Journal of Public Policy Practitioners (JPPP)
Volume 5 Issue 1, Spring 2026
ISSN(P): 2959-2194, ISSN(E): 2959-2208
Homepage: https://journals.umt.edu.pk/index.php/jppp

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Title: **SME Development: A Comparative Analysis of SMEDA, Pakistan and KOSGEB, Turkiye**

Author (s): Sayed Husnain Haider
Affiliation(s): Police Service of Pakistan, Lahore, Pakistan
University College London, United Kingdom

DOI: https://doi.org/10.32350/jppp.51.05

History: Received: March 30, 2025, Revised: April 23, 2025, Accepted: May 30, 2026, Published: June 28, 2026

Citation: Haider, S. H. (2026). SME development: A comparative analysis of SMEDA, Pakistan and KOSGEB, Turkiye. *Journal of Public Policy Practitioners*, *5*(1), 121–146. https://doi.org/10.32350/jppp.51.05

Conflict of Interest: Author(s) declared no conflict of interest

A publication of
School of Governance and Society
University of Management and Technology, Lahore, Pakistan

SME Development: A Comparative Analysis of SMEDA, Pakistan and KOSGEB, Turkiye

Sayed Husnain Haider*

Police Service of Pakistan, Lahore, Pakistan
University College London, United Kingdom

Abstract

This study is a comparative analysis of the performance of Small and Medium Enterprises Development Authority (SMEDA) in Pakistan and KOSGEB in Türkiye. SMEDA and KOSGEB are responsible for the development, growth, and promotion of SMEs in Pakistan and Türkiye, respectively. This is a qualitative study based on secondary data. The relevant data was collected from the official websites of SMEDA and KOSGEB, scholarly articles, and research reports. The data on the export of SME products, share of SME products in GDP, annual budget of the organizations, support provided by the organizations to the SME sector, and research and development expenditures of the two organizations were compared. Moreover, other factors including technological accessibility and bureaucratic support were also compared. The study contributes to the existing research explicating that the two organizations function in different political and economic conditions, but face some common challenges like bureaucratic hurdles. However, KOSGEB's performance on export, contribution to GDP, annual budget, and support to SMEs are its important contributions. It is recommended that SMEDA needs to provide financial and R&D support to SMEs for improving their share in GDP and exports.

***Keywords*:** comparison, export, financial support, GDP share, KOSGEB, small and medium enterprises, small and medium enterprises development authority

Introduction

Small and medium-sized enterprises (SMEs) remain instrumental in promoting economic growth and development, especially in developing countries (Ali, 2015). SMEs are an important vehicle for generating employment, providing goods and services, and improving lifestyles (Quader, 2009). They generate 95% of the global businesses and 55% of the world's total jobs (Bayraktar & Algan, 2019). In developed countries, the

*Corresponding Author: sayedhader123@gmail.com

contribution of SMEs to GDP is 55%, while employing 65% of the workforce; whereas, in middle-income and low-income countries, SMEs contribute around 70% and 60% to the GDP respectively, while generating around 60% of the total employment (World Bank, 2021).

It is argued that SMEs supply “major lifeblood” to the economies across the globe (Kemal et al., 2013). A good number of countries have made striking achievements in terms of economic growth and employment through effective support provided to SMEs (Amir et al., 2020). This support includes ensuring SMEs’ access to loans, R&D support, training to SME entrepreneurs, ease of doing business and reducing administrative approvals, and technological access. In Pakistan, the Small and Medium Enterprises Development Authority (SMEDA) has been facilitating SMEs in terms of their business plans, innovative approach, and funding; thus, it encourages these enterprises to establish and grow their business (Rasee et al., 2021). Since its establishment in 1998, SMEDA has been successful in supporting around 150,774 SMEs and arranging more than 4750 trainings (SMEDA, n.d.).

To understand the challenges of SMEs in Pakistan, this study carries out a comparative analysis of SMEDA and Türkiye’s Small and Medium Enterprises Development Organisation or KOSGEB. KOSGEB was established in 1990 with the objective of promoting SMEs (KOSGEB, 2025). It has facilitated 3.713 million SMEs, which contribute 70.5% to employment and 35% to the country’s total exports (Turkish Institute of Statistics, 2024). In recent years, KOSGEB has won laurels with regard to its project-based support programs and brand-building development support programme (Ege, 2022). KOSGEB facilitates SMEs in their establishment phase when they are in dire need of funding and provides innovative business solutions (Şenel & Genc, 2021).

This study evaluates the effectiveness of SMEDA and KOSGEB vis-à-vis their support programmes for SMEs, as well as the working of these two organisations, related but not limited to their organizational structure, objectives, support programmes, and the challenges faced by them. SMEs also contribute to exports, thus contributing to GDP growth. For better performance, these organizations require the budget for R&D and training. The study also analyses the similarities and differences in the challenges confronted to these organizations. It uses secondary data for the analysis. It analyses the reports of the respective organizations, literature, and website information.

This research aims to answer following questions:

- How SMEDA and KOSGEB compare in terms of export share in GDP, R&D, direct support, and annual budget in promoting SMEs?
- What are the respective challenges faced by SMEDA and KOSGEB?

