

A Global Perspective Competitiveness of Small and Medium Sized Enterprises

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Abstract – As the level of competition rises across industries, many Small and Medium-sized Enterprises (SMEs) find it difficult to adapt to the rapidly transforming marketplace, develop new products, and, if required, distinguish themselves in the eyes of consumers. Market-driven strategies for competitive development are made more manageable by the amount of competition that SMEs confront and overcome. In that regard, this contribution provides a critical assessment of the concept of competitiveness in SMEs, which is a concept used to define the firm's odds of succeeding against competitors in a particular market or industry. This paper centralizes the ideology of globalization as a major driver that stimulates competition in SMEs across the world. This ideology is confirmed by the fact that the nature of exporting is increasing dramatically as the world continues to evolve. In conclusion, this paper agrees that globalization and exporting have a significant effect on the capacity of SMEs to compete both locally and internationally.

Keywords – Small and Medium-sized Enterprises (SMEs), Large Enterprises (LEs), Global Value Chains (GVCs).

I. INTRODUCTION

Globally, Small and Medium-sized Enterprises (SMEs) serve as the economic engine. According to estimates, SMEs make up 98 percent of businesses and employ 66 percent of the workforce in South and Southeast Asia. In addition, SMEs are the backbone of the Latin America and Caribbean (LAC) economy, providing jobs for 67 percent of the population. Despite the lack of data at the continental level, it is widely accepted that SMEs in Africa control the majority of the means of production. In Ghana, for instance, SMEs account for 92% of all firms and generate approximately 70% of GDP. However, minor disparities in definition and in the comparability of data exist across nations [1]. Thus, it is safe to assume that SMEs account for over 95 percent of all businesses and employ approximately 2/3 of the workforce globally. So, it is obvious that SMEs are important for the economy and the well-being of countless individuals.

There are three pillars of the economy that contribute to SMEs' competitiveness: the National and macroeconomic policy environment; the Businesses' immediate business environment; and the SMEs themselves. Popular competitiveness assessments from the World Economic Forum and the World Bank highlight the significance of national policy, particularly with regard to trade and financial regulations. Businesses' interactions with and access to other businesses, as well as customers and suppliers, are all part of the immediate corporate environment. The interaction may also relate to the ease with which SMEs can get access to various platforms, such as those used for doing business, making payments, sharing information, or constructing physical structures.

The stylized facts known about SME performance may be reflected in a picture of SME competitiveness generated by organizing around the three main pillars of SME competitiveness previously mentioned [2]. Studies in [3] show that SMEs are less competitive than large businesses, and that this disparity is much worse in emerging nations than in industrialized ones. By focusing on competitiveness indicators rather than productivity data, it is possible to understand the factors that contribute to differences in competitiveness, which is vital information for decision makers and investment and trade support organizations that want to facilitate the internationalization of SMEs. Using this method, the SME Competitiveness Outlook 2015 found that poor connection is the primary reason why small businesses in developing countries are less competitive compared to Large Enterprises (LEs). Physical obstacles, such as a lack of roads and ports, are often cited as reasons why landlocked developing nations have difficulties in gaining international trade and development. Since their internet penetration is so low, they also face a digital obstacle.

When it comes to driving economic expansion, SMEs are universally regarded as indispensable. They provide important contributions to GDP and economic growth via the employment they create and the products and services they supply to other economic players including Large Enterprises (LEs), non-profit organizations, and the public companies [4]. SMEs

often have simpler processes and procedures than bigger companies, allowing them to be more adaptable, get fast feedback, have shorter decision-making chains, or respond more quickly to customers' requirements. Despite this, they are under intense pressure to remain competitive both at home and abroad. The competitive landscape for SMEs is shifting as a result of increased international rivalry, technological development, and shifting customer preferences. These shifts need multitasking on the part of SMEs, which necessitates new product creation, new management methods, new supply and demand techniques, new forms of innovations, new marketing instruments, and new ways to production.

This paper focusses on the competitiveness concept of Small and Medium-sized Enterprises (SMEs) defining the factors, and constraints of competition. The remaining section of this paper has been organized as follows. Section II enumerates of the concept of competitiveness in the modern industrial world. Section III discusses the competitiveness concepts in collaboration of exports. Section IV describes the constraints of competitiveness in SMEs, and lastly, Section V draws final remarks to the paper centralizing the idea of globalization as the key enabler of global competitiveness.

