



Scaling up – Towards better evidence for SME policies

Small and medium-sized enterprises (SMEs) that scale up, and particularly high-growth firms, make an important contribution to job creation and economic growth in OECD countries. However, despite their importance and the considerable policy interest they attract, there remain significant knowledge gaps, hampering the ability of governments to provide effective scale up support and create the right business conditions for SMEs to grow. The project contributes to advancing knowledge in the field.

Why this project?

Scaling up encompasses the capacity of a firm to operate, in a sustained manner, on a larger scale and at a higher level of productivity. It typically refers to growth in employment or turnover, but may also imply the capacity to innovate, compete in a broader product space, operate in new or international markets, or widen networks and partnerships.

With governments worldwide looking to lay the foundations for a post-COVID-19 recovery, the spotlight on SMEs and their potential to drive more resilient and sustainable growth has never been brighter. Support to start-ups and scale-ups has been extended not only to overcome liquidity constraints, but also to access innovation and growth capital. At the same time, the crisis has highlighted continued shortcomings in available data on the drivers of SME performance, including e.g. a lack of timely and more granular data, and related evidence on good policy practices.

As a result, the conditions enabling SME scale up remain poorly understood and policy makers may look for scalars in the wrong place and/ or try to support them with inadequate measures.

Objectives

The project contributes to reducing existing knowledge gaps and support the design of better scale up policies by:



Collecting **harmonised, internationally comparable data** on SMEs before, during and after their scale-up phase.



Providing **analysis on the internal-to-the-firm factors** that support the scale-up process and enable SMEs sustain the new scale afterwards.



Better understanding how governments can **address barriers to SME scaling up** and create **supportive business conditions** through action in relevant policy domains.



Creating a **knowledge base on national approaches in encouraging SME scale up**, through a mapping of relevant policies and institutions across the OECD area in a number of policy domains.

New data on SMEs – Going Beyond traditional sources

Much of the data that could strengthen the evidence base do exist but are not readily accessible, reflecting confidentiality restrictions in national statistical agencies. The results of the first phase of this project, summarised in *Understanding Firm Growth: Helping SMEs Scale Up*, show **the potential of leveraging a more diverse set of data sources** – e.g. microdata or other non-traditional (and non-official) data – to better understand the diverse growth pathways of SMEs and “scalars”.

Outcomes

The project will allow policy makers to **better understand SME scale up trajectories**, in particular those of high-growth firms, and provide them with benchmarking tools that can strengthen their ability to identify national strengths and weaknesses, as well as improve their understanding of the drivers that could help them leverage SME capacity to scale up.

Policy makers are also provided with a **better overview of national efforts in support of SME scale up** across OECD countries (and other selected emerging economies), which can help identify good international practices and inspire improvements in national policies and coordination mechanisms.

Joining the project

Countries are invited to join the OECD's efforts to improve the evidence base on SMEs scaling up and the policies that support them. Participation implies engagement in one or two of the following areas:

Measurement and empirical analysis

By working with the OECD on gaining access to suitable microdata and /or implementing the proposed methodology to develop "scaling up" indicators in their country.

Policy mapping and analysis

By working with the OECD on mapping national policy practices and mixes, and coordinating feedback of relevant stakeholders in their country.

Toward new SME&E policy indicators and a harmonised international policy database

Leveraging the findings of the microdata work and the pilot policy mapping, the project seeks to advance knowledge on how policy makers can create the conditions for SME scaling up. Results from the first phase of the work will be summarised in a new policy report on *Helping SMEs Scale Up* that shows the diversity of country policy frameworks and governance arrangements. Going forward, a **new database of SME and entrepreneurship policy actions and institutions** will enable countries to identify potential bottlenecks and gaps within the wider policy mix, and learn about innovative approaches in supporting SME scale up.

Project structure and timeline

Phase 1: A Pilot Project on Unleashing SME Potential to Scale Up, 2019-21

Measurement pillar

Analysing high-growth of SMEs in five pilot countries, leveraging firm-level microdata

Policy pillar

Pilot cross-country analysis of policies in support of scalers in two policy areas (access to finance, SME data governance)

Phase 2: Scaling up and beyond – better evidence for SME policies, 2022-23

Leverage and expand work of Phase I

Measurement pillar

- Triple country coverage and update data
- Extend the range of indicators

Policy pillar

- Update policy mapping of Phase I and expand to two additional domains

SME policies and industrial ecosystems

- Mapping of policies to link SMEs to industrial ecosystems and enhance networking and interconnectedness
- Exploratory policy indicators based on web scraping and semantic analysis

Data on SMEs beyond balance sheets

- Experimental indicators
- More timely, more granular and more detailed data on SMEs
- Based on non-traditional data

Contact

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About the OECD Centre for Entrepreneurship, SMEs, Regions and Cities (CFE)

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