Literature Review

SMEs contribute substantially to the economic growth of a country through innovative initiatives, employment generation, and industrial growth (Rasee et al., 2021). An SME is an independent firm run by the owners themselves and with a relatively small share of the market place (Kemal et al., 2013). SMEs not only provide livelihoods and public welfare to the poor but also stimulate structural changes in enterprises and promote industrialization in a country (Rasee et al., 2021).

Various researches exhibit cogent evidence regarding the effectiveness of SMEs in terms of their contribution to industrial development and economic growth (Daniels, 1999; Duncombe & Heeks, 2002; Qureshi, 2005). These researchers argue that SMEs lead to income generation, increased women participation, and access to a variety of socioeconomic benefits (Rasee et al., 2021). SMEs are highly instrumental in the effective utilization of innovative business methods and advanced technology, resulting in reduced unemployment and poverty (Kimambo, 2005). Several studies highlight the relationship between poverty reduction and SME growth (Mbuyisa & Leonard, 2017).

KOSGEB offers different support programmes encouraging SMEs not only to grow their businesses locally but also to participate in the highly competitive international market (Şenel & Genc, 2021). SMEs contribute 42% in total value added to the economy of Türkiye, 50% in total sales and about 30% in direct foreign trade; thus, they have significant socioeconomic benefits. These are precisely the reasons that, as compared to other economies of a similar size, SMEs remain more resilient largely because of the support by KOSGEB (Şenel & Genc, 2021).

Comparable to the role played by KOSGEB in Türkiye, Small and Medium Enterprises Development Authority (SMEDA) facilitates and promotes the development of SMEs in Pakistan. Its funding profile includes government releases, foreign donor assistance, and loan guarantee schemes.

SMEDA provides financial support through targeted programs such as grants, subsidies, and low-interest loans, typically routed through cooperating financial institutions (Small and Medium Enterprises Development Authority [SMEDA], 2024). Unlike KOSGEB's direct financial assistance focus, SMEDA emphasizes capacity building, entrepreneurship development, technology acquisition, and market access (Ministry of Industries and Production, 2021).

SMEDA has been effective in generating business activity through SMEs; however, it is faced with several obstacles such as procedural barriers, absence of a conducive environment, and illiterate owners, although the biggest problem remains "access to finance" (Khan et al., 2021). Some recent studies mentioned that innovative activities are particularly challenging for SMEs because of their crucial financial restraints and information asymmetries (Barbaroux, 2014). Despite such hurdles, SMEDA reports that it has assisted over 30,000 SMEs across Pakistan under various schemes, including training, facilitation of credit, and policy assistance (SMEDA, 2024). Its geographical coverage spans manufacturing, services, and agriculture sectors, with a focus on rural and underdeveloped regions.

In contrast, KOSGEB indicates that it has supported more than 250,000 SMEs since its inception, making it one of the largest SME support agencies in Turkey. Its programs largely target start-ups, established SMEs, and high-potential innovative ventures, with a marked inclination towards technological development and export-based activities (KOSGEB, 2025). While both SMEDA and KOSGEB facilitate SMEs, the scale and orientation of their interventions differ. SMEDA focuses more on policy development, training, and advocacy, whereas KOSGEB has more expansive financial aid programs, including grants, interest subsidies, and venture capital financing aimed at boosting innovation and competitiveness (Kimambo, 2005).

Some recent studies mention that innovative activities are particularly challenging for SMEs because of their crucial financial restraints and information asymmetries (Barbaroux, 2014). Researchers believe that SMEs play a pivotal role in boosting the economy of a country, as well as providing opportunities for entrepreneurial development and economic growth internationally (Djidjik & Muragu, 2024). On the one hand, SMEs make significant contributions to their respective economies; on the other, they not only face challenges themselves but they may contribute towards initiating economic crisis in their countries (Kimambo, 2005).

Researches argue that in developed economies, 20% of new SMEs last no more than a year, 20% last only two years, and 50% last not more than five years; thus only 10% of SMEs survive beyond five years (Bayraktar& Algan, 2019). Robust SMEs have the potential to shoulder the economy of a country because they operate as a source of skill-development, employment-generation, and business-stimulation. They also galvanise competition for product, design, efficiency, and price; therefore, in the absence of SMEs, large enterprises establish their monopolies which are not only discouraging for the SME-entrepreneur but also damage the interests of the consumers at large (Neagu, 2016). Researchers contend that the profits of SMEs are many times higher than large corporates (Ege, 2022).

The changes in technology, markets, business-strategies, local and international economic patterns are likely to affect the SMEs; therefore, the policymakers and implementer should monitor these changes on regular basis and formulate policies accordingly in order to to protect and promote SMEs (Aktas, 2020). The countries can be immensely benefitted from the potential of SMEs if they can harness this potential at the right time and in the right direction (Dierks, 2024).

The global economy has changed in many ways during the last two decades as new technologies as well as new ways of marketing have revolutionised businesses across the globe, requiring well-devised business plans backed by technical support and effective framework (Kemal et al., 2013). Some researchers believe that the buzzword "innovation" occupies an important place in today's markets, which forces entrepreneurs not only to come up with novel business ideas but also with well-delineated and comprehensive strategies of implementation (Duncombe & Heeks, 2022).

The success of SMEs is largely dependent on regulatory business frameworks which are effective in developing and maintaining fair play, positive competitiveness, equal opportunities for all SMEs to grow, trade and investment openness, protection of intellectual property, and an overall conducive environment for businesses (Dierks, 2024).