II. THE CONCEPT OF COMPETITIVENESS

Though often discussed, the idea of "competitiveness" may be difficult to pin down. The concepts of competitiveness and competitive strategy make sense when applied to businesses. The term "competitiveness" is used to describe a company's odds of succeeding against rivals in a certain market or industry. However, there is much discussion over expanding the notion beyond businesses and into economies. Seeing countries as competitors in global marketplaces and seeing economies as either more or less competitive in general has been viewed as a "critical fixation," presenting a misinterpretation of the core concept of competitiveness, which defines the merits from trade and specialization [5]. The correct interpretation is to see competitiveness as a multi-level concept, with national competitiveness tied closely to competitiveness at the enterprise level. The concept's competitiveness is said to be high if its industries consistently provide products and services that are in demand on worldwide markets, and if the real incomes of its citizens are stable or rising. However, the quality of a nation's business ecosystem, the degree of the enterprises' operation, and the condition of the nation's enterprise cluster growth are all seen as microeconomic factors that contribute to the country's overall level of competitiveness. The above-mentioned World Competitiveness Index rankings are based on this fundamental concept.

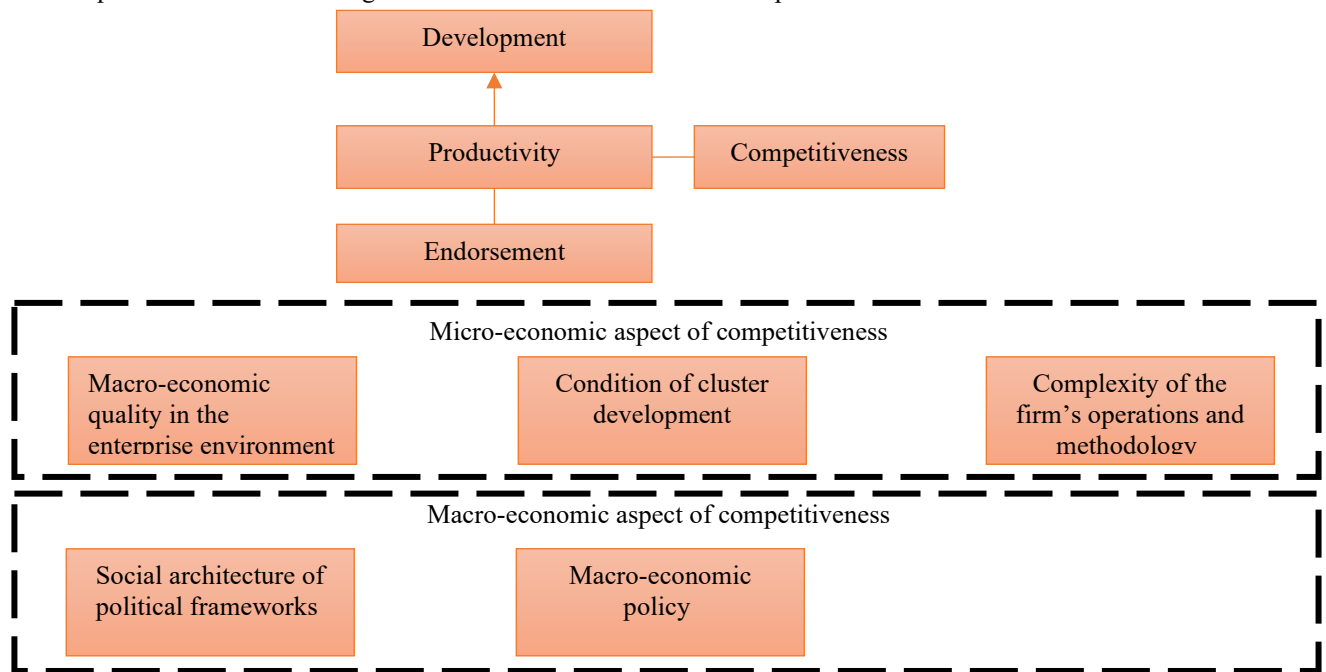


Fig. 1: Representations of the productivity and competitiveness aspect

In this view, an economy's level of competitiveness is a reflection of how productive it is. That, in turn, is tied to the quality and competitiveness of the goods and services provided by the country's businesses, as shown by their pricing on global markets. More specifically, a country or its businesses become more competitive when they are able to boost productivity by making better use of their resources (human labor, financial capital, and material possessions). This is formed by a combination of macro and micro elements in addition to a country's inherent characteristics as shown in Fig. 1. If, for example, a country has a bad business climate and/or weak quality and operations of its firms, then improving the macro-fundamentals is important but not sufficient for boosting the country's competitiveness. However, one's lack of material resources is not always a limiting factor. Through well-executed policies and institutions that fostered the growth of its human resources and lured in foreign investment, Singapore was able to overcome these obstacles and become one of the world's most competitive and productive economies.

