

## The Role of Small and Medium Enterprises in Supporting a Nation's Economy

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### ABSTRACT

Reviewing previous research on the contribution of small and medium-sized businesses (SMEs) to a nation's economy is the goal of this study. This study uses a literature review methodology to determine the elements that affect SMEs' contributions to economic growth, such as innovation, job creation, wealth distribution, and poverty reduction. In order to comprehend the extent of SMEs' contribution to economic stability, the evaluated literature includes a variety of theoretical stances and prior research findings from diverse nations. By contributing significantly to GDP, opening up business opportunities, and improving economic inclusion through fair access to resources, SMEs strategically assist economic development, according to the analysis's findings. However, barriers including a lack of funding, restricted access to technology, and unhelpful government regulations frequently impede the growth of SMEs. In order for SMEs to contribute as much as possible to the expansion of the national economy, this assessment suggests that pro-SME policies, assistance from a range of stakeholders, and enhanced access to financing and technology are crucial.

**Keywords:** Small and Medium Enterprises (SMEs), National Economy, Economic Growth, Government Policy, Sustainable Development.

## **INTRODUCTION**

Small and medium-sized businesses (SMEs) are widely acknowledged as the foundation of many national economies because of their adaptability, creativity, and capacity to create jobs. SMEs have been shown to be essential for promoting economic expansion, lowering poverty, and guaranteeing fair income distribution (Kraus et al., 2018). These businesses foster innovation and technological breakthroughs, offer chances for entrepreneurial endeavors, and make a substantial contribution to the GDP (Beck et al., 2005; Carree & Thurik, 2010). But in spite of their vital function, SMEs frequently encounter a number of obstacles that impede their expansion and ability to contribute to national economies. Since SMEs are seen as essential tools for job creation and economic diversification, their significance in the literature on economic development is well-established (Ayyagari et al., 2014). SMEs are thought to be essential for improving economic resilience, especially during recessions (Bianchi et al., 2017). However, there is a disconnect between the academic knowledge of SMEs' roles and the real-world difficulties they face when carrying them out. Many nations find it difficult to establish conditions that allow SMEs to prosper, particularly when it comes to financial availability, technological prowess, and encouraging legislative frameworks (Berner et al., 2017).

Although SMEs have the potential to significantly strengthen national economies, systemic obstacles like limited access to capital, poor market knowledge, a lack of institutional support, and inadequate infrastructure limit their actual contributions (Carvalho & White, 2018). This observation gives rise to the phenomenon gap. Even though SMEs' roles in different economies have been the subject of numerous studies, little is known about how institutional frameworks, technological advancements, and government support policies interact with SMEs' operational capabilities to influence their economic contributions. Research on the combined effects of institutional policies, market access, technological capabilities, and innovation on SMEs' performance in both developing and developed economies is scarce, despite the fact that previous studies have examined the contribution of SMEs to national economies (Kraus et al., 2018; Ramani (2020). Furthermore, without including these aspects into a thorough, multifaceted framework, the majority of studies tends to concentrate on either qualitative consequences, like poverty reduction, or quantitative economic contributions, such GDP growth (Hessels et al., 2017). As a result, there is a dearth of study on the comprehensive function of SMEs in dynamic national economies, which calls for more investigation.

This study aims to fill these gaps by critically analyzing the body of research on SMEs' support of national economies, their difficulties, and the tactics needed to increase their contribution. By using this method, the study hopes to summarize results, show how interrelated SMEs' economic responsibilities are, and offer stakeholders and policymakers practical suggestions for improving SMEs' performance and integration into national economies.

## **LITERATURE REVIEW**

### **Current Research**

Numerous studies have examined how SMEs contribute to national economies, highlighting their strategic significance as engines of innovation, job creation, and economic stability. Economic resilience, poverty reduction, and social inclusion are all made possible by SMEs (Kraus et al., 2018; Ayyagari et al., 2014). This review of the literature examines contemporary research (2019–2024) on the function of SMEs in national economies, highlighting findings from earlier studies that concentrated on the performance, innovation, technological adaptation, and government assistance of SMEs.