Although adequate literature is available on the workings of SMEs, yet there is an acute paucity of academic literature on comparative analysis of their supporting organisations, such as SMEDA and KOSGEB. This is precisely the gap where this study situates itself. A comprehensive comparative academic analysis remains essential to bridge the existing gap in the literature and draw strategic lessons for the SME development policy in Pakistan and similar emerging economies.

The Two Organizations

SMEDA

Small and Medium Enterprises Development Authority (SMEDA) was established in 1998 with the mandate to facilitate the development and growth of small and medium enterprises (SMEs) in Pakistan, in collaboration with other institutional stakeholders (SMEDA, n.d.). It is an autonomous body under the SMEDA Ordinance 2022 at federal level with its headquarter at Lahore, along with four provincial offices and 21 business centers across the country (SMEDA, 2024). It has a three-pronged strategy (Figure 1) to facilitate SMEs.

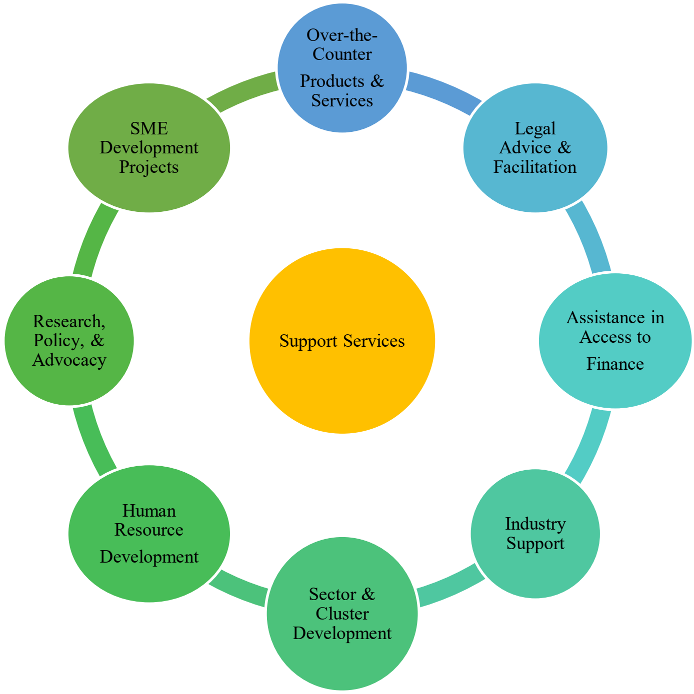
Figure 1

Facilitation Strategies (SMEDA, 2024)

SMEDA has the authority to utilise both public and private sector resources for the development of SMEs (Amir et al., 2020); therefore, it offers a variety of support services for a broad range of SMEs including but not limited to dairy and livestock sector, horticulture, leather products and footwear, marble and granite, textiles, gems and jewellery, ceramics, surgical instruments, sports goods, plastics, pharmaceutical, and fans (SMEDA, 2024), as depicted in Figure 2 below.

Figure 2

Support Services (SMEDA, 2024)



Under the broad support functions, SMEDA has taken initiatives to increase efficiency, plan and design businesses, secure bank loans, prepare feasibility reports, initiate innovate processes, and adopt new technologies (Rasee et al., 2021).

SMEDA's interventions are based largely on its component-based approach, which helps to identify target areas and devise strategies to address the issues facing these areas (Iftikhar-ud-Din et al., 2023). Likewise, SMEDA strengthens SMEs in terms of human resource development, entrepreneurship development, women's entrepreneurship, access to loans, data collection, procedural simplification, and ease of doing business (Iftikhar-ud-Din et al., 2023).

SMEDA has proposed 170 procedural changes to enhance the ease of doing business and ensures 118 of them as effectively implemented (Khan, Sultan, & Khan, 2021). Under the Finance Act 2021, it succeeded in securing a simplified tax regime for SMEs as was envisaged in the SME

Policy 2021. Moreover, considering the paucity of data on the SME sector, it has undertaken one of its most significant projects, "Research, Regulatory Insight, and Advocacy Assistance" for data compilation. So far, all the initiatives for SME development are based on the data collected by the Pakistan Bureau of Statistics (Iftikhar ud Din et al., 2023). This project has proved instrumental in enhancing the institute's data-gathering capabilities, leading to a precise assessment of SME development measures (Iftikhar ud Din et al., 2023).

An online single-window portal has been established by SMEDA to strengthen coordination between the business owners, SMEs, and other stakeholders through this single point of access. Efforts are underway to automate this system in order to boost coordination between the stakeholders (Khan et al., 2021)

SMEDA, in coordination with HEC and five other universities, has embarked upon establishing a National Idea Lab, which would serve as a coordinator among the incubator labs established at these universities with the objective of encouraging startups and promoting SMEs (Asian Development Bank, 2023; Iftikhar ud Din et al., 2023). Besides, SMEDA has been considerably successful in identifying the barriers to women entrepreneurship and has launched engagement programmes focusing on the education and awareness of women, financial literacy, digital literacy, vocational training, and business skills (Asian Development Bank, 2023). Figure 3 below shows some of SMEDA's success.

Figure 3

Achievements (SMEDA, n.d.)

