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Global Micro-, Small and Medium-Sized Enterprises Report

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**To every Micro Business, Small
Business, & Medium-sized
Business Entrepreneur,
this Global Report is in
recognition of your efforts.**



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Greetings,

As we steer our ship into a new development course in a changing world, the importance of Micro, Small, and Medium Enterprises (MSMEs) and the circular economy is crystal clear. MSMEs, which account for 90% of businesses, more than 70% of employment, and 50% of GDP worldwide, remain the core of the economy for most societies.

We are thrilled to present the 7th edition of the Global Micro, Small, and Medium Enterprises (MSMEs) Report, a milestone publication by the International Council for Small Business (ICSB). This year, our focus shines brightly on the transformative potential of the human-centered approach of MSMEs and their crucial role in solving world challenges. MSMEs are not

just economic entities but vital engines of innovation, resilience, and social cohesion that address complex global issues from poverty and inequality to climate change and sustainable development.

At the outset, we extend our heartfelt gratitude to the Mission of Argentina in New York and Ambassador Ricardo Ernesto Lagorio for his guidance on the 8th Anniversary of MSMEs Day. We also thank Ambassador Carlos Mario Foradori, the Permanent Representative of Argentina to Geneva, for their support on the 8th MSMEs Day in Geneva, Switzerland. We express our deep appreciation to the Republic of Argentina for their pivotal role in supporting the creation of Micro, Small, and Medium-sized Enterprises Day and for their continued collaboration with ICSB. Through their remarkable dedication, this global celebration was born, serving as a beacon to acknowledge and amplify the impact of MSMEs worldwide. Argentina's commitment to this cause further underscores its recognition of MSMEs as robust economic growth, innovation, and social empowerment drivers.

Aligned with the United Nations' Sustainable Development Goals (SDGs), this report delves into the intricate tapestry of MSMEs and their profound influence on sustainable development. Through a human-centered approach, we explore how the circular economy helps lift entrepreneurs' innovative spirit, creativity, and resilience that can reshape industries, foster inclusive growth, and promote equitable opportunities for all. Moreover, we recognize the critical importance of women entrepreneurs in galvanizing rapid growth. A human-centered approach is central to the evolving 'circular economy,' emphasizing the importance of individuals and communities in driving sustainable transformation.



Rico Baldegger

Considering people's well-being and prioritizing inclusive participation ensures that new systems align and contextualize local culture and personal/institutional needs.

Within these pages, we embark on a journey to explore the transformative power of humane entrepreneurship. It is a clarion call to foster an ecosystem that values empathy, compassion, and ethical practices, nurturing enterprises beyond profit-making to create positive social impact. By highlighting the significance of humane entrepreneurship, we aim to inspire entrepreneurs, policymakers, educators, and stakeholders to embrace a people-centric approach that prioritizes well-being, diversity, and sustainable practices.



Ayman ElTarabishy

We would also like to express our deep appreciation for the invaluable contributions of the Mission of Korea in Geneva, the International Labour Organization (ILO), the World Trade Organization (WTO), the International Trade Commission (ITC), the Organization for Economic Co-operation and Development (OECD), and the International Organization of

Employers (IOE.) Their steadfast commitment to MSMEs, evidenced by their support for MSMEs Day and their research-driven initiatives, has been instrumental in advancing the global discourse on empowering these enterprises.

As we embark on this enlightening journey, let us reflect on the words of Maya Angelou in her inspirational poem, "Still I Rise." She reminds us of the resilience and strength inherent in every individual, echoing the perseverance and determination that MSMEs embody. Just as Angelou's words inspire us to rise above challenges, MSMEs demonstrate the power of rising above economic and social obstacles to drive innovation and growth. In this spirit, we invite you to explore the depth of this report, filled with inspiring stories and insights that illuminate the path forward for MSMEs.

With this report, we aim to inspire action, foster collaboration, and pave the way for a future where MSMEs flourish, driving sustainable and inclusive growth for the betterment of society. Together, let us champion the voices of MSMEs, empowering them to create a brighter, more inclusive future.

Best Regards,

Dr. Ayman ElTarabishy

President & CEO, ICSB

Deputy Chair, Department of Management, GW School of Business



Human-Centered Entrepreneurship: Empowering MSMEs to Achieve the SDGs

Ayman ElTarabishy, President & CEO, ICSB, Deputy Chair, Department of Management, GWSB.

Introduction

To dissect the story of entrepreneurship is to describe a narrative of human history—our survival, humanity, and purpose. Small businesses today offer a unique perspective on this history. From the early days of civilization to our contemporary world, the role of the entrepreneur has remained constant.

Profound contradictions define our world. Modern-day challenges are pervasive, from rising inflation and unstable access to finance to war and environmental destruction. Yet, opportunities abound. The United Nations underscores significant investments in sustainable development, emerging environmental preservation practices, and expanding international cooperation. Entrepreneurs are at the forefront, pursuing innovative solutions to

address unmet needs and drive meaningful impact. Central to this movement is the concept of human-centered economics, championed by Richard Samans. The concept prioritizes people and the planet, emphasizing stakeholders' well-being—including employees, customers, communities, and the environment. This approach enables businesses to create sustainable value beyond mere financial returns. From fair labor practices to sustainable supply chains, human-centered entrepreneurs demonstrate that profitability and social impact coexist harmoniously. The role of entrepreneurship for micro, small, and medium-sized enterprises (MSMEs) has arguably never been more important.

MSMEs form the backbone of our global and local economies, accounting for 90% of businesses, 60 to 70% of employment, and 50% of GDP worldwide. However,

their impact transcends economic gains. MSMEs are key players in improving local infrastructure, advancing employees' lives, reducing social inequity, providing opportunities to mentees, and protecting the environment. Research by the Global Entrepreneurship Monitor indicates that women in low-income countries exhibit some of the highest entrepreneurial intention rates, noting the potential for diversity within entrepreneurial endeavors.

Entrepreneurship and MSMEs are vital to achieving the United Nations' Sustainable Development Goals (SDGs). The SDGs were meticulously designed to foster a more equitable world. Their interconnectedness means that progress on a few goals contributes to the achievement of all. Moving the needle towards achieving the SDGs requires a global effort, and MSMEs are uniquely positioned to implement and propagate new systems that benefit their local communities.

June 27 was named "Micro-, Small, and Medium-sized Enterprises Day" to legitimize their significant contributions in working towards SDG attainment. 2024 marks the 8th annual MSMEs Day, dedicated to recognizing the mutual dependence of MSMEs and the SDGs, honoring entrepreneurs with the theme "Human-Centered Impact: Advancing the UN SDGs through MSMEs." This day provides a moment to reflect on the progress made and the challenges that lie ahead, underscoring MSMEs' essential role in engaging in and further actualizing transformative movement for our global community.

Over the past eight years, the International Council for Small Business and our partners at the OECD have laid the foundation for this moment. Since es-

tablishing MSMEs Day in 2017, we have discussed topics on Entrepreneurship and Peace (2019), MSMEs as First Responders (2020), MSMEs for an Inclusive and Sustainable Recovery (2021), and Women and Youth Entrepreneurship (2023). Each theme explores a distinctive aspect of human-centered entrepreneurship.

Despite MSMEs' impressive global and local supporter portfolio, significant challenges remain. As their primary supporters, we must plan for a future that places value on and creates a culture for human-centered business.

In just two years, on June 27, 2027, we will celebrate the 10th anniversary of MSMEs Day. In preparation for this momentous celebration, we can redouble our efforts and ensure that we are creating an ecosystem that supports the growth and success of MSMEs. Supporters must stay committed to preparing a future where all entrepreneurs can access a fair business ecosystem. We speak now not only of MSMEs' potential but also of their power to evoke change when provided the necessary support.

Empowering MSMEs requires collective action involving governments, businesses, civil society, and international organizations. A disparate gap exists between our desire to support MSMEs and their needs for success. We cannot solely count on MSMEs to continue their work in achieving the SDGs without supportive policies and guidelines for their growth. MSMEs need a framework anchored in a stable, consistent policy environment that promotes long-term sustainability and growth.

Developing an entrepreneurial principles framework is a monumental endeavor,

demanding thoughtful leadership and collaborative efforts. Today, I call upon all MSME supporters to unite in this mission, forging a framework that transcends global challenges and cultivates an environment where MSMEs can thrive, regardless of social, economic, or governmental uncertainties.

Our efforts must be rooted in enriching the lives of entrepreneurs we seek to support, constantly asking ourselves who and what our work benefits. This moment compels us to seek humanity in our advocacy for MSMEs. As we celebrate the 8th annual MSMEs Day, let us reaffirm our commitment to nurturing entrepreneurship for the collective good. Together, we possess the capacity to shape the future.

MSMEs are transforming the world by driving impact and addressing community needs. Today, I pose the question to you: “What steps will we take to support the evolving needs of MSMEs?”

Building Resilience to Climate Change: Insights from Small Businesses in Francophone Africa

Submission by: International Trade Centre (ITC)

Climate change is a global crisis. Its devastating consequences are already affecting lives and businesses worldwide. The African continent emits only 4% of global greenhouse gases, yet it is subject to more climate change-related shocks than any other continent.¹ These adverse events, which include temperature variability, water scarcity and extreme weather conditions, are increasingly weighing on small African firms. According to an International Trade Centre (ITC) survey in francophone Africa (Box 1), nearly seven out of ten companies reported environmental change as a significant threat to their business.

Despite this exposure, few businesses take measures to adapt, or mitigate their own environmental harm. Lack of awareness, technical know-how and financial means are often the main barriers stopping small firms from taking adaptation and mitigation measures.

ITC's report, [SME Competitiveness in Francophone Africa 2023: Building resilience to climate change](#) highlights the importance of ensuring that small and medium-sized enterprises (SMEs) are aware of the effects of a changing climate, and their own contribution to it. Financial support is also necessary for them to adopt climate-resilient and environmentally friendly strategies, access suitable technologies and improve their long-term competitiveness.

Box 1: Gathering data on the environmental measures in francophone Africa

The International Trade Centre (ITC) and the Permanent Conference of African and Francophone Consular Chambers (CPCCAF) joined forces in 2023 to help the network of chambers of commerce in French-speaking Africa understand how small and medium-sized enterprises (SMEs) are responding to environmental challenges. ITC and

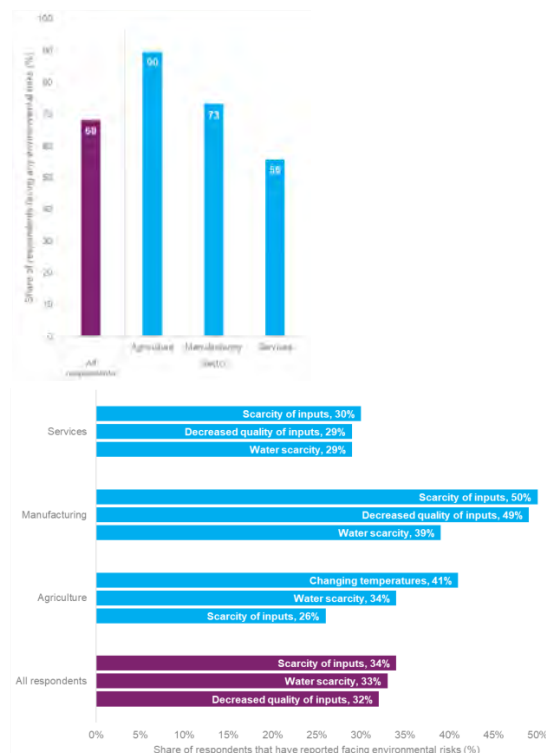
CPCCAF surveyed 5,625 businesses in April–July 2023. Data were gathered from companies in Benin, Burkina Faso, Cameroon, Chad, Congo, Côte d'Ivoire, Democratic Republic of Congo, Gabon, Mali, Mauritania, Morocco, Senegal and Togo. More than half of the respondents (55%) were micro-enterprises with fewer than four employees, 31% were small firms (5 to 19 employees), 11% were medium sized (20 to 99 employees) and 3% were large companies (more than 100 employees). Most (83%) of the enterprises operate in the services sector, 9% in the manufacturing and the remaining 8% in the primary sector. Companies were predominantly led by non-youth (34 years old and over) and by men, whose firms represented 84% and 85%, respectively, of the surveyed businesses. Eighty-five percent of the surveyed firms were registered with a national authority. Finally, 28% of businesses were engaged in trade, whether importing or exporting. This paper presents the analysis of survey responses.

Businesses perceive environmental risks, but struggle to adapt

Companies in francophone Africa see environmental change as a threat to their operations: 68% of survey respondents said that environmental risks were a significant threat to their business. Agricultural enterprises were the most exposed to environmental risks, with 90% reporting being affected. Yields and production levels in this sector are particularly vulnerable to climate variability and extremes, making environmental hazards a major concern for agriculture.ⁱⁱ Indeed, the top three concerns of firms in agriculture included changing temperatures (41%), water scarcity (34%), and input scarcity (26%), compared with manufacturers

and services companies who were primarily concerned about input scarcity (50% and 30% respectively).

Environmental risks significant for two-thirds of companies



Note: The figure describes the responses of businesses to the question ‘Which of the following environmental risks are significant for your business?’ If the respondent chose one or more environmental risk options (except ‘None’ or ‘Do not know’), they are identified as facing significant environmental risks. The data were weighted using the distribution of companies surveyed by country and the contribution of economic sectors to GDP in each country.

Source: ITC-CPCCAF survey, April-July 2023.

Firms in other sectors are also concerned. Most companies in the manufacturing (73%) and services (56%) sectors also reported considerable exposure to environmental threats. Firms in these sectors tend to be less sensitive to climate variability as those in agriculture, but they depend on a stable supply of inputs, including energy and water, to sustain production processes or

deliver services. Climate-induced input shortages can disrupt production and service efficiency, increasing costs and reducing output.

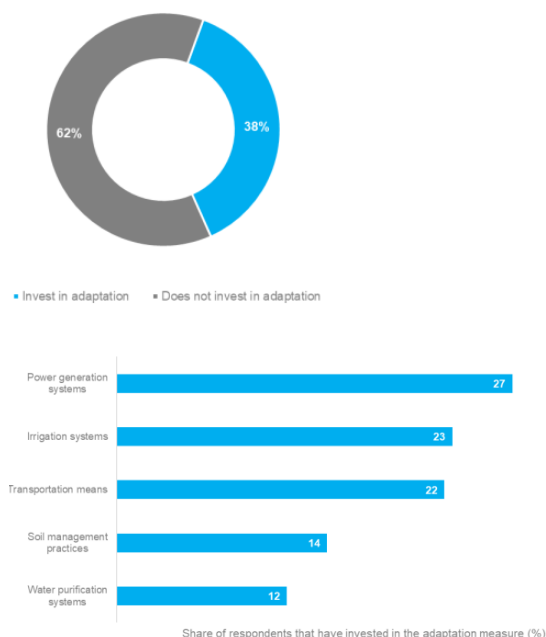
Firms thus need to adapt to climate change to survive. This involves proactively adapting business practices and strategies to find appropriate sustainable solutions and minimize vulnerability to changing environmental conditions.

Moreover, successful adaptation requires context-specific actions, as the vulnerability and risks associated with environmental change vary across sectors, from country to country and even within countries.

iii Survey results show that in francophone African countries that are highly exposed to climate-related infrastructure risks, companies' adaptation efforts primarily focused on infrastructure reinforcement. For instance, 43% of firms located in these countries invested in power generation systems, 27% in transport and 23% in irrigation systems. This compares with 13%, 18% and 11%, respectively, of businesses in countries where infrastructure is at low risk of being affected by climate change. Similarly, 35% of companies in countries where climate change has a strong impact on water scarcity invested in irrigation systems, compared with only 16% of companies in countries less vulnerable to water shortages.^{iv}

Worryingly, however, most firms surveyed in francophone Africa do not adapt at all. Up to 62% of companies had not implemented any adaptation strategy to reduce their vulnerability to environmental risks over the past three years, despite their exposure. Smaller firms, in particular, lagged behind. While 76% of large firms in the sample reported that they had invested in at least one measure to cope with environmental changes, only 35% of SMEs had made such an investment over the past three years.

Over three-fifths of companies have no adaptation strategy



Note: The figure describes the responses of businesses to the question 'In the last three years, did your company invest in any of the following measures to reduce the environmental risks that your company is facing?' Those that chose any of the answer options (except 'None' and 'Do not know') are identified as investing in adaptation. The data were weighted using the distribution of companies surveyed by country and the contribution of economic sectors to GDP in each country.

Source: ITC-CPCCAF survey, April-July 2023.

Lack of action is partially due to constrained financial resources. Some green initiatives require substantial financial resources that must be supplemented by external financing. The survey indeed indicated that both large and small businesses invested more in tackling the impacts of environmental change when their financial situation was good. However, SMEs were more than three times less likely than their large counterparts to report a stable financial situation (14% versus 45%). Smaller firms also tend to have limited collateral, making them ineligible for many loan opportunities.

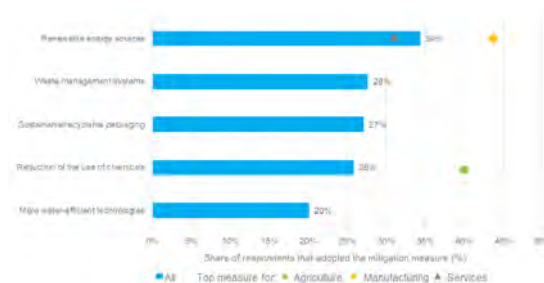
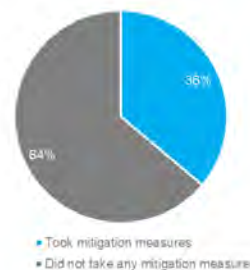
Still, not all barriers are financial. SMEs were half as likely to invest in adaptation and mitigation measures compared to large businesses, even if their financial situation was solid.^v This is because small firms tend to lack the knowledge and skills needed to properly identify climate-related risks as well as the measures that can reduce their adverse effects.^{vi}

Investment in mitigation is limited, but beneficial

Like adaptation, climate change mitigation by firms in francophone Africa is limited. Only around a third (36%) of surveyed companies took measures to mitigate the effect of their activities on the environment. Firms perceiving environmental threats to their business – possibly aware of the importance of environmental sustainability – were almost four times more likely to adopt mitigation measures than those that did not.

The use of fossil fuel alternatives was the most popular form of climate change mitigation among companies, with a third of those taking measures investing in renewable energy sources. This was followed by investment in waste management systems (28%) and sustainable or recyclable packaging (27%). The use of renewable energy in Africa has indeed surged over the past decade, marked by a ten-fold rise in annual investment between 2000 and 2020.^{vii} The continent's abundant wind, solar, hydro, and geothermal resources make renewables more accessible to the private sector.

A third of firms invest to reduce their environmental footprint



Note: The figure describes the responses of businesses to the question 'In the last three years, did you invest in any of the following measures to reduce your company's negative impact on the environment?'. On the right, the responses of businesses are percentages (%) of firms that say they invested in measures. The data were weighted using the distribution of companies surveyed by country and the contribution of economic sectors to GDP in each country.

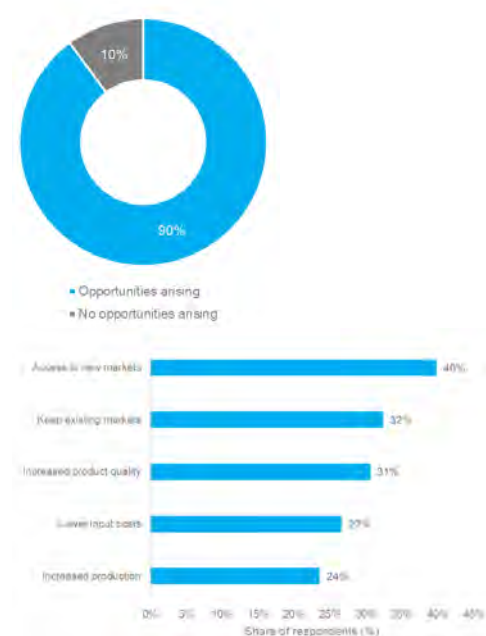
Source: ITC-CPCCAF survey, April-July 2023.

Financial support, however, is needed to foster mitigation. Businesses in a favourable economic situation were more likely to adopt sustainability measures, potentially indicating that these businesses self-finance many of these measures. Indeed, the survey showed that companies with higher turnover were more likely to invest in greening their enterprises. Firms with sales exceeding 200 million FCFA (approximately \$332,000 at the time of writing of the report) were the most likely to adopt mitigation measures, with 68% saying they took measures. In contrast, only a third of respondents that reported sales below 50 million FCFA or no sales at all engaged in environmental mitigation – a difference of 35 percentage points.

