



World Accreditation Day

ACCREDITATION

Empowering Small and Medium Enterprises (SMEs)



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Table of Contents

03	Accreditation: empowering small and medium enterprises (SMEs)
04	Building trust
05	Case study: Driving quality and workplace skills of SME medical laboratories in Iran
06	Driving quality, innovation and cost savings
07	Case study: An enabler of cross-border growth for a medical device producer - USA
08	Fostering job creation and economic growth
09	Accreditation promotes the development of SMEs in Chinese inland areas
10	Case study: Accreditation facilitates tax incentives for innovative SMEs in Spain
11	Creating resilient and sustainable supply chains
12	Case study: Delivering SME growth in Jordan
13	Driving the innovation and entrepreneurship ecosystem in Kenya
14	Protecting consumer data and privacy
14	Improving company culture
15	SME growth in the UK construction sector
16	Further information

Accreditation: Empowering Small and Medium Enterprises (SMEs)

According to the World Trade Organization1, 95% of businesses around the world are small and medium-sized enterprises (SMEs), with less than 250 employees. They account for 60-70% of employment and 55% of gross domestic product (GDP) in developed economies, while SMEs contribute up to 40% of gross national income (GNI) in emerging economies. There are about 365-445 million SMEs in emerging markets alone.

SMEs are therefore a critical part of the global economy and they play an important role in the wider ecosystem of commerce. Startups and young firms are the primary source of new job creation in many economies. In emerging markets, 7 out of 10 jobs are generated by SMEs. They are often the driving force of innovation and sustainability in the private sector. They also have a fundamental role to play in achieving the United Nations' Sustainable Development Goals (SDGs), for example to 'promote inclusive and sustainable economic growth, employment and decent work for all' (goal 8) and to 'build resilient infrastructure, promote sustainable industrialisation and foster innovation' (goal 9).

But despite providing a significant share of global employment, SMEs still face major challenges when it comes to competition from larger organisations, access to finance, managing rising costs, and compliance costs and barriers to access new markets. The theme of this year's World Accreditation Day focusses on how accreditation, and the wider quality infrastructure system, can empower SMEs. We will explore how accreditation can provide a platform for growth. It offers a framework that demonstrates quality assurance, drives product and process innovation, and creates efficient and sustainable supply chains. The recognition and acceptance of accredited conformity assessment results allows SMEs to derive a competitive advantage and to compete on a level playing field with more established larger operators in the market. Simultaneously, the global accreditation arrangements open up export opportunities through the cross-border acceptance of results.

Building Trust

In today's fast-paced and competitive marketplace, businesses strive to differentiate themselves and earn customer trust. One of the most effective ways to showcase a company's capabilities is through the implementation of standards and third-party conformity assessments, which verify compliance with these standards. Accreditation serves as an external validation for organisations providing conformity assessment services, such as testing, calibration, validation/verification, inspection, and certification. By evaluating the competence and impartiality of these bodies, accreditation adds an extra layer of quality assurance, ensuring that products, services, and processes meet established criteria.

Accreditation simplifies trade at both national and international levels by eliminating the need for buyers to independently verify organisations, their products, processes, systems and other key elements. Instead, they can rely on test reports, certificates and other forms of accredited conformity assessment issued by accredited laboratories and certification bodies. This not only streamlines decision-making but also instils confidence in consumers, regulators, and stakeholders, reinforcing trust in the marketplace.

This allows SMEs to compete with larger companies by providing a recognised stamp of authority and credibility, which can help them gain access to larger markets, secure contracts with discerning clients, and build trust with potential customers. It therefore levels the playing field, allowing smaller businesses to compete with organisations with established brands and reputations.

In many industries, the use of accredited conformity assessment is a prerequisite for doing business or creating partnerships. SMEs can gain an edge over competitors, thereby opening doors to new markets and positioning themselves well to bid for contracts and tenders.



