

# Effat University Repository

## An Empirical assessment of the economic role of small-to-medium enterprises in emerging economies

Item Type	Thesis
Authors	Ahmed, Bara'ah
Publisher	Effat University
Download date	2026-04-16 10:53:03
Link to Item	<a href="http://hdl.handle.net/20.500.14131/288">http://hdl.handle.net/20.500.14131/288</a>



**An Empirical Assessment of the Economic Role of Small-to-Medium  
Enterprises in Emerging Economies**

Thesis Submitted in Partial Fulfillment for the Degree in Master of Science in  
Entrepreneurial Strategy and Finance with the Requirements of Effat University

By  
Bara'ah Ahmed

Supervisor  
Rozina Shaheen, PhD.

Effat College of Business  
Effat University  
Jeddah - Saudi Arabia

December 2020 – Jumada .1 1442



جامعة عفت  
EFFAT UNIVERSITY

تقييم تجريبي للدور الاقتصادي للمؤسسات الصغيرة والمتوسطة في الاقتصادات الناشئة

رسالة مقدمة لاستكمال متطلبات الحصول على  
ماجستير العلوم في استراتيجيات ريادة الأعمال والمالية

إعداد  
براءة أحمد

المشرف  
د. روزينة شاهين

كلية عفت للأعمال  
جامعة عفت  
جدة - المملكة العربية السعودية

جماد الاول 1442 - ديسمبر 2020

## **Acknowledgments**

First and foremost, I thank God for giving me the prospect, opportunity and the ability to complete this concrete study.

I am overwhelmed in all humbleness and gratefulness to acknowledge my depth to my family my mother Siham Qashqari, my sister Samaa Ahmed, my grandmother Kheria Turkistani, and my husband Owais Ghulman for their immense support and for being my light and motivation and to all those who have helped me during my academic journey.

I would like to express my appreciation and enormous gratitude to my supervisor Dr Rozina Shaheen for being my mentor, my guidance and for her patience, enthusiasm, and valuable comments and suggestions.

Moreover, I would like to thank Effat University professors.

Thank you

Bara'ah

Effat University  
Jeddah, Saudi Arabia  
Deanship of Graduate Studies and Research

This thesis, written by *Baraah Ahmed* under the direction of his/her thesis supervisor and approved by his/her thesis committee, has been presented to and accepted by the Dean of Graduate Studies and Research on ....., in partial fulfillment of the requirements for the degree of MASTER OF SCIENCE in Finance

Thesis Committee

Thesis Supervisor  
Name: Dr. Rozina Shaker.  
Signature: Rozina

Co-supervisor/member  
Name: Dr. Rozina Shaker.  
Signature: Rozina

External Member  
Name:-----  
Title:-----  
Signature:-----

Member  
Name:-----  
Title:-----  
Signature:-----

Department Chair  
Name: *Tahar Tayalhi*  
Signature: *Tahar Tayalhi*

Dean of the College  
Name: *on behalf of*  
Signature: *[Signature]*

Dean of Graduate Studies & Research  
Name: *MADY MOHAMED*  
Signature: *[Signature]*

## **Declaration**

This work is original and has not been previously submitted in support of any degree qualifications or course.

Name of Student:

Signature:

## Table of Content

Abstract.....	1
Chapter One.....	2
1. Introduction.....	2
1.1.Economic Growth Factors (GDP, Employment Rate, and Inflation Rate) .....	2
1.1.1 Economic Growth in Short-Term and in the Long Term.....	3
1.1.2 The Role of SMEs To the Economic Growth.....	3
1.1.3 The Role of SMEs in Emerging Economies.....	6
1.1.4 The Role of SMEs in Argentina’s Economy.....	9
1.1.5 The Role of SMEs in India’s Economy.....	10
1.1.6 The Role of SMEs in Russia’s Economy .....	11
1.1.7 The Role of SMEs in Mexico’s Economy.....	12
1.1.8 The Role of SMEs in Poland’s Economy.....	13
1.1.9 The Role of SMEs in Turkey’s Economy .....	15
1.1.10 The Role of SMEs in South Africa’s Economy .....	16
1.1.11 The Role of SMEs in Pakistan’s Economy.....	18
1.1.12 The Role of SMEs in Nigeria’s Economy.....	19
1.1.13 The Role of SMEs in Saudi Arabia’s Economy.....	20
1.2.Problem Statement.....	22
1.3.Scope of The Study.....	23
1.4. Objectives of The Study.....	23
1.5.Research Questions.....	23
1.6.Importance of The Study .....	23
1.7.Main Hypothesis of The Study .....	24
1.8.Limitation of The Study .....	24

Chapter Two.....	25
2. Literature Review.....	25
2.1.Gross Domestic Product (GDP).....	26
2.2. Inflation Rate.....	29
2.3.Unemployment Rate .....	30
Chapter Three.....	32
3. Data and Methodology.....	32
3.1.Data Variables .....	32
3.2.Procedure to Estimate Dynamic Panel Data .....	33
3.3.Results and Data Analysis .....	35
3.3.1. Descriptive Statistics Analysis .....	36
3.3.2. Test of Stationarity .....	37
3.3.3. Estimation of Dynamic Panel Data Through GMM Method.....	39
Chapter Four.....	42
4. Conclusion.....	42
Chapter Five.....	44
5. Recommendation.....	44
Chapter Six.....	45
6. References.....	45
Appendix.....	50
Footnotes.....	55
List of Figures	
Figure 1. The Role Of SMEs as the Source of Employment in the Business Sector Worldwide... 5	
Figure 2. Small Firms Struggle to Access Information and Benefits from Government .....	8
Figure 3. SMEs in financial and payment services industries in Mexico .....	12
Figure 4. The number of persons employed in SMEs in Poland .....	14
Figure 5. Percentage of Saudis employed in SMEs in Saudi Arabia.....	21
Figure 6. SMEs contribution to Saudi non-oil GDP vs. Global peers .....	21
List of Tables	

Table 1. Country Names and Codes .....	5
Table 2. SME Participation in the Economy. ....	6
Table 3. Businesses Coping Mechanisms with COVID-19 and Reduction of Employment.....	8
Table 4. The Role of SMEs in Argentina .....	9
Table 5. The Role of SMEs in India .....	10
Table 6. The contribution of SMEs to the GDP of Russia.....	11
Table 7. The contribution of SMEs to the GDP of Mexico .....	13
Table 8. The contribution of SMEs to the GDP of Poland .....	14
Table 9. The contribution of SMEs to the GDP of Turkey.....	15
Table 10. The contribution of SMEs to the GDP of South Africa.....	17
Table 11. The contribution of SMEs to the GDP of Pakistan.....	18
Table 12. The contribution of SMEs to the GDP of Nigeria .....	19
Table 13. The contribution of SMEs to the GDP of Saudi Arabia .....	22
Table 14. Descriptive statistics .....	36
Table 15. Unit Root Test.....	38
Table 16. Panel Generalized Method of Moments: GDP As a Depended Variable .....	39
Table 17. Panel Generalized Method of Moments; Inflation Rate as a Depended Variable .....	40
Table 18. Panel Generalized Method of Moments; Employment Rate as a Depended Variable .	41

## **Abstract**

This research aims to empirically investigate the impact of small to medium enterprises on the economic growth on sample of emerging economies. For this purpose, ten emerging economies is selected as a sample size which are Argentina, India, Turkey, South Africa, Saudi Arabia, Russia, Poland, Pakistan, Nigeria, and Mexico for the sample period 2006 – 2018. This research selects economic variables such as gross domestic product, unemployment rate, and inflation rate as dependent variables and foreign direct investment, production of natural resources, government expenditure, money supply, volume of trade and number of registered small to medium enterprises in each country as independent variables. Current research seeks to analyze the role of SMEs impact on economic growth of the emerging economies while using generalized method of moments (GMM) approach for the selected panel of emerging economies. This research finds positive and statistically significant impact of SMEs on the economic growth and employment generation for the selected sample of emerging economies although these effects are inflationary. The significance of this research is to highlight the importance of the strategic role of SMEs to boost economic growth and to develop entrepreneurial capabilities in the emerging economies. However, this research is constrained by the limited availability of the data.

**Keywords:** Emerging economies, SMEs, GDP, Economic growth, Employment rate.

# **Chapter One**

## **1. Introduction**

Small-to-Medium Enterprises can play an essential role on the economic growth expressly in developing countries. According to World Bank statistics SME can contribute to the employment rate by 45 percent. As well as it contributes to the national income GDP by 33 percent in emerging economies. According to the statistics and analysis of estimate over the next 15 years the number of workforces will increase significantly. According to World Bank estimates in SME finance “SME can create up to 600 million jobs for the workforce, especially in Asia, and Africa. The main constraints of the growing, developing successful SMEs are the lack of financial resources, such as the gap of financial credits to SMEs as well as the little likelihood of SMEs to secure bank loans”.

According to estimated statistics and analysis the gap of credit to SMEs can be as high as 2.6 trillion USD<sup>1</sup>. In order to close the gap of financial credit to SMEs, they can transform their business to be formal SME. This can generate the SME several advantages including better access to credit and government services, better and easier regulation, and mainly the access of funding the capital.

### **1.1. Economic Growth Factors (GDP, Employment rate, and Inflation Rate)**

In order to fathom on the economic growth factor on developing countries and emerging economies, first to discern between GDP and employment rate. Increasing in GDP is considered to be expansion, while decreasing in GDP is considered to be contraction of the economy. On the other hand, the employment rate is also main factor of economic growth. There are situations where there is an expansion in GDP, but employment rate is decreasing and vice versa, where there is a contraction of GDP, but the employment rate is increasing. In this situation the country is facing an economic growth despite the contraction of the GDP. This conclusion can be led by the inflation rate which is also main factor of the economic growth of the country.

---

<sup>1</sup> United State Dollars

### **1.1.1. Economic Growth in Short-Term and in the Long-Term**

The increase of an average income of a country over a period of time is the main and common definition of economic growth. The income of the country can also be referred to as the increase of the output of the country. The short-term economic growth usually refers to it as the actual short-run growth and the long-term economic growth refers to it as the potential long-run economic growth. According to Maley, M. S., & Welker, M. J. (2015). Economic growth in the short term determines by “the efficient uses of resources; unemployment fall, idle capital and land are put into production Not considering the quantity and quality of resources, only considering the resources that are used efficiently and the level of employment”. Therefrom, The actual output increases. The economic growth in the long run is determined when there is an increase in the production possibilities of a nation or the long run potential level of output. This can happen by the increase of quantity or the quality factors of production, which are land, labor, and capital.

### **1.1.2 The Role of SMEs to the Economic Growth**

Internationally, SMEs serve as an essential role for economic growth in every country in the world. Developed and developing countries are concentrating more and more on SMEs on their economic growth of the countries. Due to the structure of SMEs and the strategies adopted by SMEs such as the sustainability to the financial growth, the ability to react to the continuous changes in the environment the SMEs are operating in and the increasing in their employment rate, SMEs are becoming also the concentration of the emerging markets to contribute in the economic growth. Recently, the SMEs became the target for institutional investors as well as for the business leaders and professionals to invest in SMEs, even government and policymakers have turned their attentions from international, well-established companies to SMEs and local businesses, this is because of the fact that investors and business leaders comprehended and realized that SMEs can contribute more effectively on sustainable economic growth in the country the SMEs is operating in. According to a research on SMEs by Harvard university in 2018 the numbers of SMEs and their employees are as follows:

In Japan, US, Germany and China 99% of the companies are under the umbrella of SME, and they represent 66% of the total employment in Japan, 53% in US, and 68% in Germany. Moreover, the value added by the contribution of SMEs are 55% in Japan, 51% in US, and 45% in Germany. Moreover, according to World Bank (2018), the most SMEs industries are services industry manufacturing industries, and distribution industries. SMEs play a major role on the growth of an

economy due to the fact that SMEs create more jobs to the citizens, produce goods and services and increase the competition in the markets which can bring more creative innovations that help the people in their everyday lives and increase productivity in the countries as well as SMEs provide various opportunities to innovation makers and employees, which makes SMEs grants a value-added services to the employees, regional economy and the economy of the country as a whole. SMEs, therefore, is essential to micro and macroeconomic growth. Also, SMEs limit the international and well-established companies to control the economic and market of the country, such as the monopolies and oligopolies.

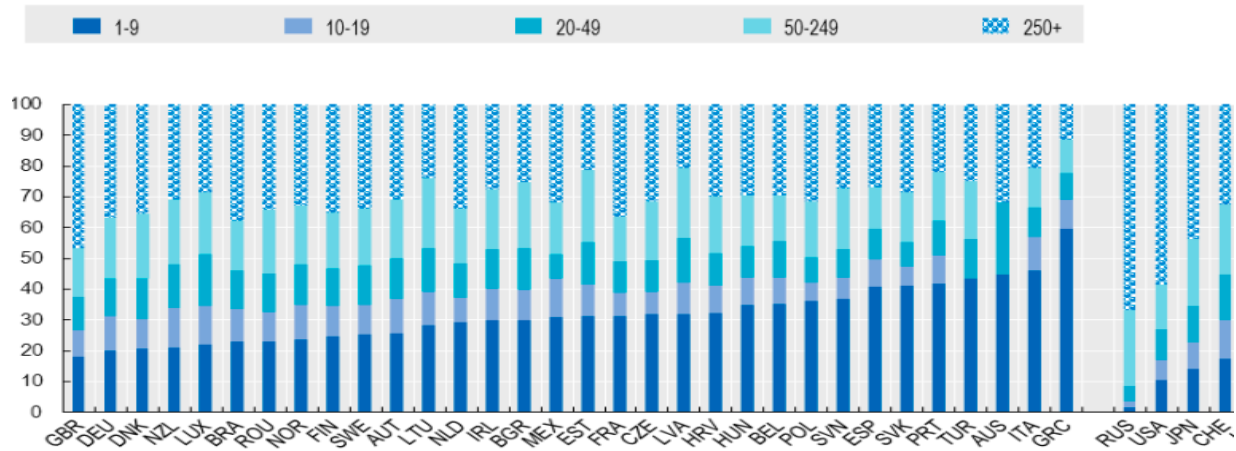
According to OECD, SMEs are contributing to the economic growth of the country its operating in by producing the availability of job vacancies to skillful employees as well as low-skilled ones, making the country shift from being agriculture-oriented to industrial and service-oriented country, increasing competitions within the markets making the markets more creative as well as more productive and last but not least expanding market diversity and finally granting sustainability in terms of resources, growth and financial sustainability this can be from the result of their structure and strategy such as the flexibility of the company and their risk-return portfolio.

