DRIVING OR DRIVEN: SMEs IN THE GREEN AND DIGITAL TRANSFORMATION

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SMEs are essential to the twin transition

Value added in the non financial business economy, by firm size (%)
2017 or latest available year

Source: OECD Structural Business Statistics database
SMEs have been lagging in the race to digital

Average technology diffusion rates, OECD median, by firm size, 2015-18

Access to high quality digital infrastructure differs markedly

Small and medium-sized enterprises with broadband connections, by speed (%), 2019

Source: OECD ICT Access and Usage by Businesses
SMEs are half as likely as large firms to use cloud computing...

Enterprises purchasing cloud computing services, by size (%), 2018

... and the gap widens further for data analytics

Enterprises undertaking data analytics by size (%), 2017

Fonte: OECD, ICT Access and Usage by Businesses Database, and Eurostat, Digital Economy and Society Statistics, Comprehensive Database
While supply of digital solutions expands, structural weaknesses in SME demand remain...

- Lack of awareness
  - Relate digital adoption to business needs and long-term strategies

- Lack of digital culture, organisational and technical competences
  - Capacity to plan, absorb, adapt and innovate

- Risk aversion and lack of trust
  - Data security
... compounded by challenges in the business environment and obstacles in accessing resources ...

Legal uncertainty

Distortions in competition

Institutional and regulatory framework

Market conditions

Infrastructure

Business environment

SME performance

Access to finance

Access to skills

Access to innovation assets

Strategic resources

SMEs and Entrepreneurship policy governance

Skills gap and digital awareness

Access to innovation and digital assets

Data culture

Interoperability of systems

Reputation risks

Tech complementarities and lock-ins

Financing gaps vs sunk costs

... compounded by challenges in the business environment and obstacles in accessing resources ...
... although there is large diversity in the population of SMEs, with some leading the transformation

How AI is changing the landscape for SMEs

How blockchain ecosystems can serve SMEs

OECD.AI Policy Observatory

Blockchain for SMEs and entrepreneurs in Italy
... and the COVID-19 crisis marked a leap in the SME digital transformation

70%

According to business surveys worldwide up to 70% of SMEs may have adopted new digital practices

The digital acceleration opens up new opportunities towards the low-carbon transition

- Digital technologies can help reduce the aggregate environmental footprint of SMEs (e.g. 60-70% of industrial waste)
- And generate new market opportunities for green entrepreneurs, sustainable products and businesses

Resource efficiency, enhanced transparency around ecological practices, eased adoption of circular economy models, effective channels for education and communication

- Carbon footprint testing technologies
- Tracing of sustainable materials in supply chains through distributed ledger technology,
- Use of ecological sensors connecting with IoT devices to promote ecological practices through social media.
- Etc.
SMEs and entrepreneurs are already “greening” but more action is needed

Which of the following actions is your enterprise actively taking?

- Saving energy or switching to sustainable energy sources
- Reducing consumption of or impact on natural resources
- Recycling or reusing materials
- Developing sustainable products or services

Finance for sustainability is crucial for SMEs to take part in the green transition

Lack of financing is one of the main challenges that SMEs face in the green transition

- Lack of consumer or customer demand
- Lack of financial resources
- It is not compatible with your current business...
- Lack of awareness about how to integrate...
- Lack of skills, including managerial skills
- It would not be profitable
- Lack of willingness among the management

The digital and green transformation is central to recovery plans in the EU, with diverse emphasis

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<td>Germany</td>
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<td>Greece</td>
<td>Including SMEs in support programmes for digital transformation, skills, innovation</td>
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<td>Lithuania</td>
<td>Support digital capabilities of start-ups</td>
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<td>Slovenia</td>
<td>Targeted measures on SME digital capacities, links SMEs/start-ups and large firms and procurement</td>
<td>Targeted measures to support SMEs (cooperation with EEI, adoption EMS, awareness, energy efficient buildings etc.)</td>
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<td>Spain</td>
<td>SME Digitalisation Plan, with measures to support SMEs in skills, cybersecurity</td>
<td>SMEs and hydrogen</td>
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Think Small First to Build Back Better

• Whereas emergency support had a strong SME focus, recovery packages are more generic

  o Make sure that recovery measures take the circumstances and needs of SMEs and entrepreneurs into account
  o SME consultation in recovery plans and SME tests remain essential
Platform for governments, large and small businesses, financial institutions, industry experts and associations on how to enable all SMEs to seize the benefits of digitalisation.

https://www.oecd.org/going-digital/sme/
Useful resources

- One year of SME and entrepreneurship policy responses to COVID-19: Lessons learned to build back better
- Financing SMEs and Entrepreneurs. An OECD Scoreboard
- G20/OECD High-level Principles on SME Financing
- The Digital Transformation of SMEs
- OECD Digital for SMEs Global Initiative
- OECD Declaration on Strengthening SMEs and Entrepreneurship for Productivity and Inclusive Growth
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