Business at OECD
Business and Industry Advisory Committee to the OECD

Empowering SMEs: Securing Competitiveness for our Economies

Business Recommendations to the
OECD Committee on SMEs and Entrepreneurship

Priorities Paper
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Contents

Introduction

Small and medium-sized enterprises (SMEs), micro, small and medium-sized enterprises (MSMEs) and entrepreneurs are the backbone of our economies across all levels of development. SMEs, which represent around 99% of all firms of OECD countries, are a main source of employment and generate 50% to 60% of value added on average.[1] They power local growth, regional cohesion, and economic vitality. Also, their close-to-market scale fuels fast responses, grassroots innovation, as well as balanced territorial development. But SMEs are not only the firms of today, but they are also the seedbed for the firms of tomorrow. A dynamic business climate must both support existing enterprises and attract new entrepreneurs. Every potential entrepreneur discouraged by excessive regulatory burdens or lack of support is a missed opportunity. Encouraging entrepreneurial spirit and lowering barriers to entry are essential to ensure that innovation and growth continue to flourish. The birth of new firms is a vital indicator of economic dynamism. Fostering an environment where ideas can become enterprises is key to long-term prosperity.

"SMEs which represent around 99% of all firms of OECD countries, are a main source of employment and generate 50% to 60% of value added on average."

However, SMEs continue to face persistent challenges rooted in structural and systemic constraints, underscoring the need for targeted policy support. Unlike larger firms, SMEs operate with limited financial, human, and technological resources, which restricts their capacity to innovate and compete in global markets. Cumbersome data policies also prevent SMEs from leveraging digital tools and technologies to improve productivity and facilitate access to markets and global value chains (GVCs). Despite representing a substantial share of economic activity, their participation in cross-border trade remains disproportionately small. SMEs are also disproportionately affected by regulatory compliance costs, fragmented access to finance, and restricted opportunities in public procurement and innovation ecosystems.

"Unlike larger firms, SMEs operate with limited financial, human, and technological resources, which restricts their capacity to innovate and compete in global markets."

Business at OECD (BIAC) presents its ***Empowering SMEs: Securing competitiveness for our economies*** priorities paper, which provides the business perspective on SMEs and entrepreneurship, offering practical insights for OECD policymakers. Its purpose is to highlight the fundamental role of the private sector in shaping the conditions for SMEs' competitiveness, access to finance, innovation, and sustainable growth and to provide recommendations for the future work of the OECD in this regard.

[1] OECD, SME Share of total employment in Business Sector (in %), SMEs play a pivotal role in overall employment, accessible here, 2022.

Setting the Scene: Boosting SMEs' Competitiveness and Economic Impact

SMEs play a crucial role in economic ecosystems, yet in many OECD economies they face persistent structural barriers, such as limited scale, slower technology adoption, weaker international market integration, and importantly, gaps in infrastructure that undermine their resilience and capacity to respond to rapidly changing environments.[2] These limitations constrain their productivity, competitiveness, and overall economic impact compared to larger firms.

Large firms enjoy better access to essential infrastructure, such as reliable transport, energy, digital and R&D networks, enabling them to operate more easily in just-in-time and knowledge-intensive production systems. Smaller firms often lag and see their advantage eroded by such deficiencies. According to the OECD, labour productivity differs markedly by firm size: firms with more than 250 employees produce about twice as much output per hour as firms with 10–19 employees; mid-sized firms (50–249 employees) are roughly 75% more productive than the smaller brackets.[3] These gaps underscore structural constraints still hindering SMEs globally, making stronger competitiveness essential not only for recovery but also for sustainable growth.

A critical but often underemphasised factor in SMEs' competitiveness is the cost of capital. A lower cost of capital directly strengthens firms by improving access to finance, enabling greater investment capacity, and supporting more flexible pricing strategies. It enhances financial stability and operational efficiency, while allowing SMEs to attract and retain talent. Conversely, higher financing costs exacerbate structural disadvantages, reinforcing the divide between SMEs and large enterprises.[4]

The cross-border contribution of financial services goes well beyond the direct flow of funds. Globally active financial institutions are uniquely positioned to serve clients across manufacturing, agriculture, and services, thereby enabling SMEs to connect with international markets. Financial services are the foundation of international competitiveness, supporting not only economic growth but also the prosperity of workers and businesses worldwide.

