



International
Trade
Centre

TRADE IMPACT
FOR GOOD

Inclusive Growth through SME Competitiveness

UNIGE, Geneva

10 June 2017

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What do SMEs and low-wage workers have in common?

- They are numerous
- Many low-wage workers are employed in SMEs
- They tend to have low bargaining power within a globalized economy

INFOGRAPHIC SMEs are the backbone of the global economy.



“What matters for SMEs is likely to matter for your people”

Large productivity gaps between SMEs and large companies

INFOGRAPHIC The productivity and wage gap between small and large firms in developing countries is twice that of developed countries.

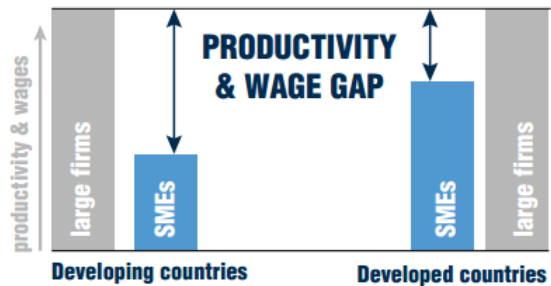
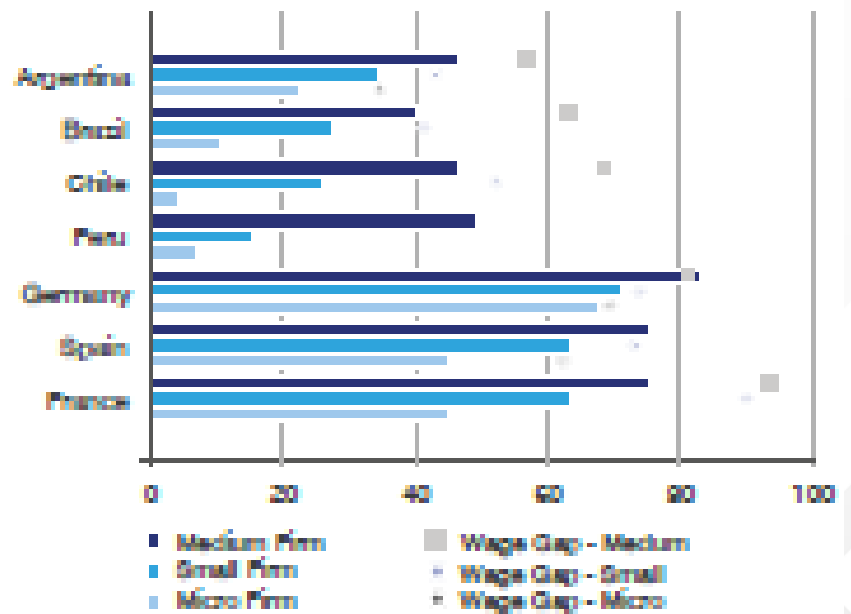


FIGURE 8 Productivity and wage gaps in selected LAC and OECD countries (Large firms=100)



Source: OECD - ECLAC (2015).

What determines SME competitiveness?

Pillars of competitiveness

examples

Layers of competitiveness

	Capacity to compete	Capacity to connect	Capacity to change
Firm level capabilities	Does firm know about quality control systems?	Does firm know how to use information tools (e.g. web)?	Does firm train workers?
Immediate business environment	Does firm have access to affordable certification bodies?	Does firm have access to support institutions (e.g. employer organization?)	Does the firm have access to skilled workers in region?
National environment	Is a national quality infrastructure in place?	Quality of telecommunication infrastructure	Is the education system good?