Competitiveness measures how well a business sells a certain product in a specific market [6]. It is the ability of a country's companies to compete successfully in both international and local markets by providing services and products, which are superior to those of their competitors in terms of quality and functionality, as well as being offered at competitive prices and delivered on time. When discussing a company's long-term competitiveness, the term "dynamic competitiveness" is often used to describe how well the organization responds to transitions in demand, resource availability, technical advancement, and techniques of competing SMEs. Modifications to (a) production efficiency, (b) creative capabilities, and (c) product differentiation, including product and process innovation, and the development of entirely new markets for both existing and novel products, could be of assistance.

Lastly, competitive performance of a firm is based on the available factors operating at various levels, including (a) resources (technology, physical capital, skills, people, etc.); market power (customer loyalty and branding); (c) capability to respond to potential competitors – including the substitutes for services and products; and (d) flexibility and capacity to respond to the transforming circumstances.

III. COMPETITIVENESS AND EXPORTS

Historically, export competitiveness has been seen as the most important measure of competitiveness [7]. Scale of exports, relative pricing demanded by local businesses, export diversity, and the (evolving) technology and skill composition of exported goods and services are all indicators of a country's competitiveness on international markets. The reasons why exports should be the primary measure of competitiveness are as follows: (i) Some argue that export pricing and demand are more indicative of an enterprise's true competitive performance since they are less impacted by government initiatives; (ii) Businesses (and economies) may learn a great deal about technology, market demand, and top rivals in their field via exports, and; (iii) Scale economies, made possible through exporting, may be a major contributor to an organization's ability to compete.

As the world evolves, the fundamental status of exports is rapidly transforming. This has a critical impact for the capability of firms, especially SMEs, to compete in both domestic and international markets [8]. Governmental liberalization, fast technological innovation, increased capital mobility, and increasing market volatility all contribute to an increasingly complex and difficult-to-navigate global competitive field. Traditional techniques of competitiveness based on low prices and costs are no longer effective for long-term success because of the critical transitions in location, structures of global firms, and pattern of competitiveness. The novel rivalry is more intense and is being waged over an ever-expanding set of criteria, in both international and domestic markets, and throughout an ever-expanding collection of product categories. Although price is still important, other factors, such as (a) compliance with global product and process standards, (b) responsiveness to shifting market conditions, (c) ability to create a unique selling proposition through design and differentiation, (d) dependability in on-time delivery, and (e) ability to network through strategic alliances, now play a larger role in determining a company's success.

The new global environment presents a fundamental competitive dilemma for enterprises in the Asia-Pacific part of the world: how to obtain an advantage by competing successfully across global markets [9]. This creates two problems at once: Can SMEs a) successfully contribute to production for global and regional marketplace in addition to their localized marketplace, and b) accomplish sustainable income growth through gradual up-leveling via process and products innovation, which boosts value creation and pricing power. A third problem is figuring out whether and how the growing international marketplace is influencing domestic SMEs to adapt their methods of operation if they do not want to or cannot expand internationally. Before digging further into the rapidly transforming international environment, and its results for the competitiveness in Asia-Pacific enterprises, it is fundamental to briefly discuss traditional restrictions/constraints on competitive performance for SMEs.

IV. CONSTRAINTS ON THE COMPETITIVENESS

Overview of Constraints

Many well-documented factors have hampered the competitiveness of small and medium-sized enterprises (SMEs) in the Asia-Pacific region. Some examples are discussed in **Table 1**:

Table 1: Factors affecting SMEs competitiveness

Factor	Description
Cost in purchasing inputs	Inputs including equipment, business services, financial, and raw materials are often more expensive for small businesses. Smaller businesses can't compete with bigger ones since they aren't as big or as powerful in negotiations.
Managerial capability	Many SMEs suffer from a lack of managerial competence and expertise in areas including operations management, accountancy, financial planning, marketing, and development.
Information access	Access to data on prospective customers and markets is a major barrier for small businesses. To some extent, ICT has the potential to reduce these limits. But SMEs in the Asia-Pacific region often lag behind bigger enterprises when it comes to Internet and e-commerce usage due to issues including expensive set-up costs, inadequate infrastructure, and a lack of ICT skills.