According to OECD<sup>2</sup>, as the figure below explains that SMEs plays as the main source of employment in the business sector.

---

<sup>2</sup> Organization for Economic Co-operation and Development

**Figure 1. The Role Of SMEs as the Source of Employment in the Business Sector Worldwide**



Source: OECD

**Table 1. Country Names and Codes**

Codes	Countries	Codes	Countries	Codes	Countries
AUS	Australia	ITA	Italy	PRT	Portugal
AUT	Austria	JPN	Japan	RUS	Russian Federation
BEL	Belgium	KOR	Korea	SVK	Slovak Republic
BRA	Brazil	LVA	Latvia	SVN	Slovenia
BGR	Bulgaria	LTU	Lithuania	ESP	Spain
CAN	Canada	LUX	Luxembourg	SWE	Sweden
CHE	Switzerland	MEX	Mexico	IRL	Ireland
CHL	Chile	NLD	Netherlands	TUR	Turkey
COL	Colombia	NZL	New Zealand	DNK	Denmark
HRV	Croatia	NOR	Norway	EST	Estonia
CZE	Czech Republic	POL	Poland	GRC	Greece
FIN	Finland	HUN	Hungary	ISL	Iceland
FRA	France	DEU	Germany	GBR	United Kingdom

Source: OECD

### 1.1.3 The Role of SMEs in Emerging Economies

The role of small-to-medium enterprises according to economists and business expert are essential to the thrive of economic growth in emerging economies in terms of generating employment opportunities as well as creating higher volumes of productions that will lead to higher exports and creating skillful entrepreneurs. According to Bashir Ahmad Fina (2008) study concluded that in order for an emerging economy to become industrialized the first step to achieve this goal is through small-to-medium enterprises. The study also concluded that the dynamic structure of SMEs as well as its characteristics is what thrive the emerging economies economic growth which can be recognize in the long-term of the emerging economy. Moreover, SMEs in emerging countries and less developed countries are one of the main contributions to the creating of more jobs and employment to the country well as contribution to the nation a social progress. The table below explains the role of SMEs and its participation of a selected emerging economies according to World Bank data in 2007.

**Table 2. SME Participation in the Economy.**

Country Name	Structure of the MSME sector (% of all MSMEs)			SME Participation in the Economy		
	Micro	Small	Medium	SMEs	SMEs per 1,000 people	SME employment (% total)
<b>Brazil</b>	93.9	5.6	0.5	4,903,268	27.4	67.0
<b>China</b>	-	-	-	8,000,000	6.3	78.0
<b>Egypt</b>	92.7	6.1	0.9	1,649,794	26.8	73.5
<b>India</b>	94.0	3.3	-	295,098	0.3	66.9
<b>Mexico</b>	-	-	-	2,891,300	27.9	71.9
<b>Russian Federation</b>	-	-	-	6,891,300	48.8	50.5
<b>South Africa</b>	92.0	7.0	1.0	900,683	22.0	39.0

Source; World Bank (2007)

Emerging economies are prescribed as the economies with low to middle per capita income. In order for emerging economies to be classified under the umbrella of a developed economy, emerging economies could follow the same or very similar strategies as developed countries.

Emerging economies have a huge brisk for economic growth which means companies have potentially high return which also makes it attractive to investors with considerations of the investors risk tolerance. Furthermore, emerging economies experience currency and commodity swings more than developed economies such as the United State and Germany. Moreover, emerging markets offers opportunities for foreign direct investment according to World Bank (2018) emerging economies offers investment opportunities with low corruption incidences, low debt-to-GDP ratio.

Nonetheless, due to COVID-19 and its major impact on SMEs worldwide, World Bank found that SMEs has been affected by the pandemic more than large companies. World Bank also found that two-thirds of micro and SMEs operations were heavily affected by the COVID-19 with the comparison approximate about 40% for large companies. Especially SMEs in emerging economies has been highly affected negatively by COVID-19. For South Africa the crisis had a severe impact on its SMEs through the decrease and reduction of sales by 75%. Also, SMEs in emerging economies are facing the lack and constraints of resources comparing with larger companies and COVID-19 negatively affected SMEs to the point of shutting down permanently due to its lack of resources. Moreover, according to World Bank 21% of SMEs had been closed in 3 months comparing to 10% of lager businesses, and 15% of SMEs has been shut down permanently in more than 3 months comparing to 12% of larger businesses. On the other hand, young entrepreneurs owning SMEs benefited from the rent subsidies and the reduction of costs as an opportunity to direct the financial resources the entrepreneurs have on other opportunities in their small-to-medium businesses. To illustrate SMEs benefited from the crises in doing online sales and teleworking and the reduction of employment. The table below illustrates micro, SMEs and larger businesses coping mechanisms with COVID-19 crisis and the reduction of employment according to World Bank 2020 data.

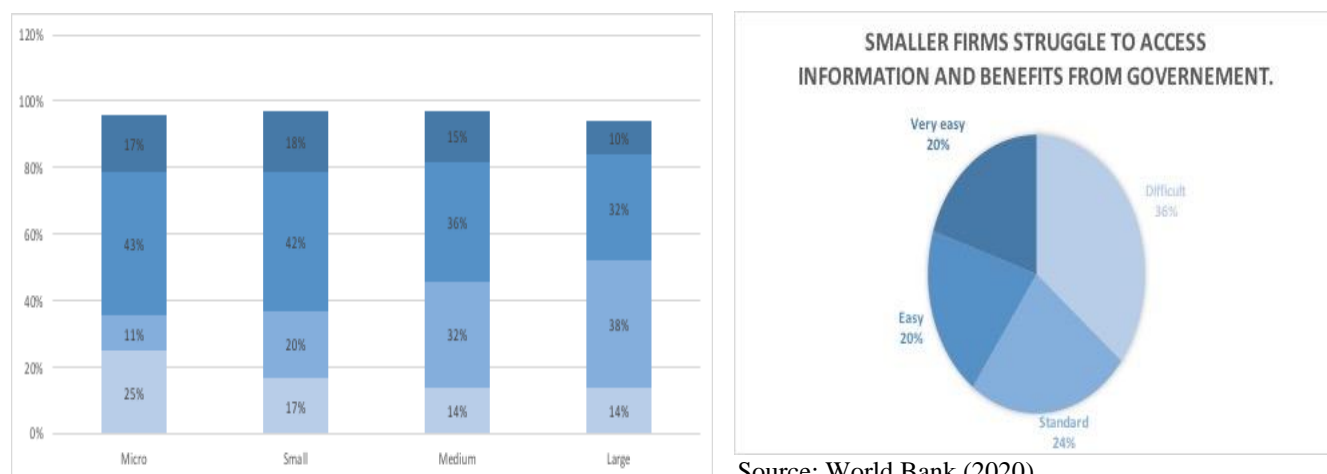
**Table 3. Businesses Coping Mechanisms with COVID-19 and Reduction of Employment.**

Micro		Small		Medium		Large	
Temporarily reduced employment	34%	Temporarily reduced employment	42%	Temporarily reduced employment	40%	Teleworking	58%
Online sales	31%	Online sales	25%	Teleworking	38%	Temporarily reduced employment	42%
Customized/new products	20%	Teleworking	25%	Increased marketing efforts	26%	Increased marketing efforts	26%

Source World Bank (2020)

Furthermore, governments all around the world are supporting SMEs. However, with this exceptional situation due to COVID-19 government budgets are under tremendous pressure especially for emerging economies. Richer economies and nations tend to have higher level of support for SMEs in terms of financial support more than poorer countries. The figures below illustrate micro, SMEs and larger business struggle to access information and benefits from government in emerging economies according to World Bank analysis on the impact of the pandemic on SMEs in 2020.

**Figure 2. Small Firms Struggle to Access Information and Benefits from Government**



### 1.1.4. The Role of SMEs in Argentina's Economy

Based on World Bank Group research (2019) about Argentina's economic growth and SMEs, the results concluded that SMEs service industry and employment along with GDP per capita has a positive impact on economic growth in Argentina. Also, B20 statistics confirmed that Small and Medium Enterprises (SMEs) account for over 95% of enterprises, 60-70% of employment and 55% of the gross domestic product of Argentina's economic growth. Moreover, Argentina's unemployment rate went from 10.1 percent in 2006 to 9.8 percent in 2019 based on World Bank data. Argentina's GDP growth went from 8.1 percent in 2006 to -2.2 percent in 2019. Also, the number of new businesses registered that represent small-to medium enterprises in Argentina was 5956 in 2006 and in 2018 was 5667. The table below summarizes the number of new businesses registered in Argentina, volume of trade (exports and imports), foreign direct investment (FDI), government expenditure (GEXP), money supply (M2), production of natural resources (OIL), along with Argentina's GDP growth as well as its unemployment rate (UNEMP), and inflation rate (INF) from 2006 till 2019. Any missing data is due to its availability.

*Table 4. The Role of SMEs in Argentina*

Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>NBR</b>	5956	6031	6032	4885	5400	5828	4928	5406	4699	4958	5885	6209	5667	-
<b>FDI</b>	2.4	2.3	2.7	1.2	2.7	2.0	2.8	1.8	0.9	1.9	0.6	1.8	2.3	-
<b>OIL</b>	39.4	38.2	37.8	34.0	33.3	31.2	30.8	30.2	29.8	30.1	28.7	27.3	26.6	-
<b>GEXP</b>	3.7	7.8	5.0	5.6	5.5	5.6	3.0	5.2	2.9	6.9	-0.5	2.7	-3.3	-
<b>M2</b>	20.3	24.5	8.1	16.9	33.1	26.0	34.8	27.1	29.8	39.6	41.6	30.1	-	-
<b>EXPOR TS</b>	5.6	8.2	0.7	-9.4	13.9	4.2	-4.1	-3.5	-6.9	-2.8	5.3	1.7	-0.7	-
<b>IMPOR TS</b>	10.9	19.6	13.6	-18.4	35.2	22.0	-4.7	3.9	-11.5	4.7	5.8	15.4	-4.7	-
<b>GDP</b>	8.1	9.1	4.1	-5.9	10.1	6.0	-1.0	2.4	-2.5	2.7	-2.1	2.7	-2.5	-2.2
<b>UNEMP</b>	10.1	8.5	7.9	8.7	7.7	7.2	7.3	7.1	7.3	7.8	7.9	8.4	9.2	9.8
<b>INF</b>	10.9	8.8	8.6	6.3	10.5	9.8	10.0	10.6	10.1	10.2	10.4	25.7	34.3	54.4

Source; World Bank Data (2019)

### 1.1.5. The Role of SMEs in India's Economy

SMEs contribute to India's economic growth by 17% in 2019 by employing 40% of the Indian workforce, providing various opportunities to various level of labors including skillful labors and low-skilled labors as well. On the other hand, India's SMEs are facing many challenges in their operations which lowered the potential of the effectiveness of SMEs to contribute to the economic growth in India. As a study on the impact of SMEs on India's economy in 2019 stated the challenges of SMEs in India are as follows:

- “Lack of capital due to inadequate access to finance and credit
- Inability to attract talented and tech-savvy manpower
- Poor infrastructure and utilities resulting in low production capacity
- Lack of innovation
- Technology and digital knowledge gap
- Lack of marketing know-how"

Moreover, India's unemployment rate went from 2.7 percent in 2006 to 2.6 percent in 2019 based on World Bank data. India's GDP growth went from 8.1 percent in 2006 to 6.1 percent in 2019. Also, the number of new businesses registered that represent small-to medium enterprises in India was 49721 in 2006 and in 2018 was 123942. The table below summarizes the number of new businesses registered in India, volume of trade (exports and imports), foreign direct investment (FDI), government expenditure (GEXP), money supply (M2), production of natural resources (OIL), along with India's GDP growth as well as its unemployment rate (UNEMP), and inflation rate (INF) from 2006 till 2019. Any missing data is due to its availability.

**Table 5. The Role of SMEs in India**

Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>NBR</b>	4972	6291	7030	6081	8664	9740	1030	9184	6984	8054	9371	1080	1239	-
	1	9	3	3	5	5	78	1	1	6	4	74	42	
<b>FDI</b>	2.1	2.1	3.6	2.7	1.6	2.0	1.3	1.5	1.7	2.1	1.9	1.5	1.5	-
<b>OIL</b>	36.0	36.4	37.8	38.0	41.3	42.9	42.5	42.5	41.6	41.2	40.2	40.4	39.5	-
<b>GEXP</b>	4.1	9.4	11.4	14.2	5.2	6.5	0.6	0.6	7.6	7.5	5.9	14.9	9.3	-
<b>M2</b>	21.6	22.3	20.5	17.9	17.8	16.1	11.0	14.8	10.6	10.6	6.9	10.4	10.5	-

<b>EXPO RTS</b>	20.4	5.9	14.8	-4.8	19.5	15.5	6.8	7.8	1.8	-5.7	5.1	4.7	12.5	-
<b>IMPO RTS</b>	21.5	9.9	22.5	-1.9	15.9	20.4	6.0	-8.2	0.9	-5.9	4.4	17.6	15.4	-
<b>GDP</b>	8.1	7.7	3.1	7.9	8.5	5.2	5.5	6.4	7.4	7.9	8.2	7.2	6.8	6.1
<b>UNEM P</b>	2.7	2.4	2.3	2.5	2.4	2.5	2.7	2.8	2.8	2.8	2.7	2.6	2.6	-
<b>INF</b>	5.8	6.4	8.4	10.9	11.9	8.9	9.3	10.9	6.4	5.9	4.9	2.5	4.9	3.4

Source; World Bank Data (2019)

### 1.1.6. The Role of SMEs in Russia's Economy

Russia's economic growth relies heavily on the contributions of SMEs in the country. Since 42% of Russia's economic growth is originated from small-to-medium enterprises. The figure below explains the "Contribution of businesses with under 250 employees to GDP" according to Organization for Economic Co-operation and Development (OECD). Moreover, Russia's unemployment rate went from 7.1 percent in 2006 to 4.6 percent in 2019 based on World Bank data. Russia's GDP growth went from 8.2 percent in 2006 to 1.1 percent in 2019. Also, the number of new businesses registered that represent small-to medium enterprises in Russia was 13110 in 2006 and in 2018 was 36879. The table below summarizes the number of new businesses registered in Russia, volume of trade (exports and imports), foreign direct investment (FDI), government expenditure (GEXP), money supply (M2), production of natural resources (OIL), along with Russia's GDP growth as well as its unemployment rate (UNEMP), and inflation rate (INF) from 2006 till 2019. Any missing data is due to its availability.

