FORUM: The Economic and Social Council (ECOSOC)

QUESTION OF: Measures to Reduce the Gap Between Small and Medium-sized Enterprises and Large Enterprises

MAIN SUBMITTER: France

CO-SUBMITTERS: Belgium, Chad, Germany, Syria, Russia, Italy, China, Iran, Ukraine, Pakistan

THE ECONOMIC AND SOCIAL COUNCIL,

*Bearing in mind* that small and medium-sized enterprises play a crucial role to countries’ economy as they provide the main source of business employment, strengthen the productivity and inclusive growth, driving economic development,

*Fully aware* that Covid-19 has caused a significant impact to the productivity of small and medium-sized enterprises, thus causing a bigger gap between the SMEs and large enterprises,

*Acknowledging* that the size difference between SMEs and large enterprises has increased continuously and rapidly all around the world, from the mid 1990, except for the recession years of 2008-2009, leading to the increase in performance gap,

*Concerned* with the main entrepreneurial risks of SMEs, including low productivity and limited access financing, poor labor quality, lack of market demand, and changes in taxation policies,

*Recognizing* that small and medium-sized enterprises (SMEs) account for about 90% of companies and total business units in the globe,

*Reaffirming* that part of the reason for increasing gap between SMEs and large enterprises is the growing R&D Expenditures of large enterprises,

*Noting* that SMEs are the crucial engine of the European economy, accounting for 99.8% of total enterprises and that they are also backbone of the economies of Asia, accounting for 66% of the national labor force on average,

*Emphasizing* that SMEs often experience problems in hiring skilled workers, difficulty to access finance, and excessive regulations and administrative burden,

*Recalling* that assistance from the United Nations and other relevant organizations is necessary to help SMEs overcome their difficulties,

1. Urges governments of the member states to continue consistent and diverse supports to small and medium sized enterprises through means such as but not limited to:
   1. Considering the ways to improve the flow of dept and equity to SMEs in ways including but not limited to:
      1. Providing knowledge about alternative forms of financing,
      2. Enhancing access to long-term financing and promoting non-bank financing alternatives,
      3. Improving loan support and guarantees,
   2. Enacting financial and monetary policies assistance such as but not limited to:
      1. Tax waivers,
      2. Deferral of tax,
      3. Financial programs,
      4. Rent subsidies,
      5. Direct lending,
      6. Employment programs,
      7. Cash transfers,
   3. Opening up investment opportunities including foreign direct investment to enable local SMEs to be part of the supply chain for investing firms;
2. Encourages the member states to conduct annual investigations in order to find out the status and needs of SMEs through ways such as but not limited to:
   1. Utilizing surveys conducted by reliable authorities and organizations that can provide relative information including but not limited to:
      1. Firm size,
      2. Branch of economic activity,
      3. Country,
      4. Firm age,
      5. Financial autonomy and ownership,
      6. Developments in the financial situation of enterprises,
      7. Document trends in the need for and availability of external financing,
   2. Conducting surveys on both SMEs and large enterprises on their current status as well as specific actions taken to compare gaps by randomly selecting enterprises in nations,
   3. Stimulating the use of digital recording systems which can be conveniently used by enterprises to record their current circumstances transparently that contains the edited histories of documents so that they can effectively notify relevant agencies of information including:
      1. Status of employment,
      2. Urgent demands,
      3. Difference from previous years,
      4. Developments that have been made,
      5. Other necessary supports;
3. Requests the member states to work with pertinent NGOs to educate startup entrepreneurs who are in the beginning stages of business so that they can be more prepared and well-informed in advance by:
   1. Developing online startup educational programs that can provide basic business knowledge throughout all startup entrepreneurs around the countries including:
      1. Strategic management,
      2. Basic counting,
      3. Financial management,
      4. Operation management,
      5. Marketing,
      6. Sales,
   2. Hosting seminars including information such as but not limited to:
      1. Various challenges that SMEs usually face,
      2. The ways to deal with those difficulties,
      3. Advisable examples of past SMEs,
   3. Carrying out interviews to see if they are informed with the necessary information to begin their businesses by asking:
      1. General and specific plans,
      2. Own thoughts and philosophies in terms of business,
      3. Opinions regarding difficulties they are likely to face;
4. Recommends the adoption of incentives for large enterprises that help the development of SMEs through methods including but not limited to:
   1. Collaborating particular projects with SMEs,
   2. Connecting them with international enterprises to allow them to have access to world trade,
   3. Providing necessary supports including but not limited to,
      1. Financial aid,
      2. Resources,
      3. Employees,
      4. Business lawyers,
   4. Advertising SMEs in appropriate ways such as but not limited to,
      1. All forms of social media,
      2. Using their own websites;
5. Emphasizes that utilizing digital capabilities can help SMEs to grow and rebuild, especially in the circumstance of pandemic through means such as but not limited to:
   1. Allowing them to reach and interact with more customers, disadvantaged groups, and remote areas when in-person interaction is limited through means including,
      1. Unmanned retail,
      2. Remote office,
      3. Online shopping,
      4. An advertisement using YouTube, Facebook, Instagram, Twitter,
   2. Giving SMEs opportunities to increase access to markets and increase efficiency at a low cost and threshold through means such as but not limited to,
      1. Properly planned and well targeted digital marketing campaign,
      2. Carefully managed social media platforms that can build customer royalty and create a reputation;
6. Affirms that fostering internationalism of SMEs is crucial to reduce the gap with large enterprises as it allows a more collaborative network and flows of information between SMEs by:
   1. Utilizing internal sources, such as:
      1. Previous market studies and industrial sector studies,
      2. Previous internalization projects,
      3. Previous international experiences and visits to foreign countries,
   2. Utilizing external sources, such as:
      1. National institutional entities, including INE (national institute of statistics) and IAPMEI (public agency for competitiveness and innovation),
      2. Foreign institutional entities, including European commission, OECD (Organization for Economic Cooperation and Development), and Business Europe (confederation of European business),
   3. Examining and developing the socio-semantic network model that demonstrates the relations and links between the social organizations and SMEs;
7. Confirms that supporting innovation can be strengths and key factors for SMEs to accommodate with large enterprises in the economy through ways such as but not limited to:
   1. Launching grant programs that aim encourage the introduction of innovative ideas and projects including:
      1. Teleworking,
      2. Online schooling,
      3. Reshoring of factories,
   2. Introducing subsidies targeting SMEs such as:
      1. Young growth companies,
      2. Private innovation groups,
      3. Business-oriented research groups,
   3. Providing vouchers with match funding for innovation, productivity, and business continuity preparedness,
   4. Encouraging active collaboration among SMEs,
   5. Having a feedback process so that there is a time for all employees to access each new idea and that they are encouraged to suggest or recommend ideas;
8. Invites the United Nations and relevant organizations, such as The World Bank, International Trade Center, and The Association of Private Enterprise Education (APEE) to actively provide member states with all necessary assistance to effectively reduce the gap between SMEs and large enterprises through:
   1. Building a network for SMEs to exchange organized and valued information as well as communicate relevant news in regard to the measures to compete with large enterprises, such as:
      1. Market research provided by the big data analysts,
      2. Predicted industry market trends based on the member states’ market focus,
      3. Relevant investment firms interested in the companies’ fields that can support the SMEs with funds,
   2. Creating guidelines for the SMEs to follow which includes specific requirements such as safety, funds, and employment status so that the United Nations and the relevant organizations can provide funds for the startup companies and subsidize them.