

# **SME Competitiveness: A Comparative Systematic Review of the Literature for the Past 21 Years**

By  
Clint Hurley

**2<sup>nd</sup> Business and Management Conference**

**Mona School of Business, the University of the West Indies**

**November 9-11, 2016**

**Connecting the Dots: Enterprise, Entrepreneurship and Sustainable Development.**

**Sub-theme: Entrepreneurship, Innovation and Competitiveness**

# Agenda:

- Background: Today's Business Context
- Purpose: To Start Understanding How Small Firms Compete
- Systematic Literature Review Design
- Literature Review Framework
- Insights
  - Defining Firm Competitiveness
  - Measuring Firm Competitiveness
  - Thematic Comparisons
- Research Priorities
- Future Research

# Traditional vs Today's Business Context



turnaround-society.com

- Dynamic rate of change
- Volatile environment
- Customized production context
- Competitive & cooperative
- Network structure
- Information and knowledge assets
- Top down and bottom up strategy process
- Global corporations
- Cost leadership and differentiation advantages
- Rapid technological regime

(Pisano & Hitt 2012)

# Changes in Competitive Dynamics



- Global trade liberalisation has disproportionate impact on firms in small economies  
(Armstrong and Read 1998)
- WTO's Work Programme on Small Economies uses average share of trade between 1999 – 2004  
(Committee on Trade and Development 2011)

# How Then Do Small Firms Compete?

## The Purpose of the Literature Review:

1. Identify the most influential themes in general firm competitiveness research
2. Identify which concepts are relevant to all firms versus more prominent in research on SMEs and MSMEs in small economies
3. Identify the specific research priorities uniquely relevant to MSMEs in small economies
4. Inform and justify research priorities for PhD research

# Systematic Review Design: SALSA



Emaze.com

1. **Search: Firms, SMEs and Small Economy MSMEs**
  - Timeframe 1995 – 2015 (from WTO's establishment to the present)
  - Web of Science (WOS)
  - Ex Libris' Primo Central Index (PCI)
  - EBSCO Caribbean Search
2. **Appraisal**
  - Peer reviewed journal articles and books
  - Citation Analysis Top 100 by 7yr periods: 1995-2001, 2002-2008, 2009 – 2015
3. **Synthesis: Thematic Analysis**
4. **Analysis: Comparing Frequencies of Themes**

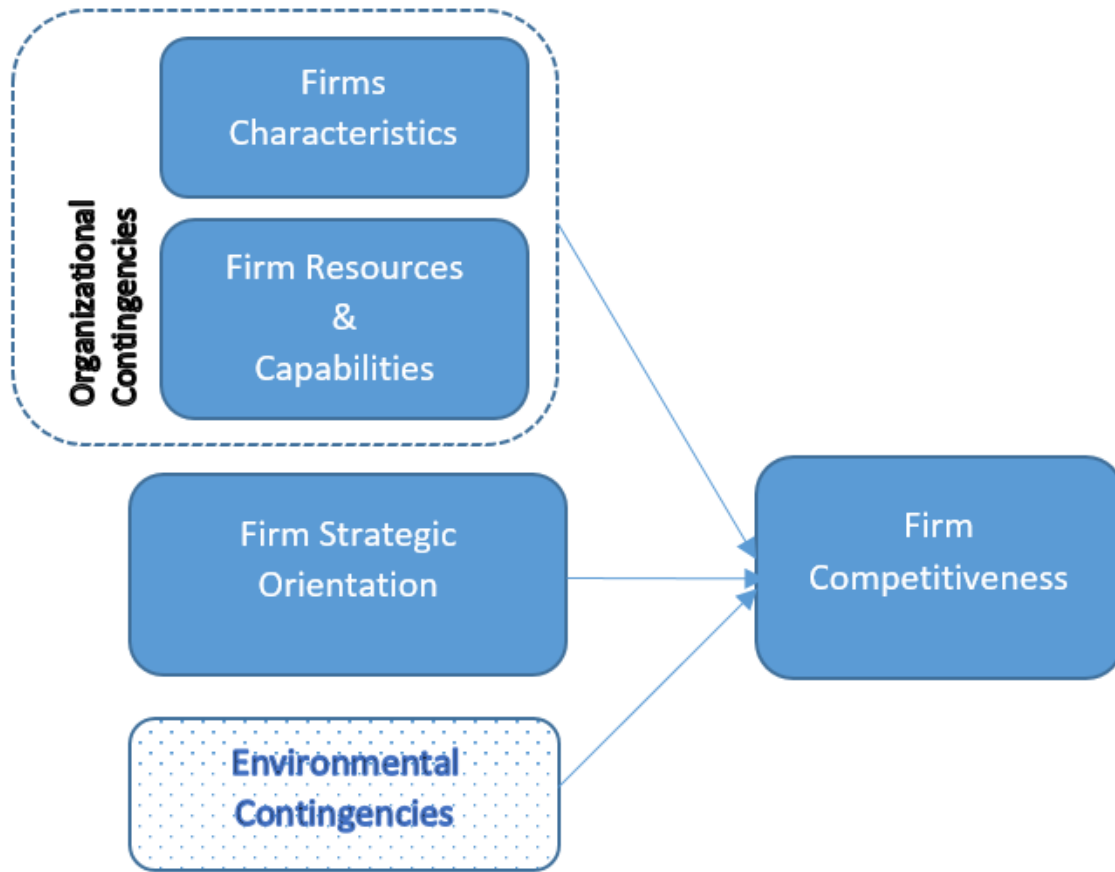
(Grant and Booth 2009)