Driving quality and workplace skills of SME medical laboratories in Iran



Competent medical laboratories are critical to an effective healthcare system. They provide essential services, such as disease diagnosis, cost-effective healthcare, preventive measures, and data for medical research. Some medical laboratories in Iran are SMEs, however, they are faced with limited financial resources, inadequate infrastructure, and insufficient expertise in accreditation processes. These challenges are compounded by economic sanctions, which have restricted access to foreign investments, technologies and materials.

The Iranian Association of Clinical Laboratory
Doctors (IACLD), an Iranian accreditation body,
therefore introduced a phased accreditation
process to empower SMEs, including training and
assessments to provide a staged and manageable
pathway toward accreditation.

As well as elevating standards and the quality of diagnostics, this pathway to accreditation has improved public trust in their services, improved skills in the workplace, and provided access to financial incentives, partnerships, and growth opportunities, ensuring the survival and expansion of these small businesses.

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Driving quality, innovation and cost savings

SMEs incorporating accredited conformity assessment into their operation benefit from quality and continuous improvement, greater productivity, and the streamlining of business processes. This enables SMEs to gain operational efficiencies but also to drive a focus on product and process innovations.

A study carried out by the University of Technology Sydney2 identified that accreditation generates collaboration that stimulates new knowledge and credibility building. It also found that accreditation positively impacted business innovation levels.

The implementation of standards and conformity assessment establishes structured processes that ensure consistent quality in products and services. This helps SMEs reduce errors, minimise rework and duplication, and improve overall efficiency. As a result, businesses can enhance customer satisfaction while also reducing waste and operational costs, ultimately contributing to stronger financial performance.

According to a study carried out by the British Standards Institution (BSI)3, 20% of standard users say that improving productivity was the main reason they considered implementing a standard, whilst 35% reported experiencing improvements in productivity after implementing a standard. Businesses can experience increases in productivity as a direct result of implementing standards to streamline their operations, or indirectly, as a byproduct of making changes elsewhere.

The World Bank4 notes that businesses improve efficiencies through the dissemination of information, allowing interoperability, and economies of scale, by working to harmonised international standards. They also report that surveys in developing economies found that ISO 9001 certification achieved average productivity gains between 2.4% and 17.6% for three Central American economies, 1% for four Southeast Asian economies, and 4.5% in China. A Centre for Economics and Business Research (CEBR) study5 conducted in the United Kingdom (UK) found a positive and significant contribution of standards to productivity. It reported that standards supported 37.4% of annual labour productivity growth in the UK economy, which translates into approximately 28.4% of annual GDP growth. A study evaluating the accredited certification in the global food sector6 found that 70% of small food manufacturers had benefited from efficiencies and greater productivity, with 63% reporting production improvements, evidenced through a 40% reduction in food recalls since achieving certification.

In the Nordic countries7, standards contributed to reduced operating costs over time by setting minimum requirements on the small businesses in the tendering process, with 84% of respondents reporting that standards and accredited conformity assessment helps them comply with regulations. In addition, 65% of businesses contacted stated that manufacturing errors were reduced.

[2]University of Technology Sydney https://nata.com.au/files/2021/07/UTS-Report-2018.pdf

[3]BSI Standard Users research project, 2022

[4]The World Bank https://thedocs.worldbank.org/en/doc/516141538488797114-0090022018/original/WhyisQlimportant.pdf

[5]BSI / CEBR study - https://www.bsigroup.com/siteassets/pdf/en/about-us/bsi-the-economic-contribution-of-standards-to-the-uk-economy-uk-en.pdf

[6]University of Birkbeck https://eprints.bbk.ac.uk/id/eprint/46546/

[7]THE INFLUENCE OF STANDARDS ON THE NORDIC ECONOMIES Menon Economics, Oxford Research, Nordic Innovation

An enabler of cross-border growth for a medical device producer - USA

More than 90% of companies producing dental equipment are small businesses, such as Aseptico, a United States-based provider of specialised 'Portable Dental Units'. They produce units that allow dentists to treat patients anywhere, from remote locations to war zones to nursing homes. They are now selling their units into more than 100 countries worldwide.

