

Defining Small and Medium Enterprises: a critical review

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Abstract

The OECD estimates that small and medium enterprises account for 90% of firms and employ 63% of the workforce in the world (Munro: 2013). Small and medium enterprises account for that amount of businesses that it is senseless the arbitrariness with which they are defined. Language mainly used for definition is numbers, but it is difficult to find two institutions, statistical agencies or countries who speak the same language in terms of small and medium enterprises. Academics, authors, policy makers apply SME definitions in terms of dichotomy between universality and standardization of a unique definition and relativity and sectorized specialization. Although qualitative criteria-characteristics of SMEs easily distinguish them from large businesses, quantitative criteria are mainly used for their dimensional classification. This paper deals with a critical approach to the definition of small and medium enterprises, inconsistencies in criteria and various proposed approaches to the definition towards universal acceptance.

Keywords: *SMEs, definition, quantitative criteria, quantitative indicators, standardization.*

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