Financial capacity also matters for the type of measure businesses are inclined to invest in. For example, small and youth-led firms, which are more susceptible to being in financial difficulty, invested significantly less in renewables, a comparatively investment-heavy measure. ^{viii} Instead, firms with limited financial resources resorted to less costly measures. Women-led businesses, for instance, who are also more likely to struggle financially, were almost twice as likely to invest in more cost-effective measures such as sustainable/recyclable packaging than men-led ones. ^{ix}

Adopting sustainable practices is a challenge but also an opportunity for SMEs to strengthen their competitiveness and resilience. ^x The vast majority (90%) of respondents that greened their businesses benefited from these investments, above and beyond the reduction of climate risks. ^{xi} Among the most common opportunities reported were access to new markets, retaining of existing markets and improvement in product quality.

Green investment opens up opportunities



Note: The figure describes the responses of businesses to the question 'Have these investments opened up any of the following opportunities for your company?', as percentages (%) of firms that say they invested in measures. The data were weighted using the distribution of companies surveyed by country and the contribution of economic sectors to GDP in each country.

Source: Survey conducted by ITC and CPCCAF in April-July 2023 in French-speaking Africa.

As survey data revealed, certain climate mitigation actions also generated specific opportunities for businesses. Companies investing in renewable energy, for example, most commonly reported increased access to new markets. This may also be because the introduction of renewable energy offers increased competitiveness by reducing costs and dependence on fuel imports. ^{xii} Investing in renewables may also signal sustainability, thereby enhancing reputation and opening up opportunities in more environmentally conscious markets. ^{xiii}

Climate consciousness offers business owners the double benefit of environmental protection and increased business competitiveness. ^{xiv} To ensure that firms capitalize on these benefits, support is needed in the form of climate strategy-building as well as technical assistance to implement these strategies. In addition, given the financial constraints faced by most firms, grants can play an important role, along with accreditation of national or regional financial institutions by multilateral climate funds, such as the Green Climate Fund, to facilitate companies' access to loans. ^{xv} Business support organizations can also help enterprises in planning and developing projects, thereby increasing their ability to attract investment.

- ⁱ (Kairé et al., 2015)
- ⁱⁱ (Holleman et al., 2020)
- ⁱⁱⁱ (IPCC, 2022)
- ^{iv} These statistics are based on ITC-CPCCAF survey on environment and data on countries' vulnerability to climate change from the University of Notre Dame (<https://gain.nd.edu/our-work/country-index/download-data/>). The vulnerability index ranges from 0 to 1. Countries with a low (or high) vulnerability are defined as those with a score below (or above) the median of the vulnerability index distribution.
- ^v ITC.
- ^{vi} ITC, "SME Competitiveness Outlook 2021: Empowering the Green Recovery" (Geneva, Switzerland: International Trade Centre, June 2021), <https://intracen.org/resources/publications/sme-competitiveness-outlook-2021-empowering-the-green-recovery>
- ^{vii} (IRENA & African Development Bank, 2022)
- ^{viii} (IRENA & African Development Bank, 2022; ITC, 2021)
- ^{ix} (Coelho et al., 2020)
- ^x (ITC, 2021)
- ^{xi} ITC.
- ^{xii} (Jayaram et al., 2021; RES4Africa Foundation, 2023)
- ^{xiii} (IRENA Coalition for Action, 2021)
- ^{xiv} (McDonald & Bailey, 2020)
- ^{xv} (African Development Bank Group, 2021; Meattle et al., 2022)
- ^{xvi} (Meattle et al., 2022)

A Double Transition: Formalization and the Shift to Environmental Sustainability with Decent Work

By: International Labor Organization (ILO)

More than half of the world's workforce operates in the informal economy, and four of every five economic units are informal. For measures designed to protect the environment and slow global warming to succeed, these workers and these enterprises must be recognized, included and engaged. In this, a move towards formalization plays a crucial and intrinsic role. Furthermore, recognizing how informality and environmental issues are linked is key to promoting sustainable development and decent work for all.

The relationship between work and the environment is reciprocal and complex. On one hand, with 1.2 billion jobs worldwide closely dependent on ecosystem services, environmental degradation and climate change are endangering livelihoods in diverse sectors around the globe. On the other, economic activity has, on bal-

ance, played a key role in climate change and depleted resources, but it also has the potential to decouple from emissions and contribute to protecting the environment.

Informality compounds the negative aspects of the work–environment interaction. First, ecosystem-dependent jobs are often informal. Agriculture accounts for the largest share of employment in the informal economy, and nine of every ten agricultural workers are informally employed. Fisheries and forestry, too, are sectors with a high degree of informality that rely on a healthy environment. Workers and enterprises in the informal economy in these fields and others are particularly vulnerable because of a lack of protection and decent work deficits across all four pillars of the Decent Work Agenda – employment, social protection, rights at work and social dialogue. Often, they lack information and financial resourc-

es, they do not own the land they work, and they do not have occupational health and safety (OSH) and social protection coverages to cushion them from economic shocks and environmental change. At the same time, workers and enterprises in the informal economy often lack the resources and information that would enable them to adopt sustainable practices.

The transition to sustainability involves deep restructuring of economies and labour markets. These changes create net employment gains and opportunities to improve job quality, but certain fields will be adversely affected. Due to the deficiencies in decent work, enterprises and workers in the informal economy could bear particularly high costs in the transition.

Given the massive size of the world's informal economy and its close interdependence with the environment, a just transition to sustainability must include workers and enterprises in the informal economy and support their transition to formality. This requires explicit attention to the challenges that they face, and the contributions that they can make, in instruments across policy fields, from economic, to environmental, to employment and labour protection policies. At the same time, formalization initiatives must recognize and build on their potential environmental dimensions. Such initiatives include licensing and registration procedures, formalization incentives, productivity enhancement initiatives, organizing workers and enterprises in the informal economy and facilitating their representation in social dialogue and stakeholder engagement processes.

Needs and initiatives in key sectors

The waste management, artisanal and small-scale mining, construction and ag-

riculture sectors illustrate the diversity of interactions between the environment and informality. At the same time, they offer examples of promising initiatives that can link formalization and environmental sustainability.

Waste management. In the global South, informally employed waste-pickers provide an important environmental service to municipalities, but their contributions are seldom recognized. Their incomes are often low and precarious, and the work can be dangerous. Informal waste-pickers face stigmatization, and it is difficult for them to organize themselves to make their interests heard and considered.

Support for the development of workers' cooperatives and organizations, as in Brazil, is proving an important way to help waste-pickers improve their incomes and working conditions and at the same time to better integrate their role into overall waste management services.

Artisanal and small-scale mining (ASM). Artisanal and small-scale mining in the global South accounts for a large proportion of the world's mineral production, and 70 to 80 per cent of its workers are informally employed as own-account workers or in micro or small enterprises. Child labour is a concern, as are injuries and unhealthy working conditions. Due to lack of regulatory enforcement and of information and capacities for sustainable practices, ASM causes significant land degradation and water and soil pollution. For example, artisanal and small-scale gold mining is responsible for 30 per cent of all mercury released into the environment, as well as posing a health threat to the miners who handle it.

Safer alternatives to mercury are available for processing gold. In Colombia and Peru,

the Fairmined Initiative certifies gold from formal organizations that adhere to standards related to labour practices, reduced environmental impact and positive community outcomes. The opportunity for this certification creates an incentive to adopt better practices and for informal operators to register their business in order to participate.

Construction. After agriculture, construction is the second largest source of informal employment worldwide and an important source of work for low-skilled workers and the landless poor. Decent work deficits are common. The work is often risky, and frequently OSH protocols are not followed. The environmental impacts of the sector are many and occur at every step in a building's life cycle. The types and extent of impacts hinge on the choices of design and the practices of construction, operations and demolition. In addition, as a major consumer of natural resources, the demand of the construction sector is linked to several primary sectors, with their own environmental impacts.

In Zambia the innovative approach of the Zambia Green Jobs Programme has encouraged the growth of small and medium construction enterprises, use of more sustainable materials and decent work practices. The multi-pronged approach involved policymaking support, engagement of the private sector, extending social protection to construction workers and initiatives to improve OSH.

Agriculture. As noted, over 90 per cent of employment in agriculture is informal, and much of this work takes place on small farms. Such farms produce 80 per cent of the food consumed in the global South. Volatile food prices mean that incomes for these farm families are fluctuating and uncertain. Furthermore, they have difficulty

obtaining production inputs, finance and training. Secure access to land is often a problem, as often they do not own the land they farm. These smallholder farms are particularly vulnerable to environmental degradation and to climate change impacts. These farmers lack social protections to cushion them from the catastrophic effects of crop failure. As for the environment, impacts of small farms can range from highly detrimental (for example, slash-and-burn agriculture) to contributing to regeneration and conservation (for example, conservation agriculture, permaculture).

In India the Mahatma Gandhi National Rural Employment Guarantee Act is a central element of India's extension of social protection. It aims at providing rural populations with a basic level of income security through of up to 100 days of guaranteed employment for households that request it. At the same time, the programme develops rural infrastructure and assets. Recently, particular attention has gone to works and assets that support environmental sustainability and adaptation to climate change, such as watershed management, flood protection and afforestation.

Observations

Experience to date is limited, but these initiatives and others around the world are demonstrating the synergy of promoting environmental sustainability and formalization. These initiatives are diverse, tailored to the particular nature and needs of the sector and its workers and enterprises. Still, some generalizations are possible. It emerges that:

- Enabling legal and policy frameworks are crucial.
- Incentives play an important role in motivating improvements in environmental sustainability and transitions to formality.

- Organization, representation and social dialogue mechanisms are instrumental to designing relevant and effective policies and initiatives.
- Typically, multi-stakeholder approaches are important in delivering comprehensive interventions.

The challenges that climate and environmental change pose to actors in the informal economy require comprehensive measures. These measures should address the root causes of vulnerability associated with informality, in particular the lack of social protection coverage, organization and voice. At the same time, it is essential that policies, programmes and service delivery address more generally the needs of the people who work in the informal economy.

School for Business and Society – Societal Impact and AACSB Accreditation

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Introduction

The societal impact of business schools, particularly those with AACSB (Association to Advance Collegiate Schools of Business) accreditation, is significant and multifaceted. The AACSB accreditation helps ensure that business schools not only meet rigorous standards of teaching and research but also actively contribute to societal well-being: “The school demonstrates positive societal impact through internal and external initiatives and/or activities consistent with the school’s mission, strategies, and expected outcomes.”¹ This influence shapes how business is conducted globally and reinforces the role of education in solving societal challenges. Business Schools have societal impacts through curriculum and research focus, leadership development, community engagement, entrepreneurship and innovation, diversity and inclusion, global perspective, and policy influence.

Curriculum and Research Emphasis:

AACSB-accredited business schools are encouraged to focus on academic excellence and issues like ethical management, corporate social responsibility, and sustainability. These topics are integrated into curricula and research initiatives, preparing students to address societal challenges in their professional roles.

Leadership Development: Business schools play a crucial role in shaping future leaders. Empowering ethical leadership and social responsibility influences how these leaders make decisions that affect employees, communities, and broader societal issues.

Community Engagement: Many business schools engage directly with their local and global communities through various initiatives, such as consulting projects, nonprofit

partnerships, and community service programs. These activities help address local societal issues while providing students with real-world learning experiences.

Innovation and Entrepreneurship: Business schools often serve as incubators for innovation and entrepreneurship. By supporting startups and new technologies, they contribute to economic development and job creation and potentially address societal problems through innovative products and services.

Global Perspective: AACSB accreditation requires schools to provide global learning experiences, which helps create a more culturally competent workforce that can operate effectively in a globalized economy. This broadened perspective enables future leaders to address international challenges and work across borders.

Diversity and Inclusion: Business schools increasingly focus on diversity and inclusion in their student bodies and faculties. This shift helps foster a more inclusive economic landscape and promotes varied perspectives in business practices.

Policy Influence: Faculty at business schools often conduct research that influences business practices and policy at various levels. This research can lead to better regulatory frameworks and practices that benefit society at large.

a. The School of Management Fribourg's understanding of engagement and societal impact

HEG-FR is a public business school, and society is the main customer. The business school interacts with a wide variety of

- internal stakeholders (deans, faculty/academic staff, administrators/professional staff, research assistants/advanced students),
- external research stakeholders (researchers at other universities/business schools, funding bodies),
- practitioner stakeholders (employers, practitioners, managers, entrepreneurs),
- student stakeholders (students, alumni), and
- community stakeholders (government, regulators, trade unions, NGOs, co-operatives, social enterprise community, media, accreditors).

HEG-FR is committed to the Principles of Responsible Management Education (PRME). These principles shape future leaders' mindsets and skills and foster corporate sustainability to realize UN Sustainable Development Goals (SDGs) through responsible management education.

We have formulated seven fields of action to realize our societal impact. They are linked to our main stakeholders and the formulated goals.

Targets	HEG-FR fields of action (aligned with our mission and strategy)	Our goals
Individuals	Committing to education in a familial culture	Empowering individuals to reach their full potential in business and society
	Representing diversity and ensuring inclusivity and belonging for all	
Economy	Educating with high practical relevance	Contributing to society's triple bottom line (social, environmental and financial)
	Valorization of new technology for business and society	
	Supporting entrepreneurship and innovation ecosystems locally and globally	
Society	Conveying multilingual, intercultural and entrepreneurial competencies	Making our contribution to the positive development of our society and the environment
	Participating in building impactful solutions to resolve society's global challenges	

Table 1: Engagement and Societal Impact Framework/Road Map

Furthermore, we promote inclusiveness regarding academic content and our institutional structure. We encourage a society free of discrimination, e.g., free of all forms of sexism, racism, and other types of discrimination. We train tomorrow's leaders and academics, future research centers, think tanks, and innovation incubators to build a sustainable economy and society. We advocate for classrooms with room for critical debate and student engagement with real-world problems rather than just theory. Our thinking and actions are based on systems theory. They consider dynamic complexity (rather than mechanical equilibrium) and are designed to foster sustainable business models.

It is essential to be aware that climate change, biodiversity, and global justice concerns matter significantly to young people who may eventually become students at our school. We strive to attract these students, adapt our programs to remain attractive, and prepare future students to be relevant to the organizations they will work for or those they will create. We should be able to do so by enabling students to understand under what circumstances a business may also become part of the solution. This is a particular concern of the SDGs as well as Agenda 2030, which has so far received very little attention in the public debate here in Switzerland.

The global health crisis, the looming economic crisis, and the Ukraine war have brought weaknesses in our societal and economic systems and a sense of emergency to light. We must urgently and critically question the identity of our business school and our strategies for rejuvenation. Possible future business models and value propositions for different categories of stakeholders are at the center of our reflections: Creating the future and becoming a

business school firmly embedded in but also co-creating society. In this context, we co-edited with international partners in November 2022, "The Future of business schools: purpose, action, and Impact", an Edward Elgar Publishers book co-authored with international colleagues from 23 countries and a total of 44 universities. The book encourages critical thinking about the future role of business schools in business and society.

The HEG-FR school acts in pre-defined fields of potential social impact. The parameters for the definition of these fields come from

- the Swiss education system: As described in our profile sheet, Switzerland has a "dual educational system" in place. This means that universities are focusing on science and research, and on the same level, there are universities of applied sciences, like the HEG-FR. The applied science part thrives on close interaction between the public education sector and private companies. Companies provide their employees with flexibility and time to study and, in turn, profit from their employees' enhanced know-how when the latter apply what they have learned. Schools like HEG-FR are committed to delivering this added value to both parties.
- Our vision, mission, and strategy: We have defined our strategy according to the above. We deliver application-oriented tertiary education that prepares students for their future jobs. We run practice-oriented research activities. We have a healthy mix of teaching staff – both practitioners and academics. We are anchored in our region, which is our home and leading financing partner. We focus on relevant topics for our stakeholders and ensure they have access to our findings.

- our focus on management with a systemic approach: HEG-FR is focused on management education and development. As we focus on management but also coordinate closely with other disciplines, we have a strong focus on impacts on society, the economy, and the environment. Examples are our foci on entrepreneurship & innovation and sustainability, which, in combination with technical skills, help new companies and workplaces.

a. Educating with high practical relevance

The high practical relevance of teaching (in line with the Swiss education system and the needs of students and our economy) is underlined by the fact that, on the one hand, more than 62.00% of our undergraduates are part-time students with a 50%-job contract obligation.² On the other hand, the two-year master's program is geared towards in-work students in three segments: start-ups, SMEs, and corporate entrepreneurship in bigger companies and public institutions. Finally, our students provide evidence of the value of the practical approach with a practical problem-solving thesis. Thus, national and international surveys³ have shown our graduates' extraordinary practical management skills and the practical relevance of our programs and research projects. Stakeholders have affirmed that our graduates have the requisite skills to succeed in their careers. Our students commend our faculty for delivering high-level practical and relevant skills.

Innovative, and in particular internationally active, SMEs have the potential for open innovation. Still, they must invest in transparency and be open to research

and development, commercialization and scaling strategy, or international market entry strategy. Innovation is an inherently complex and dynamic social process, so we must take an entrepreneurial mindset and invest in the further education of SME staff. Open communication and collaboration among SMEs and academics create substantial value by connecting theory and practice. Effective government programs to pre-invest in further education help foster a comprehensive understanding of what might work in theory and what already works in practice.

Internships, projects, or undergraduate, graduate, and postgraduate theses help students and participants understand company perspectives and allow teachers to develop high-quality methods and, in their role as student coaches and consultants, to integrate real business and social problems into the classroom. In this way, both students and teachers co-create quality so that companies can give precise feedback on the added value they provide. Consequently, integration and specialization of faculty, students, and participants are essential to foster a new understanding of education.

We are closely integrated into our ecosystem, with one part of the faculty combining their work in the business world with their educational mission and two-thirds of undergraduate students working alongside their studies. The close link to the labor force engenders highly practical relevance of our education, to the effect that most of our graduates find employment, with an unemployment rate of less than 1%.

A total of 77.6 % of our students are "delighted with their preparation for the labor market," compared to 47.6 % of all Swiss

and 45.5 % of all European students.⁴ Our undergraduates earn USD 119,790 annually on average immediately after their studies; graduates earn USD 142,715, and executive EMBA's earn USD 158,125.⁵

The challenge in the next five years will be to develop our highly practical model to accommodate this trend in the international education system. Measures like Lobbying for HEG-FR in the political, educational, and business community and speed-dating events for SMEs regarding our R&D competencies.

b. Supporting entrepreneurship and innovation for the entrepreneurial ecosystem

HEG-FR created an SME institute 25 years ago to foster the integration of SMEs into the university system. Since 2005, the school has enforced its strategic positioning on entrepreneurship and innovation, and HEG-FR has become one of Europe's first players with this profile.

HEG-FR has achieved an outstanding position through entrepreneurship and innovation programs. They are based on different monitoring activities:

- HEG-FR has been a leader in Switzerland of the Global Entrepreneurship Monitor (www.gemconsortium.org) since 2009; the Global Annual Meeting of the Global Report GEM was held in Fribourg in February 2023.
- Since 2007, our institution has been responsible for the International Entrepreneurship Survey for SMEs (SIES), one of the most extensive surveys in SME internationalization.
- Since 2006, HEG-FR has been the co-leader with the University of St Gallen

of the international Global University Entrepreneurial Spirit Students' Survey (GUESSS; Sieger et al. 2023).⁶

- SME reports on digitalization have been published: AI and Human Resources, Digitalization in SMEs (2019/2020).
- The Co-Creation Guide Switzerland (2018) with Ashoka has been published.
- HEG-FR is a competence center for the Swiss government (e.g., Innosuisse, the Swiss Innovation Agency) regarding Entrepreneurship and the State Secretariat for Economic Affairs (SECO) regarding SMEs. The school is often approached to conduct specific research on entrepreneurship and the internationalization of SMEs.

The results from the above influence our way of educating and our choice of relevant topics. We share our results with the local economy by publishing them and by organizing knowledge-sharing events.

c. Valorization of new technology for business and society

Digitalization is the most important recent strategic trend. Being a business school, we create our role in the digitalization process based on the following three questions:

- How can technology meet people's needs?
- How can fears of or resistance to new technology be encountered?
- How can business cases (and, ultimately, new jobs and income) be created from new technologies?

By connecting new technologies and business, we as a school try to create value from new technologies. We see this as having a positive societal impact on our activities. We will focus the following years on leveraging the Digital Business competence

center for R&D projects with partnerships, increasing collaborations in the domains of Artificial Intelligence (AI) and Big Data, and Strengthening STEAM (Statistics, Technology, Engineering, Arts, Mathematics) education in business schools.

d. Teaching in a familial culture

According to the Universum Talent Research 2023, “family” and “social relationships” are the most important values that almost all young people want to see realized in their lives. They are even more critical than adolescents’ developmental milestones of “personal responsibility” (89%) and “independence” (83%) as they transition into adulthood.⁷ At the same time, the emphasis on virtues such as respect for law and order (87%), diligence and ambition (81%), or security (77%) has not changed. The family is a “safe haven” that gives young people stability and support. In contrast, a focus on performance stands for the “promise” of finding social recognition and being able to participate in life.