### **SMEs and Economic Resilience**

SMEs are essential for preserving economic resilience in times of crisis, according to several research. The capacity of SMEs to adjust to developments like market upheaval, financial shifts, and technological innovation has been linked to their capacity to protect national economies during recessions. Because SMEs are flexible and can modify their operations in reaction to market shocks, Bianchi et al. (2020) contend that they serve as stabilizing forces. SMEs' involvement in the country's economic recovery is strengthened by their agility, which is bolstered by their adoption of technology and entrepreneurial methods. Bianchi et al. (2020) highlight how SMEs can use innovation and strategic market adaptation to support GDP growth and job stability. SMEs' ability to pivot during global economic upheavals is correlated with their access to funding and technology skills.

### **SMEs, Innovation, and Technological Advancements**

One of the main factors influencing SMEs' capacity to compete in marketplaces that are becoming more dynamic is innovation. According to Firdaus and Mulyanto (2020), innovation strategies—including technological improvements, product and service innovation, and innovation—are essential to improving the competitiveness and market position of SMEs. Their research emphasized how SMEs may get a competitive edge through innovation, which also builds resilience and enhances market performance. In order to enhance marketing performance, Firdaus and Mulyanto (2020) also looked at the relationship between relationship quality and the strategic development of positive word-of-mouth (WOM). They found that SMEs' creative approaches frequently result in higher customer loyalty and competitive advantages through favorable market perception. On a same vein, Dan's (2019) study on Marketing Performance Based on Product Innovation and Islamic According to Differentiation Advantage, creative approaches have a crucial role in SMEs' commercial success. This study backs up the claim that SMEs may sustain competitive advantages in quickly shifting economic situations by concentrating on product innovation and uniqueness. Both studies highlight the importance of innovative tactics and technology adaptation as key tools that SMEs employ to bolster their economic positions.

### **Government Policies and SMEs' Access to Resources**

The research also emphasizes how important institutional support and governmental policies are in affecting the success and economic contribution of SMEs. The capacity of SMEs to expand and support economic development is directly impacted by policies that address financial access, knowledge transfer, and infrastructure development (Thurik et al., 2019; Ramani, 2020). Policy obstacles that hinder SMEs' economic growth include limited financial access and inadequate institutional assistance, according to Ramani (2020). On the other hand, governments that actively assist SMEs by providing tax breaks, subsidies, and infrastructure development allow these businesses to become catalysts for innovation and economic progress. This supports the claim made by Thurik et al. (2019) that by establishing favorable conditions for SMEs to flourish, supporting

ecosystems promote innovation as well as economic performance. According to Thurik et al. (2019), SMEs' economic flexibility and resilience depend on financial access and technology support, especially during times of technological change and market upheavals. These results lend credence to the idea that government action can reduce obstacles and enhance SMEs' success.

### **SMEs' Performance and Marketing Strategies**

The marketing performance of SMEs has also been the subject of recent studies, with a particular emphasis on tactics that integrate innovation, distinction, and strategic relationships. According to Firdaus and Mulyanto (2020), SMEs that use relationship quality management and positive word-of-mouth tactics perform better in marketing. The importance of differentiating product offerings based on innovation and cultural insights (e.g., Islamic differentiation strategies) as a way to improve competitive positioning and expand market reach was also highlighted in Dan's (2019) study in Marketing Performance Berbasis Product Innovativeness dan Islamic Differentiation Advantage. According to these research, SMEs' economic performance is largely determined by their marketing strategies, particularly those that place a strong emphasis on innovation, customer involvement, and technology adoption. SMEs that prioritize strategic difference (e.g., through cultural alignment or innovation) not only improve their standing in the market but also help the country's GDP develop and create jobs.

### **SMEs, Employment, and Poverty Alleviation**

The capacity of SMEs to create jobs and combat poverty is one of their most important contributions to the national economy. SMEs have demonstrated their ability to promote labor market inclusion by providing marginalized groups with work options and assisting in the equitable distribution of revenue (Ayyagari et al., 2014). However, according to study by Bianchi et al. (2020), obstacles like lack of infrastructure, financing, and market instability still restrict SMEs' capacity to grow and maintain job opportunities.

