

# ICSB GAZETTE

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## SMES BETWEEN MARKET EXPOSURE AND INSTITUTIONALIZATION: IN QUEST OF SECTOR-SPECIFIC POLICY FORMULATION

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**"A small firm is not to be viewed as simply a miniturized blueprint of a large one, but rather be considered as quite different a creature of its own."**

The very topic raises an ever present crucial question as to the role and significance of small and medium-sized enterprises (SMEs) and related structures in any given economic setting; not the least in the context of economic development in a sector-related view. Implicit complexities obviously do call for an SME-specific policy formulation recognizing that a small firm is not to be viewed as simply a miniaturized blueprint of a large one, but rather be considered as quite different a creature of its own.



Given such complexities one might be left wondering, whether SME-specific policies quite frequently might not fall short of grasping the intrinsically systems-related requirements and issues involved provoking more deeply probing questions, such as:

- Questioning, whether classical strategies of blatant "marketeting" indeed make for sensitive a enough policy adequately taking cognizance of underlying SME diversities and structures.
- Questioning, whether prevalence of such diversities with related institutional arrangements might not call for equally divers policies allowing just as well, e.g., for a multiplicity of cooperative or in various ways otherwise conducive forms of SME business conduct.

- Questioning, whether not – without being heretical – fostering, and thereby acknowledging intermediate forms of business association with related representation at the meso level in fact do constitute a kind of "natural", if not to say inescapably necessary, ingredient for any sound SME-specific policy formulation which in turn might be calling for:

**recognizing** that competition as a coordinating "mechanism" via markets no doubt is an important but not the only criterion governing business conduct and – depending on given structural conditions – not necessarily is to take center stage, or more bluntly: that acknowledging an essentially market based economic order equally requires an SME-conducive institutional framework to go along with;

**recognizing** that implicit forms of sector-related institutionalization may indeed prove being more instrumental fostering sustained SME development than any undifferentiated plea for competition at micro level, by bringing to bear economies of scope, or in short: considering SMEs not merely as being "beautiful", but rather as being efficient in a sector-specific understanding;

**recognizing** finally, that supporting appropriate SME autonomy within any given specter of larger entities requires being institutionally safeguarded as a policy duly acknowledging the very role and relevance of the SME sector as a whole -- and this not just under mere productivity but under more overriding socio-economic perspectives as well.



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### **ICSB Executive Director Comment:**

This Gazette issue was submitted by Hanns. Pichler, ICSB's Historian.

Dr. Ayman El Tarabishy



### **Jordyn Murphy Editor, ICSB Gazette**

Jordyn is the Operations Manager at the International Council for Small Business in Washington, D.C and the Editor of the ICSB Gazette.

### **Contribute:**

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