

THINK SME

World Union of Small and Medium Enterprises

The central image of the cover is a globe constructed from numerous interlocking puzzle pieces. The globe is highly reflective, showing highlights and shadows. It is set against a background of various business-related graphics: a green bar chart at the top, a red and orange bar chart on the right, and a blue grid with a red line graph at the bottom. The overall composition suggests a complex, interconnected global economic system.

GLOBAL ECONOMY IN THE COVID PERIOD



Available, on our website, all editions of the **WUSME Magazine** and past edition of **THINK SME** (PDF format).

WUSME PUBLICATIONS
are magazines designed for
Small and Medium Enterprises.
Initiatives, information and
detailed studies.



To stay updated and
receive news on
SMEs, subscribe to
our **newsletter**



www.wusme.org

Follow us on



Editorial

Small and Medium Enterprises in the year of the COVID emergency



In this challenging time, SMEs have explored alternative channels, taking advantage of the digital potential which has become a necessity



2020 has been a year like no other. The global lockdown, during the first wave of the COVID-19 pandemic, caused the most severe economic contraction in modern history. Most economies partially recovered, but a second wave of COVID-19 slowed the economy again.

Small and Medium Enterprises suffered most from the crisis caused by the pandemic, a serious problem considering that SMEs, in terms of numbers, turnover and employment, represent the backbone of the production system of most countries in the world, even if some traditional problems still remain today, such as limited financing and self-financing. Knowing the structure and capacity of these enterprises can be useful to interpret the status of the economy countrywise, especially in this troubled time. Health emergency has had a strong economic impact on labor, production chain, trade exchanges, affecting the life of people and the operation of businesses, who faced unpredictable and complex situations. Yet precisely this situation of urgent need lightened the end of the tunnel, leading enterprises to explore alternative channels and developing their digital potential.

The pandemic, indeed, has shown with the facts that digitization is now essential and it is no coincidence that e-commerce, according to evidence of data, has been, along with medical devices, the only sector to grow double-digit.

WUSME has always been aware of the importance of new technologies. The real challenge for the future of Small and Medium Enterprises is to seize the opportunities offered by Industry 4.0, the new way of producing by leveraging the tools offered by technology to be increasingly competitive on the global market and obtain a series of advantages. ranging from economic savings to the improvement of production processes, logistics, as well as time (production processes become more efficient and faster). The present and the future of workplace, in fact, is characterized by innovation and technology. Digitization, online sales and synergy between established industries and start-ups could be lifesaving anchors, opportunities and no restrictions, for Small and Medium Enterprises in the universe of the fourth industrial revolution. The adoption of 4.0 technologies will therefore help countries and companies to achieve sustainable growth, as several studies have shown and as confirmed in an in-depth study published by the World Economic Forum in January 2019 (<https://www.weforum.org/agenda/2019/01/why-companies-should-strive-for-industry-4-0>).

In short, change has numerous advantages and benefits, even if investing in new technologies requires at the same time a gradual, thoughtful and strategic planning.



WUSME

THINK SME

PUBLISHER
WUSME
World Union of Small and
Medium Enterprises

EDITORS
Tatiana Casadei
Laura Casetta
Jerome Costa
Maria Valeria Pasquini

CONTRIBUTIONS
Dr. Joginder Singh Juneja
Ms. Oknha Roseline So
Dr. Haji Zulkifly Baharom
Dr. Marc De Man
Dr. Rodrigo Varela Villegas
Dr. Fran Pastore

GRAPHIC DESIGN
WUSME

PHOTOGRAPHER
WUSME

PROSTAMPA
Agenzia di Servizi per la Stampa
di Claudio Giani
Via Primo Maggio, n. 27
47853 - Coriano - Rimini (Italy)

WUSME
Strada Borrana, n. 35
47899 - Serravalle
Republic of San Marino
Tel. + 378 0549 991277
Fax + 378 0549 901420
M 335 7347947
E-mail: info@wusme.org
Website: www.wusme.org

THINK SME Number 11
July - December / Year 2020
Printed in February 2021

Copyright © WUSME - World Union
of Small and Medium Enterprises

Contents

-
- 6 WUSME granted Consultative Status with UNIDO**
The status with UNIDO as a further milestone in the development of Association
-
- 8 The General Meeting of the WUSME Association**
The meeting was opportunity to review some of the main activities developed by the Organization in recent years
-
- 9 Women Entrepreneurship Congress 2020**
Ms. Katarina Jagic, WUSME Ambassadress in Croatia, spoke on behalf of the Association on future trends for Women Entrepreneurship
-
- 10 Innovation, key to success for an Enterprise**
Innovation extends across the entire value chain: is equally important in organizational design, the supply chain and manufacturing, financial management and in branding.
By Dr. Joginder Singh Juneja - WUSME Vice President (India)
-
- 13 Cambodian SMEs in the Covid Era**
The regulations provide tax breaks and temporarily closedown for the country's manufacturing, tourism, agriculture and property industries.
By Oknha Roseline So - WUSME Ambassadress in Campodia
-
- 14 How do we keep alive the SMEs who are the biggest employers?**
The Government has given lifeline for businesses under the Economic Stimulus Package to cushion the impact and assist SMEs affected by COVID in order to reinvigorate growth
By Dr. Haji Zulkifly Baharom - WUSME Ambassador in Malaysia
-





8

16 **Small-Medium size business landscape in Canada**

Banks play an essential role in the business operations of Small and Medium Enterprises, meeting their diverse financial needs to drive innovation, development and growth
By Marc De Man - WUSME Ambassador in Canada

18 **There has never been a more critical time to support women in business**

In May 2020, the U.S. Bureau of Labor Statistics reported that women accounted for 55 percent of the 20.5 million U.S. jobs lost in the early days of the COVID-19 virus outbreak
By Fran Pastore - WUSME Ambassador in Connecticut

19 **WISE, a project to support business woman**

The Program, running since 2018, has six main components: Research, Formation, Mentoring, and Development of the Ecosystem, Web page and Entrepreneurial Contest
By Dr. Rodrigo Varela Villegas - WUSME Vice President (Colombia)

20 **SMEs NEWS**

This is how COVID-19 is affecting Europe's Small and Medium Enterprises

21 Uncertainty is the only certainty for recovering Canadian small businesses



9



WUSME granted Consultative Status with UNIDO

Receiving the status is a further milestone in the development of WUSME and essential step to the establishment of an exchange platform for global SMEs

Vienna (AUSTRIA) - November 26th, 2020 - WORLD UNION OF SMALL AND MEDIUM ENTERPRISES (WUSME) on application of WUSME, guided by Madam President, Barbara Terenzi, was officially granted Consultative Status with United Nations Industrial Development Organization (UNIDO) at the 48th session of the Industrial Development Board, which took place from November 23-25, 2020 at the Vienna International Center in Vienna, Austria. The consultative status is a token of acknowledgement of a formal cooperative relationship between UNIDO and WUSME. Receiving the status was a further milestone in the development of WUSME and also an essential step to the establishment of an exchange platform for global SMEs.

Consultative Status with UNIDO is viewed as an international appreciation for excellent and professionalism of WUSME with the granted status. Only a small number of NGOs have obtained that status in the past.

Under the wise leadership of WUSME's Founding President, Dr. Gian Franco Terenzi (+May 2020-RIP) and the Members of the Board of Directors, WUSME developed from 2010 to 2020 to one of the leading SMEs supporting Organizations in the world with WUSME Ambassadors/Ambassadors in more than 100 Countries. In the year 2013 WUSME has been granted at the UN HQ in New York Special Consultative Status with United Nations ECOSOC - Economic and Social Council.



Photo: Preparatory meeting of General Secretary **Norbert W. Knoll von Dornhoff** with Mr. **Federico Castellani Kössler**, UNIDO Officer International Relations.

The future role of WUSME



In the Note of the Director General UNIDO, H.E. Li Yong, to the IDB, the future role of World Union of Small and Medium Enterprises - WUSME, in the relationship with UNIDO is defined as follows:

Activities related to the work of UNIDO.

With its network of 150 institutional representatives in 100 countries and relationships with several SME organizations, WUSME represents small and medium-sized enterprises operating worldwide in various sectors - such as agriculture, commerce, crafts and industry - interested in successful development, and in contributing to the Sustainable Development Goals (SDGs) and the United Nations climate goals. Through its website, newsletters and quarterly magazines, WUSME provides its members with information to help them take business decisions, in particular by offering key figures and facts about macroeconomic trends. WUSME monitors surveys and reports of the World Bank and discusses through its representatives how to remove existing obstacles to development, such as access to finance, access to electricity, enforcement of contracts and tackling corruption.

With its associated member organizations and representatives, WUSME could actively contribute to UNIDO's SME policy in the following areas:

- Risk management guide for SMEs;
- Development of micro, small and medium enterprises;
- Credit guarantee schemes for SMEs;
- Helping SMEs achieve the SDGs, including climate neutrality.