*Table 6. The contribution of SMEs to the GDP of Russia*

Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>NBR</b>	1311	1378	1267	1443	1812	1932	2475	2989	3015	4022	4352	3890	3687	-
	0	1	8	4	0	0	3	1	5	4	3	3	9	
<b>FDI</b>	3.8	4.3	4.5	2.9	2.8	2.7	2.3	3.0	1.1	0.5	2.5	1.8	0.5	-
<b>OIL</b>	486.	497.	494.	501.	512.	519.	526.	532.	535.	541.	555.	554.	563.	-
	3	3	3	4	3	5	7	2	1	8	9	3	3	
<b>GEXP</b>	2.3	2.7	3.4	-0.6	-1.5	1.4	2.6	0.9	-2.1	-3.6	1.5	2.5	0.3	-

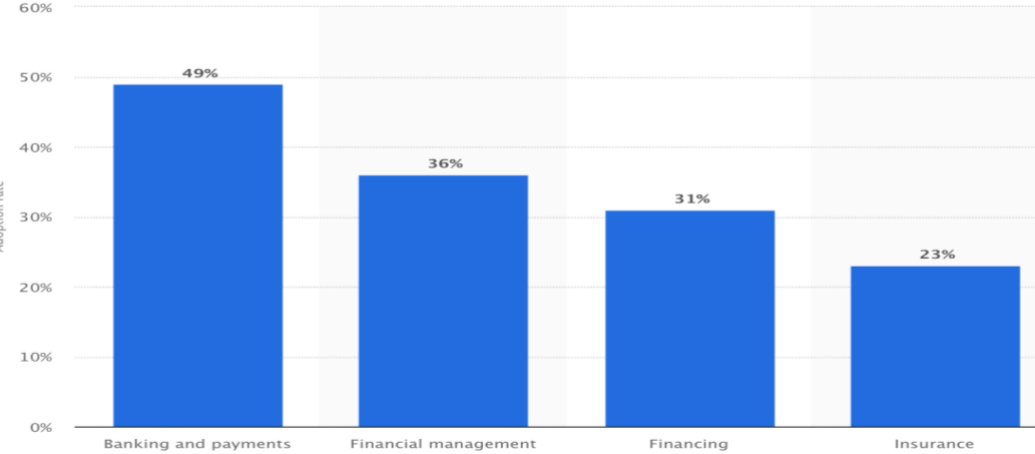
<b>M2</b>	40.4	41.1	14.1	17.3	24.5	19.5	13.1	16.0	14.8	19.7	-0.9	7.4	12.3	-
<b>EXPO RTS</b>	7.3	6.3	0.6	-4.7	7.0	0.3	1.4	4.6	0.5	3.7	3.2	5.0	5.5	-
<b>IMPO RTS</b>	21.3	26.2	14.8	- 30.4	25.8	20.3	9.7	3.5	-7.3	- 25.1	-3.6	17.4	2.7	-
<b>GDP</b>	8.2	8.5	5.2	-7.8	4.5	4.3	3.7	1.8	0.7	-2.3	0.3	1.6	2.3	1.1
<b>UNEM P</b>	7.1	6.0	6.2	8.2	7.4	6.5	5.5	5.5	5.2	5.6	5.5	5.2	4.8	4.6
<b>INF</b>	9.7	9.0	14.1	11.6	6.9	8.4	5.1	6.8	7.8	15.5	7.0	3.7	2.9	4.7

Source; World Bank Data (2019)

**1.1.7. The Role of SMEs in Mexico’s Economy**

SMEs play a major role on Mexico’s economy considering that SMEs covers nine out of ten businesses in Mexico. Making SMEs as a central and essential part of the development of economic growth in Mexico. SMEs encompasses most of the financial and payment services industries as the figure below shows the percentages that SMEs represent in Mexico services.

*Figure 3. SMEs in financial and payment services industries in Mexico*



Source; OECD

Moreover, based on World Bank data, Mexico’s unemployment rate was 3.5 percent in 2006 and remain the same in 2019 with fluctuations between the years. Mexico’s GDP growth went from 4.5 percent in 2006 to 0.4 percent in 2019. Also, the number of new businesses registered that represent small-to medium enterprises in Mexico was 50289 in 2006 and in 2018

was 83903. The table below summarizes the number of new businesses registered in Mexico, volume of trade (exports and imports), foreign direct investment (FDI), government expenditure (GEXP), money supply (M2), production of natural resources (OIL), along with Mexico's GDP growth as well as its unemployment rate (UNEMP), and inflation rate (INF) from 2006 till 2019. Any missing data is due to its availability.

**Table 7. The contribution of SMEs to the GDP of Mexico**

Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>NBR</b>	5028 9	5322 7	5050 5	5633 7	6031 2	6511 0	7416 2	7557 4	8469 7	9376 8	9615 5	8294 8	8390 3	-
<b>FDI</b>	2.1	3.1	2.9	2.1	1.9	2.1	1.5	3.7	2.5	3.2	3.4	2.9	3.1	-
<b>OIL</b>	182. 5	172. 2	156. 9	146. 7	145. 6	144. 5	143. 9	141. 8	137. 1	127. 5	121. 4	109. 5	102. 3	-
<b>GEXP</b>	-	1.8	2.9	2.9	2.3	3.0	3.4	0.5	2.6	1.9	2.6	0.7	3.0	-
<b>M2</b>	6.7	10.2	8.9	11.5	12.8	9.9	10.1	8.3	12.2	12.2	12.3	11.2	5.5	-
<b>EXPO RTS</b>	7.9	1.9	-1.0	10.9	22.4	7.7	6.5	1.4	6.9	8.4	3.6	4.2	5.9	-
<b>IMPO RTS</b>	8.7	4.8	3.3	15.9	17.1	5.6	5.4	2.1	5.9	5.9	2.9	6.4	5.9	-
<b>GDP</b>	4.5	2.3	1.1	-5.1	5.1	3.7	3.6	1.4	2.8	3.3	2.9	2.1	1.9	0.4
<b>UNEM P</b>	3.5	3.6	3.9	5.3	5.3	5.2	4.9	4.9	4.8	4.3	3.9	3.4	3.3	3.5
<b>INF</b>	3.6	3.9	5.1	5.3	4.2	3.4	4.1	3.8	4.1	2.7	2.8	6.0	4.9	3.8

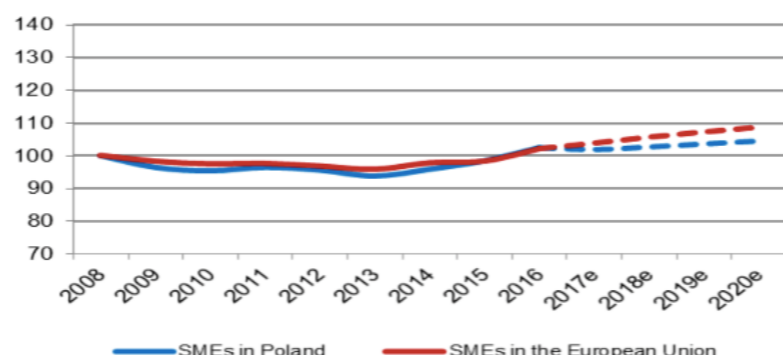
Source; World Bank Data (2019)

### **1.1.8. The Role of SMEs in Poland's Economy**

Poland provides very high attentions to SMEs and the regulations regarding the establishments of SMEs making it more favorable to the entrepreneurs to establish SMEs in terms of the regularity frameworks, the implementation of SMEs as well as providing huge support to entrepreneurs and reducing the cost of establishing and maintaining SMEs as much as possible in Poland. Moreover, reducing the period of time in the resolution of insolvency. According to Small Business

Administration (SBA) the number of employees that works in SME is increasing every year since 2013. The figure below represents the number of persons employed in SMEs.

*Figure 4. The number of persons employed in SMEs in Poland*



Source: SBA fact sheet

Moreover, Poland's unemployment rate went from 13.8 percent in 2006 to 3.8 percent in 2019 based on World Bank data. Poland's GDP growth went from 6.2 percent in 2006 to 4.0 percent in 2019. Also, the number of new businesses registered that represent small-to medium enterprises in Poland was 3943 in 2006 and in 2018 was 13229. The table below summarizes the number of new businesses registered in Poland, volume of trade (exports and imports), foreign direct investment (FDI), government expenditure (GEXP), money supply (M2), production of natural resources (GAS & COAL), along with Poland's GDP growth as well as its unemployment rate (UNEMP), and inflation rate (INF) from 2006 till 2019. Any missing data is due to its availability.

*Table 8. The contribution of SMEs to the GDP of Poland*

Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>NBR</b>	3943	3285	3519	2421	2956	3449	4069	4039	4808	5549	6882	9864	13229	-
<b>FDI</b>	6.2	5.8	2.7	3.2	3.8	3.5	1.5	0.2	3.6	3.2	3.9	2.2	2.9	-
<b>COAL</b>	156.1	145.9	144.0	135.2	133.2	139.3	144.1	142.9	137.1	135.8	131.0	127.1	122.4	-
<b>GAS</b>	4.5	4.5	4.3	4.3	4.3	4.5	4.5	4.4	4.3	4.3	4.1	4.0	4.0	-
<b>GEXP</b>	5.5	2.9	4.4	3.5	3.1	-1.8	-0.3	2.5	4.3	2.4	1.9	2.9	3.6	-

<b>M2</b>	15.9	13.4	18.6	8.1	8.8	12.5	4.5	6.2	8.2	9.1	9.6	4.7	9.2	-
<b>EXPO RTS</b>	15.5 62	10.0	7.1	-5.9	13.1	7.9	4.6	6.1	6.7	7.7	8.9	9.5	7.0	-
<b>IMPO RTS</b>	18.1	15.8	9.5	- 12.4	14.3	5.8	-0.3	1.7	10.0	6.6	7.6	9.8	7.2	-
<b>GDP</b>	6.2	7.0	4.3	2.8	3.6	5.0	1.6	1.4	3.3	3.8	3.1	4.9	5.2	4.0
<b>UNEM P</b>	13.8	9.6	7.1	8.2	9.6	9.6	10.1	10.3	8.9	7.5	6.2	4.9	3.9	3.8
<b>INF</b>	1.3	2.5	4.2	3.8	2.6	4.2	3.6	0.9	0.1	-0.9	-0.7	2.1	1.8	2.4

Source; World Bank Data (2019)

### 1.1.9. The Role of SMEs in Turkey's Economy

Turkey's economic growth depends significantly in SMEs. Based on Turkish statistics (2019), Turkish SMEs contribute significantly on the Gross Domestic Product (GDP) by 55% and covers 50% of the total investment of the country. Turkish SMEs represent 91.9% of the total enterprises in the country and employ 78% of the Turkish citizens making SMEs as the symbolic of the Turkish economic growth as well as the balance and sustainable economic growth for the country.

Moreover, based on World Bank data (2019), Turkey's unemployment rate went from 8.8 percent in 2006 to 13.8 percent in 2019. Turkey's GDP growth went from 7.1 percent in 2006 to 0.5 percent in 2019. Also, the number of new businesses registered that represent small-to medium enterprises in Turkey was 30119 in 2006 and in 2018 was 55589. The table below summarizes the number of new businesses registered in Turkey, volume of trade (exports and imports), foreign direct investment (FDI), government expenditure (GEXP), money supply (M2), production of natural resources (COAL), along with Turkey's GDP growth as well as its unemployment rate (UNEMP), and inflation rate (INF) from 2006 till 2019. Any missing data is due to its availability.

**Table 9. The contribution of SMEs to the GDP of Turkey**

<b>Years</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>NBR</b>	3011	2515	2765	2752	3170	3370	4090	4448	4358	4480	4890	5552	5558	-
	9	6	5	0	7	4	0	2	9	9	7	5	9	
<b>FDI</b>	3.7	3.3	2.6	1.3	1.2	1.9	1.6	1.4	1.4	2.2	1.6	1.4	1.7	-

<b>COAL</b>	64.3	75.4	79.4	79.5	73.4	76.0	71.5	60.4	65.2	58.4	73.0	74.1	84.5	-
<b>GEXP</b>	10.2	6.9	3.5	8.1	1.7	1.1	6.8	8.0	3.1	3.9	9.5	5.0	6.6	-
<b>M2</b>	22.2	15.2	24.8	12.7	18.5	15.2	10.4	21.2	11.2	16.5	17.7	16.4	18.4	-
<b>EXPO RTS</b>	6.5	7.3	3.8	-3.7	1.7	13.5	14.9	1.1	8.2	4.3	-1.9	11.9	7.8	-
<b>IMPO RTS</b>	7.3	9.6	-2.8	- 14.3	19.5	15.4	0.7	8.0	-0.4	1.7	3.8	10.4	-7.8	-
<b>GDP</b>	7.1	5.0	0.9	-4.7	8.5	11.1	4.8	8.5	5.2	6.1	3.2	7.5	2.8	0.5
<b>UNEM P</b>	8.8	8.9	9.7	12.6	10.7	8.9	8.2	8.7	9.9	10.2	10.8	10.8	10.9	13.8
<b>INF</b>	9.6	8.8	10.5	6.3	8.6	6.5	8.9	7.5	8.9	7.7	7.8	11.1	16.3	15.7

Source; World Bank Data (2019)

### 1.1.10. The Role of SMEs in South Africa's Economy

SMEs in South Africa has a low-growth generally due to the various challenges. As SEDA<sup>3</sup> (2016) concluded that challenges as follows:

- “Access to finance and credit
- Poor infrastructure
- Low levels of research and development (R&D)
- Onerous labor laws
- An inadequately educated workforce
- High levels of crime
- Lack of access to markets”

Moreover, SEDA (2016), calculated and analyzed the percentages of SMEs in South Africa by industry as follows:

- Construction – 12%
- Manufacturing – 9%
- Agriculture – 3%
- Transport and communication – 7%
- Trade and accommodation – 43%
- Other – 26%

---

<sup>3</sup> Small Enterprise Development Agency

Furthermore, SMEs contribute to South Africa's GDP by 20% total, employing 66% of total jobs which means 10.8 million employees of South African citizens. Not to mention that SMEs in South Africa represent approximately 90% of businesses according to World Bank (2016). Moreover, South Africa's unemployment rate went from 28.3 percent in 2006 to 27.9 percent in 2019 based on World Bank data. South Africa's GDP growth went from 5.6 percent in 2006 to 0.7 percent in 2019. Also, the number of new businesses registered that represent small-to medium enterprises in South Africa in 2006 was 306082 and in 2019 was 2443163. The table below summarizes the number of new businesses registered in South Africa, volume of trade (exports and imports), foreign direct investment (FDI), government expenditure (GEXP), money supply (M2), production of natural resources (COAL & GAS), along with South Africa's GDP growth as well as its unemployment rate (UNEMP), and inflation rate (INF) from 2006 till 2019. Any missing data is due to its availability.

