



A review on participation of SMEs in public procurement: opportunities, challenges, and policy implications

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Abstract

In recent years, there has been growing interest in the participation of small and medium-sized enterprises (SMEs) in public procurement. This research aims to provide a comprehensive understanding of the opportunities, challenges, and policy implications related to SME participation in public procurement through an extensive review of existing literature in the field. Bakker's (2010) review approach was employed using the Emerald and Google Scholar databases, resulting in the identification and critical analysis of 31 studies that addressed the research objectives. We revealed that limited access to information, complex tendering procedures, financial constraints, limited capacity and skills, and unequal competition with larger firms are the most significant challenges that hinder the effective participation of SMEs in public procurement. On the other hand, several opportunities are available for SMEs to leverage public procurement opportunities. These include, but are not limited to, diversified training and capacity-building programs on public procurement procedures, diversity programs and policies that provide preferential treatment to SMEs, simplified procedures for minor and micro procurement, online platforms and tender portals, enhanced collaboration between SMEs and large firms, and expanding procurement requirements. Existing literature offers limited reviews that thoroughly examine SME participation in public procurement. Moreover, further research is needed to assess the effectiveness of policy measures and their impact on SME engagement in public procurement.

Keywords: SMEs, Public procurement, Procurement opportunities, Challenges, Procurement policies.

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1. Introduction

Public procurement refers to the process by which government organizations and public entities acquire goods, services, and works from external suppliers, including private companies, non-profit organizations, and other public entities (McKevitt and Davis, 2013; Mphela and Shunda, 2018). It encompasses various sectors such as infrastructure development, healthcare, education, defence, and transportation. Public procurement plays a significant role in government spending and often constitutes a substantial portion of a country's GDP. Statistics indicate that public procurement absorbs around 70% of government budgets and contributes approximately 12% to the gross domestic product (GDP) in developed countries, whereas in low-income nations, it represents about 26% of GDP (World Bank, 2020). Public procurement serves as a crucial avenue for economic growth and development, especially for small and medium-sized enterprises (SMEs). It provides SMEs with potential markets for their products and services. On the other hand, SMEs play a vital role globally in driving innovation, creating jobs, diversifying the economy, and reducing poverty. For instance, in China, Brazil, and OECD countries, SMEs constitute 99% of all firms and employ up to 80% of the workforce (World Trade Organization (WTO), 2020). Similarly, in emerging economies, particularly in Sub-Saharan Africa, SMEs make up 90% of formal companies and account for 65% of employment (World Bank, 2020).

SMEs play a significant role in various economic sectors, including services, agribusiness, construction, retail and wholesale trade, manufacturing, real estate, and imports and exports (Aguilar, 2016; Akenroye et al., 2020; Mingming, 2016). Given their importance, facilitating SMEs' participation in public procurement is crucial for promoting inclusive economic growth and fostering a vibrant entrepreneurial ecosystem. By participating in public procurement, SMEs can gain access to larger contracts, establish long-term business relationships, and enhance their competitive position in the market. In addition, SMEs' participation in public procurement can stimulate economic development by providing them with opportunities to secure contracts, increase revenue, and expand their operations (Glas and Ebig, 2018; Kidalov, 2013; Loader, 2013). This, in turn, leads to job creation and economic growth. However, despite their potential, SMEs, in particular, face numerous challenges throughout their production and marketing supply chains, primarily due to legal complexities, intense competition from large firms and new entrants, limited resources, dynamic market forces and demand, and limited innovative practices. Key complexities faced by SMEs include limited access to trade and market opportunities, inadequate production facilities, low competitive advantage, and unreliable markets (Asgary et al., 2020; Mauro et al., 2020). According to statistical data from the National Bureau of Statistics (NBS) and the World Trade Organization (WTO) in 2020, only 20% of small and medium-sized enterprises (SMEs) have dependable access to viable markets and trade prospects. Furthermore, public procurement is dominated by larger corporations due to their greater resources, experience, and networks (Flynn and Davis, 2017; Glas and Ebig, 2018).

Recognizing the crucial role of SMEs in economic development, governments around the world have implemented policies and measures to support their growth and foster their participation in various sectors, including public procurement. The primary methods typically employed include providing support to SMEs in accessing public procurement through training or technical assistance, granting preferential treatment to SMEs, and removing obstacles that hinder their participation (World Bank, 2020; Mingming, 2016; African Development Bank (AfDB), 2012). Countries like India, Ecuador, and Brazil have implemented policies that involve setting aside specific quotas for exclusive purchases from SMEs (Aguilar, 2016). The primary objective of these policies is to ensure that at least 20% of overall procurement

opportunities is dedicated to these enterprises. The trend is almost the same in Tanzania and South Africa, where the governments prioritize and account for about 30% of procurement opportunities for women, youth, and disabled SMEs (United Republic of Tanzania (URT), 2013; Wadhwa et al., 2016). Public procurement provides SMEs with access to larger markets that were previously inaccessible due to various barriers. Winning government contracts can help SMEs establish a reputation and gain credibility, enabling them to enter new markets and attract private sector clients. According to Namagembe et al. (2021) and Tammi et al. (2014), public procurement contracts encourage SMEs to develop innovative solutions, technologies, and products, thereby fostering entrepreneurship and driving technological advancements. SMEs are often more flexible, adaptable, and innovative than larger corporations, allowing them to respond swiftly to market changes and drive economic dynamism.