WUSME aligns itself with UNIDO's priorities with regards to circular economy, industry and crafts, sustainable energy, women and youth entrepreneurship. WUSME would also be ready to organize related side events at UNIDO events and conferences, and publish relevant UNIDO information via its media outlets.

WUSME promotes entrepreneurial education and training for Small and Medium Enterprises and Crafts

Discussed opportunities for the Association to promote entrepreneurial education and SME and CRAFTS Training in cooperation with SME related Organizations and Academic Institutions

October 12th, 2020 - Since its inception, WUSME has been committed to support Entrepreneurial Development promoting Education and Training Programs for SMEs and Crafts.

In this view, its Commission on SME Development, CSMED, is aimed at establishing a framework to develop and deliver strategic resources.

In a recent ZOOM conversation, Prof. James Omps, Dr. Pauline Crawford-Omps (both Members of the Board) and General Secretary Norbert Knoll von Dornhoff discussed opportunities for WUSME to promote entrepreneurial education and SME and CRAFTS Training in cooperation SME related Organizations and Academic Institutions.



■ Photo: General Secretary Norbert Knoll von Dornhoff, Prof. James Omps and Dr. Pauline Crawford-Omps.

SCF Forum: WUSME contribution on the topic “Finance for natural based solutions”

September 14th, 2020 - Since its early years, WUSME has always been committed to emphasizing the importance of climate change and its consequences for the development of Small and Medium Enterprises worldwide, highlighting opportunities for their contribution.

As Observer Organization to the UNFCCC-COP, WUSME received an invitation from the Standing Committee on Finance (SCF) to submit proposals and inputs on its next Forum on “Finance for Nature- Based Solutions”. The statement of the Union has been favorably received and posted on the website of the UNFCCC (<https://unfccc.int/topics/climate-finance/events-meetings/scf-forum/the-next-scf-forum-financing-nature-based-solutions>).

The Forum of the Standing Committee on Finance (SCF) provides a platform

for a wide range of stakeholders from governments, climate funds, financial institutions, civil society, think tanks and the private sector to discuss a topic of interest in climate finance and promote

linkages and coherence in the mobilization and delivery of climate finance.

■ Photo: World Water Week





The General Meeting of the WUSME Association

The meeting was opportunity to review some of the main activities developed by the organization in recent years, through a brief presentation of the annual reports

Meeting of the WUSME Board of Directors

WUSME President Barbara Terenzi informed the Board Members on both the activities carried out in recent months and the initiatives in progress

REPUBLIC OF SAN MARINO - A meeting of the WUSME Board of Directors was held Tuesday, December 1th, 2020 in the Headquarters of San Marino and by videoconference. The agenda covered a wide range of issues which mainly concerned the fulfillment of administrative obligations provided for by end of the calendar year.

During the meeting, WUSME President Barbara Terenzi informed the Board Members on both the activities carried out in recent months and the initiatives in progress, as well as the projects envisaged for the near future in support of the Small and Medium Enterprises, especially in this particular moment marked by the coronavirus pandemic and global economic recession.



Photo: a moment of the meeting in the WUSME HQ.



Photo: WUSME President Ms. **Barbara Terenzi**. A moment of the General Assembly in Republic of San Marino and by videoconference.

REPUBLIC OF SAN MARINO - December 21th, 2020 - A WUSME General Assembly has been held on Monday, December 14th, 2020, in San Marino and by videoconference. The meeting was attended by members and representatives from different parts of the world.

In addition to fulfill formal obligations provided for the Organization with by the end of the year, the meeting was opportunity to review some of the main activities developed by the association in recent years, through a brief presentation of the annual reports, from 2016 Conference up to the most recent acquisition of Consultative Status with UNIDO and on the future initiatives in support of SMEs.



Women Entrepreneurship Congress 2020

Katarina Jagic, WUSME Ambassadors in Croatia: «Today we live in a quite changed world due to the pandemic. 60 percent of people who lost their jobs in the pandemic were women»

On the occasion of the Women Entrepreneurship Congress 2020 held in virtual mode from November 19th to 21st 2020 due to the Covid-19 health emergency, Ms. Katarina Jagic, WUSME Co-Founder and WUSME Ambassador in Croatia, spoke on behalf of the Association during the event on the theme "Future trends of women entrepreneurship".

Regards from Croatia. Small country in Europe, with beautiful Adriatic Sea that presents great potential for many businesses. This topic brings me back 21 years ago, to my first speaker involvement in 1999 at UN conference on women entrepreneurship in Croatia! Topic which has many faces and many challenges. Due to the present time which brought us unforeseen pandemic we are more connected than ever before, what makes me believe that great future is ahead.

Women entrepreneurship in Croatia. Women make up over half of Croatia's population, and less than a quarter of its entrepreneurs. 56 percent of them are in service industry. The rest are in education, health and welfare sectors. Women usually start business at age 35-44. Out of 100 unemployed 15 women start a business (and 5 men). Eu average is 30 % of women start-ups. The present environment - particular because of pandemic and changed way of living and working - puts women in various roles at the same time/ if they work from home. Many say they can better use the time, do more, at the same time upgrading soft skills-like computing, online sales, education. More choices are available and more opportunities to connect with other people. Lately, even new products are available on the market produced

mainly by women. Also, they succeed to organize small gatherings to build up on their success. We have several strong women networks, clubs, ngos. One of them is BPW in City of Pula. Our country is perfect place for IT sector development and we have few great examples of unicorns who received huge investments and are further developing. Digital nomads initiative is also growing. So, I would say that one bad thing for some good things. We can see that entrepreneurship is busting and I do expect that in years to come with all of the support of relevant institutions like European Commission and OECD women entrepreneurship will blossom, not only in Croatia but globally. That is why networks are very important while networks count in any effort for success. Through networks women can get mentors for various needs while they develop their businesses. It is good to be part of it. There is a great proverb, if you want to go fast, go alone, but if you want to go far go together!

The role of technology. Technology instead personal contacts helps also women to do business no matter working from home or office or other venue. New stronger networks are developed like 5G, which is a guarantee we will connect faster, exchange information and best practices, ideas more quickly. Our future can be seen as innovative, people oriented and more than ever focused on using the technology wherever possible. While human health globally is attacked it becomes more important, so various sectors around health will be developed-meaning that technology will play significant role. Specially in variety of services the role of women is and will be greater in business and world economy. That means that the focus should be

on the role of technology innovation and women entrepreneurship in the future economy. Both can create new opportunities to strengthen women's economic empowerment.

The challenges and future trends. Today we live in a quite changed world due to the pandemic. 60 percent of people who lost their jobs in the pandemic were women based on wbaif survey. Today, women are sitting side by side to men and establishing their businesses from home, as household names in a variety of industries, including publishing, technology, fashion, broadcasting and beauty. Informatics will play significant role in business life of women. But also, mentorship. Mentors can help startups to build self-confidence, accept failure and continue to follow the vision. Also, to connect to sources of financing and B2B contacts.

Women should use technology. Over 90 percent of WBAIF survey respondents agree that digital transformation will be very important in the post-pandemic economy, showing an overwhelming consensus on the way COVID-19 will have a lasting change on business functioning. More webinars for b2b opportunities, trainings for new skills, new apps to facilitate everyday activities, online shops for goods and services, new collaborators/suppliers/clients anywhere in the world. At the same time possible to take care about kids and family-while work from home will be more practiced. Digital tools are needed to work independently, to market new brands or ideas, to monitor results instead of hours, and in particular to balance personal/career lives.



By Dr. Joginder Singh Juneja
WUSME Vice President (India)

World news

Innovation, key to success for an Enterprise

Innovation extends across the entire value chain: is equally important in organizational design, the supply chain and manufacturing, financial management and in branding

In the growing competition, innovation plays a major role to stay ahead in business whether it is in the form of continuous improvement on the shop floor practices, or new products or services launched in the market place. Innovation is not limited to R&D and product design, but extends across the entire value chain - it is equally important in organizational design, the supply chain and manufacturing, financial management and in branding. Companies are constantly trying to get ahead of one another in a competitive market place. Continuous innovation is integral in this competitive battle. Companies seek to create more value for their customers without increasing the cost of their products or services. Innovation is a continuous process and could extend to the size and shape of a product and even the way it is promoted.

The youngest self-made billionaire is a 22 years old young model who made more than a billion dollar not through modelling but introducing creative and innovative products - a combination of lipstick and lipliner to give a new style of application by women, although both lipstick and lipliner are separate products and have been available in the market place.

Kylie Jenner didn't just decide to work on lip kits overnight. The inspiration for her makeup line came from a much more personal fear. Kylie had earlier said on Life of Kylie that "a boy she used to like once told her that he didn't think she would be a good kisser because her lips are too small". His words affected Kylie a lot and she began overlining her lips with lip liners and pencils to make them appear bigger.

