

Foreword

Digitalisation offers a range of opportunities for small and medium-sized enterprises (SMEs) to improve performance, spur innovation, enhance productivity and compete, on a more even footing, with larger firms, reflecting: economies of scale; lower operation and transaction costs; reduced information asymmetries; greater capacity for product differentiation, business intelligence or automation; increased customer and market outreach; network effects, etc.

However, despite the significant benefits on offer, smaller size often acts as a barrier to adoption and, as such, smaller businesses continue to lag in the digital transformation, in particular dragged back by a lack of internal resources and awareness, skills gaps or financing issues. These gaps in digital uptake weigh down on productivity and in turn contribute to inequalities among people, places and, of course, firms, where there are additional concerns that the benefits of digitalisation could accrue mainly to early adopters. Overcoming these barriers, and allowing SMEs to fully embrace the benefits of the digital transformation, cannot be met by SMEs alone. Policy makers have a strong role to play.

This report articulates that role, and in doing so acts as a cornerstone for current and future SME digital policy development. It looks at SME digitalisation across all angles. It analyses recent trends in their uptake of digital technologies, including in the context of the COVID-19 crisis. It focuses on digital security issues, the opportunities and challenges raised by online platforms for small actors, the emergence of blockchain ecosystems serving SME needs, and the changes in SME business environments and business models due to recent developments in artificial intelligence. The report identifies the opportunities for small businesses in digitalising their different business functions, and how they manage their transition. It identifies the risks of not going digital, or going digital ill-prepared, as well as the barriers that prevent SME adoption.

The report looks in particular into the policy actions undertaken by governments across OECD countries and beyond, in order to support and accelerate the SME transformation. It identifies areas of policy intervention, as well as convergences and differences in national strategies, instruments and governance structures. Looking across a number of policy domains, it also aims to lay out the foundations for, and advance, future research in the SME digital policy agenda.

This report is part of the OECD Studies on SMEs and Entrepreneurship and builds on the work carried out in 2019-20 by the OECD Working Party on SMEs and Entrepreneurship (WPSMEE) on “Enabling SMEs to Benefit from Digitalisation”. The report contributes to the OECD horizontal project on “*Going Digital. Making the transformation work for growth and wellbeing*” which aims to help policy makers better understand the drivers of digital transformation and develop coherent policies to shape a positive and inclusive digital future.



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