



*TÜSİAD – Sabancı University Competitiveness Forum (REF)
cordially invites you to a presentation on
Impact Evaluation of Small and Medium Enterprise Policies*

Sabancı University Karakoy Communication Center,

2nd Floor

(Bankalar Caddesi No:2, Karakoy 34420 Istanbul)

On December 13rd, 2011, Tuesday

at 14.00 - 16.00

PROGRAM

Opening Speech

İzak Atiyas, Director, TÜSİAD-Sabancı University Competitiveness Forum (REF)

Presentation

“Impact Evaluation of Small and Medium Enterprise Policies in Latin America and East Asia”

by

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The meeting will be in English.

¹ Editor of the World Bank report titled “Impact Evaluation of Small and Medium Enterprise Policies in Latin America and Caribbean” Please click here:

http://econ.worldbank.org/external/default/main?pagePK=64165259&theSitePK=469372&piPK=64165421&menuPK=64166093&entityID=000386194_20110505031549

ABSTRACT

Impact Evaluation of SME Policies in Latin America and East Asia **Dr. Hong W. Tan, TANECON**

Most countries have support programs offering financial products and subsidized business development services (BDS) to their small and medium enterprises (SMEs). Few governments, however, evaluate their SME programs rigorously and when they do, most rely on beneficiary satisfaction surveys or simple case studies. While useful, they cannot accurately measure the net impacts of program participation or help policymakers determine whether and which support programs are working. That requires knowledge of the counterfactual—what outcomes would have been in the absence of the program(s) – and comparisons of the relative performance of firms that participated in SME programs (the “treatment” group) and similar firms that did not (the “control” group).

This presentation highlights the treatment-control group approach used and the main findings from impact evaluations of SME programs in Latin America and East Asia, focusing on Chile and Malaysia. The Chile study linked over 600 firms from the World Bank’s 2004 Chile Investment Climate Survey to panel firm data from the 1992 to 2006 Annual Industrial Survey; the Malaysia study used the national SME agency’s administrative records on over 2,000 beneficiary firms linked to panel firm data from the 2000 to 2009 Annual Survey of Manufacturing. In both linked data sets, the treatment and control groups were selected and matched using *propensity score matching* methods. Dates of program participation were used to identify in the panel data the before-program and after-program years so the resulting changes over time in firm performance due to program participation can be estimated and compared to that of the control group that did not use SME programs.

These studies highlight the potential of this analytic approach to identify and estimate the net causal impacts of participation in one or multiple SME programs on performance indicators such as sales, employment, wages and labor productivity. In both countries, the net effects of use of any SME program are generally positive, but impacts vary across different types of programs suggesting that SME programs are not all equally effective. There are also differences across programs in the time patterns of impacts. In Chile, significant impacts do not materialize until several years after program use, suggesting an explanation for why short-term evaluations often fail to find any effects. In Malaysia, on the other hand, positive impacts appear quickly and persist for several years. Estimated impacts also vary by size of firms. In Malaysia, where large sample sizes allowed analyses by size, small enterprises (with 5-50 employees) benefited the most from SME programs, followed by microenterprises (less than 5 employees) and medium size firms (51 to 150 employees).