For years, Kylie lined her own lips, and she said lip products gave her confidence when she was feeling insecure, which is why she decided to make them for others. Kylie Jenner decided to introduce a Kylie Lip Kits. She got 15000 lip Kits manufactured on contract basis at a cost of US \$ 2,50,000 which she has earned from her modelling assignments. She introduced Lip Kits in 2015 online and as per records, all the 15000 sets were sold within minutes. She had creative idea to market online and of course, has an advantage of name-being a model. Kylie has depended heavily on Social Media to market her products. Infact experts have dubbed her as a marketing genius There has been no looking back and her production in 2016 was half a million lip kits with a sales revenue of \$ 3.7

million.

Prior to Kylie Jenner, Facebook promoter Mark Zuckerberg was the youngest billionaire at the age of 23 years and even today he is one of the top four billionaires in the world in addition to Jeff Bezos of Amazon, Larry Page of Google and Tim Cook of Apple. All of them became billionaires by bringing innovative products and services.

Kylie continues to be youngest self - made billionaire by cementing her spot in November 2019, when she agreed to sell 51% of her Kylie Cosmetics to beauty giant Coty Inc. for about \$600 million. The deal, which closed in January 2020, values her business at about \$1.2 billion. Cash from the sale and her remaining 49% share of the company make Jenner one of just 2,095 people in the world with a ten-digit fortune.

It is, however, pertinent to mention, when Fortune Magazine came out with a first list of Fortune 500 Companies in 1955, 60 years later only 71 of those companies remain in the market. Although reasons are not known for the failure of 429 companies but it is evident that they probably did not keep up with the changing time. However, names of companies in the Fortune list are continuously changing.

Concept of Innovation

Innovation is defined as the ability of an enterprise to "manage knowledge creatively in response to market-articulated demand and/or other social needs" (OECD, 1999).

Innovation is the process of translating a new idea or invention into a good or service that creates value and for which customers will pay. Innovation involves deliberate application of information, imagination and initiative in deriving greater or different values from resources and includes all processes by which new ideas are generated and converted into useful products or services. In business, innovation often results when ideas are applied by the company in order to further satisfy the needs and expectations of the customers. Innovation holds the key to increase in productivity and productivity gains which lead to both economic growth and in raising the standards of living of the people. **Innovation is a tool that enables to reap rewards of scientific achievements and requires much**



The National Innovation Survey Report is not about identification of innovation that is happening in Indian Industries but also about understanding the process that makes innovation happens and constraints innovation from happening.



more than the ability to turn a new idea into a working product or an innovative product.

DST Study on Innovation

DST (Department of Science & Technology), Government of India, carried out a National survey of 9001 manufacturing companies on innovations in India mostly amongst the SMEs. The concept of innovation adopted in the survey as in the OSLO Manual and adopted by National Innovation Survey according to which `any product development that results in generation of wealth is regarded as Innovation`. The `product development` as further elaborated in `Oslo Manual for measuring innovation` would include not only product development per se but also novel processes, strategies, changing or leading to benefits/gains to the firm. Thus as per the Oslo Manual there are four types of innovations namely;

- (i)** Product innovation;
- (ii)** Process innovation;
- (iii)** Marketing innovation;
- (iv)** Organizational innovation.

The National Innovation Survey Report is not about identification of innovation that is happening in Indian Industries but also about understanding the process that makes innovation happens and constraints innovation from happening. A sample of total 9001 out of 208.415 firms was surveyed across 26 states and 5 Union Territories of India. 35.37% firms reported different types of changes in their production, organizational and marketing practices and considered as engaged in innovative activities. The Survey identified total 3,184 (35.37%) firms as innovative firms conforming to the guidelines set in the questionnaire. The innovative firms were studied in terms of the firm level characteristics like age, ownership and size (total workforce) on the one hand and types of innovations, gains from innovations, outcome of innovations, extent of innovations etc., on the other. Innovative firms and their innovations have been further examined in terms of innovation activities, strategies, human resources, sourcing and acquisition

and extent of ICT use.

Major findings of the study are:

- 1.** Product or process innovations are rare. Most of the innovations are in the form of introducing new machines followed by improvement of the quality of the existing products;
- 2.** Most of the innovative firms have less than 100 workforces and privately owned. Innovative firms consider themselves either at par or ahead of their competitors;
- 3.** Innovation increased range of products, improved quality and standards. Increased production capacity and reduced environmental impact are the gains from innovations;
- 4.** Most of the innovations are `new to firm` category. Acquisition of machinery is the major form of innovation activity. Sourcing technology or knowledge through patent or knowhow is marginal. Information and knowledge are sources mostly from the domestic market. Non R&D based innovation is most prevalent. Technology is generally purchased on down payment mode, and financed through internal sources and sometimes through domestic financial institutions;
- 5.** About 53% innovative firms do not employ any scientist or engineers. Firms within larger size categories show more propensity to innovate;
- 6.** In terms of R & D activities, technology in - licensing, employed qualified manpower, organizational and marketing practices mostly larger firms are more active than their smaller companies. Involvement in R& D activities increases with size and most of these activities are in house activities. Extramural R & D activities are rare and even rarer for the small sized firms;
- 7.** Scientist and engineers do not form the backbone of the human resources of the innovative firms. Workforces are given skill development training in-house using inhouse resources. ICT use is significant and growing, and about 15% firms claim to use for enterprise resource planning and technology management. Cost factors and availability of skilled manpower are considered as important barrier to innovation. The state level scenario mirrors the overall picture. Innovation potentiality of the state place Karnataka, Andhra Pradesh, Tamil Nadu and Maharashtra as the most innovative states;
- 8.** 59.89% of innovative firms are involved with non - technological innovations, out of which 46.48% of the innovative firms are into marketing innovation and 43.09% are into organizational innovation. Innovative firms that are inclined towards non - technological innovations are slightly ahead of their peers.
- 9.** Access to knowledge/ information has been found most important barrier by about 40% of the innovative firms. Availability of skilled manpower is the most important problem for 88% of the innovators. Problem with access to market information and availability of information technology follow closely;





World news

The Government of India, Department of Science & Technology recently joined hands with UNIDO to undertake comprehensive second nationwide innovation survey.

10. Government regulatory requirements have scored highest as market barrier, followed by established players in the market. States with much lower innovation potentiality have higher shares of product and process innovation. At all India level most ubiquitous is innovation in the form of introduction of new machines.

Status, systems and strategies of innovation in SMEs in the equipment and machinery sector

The author and his team were assigned a study on 'Status, systems and strategies of innovation in SMEs in the equipment and machinery sector' by the Department of Science & Technology, Government of India at firm level in small and medium firms in the four sectors of Machine Tools, Chemicals, Plastics and Pharmaceuticals equipment and machinery manufacture in the five regions of NCR (National Capital Region), Ludhiana (Punjab), Ahmedabad - Vadodara belt (Gujarat), Mumbai - Pune belt (Maharashtra) and Coimbatore (Tamil Nadu).

The study examined product, process, marketing and organizational innovations carried out by SMEs in the above four manufacturing subsectors in the five regions as per the OSLO definition. In all a total number of 256 SME firms participated in the study of which 208 firms claimed to have done some kind of innovation in product/ process/ marketing and organizational aspects. Of the 208 firms, 30 companies agreed to participate for the in-depth study of their innovations. The detailed study involved studying as to what is it that makes the SMEs go for innovation or what factors internal or external have influence on innovation capacity of the firm, that is whether it is the size (in terms of investments in plants & machinery, the turnover of the firm, age of the firm, manpower deployed or the owner of the firm - that is what drives innovation in SMEs.

The major findings of the detailed study are as follows:

- i. The size of the firm in terms of investment on plant and machinery does not appear to have effect on innovativeness of the firms as among the participating Innovation Firms. There were firms with plant and machinery investments as small as Rs.10-15 lakh (Rs. 1 - 1.5 million) to as high as Rs.12,000 lakh (Rs. 1200 million). The firms with smaller capital investments have been as successful in developing and commercializing machinery and equipment as the firms with comparatively larger investments have been.
- ii. Again the sales turnover do not reveal any specific effect on innovation capacity in the firms. This was evident that firms with turnover of as less as Rs.100-150 lakh (Rs. 10 -15 million)

were as innovative (evident from the fact their production is based on their own developments) as their counter parts with much larger turnover of Rs. 5000 lakh (Rs. 500 million) and above.

iii. As regards the age of the firms, there was some evidence that younger firms showed innovation activities in some regions. It was, however, not true across all the regions. Similarly the number of manpower (technical/non-technical) in a firm does not appear to have effect on its innovation status.

The single factor that appeared to have effect on innovation status of the firm, appear to be the Owner/ Promoter. The innovation in SMEs was found to be mostly owner driven. Even here his educational qualification or the educational assets did not matter so for innovation activities of the firm are concerned. Thus among the innovative firms studied in detail there were firms having a significant number of qualified engineers and diploma holders, while several other firms were having engineering/ technical manpower of only around 2-3 persons (including the owner) and yet have innovated, developed and commercialized equipment and machinery successfully. **It points are that the 'X' factor in innovations in small sector appears to be the inclination & initiative of the owner/ promoter irrespective of his/her qualifications.** This was established by the fact that among the innovative firms studied in depth, there were firms with owners having qualifications of school leaving certificate or a graduation in humanities only, yet they have successful innovations to their credit in machinery manufacture, a sector far removed from their educational qualifications. **Our studies have also shown that innovative firms grew faster than non - innovative firms.**

In conclusion, the ultimate goal for an enterprise should be Innovations for success.