In the financial sector, where the seamless flow of capital and interconnectedness are essential, regulatory divergences can often create more costs than benefits. Such fragmentation hampers SMEs' ability to access financing efficiently, ultimately slowing their integration into GVCs and constraining economic potential.

Maximising operational and financial efficiency through institutional support would generate significant productivity gains for SMEs. Better access to affordable financing and more efficient liquidity management reduces costs for both creditors and debtors, allowing SMEs to invest in human capital, strengthen resilience, and contribute to inclusive growth. By addressing international fragmentation in production systems, such policies can also spur job creation on a global scale.

From a financial productivity perspective, working capital is central. Policies to bolster firms' working capital across GVCs are critical. These include mechanisms that ensure timely payment flows, optimise working capital on

[2] OECD, SME and Entrepreneurship Outlook 2019. Accessible here.
[3] OECD, Compendium of Productivity Indicators 2025. Accessible here.
[4] Business Priorities for the OECD Finance Agenda, *Business at OECD* (BIAC) Key Messages to the OECD, 2025. Accessible here.

the buyer side, and generate cash flow for suppliers. "Timely payments" extend beyond legal due dates: firms need liquidity at the precise moments required to fund both predictable and unexpected needs. Delays cascade across supply chains, magnifying risks for SMEs that already operate with thin margins.

Efficient management of receivables and payables is therefore at the core of firm survival, particularly for SMEs and startups. This is especially relevant in regions where SMEs form the backbone of domestic industrial structures yet face proportionally higher financing gaps. Digital innovation, including artificial intelligence, offers promising solutions to these challenges. Automated early-payment platforms can accelerate cash flow alignment and reduce liquidity risks. For instance, payment platform have connected million suppliers and facilitated billions in funding globally by ensuring invoices are paid when liquidity is needed.[5]

By strengthening cross-border financial integration, fostering regulatory coherence, and supporting innovative mechanisms for working capital, policymakers can unlock productivity gains that position SMEs as stronger contributors to sustainable and inclusive global growth.

Recommendations for OECD Work

To enhance SMEs' competitiveness and unlock their economic potential, future OECD work should ensure that people have access to up– and reskilling to participate in the GVCs and benefit from economic openness. The OECD is ideally placed to promote a more targeted, evidence-based approach to SME policymaking, including:

- **Strengthening policy coherence and resilience-building.** Governments must align SMEs policies with broader economic strategies and ensure fast, effective responses to crises that allow SMEs to remain operational and competitive.
- **Designing regulations with SMEs in mind**. Regulatory frameworks should be designed and reformed with SMEs in mind, while minimising administrative burdens and promoting a level playing field. The OECD should encourage governments to systematically consider the impact and feasibility for SMEs to implement regulations.
- **Promoting transparency and efficiency in support programmes**. SMEs funding mechanisms must be clear, and easily accessible. Free of excessive bureaucracy to reach intended beneficiaries swiftly and effectively should also be a priority.
- **Strengthening data and dialogue**: A structured approach to SME policymaking grounded in reliable data, meaningful dialogue with SMEs and the organisations that represent their interests, and consistent monitoring of key trends, challenges, and opportunities will enable more targeted and gently impactful reforms. Regular engagement with SMEs should help ensure that regulations and support measures reflect their real needs and challenges.
- **Financing and regulatory coherence for SMEs**. The OECD should help lower SMEs' cost of capital and ease working capital pressures by expanding credit guarantee schemes, scaling up microfinance and credit information systems, and enforcing timely payment mechanisms. Greater regulatory coherence across jurisdictions is also needed to cut compliance costs and improve liquidity flows, especially in middle-income economies.
- **Leveraging GVCs for financial productivity**. The OECD should promote financial platforms that use global value chains to strengthen SMEs productivity in both working capital and investments. Harmonised policies enabling timely

[5] Implementing Funding Platforms: A Solution to Fragmentation, Contribution to the G20 Cycle Progressing on the "Sustainable Growth Propeller" Framework, 2025. Accessible here.

payments would optimise capital flows on the buyer side, boost supplier cash flow, and enhance SMEs' integration into international markets.