We have become aware of this field of societal impact when evaluating our students’ opinions of our school. As the offerings of cantonal management schools in Switzerland are regulated on the federal level, degrees are comparable and hard to differentiate. Nevertheless, our students – especially at the bachelor level – choose our school because of its familial culture, which ensures

- smaller classes and a more intimate atmosphere compared to other schools,
- faculty who know their students personally,
- a “promote and demand” interrelation between faculty and students, and
- the possibility of reacting to students’ needs

it is evident that increasing networking possibilities for staff and students, fostering social coherence in bringing together alumni, student organizations, and the Career Center, and fostering our coaching and mentoring services for students are crucial activities to support our culture.

e. Equality and diversity

HEG-FR is committed to equal and fair treatment of all its faculty, professional staff, and students. The school’s Equality and Diversity task force develops and upholds fair processes that substantiate the essence of the HEG-FR’s Dignity and Respect Policy. The task force ensures fairness and inclusion in all school activities and supports the school’s accountability to its internal and external stakeholders.

The initiative is guided by an understanding of how historical and social differences can affect the experience, interests, and potential of our staff and students. HEG-FR is, therefore, strongly committed to addressing and undoing the effects of structural, institutional, and systemic inequality and injustice so as to be accessible and safe for all staff and students. We underline this commitment with our openness to complaints and criticism and continuous self-evaluation and self-reflection.

The task force works against any discrimination based on gender. It advises and supports the school’s members and institutions on issues of gender equality and women’s advancement. Furthermore, it is responsible for matters of equal opportunity, regardless of ethnicity, religion, age, or sexual orientation.

The task force aims to advise and support

all school staff, teachers, researchers, students, and applicants on equality, women's advancement, and protection against discrimination.⁸ It ensures that school policy and practice are guided by principles of equality and diversity and that adequate means of learning and deliberation are made available to support this effort. Regarding diversity and inclusion, HEG-FR is committed to actively promoting and developing equal opportunities, particularly regarding gender equality. Students are actively involved in the task force and promote activities and collaboration on a national scale. Measures include encouraging a more balanced representation of both genders at all hierarchical levels, promoting the reconciliation between professional life and private/family life, and eliminating all forms of direct or indirect discrimination. Some selected measures are presented below:

- In coordination with sports organizations, especially in ice hockey and basketball, we foster tailor-made education for active athletes with special needs regarding training times.
- Disability Service for students, whose goal is the inclusion of students with disabilities. Students with disabilities have been actively supported in the start-up's project/winner innovation challenge; there have been presentations at the bachelor diploma ceremonies.
- Co-Creation of Silver & Home⁹: Silver & Home is an initiative by several universities dedicated to elderly persons at home or in retirement homes. One hundred fifty-one companies promote safety, social ties, care, prevention, and well-being (through mobility, nutrition, and cognitive training). The goal is to make digital support accessible.

f. Conveying multilingual, intercultural competences

The world is moving closer and closer together, and to succeed in business, understanding other cultures, languages, and needs is crucial. The bilingual (German and French) Fribourg region is predestined to provide opportunities for the development of such competencies, in particular also because there is also a strong presence of English thanks to the international community on the sizeable University of Fribourg campus of 15,000 students and teachers. Fribourg thus brings together people from both sides of one of Switzerland's internal language borders and links them to the rest of the world through its international student community.

The societal impact of our activities in this field is our authentic ability to do business with partners of other cultures. Our HR strategy, which has a philosophy of multilingualism and diversity, is at the center, and the school is certified as a bilingual institution.

- New professional staff and faculty should be operational in at least two of the following languages: English, French, and German.
- The trilingual program has attracted high-potential students and facilitated the discovery of new international exchange partners with whom MoUs and agreements have been established.
- Promoting Fribourg as a test market for company market studies. Fribourg is a good test market (especially for food) for market studies due to the mix of cultures in the center of Switzerland and Europe.

g. Global challenge in business and society: sustainability, impact, purpose

One of HEG-FR's values is embedding and integrating sustainability in our operations, research, learning, and teaching. Encouraging sustainable thinking is essential to our mission of developing conscientious leaders with an awareness of the world around them. Our sustainability culture also contributes to our vision of being progressive and pioneering on the international business stage. Inspirational and responsible engagement with staff, students, the community, and the environment promotes a positive holistic impact.

Since 2018, a central issue in all our students' start-up projects has been to assess to what extent these projects contribute to the United Nations 17 Sustainable Development Goals and to do so not just by focusing on their footprint (risk) but also by highlighting how their core business may help address societal and environmental challenges (handprint). We aim to build and accelerate private sector engagement in addressing the 17 Sustainable Development Goals and joining efforts for the Swiss Agenda 2030. We are thus part of the Swiss Triple Impact, an initiative of B Lab Switzerland, in partnership with different national and multinational companies, public authorities, academia, chambers, and allied organizations, inviting Swiss companies to measure, assess, and share the results of their economic, social, and environmental impact and, at the same time, find opportunities for improvement. The Swiss Confederation finances the program in part.

Since 2018, the school has actively participated with the International Council for

Small Business (ICSB) at the United Nations MSME Day (June 27) in New York City/Geneva. This international platform on sustainability and entrepreneurship (women, youth) allows us to enlarge the network, discover global challenges, and benchmark our strategy on related topics.

Our Center of Corporate Responsibility and Sustainability (CCRS) is essential in concerning research on global challenge projects and delivering concrete solutions. The aim is to valorize the center nationally and internationally in the following years, especially the ESG rating ([esg2go](#)) for SMEs. Combined with applying the Principles of Responsible Management Education (PREM), we boost responsible education and use the group as an international benchmark.

h. Conclusion

Institutions like our business school have little reason to exist if it were not for their local and regional societal impact. Thus, the development of schools in recent years is proof of our societal impact, which we see as the most crucial effect of our strategies and daily actions. We do not evaluate societal impact separately but combine it with our strategic plan and figures dashboard.

HEG-FR has enhanced actions that have created and increased societal impact over the last few years, especially concerning the younger generation's current real-world problems. Our close connection to practice means that we are in a position to discover, evaluate, and proactively implement forward-looking initiatives.

Furthermore, we have identified sustainability as one of our strategic priorities and

boosted teaching, research, and community work sustainability . The one-year unique program on sustainability as part of the bachelor program allows students to dedicate the last year of their studies to sustainability. Ultimately, the students will receive a “Bachelor in Business Administration/Sustainability” degree.

Furthermore, we revised our undergraduate syllabus last year, integrating new and fostering existing sustainability topics in several disciplines, including general management, strategic management, human resources, supply chain management, finance and accounting, and marketing.

Integrating the University of Zurich’s CCRS in 2022 enriched our research competen-

cies in corporate responsibility and sustainability, especially in fields like ESG-rating for SMEs, green financing, and business ethics.

Our Sustainability Research Initiative (SRI) was set up under the leadership of the Swiss Academy of Sciences to promote research for sustainability in Switzerland. Important tasks for the SRI include expanding and strengthening the community of researchers working on sustainable development in Switzerland, identifying priority themes for sustainability research, and promoting funding opportunities. Thus, we still have much to do in the coming years, but we are convinced that our actions reflect our vision, mission, and values.

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From Gaps to Growth: Accelerating SME Digitalisation for a Sustainable Digital Future

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Introduction

Digitalisation of SMEs is fundamental for building inclusive and resilient economies and societies. Access to digital technologies provides SMEs with opportunities to innovate, grow, integrate into supply chains, tap into talent and expertise, access new markets and transition to more sustainable business models and practices. However, despite the steady upward trend in the uptake of digital technologies by SMEs over the last decade, and the acceleration in the aftermath of the 2019 the pandemic, the gaps with large businesses remain large, contributing to inequalities among firms, and, in turn, people and places. At the firm level, digital gaps are strongly associated with gaps in productivity, scaling up, innovation and growth, all of which impact aggregate economic growth, inclusion and societal well-being (OECD, 2023[1]; OECD, 2023[2]). The new wave

of digital applications, largely driven by Artificial Intelligence (AI), holds the promise of enabling SMEs bridge longstanding gaps, enhancing productivity and easing access to markets. However, it also brings challenges to SMEs, such as in relation to skills, the need for organisational changes to optimise use of digital technologies, and the increasing threats to digital security. In 2023, the OECD D4SME global initiative launched an international survey to gather evidence on SME digital practices across seven OECD countries (France, Germany, Italy, Japan, Korea, Spain and the United States). The survey covered topics such as use of generative AI, data collection and analysis for decision-making and cybersecurity practices, in addition to awareness and use of government support programmes for SME digitalisation. The results are informative of the incentives driving digital adoption, persisting barriers, as well as emerging challenges and op-

portunities. As such they provide valuable insights for policymakers and stakeholders to design effective strategies and measures for inclusive digitalisation (OECD, Forthcoming)

Recent trends in SME digitalisation and the Rise of Generative AI: a more levelled playing field?

Digitalisation presents SMEs with opportunities to enhance their resilience to short-term shocks while bringing long-term advantages.

The key role of digitalisation in strengthening SME resilience has been underscored in the context of a series of shocks that hit the global economy since 2020. In the face of unprecedented disruptions, a large share of SMEs was able to continue, expand or pivot their operations by embracing digitalisation (OECD, 2021[4]), including by leveraging government support programmes, or trainings offered by universities, business associations and private sector partners. Beyond enhancing resilience to short-term shocks, evidence suggests that digital adoption can lead to productivity benefits (Gal et al., 2019[5]), as well as growth of employment and revenue (DeStefano, Kneller and Timmis, 2020[6]). Digitalisation can also represent a key enabler for SMEs to scale up. In particular, data is increasingly a strategic asset, with data-driven applications enabling SME scale up through efficiency gains, enhanced innovation capacity, greater potential for diversification, differentiation and specialisation, or network expansion (OECD, 2022[7]; OECD, 2021[8])

SME digitalisation has accelerated over the past years; however sizeable gaps persist for a large number of SMEs.

SME digital connectivity has significantly improved in recent years across most countries and regions, as highlighted by data on SME adoption of high-speed internet since the COVID-19 pandemic. Specifically, in 2019, across OECD countries, 38% of medium-sized firms and 23% of small businesses had access to ultra-fast broadband higher than 100 Mbps. In 2022, these shares increase to 65% and 52% respectively (OECD, 2023[9]). Despite the progress, SMEs have not kept pace with larger enterprises in their digitalisation efforts, as illustrated by the slower adoption of key productivity-enhancing applications. As a case in point, in the OECD area, between 2020 and 2021, the share of small businesses acquiring cloud computing services increased from 38% to 41%. However, the lag with respect to the share of large businesses adopting cloud computing also increased in the same period, from 31% to 33% (OECD, 2023[9]; OECD, Forthcoming[3]). Further adoption gaps can be observed on the use of more advanced digital technologies such as AI. (Calvino and Fontanelli, 2023[10])

The advent of generative AI presents new opportunities, exemplifying how digital tools enable SMEs to achieve more with fewer resources.

While Artificial Intelligence has long been harnessed by industry giants to dissect data and streamline operations, the advent of affordable and accessible Large Language Models (LLMs), commonly referred to as “generative AI” (e.g., ChatGPT, Copilot, Claude, Gemini) has now put that potential in the hands of SMEs. By helping automate manual and repetitive tasks, they free up human resources for tasks that demand greater complexity and creativity (Eapen et al., 2023[11]). Recent studies find that the implementation of generative

AI in businesses leads to improvements in productivity, particularly among new and low-skilled workers (Brynjolfsson, Li and Raymond, 2023[12]). In this regard, generative AI presents great potential to “level the playing field” between SMEs and large businesses. As digital tools integrate generative AI functionalities in their offering, SMEs gain easier access to AI capabilities, enabling a direct and simpler adoption of AI technology.

Findings from the 2023 OECD D4SME survey across seven countries (France, Germany, Italy, Japan, Korea, Spain and the United States) show clear momentum among SMEs in adopting generative AI services with 18% of SMEs reporting they are experimenting with them within a year of its public release.

Among other critical areas, the survey enquires about SMEs’ perception and use of generative AI, the most widespread application of this technology among respondent businesses. 57% of these consider that the potential associated with the use of digital tools integrating generative AI functionalities outweigh the associated risks. However, only a small share of SMEs (6%) undertake some direct investment to create or acquire tailored machine learning algorithms (produced by either internal or external experts) to be applied in their business functions. Further, (OECD, Forthcoming[3])

The accelerated uptake of generative AI also brings about new risks for SMEs, including a potential widening of digital divides.

OECD D4SME survey findings show that uptake of generative AI was the most widespread among SMEs that had digitalised most of their activities, 23% compared to

13% of their less digitalised peers. Concerns related to the uptake of generative AI also emerge among respondent SMEs, including risks of misinformation and inaccuracies in the content generated by AI systems, ensuring data privacy and security or loss of control over decision making processes (OECD, Forthcoming[3]).

Asymmetric uptake of SME digital practices: widespread use of data but fragmented cybersecurity adoption

A large majority of respondents (72%) use data to support decision-making, underscoring the pivotal role of data-driven insights in modern business strategies.

Also, businesses that make decisions supported by data tend to be more satisfied with the results of their broader digitalisation efforts. (OECD, Forthcoming[3])

Access to and use of data are becoming increasingly important for SME transition to more sustainable business models and practices, but progress is uneven.

The emergence of software-based energy efficiency technologies facilitates the pursuit of more sustainable business practices. The most popular applications are energy monitoring systems or smart meters, which facilitate the gathering of data on energy consumption and automated resource optimisation (OECD, Forthcoming[13]). However, while 59% of surveyed businesses in EU countries (France, Germany, Italy and Spain) report they have some environmental monitoring in place, this is only the case of 38% of Japanese businesses and 31% of businesses in Korea or the US (OECD, Forthcoming[3])

Few SMEs adopt robust digital security practices, making them vulnerable to cyberattacks.

Across all surveyed geographies, 19% of respondent businesses admit to not implementing any cybersecurity measures and 44% have only one or two measures in place. However, divergent adoption rates are observed across surveyed countries, with 41% Korean respondent businesses indicating they do not have any measures in place, compared to 17% in the US, 11% in Japan and 4% in the EU. Conversely, 54% of US businesses and 60% of businesses across surveyed EU countries implement three or more cybersecurity measures. The most widely adopted cybersecurity measures are anti-virus or anti-malware software (67%) and two-factor authentication (48%). Despite the prevalence of human error as a leading cause of security breaches, only 11% of respondent businesses invest in cybersecurity training, and 6% conduct regular cybersecurity assessments (OECD, Forthcoming[3])

No one-size-fits-all solution: addressing the diverse needs of SMEs based on operational practices

Increasing domestic sales, expanding customer reach and automating processes stand out as main catalysts for SME digital adoption, with variations based on businesses' operational practices.

Overall, 47% report that increasing domestic sales is a key objective of digital adoption and 41% aim to broaden their customer base. Automation is a significant goal for 40% of businesses, especially within the professional services sector (48%) and more digitally advanced businesses, with

48% of businesses digitalising most of their activities reporting automation as an objective against 33% of businesses that have only digitalised some of their activities (OECD, Forthcoming[3])

Lowering costs and exploring new revenue streams are also key incentives for digital tool adoption, yet variations arise based on how businesses interact with customers.

While 26% of hybrid businesses – operating both online and onsite – prioritise exploring new revenue streams, 18% of online businesses and 15% of exclusively in-person SMEs share this focus. On the other hand, hybrid SMEs are less inclined to prioritise cost reduction (19%), with 29% of online businesses and 25% of in-person businesses highlighting this objective (OECD, Forthcoming[3]).

In fact, there are sectoral variations in the type of online activities undertaken, while differences by size are apparent in businesses' digitalisation processes.

While over 60% of businesses in wholesale trade, manufacturing and the professional service sectors implement hybrid practices – engaging with customers both online and in physical locations – 52% of retailers operate exclusively online. In contrast, the food and beverage sector predominantly rely on traditional in-person interactions, with 52% of businesses engaging exclusively on-site with customers. Furthermore, while most businesses (34%) follow a top-down digitalisation approach, spearheaded by executives or business owners, a significant portion (29%) – primarily self-entrepreneurs – rely on online platforms. Notably, 32% of self-employed entrepreneurs utilize online platforms to structure their digital strategies, compared

to a mere 9% of medium-sized enterprises (OECD, Forthcoming[3]).

Support for SME digitalisation: an awareness gap?

Various programmes support SME digitalisation across surveyed geographies.

To name a few examples, the EU's "Digital Europe" programme aim to enhance SMEs' adoption of technologies like AI and cybersecurity. Japan's "IT Implementation Subsidies" intend to boost productivity through IT tools. Korea's "Data Value Evaluation Support Project" aims to help SMEs leverage data assets effectively. Finally, the U.S. Small Business Administration's Small Business Digital Alliance provides tech resources to expand e-commerce and competitiveness.

However, few SMEs are aware of public support for digitalising.

Overall, only 18% of SMEs report being knowledgeable about available government supports for adopting digital tools, with some differences across countries (27% in surveyed EU countries, 26% in Korea, 14% in Japan and 5% in the US) (OECD, Forthcoming[3]).

Among the SMEs aware of government support, uptake remains relatively low.

Fewer than 31% in Korea and only 25% in Japan take advantage of these measures (OECD, Forthcoming[3]). This trend mirrors findings from earlier studies, such as the OECD D4SME survey of retail businesses, where few respondents reported benefiting from online selling supports, reflecting an overall low awareness of such programmes (OECD, 2023[14]). The rather low uptake among those aware of digitalisation sup-

ports suggests additional barriers, such as burdensome application processes or misalignment with SME digital needs. Furthermore, some businesses express concerns about maintaining digital tools and systems after the support programme ends, citing a lack of skills to operate and maintain these solutions.

Conclusion

The 2023 OECD D4SME survey highlights the momentum in generative AI adoption, the pivotal role of data-driven decision-making, the fragmented nature of cybersecurity practices among SMEs and their different needs across size, sector and operational practices. While SME digitalisation has made important strides since the COVID-19 pandemic, sustained efforts are required to close the gap with larger enterprises and address the diverse needs of SMEs.

Often barriers to digital adoption are specific to the sector or firm type, which suggests that policy makers need to carefully balance structural and targeted policies to support SMEs, while boosting awareness of available government programmes to enhance uptake. Co-operation between governments, large and small digital service providers, SMEs and entrepreneurs is essential to ensure the continued digital transformation of SMEs and their fundamental contribution towards a more productive and sustainable economy.

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Navigating in the Sustainability Direction: ESG and Firms Performance

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Abstract

In recent years, the methods for assessing the impact of investing in companies with substantial environmental, social, and governance (ESG) practices have undergone significant transformation. This evolution mirrors the earlier shift towards measuring the value of knowledge in businesses. Initially, companies focused on quantifying the impact of knowledge. Over time, they realized that embedding knowledge practices into their operations spurred innovation and growth better than simply measuring impact. Similarly, we must aim to standardize ESG measurements and acknowledge that ESG practices can be both sustainable and profitable, and their intentional implementation will lead to long-term success.

Why The Focus on ESG

A significant shift towards broader accountability in business has emerged over

the last decade, driven by a focus on the human dimensions of business and the demand for solutions that create economic growth while respecting the environment and society. Much like the rise of the knowledge economy, whose beginning focused on understanding knowledge returns, this shift now seeks to measure the value of ESG factors. History shows that embedding ESG factors into core business activities fosters innovation and long-term growth. This is because ESG encompasses Environmental, Social, and Governance. It focuses on a company's impact on nature (Environmental), its treatment of employees and the community (Social), and its internal management and compliance practices (Governance). Introduced in 2006 by the UN's Principles for Responsible Investment, ESG factors have gained prominence, with significant growth in assets managed under ESG criteria. This section explores various interpretations and applications of ESG across industries.

Environmental (E)

Environmental factors examine how a company's operations impact the natural world. This includes energy usage, waste management, pollution control, and resource conservation. For example, Tesla's commitment to producing electric vehicles aims to reduce global carbon emissions, making it a leader in environmental sustainability.

Social (S)

Social factors assess a company's relationships with its employees, customers, and communities. This can include labor practices, community engagement, and human rights policies. An example is Patagonia, which focuses on fair labor practices and donates a significant portion of its profits to environmental causes.

Governance (G)

Governance factors examine a company's internal systems and practices, such as board diversity, executive pay, and law compliance. Firm governance can lead to better decision-making and risk management. Johnson & Johnson's commitment to transparency and ethical practices illustrates good governance, bolstering its reputation and consumer trust.

Measuring ESG Value

Various frameworks and rating agencies evaluate ESG performance, similar to the early diverse methods in the knowledge economy. The World Economic Forum and major accounting firms have developed 22 specific metrics aligned with the UN's Sustainable Development Goals to standardize

ESG measurements. However, competing frameworks and indices, like those from MSCI, Sustainalytics, and others, often lead to differing evaluations of companies, creating confusion. Despite this, ESG-focused companies outperform others due to solid fundamentals and stakeholder demand for sustainability.

Frameworks like the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD) provide guidelines for ESG reporting. Each offers a unique approach: GRI focuses on sustainability impacts, SASB on industry-specific standards, and TCFD on climate-related financial risks. For example, Microsoft uses TCFD recommendations to report its climate risks and opportunities, showcasing its commitment to transparency.