However, the structural and financial issues faced by SMEs in Pakistan could not be effectively addressed by establishing SMEDA, largely because of the lack of coordination among the relevant governmental organisations; therefore, SMEDA has yet to go a long way before Pakistan could have a robust SME sector (Amir et al., 2020).

KOSGEB

The Small and Medium Enterprises Development Organization, Turkiye or KOSGEB was established in 1990 under the Law #3624 with the mandate to provide services and support for the development, promotion, and growth of SMEs only in the production industry (European Bank for Reconstruction and Development, 2022). KOSGEB was further empowered by an amendment to this law in 2009, which provided for its expansion to support SMEs in all other industries. In 2018, the KOSGEB Strategic Plan 2019-2023 was launched under the amendment made by the Presidential Decree No. 4, which presented a comprehensive policy on promoting SMEs. KOSGEB has 88 directorates in 81 cities, 108 representative offices, and centers of technology in 21 universities (KOSGEB, 2025).

Direct support to SMEs is provided out of KOSGEB's own annual budget in the areas of technological development, financial support, including emergency aid, grants, and interest-free credit, capacity building, and entrepreneurship, among others (European Bank for Reconstruction and Development, 2022). SMEs have access to indirect support arranged by KOSGEB in collaboration with other financial organisations (European Bank for Reconstruction and Development, 2022).

The focus of KOSGEB has been on the socioeconomic development of the country by enhancing and promoting highly competitive SMEs which remain competitive both at national and international levels (Aktas, 2020). The organisation has introduced a good number of support programmes with a varying degree of success; however, almost all of them were meant to galvanise SMEs in the local and global business ecosystem (Senel & Genç, 2021). Since its establishment in 1990, it has been strengthening the SMEs and small entrepreneurs to ensure their growth through various support services based on innovation, competitiveness, skill-based training, and technological adoption (Islamic Centre for Development of Trade, 2024). KOSGEB, through its innovative and practical support programmes for the growth of SMEs, addresses the gigantic problems of unemployment and slow economic growth in the country (Senel & Genç, 2021). Its major support programmes are shown below in Table 1.

Table 1

Major Support Programmes of KOSGEB 2025

Employment Protection	Mentorship & Evaluation
Capacity Building	Technological Product Investment
Global Competitiveness	TEKMER Programme
Entrepreneur Support	Post-earthquake Business Revival
Digital Transformation	Industrial R & D Projects
Green Industry	R & D Start-up

KOSGEB has made successful efforts in gaining a reasonable place for Turkish SMEs in the international market. For this purpose, it has, in collaboration with other organisations, launched several support programmes which have enabled the Turkish SMEs to grab their share in the international market (Islamic Centre for Development of Trade, 2024). The organisation has launched the scheme "Enterprise Development, Growth and Internationalization", which covers two programmes for the internationalisation of SME businesses: a- International Market Support Program aimed at developing the skills and capabilities of SMEs for moving into the global market; and b- SME Development Support Program aimed at engaging and supporting SMEs for local and foreign business activities in the country and abroad (Islamic Centre for Development of Trade, 2024).

A major reason behind KOSGEB's success is the diversity of its support programmes, such as its Living Cultural Heritage Business Support Programme launched in 2022. This programme introduced a set of activities to establish and run specifically historic but rapidly vanishing businesses in a conventional, cultural, and traditional manner to bring into vogue the traditional crafts and ensure the transfer of classical business acumen to next generations (Organisation for Economic Co-operation and Development [OECD], 2024).

Taking into account the vulnerability of Türkiye to climate changes, such as droughts, landslides, wildfires, windstorms, heatwaves, and flooding, KOSGEB, in collaboration with the World Bank, launched the "Türkiye Green Industry Project" with a funding of 450 million US dollars

(OECD, 2024). This programme will assist all the actions related to renewable energy, carbon emission reduction projects, and green transformation projects (OECD, 2024). Behind the success of these programmes are the core organizational values that drive the system (Figure 4)

Figure 4

KOSGEB's Core Values (Aktas, 2020)

This is precisely because of KOSGEB's strict adherence to its core values that over the past three decades, the organisation has grown manifold. During the years 1990-2002, it had access only to 4000 SMEs (Aktas, 2020). Whereas, the number of SMEs registered with it has increased to about 3.7 million since then (OECD, 2024). Table 2 gives the definitions of SMEs in the two countries.

Table 2

Definitions of SMEs in Pakistan and Turkey

SMEDA	KOSGEB
An enterprise with less than PKR 150 million annual turnover is a Small Enterprise; from PKR 150 million to PKR 800 million is a Medium enterprise, and an enterprise up to 5 years old will be consi dered as a Start-up SE or Start-up ME.	Enterprises with fewer than 250 employees and either annual net sales revenue or financial balance sheet not exceeding 500 million Turkish Lira are classified as SMEs.

With regard to the scope of activities, SMEDA works as a catalyst for SME growth through technical support, research, and policy advocacy. Its initiatives include rural enterprise development, women's entrepreneurship, and sector-specific interventions in collaboration with private and public sectors (SMEDA, 2024). Conversely, KOSGEB's activities are organized around four core pillars: innovation, technology, entrepreneurship, and export promotion. It also provides international cooperation programs, training, consulting services, and technical assistance aimed at enhancing SME productivity and competitiveness (KOSGEB, 2024). KOSGEB's mandate is more interventionist, integrating financial and technological support under a comprehensive framework.