Understanding the opportunities, challenges, and policy implications related to SME participation in public procurement is essential for creating an inclusive and dynamic procurement environment. Studies reveal that promoting SME participation in public procurement presents significant opportunities for economic development, innovation, and job creation (Asgary et al., 2020; Azam, 2015; Loader, 2013). Thus, governments need to reform and implement policies and measures that address the challenges and create an enabling environment for SMEs to compete fairly in public procurement. By doing so, governments can harness the potential of SMEs, fostering inclusive and overall economic growth. Despite the measures and policies in place, engaging in public procurement remains a significant challenge for SMEs. On average, only 27% of procurement contracts are awarded to SMEs in Brazil (Aguilar, 2016). In China, up to 76.2% of government procurement contracts are granted to SMEs (Mingming, 2016; Aguilar, 2016).

In summary, based on the reviewed literature, there is currently no comprehensive review available regarding the involvement of SMEs in public procurement. Therefore, the importance of conducting this study becomes even more pronounced, considering the significant role that SMEs play in economies. Early research has focused on various aspects of SME participation in public procurement, such as policies (Loader, 2013; Kidalov, 2013; Flynn and Davis, 2016), barriers (Saastamoinen et al., 2017; Akenroye and Aju, 2014), accessibility (Abdellatif and Zaky, 2015; Loader and Norton, 2015), capabilities (Flynn and Davis, 2017; Akenroye et al., 2020), and success factors (Glas and Ebig, 2018) for SMEs' participation in public procurement based on qualitative and quantitative approaches. However, these studies have not provided a comprehensive overview of the opportunities, challenges, and policy implications for SMEs' participation in public procurement. To bridge this gap, the present study conducts a comprehensive review of the opportunities, challenges, and policies associated with SMEs' participation in public procurement. This review analysis contributes to the existing body of knowledge by exploring the opportunities, challenges, and policy implications surrounding SMEs' participation in public procurement. By doing so, this research enhances the understanding of researchers, managers, and practitioners regarding the opportunities, challenges, and policy implications for SMEs' engagement in public procurement. Ultimately, this review study identifies potential areas for future research development.

RQ1. What are the opportunities available for participation of SMEs in public procurement?

RQ2. What are the primary challenges faced by SMEs when participating in public procurement markets?

RQ3. How can SMEs build resilience and enhance their capabilities for improved participation in public procurement?

2. Review methodology

This paper presents the results of a literature review conducted regarding the opportunities and challenges for SME participation in public procurement, as well as identifies policy implications. The review process was based on Bakker's (2010) approach, chosen for its repeatability and transparent selection procedures for relevant studies. The initial phase involved searching for relevant journal articles in the Emerald and Google Scholar databases. The selected databases were targeted because of their potential in publishing peer-reviewed journal articles. The inclusion criteria were limited to peer-reviewed journal articles published between 2013 and 2022, written in English, and providing empirical evidence on the opportunities and challenges faced by SMEs in public procurement. The inclusion and exclusion criteria were deemed most suitable for selecting journal articles addressing the subject matter. To select appropriate studies, a series of steps were followed, each involving the inclusion or exclusion of articles based on predetermined criteria (see Figure 1). Table 1 presents the detailed inclusion and exclusion criteria.

Table 1. Parameters considered for inclusion and exclusion criteria

Sn.	Parameters	Inclusion criteria	Exclusion criteria
1	Focus	Articles must focus on the participation of SMEs in public procurement	Articles not related to SME participation in public procurement.
2	Period	Articles must have been published between the year 2013 and 2022	Articles published before 2013 or after 2022.
3	Types of articles	Journal articles with policy implementation results	Review and survey articles, theoretical papers without implementation results
4	Language	Articles must be available in English	Articles not available in English

In addition, only studies that provide insights into the factors affecting SME participation in public procurement, strategies for overcoming challenges, and policy interventions were included for review. This approach limited the number of analyzed articles but ensured the exclusion of other publication types, such as working papers, conference papers, and student assignments, which were not relevant to the search. The search utilized keywords such as "SMEs" or "MSMEs", "public procurement" or "government procurement", "procurement opportunities" or "purchasing opportunities" or "procurement policies", "challenges" or "barriers" or "obstacles", "participation" or "involvement" as well as "policy implications," within the titles, abstracts, and keywords. Variations of the search terms were accepted using an asterisk as a wildcard. Based on the identified search strategy and the inclusion and exclusion criteria, a total of 603 related articles were initially identified.

