

SME Competitiveness Outlook 2022

Connected services,
competitive businesses

Presentation to the WTO MSME Working Group

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Why should we care?

- Context:
 - Series of **shocks** rocking the global economy: COVID, conflict, climate
 - Forecasts of **low growth** and **high inflation**
- Challenge:
 - Reignite growth, and **increase productivity/competitiveness** to boost supply capacity in a sustainable manner
 - **Manufacturing** used to be the recipe, but production is concentrated, and benefits to developing countries are diminishing
 - **Services** are strong, but most lack characteristics that drive economic transformation (e.g. high productivity, links to the rest of the economy, innovation, absorption of labor)
- Solution (or part of): **Connected services**

What are connected services?



Transport
and logistics



Financial
services



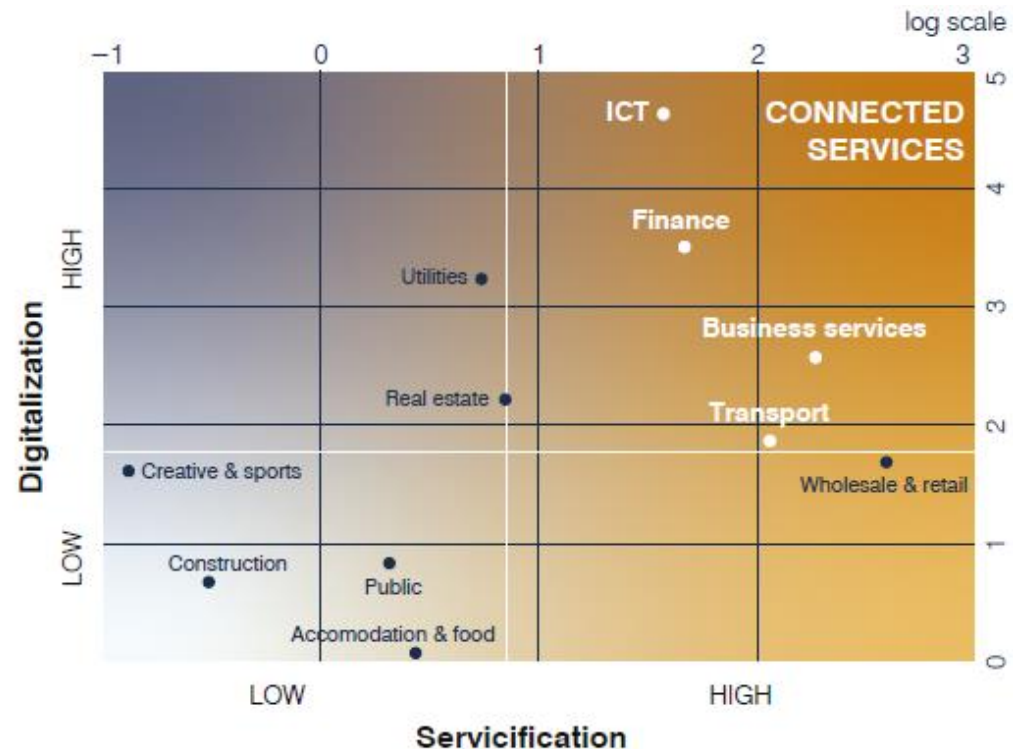
Information and
communication technologies



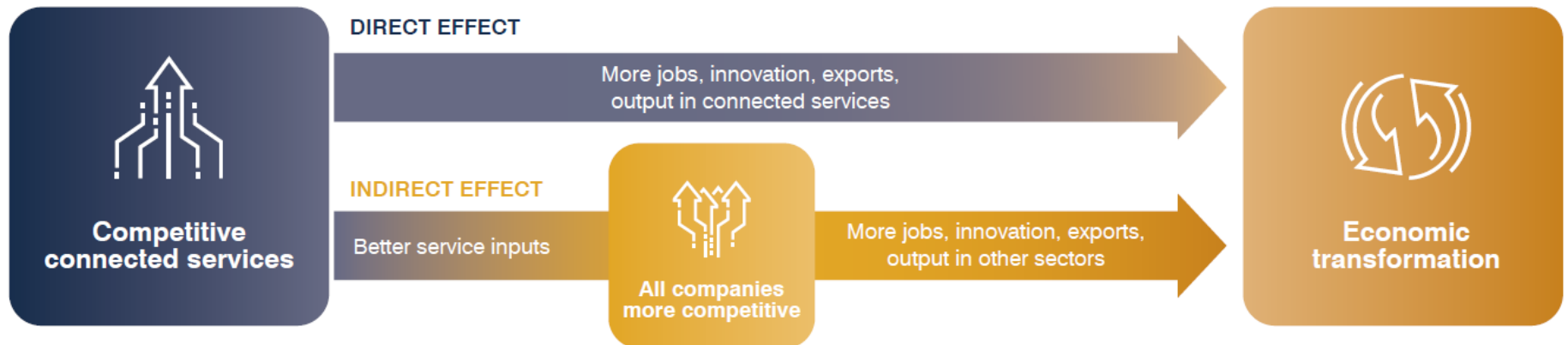
Business and
professional services

The four sectors are at the center of contemporary economic trends:

- **Servicification:** they connect companies within value chains
- **Digitalization:** they connect companies to digital innovation



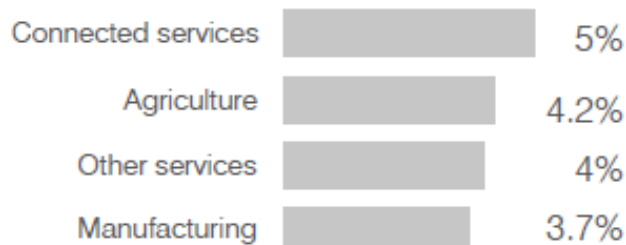
Why are connected services critical?



They contribute *directly* to economic growth

Faster growth

in value added

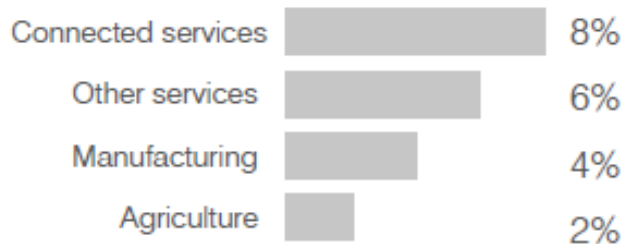


2005 – 2018 yearly average

Connected services are increasingly **traded as inputs** into other sectors

Rising employment

in low income countries



2007 – 2019 yearly average

Employment growth is noticeable **across levels of economic development**, and especially in low-income countries

....and *indirectly* by increasing competitiveness

Logistics services

improve inventory management and timely delivery

78% vs. 36%
 of companies with access to high-quality services | of companies with access to low-quality services | have good inventory management practices

Financial services

support innovation

46% vs. 31%
 of companies with access to high-quality services | of companies with access to low-quality services | often create new products or processes

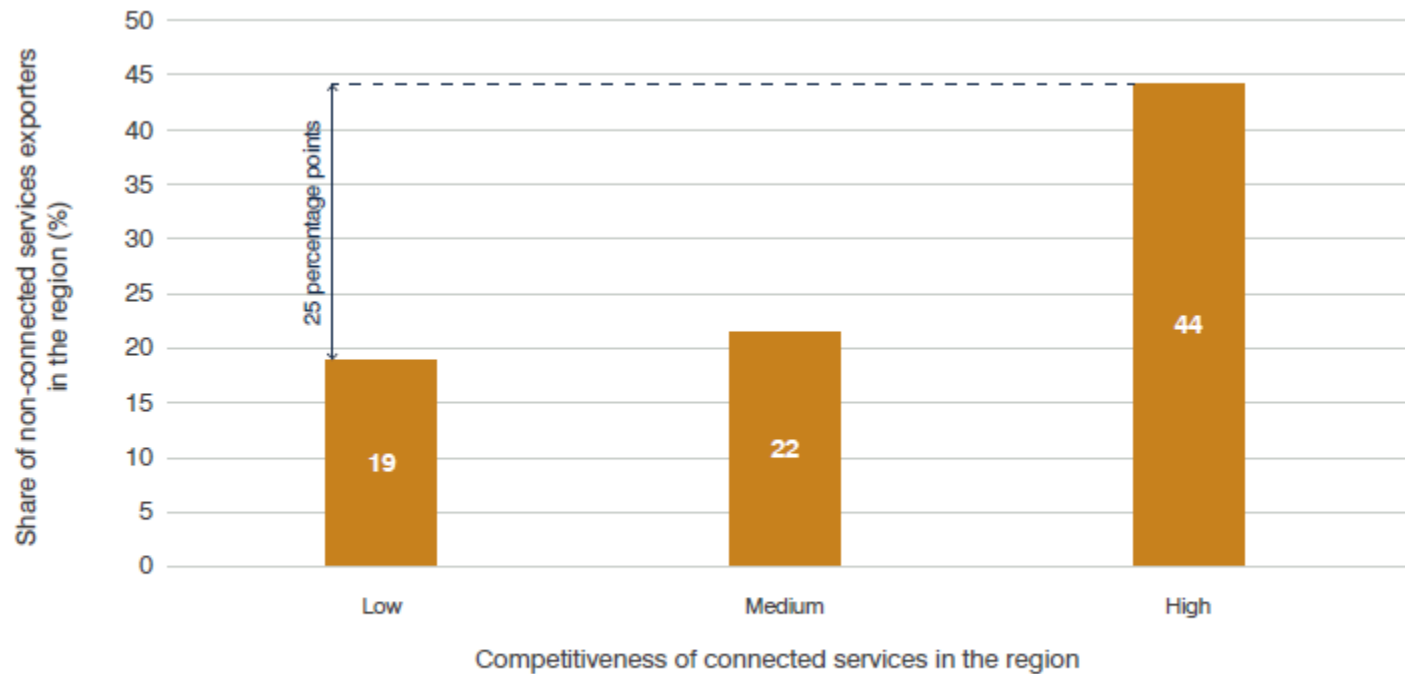
ICT services

help connect to buyers, suppliers

58% vs. 35%
 of companies with access to high-quality services | of companies with access to low-quality services | have a website