In terms of export facilitation, SMEDA encourages export-oriented growth by supporting SMEs' participation in trade fairs, market research, export development programs, and policy advocacy (SMEDA, n.d.). However, its contribution remains supplemental, relying heavily on coordination with agencies such as the Trade Development Authority of Pakistan. In contrast, KOSGEB adopts a more strategic and integrated export facilitation approach. It offers grants for product development, subsidies for trade fair participation, certification support, and quality assurance services—all in alignment with Turkey's national export strategy (KOSGEB, 2024). As such, KOSGEB's export-related interventions are more robust, targeted, and impactful.

Methods

This study is based on the qualitative approach. For effective qualitative analysis, the study follows the research onion pattern. Quantitative research is instrumental in investigating the patterns, trends, and behaviours under study (Taylor & Medina, 2013), whereas qualitative inquiry answers the "why and how" of a topic (McMillan & Schumacher, 1997). As a matter of fact, a qualitative study brings out and presents the facts in such a manner as would not only add to the already existing knowledge-base but would also entice other researchers for further enquiry into the areas of interest. For this study, relevant secondary data was used as the researchers (Johnston, 2012) contended that it is both cost-effective (Glaser, 1963) and saves time (Doolan & Froelicher, 2009). The use of secondary data suits the design of this study and meets its specific needs.

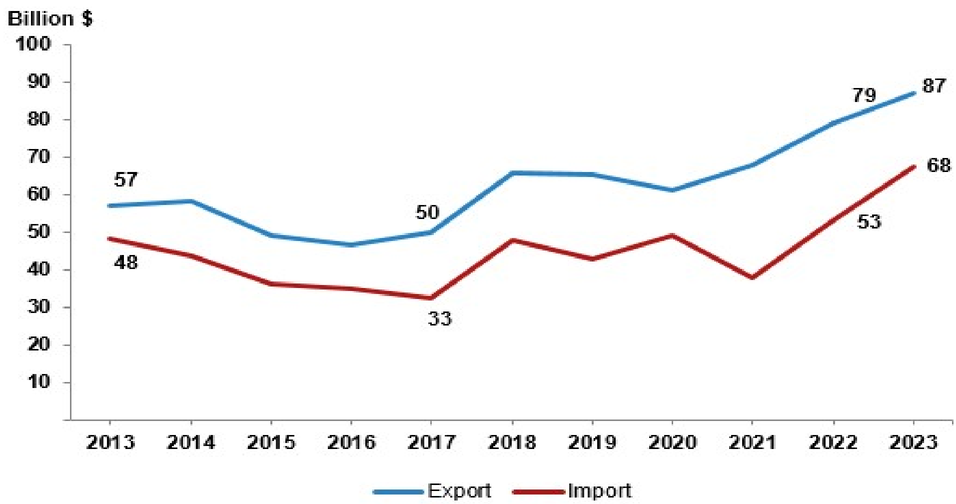
The secondary data was collected from the official websites of SMEDA and KOSGEB, scholarly articles, and research reports of the relevant professional organisations. The collected data was analysed and exhibited using simple tools, such as figures and tables. The collected data provided information on the supportive programmes for SMEs by SMEDA and KOSGEB, as well as on the working of SMEs in Pakistan and Turkiye. The data also provided information on the new corporate trends and technologies that have the potential to succeed or fail an SME.

Results

The analysis of reports showed that 5.2 million SMEs are operational in Pakistan, which employ 90.27% of Pakistan's non-agriculture workforce. Out of those employed, 67% are male and 33% are female. The SMEs in Pakistan are active in several industrial sectors, including but not limited to the dairy and livestock sector, horticulture, leather products and footwear, marble and granite, textiles, gems and jewellery, ceramics, surgical instruments, sports goods, plastics, pharmaceuticals, and fans (SMEDA, 2024). In the year 2023, the contribution of SMEs to Pakistan's total export was 30%. Figure 5 exhibits the export and import values of SMEs in USD billions during 2013-2023.

Figure 5

SMEs Import and Export Values 2013-2023 (Turkish Statistical Institute, 2024).



The export value of SMEs, which was 57 billion US dollars in 2013, increased to 87 billion US dollars in 2023. As regards imports, the value increased from 48 billion US dollars in 2013 to 68 billion US dollars in 2023.

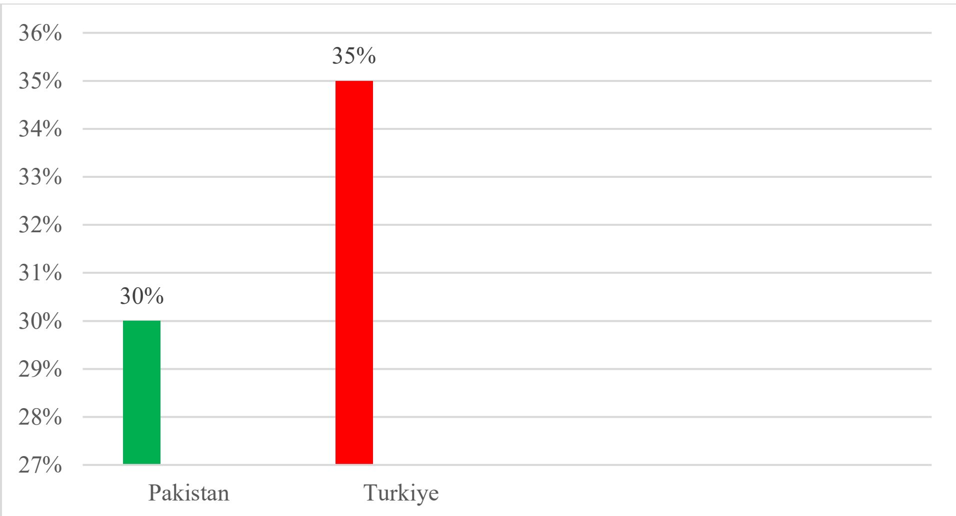
In the subsequent paragraphs, a comparative analysis of exports, direct support to SMEs, share of GDP, loan to SMEs, research and development expenditure, annual budget, and other areas of performance is presented.