In the second phase, articles unrelated to the subject area were excluded to maintain strong managerial relevance for the review. Only full journal articles were considered, resulting in a reduction to 371 articles. In the third phase, a thorough assessment was conducted on a title-by-title basis, eliminating articles that did not meet the predetermined criteria. This further reduced the number of articles to 178. In the fourth phase, the remaining articles were carefully examined based on their abstracts, eliminating those that were deemed unsuitable according to the predefined criteria. At the end of this phase, the number of articles was reduced to 69. Finally, in the fifth phase, the remaining articles were assessed in their full-text form to ensure compliance with the predetermined inclusion and exclusion criteria. Consequently, a final count of 31 articles were determined to be relevant for the review.

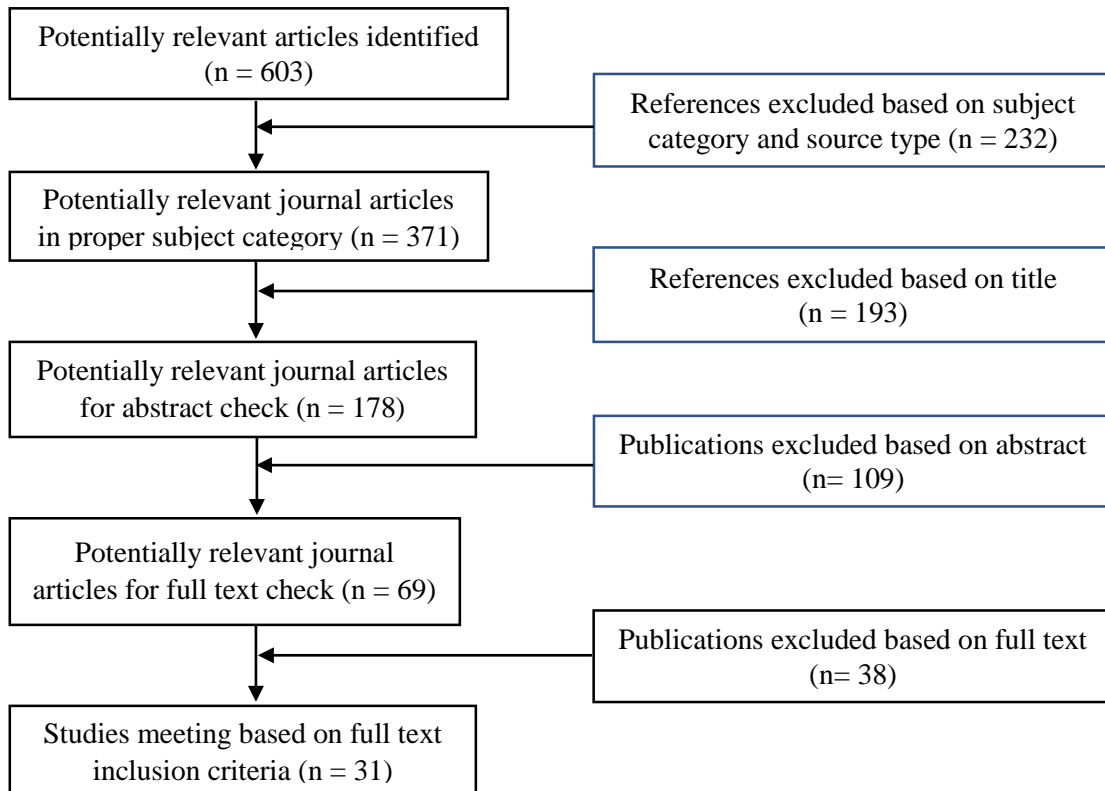


Figure 1. Review process: Adopted from Bakker (2010).

3. Findings

3.1. Descriptive analysis of reviewed articles

In this section, a categorized summary of the review conducted on recent studies concerning SME participation in public procurement is presented. The classification process involves examining the relevant studies according to journal categories (publishers), publication trends, publication country, and recurring themes that emerge from the selected articles.

3.1.1. Journal category

Table 2 presents the prominent journals in the field of SME participation in public procurement research. The findings highlight the International Journal of Public Sector Management and the Journal of Public Procurement as prominent publishers in this domain. Additionally, journals such as the Journal of Purchasing and Supply Management, Journal of Advances in Management Research, Business Process Management Journal, and Journal of Small Business and Enterprise Development have published multiple articles on SME participation in public procurement. As a result, these journals are recognized as valuable platforms for exchanging knowledge and facilitating discussions across various perspectives on SME involvement in public procurement.