# Endogenous Area of Focus



- ☒ Firm Factors
- ☐ Industry Factors
- ☐ National Factors
- ☐ Regional Factors

# Review Framework: Organizing the Literature



(Adapted from Aaby and Slater 1989, Furrer, Thomas, and Goussevskaia 2008, Hutzschenreuter and Israel 2009, Nag, Hambrick, and Chen 2007)

## 1. **Firm Characteristics:** features intrinsic to the firm

- Age
- Size
- Ownership
- Management and governance structures
- Financial and capital structures

## 2. **Firm Resources and Capabilities:**

- Tangible and intangible resources
- Capabilities and skills
- Processes and management systems

## 3. **Firm Strategic Orientation:** the choices made by the firm associated with the basis on which the firm competes

## 4. **Firm Competitiveness:** performance outcomes that ensure the long term viability of the firm



# Limitations of the Caribbean Sample



- No citation analysis required to identify the top 100
- 39 pieces of literature:
  - Jamaica 29
  - Barbados 7
  - Trinidad 2
  - Extra-regional 1

# Defining Firm Competitiveness

© Original Artist

Reproduction rights obtainable from  
www.CartoonStock.com



Search ID: tcrn110

- “meeting customer requirements at profit.... goods and services which customers value higher”

(Chikán 2008, 24)

- market position ..in relation to that of its competitors

(Chang Moon and Peery Jr 1995)

- superior value relative to its competitors ..which surpasses the firm’s cost of production

Porter (1985)\*

# Measuring Firm Competitiveness



123rf.com

- **Financial or accounting measures:**
  - sales growth (overall & innovation)
  - export performance
  - profitability ratios (ROI, ROA, OEXP/S)  
(Bharadwaj 2000)
- **Business measures**
  - market share
  - new product development
  - productivity
  - employee growth  
(Baker and Sinkula 1999, Dyer and Nobeoka 2000)
- **Organizational effectiveness**
  - stakeholder satisfaction  
(Venkatraman and Ramanujam 1986)\*

# Thematic Comparisons

COMPETITIVENESS THEMES	% OCCURENCES BY NUMBER OF ARTICLES		
	Firms	SME	MSME
<b>Firm Characteristics</b>			
Size/Age/Structure	3%	4%	10%
<b>Resources &amp; Capabilities</b>			
Resources	7%	7%	6%
Organizational Capabilities	15%	10%	20%
Learning & Knowledge	15%	11%	2%
Human Capital Management	5%	5%	10%
Business Model	1%	0%	0%
Information Technology	5%	6%	14%
Social Capital	2%	2%	0%
Supply Chain Management	5%	2%	0%
<b>Strategic Orientation</b>			
Entrepreneurial Orientation	4%	8%	4%
Innovation	10%	16%	6%
Internationalization	4%	8%	10%
Environment and CSR	6%	3%	2%
Market Orientation	3%	5%	12%
Stakeholder Orientation	2%	0%	0%
Interfirm Collaboration	13%	13%	4%