**Table 10. The contribution of SMEs to the GDP of South Africa**

Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>NBR</b>	3060	3263	2877	2793	2068	1808	2209	2395	2356	3156	3767	2407	2443	-
	82	03	04	97	26	77	10	96	02	77	27	440	163	
<b>FDI</b>	0.2	2.2	3.5	2.6	0.9	0.9	1.2	2.2	1.7	0.5	0.8	0.6	1.5	-
<b>COAL</b>	244.	247.	252.	247.	254.	252.	258.	256.	261.	252.	251.	252.	-	-
	8	7	2	8	5	8	6	3	5	1	2	3		
<b>GAS</b>	11.7	12.3	16.6	16.9	19.0	19.1	19.0	19.7	19.7	20.5	21.6	26.2	-	-
<b>GEXP</b>	4.9	4.0	5.8	4.7	2.9	2.8	3.5	3.1	1.7	-0.8	2.2	0.2	1.9	-
<b>M2</b>	22.6	23.9	14.7	1.8	6.9	8.3	5.2	5.9	7.3	10.3	6.1	6.4	5.6	-
<b>EXPO</b>	7.5	7.8	1.6	-	7.7	3.5	0.8	3.9	3.6	2.9	0.4	-0.7	2.6	-
<b>RTS</b>				17.0										
<b>IMPO</b>	18.3	9.4	2.8	-	10.8	11.9	4.2	5.0	-0.6	5.5	-3.9	0.9	3.3	-
<b>RTS</b>				17.7										
<b>GDP</b>	5.6	5.4	3.2	-1.5	3.0	3.3	2.2	2.5	1.9	1.2	0.4	1.4	0.8	0.7
<b>UNEM</b>	28.3	26.5	22.4	23.5	24.7	24.6	24.7	24.6	24.9	25.2	26.5	27.0	26.9	27.9
<b>P</b>														
<b>INF</b>	3.2	6.2	10.1	7.3	4.1	5.0	5.7	5.8	6.1	4.5	6.6	5.2	4.5	4.4

Source; World Bank Data (2019)

### 1.1.11. The Role of SMEs in Pakistan's Economy

SMEs play a significant role to Pakistan's economic growth. Due to large number of SMEs in Pakistan, SMEs enlarges exports sub-sectors, grant variety of jobs opportunities, as well as reduces poverty. SMEs play a major role to Pakistan's economy. Hence SMEs in Pakistan contribute significantly to the generations of jobs and domestically employments and decrease the unemployment rate of the country. Moreover, SMEs in Pakistan considers to be the most and greatest contribution to the economic growth of the country. Moreover, based on World Bank data, Pakistan's unemployment rate in 2006 is 6.2 and remained the same percent in 2019 with small fluctuations in the years from. Pakistan's GDP growth went from being 6.2 percent in 2006 to 3.3 percent in 2019. Also, the number of new businesses registered that represent small-to medium enterprises in Pakistan was 34531 in 2006 and in 2018 was 86309. The table below summarizes the number of new businesses registered in Pakistan, volume of trade (exports and imports), foreign direct investment (FDI), government expenditure (GEXP), money supply (M2), production of natural resources (COAL & GAS), along with Pakistan's GDP growth as well as its unemployment rate (UNEMP), and inflation rate (INF) from 2006 till 2019. Any missing data is due to its availability.

*Table 11. The contribution of SMEs to the GDP of Pakistan*

Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>NBR</b>	3453	4624	6401	6508	6507	7239	8114	7439	7194	7044	7538	7854	8630	-
	1	0	7	9	4	6	4	1	1	1	0	0	9	
<b>FDI</b>	3.1	3.7	3.2	1.4	1.1	0.6	0.4	0.6	0.8	0.6	0.9	1.1	0.7	-
<b>COAL</b>	4.0	3.7	4.0	3.5	3.4	3.2	3.0	3.0	3.4	3.3	4.1	4.1	3.9	-
<b>GAS</b>	33.3	33.8	34.6	34.7	35.3	35.3	36.6	35.6	35.0	35.0	34.7	34.7	34.2	-
<b>GEXP</b>	48.3	-1.1	-0.9	12.7	-0.6	0.1	7.4	10.1	1.5	8.1	8.2	5.3	8.6	-
<b>M2</b>	42.9	17.4	6.5	17.6	14.6	12.6	17.4	13.3	11.5	12.2	13.6	9.9	9.8	-
<b>EXPO RTS</b>	9.9	1.5	-4.6	-3.4	15.7	2.4	-	13.6	-1.5	-6.3	-1.6	-0.6	10.4	-
							15.0							
<b>IMPO RTS</b>	18.7	-4.1	5.9	-	4.4	-0.1	-3.1	1.8	0.3	-1.6	16.0	21.2	15.8	-
				15.9										
<b>GDP</b>	6.2	4.8	1.7	2.8	1.6	2.8	3.5	4.4	4.7	4.7	5.5	5.6	5.8	3.3

<b>UNEMP</b>	6.2	5.2	5.2	5.5	5.6	5.9	5.9	5.9	6	5.9	5.9	6.0	6.1	6.2
<b>INF</b>	7.9	7.6	20.3	13.7	13.9	11.9	9.7	7.7	7.2	2.5	3.8	4.1	5.1	7.3

Source; World Bank Data (2019)

### 1.1.12. The Role of SMEs in Nigeria's Economy

Successful SMEs is a key factor to the economic growth in Nigeria. Most SMEs in Nigeria give back to the community either by charity organizations or supporting other SMEs in Nigeria. Given this trait in Nigeria's SMEs it became referable to the society to use SMEs products and services and supporting SMEs in many ways regarding the obstacle of the struggle to access to credit in Nigeria. SMEs contribute to economic growth of the country by giving variety of job opportunities and increasing the employment rate of the country. Hence 80% of employment were by SMEs in Nigeria in 2018. Moreover, based on World Bank data (2019), Nigeria's unemployment rate went from 8.8 percent in 2006 to 22.6 percent in 2018. Nigeria's GDP growth went from 6.1 percent in 2006 to 2.3 percent in 2019. Also, the number of new businesses registered that represent small-to medium enterprises in Nigeria in 2006 was 2216 and in 2018 was 83903. The table below summarizes the number of new businesses registered in Nigeria, volume of trade (exports and imports), foreign direct investment (FDI), government expenditure (GEXP), money supply (M2), production of natural resources (OIL), along with Nigeria's GDP growth as well as its unemployment rate (UNEMP), and inflation rate (INF) from 2006 till 2019. Any missing data is due to its availability.

*Table 12. The contribution of SMEs to the GDP of Nigeria*

Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>NBR</b>	2216	2633	2722	3858	4532	4478	3102	4256	4361	4617	4525	8294	8390	-
		7	6	1	1	6	8	2	7	4	6	8	3	
<b>FDI</b>	2.1	2.2	2.4	2.9	1.7	2.2	1.5	1.1	0.8	0.6	1.1	0.9	0.5	-
<b>OIL</b>	115.	107.	105.	106.	122.	118.	116.	109.	109.	105.	91.3	95.5	98.4	-
	5	2	8	9	1	3	4	5	3	7				
<b>GEXP</b>	35.8	90.7	4.4	-8.1	17.8	4.8	-1.9	-	-7.0	0.4	-	-7.9	33.2	-
								10.3			24.9			
<b>M2</b>	36.4	87.8	42.2	14.9	6.7	21.9	27.1	14.3	-2.4	1.5	24.2	2.3	17.1	-

<b>EXPO RTS</b>	70.4	- 16.9	43.4	- 30.0	11.5	25.8	-3.6	- 21.7	24.1	0.1	11.5	8.7	-1.4	-
<b>IMPO RTS</b>	35.9	25.8	- 18.8	- 15.8	- 15.3	-7.8	- 32.9	12.2	5.9	- 26.8	-8.9	4.8	49.2	-
<b>GDP</b>	6.1	6.6	6.8	8.0	8.0	5.3	4.2	6.7	6.3	2.7	-1.6	0.8	1.9	2.3
<b>UNEM P</b>	8.8	8.5	8.7	9.5	5.1	5.9	10.6	9.9	7.8	9	13.4	17.5	22.6	-
<b>INF</b>	8.2	5.4	11.6	12.5	13.7	10.8	12.2	8.5	8.0	9.0	15.7	16.5	12.1	11.3

Source; World Bank Data (2019)

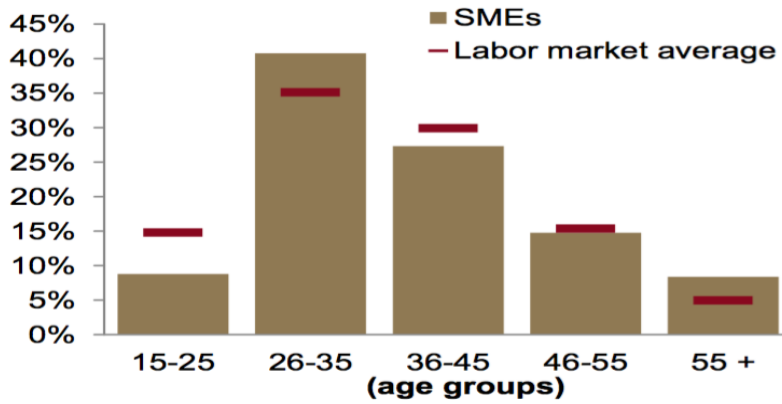
### 1.1.13. The Role of SMEs in Saudi Arabia's Economy

SMEs in Saudi Arabia is becoming one of the major elements in the growth of the Saudi Arabian economy in the non-oil sector. Moreover, as the 2030 vision of the Saudi Arabia, SMEs is increasing in number in various sectors with the help of organization supporting start-ups SMEs, such as: Human resource Development Fund (HRDF), Centennial Fund, Wadi Makkah, Modon, King Abdulaziz City for Science and Technology (Badir), Riyadhah, and most importantly Monshaat. Furthermore, as the 2030 vision of Saudi Arabia, SMEs also being supported by Vision Realizations Programs (VRP) in various sectors according to Jadwa (2019), these programs are as follows:

- “The Public Investment Fund (PIF) Program: Boost SMEs funding and venture capital investment through establishing the fund of funds, with capital of SAR4 Billion
- The Quality of Life Program: Providing SAR440 millions of funds to 600 SMEs in different regions in the kingdom by 2020, focusing on regions with less commercial capabilities.
- The Financial Sector Development Program: Incentivize the financial sector to finance SMEs
- The Housing Program: Support higher participation of SMEs in the real estate sector.”

The figure below represents Saudis working in SMEs, by age group, compared to total labor force in 2018.

*Figure 5. Percentage of Saudis employed in SMEs in Saudi Arabia*



Source: Jadwa

The figure below represents SMEs contribution to Saudi non-oil GDP vs. Global peers

*Figure 6. SMEs contribution to Saudi non-oil GDP vs. Global peers*

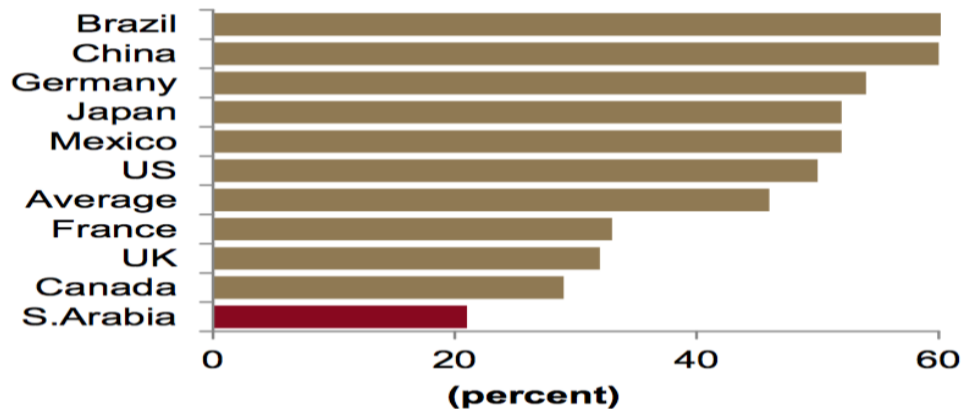


Figure 6, Source: Jadwa

Therefore, SMEs contribute to Saudi Arabia’s economic growth by approximately 20% of total growth. Moreover, based on World Bank data (2019), Saudi Arabia’s unemployment rate went from 6.3 percent in 2006 to 6.0 percent in 2018. Saudi Arabia’s GDP growth went from 2.8 percent in 2006 to 0.2 percent in 2019. Also, the number of new businesses registered that represent small-to medium enterprises in Saudi Arabia’s in 2006 was 419318 in 2018 was 317468. The table below summarizes the number of new businesses registered in Saudi Arabia, volume of trade (exports and imports), foreign direct investment (FDI), government expenditure (GEXP), money

supply (M2), production of natural resources (OIL), along with Saudi Arabia's GDP growth as well as its unemployment rate (UNEMP), and inflation rate (INF) from 2006 till 2019. Any missing data is due to its availability.

