



Key issues and evaluation evidence on SME consultancy programmes

International SME and Entrepreneurship Policy Evaluation Discussion Network

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What is SME consultancy?

- The provision of advisory services by consultants to SMEs on a range of business development topics and issues.
- Consultancy can be provided to SMEs on a 1-to-1 basis or in groups, often delivered over multiple sessions.
- Consultants are generally experienced or qualified professionals.



The (theoretical) rationale for public funding for SME consultancy

- Information asymmetries cause SMEs to under-invest in consultancy services.
- Credit constraints prevent SMEs from funding consultancy services independently.
- Consultancy services can deliver positive spillovers that extend beyond the firms receiving the consultancy.



How do governments support SMEs' access to consultancy services?

- Provision of in-house consultants based at public sector agencies.
- Referrals to selected private consultants (with subsidies to cover consultancy costs)
- Provision of grants/vouchers to fund SMEs' expenditures on private consultants.



What are the questions that evaluation should answer?

- Is there empirical evidence of an impact of these schemes?
- Which of the major approaches is the most effective?
- What are the detailed design features that result in success?



(Tentative) policy insights from 5 impact evaluations

- All 5 of the evaluations found positive impacts on at least one of the three core metrics of sales, employment and survival.
- Intensive consultancy over an extended period is most effective.
- The full impacts of consultancy are not felt immediately.
- There is not strong evidence that programme impacts vary depending on the characteristics of the beneficiary firm.
- There is not a one-size-fits-all approach to effective consulting.



Subsidised consultancy for SMEs in Mexico: evaluation evidence

Evaluation method	Evaluation findings and lessons
<p>Support randomly allocated to 150 out of 432 applicant SMEs. The remaining 282 SMEs formed the control group.</p> <p>Data on the control and treatment groups derived from an online survey and administrative employment data.</p> <p>High attrition rate prevented second follow up survey.</p>	<p>Large positive effects of consultancy on productivity and employment (cost per additional job of USD 2 080).</p> <p>Consultancy reduced the likelihood of cutting production in response to 2008 economic crisis.</p> <p>Most common organisational changes resulting from consulting are improvements in marketing, financial accounting and goal setting.</p>

Source: Bruhn et al. (2018), The Impact of Consulting Services on Small and Medium Enterprises: Evidence from a Randomized Trial in Mexico



Business advice in the UK: evaluation evidence

Evaluation method	Evaluation findings and lessons
<p>Business Links Organisations (BLOs) were grouped into categories based on the intensity of assistance provided to each SME.</p> <p>Treatment group was SMEs receiving support from BLOs.</p> <p>Control group firms were drawn from private database, matched based on size, sector and region.</p> <p>2-stage regression model used to estimate the impacts of different approaches to delivering advisory supports.</p>	<p>Non-intensive assistance (e.g. one-off advice) does not have a significant impact on firm outcomes.</p> <p>Intensive assistance (involving a series of interactions over a period of months) increases firms' employment and sales growth.</p> <p>The greatest benefits are incurred when resources are directed to a smaller number of SMEs.</p>

Source: Mole et al. (2011), Broader or Deeper? Exploring the Most Effective Intervention Profile for Public Small Business Support

Thank you!



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