# Thematic Comparisons

COMPETITIVENESS THEMES	% OCCURENCES BY NUMBER OF ARTICLES		
	Firms	SME	MSME
<b>Firm Characteristics</b>			
Size/Age/Structure	3%	4%	10%
<b>Resources &amp; Capabilities</b>			
Resources	7%	7%	6%
Organizational Capabilities	15%	10%	20%
Learning & Knowledge	15%	11%	2%
Human Capital Management	5%	5%	10%
Business Model	1%	0%	0%
Information Technology	5%	6%	14%
Social Capital	2%	2%	0%
Supply Chain Management	5%	2%	0%
<b>Strategic Orientation</b>			
Entrepreneurial Orientation	4%	8%	4%
Innovation	10%	16%	6%
Internationalization	4%	8%	10%
Environment and CSR	6%	3%	2%
Market Orientation	3%	5%	12%
Stakeholder Orientation	2%	0%	0%
Interfirm Collaboration	13%	13%	4%

# Thematic Comparisons

COMPETITIVENESS THEMES	% OCCURENCES BY NUMBER OF ARTICLES		
	Firms	SME	MSME
<b>Firm Characteristics</b>			
Size/Age/Structure	3%	4%	10%
<b>Resources &amp; Capabilities</b>			
Resources	7%	7%	6%
Organizational Capabilities	15%	10%	20%
Learning & Knowledge	15%	11%	2%
Human Capital Management	5%	5%	10%
Business Model	1%	0%	0%
Information Technology	5%	6%	14%
Social Capital	2%	2%	0%
Supply Chain Management	5%	2%	0%
<b>Strategic Orientation</b>			
Entrepreneurial Orientation	4%	8%	4%
Innovation	10%	16%	6%
Internationalization	4%	8%	10%
Environment and CSR	6%	3%	2%
Market Orientation	3%	5%	12%
Stakeholder Orientation	2%	0%	0%
Interfirm Collaboration	13%	13%	4%

# Thematic Comparisons

COMPETITIVENESS THEMES	% OCCURENCES BY NUMBER OF ARTICLES		
	Firms	SME	MSME
<b>Firm Characteristics</b>			
Size/Age/Structure	3%	4%	10%
<b>Resources &amp; Capabilities</b>			
Resources	7%	7%	6%
Organizational Capabilities	15%	10%	20%
Learning & Knowledge	15%	11%	2%
Human Capital Management	5%	5%	10%
Business Model	1%	0%	0%
Information Technology	5%	6%	14%
Social Capital	2%	2%	0%
Supply Chain Management	5%	2%	0%
<b>Strategic Orientation</b>			
Entrepreneurial Orientation	4%	8%	4%
Innovation	10%	16%	6%
Internationalization	4%	8%	10%
Environment and CSR	6%	3%	2%
Market Orientation	3%	5%	12%
Stakeholder Orientation	2%	0%	0%
Interfirm Collaboration	13%	13%	4%

# Thematic Comparisons

COMPETITIVENESS THEMES	% OCCURENCES BY NUMBER OF ARTICLES		
	Firms	SME	MSME
<b>Firm Characteristics</b>			
Size/Age/Structure	3%	4%	10%
<b>Resources &amp; Capabilities</b>			
Resources	7%	7%	6%
Organizational Capabilities	15%	10%	20%
Learning & Knowledge	15%	11%	2%
Human Capital Management	5%	5%	10%
Business Model	1%	0%	0%
Information Technology	5%	6%	14%
Social Capital	2%	2%	0%
Supply Chain Management	5%	2%	0%
<b>Strategic Orientation</b>			
Entrepreneurial Orientation	4%	8%	4%
Innovation	10%	16%	6%
Internationalization	4%	8%	10%
Environment and CSR	6%	3%	2%
Market Orientation	3%	5%	12%
Stakeholder Orientation	2%	0%	0%
Interfirm Collaboration	13%	13%	4%