This is primarily driven by Aseptico being certified to ISO 13485, the international certification standard for quality management systems in the design and manufacture of medical devices. This standard is recognised by national regulators around the world and enables businesses to demonstrate their compliance with national requirements. With the emergence of IAF CertSearch, regulators can easily verify Aseptico's status. As a small business, Aseptico would not have the funds or internal resources to engage with local regulators in each economy. The use of accredited certification, together with a platform to verify that the certificate is valid, has enabled this small business to achieve significant overseas growth.



Fostering job creation and economic growth

Accreditation supports greater growth and agility for SMEs by providing frameworks that enhance efficiency, ensure quality, facilitate market access, and foster innovation. This has a positive impact on SDG 8, which promotes 'inclusive and sustainable economic growth, employment and decent work for all'. The ILAC Mutual Recognition Arrangement (ILAC MRA) and the IAF Multilateral Recognition Arrangement (IAF MLA) ensure the mutual acceptance of conformity assessment results, allowing SMEs to enter global markets more easily, as products and services meet universally accepted criteria.

To illustrate this point, the German Institute for Standardization (DIN)8 reports that 84% of manufacturing companies in Germany use European and International Standards to gain access to global markets. Economic research carried out by the New Zealand Institute of Economic Research (NZIER)9, revealed that accreditation facilitates \$27.6 billion of New Zealand exports – over 56% of total exported goods. Estimates by the Organisation for Economic Co-operation and Development (OECD) and the United States Department of Commerce show that standards and related conformity assessment have an impact on 80% of the world's trade in commodities. In Italy, a study commissioned by Accredia10, the Italian accreditation body, estimated a contribution of 16.1% of the added value growth can be attributed to conformity assessment. In monetary terms, this represented a cumulative added value of 10.8 billion Euros.

Research conducted by the University of Birkbeck11 evaluating the global food supply chain, confirmed that accredited certification of 55% of suppliers that responded has resulted in expanded market opportunities and growth in home markets, while 60% reported growth in exports. In general, over a third of respondents stated that their sales growth averaged around 7.5%, together with an average of 6% increase in profitability.

A growing number of policies have recognised the value that SMEs play in economic policy, and how accredited conformity assessment is critical to supporting their growth. As an example, the Chinese Government introduced a 'High-Quality Development of Specialized and New SMEs' policy to encourage SMEs to seek accredited certification in order to be well positioned to develop new technologies and innovation and strengthen industrial chain supporting capabilities. The policy directs SMEs to further standardise management and strengthen social trust through certification and accreditation.



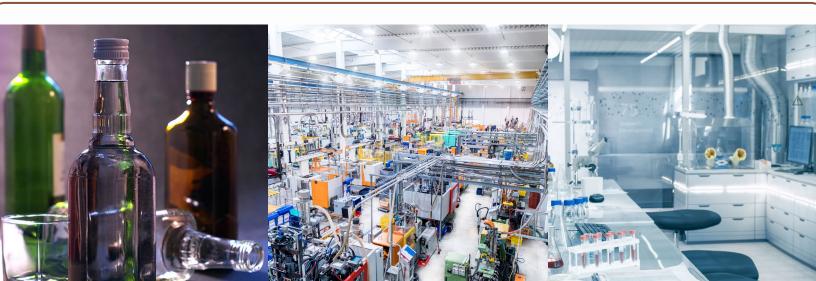
Accreditation promotes the development of SMEs in Chinese inland areas

Hubei, located in inland areas of China, signed a strategic cooperation agreement with the China National Accreditation Service for Conformity Assessment (CNAS) in November 2023. The agreement enables Hubei to promote the international recognition of its local quality infrastructures through a series of policy measures and innovative practices. This helps businesses engage in standardization activities, align with market demands, and promote the high-quality development of SMEs.

In the food sector, Hubei Baiyunbian Liquor Co., Ltd.'s internal test centre gained CNAS accreditation and has been continuously conducting testing of Baijiu (Chinese distilled alcoholic beverage) with both strong aroma and sauce aroma samples. The company has accumulated significant technical and quality data, knowledge, and experience in researching core indicators of Baijiu with both strong aroma and sauce aroma, and has spearheaded the formulation of a national standard for Baijiu with both strong aroma and sauce aroma.