According to Thurik et al. (2019), in order to increase SMEs' labor market engagement and their contribution to the reduction of poverty, government assistance policies and financial mechanisms are required. SMEs have a crucial role in generating employment possibilities, especially in developing nations where access to opportunities is often limited and unemployment rates are high.

According to the examined studies, SMEs provide a substantial contribution to national economies through innovation, job creation, technical breakthroughs, and the development of economic resilience. However, obstacles including poor institutional support, technological limitations, and difficulties obtaining funding usually prevent them from realizing their full potential. According to Firdaus and Mulyanto (2020) and Dan (2019), SMEs' long-term competitiveness and success depend heavily on their strategic use of innovation, relationship-building techniques, and differentiation. Additionally, government action is essential to establishing a supportive atmosphere that enables SMEs to overcome these obstacles. Recent studies have shown how crucial well-designed financial policies, technology transfer initiatives, and infrastructure development are to SMEs' long-term stability and economic contribution. These revelations open up possibilities for further investigation into integrated techniques.

## RESEARCH METHOD

Research Component	Details
<b>Research Design</b>	Systematic Literature Review (SLR) with a qualitative approach using thematic analysis.
<b>Research Questions</b>	<ol style="list-style-type: none"> <li>1. What are the key roles of SMEs in supporting a nation's economy?</li> <li>2. How does innovation affect SMEs' contributions to economic growth?</li> <li>3. What challenges do SMEs face that hinder their economic performance?</li> <li>4. How do government policies influence SMEs' ability to foster economic resilience and stability?</li> <li>5. What are the interrelations between technological adaptation, innovation strategies, and SMEs' marketing performance?</li> </ol>
<b>Data Collection Methods</b>	<ol style="list-style-type: none"> <li>1. <b>Database Selection:</b> Google Scholar, JSTOR, Scopus, ProQuest, PubMed, ScienceDirect.</li> <li>2. <b>Search Keywords:</b> "Small and Medium Enterprises," "SMEs and economic development," "innovation in SMEs," "government support and SMEs," "marketing performance SMEs," "economic resilience SMEs"</li> </ol>
<b>Inclusion Criteria</b>	<ul style="list-style-type: none"> <li>- Peer-reviewed journal articles from 2019 to 2024.</li> <li>- Studies focused on SMEs' technological adaptation, innovation, and government policies.</li> <li>- Articles addressing SMEs' contributions to GDP, employment, innovation, and economic resilience.</li> </ul>
<b>Exclusion Criteria</b>	<ul style="list-style-type: none"> <li>- Non-peer-reviewed papers, grey literature, and conference proceedings.</li> <li>- Studies without empirical findings.</li> </ul>
<b>Screening Process</b>	<ol style="list-style-type: none"> <li>1. Title and abstract screening to exclude irrelevant studies.</li> <li>2. Full-text review to ensure alignment with research questions.</li> </ol>
<b>Data Analysis Methods</b>	<ol style="list-style-type: none"> <li>1. Thematic Analysis (Braun &amp; Clarke, 2006):                             <ul style="list-style-type: none"> <li>- Familiarization with data</li> <li>- Generating initial codes</li> <li>- Searching for themes</li> <li>- Reviewing themes</li> <li>- Defining and naming themes</li> <li>- Writing the report</li> </ul> </li> </ol>
<b>Frameworks for Analysis</b>	Innovation theories (Schumpeter, 1934), economic resilience theories, and models of government policy impacts on SMEs (Thurik et al., 2019).
<b>Sampling Strategy</b>	Purposive sampling focusing on peer-reviewed articles addressing SMEs' innovation, economic roles, technological adaptation, and government policies.
<b>Quality Assessment Tools</b>	<ol style="list-style-type: none"> <li>1. CASP (Critical Appraisal Skills Programme) checklist.</li> <li>2. PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses).</li> </ol>
<b>Ethical Considerations</b>	<ul style="list-style-type: none"> <li>- Proper citation of all sources to ensure transparency and avoid plagiarism.</li> <li>- Balanced and fair reporting of findings without selective bias.</li> </ul>

Research Component	Details
Limitations	<ol style="list-style-type: none"><li>1. Dependence on published literature (excludes grey literature or unpublished findings).</li><li>2. Temporal limitations (research from 2019 to 2024).</li><li>3. Variability in study methodologies may affect comparisons.</li></ol>

## RESULTS

The findings from the systematic literature study that was done to examine how SMEs contribute to a country's economy are summarized in the results section. The findings are arranged according to themes found in the literature reviews conducted between 2019 and 2024.