Response to market opportunities	SMEs have constrained resources and capacity, limiting their ability to react to market possibilities in terms of satisfying demands for high production quantities, certification, and supply reliability. For instance, large buyers face high transaction costs when dealing with numerous SMEs, which reduces their motivation to source from a large number of independent small businesses; meanwhile, SMEs struggle to fulfill the costs and requirements of authorization needed to fulfil the benchmarking need by such buyers.
Support services and access factors	Constraints exist in the areas of training and skill enhancement, marketing research, logistics, technology, and finance that are essential to the success of small and medium-sized enterprises. When it comes to human resource requirements, for instance, a traditional college degree and on-the-job training are not enough anymore because of the rising level of competition in the market. Constraints on obtaining funding are especially critical because they hinder small enterprises' ability to invest in skill and capability development, to expand, and, most essentially, to fulfill the working cash requirements required to run their day-to-day activities.
Policies and regulations	When it comes to regulations and policies, small and medium-sized enterprises (SMEs) often face restrictions and high fixed costs. Rules and regulations typically require a greater share of a small business' ongoing resources, including managerial time, than they do for larger firms, as these businesses must adapt their practices to conform to new rules and regulations.

While globalization presents new challenges to business competitiveness, the traditional limitations on the SMEs' competitive performance in the Asian-Pacific region sometimes become more obvious in this environment.

Competition from Globalization

Drivers for Globalization

The shift of economic activity away from the national and regional levels and into a more international and global context is one of the most striking changes to the economic landscape in the latter part of the twentieth century. Transnational economic activity is shown by data on the flow of trade (imports and exports), capital flows, FDI, and inter-national labor mobility, all of which point to a generally favorable trend toward growing global activity. We need to look at the dynamics that are driving globalization forward to understand how macro-level transitions impact the innovation aspect of enterprises. The growth of the global economy may be directly attributed to technological advancements. The economic relevance of national borders and distance has been drastically altered, especially with the advent of the microprocessor and the development of low-cost communication technology.

The Economist recently published an article on its front page with the provocative headline "The Death of Distance," alluding to the ease and speed with which information can be sent over enormous distances owing to the web, fax machines, and other electronic communication methods. Along with the success of the telecommunications revolution in lowering the cost of international communication, the microprocessor development has significantly diversified the number of individuals who can participate in international communication and utilize the data that is transmitted across the globe. Though statistics on the quantity of international trade is readily available, most estimates of globalization fail to account for the fact that globalization has also resulted in shifts in the nature of these exchanges. Today, commerce across borders entails more than just the exchange of goods and services between companies; it also fosters interpersonal connections and provides access to new perspectives and experiences.

Key Drivers of (Economic) Globalization

Since the 1980s, political, economic, and technical factors have converged to create globalization [10]. Here, we'll examine how and why globalization has altered the structure and location of production for commodities and services that may be traded. According to this view, globalization is transforming the geography and character of global production, investment and commerce. By doing so, it is affective the competitive atmosphere for enterprises, and particularly, SMEs in the Asia-Pacific part of the globe, offering both huge new possibilities and strong rivalry and new problems. Many factors have contributed to the current state of (economic) globalization, but a few of the most important are discussed in **Table 2**:

Table 2: Key drivers of globalization for SMEs

Key drivers	Descriptions
Policy liberalization	The liberalization of policies such as (a) easing restrictions on imports, exports, and investments; (b) opening up new possibilities for the physical locational geography; and (c) consolidating and growing regionally dispersed markets for both inputs and outputs, is paving the way for regional and international opportunities for businesses of all sizes.
Accelerating technological change	Innovations in management have helped speed up technological development, which has had the following effects: (a) decreased cost; (b) decreased timeframe and distance; (c) improved accessibility of enterprises; and (d) permitted for the decentralization, synchronization and geographic distribution of production.

Increasing mobility of capital	Greater capital portability is expanding opportunities for economically viable regional producers. Advantages in factor costs and availability of technology and trained labor may be leveraged by foreign direct investment, which in turn creates new possibilities for domestic small and medium-sized enterprise (SME) suppliers. However, rising portfolio capital flows might ease funding limitations for homegrown businesses with international competitive potential.
Demands of increasing competition	As competition rises, businesses are being forced to adapt by customers who want better service at cheaper rates in shorter amounts of time. This is causing certain sectors, like semiconductors and pharmaceuticals, to consolidate in order to achieve economies of scale, while others, like electronics and information and communication technology, become more fragmented and spread their output over several regions. Competition is evolving from being evident just between individual companies to being seen between networks of connected organizations, including SMEs as major suppliers, as the global manufacturing environment becomes more fragmented (for instance, Nokia and its networking distributors against Motorola, and its suppliers' network).

These macro-level factors are reducing the extent to which goods and marketable services are created, distributed, and consumed inside a single nation or company. As the world becomes more interconnected, fewer regions will have sway over the manufacturing process. International Production Networks (IPNs) and Global value chains (GVCs) are becoming the predominant organizational model for globalized production, providing novel integration nodes into the international economy for both businesses and nations.

