

# SME Competitiveness Outlook 2022

Connected services,  
competitive businesses

## **Presentation to the Friends of Multilateralism Group**

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17 November 2022



# Relevance

- 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



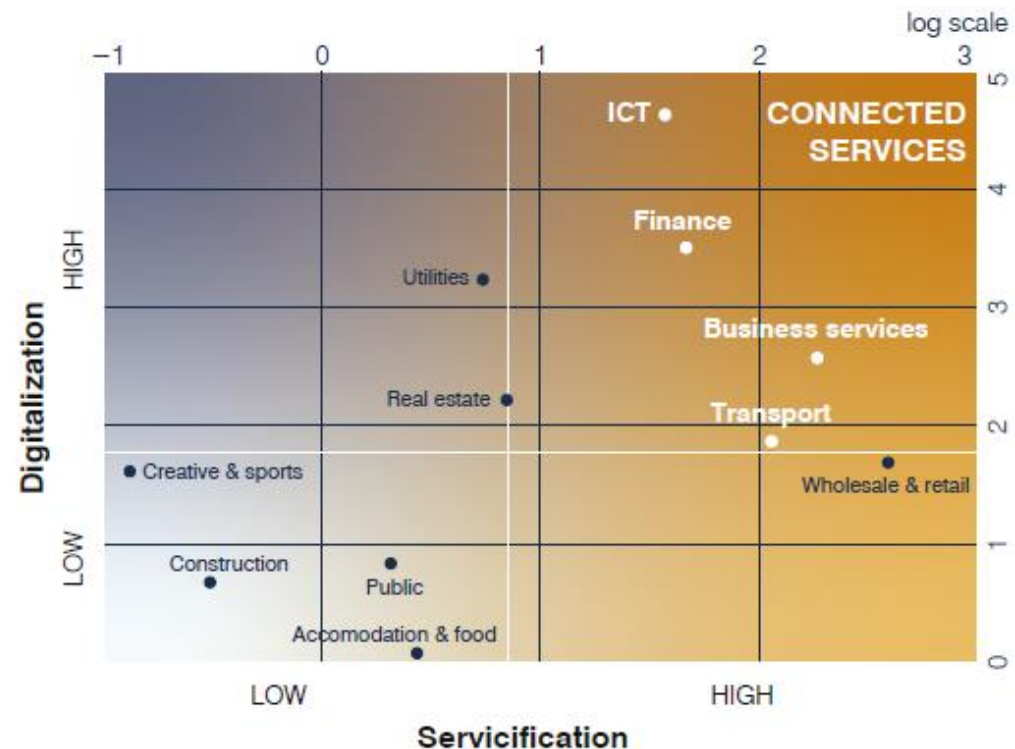
Information and  
communication technologies