### Important Results

From the review, the following key themes were found:

#### SMEs' Economic Contribution

Because of their contributions to GDP, employment creation, and poverty alleviation, SMEs are now universally acknowledged as essential components of a country's economic progress. Their capacity to serve as stabilizing influences during times of economic turbulence is demonstrated by recent discoveries.

#### Employment Contribution

In both developed and developing nations, SMEs are mostly to blame for the creation of jobs (Kraus et al., 2018; Thurik et al., 2019). SMEs offer a wide range of employment options, including ones for underrepresented populations.

#### GDP Contribution

By providing cutting-edge products and services that meet consumer demand, SMEs considerably boost GDP growth (Bianchi et al., 2020).

#### Innovation and SMEs

For SMEs to compete, adjust, and maintain their market positions, innovation is still a crucial factor. According to recent studies, SMEs can improve their competitiveness by implementing strategies for service differentiation and technical innovation. According to Firdaus and Mulyanto (2020), innovation helps SMEs develop enduring relationships with their clients, which improves their performance in the market. According to Dan (2020), SMEs' product innovation and differentiation have improved marketing performance and economic competitiveness, especially when combined with Islamic differentiation tactics. Research emphasizes the vital role that government intervention plays in promoting the success of SMEs through financial access, technological advancement, and institutional assistance.

Thurik et al. (2019) showed that by lowering systemic obstacles such market uncertainty, tailored financial interventions increase SMEs' competitiveness, innovation, and adaptability. Ramani (2020) underlined that two major obstacles for SMEs continue to be inadequate policy implementation and limited financial access. However, the economic contributions of SMEs are greatly enhanced by properly implemented tax incentives and subsidies.

#### Adaptation to Technology and Economic Stability

The ability of SMEs to embrace new technology is essential to guaranteeing their resilience in the face of economic shocks and market upheavals. SMEs are better prepared to manage difficulties associated with technology change and economic downturns if they place a high priority on technical adaptation (Kraus et al., 2018; Thurik

et al., 2019). SMEs' investments in technology boost national economic recovery initiatives by enhancing their operational effectiveness and consumer experiences.

### **Obstacles SMEs Face**

Notwithstanding their potential, SMEs encounter structural and systemic obstacles that limit their expansion and financial contributions.

**Limited Financial Resources:** One enduring obstacle is the inability to obtain finance and credit (Ramani, 2020). The inability of many SMEs to obtain reasonably priced loans limits their ability to grow and develop. **Market Entry Barriers:** Due to a lack of competition and market information, SMEs have trouble breaking into foreign markets (Bianchi et al., 2020). **Regulatory Environment and Institutional Support:** According to Thurik et al. (2019), SMEs face major obstacles from ineffective regulations and insufficient government assistance.

### **The Marketing Performance Strategies of SMEs**

To remain competitive, SMEs have implemented a range of marketing performance tactics. Research shows that marketing innovation and strategic relationship-building have worked well. According to Firdaus and Mulyanto (2020), SMEs that prioritized relationship quality and used positive word-of-mouth (WOM) tactics saw better marketing results. Dan (2020) investigated how competitive advantages are strengthened by product innovation and distinctiveness (e.g., through Islamic principles), which improves the market placement and profitability of SMEs.