Manufacturers in developed nations have four options when reacting to the concept of globalization: (1) Execute no action and see market shares and profits diminish; (2) minimize wages and other manufacturing costs to compete with the low-cost international manufactures; (3) substitute technology and equipment for the purpose of labor in order to enhance productivity; and (4) relocate manufacturing to low-cost geographical locations [11]. The first method did not work for all businesses, but options 2, 3, and 4 were used by the vast majority of reorganized OECD-based companies. Keeping wages low has helped prevent or slow the loss of jobs in several sectors and nations. But it comes with lesser standards of life. Many companies in Europe and North America have laid off workers as a consequence of the rising cost of labor and the trend toward outsourcing to countries with lower living standards. (It has, nevertheless, helped keep many huge firms afloat.) More than 44 million employment opportunities in America were disregarded as a direct result of downsizing between 1979 and 1995 [12]. More worrying than the declining unemployment rate in the United States is the apparent increase in the pace of company downsizing over time. About one in twenty-five people lost their jobs in the 1980s, and that number has increased to one in twenty in the 1990s.

Maintaining high salaries at the expenses of high rates of unemployment or facilitating high rates of employment at the expense of low rate of payment has been at the center of much of the policy discussion around globalization. Since globalization, comparative advantage in traditional intermediate technology businesses is no longer consistent with high pay levels. Even so, another option is available. Neither the establishment of new employment opportunities nor the maintainability of prevailing payment rates and the social security need the sacrifice of salaries. This approach entails reorienting economic activity away from conventional sectors, where high-cost OECD nations no longer have a competitive advantage, and towards knowledge-centric segments, where competitive advantage is more consistent with high rates of employment and high rates of payment. Emerging comparative advantage is founded on creative activity, which is consistent with high pay levels. For instance, despite Silicon Valley's average income rate being 50 percent more than other nation, the employment rate there only climbed by 15% between 1992 and 1996. More than 53,000 jobs were added to the economy in Silicon Valley in 1997, and salary growth was almost double the national average [13].

Innovation in knowledge-based businesses is in great demand across the globe, but there are only a few numbers of places where enough people labor to meet that need. There is a plethora of indicators that point to an innovation-based change in the comparative advantage of high-wage nations. The yearly growth rate in the American information industry, for instance, increased from 5% in 1991 to over 20% in 1998 [14]. The remainder of the economy, meanwhile, grew at a constant rate of around 3% over this time. 5 Since 1985, the number of patent applications filed by American creators has skyrocketed, indicating a surge in innovative activity in the United States. The number of patent applications has been between 40 thousand and 80 thousand annually for the whole of this century. The number of patent applications in 1995 was above 120,000. In addition, the need for unskilled employees has plummeted in OECD, whereas the demand for more skilled workforce has increased. More academics have projected the fall of SMEs because of the changes in competitiveness towards more knowledge-centric economic activities. Nonetheless, in many OECD countries, the proportions of SMEs in economic activities have significantly increase. While a number of SMEs have failed because of globalization, others have developed and implemented methods to stay competitive, if not improve, in a globalizing market. In this context paper, we will look at some of the options available to SMEs who want to increase productivity and incorporate more knowledge-based tasks into their operations.

Globalization of Production

Production, investment, and trade in a wide variety of goods and services, including apparel, agricultural products, furniture, motorcars parts, consumer technology, telecommunications, and information and communication technologies, are

increasingly organized around international value chains as well as associated production networks. As a result, businesses have become more specialized in the tasks and/or products necessary for their production, leading to a rise in intra-industry and intra-product commerce at a faster rate than trade in finished commodities. Even though specialized and segmented manufacturing (assimilated through systems of production and value chains) is a pivotal paradigm, which stimulates the development of international commerce, it is important to note that there are companies that successfully compete on multinational markets despite adopting vastly different corporate structure, keeping some functions in-house and/or on-shore.

SMEs Opportunities

But the GVC/IPN structure has become the norm for coordinating global production. Most Multinational Corporations (MNCs) still issue a wide variety of products and services on a global scale, but they significantly source elements and inputs from SMEs found in far-reaching locations serving specialized markets. Exportation of components, services and parts within the global context of the market value and related production networks account for a rising share of the global export market. Numerous businesses, especially startups, are discovering that they may thrive and "create value" by narrowing their focus to a certain set of inputs, outcomes, and customer bases. Simple parts like radiator caps, for instance, may be manufactured for both domestic and international markets by one distributor in the production networks of the main automakers such as Ford and Toyota. Access to international merchants like Carrefour or Tesco allows specialized niche markets like organic vegetables and fruits to become regionally significant and ultimately global in scope. The advent of new forms of firms for coordinating global production, and the central role of global standards, are two factors of special relevance to SMEs in the framework of GVCs/IPNs.

