IMPACT OF SME'S ON ECONOMIC DEVELOPMENT OF ASIAN COUNTRIES

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ABSTRACT

The purpose of this study is to investigate the impact of Small Medium Enterprises (SME’s) on Economic Development: Asian countries. The research is done on Asian countries namely (Malaysia, Indonesia, Singapore, Philippines, Thailand, India, China, Republic of Korea, Vietnam, Mongolia, Kazakhstan, Cambodia, Myanmar, United Arab Emirates, Oman, Qatar and Saudi Arabia), which covered the period of 2008-2015. The total population of this research is 49 countries and 17 sample size with a total number of 136 observations by using convenience sampling. Further, the independent variable is Small Medium Enterprises (SME’s) growth and dependent variables are Gross Domestic Product (GDP), Foreign Direct investment (FDI), Unemployment and Exports. The research employed Descriptive Statistics, Pearson correlation coefficient and multiple linear regressions analysis to extract the findings. The findings show that Small Medium Enterprises (SME’s) has positive and significant impact on Unemployment and Export, however small Medium Enterprises (SME’s) negative and significant impact on Gross domestic Product and Foreign Direct Investment. Future research could make use of a wider time span on other countries, also the future research could make use of other variables such as entrepreneurship, Innovation, capital income and Production to gauge the impact of Small Medium Enterprises (SME’s) to economic development.

Key Terms: Small Medium Enterprises (SME’s), Gross Domestic Product (GDP), Foreign Direct investment (FDI), Unemployment and Export

1. INTRODUCTION

The purpose of this research is to investigate the impact of small medium enterprises (SME) on economic development in Asian countries. There are numerous reports of which deal with the role, significance and impact of SME existence towards a country’s development (Saleh and Ndubisi, 2006). Research into SMEs has developed amid the most recent decade, most academic scholars study the practices of SMEs with the main aim of creating new learning and understanding in order to improve SMEs through monetary strategy changes. Although, researchers need to embrace the best procedure and strategies...
most appropriate in accomplishing the research targets and reveal critical results from important information or relevant data source.

There are numerous studies conducted in developed countries as well as emerging and non-developed countries by development scholars and development economists to gauge the impact of small medium enterprises on economic development (Mehmood and Sattar; 2013; Yahaya, Othman and shamsuri, 2012; Chinweuba and Sunday, 2015; Chandler, 2010; Zubair, 2014; Katyal and Xaviour; 2015; Calice, Chando and Sekioua, 2012; Karikomi, 1998; Husin and Ibrahim, 2013; Kandasamy et., al, 2015; Sin, 2010; Radam, Abu and Abdulllah, 2008; Moorthy et al. 2012).

In the case of Asian countries SMEs are facing critical issues in maintaining competitive enterprises in the market and the challenge of globalization has made it important for the country to move towards a knowledge based economy. Furthermore SMEs in Asia have social barriers that are main obstacles to achieve the competitive advantage and as a result many SMEs in Asia to fail in utilizing opportunities. Researchers argued significant problems hinder entrepreneurship development due to lack of access to credit, shortage access to formal business and social networks. According to Saleh and Ndubisi, (2006) and as well as few other studies indicate that SMEs should focus on factors such as barrier from global sourcing, productivity, recession, technology, financing and managerial capabilities among others.

**Research Objectives**

- To determine the impact of Small Medium Enterprise on Gross Domestic Product
- To analyze the impact of Small Medium Enterprise on Unemployment
- To study the impact of Small Medium Enterprise on Foreign Direct Investment
- To scrutinize the impact of Small Medium Enterprise on Export

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**2. LITERATURE REVIEW**

Baumback in (1983) defined SME’s in terms of employment, asset value and dollar sales. Arowomole (2000), stated that many countries define SMEs in terms of manpower management structure and capital investment limits and also further noted that experts in this field have also contributed to the diversity of SMEs definitions. The main reason why SME definition varies from industry to industry; country to country and number of employee to number of employee is to reflect the country, employment and size differences accurately (Lucky and Olusegun, 2012).