### **Summary Findings**

<b>Theme</b>	<b>Key Findings</b>	<b>References</b>
<b>Economic Contribution of SMEs</b>	SMEs create employment and contribute significantly to GDP.	Kraus et al. (2018), Bianchi et al. (2020)
<b>Role of Innovation in SMEs</b>	Innovation supports competitive advantage, market performance, and adaptation to market demands.	Firdaus & Mulyanto (2020), and (2020)
<b>Government Policies &amp; Institutional Support</b>	Financial policies, subsidies, and technological incentives enhance SMEs' growth and adaptability.	Thurik et al. (2019), Ramani (2020)
<b>Technological Adaptation &amp; Resilience</b>	Technological adoption strengthens SMEs' operational performance and ability to recover from market shocks.	Kraus et al. (2018), Thurik et al. (2019)
<b>Challenges Facing SMEs</b>	Limited financial resources, market entry barriers, and weak institutional support hinder SMEs' growth.	Ramani (2020), Bianchi et al. (2020)
<b>Marketing Performance Strategies</b>	Positive WOM and strategic relationship-building, as well as product innovativeness, improve performance.	Firdaus & Mulyanto (2020), and (2020)

### **Interpretation of the Results**

The results show that although SMEs play a crucial role in bolstering national economies, they encounter numerous obstacles that prevent them from realizing their full economic potential. The key factors that help SMEs overcome challenges and aid in the recovery of the national economy include innovation, government regulations, technology adaptation, and effective marketing techniques.

**-Government Policies:** In order to give SMEs the resources they require to develop and

grow, effective financial interventions—such as tax incentives and subsidies—are crucial.

-Innovation and Marketing Strategies: By embracing technology advancements, creative business plans, and successful marketing techniques (such word-of-mouth tactics), SMEs boost their competitiveness and favorably impact the expansion of the national economy.

-Economic Challenges: To maximize their contributions, SMEs must overcome financial limitations, restricted access to global markets, and ineffective regulatory frameworks, notwithstanding potential.

In order to enhance SMEs' economic responsibilities through better legislation, strategic technical support, and financial access, the synthesis identifies practical lessons for stakeholders and policymakers.

## **DISCUSSION**

The discussion part offers a thorough examination of the main conclusions drawn from the systematic literature review on "The Role of Small and Medium Enterprises (SMEs) in Supporting a Nation's Economy." By relating the results to accepted ideas, discussing their applications, and contrasting them with earlier research, the discussion puts the findings in context. The main topics found in the findings section, their connections, and their wider significance will all be covered in this conversation.

### **1. The Economic Contribution of SMEs: GDP Growth and Employment**

The results demonstrate that SMEs are essential to a country's economic progress since they create jobs and boost GDP. Particularly in emerging nations, SMEs are largely to blame for the creation of jobs. This supports the findings of Bianchi et al. (2020) and Kraus et al. (2018), who point out that SMEs play a crucial role in promoting equitable growth and lowering unemployment rates.

The ability of SMEs to innovate, respond to local market demands, and launch new products and services accounts for a major portion of their GDP contribution. These elements allow SMEs to play a crucial stabilizing role in times of economic downturn or market turbulence (Bianchi et al., 2020).

Given their capacity to combat poverty through broad market participation, the results show that SMEs' contributions to GDP and employment creation should not be undervalued. However, obstacles like unstable finances and uncertain markets can make it difficult for them to contribute. For SMEs to continue playing a part in the success of the national economy, policymakers must guarantee that they have access to resources and favorable market circumstances.

### **2. Innovation's Contribution to SMEs' Improved Market Position**

The ability of SMEs to compete and adjust to shifting market conditions is largely driven by innovation. According to Dan (2019) and Firdaus and Mulyanto (2020), SMEs that incorporate innovation into their plans might set themselves apart with creative goods, services, or advertising tactics. Their capacity to hold onto market share and adapt to technological advancements is improved by this competitive advantage.

In order to strengthen SMEs' market positioning, Firdaus and Mulyanto (2020) stress the significance of generating favorable word-of-mouth (WOM) through strategic innovation and relationship-building. Furthermore, Dan (2019) emphasizes that SMEs can effectively retain their competitiveness through product innovation and differentiation, especially through culturally appropriate tactics like Islamic distinction. These results highlight the close relationship between SMEs' organizational culture, market information, and technology readiness and their ability to innovate. To encourage a culture of creativity and innovation, governments and



stakeholders should provide financial incentives, technological assistance, and training programs to SMEs.

**3. Government Policies and Institutional Support: A Catalyst for SMEs' Growth**

The findings highlight the pivotal role of government policies in shaping SMEs' economic contributions. Thurik et al. (2019) and Ramani (2020) reveal that well-designed financial policies, tax incentives, subsidies, and infrastructure investments can empower SMEs by improving their access to resources and technology. SMEs depend on supportive ecosystems that provide financial relief and technological support to overcome barriers such as lack of capital and market entry difficulties.