Role of standards.

Particularly within the context of global value chains, process and product standards are becoming more influential in defining production. The United States and the European Union are two of the world's most important marketplaces, and consumers there are increasingly demanding that major firms make changes to their business practices that take into account not just financial but also environmental and social concerns (such the requirements of corporate social responsibility). Furthermore, standards play a pivotal role within the context of GVCs in guaranteeing product and procedure consistency and dependability at every step of the supply chain as shown in **Fig. 2**. To compete in Global Value Chains (GVCs), manufacturers must conform to an ever-expanding set of standards across a broad variety of sectors (including, but not limited to, the furniture, automotive, and electronics sectors). Given their limitations, SMEs find it particularly difficult to comply with a wide range of stringent worldwide requirements. ISO14000 (environment), ISO9000 (quality), G3 (cellphones) and SA8000 (labor), are all examples of internationally recognized standards; (b) industry-specific standards, such as phytosanitary benchmark and risk management and pivotal points in the food industry; (c) regional protocols, such as QS9000 (quality in the automobile industry emanating from America); and (d) enterprise-specific protocols, supporting brands (e.g., ISO9000 for performance in automobiles manufactured in the United States).

Emergence of global suppliers.

Leading companies in an increasing number of industrial sectors are relied upon to coordinate the activities of global suppliers, who are often based close to home but maintained by contractors overseas. As a result, the leading companies save money and have less to worry about. As a result, global suppliers are redefining the position and relationships of suppliers and manufacturers farther up the supply chain by reorganizing networks inside value chains. Companies and governments in the Asia-Pacific region face difficulties as global lead companies and their supporting worldwide suppliers look for firms with the requisite production capabilities rather than enterprises that need to be brought up to desired standards. Electronics and automobile industries are particularly sensitive to network changes, but an increasing number of other fields are feeling the effects as well.

Only a few sectors, like electronics and information and communications technology, have global suppliers like Flextronics International. Global suppliers like Flextronics are increasingly investing in big industrial parks across the world, which has a positive effect on export competition rate of the host nations and the profits of SMEs. Domestic suppliers with globally competitive capabilities and auxiliary systems that allow for the continuous smooth interchange of modules and parts (including highly-developed logistics activities and export/import processes) are sought after by global suppliers so that they may perform their core strategic purpose of cross-border production assimilation.

Central Objective of Trade in the Global Supply Chain.

The transportation of goods, especially parts and components, between geographically spread manufacturing locations is a significant barrier to integration in the global context of the supply chain. It is fundamental for the competitive management of local firms in various countries to ensure the ease of import and export of goods and services within the framework of specific GVCs and networks. For SMEs, this is especially crucial since they play an essential role as current and/or future distributors within the framework of the global value chain and the network of productivity.

