion for SMEs, small mid-caps, and mid-caps from the industry and tourism sectors with an export share of at least 20% in 2019;
- EUR 1.1 billion APOIAR measures to foster the maintenance of business activity.

Structural measures have also been implemented:
- EUR 25 million fiscal package to support the entrepreneurship and start-up ecosystem;
- EUR 1.7 million to Digital Education, businesses 4.0, and digital public administration
- Portugal Digital Plan that aims at the digital transformation of businesses with dedicated support for SMEs in the countryside;
- Recovering Portugal, Building the Future with policy priorities and investments towards Resilience, Climate Transition, and Digital Transformation;
- Portugal 2030 Strategy to recover the economy and protect employment while ensuring greater territorial and social cohesion;
- 2030 Economic Internationalisation Programme for greater integration of SMEs in GVCs.

National SME and entrepreneurship policy framework

SME&E policies in Portugal are defined as part of wider strategies and policy frameworks.

The "Action Plan for the Digital Transition" (2020) sets a comprehensive strategic vision for the digital transition and is structured under three main pillars: (i) Capacity building and digital inclusion; (ii) Businesses digital transformation and; (iii) Public services digitalization. "Startup Portugal" also encompasses Portugal’s approach towards entrepreneurship, focusing on ecosystems, funding, and internationalisation.

The Think Small First principle guides the mainstreaming of an SME dimension across policies, as required by the EU Small Business Act (SBA) to establish a governance mechanism at national level.

"Entrepreneur’s Desk" aims to simplify the regulatory process for entrepreneurs.

Source: Oxford stringency Index (April 2021); OECD TEI database 2021; and national sources (see country-specific references and definitions).
Portugal has a large population of low-productive micro-firms, the MSME sector contributing to 70% of employment and 68% of value added (OECD average, 69% and 59%).

... the country also counts slightly more self-employed (16.9%).

Economic exposure to lockdowns and business disruptions

Portugal was less exposed to business disruptions during the pandemic: the most affected sectors account for 37.5% of total employment (OECD average 39.7%).

The Algarve, the southernmost region of continental Portugal, is the most exposed region, with about 42% of jobs at risk. This is due to the high regional concentration of accommodation & food and wholesale & retail trade services.

Before COVID-19, tourism accounted for 8.8% of total employment in Portugal (OECD 6.7%).

International trade and GVC exposure

Portuguese SMEs were more exposed to disruptions in GVCs, being more engaged in international trade and in long value chains. Opportunities stemming from GVCs may help them rebound though.

Figure 6.90. Sources of SME&E resilience in Portugal

**Digital readiness**

Small firms in Portugal, despite a good connectivity, lag in the digital transition, at the risk of delaying their recovery.

- **With broadband download speed at least 100Mbit/s**
  - Portugal: 64.4%
  - Denmark: 100%

- **Using social media**
  - Portugal: 47.9%
  - Brazil: 93.2%

- **E-commerce**
  - Portugal: 17.6%
  - Australia: 57.1%

- **Cloud computing**
  - Portugal: 25.2%
  - Finland: 57.1%

**Cash reserves and government liquidity support**

- **SME profit (% production)**
  - Portugal: 21.0%
  - OECD median: 25.2%

- **SMEs receiving public support**
  - Grants or subsidies
  - Credit or deferral of payments
  - Non-financial support

- **Non-repayable forms of support have been the most popular (14% of SMEs).**

**Entrepreneurship regulatory framework**

- **Simplification and evaluation of regulations**
- **Low admin. burdens on start-ups**
- **Low cost of starting a business**
- **Strength of insolvency framework**
- **Low cost of resolving insolvency**

Portugal offers good conditions for entrepreneurship, although there may be room for further simplifying the regulatory framework.

**Innovation skills**

- **Perceived capabilities to start a business**
- **Computer and electronics skills**
- **Adaptability/flexibility skills**
- **Complex problem solving**
- **Practical intelligence for innovation**

In Portugal, there is a good perception among adults of their entrepreneurial capabilities but growing innovation skills gaps (e.g. computer/electronic, complex problem solving).


StatLink: [https://doi.org/10.1787/888934252017](https://doi.org/10.1787/888934252017)
Country notes

- Structural business statistics come from the OECD SME&E Outlook 2019 and refer to 2016.