- **Improving information accessibility and outreach to SMEs.** Given SMEs' limited time and resources, the OECD should encourage governments to prioritise proactive streamlined communication, to SME owners, on both regulatory changes and financing opportunities. The OECD should also encourage the development of simplified, centralised information platforms and tailored outreach strategies to ensure that SME owners and managers can easily access relevant updates and benefit from existing programmes without administrative overload. Communication should leverage existing, verified channels, such as for example, online governmental platforms already used by tax authorities or regulatory bodies, to guarantee that information reaches SME owners efficiently and securely.

Addressing Cumulative Regulatory and Administrative Burdens to Strengthen SMEs

What are the challenges?

Cumulative regulatory and administrative burdens continue to limit SMEs' development across many OECD economies. SMEs often lack the internal resources to manage compliance requirements that are disproportionately costly and time-consuming relative to their size. Fragmented procedures, unclear rules, and bureaucracy not only restrict SMEs' access to support programmes but also may hinder their ability to remain compliant. Moreover, frequent regulatory changes, mismatches between national and local rules, and limited access to timely information create additional uncertainty, leaving many SMEs unaware of up-to-date requirements. This lack of clarity makes long-term planning and investment riskier for smaller firms. Complex and burdensome compliance procedures often divert time and resources away from productive activity. On top of these challenges, small businesses frequently face an additional financial burden through higher insurance costs, paying up to 30 per cent more for premiums due to state and territory taxes and levies.[6] These cumulative pressures not only restrict SMEs' ability to access support programmes and remain compliant but also make long-term planning and investment riskier, weakening their competitiveness.

What enabling environment do SMEs need?

To enable SMEs to thrive in a fair and efficient regulatory environment, and to address both regulatory and administrative burdens, we encourage the OECD to foster simplified regulation—which must go hand in hand with regulatory quality. The OECD initiative on *Simplifying for Success* (S4S), which aims to support government efforts to deliver simple regulations and administrative processes should therefore give consideration to the challenges SMEs are facing. Thus, we recommend the OECD to consider the following:

- **Facilitating clear and accessible support systems**. OECD countries should invest in centralised digital, or regional platforms such as "one-stop shops" that streamline SMEs' access to public support and financing tools. By reducing fragmentation and bringing together information, guidance, and application processes under one roof, these platforms can save SMEs' time, lower administrative burdens, and improve take-up of available support.

- **Promoting SME-friendly regulatory design**. The OECD should encourage member countries to integrate SME impact assessments into the regulatory process and adopt a "think small first" approach across policy areas.

- **Supporting digitalisation of administrative procedures**. Simplifying and automating key processes (e.g. business registration and licensing), should be pursued to reduce compliance costs and administrative burdens for SMEs.

- **Ensuring regulatory stability and predictability**. Policymakers should minimise unnecessary or duplicative rules at the national level and work to ensure that regulatory frameworks are consistent and transparent, but also stable over time.

[6] Australian Chamber of Commerce and Industry, October 2025. Accessible here.

- **Improving regulatory communication and support for Micro and Small Enterprises**. Create clear, accessible communication tailored to MSEs when introducing new regulations. Provide user-friendly guidance, simplified compliance tools, and targeted outreach via business associations or digital platforms. In cases of unintentional non-compliance, prioritise support and corrective measures over penalties.

- **Addressing increasing uncertainty**. Recent surveys show growing and widespread concern among businesses about the heightened uncertainty stemming from escalating tariffs. The private sector urgently needs greater predictability and enhanced policy coordination to restore confidence in open and rules-based trade before disruptions further affect supply chains and markets. The OECD should promote comprehensive assessments by governments on the broader impacts of tariff escalations, particularly their effects on SMEs.

- **Addressing new SME compliance costs.** Member countries are encouraged to assess and mitigate cumulative administrative burdens on SMEs. When new regulatory requirements generate additional compliance costs, such as for example, hiring external experts for environmental, social and governance (ESG) reporting, governments should make these expenses tax-deductible or offset them through targeted tax credits. This would help maintain SMEs' competitiveness and capacity to engage in sustainable value chains.

Enabling SMEs to Lead the Green and Digital Transitions

What are the challenges?