Economic development is simultaneously a concept and the first step in defining economic development is by distinguishing it from the concept of economic growth (Feldman, Hadjimichael et al., 2014). Beginning with David Ricardo (1819) and Robert Solow (1956) and many others who have conceptualized an economy as a machine that produces economic output as a function of inputs such as land, labor and equipment, while growth occurs when output increases. (Feldman, Hadjimichael et al., 2014)

While looking in the theoretical perspective of Economic Development, Philosophers of the 1950s and early 1960s viewed the process of development as a sequence of historical stages and this view was popularized by Walt Whitman Rostov (Ingham, 1995). According to Rostow (1960), development was a linear process with five stages that begins with: Traditional society, the preconditions for take-off, the take-off, drive to maturity and the age of high mass consumption. Further, According to Harrod (1939, 1948) and Domar (1946), economic growth depends on the amount of labor and capital, as lesser developing countries
often have an abundant supply of labor and also it is a lack of physical capital that holds back economic growth and development. Lastly looking in the development theoretical shelf, Solow’s (1956) model owes its reputation to its simplicity and also permitting the substitution between the components of production rather than the fixed ratios needed by Harrod (1939) and Domar (1946). The production function is curved, allowing for flexibility in using different combinations of capital and labor.

Furthermore examining the theoretical perspective of Entrepreneurship, Marshall’s (1949) is an equilibrium creating entrepreneur, who explains equilibrium as conditions in the markets under the assumptions of perfect knowledge and information, perfect competition (existence of many firms) existence of homogenous goods, and free entry and exit. Further, Schumpeter (1999) looks at entrepreneurship as innovation and not imitation. Schumpeter's innovator as an economic and social leader does not care much about economic profits and only satisfaction he gets from being an innovator and being a server to his society. Lastly, Schultz (1975) argues that entrepreneurship is closely connected to situations of disequilibrium and that entrepreneurship is the ability to deal with these situations.

Looking into the empirical literature on the topic, Gebremariam, Gebremedhin and Jackson (2012) explores the role of small business in economic growth and poverty alleviation in West Virginia Base on the outcome of this study, unemployment rate has a key impact on the economic growth and cyclical effect on the incidence of poverty, the study also further concludes that government programs are clearly related to the incidence of poverty and also the fact that it acts as disincentive to work which shows what a key factor macroeconomic performance is for poverty alleviation (Gebremariam, Gebremedhin and Jackson, 2012).

Folorunso, Abodunde and Kareem (2015), scrutinize the small and medium scale enterprises and economic growth and development and also factors that contribute to the development of SMEs in Nigeria. Furthermore the result indicates that access to finance is a key problem to SMEs development and also concludes that SMEs development in Nigeria is a solution to poverty and unemployment (Folorunso, Abodunde and Kareem, 2015). Wen Hu (2010), conducted a research to investigate SMEs and economic growth (Entrepreneurship and Employment) covering thirty seven countries. The results show that substantial diversity in gauging the form of the contribution by SMEs sector to economic growth.

Figure 1: Conceptual Framework
Abundant research has been done for investigating SMEs and the impact of gross domestic product (GDP) in driving economic development, and also SMEs are bases for capital, social firmness, and tax incomes. UNIDO (2000) discovered that SMEs contributes to more than 50% of GDP and it also represents more than 90% of private businesses in most African countries. In nations like Japan or China 60% of GDP originates from SMEs, in the USA that rate goes up to 65%, and in the UE SMEs produce 5b2% of GDP in other words SMEs have a direct effect on GDP development and the impact represents the distinction between the capital on capital utilized and its cost (Robu, 2013).

**H1: SME’s has a significant positive impact on GDP**

According to OECD (2002), FDI inflows can speak to critical aggregates for creating nations, a few of which record levels of FDI that are expansive, when considered in connection to the measure of the local economy. Foreign direct investment has been seen as the safeguard of vast firms, both in developed and developing nations. In any case, there is emerging confirmation of changes in examples of remote direct venture, including a more extensive scope of source and destination nations and the expanding inclusion of SMEs as remote financial specialists (Smallbone, 2007).