In the manufacturing sector, CNAS has helped Hubei enterprises to understand international conformity assessment practices and align with relevant technical standards, which has expanded domestic and international acceptance of their products. Hubei MeiBiao Automobile Air Conditioner System Co., Ltd. has collaborated with many well-known manufacturers in China and has now extended its overseas operations, with approximately 10% of its sales coming from international export orders.

In the bio-health sector, CNAS has actively assisted Hubei's biopharmaceutical enterprises to align with international standards in the medical devices sector. This has paved the way for enterprises to expand their commercial operations into international markets. Wuhan Tacro Technology Co., Ltd. has partnered with numerous medical device companies to jointly promote the internationalisation and globalisation of China's medical device technology, effectively supporting the export of Hubei enterprises' products to the global stage and ensuring high-quality product exports.



Accreditation facilitates tax incentives for innovative SMEs in Spain



The Spanish Ministry of Industry and Tourism has developed and implemented an initiative to promote research, development and innovation (R&D&I) carried out by SMEs. Accredited certification is used as an evaluation and control tool for granting tax benefits. To that end, the Ministry published an Order regulating the requirements of the 'Innovative SME' mark, which allows R&D&I small and medium companies to benefit from tax incentives.

The governmental initiative is seen as a great advantage for SMEs, as the tax incentive can represent a direct saving in business expenses and facilitate the recruitment of research staff.

To obtain the 'Innovative SME' mark, companies can provide the competent authority with a certificate issued by a certification body accredited by ENAC, the Spanish National Accreditation body. Thus, accreditation becomes a key tool for delivering confidence in the technical competence of certification bodies and, in consequence, the tax incentives granting process.

Creating resilient and sustainable supply chains

The harmful effects of social inequality, environmental degradation, and the unsustainable use of natural resources pose a serious threat to our planet's future. The urgency for sustainability is both real and increasing. Climate change, biodiversity loss, and resource depletion are already causing significant harm to communities, ecosystems, and the global economy.

Consensus-based standards and accredited conformity assessments are essential in enhancing sustainability performance. They provide a unified framework for businesses to implement sustainable practices and independently verify progress toward sustainability goals. This is clearly aligned to SGD 9 and the aim of 'building resilient infrastructure, promoting sustainable industrialization and fostering innovation'.

Whilst new schemes and standards are emerging all the time, there are a number of tools that have been delivered for many years, in the areas of Environmental and Energy Management. Consensus-based standards and accredited conformity assessments therefore establish a strong foundation for credible and effective sustainability assurance. They set clear, consistent expectations, ensure impartial and competent performance evaluation, and enable organisations to measure and enhance their sustainability efforts over time.

Accredited certification to standards such as ISO 14001 and ISO 50001 support SMEs to improve energy usage and performance, and to reduce costs and their impact on the environment. They represent a scalable and simplified solution for SMEs to enhance resilience and to contribute to a circular economy, as they establish a common framework with clear metrics to measure impact.

An International Organization for Standardization (ISO) study conducted in 202112 concluded that businesses have gained significant value from ISO 14001, in terms of meeting legal requirements, improving environmental performance, and improved employee engagement. It also reported that businesses had gained value from meeting stakeholder requirements and improved their reputation.



Delivering SME growth in Jordan



Limited progress was reported by Jordan's Second Voluntary National Review (VNR), which measures the country's progress against SDG 8 (decent work and economic growth). The impact of turbulence in the region has led to refugee inflows that have increased pressure on its infrastructure and services. Additionally, supply chain disruption and an increase in the price of oil and basic commodities placed further burden on the economy. These factors have potentially undermined prospects for recovery.

JAS-AU, the Jordanian accreditation body, therefore focused efforts on building up the capacity of accredited conformity assessment services in the economy to support the growth of SMEs, which form the foundation of economic and social development in Jordan. They constitute approximately 99.5% of the economic operators and employ approximately 60% of the workforce.