SMEs are essential players in advancing the green and digital transitions, but they also face significant structural and practical challenges (e.g. including regulatory requirements, market pressures and increasing expectations from all stakeholders), in adapting to these transformative shifts. Their potential to drive sustainable innovation is well known, but limited capacity to invest, meet standards, or upskill still holds many back. As a result, SMEs often lack the expertise, or resources to align with sustainability goals or adopt digital solutions. Regulatory uncertainty, fragmented support measures, and delayed infrastructure development create additional hurdles. Without targeted, SME-sensitive policy support, the twin transition risks becoming a burden rather than an opportunity for growth and to compete.

Funding of the multiple transitions to be tackled by companies today will require substantially higher levels of private-sector and concomitant public-sector investment. In many instances, specifically concerning the green transition, proper design of economic, climate and environmental policies per se is the prerequisite for finance to flow.[7] Positive initiatives, show the potential of an effective partnership approach. For instance, the OECD's Digital for SMEs (D4SME) initiative demonstrates how tailored support can turn structural challenges into opportunities for smaller firms to thrive in rapidly evolving economic environments.

What enabling environment do SMEs need?

To actively participate in the green and digital transitions, SMEs require an enabling environment that lowers barriers and costs and strengthens their capacity to adapt. SMEs also benefit from clearer guidance and advisory services to navigate sustainability standards and technology adoption, as well as stronger integration into innovation ecosystems, clusters, and value chains.

"SMEs will only thrive in the twin transitions if policies are designed with their realities in mind – proportionate, practical, and focused on enabling rather than obliging change."

In the context of proportional support systems, it should be recognised that smaller, resource constrained SMEs deserve particular attention to receive targeted assistance to adopt sustainable and digital practices and fully seize the opportunities of the twin transitions. The OECD is thus well placed for:

- **Ensuring tailored transition pathways**. The OECD should guide member countries in designing support measures that reflect the diversity of SME sectors and capacities, recognising that one-size-fits-all approaches risk excluding many businesses from accessing benefits.
- **Accelerating infrastructure and permitting processes**. OECD countries must urgently address bottlenecks such as energy grid congestion, slow permitting procedures, and costly connection delays, which disproportionately affect SMEs seeking to adopt clean technologies or electrify operations.
- **Simplifying SMEs' role in the green transition**. Regulations should be clear, proportionate, as well as consistent, to reduce the compliance burden on SMEs.

[7] For further details see Business Priorities for the OECD Finance Agenda, *Business at OECD* (BIAC) Key Messages to the OECD, 2025. Accessible here.

The OECD can support this by promoting regulatory coherence across countries and encouraging better alignment between SME support programmes and decarbonisation goals.

- **Simplifying and streamlining digital frameworks**. Digital policies should empower SMEs to overcome financial constraints, close skills gaps, and boost productivity. The OECD can support this by promoting targeted strategies to reduce adoption barriers and expand access to critical digital tools.

- **Promoting public-private collaboration on skills development**. Successful transitions hinge on workforce readiness. The OECD should champion training programmes, apprenticeships, and upskilling initiatives that equip SMEs workers with green and digital skills, developed in partnership with business, business support organisations and associations, and education providers.

- **Encouraging harmonised and proportionate ESG frameworks**. The OECD should promote interoperable, proportionate ESG-related regulations and reporting standards, reducing cumulative burdens on SMEs across jurisdictions and global value chains. Clearer, simpler, and more stable rules will foster comparability, improve access to finance, and incentivise SME investments in green and digital transformation.

- **Promoting proportionate compliance and data requirements**. The OECD should collaborate with international standard setters to ensure ESG compliance and reporting obligations are tailored to SMEs' size and capabilities. Developing market standards for data requests from banks and insurers and supporting initiatives like the OECD Platform on Financing SMEs for Sustainability, will help streamline processes and reduce unnecessary complexity.

- **Accelerating digital transformation of MSMEs**. The OECD should encourage the adoption of targeted programmes to help the smallest enterprises adopt digital tools. Focus on tailored training, subsidised access to IT and AI solutions, and mentorship. Prioritise low-cost technologies that automate tasks like accounting, inventory, and compliance.

Ensuring SMEs Investment: Addressing Financial, Workforce and Market Access Gaps

What are the challenges?

