

Chapter 7

Innovative Strategies for Enhancing SME Competitiveness in Emerging Economies

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ABSTRACT

The chapter titled highlights key approaches to enhance the competitiveness of small and medium-sized enterprises (SMEs) in developing countries. SMEs are key economic actors contributing significantly to employment and GDP growth. However, they often need help with unique challenges, including limited access to resources, technology and markets, that can hinder their growth potential. The chapter explores innovative strategies tailored to these contexts and highlights the need for an adaptable framework that considers local conditions and global market trends. It highlights the role of technology, particularly the adoption of digital tools and platforms, in improving operational efficiency, market reach and competitiveness. We also discuss the importance of entrepreneurial ecosystems that foster SMEs' collaboration, knowledge sharing, and skills development. The chapter also covers policy interventions and support mechanisms essential for enabling environments.

INTRODUCTION

Many economies rely heavily on Small and Medium Enterprises (SMEs) to propel growth, employment and innovation. However, SMEs frequently face major obstacles that can obstruct their growth and sustainability in a market that is becoming increasingly competitive and dynamic. Creative solutions are essential to overcome these obstacles. This introduction examines the different creative tactics that SMEs can use to boost growth, increase operational effectiveness, and become more competitive. We hope to shed light on how SMEs can use innovation to prosper in the current fast-paced business environment by looking at real-world examples and describing workable solutions. SME innovation primarily consists of using technology to improve productivity and optimise processes. The achievement of operational effi-

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ciency depends heavily on digital transformation. For example, cloud computing frees SMEs from costly infrastructure investments required to access powerful computing resources (Manotas & Gonzalez, 2020).

One prominent example is the use of cloud-based accounting software such as Xero or QuickBooks which help small and medium-sized businesses (SMEs) automate repetitive tasks, work with remote teams and manage their finances in real time. In addition to lowering operating expenses, this study also uses data analytics to offer insightful information that helps companies make wise decisions. The use of agile approaches is another cutting-edge strategy for enhancing responsiveness and project management. Originally created for software development, agile practices have shown advantages in several sectors. To improve collaboration, expedite project delivery, and adjust to evolving client demands, small design firms and marketing agencies have effectively adopted agile frameworks such as scrum. SMEs can remain adaptable and responsive to market demands by segmenting their projects into manageable sprints and continuously iterating based on feedback. Ultimately, this results in better outcomes and higher client satisfaction. SMEs can profit from novel business models that challenge established norms and technological breakthroughs (Sarwar and Atif, 2023).

Subscription-based services are one such model that boosts customer loyalty and offers a consistent revenue stream. Businesses that provide customers with convenience and tailored experiences, such as Netflix and the Dollar Shave Club, have proven the viability of this business model. Subscription models are used by SMEs across a range of industries, including professional services and food delivery, to establish a steady clientele and steady income streams. This strategy helps SMEs retain customers, while facilitating more efficient operations. Another creative tactic that SMEs can use to spur growth is collaboration and partnership. SMEs can gain access to new market resources and technologies by forming strategic alliances with other companies' academic institutions and industry experts. For example, smaller tech startups frequently work with larger corporations to take advantage of their knowledge resources and funding sources. One effective example is the collaboration between pharmaceutical companies and small biotech businesses, where the latter benefits from novel discoveries and provides resources for research and development. Through these partnerships, SMEs can overcome their resource constraints and grow quickly. SMEs can also be used to improve customer experiences and set themselves apart from rivals (Manotas & Gonzalez, 2020).

In the current market, personalisation and customer-centric strategies are crucial. For instance, small retail companies utilise data-driven insights to better target their marketing campaigns, develop customised offers, and enhance client relationships. Brand loyalty and strong customer relationships have been fostered by companies such as Glossier which have successfully implemented direct-to-consumer models and made use of social media. SMEs can create a devoted clientele and differentiate themselves in a competitive market by concentrating on providing outstanding customer experiences. In summary, creativity is essential if SMEs successfully negotiate the intricacies of contemporary business settings. SMEs can stay ahead of competition, increasing operational efficiency and spur growth by embracing technology agile methodologies, disruptive business models, strategic partnerships, and customer-centric approaches. Adopting and iteratively improving these cutting-edge tactics will be essential to SMEs' long-term success and sustainability, as the business environment changes (Sarwar and Atif, 2023).

Small- and medium-sized enterprises (SMEs) are key drivers of economic growth and development in emerging markets, playing a key role in creating jobs and fostering innovation and entrepreneurship. This chapter provides an overview of the SME landscape in emerging markets, discusses their role in economic development, and examines the unique challenges and opportunities faced by these enterprises. SMEs represent the majority of enterprises in emerging markets and contribute significantly to the GDP

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