

## Entrepreneurial Business Management and Financing of Small and Medium Enterprises

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### Abstract

*Living in a time of rapid socio-economic change occurring globally, regionally and nationally, they operate with varying intensity in the SME sector. Until recently, the focus of attention has not been on small and medium-sized enterprises and their entrepreneurship from an economic perspective.*

*The changes that have taken place in the world have reflected a greater risk of shifting the economic focus by shifting the entrepreneurship of micro and small enterprises. In developing countries such as the United States and the United Kingdom, small businesses became an important factor in economic development in the 1990s due to increasing employment in small enterprises.*

*First, many people who set up their own businesses or were employed in small businesses were virtually laid off by large companies in the 1980s and early 1990s.*

*Second, large companies have seen a noticeable trend in outsourcing some of their activities to small businesses, a process that has been greatly facilitated by the increasing use of the Internet.*

*Third, the relative stability of the economies in England and the United States after the 1990s encouraged more and more entrepreneurial activity.*

*Fourth, the emergence of new economies in the world has accelerated global development, which is also encouraging more and more entrepreneurial activity.*

*Therefore, in the coming years, it can be expected that small businesses, continuously, will play a significant role in job creation and economic growth and, therefore, due attention should be paid to the research of entrepreneurship and small enterprises, as which is the topic of this research paper. Small and medium-sized enterprises are an important component of local, regional and national economies and, as such, a potential target for policy and institutional interventions. However, it should be emphasized that the importance of small and medium enterprises for any economy depends a lot on the ability of the state to fulfill its roles effectively. In this sense, economic strategies aimed at supporting small and medium-sized enterprises, in particular, small enterprises should focus on the factors that encourage it, but also on those factors that limit the creation and growth of those businesses. Empirical experiences show that small enterprises have a very important role for development in many respects. In fact, small enterprises produce 2.5 times more new products than large enterprises, they can often diffuse more successfully some of the latest technologies, almost as a rule, their innovations are more effective and efficient, they can be irreplaceable in some areas of production, and can also more effectively meet the needs of relatively small but special markets.*

**Keywords:** *small and medium enterprises, economic development factor, entrepreneurial activities, great benefits for global development*

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*A key feature of these companies is their greater flexibility to adapt to market changes. At the same time, in conditions of transition and restructuring of social capital in countries such as the Republic of North Macedonia, they contribute to the absorption of overemployment in large state-owned enterprises. Small enterprises are involved in the process of reconstruction and ownership transformation, as well as in production, technological and managerial transformation. They create new jobs, engage citizens' free capital, and activate and employ potential local resources. The results of research in the international community show that small businesses bring great benefits to local economic development. Apart from the fact that they generate more jobs per unit of investment, they also generate more social results in relation to the realized investments, reinvest a significantly larger part of the realized profits, and, at the same time, introduce a set of new products and services, new companies and new markets. at local, national and regional level. Such attributes of small enterprises undoubtedly point to their role in alleviating the social tensions that accompany the process of socio-economic and political reforms. Given the fact that the Republic of North Macedonia is in stages of comprehensive socio-economic reforms, where the economy has not yet reached the required level of efficient functioning, in conditions of collapse of large enterprises and rising unemployment, the need arose to create of small enterprises that will bear the burden of reviving the economy.*

### **Introduction:**

Micro and small enterprises are a very important segment of the economic structure of all countries, while in countries that are in transition processes of management to an open market economy they are one of the key factors of restructuring. Micro, small and medium-sized enterprises are considered to be the engine of the European economy. They are the most important source of jobs, they create an entrepreneurial spirit and innovation and, thus, they are crucial for fostering competitiveness and employment.

Their importance, role, features and definitions have changed and are changing, and the general, above all the market and institutional environment for their action is changing.