ESG ratings and indices by agencies like MSCI, Sustainalytics, and FTSE Russell offer comparative evaluations of companies' ESG performance. However, discrepancies in methodologies can lead to varied results. For instance, a company might receive a high rating from MSCI for strong environmental practices but score lower with Sustainalytics due to governance issues. Despite these differences, these ratings are crucial for investors aiming to integrate ESG criteria into their decision-making processes.

ESG is Here to Stay Because It Works

ESG practices are here to stay, supplementing traditional financial metrics by focusing on long-term impacts. Studies

show that companies with strong ESG practices achieve better long-term growth, reduced regulatory issues, and innovation opportunities. ESG investing encourages redesigning products and processes to lower costs and environmental impact, de-commoditizing value chains. Accounting standards are evolving to integrate ESG performance into business strategies.

Companies adopting ESG practices can mitigate risks, enhance brand reputation, and attract loyal customers. For instance, IKEA's initiative to use only renewable and recycled materials by 2030 has positioned it as a company focused on sustainability, boosting customer loyalty and market share.

Unilever, a multinational consumer goods company, has embraced ESG principles deeply. It ranks highly across various ESG indices due to its comprehensive sustainability plan, which includes reducing plastic waste, improving labor conditions in its supply chain, and enhancing governance structures. This commitment has improved its ESG ratings and driven long-term financial performance, illustrating the synergy between sustainability and profitability.

ESG can drive innovation by encouraging companies to develop sustainable products and services. For example, Beyond Meat's development of plant-based meat alternatives addresses environmental concerns about meat production while tapping into a growing market. This innovation aligns with ESG goals and opens new revenue streams.

A Call For Action Looking at the Future

Early ESG investors will see benefits over time. The key is recognizing that ESG investments are not a trade-off but a path to positive long-term outcomes for investors, society, and the environment. Developing a transparent metric system is essential for eliminating confusion and realizing the total value of ESG practices.

To harness the full potential of ESG, stakeholders must push for standardized metrics and greater transparency. Companies should integrate ESG into their core strategies, investors must demand ESG disclosures, and regulators must enforce consistent reporting standards. Regulations are increasingly favoring ESG integration. The EU's Sustainable Finance Disclosure Regulation (SFDR) requires asset managers to disclose how they consider ESG factors in their investment decisions. This regulatory push is compelling companies to adopt more transparent and sustainable practices, ensuring they remain competitive and compliant. This collective effort will drive sustainable growth and innovation.

The future of ESG lies in its integration into mainstream business and investment strategies. As ESG metrics become more standardized and transparent, companies that excel in these areas will lead the way in sustainable growth, setting new benchmarks for others.

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A.I., Natural Persons, Entrepreneurship, and Small Business

By: Dr. Winslow Sargeant, Immediate Past Chair of the Board, ICSB

Artificial Intelligence (A.I.) has become a transformative force across various sectors, influencing how businesses operate, entrepreneurs innovate, and individuals perceive the market landscape. The intersection of A.I., natural persons (i.e., human beings), entrepreneurship, and small business is rich with opportunities and challenges. This document explores these dimensions, highlighting the impact of A.I. on entrepreneurship and small businesses, the evolving role of natural persons in this AI-driven world, and the potential future scenarios. According to the U.S. Patent Office policy, the U.S. Patent Act only recognizes human inventors. “[T]here is no ambiguity: the Patent Act requires that inventors must be natural persons; that is, human beings.”

The Rise of A.I. in Business

A.I. encompasses a range of technologies, including machine learning, natural lan-

guage processing, robotics, and computer vision, among others. These technologies enable machines to perform tasks that typically require human intelligence, such as learning from data, recognizing patterns, making decisions, and even understanding natural language.

In business, A.I. can streamline operations, enhance customer experiences, and drive innovation. For instance, AI-driven analytics can provide deep insights into market trends and consumer behavior, helping businesses make informed decisions. Chatbots and virtual assistants improve customer service by providing instant, accurate query responses. A.I. also automates repetitive tasks, freeing up human resources for more strategic activities.

A.I. and Entrepreneurship

Entrepreneurs are often at the forefront of adopting and leveraging new technologies;

A.I. is no exception. A.I. offers numerous opportunities for startups and small businesses to differentiate themselves and compete with larger, more established companies.

1. Innovation and Product Development:

A.I. can accelerate the development of new products and services. For example, A.I. algorithms can analyze vast amounts of data to identify gaps in the market or predict future trends. This capability allows entrepreneurs to create innovative solutions that meet emerging needs.

2. Operational Efficiency: Startups often operate with limited resources. A.I. can help streamline operations by automating routine tasks such as data entry, customer service, and marketing campaigns. This automation not only reduces costs but also improves accuracy and efficiency.

3. Customer Insights and Personalization:

AI-driven analytics can give entrepreneurs detailed insights into customer preferences and behavior. This information is invaluable for developing personalized marketing strategies and improving customer engagement.

4. Risk Management: A.I. can help entrepreneurs manage risks by analyzing market conditions, financial data, and other relevant factors. Predictive analytics can forecast potential challenges and opportunities, enabling proactive decision-making.

A.I. and Small Business

Small businesses, like startups, stand to benefit significantly from A.I. However, small businesses that adopt A.I. technologies face unique challenges and opportunities.

1. Cost and Accessibility: While the cost of A.I. technology has decreased over time, it can still be a significant investment for small businesses. However, the rise of AI-as-a-Service (AlaaS) platforms has

made A.I. more accessible. These platforms offer A.I. tools and services on a subscription basis, reducing the need for substantial upfront investment.

2. Enhanced Customer Service: AI-powered chatbots and virtual assistants can provide small businesses with a cost-effective way to enhance customer service. These tools can handle common customer inquiries, allowing human staff to focus on more complex issues.

3. Marketing and Sales: A.I. can optimize marketing campaigns by analyzing consumer data to identify the most effective strategies. Small businesses can use A.I. to target specific customer segments, improving the efficiency of their marketing efforts.

4. Inventory and Supply Chain Management: A.I. can improve inventory management by predicting demand patterns and optimizing stock levels. This capability is precious for small businesses, which often face challenges in managing cash flow and inventory costs.

The Role of Natural Persons

In an AI-driven world, the role of natural persons—humans—remains crucial. While A.I. can automate many tasks, human intelligence, creativity, and emotional understanding are irreplaceable.

1. Strategic Decision-Making: A.I. can provide data and insights, but strategic decision-making often requires human judgment. Entrepreneurs and small business owners must interpret AI-generated insights in the context of their unique business goals and values.

2. Creativity and Innovation: Human creativity is a crucial driver of innovation. While A.I. can assist in innovation, humans generate new ideas and approaches. The

collaboration between human creativity and A.I.'s analytical capabilities can lead to groundbreaking innovations.

3. Emotional Intelligence: Customer interactions often require empathy and emotional understanding, areas where humans excel. While A.I. can handle routine inquiries, human staff are better equipped to handle complex or sensitive issues.

4. Ethical Considerations: Using A.I. raises ethical questions, such as data privacy, algorithmic bias, and the impact on employment. Human oversight is essential to ensure that A.I. technologies are used responsibly and ethically.

Future Scenarios

The future of A.I. in entrepreneurship and small business is promising, with several potential scenarios emerging:

1. AI-Driven Innovation Ecosystems:

We may see the rise of ecosystems where AI-driven startups and small businesses collaborate, sharing resources and knowledge. These ecosystems could accelerate innovation and create new market opportunities.

2. Democratization of A.I.: As A.I. technology becomes more accessible and affordable, even the smallest businesses can leverage A.I. to compete in the market. This democratization could lead to a more level playing field and increased market competition.

3. Human-AI Collaboration: The future will likely see more integrated collaboration between humans and A.I., with A.I. handling data-driven tasks and humans focusing on strategic, creative, and emotional aspects. This synergy could enhance productivity and innovation.

4. Ethical A.I. Adoption: As awareness of A.I.'s ethical implications grows, businesses may adopt A.I. with a stronger focus on moral considerations. This approach could lead to developing A.I. technologies that prioritize fairness, transparency, and accountability.

Conclusion

The intersection of A.I., natural persons, entrepreneurship, and small business is a dynamic and evolving landscape. A.I. offers tremendous potential to drive innovation, efficiency, and growth for entrepreneurs and small businesses. However, the human element remains vital, providing the creativity, emotional intelligence, and ethical oversight that A.I. cannot replicate. By embracing the strengths of A.I. and human intelligence, businesses can navigate this new era of technological advancement and achieve sustainable success.

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Strategies for Reducing the Carbon Footprint: The Role of the University and the Entrepreneurial Capabilities of the Ecosystem

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Introduction

The Humane Entrepreneurship Framework proposes a people-centered business approach, where human capital, entrepreneurial orientation, and high-performance work systems are valued. This approach has a strong ethical and social responsibility component. At the same time, it includes practices that encourage innovation in the design of sustainable products and processes, thus promoting a circular economy (CE).

In this framework, CE offers unprecedented economic, social, and environmental opportunities (Jurado, Cabrera, and Del Castillo, 2023 1). In the European Union,

the positive impact of the CE on job creation, business opportunities, and markets has been estimated, projecting investment opportunities worth 320 billion euros by 2025, 7% additional growth in the Gross Domestic Product (GDP) by 2030, reducing raw material consumption by a further 10%, and lowering carbon dioxide (CO₂) emissions by 17% more than would be achieved following the current development pattern (Ellen MacArthur Foundation and SYSTEMIQ, 2017 2). Likewise, it could generate 700,000 net additional jobs by 2030 (De Miguel et al., 2021 3).

In the Latin American and Caribbean (LAC) region, governments with CE strategies have mainly focused on reducing waste, promoting reuse and recycling (Samaniego

et al., 2022), and promoting sustainable practices in production and consumption. At the same time, various actors, such as companies, academia, and civil society, are growing in participation in the promotion and application of CE (Jurado, Cabrera, and Del Castillo, 2023).

The model is based on the principles of eliminating waste and pollution, keeping products and materials in use, and regenerating natural systems. According to the United Nations (UN), it offers a framework of systemic solutions for economic development, addressing global challenges such as climate change, the loss of biodiversity, and the increase in waste and pollution, while revealing great growth opportunities (Jurado, Cabrera, and Del Castillo, 2023).

Concerning cities, they are fundamentally characterized by linear metabolic functioning, which makes them both the main cause and the main victims of the ecosystem crisis. However, due to the demographic concentration that characterizes them—and that enhances economic, scientific, productive, and cultural development—cities present the greatest opportunities to generate profound changes that mitigate the causes of socio-environmental problems and increase their resilience. This is why more and more cities and local governments are developing CE strategies and action plans, seeking to migrate towards a circular metabolism that reduces both their emissions and their dependence on external resources, closing the loops within value chains through the circulation of flows of matter, water, and energy (Jurado, Cabrera, and Del Castillo, 2023).

Some of the achievable and methodologically validated strategies that allow an or-

ganization to move toward a transition are:

- Use renewable energies and materials.
- Recover, conserve, and restore the health of ecosystems.
- Return biological resources to the biosphere.
- Share assets (cars, spaces, equipment).
- Extend the useful life of products (through repair, updating, reuse).
- Reduce the carbon footprint.

Dematerialize the components of a product, among other strategies.

Knowledge of the product life cycle is essential for the appropriate selection of these strategies, as it allows a broad understanding of the supply chain and the relevance of actions to reduce the environmental impact. The carbon footprint is considered one of the key tools to quantify the potential benefit of circularity actions. The 2030 Agenda for Sustainable Development was approved by UN Member States and consists of 17 Sustainable Development Goals (SDGs) aimed at ending poverty, fighting inequality and injustice, and addressing climate change. Specifically, Goal 13 mentions the need to adopt urgent measures to combat climate change and its effects.

For decades, organizations have been looking for tools to be prepared and even lead the process of reducing greenhouse gases. Likewise, consumers increasingly consider environmental aspects in their decision-making.

If organizations commit to reducing carbon emissions from their operations and supply chains, they can contribute to the solution. This can be achieved through the efficient

use of energy resources, consumption of renewable energy, and correct waste management, among other actions.

The calculation of the carbon footprint of products, services, or organizations is a voluntary process that allows a deep knowledge of the greenhouse gas (GHG) emissions of the production processes themselves, which makes it a distinctive argument against competitors. In addition, it allows one more factor to be incorporated when selecting suppliers and optimizing processes, which facilitates a better understanding of the risks and opportunities in the supply chain. Knowing the GHG emissions generated provides data that allows mitigation initiatives to be carried out.

GHG mitigation initiatives are based on the quantification, monitoring, reporting, and verification of GHG emissions and/or removals. The ISO 14060 family provides clarity and consistency in the quantification, monitoring, reporting, and validation or verification of GHG emissions and removals to support sustainable development through a low-carbon economy and benefit organizations, project proponents, and stakeholders worldwide.

Below is an example of public-private coordination to promote the reduction of the carbon footprint in companies in the city of Rafaela (Province of Santa Fe, Argentina), where the relevant role of the University is in the transfer of knowledge.

The Rafaela Case: An Experience of Interaction between SMEs, Universities, and Institutional Environments

Since 2018, the “Sustainable Institutions” program has sought to accompany organizations, businesses, and companies to add commitments to caring for the environment in the city, especially concerning waste management and separation at source.

This project results from an articulated work between the Municipality of Rafaela, two universities of the city: UNRaf (National University of Rafaela) and UTN Rafaela (National Technological University, Rafaela Regional Faculty), and the companies that adhere to the program, which to date number 80.

It should be noted that this program is part of a more comprehensive initiative at the city level called “Rafaela + Sustainable,” which is the result of a collective, articulated, and transversal effort of a set of public and private sector institutions. Non-governmental organizations and the Rafaela society have also been protagonists. All the secretariats and directorates of the Municipality of Rafaela, the Commercial and Industrial Center of Rafaela and the Region and its business chambers, the Rural Society of Rafaela, different companies, the professional, scientific, technical, and consultant teams of the INTI, INTA, and the educational community in general, among other actors, have been involved.

With each company that joins the program, an audit process is carried out, the corresponding report is prepared, and an improvement plan is proposed. According to the level of commitment assumed by each company, it is awarded a seal: white, blue, green, and gold.

The white seal corresponds to a level 1 environmental commitment, which includes

companies or institutions that participate in some special municipal waste collection (office paper, recoverable in micro-centers, or cardboard from large generators) and comply with current local regulations on urban solid waste.

The blue seal (implying a level 2 environmental commitment) is annexed to the aforementioned by carrying out audits on waste management, with the corresponding report and improvement plan.

The green seal refers to a level 3 environmental commitment. This level also includes the signing of an agreement with the Rafaela Sustainable Development Institute (dependent on the Municipality) and Urban Reclaimers Cooperatives.

The gold seal represents a level 4 environmental commitment, which involves, in addition to what has been mentioned so far, the measurement of the carbon footprint and the corresponding mitigation plan.

The organizations that participate in the program are guided by technicians from the program area in waste management and the application of good environmental practices, as well as in training actions.

The National University of Rafaela intervenes specifically in the granting of the gold seal through the measurement of the carbon footprint and the generation of indices from which to design mitigation strategies. The process carried out is the following:

1. Energy consumption is surveyed which gives rise to the quantification of the carbon footprint (CF).

2. The ISO 14064-1:2019 standard is used, which establishes criteria to measure corporate CF.

3. A detailed report is delivered to the organization with the calculation of the CF and the mitigation plan.

The objective of this carbon footprint measurement study is to know and evaluate the magnitude and significance of the environmental impact generated by the GHGs emitted by a certain organization. It seeks to understand the environmental importance of this impact to generate preventive and/or corrective measures, avoiding the emission of these gases into the atmosphere as much as possible. The report is delivered to the organization's management.

Based on the results, it is expected that the organization can plan its actions to compensate for and reduce emissions with reliable information obtained following an international standard.

Regarding the considerations for the calculation, the GHG accounting and reporting procedure is based on the international GHG Protocol methodology from the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). This standard is used by 92% of Fortune 500 companies that report to the Carbon Disclosure Project, the largest global carbon footprint accounting project. The ISO 14064-1 Standard is also taken as a reference.

GHG emissions are consolidated at the facility level under the operational control approach. That is, all GHG emissions are considered in the facilities over which the organization has operational control.

Next, the emissions associated with the organization's operations are identified, classifying them as direct or indirect emissions, and the scope of accounting and reporting for the indirect emissions is selected.

A mitigation plan consists of a group of measures and/or strategies that aim to avoid or reduce emissions. The first option aims at direct reductions with projects or training on energy efficiency, reduction in fuel consumption, improvements in logistics, and waste management, among others. A second alternative consists of compensation through the purchase of carbon credits or the implementation of the organization's plan.

In 2023, twelve organizations adhered to the carbon footprint measurement. Regarding mitigation plans, about urban regeneration, the agreement between the organization and the municipality seeks to enhance public spaces in the city that are currently undervalued or underutilized. It allows the repair or recovery of sectors to generate positive impacts on the urban environment and the quality of life of the population, including, mainly, afforestation actions, promotion of renewable energies, sustainable mobility, and/or recreational furniture.

Conclusions

In conclusion, the Sustainable Institutions Program represents a successful example of collaboration between the public, academic, and private sectors in the city of Rafaela, Province of Santa Fe, Argentina. By integrating efforts from the Municipality, universities, business chambers, institutions, and local businesses, the program

has managed to foster a significant commitment to environmental management and sustainability. The implementation of audits, improvement plans, and the assignment of environmental commitment seals according to participation levels has encouraged companies to adopt more responsible and sustainable practices in waste management and reducing their carbon footprint.

This articulated approach not only promotes environmental awareness and the adoption of best practices among participating organizations but also contributes to the improvement of the quality of life in the community. Urban regeneration actions and the emphasis on mitigating greenhouse gas emissions demonstrate a positive impact on both the urban environment and the sustainable development of the city. The success of the program lies in its ability to generate a culture of shared responsibility and continued commitment to environmental sustainability.

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Sustainability in the Built Environment: The Galapagos Experience

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The world is at a critical juncture. Since 2020, cities, in particular have been re-adapting to what is known as “the new normal.” Residents of cities, especially the poor and vulnerable, have been disproportionately affected by the social, economic, and political consequences of the Covid pandemic and other global crises.

Cities also increasingly feel the impacts of rising temperatures and extreme weather events due to climate change caused by greenhouse gas emissions from human activities. Furthermore, recent armed conflicts have affected entire cities and communities, leading to widespread humanitarian crises.

These events have resulted in significant setbacks in eliminating poverty and creating inclusive, safe, resilient, and sustainable cities. Humanity is not only falling short of achieving the United Nations Sustainable Development Goals (SDGs) , but the future seems increasingly uncertain

due to the acceleration of various crises, including environmental, economic, geopolitical, and societal challenges, which are widening disparities worldwide.

The current reality of climate change, pandemic risks, and wars devastating cities reinforces the urgent need to set cities on a path to creating a better urban life for future generations.

Access to safe, affordable, and healthy housing has become a critical issue, with millions of lives at risk due to its absence. On a global scale, the release of greenhouse gases is leading to climate changes that endanger life on Earth. According to the International Energy Agency (IEA) , in the “Global Status Report for Buildings and Construction 2019,” the building industry contributes to approximately 39% of these emissions.

The current climate and energy crisis demands a discussion of sustainable

construction and urban planning. One of the most critical factors for sustainable construction relates to operational aspects of buildings, such as air conditioning and lighting. Making sustainable and energy-efficient improvements to buildings has significant potential to reduce their environmental impact and ultimately combat the climate crisis. Sustainable housing is a primary defense against climate change and health hazards. It is possible to significantly decrease carbon emissions and environmental impacts in construction and the resulting built environment through effective design, sustainable building materials, and by incorporating low-carbon, reusable, and zero-waste approaches.

Additionally, generating public policies encouraging the upcycling of existing buildings can bring about meaningful progress toward sustainable building practices. This approach promotes resource conservation, reduces waste, and fosters a more sustainable built environment.

The Galapagos Experience in Sustainable Construction

Islands have minimal influence on the climate crisis, but mainly due to sea level rise and extreme weather events, they are the environments most vulnerable to it.

According to the Galapagos National Park, 97% of the Galapagos archipelago is designated as a protected area, while the remaining 3% constitutes urban and rural areas with a population of approximately 30,000 individuals.

In this region, most buildings have been constructed using iron and cement without considering the unique climate of the Gala-

pagos. This oversight results in high water demand and energy consumption -primarily generated by power diesel plants imported from the mainland-.

The Living Lab Sustainable Building Project or LLES (Living Lab de Edificación Sostenible in Spanish) conducted in the Galapagos archipelago is revolutionizing public, residential, and tourism infrastructure. The LLES Project has been developed specifically in Galapagos island contexts to reduce the infrastructure's environmental impact and, even more, to increase its resilience capacity. However, this initiative seeks to redefine the architectural paradigm globally, not only within the Galapagos. The primary goal of this project is to enhance the quality of life for individuals and their surroundings by transforming public buildings, residential structures, and hotels through sustainable construction practices.

The first islands participating in the LLES Project are:

SAN CRISTOBAL ISLAND

Building: Holguín Housing

Edifice with mixed program, typology of housing with productive use.