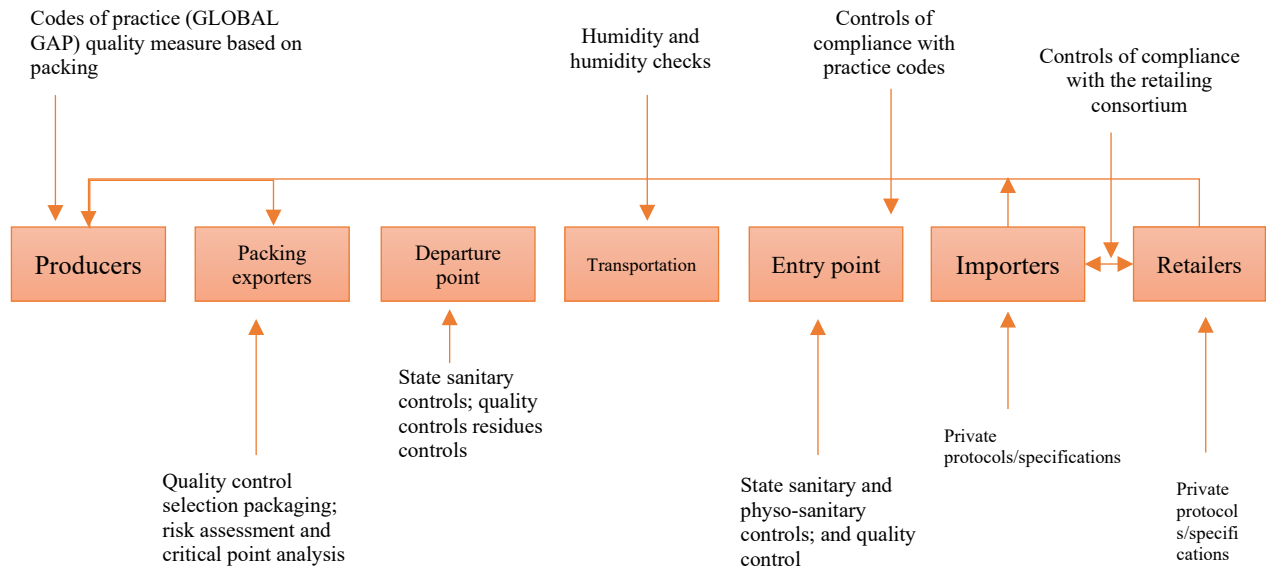


Fig. 2: Food safety and quality standards in the GVC for fresh fruits and vegetables

The efficiency and efficacy of the nations’ exports and import processes are at play here, as are the value chains in which local businesses participate. One of the ten sections of the Doing Business 2009 survey rates nations based on their procedures for exporting and importing typical commodities, including (a) the quantity of papers needed, (b) the amount of time needed, and (c) the amount of money needed [15]. The tabulated data for the Asian and Pacific economies is shown in **Table 3**.

Table 3: Executing business 2009: importing and exporting in the Asia-Pacific region

Economies	Documentations for imports	Number of days for imports	Costs of exports per container (in USD)	Costs of exports per container (in USD)	Costs of exports per container (in USD)	Costs of exports per container (in USD)
Veitnam	8	23	901	734	734	734
Vanuatu	9	30	1392	1497	1497	1497
Uzbekistan	11	104	4600	3100	3100	3100
Timor-Leste	7	26	1015	1010	1010	1010
Thailand	3	13	795	625	625	625
Tajikstan	10	83	4550	3150	3150	3150
Taiwan	7	12	769	757	757	757
Sri Lanka	6	20	895	865	865	865
Solomon Islands	4	21	1194	1011	1011	1011
Singapore	4	3	439	456	456	456
Samoa	7	31	848	820	820	820
Republic of Korea	6	8	747	767	767	767
Philippines	8	16	819	816	816	816
Papua New Guinea	9	29	722	664	664	664
Palau	10	33	1132	1170	1170	1170
Pakistan	8	18	680	611	611	611
New Zealand	5	9	850	868	868	868
Nepal	10	35	1900	1764	1764	1764
Mongolia	13	49	2274	2131	2131	2131
Micronesia	7	30	1255	1255	1255	1255
Marshall Islands	13	33	875	875	875	875
Maldives	5	20	1348	1348	1348	1348
Malaysia	6	14	450	450	450	450

Lao People's Democratic Republic	9	50	2040	1860	1860	1860
Kyrgyzstan	13	75	3250	3000	3000	3000
Kiribati	7	21	1070	1070	1070	1070
Kazakhstan	13	76	3055	3005	3005	3005
Japan	5	11	1047	989	989	989
Indonesia	6	27	660	704	704	704
India	9	20	960	945	945	945
Hong kong China	4	5	633	625	625	625
Fiji	13	24	630	654	654	654
China	6	24	545	460	460	460
Cambodia	11	30	872	732	732	732
Brunei	6	19	708	630	630	630
Bhutan	11	38	2140	1210	1210	1210
Bangladesh	8	32	1375	970	970	970
Azerbaijan	14	56	3420	3075	3075	3075
Australia	6	12	1239	1200	1200	1200
Afghanistan	11	77	2600	3000	3000	3000
Average for South Asia	9	33	1487	1339	1339	1339
Average fir East-Asia and Pacific	7	25	949	902	902	902

The wide range of these nation statistics is startling, but the paper's overarching point remains unchanged. Serving foreign clients may be challenging for a small business located in a nation where the regulatory processes required to export one container might take more than 10 times as long as in another country. The capacity to fulfill tight deadlines is a major driver in gaining (and maintaining) clients in a variety of businesses, from apparel to ICT and electronics, where the projected delivery cycles have developed significantly short. Similarly, if the cost to export one container in one nation is eight times greater than in another country, the SME operating in that country is at a significant disadvantage. This means that, if feasible, the SME will have to absorb the higher transportation expenses itself via reduced unit prices. 20 The business's capacity to earn a profit and continue operating is severely harmed as a result. The greater the cost of transportation, the lower the break-even point will be for a SME, which does not necessarily export its products but depends majorly on the imported supplies.