Another Initiative by DST and UNIDO

The Government of India, Department of Science & Technology recently joined hands with UNIDO to undertake comprehensive second nationwide innovation survey. The overall objective of the Project is to assist DST in developing an analytical framework for measuring firm-level innovation and the national system of innovation (NSI) by collecting data from firms and NSI actors, as a follow up of the first Indian innovation survey conducted by DST in 2011.

World news

Cambodian SMEs in the Covid Era

The regulations provide tax breaks and temporarily closedown for the country's manufacturing, tourism, agriculture and property industries. These are key industries to country's economy, especially, the garment and footwear sectors



By Oknha Roseline So
WUSME Ambassador in Cambodia

How Cambodian business have been affected by COVID-19

COVID-19 has had an adverse effect on the entire globe, and in Cambodia, key industries have also taken a financial hit. A few industries have been forced to temporarily close to prevent the spread of the coronavirus, and tourism has been obviously adversely affected too. The Cambodian Royal Government and businesses are reacting to the outbreak. In a statement from the government, the public sector, institutions and the private sector have been asked to work as per usual, and the Royal Government has compensated workers with public holidays at a more appropriate time. The Ministry of Labour and Vocational Training has issued Notification on Postponement of Khmer New Year Holiday 2020.

«The government wants to reduce the number of people travelling to prevent the spread of infection from one place to another. If we allowed the people to travel freely all over the country, there would be a grave risk of huge cluster infections», said the Prime Minister, Hun Sen.

Garment factories in Cambodia

The Cambodian Ministry of Labour has reported that 91 garment factories have suspended their operations due to the COVID-19 pandemic, affecting as many as 61,500 workers in Cambodia. The government has provided 'tax holidays' for between six months to one year for factories severely impacted by the COVID-19.

Tourism in Cambodia

Tourism has been one of the most impacted sectors, a direct knock-on effect of the airline industry and visa and travel restrictions implemented globally. Monthly tax exemption measures to hotels, guesthouses, restaurants and travel agents registered with the General Department of Taxation in Phnom Penh, Siem Reap, Preah Sihanouk, Kep, Kampot, Bavet and Poi Pet for 3 months from March to May 2020.

The Ministry of Tourism instructed all tourism accommodation businesses (except community housing services) to take responsibility to register all guests on the Tourism Accommodation Registration System.

Cambodia businesses and SME dealing with COVID-19

Several SME's and industries in Cambodia have seen closures while the COVID-19 outbreak is contained.

Cambodian government support

In the first period of the pandemic, The Royal Cambodian Government had allocated between \$800 million to \$2 billion to address the economic impact of the novel coronavirus outbreak. The Royal Government had also received \$10 million in donations to fight COVID-19 by April 1st 2020. Part of this money has been used to order approximately 3 million masks and 5000 medical suits. The Ministry of Commerce took many measures to support trade during the pandemic. For example, it issued a notification to not profit from selling products such as masks, cleaning alcohol, thermometer etc. for unreasonably high prices. The Ministry also issued Notification No. 1355

warning that fuel prices in Cambodia decreased by 4 cents per litre with the support from fuel companies in Cambodia. Finance Circular No. 002, addresses the Exemption of the Tax on Seniority Indemnity Payments from 2020 for Cambodian employees working in the garment, footwear, textile and other sectors and those who recruit, train, send and supervise Cambodian workers to work abroad.

The Ministry of Economy and Finance issued an instruction on the new tax rate on salaries. The Prime Minister Hun Sen and other senior government officials opted to donate their salaries to the National Committee for combating COVID-19.

EAT2DONATE was set up so customers can 'pay forward' food and drink for front-line workers at the Soviet Khmer Hospital and for marginalized communities by purchasing a meal, food or drink items. This community initiative is led by The Idea/Slaprea, Only One Planet and BritchamCambodin.

In early 2020 Cambodia issued regulations to support businesses impacted by the coronavirus (COVID-19) outbreak as well as from the partial withdrawal of 'Everything but Arms' (EBA) status by the European Union (EU).

The regulations provide tax breaks and holidays for the country's manufacturing, tourism, agriculture, and property industries. These are key industries to Cambodia's economy, especially, the garment and footwear sectors, which accounted for 80 percent of the country's exports.



By Dr. Haji Zulkifly Baharom
WUSME Ambassador in Malaysia

World news

How do we keep alive the SMEs who are the biggest employers?

The Government has given lifeline for businesses under the Economic Stimulus Package to cushion the impact and assist SMEs affected by COVID in order to reinvigorate growth

When I look at the latest report from SME Corporation Malaysia, 98.5 percent of business establishments amounting to 907,065 SMEs cut across all sizes i.e. Microenterprises: 76.5%; Small: 21.2%; Medium: 2.3%. SMEs by sector are Services: 89.2%; Manufacturing: 5.3%; Construction: 4.3%; Agriculture: 1.1%; Mining & Quarrying: 0.1%. Whereas, 20.6% of SMEs are women-owned. SME contributes 36.6 percent of Malaysia's GDP in 2016. The Government has given lifeline for businesses under the Economic Stimulus Package to cushion the impact and assist SMEs affected by COVID-19 in order to reinvigorate growth.

The impact of COVID-19 has been devastating, not only from the loss of lives, but also the collapse of economies and businesses which have led to massive job losses. Businesses which have taken years to build collapsed in a matter of months, people from all age groups suddenly finding themselves with no incomes. Above all, we are still unsure of whether we will ever be able to return to "normal" because so much work and effort have already been wiped out.

The government expect the economy to fall into recession this year, with GDP expected to contract by at least 2 percent. The government fiscal position will be tougher, revenue will be much lesser as many firms are struggling to stay afloat. A survey done by SME Association in March highlighted that 82 percent of SMEs predicted a loss for the financial year 2020, which means tax collection will be much lower. The latest statistics from the Department of Statistics show that 68 percent of firms reported zero income during Movement Control Order (MCO) which began 18 March will continue to 'recovery' MCO until 31 August.

According to the latest report from MOF (Finance Ministry) not many SMEs are getting the assistance. Despite that 92.1 percent of the RM6.3 billion allocation of soft loans for SMEs have been utilised, it benefited only 14,075 SMEs. That is

merely 1.55 percent of the 907,065 establishments of SMEs in Malaysia.

The utilization of the microcredit loan provided by National Saving Bank (BSN) and Government's Microcredit Agency (Tekun) for micro-enterprises is equally small. Only 35 percent of the RM700 million has been approved, and only 15,641 micro-enterprises have received this assistance. That's about 2.3 percent of the total 693,670 micro-enterprises in the country. The delivery is slow, and the coverage is weak. This need to be addressed immediately. The effectiveness of the government's economic stimulus packages will depend on execution and how the financial assistance is being utilised for direct benefits to SME owners.

The bottom-line is that our SMEs need more help than loans. Since the main problem for SMEs is cash flow, if it continues to be constricted despite government assistance against the backdrop of a gloomy outlook for the economy, then they will not only have problems retaining works but also servicing both their current and new debts. The government is already trying its best to manage the current SME crisis - which is saving businesses from closure and also thereby saving jobs - either by directly injecting funds or providing them as loans to enable SMEs, especially the small enterprises, micro-sized businesses and the mid-tier companies (MTCs) to survive and stay afloat.

The first question is this: Has this been successful in slaying the unemployment devil? If not, the second question follows: Are we not in danger of 'sleepwalking' into the deep blue sea - this time perhaps in the form of a "loan crisis" (non-performing loans or NPLs) by SMEs including microenterprises and MTCs?

The first implication would be logically be, therefore, that SMEs and MTCs might need more direct fiscal injection to resolve the



cash flow problems. SME owners had called for grants, instead of loans, to provide a stronger buffer for vulnerable SMEs and MTCs to avoid insolvency. Piling loans upon loans is not the solutions!

With the Malaysian Institute of Economic Research forecasting unemployment levels to hit 9.2% by year end which translates into around 1.5 million workers under the worst case scenario even with 'Prihatin Plus' (government's economic stimulus packages), the argument for more direct fiscal injection should gain traction. Malaysian Employers Federation predicted unemployment to hit 13%.

Normally, unemployment is correlated with consumer spending. This is so even if business survive by retrenching. Higher unemployment affects aggregate demand bites back at surviving businesses and so the vicious cycle goes. No demand no supply. So, even with buoyant consumer spending levels, this is simply not sustainable in the medium run due to rising unemployment.