Country-specific sources

References


## Annex A. Sources and definitions of benchmarking indicators

### COVID-19 impact

| Stringency of government measures | Oxford Government Stringency Index | Government response stringency index, as a composite measure based on nine response indicators including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100 (100 = strictest). If policies vary at the subnational level, the index is shown as the response level of the strictest sub-region. Country values from January 2020 to April 2021. | https://ourworldindata.org/grapher/covid-stringency-index |
| Business dynamics | Firm entries (%) | New enterprise creation January 2020-March 2021, year-on-year difference and cumulative year-on-year difference as a %. For the definition of enterprise creation, see methodology in primary source. | OECD Timely Indicators of Entrepreneurship (TIE) database |
| | Firm exits (%) | Bankruptcies, January 2020-March 2021, year-on-year difference and cumulative year-on-year difference as a %. For the definition of bankruptcies, see methodology in primary source. | OECD Timely Indicators of Entrepreneurship (TIE) database |

### Factors of vulnerability

<p>| Size of the SME&amp;E sector | Share of SMEs in total employment (%) | Employment by enterprise size as a percentage of all persons employed in business economy. Micro firms include firms with 1-9 persons employed; small firms: 10-49 persons employed; medium-sized firms: 50-249 persons employed; and large firms: more than 250 persons employed. Data refer to 2018 or latest year available. | OECD Structural and Demographic Business Statistics database (SDBS) |
| | Share of SMEs in total value added (%) | Value added by enterprise size as a percentage of total business economy value added. Micro firms include firms with 1-9 persons employed; small firms: 10-49 persons employed; medium-sized firms: 50-249 persons employed; and large firms: more than 250 persons employed. Data refer to 2018 or latest year available. | OECD Structural and Demographic Business Statistics database (SDBS) |
| | Share of self-employed in total employment (%) | Self-employment is defined as the employment of employers, workers who work for themselves, members of producers' co-operatives, and unpaid family workers. It is expressed as a percentage of total employment. Trends between 2005 and 2019. | OECD Annual Labour Force Statistics database |
| Economic exposure to lockdowns and business disruptions | Most affected sectors, share in total employment (%) | The most affected sectors by COVID-19 containment measures, share of total employment (%), 2018 or latest year available. | OECD Statistical Insights: Small, Medium and Vulnerable (2020), calculations based OECD Annual National Accounts database. |
| | The region most at risk | Regions with the highest share of jobs at risk by country, TL2 regions, 2017. | OECD (2021), Regional Outlook 2021 based on OECD Job Creation and Local Economic Development 2020: Rebuilding Better |
| | Direct contribution of tourism in total employment (%) | Tourism as a % of total employment, 2019 or latest year available. | OECD Tourism database |
| International trade and GVC exposure | SMEs as exporters (%) | Share of SMEs in trade value, exports, 2015 or latest year available | OECD Trade by Enterprise Characteristics database |
| | SMEs as importers (%) | Share of SMEs in trade value, imports, 2015 or latest year available | OECD Trade by Enterprise Characteristics database |</p>
<table>
<thead>
<tr>
<th>Source of resilience</th>
<th>Description</th>
<th>Calculation Details</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital readiness</td>
<td>Broadband connection (%)</td>
<td>Percentage of small businesses [10-49] with a broadband download speed at least 100 Mbit/s (%). All activities in manufacturing and non-financial market services. Data refer to 2020 or latest year available. Distribution along a stylised curve of adoption (OECD, 2021).</td>
<td>OECD ICT Access and Usage by Businesses and OECD (2021), The Digital Transformation of SMEs.</td>
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<tr>
<td>Cash reserves</td>
<td>SME profit, as a share of production (%)</td>
<td>Gross operating surplus of firms with less than 250 employees as a percentage of their production. Industry (excluding construction) only. Data refer to 2018 or latest year available.</td>
<td>OECD Structural and Demographic Business Statistics database (SDBS).</td>
</tr>
<tr>
<td>Liquidity support</td>
<td>SMEs receiving government support, total (%)</td>
<td>Percentage of SMEs with a Facebook page that received government support, December 2020.</td>
<td>Facebook/OECD/World Bank (2020), Future of Business Survey.</td>
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<td></td>
<td>SMEs receiving grants and subsidies (%)</td>
<td>Percentage of SMEs with a Facebook page that received government support in the form of grants or subsidies, December 2020.</td>
<td>Facebook/OECD/World Bank (2020), Future of Business Survey.</td>
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<tr>
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<td>SMEs receiving credits and deferrals (%)</td>
<td>Percentage of SMEs with a Facebook page that received government support in the form of credit or deferral of payments, December 2020.</td>
<td>Facebook/OECD/World Bank (2020), Future of Business Survey.</td>
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<td>SMEs receiving non-financial support (%)</td>
<td>Percentage of SMEs with a Facebook page that received non-financial government support (e.g. information, technical assistance or advisory services), December 2020.</td>
<td>Facebook/OECD/World Bank (2020), Future of Business Survey.</td>
</tr>
<tr>
<td>Entrepreneurship regulatory framework</td>