**Table 13. The contribution of SMEs to the GDP of Saudi Arabia**

Years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>NBR</b>	4193	4029	4156	2571	2583	1572	3979	3987	4273	4560	4334	3923	3174	-
	18	1	93	70	27	81	52	82	88	46	64	23	68	
<b>FDI</b>	4.9	5.9	7.6	8.5	5.5	2.4	1.7	1.2	1.1	1.2	1.2	0.2	0.5	-
<b>OIL</b>	508.	488.	510.	459.	463.	522.	549.	538.	543.	568.	586.	559.	578.	-
	9	9	0	0	3	7	2	4	8	0	7	3	3	
<b>GEXP</b>	7.9	1.8	3.7	0.6	1.2	16.6	8.1	11.1	12.0	-1.8	-	3.3	5.9	-
											17.6			
<b>M2</b>	20.4	20.1	17.9	10.8	5.2	13.3	16.5	8.4	11.8	2.9	0.6	0.2	-	-
<b>EXPO</b>	2.2	0.2	-1.2	-	4.4	10.2	3.4	0.2	-1.9	0.7	7.9	-3.1	6.9	-
<b>RTS</b>				10.7										
<b>IMPO</b>	34.9	23.1	10.5	-6.4	6.6	5.5	7.7	3.7	6.6	1.5	-	0.4	2.6	-
<b>RTS</b>											20.3			
<b>GDP</b>	2.8	1.9	6.3	-2.1	5.0	9.9	5.4	2.7	3.7	4.1	1.7	-0.7	2.4	0.2
<b>UNEM</b>	6.3	5.7	5.1	5.4	5.6	5.8	5.5	5.6	5.7	5.6	5.7	5.9	6.0	-
<b>P</b>														
<b>INF</b>	2.2	4.2	9.8	5.1	5.3	5.8	2.9	3.5	2.2	1.2	2.1	-0.8	2.5	-1.0

Source; World Bank Data (2019)

## 1.2 Problem Statement

This research investigates the relationship between economic growth in a sample of emerging economies and the number of SMEs in sample size of emerging economies. Previous studies found that there is a positive relationship between economic growth and the number of SMEs in developed countries. Henceforth, this study examines the relationship between economic growth in emerging economies and the number of SMEs in composition of the emerging country.

### **1.3 Scope of the Study**

This study emphasizes the significant importance of small-to-medium enterprises on economic growth in composed of emerging countries. Based on Morgan Stanley Capital International (MSCI) classification of emerging economies this research considers these emerging economies as the sample size: Argentina (ARG), India (IND), Mexico (MEX), Poland (POL), South Africa (ZAF), Turkey (TUR), Nigeria (NGA), Pakistan (PAK), Russia (RUS), Saudi Arabia (SAU). For thirteen years starting from 2006 till 2018 as the sample period due to the availability of data.

This research selects economic variables such as gross domestic product, unemployment, volume of exports and inflation rate as dependent variables and foreign direct investment, production of natural resources, government expenditure, money supply, and number of registered small to medium enterprises in each country as independent variables.

### **1.4 Objectives of the Study**

This research aims to empirically investigate the impact of small to medium enterprises on the economic growth of the sample used in emerging economies.

This research seeks to analyze the role of SMEs to impact on the three representative's economic growth on the sample size of emerging economies using control variables such as Gross Domestic Product (GDP), inflation rate, and employment rate.

### **1.5 Research Questions**

This research aims to seek answers for the following questions;

#### **Main question:**

- How SMEs effect the representatives if economic growth in composed of emerging economies?

#### **Sub questions:**

- How effective SMEs are to boost GDP in emerging economies
- How effective SMEs are to help in controlling inflation in the emerging economies
- How much is the role of SMEs to create employment opportunities in the emerging economies

### **1.6 Importance of the Study**

To help future researchers and master students to conduct further and more in-depth information regarding SMEs and their impact on the economic growth of emerging economies, because in this field this question had not been studied enough for emerging economies as a whole.

## **1.7 Main Hypothesis of the Study**

### **Main Hypothesis:**

SMEs has an impact on economic growth in emerging economies.

### **Sub Hypotheses:**

H1: Money supply has an impact on economic growth in emerging economies.

H2: Foreign Direct Investment (FDI) has an impact on economic growth in emerging economies

H3: The volume of exports has an impact on economic growth in emerging economies

H4: The availability of natural resources has an impact on economic growth in emerging economies

H5: Government expenditure has an impact on economic growth in emerging economies.

## **1.8 Limitations of the Study**

This research is constrained by the two factors

- Availability of data, since SMEs development is relatively newer concept, therefore we could only access the data for 13 years.
- This research focuses only on emerging economies, we cannot generalize these findings for developed and underdeveloped countries.

## **Chapter Two**

### **2. Literature Review**

Small and medium enterprises are the main source of dynamism, flexibility and innovation in developed and developing nations. The role played by SMEs has been felt by many nations in social and economic development. Emerging and developing economies are relying much on the economic growth brought by SMEs account for 50% of the gross domestic product (GDP) in nations with high income and account for two-third of total number of employees in emerging market economies. In European economy, SMEs are the backbone since they constitute 98% of all businesses in total. Alrashidi, & Bakeel, (2012) stated that development of SMEs is closely linked with the development growth. There exists a positive relationship between the size of the sector of SMEs and the economic growth even when the sector is being controlled by other determinants of growth. The estimates show that 600 million jobs need to be created by 2030 in order to absorb the growth of global workforce. This has made development of SMEs to have a high priority for many governments across the world. Most of the formal jobs in emerging markets are being generated by SMEs which create 7 jobs out of 10 jobs.

There is a general consensus among researchers, business experts and policy makers, about the vital role of small and medium enterprises (SMEs) as it is considered one of the key drivers of economic growth. A well-organized SME sector can effectively contribute through the development of entrepreneurial activities, generation of employment, enhancing productive capacity and improving innovation and technological skills that will lead to economic growth. The dynamic role of SMEs enables an economy to achieve the objective of sustainable growth. Altaee, et.al, (2016) suggests SMEs as the first step towards the industrialization of the economy. This identified the fact that most of the current multi-million-dollar enterprises are originated from the

structure of SMEs. Therefore, the establishment of SMEs tends to boost the economic growth of the country it is operating in.

Apart from SMEs having positive impact on the economic growth, they have also significant social-economic characteristics such as contributing to creation of new jobs and poverty reduction. Despite the support programs and some measures taken by various agencies to strengthen them, they still face challenges both in developed and developing nation's altogether. Some of the problems they face are structural in nature, while others can be attributed by the changes in context of environmental, they operate in. one of the main challenges they face include access to finance more so in the developing countries.

The establishment of SME can be in variety of ways including an opening of online retailer of the business using social media according Makki, E., & Chang, L. (2015). Social media and mobile usage play significant roles on E-commerce in Saudi Arabia. The findings provide new guidance to the online retailers to better utilize the social media and mobile marketing to enhance their business. Which can lead to the innovation of SME. As well as the study found the fact of "E-commerce is vital for many businesses to remain in competitive markets; it is also an important economic growth factor". The paper will define the impact of SMEs on economic growth using the GDP, inflation rate and unemployment rate.

## **2.1. Gross domestic products (GDP)**

GDP is one of the basic indicators used to check on the health status of an economy. In calculation of the nation GDP, a number of factors are being considered about the economy including its investment and consumption rate. GDP factor is being used because its main criteria for evaluating the economic level of a nation. A study by Rashad, N. M. (2018), stated that Saudi SMEs play an important role in the growth of the economy. However, these SMEs are facing a

vulnerable position due to their limited resources. Their success depends on their role in engaging in entrepreneurial behaviors.

Furthermore, Bello et al. (2018) study based on the impact of SMEs on Nigeria's economic growth, and they found that on one hand SMEs have a positive significant role on Nigeria's economic growth. However, Nigeria's financial sources are extremely limited which make entrepreneurs to access financial resources with high interest rate. Though, Nigerian government has developed more options for entrepreneurs to finance their SMEs through the Central Bank of Nigeria which includes Micro, Small and Medium Scale Development Fund (MSMSDF), microfinance banks, direct loans from state government.

According to Mujahid, N., & Begam, A. (2019), SMEs sector plays an essential role in the GDP growth in Pakistan as it increases the employment opportunities in the country and decrease the poverty rate. Similarly, according to a study done by Halim et al., (2017), SMEs in Malaysia enhanced the growth of the economy through increasing the employment rate and decreasing the poverty. Moreover, Aremu and Adeyemi (2011), found the same result when examining the impact of SMEs in India. Likewise, Cravo et al. (2015), found that SMEs have positive effect on Brazil's economic growth through the generation of control on the inflation rate as well as through the increasing of Brazil's GDP.

In addition, Woźniak et al. (2019) stated that SMEs have a positive relationship with the GDP of Poland. In the same token, according to Mahmud, S. F., & Akin, T. (2019). SMEs have a positive significant relationship with the economic growth of Turkey. However, there is a limitation to access SMEs' financial need which can prevent the enterprises from achieving their medium to long term goals and potentials. In conjunction with Prasetyo, P. E. (2019) states there

is a positive and significance influence of entrepreneurial culture and network as well as competition on regional economic growth in Indonesia.

According to Tsukanova, T. (2019), in the case of Russia many entrepreneurs seek to establish a SMEs in their homeland due to the tax barriers that might interfere with the Russian enterprises to export their products and services elsewhere. On the other hand, the study found internal heterogeneity in Russian entrepreneurs where some of them will choose not to export their products and services, while the others, chooses tom export them. This leads to an enhancement to the economic growth of Russia.

Nevertheless, SME can impact on the economic growth either positively or negatively. As well as the economy of the country will also impact on SME. According to Pangannavar, (2014) SMEs, unlike the big companies, have the advantage of greater flexibility, being able to implement new services and launch new products more easily. Not bound by strategies devised at higher echelons and by the need to get approvals, SMEs can make decisions more easily and thus become much more efficient based on prompt action and solutions adjusted to market circumstances. And therefore, can impact positively on the economy of the country. Whereas according to the same study there are main challenges that SME face during its existence of the economy life-cycle which are the main challenges most SMEs have to cope with as a result of the economic-financial crisis are sudden rises in the prices of raw materials, energy and food, liquidity and credit related problems, a marked decline in the demand for products and services, considerable variations in the exchange rate, and inflation. This phenomenon is spreading quite rapidly to a growing number of companies. This statement leads to the conclusion of SME can be affected by the economy of the country it's operating in.

## **2.2. Inflation rate**

Pangannavar, (2014) defined inflation as state where there exists excess demand in the economy for commodities. This means a state where the level of spending is concentrated toward goods produced at home, which can be achieved in the long run giving existing resources productive. Inflation reflects a way where demand for services and goods exceeds the supply in an economy. It is triggered by government spending more revenue than they have, private sector or by output short falls. Increased price is also triggered by the cost of production increments.

Halim et al., (2017) observed the positive relation inflation rate has on output of SMEs. There is depreciation of the exchange rate contracts output. This means that real appreciation is needed for boosting the real output of the small and medium firms. For example, Nigeria needed sectoral output to respond to the shocks in monetary policy. Inflation affect economic growth in many ways. It has shifted its burden to the retired people who have fixed income. When the prices of services and goods rise up, these retired individuals cannot be able to buy as much as they could before price increased. This discourage the saving culture and reduction in economic growth because the economy is supposed to be in a certain level of saving so as to finance investments which then boosts the growth of the economy. Amoo, (2014) suggested that inflation affects what to be produced, where and to whom to produce because the business is not able to predict the demand for their product. This is because of the high prices that are charged in covering their cost. Inflation also causes uncertainty in future interest rates, prices, and the exchange rates thus increasing risks among the business partners and trade is discouraged.

Özlü & Yalçın, (2012) investigated about monetary policy and credit for banks in turkey manufacturing industries. It showed that supply for money has a strong impact on the credit volume in the sector of manufacturing but not on the SMEs credit volume. Effects of inflation on

investments can occur either directly or indirectly. Inflation increases information and transaction which is directly inhibiting economic development. For example, when inflation causes uncertain nominal value, it becomes difficult for investment planning. This makes individuals to be reluctant to entering into contracts because of unpredicted inflation which causes uncertainty in relative prices. Reluctant to entering the contracts affects the investments which then affect economic growth rate. This means that inflation inhibits investments thus causing finance recession.

Lawal (2014) checked on sustained inflation which is damaging economic growth and financial systems in the long run. Inflation increase lowers real returns not only on money but also on other assets. Low return interferes with investment allocation and financial markets functioning. Again, having low real returns will cause severe damage on credit market. This results to high inflation contracts will lead to credit supply to fund capital investments thus economy is damaged.

### **2.3. Unemployment rate**

In an emerging economy of Saudi Arabia, SMEs attributes for 92 percent of the businesses, which is a very high portion of the economy. In consonance with the impact of SME on Saudi Arabia's economy, Yusuf, N., & Albanawi, N. I. (2016) found that the employment plan of 2014, Saudi Arabia has seen an increase in the level of employment. According to the country's Ministry of Labor, although there has been a slight increase in the number of those who are unemployed, there rate at which people have been recruited for jobs has increased compared to previous years, such growth has been majorly attributed to entrepreneurial activities in the country, and in particular, the small and medium size enterprises, which are said to create about thirty-five thousand job opportunities annually. To emphasize the role of SMEs, Kreishan (2011) argue that SMEs are a key source of economic growth through the reduction of unemployment rate and the increase of productivity, along with the findings of Muneer et al.

(2017) which stated that In Saudi Arabia SMEs represent more than 90% of enterprises providing 51% of jobs in private sector and 22% of GDP.