Under such conditions, the chances of default would certainly increase. This means that not only are we in danger of not defusing the unemployment time-bomb, we also are in danger being confronted with the SMEs' bad loans time-bomb in the near future. For now, many SMEs have applied for the Wage Subsidy Programme and Employment Retention Programme to help them stave off retrenchment. Some have also taken advantage of the credit line facilities to help ease their cash flow. As of May, banks have approved about RM3 billion in funds to help support 6,840 SMEs. The bulk of the amount was from the Special Relief Facility (SRF) provided by the Central Bank. The SRF allows SMES to apply for loans up to RM 1 million with a 3.5% interest rate. Of the amount, 80% is guaranteed by Credit Guarantee Corporation (CCC). Of the Micro-Credit Loan Scheme offered at 0% interest rate, RM132million had been approved by BSN and Tekun. BSN approved RM90 million for 2,000 micro SMEs while Tekun approved RM42 million for 5,000 micro SMEs.

The MTCs has calculated that an additional RM15 billion more for six months for the Wage Subsidy Programme is needed -

which adds to only a meagre 1% and hence amounting 7.1% of GDP. Even then for those who are servicing their current loans, the risk of default or delinquency rate might potentially spike after the end of the six-month moratorium period (for the bank loans).

Default are likely to escalate after the moratorium period, especially if the over-leveraged companies or individuals are unable to continue servicing their debts due to continuing business losses and layoffs. Nonetheless, that a stress test by Central Bank has indicated that the banking system can absorb such losses.

The problem is of course, from the SMEs and not the banks. But the banks will also have to suffer NPLs when the default occur. Offering credit to SMEs, which are already in debt is, therefore, akin to pay off pre-existing ones which in turn is like kicking the can into the long grass, that is delaying the inevitable.

The final reawakening will be when the impact from the real economy catches up with the financial system - "reverse transmission" - that might even drag the economy as a whole further downwards. This doom and gloom scenarios of SMEs defaulting on loans which will reverse throughout the economy might not even materialize. It's all still "theoretical" - at least at this stage. The bottom-line is that our SMEs need more help than loans. Nowhere is still clearer than for the government to look into increasing its direct fiscal injection for SMEs.

The government had on Friday 05 June 2020 unveiled the National Economic Recovery Plan (Penjana) with a total allocation of RM35 billion for 40 initiatives via three fundamental thrusts, empowering the people, propelling businesses, and stimulating the economy. Penjana was the right move as it emphasised the acceleration of the economic recovery as SMEs and micro-enterprises were the backbone of the economy. Funding Societies lauded the government's digital & SMEs-focused economy recovery plan through business digitalisation efforts.

■



Marc De Man
WUSME Ambassador in Canada

World news

Small-Medium size business landscape in Canada

Banks play an essential role in the business operations of Small and Medium Enterprises, meeting their diverse financial needs to drive innovation, development and growth

Overview of Canada's business environment

The laws and political climate of a country work in tandem to create the environment within which business enterprises operate. Both Canada's federal and provincial governments have created an atmosphere where businesses can thrive. Canada has an open, fair, and efficient system of making and administering its laws. Grounded in parliamentary democracy at both federal and provincial levels, the formation of Canada's commercial law has been greatly influenced by England and the United States.

Canadian law - both contract and tort - is administered through a civil court system. There are many specific mechanisms that have been put in place to encourage the early and efficient settlement of commercial disputes. This pressure to reach a timely result is in sharp contrast to the protracted and expensive litigation that is so prevalent in the United States.

The Canadian legal system also offers predictable outcomes, providing a reassuring environment for business transactions. These advantages apply equally under the distinct civil law system of Québec and the common law system in the rest of Canada. Like most advanced countries, Canada has laws to protect consumers, investors, workers, inventors, and the environment. Canada has adapted the vast majority of government activities to respect the concerns of business and respond to market forces. The result is a business and investment environment that many companies consider among the most hospitable in the world. Indeed, Canada is frequently recognized as having one of the most resilient economies in the world (largely because of its regulatory banking framework). As a result, Canada's strong banking and financial services sector is a welcome environment for business investment, particularly during uncertain economic times. In short, Canada's legal system combined with its robust and business infrastructure combine to make Canada a hospitable environment for small and medium sized businesses to flourish.

Small-Medium sized business - Canadian landscape

In Canada small and medium sized businesses (SMEs) refer

to businesses or companies with fewer than 500 employees whereas small businesses have fewer than 100 employees. SMEs employ more than 90% of Canada's private sector workforce and make up 30% of Canada's GDP. In addition, they account for 95% of net job creation.

Small business is big in Canada: 98.2% of all businesses have fewer than 100 employees. When you add in medium-sized businesses (100 to 499 employees), the percentage rises to 99.8%. They are the engine of the economy and their success is vital to Canada's prosperity. Here are 10 interesting factoids about Canadian SMEs and their impact on Canada's economy:

1. There are almost 1.1 million SMEs in Canada;
2. More than half (55%) have fewer than 4 employees;
3. Only 1.6% are medium-sized businesses;
4. Small businesses employ almost 69.7% of private sector workers (or roughly 7.7 million people across the country);
5. Small businesses are responsible for 77.7% of all jobs created in the private sector;
6. SMEs represent 54.2% of the economic output produced by the business sector;
7. 90% of exporting companies have fewer than 100 employees, but produce 25% of the total value of Canadian exports;
8. The largest number of SMEs are in the wholesale trade and retail sector (18.8%);
9. Fewer than one out of four Canadian SMEs invest in research and development (R&D);
10. Only half of new firms (51%) survive their fifth year of operation

(Source: *Innovation, Science and Economic Development Canada*).

Business Structures for SMEs

There are several different structures available to entrepreneurs wishing to form a SME in Canada. Often, tax implications and liability regimes are determinative of which structure is best. The most common business structures used to establish operations in Canada are:

- Corporations;
- Sole proprietorships;
- Partnerships;
- Joint ventures;
- Franchises;
- Cooperatives.

Banks participate in the federal government's Canada SME Business Financing Program (CSBFP). The government shares risk with lenders through this program, which helps stimulate job and wealth creation.

A corporation, which is a business entity which benefits from a legal status that is independent of its shareholders, is the most frequently used structure for the creation of a small or medium sized business. As a result of this particular legal status, the corporation's debts, liabilities, and obligations are not the responsibility of its shareholders. This explains the attractiveness of this corporate structure and is the main reason why it is the most used and sought after vehicle for creating a business in Canada.

Corporations are typically created through incorporation under the Canadian Business Corporations Act (CBCA) or an equivalent provincial law. Both federal and provincial corporations are created by filing articles of incorporation with the appropriate government authorities and paying a nominal fee. The articles must include details of the rights, restrictions, privileges, and conditions attached to each class of share. Any number of shares of one or more classes can be created; however, at least one class must have full voting rights.

The articles of a federally registered corporation must name the first directors, and a minimum of 25% of these must be Canadian residents.

While the directors generally exercise management authority on behalf of the shareholders, their power can be restricted through a unanimous shareholder agreement. The corporation, its shareholders, or third parties can hold the directors personally liable for certain aspects of their decisions.

Provincial incorporation is often used when a corporation intends to restrict its activities to one province. The provincial acts governing corporations vary somewhat, and while many of their provisions are similar to those of the CBCA, there are a number of differences among the provinces.

Banking and credit access for Canadian SMEs

Banks play an essential role in the business operations of Canadian SMEs, meeting their diverse financial needs to drive innovation, development and growth.

The majority of bank business customers are SMEs and banks work hard to meet the needs of this market – one that is increasingly competitive, diverse and technologically savvy. In fact, most Canadian banks have dedicated departments to help their SME customers.

A few fast facts concerning banking and credit access for Canadian SMEs:

- Banks have more than one million financing relationships with SMEs across Canada;
- Loan approval rates are high: 89 per cent of all SMEs that applied for a loan from a financial institution were approved;
- As of December 2018, Canada's banks had authorized more than \$238 billion in credit to SMEs across the country.

Throughout changing economic and business cycles, banks have continued to lend to credit worthy businesses, providing



On January 1, 2019, the federal Government cut the small business tax rate from 10.5 per cent to 9 per cent. With this reduction, the combined federal-provincial average income tax rate for SMEs will be 12.2 per cent-the lowest in the G7 and the fourth lowest among members of the OECD.



a range of credit products including loans and lines of credit. Banks provide a variety of short-term lending options, including overdraft protection, credit cards and lines of credit.

SMEs can also arrange a variety of longer-term financing solutions through their banks such as term loans, mortgages, and leasing. Furthermore, banks participate in the federal government's Canada SME Business Financing Program (CSBFP). The government shares risk with lenders through this program, which helps stimulate job and wealth creation. Small businesses or start-ups operating for profit in Canada with gross annual revenues of \$10 million or less are eligible for CSBFP loans.

Tax and fiscal considerations for Canadian SMEs

Another business-friendly measure tailored to Canadian SMEs rests in the corporate tax regime applicable to these businesses.