Exports

Successful SMEs engage themselves with international markets and focus on increasing their exports. In the year 2023, SMEs in Türkiye contributed 35.0% to the total exports of the country; whereas SMEs in Pakistan contributed 30% to the total exports of Pakistan, as shown below in Figure 6.

Figure 6

SMEs Exports Values- 2023 (SMEDA, 2024) and (Turkish Statistical Institute, 2024)

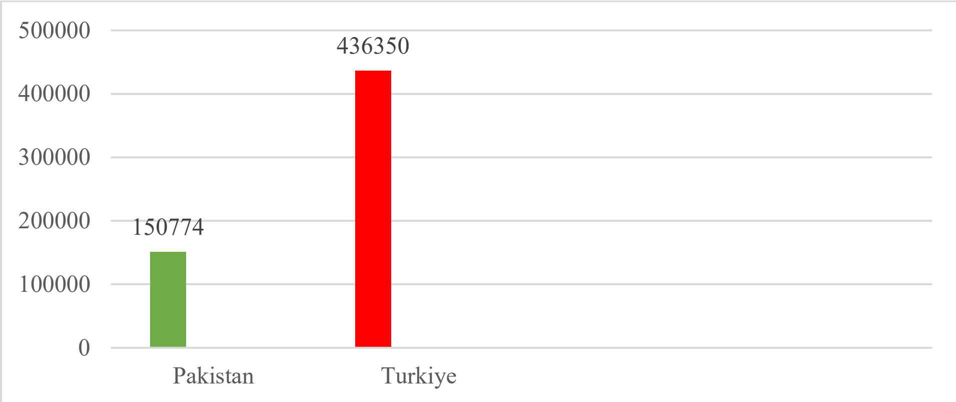


Direct Support

There are a total of 5.2 million SMEs operational in Pakistan, whereas there are 3.713 million SMEs active in Türkiye. A comparison between direct support given to these SMEs by SMEDA and KOSGEB respectively is given below in Figure 7.

Figure 7

Direct Support to SMEs by SMEDA and KOSGEB (SMEDA, 2024) and (Turkish Statistical Institute, 2024)



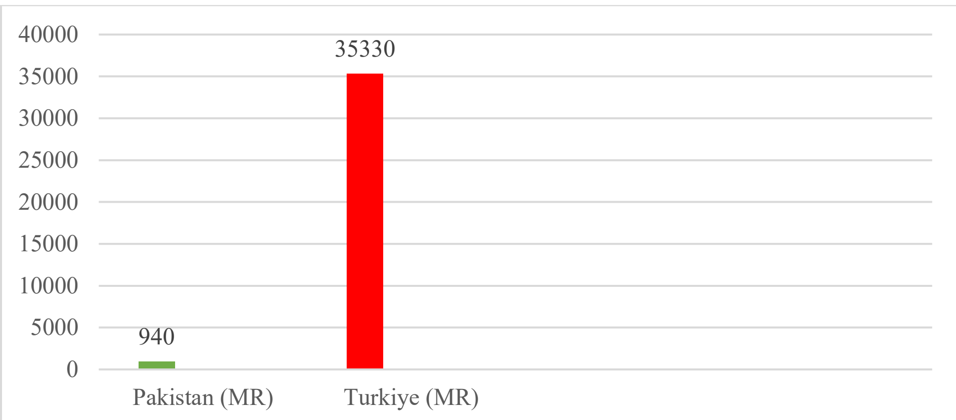
In Pakistan, the support given to SMEs by SMEDA is far lower than that given by KOSGEB, which impedes the growth of SMEs in Pakistan.

Annual Budget

For 2023, the annual budget of SMEDA was Rs 740 million; whereas the annual budget of KOSGEB was 4.85 billion TL, equal to PKR 35.33 billion, highlighting the economic constraints faced by SMEDA. A comparison of the two budgets is given below in Figure 8.