Small enterprises are characterized by a relatively cheap job compared to large companies, because with a smaller amount of financial resources it is possible to start self-management, and the general operating costs - fixed and variable - are lower, primarily due to the merger of more functions in the work of one person - manager, owner, planner, production organizer, commercialist, etc. ; They are more competitive in the market and increase the competitiveness of large enterprises, and thus the economy as a whole;

Due to the relatively smaller amount of invested capital, small enterprises are easier to bear the business risk, which is a result of constant changes and innovations undertaken to maximize income;

Small enterprises mostly use domestic raw materials and available resources and meet, above all, the needs of the local market, enable more balanced regional development of the country, and hence overall economic development;

With their flexibility, mobility, vitality, scalability, diversity in the way and methods of production, as well as the application of technical-technological innovations, small enterprises can be an important factor for substituting the import of products and services with their own production.

Until the 1980s, the European Union did not have a specific policy for the development of small and medium-sized enterprises. The focus on this sector has emerged as a result of individual EU regional and social policies and as a result of the successful US model of job creation through small enterprises.<sup>1</sup>

The European Union began a more intensive policy for the development of this sector in Lisbon in 2000, when the European Council set the goal that, by 2010, the Union should have a knowledge-based economy, which would be the most competitive in the world. The Lisbon Strategy is aimed at achieving progress that is not only based on Union legislation, but also on a basic method of coordination and proven measures already taken by the various countries that are members of the Union.<sup>2</sup>

Reflecting on the realization that achieving the goal of making the EU the most competitive economy in the world in 2010 largely depends on the development of small businesses, at the Fiera Summit in June 2000, the European Union adopted the European Small Business Requirement. enterprises. With the adoption of the Charter, the Member States have committed themselves to working towards particular progress in the areas covered by the Charter and to cooperating with each other in achieving the objectives set. In Europe today, as much as 72% of the total workforce is employed in the micro and small enterprise sector.<sup>3</sup> According to the European Council, the new Community Innovation and Competitiveness Program should give greater impetus to the development of innovation in the EU by creating a new mechanism for financing innovative fast-growing SMEs, by strengthening networks for technical support of innovative enterprises and by supporting development. of regional centers and European networks to support innovation.

According to research by the Federation of Small Enterprises, there was an increase of up to 33% in investment in equipment and machinery, 5% in research and development, 24% in investment in information technology and 12% in increased cooperation with suppliers. According to the EURAB (European Research Advisory Board), the vast majority of small and medium-sized enterprises in the EU, around 70%, do not invest, or only partially, in research and development.<sup>4</sup>

Despite encouraging progress, however, the EU needs to take long-term measures to strengthen the sector's overall potential. In general, in the EU, small and medium-sized enterprises still have lower productivity and growth, compared to small and medium-sized enterprises in the United States. This sector still faces serious problems in its operations. For example, around 21% of small and medium-sized enterprises in Europe indicate that access to finance is a serious problem. The role of small and medium-sized enterprises in the European economy is recognized at the highest political level. In June 2008, the European Council expressed strong support for the initiative to further strengthen small and medium-sized enterprises, providing conditions for sustainable growth and competitiveness, through the adoption of the Small Business Act (SBA) for Europe and called for its rapid adoption and implementation. by EU member states.

At the heart of the European SBA is achieving the best possible conditions for the development of small and medium enterprises, which mostly depends on the social recognition of entrepreneurs.

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<sup>1</sup> OECD (1997), "Interim Report on Technology, Productivity and Job Creation – Towards Best Policy Practice", submitted to the May 1997 Council at Ministerial Level.

<sup>2</sup> European Parliament, Lisbon European Council, 2000 available at: [https://www.europarl.europa.eu/summits/lis1\\_en.htm](https://www.europarl.europa.eu/summits/lis1_en.htm)

<sup>3</sup> European Parliament, Santa Maria de Feira European Council, 2000, available at: [https://www.europarl.europa.eu/summits/fei2\\_en.htm](https://www.europarl.europa.eu/summits/fei2_en.htm)

<sup>4</sup> Open Research Europe, European Commission available at: <https://open-research-europe.ec.europa.eu/advisors>

The general climate in the society should be led by individuals who will consider the possibility of starting their own business and will recognize that small and medium enterprises have a great contribution to increase employment and economic prosperity. As a key contribution to achieving a friendly business environment, the perception of the role of entrepreneurs will need to change and risk taking will need to be linked to and supported by the media, administration and political leaders.