# Thematic Comparisons

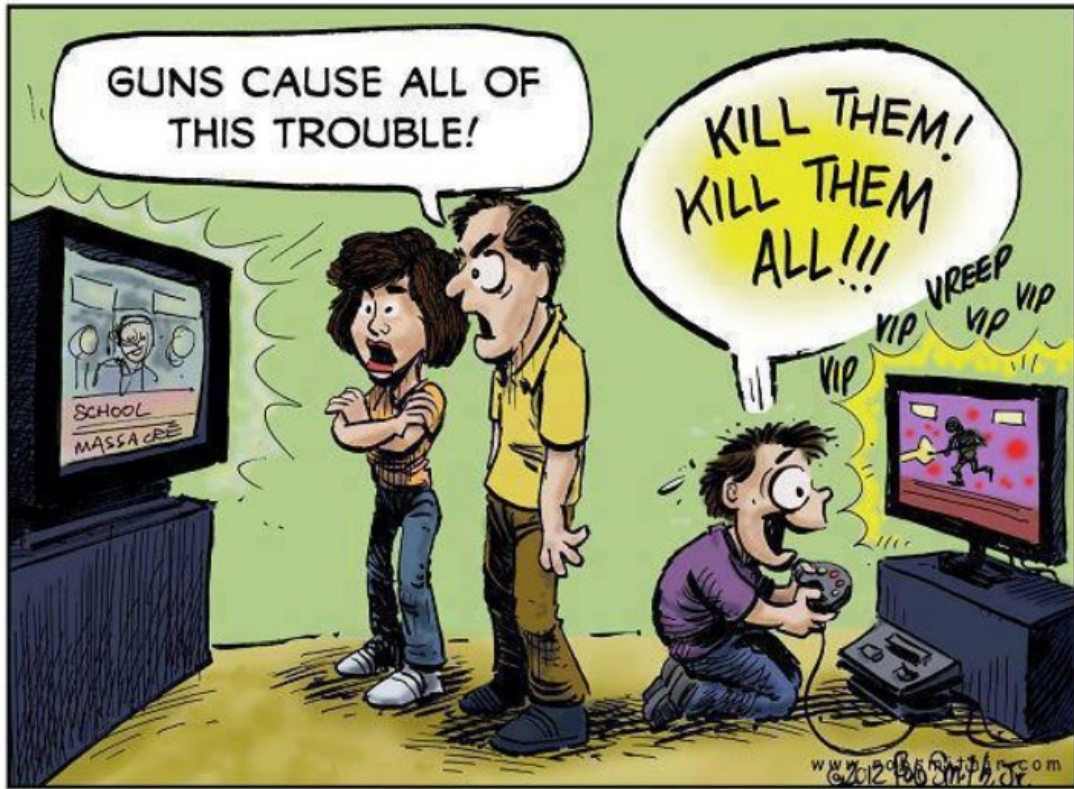
COMPETITIVENESS THEMES	% OCCURENCES BY NUMBER OF ARTICLES		
	Firms	SME	MSME
<b>Firm Characteristics</b>			
Size/Age/Structure	3%	4%	10%
<b>Resources &amp; Capabilities</b>			
Resources	7%	7%	6%
Organizational Capabilities	15%	10%	20%
Learning & Knowledge	15%	11%	2%
Human Capital Management	5%	5%	10%
Business Model	1%	0%	0%
Information Technology	5%	6%	14%
Social Capital	2%	2%	0%
Supply Chain Management	5%	2%	0%
<b>Strategic Orientation</b>			
Entrepreneurial Orientation	4%	8%	4%
Innovation	10%	16%	6%
Internationalization	4%	8%	10%
Environment and CSR	6%	3%	2%
Market Orientation	3%	5%	12%
Stakeholder Orientation	2%	0%	0%
Interfirm Collaboration	13%	13%	4%

# Identifying Research Priorities



- Organizational Capabilities
- Learning and Knowledge
- Entrepreneurial Orientation
- Innovation
- Internationalization
- Interfirm Collaboration