SANTA CRUZ ISLAND

Building: Galo Plaza Lasso School

Public building with an educational program.

ISABELLA ISLAND

Building: Hotel Paraíso de Isabela Private construction in the tourism sector.

LLES Project promotes the transformation of the conventional construction paradigm, incorporating bioclimatic architecture strategies like passive measures (for

example, protection of facades with urban trees, eaves -roof extensions-, and window screens -louvers, shutters-) to minimize heat gain and maximize cooling. Based on participatory processes with civil society and inter-institutional coordination, the following outcomes were developed:

- **Regulatory Framework:** Public policies that promote sustainable building practices were implemented. This effort established three ordinances in three municipalities (San Cristobal, Santa Cruz, and Isabella) to encourage the transformation of existing building stock.
- **Transformation in Architecture:** Nine architectural design packages were developed to reduce electrical energy consumption and enhance user comfort.
- **They were strengthening Capacities.** Learning spaces were created focused on architecture, engineering, and construction with an emphasis on sustainability. This initiative established a workshop school for construction agents and three experiential and demonstrative laboratories concentrating on public, hotel, and residential buildings.

The project is scheduled to run for 36 months. It started in May 2021 and will conclude in May 2024. It is estimated that the improvements in the Galapagos built park represent a savings of between 28% and 50% of baseline energy consumption, increasing comfort, reducing economic investment in air conditioning, and improved the quality of life of users (house residents, students of the school and tourists in the hotel).

SDGs: LLES Project Contribution

Currently, building practices are destroying the planet. Faced with this reality, the Ec-

uadorian State is advocating for the decarbonization of the Galapagos by 2030 and is dedicated to aligning with the United Nations Sustainable Development Goals and the New Urban Agenda . The implementation of the Living Lab Sustainable Building Project (LLES) in the Galapagos Archipelago supports global initiatives to adapt to and mitigate climate change. This effort has been acknowledged as an Ecuadorian National Determined Contribution (NDC), the first of its kind in the Galapagos.

In this regard, the LLES Project has a substantial impact on advancing UN SDGs in Ecuador through its social impact processes, partnerships, and innovative solution development. For example, the Labs's work contributes to SDG 7 (Affordable and Clean Energy), SDG 11 (Sustainable Cities and Communities), SDG 13 (Climate Action), and SDG 17 (Partnerships for the Goals). These results show that Project Living Lab has a wide-reaching influence on various SDGs, thereby contributing to overall sustainability and development objectives.

The LLES initiative is funded by the Euro-clima+ program of the European Union, with technical support from the French Development Agency (AFD) and the Spanish Cooperation Agency (AECID). In the Galapagos Islands of Ecuador, the Governing Council of the Galapagos Special Regime (CGREG) is the project's beneficiary, and the consortium's partner institutions are the Municipal Decentralized Autonomous Governments of Santa Cruz, Isabela, and San Cristobal, as well as the Association of Ecuadorian Municipalities. Mentefactura carries out the implementation of the Living Lab Project. Moreover, the consortium, consisting of the Fundación Futuro Latinoamericano (FFLA) and EBP Chile, is responsible for promoting replication in the Latin

American context. Additionally, Smartly, a Social Entrepreneurship initiative focused on the Sustainable Development Goals (SDGs), is sponsoring the international replication and scaling of the Project.

To expand the impact, the lessons from the LLES Project process are being made available to similar places in Latin America and the Caribbean. Many locations in the region will thus be able to face current challenges together, in transitioning towards a new sustainable building paradigm in the region. In this sense, commitment and financing from public and private government sectors will enable sustainable urban development. This process strengthens the local regulatory framework, the development of technical solutions, and energy efficiency.

Replication: Islands from Mexico and Colombia

The LLES Project aims to replicate its success in Latin America and the Caribbean. To achieve this, LLES conducted a study and systematized indicators to select islands in the region with conditions and characteristics similar to those of the Galapagos. As a result of this study, three islands from Mexico (Holbox of Lazaro Cardenas, Isla Mujeres, and Cozumel) and one from Colombia (San Andres Island) were chosen.

Government authorities from these islands will have the opportunity to personally learn from the Galapagos experience and receive technical support for designing a project tailored to their local context. This support includes workshops with architects, sustainability and climate change experts, energy efficiency professionals, and more.

Additionally, technical visits are organized to showcase the rehabilitations carried out as part of the project. These visits have also facilitated the establishment of a Regional Sustainable Building Network and the signing of a commitment document to transition towards sustainable building and implementation of the project in the municipalities of the region.

Urban Thinkers Campus on Green Construction Practices and Lessons Learned

To promote best sustainability practices within the built environment, an Urban Thinkers Campus (UTC) -an initiative of the UN-Habitat World Urban Campaign (WUC)-, was organized with the support of Smartly, the International Union of Architects (UIA), and St. Gallen University, all of which are members of the WUC.

UTC serves as a knowledge-sharing platform that brings together diverse professionals, researchers, experts, academics, community leaders, and other stakeholders to discuss and address the contemporary urban challenges in the face of climate change and provide a space for reflection and collective action around critical urban issues. The event aimed to highlight

the importance of the New Urban Agenda in addressing sustainable construction and urban planning, the UN Sustainable Development Goals, as well as the manifesto “The City We Need Now!” to raise awareness and promote positive changes to obtain green, healthy, well-planned urban initiatives to achieve SDG 11.

During the UTC, one of the highlighted best practices was the Galapagos expe-

rience through Project Living Lab or LLES Project, showcasing how it has contributed to transforming the architectural paradigm. This LLES Project ecosystem was developed over two and a half years through the collaboration of international cooperation agencies, consultants, local governments, civil society, and the private sector. Workshops and activities were organized to advocate for sustainability in the built environment to change the mindsets of local actors on this topic.

One of the lessons learned has been a profound understanding of how to capture local demands and contribute to the process of changing mindsets and improving sustainable building practices in the local community. Periodic activities, such as workshops, allowed the Project to gather the community's feedback and adjust its targets accordingly, as well as to give information about sustainable construction practices.

One of the biggest challenges for the future is securing the commitment of government authorities for these efforts and initiatives, especially during times of rapidly evolving crises and limited resources. In this context, the guidance and support of international institutions become vital to ensure the process and results that humanity needs, as they can provide long-term processes that domestic institutions sometimes cannot due to democratic changes.

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Students Are Our Secret Weapon: Hidden Key to Growing Local Entrepreneurial Ecosystems

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It is often a pleasant surprise for ecosystem builders and champions to see how students can contribute significantly to the health of the local entrepreneurial ecosystem. Sometimes, this is an entrepreneur or as part of another venture. However, their contributions often go far beyond this and enhance the ecosystems more directly. We also know that in many arenas, university students emerge as the best boundary spanners universities have with the community, usually without support or encouragement (Swartz et al., 2024; Weerts & Sandmann, 2010).

For those who design, develop, and deliver entrepreneurship policy at any level, a powerful resource for growing entrepreneurs and entrepreneurship has existed. Allowing, encouraging, and supporting students to take the initiative to help grow the

ecosystem costs little and yields broad, deep results. We encourage policy experts to take advantage of this resource.

I look forward to helping you to help your entrepreneurs.

Many ICSB members have had positive experiences with students, but have we recognized just how much difference that students can make. Typically, this engagement conjures a vision of eager young entrepreneurs leveraging their schooling to start ventures. As powerful as this can be, it only scratches the surface of how students can help grow local entrepreneurial ecosystems in healthy directions (see ICSB Global Education Report).

The OECD and its Entrepreneurship360 initiative convened a room full of diverse experts along with 26 of the best primary

and secondary school entrepreneurship programs. A curious thing surfaced. Every one of these programs had several factors in common:

- Every program was primarily student-led (even in lower grades); most were student-designed.
- Always a professionally trained educator at the helm. Occasionally team-taught but still with someone fully trained in education, science, and practice.
- Vigorous, ongoing assessment usually on multiple dimensions of student outcomes and other stakeholders.

And, most intriguingly...

- Deep engagement with the ecosystem (typically led by the students), superficial immersion and vibrant co-immersion.

In almost all of these programs, the students deeply engaged the entrepreneurial and business communities. This is powerful evidence that students can be highly effective boundary spanners, even at a young age.

Another important element is that great entrepreneurial learning requires cutting-edge educational expertise in theory and practice (Foliard et al., 2018; Jones, 2020; Kariv, 2019; Penaluna et al., 2022; Winkel, 2013). For example, do project-based classes faithfully entail documented best practices at project-based learning?

Consider peer teaching: The QREC center at Kyushu University can offer a much larger array of courses by effectively deploying students to design and deliver courses. Challenge-based learning (Reyman et al., 2022)? Or just imitating blindly (Brentnall et al. 2024)? What better vehicle than engaging with the ecosystems and a broad range of stakeholders?

Many classes claim to be “experiential,” but they are not experiential unless you demonstrate deep cognitive change(s). Are you changing, for example, critical facets of the entrepreneurial mindset (Kaffka & Krueger, 2018; Neergaard et al., 2012)? How are you assessing this (Moberg, 2014; Ruskovaara et al., 2015; Sieger et al.)? The preceding argue that whatever entrepreneurial learning you promote requires a careful design-based approach, such as designerly thinking (Penaluna et al., 2022; Derre, 2023).

Sound education theory and practice argue that we need more rigorous assessment, especially with tools already available, such as HE Innovate’s EPIC (https://heinnovate.eu/sites/default/files/EPIC_user_guide.pdf) and EU’s Entre-Comp (www.entrecomp.eu). Gallup Education found that best-practice project-based learning has multiple cognitive and noncognitive impacts with significant effect sizes that persist for years (www.letsoglearn.com/education-reform/project-based-learning/).

Consider the value of the entrepreneurial ecosystem, too. The entrepreneurial potential of a local economy depends on the growth of your potential entrepreneurs (Krueger, 2020). Put another way, we need to grow both entrepreneurial human and entrepreneurial social capital in a robust process of co-evolution. At Aalto University, students created programs such as the legendary Slush conference (Björklund & Krueger, 2016) by proactively engaging the business community.

From the practitioner perspective: We have shared their insights in prior MSME reports (Appendix I), including, for example, the Kauffman Foundation-launched ESHIP program (2017-2021) and its successor,

the Ecosystem Builder Leadership Project/Network. Their experiences suggest consistently that to grow a healthy entrepreneurial ecosystem, traditional top-downs are rarely successful but dominate policy efforts. Thus, they are encouraged by examples such as these and often find students of any age more helpful than their elders.

Other Exemplar Programs

In the USA, the Small Business Administration created a program called Small Business Institute, which would pay universities for students to do field projects supporting local small businesses, usually giving the students considerable autonomy. When the program was discontinued, most universities continued (<https://small-businessinstitute.wildapricot.org/>). Other student consulting projects have proliferated, though rarely with consideration of education theory and practice. For example, in Boise, the students helped with a wide variety of ventures and helped ecosystem actors, such as helping the local entrepreneur meetup group sound financial footing. This program also partnered with the state's large federal research lab (www.inl.gov) on economic development support, supporting the US Department of Energy's Industries of the Future and, ultimately, technology commercialization. It also teamed up with master's students in engineering and business to draft SBIR grant proposals for universities, industry, and entrepreneurs (Krueger, 2009).

However, this pales compared to the long-running venture creation program at the Chalmers School of Entrepreneurship in Gothenburg. Teams of students in the M.Sc Technology Commercialization mid-

wife novel technologies from the university and industry to launch and external funding (Lackeus et al., 2016).

Many of the best examples have mindfully helped the students to engage with the ecosystem independently (e.g., Nigel Adams' program at the University of Buckingham, <https://beiu.co.uk/>). We also see powerful extracurricular programs in secondary education that combine expert educators, proactive students, and vigorous assessment (e.g., Moberg 2014; Ruskovaara et al., 2015).

One of the first virtual accelerator programs is Kinect Capital (www.kinectcapital.org; née VentureCapital.org), which recruits students to serve as autonomous liaisons between client ventures, angel investors, and VCs. More than interns, they quickly become adept connectors. The Kauffman Entrepreneurial Internship Program supported paid internships in a university's startup community. Also, there is a rising tide of students blogging and podcasting in the community, skillfully using social media.

Increasingly, educational institutions are making deep engagement with a wide variety of stakeholders and explicit ecosystem understanding of the core features of entrepreneurship classes, including ICSB's headquarters university, George Washington University (bit.ly/EcosysGWU). One central theme of this class illustrated how we can use classes to galvanize and channel student interests, such as sustainability. This included connecting students to a global expert with the UN (www.bit.ly/ChantalSDG). We are also beginning to have students design and lead deep ecosystem mapping.

Finally, we would be remiss to forget that the ICSB itself has walked the walk, including students not just as employees but also as senior managers. Secret weapons, indeed.

Where Next?

How can we give more visibility to what students are already doing in ecosystems, but this time focusing on what they bring to the table, not just what they go out and get? Here are a few quick thoughts:

* A good mantra to keep in mind is “Celebrate. Educate. Initiate.” We need to identify examples such as there and celebrate them, learn the right lessons from these efforts, and then use them to inspire future productive lessons. That will require identifying truly student-led and student-designed efforts that can be politically sensitive. Not all educational institutions like Aalto are eager to celebrate that their students have done much without faculty or administration support.

* Research is needed, but does this not suggest the potential of engaging the students themselves and their various stakeholders through action research projects (and participatory action research and community-based research)? We would encourage the active participation of practitioners, including ecosystem builders and champions and the entrepreneurs themselves, from day one.

* Again, an assessment implemented skillfully and rigorously advances the practice and is fertile ground for research. Only a handful of studies intending to assess the impact of entrepreneurship training are generalizable (Nabi et al. 2017).

* Finally, we need a richer understanding of why students can be so effective. If we ask the ecosystem builders, they would suggest that students interact and connect with stakeholders as individuals, not as institutions. Research already shows us that the key element of ecosystems is not the institutions but the connectors (e.g., Stam & Van de Ven 2021; Theodoraki & Messegem, 2017). If students (or anyone) put stakeholders’ interests ahead of institutions, how do we protect and support the connectors?

In conclusion, students are indeed our secret weapon. For policy and practice, we need to better understand how to maximize their impact and the obstacles they face. But if we embrace professional education theory and practice and embrace a more bottom-up, connector-centric model of ecosystems, there is much low-hanging fruit at our fingertips.

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Harnessing Tourism & Sports for MSMEs Development & Economic Growth

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Introduction

Micro, Small, and Medium-sized Enterprises (MSMEs) are essential to the tourism and travel sector, representing approximately 80% of all tourism enterprises worldwide and up to 98% in select G20 nations (World Tourism Organization, 2022). MSMEs can significantly benefit from tourism and travel opportunities by leveraging local cultural, historical, and natural attractions to develop niche markets. This influx of tourists spurs economic growth, resulting in job creation and increased demand for local goods and services. Moreover, tourism helps safeguard cultural and natural heritage, fostering community pride and identity (ILO, 2022).

Similarly, the sports sector presents vast potential for MSMEs. Sports events, ranging from local tournaments to international competitions, attract visitors and stimu-

late economic activity (Kirby et al., 2018). MSMEs have the potential to engage in various aspects of the sports industry, such as event management, merchandise production, and hospitality services (Jones et al., 2020). For instance, the Organizing Committee for the Paris 2024 Olympics and Paralympic Games has hired approximately 460 local businesses from the social and solidarity economy (ESS), contributing to the Olympic Games by providing services in construction, hospitality, catering, and logistics (IOC, 2024).

Despite their considerable potential, MSMEs in tourism and sports encounter numerous obstacles. These factors include restricted access to funding, insufficient infrastructure, and the necessity of digital transformation. Solving these challenges requires coordinated efforts from the government, private sector, and international organizations. To maximize the contributions of MSMEs to economic growth, it is crucial to

implement innovative strategies and policies that help them overcome obstacles (Cardella et al., 2021; Stojčić & Vizek, 2024).

This article aims to explore the contributions of the tourism and sports sectors to the economic growth and development of MSMEs. By examining business cases, best practices, and policy interventions, we seek to provide a comprehensive understanding of how these sectors can drive sustainable and inclusive growth for MSMEs. The research question guiding this discussion is: What contributions do tourism and sports sectors make to the economic growth and development of MSMEs? Through this exploration, this article highlights the potential of these sectors to transform local economies and promote resilient and vibrant communities.

The Economic Impact of Tourism MSMEs

MSMEs are increasingly capitalizing on the opportunities offered by the tourism sector. The tourism industry provides a wealth of possibilities for local businesses, including hospitality services, travel products, unique local experiences, and authentic cultural attractions. By offering specialized services tailored to the evolving needs of travelers (Pham et al., 2021), MSMEs attract a broad range of tourists, boosting their revenue and market share (World Tourism Organization, 2022).

The case of the tourism MSME's digital transformation in Seoul, South Korea, illustrates how MSMEs in the tourism industry can improve their operational efficiency, customer engagement, and market reach, which leads to cultivating a sustainable local economy. Initiatives by the UNDP Seoul Policy Center (USPC) and partnerships with

the Small Enterprise and Market Service (SEMAS) have enabled local businesses to adopt digital solutions such as AI-embedded online booking systems and social media marketing, which are essential for competitiveness in a global market (UNDP, 2023).

Sri Lanka's tourism sector exemplifies how sustainable practices can drive MSME growth. By adopting eco-friendly methods, MSMEs attract environmentally conscious tourists, boosting revenue. Local businesses use eco-friendly materials in handicrafts, appealing to eco-conscious consumers. Additionally, MSMEs that engage in community-based tourism foster local development and community pride and attract more tourists. Practices using renewable energy enhance profitability and market access. These efforts not only benefit individual businesses but also contribute to sustainable and inclusive economic growth (Connecting Business initiative, 2022).

MSMEs are leveraging the vast opportunities in the tourism sector by offering bespoke services customized to the discerning tastes and predilections of travelers. The travel and tourism industry contributed 9.1% to global GDP in 2023, demonstrating its role in driving economic growth (WTTC, 2024). By leveraging these opportunities, MSMEs can increase profitability and contribute to sustainable and inclusive entrepreneurial ecosystem development.

The Economic Impact of Sports MSMEs

Hosting mega-sports events such as the Olympics, FIFA World Cup, and regional sports tournaments significantly benefits local MSMEs through financial gains and global visibility. Kirby et al. (2018) delved

into the three past mega-sports events, including the 2012 and 2016 Olympic Games and the 2014 FIFA Football World Cup, to unravel the economic impacts of sports MSMEs. For example, as of the beginning of 2012, MSMEs were the dominant business type in London, comprising 99.8% of all businesses. They played a vital role in the city's employment, accounting for almost half of the total workforce and contributing 48% to the business turnover (Department for Business, Innovation, & Skills, 2012). In Brazil, small businesses accounted for 52% of total employment by the end of 2013, as stated by the Brazilian Micro and Small Business Support Service (SEBRAE, 2015).

Personal trainer entrepreneurship is another noteworthy field in sports entrepreneurship due to its conspicuous contribution to local communities and economies. Jones et al. (2020) emphasize the importance of resilience, innovation, and strategic orientation in managing personal trainer businesses. These entrepreneurs should enhance their digital capabilities and develop comprehensive strategic plans to ensure sustainability and competitiveness amid future disruptions.

The sports industry plays a role in enhancing the economic growth and productivity of regions and nations worldwide (Pedersen and Thibault 2018; Ratten 2011). Pedersen and Thibault (2018) analyze that the total global spending on sports and sports-related merchandise is estimated to be between \$600 billion USD and \$1.3 trillion USD. The forecast does not take into account earnings from sports gambling, as regulations governing this sector vary greatly by geographical area and have only recently become more lenient in key markets such as North America, specifically the United States.

Challenges Faced by MSMEs in Tourism and Sports

Limited access to financial resources is one of the key characteristics that make MSMEs in tourism and sports vulnerable to external shocks such as natural disasters, pandemics, and economic crises and constrain their ability to respond effectively. Pham et al. (2021) emphasize that tourism MSMEs often have minimal financial resources and face challenges in obtaining capital, which can severely affect their business activities in the aftermath of disruptive events. For instance, the tourism MSMEs in the Eastern Caribbean faced significant challenges during the pandemic, leading to a socio-economic crisis as most tourism activities came to a halt. Therefore, these businesses encountered a severe economic challenge, which is essential for the region's economy (UNDP, 2021). Sports MSMEs, especially personal training centers, suffered greatly from the pandemic, experiencing a sharp decrease in turnover and revenue because of closures and social distancing measures. According to González-Serrano et al. (2023), personal training centers in Spain experienced an average 64 % decrease in turnover between April 2020 and March 2021 due to closures and facility restrictions, leading to a total loss of €1.505 billion during the pandemic.

Infrastructure limitations are a major obstacle to the growth of MSMEs in tourism and sports, too. Researchers point out insufficient transportation infrastructure restricts tourist access to remote areas, while inadequate internet connection hinders digital marketing and online booking systems (Alford & Jones, 2020; World Economic Forum, 2019). Furthermore, limited access to high-quality facilities and venues poses a

challenge for sports MSMEs, hindering their training and events. OECD points out that sports tourism can drive economic development, but this potential is often hampered by insufficient infrastructure (OECD, 2020). These infrastructural deficiencies not only constrain the growth potential of MSMEs but also affect their competitiveness and ability to attract and retain customers, ultimately hindering overall sectoral development.