Ramani (2020) further identifies that weak policy responses and insufficient financial access hinder SMEs' growth. This aligns with Bianchi et al. (2020), who identify market entry barriers and financial resource constraints as primary challenges for SMEs. These findings suggest that governments should implement targeted policies to ensure **SMEs have access to capital and technological support**. Effective policy strategies should focus on reducing financial barriers, offering favorable tax regimes, creating technology parks, and improving infrastructure. Such strategies will enable SMEs to innovate, expand operations, and contribute more effectively to national economic recovery.

**4. Adapting to Technology as a Route to Resilience**

The results also reveal another important theme: technological adaptation. Adopting new technology makes SMEs more resilient to market disruptions, technical advancements, and economic shocks (Kraus et al., 2018; Thurik et al., 2019). Technological capabilities boost SMEs' competitiveness by increasing productivity, cutting costs, and improving operational efficiency. This result supports the idea that technical preparedness and SMEs' resilience are closely related. To guarantee that SMEs can take advantage of these technological opportunities, government and institutional initiatives that promote research and development (R&D), facilitate intellectual transfer, and offer financial access for technology adoption are crucial.

**5. Challenges Hindering SMEs' Contributions to Economic Growth**

Despite their critical economic roles, SMEs face several barriers that limit their ability to achieve their full potential. The findings identify three major challenges: financial constraints, market entry barriers, and inadequate institutional support. Financial Constraints: SMEs often struggle to secure affordable loans, which limits their ability to invest in innovation and expand operations. This barrier aligns with Ramani's (2020) findings that financial access is a persistent hurdle for SMEs. Market Entry Barriers: SMEs encounter challenges in accessing international markets due to limited market intelligence, competition, and information asymmetries. These barriers hinder their ability to scale up and expand their market reach (Bianchi et al., 2020). Inefficient Regulatory and Institutional Environments: Weak governance, unclear policies, and lack of government support exacerbate these challenges (Thurik et al., 2019). Addressing these barriers requires multi-sectoral collaboration to ensure that SMEs have the financial resources, technological support, and regulatory environment they need to grow and innovate.

**6. Marketing Performance Strategies: Competitiveness and Strategic Flexibility**

According to the findings, SMEs can increase their marketing success by utilizing relationship-building techniques, technology innovation, and strategic differentiation. According to Firdaus and Mulyanto (2020) and Dan (2019), SMEs that use strategic customer interaction and positive word-of-mouth (WOM) beat rivals in the marketplace. Furthermore, creative tactics like product differentiation and the application of culturally appropriate market positioning techniques (such as Islamic distinctiveness) are useful instruments for the commercial success of SMEs. Since SMEs frequently have limited resources, it is imperative that they implement efficient marketing tactics. Relationships, creativity, and strategic positioning are key

components of marketing performance strategies that can improve market share, customer loyalty, and brand reputation.

The conversation emphasizes how important SMEs are to the economy and how they can significantly boost GDP, create jobs, innovate technology, and be resilient to market shocks. However, obstacles including lack of funding, trouble entering the market, and insufficient government regulations prevent them from reaching their full potential. The results highlight how crucial innovation, technological adaptation, and encouraging government policies are to SMEs' long-term resilience and competitiveness. For SMEs to succeed and maximize their contributions to national economies, it is imperative that the obstacles they face be addressed with all-encompassing financial, technological, and infrastructure support. Future studies should examine how cross-sector collaborations, international market strategies, and emerging technology might improve SMEs' performance and capacity for innovation in a range of economic environments.

### **CONCLUSION**

The systematic literature review on *"The Role of Small and Medium Enterprises (SMEs) in Supporting a Nation's Economy"* provides significant insights into the multifaceted role of SMEs in promoting economic stability and growth. The findings highlight that SMEs are integral to a nation's GDP contribution, employment generation, and economic recovery, particularly during periods of market instability.