# Future Research: Cause and Effect



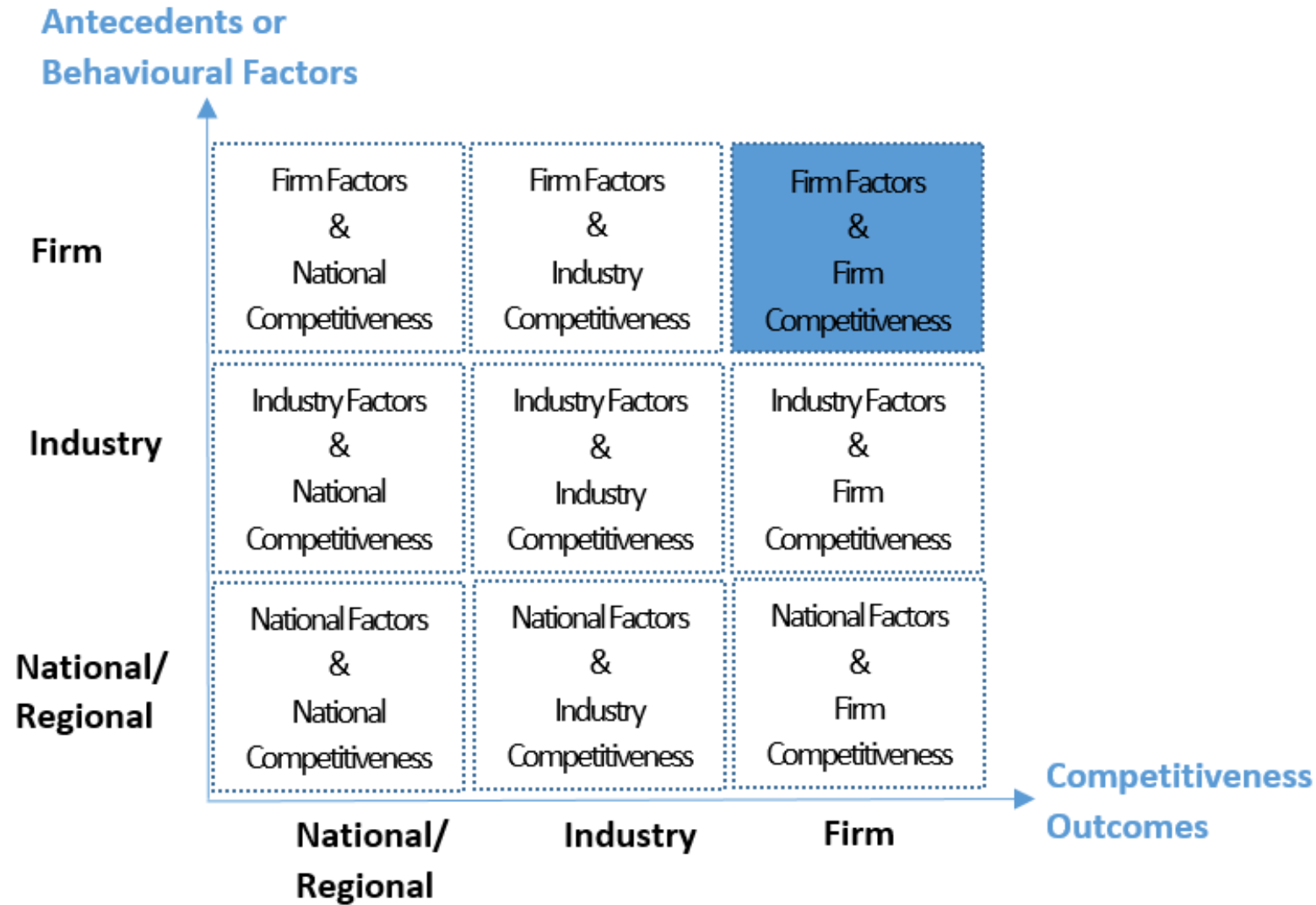
- Theoretical underpinnings of the priority themes
- Empirical investigation of firms in small open economies
- Development of models focused on **factors within management's control** used to overcome small economy external realities



[blog.smartsurvey.co.uk](http://blog.smartsurvey.co.uk)

	Traditional Context	Today's Context
<b>Rate of Change</b>	Static	Dynamic
<b>Environment</b>	Stable	Turbulent and volatile
<b>Production Context</b>	Mass production	Customized
<b>Competing Context</b>	Competitive or cooperative	Hypercompetitive and cooperative
<b>Structure</b>	Enterprise-specific	Networked
<b>Transformation</b>	Physical Assets	Information and knowledge
<b>Strategy Process</b>	Top down	Top down and bottom up
<b>Corporation</b>	Multinational	Global corporations
<b>Competitive Advantage</b>	Cost leadership or differentiation	Integrated cost leadership and differentiation
<b>Technological Regime</b>	Moderate	Very fast

***Table 1 – Traditional Business Context and Today's Business Context Comparison (Pisano and Hitt 2012)***













*Figure 1 –The Highlighted Area of Focus in the Review of Firm Competitiveness*

the Cochrane Handbook (Higgins and Green 2008) as outlined below:











- ✓ Phase 1 - Identification of firm competitiveness, SME competitiveness and small economy MSME competitiveness research
- ✓ Phase 2 - Selection of firm competitiveness, SME competitiveness and small economy and MSME competitiveness research
- ✓ Phase 3 - Study quality assessment and critical appraisal
- ✓ Phase 4 - Data analysis
- ✓ Phase 5 - Data synthesis and comparison
- ✓ Phase 6 - Summarisation of findings
- ✓ Phase 7 – Interpretations and conclusions

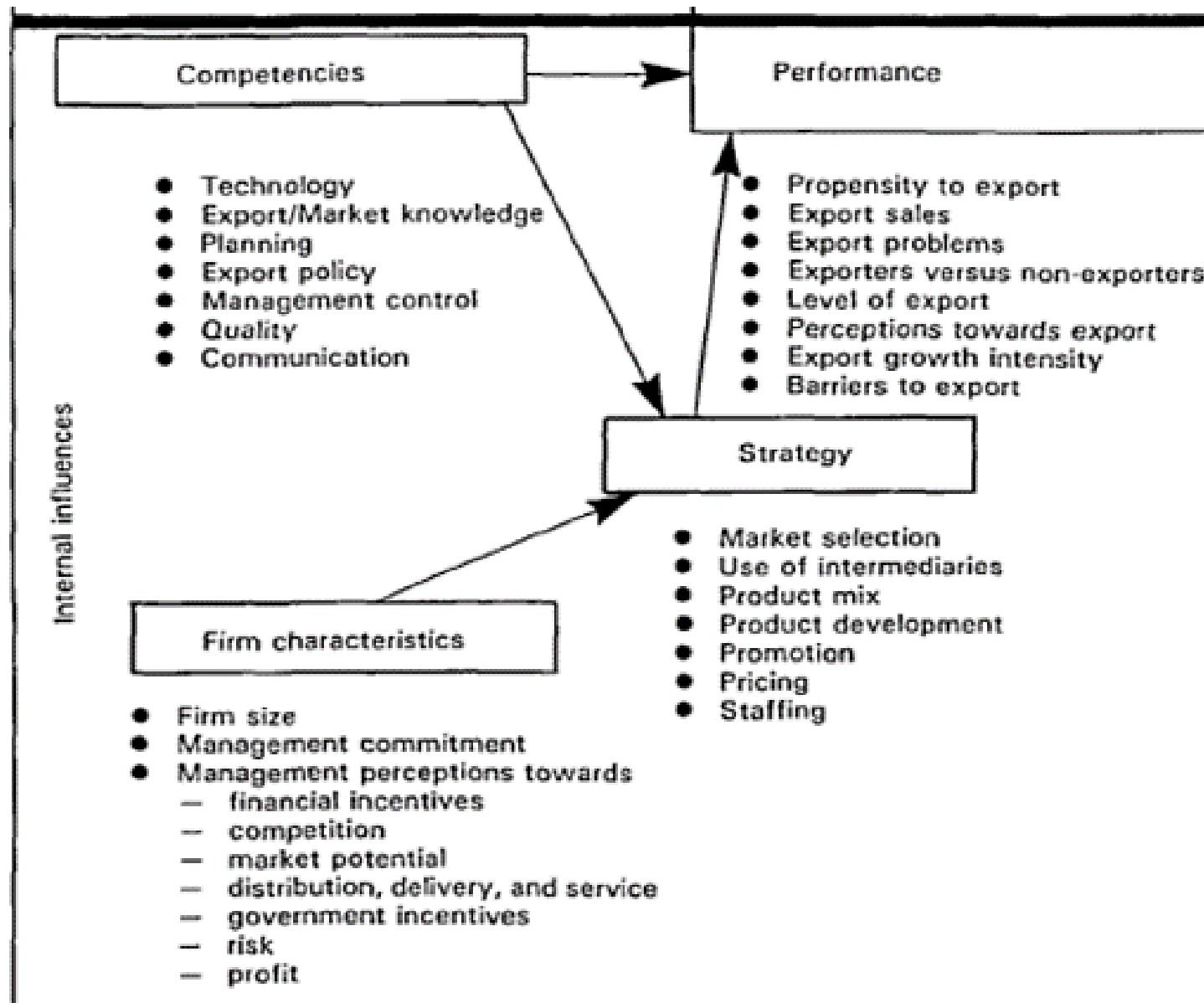
# Geographic Influences: Firms

Field: Countries/Territories	Record Count	% of 1569	Bar Chart