MSMEs in the tourism and sports sectors also face major obstacles when it comes to digital transformation. It is essential to foster innovation and digital transformation throughout the sectors' value chain in order to remain competitive. Providing training for MSMEs on how to use AI-embedded market intelligence systems effectively can offer essential insights for strategic decision-making. Incorporating creative industries into tourism and sports packages can broaden the range of products and boost competitiveness. However, MSMEs commonly come across hurdles in accessing AI platforms, technological infrastructure, and digital skills, which restrict their ability to fully leverage digital opportunities and innovation (González-Serrano et al., 2023; World Tourism Organization, 2022). It is imperative to address these challenges by implementing specific policies and support programs to ensure their sustainable development.

Policy Interventions and Recommendations

The G20 Bali Guidelines were developed by UN Tourism at the request of the Indonesian G20 Presidency, concentrating on MSME empowerment as central agents in an imminent business recovery post-COVID-19. The guidelines emphasize the importance of coordinated policy actions to support the

industry's recovery, with particular attention to marginalized communities. The following three initiatives discussed in the UN Tourism report are instrumental in implementing policy measures to address the challenges faced by tourism and sports MSMEs (World Tourism Organization, 2022). Key Initiatives of Action (adopted from World Tourism Organization (2022)):

1. Human Capital: Jobs, Skills, Entrepreneurship, and Education

- Bridge the labor shortage by advocating for education and skill enhancement programs that meet industry requirements.
- Provide targeted initiatives to strengthen the resilience and recovery of MSMEs.
- Promote the retention of skilled employees and the development of jobs that add value.

2. Innovation, Digitalization, and the Creative Economy

- Inspire innovative thinking and facilitate the integration of digital transformation within all aspects of the industry's value chain.
- Create market intelligence systems and provide training for MSMEs on how to use them efficiently.

- Blend creative sectors into the MSME businesses to diversify options and enhance competitiveness.
- ### **3. Policy, Governance, and Investment Frameworks**

- Align tourism and sports business development with the UN Sustainable Development Goals 2030 Agenda.
- Strengthen governance frameworks and foster partnerships between the public, private, and community sectors to promote tourism and sports MSMEs.
- Enhance investment structures and advocate for sustainable financial mechanisms

to support MSMEs' growth.

Targeted financial assistance programs are essential to address the limited access to financial resources for MSMEs in the tourism and sports sectors. The World Tourism Organization (2022) suggests that governments should collaborate with financial institutions to create accessible financing options, including low-interest loans and grants specifically designed for MSMEs. This can help businesses recover from crises such as natural disasters and pandemics and build resilience against future shocks.

Substantial investment in transportation and digital infrastructure is needed to tackle infrastructure limitations. By upgrading transportation networks, tourists will have better access to remote locations, and improving internet connectivity will empower MSMEs through digital marketing and online booking systems. The main goal of government initiatives should be to enhance the quality of facilities and venues to support sports MSMEs and stimulate sports tourism.

Embracing digital transformation and innovation is imperative for MSMEs to stay competitive. All stakeholders need to advocate for policies that drive the adoption of digital technologies throughout the industry value chain and fuse creative sectors to enrich the assortment of tourism and sports offerings. This encompasses the creation of AI-embedded market intelligence systems and the provision of training for MSMEs to make effective use of them. Teaming up with tech firms can expedite digital transformation and encourage sustainable solutions.

Comprehensive support programs are necessary to overcome the challenges faced by MSMEs in digital transformation. The focus of these programs should be on increasing

access to AI platforms, improving digital skills, and offering the necessary technological infrastructure for innovation. The adoption of these policy measures can help MSMEs in the tourism and sports fields to reach sustainable development and greater competitiveness.

Conclusion

Tourism and sports sectors offer remarkable opportunities for the development and growth of MSMEs. These businesses play a vital role in the global economy, making up a large part of the tourism and sports industries. By tapping into local cultural, historical, and natural assets, MSMEs can attract visitors, boosting local economies through job creation and increased demand for local products and services.

A case study in Seoul, South Korea, demonstrates how tourism MSMEs can optimize operations and broaden their market reach by embracing digital technologies like online booking services and social media advertising. Such transformations are crucial for staying competitive in a global market. Similarly, Sri Lanka's sustainable tourism practices highlight how eco-friendly methods and community-based tourism can attract environmentally conscious tourists, create jobs, and support local development, contributing to sustainable and inclusive economic growth.

The sports industry also presents ample economic opportunities for MSMEs. Holding megasporting events such as the Olympics and FIFA World Cup leads to global visibility and financial gains for local businesses. By championing health and wellness, creating employment opportunities, and driving economic activity, personal trainer entrepreneurs make a considerable impact on local economies.

However, MSMEs face challenges such as limited access to financial resources, inadequate infrastructure, and the need for digital transformation. These issues can only be resolved through collaboration between governments, the private sector, and international organizations. Enabling MSMEs to have a greater economic impact requires policies that promote financial access, infrastructure enhancement, and digital innovation.

In conclusion, tourism and sports sectors have the potential to drive sustainable and inclusive growth for MSMEs. Through seizing opportunities and conquering obstacles, these businesses have the power to revitalize local economies and enhance the strength of communities. To ensure the thriving of MSMEs and their pivotal role in economic development, strategic policies must be implemented and innovation fostered.

The Need for a New Entrepreneurship Paradigm to Address the Issue of Inequality

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Introduction

In “Harmonious entrepreneurship; a sustainable model for addressing global inequality” (Kirby & Healey-Benson, 2024) we consider how entrepreneurship has contributed to global inequality and, through analysis of 6 cases drawn from different industrial sectors and geographical contexts, formulate an innovative systemic business model that demonstrates how entrepreneurship may address the exploitation of people and the environment, thereby helping to ameliorate the issue of global inequality. This paper summarises the findings of that research.

The Challenge

Traditionally entrepreneurship has been regarded as a force for good having been linked with wealth creation and economic development. However, it has also been

responsible for income inequality, the exploitation of the most vulnerable in society, and, according to Isenberg (2014), is an inevitable consequence of enterprise being seen as a reward for risk-taking. This is not something new dating back centuries as entrepreneurs have exploited not only natural resources but also native populations. A classic early example of such activity is the 17th century East India Company that, in its drive for wealth through the supply of nutmeg, exploited and decimated the population of the Banda Islands in Indonesia.

While income inequality may be a direct consequence of entrepreneurial activity as Isenberg contends the exploitation of people and the inequality resulting from lack of opportunity or access to education, health services, food supplies, clean water, etc., is not. Rather, we contend, it results from the doctrine that the purpose of business is

to satisfy its investors by “making as much money as possible” (Friedman, 1970). In the drive for profitability both the planet and its inhabitants have been harmed, creating the current global sustainability challenge in general and inequality in particular.

The challenge then is to explore if and how entrepreneurship may address the sustainability challenge as it relates to inequality in particular - to SDGs 10 (Reduced Inequalities) and 5 (Gender Inequality) but also SDGs 1 (No Poverty), 2 (Zero Hunger), 3 (Good Health and Well-being), 4 (Quality Education), 6 (Clean Water and Sanitation), 7 (Affordable and Clean Energy), 8 (Decent Work and Economic Development and 16 (Peace, justice and Strong Institutions).

Case Evidence

The research on which this paper is based has identified 160+ entrepreneurial ventures, mainly startups, that are addressing the sustainability challenge in different industry and politico-economic contexts. Of these some 12 specifically address the issue of inequality and the study is based on 6 of these cases, namely:-

Aduna (the UK and Africa)

In 2004, Andrew Hunt a University of Sussex English Literature graduate founded Aduna an award-winning certified B-Corp that promotes Africa’s natural superfoods and empowers more than 3,000 farmers. The products it sells, which are all 100 per cent natural, include Baobab fruit, Moringa leaf, raw Cacao (cocoa), Fonio grain and Hibiscus flower. They, and others, are sourced from small-scale producers enabling Aduna to ensure both the quality of its products and the income for its producers. Currently there are some 2664 producers living in 63 remote communities and Aduna partners with a local conservation Non-Governmental Organisation (NGO)

ORGIIS, to collect the fruit. Additionally, it also employs a further 487 women to powder the fruits and, as a result, the average annual income has risen from £9 to £119 in what are some of the poorest regions of the country, where hunger and malnutrition are prevalent. This has helped to transform the lives not just of the women themselves but of their families and communities.

Ceilan (Sri Lanka)

Siddha medicine, one of the oldest systems of traditional medicine in the world, is the inspiration for Ceilan a British start up that produces and sells a sustainable Sri Lankan Skincare range. The company, which is located in London, produces a range of natural skin care products to address various skin concerns. It uses only 100 per cent natural ingredients that are native to Sri Lanka and are produced ethically and sustainably by small holder Sri Lankan farmers. As a result, the company’s products are sustainable and natural and can be traced back to their origins.

Ceilan was registered as a private limited company in January 2021 by Dr Shelini Surendran, a 29-year-old lecturer in Biosciences at the University of Surrey, and her co-founders Christina Rai (an experienced social media expert) and Pelin Oymaci (a communication design graduate specialising in idea generation and design). All three of the founders share a commitment to natural skincare and their mission is to “create skincare products with maximal organic potency and richness, untainted by chemical additives”. To this end, the seeds from which their ingredients are grown are cultivated naturally, free of herbicides, pesticides and artificial fertilisers, in a way that harms neither the environment nor wildlife. In addition, the founders have committed to planting native trees in order to ensure the farms are resilient to climate

change and optimise water usage, while they have also created The Ceilan Foundation in order to improve the livelihood of the farmers and the wider community. For this they have introduced fair trade agreements together with community empowerment programmes intended to promote equality and eliminate injustice. Their aim is that all workers should:-

- Work in a clean and safe environment
- Be treated with respect and dignity in a positive working environment
- Have access to training for wider career opportunities.

Divine Chocolate (the UK and West Africa)

Each year, some \$100 billion is spent on chocolate, mainly in Western Europe, North America, and Asia Pacific. To produce this, approximately 5 million tonnes of cocoa are grown annually, mainly in West Africa. While its production provides a source of income for over 5 million farmers and is a valuable source of export revenue for the producing countries, its production is not sustainable. Not only does it generate a 5-kilo carbon footprint for every kilo of chocolate produced, but the industry is characterised by:-

- Farmer poverty—most of the cocoa farms are small family businesses and most of the families are classified as living in extreme poverty.
- Low productivity—resulting mainly from inefficient agricultural practices and aging cocoa trees.
- Child Labour—43 per cent of the children living in agricultural households in the cocoa-growing areas of the Ivory Coast and Ghana are believed to be engaged in hazardous work on the farms.

- Deforestation—between 1988–2008 an estimated 2–3 million hectares of forest were lost to cocoa production, mainly in Southeast Asia and Sub-Saharan Africa, leading to increased greenhouse gases, climate change, desertification, and soil erosion.

For the small cocoa farmer to survive, this needs to change and the major chocolate brands can make an important contribution through their supply chains. Several have tried but it seems that implementation is not easy. However, some small brands have managed to accomplish it. One such brand is the award-winning Divine Chocolate Ltd.

Founded in 1998, though originally called Day Chocolate and only re-named Divine in 2007, it has offices in London and Washington D.C., employs some 27 people, and has a turnover of some £15 million. It was established in partnership with Comic Relief, Twin Trading, the Body Shop, and Christian Aid by Kuapa Kokoo (meaning Good Cocoa Farmer) a Ghanaian Fairtrade co-operative that was set up in 1993 by the visionary Nana Frimpong Abrebrese, one of the local farmers, with 2000 farmers from 22 communities. Kuapa Kokoo owns 44 per cent of the Divine business and profits are distributed according to shareholding. The ownership model gives the cocoa farmers the opportunity to be involved in management decision-making and making business decisions for Divine, which reinvests 2 per cent of its turnover into its supply chain. Divine purchases its cocoa from Kuapa Kokoo via Cocobod, the Ghanaian government-controlled body that sets the Fairtrade buying price for cocoa plus a premium.

Since its foundation Divine has generated over £100 million in sales and in the year 2016–17, for example, purchased 953 tonnes of cocoa beans from Ghana, all

with the premium paid to the farmers. In addition, the cooperative provides training programmes for the farmers, 35 per cent of whom are women. These include workshops to help them develop additional means of livelihood, personal and community capacity building, and the empowerment of women. Also, the cooperative has its own child labour awareness programme, educates its members on ways to help children avoid serious harm, and advocates the education of children.

LittleLeaf Organic Cotton (the UK and India)

Little Leaf was founded by Lisa Ingram DPhil and her husband in 2017. The business, which is located in the South East of England, designs and sells high quality cotton bedding, clothing (including baby clothes and sleep ware) and homeware. Its mission is to provide the highest quality organic cotton, fairly made and fairly priced.

They source their cotton from India and their products are manufactured there in a factory that is 100 per cent solar powered and certified by the Fair Trade Organisation, ensuring no forced or child labour, health and safety at work, freedom to form unions, equality of opportunity and fair pay, and working hours. As Lisa recognises, it is the deep knowledge of the organic cotton industry and the decades of expertise put into practice every day by their Indian eco-warrior partner and his team, that ensures only the finest long staple cotton enters their supply chain and “makes LittleLeaf organic cotton simply the best you can buy”.

Apart from ensuring the production process does not damage the environment or harm those producing or using their end products, in 2021 they set up a charitable commitment so that a proportion of sales went to a named charity, the first recipient being

Harrys HAT, a charity established to make life better for children born with hydrocephalus – water on the brain

Sekem (Egypt)

SEKEM Holding (Kirby and El-Kaffas 2022) is an Egyptian commercial enterprise that sells 150 products, including organic foods, herbal teas, medicines and organic cotton products, that are produced by 10 companies. They are sold nationally and internationally through 4 subsidiaries - ISIS Organic Food (vegetables, honey, dates, oils, beverages), Lotus Organic Herbs and Spice, NatureTex Organic Textiles (Baby and children’s wear, dolls, toy, home textiles), and PharmaAtos (pharmaceuticals). It has achieved this by introducing biodynamic agriculture to Egypt and turning 70 acres of desert located 37 miles north east of Cairo into a thriving, fertile oasis.

Instead of focusing solely on business growth, the objective of SEKEM Holding is the introduction and promotion of sustainable agriculture through the holistic development of the individual, society and the environment. Profits generated by the Holding Company are used to fund social and cultural projects for the company’s 2000 employees. To help meet its objectives of promoting sustainable agriculture it has a network of 3000 farmers and has trained some 477 of them in biodynamic agricultural methods which are applied on approximately 4600 acres of land. Since 2000 around 1000 students have graduated from the Company’s Vocational Training Centre and in 2012 it opened a not for profit university (Heliopolis University) that specialises in sustainability and offers knowledge transfer opportunities to farmers, employees and the community. In addition, employees are entitled to reduced fees for the education of their children at SEKEM’s Steiner or Waldorf schools, while free courses are provided for

illiterate employees. Healthcare is available for employees in SEKEM Health Centres.

In 2003 SEKEM was awarded the Right Livelihood Award (also known as the Alternative Nobel Prize) from the King and Queen of Sweden for having shown “how a modern business can combine profitability and engagement in world markets with a humanistic and spiritual approach to people and respect for the natural environment. The Jury sees SEKEM as a business model for the 21st century in which commercial success is integrated with and promotes the social and cultural development of society through the ‘economics of love’.”

The August Co (India)

Having read a report that a plastic bag had been found in the ocean at a depth of 36,000 feet, business analyst Vidhi Singhal set up The August Company in Bangalore in 2017. The Company is a lifestyle brand that celebrates and harnesses essentially Indian designed contemporary women’s clothes that are eco-conscious and polyester and synthetic free. The fabrics are sourced directly from the weavers and any waste fabric is used to make matching accessories so that only 30% of the waste fabric is actually wasted.

Additionally the company believes in the power of women and regards itself as a “by women for women” brand. 97% of their employees and 100% of their designers are women. The company pays them fair wages and fixed salaries and the team has regular lunches together in order to help encourage social and economic justice and eliminate class distinction. Vidhi believes that “When you help women you help bring a change in society, you give them self-confidence, you empower them – and that is what The August Co is all about”. Hence there is more to the business than just being profitable and

for every one of their products sold a contribution goes to helping under-privileged girls. Vidhi also believes that the business should be part of the community and contends that entrepreneurs should support each other and help build a better future.

Discussion

The cases are all very different from the traditional approach to entrepreneurship with respect to their impact on the planet and its people, where the emphasis has been on wealth creation or, more recently, the separate, individual focus on environmental or people issues. They show how it is possible to create profitable enterprises that neither harm the environment nor exploit people, thereby reducing or even eliminating inequalities. Apart from all of them addressing SDGs 10 (Reduced Inequalities) and 5 (Gender Equality), they also address 11 (Sustainable Cities and Communities), 12 (Responsible Consumption and Production) and 13 (Climate action), while three address 1 (No Poverty), 8 (Decent Work and Economic Development) and 9 (Industry, Innovation, and Infrastructure). To do so, however, they have had to revisit, in particular, the Friedman (1970) doctrine that the responsibility of business is to its shareholders and to “making as much money as possible”. While it is very necessary that ventures are profitable, the profitability of an enterprise should not be at expense of either the planet or its people and should not be for the benefit solely of the shareholder. Rather, as Friedman recognized it should conform “to the basic rules of society both those embodied in the law and those embodied in ethical custom” and should address the needs of its stakeholders, its customers, employees, investors, and suppliers not just its shareholders.

According to our research, this requires the formulation of a new entrepreneurship

paradigm (Kirby & El-Kaffass, 2021; Kirby et al., 2022) that involves integrating or harmonizing the traditional economic, environmental (Kainrath, 2011), humane (Kim et al., 2018) and social (Borzaga & Defourny, 2001) approaches to entrepreneurship that to date have been applied independently of each other.

The rationale for this is that the planet is a system composed of three interconnected economic, environmental and social sub-systems. This means that, in accordance with Systems Theory (von Bertalanffy, 2015) and the Law of Requisite Variety (Ashby, 1968), any attempt to address the sustainability challenge in general and inequality in particular will need to be as complex as the problem it is attempting to resolve. Hence, we propose a more holistic, systemic approach, Harmonious Entrepreneurship, that does not just focus on one aspect of the problem but all three, producing a triple bottom line business model (Elkington, 1999) in which profit, planet and people are in harmony.

Conclusion

The research set out to establish whether entrepreneurship could help to reduce inequalities and if so how it could do so. It revealed that while entrepreneurship might continue to contribute to income inequality, as Isenberg contends, it need not always exacerbate local inequality as he claims it does. Much depends on how the purpose of business is perceived – whether it is to maximise profits as has been the case or to address the environmental and people issues the world is facing. To achieve the latter requires, however, a different mind-

set and a more holistic, systemic approach than previously – a new paradigm such as Harmonious Entrepreneurship whereby the environmental and social postulates can be implemented from the outset and not as Belz and Binder (2017) have concluded as part of a six-phase process.

If entrepreneurship is to address the sustainability challenge in general and the issue of inequality in particular a new paradigm is certainly needed for, as Einstein recognised, “we cannot solve our problems with the same thinking we had when we created them”.

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THE WTO INFORMAL WORKING GROUP

WTO Informal Working Group

1 WHY AN INFORMAL WORKING GROUP ON MSMES?

1.1. Firms with fewer than 250 employees account for 78% of exporters in developed economies but only 34% of exports, according to the 2016 World Trade Report. These figures were essentially unchanged in a 2022 update, where industrial firms were found to account for only 36% of the total value of exports and 41% of imports. In developing countries, MSMEs' direct exports amount to only 11% of total sales in the manufacturing sector, compared with nearly one-third (32%) for large manufacturing enterprises.

1.2. Today, more than 90% of companies across the globe are MSMEs, accounting for roughly two-thirds of the world's total employment. However, MSMEs face several barriers when seeking to participate in international trade, including:

- a. Limited access to finance, especially trade finance
- b. Lack of relevant skills and knowledge about international markets
- c. Non-tariff barriers and cumbersome regulations
- d. Complex border procedures

The smaller the company, the greater these challenges become (ADB, 2023; ITC, 2018).

2 WHAT IS THE WTO MSME INFORMAL WORKING GROUP (MSME GROUP)

2.1. To address these obstacles, 88 WTO members signed a statement at the WTO's 11th Ministerial Conference (MC11) in December 2017 declaring their intention to create an Informal Working Group on MSMEs to explore ways in which WTO members could better support MSMEs' participation in global trade. The Informal Working Group met for the first time in March 2018.

2.2. The MSME Informal Working Group seeks to integrate MSMEs fully into global trade. In the Joint Statement issued in December 2017, the Group committed to identifying solutions that would help companies, particularly MSMEs, increase their participation in world trade while considering the specific needs of developing economies.