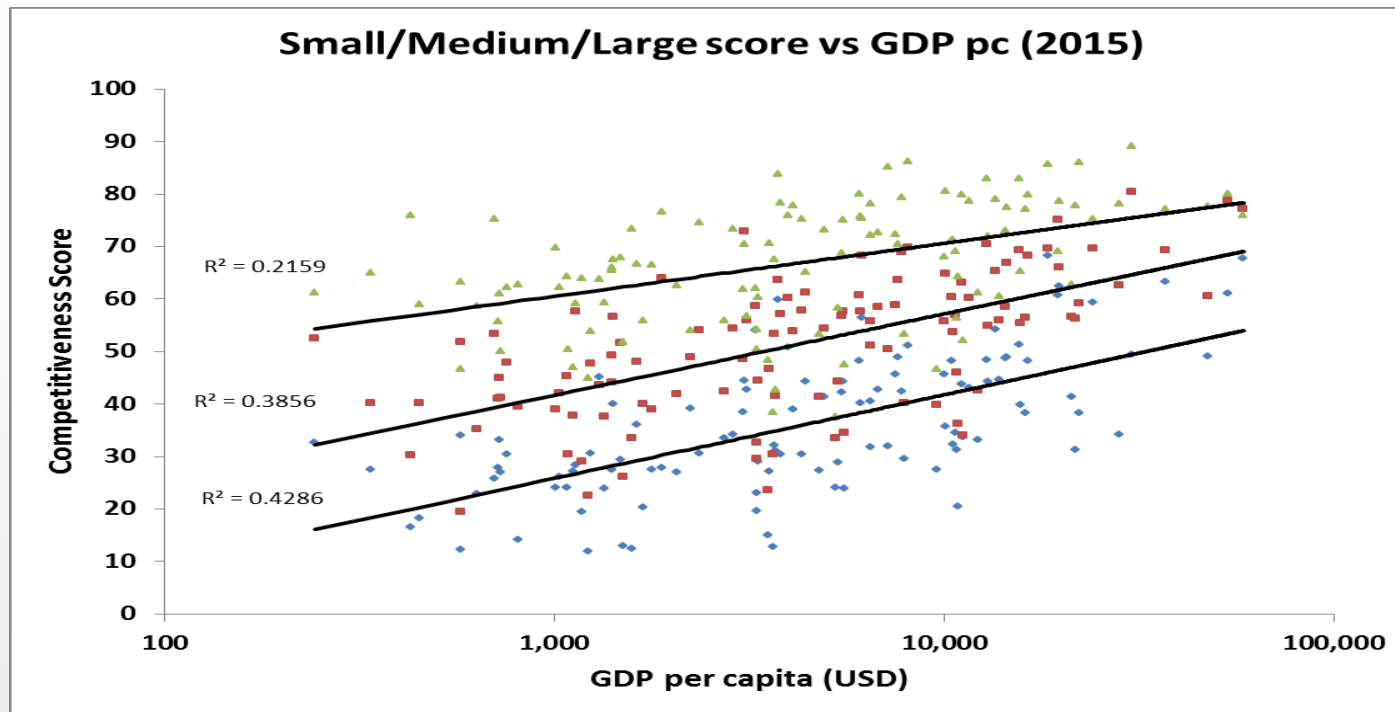


➤ In line with approaches to assess competitiveness used by others
 ➤ But with stronger focus on the firm level and on the immediate business environment

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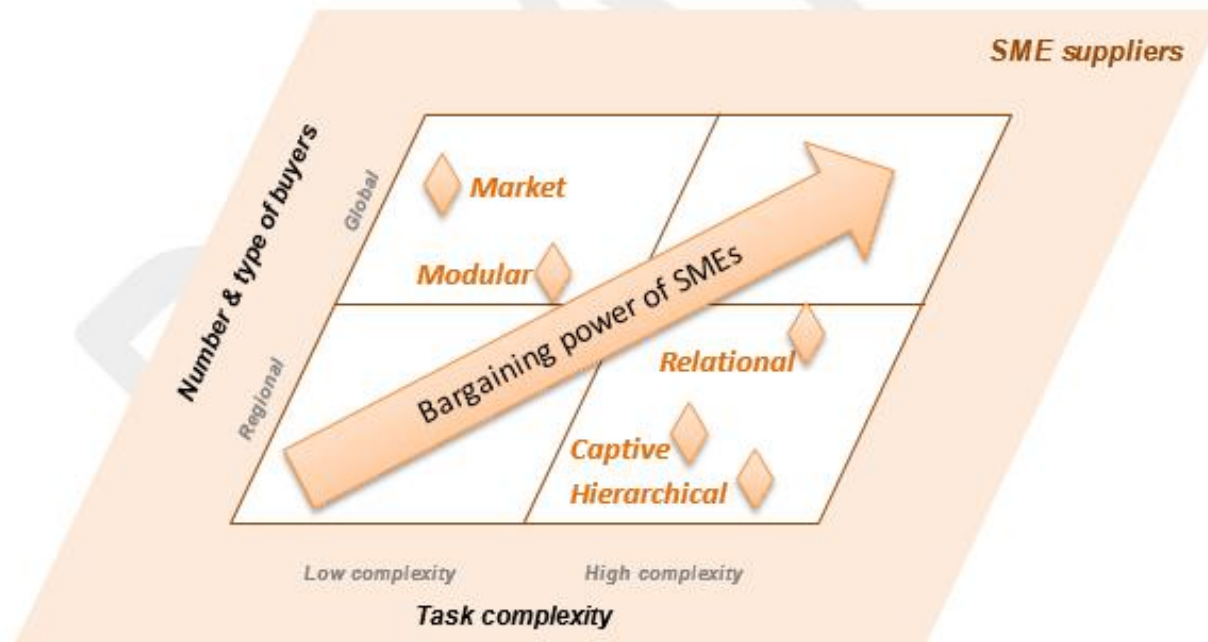
Understanding of drivers of SME productivity:

ITC SME Competitiveness score and GDP per capita



Source: ITC (2016, forthcoming) using World Bank Enterprise Survey data

Higher competitiveness => higher bargaining power



SME Competitiveness Outlook 2017

SME competitiveness and living wages

- Do “competitive” SMEs automatically pay “living wages”?

⇒ The answer is probably no

- Is a certain level of “competitiveness” a precondition for the payment of “living wages”?

=>The answer is likely to be yes

27 June: International MSME Day

<http://www.intracen.org/smecompetitiveness/>

