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| **COUNCIL WORKING GROUP ONFINANCIAL AND HUMAN RESOURCES**7th meeting, Geneva, 30 January – 1 February 2017 |  |
| INTERNATIONAL TELECOMMUNICATION UNION |  |
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|  | **Document CWG-FHR-INF 7/2** |
| **15 December 2016** |
| **English only** |

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| Information Document BY the Secretariat |
| **Analysis of SME participation in ITU**

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| **Abstract**This information document presents an analysis of SMEs participating as ITU associates and sector members, including current trends of regional distribution, size and type of company, as well as possible barriers that limit further engagement of SMEs in ITU´s activities. |

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1. **Background**
	1. Small and Medium Enterprises (SMEs)[[1]](#footnote-1) are a major engine of economic growth and job creation. SMEs make up more than 95% of all businesses worldwide and two thirds of all formal jobs. Evidence also suggests that these SMEs account for 60-70% of gross domestic product (GDP) globally[[2]](#footnote-2) and are an important driver of innovation and technology transfer and adoption, in particular in emerging economies.
	2. During the 2016 Session of the ITU Council (C-16), the Standing Committee on Administration and Management discussed the possibility of testing a new “SME Associate” category of participation in ITU with reduced fees, as part of a broader discussion on the review of Resolution 187 (Busan, 2014).
	3. This information document has been prepared in response to the report of the Chairman of the Standing Committee ([Document C16/115](http://www.itu.int/md/S16-CL-C-0115/en)), which concluded that further analysis and discussion was needed, and thus referred the matter to the Council Working Group on Financial and Human Resources. A version of this document was first submitted to WTSA 2016.
	4. The analysis included in this information document has been produced based on a review of (a) the official status of ITU sector members and associates; (b) information on their participation in ITU study groups, collected by ITU’s registration systems; and (c) information from direct interviews conducted by the General Secretariat to the designated focal points for each company between March and June 2016. The analysis excluded organizations whose membership was suspended due to the non-payment of their fees.
2. **Summary of results – analysis of membership**
	1. *Overview.* At the time of the survey interviews, there were a total of 41 SMEs with participation rights in ITU, with 32 associates and 9 sector members. This represents a total yearly income from SMEs of CHF 564,540.

## Analysis of SMEs that are ITU Associates

* 1. *Overview.* The vast majority of the 32 SME associates are from ITU-T. The average SME in this category joined ITU ten years after its creation, which means that they have already passed the establishment phase of their business.
	2. *Regional distribution.* Regarding their regional distribution, 69% of the SMEs are from Western Europe and 28% from the Americas (USA or Canada), with only 3% (1 SME) from the Arab Region. Currently there are no SMEs associates from the African, Asia Pacific, CIS, Eastern European, Caribbean, Central American or South American regions.
	3. *Type of companies.* In terms of their business activities, over half of them (56%) are in the service sector, while the remaining 44% are equally distributed between the software and hardware sector.
	4. *Size*. The majority of SME associates are medium-sized companies, with 53% of them having between 51 and 200 employees. The second largest group (34%) has between 11 and 50 employees. This indicates that there are very few small enterprises among ITU associates.
	5. *Engagement in ITU´s activities.* Most of the SME associates are involved either in ITU-T Study Group 2 (37%) or ITU-T Study Group 2 (31%). However, very few of these companies show an active engagement in the activities from these groups. According to the information collected by each study group only 2 of 12 (17%) and 4 out of 10 (40%) had any participation in the meetings of SG-2 and SG-5, respectively from 2013 until 2016.