Table 2. Distribution of articles with respect to journal wise

Sn.	Journal name	Number of articles
1	Asia-Pacific Journal of Business Administration	1
2	Business Process Management Journal	2
3	Environment and Planning: Government and Policy	1
4	International Journal of Entrepreneurship and Innovation Management	1

Sn.	Journal name	Number of articles
5	International Journal of Public Sector Management	4
6	Journal of Advances in Management Research	2
7	Journal of Public Procurement	12
8	Journal of Purchasing and Supply Management	2
9	Journal of Small Business and Enterprise Development	2
10	Management Matters	1
11	Journal of Co-operative and Business Studies	1
12	Supply Chain Management	1
13	Engineering, Construction and Architectural Management	1

3.1.2. Trends in publication

Figure 2 displays the number of publications from 2013 to 2022, revealing a significant peak in 2014 with five articles, followed by 2015, 2017, and 2022 with seven articles in those years. The year 2016 had the fewest articles (one article) on SME participation in public procurement.

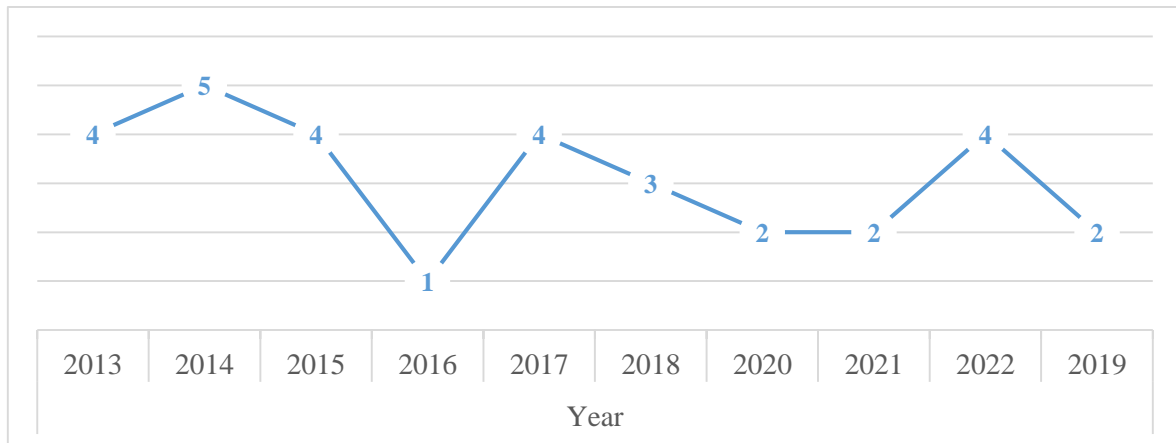


Figure 2. Year wise representations of articles (2013 – 2022, n = 31).

3.1.3. Publication country

Figure 3 categorizes the analysed studies according to the country of publication. The graph depicts the geographical distribution of empirical evidence gathered on SME participation in public procurement. Notably, the United Kingdom, Uganda, Tanzania, Finland, Nigeria, and Ireland emerge as the countries with the highest number of conducted empirical studies in this field. Additionally, countries such as Egypt, the United States, Canada, and others demonstrate a robust tradition of studying topics related to SMEs' involvement in public procurement.

