Challenges in standardization for SMEs of Peru

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Micro, small and medium-sized companies
Micro, small and medium-sized companies in Latin America

- Despite the fact that micro, small and medium-sized companies (MSMEs) account for 99% of the industrial fabric and create the majority of jobs, their productivity is extremely low compared with that of large companies.

- To redress this situation, the region must develop production chains comprising different-sized companies —and especially MSMEs— in order to boost job creation and wages as a way to reduce the heterogeneity of its economies.

- Further internationalization of these companies, particularly in their exporting activities, contributes to improve productivity and the labor conditions of their workers. (Cepal, 2022)
Micro, small and medium-sized companies in Perú

• According to Enaho figures, in 2020, MSMEs represented 95% of Peruvian companies and employed 26.6% of the Economically Active Population (EAP), which evidenced a 21.2 percentage point (pp) drop in the percentage of the EAP that worked in 2019.

• According to Sunat figures, the informality of MSMEs amounts to 85%.
Micro, small and medium-sized companies in Perú - Characteristics

- 75.3% of MSMEs do not keep any accounting records.
- 50.5% have a dedicated place of business, while 49.5% do not have an established place of business.
- 21.2% only keep personal notes of expenses or revenues.
- 81.3% of the workers were relatives of the business owner.

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Challenges Micro, small and medium-sized companies

• Accompanied by an appropriate policy framework, these companies, could become a factor of change in Latin American economies by carrying out the following tasks:
  
  • Contribute to increasing productivity through the introduction of technological and organizational changes.
    • In this way, they would act as agents that promote structural change by helping to create and disseminate innovations and develop new markets.
Challenges Micro, small and medium-sized companies

- Develop an important role in creating productive clusters, conceived as a collaboration between economic agents and institutions at the local level, with the aim of generating a competitive benefit.

- Contribute to social inclusion by increasing the income of microenterprises and reducing their vulnerability.

- Design and development of technical standards, technical regulations or guidelines to help standardize processes, products and management of MSMEs in all sectors.
Micro, small and medium-sized Standards and Technical barriers to trade

• Governments and industry in the developing and least developed countries make serious efforts to increase exports and reach new international markets.

• It is essential that our customers are satisfied with both non-price and price factors.

• Quality of the product and its conformance to customer requirements is very often the single most important consideration in securing export growth.
Technical barriers

• Among several constraints to trade, such as economic and procedural matters, technical (non-tariff) barriers to trade have emerged as a vexing problem. Technical barriers include standards, technical regulations, testing of products from accredited laboratories, sampling, inspection and certification systems.

• This results in three undesirable situations.
  • First, for the same product the requirements of different States are different when national standards are compared.
  • Second, for the same product there is divergence in the State between national standards and governmental and industry standards.
  • Third, some States may have more than one standard that may cover different aspects of the same product.
Technical barriers

• This creates a major challenge for exporters, who may find it difficult to know which standards need to be satisfied for the same product.

• In the process, exporters may face losses due to low volumes of sales, increases in costs and eventually, they may even lose their markets altogether.
Standarization
International Standardization

• The ultimate goal of standardization is to achieve international accord on all technical matters relating to the exchange of goods and services between one nation and another.

• Standards by the ISO are voluntary. Some ISO standards, especially those that deal with health, safety or the environment, may be adopted by the regulatory authorities in the countries as a part of their legislation.

• The ISO itself does not regulate or legislate. However, although ISO standards are voluntary, they may become a market requirement, as has happened with the ISO 9000 Quality Management System.
Aims of standardization

- Fitness for purpose
- Interchangeability
- Variety reduction
- Compatibility
- Guarding against factors that affect the health and safety of consumers
- Environmental protection
- Better utilization of resources
- Better communication and understanding
- Transfer of technology
- Removal of trade barriers
Benefits of standardization

For manufacturers, standards:

• Rationalize the manufacturing process
• Eliminate or reduce wasteful material or labour.
• Reduce inventories of both raw material and finished products.
• Reduce the cost of manufacture.
Benefits of standardization

For customers, standards:

- Assure the quality of goods purchased and services received.
- Provide better value for money.
- Are convenient for settling disputes, if any, with suppliers.
Benefits of standardization

For Traders, standards:

• Provide a workable basis for acceptance or rejection of goods or consequential disputes, if any.

• Minimize delays, correspondence, etc., resulting from inaccurate or incomplete specification of materials or products.

For Technologists, standards:

• Provide starting points for research and development for further improvement of goods and services.
Standards Developed in Perú

NATIONAL INSTITUTE OF QUALITY - INACAL
Technical standards developed and approved

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## Technical standards developed and approved

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* Related texts are: Guidelines, agreements, specifications, reports, etc.

Standards developed 2017-2021

- **2017**

- **2020**
  - NTP 933.962:2020 INTEGRATED MANAGEMENT OF MICRO AND SMALL BUSINESSES. Quality of service for small business. General requirements. 1st Edition

- **2021**
Guidelines developed 2018 - 2020


Thanks