Indeed, in an effort to further support Canada's SME entrepreneurs, on January 1, 2019, the federal Government cut the small business tax rate from 10.5 per cent to 9 per cent. With this reduction, the combined federal-provincial average income tax rate for SMEs will be 12.2 per cent-the lowest in the G7 and the fourth lowest among members of the OECD.

For SMEs compared to 2017, this will mean up to \$7,500 in federal tax savings each year-savings that they can reinvest in purchasing new equipment, developing new products, or creating new jobs.

By Marc De Man WUSME Ambassador in Canada, with the collaboration of Vanessa Major, lawyer at the Montreal, Canada, law firm of De Man Pillet.





By Fran Pastore
WUSME Ambassador in Connecticut

World news

There has never been a more critical time to support women in business

In May 2020, the U.S. Bureau of Labor Statistics reported that women accounted for 55 percent of the 20.5 million U.S. jobs lost in the early days of the COVID-19 virus outbreak

The coronavirus pandemic has undeniably impacted small and medium-sized enterprises around the globe. But with reduced availability of child care, an overemphasis on loan programs and lack of business-saving grant opportunities, it is no wonder this most recent economic recession -commonly referred to as the she-session- has yet again brought to light the disproportionate impact on women in business.

In May 2020, the U.S. Bureau of Labor Statistics reported that women accounted for 55 percent of the 20.5 million U.S. jobs lost in the early days of the COVID-19 virus outbreak. As a result, the unemployment rate for adult women stood at about 15.5 percent compared to the unemployment rate for adult men at 13 percent. The unemployment rates for black women (16.4 percent) and Hispanic women (20.2 percent) only further illustrates the disproportionate impact the economic crisis has had on women of color.

In addition, pandemic-related impacts to backbone industries like child care have created a widespread strain on the state's economy, employers, and workers. Preceding COVID-19, Connecticut had a shortage of 50,000 slots in the child care centers, and by the close of August 2020, reports indicated that only about 50% of 3,900 child care businesses in the state reopened. While these numbers are staggering,

there is hope for our economy - as well as women in business.

Since 1997, WBDC has worked tirelessly to strengthen and support economic prosperity for women through entrepreneurial and financial education services. But when the coronavirus pandemic struck our global and local communities, this mission was put to the test. From March to August 2020 alone, WBDC served more than 4,000 individuals - five times the client volume typically served in one year. It was the urgent need to assist our community in navigating COVID-19 that not only reaffirmed this mission, but greatly strengthened WBDC's organizational commitment to women entrepreneurs, especially women of color.

One such small business owner, Valeria Lopez, connected with WBDC before starting her business by participating in a course that helped her launch OnBeat Consulting. Through the support of WBDC, she was able to pivot her previous in-person business sessions to an online setting due to COVID-19 lockdown regulations. By adapting to the ever-changing economic climate, Lopez was able to grow her audience and client base not only regionally, but globally.

Motivated by the great need to combat both gender and racial inequities further exposed by the coronavirus pandemic, WBDC proudly launched two critical

initiatives- one to serve the small business owner with proven need; and one to cultivate and sustain the critical organizations that make it possible for women to work and stay in business.

The first initiative -the Equity Match Grant Program- seeks to provide microgrants to women and minority entrepreneurs to help them access the essential capital they need to do business and recover from economic challenges. The second program works to sustain child care service providers through comprehensive business development and mentorship.

What WBDC is seeing is that the entities and business owners most in need of educational and financial assistance are not getting the aid they so desperately need. By helping to provide the tools women and minority business owners need to do business, and educating and mentoring child care programs across the state, WBDC is doing its part to keep women employed and in business. It is these types of programs that are going to make the difference.

Simply said: there has never been a more critical time to support women business owners. Fortunately, WBDC and so many other women-championing organizations are there to help women small business owners not only survive, but thrive.

■

World news

WISE, a project to support business women



By Dr. Rodrigo Varela Villegas
WUSME Vice President (Colombia)

The Program, running since 2018, has six main components: Research, Training, Mentoring, and Development of the Ecosystem, Web page and Entrepreneurial Contest

The program “Women in STEM Entrepreneurship (WISE)” is running since 2018 thanks to the support of the International Development Bank (IDB), Austral University in Argentina, Icesi University in Colombia, University de Piura in Peru, San Francisco University in Ecuador and the collaboration of different organizations in every country. The program has six (6) main components: Research, Training, Mentoring, and Development of the Ecosystem, Web page and Entrepreneurial Contest.

The reason behind the project is not only the fact that the proportion of women becoming entrepreneurs is less than men, but also that the proportion of women developing enterprises based in Science, Technology, Engineering and Mathematics is lower.

The objectives are on the one hand to develop a process that allows women trained or interested in the STEM area to improve and grow their business and on the other hand to implement a cultural approach to motivate young women to consider STEM careers and opportunities basic development and growth potential projects.

With reference to Colombia, a total of about 1500 women will be informed about the project and motivated to work in their STEM entrepreneurial career; 200 women will participate in the training process; 30 will be in the mentoring process and we expect 15 of them will have successful projects, able to grow and be present in international markets.



Two of the Colombian STEM women entrepreneurs will participate in the WeXchange contest at the Latin American level and the winners will have a possibility to do an internship in one of the world most developed incubators.



In 2020 two of the Colombian STEM entrepreneurs will participate in the WeXchange contest at Latin American level and the winners will have the opportunity to do an internship in one of the most developed incubators in the world.

Also part of the project are the development of some specific improvements in the entrepreneurial ecosystems of the different countries and regions and the development of a web page that allows the exchange of knowledge and business opportunities between the project participants. It is expected that a training and mentoring procedure will be developed which could be used in many countries wishing to develop special programs for women in STEM entrepreneurship.





SMEs NEWS

This is how COVID-19 is affecting Europe's Small and Medium Enterprises



November 3th, 2020 - Small and medium-size enterprises (SMEs) have been the lifeblood of the European economy, accounting for more than two-thirds of the workforce and more than half of the economic value added.¹ Yet the results of a recent McKinsey survey, conducted in August, 2020, of more than 2,200 SMEs in five European countries-France, Germany, Italy, Spain and the United Kingdom-indicate just how hard their prosperity has been hit by the COVID-19 crisis.

Some 70 percent said their revenues had declined as a result of the pandemic, with severe knock-on effects. One in five was concerned they might default on loans and have to lay off employees, while 28 percent feared they would have to cancel growth projects. In aggregate, more than half felt their businesses may not survive longer than 12 months-despite the fact that 20 percent of those surveyed had already taken advantage of the various forms of government assistance aimed at easing their financial distress, such as tax breaks or payments to furlough staff.

Lower revenues and a bleak outlook

The vast majority of SMEs surveyed have seen revenues fall; although, as one might expect, the picture differs by country, reflecting the severity of measures to control the virus and their impact on business activity. Italian and Spanish SMEs have been hardest hit: 30 percent and 33 percent, respectively, said their revenues had been greatly reduced. That compares with 23 percent in Germany.

Few SMEs appear optimistic about the prospects for improvement anytime soon given their views on the state of

the economy. Overall, 80 percent weighed the economy as somewhat weak to extremely weak. But here, too, we see material country variations. In Germany, where the economy is forecast to contract less than elsewhere, 39 percent of SMEs weighed the economy as somewhat strong to extremely strong. By comparison, in Italy the figure was just 10 percent.

There were also differences across countries on the extent to which the pandemic is impacting SME financial positions, challenging the ability to retain staff or pay loans and leases. For example, Spanish SMEs are consistently among the more pessimistic. Thirty percent of Spanish SMEs were concerned about being able to pay back loans, compared with 14 percent in Germany. Similarly, 38 percent of Spanish SMEs feared they might not be able to retain their employees-a figure that drops to only 16 percent in Germany and France. Noteworthy, too, is that on average across Europe, 14 percent of SMEs said they were struggling to staff their operations due in part to so many people being on sick leave or having to quarantine.

Growth projects are also at risk. Overall, 28 percent of those surveyed said they were concerned they might have to postpone them, though the figure rose to 37 percent among Spanish SMEs and 30 percent among UK ones. Hardest hit will be the accommodation, food services, arts, entertainment, and recreation sectors, according to the survey. Nearly 40 percent of SMEs in these sectors said projects might have to be put on hold, compared with 20 percent of SMEs in sectors at the other end of the scale, namely health, agriculture, and construction.

Those scenarios could be influenced by the extent to which Small and Medium Enterprises continue to receive government support. Governments across the European Union have previously introduced measures, largely aimed at giving SMEs liquidity to withstand the immediate crisis, but now the Organisation for Economic Co-operation and Development (OECD) reports that policies are beginning to shift from those aimed at helping SMEs survive to those helping them recover. Yet the survey data shows a large proportion of SMEs still plan to apply for the liquidity support measures on offer. While nearly 20 percent of SMEs had already applied for some form of government assistance, an additional 30 percent planned to do so. Again, there are material differences between the large EU economies: in France and Italy, more than 35 percent were still planning to apply, while in the United Kingdom and Germany the figure stood at 20 percent and 25 percent, respectively.