The trade prices and time concerns are also taken into consideration by multinational corporations when deciding whether to invest in new facilities (Flextronics in ICT/electronics) or from the source. Thus, even if the host nation's SMEs do not involve themselves in any kind of external trading activity, the time and costs of exporting and importing can have a vital impact on their capacity to establish business connections with foreign projects in the rapidly diversifying local market. Efforts made to support small and medium-sized enterprises (SMEs) would have far-reaching consequences, benefiting not just SMEs but also the economy as a whole and even facilitating the arrival of FDI. One such case is Intel's presence in Vietnam. As a major player in the worldwide electronics and information technology supply chain, Intel produces and transports products all over the world from several facilities. Their recent decision to construct a \$1.1 billion chip-assembly industry in the Minh City area is indicative of this trend. When the chip factory is finished, it will likely want to buy supplies and services from Vietnamese businesses.

The port infrastructure in Vietnam is getting extremely crowded, yet Intel nonetheless decided to build its newest Asian chip facility there. Good news for Intel: the wafers the firm will process do not have to be sent in by sea, but by air. However, due to the timing constraints of its own customers, Intel cannot afford to experience shipment delays. To that end, it has begun working on a plan to assist the Viet Nam Customs Authority in launching a fully operational, round-the-clock electronic customs platform. Due to (a) the size of Intel's investment, which makes technical support of this sort a realistic possibility, and (b) the host nation government's willingness to make further pledges to attract Intel's \$1.1 billion venture, this e-customs effort is a real possibility. Nevertheless, this is not the case with the majority of initiatives funded by international investors. These endeavors are often less ambitious and get less media attention. Therefore, a prospective investor can choose a different country to host a new factory because of its overcrowded ports and faulty customs processes. One can only deduce the loss of particular Vietnamese enterprises if this had occurred with Intel and Vietnam, since it would have prevented them from forming connections with a world-renowned technology firm and learning from its experts.

As the global production system develops, more and more industries are realizing the importance of global value chains (GVCs) [16] and Industry-specific Production Network (IPN) [17] as a means for SMEs from the Asia-Pacific part of the globe to access the local and international marketplace as distributors within GVCs and IPNs. Therefore, the globalization

of manufacturing provides SMEs in the Asia-Pacific region with chances for international expansion beyond the typical export of finished products. Provided they fulfill the necessary international standards, these businesses may serve as exporters of parts and components to MNEs based outside of their home nations, as well as domestic vendors to exporting MNEs operating inside their home markets. In order to succeed in GVCs and networks, SMEs in the Asia-Pacific region must be able to fulfill a wide variety of increasingly severe global market criteria, including those pertaining to working conditions and environmental protection. While the benefits to SMEs from joining GVCs and IPNs are substantial, the barriers to admission are often just as significant.

V. CONCLUSION

Competitiveness assesses how successfully a company sells a certain product in a specific market. It is a country's capacity to compete effectively in both international and domestic markets by delivering services and goods that are superior to those of rivals in terms of quality and functionality, while also being supplied at competitive costs and delivered on time. When addressing a company's long-term competitiveness, the phrase "dynamic competitiveness" has often used to indicate how successfully the organization adjusts to changes in demand, resource availability, technological innovation, and rival SMEs' approaches. One of the most noticeable changes to the economic landscape in the second half of the twentieth century was the migration of economic activity away from national and regional levels and toward a more international and global setting. Transnational economic activity is demonstrated by data on trade (imports and exports), capital flows, FDI, and inter-national labor mobility, all of which point to a generally positive trend of increasing global activity. To understand how macro-level transformations affect corporate innovation, we must examine the mechanisms that propel globalization ahead. Technological improvements may be directly attributable to global economic growth. The economic significance of national boundaries and distances has changed dramatically, particularly with the introduction of the microprocessor and the development of low-cost communication technologies.

This paper evaluated the concept of competitiveness in Small and Medium-sized Enterprises (SMEs), which is used to characterize the firm's chances of success relative to rivals in a given market or sector. This article emphasizes globalization's aspect of competitiveness as a primary factor that fuels rivalry among SMEs worldwide. The fact that the diversity of exports is expanding substantially as the globe develops lends credence to this worldview. This research acknowledges that globalization and exporting significantly impact SMEs' domestic and international competitiveness. The right approach is to see competitiveness as a multi-level notion, with national competitiveness intimately linked to enterprise-level competitiveness. The concept is said to be competitive if its industries consistently provide products and services that are in demand in global markets and if its citizens' real incomes are stable or rising. However, the quality of a country's business environment, the degree to which firms operate, and the state of the nation's enterprise cluster development are all seen as microeconomic characteristics that contribute to the country's overall competitiveness. The World Competitiveness Index rankings listed above are based on this core notion.

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