2.3. As of May 2024, 102 WTO members participated in the Informal Working Group discussions. These participants cover all

regions of the world and all levels of development, accounting for around 90 percent of world exports. Ambassador Matthew Wilson of Barbados is currently coordinating the initiative. Previously, Ambassador Jose-Luis Cancela of Uruguay coordinated the Group from

February 2018 through April 2023. Before that, in the lead-up to MC11 in Buenos Aires through January 2018, discussions were led by Chile's Ambassador to the WTO, H.E. Mr Hector Casanueva.

3 WHAT HAS THE MSME GROUP ACCOMPLISHED?

1.1. The first deliverable of the MSME Group was a package of six recommendations and declarations that was adopted on 11 December 2020 (INF/MSME/4 and INF/MSME/4/Rev.2):

a. Recommendation on collecting and maintaining MSME-related information (Annex 1) . There is no systematic coverage of MSMEs in regular WTO Trade Policy Reviews (TPRs), so the MSME Group encourages WTO Members to voluntarily provide MSME-related information, such as statistics or support programs. As part of Annex 1, the Secretariat developed and maintains a database of all MSME references in WTO Members' TPRs | MSME references in trade policy reviews.

b. Declaration on access to information (Annex 2). This declaration calls for the prompt operationalization of the ITC-UNCTAD-WTO Global Trade Helpdesk, an online resource for trade

procedures and market information. This point also calls for the voluntary submission of information to support this resource.

c. Recommendation on trade facilitation and MSMEs (Annex 3). This recommendation calls for fully implementing the Trade Facilitation Agreement (TFA). It advocates for direct engagement with MSMEs when conducting consultations related to the TFA, and it encourages the exchange of experiences among WTO Members on involving smaller businesses in the TFA implementation process. Finally, it notes that WTO Members should identify opportunities to adopt digital solutions to simplify and speed up customs procedures.

d. Recommendation on promoting MSMEs inclusion in regulatory development in trade (Annex 4). Regulatory burdens are often relatively heavier the smaller the business. These burdens can be minimized by assessing new trade rules' impacts on MSMEs before they come into effect and by providing sufficient opportunity for MSMEs to review and comment on proposed trade regulatory changes. Annex 4 encourages WTO Members to consider the specific needs of smaller businesses and promotes the exchange of good practices for MSME regulatory consultations and impact considerations.

e. Recommendation on MSMEs and the WTO Integrated Database (Annex 5). This annex supports implementing the May 2019 Integrated Database (IDB) Decision. The WTO IDB is the official source of tariff and other trade-related information, and the 2019 decision updates its operation. WTO Members are encouraged to provide additional

information to the database and to set up voluntary agreements with the WTO Secretariat for the automatic electronic transmission of tariff and import data.

f. Declaration on addressing the trade-related aspects of MSMEs' access to finance and cross-border payments (Annex 6). The last annex calls on MSME Group members to engage in relevant fora to identify concrete measures through exchanging good practices and information sharing on technical assistance. The annex also welcomes international initiatives such as the global legal entity identifier (LEI) and encourages all WTO Members to consider trade-related aspects of MSMEs' access to finance.

The 2020 Package remains active, and members continue to implement its recommendations.

1.2. The MSME Group launched the Small Business Champions Initiative in 2021, an annual contest carried out jointly with the International Chamber of Commerce (ICC) and the International Trade Centre (ITC) that rewards outstanding projects that support MSME trade and development. Each year, a different theme is chosen, and other partners, including Zoom, Google, and the World Intellectual Property Organization (WIPO), have joined at various points in time to support. All past competitions can be reviewed at the following web address, which includes descriptions of the winners and their projects: WTO | ICC-ITC-WTO MSME Group Small Business Champions.

1.3. Another key deliverable of the MSME Group from December 2021 is the Trade4MSMEs website. The Trade4MSMEs website serves as a gateway to trade

information for MSMEs, policymakers, and researchers, with guides on relevant topics and a significant library of verified resources. Building on the partnership between key international organizations that provided the information for the website, the Trade4MSMEs Network was established in June 2022 among roughly 20 International Organizations working on MSME and trade-related issues. The Trade4MSMEs Network meets annually to update one another on work undertaken to support each organization's MSMEs. For MSME Day, an improved version of the Trade4MSMEs Platform, including new guides and country pages, was launched in June 2023.

1.4. Tied with the revamp of the Trade4MSMEs website and in strategic partnership with the Institute for Export & International Trade (IOE&IT), the MSME Group launched the online Trade Game, a novel approach to export readiness and trade learning. The Trade Game (trade4msmes.org) challenges players to export their product successfully within a time limit and set a budget, guiding participants through the questions a small business exporter might have to face.

1.5. Before the 13th WTO Ministerial, the MSME Group worked to compile two compendiums. The first, developed jointly with the Informal Working Group on Trade and Gender and the ITC, contains more than 70 national and international initiatives to promote financial inclusion of women-led small businesses (INF/MSME/W/46/Rev.1 & INF/TGE/W/7/Rev.1). The second, which was developed together with the collaboration of the World Customs Organization (WCO), contains good practices for MSME-targeted authorized economic operators (AEO) programs to foster the participation of small businesses in such

programs and allow them to benefit from their advantages, such as accelerated customs clearance (INF/MSME/W/47/Rev.1). Both compendiums will be updated regularly as new programs are identified.

1.6. The MSME Group has also maintained a strong interest in MSME trends within regional trade agreements (RTAs). In 2019, the Secretariat undertook an exercise at members' request to identify all RTAs with MSME references and the associated chapters, which were compiled into a searchable database. The MSME Group also welcomed a series of WTO Secretariat notes on MSMEs and RTAs as well as a review of findings from the RTA database (INF/MSME/W/6, INF/MSME/W/6/Rev.1, INF/MSME/W/6/Rev.2, INF/MSME/W/6/Rev.3 and INF/MSME/W/40). The MSME Group later issued a call for research papers in 2023 and received three submissions available publicly as INF/MSME/W/48.

1.7. The MSME Group seeks to interact directly with small businesses through workshops, events commemorating the United Nations MSMEs Day, and an annual meeting with the private sector. Under the document symbol INF/MSME/P, the MSME Group can receive recommendations directly from companies or representative groups from the private sector. The Group continues publicizing its work through a regular newsletter with updates on documents, deliverables, and presentations. Those interested in subscribing may do so by emailing MSMEGroup@wto.org.

1.8. The MSME Group prides itself on its openness and flexibility. It has collaborated with other WTO groups, including the WTO

Informal Working Group on Trade and Gender and the Trade and Environmental Sustainability Structured Discussions (TESSD). These three groups held a joint event in 2023 on "Women-led MSMEs, Trade and Climate Change – Adapting and Investing for the Future" as well as a joint session at MC13 titled "Paving the Way to Strengthening Trade Inclusiveness through WTO Members' Initiatives." This collaboration fits the MSME Group's objective to promote coordination and information exchange on MSME-related issues with other regular WTO working bodies. As part of this objective, the MSME Group members do their best to encourage MSME-related discussions within any relevant WTO body.

2 LOOKING FORWARD, WHAT ARE SOME NEXT STEPS FOR THE MSME GROUP:

2.1. A priority of the MSME Group is its 2020 Package of recommendations and declarations. The MSME Group will continue to monitor its implementation and look for new ways to implement the various points.

2.2. The MSME Group also intends to focus on issues of core significance to MSMEs and identify actions that could be taken to promote MSMEs' participation in international trade, building on its previous work. Based on the success of the 2024 compendiums, MSME Group members are interested in continuing to work to exchange good practices in areas of interest to the Group and to organize workshops and information sessions as appropriate.

2.3. Looking ahead, the MSME Group plans to continue its discussions both within the WTO and its various Groups and externally with the private sector and Trade4MSMEs Network. The MSME Group and its members will continue the annual meeting with the private sector and dialogue with other international and regional organizations that work on MSME issues to promote coordination of action at the global level.

2.4. The MSME Group and its members will continue supporting the future development of the Global Trade Helpdesk and the Trade4MSMEs platform as online repositories of trade information and resources for MSMEs and trade policymakers.

2.5. Finally, the MSME Group plans to continue exploring joint events and messaging with other WTO Committees and informal groups, including the Informal Working Group on Trade and Gender, the Trade and Environmental Sustainability Structured Discussions, and the Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade.

The Circular Economy: A Catalyst for Entrepreneurial Innovation and Sustainability in Germany

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Introduction

Germany's economy is renowned for its robustness and innovation. It strongly emphasizes engineering, manufacturing, technological development, and a sound, dual educational system. This text outlines the significance of the circular economy based on observations in Germany, focusing on sustainability, the circular economy's achievements, innovative power, and the value it brings to society and the economy.

The circular economy is understood as a resource and production loop where resources, such as reducing, reusing, and recycling materials, are used in production, circulation, and consumption (Preston, 2012). It is a strategic redesign that shifts the center of business models and

industrial production towards the reuse of resources and the conservation of energy. The idea of a circular economy is not new to the German economy, as in particular, in post-war times, people reused many materials to rebuild the country and start production. However, in the golden age of the social market economy and the upcoming international trade and mass production, the focus has been placed more on profitability rather than on sustainability. Waste because of production and consumption has been widely accepted. Today, people globally have started to rethink value chains to make the economy less vulnerable to high resource prices and to place environmental sustainability into focus. Waste becomes a valuable resource for maintaining profitability and a source of income. In Europe, there are currently many initiatives to reenter waste materials like

plastic cans back into the production chain and to produce from them. For many years in Germany, people have started to separate their personal waste by material to re-enter, e.g., paper, glass, plastic packages, etc., back into the system. This initiative is also supported by corresponding public regulations. Germany is already complying with international recommendations to build up the necessary infrastructure for circular practices, such as efficient collection and recycling systems. Moreover, the system itself is financed as the households provide the materials free of charge and allow the corresponding enterprises to sell the materials back to the industry to cover their own costs.

Significance of Circular Economy

Germany's commitment to sustainability and the circular economy is driven by its need to maintain economic competitiveness while addressing environmental challenges. Germany is today a global leader in green technologies, from renewable energy solutions to advanced recycling systems. Various initiatives, such as the Circular Economy Initiative Deutschland, aim to transition Germany towards a circular economy. These initiatives include educational components that teach the principles of circularity, such as designing out waste, keeping products and materials in use, and regenerating natural systems. In particular, the term responsible entrepreneurship is a German term that describes a new type of entrepreneurship that combines resources on the grounds of international sustainability goals and the resilience of business models.

The shift in the approach to rethinking resource management is the innovative power of the circular economy. The approach of the circular economy today goes even further. Today, research and industries have started to rethink whole resource management systems with the objective of a none waste industrial production. The objective is to rethink production across various industries and to reenter the waste of one industry as raw material to a production line of another industry. With respect to entrepreneurship, circular economy allows to outline only a starting point for innovation and a future impact on entrepreneurship. Entrepreneurs can focus on circular design principles that prioritize durability, reparability, and recyclability. This approach not only reduces environmental impact but also creates products that retain value over time, offering a competitive edge in markets increasingly driven by sustainability. The chances for entrepreneurship and society can be outlined by different aspects:

Entrepreneurs can focus on circular design principles that prioritize durability, reparability, and recyclability. This approach not only reduces environmental impact but also creates products that retain value over time, offering a competitive edge in markets increasingly driven by sustainability. This can create long-term business opportunities.

The ReActiv Project of the European Commission

Although these approaches are still at the beginning, the following example should illustrate the idea as well as the innovative

capacity of the circular economy. Supported by the EU Commission, one is conducting the Reactiv Project: Industrial Residue Activation for sustainable production as part of the European Commission Horizon 2020 program. The objective is to foster industry and scientific partnerships to provide new sustainable and large-scale reuse options for formally regarded industrial waste. The theme is to regard industrial waste as the future raw materials deciding on cost and competitiveness.

Out of the program, one example should be set out as the focus of this report. In aluminum production, the bauxite residue as the main by-product of producing alumina rates up to 6,8 million tons per year in the EU. This bauxite has been regarded as waste and has been stored in huge natural resource areas in the countryside. For this reason, the aluminum production industry has been regarded as unattractive to society and politics. Research has shown that this bauxite residue can replace up to 30% of the current clinker production as well as further cement products. Moreover, the clinker and cement products out of the bauxite residue have an 80% higher strength activity index than traditionally produced clinker. Moreover, the resource of bauxite residue already exists, mainly for transportation costs and further research to increase the cost-effectiveness of the bauxite residue. Nevertheless, this example shows two major points: Industrial waste, which has been regarded for many years as environmental pollution, has now become a material for production in an industry that is not connected to aluminum production. Second, as a result, industries that have been disregarded due to their perceived negative impact on the environ-

ment need to be regarded in a new light. This means not that this industry and their production becomes overnight environmentally friendly; however, their impact needs to be seen in the whole context of the reintegration of material into the production as well as also the positive multiplier effect of those industries on the regional economies in terms of working places and business partner to the local economy.

Circular economy starts to set up a new area of innovation not only regarding the product itself but also its whole life cycle. This means not only the functionality of the product itself but also the composition of materials for reuse. This is a new way of thinking and is highly attractive to consumers of all ages. The integration of advanced technologies such as blockchain can provide transparency and traceability in supply chains. Blockchain technology allows tracking the lifecycle of materials, ensuring sustainable practices and enhancing consumer trust (World Economic Forum).

The circular economy also sets a new way of thinking within regional networking. Based on the experiences of the ReActive Program in Europe as well as other observations in China, one starts to analyze exchange relationships. Industrial waste of one industry may be a resource for another industry, e.g., steam. The main problem of profitability is currently more of a logistic problem rather than an application problem. For this reason, this problem is more evaluated from a regional perspective to build up industrial ecosystems (Preston, 2020).

Effects on the economy and society

The effects of the circular economy need to be seen twofold for the economy and society. In the first place, one finds a static economic efficiency in terms of maximizing results and minimizing costs. There is an effect of minimizing costs as, in particular, raw materials in poor countries like Germany have the chance to generate their own raw materials through the circular economy. This allows countries to provide stable raw-material prices as well as world prices as the supply increases. Also, approaches to rethinking energy consumption, e.g., the reduction of heat in the production process, reduced cost, and enhanced efficiency. On the other hand, one finds a dynamic effect on efficiency. There is the argument that the change in production by a circular economy increases economic dynamics. Through innovation in production and product design, there is a shift in consumer behavior and capabilities. This will allow, in the long run, more efficient use of capacities as well as a shift in consumer behavior towards new products and services (Smithskikh & Shumik, 2020). The dynamic perspectives also include a number of social and ecological effects through economic growth. The circular economy will create new employment areas in the conduct and supervision of systems, as well as responsible conduct with materials and energy to reduce environmental effects.

Challenges to the economy and society

Despite the chances of a circular economy for society, there are also challenges to be

considered. One of the biggest hurdles to be managed is to find a good balance between navigating regulatory environments without narrowing economic freedom and innovation. On the one hand, regulatory frameworks are needed to support the right of repair, allowing instruments for the sharing economy, reducing energy, or reducing the use of plastic in sales. However, these systems must be driven also by the approach of trust and not by control. A circular economy should become a driver of bureaucracy through endless reports and controls. The circular economy must be lead also to a new culture of self-responsibility and trust to allow people to act. Innovations should be supported in such a way that they are not inhibited by a long-term public approval process.

In addition, the transformation of an economy towards a circular economy required several investments to finance research and innovation as well as the adoption of new production methods. Access to capital is a significant hurdle. Public and private sector investments are crucial to de-risk circular economy projects and stimulate innovation. Here are public programs required to provide grants, subsidies, or favorable loan terms that can help bridge the funding gap (UNCTAD). But also, the credit rating process by banks should reconsider the evaluation of sustainability aspects to foster this process.

For the success of circular economic activities, building consumer awareness and changing consumption habits are critical. Public initiatives are required, and entrepreneurs need to invest in educating consumers about the benefits of circular products and services. Effective market-

ing strategies that highlight sustainability and long-term value can drive consumer adoption (World Economic Forum). In Germany, one can observe a stronger consumer awareness of products within the circular economy. Nevertheless, these products are currently still more expensive than traditionally produced products. The current consumer behavior showed that the price elasticity in the consumption of green or traditionally produced products is still very high. The price still determines the consumption, whereas green products are currently at a disadvantage.

Implications to entrepreneurship

In terms of entrepreneurship, the circular economy combines digital, human, and social entrepreneurship with responsibility. The circular economy needs to be driven by people and its development to manage green market orientations and green technologies. Circular economies can be only driven by the personal competence of people to encourage responsible resource management and socially responsible organizations (Aboalhool/Alzubi, 2024). In addition, the network and the supervision of the product – life – cycle, including all aspects, can only be managed through digitalization. For example, currently in construction, sophisticated systems are implemented to manage the energy supply as well as its production. There is a constant back and forward exchange of supply, which can only be managed by digital systems. All approaches must go hand in hand and should find their implications in entrepreneurial training. Although Germany has a high awareness of sustain-

ability, there are still a number of training programs that are needed to give future entrepreneurs the competence to manage the system within a circular economy.

Conclusion

The circular economy offers substantial economic benefits, including new revenue streams and job creation. The contribution to the national GDP is expected to be up to 20% by 2030 in Germany through new production methods and product innovation (Bertelsmann Stiftung, 2023). By fostering innovation and creating more efficient systems, circular businesses can tap into growing markets for sustainable products and services. This economic model also contributes to building resilient communities by promoting local production and consumption cycles, thereby reducing dependency on global supply chains (UNCTAD). The circular economy is not just a sustainable alternative but a compelling blueprint for the future of business. It offers vast opportunities for entrepreneurs willing to innovate and adapt to a model that prioritizes long-term value and environmental stewardship. By embracing circular principles, businesses can not only achieve economic success but also contribute to a more sustainable and resilient global economy.

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The Top 10 Micro, Small, and Medium Enterprises Trends for 2024



Dr. Ayman El Tarabishy

President & CEO of the International Council for Small Business; Deputy Chair of the George Washington University School of Business, Department of Management

MSMEs Established as the Core Engine for Growth and Optimism throughout the Global Economy

The future of business is an ever-evolving tapestry of innovation, entrepreneurship, and adaptation. As we gaze toward the horizon of 2024, the International Council for Small Business (ICSB) invites you to journey into the dynamic landscape of micro, small, and medium-sized enterprises (MSMEs) worldwide. These trends we present to you are not merely conjecture; they result from rigorous analysis, forecasting, and an unwavering commitment to understanding the forces that shape the business world.

The ICSB, at the forefront of global entrepreneurship research and practice, proudly unveils its yearly Top Ten Trends for 2024 for MSMEs. These trends encapsulate enduring principles and groundbreaking concepts defining the coming year's business environment. They are the collective wisdom of thought leaders, entrepreneurs, and researchers who have dedicated themselves to exploring the intricacies of business in an era of unprecedented change.

These trends offer more than a glimpse into the future; they serve as beacons guiding MSMEs through the intricate currents of the global marketplace. They are a road map pointing to opportunities for growth, innovation, and resilience. They reflect the challenges faced and the strategies that small and medium-sized enterprises will employ on their journey towards prosperity.

10

NUMBER TEN TREND

Access to Sustainable Finance for MSMEs

In 2024, “Access to Sustainable Finance” emerges as a critical trend, offering a beacon of hope to Micro Small and Medium Sized Enterprises (MSMEs) navigating the complexities of an eco-conscious economy. This trend marks a significant shift in the financial ecosystem as forward-thinking solutions and providers emerge to bridge the gap, offering MSMEs vital access to sustainable finance. This isn’t just about providing funds; it’s about fueling sustainable growth and ethical business practices, enabling MSMEs to leverage green opportunities and thrive in a rapidly evolving economic landscape.

High global interest rates and environmental concerns have presented dual challenges for MSMEs seeking growth while aspiring to sustainability. Innovative financial solutions and providers are now dismantling these obstacles. They empower MSMEs by offering green and flexible financing options that align with their sustainable goals and growth trajectories. This trend cultivates resilience and responsibility among MSMEs, allowing them to swiftly adapt to market shifts and environmental mandates while capitalizing on eco-friendly opportunities.

In 2024, Access to Sustainable Finance is more than a lifeline; it’s a catalyst for sustainable innovation and ethical growth. With this targeted access to capital, MSMEs are equipped to face the challenges of high-interest rates and environmental responsibilities. This trend is unlocking the potential of these enterprises, enabling them to pursue sustainable expansion, green innovation, and market diversification, all while contributing to a healthier, more sustainable global economy.

9

NUMBER NINE TREND

Tourism and Sports for MSMEs Development and Growth

MSMEs are increasingly capitalizing on the opportunities the tourism and sports sectors presented. Tourism, in particular, offers a wealth of possibilities for local businesses, from hospitality and travel services to unique experiences and cultural offerings. MSMEs are tapping into this potential by providing tailored services that cater to travelers’ evolving needs and preferences.

On the other hand, sports encompass a wide range of opportunities, from sports-related products and services to event management and athletic training. MSMEs are finding innovative ways to engage with the sports industry, capitalizing on sports enthusiasts’ and athletes’ passion and enthusiasm.