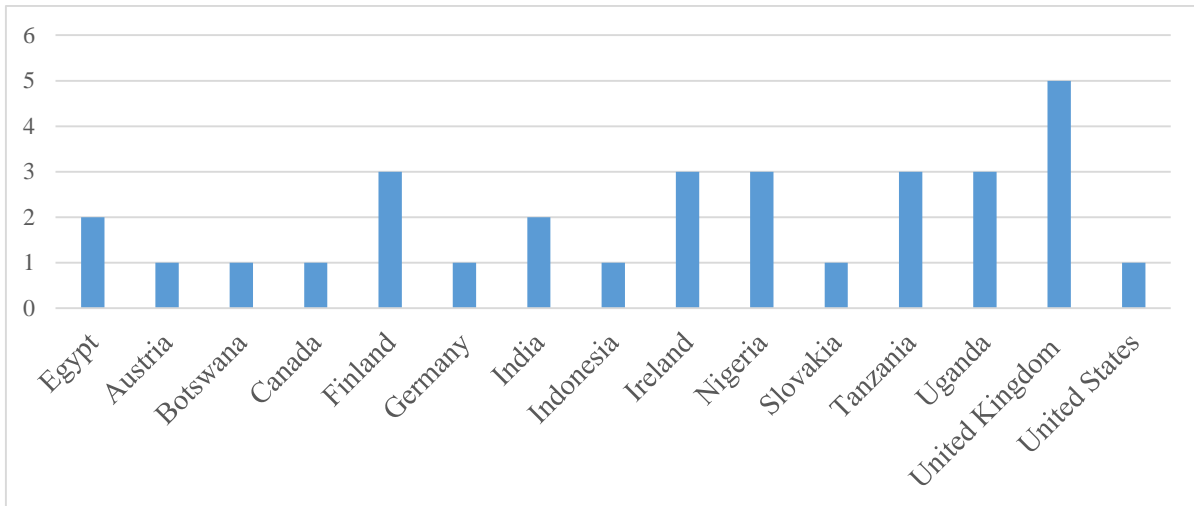


Figure 3. Most important countries based on the main articles reviewed

3.1.4. Recurring themes in the selected articles

The classification of the reviewed articles reveals that research on SME participation in the context of public procurement is divided across various areas (refer to Table 3). The most frequently investigated aspects of this phenomenon are the policies governing SME participation in public procurement and the barriers encountered by SMEs in engaging in such processes. Furthermore, a significant number of studies have also focused on exploring the accessibility of SMEs to public procurement, the capabilities required for SME participation in these processes, and the success factors influencing SMEs' participation in public procurement.

Table 3. Number of papers published by subject area

Subject area	Number of articles
Accessibility of SME to public procurement	4
Barriers to SME participation in public procurement	5
Capabilities for SME participation in public procurement	4
ICT and SME performance in public procurement	3
Policy for SME participation in public procurement	8
Success factors of SMEs in public procurement	4
SME participation in public procurement	3

3.2. Opportunities for SMEs in Public Procurement

Several initiatives have been undertaken to promote fairness and provide avenues for SMEs to engage in public procurement. Drawing upon the findings of the literature review, the following are some of the main opportunities accessible to SMEs for their participation in public procurement.

3.2.1. Training and capacity-building programmes. The reviewed literature establishes that one of the avenues available for SMEs to enhance their participation in public procurement is through government and organizational initiatives that offer training and capacity-building programs (Israel, 2021; Saastamoinen et al., 2017). In Tanzania, for example, the Public Procurement Regulatory Authority (PPRA) and the Procurement and Supplies Professionals and Technicians Board (PSPTB) offer regular training and capacity-building programs on

various aspects of procurement procedures, strategic procurement, and ethical procurement practices, among others. These programs provide guidance on navigating procurement processes, improving business capabilities, understanding tender requirements, and developing effective bidding strategies. The surveyed literature asserts that by investing in training and capacity-building programs, SMEs can enhance their competitiveness and readiness to participate in public procurement opportunities (Kotturu and Mahanty, 2017; Mauro et al., 2020).

3.2.2. SMEs diversity programmes. The findings of this review reveal that many public sector organizations implement supplier diversity programs to foster inclusivity and promote the participation of underrepresented businesses, including SMEs (Flynn and Davis, 2016; Flynn and Davis, 2017; Glas and Ebig, 2018; Nicholas and Fruhmann, 2014). These programs include various measures such as reserving a certain percentage of contracts exclusively for SMEs and implementing preferential purchasing policies that establish goals and targets for procuring goods and services from diverse suppliers, such as SMEs, minority-owned businesses, or social enterprises. As part of these diversity programs, studies show that Tanzania and South Africa prioritize and allocate about 30% of procurement opportunities exclusively for women, youth, and disabled groups (Wadhwa et al., 2016; URT, 2013). These initiatives ensure that SMEs have a fair chance to compete for government contracts without being overshadowed by larger firms, thereby increasing their opportunities for participating in public procurement.

3.2.3. Simplified procedures for minor and micro procurement. Another significant avenue for SMEs to participate in public procurement is the simplified procurement procedures for smaller contracts (Essien et al., 2019; Mark et al., 2014; Mphela and Shunda, 2018; Namagembe et al., 2021). A review of these procedures has highlighted streamlined processes that include shorter bidding periods, simplified documentation requirements, and reduced financial guarantees in the public bidding process (Essien et al., 2019; McKevitt and Davis, 2013; Mphela and Shunda., 2018). These measures effectively reduce the administrative burden for SMEs. Specifically, by lowering entry barriers such as firm experience, SMEs can more easily participate in public procurement and secure contracts that align with their capabilities (Flynn and Davis, 2016; Flynn and Davis, 2017; Loader and Norton, 2015).

3.2.4. Online platforms and portals. According to Pickernell et al. (2013), Siwandeti et al. (2021), and Azam (2015), many governments have developed online procurement platforms and portals to centralize and streamline their procurement processes. These studies highlight that these platforms provide access to tender opportunities, online bid submission, and relevant documentation. Moreover, studies suggest that SMEs can leverage these platforms to search for relevant contracts, submit bids, and track their progress (Svidronova and Mikus, 2015; Tammi et al., 2014). The implementation of such digital solutions enhances transparency, accessibility, and efficiency, thereby facilitating SMEs' engagement in public procurement.