The SBA aims to improve the overall policy approach to entrepreneurship by strengthening the Think small first principle, regulating the public sector, and promoting SME growth, helping to overcome problems that hinder their development. The SBA is a new strategic framework that integrates existing instruments and is in line with the European Charter for Small Enterprises and modern SME support policies. To implement this ambitious political agenda, the Commission proposes a sincere partnership between the European Union and the Member States that respect the principles of subsidiarity and proportionality.<sup>5</sup>

This act symbolizes the political will to recognize the central role of small and medium-sized enterprises in the economy and the need to place them in the policies of the European Union and its Member States, by introducing and respecting: Principles on which the concept of the European Union is based and its member states; A set of new legislative proposals based on the Think Small First principle; A set of new policy measures that will implement these 10 principles, according to the needs of small and medium-sized enterprises at community level and at Member State level.

By adopting this act, the European Commission called for the application and observance of the prescribed ten principles relating to:

1. Creating an environment in which entrepreneurs and family businesses can thrive and entrepreneurs be rewarded;
2. Those entrepreneurs who have faced failure, and have the habit of a second attempt;
3. The rules agree with the Think Small First principle;
4. Public administration to meet the needs of small and medium enterprises;
5. Adaptation of the tools of the public system to the needs of small and medium enterprises;
6. Improving access to finance for small and medium enterprises and developing a legal and business climate, in support of timely payment of commercial transactions;
7. Assisting small and medium enterprises, to better use the opportunities from the single market;
8. Promoting continuous improvement of the skills of small and medium enterprises and all forms of innovation;
9. To enable small and medium-sized enterprises to turn environmental challenges into development opportunities;
10. Encourage and support small and medium enterprises to benefit from the growth of markets.

From the moment of its creation by the European Commission, the idea of implementing the Small Business Act in Europe has caused a lot of expectations. Although widely supported by the government, the European Parliament and the SME community, it is important that it be thoroughly

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<sup>5</sup> Small Business Act – Data base and good practices – available at: <https://ec.europa.eu/growth/tools-databases/sme-best-practices/SBA/index.cfm?fuseaction=welcome.detail>

implemented, which implies the full commitment of both the Commission and the Member States of the European Union.<sup>6</sup>

### **Macroeconomic Environment as a framework for growth and development of small and medium enterprises**

The primary goal of macroeconomic policy is not only to help small businesses, but also to provide a framework for all sizes of enterprises to thrive in the economy. The broadest objectives of SME policy are of a macroeconomic nature. Those goals include job creation, which reduces unemployment.<sup>7</sup> Enterprises benefit from a stable macroeconomic environment with tight inflation control, low budget deficit, reasonable interest rates and a competitive real exchange rate.

Macroeconomic stability provides companies with savings incentives and mechanisms to channel those savings into investments. Ensuring macroeconomic stability, for example by controlling inflation and the exchange rate, is also an important way to enable SMEs to establish, grow and thrive.<sup>8</sup>

The macroeconomic context has an impact on the pace of economic growth which, in turn, has an impact on the workforce and social policy. The current global crisis strengthens the arguments regarding the fundamental role of macroeconomic policy and the importance of assessing the changes that will need to be made. The omissions and the instability of the variables, such as the real exchange rate, generate dynamic effects through the impacts of the macroeconomic environment, ie:

- Investment rate;
- The intensity of added value;
- Innovations;
- SME development;
- The security of the labor market, etc.<sup>9</sup>

The fall in GDP signals market stagnation. Businesses cannot function and make a profit when there are high costs. Price fluctuations can destroy SMEs. A strong and stable macroeconomic environment is needed to support long-term economic growth in order to reduce the risk of doing business by providing a predictable business climate in making investment decisions.<sup>10</sup>

Not only SMEs but also large companies depend on the government's ability to implement sound and consistent macroeconomic policies. Low budget deficit, low inflation and a stable and transparent currency regime ensure some stability. Inflation affects SME growth, and the exchange rate is more likely to affect SMEs due to the smaller opportunities available, but volatility policies generally affect all firms equally. Not only SMEs but also large companies depend on the government's ability to implement sound and consistent macroeconomic policies. Low budget

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<sup>6</sup> SBA Principles – available at: <http://www.ebesm.eu/sba-principles>

<sup>7</sup> OECD: Small and medium-sized enterprises: Local strength, global reach, OECD Policy Brief (Paris, 2000). The share of SMEs in the total enterprise population is even higher for developing countries.