## Analysis of SMEs that are ITU Sector Members

* 1. *Overview.* The 9 SME sector members are equally divided among all sectors (3 members in ITU-T, ITU-R and ITU-D, respectively).The average sector member joins ITU eight years after its foundation, which is two years lower compared to the average for SMEs that are associates*.*
	2. *Regional distribution.* Regarding their regional distribution, 3 sector members come from the USA, while the rest come from Australia, France, Italy, Ivory Coast and Russia (one sector member per country). There are no sector members from the Caribbean, Central American, Eastern-European or South American regions.
	3. *Size and type of companies.* The majority of members (4) have between 11 and 50 employees. With regards to the type of companies, 8 sector members work in the services industry and 1 in the hardware industry. 2 sector members have operations in only one country.
1. **Summary of results – telephone interview**
	1. *Overview.* Throughout the month of June 2016, ITU conducted a series of interviews with SMEs that are ITU associates or sector members. Out of the 41 SMEs that are either ITU associates or sector members, 12 of them (30%) agreed to join this exercise. The interviews were focused on validating the information gathered through the information collected internally, as well as providing insights on the perceived value of ITU membership for participating SMEs. The interviews also gathered information regarding the current challenges that SMEs face in seeking more active engagement in ITU´s activities.
	2. *Use of ITU products.* The SMEs interviewed indicated that the main products that they use from ITU are the download of ITU recommendations (91%), subscription to the mailing list (82%) and download of ITU publications (64%). Only 54% of the respondents indicated that they have participated in ITU meetings.
	3. *Use of ITU services.* The SMEs interviewed indicated that the main service that they use are the ITU website to download information (91%), TIES accounts (82%) and ITU databases (82%). Only 18% of the respondents were aware of the possibility of using remote participation in ITU meetings, highlighting that this is not a service available in all meetings.
	4. *Perceived benefits.* All of the respondents highlighted that the main benefit they received from ITU is the increased reputation of the company linked to being an ITU associate or sector member. Increased opportunities for establishing partnerships (92%), increased networking opportunities (83%) and competitive advantage over non-members (75%) were the other benefits highlighted.
	5. *Barriers.* In terms to barriers for greater participation in ITU activities, 75% of the respondents highlighted the cost of travel as the main barrier. Lack of human resources to cover ITU meetings (58%) lack of time (58%) and high fees (33%) were other significant barriers highlighted.
	6. *Recommendations.* The interview process also gathered recommendations from the SMEs regarding future improvements to be introduced by ITU. The recommendations obtained included introducing information sessions to SMEs, reviewing the scheduling of meetings to run multiple activities during a single week, reduce membership fees and make information in the ITU website easier to access and use.
2. **Conclusions and recommendations from SMEs**
	1. The analysis conducted shows that there is interest from SMEs in being involved in ITU´s activities, since there is already a group of SMEs participating ITU associates or full sector members. The analysis in terms of participation shows a wide variety of behaviors, from SMEs very engaged in study groups to SMEs that join ITU to have greater access information or to other services, like the numbering resources allocated by ITU-T Study Group 2. In terms of benefits, the group of SMEs interviewed agreed that they received benefits from their participation in ITU activities, especially in terms of access to information and knowledge, networking opportunities and reputation.
	2. However, the analysis also shows important barriers limiting the participation of SMEs in ITU. Currently, the majority of active SME associates and sector members come from Western Europe and North America, with just a few exceptions from other regions. There are no SMEs from the Caribbean or Latin American countries and there is only one sector member from Africa.
	3. The analysis conducted in this information document doesn´t us allow to identify the exact the reasons behind this lack of participation, since it only considered information from existing members who contributed to the survey. However, the barriers identified by survey respondents seems to indicate that travel costs and staff capacity and fees may be important factors.
	4. The SMEs interviewed supported measures to alleviate the barriers mentioned above through actions such as introducing discounts on membership fees, strengthening remote participation in relevant meetings, undertaking awareness raising and information sessions aimed at SMEs and reaching out to SMEs through their associations.

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1. This document uses the SME definition of the European Union, which defines SMEs as businesses of less than 250 employees and less than EUR 50 million in turnover. Further information is available at: <http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en>. [↑](#footnote-ref-1)
2. Small and Medium-Sized Enterprises and Decent and Productive Employment Creation. <http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_358294.pdf>., ILO, 2015 [↑](#footnote-ref-2)