3.2.5. Collaboration and networking. The results of this review further reveal that many countries comply with mandatory requirements for collaboration and networking between SMEs and large firms (Kidalov, 2013; Mphela and Shunda, 2018; Nicholas and Fruhmann, 2014). Governments encourage various practices such as industry associations, subcontracting, and consortium bidding to promote economic inclusion and diversification. These efforts align with the procurement guidelines for goods, works, services, and consulting services set forth by the World Bank (2014) and the African Development Bank (AfDB, 2012). It is evident that

industry associations, consortium bidding, and subcontracting with large firms enhance the competitive position and participation of SMEs in public procurement (Akenroye et al., 2022; McKevitt and Davis, 2013; Reijonen et al., 2022). These strategies allow SMEs to pool resources, share expertise, complement their capabilities, collectively bid for larger contracts, and undertake more significant projects. Subsequently, this presents SMEs with an opportunity to participate indirectly in public procurement.

Table 4. Summary of opportunities for SME in public procurement

Opportunities	Descriptions	Themes	Authors
Training and capacity building	Systematic efforts to enhance SME knowledge, skills, and capabilities on public procurement procedures	<ul style="list-style-type: none"> • Guidance on navigating procurement processes • Improving business capabilities • Understanding tender requirements • Developing effective bidding strategies 	Saastamoinen et al. (2017), Kotturu and Mahanty (2017)
SMEs diversity programmes	Initiatives and strategies aimed at promoting diversity and inclusion of SMEs in public procurement	<ul style="list-style-type: none"> • Set-asides and reserved contracts for SMEs • Preferential purchasing policy • Elimination of barrier to participate in public procurement 	Glas and Ebig (2018), Flynn and Davis (2016), Nicholas and Fruhmann (2014)
Simplified procurement procedures	Streamlined processes and methods aim to simplify and expedite the procurement of low-value or low-complexity contracts	<ul style="list-style-type: none"> • Shortened bidding periods • Simplified documentation requirements • Reduced financial guarantees 	Essien et al. (2019), Mphela and Shunda (2018), Flynn and Davis (2016)
Online platforms and portals	Digital tools or websites that provide a centralized hub for procurement activities, services, or information	<ul style="list-style-type: none"> • Provide access to tender opportunities • Online submission • Access to relevant documentation 	Siwandeti et al. (2021), Tammi et al. (2014), Azam (2015)
Collaboration and networking	Essential components for SMEs to connect, share resources, skills, expertise and work together towards accomplishing procurement contracts	<ul style="list-style-type: none"> • Subcontracting opportunities • Consortiums bidding • Industry associations 	Mphela and Shunda (2018), Akenroye et al. (2022)
Expanding procurement requirements	Broadening organization’s need for procuring goods, services, or work	<ul style="list-style-type: none"> • Growing number of procurement requirement for goods, works, services, and consultancy services 	Manu et al. (2019), Mark (2014), Loader et al. (2015)

3.2.6. Expanding procurement requirements. Another important opportunity for SME participation in public procurement is the increasing number of expanding procurement requirements across governments and public sector organizations (Loader et al., 2015; Manu et al., 2019). Procurement requirements in governments and public sectors are expanding overall.

Governments and public sector organizations actively seek ways to acquire goods, works, services, and consultancy services to promote diversity, meet requirements, and stimulate economic growth. It is estimated that public procurement absorbs approximately 70% of governments' budgets (World Bank, 2020). By leveraging these opportunities and actively engaging in public procurement processes, SMEs can gain access to valuable contracts, grow their businesses, and contribute to the overall development of their economies (Abdellatif and Zaky, 2015; Mauro et al., 2020; Tammi et al., 2014).

3.2. Challenges facing SMEs in public procurement

SMEs face various challenges when trying to enter and compete in public procurement markets. Based on the literature review, the challenges facing SMEs in public procurement markets are grouped into five categories, as shown in table 5. These risks are limited access to information, complex tendering procedures, financial constraints, limited capacity and Skills, and unequal competition with larger firms.

3.3.1. Limited access to information. Within the scope of RQ2, one of the most addressed challenges faced by SMEs in public procurement markets is limited access to procurement information (Abdellatif and Zaky, 2015; Mauro et al., 2020; Flynn and Davis, 2017). SMEs often struggle to access accurate and up-to-date information about public procurement opportunities. Lack of transparency in the procurement process, unequal dissemination of information, difficulties in detecting procurement opportunities, and limited access to procurement databases and portals hinder SMEs' ability to identify and bid for relevant procurement contracts worldwide (Glas and Ebig, 2018; Loader, 2015; Kotturu and Mahanty, 2017). Access to procurement information should be considered an integral part of the success factors for effective participation of SMEs in public procurement.