<sup>8</sup> Pejkovski J.: Sistemski pretpostavki za razvoj na pretpriemnistvoto, nauchen sober: "Pretpriemnistvo", Ekonomski institut - Skopje, Fondacija "Fridrih Ebert", Kancelarija Skopje, Skopje, 2000;

<sup>9</sup> Anderson, M., Baccianti, C., Morgan, J. (2020), European Central bank, Euro system, *Occasional Paper Series, Climate Change in the macro economy, No.243*

<sup>10</sup> <https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-april-2020-briefing-no-136/>

deficit, low inflation and a stable and transparent currency regime ensure some stability. Inflation affects SME growth, and the exchange rate is more likely to affect SMEs due to the smaller opportunities available, but volatility policies generally affect all firms equally.<sup>11</sup>

In this regard, five key factors for entrepreneurship management have been identified, in the context of SMEs: Market Access, Capital Supply, Skills Supply and Entrepreneurial Culture.<sup>12</sup>

### **Financial sources and funding policy**

Financial instruments to support small and medium-sized enterprises in the European Union, complementing regional and national initiatives, are implemented by the European Investment Fund (EIF), which is the European Investment Bank's (EIB) risk-taking financial mechanism. EIF risky investment instruments consist of venture capital funds that support SMEs, especially those in the early stages of their development or those that are technology oriented.

This is supported by two financial sources:

1. Capital from the EIB Group (EIB and EIF) which constitutes the core of EIF investments and
2. Capital from the European Commission which are allocated in two different programs: ETF Start-up Facilitation and Share Seed Capital.<sup>13</sup>

The ETF Start-up Facilities scheme supports SME financing in its beginners phase, by investing in venture capital funds and business incubators. These funds should be such as "sowing funds", small funds operating regionally or funds focused on specific sectors or technologies, or risky investment funds that finance the exploitation of research and development results.

The Seed Capital Action scheme, on the other hand, provides support for long-term engagements of new investment managers to strengthen the capacity of "seed funds". However, the demand for this instrument is small.

Risk investment fund is one of the most relevant sources of finance for companies that want to finance their investments. The venture capital fund consists of finances provided on the capital market by specialized operators. The venture capital fund buys shares or convertible bonds in the company. They do not invest to get a dividend right now, but to enable the company to grow and, ultimately, increase the value of their investment. They are also interested in innovative SMEs with very rapid development rates.

Generally, the following stages of investment are distinguished:

1. Seed financing, provided for research, evaluation and development of an initial concept that precedes the start-up phase of the business;
2. Start-up financing provides companies with finance for product development and initial marketing. Companies may be in the process of being formed or may have just started operating but are not yet selling their products commercially.

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<sup>11</sup> <https://www.iemed.org/publication/macroeconomic-and-monetary-policies-in-the-mediterranean-management-in-a-context-of-uncertainty/>

<sup>12</sup> Acs, Z.J., Aldrich, H.E., Audretsch, I.D., Baumol, W.J., Boko, S., Gatewood, E. J., Johannisson, B., Reynolds, P.D., Sabel, C., Thurik, A. R., Lundström, A. (2009) The Role of SMEs and Entrepreneurship in a Globalised Economy, Expert Report no.34 to Sweden's Globalization Council.