SMEs continue to face persistent obstacles in securing the investment needed to grow, innovate, and compete, especially in the context of new economic transitions, as developed above. Therefore, access to finance remains a top concern, as SMEs are hit hardest by rising interest rates, tighter credit conditions, as well as stricter capital requirements. The costs associated with ESG transformation – such as investments in data, audits, and certifications – often require significant upfront financing and are comparatively higher for SMEs than for larger organisations, further constraining their capacity to scale. Many also struggle to navigate complex financial instruments or tap into equity funding, limiting their capacity to scale.

At the same time, labour shortages and weak integration into global markets add to these pressures, with fragmented support systems and limited export promotion connections exacerbating competitiveness gaps. Payment platforms illustrate another dimension of the challenge: while they can enhance liquidity and working capital management, access remains uneven. SMEs often face late payments, higher proportional costs for smaller loans, and limited interoperability across jurisdictions.[8] As highlighted in the *Business at OECD* contribution to the G20 South Africa Presidency, efficient payment platforms are critical to ensuring timely cash flow, reducing credit risk, and strengthening financial productivity along value chains.[9]

More broadly, SMEs need suitable financing throughout their lifecycle, but they remain overly reliant on bank credit and vulnerable to market shocks. Information asymmetries, high transaction costs, and insufficient financial skills persist, while alternative instruments – such as equity, venture capital, or microfinance – remain underdeveloped. MSMEs, start-ups, and ventures led by underrepresented groups face particular difficulties in accessing finance at key stages of growth.

"Bridging the SME financing gap is not only a matter of economic fairness, but a prerequisite for inclusive and sustainable growth."

SMEs also continue to encounter barriers to global market integration. Limited scale, high compliance and certification costs, and disproportionate logistics expenses prevent many from exporting or sustaining a presence abroad. Lacking networks, partnerships, and distribution channels, SMEs are often unable to position themselves as reliable contributors to international production systems. Finally, SMEs' limited voice in policymaking means that regulations are too often designed around the capacities of large firms, reinforcing structural disadvantages.

[8] Business Priorities for the OECD Finance Agenda, *Business at OECD* (BIAC) Key Messages to the OECD, 2025. Accessible here.

[9] Implementing Funding Platforms: A Solution to Fragmentation, Contribution to the G20 Cycle Progressing on the "Sustainable Growth Propeller" Framework, 2025. Accessible here.

What enabling environment do SMEs need?

To unlock the full potential of SMEs, it is essential to address the persistent gaps they face in accessing finance, skilled talent, and markets. We must strengthen investment conditions for SMEs to enable them to grow their businesses, foster innovation, and enhance competitiveness, particularly through:

- **Enhancing SMEs' access to diversified and affordable finance**. The OECD should help support expand funding instruments such as grants, low-interest loans, credit guarantees, scalable equity, and sustainability-focused solutions, while benchmarking practices and assessing the impact of financial regulations on smaller firms.

- **Strengthening investment innovation and skills for competitiveness**. Support dedicated mechanisms that enable SMEs to invest in R&D, leverage intellectual property, and upskill their workforce, helping them adapt to the green and digital transitions and seize new market opportunities.[10]

- **Promoting inclusion and financial flow across value chains**. Encourage policies that ensure timely payments, foster user-friendly early-payment platforms, and guarantee equitable access to finance along supply chains, reducing uncertainty and cascading liquidity benefits to SMEs.

- **Improving SMEs' integration into global markets**. Facilitate cross-border trade and export growth through simplified export credit instruments, greater regulatory coherence, and initiatives that connect SMEs more effectively to global value chains.

- **Facilitating access to experienced talent.** The OECD should encourage member countries to enable SMEs to employ senior or retired professionals under favourable tax or regulatory conditions. Such measures would help address labour shortage and the high cost of experienced workforce, strengthen intergenerational knowledge transfer, and enhance SMEs' growth potential while promoting social cohesion and better use of existing labour market reserves.

[10] *Business at OECD* (BIAC), Unlocking greater private investment in innovation, 2025. Forthcoming and will be accessible online.

Encouraging AI Adoption in SMEs

What are the challenges?

Artificial Intelligence (AI) holds transformational potential for SMEs, offering new opportunities for both productivity gains, and access to new markets. However, in the EU fewer than 10% of SMEs currently use AI in their operations, reflecting deep-rooted barriers.[11] Many SMEs lack the internal resources, digital maturity, or strategic guidance to both adopt and use AI technologies effectively. The challenges include not only the cost and complexity of AI tools, but also growing concerns around algorithmic bias, and cybersecurity risks. SMEs often struggle to navigate these technical and regulatory dimensions, especially in the absence of dedicated support systems.