According to Bary, A. (2019), SMEs has a major role in the employment of total labor force by 60% and economic output of approximately 34% of GDP in South Africa. To boot SMEs, make up to 91% of businesses in South Africa. Furthermore, as SMEs plays an essential part of the economic growth, most of SMEs' owners in Egypt lack the leadership styles that is needed to improve the SMEs activities, along with the inadequacy of policy determinants this led to chronic economic problems and effected negatively on the country.

However, in order to have a positive effect on the economy, the SME or any other enterprise must have solid foundation of understanding between employees and employers, and the employers must have an effective leadership style that suite the enterprise and the employees working in it as well. According to Albloshi, F. A., & Nawar, Y. S. (2015) SMEs in Saudi Arabia have one of the highest percentages of human labor in the world. However, their contribution to the economy is considerably low. This is an effect of the leadership styles used by managers in that region.

To emphasize on having effective leadership style in order to succeed in SME, Tripathi, A. (2019) stated that the success of SMEs in the kingdom is closely related when country imports reduce and export increase, and the Kingdom is able to produce most of the goods locally. To accomplish Saudi Vision 2030, Kingdom of Saudi Arabia already spending millions of riyals and launch various programs to boost SME sector, but its success only depends if they have good strategy and funds utilized in an effective manner. In the same token there is positive correlation between trustworthy employers and her/his employees which can make them great entrepreneurs

and are willing to take risk towards establishing a small-to-medium enterprises which lastly lead to enhancing the economic growth in Turkey.

## **Chapter Three**

### **3. Data and Methodology**

#### **3.1. Data Variables**

To assess the economic impact of SMEs in the selected emerging economies, this research considers the variables such as gross domestic product, unemployment, and inflation rate as dependent variables and foreign direct investment, production of natural resources, government expenditure, money supply, volume of trade and number of registered small to medium enterprises as independent variables. The data for these variables is extracted from the databases of the World Bank and International Monetary Fund (IMF). This study employs the panel data and selects 10 emerging economies annual data for the sample period 2006- 2018. Annual data was selected as this study constitutes the variables on annual frequency.

In order to assess the impact of small and medium enterprises along with other selected macroeconomic variables on the economic growth, inflation rate and unemployment rate of the emerging economies, the model is specified as the following;

$$GDP = f(SM, G, M, FDI, O, X, IM, N)$$

$$INF = f(SM, G, M, FDI, O, X, IM, N)$$

$$UN = f(SM, G, M, FDI, O, X, IM, N)$$

Where GDP is gross domestic product and it is a measure of economic growth, SM shows the number of small and medium enterprises, G is government expenditures, M is money supply, X is exports, IM is imports and N shows the natural resources. Whereas, INF indicates the inflation rate and UN shows the unemployment. Moreover, FDI stands for Foreign Direct Investment. Also, O stands for Oil that represents the production of natural resources. Gross Domestic Product (GDP), inflation rate (INF), and unemployment rate (UN) are the dependents variables, Whereas number of small-to-medium enterprises (SM), government expenditure (G), money supply (M) foreign

direct investment (FDI), production of natural resources (O) volume of trade which are exports (X), and imports (IM) are the independent variables.

### 3.2. Procedure to Estimate Dynamic Panel Data

Currently, empirical research in finance particularly is using panel data more frequently due to its unique features of comparing quantitative characteristics across countries over different time periods. The panel data combines the time series observations with cross sectional analysis.

Generally, a panel model is specified as follows;

$$y_{i,t} = \alpha y_{i,t-1} + \beta X_{i,t} + u_{i,t} \quad (1)$$

where  $y_{i,t}$  is a dependent variable and it changes across  $i$ (the countries) and  $t$  (time period) whereas  $y_{i,t-1}$  is the lagged dependent variable ,  $X_{i,t}$  represents the set of independent variables and finally  $u_{i,t}$  show the error term. The usage of panel data constitutes several advantages; panel data can handle large number of observations in several dimensions, it can examine greater number of variables with less chances of multicollinearity among the variables which generates efficient estimates for the model. Panel data also helps to mitigate the issue of omitted variables. However, panel data is more complex in nature and it is constrained as it is unable to consider heterogeneity across the units in the sample.

For panel data, mostly ordinary least squares estimates are biased and to avoid this problem, researchers have proposed the regression with fixed effects (FE) and random effects (RE).

The fixed effect model is considered as;

$$y_{i,t} = \alpha y_{i,t-1} + \beta X_{i,t} + \varepsilon_{i,t} \quad (2)$$

and  $\varepsilon_{i,t} = \psi_i + u_{i,t}$ , in this case Equation (2) can be rewritten as

$$y_{i,t} = \alpha y_{i,t-1} + \beta X_{i,t} + \psi_i + u_{i,t} \quad (3)$$

Where Equation (3) shows the decomposition of error term  $\varepsilon_{i,t}$  into a country specific fixed component  $\psi_i$  and a random component  $u_{i,t}$  which fulfils the standard requirements of ordinary least squares to estimate general regression, having each unit with different ordinate.

On other side, random effect model contains the same identification as fixed effect model but the term  $\psi_i$  is a random variable for each country with a mean value  $E[\psi_i]$  and  $Var[\psi_i] \neq 0$ .

In this case the random effect model can be written as;

$$y_{i,t} = \alpha y_{i,t-1} + \beta X_{i,t} + \psi_i + u_{i,t} \quad (4)$$

Where  $\psi_i$  is a random variable. Following Arellano and Bond (1991) this research employs the Generalized Method of Moments (GMM) approach to estimate the dynamic panel data, along with the Blundell Bond (1998) proposed extension to basic GMM model and suggest new moments on the correlation of the lagged variable and the error term. The estimates of GMM approach consider a system of equations in differences as instruments.

This research estimates the GMM model proposed by Arellano and Bover (1995) along with Blundell and Bond (1998) extension in the system of equations.

GMM optimal estimator has the following form:

$$\hat{\theta}_{GMM} = \begin{pmatrix} \hat{\alpha}_{GMM} \\ \hat{\beta}_{GMM} \end{pmatrix} = \left[ (y^*_{-1}; x^*)' Z^* V_N^{-1} Z^{*'} \begin{pmatrix} y^*_{-1} \\ x^* \end{pmatrix} \right]^{-1} \left[ (y^*_{-1}; x^*)' Z^* V_N^{-1} Z^{*'} y^* \right] \quad (5)$$

Equation (5) represents a system of regression with information on levels and differences in terms of time. The condition is applied as ;  $E[X_{i,t=s}(v_{i,t} - v_{i,t=1})] = 0$ . for  $s \geq 2; t = 3, \dots T$ , on the first part of Equation(5) and the condition  $E[X_{i,t=s} - X_{i,t=s-1}(v_{i,t} - v_{i,t=1})] = 0$ . for  $s = 1; t = 3, \dots T$ , is applied on the second part of Equation(5). In addition, this research applies the lagged of the variables in levels as instruments in the regression in differences. The model estimates are consistent and efficient as

$$y^* = \alpha y^*_{i-1} + \beta x^*_i + v^*_i \quad (6)$$

Where  $v^*_i$  is an error term. In addition, the matrix for the instruments of the differences model also represents the lagged dependent variable and the explanatory variables and is specified as follows;

$$Z_i = \begin{bmatrix} y_{i0} & x_i^2 & 0 & 0 & 0 & \cdots & 0 & 0 & 0 & \cdots & 0 & 0 \\ 0 & 0 & y_{i0} & y_{i1} & x_i^3 & \cdots & 0 & 0 & 0 & \cdots & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & \cdots & 0 & 0 & 0 & \cdots & 0 & 0 \\ \cdots & \cdots & \cdots & \cdots & \cdots & \cdots & \cdots & \cdots & \cdots & \cdots & \cdots & \cdots \\ 0 & 0 & 0 & 0 & 0 & \cdots & y_{i0} & y_{i1} & y_{i2} & \cdots & y_{T-2} & 2x_i^T \end{bmatrix} \quad (7)$$

The matrix for instruments for level includes only independent variables and it is given as;

$$Z_j = \begin{bmatrix} x_j^2 & 0 & 0 & \cdots & 0 \\ 0 & x_j^3 & y_{i1} & \cdots & 0 \\ 0 & 0 & x_j^4 & \cdots & 0 \\ \cdots & \cdots & \cdots & \cdots & \cdots \\ 0 & 0 & 0 & \cdots & x_j^T \end{bmatrix} \quad (8)$$

the GMM estimator contains the instruments as

$$Z = \begin{bmatrix} Z_1 \\ Z_2 \\ Z_3 \\ \vdots \\ Z_N \end{bmatrix} \quad (9)$$

Furthermore, to ensure the consistency of GMM estimates proposed by Arellano and Bond (1998), the Sargan test was conducted to check for autocorrelation of first and second orders and the problem of over identification. This test evaluates the overall validity of the selected instruments. This test is performed under the null hypothesis of no second order autocorrelation.

### 3.3. Results and Data Analysis

After describing the data variables and explaining the GMM model, this section analyses the estimation results and discusses the impact of small-to-medium enterprises on the long and short term economic growth of emerging economies based on the sample of Argentina, India, Turkey, Pakistan, Poland, Mexico, Nigeria, Saudi Arabia, Russia and South Africa.

### 3.3.1. Descriptive Statistics Analysis

Table 14 shows the descriptive statistics analysis of the panel data for the time period 2006 till 2018. This study is constrained with the limited availability of the data. The mean and the median values measure the central tendency of the selected variables for the sample statistics. For all countries, these two measures of central tendency indicate an outlier in the NBR which stands for New Business and for natural resource variables. Statistically, a large gap in mean and median values indicates the outlier's effect. Moreover, overall gap between the maximum and minimum values is higher for almost all the variables, indicating a large spread in the data. Which is also reflected in the large standard deviation.

*Table 14. Descriptive statistics*

	X	FDI	GDP	G	IM	INF	M2	SM	N	UNEMP
<b>Mean</b>	4.47	2.19	3.75	4.74	5.24	7.30	15.73	203878.90	229.09	8.68
<b>Median</b>	4.23	2.02	3.69	3.07	5.54	6.42	13.26	110685.50	117.40	6.24
<b>Maximum</b>	70.38	8.49	11.11	90.75	49.16	34.28	87.76	2443163.00	586.70	28.34
<b>Minimum</b>	-30.02	0.15	-7.80	-24.89	-32.89	-0.87	-2.44	3943.00	27.30	2.27
<b>Std. Dev</b>	10.65	1.42	3.32	10.82	13.27	4.88	11.49	343406.50	216.26	6.34
<b>Skewness</b>	1.79	1.55	-0.66	4.48	-0.12	1.87	2.45	4.57	0.63	1.85
<b>Kurtosis</b>	14.93	6.70	3.97	34.86	4.03	10.21	13.99	28.12	1.56	5.51
<b>Jarque-Bera</b>	840.69	126.12	14.37	5931.18	6.08	357.49	778.74	3870.94	11.95	108.51
<b>Prob.</b>	0.00	0.000	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.00
<b>Sum</b>	581.41	285.24	487.74	616.57	681.45	949.19	2029.51	26504259	17869.51	1127.98
<b>Sum Sq. Dev.</b>	14628.51	261.12	1424.13	15102.64	22713.31	3067.16	16916.32	1.52E+13	3601052	5177.35
<b>Observations</b>	130	130	130	130	130	130	129	130	78	130.

The standard deviations illuminate by numbers how the data are spread out from the mean. For instance, the higher the standard deviation the more spread in the data and the analysis above shows the most spread there are is in the NBR variable. The skewness on one hand has symmetrical clarification if the values are between -0.5 and 0.5 which makes all countries has a highly skewed distribution. Kurtosis on the other hand, has a normal value of 3 which makes GDP variable has a normal kurtosis. By the same token, the remaining variables has a long-right tail which is leptokurtic which also explains that they have a positive skewness. Nevertheless, NBR which

stands for New Business Registered and oil variables are platykurtic because they have a kurtosis lower than 3. The Jarque-Bera test compares the skewness and kurtosis and measures the difference between them in order to realize whether the sample data is normally distributed. Along with the probability that explains that a small value in probability that is below 0.05 indicates the rejection of the null hypothesis and is normally distributed and oppositely when the probability has or exceeds an absolute value it indicates that the observed value is under the null hypothesis. In this case it shows that all variables are normally distributed for the countries. Nonetheless, they all show a rejection of the null hypothesis.

### **3.3.2. Test of Stationarity**

Unit root test is a test that explains the stochastic trend in an analysis that measures an effect of a variable in a time series manner. The stationarity in a time series of the unit root test analysis using the augmented Dickey-Fuller test (ADF) explains that the properties of statistics in a time series does not change over the predetermined period of time which means the statistical properties stay constant over time. The properties of statistics include mean, variance and the autocorrelation of the mathematical structure. Stationarity test is essential in order for the study to conclude any misleading results specially in the econometrics and financial studies the results of the analysis ought to be ascertained in nature. Therefore, the stationarity of the unit root test is essential for this study in order to conclude feasible results.

The stationary test table summarizes the unit root test analysis using a regression model for sample size of emerging economies with the following variables: Export, foreign direct investment, gross domestic product, government expenditure, import, inflation, money supply, new business registered, oil, and unemployment rate. The unit root test analysis considered a study as stationary if the P-value is 0.05 which means the rejection of null hypothesis is possible and the series are stationary which also indicates that there are no jumps in variance. Oppositely, if the study is not stationary at level or first difference it means that the p-value is above 0.05 which also indicates that the rejection of the null hypothesis is not possible. For the case above export variable showed a rejection of the null hypothesis of the unit root analysis. By the same token, foreign direct investment (FDI) showed a rejection of the null hypothesis in p-value at the first difference unlike the p-value at level it showed the opposite conclusion of not rejecting the null hypothesis. Moreover, gross domestic product (GDP) showed the opposite conclusion of rejecting the null

hypothesis of p-value at first difference and not rejecting the null hypothesis at level. Furthermore, government expenditure (GEXP) also has a p-value low at first difference and high in level which conclude the same results as gross domestic product (GDP) conclusion. Conjointly, Import, inflation (INF), money supply (M2), oil and unemployment rate (UNEMP) showed that there is no rejection of the null hypothesis in p-value at first difference as well as at level. Lastly, new businesses registered (NBR) showed that there is a possibility of the rejection of the null hypothesis of the unit root test in p-value at level and the contrary for p-value at first difference.