3.3.2. Complex tendering procedures. Again, existing literature asserts that the complex and bureaucratic nature of tendering procedures presents a significant barrier to the participation of SMEs in public procurement. Public procurement often involves extensive documentation requirements, strict eligibility criteria, and complex evaluation processes (Loader, 2015; McKevitt and Davis, 2013; Mphela and Shunda, 2018). Reviewed articles establish that SMEs lack the necessary expertise and resources to navigate these procedures effectively, thereby limiting their participation in public procurement (Namagembe et al., 2021; Tammi et al., 2014).

3.3.3. Financial constraints. This review's analysis found that limited financial capacity is a critical challenge facing SMEs in effective participation in public procurement (Essien et al., 2019; Mauro et al., 2020; Glas and Ebig, 2018; Akenroye and Aju, 2014). The financial constraints facing SMEs include limited access to working capital, bank loans, and credit facilities. The execution of public procurement contracts often requires substantial financial resources, such as performance guarantees, tender security, upfront payments, or credit lines. However, SMEs face limited financial capacity, which restricts their ability to fulfill these requirements, leading to their exclusion from the procurement process (McKevitt and Davis, 2013; Mphela and Shunda, 2018).

Table 5. Summary of challenges for SME in public procurement

Types of challenges	Root causes	References
Limited access to information	<ul style="list-style-type: none"> • Lack of transparency in the procurement process • Unequal dissemination of information • Limited access to procurement databases or portal • Difficulties in detecting procurement opportunities 	Glas and Ebig (2018), Loader (2015), Kotturu and Mahanty (2017)
Complex tendering procedures	<ul style="list-style-type: none"> • Involve extensive documentation • Strict eligibility criteria • Complex evaluation processes • Prescriptive and vague tender specification • Lack of knowledge about public bidding process 	Mphela and Shunda (2018); Tammi et al. (2014), Loader (2015)
Financial constraints	<ul style="list-style-type: none"> • Limited access to working capital • Limited access to bank loans, and credit facilities • Inability to meet performance guarantees and bid security • Delays in upfront payments 	Essien et al. (2019), Mauro et al. (2020), Mphela and Shunda (2018)
Limited capacity and Skills	<ul style="list-style-type: none"> • Lack of bid preparation technical skills • Lack of performance history or tract record • Limited knowledge about public bidding process • Lack of systems or IT skills 	Akenroye et al. (2020), Mauro et al. (2020)
Unequal competition with larger firms	<ul style="list-style-type: none"> • Large size of contract opportunities • Larger firms have greater resources, experience, and networks, giving them greater competitive advantage than SMEs 	Loader (2015), Mauro et al. (2020)

3.3.4. Lack of capacity and skills. Literature further reveals that SMEs lack the necessary organizational capacity, technical skills, and experience to compete effectively in public procurement (Akenroye et al., 2020; Mauro et al., 2020). The findings of this review indicate that inadequate management practices, lack of bid preparation technical skills, lack of performance history or track record, and limited knowledge about the public bidding process impede SMEs' ability to meet the demands of public procurement contracts (Mauro et al., 2020; Flynn and Davis, 2017; Israel and Kazungu, 2019). Additionally, limited technological capabilities and digital skills in e-procurement systems are major constraints facing SMEs towards effective participation in public procurement (Pickernell et al., 2013; Siwandeti et al., 2021; Svidronova and Mikus, 2015).

3.3.5. Unequal competition with larger firms. Unlike in past decades, competition in public procurement today is fierce, and both SMEs and large enterprises continuously look for ways to enhance their competitive edge and harness public procurement opportunities. However, studies reveal that SMEs often face challenges in competing with larger, more established firms in public procurement (Abdellatif and Zaky, 2015; Israel, 2022; Loader, 2013). This is attributed to the fact that larger firms have greater resources, experience, and networks, giving them a competitive advantage over SMEs. As a result, SMEs find it difficult to secure contracts, despite their potential to provide innovative and cost-effective solutions (Manu et al., 2019; Mphela and Shunda, 2018; Sanusi and Connell, 2018).