USA	868	55.322 %	
ENGLAND	226	14.404 %	
CANADA	91	5.800 %	
AUSTRALIA	55	3.505 %	
FRANCE	47	2.996 %	
NETHERLANDS	38	2.422 %	
ITALY	37	2.358 %	
GERMANY	31	1.976 %	
PEOPLES R CHINA	31	1.976 %	
SINGAPORE	27	1.721 %	



# Geographic Influences: SMEs

Field: Countries/Territories	Record Count	% of 167	Bar Chart
USA	76	45.509 %	
ENGLAND	27	16.168 %	
ITALY	10	5.988 %	
CANADA	7	4.192 %	
AUSTRALIA	6	3.593 %	
NETHERLANDS	6	3.593 %	
GERMANY	4	2.395 %	
NORTH IRELAND	4	2.395 %	
TAIWAN	4	2.395 %	
SLOVAKIA	3	1.796 %	



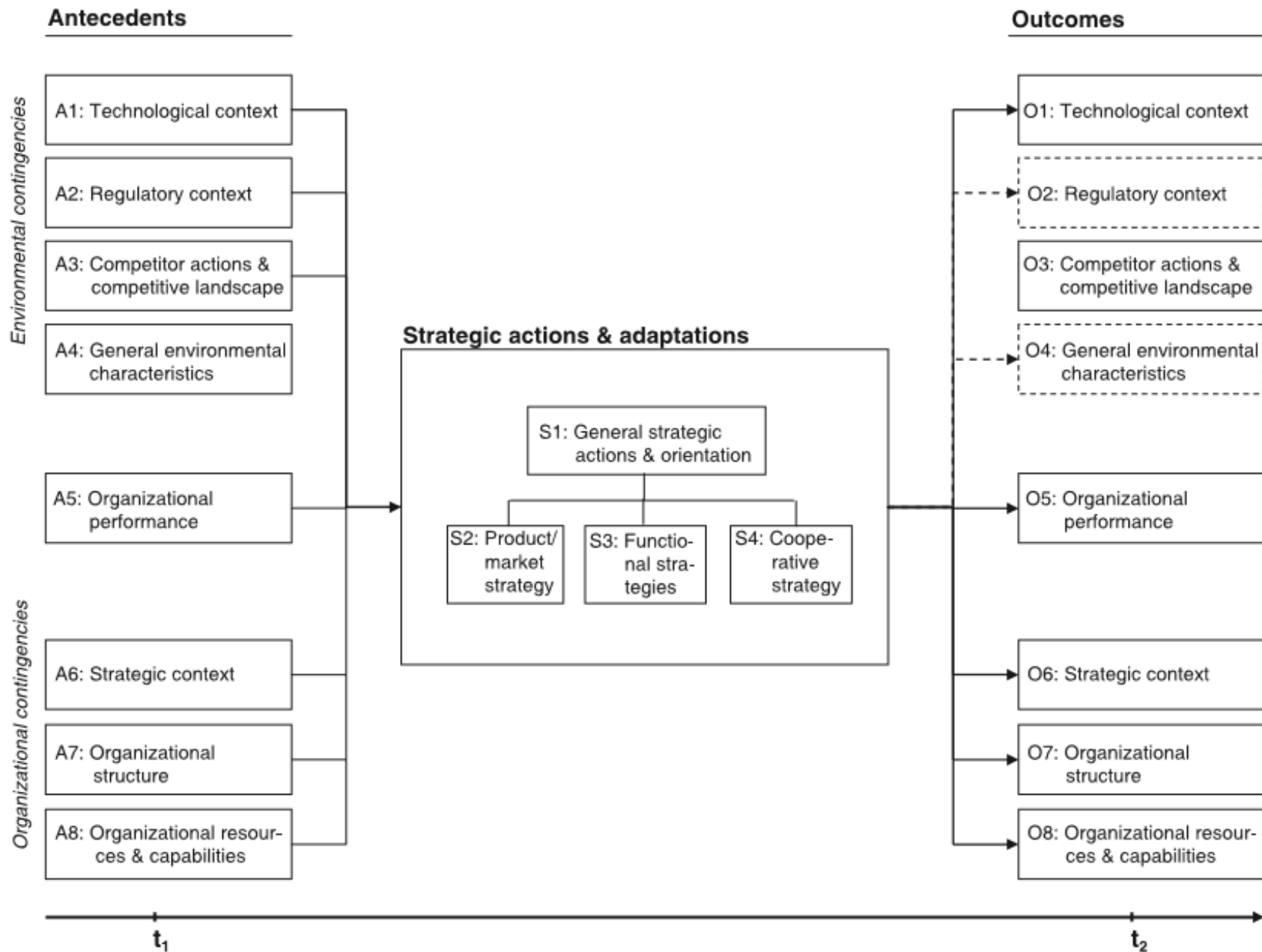
**Figure 1 - Internal Influences (Aaby and Slater 1989)**