Figure 8

Annual Budget of SMEDA and (KOSGEB,2024; SMEDA, 2024)

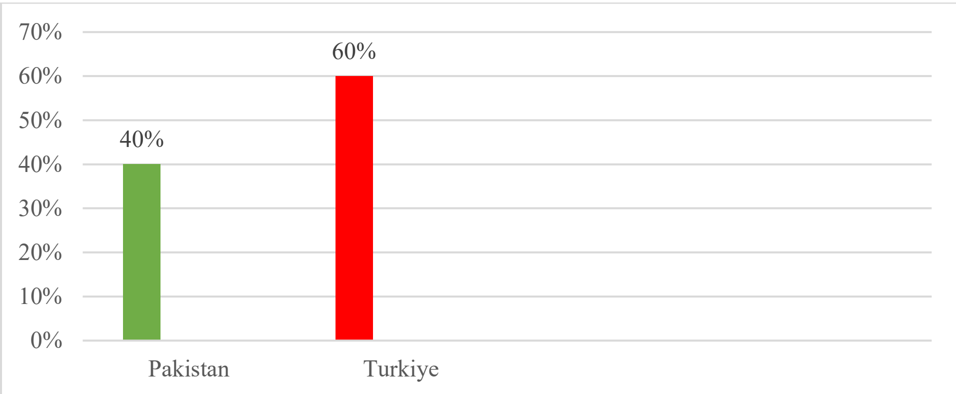


SME Share to GDP

A comparative analysis of SMEs in Pakistan and Türkiye is given below in Figure 9. It shows that the contribution of the SMEs of Pakistan to GDP is 40%, whereas the SMEs of Turkiye contribute 60% to the country's total GDP. The situation is encouraging for Pakistan, as with a little effort, this contribution can be increased.

Figure 9

SMEs' Share to GDP (KOSGEB, 2024; Turkish Institute of Statistics, 2024)



Loans to SMEs

In the year 2023, the loans given to SMEs in Pakistan amounted to PKR 542.53 billion; whereas Türkiye provided loans to SMEs amounting to USD 109.3 billion. The difference is glaringly wide and refers to the economic conditions of Pakistan's funding organisations, as well as the economic challenges faced by SMEs in the country.

Research and Development Expenditures

In Turkiye, the SMEs spent 72.763 billion TL on R&D. Furthermore, 186993 people were employed as R&D personnel in both financial and non-financial companies in the year 2023. In Pakistan, the expenditure on R&D was meagre.

In addition to the major comparative indicators, other comparative indicators are presented below in Table 4.

Table 4
Comparison of SMEDA and KOSGEB

S#	SMEDA	KOSGEB
1.	SMEs owners, managers and workers are usually not trained in professional and technical skills, which results in low quantity and quality of products. This is one reason that over time only 10% SMEs survive.	SMEs owners, managers, and workers are comparatively better trained and skilled than those in Pakistan, but a large number of them remain unskilled.
2	Corruption is rampant which results in lower efficiency of SMEs.	SMEs in Turkiye also face corruption and it hampers their growth; however, as compared to Pakistan, the instances of corruption in Türkiye are far less in number.
3	Most SME owners, managers, and workers are illiterate.	Literacy rate in Turkiye is better than that in Pakistan. However, many SME owners are not formally educated but there are better trained and skilled than those in Pakistan.
4	Low access to technological advancement results in lower productivity of SMEs.	KOSGEB keeps on facilitating its SMEs for the adoption of technology. However, Türkiye is behind than many developed countries in this regard.
5	Women's access to training and education hinders their participation in the SME sector.	KOSGEB encourages female entrepreneurs to promote SMEs.
6	The cumbersome bureaucratic procedures cause many hurdles in the way of SME growth.	SMEs face such problems in Turkiye as well, though less in intensity and frequency.
7	The SMEs in Pakistan have low access to global markets.	SMEs are rapidly capturing the global markets, although they lag behind in certain manufacturing sectors.
8	E-commerce and e-marketing pose a serious challenge to the less educated and less trained SME owners, managers, and workers (Iftikhar ud Din et al., 2023).	KOSGEB is working constantly to keep abreast with the latest technology but many SMEs still face this problem.
9	High taxes discourage the SME entrepreneurs.	KOSGEB has been successful in bringing down a number of taxes for SMEs in Türkiye.
10	Today, the markets have grown highly competitive and it is almost impossible to compete without the adoption of technology, education, and refined skills.	SMEs are facing difficulties in competing in western markets.

Discussion

The performance of the SME sectors of Pakistan and Turkey in terms of export, share in GDP, annual budget, R&D expenditure, loan to SMEs, and direct support is better (Dierks, 2024). One of the challenges faced by SMEs in Pakistan is low financial access. Financial institutions have low trust among small entrepreneurs and the banking sector (Amir, 2020). This is due to the low entrepreneurial capacity of this sector and also because of the trust deficit between the SME entrepreneur and the creditors. Training is also inadequate due to high illiteracy, which affects personal growth and learning capacity (SMEDA, 2024). Low productivity is also attributed to a low level of technology and minimum financial support. Moreover, SMEDA's annual budget is also too low to cater to the financial needs of SMEs (Ali, 2015). Furthermore, in Pakistan, even the loan-giving organisations are not in good economic health (Amir, 2020). It is also to be noted that SMEDA's own annual budget is low. SMEDA has to collaborate with other financial institutions to facilitate SMEs for loan or grants (SMEDA, 2024) (Amir, 2020). Often, these institutes are reluctant to facilitate SMEDA; thus, this low facilitation of SMEDA by other organisations results in low credit availability to SMEs (Rasee, 2021).

It is argued that not only the financial capacity of SMEDA is less than that of KOSGEB, the R&D expenditure is also low. R&D is a core element of an organization that keeps directing it to new areas by inventing opportunities for innovation and creativity, which makes products competitive in the international market (Quader, 2009). Low productivity, low innovation, bureaucratic barriers, and inefficiency result in low SME take-off in Pakistan.