<sup>13</sup> [https://www.eif.org/what\\_we\\_do/efsi/index.htm](https://www.eif.org/what_we_do/efsi/index.htm)

The EU also has a European Joint Venture Program (EPZV), which should encourage the creation of transnational "partnerships" between European SMEs. In this context, "partnership" refers to a consortium, partnership or partnership in the industrial, service, trade, craft sector.<sup>14</sup>

The European Investment Bank (EIB) aims to improve the financial environment for SMEs. To this end, it provides medium-term or long-term loans (global loans) to financial institutions (intermediaries), which they then place on SMEs. The SME Guarantee Facilitation, which is part of the European Commission's Development and Employment Initiative, also aims to increase the availability of loans to small or start-ups through risk-sharing through national guarantee schemes, joint guarantee schemes and other relevant institutions, including the European Investment Bank (EIB). Microfinance is financing through small loans and other financial services for individuals who start or already run a very small business, often as sole proprietors. Some microfinance instruments may have specific target groups such as the unemployed, ethnic minorities, young or women entrepreneurs. Although the size of microloans varies between EU member states, the term microfinance is most often used for loans of less than 25,000 euros. Microfinance is usually provided through non-banking organizations (such as foundations and funds), although in some Member States, such as Germany, public financial institutions undertake this obligation. When banking legislation prohibits direct lending by non-banking institutions (Spain, Italy), microfinance is usually done through banks, which delegate administrative tasks to microfinance institutions.

Financing innovation, in this context, means providing finance to companies, especially start-ups that develop and promote new products and services in the market. These products or services should be either new, or scientifically based, or should contain some other innovative elements. Such companies usually operate in the following sectors: information technology, natural sciences, medical equipment and other science-based industries. Innovative start-up companies are highly dependent on adequate funding at all stages of their evolution and often have trouble financing all their needs. Direct equity investments dominate the financing of innovations in the business expansion phase.<sup>15</sup> Other alternative sources of SME financing are: leasing, factoring and bond financing.

Leasing is especially practical for SMEs with little capital, as it does not bind capital. Some leasing innovations are of particular interest to SMEs. Leasing for risky investments, for example, allows start-ups to receive additional "seeds" and start-up finances without unnecessarily reducing their equity. Leasing companies for risky investments often establish working relationships with the start-up companies they finance.

Factoring is a method of improving a company's liquidity by replacing the cash balance with written debts, which are usually 80-85% of the approved debts. The factor manages the trade credits of the company / client and advances cash in accordance with these credits. SMEs can use factoring to provide liquidity and cover the need for working capital, especially in those EU member states where access to bank loans is limited. Factoring is particularly attractive to SMEs.

There are three main types of factors. The factor can be related to a commercial bank, a large industrial company that provides factoring for specialized markets or be independent. Different types of factoring provide discounted invoices, where the client's debts become the property of the SME until they are repaid, and the factoring company advances cash for them.

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<sup>14</sup> Christofidis, C., Debande, O. (2001) Financing Innovative firms through Venture Capital, EIB Sector Papers, European Investment Bank, pp.43

<sup>15</sup> <https://www.eib.org/en/products/loans/sme-mid-caps.htm>

Bond financing occurs when a firm issues its debt securities directly to investors. This type of financing is used by larger companies because it provides them with a more competitive alternative, compared to bank intermediation. This type of financing is restrictive for SMEs because the minimum value of the bond issuing company is significant.<sup>16</sup>

### Aspects for SME financing in the Western Balkans and Turkey for 2019

The Table below presents the 2019 assessment scores by economy for each dimension, sub-dimension and thematic block, as well as the weights used for each element. Scores range between 1 and 5, with a higher score indicating a more advanced level of policy development and implementation. The scores reflect the situation of SME policy in the seven WBT economies and reforms introduced between 2016 and the end of 2018.<sup>17</sup>

The given table reveals the economies of the Western Balkans and Turkey and their best performance in the areas of business support services, public procurement, standards and technical regulations, as well as in their institutional and regulatory frameworks for SME policy making. According to the report made by OECD for Western Balkans all the obtained economies have well-developed SME strategies in place and they are implementing these strategies according to implementation plans. The assessed period was 2016 – 2018 that showed progress in all the required fields of interest, support measures for SMEs have also gained traction and public funds have been earmarked at a growing rate to implement the actions planned under the various SME development strategies.