**H2: SME’s has a significant positive impact on FDI**

Birch (1979) presented early validation that upheld the idea that SMEs are the essential motors of job generation. His discoveries demonstrated that 81.5% of all net new employments in the United States amid 1969–1976 were made by firms with 100 or less workers. SMEs represent 60 to 70% of employments in most OECD nations, with an extensive share in Italy and Japan and a moderately little share in the United States. Additionally, SMEs represent an excessively vast share of new occupations, especially in nations that have shown a solid work record (Berrios and Markus 2013).

**H3: SME’s has a significant positive impact on Unemployment**

According to Giles and Williams (2000), states that exports have a positive impact on SMEs, this can be referred to as export led development and also the commitment to development made by domestic utilization used by SMEs is restricted to the extent of local or national markets, further deals to outside business sectors speaks to an extra utilization request which builds the measure of genuine output delivered in an the economy (Bernard and Jensen, 1999; Bernard and Wagner, 1997).

**H4: SME’s has a significant positive impact on Exports**

According to Giles and Williams (2000), states that exports have a positive impact on SMEs, this can be referred to as export led development and also the commitment to development made by domestic utilization used by SMEs is restricted to the extent of local or national markets, further deals to outside business sectors speaks to an extra utilization request which builds the measure of genuine output delivered in an the economy (Bernard and Jensen, 1999)

### 3. RESEARCH DESIGN AND METHODOLOGY

This study is a descriptive explanatory research as established by (Harwell, 2010) who institute that descriptive and explanatory research require suggestions and the research questions for this study demands to be interpreted into recommendations. This study is inducing a quantitative method which will prompt sum up research discoveries as the information will be derived from randomly chosen samples of larger size which will emulate the research context in a more extensive picture (Cohen, 1980). For this research, Secondary
data collection is used for the fact that making use of secondary data saves time as the age of fast internet streaming and provides easy accessibility. Though, Secondary data collection might face problems of inappropriateness of data and also lack of quality data which may not reflect the current trends as many institutions produce guaranteed quality data but sometimes may not be the case. The total population for this study is 49 Asian countries. Hence, the sample size chosen for this study are 17 countries from the total Asian countries using convenience sampling.

Table 1: Illustration of countries chosen for this study

<table>
<thead>
<tr>
<th>No</th>
<th>Asian Countries</th>
<th>Total Asian countries</th>
<th>Selected countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Eastern Asia</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Northern Asia</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>South Central Asia</td>
<td>14</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>South East Asia</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>5</td>
<td>Western Asia and Middle East</td>
<td>18</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>49</strong></td>
<td><strong>17</strong></td>
</tr>
</tbody>
</table>

Therefore, the entire population couldn’t be studied due to non-availability of relevant data for most of the Asian countries and moreover, the sample chosen is sufficient to derive the result for this research. In order to ensure a reliable data set is being used, only web sites and other internet source containing data provided by ASIAN countries which are already reviewed by Government authorities is referred. The statistical data for this study will be collected from government owned sites for the ASIAN sample countries which can be easily accessed from the countries websites and other internet source. Since this research is a secondary quantitative research, a non-experimental approach which indicates that the ethical issues within this study are less complicated.

To explore data for this study three statistical methods will be taken into account; descriptive statistics, correlation analysis and regression analysis. Furthermore, descriptive analysis can be engaged to cover information in a coefficient statistics set which could constitute a much broader photo of the statistics set and portray a broader point of view of the research topic (Jaggi, 2013). Further, Correlation analysis is used as a productive approach to test the relationship between the two variables whether it is solid or weak (Mukaka, 2012). Lastly, Regression analysis will be engaged as a tool used in exploring two or more variables are expected to be in an organized linear relationship (Nau, 2014).
4. RESULT AND DISCUSSION

Descriptive Statistics:

Table 2: Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>SME</td>
<td>136</td>
<td>39.1</td>
<td>99.9</td>
<td>85.42199</td>
<td>19.07238</td>
<td>-1.05283</td>
<td>2.142684</td>
</tr>
<tr>
<td>GDP</td>
<td>136</td>
<td>-6.24</td>
<td>19.59</td>
<td>5.904265</td>
<td>3.787617</td>
<td>0.15015</td>
<td>5.999447</td>
</tr>
<tr>
<td>FDI</td>
<td>136</td>
<td>-1.94</td>
<td>45.27</td>
<td>5.865147</td>
<td>7.034261</td>
<td>1.275804</td>
<td>13.3715</td>
</tr>
<tr>
<td>Export</td>
<td>136</td>
<td>-13.83</td>
<td>111.53</td>
<td>41.97941</td>
<td>32.53937</td>
<td>0.091917</td>
<td>2.089978</td>
</tr>
<tr>
<td>Unemployment</td>
<td>136</td>
<td>0.1</td>
<td>9.8</td>
<td>4.076471</td>
<td>2.392341</td>
<td>0.084721</td>
<td>2.069948</td>
</tr>
</tbody>
</table>

As interpreting Table 2, the growth rate experienced by the SME’s in the sample of Asian countries is quite impressive which is 90% and the standard deviation is 19%. This indicates that the SME’s are impressively mounting in the sample countries and being a pooler to the Macro variables. Furthermore in terms of GDP there’s a notable uplift of 5.90% from the sample Asian countries with a standard deviation of 3.78%, therefore in the case of FDI the total number of SME’s experienced an outstanding result within the observation period which amounts to 5.86% and with a standard deviation of 7.03%. Hence the whole export sector experiences a prominent mean of 41.97% which constitute to a standard deviation of 32.53%. While the total number of the unemployment rate of the Asian countries results 4.07% with a standard deviation of 2.39% which is quite low from the samples.

Correlation Analysis

Table 3: Correlation Analysis

<table>
<thead>
<tr>
<th></th>
<th>SME</th>
<th>GDP</th>
<th>EXPORT</th>
<th>UNEMPLOYMENT</th>
<th>FDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>SME</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GDP</td>
<td>0.0026</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EXPORT</td>
<td>0.095699</td>
<td>0.138246</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNEMPLOYMENT</td>
<td>-0.10037</td>
<td>-0.00646</td>
<td>-0.216660</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>FDI</td>
<td>-0.38718</td>
<td>0.240178</td>
<td>0.074003</td>
<td>-0.091999</td>
<td>1</td>
</tr>
</tbody>
</table>

*Correlation is significant at the 0.05 level

Interpreting Table 3, it shows that Gross Domestic product (GDP) is significantly negatively correlated with Small Medium Enterprises (SME’s) with a Pearson correlation of -0.255 and with a significance value of 0.002. Therefore, this result of my study is similar to the findings of Ayyagari, Beck and Kunt (2003), Gotz (2005) The result shows that the dependent variable (Export) is insignificantly positively correlated with independent variable Small Medium Enterprises (SME’s) with a Pearson correlation value of 0.095 and the significant value of 0.267.. The relationship between unemployment variable and Small Medium Enterprises (SME’s) is insignificantly negatively correlated with a Pearson value of -0.1063 and the significant value of 0.217. The relationship between dependent variable (Foreign Direct Investment) and independent variable (Small Medium Enterprises) is
significantly negatively correlated with a Pearson correlation value of -0.38718 and the significance value is 0.

**Regression Analysis**

**Table 4: Regression Analysis**

<table>
<thead>
<tr>
<th></th>
<th>GDP</th>
<th>FDI</th>
<th>Unemployment</th>
<th>Export</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Constant</strong></td>
<td>23.43682</td>
<td>-3.615</td>
<td>-2.29516</td>
<td>-2.20485</td>
</tr>
<tr>
<td><strong>Standardized Beta</strong></td>
<td>-0.20523</td>
<td>0.11096</td>
<td>0.07459</td>
<td>0.317247</td>
</tr>
<tr>
<td><strong>Std. Error</strong></td>
<td>0.079937</td>
<td>0.123331</td>
<td>0.018283</td>
<td>0.193669</td>
</tr>
<tr>
<td><strong>T-values</strong></td>
<td>-2.50766</td>
<td>0.999854</td>
<td>4.079687</td>
<td>2.670781</td>
</tr>
<tr>
<td><strong>P-Value(P&lt;0.05)</strong></td>
<td>0.011</td>
<td>0.3701</td>
<td>0.0001</td>
<td>0.0087</td>
</tr>
<tr>
<td><strong>R-square</strong></td>
<td>0.45629</td>
<td>0.618872</td>
<td>0.227586</td>
<td>0.25608</td>
</tr>
<tr>
<td><strong>Adjusted R-square</strong></td>
<td>0.338731</td>
<td>0.339493</td>
<td>0.911929</td>
<td>0.946384</td>
</tr>
<tr>
<td><strong>F-statistics</strong></td>
<td>3.881374</td>
<td>7.510019</td>
<td>59.2436</td>
<td>100.6799</td>
</tr>
<tr>
<td><strong>F significance</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Durbin Watson</strong></td>
<td>1.863024</td>
<td>1.450807</td>
<td>1.635751</td>
<td>1.653363</td>
</tr>
</tbody>
</table>