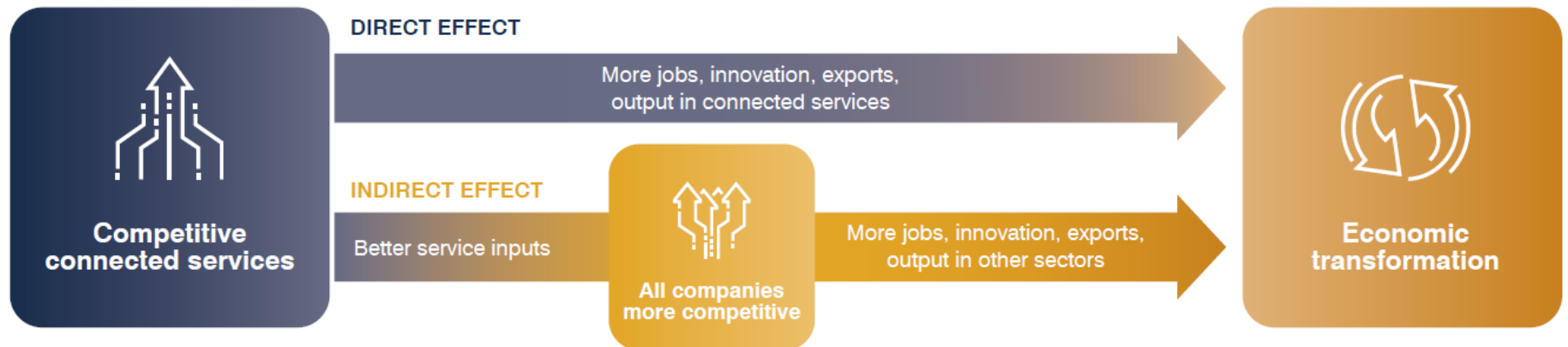
Business and  
professional services

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?