In 2024, Tourism and Sports for Development and Growth represent avenues for MSMEs to expand their reach, foster local economic development, and contribute to the vitality of their communities. By aligning with these sectors, businesses can tap into the immense potential for revenue generation, job creation, and cultural enrichment.

8

NUMBER EIGHT TREND

Humane Entrepreneurship: Coaching & Mentoring of Employees

In 2024, Humane Entrepreneurship takes its place as the #8 trend for Micro, Small, and Medium-sized Enterprises (MSMEs), following its recognition as #4 in 2023. This trend reflects a growing awareness of the pivotal role of coaching and mentoring in nurturing employees' potential within these businesses.

Humane Entrepreneurship emphasizes fostering a supportive and empathetic workplace culture. MSMEs recognize that their most valuable assets are their employees, and investing in their growth and well-being is a strategic imperative. Coaching and mentoring programs are gaining prominence as practical tools to unlock the full potential of staff members, enhance their skill sets, and nurture their career development.

By prioritizing Humane Entrepreneurship, MSMEs create a more inclusive and productive work environment and foster employee loyalty and commitment. This trend aligns with a broader shift towards valuing the human aspect of business, ultimately contributing to sustained growth and success in the competitive business landscape in 2024.

7

NUMBER SEVEN TREND

The Evolution of WomenPreneurs

Empowering women and youth in micro, small, and medium-sized enterprises (MSMEs) continues to be a prominent trend in 2024. This movement began in 2023 when the International Council for Small Business (ICSB) championed the theme of supporting women and youth entrepreneurship and resilient supply chains. Initially met with skepticism, this theme gained profound relevance following Claudia Goldin's Nobel Prize for her groundbreaking research on gender income disparities, especially in the wake of childbirth.

ICSB's vision to empower women in entrepreneurship gains momentum, with greater recognition of their pivotal role in the entrepreneurial ecosystem. Claudia Goldin's Nobel Prize underscores the urgency of addressing gender disparities in the labor market, aligning seamlessly with ICSB's mission. The journey toward empowering women and youth in the MSMEs sector drives economic progress, societal advancement, and a brighter global future. It calls for collective efforts from international organizations, policymakers, and individuals to ensure sustainable and inclusive development worldwide.

6

NUMBER SIX TREND

Circular Economy Business Models

In 2024, Circular Economy Business Models will emerge as a top trend for MSMEs, underlining a growing commitment to sustainability and waste reduction. Small and Medium-sized Enterprises (MSMEs) increasingly recognize the importance of aligning their operations with circular economy principles. This trend involves reimagining traditional linear supply chains and product lifecycles to create a more sustainable and environmentally responsible business approach.

One significant aspect of this trend is product design for recyclability, where MSMEs prioritize creating products that can be easily disassembled and recycled, minimizing waste and environmental impact. Additionally, MSMEs are exploring refurbishment and resale programs, extending the lifespan of products and reducing the need for new manufacturing. Collaborations and partnerships (trend #1) with other businesses to reuse and recycle materials are also gaining prominence as MSMEs seek innovative ways to reduce their ecological footprint and contribute to a more circular and eco-conscious economy. In 2024, Circular Economy Business Models are not only environmentally responsible but also present opportunities for cost savings, enhanced brand reputation, and greater market competitiveness, making them a crucial trend for MSMEs to embrace.

5

NUMBER FIVE TREND

Delivery Economy and Agility of MSMEs

In 2024, the “Delivery Economy” stands out as a game-changing trend for Micro, Small, and Medium-sized Enterprises (MSMEs). This trend reflects a significant shift in consumer preferences, where virtually everything is delivered directly to the customer’s doorstep. With an emphasis on convenience, speed, and proximity, the Delivery Economy is transforming traditional business models and presenting unprecedented opportunities for MSMEs.

In this dynamic landscape, MSMEs are like boats, agile and nimble, while big businesses are like massive ships. The agility of MSMEs enables them to adapt swiftly to the demands of the delivery economy. They can provide personalized, rapid, and seamless delivery experiences, meeting the expectations of consumers who prioritize speed and convenience. This adaptability positions MSMEs to navigate and thrive in the fast-paced waters of this trend, capturing new markets and fostering customer loyalty.

In 2024, the Delivery Economy is not merely a trend but a strategic imperative for MSMEs. Those who invest in efficient delivery mechanisms and tailor their offerings to meet the demand for immediate access are poised to outmaneuver more prominent competitors. Like boats on the open sea, MSMEs can harness their agility to compete effectively and maintain competitiveness in an environment where speed and proximity are paramount.

4

NUMBER FOUR TREND

Agribusiness and Agtech for MSMEs

In 2024, Agribusiness and Agtech are some of the top trends for Micro, Small, and Medium-sized Enterprises (MSMEs) in Africa. Agriculture continues to be a cornerstone of the African economy, and MSMEs are recognizing and capitalizing on the immense opportunities within the agribusiness sector. With a growing global demand for sustainable and traceable food production, the agricultural landscape in Africa is ripe for innovation and expansion.

One of the key drivers of this trend is the rapid advancement of agricultural technology, commonly called Agtech. MSMEs leverage Agtech solutions such as precision farming techniques, which optimize crop yields through data-driven insights and innovative farming practices. Furthermore, e-commerce platforms dedicated to farm produce connect local farmers with broader markets, reduce intermediaries, and increase profitability. Additionally, blockchain technology is harnessed for supply chain transparency, ensuring the traceability and authenticity of agricultural products from farm to table.

These innovative developments are transforming the agribusiness landscape and empowering MSMEs to play a pivotal role in addressing Africa's food security, economic growth, and sustainability challenges. In 2024, the synergy between Agribusiness and Agtech propels MSMEs toward greater efficiency, market access, and environmental stewardship, making it a trend to watch and embrace for sustainable and profitable growth.

3

NUMBER THREE TREND

Artificial Intelligence and GEN AI

2024, Artificial Intelligence (AI) will become the No. 3 trend, significantly altering the business landscape. AI's transformative influence reaches across industries, reshaping operations, decision-making processes, and customer interactions. For Micro, Small, and Medium-sized Enterprises (MSMEs), AI represents a powerful tool for data-driven insights, supply chain optimization, and personalized customer engagement, allowing them to compete globally.

One of the most remarkable developments linked to AI is the emergence of GEN AI, a new generation of workers who have grown up in an AI-integrated world. GEN AI possesses a natural fluency with technology and AI-driven tools, making them adaptable contributors to various industries. Their ability to harness AI's capabilities for innovation highlights the need for MSMEs to invest in AI education and upskilling initiatives, capitalizing on GEN AI's potential to drive growth and competitiveness. As industries evolve and adapt to AI, the dynamic synergy between human workers and intelligent machines becomes pivotal, setting the stage for a future where AI and GEN AI redefine business rules and shape the destiny of MSMEs globally.

2

NUMBER TWO TREND

Peace for Economic Development and Prosperity

Amidst the ongoing challenges, including the recent Gaza war, it is crucial to emphasize the importance of fostering Peace for Economic Development and Prosperity—our second trend for 2024. Russian Ukrainian entrepreneurs acutely feel the impact of a wartime economy and small business owners, exacerbating the global struggles with soaring natural gas prices and supply shortages like wheat.

In 2016, the International Council for Small Business (ICSB), led by Dr. Ayman El Tarabishy, proposed the idea of a United Nations Day for MSMEs. The vision was to dedicate a day where nations, stakeholders, and companies of all sizes could celebrate the significance of MSMEs as the fundamental building blocks of contemporary society. The proposal underscored that once conflicts cease, micro-, small-, and medium-sized enterprises play a pivotal role in economic reconstruction. MSMEs Day, commemorated on June 27th, was symbolically chosen, signifying the day after the initial signing of the U.N. Charter on June 26, 1945. It serves as a poignant reminder to nations worldwide that MSMEs are essential for solving global challenges and are indicative of a peaceful society.

In times of conflict, the path to prosperity may seem uncertain, but amidst the challenges, there is hope. The global community stands together to champion humanity, and businesses are pivoting their creative solutions to aid those affected by conflict—a collective effort that embodies the right way forward.





NUMBER ONE TREND

MSMEs Forming Collaborative Alliances

The foremost trend for 2024 reshapes the landscape of MSMEs, spotlighting the formation of Collaborative Alliances—an old concept infused with new vitality. It emerges as the #1 Trend for MSMEs, offering a transformative path forward for several compelling reasons. Businesses recognize unity's undeniable strength in a volatile era marked by economic uncertainties and disruptions. Like Davids facing Goliath-sized challenges, MSMEs are now uniting as millions of Davids, pooling their resources, expertise, and market insights to form a formidable force. This collective strength empowers them to negotiate better terms, access untapped markets, and navigate market fluctuations with greater resilience than they could achieve as solitary entities.

Collaborative Alliances go beyond resource consolidation; they nurture a culture of innovation and cross-pollination of ideas. Within these alliances, members bring complementary expertise to the table, fueling collective problem-solving and a perpetual quest for improvement. This collaborative ethos not only optimizes resource allocation and trims operational costs but also enhances the individual resilience of businesses in the face of unpredictable challenges. These alliances wield substantial influence by uniting their voices in advocacy for favorable policies and regulations, actively shaping the business environment to serve their collective interests. In essence, Collaborative Alliances represent the evolution of MSMEs, empowering them to thrive, innovate, and navigate the intricacies of today's dynamic business world with the strength derived from unity. In Summary:

MSMEs must continue to endure but with an eye for innovation and fast action. The Argentinians best say it. "AGUANTE" – The power or ability to bear or to last.

Top Trends Written by:

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President & CEO, ICSB
Deputy Chair, Department of Management

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September 29 - October 2, 2024

Introducing the Jinju Global Entrepreneurship Forum—an endeavor symbolized by its Korean namesake, “pearl,” and deeply rooted in the rich history of Korean entrepreneurship. The city of Jinju, renowned for its historical significance and entrepreneurial spirit in Korea, is the fitting backdrop for this gathering. As the process of pearl formation captivates with its mystique, this forum aims to inspire awe and wonder, reflecting the vibrant tapestry of Korean history and entrepreneurship. For those uninitiated in its intricacies, the pearl’s creation can appear akin to a marvel of Mother Earth’s magic. Notably, Jinju holds the esteemed title of Korean Entrepreneurship’s birthplace, further emphasizing its significance as the host city for this monumental event.

Learn more at:

jinjuforum.org



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THE HISTORY OF ICSB

Founded in 1955, the International Council for Small Business (ICSB) was the first national and international membership organization to promote the growth and development of small businesses worldwide. The organization brings educators, researchers, policy-makers, and practitioners worldwide to share knowledge and expertise in their respective fields through publications, programs, workshops, training sessions, and certifications. ICSB is a not-for-profit organization hosted in Washington, D.C., at the George Washington University.

ICSB proudly holds the distinction of being the founder of the United Nations initiative for small businesses. The United Nations created the U.N. Micro-small and Medium-sized Enterprises Day (MSMEs Day), which is now celebrated every June 27th. This pioneering effort has shaped global policies and initiatives in support of entrepreneurship and economic development. Through its visionary leadership and collaborative efforts, ICSB continues to drive impactful change on a global scale, advocating for the needs and interests of small businesses worldwide.

ICSB.ORG

June 27 | MSME Day 2024 Program

INTERNATIONAL LABOUR ORGANIZATION (ILO) & INTERNATIONAL
ORGANIZATION OF EMPLOYERS (IOE) GOVERNING BODY ROOM

10:00 AM - 10:05 AM

WELCOMING REMARKS FROM ILO

10:05 AM - 10:45 AM

OFFICIAL OPENING FOR MSMEs DAY

Session Chair: Dr. Ayman ElTarabishy, CEO & President, ICSB

Distinguished Speakers:

- H.E. Ambassador Jung Sung Park, Deputy Permanent Representative of the Republic of Korea in Geneva
- H.E. Ambassador Matthew Wilson, Permanent Representative of Barbados to the United Nations Office in Geneva
 - Dragan Radic, Chief-Micro, Small and Medium-Sized Branch (MSME) Sustainable Enterprises, Productivity, and Just Transition Department, ILO
- Akustina Morni, Director of Policy, International Organization of Employers, IOE
- Ki-Chan Kim, Chair of the Board, International Council for Small Business (ICSB)

10:45 AM - 11:30 AM

THE GLOBAL IMPACT OF MSMEs FOR A BETTER WORLD

Session Chair: Dr. Rico Baldeger, Dean and Professor, School of Management Fribourg (HEG-FR)

Speakers:

- H.E. Martin Garcia Moritan, Ambassador to Uruguay, The Republic of Argentina
 - Perrine de le Court, Director Ashoka, Belgium
 - Nigist Goytom, Founder and CEO of Ha Hu, Switzerland
- Roland Decorvet, Founder and Chairman, Alpha Seeds, Congo, Switzerland
- Chang-Jae Shin, Chairman & CEO of KYOBO Life Insurance, S. Korea - Recognition to Follow

11:30 AM - 12:15 PM

WOMEN IN BUSINESS - OPPORTUNITIES FOR IMPACT

Session Chair: Ms. Analia Pastran, ICSB Board Member, Argentina

Speakers:

- Katia Passerini, Provost and Executive Vice President, Seton Hall, USA
- Narmina Hasanova, CEO and founder of MiniBoss Business, Azerbaijan

- Chantal Line Carpentier, Head, Trade, Environment, Climate Change and Sustainable Development, The United Nations
- KyungRan Yang, Co-founder and CEO of MegaGen Implant Co. Ltd., S. Korea
 - Sonja Betschart, Co-founder of WeRobotics, Switzerland
- Franziska Giffey, Deputy Lord Mayor of Berlin (via video), Germany

12:15 PM - 1:15 PM

HUMAN-CENTERED ENTREPRENEURSHIP: A GLOBAL PERSPECTIVE

Session Chair: Rico Baldeger, Dean and Professor, School of Management Fribourg (HEG-FR)

Speakers:

- Nicolas Durand, Director of Foundation Campus Biotech, Switzerland
 - Cameron McKenzie, CEO Aspire, Switzerland
- Mouad Lamrani, General Director R&D Innovation Center, Menicon Co., Ltd., Switzerland
 - Louis-Jacques Filion, Professor Emeritus HEC Montréal, Canada
 - Kristina Babina, CEO and Founder of TotUp, Switzerland
 - Thomas Heupel, Research Director, FOM, Germany
- Christian Meisel, Head of Entrepreneurship Center, h2, Germany

1:15 PM - 2:15 PM

LUNCH BREAK AT THE ILO

2:15 PM - 3:00 PM

HEAD TO UNITED NATIONS PALAIS DES NATIONS - ROOM XVII

pre-registration required

UNITED NATIONS PALAIS - ROOM: XVII

3:00 PM - 4:00 PM

OPENING STATEMENTS

Session Chair: Dr. Ayman ElTarabishy, President & CEO, ICSB

Distinguished Speakers:

- H.E. Ambassador Carlos Mario Foradori,
Permanent Representative of Argentina to the United Nations in Geneva
- H.E. Ambassador Seong Deok Yun,
Permanent Representative of the Republic of Korea in Geneva
- H.E. Orkhan Mammadov, Chairman of the Management Board, Azerbaijan
The Small and Medium Business - Azerbaijan - Host of COP 29

- H.E. Jo Kyu-il, Mayor, Jinju City, S. Korea
- Chantal Line Carpentier, Head, Trade, Environment, Climate Change and Sustainable Development, The United Nations Conference on Trade and Development (UNCTAD)
 - Representative, International Trade Centre (ITC)
- Ki-Chan Kim, Chair of the Board, International Council for Small Business (ICSB)

4:00 PM - 4:45 PM

GLOBAL MSMEs INITIATIVES FROM ORGANIZATIONS

Session Chair: Ms. Chantaline Carpentier, Head, Trade, Environment, Climate Change and Sustainable Development, The United Nations Conference on Trade and Development (UNCTAD)

Speakers:

- Amelia Santos - Chief, Investment Issues and Analysis Section, Enterprise and Investment Division, UN Trade and Development
- Henrique Pacini - Sustainable Manufacturing and Environmental Pollution Programme Manager, Trade and Environment Branch, UN Trade and Development
- Dragan Radic, Chief-Micro, Small and Medium-Sized Branch (MSME) Sustainable Enterprises, Productivity and Just Transition Department, ILO
- Lucia Cusmano, Acting Head of the SMEs and Entrepreneurship Division and Head of the Unit on SME and Entrepreneurship Transformation at the OECD Centre
 - Rico Baldegger, President of the Board of Trustees, Swiss Sustainability Foundation, Switzerland
- Andrés O. Hayes, President & CEO Airtifae Group, United States
 - Marc Tienbig, President of the German Small and Medium-Sized Business Association (DMB) (via video), Germany - introduced by Hartmut Meyer
- Sebastian Striezel, President of the Chamber of Commerce, Berlin (via video), Germany

4:45 PM - 6:00 PM

LOOKING INTO THE FUTURE SESSION - THE YOUTH INPUT & CONCLUSION

Session Chair: Dr. Ayman ElTarabishy, President & CEO

6:00 PM

RECEPTION AT VIEUX BOIS GENEVA

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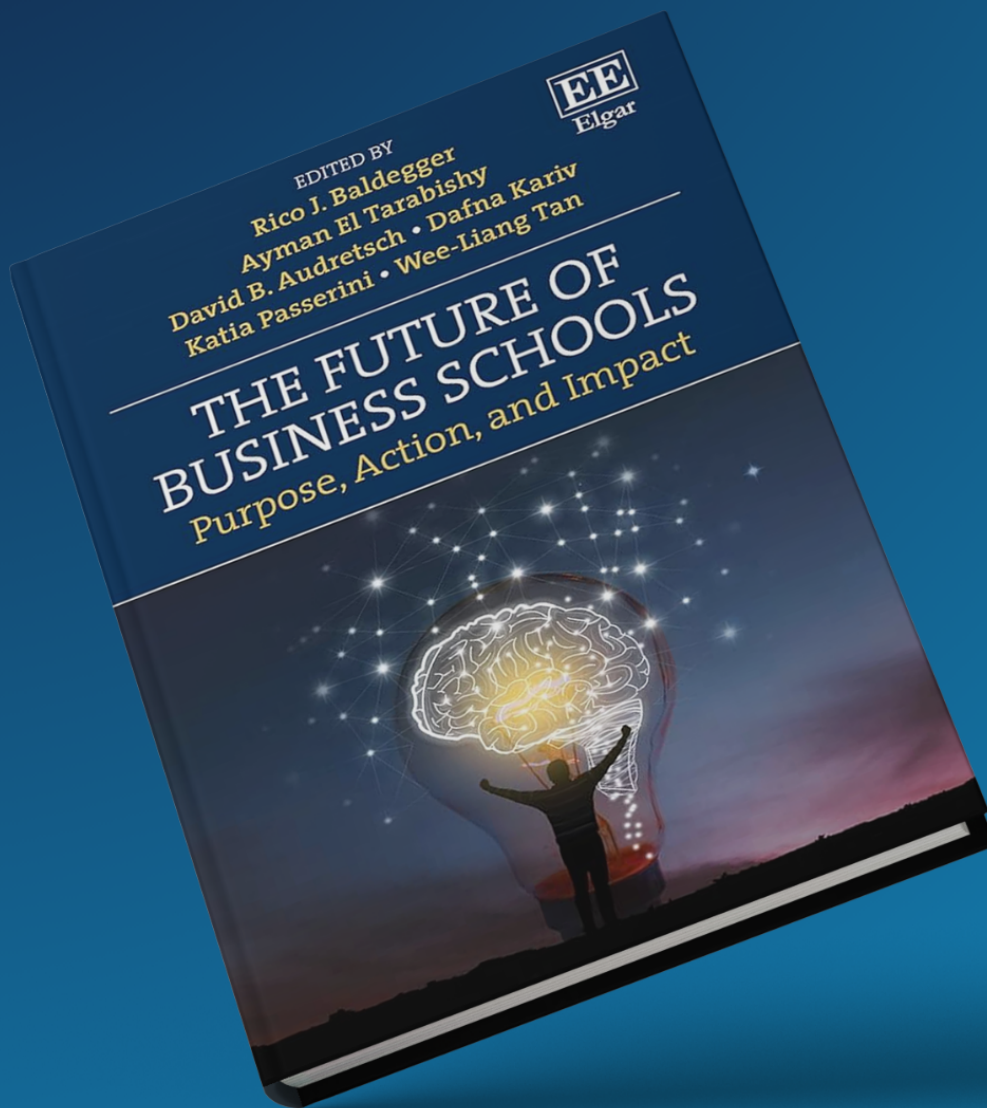
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RICO I. BALDEGGER, AYMAN ELTARABISHY, & KATIA PASSERINI



AI REVOLUTION: THE FUTURE AHEAD

The SMALL BUSINESS HORIZON MAGAZINE (SBH), founded on May 12, 2020, is the premier global magazine dedicated to micro, small, and medium-sized enterprises. The magazine brings together the most cutting-edge ideas on how to support small businesses. In celebrating the entrepreneurs and their surrounding ecosystems, we can support the promotion and growth of this vital sector.



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