More... <https://www.weforum.org/agenda/2020/11/covid-19-coronavirus-pandemic-europe-business-smes-economics/>

Written by World Economic Forum



SMEs NEWS

Uncertainty is the only certainty for recovering Canadian small businesses



November 18th, 2020 - Canadian Small and Medium Enterprises (SMEs) have shown incredible resilience throughout the pandemic, adopting new strategies to adapt to the changing business climate. With uncertainty being the only certainty going forward, American Express Canada commissioned a survey to understand SMEs ongoing pain points, current priorities and plans for the future.

While the survey reveals 74 per cent of SMEs are feeling confident when looking at the future of their business in the next 1-3 years, challenges related to cash flow, supplier payments and time management persist as businesses continue on their journeys towards rebuilding.

Cash flow and international payment issues remain critical
At the onset of the Covid-19 pandemic, many SMEs took immediate action to adjust their business models in order to stay afloat. The survey revealed 37 per cent of SMEs reduced operating costs and 21 per cent report they will continue to implement cost saving programs while 15 per cent will modernize processes through technology.

Despite these initiatives, challenges related to cash flow and

supplier payments continue to present pressing challenges for Canadian SMEs. In fact, among those surveyed, 64 per cent say they are facing cash flow problems as a direct result of the pandemic and just over half (51%) agree that these problems present the most immediate threat to their business. Overall, the research demonstrated nearly 1 in 4 say they do not have enough cash flow to sustain their business.

In addition to cash flow, doing business internationally presents further challenges for the 29 per cent of SMEs that say the nature of their business requires them to make payments to suppliers outside of Canada. When asked how international business has been impacted by the pandemic, one quarter of these businesses reported the need for more flexible payment terms due to reduced cash flow, 44 per cent reported delays in payments and 35 per cent reported a shortage of raw materials and supplies.

More...<https://www.newswire.ca/news-releases/uncertainty-is-the-only-certainty-for-recovering-canadian-small-businesses-839885468.html>

Written by Cision



The Blockstart program aims to support a total of 60 tech startups and 60 end-user Small and Medium Enterprises.



5 blockchain startups graduate from BlockStart accelerator

December 11th, 2020 - European blockchain partnership program BlockStart has announced five startups that have made it through to the Pilot stage of its accelerator offering. The scheme is run by early-stage VC Bright Pixel, innovation management consultancy CIVITTA, and tech founder community F6S. Funded by Horizon 2020, it aims to establish mutually beneficial partnerships between blockchain solution providers and end-user small and medium-sized enterprises (SMEs) operating in the fintech, retail and technology sectors.

In selecting the five startups, BlockStart promoted a six-month immersive

acceleration scheme for ten DLT startups. This stage enables the five startups to test, validate and implement their products with end-user SMEs in BlockStart's network.

The Blockstart program aims to support a total of 60 tech startups and 60 end-user SMEs through mentoring, networking, and a total of €795,000 (\$937,000) in grants without taking equity.

More...<https://www.ledgerinsights.com/five-blockchain-startups-graduate-from-blockstart-accelerator/>

Written by Ledger Insights



SMEs NEWS

Three crowdfunding platforms for African tech startups

November 23th, 2020 - With the global pandemic impacting African SMEs and startup's financial revenue, Ventureburn has highlighted three crowdfunding platforms that aim to assist African startups.

Crowdfunding is a method of raising money for businesses, people, projects, or charities through collective donations. According to Investopedia, crowdfunding can be understood as the "use of small amounts of capital from a large number of individuals to finance a new business venture."

Individuals or organisations contribute an amount via the internet to support projects or ventures.

Traditional methods of funding a startup such as applying for a loan at a bank with an applied interest rate can become a costly option for many local entrepreneurs.

Crowdfunding allows entrepreneurs to connect and network with potential investors beyond private funding and venture capitalist firms. In a symbiotic relationship, some crowdfunding platforms offer potential rewards or profit to those who donate.



More...<https://ventureburn.com/2020/11/three-crowdfunding-platforms-for-african-tech-startups/>

Written by Ventur Burne
Photo: Bundupress

Africa: challenge launched to link innovators, SMEs with funding

November 25th, 2020 - Innovators and SMEs in Africa are set to enjoy a global one-stop technology platform that will link them to possible sponsors for their innovative projects that can boost trade across Africa.

The Africa Continental Free Trade Area (AfCFTA) Secretariat platform dubbed AfCFTA App will issue a mark of identity to every organisation or business interested in benefiting from AfCFTA.

This is aimed at easing ways of doing business and getting partnerships across Africa, export and import goods under the low duty regime and satisfy "know-your-customer" requirements at banks and financial institutions.

More...<https://allafrica.com/stories/202012020329.html>

Written by AllAfrica



Platform dubbed AfCFTA App will issue a mark of identity to every organisation or business interested.



SMEs NEWS

Initiatives can help counter coronavirus' impact on women-owned businesses

November 23th, 2020 - COVID-19 continues to sweep across borders, wreaking economic havoc around the world. And the aftershocks it inflicts are deeply impacting women-owned businesses. In a WeConnect International survey of 600 women-led businesses in emerging markets, 90 percent reported a decrease in sales from January to March 2020, with 56 percent reporting an urgent need of working capital.

Well before the pandemic, women faced financial constraints to grow their businesses. The unmet demand for credit among women-owned formal micro, small, and medium-sized enterprises (MSMEs) in developing countries was estimated at \$1.5 trillion before COVID-19. Yet, women-owned businesses are an untapped opportunity—especially in developing countries, where small and medium enterprises generate 70 percent of jobs and 40 percent of economic growth. If women and men participated equally as entrepreneurs as much as \$5 trillion could be added to the global economy.

But as the health and economic shocks of COVID-19 ripple through emerging markets, without sufficient financing and working capital, women-owned businesses face even greater liquidity constraints and insolvency.

Working capital allows women business owners to pay employees and continue participating in the global supply chain. It allows them to survive especially in times of crisis. In April, IFC's Banking on Women program hosted a session about how the COVID-19 pandemic was affecting women business owners and their companies. Ada Osakwe, owner of Nuli Juice company in Nigeria, explained that before the pandemic her business was booming. After adding six new stores in Lagos last year, she was looking forward to expanding her customer base using new technologies. Then coronavirus hit. Osakwe was



forced to shut down all of her shops and send workers home. She expressed concern for the viability of her company and urged financial institutions to do more to help struggling SMEs.

based incentives to financial institutions that agree to earmark 20 percent or more of IFC's working-capital loan proceeds for lending to women customers and women-led enterprises.

Supporting banks to support businesses

Without essential liquidity, capital, and expertise, many SMEs won't be able to weather the storm.

The Women Entrepreneurs Opportunity Facility (WEOF)—a partnership between IFC's Banking on Women and Goldman Sachs 10,000 Women— is working with entrepreneurs and financial institutions to help address the challenges that people like Osakwe are facing.

WEOF, together with the Global SME Finance Facility and the Women Entrepreneurs Finance Initiative (We-Fi), is offering new incentives for financial institutions to provide working capital solutions that specifically include women-owned businesses. Up to \$2.4 million will be provided as performance-

One important goal of this initiative is to provide a platform to incentivize financial institutions to track gender-disaggregated data in their portfolios. If this practice continues, it is proven to have the potential to increase both the quality and supply of financing to women and women-led businesses, as well as enhance the business case for financing women.

Financial institutions play a pivotal role in the rebounding and growth of women-owned SMEs. Now is the time to be resolute in our support of women-led businesses for resilient companies, economies, and communities.

Written by Blogs World Bank

<https://blogs.worldbank.org/psd/initiatives-can-help-counter-coronavirus-impact-women-owned-businesses>



SMEs NEWS

Private credit investing in Asia set to expand along with fintechs



October 16th, 2020 - Looking for diversified and meaningful returns, an increasing number of investors in Asia are slowly turning to private credit as a source of opportunity. That's according to a recent report by The Alternative Credit Council (ACC), which highlighted the growth in Asian private credit strategies over the past several years.

From US\$275 billion in assets under management (AUM) globally in 2009, the industry grew three times in just 10 years to US\$812 billion based on Preqin Pro data. Asia-Pacific AUM conversely grew close fivefold between 2009 and 2019.

While the growth in Asia is noteworthy, the region still only accounts for 7% of allocation in the overall private credit market, even though the total Asian proportion of global GDP is around 34%. ACC predicts that interest in private credit looking at the region will change in the coming years with a third of private credit fund managers polled indicating that they intended to invest more into Asian markets (excluding China and India) over the next three years. The expected growth in private credit allocation into Asia comes at a time when small and medium-sized enterprises are seeking new sources of funding to grow their businesses in the post-pandemic world. Asian SMEs, according to the Asian Development Bank, are currently facing a US\$4.1 trillion financing gap as banks - their traditional source of financing - are unable to fulfill all of their needs. ACC's data also shows that private credit investors were willing to step into this gap, revealing that SME lending and mid-market direct lending were the most prevalent among private credit investors.