It is stated that the bankruptcy procedures could be more efficient, well-designed tax provisions are needed to reduce the disproportionate compliance burden imposed on SMEs by the tax system, innovation and quality infrastructure are presented in level of up gradation and initiatives to raise awareness among SMEs of the advantages of greening their activities the results are expected in the next review with better results.

### Conclusion

Seen in time and space, small businesses are a universal phenomenon. On the one hand, their meaning, role, features and definitions have changed and are changing, and on the other hand, the general, market and institutional environment in which they are "born, grow, develop and die" is changing. The small business sector is interdependent with the narrower and wider socio-economic environment, but also with entrepreneurs, entrepreneurship and entrepreneurial culture. Basically, small enterprises are those that, among other criteria - employ up to 50 people. However, as of January 1, 2005, the area of small enterprises, in terms of employees, is structured into micro enterprises (less than 10 employees) and small enterprises (from 11 to 50 employees). The purpose of such an audit is to link the enjoyment of different types of support to the question of whether it is a micro or other category of small and medium-sized enterprises, to harmonize the different definitions used at Community level but also at national level, and to avoid the possibility of creating inconsistencies. Small enterprises create about 70% of new jobs, and they create a large share of GDP and create four times more innovations per dollar for research and development than medium enterprises, as well as 24 times more than large companies.

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<sup>16</sup> OECD 2015. New Approaches to SME and Entrepreneurship Financing: Broadening the Range of Instruments, pp.18-31

<sup>17</sup> OECD/ETF/EU/EBRD (2019), *SME Policy Index: Western Balkans and Turkey 2019: Assessing the Implementation of the Small Business Act for Europe*, SME Policy Index, OECD Publishing, Paris. <https://doi.org/10.1787/g2g9fa9a-en>



In the European Union, SMEs cover more than 90% of the 25 million businesses. They generate more than half of all newly created jobs. Among such small enterprises are innovative and entrepreneurial companies that have the greatest potential for rapid growth and knowledge capacity in different sectors and regions. Financial sources and financing policies are crucial for small businesses. Financing policies can be implemented through various institutions and forms of financing, such as: lending by specialized banks for small enterprises, forms of financing for starting a business, funds for the development of small enterprises, specialized institutions for issuance of guarantees with commercial banks (guarantee funds), franchise and leasing systems, factoring, creditor loans, venture capital funds, international financial organizations and the like.

As it was shown in the Table from the Report made from OECD, SMEs in the Western Balkans show trend of existence and success. The fields in which small and medium-sized enterprises exist are numerous but it is important to point out that they are the drivers of the economies and as such are very important for any country whose economy aims to move forward.

App. 1 Table 1. 2019 SME Policy Index Scores – source OECD/ETF/EU/EBRD (2019), *SME Policy Index: Western Balkans and Turkey 2019: Assessing the Implementation of the Small Business Act for Europe*, SME Policy Index, OECD Publishing, Paris. <https://doi.org/10.1787/g2g9fa9a-en>