More competitive firms export more

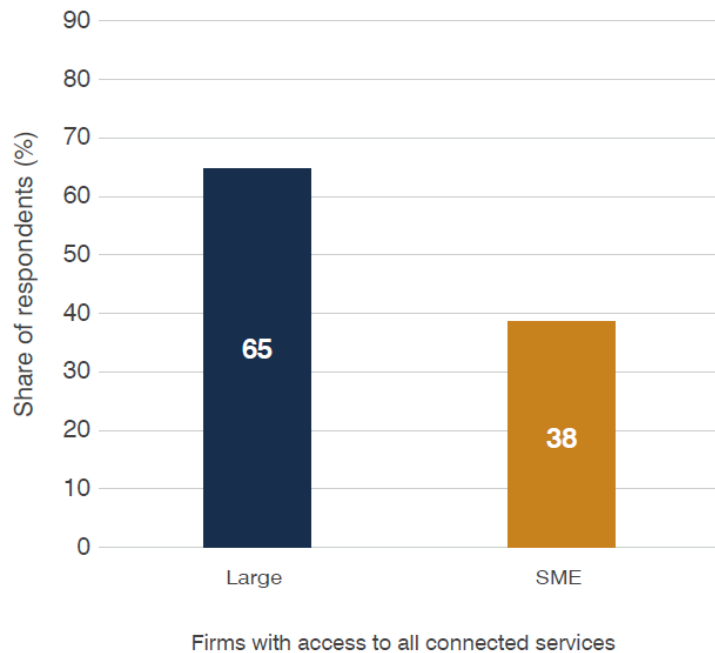
Regions with **strong** connected services have more **exporters**, in all sectors



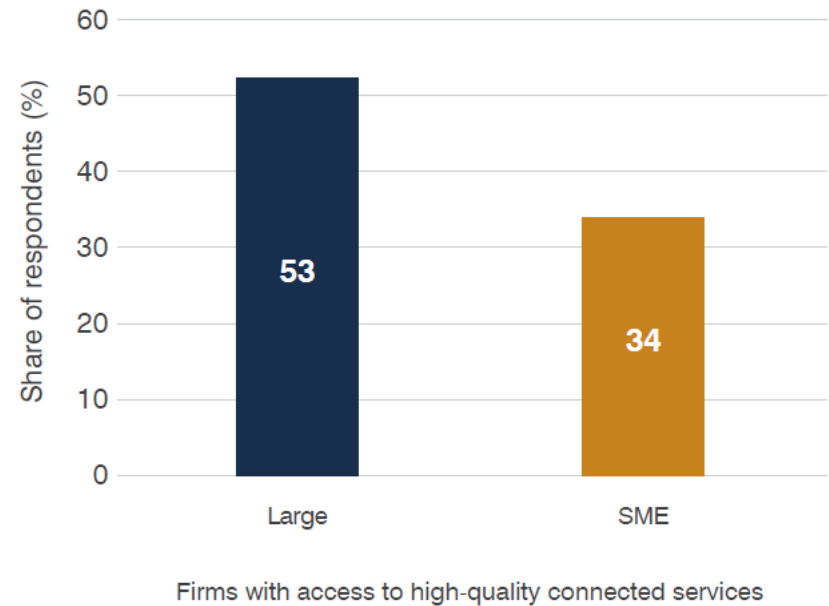
Source: ITC, based on ITC SME Competitiveness Surveys.

Unfortunately, access remains unequal

Large firms more likely to **access** all connected services



Large firms are more satisfied with the **quality** of services received



Making connected services more competitive

The Connected Services, Competitive Businesses Plan

	CONNECTED SERVICES FIRMS	BUSINESS SUPPORT ORGANIZATIONS	GOVERNMENTS	
			Domestic actions	International actions
GROW NETWORKS	Build networks to learn and upgrade	Build online networks and services coalitions	Promote fair competition, especially on digital platforms	Balance privacy protection and competitiveness concerns in data regulations
INNOVATE	Invest in research, certification and customization	Create spaces for innovation and collaboration	Protect intellectual property while enabling innovative activities	Harmonize technical standards
DEEPEN SKILLS	Establish formal hiring processes and skills training	Improve digital skills of SMEs	Train workforce in the skills of the future	Facilitate labour movement across borders
LEVERAGE FINANCE	Improve financial management	Facilitate exchange of information between businesses and financial institutions	Create frameworks for online payments and alternative finance	Encourage foreign direct investment

For more information:



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