*Table 15. Unit Root Test*

Unit Root Test		T- Statistics	P- Value	Unit Root Test		T- Statistics	P- Value
<b>EXPORT</b>	Level	0.05	0.01	<b>INF</b>	Level	0.07	0.13
	1 <sup>ST</sup> Difference	0.01	0.03		1 <sup>ST</sup> Difference	0.09	0.18
<b>FDI</b>	Level	0.12	0.17	<b>M2</b>	Level	0.45	0.25
	1 <sup>ST</sup> Difference	0.01	0.03		1 <sup>ST</sup> Difference	0.13	0.05
<b>GDP</b>	Level	0.06	0.87	<b>NBR</b>	Level	0.04	0.04
	1 <sup>ST</sup> Difference	9.57E-05	0.01		1 <sup>ST</sup> Difference	0.14	0.46
<b>GEXP</b>	Level	0.02	0.99	<b>OIL</b>	Level	0.33	0.69
	1 <sup>ST</sup> Difference	0.15	0.02		1 <sup>ST</sup> Difference	0.01	0.24
<b>IMPORT</b>	Level	0.06	0.69	<b>UNEMP</b>	Level	0.86	0.99
	1 <sup>ST</sup> Difference	0.01	0.06		1 <sup>ST</sup> Difference	0.12	0.09

### 3.3.3. Estimation of Dynamic Panel Data through GMM Method

After the discussion of descriptive statistics and stationarity test, this section presents the estimates for our dynamic panel data. This research employs the generalized method of moments to analyze the impact of small to medium enterprises on the macroeconomic growth on the sample of emerging economies for the sample period 2006 - 2018.

**Table 16. Panel Generalized Method of Moments: GDP As a Depended Variable**

Dependent Variable: GDP

Method: Panel Generalized Method of Moments

Sample: 2006 2018

Periods included: 13

Instrument specification: C GEXP IMPORT M2 NBR OIL EXPORT FDI

Variable	Coefficient	Std. Error	t-Statistic	Prob.
GEXP	0.018335	0.053509	0.342662	0.7329
IMPORT	0.091232	0.043154	2.114134	0.0381
M2	0.009936	0.031626	0.314177	0.7543
NBR	4.53E-06	2.05E-06	2.211190	0.0303
OIL	-0.000553	0.001225	-0.451460	0.6531
EXPORT	0.061687	0.036633	1.683928	0.0967
FDI	0.653431	0.245009	2.666966	0.0095
R-squared	0.204095	Mean dependent var		3.685590
Adjusted R-squared	0.135875	S.D. dependent var		3.747963
S.E. of regression	3.484044	Sum squared resid		849.6995
Durbin-Watson stat	1.131925	J-statistic		6.720415
Instrument rank	8	Prob(J-statistic)		0.009532

Table 16 explains the relationship between independent variables which are government expenditure (GEXP), import, money supply (M2), new businesses registered (NBR), oil, export, and foreign direct investment (FDI) and their effect on the dependent variable that is gross domestic product (GDP). It shows a positive and statistically significant impact of new businesses registered (NBR), trade variables such as imports (IM) and exports(X) and foreign direct investment (FDI) on the gross domestic product of emerging economies. However, government expenditure (GEXP), money supply (M2), has a positive but statistically insignificant impact on GDP as the t-statistics is low. Surprisingly natural resource variable a negative and statistically

insignificant impact on GDP and it is attributed to the fact that most of the economies in our panel do not rely on the revenues of natural resource.

**Table 17. Panel Generalized Method of Moments; Inflation Rate as a Depended Variable**

Dependent Variable: INF

Method: Panel Generalized Method of Moments

Sample: 2006 2018

Periods included: 13

Instrument specification: C GEXP IMPORT M2 NBR OIL EXPORT FDI

Variable	Coefficient	Std. Error	t-Statistic	Prob.
GEXP	-0.208578	0.077622	-2.687087	0.0090
IMPORT	-0.023592	0.054383	-0.433807	0.6658
M2	0.298240	0.063808	4.674005	0.0000
NBR	7.54E-06	1.58E-06	4.777205	0.0000
OIL	-0.001675	0.001946	-0.860694	0.3923
EXPORT	0.021913	0.057051	0.384089	0.7021
FDI	0.827200	0.252458	3.276580	0.0016
R-squared	0.222708	Mean dependent var		7.967139
Adjusted R-squared	0.156083	S.D. dependent var		5.233621
S.E. of regression	4.807863	Sum squared resid		1618.088
Durbin-Watson stat	0.998539	J-statistic		13.26474
Instrument rank	8	Prob(J-statistic)		0.000270

Table 17 shows the estimates for inflation rate as dependent variable and independent variables are government expenditure (GEXP), import, money supply (M2), new businesses registered (NBR), oil, exports, and foreign direct investment (FDI). new businesses registered (NBR), and foreign direct investment show positive and statistically significant impact on inflation rate (INF). Conversely, government expenditure (GEXP), import, and natural resource variable show statistically insignificant impact on inflation rate (INF) that also can be explained through their values in the t-statistics being lower.

**Table 18. Panel Generalized Method of Moments; Employment Rate as a Depended Variable**

Dependent Variable: EMPL

Method: Panel Generalized Method of Moments

Sample: 2006 2018

Periods included: 13

Instrument specification: C GEXP IMPORT M2 NBR OIL EXPORT FDI

Variable	Coefficient	Std. Error	t-Statistic	Prob.
GEXP	-0.460441	0.359864	-1.279486	0.2049
M2	1.343413	0.253512	5.299205	0.0000
NBR	6.00E-05	9.55E-06	6.284472	0.0000
OIL	0.066774	0.012178	5.483064	0.0000
EXPORT	0.496537	0.326800	1.519393	0.1331
FDI	13.58406	1.972488	6.886764	0.0000
R-squared	-105.328529	Mean dependent var		93.79334
Adjusted R-squared	-112.816453	S.D. dependent var		3.270653
S.E. of regression	34.89290	Sum squared resid		86443.52
Durbin-Watson stat	0.380707	J-statistic		70.62039
Instrument rank	8	Prob(J-statistic)		0.000000

Table 18 explains the impact of independent variables over the employment rate while using generalized method of moment. It shows that money supply (M2), new businesses registered, foreign direct investment and natural resources have positive and statistically significant impact on the employment rate in the ~~selected~~ sample size of emerging economies. Conversely, government expenditure (GEXP) and imports show statistically insignificant impact on the employment rate.

## **Chapter Four**

### **4. Conclusion**

The small to medium enterprises (SMEs) play a vital role in the economic development of a country and considered an attractive and innovative component of a modern economy. While reflecting their significant economic and social benefits, SMEs have become as a field of strategic interest for the economy (Avasilicai, 2009). The SME sector facilitates innovation, helps to develop entrepreneurship abilities and enhances creation of employment opportunities.

In this context, this research examines the role of SMEs to affect economic growth, inflation rate and unemployment in the sample size of emerging economies. The macroeconomic variables had been selected, as follows; gross domestic product (GDP), Inflation rate and employment rate and explanatory variables such as number of small and medium enterprises along with policy variables: government expenditures (an indicator of fiscal policy), broad money (as an indicator of monetary policy), net exports(as an indicator of international trade), natural resources and foreign direct investment. Moreover, the selected sample size is 10 emerging economies that includes Argentina, India, Turkey, South Africa, Saudi Arabia, Russia, Poland, Pakistan, Nigeria, and Mexico for the sample period 2006 – 2018. This research employs panel data to assess the economic role of SMEs on emerging economies and uses generalized method of moments to estimate the model. The estimates of descriptive statistics indicate an overall normal distribution of the data for all countries in the sample. To check the stationarity of the data series, this research uses Augmented Dickey Fuller test for the panel data and our estimates reveal that most of the variables are stationary at first difference.

Finally, this study employs the GMM approach to empirically determine the economic role of SMEs for emerging economies along with other selected explanatory variables. The estimates reveal a positive and statistically significant impact of new businesses registered (NBR) which represent SMEs, trade variables such as imports (IM) and exports(X) and foreign direct investment (FDI) on the gross domestic product of emerging economies.

In addition, this research finds positive and statistically significant impact of money supply (M2), new businesses registered (NBR), and foreign direct investment on the inflation rate (INF) in emerging economies. Furthermore, the findings indicate that money supply (M2), new businesses registered, foreign direct investment and natural resources have positive and statistically significant impact on the employment rate in the selected emerging economies.

Overall, this research finds a positive and significant impact of SMEs to boost economic growth in emerging economies. It also suggests the effective role of SMEs to generate employment opportunities in the selected sample of emerging economies. Though these effects are inflationary, however these findings are consistent with economic theory which postulates a direct relationship between inflation rate and economic growth as well as employment generation.

## **Chapter Five**

### **5. Recommendation**

The paper has checked on the impacts of SMEs on economic growth of countries using inflation, employment and gross domestic product. There was large growth of SMEs sectors in developed economies whereas slower pace of growth was experienced in developing economies because of growth challenges. The growth of SMEs in emerging economies like Poland was impressive where the rate of growth of SMEs was outrunning the rate of economic growth. The study concluded that there exist significant and direct relationship between real GDP and inflation like in case of Nigeria. Having sustained inflation is damaging the growth and financial systems of SMEs in the long run. A key source of economic growth is through reducing the rate of unemployment and increasing productivity. Unemployment is reduced by financing of SMEs will lead to creation of more jobs thus economic growth is raised. SMEs need to have solid information between employers and employees to create better understanding. This will at large create added on productivity, higher engagement rate, and higher retention rate that will make employees wants to be more productive and more engage which will be impacted on the economic growth.

In order to support SMEs growth, it is recommended that governments should continue to support and encourage the development of SMEs through various government programs and policies should target the development of competitiveness of SMEs to succeed as well as to operate in international markets. The programs should focus on improve the enlivenment of SMEs and support the educational improvement, innovations, and training entrepreneurs as well as to be employment focused. Furthermore, the financial government support is essential for the development of SMEs leading SMEs to increase the economic growth as a result further studies of role of government to support SMEs and economic growth might be needed.

## Chapter Six

### 6. References

- Albloshi, F. A., & Nawar, Y. S. (2015). Assessing the impact of leadership styles on organisational performance: the case of Saudi Private SME's. *Journal of Organizational Studies and Innovation*, 2(2), 66-77. <https://www.semanticscholar.org/paper/Assessing-the-Impact-of-Leadership-Styles-on-.-%E2%80%9C-of-Albloshi-Nawar/4cce56ef4df1f1d1c3e8997fdbcf7282277ba172>
- Alrashidi, A., & Bakeel, O. (2012). The impact of operational risk management on the financial development and economic growth: a case study of Saudi SME companies. *European Journal of Business and Management*, 4(5). <https://core.ac.uk/download/pdf/234624186.pdf>
- Altaee, H. H. A., Al-Jafari, M. K., & Khalid, M. A. (2016). Determinants of economic growth in the kingdom of Saudi Arabia: an application of autoregressive distributed lag model. *Applied Economics and Finance*, 3(1), 83-92. [https://www.researchgate.net/publication/328601285\\_Determinants\\_of\\_Economic\\_Growth\\_in\\_the\\_Kingdom\\_of\\_Saudi\\_Arabia\\_An\\_Application\\_of\\_Autoregressive\\_Distributed\\_Lag\\_Model](https://www.researchgate.net/publication/328601285_Determinants_of_Economic_Growth_in_the_Kingdom_of_Saudi_Arabia_An_Application_of_Autoregressive_Distributed_Lag_Model)
- Amoo, B. A. G., Odey, L. I., Kanya, W., Eboreime, M., Ekeocha, P., Akpan, N. I., & Ochu, E. R. (2014). Effects of monetary policy on the real economy of Nigeria: A Disaggregated Analysis. *CBN Occasional Paper*, 54, 1-65. <https://www.cbn.gov.ng/out/2015/rsd/effects%20of%20monetary%20policy%20on%20the%20real%20economy%20of%20nigeria%20-%20a%20disaggregated%20analysis.pdf>

- Aremu, M. A., & Adeyemi, S. L. (2011). Small and medium scale enterprises as a survival strategy for employment generation in Nigeria. *Journal of sustainable development*, 4(1), 200.  
[https://www.researchgate.net/publication/49607809\\_Small\\_and\\_Medium\\_Scale\\_Enterprises\\_as\\_A\\_Survival\\_Strategy\\_for\\_Employment\\_Generation\\_in\\_Nigeria](https://www.researchgate.net/publication/49607809_Small_and_Medium_Scale_Enterprises_as_A_Survival_Strategy_for_Employment_Generation_in_Nigeria)
- Bary, A. (2019). SMEs Sector; a Key Driver to The Egyptian Economic Development. *SSRN Electronic Journal*. 10.2139/ssrn.3334845.  
[https://www.researchgate.net/publication/331037085\\_SMEa\\_Sector\\_a\\_Key\\_Driver\\_to\\_The\\_Egyptian\\_Economic\\_Development](https://www.researchgate.net/publication/331037085_SMEa_Sector_a_Key_Driver_to_The_Egyptian_Economic_Development)
- Bello, A., Jibir, A., & Ahmed, I. (2018). Impact of small and medium scale enterprises on economic growth: Evidence from Nigeria. *Global Journal of Economics and Business*, 4(2), 236-244.  
[https://www.researchgate.net/publication/267425254\\_Impact\\_of\\_Small\\_and\\_Medium\\_Enterprises\\_on\\_Economic\\_Growth\\_and\\_Development](https://www.researchgate.net/publication/267425254_Impact_of_Small_and_Medium_Enterprises_on_Economic_Growth_and_Development)
- Cravo, T. A., Becker, B., & Gourlay, A. (2015). Regional growth and SMEs in Brazil: A spatial panel approach. *Regional Studies*, 49(12), 1995-2016  
<https://www.semanticscholar.org/paper/Regional-Growth-and-SMEs-in-Brazil%3A-A-Spatial-Panel-Cravo-Becker/65a54c728a92c867ad0313773abad149b5bf6e13>
- Halim, F. A., Malim, M. R., Derasit, Z., Rani, R. M., & Rashid, S. S. (2017). The impact of macroeconomic variables on SMEs in Malaysia. *Journal of Physics: Conference Series*, 890, 012138. <https://doi.org/10.1088/1742-6596/890/1/012138>  
[https://www.researchgate.net/publication/319957708\\_The\\_impact\\_of\\_macroeconomic\\_variables\\_on\\_SMEs\\_in\\_Malaysia](https://www.researchgate.net/publication/319957708_The_impact_of_macroeconomic_variables_on_SMEs_in_Malaysia)