*Correlation is significant at the 0.05 level

\[ GDP = CONSTANT + \beta_1 \text{SMEs} \]

\[ GDP = 23.4368 - 0.2059 \text{(SMEs)} \]

Interpreting Table 4 indicates that the result of Gross Domestic Product (GDP) shows that (R square) is 0.456 which means that only 45.62% of the variable GDP is explained by independent variable SMEs. The adjusted R square is shown 0.338, which signals that 33.8% of variation in GDP variable is been pointed to Small medium Enterprises (SME’s). Further the probability of the F-statistics is 0.000 which shows that this is a significant model, therefore the F-value of 3.881 shows that there is a relationship between dependent variable Gross Domestic Product (GDP) and independent variable Small Medium Enterprises (SME’s). The Durbin Watson Static test is 1.863 which shows the samples selected for this study falls between the ranges of 1.5 to 2.5 which means it is auto correlated according to (Arunagiri et al.2015).

The standardized Co-efficient beta value for GDP is -0.205 with the P-value of 0.011 which is more than 0.01 which indicates positive insignificant relationship on the impact of Small Medium Enterprises (SME’s) on Gross Domestic Product (GDP). However, findings from my study is similar to the findings of Ibrahim and Ibrahim (2015); Ardic et al. (2011); Ayyagari et al. (2005). Hence the Small Medium Enterprises (SME’s) has significant impact on GDP (H1) is rejected.

\[ FDI = CONSTANT + \beta_1 \text{SMEs} \]

\[ FDI = -3.615 + 0.1109 \text{(SMEs)} \]

According to Table 4, the model shows that R square is 0.618 which shows that only 61.88% of dependent variable Foreign Direct Investment (FDI) is elaborated by independent variable Small Medium Enterprises (SME’s). 38.12% of the dependent variables is being explained and addressed by other factors which are not considered in this research. The adjusted R square is shown 0.536 which signals that 53.64% of variation in Foreign Direct Investment (FDI) can be pointed to Small Medium Enterprises (SME’s). Furthermore, the F-significance is 0.00 which shows that the model is significant. The Durbin Watson static test is 1.450 which shows auto correlation between the selected samples chosen for this research.
The standardized coefficient beta value of Foreign Direct Investment (FDI) variable is 0.110 and the significant value is 0.3741 which signifies an insignificant positive impact of independent on dependent variable. The similar results were been concluded in the studies of Papiashvili and Ciloglu (2015); Lejpras (2010); Minh (2004). Hence, Small Medium Enterprises has no significant impact on FDI (H2) rejected.

\[ \text{Unemployment} = \text{CONSTANT} + \beta_{1}\text{SMEs} \]

\[ \text{Unemployment} = -2.29516 + 0.07459(\text{SMEs}) \]

In accordance with Table 4, the coefficient of determinant (R square) is 0.92 which defines that 92.75% of the dependent variable (Unemployment) is highly influenced by independent variable Small Medium Enterprises (SME’s). The adjusted R square is 0.91 which shows 91.1% of variation in Unemployment is influenced by Small Medium Enterprises (SME’s). Moreover, F-significance is 0.00 which shows that the overall model is significant. Though, the F-Value is 59.2 which indicate that there is a relationship between Small Medium Enterprises (SME’s) and Unemployment. The Durbin Watson static test found a value of 1.63 which shows there is no auto correlation among the selected samples.