Key conclusions from this study are as follows:

- 1. Economic Contribution:** SMEs act as vital drivers of employment and GDP growth. They reduce unemployment rates and contribute substantially to inclusive economic development, especially in emerging and developing economies.
- 2. Innovation as a Catalyst for Growth:** Innovation remains central to SMEs' competitiveness. Product innovation, technological adaptation, and strategic marketing approaches enable SMEs to maintain market positions and adapt to economic challenges.
- 3. Government Policy and Institutional Support:** Effective government policies, including financial incentives, subsidies, and infrastructural investments, are essential for supporting SMEs' growth. These policies enhance access to financial resources, foster innovation, and improve technological adaptation.
- 4. Technological Adaptation Strengthens Resilience:** SMEs that adopt technological innovations are better equipped to face market disruptions and economic shocks. Technological readiness enhances operational efficiency, productivity, and market adaptability.
- 5. Persistent Barriers to Growth:** Despite their potential, SMEs face financial constraints, market entry barriers, and insufficient institutional and policy support. Addressing these challenges is critical for unlocking SMEs' full economic potential.
- 6. Marketing Strategies Impact Performance:** SMEs utilizing effective marketing strategies, such as positive word-of-mouth (WOM) campaigns, innovation, and strategic market positioning, achieve improved market performance and competitive advantages.

#### **Concluding remarks**

The results highlight that although SMEs have a lot of potential to boost a country's economy, removing major obstacles would require innovation, technology assistance, and calculated government action. To establish supportive conditions that enable SMEs to successfully innovate, scale, and compete, policymakers, financial institutions, and other stakeholders must work together.

In addition to enhancing their own performance, strengthening SMEs will support the more general objectives of inclusive growth, job creation, and economic resilience. To better understand how SMEs may maximize their position in national and international

economic systems, further study should examine new trends, technical developments, and international market prospects.

### **LIMITATION**

While this research provides valuable insights into the role of Small and Medium Enterprises (SMEs) in supporting a nation's economy, it is important to acknowledge the limitations that may influence the findings and their generalizability. The following limitations were identified:

**Table 2**

<b>Limitation</b>	<b>Explanation</b>
<b>1. Temporal Scope</b>	The study focused on literature published between 2019 and 2024. This temporal constraint may exclude foundational insights or earlier studies that could provide additional context.
<b>2. Dependence on Published Literature</b>	The study relied exclusively on peer-reviewed journal articles and excluded grey literature, conference papers, and other unpublished research, which might have limited perspectives.
<b>3. Geographic Focus</b>	The findings are drawn from global studies but may be influenced by regional economic contexts, limiting the ability to generalize across all nations.
<b>4. Methodological Variability</b>	The included studies used diverse methodologies, which may affect the comparability and synthesis of findings across studies.
<b>5. Limited Exploration of Emerging Trends</b>	Rapid technological advancements and new trends may not have been fully explored or addressed within the available literature due to the dynamic nature of the economy and SMEs' responses.
<b>6. Scope of Innovation Strategies</b>	While the study explored innovation and technological adaptation, other innovative business models or strategies may not have been adequately addressed.
<b>7. Constraints in Data Availability</b>	Some of the reviewed studies lacked sufficient empirical data or context-specific analysis, which may limit the depth of insights into SMEs' roles.

### **Conclusion Limitation**

These limitations highlight areas that could influence the findings and interpretations of this study. While the findings contribute to the understanding of SMEs' roles in economic growth, future research should expand beyond these limitations by considering longitudinal studies, grey literature, case studies across different regions, and emerging technological trends. Additionally, a deeper exploration of varied government policies, market strategies, and technological innovations could offer a more comprehensive understanding of SMEs' evolving roles in economic performance.

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### **DECLARATION OF CONFLICTING INTERESTS**

I hereby declare that there are no known conflicts of interest that could have influenced the research process, findings, or conclusions of this study titled "*The Role of Small and Medium Enterprises (SMEs) in Supporting a Nation's Economy.*"

The research was conducted impartially, with full academic integrity, transparency, and objectivity. Any financial or personal relationships that could be perceived as a conflict of interest have been disclosed, and no such conflicts exist.

If any potential conflicts arise during the course of this study, they will be disclosed promptly in line with ethical research standards and best practices.

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