At the same time, persistent gaps in digital and data-related skills limit the ability of SMEs to translate AI into concrete business value. For many SMEs, building these capabilities requires significant time and financial investment, often diverting resources away from core business activities. Without targeted policy action to ease this burden, these challenges will continue to reduce SMEs' competitiveness and constrain their capacity for innovation in an increasingly data-driven economy.

What enabling environment do SMEs need?

To strengthen SMEs' competitiveness in a rapidly evolving digital economy, it is essential to support the uptake of advanced technologies, including AI. Many small businesses and entrepreneurs face barriers to adopt these technologies. The OECD should promote accessible, practical pathways to AI integration which could help SMEs boost productivity, improve services, and stay resilient. In this regard, it is also important to support SMEs by:

- **Expanding access to AI-related funding.** Ensure that SMEs can benefit from targeted public-private financing mechanisms (e.g. such as grants, loan guarantees, and funding under international programmes), aimed at supporting AI adoption with an emphasis on inclusivity, environmental sustainability, and digital security.

- **Promoting practical and SME-driven AI solutions.** Encourage the development and dissemination of accessible, cost-effective AI tools designed to meet the specific needs of SMEs across sectors.

- **Fostering demand-led training ecosystems.** Strengthen collaboration between SMEs, business support organisations, education, and research institutions, to build relevant digital and AI skills. Emphasis should be placed on peer learning, hands-on training, and the upskilling of current employees within real business environments.

- **Streamlining regulatory and technical frameworks.** Simplify compliance procedures and harmonise standards across markets to reduce barriers to digital adoption. Priority should be given to policies that lower cybersecurity risks and facilitate SMEs access to emerging technologies through strategic partnerships between governments and the private sector.

[11] How to turn Europe into an SME superpower during the next EU cycle Position Paper, 2024. Accessible here.

Unlocking Entrepreneurship for All

What are the challenges?

Entrepreneurship is a powerful driver of innovation and job creation, but too many entrepreneurs, especially SMEs and early-stage founders, struggle to access the knowledge, skills, and information they need to succeed. Young people often leave school without practical training on how to start and manage a business. Many lack mentors, role models, or clear pathways to navigate administrative procedures. Without addressing these gaps, large pools of entrepreneurial potential will remain untapped. According to the OECD over 3.6 billion new young entrepreneurs could emerge globally if youth were effectively targeted and supported, which highlights the immense scale of untapped potential.[12]

What enabling environment do SMEs need?

We believe the enabling environment for SMEs should go beyond removing barriers: it must actively teach entrepreneurship, foster entrepreneurial mindsets, and ensure entrepreneurs know where to find support. This requires embedding entrepreneurship education throughout life, strengthening mentoring systems, and creating clearer access points to resources and information. We recommend the OECD the following measures:

- **Embedding entrepreneurship mindsets in education:** Integrate entrepreneurship into schools and universities by combining practical training, such as how to create a company, navigate administrative and legal requirements as an auto-entrepreneur, or access financing, with the development of entrepreneurial mindsets. Teaching problem-solving, resilience, good corporate governance, and responsible risk-taking from an early age will better prepare future generations to view entrepreneurship as a viable and rewarding career path.

- **Strengthening mentorship and guidance systems for SMEs and entrepreneurs**: Expand opportunities for peer learning, mentoring, and role-model engagement, so entrepreneurs and aspiring founders know who to turn to for advice and support.

- **Fostering entrepreneurship across society:** Targeted initiatives should be pursued to improve participation of underrepresented groups, such as women's access to finance, networks, and mentoring, given the significant, yet untapped, potential of women entrepreneurs, through dedicated training and capacity-building programmes. SMEs can also benefit from mentoring and tailored support schemes that strengthen their resilience, competitiveness as well as growth opportunities.

- **Improving access to information**: Build clear, centralised "one-stop shops" (digital and regional) that make it easier for entrepreneurs to find the information, services, and financing tools they need, reducing fragmentation and increasing transparency.