This approach has enabled SMEs to reach local, regional, and global markets, thereby increasing their revenues and improving the quality of their products and services. Many SMEs have secured contracts with international organisations, such as the Food and Agriculture Organization (FAO) of the United Nations, to ensure the safety and compliance of products with international standards before being sent to neighbouring disaster-stricken countries and conflict zones in the Middle East. Additionally, numerous new markets have been opened for Jordanian producers, including exports to European countries.

Driving the innovation and entrepreneurship ecosystem in Kenya



A key component of the Kenya Industry and Entrepreneurship Project (KIEP), a US\$50m investment by the Ministry of Investments, Trade and Industry with support from the World Bank, is to strengthen the managerial and technical capabilities of Kenyan SMEs in order to enable them to better compete for local and international market opportunities.

The Polucon Group, a privately owned SME that specialises in laboratory testing, inspection, and environmental monitoring services, took advantage of this programme to support its commitment to continual improvement and quality assurance. They participated in an intensive in-house training programme, delivered by the Kenya Accreditation Service (KENAS). The five-day programme focused on the essential components of ISO/IEC 17025:2017, focusing on traceability, probability distribution, statistical calculations, and uncertainty sources. It was tailored specifically around the needs of Polucon's testing and calibration operations, and provided an environment for greater team cohesion and a shared understanding of best practices.

The training marked a significant milestone in Polucon's pursuit of excellence, supporting its goal of upholding high standards in laboratory operations and advancing the firm's mission to contribute to safety and sustainability for society's benefit. It will help drive internal innovation and productivity improvements, as well as accelerate the transformation of the wider manufacturing sector that it serves, enabling them to make a greater GDP contribution through exporting opportunities.

Protecting consumer data and privacy

Protecting customer data and ensuring their privacy is a significant challenge for SMEs. To tighten controls on the use of consumer data, the European Union introduced the General Data Protection Regulation (GDPR), which requires businesses to adopt appropriate technical and organisational measures, including policies, procedures and processes, to protect the personal data they process.

The key risks that SMEs face include unauthorised data breaches, non-compliance with regulations, reputational damage from leaks, financial losses, and data loss due to system failures or accidental deletion. These risks can result in legal liabilities and erode customer trust.

By adopting data protection standards with accredited certification, SMEs can assure consumers that their data will remain secure. This helps them to demonstrate compliance with regulations such as GDPR, protect their reputation, and earn the trust of their customers.



Improving company culture

Standards and accredited conformity assessment help SMEs cultivate a strong company culture by promoting a structured, transparent, and quality-focused work environment.

In a study conducted by the University of Technology Sydney, accreditation was found to be of most value in firms that displayed qualities of vision, leadership, collaborative learning, had a strategy for innovation in place and focussed on quality and customer satisfaction.

Standardised processes and best practices foster accountability and efficiency, ensuring employees clearly understand their roles and responsibilities. This clarity enhances job satisfaction and motivation, as staff see how their contributions align with organisational goals and industry expectations. It also encourages open communication and teamwork, uniting employees around shared objectives and quality benchmarks. This collaborative approach ultimately strengthens a strong company culture.



SME growth in the UK construction sector

In the UK, the accreditation of a competency scheme has helped building inspectors, many of whom are SMEs, meet updated legal requirements and form an important part of continuous professional development.

Building control professionals need to be able to demonstrate that they are continuously developing their skills in line with the needs of clients, and that any learning is being applied to projects. The certification scheme rigorously evaluates the competence of building control professionals across all inspecting roles and specialisms. In addition to helping building inspectors meet mandatory registration requirements, the scheme aims to raise standards of technical competence throughout the industry.

Within the first six weeks of launch, 1000 building professionals had been approved. In addition to raising standards of technical competence throughout the industry, the accredited scheme plays an important role in increasing confidence in the industry's potential to deliver safer buildings. It has also provided SMEs with the ability to open new market opportunities.



Further Information

Visit <u>www.publicsectorassurance.org</u> to access research, case studies and supporting information showcasing how accredited conformity assessment is used around the world by central governments, local governments and regulators to deliver positive benefits.

Visit <u>www.business-benefits.org/</u> for examples of how businesses can benefit from standards and accreditation.



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