Another area that requires attention is the fact that SMEs owners, managers, and workers' professional and technical skills are low (Islamic Centre for Development of Trade, 2024). This lack of training and skills results in low quantity and quality of products. Gradually, it becomes difficult for the SMEs to find buyers. This is precisely the reason that with the passing of time, only 10% of SMEs are able to survive.

The low performance of SMEs in Pakistan is also attributable to rampant corruption and unnecessary bureaucratic hurdles. An entrepreneur has to go through a number of bottlenecks caused by the demand of illegal gratification (Ali, 2015). The SMEs owners and managers have to bribe almost every relevant department, whether it is for getting a loan, a connection of electricity, or any kind of NOC required by the law (Ali, 2015).

Other factors contributing to the low performance of SMEs in Pakistan in comparison to SMEs in Turkey include the low literacy levels of owners, managers, and workers. This hampers their personal growth, as well as the development of their businesses (SMEDA, 2024). In Turkey, the literacy level is better which contributes to better productivity. Moreover, SMEs in Pakistan have old infrastructure and machinery and find themselves incapable of keeping pace with the competitors. The low access to technological availability makes SMEs uncompetitive.

New technological advancements have changed the corporate ecosystem requiring high-tech manufacturing to satisfy the customers, given new trends (World Bank, 2021). In Pakistan, there are also barriers for women in terms of working with SMEs (SMEDA, 2024). They are not adequately trained and educated. They have limited access to transport and their mobility is sometimes not allowed by the male members of the family.

The contrast between SMEDA and KOSGEB highlights key differences in national approaches to SME development. While SMEDA places more emphasis on policy advocacy, capacity building, and integration into broader economic planning, KOSGEB adopts a more interventionist model driven by substantial financial inputs and direct support mechanisms aligned with Turkey's industrial strategy (Islamic Centre for Development of Trade, 2024). The challenges faced by KOSGEB, including administrative red tape, limited SME awareness, and innovation deficits, are significant yet not insurmountable (Ali, 2015). Addressing these issues could exponentially enhance the agency's effectiveness.

Conclusion

SMEs are pivotal to economic growth and the livelihood of people. Facilitation of the development of SMEs becomes necessary in terms of access to loans, R&D support, access to technology, and removing bureaucratic hurdles, to name a few. Organisations like SMEDA and KOSGEB are under obligation to facilitate SMEs for their access to global markets, as well as the acquisition of latest machinery and skilled workers.

The comparison of SMEDA and KOSGEB shows a major contrast in the approaches to SME development. SMEDA emphasises policy advocacy, capacity building, and integration into the broader economic planning, while KOSGEB adopts a more supportive model based on financial inputs and direct support mechanisms aligned with Turkey's industrial strategy. The challenges faced by KOSGEB are similar, such as bureaucratic red tape and limited SME awareness. In contrast, SMEDA's main challenge is financial accessibility and scale, which limits its ability to fully support a rapidly growing SME base in Pakistan. A comparative policy analysis can shed light on best practices from both agencies. Both SMEDA and KOSGEB can draw from each other's experiences; SMEDA can adopt some of KOSGEB's funding strategies, while KOSGEB may learn from SMEDA's outreach efforts in rural and underserved regions. Such mutual learning may contribute to more effective SME support ecosystems, both regionally and globally.

In light of the comparison between SMEDA and KOSGEB and the SME landscape in both the countries, the following recommendations are made for policymakers and implementers to strengthen SMEDA and promote SMEs. These recommendations also provide an impetus to the researchers to probe further into this less investigated area of research.

Recommendations

The study makes the following recommendations:

- SMEDA's existing budget should be 100% increased to enable it to devise and implement such programmes as can promote SMEs in Pakistan.
- Financial institutes should be enabled to provide hassle free loans and grants to the SMEs for the growth of their respective businesses.
- As already proposed by SMEDA in the proposals for the budget 2024-2025, there should be tax concessions to SMEs.
- Government should coordinate with local and international NGOs and expert groups to train the owners, managers, and workers of SMEs.
- SMEs need to be financially supported to do away with old infrastructure and machinery to boost their production.
- By bringing all the organisations concerned on board, the barriers for women regarding their engagement in SMEs should be done away with.

- Collective efforts by SMEDA, Ministry of Commerce, Ministry of Foreign Affairs, Ministry of Finance, and TDAP should be made to enable SMEs to compete in international markets by providing them with latest machinery, skills, and sophisticated training.
- Provision of an overall conducive environment for doing business is the responsibility of the government by ensuring political stability, peace, and security in the country.
- Foreign investors should be given incentives to invest in the manufacturing industry.

It needs to be ensured through real and transparent accountability that undue bureaucratic procedures and corruption should not impede with the growth and development of SMEs.

Author Contribution

Sayed Husnain Haider: sole author

Conflict of Interest

The authors of the manuscript have no financial or non-financial conflict of interest in the subject matter or materials discussed in this manuscript.

Data Availability Statement

Data availability is not applicable as no new data was created.

Funding Details

No funding has been received for this research.

Generative AI Disclosure Statement

The authors did not use any type of generative artificial intelligence software for this research.

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