- **Strengthening financial and legal literacy for SMEs**: Many entrepreneurs lack knowledge of financial management, legal compliance, among others, which can hinder business growth and sustainable development. Financial inclusion programmes should therefore integrate digital, financial, and legal education, equipping SMEs with the tools to make informed decisions, access financing opportunities, and navigate regulatory frameworks effectively.

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[12] OECD The Missing Entrepreneurs 2023, Accessible here.

Exploring Options to Support the Well-Being of SMEs and Entrepreneurs

What are the challenges?

The well-being of entrepreneurs and small business owners is closely tied to the productivity and long-term sustainability of SMEs. Yet, mental health often remains an overlooked dimension of SMEs policy. However, entrepreneurs often face high levels of stress, long working hours, financial uncertainty, and social isolation. Unlike large corporations, which often have dedicated human resources structures and wellness programmes, SMEs typically lack the capacity to address broader psycho-social and cultural challenges, such as workplace violence, harassment, or the burden of care. Strengthening SME resilience therefore requires not only greater attention to mental health but also stronger connections to external resources, including legal support, counselling, mental and physical wellness services, and guidance on creating safer, more supportive work environments.

What enabling environment do SMEs need?

The long-term success and economic performance of SMEs also depends on the well-being of entrepreneurs and small business owners. Fostering a healthier, more supportive environment is essential to ensure that entrepreneurship remains a sustainable and attractive path. In this regard, the OECD should consider:

- **Integrating mental health into SMEs policy agendas:** Encourage OECD governments to embed mental health support, stress management, and burnout prevention into SMEs policy frameworks, including access to social protection and counselling initiatives.

- **Supporting mental health and well-being of small business owners**: Encourage the development of programmes offering integrated mental health, coaching, and advisory services for small business owners (e.g., confidential helplines, digital platforms, as well as peer support to reduce burnout and improve business resilience).

- **Embedding mental well-being in SMEs policy and support mechanisms**: Mental health awareness and resilience should be integrated into SME support frameworks and policy initiatives to help entrepreneurs and business owners manage financial pressures, and uncertainty.

Conclusion

In a time of rapid and profound transformations, SMEs must be empowered not merely to survive, but to lead. Their role in driving innovation, creating jobs, and advancing local development and sustainable growth makes them indispensable to the future of our economies. Yet, too many small firms face complex challenges, still lacking resources, expertise, and scale needed to adapt to shifting market realities, particularly amid new transitions.

"To unlock their potential, policy must focus on fostering SMEs' competitiveness: cutting red tape, facilitating access to finance and skills, supporting innovation, and foster entrepreneurship skills."

To unlock their potential, policy must focus on fostering SMEs' competitiveness: cutting red tape, facilitating access to finance and skills, supporting innovation, and foster entrepreneurial skills. Tailored approaches are essential to close persistent investment, capability, and inclusion gaps.

Ongoing global economic and political uncertainty must not be allowed to weaken entrepreneurial momentum or deter new business creation. We cannot risk a decline in start-up activity or stagnation among small firms.

Now is the time to accelerate SMEs productivity, competitiveness, and innovation. By leveraging smart policies, new business models, and targeted support, the OECD can help SMEs grow stronger and more inclusive, both locally and globally. *Business at OECD* stands ready to contribute with the voice, insights, and reach of the private sector to ensure SMEs are equipped to lead the way forward.

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Norway	**Confederation of Norwegian Enterprise (NHO)**
Portugal	**Confederation of Portuguese Business (CIP)**
Poland	**Polish Confederation Lewiatan**
Slovakia	**National Union of Employers (NUE)**
Slovenia	**Association of Employers of Slovenia (ZDS)**
Spain	**Confederation of Employers and Industries of Spain (CEOE)**
Sweden	**Confederation of Swedish Enterprise**
Switzerland	**economiesuisse - Swiss Business Federation**
Switzerland	**Swiss Employers Confederation**
Türkiye	**Turkish Confederation of Employer Associations (TISK)**
Türkiye	**Union of Chambers and Commodity Exchanges of Türkiye (TOBB)**
Türkiye	**Turkish Industry and Business Association (TÜSIAD)**
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Business at OECD (BIAC)
13/15, Chaussée de la Muette
75016 Paris, France

www.businessatoecd.org
@BusinessatOECD
Business at OECD

Tel: +33 (0)1 42 30 09 60
communications@biac.org