4. Implications and policy recommendations

Opportunities for SME participation in public procurement have received considerable attention in recent years. Governments and public sectors worldwide are acknowledging the significance of promoting economic growth, innovation, and diversity by involving SMEs in their procurement processes. These opportunities not only benefit SMEs but also contribute to overall economic development. However, the challenges faced by SMEs in accessing public procurement opportunities have significant implications for inclusive economic growth and SME development globally. To fully participate and leverage public procurement opportunities, the following policy recommendations can be considered: -

- Enhancing transparency and information dissemination. Improving transparency in the public procurement process and ensuring the timely dissemination of information about procurement opportunities can empower SMEs to participate more effectively.
- Simplifying tendering procedures. Streamlining and simplifying tendering procedures can reduce the administrative burden on SMEs. This may include revising documentation requirements, establishing clear evaluation criteria, and providing guidance and support to SMEs throughout the process.
- Facilitating access to finance. Developing specialized financial programs and mechanisms that target SMEs' specific financing needs can help alleviate their financial constraints. This could involve establishing dedicated SME financing schemes, providing access to guarantees or credit facilities, and promoting partnerships between financial institutions and SMEs.
- Strengthening capacity building initiatives. Investing in capacity building programs to enhance SMEs' organizational and technical capabilities is crucial. These initiatives can provide training, mentorship, and support to SMEs in areas such as project management, quality control, compliance, and understanding of procurement regulations.
- Promoting collaboration and subcontracting. Encouraging collaboration between SMEs and larger firms through subcontracting arrangements can help bridge the gap in resources and expertise. Public procurement policies could include provisions to promote subcontracting opportunities for SMEs, thereby enabling them to participate in larger projects.

By implementing these policies, governments can address the challenges and create a more inclusive and supportive environment for SMEs to access public procurement opportunities, fostering their growth and contributing to sustainable economic development.

5. Concluding remarks and direction for future studies

This review has highlighted the opportunities and challenges that SMEs face in accessing and competing for public procurement opportunities from 2012 to 2022. Empirical evidence demonstrates that limited access to information, complex tendering procedures, financial constraints, limited capacity and skills, and unequal competition with larger firms are the most critical challenges hindering the effective participation of SMEs in public procurement. Based on the findings of this review, it is evident that awareness of the available opportunities can provide a basis for SMEs to address the aforementioned challenges and enhance their participation in public procurement.

Some of the opportunities include, but are not limited to, diversified training and capacity-building programs on public procurement procedures, diversity programs and policies that offer preferential treatment to SMEs, simplified procedures for minor and micro procurement, available online platforms and tender portals, enhanced collaboration and networking between SMEs and large firms, and expanding procurement requirements. The most studied areas in this field are policies, barriers, accessibility, capabilities, and success factors for SME participation

in public procurement. Survey and qualitative designs dominate the research, with only a few studies adopting a review approach (Loader, 2013). Therefore, the novel contribution of this study lies in reviewing and updating the existing literature on the opportunities and challenges for SME participation in public procurement. The findings of this review serve as a foundation for policymakers, practitioners, and researchers to develop valuable strategies and policies that foster an enabling environment and enhance SME involvement in public procurement.

Despite the novel contribution, it is important to acknowledge the limitations of this review. Firstly, the research primarily focuses on reviewing existing literature from two research databases, namely Emerald and Google Scholar, with research journal articles published between 2013 and 2023. Therefore, the review may not capture the full range of experiences and perspectives from SMEs in different countries or databases prior to 2013 or after 2023. Additionally, the study's findings may not be generalizable to every context, as public procurement practices, policies, and challenges vary across jurisdictions. Furthermore, while the research highlights the opportunities and challenges for SME participation in public procurement, it does not provide in-depth analysis or quantitative data on specific solutions or interventions. Future studies should address these limitations to provide a more comprehensive and context-specific understanding of SME participation in public procurement. Building upon the foundation of this research, future studies can explore several avenues to enhance our understanding of SME participation in public procurement, such as: -

- Compare the experiences of SMEs in different regions or countries to identify best practices, lessons learned, and contextual factors that influence SME participation in public procurement. Such comparative studies can inform policymakers and practitioners about effective strategies that can be adapted and implemented in different contexts.
- Explore the role of e-procurement platforms and digital solutions in facilitating SME participation in public procurement. Investigate how digital tools can simplify processes, increase transparency, and provide equal access to opportunities for SMEs.
- Evaluate the impact of SME participation in public procurement on economic development, local employment, innovation, and social inclusion. Assessing the outcomes and benefits resulting from SME involvement can help quantify the value and importance of their participation, leading to more evidence-based policy decisions.
- Evaluate the effectiveness of existing policies and initiatives aimed at promoting SME participation in public procurement. Identify gaps, challenges, and areas for improvement in policy frameworks, regulations, and implementation strategies to ensure a more conducive environment for SME engagement.
- Investigate the effectiveness of capacity building programs, mentorship initiatives, and financial support mechanisms designed to enhance SMEs' ability to participate in public procurement. Assess the outcomes of these programs and identify ways to optimize their impact.

By pursuing these directions, future studies can contribute to a deeper understanding of the dynamics surrounding SME participation in public procurement. This knowledge will inform the design and implementation of more effective policies, programs, and interventions to create a supportive ecosystem that enables SMEs to thrive in the public procurement landscape.

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