The standard coefficient beta value is 0.074 with the P-Value of 0.0001 which is below 0.05; hence, the result shows a positively significant impact of Small Medium Enterprises (SME’s) on Unemployment. However, the findings of my study are similar to Folorunso et al (2015); Alia (2014); Khan and Qureshi, (2007) and Hence, Small Medium Enterprises (SME’s) has a significant impact on Unemployment (H3) accepted.

\[ \text{Export} = \text{CONSTANT} + \beta_{1}\text{SMEs} \]

\[ \text{Export} = -2.2085 + 0.5172(\text{SMEs}) \]

According to Table 4, the co-efficient of determinant (R- square) is 0.95 which indicates that 95.60% of the dependent variable (Export) is influenced by independent variable Small Medium Enterprises (SME’s). The adjusted R square is 0.94 of variation in Export is influenced by Small Medium Enterprises (SME’s). Furthermore, F significance is 0.00 which shows that the overall model is significant. Though, the F-Value is 100.67 which indicate a relationship between Export and Small Medium Enterprises (SME’s). Further, the Durbin Watson static test shows a value of 1.65 which found no auto correlation amongst the samples chosen for the research.

The standard Beta co-efficient value 0.51 with the P-Value of 0.0087 which shows a significant positive impact on independent on dependent variable. Similar results were concluded for Miravitlles et al (2016); Singh and Mahmood (2014); Chughtai (2014). Hence Small Medium Enterprises (SME’s) has a significant impact on Export (H4) accepted.
Summary Result of Hypothesis tested

Table 5: Result of Hypothesis

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Significant Level</th>
<th>Result</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁: SME has a significant impact on GDP</td>
<td>0.011</td>
<td>Rejected</td>
<td>The P-value is 0.011 which is more than 0.01 significant levels. This shows that SME’s is not significant to the total GDP of the countries</td>
</tr>
<tr>
<td>H₂: SME has a significant impact on FDI</td>
<td>0.3701</td>
<td>Rejected</td>
<td>The P-value is 0.3701 which is more than 0.05. This indicates that SME’s is not significant with FDI of the countries</td>
</tr>
<tr>
<td>H₃: SME has a significant impact on Unemployment</td>
<td>0.0001</td>
<td>Accepted</td>
<td>The P-value is 0.0001 which is below the significant level 0.05. This shows that SME’s is significant with total Unemployment rate of the countries.</td>
</tr>
<tr>
<td>H₄: SME has a significant impact on Export</td>
<td>0.0087</td>
<td>Accepted</td>
<td>The P-value is 0.0087 which is less than 0.01 significant level. This indicates that SME’s is significant with total Export of the countries.</td>
</tr>
</tbody>
</table>

5. CONCLUSION AND RECOMMENDATION

This research is conducted to investigate the impact of (Small Medium Enterprises) on Economic Development (Gross Domestic Product (GDP), Foreign Direct Investment, Unemployment and Export) in Asian countries. The research is done on 17 countries in (Malaysia, Indonesia, Singapore, Philippines, Thailand, India, China, Republic of Korea, Vietnam, Mongolia, Kazakhstan, Cambodia, Myanmar, United Arab Emirates, Oman, Qatar and Saudi Arabia) and made use of multiple linear regression to find the significance of the factors of Small Medium Enterprises (SME’s) placing impact on Economic Development. The Independent variable is Small Medium Enterprises (SME’s) and dependent variables are Gross Domestic Product (GDP), Foreign Direct Investment, Unemployment and Export. Hence, Unemployment and Export are the factors that are significantly impacted by Small Medium Enterprises (SME’s) while FDI and GDP is not been impacted from the independent variable (SME) in this study.

Recommendation for future researches is to investigate other variables that are not being used in the study. There are other variables that could be used to gauge the impact of Small Medium Enterprises on Economic Development in Asian countries such as innovation, entrepreneurship and poverty reduction. The future research can enquire the Gross Domestic Product (GDP) and Foreign Direct Investment (FDI) which was found to be insignificant in this study. Finally, the future research can also increase the sample size, since the research has only used 17 countries from the total number of Asian countries.
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