						Scores				Weights
		ALB	BIH		KOS	MKD	MNE	SRB	TUR	
1	Entrepreneurial learning and women's entrepreneurship	2.81	3.24		2.53	2.48	3.83	3.96	4.32	
1.1	Entrepreneurial learning	2.94	3.23		2.89	2.82	4.08	3.70	4.38	60%
1.2	Women's entrepreneurship	2.62	3.26		1.99	1.97	3.46	4.35	4.17	40%
2	Bankruptcy and second chance for SMEs	2.83	2.55		2.71	2.49	3.44	2.84	3.23	
2.1	Preventive measures	2.29	1.14		2.29	3.00	2.86	2.29	2.86	10%
2.2	Survival and bankruptcy procedures	3.18	2.93		3.01	2.60	3.96	3.21	3.59	70%
2.3	Promoting second chance	1.90	1.94		1.90	1.84	1.90	1.84	2.16	20%
3	Institutional and regulatory framework for SME policy making	3.55	2.62		3.92	3.86	4.24	4.24	4.12	
3.1	Institutional framework	4.15	2.97		4.11	3.69	4.35	4.33	4.61	40%
3.2	Legislative simplification and regulatory impact analysis	2.65	2.06		3.33	4.04	4.27	4.15	3.80	30%
3.3	Public-private consultations (PPCs)	3.64	2.71		4.25	3.90	4.05	4.21	3.79	30%
IV	Make public administration responsive to SMEs									
4	Operational environment for SMEs	3.99	2.34		3.75	3.52	3.29	3.73	3.56	
4.1	Digital government services for enterprises	3.76	1.81		3.48	3.20	3.35	3.52	3.92	60%
4.2	Company registration	4.51	2.78		4.87	4.63	2.93	4.49	3.59	20%
4.3	Business licensing	4.18	3.51		3.44	3.38	3.45	3.59	2.43	20%
4.4	Tax compliance procedures for SMEs									
	SME tax compliance and simplification procedures					n/a				
	Monitoring and evaluation of SME-specific tax measures					n/a				
5a	Support services for SMEs	3.61	3.41		3.64	3.96	4.03	4.12	4.42	
5a.1	Business support services provided by the government	3.01	2.98		3.35	3.52	3.83	4.33	4.39	50%
5a.2	Government initiatives to stimulate private business support services	4.21	3.85		3.94	4.39	4.23	3.91	4.44	50%
5b	Public procurement	3.69	3.57		4.09	4.49	3.87	3.52	3.66	

6	Access to finance for SMEs	3.32	3.26		3.33	3.63	3.49	3.72	3.99	
6.1	Legal and regulatory framework	3.86	3.87		3.67	4.46	4.41	4.38	4.31	60%
6.2	Bank financing	2.48	2.51		3.05	2.69	1.64	2.80	3.55	20%
6.3	Non-bank financing	3.31	2.94		2.90	2.28	3.33	2.85	3.06	10%
6.4	Venture capital ecosystem	1.49	1.44		1.97	2.09	1.48	2.38	4.71	5%
6.5	Financial literacy	2.01	1.31		2.51	1.79	2.07	2.42	3.22	5%
7	Standards and technical regulations	3.64	2.78		3.60	3.50	3.99	4.55	4.78	
7.1	Overall co-ordination and general measures	2.75	1.83		2.75	2.50	3.00	4.00	5.00	15%
7.2	Harmonization with the EU <i>acquis</i>	4.00	3.09		3.99	3.82	4.44	4.79	4.93	70%
7.3	SME access to standardization	2.85	2.30		2.60	3.00	2.88	3.98	3.88	15%
8a	Enterprise skills	3.40		2.70	2.78	1.40	2.35	3.95	3.54	
8b	Innovation policy for SMEs	2.48		1.86	2.40	3.35	2.53	3.33	4.08	
8b.1	Policy framework for innovation	2.83		1.89	2.55	3.94	2.79	3.88	4.17	40%
8b.2	Government institutional support services for innovative SMEs	2.03		1.74	2.20	2.95	2.20	2.46	3.86	20%
8b.3	Government financial support services for innovative SMEs	2.68		1.92	2.44	3.01	2.44	2.92	4.26	20%
8b.4	SME and research institution collaboration and technology transfer	2.02		1.83	2.26	2.92	2.42	3.50	3.94	20%
9	SMEs in a green economy	1.98		2.40	1.92	2.72	2.95	2.21	4.12	
9.1	Framework for environmental policies targeting SMEs	2.22		2.69	2.50	2.93	2.99	2.44	4.16	45%
9.2	Incentives and instruments for SME greening	1.78		2.16	1.45	2.54	2.91	2.02	4.08	55%
10	Internationalization of SMEs	2.68		2.57	3.74	3.54	3.08	4.02	4.40	
10.1	Export promotion	4.39		3.59	4.62	4.10	3.37	4.60	4.57	45%
10.2	Integration of SMEs into global value chains	1.12		1.75	3.33	3.22	3.09	4.06	4.20	40%
10.3	Promoting the use of e-commerce	1.69		1.68	2.19	2.69	2.19	2.19	4.45	15%

Table 1. 2019 SME Policy Index Scores

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