**Figure 1 - The Structure of the Strategic Management Field (Furrer, Thomas, and Goussevskaja 2008)**



*Figure 1 - Images of Strategic Management (Nag, Hambrick, and Chen 2007)*



**Figure 1 - A Framework for Research on Dynamic Competitive Strategy (Hutzschenreuter and Israel 2009)**

COMPETITIVENESS THEMES	OCCURENCES BY NUMBER OF ARTICLES				
	1995 - 2001	2002 - 2008	2009 - 2015	Total	%
<b>Firm Characteristics</b>					
Size/Age/Structure	7	5	4	16	3%
<b>Resources &amp; Capabilities</b>					
Resources	20	7	12	39	7%
Organizational Capabilities	25	30	25	80	15%
Learning & Knowledge	32	24	22	78	15%
Human Capital Management	5	8	15	28	5%
Business Model	1	0	2	3	1%
Information Technology	4	16	5	25	5%
Social Capital	3	6	2	11	2%
Supply Chain Management	5	10	11	26	5%
<b>Strategic Orientation</b>					
Entrepreneurial Orientation	6	10	7	23	4%
Innovation	12	19	22	53	10%
Internationalization	8	6	6	20	4%
Environment and CSR	11	13	9	33	6%
Market Orientation	8	4	2	14	3%
Stakeholder Orientation	3	3	4	10	2%
Interfirm Collaboration	28	22	20	70	13%

**Table 1 - Competitiveness Themes for Firms Generally**

COMPETITIVENESS THEMES	OCCURENCES BY NUMBER OF ARTICLES				
	1995 - 2001	2002 - 2008	2009 - 2015	Total	%
<b>Firm Characteristics</b>					
Size/Age/Structure	11	11	5	27	4%
<b>Resources &amp; Capabilities</b>					
Resources	7	22	16	45	7%
Organizational Capabilities	18	21	25	64	10%
Learning & Knowledge	14	30	23	67	11%
Human Capital Management	6	15	9	30	5%
Business Model	0	0	0	0	0%
Information Technology	12	13	11	36	6%
Social Capital	5	5	4	14	2%
Supply Chain Management	2	4	6	12	2%
<b>Strategic Orientation</b>					
Entrepreneurial Orientation	17	19	16	52	8%
Innovation	27	40	36	103	16%
Internationalization	16	24	12	52	8%
Environment and CSR	0	7	11	18	3%
Market Orientation	8	12	11	31	5%
Stakeholder Orientation	0	0	0	0	0%
Interfirm Collaboration	26	30	24	80	13%

**Table 1 - Competitiveness Themes for SMEs**

COMPETITIVENESS THEMES	OCCURENCES BY NUMBER OF ARTICLES	
	Total	%
<b>Firm Characteristics</b>		
Size/Age/Structure	5	10%
<b>Resources &amp; Capabilities</b>		
Resources	3	6%
Organizational Capabilities	10	20%
Learning & Knowledge	1	2%
Human Capital Management	5	10%
Business Model	0	0%
Information Technology	7	14%
Social Capital	0	0%
Supply Chain Management	0	0%
<b>Strategic Orientation</b>		
Entrepreneurial Orientation	2	4%
Innovation	3	6%
Internationalization	5	10%
Environment and CSR	1	2%
Market Orientation	6	12%
Stakeholder Orientation	0	0
Interfirm Collaboration	2	4%

**Table 1 -Competitiveness Themes for MSMEs in the Caribbean Small Open Economies**