Business support services to small and medium enterprises seem to improve firm performance

Support to small and medium enterprises (SMEs) can improve their revenue and profits, their ability to create jobs, labour productivity and their ability to invest. But these effects are not large, and the cost effectiveness of the interventions not known. The effects on innovation are unclear.

What is the aim of this review?
This Campbell systematic review assesses the effects of business support services in low- and middle-income countries on firm performance and economic development. The review summarizes findings from 40 studies.

What is the review about?
Large amounts of funding are going towards programmes to support small and medium enterprises (SMEs) in low- and middle-income countries in order to increase revenue and profits, generate employment, and, so, create economic growth and reduce poverty.

The Campbell review summarizes evidence of the impact of these programmes on measures of SME performance including revenues, profits, and productivity, as well as the firms’ ability to generate employment and increase their labour productivity.

What were the main findings of the review?

What studies are included?
Included studies examine interventions targeted at SMEs (up to 250 employees) involving tax simplification, exports and access to external markets; support for innovation policies; support to local production systems; training and technical assistance, and SME financing and credit guarantee programmes.

Findings from 40 studies are summarised in the review. These studies present evidence from 18 low- and middle-income countries, with 26 studies analysing programmes in Latin America, six from Asia and five from Africa.

Do business support services work?
On average, business support to SMEs seems to improve their performance, their ability to create jobs, their labour productivity and their ability to invest. The effects on innovation are unclear.

On average, business support to SMEs seems to improve their performance, their ability to create jobs, their labour productivity and their ability to invest.
Matching grants, technical assistance and tax simplification programmes can improve firms’ performance and job creation; with technical assistance also likely to improve labour productivity. Export promotion and innovation programmes positively affect exports and innovation, but there is no evidence that they improve performance or job creation.

However, the effects of the programmes studied are not very large. Most studies do not include the required data to assess if the programmes are cost effective.

**What do the results mean?**
Overall SME support has a positive impact on various measures of firm performance, but with some caveats. Results for the interventions studied are limited due to a lack of evidence. And the evidence available was mainly about programmes in Latin American countries. There is a likelihood of bias in many studies. Most did not report programme implementation costs, so it is not possible to weigh costs against benefits. Research on these programmes in sub-Saharan Africa in particular encouraged, as this would contribute to the understanding of the role that support to small businesses may play in development processes there.

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**How up-to-date is this review?**
The search for this review was updated in December 2014, and the review published in January 2016.

**What is the Campbell Collaboration?**
The Campbell Collaboration is an international, voluntary, non-profit research network that publishes systematic reviews. We summarise and evaluate the quality of evidence about programmes in the social and behavioural sciences. Our aim is to help people make better choices and better policy decisions.

**About this summary**
This summary was prepared by Howard White (Campbell Collaboration), based on the Campbell Systematic Review 2016:01 ‘The Impact of Business Support Services for Small and Medium Enterprises on Firm Performance in Low- and Middle-Income Countries: A Systematic Review’ by Caio Piza, Tulio Cravo, Linnet Taylor, Lauro Gonzalez, Isabel Musse, Isabela Furtado, Ana Cristina Sierra and Samer Abdelnour (DOI: 10.4073/csr.2016.1). The summary was redesigned and produced by Tanya Kristiansen (Campbell Collaboration).