<td>Simplification and evaluation of regulations (index)</td>
<td>Composite index that captures the government's communication strategy and efforts to reduce and simplify the administrative burden of interacting with the government, including impact assessment on competition, interaction with interest groups and the complexity of regulatory procedures. Scores from 0 - least restrictive to 6 - most restrictive. Data refer to 2018.</td>
<td>OECD Product Market Regulation Indicators.</td>
</tr>
<tr>
<td></td>
<td>Low administrative burdens on start-ups (index)</td>
<td>Component of the composite index &quot;Barriers to domestic and foreign entry&quot;. Covers the administrative burden on joint-stock companies and personally-owned enterprises, as well as administrative burden related to licenses and permits procedures. Scores from 0 - least restrictive to 6 - most restrictive. The indicator is</td>
<td>OECD Product Market Regulation Indicators.</td>
</tr>
<tr>
<td>Indicator</td>
<td>Description</td>
<td>Data Source</td>
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<tr>
<td>Low cost of starting a business (in % of income per capita)</td>
<td>Captures the cost (in % of income per capita) for starting a business, registering property and to prepare, file and pay taxes. The indicator is treated as a potential barrier to SME performance and country benchmark has been reversed (the higher the index performance is, the lower the cost). Data refer to 2018.</td>
<td>World Bank Doing Business 2020 – Starting a business</td>
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<tr>
<td>Strength of insolvency framework (index)</td>
<td>Measures the insolvency law de jure. Calculated as the sum of the scores on 4 other indices: i) commencement of proceedings index (with a range of 0–3), ii) management of debtor’s assets index (0–6), iii) reorganization proceedings index (0–3) and iv) creditor participation index (0–4). The strength of insolvency framework index ranges from 0 to 16, with higher values indicating insolvency legislation that is better designed for the rehabilitation of viable firms and the liquidation of nonviable ones. Data refer to 2019.</td>
<td>World Bank Doing Business 2020 – Resolving Insolvency</td>
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<td>Low cost of resolving insolvency (cost, % of estate)</td>
<td>Resolving insolvency (cost, % of estate). Indicator on the actual cost (in % of estate) to close a business. The indicator is treated as a potential barrier to SME performance and country benchmark has been reversed (the higher the index performance is, the lower the cost). Data refer to 2019.</td>
<td>World Bank Doing Business 2020 - Resolving Insolvency</td>
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<tr>
<td>Innovation skills</td>
<td>Perceived capabilities to start a business (%)</td>
<td>Global Entrepreneurship Monitor (GEM) - Adult Population Survey</td>
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<tr>
<td>Computer and electronics skills</td>
<td>Skills shortage or surplus of computer and electronics skills, i.e. knowledge of circuit boards, processors, chips, electronic equipment, and computer hardware and software, including applications and programming. Positive values indicate skill shortage while negative values point to skill surplus. The larger the absolute value, the larger the imbalance. Results are available on a scale that ranges between -1 and +1. The indicator is treated as a potential barrier to SME performance and country benchmark has been reversed (the higher the index performance is, the lower the imbalance in skills use and availability in the country). Data refer to 2015.</td>
<td>OECD Skills for Jobs Database</td>
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<tr>
<td>Adaptability/ flexibility skills</td>
<td>Skills shortage or surplus of adaptability/flexibility skills. Positive values indicate skill shortage while negative values point to skill surplus. The larger the absolute value, the larger the imbalance. Results are available on a scale that ranges between -1 and +1. The indicator is treated as a potential barrier to SME performance and country benchmark has been reversed (the higher the index performance is, the lower the imbalance in skills use and availability in the country). Data refer to 2015.</td>
<td>OECD Skills for Jobs Database</td>
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<tr>
<td>Complex problem solving skills</td>
<td>Skills shortage or surplus of complex problem solving, i.e. developed capacities used to solve novel, ill-defined problems in complex, real-world settings. Positive values indicate skill shortage while negative values point to skill surplus. The larger the absolute value, the larger the imbalance. Results are available on a scale that ranges between -1 and +1. The indicator is treated as a potential barrier to SME performance and country benchmark has been reversed (the higher the index performance is, the lower the imbalance in skills use and availability in the country). Data refer to 2015.</td>
<td>OECD Skills for Jobs Database</td>
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<tr>
<td>Practical intelligence for innovation</td>
<td>Skills shortage or surplus of practical intelligence for innovation (workstyle). Positive values indicate skill shortage while negative values point to skill surplus. The larger the absolute value, the larger the imbalance. Results are available on a scale that ranges between -1 and +1. The indicator is treated as a potential barrier to SME performance and country benchmark has been reversed (the higher the index performance is, the lower the imbalance in skills use and availability in the country). Data refer to 2015.</td>
<td>OECD Skills for Jobs Database</td>
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