- Kreishan. (2011). Economic growth and unemployment: An empirical analysis. *Journal of Social Sciences*, 7(2), 228–231. <https://doi.org/10.3844/jssp.2011.228.231>  
[https://www.researchgate.net/publication/312018396\\_Economic\\_Growth\\_and\\_Unemployment\\_An\\_Empirical\\_Analysis](https://www.researchgate.net/publication/312018396_Economic_Growth_and_Unemployment_An_Empirical_Analysis)
- Lawal, B. A. (2014). Banking sector and the development of SMEs in Osun State. *Research Journal of Finance and Accounting*, 5(4), 21-32.  
[https://www.researchgate.net/publication/341313877\\_Banking\\_Sector\\_and\\_the\\_Development\\_of\\_SMEs\\_in\\_Osun\\_State](https://www.researchgate.net/publication/341313877_Banking_Sector_and_the_Development_of_SMEs_in_Osun_State)
- Mahmud, S. F., & Akin, T. (2019). SMEs' access to finance and choice of capital structure in turkey. *Ege Akademik Bakis*, 19(2), 277-291. <https://dergipark.org.tr/tr/download/article-file/703513>
- Makki, E., & Chang, L. (2015). Understanding the effects of social media and mobile usage on E-commerce: An exploratory study in saudi arabia. *International Management Review*, 11(2), 98. <https://www.semanticscholar.org/paper/Understanding-the-Effects-of-Social-Media-and-Usage-Makki-Chang/a9d118e9dc95b5c6849bc0c108817955788178a6>
- Mujahid, N., & Begam, A. (2019). SMEs output and GDP growth. *Journal of Asian Business Strategy*, 9(1), 53-65.  
[https://www.researchgate.net/publication/338990607\\_SMEs\\_OUTPUT\\_AND\\_GDP\\_GROWTH\\_A\\_DYNAMIC\\_PERSPECTIVE](https://www.researchgate.net/publication/338990607_SMEs_OUTPUT_AND_GDP_GROWTH_A_DYNAMIC_PERSPECTIVE)
- Muneer, S., Ahmad, R. A., & Ali, A. (2017). Impact of financial management practices on SMEs profitability with moderating role of agency cost. *Information Management and Business Review*, 9(1), 23-30.

<https://www.researchgate.net/publication/315886385> Impact of Financial Management Practices on SMEs Profitability with Moderating Role of Agency Cost

Özlu, P., & Yalçın, C. (2012). The trade credit channel of monetary policy transmission:

Evidence from nonfinancial manufacturing firms in turkey. *Emerging Markets Finance and Trade*, 48(4), 102–117. <https://doi.org/10.2753/REE1540-496X480406>

<https://www.researchgate.net/publication/262090163> The Trade Credit Channel of Monetary Policy Transmission Evidence from Nonfinancial Manufacturing Firms in Turkey

Pangannavar, Arjun. Y. (2014). Manipulation theory of inflation: A research study on

components of general price rise. *PRAGATI : Journal of Indian Economy*, 1(2).

<https://doi.org/10.17492/pragati.v1i2.2507>

<https://www.researchgate.net/publication/270648368> Manipulation Theory of Inflation A Research Study on Components of General Price Rise

Prasetyo, P. E. (2019). Role of Entrepreneurial Culture as the Driver of Economic Growth.

*International Journal of Economics and Financial Issues*, 9(3), 237.

<https://www.researchgate.net/publication/333437871> Role of Entrepreneurial Culture as the Driver of Economic Growth

Rashad, N. M. (2018). The impact of entrepreneurial marketing dimensions on the organizational

performance within Saudi SMEs. *Eurasian Journal of Business and Management*, 6(3),

61-71.

<https://www.researchgate.net/publication/328157253> THE IMPACT OF ENTREPRENEURIAL MARKETING DIMENSIONS ON THE ORGANIZATIONAL PERFORMANCE WITHIN SAUDI SMES

Tripathi, A. (2019). SMEs In Saudi Arabia-An Innovative Tool for Country's Economic Growth. *Sci. Int.(Lahore)*, 31(2), 261-267.

<http://www.scint.com/pdf/636897196571439497.edited-2.pdf>

Tsukanova, T. (2019). Home country institutions and export behaviour of SMEs from transition economies: the case of Russia. *European Journal of International Management*, 13(6), 811-842.

<https://www.researchgate.net/publication/330049960> Home country institutions and export behaviour of SMEs from transition economies the case of Russia

Woźniak, M., Duda, J., Gąsior, A., & Bernat, T. (2019). Relations of GDP growth and development of SMEs in Poland. *Procedia Computer Science*, 159, 2470-2480.

<https://www.researchgate.net/publication/336538169> Relations of GDP growth and development of SMEs in Poland

Yusuf, N., & Albanawi, N. I. (2016). The role of entrepreneurship in economic development in Saudi Arabia. *International Journal of Business and Economic Development (IJBED)*, 4(1), 47-55. [https://ijbed.org/cdn/article\\_file/i-10\\_c-104.pdf](https://ijbed.org/cdn/article_file/i-10_c-104.pdf)

## Appendix

Author	Paper Title	Country	Sample	Variables	Methodology
Albloshi, F. A., & Nawar, Y. S.	Assessing the Impact of Leadership Styles on Organizational Performance. “The Case of Saudi Private SME’s”	Saudi Arabia	162	Financial Performance, Transactional Leadership, Transformational Leadership, Passive Avoidance Leadership	Multi-Factor Leadership Questionnaires (MLQ),
Alrashidi, A., & Bakeel, O. (2012).	The Impact of Operational Risk Management on The Financial Development and Economic Growth: A Case Study of Saudi SME Companies	Saudi Arabia	150 Employees	Age, Experience and Level of Education	Survey Design with Quantitative Analysis
Altaee Et Al.	Determinants of Economic Growth in The Kingdom of Saudi Arabia	Saudi Arabia	Annual Data From 1980 Till 2014	Gross Fixed Capital Formation, Export, Import, And Financial Development for The Kingdom of Saudi Arabia (KSA)	Autoregressive Distributed Lag Model (ARDL) And the Error Correction Method (ECM)
Amoo, B. A. G., Et Al.	Effects of Monetary Policy on The Real Economy of Nigeria: A Disaggregated Analysis	Nigeria	1993Q1 and 2012Q4	Policy and Non-Policy Macroeconomic Variables	Structural Vector Autoregressive (SVAR) Framework.
Aremu, M. A., & Adeyemi, S. L.	Small and Medium Scale Enterprises as A Survival Strategy for Employment Generation in Nigeria	Nigeria	1986-2011	Unemployment Rate, Capacity Building and Strategy	YOY Analysis
Cravo Et Al.	Regional Growth and SMEs In Brazil	Brazil	1980–2004	Human Capital Level and Economic Growth Rate	A Spatial Panel Approach
Panganna var, Arjun. Y.	Manipulation Theory of Inflation: A Research Study on Components of General Price Rise.	India	2001-2011	Supply-Side Factors Twelve Items Are Selected for Construction of Inflation Index and Direct Interview And.	Observation Methods Are Used to Collect Primary Data Construction of Indices, Share-Percentage and Multiple Correlation Coefficient Methods

Bello Et Al.	Impact of Small and Medium Scale Enterprises on Economic Growth:	Nigeria	1986 - 2016.	GDP Components	Regression Analysis
Halim, F. A Et Al.	The Impact of Macroeconomic Variables on SMEs In Malaysia	Malaysia	2002-2015	SME GDP Growth Rate, Exchange Rate, Interest Rate, And Inflation Rate	Multiple Regression Analysis
Kreishan.	Economic Growth and Unemployment: An Empirical Analysis.	Jordan	1970-2008	Unemployment Rate and GDP Growth Rate	Augmented Dickey-Fuller (ADF) For Unit Root, Cointegration Test and A Simple Regression Between Unemployment Rate and Economic Growth.
Lawal, B. A	Banking Sector and The Development of SMEs in Osun State	Nigeria	170 Respondents	SMEs Development (The Dependent Variable) And Banking Sector (The Independent Variable).	Aid of Descriptive Statistical Technique Such as Total Score, Simple Percentages, and Correlation Analysis
Mahmud, S. F., & Akin, T.	SMEs' Access to Finance and Choice of Capital Structure in Turkey	Turkey	135 World Economies,	Five Dependent Variables (Internal Funds, Bank Loans, Non-Banking Financial Institutions, Supplier Credit and Others) As Sources of Financing for Working and Fixed Capital Explanatory Variables Include Firm's Characteristics, SME Dummy Variables, Proxies for Firms' Degree of Impediments to Access To Finance, And Several Interactions f Variables.	Seemingly Unrelated Regression (SUR)
Mujahid, N., &	SMEs Output and GDP Growth	Pakistan	1980 To 2017	Macroeconomic Variables.	ARDL Bound Testing Approach

Begam, A.				GDP Growth Rate Has Been Taken as A Dependent Variable. Output of Small Sale Industry, Unemployment Rate, Government Expenditure, Interest Rate, Domestic Investment, Foreign Direct Investment and Finance Provided by Banks to Private Sector Have Been Included as Independent Variables	
Muneer Et Al.	Impact of Financial Management Practices on SMEs Profitability with Moderating Role of Agency Cost	Pakistan	Two Hundred SMES	Dependent Variable “Firm Growth” and The Independent Variables “ Accounting Information System, Financial Information System, Working Capital Management” With Moderating Effect of Agency Cost.	PSS23 Is Used for Descriptive Analysis And Structural Equation Model (SEM) Through Partial Least Square (PLS)& For Hypothesis Testing.
Nagaya, N.	SME Impact on Output Growth,	India	1992 To 2010	Manufacturing Output, Gross Capital Formation, Loan of SME Factor, Interest Rate, Labor Force.	Augmented Dickey-Fuller (ADF) Test Phillip-Perron (PP) Test Trace Test Maximum Eigen Value Test
Özlu, P., & Yalçın, C.	The Trade Credit Channel of Monetary Policy Transmission: Evidence from Nonfinancial Manufacturing Firms in Turkey	Turkey	1996-2008	Large Panel of Corporate firms And Includes Detailed Information On Balance Sheets and Income Statements of firms Large Panel of Corporate firms And Includes Detailed Information On Balance Sheets and Income Statements of firms	Regression Analysis Using Panel Data

				Large Panel of Corporate Firms Including Detailed Information on Balance Sheets and Income Statements of Firms	
Prasetyo, P. E.	Role of Entrepreneurial Culture as The Driver of Economic Growth	Indonesia	137 MSME	The Network Capital, As the Explanatory Variable Competition and Regional Economic Growth Macroeconomic Growth Variables	Regression Analysis with Two-Path Recursive Model And Structural Equations. Determination Analysis On Predictor Variable On Endogenous Economic Growth
Rashad, N. M.	The Impact of Entrepreneurial Marketing Dimensions on the Organizational Performance Within Saudi SMEs	Saudi Arabia	50 Managers and Owners of SMEs in Jeddah.	Proactive Orientation, Calculated Risk Taking, Innovativeness, Opportunity Focus, Resources Leveraging, Costumer Intensity, And Value Creation.	Regression Analysis, Factor Analysis,
Sadi, M. A., & Henderson, J. C.	Towards Job Localization in Saudi Arabia: Drivers and Barriers Within the Services Industry	Saudi Arabia	Energy Sector, Banking Sector, Automobile and Electronics, Hospital, Computer and Services Companies.	Self-Confidence, Need for Conformity, Use of Abstract, Systematic Analysis, Task Achievement, And Physical Environment.	Survey Questionnaire
Shinnar, R. S., & Zamantlı Nayır, D.	Immigrant Entrepreneurship in An Emerging Economy	Turkey	2013-2015	Immigrant Entrepreneurs in The City of Istanbul, Turkey	Inductive Analysis
Tsukanova, T.	Home Country Institutions and Export Behavior of SMEs From Transition Economies	Russia	3136 Russian SMEs	Dependent Variable; The Propensity to Export Independent Variables and Moderator; The Perceived Tax	The Multiple Logistic Regression

				Barriers and The Perceived Financial Barriers Control Variable; Innovations	
Woźniak Et Al.	Relations of GDP Growth and Development of SMEs in Poland	Poland	1996-2016	Headcount and Turnover or Balance Sheet And Macroeconomic Variables	Statistical Analysis
Yusuf, N., & Albanaw i, N. I.	The Role of Entrepreneurship in Economic Development in Saudi Arabia	Saudi Arabia	2007-2015	Unemployment Rate GDP Growth Rate Consumption Factor	Regression Analysis
Makki, E., & Chang, L.	Understanding the Effects of Social Media and Mobile Usage on E-Commerce	Saudi Arabia	1021 (Survey Data Collection) 160 Major Online Stores in Saudi In 2015	Clothes, Electronics, Cosmetics and Perfumes, Accessories, Furniture and Decorations, Games and Entertainments, Books and Stationaries, E-Markets, E-Services, Party and Gifts.	Qualitative Method PHP Programs
Tripathi, A.	SMEs in Saudi Arabia-An Innovative Tool for Country's Economic Growth	Saudi Arabia	2017-2018	Number of Industrial Establishments by Size. Number of Industrial Establishments Employment Rate.	Big Data in Statistical Analysis
Bary, A.	A Key Driver to The Egyptian Economic Development	Egypt	2013-2017	GDP Components	Statistical Analysis

## Footnotes

<sup>1</sup> United State Dollars