# Increasing competitiveness

## Logistics services

improve inventory management and timely delivery

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

## Financial services

support innovation

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

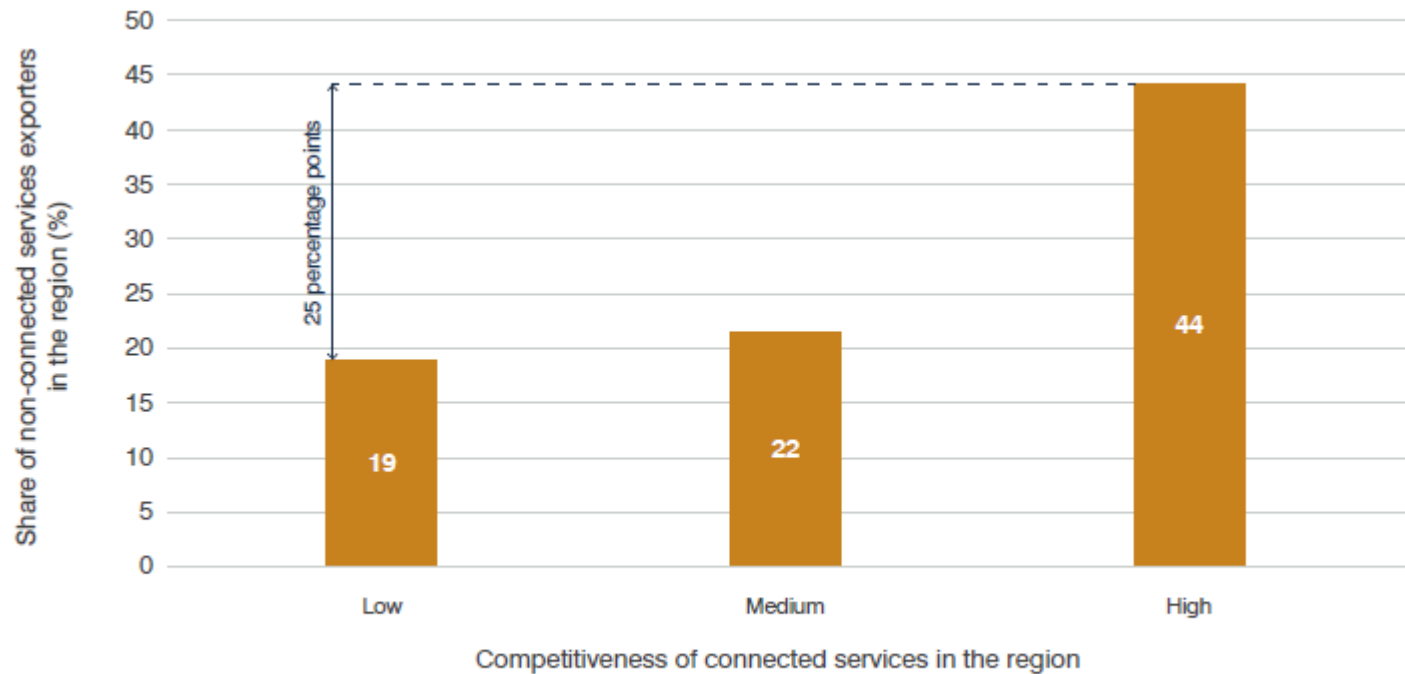
## ICT services

help connect to buyers, suppliers

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

# More competitive firms export more

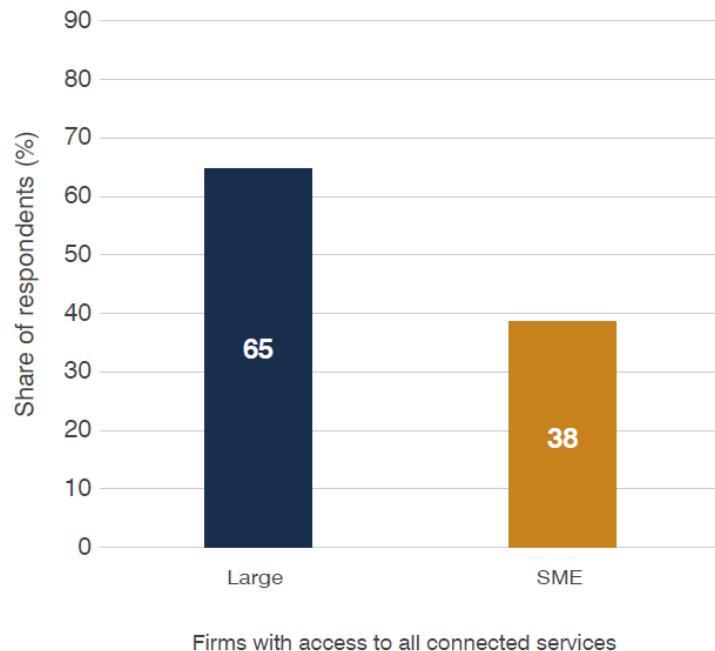
Regions with **strong** connected services have more **exporters**, in all sectors



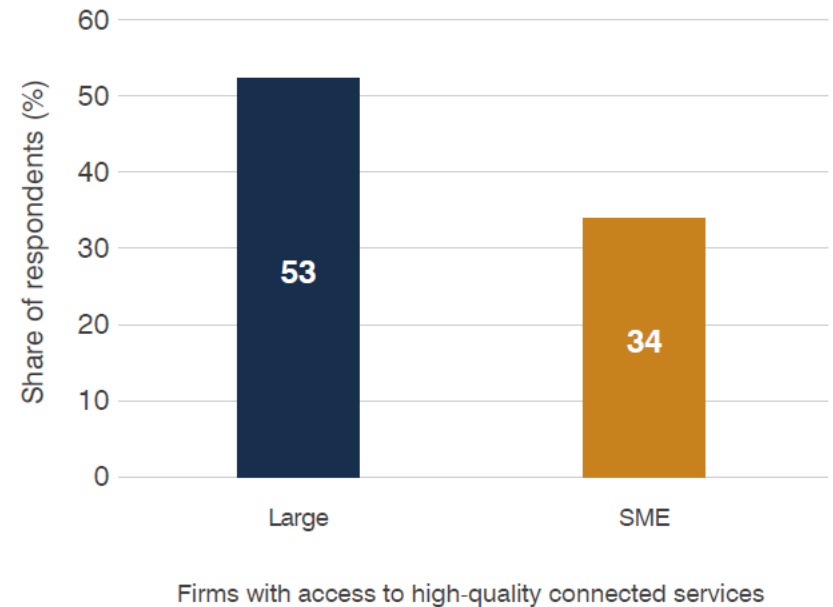
Source: ITC, based on ITC SME Competitiveness Surveys.

# Unfortunately, access remains unequal

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



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



# A services-led transformation can be more inclusive

Making **services firms** more competitive can make our economies more **inclusive**, as many are **small**, led by **women** or **young** people.

## small companies



**services firms are SMEs**

(compared with 8 out of 10 in manufacturing)

## women

44%



**of workers are women\***

(compared with 37% in manufacturing)

## youth

16%



**of firms are led by young people**

(compared with 10% in manufacturing)



# 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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