More... <https://www.theasset.com/capital-markets/41865/private-credit-investing-in-asia-set-to-expand-along-with-fintechs>

Written by The Asset

Facebook launches campaign to promote commercial tools to SMEs

November 19th, 2020 - Facebook has released a new marketing push in support of small businesses, highlighting the tools on its platforms that can assist SMEs.

The digitally integrated campaign highlights the stories of the small Australian businesses and how they used Facebook's small business tools to grow and prosper throughout 2020.

'Keep going. Keep growing' comes as part of Facebook's ongoing global initiative to support small businesses.

Facebook ANZ marketing manager, Regan Houlihan, said: "Navigating 2020 has been extremely difficult for many small businesses around the world and in particular, in Australia. With this campaign, we wanted to shine a light on some of the positive outcomes we've seen small businesses achieve using Facebook tools."

The campaign comes from independent creative agency Now We Collide, which was appointed Facebook Australia's

creative and production partner in 2018.

More... <https://mumbrella.com.au/facebook-launches-campaign-to-promote-commercial-tools-to-smes-658419>

Written by Mumbrella





Membership application form

MEMBERSHIP POLICY FOR ADMITTANCE AS AFFILIATED MEMBER NATURAL PERSON

MEMBERSHIP AS NATURAL PERSON is addressed and reserved for those who, even though are not entrepreneurs or business managers and/or don't have any specific interest in receiving assistance from WUSME for the benefit of their business, but rather feel sympathy and a favorable consideration towards the Association and wish to support its mission, by contributing with a symbolic fee as provided by the Board of Directors, as well as volunteering in projects or initiatives available.

Natural persons who join WUSME as Affiliate Member have the:

- Right to participate as Observer in General Meetings;
- Right to participate in WUSME conferences, seminars, webinars and special workshops
- Opportunity to speak in the WUSME events;
- Opportunity for free or with reduced rate to participate in international regional meetings, exhibitions and other annual events co-organized by WUSME or by its members and partners;
- Receive the WUSME SME Newsletter.

MEMBERSHIP POLICY FOR ADMITTANCE AS ENTERPRISE AFFILIATE MEMBER

Membership of Enterprise as Affiliate Member of WUSME is addressed and reserved to all small and medium sized businesses, entrepreneurs or business managers of SMEs, regardless of their legal form, who have are interested in joining WUSME and receiving assistance in their activity by contributing with a the membership fee as provided by the Board of Directors.

Enterprises, joining WUSME as Affiliated Members, have the following benefits:

1. to participate in WUSME's General Meetings as Observer;
2. to participate in WUSME's conferences, seminars, webinars and workshops;
3. to speak in WUSME's events;
4. to participate, for free or with reduced rate, in international or regional meetings, exhibitions and other events co-organized or promoted by WUSME or its members and partners;
5. to benefit from special discount agreed with International Hotels, Airlines and other similar services;
6. to receive WUSME's monthly SME Newsletter – WUSME's weekly news and hard copy of WUSME's Magazines;
7. the opportunity to enter the WUSME Community, an international network of selected and qualified SMEs, organizations, institutions, training centers, banks and other partners specialized in SMEs;
8. to seize opportunities of development and cooperation at national, regional and international level;
9. to receive basic assistance in the following areas of interest for their business.

MEMBERSHIP BENEFITS OF ORGANIZATIONS

Organizations, joining WUSME as Affiliated Members, have the opportunity to identify and convey factual opportunities to participate in projects, programs, bids and tenders highlighted from the WUSME international network.

Affiliated Organizations have the opportunity to be introduced to National and International SMEs Organizations, as well as to United Nations Organizations, European Union and other International Associations in Asia, Africa and Latin America which WUSME is in contact with. Affiliated Organizations may enter into Cooperation Agreements with WUSME, wherein customized modalities of future operations are agreed to reach mutual benefits.

Some specific benefits reserved to affiliated Organizations are:

1. to access the WUSME information services.

Affiliated Organizations may receive regular information on opportunities available in different economies of the world, such as "best practices", new business opportunities, access to the United Nations Global market and competitive advantages for exports and business partnerships;

2. to contribute to the written statement to United Nations Organizations.

Affiliated Organizations may contribute to written statements of WUSME to UN ECOSOC and other UN Organizations, e.g. UNIDO, UNESCO, OECD etc. aiming at the safeguarding of the rights, interests and competitiveness of SMEs and Crafts.

3. to assist enterprises in starting international business partnerships through the network of WUSME.

WUSME is in contact with the world and enjoys privileged international relations in many countries, where the Union has the potential to encourage entrepreneurship cooperation agreements. As a consequence, affiliated Organizations may offer assistance to entrepreneurs and startups in entering into business partnerships, joint ventures, clusters etc. in different countries across the world.



GENERAL INFORMATION

To be filled out in capital letters

Enterprise / Organization Name: _____
 First Name: _____
 Last Name: _____
 Position: _____
 Nationality: _____
 Address: _____
 State/Province/Other: _____
 Country: _____
 Generic email for Enterprise or Organization: _____
 Telephone No.*: _____
 Mob. No*: _____
 Fax*: _____
 E-mail address: _____
 URL: http:// _____

*Please, type telephone and fax numbers as they should be dialled from outside your own country – including country and city prefixes

Place and Date _____

Signature _____

OECD COUNTRIES:

(Australia, Belgium, Chine, Denmark, Finland, Germany, Hungary, Ireland, Italy, Korea, Mexico, New Zealand, Poland, Slovak republic, Spain Switzerland, United Kingdom, Austria, Canada, Cech Republic, Estonia, France, Greece, Iceland, Israel, Japan, Luxembourg, Netherlands, Norway, Portugal, Slovenia, Sweden, Turkey, United States)

CATEGORY:

- Organization (OECD COUNTRIES) € 500,00
- Chamber of Commerce & Industry
- National SME and Crafts Association
- Regional SME and Crafts Association
- Other SME Supportive Organization:
please specify
- Organization (NOT OECD COUNTRIES) € 250,00

CATEGORY:

- Enterprise (OECD COUNTRIES) € 250,00
- Enterprise (NOT OECD COUNTRIES) € 150,00

CATEGORY:

- Natural person € 10,00

MEMBERSHIP FEE PAYMENT

1° METHOD

WIRE TRANSFER

BENEFICIARY: ASSOCIAZIONE "WUSME"

BANK: CASSA DI RISPARMIO DELLA REPUBBLICA DI SAN MARINO S.p.A.

BRANCH: AGENZIA SERRAVALLE

IBAN: SM 17 A 06067 09802 000020112378

SWIFT CODE: CSSMSMSM

DESCRIPTION: FIRST AND LAST NAME / ORGANIZATION OR ENTERPRISE NAME FOR MEMBERSHIP FEE YEAR 2021

2° METHOD

PAYPAL

Address your payment to the following account info@wusme.org

NOTE: CHECKS NOT ACCEPTED

TO JOIN WUSME MEANS

- **TO BECOME PART OF AN INTERNATIONAL AND QUALIFIED NETWORK OF SMEs AND RELATED ORGANIZATIONS AND INSTITUTIONS WORLDWIDE**

WUSME Members are enabled to pursue qualified contacts and establish profitable relationships helpful to develop and expand their action, also through the participation in events organized or promoted by WUSME and its partners, such as national and international conferences, seminars, workshops, training programs, etc.

- **TO SEIZE OPPORTUNITIES FOR DEVELOPMENT AND COOPERATION AT NATIONAL AND INTERNATIONAL LEVEL AND BE SUPPORTED IN THEIR IMPLEMENTATION**

WUSME Members are facilitated in entering into cooperation agreements with other Members in more than 80 countries worldwide and linking to national and international organizations, academic institutions, research centers and similar bodies specifically competent in SMEs. In addition, WUSME Members have the opportunity to approach the United Nations System, by virtue of the Special Consultative Status with the Economic and Social Council of the United Nations, and identify opportunities of cooperation.

- **TO ENTER AN INTERNATIONAL BUSINESS PLATFORM**

WUSME Members have access to an international business platform designed to facilitate the matching of supply and demand and combination of opportunities and conditions for an effective implementation of projects, programs and investments of different size, scope and value, which can relate to the private sector, SMEs in particular, as well as the public sector, with actions to be developed in the several fields considered strategic for the economy.

- **TO BE ASSISTED IN BUSINESS ACTIVITIES AND ENTREPRENEURIAL PROJECTS**

WUSME Members may receive support in the start-up phase, expansion of existing business, development of skills and capabilities, identification of potential partners and contact with international experts.

- **TO BENEFIT FROM A WIDE RANGE OF SPECIFIC ADVANTAGES**

Through the several and cross-cutting activities implemented and promoted by the Organization, WUSME Members receive professional guidance and qualified information with full access to the Organization's publications.

For more information, please, visit our web site: www.wusme.org

To stay up to date and get news on **SMEs**, please subscribe to our **newsletter**

info@wusme.org





World Union of Small and Medium Enterprises