

Determinants of Small Medium Enterprises (SMEs) Competitiveness in The Global Market

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Abstract

The challenges faced by Small medium enterprises (SMEs) are growing rapidly and push the firms to improve their competitiveness to enhance the levels of productivity and the existence in international markets. Global challenges, open market competition and information technology development are the barriers and opportunities they may take advantages to be a winner in dynamic global markets. To that end, a survey was carried out in Yogyakarta Province, Indonesia. This research aims to identified the key success factors that influence the competitiveness of SMEs in the globalization era through the challenges that will be faced in the near futures. Principle Component Analysis was applied to determine the structure of relationships between many variables in the form of component. Components formed are random quantities that previously cannot be observed, measured and determined directly. This research contributes on theoretical and managerial implications on SMEs competitiveness. The main results found that three components which determined the SMEs competitiveness such as Knowledge Based Resources, Business Performance, and Operational Effectiveness and Innovations.

Keywords: Competitiveness, Global Market, Principle Component Analysis (PCA), Small Medium Enterprises (SMEs)